

---

# **Your Tax Dollars At Work**

---

How NYC Subsidizes Slumlords

---

**Housing Here and Now**

[www.housinghereandnow.org](http://www.housinghereandnow.org)

ph: 212.608.5122

**October 2005**

---

## Acknowledgements

This report was produced by Housing Here and Now, a coalition of more than 120 organizations working for housing justice in New York City. Chloe Tribich, Housing Here and Now Lead Organizer, is the primary author, with assistance from Julie Miles, Housing Here and Now Executive Director. The Coalition for the Homeless and the New York City AIDS Housing Network (NYCAHN), two of the most active Housing Here and Now member groups, played key roles in defining the purpose and conclusions of this report.

First, we would like to thank the grassroots leaders who are driving the Fix It Now campaign and who made their stories and experiences available for this report.

Second, many staff and volunteers of Housing Here and Now member organizations contributed to this project: Patrick Markee and Lindsey Davis from Coalition for the Homeless, Jennifer Flynn from NYCAHN, and Jon Alvarez and Julie Richards from Neighbors Helping Neighbors.

Finally, Laurel Tumarkin from the Office of Public Advocate Betsy Gotbaum, Jill Stein and Sarah Singer from New Destiny Housing, and Nicole Branca from the Supportive Housing Network of New York also shared useful information.

## **Table of Contents**

Housing Here and Now.....	4
Executive Summary.....	5
Introduction and Methodology .....	6
Background: Contradictory Trends Within HPD Code Enforcement...8	
Report Findings .....	9
Key Findings.....	9
The Failures.....	9
Who Pays the Highest Price?.....	12
Report Recommendations.....	13
Conclusion.....	14
Appendix: Database of Subsidy Buildings With More than Three B and C Violations Per Unit	

## Housing Here and Now

In February 2005, a broad-based coalition of more than 120 unions, clergy, community-based organizations and advocates launched Housing Here and Now (<http://www.housinghereandnow.org/>), a citywide effort to demand that policymakers take action to create and preserve decent affordable housing for all poor, working and middle-class New Yorkers.

At a 7,000 person City Hall rally, Housing Here and Now put forward the following five-point affordable housing platform:

- Keep the Promise — use Battery Park City money to build and preserve affordable housing.
- Guarantee housing for low- and moderate-income people in neighborhoods being rezoned.
- Win back New York City's right to determine our own rent laws.
- Provide permanent housing for homeless people living with AIDS.
- Support legislation to strengthen tenants' right to a healthy home through better inspections and tougher penalties.

Housing Here and Now counts a mayoral commitment to make good on the Battery Park City promise, several inclusionary zoning victories and passage of three laws to increase placement in permanent housing for people living with HIV/AIDS among its accomplishments. Grassroots organizing and the strength and breadth of its member groups have been integral to Housing Here and Now's success.

On July 27, 2005, Housing Here and Now kicked off the Fix It Now campaign with the release of the top ten worst landlords report and launch of a website where tenants can report their problem landlords: <http://www.NYCWorstLandlords.com/>. The campaign focuses on three general areas of reform:

- Strengthening NYC's system of Housing Maintenance Code enforcement
- Increasing multi-family lender accountability
- Ending bad landlords' abuse of taxpayer funded rent subsidies

This requires serious change from all power players involved in constructing, financing, maintaining and regulating multi-family housing: City government, landlords, lenders and the lenders' regulators. So far, the Fix It Now campaign has brought some of New York's worst landlords and a top lender to the table and prompted mayoral candidates to compete over the aggressiveness of their housing preservation plans. This report documents the extent to which the City of New York subsidizes problem landlords with taxpayer funded rent subsidies.

## Executive Summary

The rent rolls of many New York City landlords are supported by government money in the form of Housing Stability Plus (HSP) and HIV/AIDS Services Administration (HASA) rent subsidies. These subsidies are administered by the Department of Homeless Services (DHS) and Human Resources Administration (HRA), respectively, to homeless people coming out of the shelter system and to homeless people living with HIV/AIDS. Yet many of these same landlords have known histories of negligence and provide housing in buildings with immediately hazardous and unhealthy conditions.

“Your Tax Dollars at Work: How New York City Subsidizes Slumlords” analyzes a sample of 370 buildings with apartments approved for HASA and HSP tenants, and concludes the following:

- **25% of buildings with DHS or HASA subsidies in our sample are “unsatisfactory” according to the City’s own standards.** (87 out of the 370 buildings in our sample have more than three B and C violations per unit.)
- **Half of all subsidy buildings (187 out of 370 buildings sampled) have more than one violation per unit,** and 167 out of 370 have at least one hazardous (B) violation or immediately hazardous (C) violation per unit.
- **At least 8 landlords who own subsidy buildings in our sample were named on the 2003 HPD Major Problem Owner list,** the most recent one available. All of these problems owners have subsidy buildings with hazardous violations today.
- **At least four of Housing Here and Now’s top ten worst landlords receive HASA or HSP subsidies:** David Somerstein, Hank Freid, Zvi Kaufman, and Frank Palazzolo and his investors.

The City of New York has much of the information necessary to make informed decisions about which buildings are distressed enough to justify the withholding of subsidies and which owners have troublesome histories that warrant a second look. Almost all of the data used in this report—violation and ownership information, along with online news archives—are available to anyone with Internet access. But instead of using this information to create subsidies that attract owners of well-maintained buildings and ensure tenants affordable, quality long-term housing, DHS and HRA often grant expensive taxpayer subsidies to known problem owners for buildings in serious disrepair. HASA subsidies, for example, can cost over \$2000 per unit per month.

**Housing Here and Now recommends that the City of New York stop granting landlords subsidies for apartments in buildings with significant numbers of code violations, serious conditions, or issues threatening the safety of residents.**

## Introduction and Methodology

This report focuses on the Housing Stability Plus (HSP) and HIV/AIDS Services Administration (HASA) subsidy programs. Since the inception of the HSP program in December 2004, more than 2,000 homeless households have moved into apartments with HSP subsidies. In addition, on any given night several hundred homeless people living with HIV/AIDS receive emergency housing or subsidies through programs administered by HASA.

Previous research conducted by elected officials and community groups has identified many problems with City rent subsidy programs, among them that subsidized tenants are often placed in distressed housing, that the pre-placement inspections for these apartments are inadequate and that the subsidy programs are monopolized by small groups of negligent landlords. Others have highlighted structural problems with the ten-month-old HSP program—which provides time-limited rent subsidies for homeless people—including the 20 percent annual reduction in the value of the subsidy and its exclusion of working and disabled households.<sup>1</sup> Still other organizations, such as the Supportive Housing Network of New York, point out the ways in which the structure of HSP discourages responsible non-profit providers from accepting this subsidy.

This report focuses on the deficiencies of voucher programs primarily as they relate to housing maintenance. It documents the extent to which the bad landlords who receive City rent subsidies are already known to the City Administration and the NYC Department of Housing Preservation and Development (HPD) before they begin receiving this taxpayer money. In many cases, these landlords have been the targets of HPD code enforcement efforts, negative media attention and grassroots campaigns for years. In short, the City of New York has the power to ensure that its residents live in decent homes and that taxpayer money is not funneled into the pockets of bad landlords. Unfortunately this power is not being exercised.

The findings of this report are based primarily on violation and ownership data drawn from a sample of buildings participating in the HSP and HASA rent subsidy programs. Housing Here and Now analyzed data for 370 buildings, 273 of which are HSP buildings and 97 of which are HASA buildings. It is important to note that many of these buildings contain more than one subsidized apartment. Based on data from the Coalition for the Homeless, we estimate that this sample represents approximately one of every eight apartments receiving an HSP subsidy. Because HASA tenants are usually placed by non-profit service providers, the count of HASA units is more difficult to quantify.<sup>2</sup>

We used HPD's online database and the NYC Department of Finance ACRIS property records to identify class A, B and C violations along with ownership information for the 370

---

<sup>1</sup> See, for example, "Subsidy Shame," Office of Public Advocate Gotbaum, April 2005; "Safety Shortage: The Unmet Shelter and Housing Needs of New York City's Domestic Violence Survivors," March 2005; and "Handshake Hotel," WNYC 3 part series with Amy Eddings and Andrea Bernstein. 25-27 June 2003; and Comptroller Thompson's testimony to the Council General Welfare Committee on 6 October 2005.

<sup>2</sup> We started with 587 buildings, of which 487 contain at least one apartment approved for HSP and 100 of which house HASA tenants. We eliminated all buildings that were not registered with HPD online or had 3 or fewer units. Although many HSP units are in single, double and triple family homes, and many of those homes do have maintenance deficiencies, they represent a different class of challenges. For example, many of these smaller dwellings are owner-occupied and non-institutionally financed. The source of maintenance deficiencies are more likely to stem from owner's financial distress or lack of knowledge than from active abuse.

buildings.<sup>3</sup> We examined these buildings and owners against HPD's Major Problem Owner List of 2003, which lists 1,533 distressed buildings and approximately 353 owners in the five boroughs.<sup>4</sup> We used HPD's definition of "unsatisfactory building" and "major problem owner" to further evaluate buildings.<sup>5</sup> All data is current as of September 2005.

It is important to note that because of the complaint-driven nature of the HPD violation system, violation counts may not fully reflect a building's conditions. For example, an apartment with a falling ceiling, mold and rat infestation might be violation-free if the tenant has not called 311 to complain. Under-documentation of bad conditions appears to be a particular challenge in buildings with very poor, non-English speaking or immigrant tenant populations. It is therefore reasonable to assume that many of the buildings examined for this report have worse conditions than their violation counts suggest.

We also drew on ample previous research, especially that conducted by the Office of Public Advocate Gotbaum ("Subsidy Shame: City Pays Landlords for Hazardous Housing," April 2005, and "Safety Shortage: The Unmet Shelter and Housing Needs of New York City's Domestic Violence Survivors," March 2005); Comptroller Thompson (Testimony to the Council General Welfare Committee, 6 Oct. 2005); the NYC Council ("Transitional and Emergency AIDS Housing: In Urgent Need of Repair," June 2004); NYC AIDS Housing Network ("Too Much for Too Little for Too Long: Emergency Housing For Homeless New Yorkers Living With AIDS – Who's Paying the Price?"); the Urban Justice Center and the Northwest Bronx Community and Clergy Coalition ("Scattered Dreams: How the Scatter Site Shelter Program Exacerbates the Affordable Housing Crisis in Low Income Neighborhoods in the Bronx," December 2004).<sup>6</sup>

---

<sup>3</sup> A class A violation is a non-hazardous violation required to be fixed within 90 days, class B signifies a hazardous violation required to be fixed in 30 days, and class C violations are "immediately hazardous," required to be fixed in 24 hours. Examples of the three classes are, respectively, minor leaks, inadequate public lighting and lack of heat. See <http://www.nyc.gov/html/hpd/html/online-tools/hpd-online-glossary.html>.

<sup>4</sup> The list identifies "business principals," for which 72 individuals are named, and "organizational names," for which 353 are named. The Housing Maintenance Code defines "owner" as "the owner or owners of the freehold of the premises or lesser estate therein, a mortgagee or vendee in possession, assignee of rents, receiver, executor, trustee, lessee, agent, or any other person, firm or corporation, directly or indirectly in control of a dwelling." See <http://www.housingnyc.com/html/resources/hmc/sub1/art1.html>.

<sup>5</sup> HPD defines a major problem owner as someone who owns more than 5 buildings that are deemed unsatisfactory. Unsatisfactory buildings have three or more B and C violations per unit or two or more B and C violations per unit documented in the last 3 years.

<sup>6</sup> All reports available online: <http://pubadvocate.nyc.gov/policy/documents/SUBSIDYSHAME.pdf>  
<http://pubadvocate.nyc.gov/documents/DVShelterandHousingreportFINAL.doc>  
<http://housinghereandnow.org/downloads/citycouncilhasareport.pdf>  
<http://housinghereandnow.org/downloads/HASAreportpdf.pdf>  
<http://www.urbanjustice.org/publications/PDFs/ScatteredDreams.pdf>  
[http://www.comptroller.nyc.gov/press/testimonies/10-06-05\\_AIDS\\_Housing\\_testimony%20.pdf](http://www.comptroller.nyc.gov/press/testimonies/10-06-05_AIDS_Housing_testimony%20.pdf)

## Background: Contradictory Trends Within HPD Code Enforcement

The abuses of HSP and HASA subsidies are unfolding against a landscape of contradictory trends within HPD. A weak system of Housing Maintenance Code enforcement—downsized during the Giuliani administration and not yet built back up to levels of the late 1980s—is now combining with some increased efforts against the worst bad landlords.

Consider the following:<sup>7</sup>

- There were 500 HPD code inspectors in 1990, whereas the 2006 budget accounts for only 402 inspectors. Population and crowding increases intensified this loss: from 1997 to 2002, the population of the Bronx increased by 2.83% while housing units increased by only 2.47%. In Brooklyn, these changes were 1.75% and 1.53% respectively.<sup>8</sup>
- From 2002 to 2004, the annual totals of tenant complaints to HPD increased from 296,400 to 469,300. No doubt this reflects the implementation of the simpler 311 call in system, but it also suggests that the quantity of poor conditions far outnumbers 311 calls.
- From 2002 to 2004, the amount of time it took HPD to respond to emergency complaints increased by a factor of 5.72.
- Money recovered from HPD litigation against landlords decreased from \$5.1 million in FY 1989 to \$3.1 million in 2003.
- From 1999 to 2002, the average number of maintenance deficiencies per unit increased in Bronx buildings by 13.4%.<sup>9</sup>

At the same time, the recent arrest of bad landlord John Kosman,<sup>10</sup> the implementation of the Targeted Cyclical Enforcement Program, the 2003 subpoena of Frank Palazzolo and the construction of the “Major Problem Owner” list all point towards heightened efforts—however spotty—against some of the worst actors. **Many of these targeted landlords are cashing in on DHS and HRA subsidies even as HPD litigates them in housing court.** Nevertheless, this trend towards heightened enforcement suggests that the City does have the ability to improve the conditions of New York’s distressed buildings and prevent their owners from receiving taxpayer money.

---

<sup>7</sup> Unless noted otherwise, all information taken from the IBO’s Feb. 2003 background paper, “Saving Homes: City Spending on Housing Preservation Grows” (linked to <http://www.ibo.nyc.ny.us/>) and updated information communicated by email from the IBO.

<sup>8</sup> Lexis Nexis: 2002 Claritas demographic info.

<sup>9</sup> “Inequitable Enforcement: The Crisis of Housing Code Enforcement in New York City” ANHD report <http://anhd.org/resources/Inequitable%20Enforcement.pdf>.

<sup>10</sup> “Slumlord to do Time for the Grime,” Jimmy Vielkind and Adam Lisberg; 24 August 2005; *Daily News*.

## Report Findings

The failures of taxpayer funded rent subsidy programs—poorly administered by the City and exploited by negligent landlords to inflate rent rolls to secure bloated mortgages—incriminate many of the power players involved in constructing, financing, maintaining and regulating multi-family housing. The City is particularly culpable, since its programs funnel money into the pockets of the very landlords already known to its agencies for their negligence.

### A) Our key findings include the following:

- **DHS violates its own inspection criteria which require that buildings be “decent, safe, sanitary and vermin-free.”** For example, in 112 of the 274 HSP buildings in our sample there were more than 3 class B & C violations documented per unit, many of which included violations for rodent infestation and various safety violations.<sup>11</sup>
- **25% of buildings with DHS or HASA subsidies in our sample are “unsatisfactory” according to the City’s own standards.** (87 out of the 370 buildings in our sample have more than three B and C violations per unit.)
- **Half of all subsidy buildings (187 out of 370 buildings sampled) have more than one violation per unit,** and 167 out of 370 have at least one hazardous (B) violation or immediately hazardous (C) violation per unit.
- **At least 8 landlords who own subsidy buildings in our sample were named on the 2003 HPD Major Problem Owner list,** the most recent one available. All of these problems owners’ have subsidy buildings with hazardous conditions today.
- **At least four of Housing Here and Now’s top ten worst landlords receive HASA or HSP subsidies:** David Somerstein, Hank Freid, Zvi Kaufman, and Frank Palazzolo and his investors.
- **Several landlords of subsidy buildings have well known histories of harassment and criminality not fully reflected by HPD violation counts.**

### B) The Failure: How the City of New York Enriches Slumlords and Ignores its Own Housing Data

The City of New York has proven itself able to identify some of the worst problem landlords. The implementation of the simple 311 complaint system, the newly implemented Targeted Cyclical Enforcement Program, and the creation of the Major Problem Owner list have allowed HPD to document violations and target enforcement efforts more effectively, if still inadequately. Similarly, “package litigation,” which litigates all an owner’s buildings for existing violations, is another tool HPD has used in rare cases, usually only in response to pressure from community organizations.

---

<sup>11</sup>See “Move-in Condition Checklist Requirements:”  
[http://www.nyc.gov/html/dhs/downloads/pdf/hsp\\_movein\\_checklist.pdf](http://www.nyc.gov/html/dhs/downloads/pdf/hsp_movein_checklist.pdf)

In other words, the City of New York has much of the information necessary to make more informed decisions about which buildings are distressed enough to justify the withholding of subsidy funds and which owners have troublesome histories that warrant a second look. Almost all of the data used in this report—violation and ownership information, along with online news archives—are available to anyone with Internet access. But instead of using this information to create subsidies that attract owners of well-maintained buildings and ensure tenants affordable quality long-term housing, DHS and HRA too often grant expensive taxpayer subsidies to known problem owners in buildings in serious disrepair. HASA subsidies, for example, can cost over \$2000 per unit per month.

HPD’s violation data of subsidy buildings suggest serious problems with the structure and administration of the HSP and HASA subsidies. But some of the most egregious examples of undeserving landlords are not reflected in HPD violation counts.

Consider the following:

- Nader Ohebshalom, owner of 3155 Rochambeau Avenue, an HSP building, is a member of the eponymous real estate empire. The Ohebshalom family’s harassment, illegal eviction attempts, illegal conversions and negligence have inspired a city-wide residents’ coalition supported by elected officials and much sympathetic press. (The title of one recent *New York Post* article on the Ohebshaloms is *Renting Anger: Hundreds Slam Their Landlord from Hell.*)<sup>12</sup>
- Steve Tobia, a Palazzolo Investment Group member and manager of 2315 Walton Avenue, a 45 unit HSP building with 285 violations, sued two Bronx community organizations in response to their organizing efforts, charging trespassing and tortious interference. The groups had held tenant meetings in his buildings’ lobbies and contacted the mortgage holder at the time, Washington Mutual, about hazardous conditions. The 2315 Walton Avenue “contact” listed on DHS’s Available Apartment report is Debbie Pollock, another Palazzolo investor who pled guilty to stealing over \$300,000 from HRA’s Jiggets rent subsidy program.<sup>13</sup>

The following is a list of buildings associated with the Palazzolo Investment Group with apartments approved for HSP subsidies.

Bldg #	Street Name	Unit Count	Type	Borough	Block	Lot	Management Co./Manager	Owner Address	A vio	B vio	C vio	Total vio	B&C vio /unit
1726	Davidson Avenue	74	HSP Apts.	2	2861	57	Jon Basmanov	800 Central Park Avenue	33	59	19	106	1.05
2315	Walton Avenue	45	HSP Apts.	2	3187	53	New Line Realty	800 Central Park Avenue	121	152	12	285	3.64
1141	Elder Avenue	50	HSP Apts.	2	3739	59	New Line III	800 Central Park Avenue	88	281	51	420	6.64

<sup>12</sup> “Renting Anger: Hundreds Slam Their Landlord from Hell” Brad Hamilton, 24 April 2005, *New York Post*; also see Shalom Tenants Alliance at <http://www.shalomtenants.org/listings/>; also see “Building Bully—Eviction Bids Leave Elderly Terrified,” Heidi Singer, 27 May 2003, *New York Post*, pg. 9.

<sup>13</sup> “Report Details Flaws in a Housing Program,” Leslie Kaufmann, 13 Dec. 2002, *New York Times*, Section B; Column 4; Metropolitan Desk; Pg. 11; see also “The Landlords, or Somebody, Striking Back” David Gonzalez, 23 March 2004, *New York Times*, Section B; Column 2; Metropolitan Desk; Pg. 1.

1231	Sheridan Avenue	54	HSP Apts.	2	2457	23	NAL III	800 Central Park Avenue	87	233	164	484	7.35
1524	Leland Avenue	13	HSP Apts.	2	3923	51	Frank Magistro	800 Central Park Avenue	35	85	17	137	7.85
4301	Park Avenue	24	HSP Apts.	2	3028	29	Frank Magistro	800 Central Park Avenue	36	174	52	262	9.42
422	E. 178th St.	17	HSP Apts.	2	3027	29	Frank Magistro	800 Central Park Avenue	45	155	48	248	11.94

- Hank Freid, the owner of the Malibu Hotel, is now in the process of illegally evicting HASA tenants to convert his long-term single room occupancy (SRO) building into a high-priced hostel. Freid continues to receive these subsidies in several other buildings even as he padlocks the doors of Malibu SRO apartments to keep the HASA tenants out. As of September 13, only 11 HASA residents remained in the Malibu, down from 300 a few years ago. Tenants and organizers from the NYC AIDS Housing Network report that HRA has done little to find tenants permanent housing.<sup>14</sup> Besides the Malibu Hotel at 2688 Broadway, his properties include 2612 Broadway, 317 W. 45<sup>th</sup> Street and 341 W. 30<sup>th</sup> Street.
- Ari Schwartz owns at least 6 buildings with tenants receiving HSP and was identified as the owner of 11 severely distressed buildings on HPD's 2003 Major Problem Owner list. But bad conditions in his buildings were well known to tenants and organizers even before 2003, and tenants continue to organize for repairs.<sup>15</sup> His current HSP buildings include the following:

Bldg #	Street Name	Unit Count	Type	Borough	Block	Lot	Management Co.	A vio	B vio	C vio	Total vio	B& C vio per unit
354	E. 21st Street	34A	HSP Apts.	3	5124	51	354 E. 21st Street Realty Corp.	26	64	17	107	2.38
2011	Newkirk Avenue	35A	SRO Hotels	3	5206	37	603-607 Realty Associates	28	56	29	113	2.43
10	W. 182nd Street	46A	HSP Apts.	2	3195	61	10 W 182nd St Realty	76	107	34	217	3.07
879	Dekalb Avenue	22A	HSP Apts.	3	1777	52	879 Dekalb LLC	41	63	27	131	4.09
2025	Regent Place	39A	HSP Apts.	3	5124	18	2025 Regent Realty	89	168	94	351	9.00

<sup>14</sup> "No Room at the Inn for the Homeless," Amy Zimmer, 13 Sept. 2005, Metro: [http://parex.metro.st/ftp/20050913\\_NewYork.pdf](http://parex.metro.st/ftp/20050913_NewYork.pdf); also see "W. Siders Cite Hotel for Crime," Jose Martinez. 18 Sept. 2002, Daily News, pg. 14.

<sup>15</sup> "Uptown Shuffle," Andrew Friedman, 19 March 2002, Village Voice, pg. 20.

### **C) Who Pays the Highest Price?**

Perhaps nothing—not the violation data or even the landlords' shocking histories of abuse and negligence—reveals the failures of these subsidy programs more than stories of tenants themselves.

- Ms. S.B., a new HSP recipient, was pushed by shelter staff to accept a severely distressed Brooklyn apartment. Lawyers attempted to persuade the shelter that she not move into the apartment until follow-up inspections confirmed repairs. The 39-unit building has 351 violations, 94 of which are class C. The doors of the apartment and the building are both unsecured, and the apartment was burglarized through a window after Ms. S.B. moved in her belongings. Nevertheless, the lawyers' requests were denied. Ms. S.B. has chosen to live instead on the floor of a relative's home for fear of her family's safety. Meanwhile, the City gives subsidy dollars to the landlord of her unoccupied apartment.
- Mr. H.L. moved from Camp Laguardia men's shelter in June 2005 to an apartment at 735 Bryant Avenue in the Bronx. When he moved into his apartment, he had no electricity for nearly month, because the basement was so flea-invested that Con Edison workers refused to enter to turn on the power.
- Ms. J.J. was a resident in a shelter for homeless families and was recently pushed to accept an HSP apartment, under threat of sanction from the shelter. She felt the apartment was inappropriate because of the poor conditions. The 2-unit building has more than 100 violations. When she moved in, the unit had gaping holes in the wall, wires hanging out of almost every light fixture, and lead paint violations. Since then one of her grandchildren has been diagnosed with lead poisoning which the family believes is a result of exposure to peeling paint in the apartment.
- Mr. J.S. is a tenant at 2849 Webb Avenue in the Bronx, where he has lived since April 2005. He moved to this address from the Malibu (owned by Hank Freid), where he co-chaired the tenant association. Upon arrival at his new apartment on Webb Avenue, he lived for over a week with no electricity, and now struggles with leaks and recently-fallen kitchen cabinets. His tenant organizing efforts continue, as he works to bring together long-term tenants and HASA residents in his new building to fight for repairs.
- Ms. T and her son are living in a NYC family shelter. In an attempt to move families out of the shelter as quickly as possible, shelter staff members are trying to force her to accept an apartment with poor conditions under threat of punitive measures including eviction from shelter. She was shown an apartment in a building where there was a toilet in the stairwell and without locks on the front door. She reports that landlords have approached her to request side deals of additional money she cannot afford.
- Ms. Y.O. resides at 2546 Creston Avenue in the Bronx. In addition to the 4 documented violations in her unit, she immediately discovered other problems upon move-in, including loose floorboards, a leaking uncapped sewer pipe, and unstable kitchen cabinets that she had been promised would be replaced. Her unit passed the initial DHS inspection, and because the landlord signed a document promising repairs, no follow-up was done.

## Report Recommendations

### **A) The City of New York should not give rent subsidies to landlords for apartments in bad buildings.**

Housing Here and Now considers bad buildings to be those with:

- Three or more B & C violations per unit for all years
- Two or more B & C violations per unit in the past two years
- Serious conditions that would result in documentation of two or more B and C violations per unit if the building were thoroughly inspected by HPD Code Enforcement; HPD Code Enforcement should therefore conduct a full building inspection in advance of approving landlord's request for HSP or HASA tenants
- Serious conditions not covered by the Housing Maintenance Code, such as severely deflected floors, persistent and public drug activity, and non-functioning elevators.
- Serious Department of Buildings violations, other violations from NYC agencies, or indications of recent financial distress that could compromise building upkeep

### **B) The City of New York should not place subsidy recipients into apartments until those apartments meet existing standards of habitability.**

Currently, the City of New York relies on landlord self-certification when pre-placement inspections uncover problem conditions. For example, under the Housing Stability Plus program, only one inspection is mandated for an apartment. If bad conditions are found, landlords can claim they have made repairs without fear of a follow-up inspection.

The City should mandate first and, if problem conditions are identified, second inspections by the HPD Division of Code Enforcement. The NYC Housing Maintenance Code should be the primary tool for determining apartment suitability, not the HSP "checklist" currently posted on the DHS website. Similarly, apartments being considered for scatter site II HASA tenants should be confirmed to contain the refrigerator, clean sheets, private bathrooms and other supplies and services that are required by HRA.

### **C) The City of New York should investigate and consider a landlord's history of criminal convictions, Housing Court litigation and building maintenance when approving apartments for subsidies.**

Buildings of landlords on HPD's Major Problem Owner list or who fit HPD's definition of "major problem owner" should not be considered for subsidies. However, if a particular building owned by such a landlord is confirmed to be in satisfactory condition, and the prospective apartment to be free of problem conditions, the apartment might be considered for subsidy tenants, but only as a low priority.

Landlords with histories of criminal convictions or white-collar crime should not be awarded City rent subsidies. Similarly, owners with a history of illegal conversions, illegal eviction attempts, and excessive non-payment litigation against tenants, especially when combined with a history of poor maintenance, should be heavily de-prioritized.

## Conclusion

The problematic manner in which the Housing Stability Plus and HIV/AIDS Services Administration rent subsidy programs are administered has fueled the crisis of distressed housing in New York City. Known problem landlords—many with hazardous conditions in their buildings and some with records of harassment and criminality—collect public money with almost no background check from the administering agencies, the Department of Homeless Services and the Human Resources Administration. In the cases in which the Department of Housing Preservation and Development has taken enforcement steps against these landlords, its efforts are rendered even less effective by the ease with which the landlords access subsidy funds and City approval of their services.

The City of New York has the power to make its agencies work together—not at cross purposes—towards ensuring all its residents decent housing. By applying the standards of the NYC Housing Maintenance Code to potential subsidy buildings, conducting basic background checks of owner applicants, and holding back subsidies from the bad actors, the City can ensure our taxpayer dollars are serving NYC's tenants, not its worst landlords.