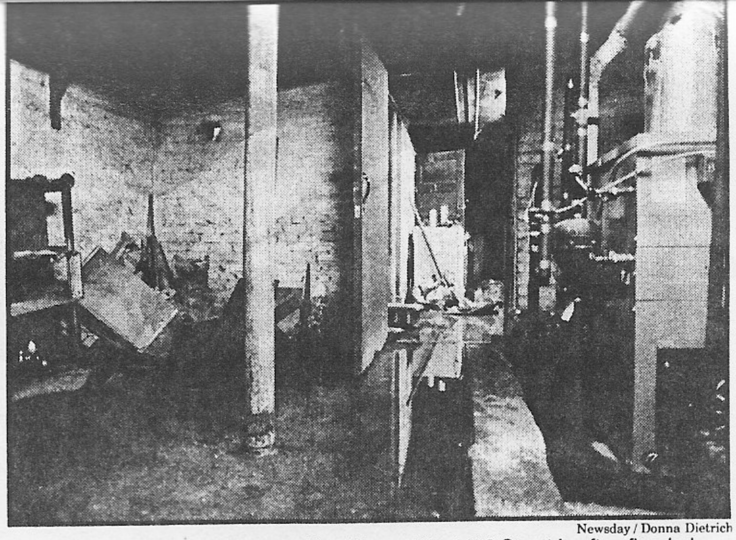
City Tops Slumlord Business



Newsday / Donna Dietrich

The basement of a city-owned building at West 148 Street is often flooded.

Study shows worst housing operated by gov't agency

One of a series of reports examining New York City housing programs.

By Penny Loeb

NEW YORK NEWSDAY INVESTIGATIONS TEAM

They are the city's billion-dollar slums.

For more than a decade New York City has been taking over buildings abandoned by their owners and using tax money to keep them running.

Now the city's Department of Housing Preservation and Development is landlord for more than 3,200 apartment buildings where, for more than a decade, 100,000 of the poorest of the poor frequently have lived in squalor.

The city is the biggest slumlord in New York. And it's getting worse, according to tenants, housing experts and census data.

In the 14 years that HPD has been running these buildings, it has repeatedly failed to meet the same housing codes as private landlords — despite court orders.

The federal government has put $1.6 billion into these buildings since 1978. But it hasn't forced any improvements, either.

"It is the most monstrous scandal, the way HPD property management runs the show," said Richard Wagner, director of litigation at East Brooklyn's Legal Services Corp. and the attorney for many tenants of city-owned buildings.

HPD officials admit their buildings — most of them built before World War II — aren't perfect. But they defend the agency's management.

"We are doing the best we can. We think we are making a lot of progress," said Richard Heitler, assistant commissioner for property management. "We are still not at the point where we can be compared with whatever, the Upper East Side."

A New York Newsday examination of two dozen buildings, a computer analysis of a census survey of housing conditions, HPD records, academic studies and interviews with tenants, housing activists, HPD officials and workers who repair the buildings found:

Newsday / Donna Dietrich

Tenants at a city-owned building in the Bronx are not provided with trash cans.

(Audits expected to reveal millions in waste and possible fraud, Page 42.)

- City-owned housing has three times as many major problems — heat breakdowns, cracks or holes in walls and ceilings, rodents and peeling paint — as private housing. The number of deficiencies grew 40 percent between 1987 and 1991.
- The repairs that are done can take years. HPD says there is a backlog of more than 90,000 yet-to-be done repairs.
- The city repeatedly has ignored a court ruling that it must provide decent housing. The federal government has not required the city to fix the housing.
- Drug dealing and related crimes are commonplace in many buildings. HPD's narcotics unit, which received $980,000 from the federal Department of Housing and Urban Development last year, helps but is not enough, tenants say.
- The HPD building managers, who on average oversee 33 buildings at one time, are frequently overwhelmed. Tenants say they are sometimes unresponsive or incompetent.
- Federal housing officials have tried to force HPD to shape up, but repeatedly have been stonewalled by the agency. For example, the city recently persuaded Sen. Alfonse D'Amato to push through an amendment that prevented HUD from cutting off tens of millions of dollars for violations of federal regulations.

How It Started

The city went into the housing business in a big way with a 1976 law expediting foreclosures for unpaid taxes. In 1978, HPD was created to manage and dispose of the buildings, called *in rem* in the legal bureaucratese.

Taken together, HPD's occupied buildings with 32,000 apartments make the agency the city's largest landlord.

The buildings are often home to the city's poorest residents, among the few places left in the city that poor people can afford.

A recent survey of city-owned buildings in the Bronx found about half the residents have household incomes of less than $10,000. About 66 percent are employed. Half are Hispanic, a third are black. And according to the mayor's management report, 88 percent of the rents are collected.

Bad Conditions

The stench and bugs from the backed-up sewage and fallen ceiling in the bathroom at one apartment at 1098 Franklin Ave. in the Bronx is so bad no one goes in. One youngster's pastime was killing mice in the hallways of the building.

It's a typical city-owned building, according to a New York Newsday computer analysis of the 1991 Housing and Vacancy Survey, which is done by the Census Bureau for the city.

City-owned housing scores nearly three times as badly as private housing on all measures of poor quality. Rats and mice are a problem in 73 percent of the buildings, compared with only 23 percent of the private ones. Forty-six percent of the city-owned buildings have heat breakdowns; only 17 percent of the private ones do. Water leaks from broken plumbing in 57 percent of the city buildings, compared with 20 percent of the private.

Conditions have worsened since the 1987 survey. Now 65 percent of the city buildings have three or more deficiencies, up from 39 percent. Only 18 percent of the private buildings have three or more problems, and in 1987, it was 12 percent.

For the purposes of the study, private housing included everything from expensive condos on Fifth Avenue to prewar tenements owned by slumlords.

When looking at just the worst private buildings, thosebuilt before World War II, where rents are less than $401 and in neighborhoods scarred by boarded-up buildings, city-owned buildings were at least 10 percent worse than privately

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owned buildings.

The largest survey of tenants in city-owned buildings was completed this year in the Bronx. It was conducted by the Housing Environments Research Group of the City University Graduate School. Of the 1,065 tenants of centrally managed buildings, 69 percent rated their buildings poor or fair in condition.

HPD officials said its buildings aren't too bad when compared with other buildings in bad neighborhoods.

"Our rents are below $100 a room. Our buildings are located on blocks in which there are more than one boarded-up unit," Heitler said. "If you apply the same parameters . . . you would find that we are not significantly worse."

Repairs Take Years

Tenants shivered through the winters for nearly eight years at 1244 Grant Ave. in the Bronx because it took HPD that long to install a new boiler. Julia Alamo's baby and several other tenants died because of the cold.

The deaths and repeated complaints from the workers who tried to patch together the old boiler finally got the tenants the new boiler in 1989. However, most other repairs since the city takeover in 1981 have been paid for by the tenants.

A survey three years ago of centrally managed buildings in East Harlem by the Community Service Society, found 43 percent of the 523 tenants surveyed waited more than a year for repairs.

HPD officials said the agency has a backlog of more than 90,000 repairs. "We acknowledge this problem," Heitler said. "Demand exceeds our capacity. We always get more requests for repairs than we can perform on any given day." However, emergency repairs, such as heat and hot water, are taken care of rapidly, he said.

"There is no backlog of heat and essential services," Heitler said. "It is still true that if your heating plant goes down in a [city-owned] building it will probably be back on again in four hours."

Bernard Alston, project director of the Union of City Tenants, said lawsuits or the threat of lawsuits are the only way to get HPD to act.

"If you are courteous and go to meet with them, all you can expect is a whitewash," Alston said. "We use a three-pronged approach, a lawsuit plus have a demonstration plus raising public opinion. We have been pretty successful with that."

HPD says it has little money for repairs. Yet according to a report from the city Office of Management and Budget, the federal government this year sent the city $115 million and $63 million more was collected in rent.

This amounts to an average of $464 a month for each apartment. By comparison, private landlords spend an average of $276 a month per apartment not including taxes and insurance, according to a study by the Rent Guidelines Board. In addition, HPD uses city money to pay salaries and other administrative costs of the program.

A good share of the money for repairs is wasted, according to housing advocates and some of the workers.

For example, at Mary Patterson's apartment at 1098 Franklin Ave. in the Bronx, workers painted the walls. Then another crew came back and broke the walls down to reroute wires and gas lines. Now the city has to paint again, but there may be a problem. HPD said it checked the records for Patterson's apartment and said it had not been painted before the wiring repair.

Code Violations

HPD takes the position that it has to adhere to the housing code only under certain circumstances.

"We acknowledge our obligation to follow the housing maintenance code in some respects, particularly in regard to maintaining essential services, but not in all regards," said William Spiller, deputy commissioner for property management. "That's primarily due to the fact that we do not acquire buildings in the same way private owners acquire them."

HPD's failure to adhere to the housing code has repeatedly pitted the agency against tenants' attorneys.

One major case, City of New York vs. Rodriguez, came in 1983. The Appellate Division of State Supreme Court ruled that HPD can't evict tenants — even if they are on a rent strike — if the building is not habitable, which means it is dangerous, hazardous or detrimental to life or safety.

"The problem is they have simply ignored it [the court ruling] in 99 percent of the city buildings," said Wagner of Legal Services.

Instead of making the buildings habitable, HPD makes a deal with the tenants and decreases the rent. "The tenants

Is Top Slumlord

aren't looking for rent reductions, they are looking to have decent, safe and affordable housing," Wagner said.

He said HPD's rent-reduction deals could pay for repairs.

This summer Wagner won what he considers a landmark case on HPD and the housing code. He took the city to court because HPD had been posting vacate orders in buildings instead of repairing them.

HPD argued in court papers: "The City has no duty to repair the buildings if it finds, in its discretion, that such repair cannot be economically justified."

State Supreme Court Justice Alice Schlesinger ruled that the city makes landlords repair buildings even if they say they can't afford it. Therefore, it must also make repairs. The city is appealing Schlesinger's decision.

Drugs

At 1326 Fulton Ave. in the Bronx, drug dealing and the accompanying violence are an accepted way of life.

"Somebody's always getting shot, it's nothing new." said tenant Bobby Crawford. "You hear gunshots at three o'clock in the morning, like a normal routine. If you didn't hear them, you'd think something was wrong."

The recent City University survey of Bronx buildings found at least 75 percent of the centrally managed buildings had a problem with drugs.

There is a saying among city tenants: "When the city takes over, the drug dealers move in." According to a report last year by David Muchnick for the Bronx 2000 Research Project, drug activity was worst in city-owned buildings, based on Bronx district attorney records.

HPD formed a narcotics unit four years ago. It works in conjunction with the police, according to director Tim Vance.

"In this field of addressing narcotics trafficking and housing, I think we do a job that is creditworthy on its own and when compared to anyone else in the private sector," Vance said.

The unit does a good job, but does not have enough staff to cover enough buildings, according to housing advocates.

Drug problems have escalated over the past year, said one HPD official, who asked not to be named. The dealers have multiplied and are quicker to show guns.

If the narcotics staff can establish what it considers a provable level of drug activity in an apartment, Vance said, it will go to court to evict the tenant. About 3,600 tenants have been evicted in the past four years as a result of the drug unit, he said.

Some buildings don't even have a live-in superintendent to scare off the dealers.

Superintendents said they are paid very little for all the responsibilities they have. Dee Woodburn, who handles 718 Quincy St. in Bedford-Stuyvesant, said she is paid only $42 every two weeks. In addition, she must pay for her own apartment.

More must be done to eradicate drugs, according to tenants and advocates. Among the suggestions:

HPD needs to have superintendents living in the buildings and make sure they don't deal drugs themselves. HPD managers need to visit the buildings more often and find out which tenants are dealing. The buildings need front doors that lock and intercoms that work. A uniformed security force in the worst buildings would make the dealers move on.

Poor Management

At 1017 Trinity Ave. in the Bronx, tenant association leader Rosa Sidberry says HPD has moved at least five property managers through the building in the past 12 years.

"HPD rotates managers as the good ones get promoted downtown. They stay with the lousy ones the longest," she said. "Since we got the new one, it won't get better. She is always in the field when you call."

In the City University survey, 64 percent of the tenants rated HPD management as poor or fair.

HPD property managers average 33 buildings apiece, according to HPD figures. By comparison, managers of privately owned buildings average 10 apiece.

Heitler said HPD does not rotate managers on a set schedule, but that the turnover is high.

"We don't have a rotation policy," Heitler said. "We would prefer for the stability of the buildings that we keep the managers in place so they get to know the area. What will cause a change of assignment are things that every operating unit experiences, people going on disability, maternity leave, illnesses."

The fast turnover of property managers disrupts maintenance and repairs. One manager will order repairs, such as a new roof. Then a new manager comes and does not know what the previous person ordered. Until this past year, HPD did not computerize its repair orders, so there has been no readily available record of work done on each building.

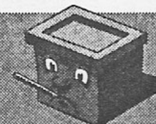
Heitler and Spiller said HPD property management is just beginning to enter the computer age, with rudimentary systems just being put into use. Right now, they said, it would take several days to reconstruct the repair history for one building.

Tenant Ownership

After the 89-year-old nurse who owned 538 W. 148 St. in West Harlem was murdered four years ago, a half-dozen tenants ran the eight units. They paid the fuel bills with rent money and installed a new roof.

Ailing Buildings

The percentage of city-owned and privately owned buildings with problems



	City-owned 1987	City-owned 1991	Private 1987	Private 1991
Troubled buildings*	39	65	12	18
Rats and mice	58	73	26	23
Heat problems**	16	22	5	7
Peeling paint	30	47	11	17
Cracked walls & ceilings	40	56	17	14

* Three or more deficiencies
**Four or more breakdowns

SOURCE: 1987 Housing and Vacancy Report; 1991 Housing and Vacancy Survey by the Census Bureau.

Newsday

But HPD discovered early this year that the city owned the building. Conditions have quickly deteriorated. The new boiler took from March 3 until Oct. 28 to produce heat and hot water. A ceiling fell in one apartment.

The tenants, all of whom work, want to buy the building. HPD isn't helping, though tenant ownership is a recommended way of stabilizing buildings.

The City University survey found 42 percent of the tenants wanted their building to go into tenant ownership.

HUD

The decline in city-owned housing has taken place under HUD's supervision. But so far the agency has done little, and several officials said they are powerless to stop the city.

"HPD is like the tail wagging the dog," said one HUD official, who asked not to be named. "It gets a huge amount of HUD money. But when anyone from HUD pushes them to direct them, they stonewall."

Across the country, when municipalities take federal housing money, their projects must meet the local housing code. But not in New York.

City-owned housing is funded through the Community Development Block Grant program, which gives the city the option of meeting the code.

Not only is HPD not meeting local housing codes, it is also not meeting federal requirements for how the money is spent.

Community Development funds must be spent to rehabilitate public buildings. But it can't be spent maintaining them. At least $18 million a year went to paying superintendents to maintain the housing, according to city records.

On Aug. 26 of this year, HUD Regional Administrator Anthony Villane Jr. wrote Mayor David N. Dinkins that as of Dec. 31, HUD would not longer fund maint- nance with community development funds.

The city contacted Sen. Alfonse D'Amato, and th funding problem was solved. In the Housing and Con munity Development Act of 1992, there is an amen ment expanding the permitted activities with comm nity development money: "necessary to make essenti repairs and to pay operating expenses necessary t maintain the habitability of housing units acquire through tax foreclosure."

D'Amato spokeswoman Zenia Mucha said the cit asked the senator to insert the amendment becau HPD was in danger of losing the federal funding .

The Future

The city has a plan to take itself partly out of th slumlord business.

HPD plans to spend $300 million over four years t pay private developers to renovate 9,300 apartment The buildings will then be turned over to communit groups to manage.

The program, called Neighborhood Ownershi Works, could turn into a boondoggle that enriche contractors and puts tenants out on the street with n home at all, warn housing activists, tenants, Cit Council members and even some HP employees who work closely with cit owned housing.

"Haven't we learned that the city car not simply close its eyes to private secto operations of low-income, in rem buil ings without risking displacement of th most vulnerable tenants," said Har DiRienzo, chief executive officer of th Consumer-Farmer Foundation, at a r cent HPD hearing.

The major concerns are:

- The $35,000 per unit renovatio cost is insufficient. It will only allow r pair of two major building systems.
- Tenants are given only 90 days t ask to take over the building instead having it go into the NOW program.
- Community groups who will get th buildings will have no say in which cor tractor is chosen or what work is done
- Rents can be raised up to fair ma ket, approximately $681 for a two-bed room. Since half the tenants make ur der $10,000 a year, federal subsidie would be required for them to stay where they ar There is no guarantee there are enough subsidies o that they will be provided quickly.
- There aren't enough qualified community group to handle all the buildings.

Joan Wallstein, the assistant commissioner for a ternative management, and Spiller refuted these cor cerns. Tenants will have enough time to choose ar other program, community groups will have inpu into the work the contractor does, and communit groups will be screened before being given buildings

If housing experts had their choice, NOW would b eliminated and a more workable program developed

Joe Center, executive director of the Ecumenica Community Development Organization in Harlem would like to see a combination of tenant ownershi and mutual housing associations.

If tenants aren't prepared to take over the renova tion of buildings, the buildings could work with mutu al housing associations. These would be local group coordinated by a citywide association. The umbrell group would plan which buildings are renovate when and provide emergency funding if small group get in trouble.

Others recommend converting city-owned housin to true public housing, with ongoing financing.

Either the city could manage the housing or ten ants could own it or it could be put into a mutua housing association, said DiRienzo of the Consumer Farmer Foundation.

But the city must provide ongoing funding. H pointed out a lot of tenant-owned buildings are no in financial crises. The city recently took the first o these buildings back for unpaid water and sewe charges.

"The real underlying problem is the economic mar ginality of these buildings," DiRienzo said. "Peopl can't afford costs because their incomes don't kee up. There must be recognition that the housing need ongoing public support."

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Still in a Fix

How program managed to fail tenants

By Penny Loeb
NEW YORK NEWSDAY INVESTIGATIONS TEAM

MABLE HATFIELD, Rolinda Hill, Donna Springer and Lorenzo Funches thought their days without heat and hallway lights were over in the fall of 1989 when a court-appointed administrator took over their little building in central Harlem.

Their problems, though, got even worse.

Rats frequented the apartments at 235 W. 140th St., and when winter came, heat was frequently available less that three hours a day. Hot water was a luxury, and ceiling tiles collapsed under the weight of water leaking from rotted pipes.

And despite $34,200 spent on new wiring, an electrical fire earlier this year burned a top-floor apartment and forced tenant Debra Link into a city homeless shelter.

Throughout the nightmare, this privately owned five-story walkup was in a city-supervised program intended to save buildings in poorer neighborhoods from incompetent landlords.

Called 7A, after the section in the state real property law, the $4.2 million-a-year program uses administrators appointed by city housing court to run 184 buildings housing 7,800 tenants. The administrators, who are not city employees, are overseen by the city's Department of Housing Preservation and Development and the housing court.

Administrators — who are usually professional real estate managers, nonprofit groups or tenants — are required to provide heat and hot water and make repairs so all housing code violations are removed. Repairs are supposed to be funded by monthly rents that range from $300 on a small building to $12,000 on a larger one. For major work on heating and electrical systems, HPD makes loans.

To assess the 7A program, New York Newsday did a computer-assisted study of 46 randomly selected buildings from the 288 in the program since January, 1988, and interviewed dozens of tenants, administrators and housing experts.

The study shows that often the program has failed to get the intended results and wasted hundreds of thousands in taxpayers' dollars.

The study found:

- Housing code violations actually increased in a quarter of the buildings, according to city inspection records. Nearly all violations were remedied in about 25 percent of the buildings, and in half the buildings, conditions improved slightly.
- Some administrators took far more than the allowed management fees of 5 percent of the rent.
- Two administrators padded their administrative costs by charging the salaries of their office staff to the buildings.
- Contractors sometimes were paid for repairs that were never done.
- Some apartments renovated for the homeless were never occupied.
- HPD bureaucracy delayed timely payments necessary for making major repairs once administrators had been appointed to manage the buildings.

Newsday / Kathy Kmonicek

FIGHTING TO STAY. Shirley Sweet inside her apartment in Brooklyn. She is facing eviction because the building has a new owner.

The program does succeed in some cases — usually where a nonprofit group is the administrator, the study found. However, their efforts are inhibited by HPD's bureaucratic foot-dragging.

"This [7A] program without impartial checks and balances has contributed more to urban decline than all the slumlords together," Hatfield, a computer programmer in Brooklyn, wrote Mayor David N. Dinkins in one of a series of letters to state and city officials over the past 18 months. "It seems that we are wandering in the bureaucratic desert," she wrote in another letter, "just as the children of Israel asking how long will it take us to get to the promised land of heat, hot water and repairs."

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"They need to put enough resources to make it work," said Brant Sharman, a board member of the Citywide Task Force on Housing Court, a coalition of community-based organizations that is studying 7A.

HPD officials admitted the program isn't perfect. "We deal with very high-risk buildings. There is no guarantee we can salvage them," said Harold Shultz, assistant commissioner for legal affairs at HPD and head of the 7A program when it began in 1965. "It's not a rehab program. Most tenants in 7A don't expect to see their building rehabilitated." The program, which is under investigation by the U.S. attorney's office, is directed by Robert Davis, HPD's deputy commissioner for rent and housing maintenance.

New York Newsday examined the repair, loan and monthly financial reports made by 7A program administrators to HPD and found a number of

One in a series of articles examining New York City housing programs.

apparent problems.

Unfixed Violations

In nine of 37 Manhattan buildings examined, violations actually increased after administrators had been appointed for the buildings by the city housing court. At 125 W. 111th St., for example, city inspectors found 143 housing code violations before an administrator was appointed in 1988. And in the past four years they found 215 more, leaving 358 violations currently unresolved.

In another 18 Manhattan buildings, the study found that while approximately half of the violations were corrected after administrators were appointed, they were still running high, averaging from 50 to 75 violations per building.

Shultz said the number of violations is not the best indicator of an administrator's effectiveness, that the primary function is to stabilize a building and provide essential services, not necessarily to correct violations.

Excessive Fees

High management fees, the study found, also plague the 7A program. The law permits administrators to take only 5 percent of the rent roll, unless a housing court judge makes an exception.

But administrators' fees at nearly half the buildings examined exceeded the 5-percent limit. In only eight of these 21 cases had the court allowed increases.

The highest fees, the study found, usually went to the big-scale operators.

Gregory Pascal and Gary Zuckerman have run 18 buildings as administrators since 1987. Over one period of approximately 18 months, Pascal's fees amounted to 15 percent of the rents at 211 W. 115th St. This was because he also took a percentage of a special $20,000 loan granted by the city to repair vacant apartments in the building.

"It's not like I went in and took the money," Pascal said. He said he received permission from HPD officials. Court orders usually permit only fees based on rent and Housing Court Judge Jerald Klein, who handled the building, said he did not believe orders routinely authorized payments based on loans. Any deviation from the order would require application to the court.

Pascal said he works hard to restore buildings, often with little money from HPD. "People put people in horrible conditions and I have to solve these problems."

Zuckerman, the study showed, paid himself a fee that amounted to 12 percent of the rentals on 34-36 E. Fourth St. His fee represented not only a percentage of the current rents, but also a percentage of the rent-strike money collected before he was appointed administrator of the building.

HPD spokeswoman Valerie Jo Bradley said, though, that HPD accepts such practices because the fee is based on rent income whenever it is collected.

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Repairs Faces Eviction

It wasn't the 7A administrator who resurrected the three-family building at 10 Spencer Ct. in Bedford-Stuyvesant. It was tenant Shirley Sweet who brought water, heat and stability.

Now the landlord is throwing her out.

Sweet is a victim of failures in the Department of Housing Preservation and Development's 7A program and loopholes in the rent-protection laws.

"They aren't preserving buildings for low-income families," she said. "I really deserve my apartment; I've gone through hell for it."

Sweet's ordeal began in 1986 when she paid the owner's managing agent a deposit of $1,800 — her life savings — to rent her apartment. The day she was to move in, the agent had disappeared. There was no heat or water and her apartment was in shambles. Undaunted, she settled in. With help from the block association she began renovations.

The owner, Kenneth Fin, had bought the building at a city tax auction in 1986. City regulations required Gloria Richardson was appointed 7A administrator in 1988. It is difficult to determine how much she did. She only filed monthly financial reports through December, 1989, even though she was not dismissed by the court until March, 1992.

Sweet reviewed the scanty reports. She found at least $3,000 in work she said was not done, including payments to a contractor she said never worked at the building.

Matters for Sweet became even worse in 1990 when Fitz Williams, a 7A administrator, bought the building.

"Why should administrators be allowed to buy buildings like this," Sweet said.

For nearly a year Williams has been trying to evict Sweet. She has no lease and three-unit buildings are not protected by tenant laws. She is fighting in court. But she has diabetes and fears she hasn't the strength.

Williams did not respond to repeated requests for comment. Harold Shultz, HPD assistant commissioner for legal affairs, said, "Why and how it was sold to a private administrator is not our issue." HPD considered Williams a private owner who was prepared to make repairs. — **Penny Loeb**

Over Harlem Building

In the world of Harlem housing, where landlords are often known as "Devils" and "Draculas," Dionisia Vasquez could perhaps be called an "Angel."

For two years this diminutive 54-year-old fought to retrieve a building that was once hers from the 7A program.

The Department of Housing Preservation and Development blocked her at every step.

It was not Vasquez' fault that the building at 516 W. 134th St. went into the 7A program in early 1989. In 1987, she had sold the building she had carefully maintained since 1976. Conditions deteriorated so rapidly an administrator had to be appointed.

After the sale, Vasquez still held the $97,000 mortgage. She also kept an apartment and watched over the building.

When the administrator was appointed, a special clause was included in the order permitting Vasquez to make repairs under the administrator to repay Vasquez.

Vasquez put in a new boiler and installed new windows, costing close to $100,000, she said. The monthly financial statements show no repayments from the administrator.

When Vasquez repeatedly asked HPD to order repayments, it refused.

Vasquez also asked the court several times to remove the administrator so she could manage the building and curtail unnecessary expenditures. HPD opposed her request. It was denied.

The building has had two administrators. The first, Jose Pena, was a longtime tenant. He paid $2,100 to his cousin, Sergio Pena, for repairs. Vasquez said Sergio, who lived near Boston, never worked in the building. Pena did not respond to a written request for comments.

The second administrator, Rafael Lara, never corrected the violations.

Vasquez finally got the building back in March of this year. Lara was dismissed a few weeks later. Ever since, Vasquez has been removing violations, paying back taxes and repaying a $39,575 financial assistance loan for electrical work.

— **Penny Loeb**

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Housing Plan Falls Short

Zuckerman, who was the administrator for eight buildings, also had the highest income on buildings New York Newsday examined: nearly $37,000 on theeight buildings with total rents of $404,000, making his average fee 9% of the rent.

Inflated Expenses

The study also found that in addition to the management fees, administrative expenses are also sometimes inflated. Though the 7A rent money is supposed to go for repairs and oil, it has been used by some building administrators for the rental of computers, fax machines and beepers, and to pay phone bills and fees for legal and office help.

Several of the Zuckerman and Pascal buildings had the highest administrative costs of the buildings examined. At 211 W. 115th St., for example, Pascal's administrative fees were 32 percent of the rentals. At 12-14 and 16-18 Old Broadway, their administrative expenses amounted to nearly $42,000 out of total rent of $170,000 — 25 percent of the rental income.

The study shows that both men in the past have billed the salaries of their office staff to the administrative expenses they charged for several 7A buildings.

But the HPD doesn't seem to care.

Shultz said HPD found early this year that Zuckerman, who is also an attorney, was paying his office staff from the rents at one building. But, Shultz said, the city won't force Zuckerman to return the money in any of these cases because it believes the housing court has decided such expenses were allowable.

However, according to most such court orders examined by New York Newsday, the first priority for the rent money was to make repairs.

Zuckerman said his records have been subpoenaed by the U.S. attorney and so he could produce no court order giving him permission for payroll expenses. He said, however, that the owner approved the account, including the payroll costs.

"HPD was aware of this for years because I have filed reports," said Zuckerman, who has been an administrator since 1973. "I regard such people as bookkeepers and administrative staff and equipment such as fax machines and beepers as a necessary component of running a building as a super. . . In many cases I have had a measure of success. . . I don't think they [HPD] would call people in to run a building more than one time if they had been a total disaster."

Administrators from community housing groups, the study shows, usually take far smaller fees and have fewer administrative expenses. Nancy Kyriacou, of the nonprofit Housing Conservation Coordinators, took only 2 percent, $1,875 out of $86,000 in rent, at 208-210 W. 104th St. in the nine-month time period examined.

She said she normally takes the permitted 5 percent but forgoes it if a building has too little income. All her fees go into a crisis fund for emergency repairs or technical assistances at 7A buildings.

Nonrepairs and Inflated Costs

New York Newsday also found contractors were sometimes paid for work never done or overpaid for goods and services that could be obtained more cheaply.

In one case administrator Jose Pena paid his cousin, Sergio Pena, $2,100 to paint an apartment in a building at 516 W. 134th St. The building owner told HPD that Sergio Pena lived in Boston, never came to the building, and that her husband had painted the apartment. *The city never asked Pena to return the money.* Pena did not respond to a written request for comments.

The study also showed the administrator of Mable Hatfield's building at 235 W. 140th St. paid 20 percent more for oil than the administrators of several other buildings during the same time period. The administrator said she had not comparison-shopped for oil prices before buying. And there is no HPD regulation that requires her to do so.

Otto Obermaier, the U.S. attorney for the southern district, began investigating the 7A program after a landlord reacted to a New York Newsday article in January criticizing HPD's emergency repair program. Investigators are focusing on allegations of overcharging by administrators and contractors, and subpoenas have been issued for thousands of pages of records.

Empty Apartments

New York Newsday found instances where apartments were completely renovated by HPD and then left empty. At 273 W. 150th St. the city paid more than $89,000 two years ago to renovate five apartments for homeless families in the 7A building. A construction manager hired directly by the city got a $14,822 fee for supervising the renovations.

But the apartments remain empty.

HPD officials said tenants weren't placed in the apartments because they were later vandalized and drug dealing was a problem in the building.

Of two apartments renovated in 1990 by HPD for the homeless in Hatfield's building at 235 W. 140th St., one is occupied and the second, a three-room apartment still stands empty.

Slow Financing

Repairs are financed either by rental income and HPD loans. Neither is easy to get.

Frequently, tenants have protested housing conditions with rent strikes at buildings where a 7A program is imposed and are reluctant to resume payments until they see improved conditions.

The problem is compounded because HPD only finances major repairs such as replacing heating, water and electrical systems as well as roofs. Several administrators said HPD provides no money to quickly fix apartments after the administrator takes over, which on occasion delays resumption of rental payments.

Another problem is access to back rent still owed long after the appointment of an administrator, up to $177,560 at 121 St. Nicholas Ave. The amounts owed often grew during the administrator's tenure.

Administrators complain that HPD provides them with no legal aid to collect the back rents, forcing them to hire attorneys whose fees are charged against the cost of administering the building.

Of the buildings receiving HPD loans for major repairs, nine of the 19 buildings reviewed waited more than a year after the administrator took charge to get any money. Then it took at least another six months for the work to be done.

In an eight-unit building at 82 Powers St. in Williamsburg, tenants waited more than four years for central heating. The first loan application was on Dec. 23, 1985. The final approval for the installation was not given until March 14, 1990.

"The 7A financial assistance takes much too long and particularly given the fact that these are supposed to be life-threatening conditions," said Alison Cordero, assistant director for the housing unit of Saint Nicholas Neighborhood Preservation Corporation in Williamsburg, which administered the building.

HPD's Shultz said the four-year wait for central heating involved unique circumstances. He placed the blame on changes in administrators and rising costs for the heating system. Each change of plan had to be approved by the court, he said. He added that changes in plans and cost increases can delay loans because they often need to be reapproved.

Just getting a 7A administrator appointed can be a tough battle. Oda Friedheim, project director of MFY Legal Services, a tenant advocacy group, said it has taken almost a year for the city and the court to move on a rat-infested building at 87 Rivington St. on the Lower East Side, for example.

A housing court study by tenant advocate Sharman found judges are sometimes reluctant to appoint administrators because of problems that ensue after the administrator takes over.

By contrast, some owners say the court gets involved where it isn't needed. For nearly four years, Andy Ahuja has been struggling with the court to prevent his Washington Heights building from going 7A.

Shortly after he bought the building at 79 Post Ave. and the adjacent one, tenants in the first building organized a rent strike. Another one failed at his building next door, where tenants now have few complaints. Ahuja said he would gladly fix the first building too if the judge would free up the at least $225,000 in rent strike money.

There are some buildings that go successfully through the 7A program, are renovated and often turned over by the city to some sort of community group or tenant ownership. This sometimes happens despite HPD and almost always because of extremely hard work by dedicated not-for-profit groups.

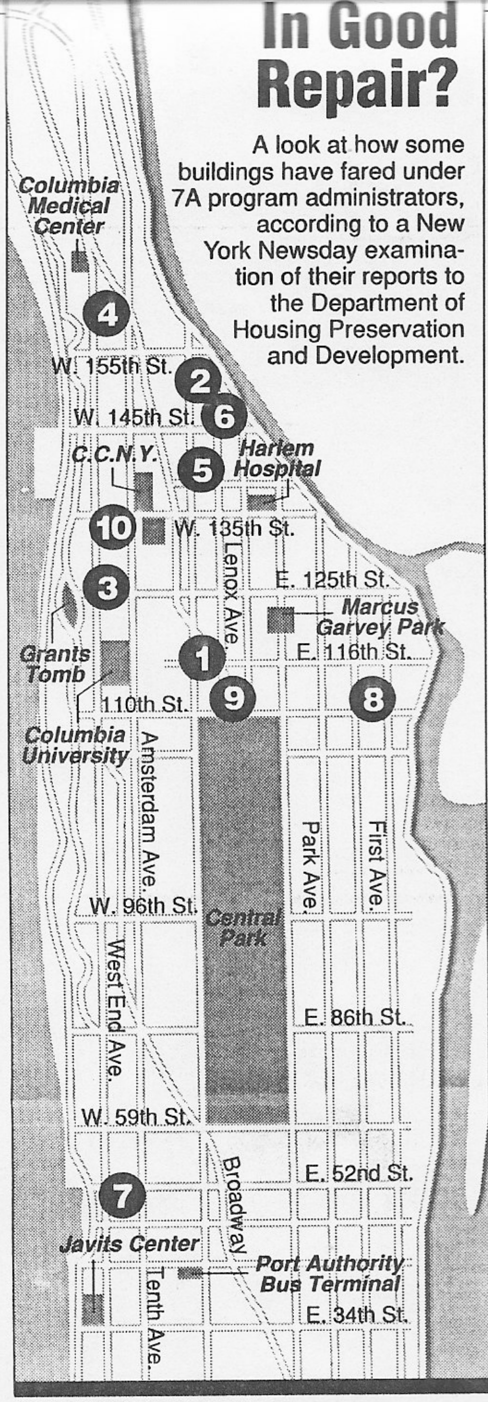
Cordero agrees the city causes some of the problems in its own 7A program. "I think one of the things that happened is that the program is a stepchild at HPD," she said. "The reality is that if you don't take some of these buildings [into 7A], you will get abandonment."

For Hatfield, abandonment — the owner simply walking away — recently became reality with a notice that her home is being taken by the city for $133,392 in unpaid taxes, water bills and emergency repairs.

She can afford to move. Others can't. She would like the building to go into some sort of tenant ownership to protect her friends who must remain. So far HPD has been no help.

In Good Repair?

A look at how some buildings have fared under 7A program administrators, according to a New York Newsday examination of their reports to the Department of Housing Preservation and Development.



1. 211 W. 115th St.

Administrator:
Gregory Pascal

Problem: Pascal took 15 percent in administrative fees, the highest for any building examined. Though the 24-unit building took in less than $3,000 a month in rents, he paid himself $2,001 as a fee in April, 1991. The fee was taken from a loan for repairs of $20,000. Pascal said HPD allowed him to take the fee. HPD assistant commissioner Harold Shultz said he thought the fee would be approved by a judge and he plans to ask the court.

2. 271 W. 150th St.

Administrator:
Gary Zuckerman

Problem: Building had no hot water from October, 1991, until March of this year. Tenant Doris Spencer has holes in her floor and walls caused by a fire in the apartment below. New roof leaks when it rains. Zuckerman said the contractor sent by the city did not know how to fix the boiler. Shultz said the city tried to fix the problems with the hot water temperature regulator.

3. 12-14 and 16-18 Old Broadway

Administrator:
Sandra Ramirez; Jerry Spiegel and Stuart Klein; Gary Zuckerman and Gregory Pascal (served consecutively)

Problem: Violations more than doubled after administrators took over — despite more than $600,000 in loans and emergency repairs at this building owned by "Devil Landlord" Andonis Morfesis. Spiegel and Klein took $1,885 too much in fees, according to an HPD audit. Zuckerman and Pascal took 8 percent, $13,850, in 7A fees. They took another 25 percent of rental income — $41,927 — in administrative costs, including salary and taxes for three office employees. Contractor billed $340 for work never done. Spent more than $14,000 to renovate an apartment for the homeless. It was never occupied and was left in shambles. Shultz said there was water damage to the apartment and the administrator couldn't rent it.

4. 545 W. 159th St.

Administrator: Marie Runyon

Problem: Runyon has been waiting more than a year for HPD to approve loans to fix the kitchen and bath on the top floor of this 10-unit SRO. Until the work is done, the rooms can't be rented. And until there is rental income from the rooms, Runyon can't fix the rest of the units. Only income now is $300 a month from one apartment. HPD officials said the request for additional funding was approved in June. Runyon said she last heard from HPD in February.

5. 235 W. 140th St.

Administrator: Emma Olton

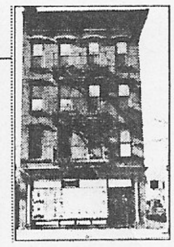
Problem: Tenants suffered nearly two years with little heat and hot water. More than $4,000 in oil was delivered to the 20-unit building. Olton put lugs on the furnace so heat was provided only a few hours a day. The oil, bought from Bronx Bay Barge in the Bronx, cost 20 percent more than that sold to other 7A buildings at the same time. Olton failed to collect rent, and more than $50,000 was owed in August, 1991. HPD officials said Olton is one of their better administrators. The tenants caused the problems and did not communicate well with Olton, HPD officials said.

6. 202 W. 148th St.

Administrator:
Robert Irizarry

Problem: No hot water since December, 1991. Tenant Deborah Smith had a window missing from her bedroom, her walls were caving in, and her living room floor was collapsing. There were no mailboxes. Sewage backed up into several apartments. An HPD official made a plea on behalf of the tenants in April, 1991, for financial assistance. Nothing happened. A loan was approved in October, 1990, to renovate apartments for the homeless. No work was done. Building recently condemned and closed down. Tenants put in a shelter. HPD officials said this building was one of the failures. The court would not approve the funds to repair the apartments for the homeless.

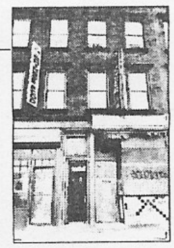
7. 735 11th Ave.



Administrator:
Nancy Kyriacou

Problem: On one of the coldest weekends last winter, the building ran out of oil and Kyriacou called HPD Emergency Repair. She waited and waited. In desperation, she finally called her own oil company and begged, saying she didn't know how she would pay for the oil. It was delivered in two hours. Shultz said HPD had records showing consistent oil deliveries from Nov. 20 through April 14 and the agency was not aware of any private deliveries.

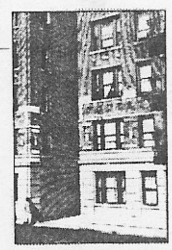
8. 2166 Second Ave.



Administrator:
Gregory Pascal

Problem: Administrative costs took one of the largest chunks out of rent income: $1,446 out of $4,954. Costs included salaries of several office workers, rental of a computer and fax machine and a beeper charge. HPD officials said these expenses were okay as long as they were approved by the court. Officials could not produce the court order.

9. 125 W. 111th St.



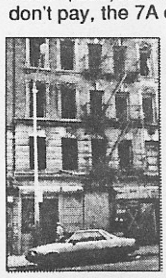
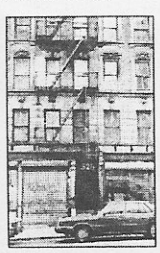
Administrator:
Rupert Noel

Problem: Violations increased 50 percent after he took over. No heat or hot water several days recently. Elevators often aren't working. Shultz said violations were not the most important way to judge the performance of an administrator and the damage to the boiler tubes has been repaired.

10. 521, 525, 537, 541 W. 133rd St.

Administrator: Max Veras

Problem: Not even a personal appeal to HPD by the Rev. Robert Castle of St. Mary's Manhattanville Episcopal Church had much impact on the sad state of these buildings in 1989. Castle asked for expedited emergency repairs and loans. About the only improvement was a new boiler. Buildings have now been taken by the city. One is burnt out, another nearly demolished. Veras said the problems were caused by the tenants who owed $250,000 in rent. "If the tenants pay, the 7A works. If the tenants don't pay, the 7A doesn't work."

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