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Building blocks of future

City eyes rehabs in program

By **AUSTIN EVANS FENNER**
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IF YOU THINK this is a sweetheart deal that sounds too good to be true, think again.

The city's Department of Housing Preservation and Development recently selected 11 "property managers" — including five in Brooklyn — to acquire and renovate hundreds of "in situ" residential and commercial properties.

In many properties now closed the city took possession of after previous landlords fell into tax arrears.

HPD is the landlord for some 2,500 occupied and 1,700 vacant buildings.

The new program, dubbed "Building Blocks," is part of the Giuliani administration's ongoing effort to cut the city's bloated budget by privatizing some functions and services that traditionally have been handled by municipal government.

The hope is that the newly designated private landlords will rescue dozens of buildings from decay and abandonment and turn them into habitable housing once again.

But that's exactly what worries some observers, including a group called the Task Force on City-Owned Property, which is evaluating the new property manager program.

Officials of the task force fear that turning over city-owned property to private parties will diminish the affordable housing stock, especially in impoverished neighborhoods, where many of the in-situ buildings are located.

"The market is tight for affordable housing," said task force chairman Harry DiBiase. "The city is simply looking to unload these buildings. They are not concerned about maintaining affordable housing."

He noted that a significant percentage of city-owned property is abandoned or has high vacancy rates. In some



ON FIRM GROUND: Darren Pearson, who specializes in distressed properties, says affordable housing almost always come with limitations.

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— Darren Pearson

cases as high as 30%.

"To make these buildings work you either lease them out or you subsidize the rest out of them with government subsidies," said DiBiase.

DiBiase said the average annual income for families who live in buildings affected by the new program is less than \$7,000. He said these families will not be able to afford the rents the property managers are expected to charge once they rehabilitate the buildings.

The five Brooklyn-based property managers are Martin Hundley, representing

Agape Realty, William Lucas of William R. Lucas, Inc., Darren Pearson of Darren E. Pearson Real Estate Management, David Young and Adele Selby of Nether Owners Corp., and Larry Firschfeld.

All 11 of the property managers are participating in one aspect of the Building Blocks program, called the Neighborhood Entrepreneurs Program.

Other Building Blocks programs are the Tenants Infiltrate Lease program, which allows tenants to form cooperatives and own their own buildings, and the Neighborhood Redevelopment Program, which allows community not-for-profit groups to do the same.

This year HPD expects to sell 2,500 units through the program. About 2,000 will be bought under the NEP and NIP programs, and the remaining 500 will be parceled out under the TIL program. HPD's 10-year plan, for 1989 to 2000, would have 1,100 city-owned housing units enter the Neighborhood Entrepreneurs Program each year.

HPD officials refute task force members' concerns, insisting that Building Blocks is a viable program.

"The program will not only preserve affordable housing, but make it better quality housing," said HPD spokes-

woman Mary Neville.

"Many of the buildings are in desperate need of repair," she said. "The low-income housing tax credits and the federal housing funds have restrictions that insure these units will remain affordable for a minimum of 15 years."

HPD officials did say tenants' rents would increase after the renovations were completed, but added that federal Section 8 subsidies would supplement the balance of the increased rent. Plans call for tenants to be relocated while renovations are done.

Pearson, whose Bedford-Stuyvesant based operation specializes in acquiring distressed properties or those in receivership, strongly disagrees with the idea that NEP would chip away at the amount of available affordable housing.

"The program is to make sure that the tenants will receive quality housing based on being a human being, not on their economic status," said Pearson. "HPD chose entrepreneurs like myself because I will see that the buildings are not only properly renovated, but well maintained."

Hundley's son Van, a manager for Agape Realty, which is acquiring a cluster of Franklin Ave. units, acknow-

ledged there is concern about the future of affordable housing.

"HPD is overwhelmed with the number of units under its control," said Van Hundley. "Many of the units Agape will receive fall under the restraint of the state's rent stabilization, so (their rents) can only be increased by state law."

Van Hundley said Agape's new units will have a 3% vacancy rate. Agape plans on renting the vacant units to moderate and middle income families.

He believes having tenants with a range of incomes will not only improve the conditions of the buildings, but also the surrounding neighborhood.

"The focus of the program is to help people receiving public subsidies live in better conditions," he said.

Meanwhile, Jay Small, executive director of the Association for Neighborhood Housing Development — a low-income housing advocacy group — is concerned that the Building Blocks program has no provision for the homeless.

"We are getting instant predictions have not yet been produced by HPD," he said. "But, we are hopeful that a dialogue with them will prove fruitful."

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