



THE COUNCIL OF
THE CITY OF NEW YORK

Maria Torres-Springer
Commissioner
NYC Housing Preservation & Development
100 Gold Street
New York, NY 10038

Dear Commissioner Ms. Torres-Springer:

As members of the Manhattan Delegation in the New York City Council, we write to express our concerns with several stipulations outlined in the proposed Regulatory Agreement (“RA”) for Housing Development Fund Corporation (HDFC) cooperatives, but more importantly with a process that was fast-tracked and not-inclusive.

The Borough of Manhattan is home to roughly 34,000 HDFC cooperative units which for decades have provided a stable path towards economic security for low-and-middle income New Yorkers. While we appreciate the goal of the Department of Housing Preservation & Development (HPD) to assist HDFCs when they are in financial distress, hundreds of HDFC shareholders expressed to us their serious concerns about the terms of this RA. Furthermore, all HDFC stakeholders reported to us their concerns about not being consulted prior to the release of the RA and their frustration at not having a mechanism to voice their concerns.

Specifically, our HDFC cooperative owners are concerned that the RA appears to be a one-size-fit all policy, regardless of the financial stability of the HDFC cooperative. They are concerned that thousands of HDFCs could lose their Division of Alternative Management real estate deduction that they relied on having until calendar year 2029 and will not be eligible for any tax subsidies if they opt not to sign the proposed RA.

Also, some cooperators expressed concern that if additional restrictions are put in place that it will limit a stakeholders’ ability to leverage their HDFC, they are concerned that many working families and individuals will be unable to obtain a needed mortgage from a bank. Lastly, while we believe the City should support HDFC co-ops when they are failing, requiring a third party monitoring firm – which is not accountable to shareholders – may place an undue burden on functioning financially stable HDFCs who often rely on resident volunteers. If HPD enacts these regulatory changes as written, far too many cooperatives in good standing may be at financial risk.

We want to thank HPD for sending staff to some Community Board meetings, as well as holding HPD sponsored meetings in several boroughs. However, it is still disconcerting that these meetings have occurred after the release of the proposed RA and occurred after much prodding by several Councilmembers.

We respectfully request that HPD temporarily halt the process to move forward with the Regulatory Agreement to ensure real meaningful input from current HDFC stakeholders. We hope further engagement will allow HPD to a draft regulatory agreement with broad shareholder support. We look forward to working with HPD to reach an equitable agreement that strengthens and preserves these affordable homes for years to come.

Sincerely,



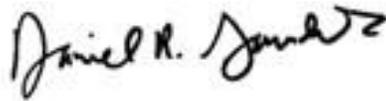
Margaret Chin
Council Member, 1st District
Co-Chair Manhattan Delegation



Corey Johnson
Council Member, 3rd District
Co-Chair Manhattan Delegation



Rosie Mendez
Council Member, 2nd District



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