## CITIES

Jane Grundy Frank

# Landlords leave, tenants take over

By Josh Martin

*NEW YORK*

THE CITY OF NEW YORK IS the world's largest slumlord. A new law has empowered the city to seize property from landlords who have failed to pay taxes for over a year. In the past the city could foreclose on abandoned or delinquent buildings—so called "in rem" property—only after three years. The resulting increase in municipal ownership has been enormous. With the city's housing agencies' failure to manage this massive property transfer, tenant organizations have seized the opportunity to manage the buildings themselves.

This spring New York City owned 6,400 buildings, encompassing 65,000 dwelling units. By May, 1979, the city will hold title to over 25,000 buildings with 250,000 tenants.

Most property now coming under city ownership is placed in conventional city management programs, where city officials manage and maintain the buildings, collect rents, and prepare the buildings for eventual sale and reentry into the private sector and back onto the tax rolls. This approach has in the past been a contributing factor to real estate speculation.

Under previous city administrations, properties seized for nonpayment of taxes were auctioned off as quickly as possible. "Buildings were grabbed up by the same slumlords and speculators who let them deteriorate into tax arrears in the first place, and they ended up on the auction lists all over again," observed Manhattan Councilmember Ruth Messinger.

The policy was halted only after the public learned that properties in and near a massive Urban renewal project site — visited by President Carter when he made his famous Bronx tour — were auctioned off for as little as $50 and $100, with purchasers quickly realizing 1,000 percent profits.

### Responsibility is shifted.

The failure of the auctioning process, and the inability of the city's Division of Real Property (DRP) to manage the housing that was placed in its care (it has been called a "catastrophe" by city officials), led to the transfer, Sept. 1, of residential property to the city's Department of Housing, Preservation and Development (HPD).

By the time of the transfer, the situation in DRP was getting so bad that the whole 'in rem' housing program appeared on the brink of collapse under the weight of massive numbers of newly acquired stock. Tenants' groups were pressing for outright take over of their buildings, reacting to uncaring city management; buildings weren't being maintained; auctioning was creating a massive speculation market that deprived the city of both the taxes it was due and the housing it needed.

## Landlords that owe the city back taxes can have their property seized.

New city legislation which went into effect in January, called for two major changes in the city's housing program: First, it ordered the city to seize property after only one year of tax debt. Second, it called for the complete restructuring of the housing agencies.

Deputy Mayor Herman Badillo, who played a major role in stopping the auctions, pointed out that the city's shaky fiscal condition and the time needed to carry out the far-reaching legislative provisions were inimicable. "The immediate crisis is so urgent, we don't want to be diverted by reorganization," Badillo said. "That can take years." An alternative road was used instead.

The mandated tansfer of housing from DRP to HPD Sept. 1 was more than just an agency shuffle. It represents a distinct change of policy. Koch, Badillo, Messinger, and HPD Commissioner Nathan Leventhal, agreed that housing would have to be regarded in social, rather than fiscal terms.

Leventhal has created a division of alternative management in HPD, and has instituted a series of unique pilot programs that are designed to bring tenant and community groups into the management picture, with an eye towards future non-profit ownership.

### Community management schemes.

Many of the programs initiated, and particularly the concepts underlying them, owe their existence to the work of the In Rem Task Force, a coalition of lawyers, architects, planners and community groups. Working closely with Councilmember Messinger, they produced a short (29 page) report that has since become the guideline for the city's 'in rem' housing policy. The report-recommended programs enacted or scheduled include:

- *Community Management.* Experienced community groups would manage 'in rem' buildings.
- *Interim Lease.* Tenants themselves would manage buildings.
- *New York City Housing Authority Management.* This agency, which has an outstanding record in managing over 120,000 units, would take over.
- *Private Real Estate Agent's Management.* Private firms with proven records would be allowed to manage city owned property.
- *One-On-One Management.* Experienced tenant or community groups would link up with an inexperienced group, expanding the number of groups eligible to manage city owned property.

"We want to have a sound basis for comparing alternative management approaches to the central city management operation," explains Philip St. Georges, assistant commissioner for alternative management programs in HPD. "What we want to do is compare other forms of management."

City officials hope that the alternative management programs, which will initially operate in 5 percent of the city owned buildings, could handle up to 25 percent of such housing within a year.

As a result of abandonment and tax foreclosure, whole neighborhoods and segments of boroughs will come under municipal ownership.

In Loisaida, the lower east side of Manhattan, for example, it is estimated that almost 70 percent of the housing stock will be in city ownership. Foreclosures are not limited to slums. "We've been seeing alot of buildings coming into city ownership that are in better condition," St. Georges notes, "and many of them have what you would call middle income tenants."

To facilitate this development, the influential Task Force has called for a "radically simplistic" approach. "Tenants," the Task Force said, "should be offered a chance to manage, on a trial basis, *every* building taken for non-payment of taxes before the city even begins its own management services. The city can only be released from the burden of managing over 65,000 dwelling units by the development of a new sector, one that is based on various forms of non-profit and cooperative ownership, and has locally and democratically controlled planning, management and development as its cornerstone."

How well New York City fares under this 'in rem' policy will, because of the size of the problem, have considerable effect on the evolution of programs in many of the nation's older urban centers - which, like New York, face the dual problem of abandonment and middle- and lower- income housing shortages.

"The solution to the problems of neighborhoods and housing will come from the people who live in those neighborhoods and live in the housing," St. Georges maintains. "Get opportunities and resources into the hands of people on the street, in the buildings where they live, and let them show the solutions. So far we haven't been proven wrong. The only question is how big and how fast can programs be put into effect?"

*Josh Martin is a freelance writer in New York and a regular contributor to IN THESE TIMES.*

LABOR

# Reopened Youngstown steel plant could work

**By David Moberg**

THE CAMPBELL STEEL WORKS near Youngstown, Ohio, abruptly closed a year ago by the Lykes Corp., could be successfully re-opened under community-worker ownership if the federal government is willing to help.

That's the conclusion of the final report by the National Center for Economic Alternatives, which has studied the feasibility of reopening the mill for the Department of Housing and Urban Development.

The report is cautious in its assumptions. It clearly indicates that the task of reopening the mill would be difficult. It also makes very clear that the federal government—in particular Attorney General Griffin Bell—has made the task far more arduous by approving a merger of Lykes and LTV Corp., owner of Jones & Laughlin Steel, without conditions that would have both facilitated the re-opening and strengthened steel industry competition.

Backers of the project, primarily the Ecumenical Coalition of the Mahoning Valley, may try to convince President Carter that he owes their project special help, precisely because of the damage caused by Bell's decision. Representatives of the coalition were planning to approach Carter last weekend during a scheduled political trip to Ohio. They have been working, so far without winning commitment of a firm date, to arrange a meeting with Vice President Mondale, whom they hope will become an advocate of the project.

More pressure is being brought to bear through full-page newspaper ads printed last week with the signatures of 1,500 Ohio clergy and lay leaders, a memorial service in Youngstown on the first anniversary of the shutdown (Sept. 19), and a religious conference on the crisis of the cities in Youngstown at the end of September.

**It could really work.**

The final report argues that even from a narrow cost-accounting viewpoint the federal government would be better off giving money to the project rather than doing nothing and absorbing the costs of unemployment. Moreover, the worker-community plan could become a "showcase" and experiment in community action to resuscitate cities wounded by corporate decisions to move factories.

Worker-community ownership not only would bring needed increases in productivity, the report says, but also maximize local control, local investment and public accountability.

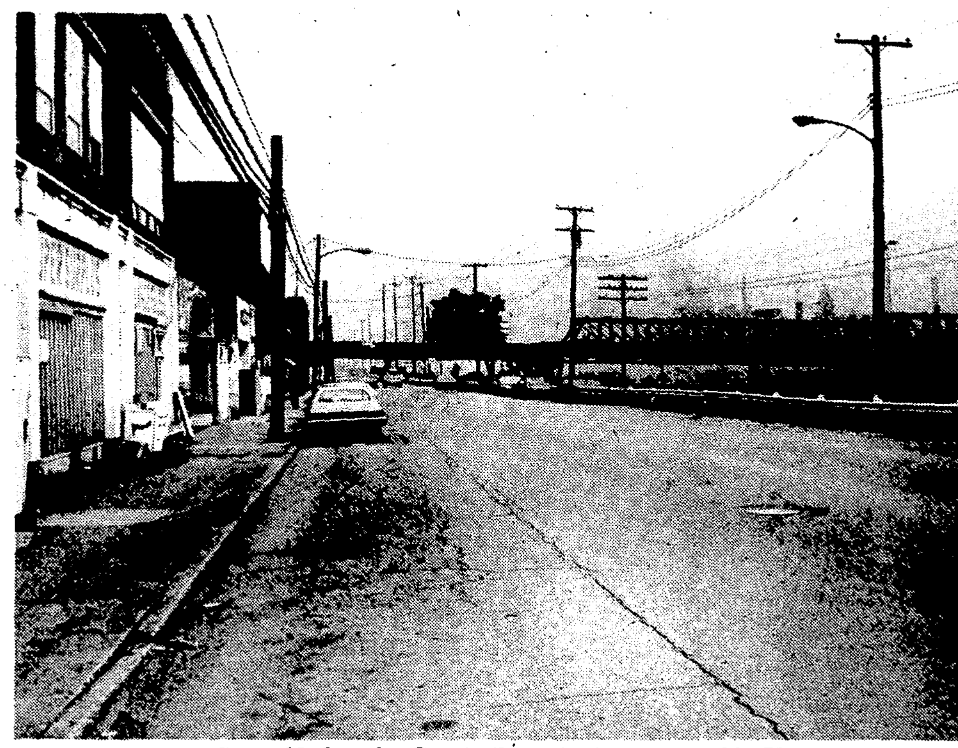
Using electric furnaces and relying on the existing market in scrap metal in the Youngstown area, the report concludes that the new mill would need $300 million in loans guaranteed by the federal government as part of a total $525 million to acquire and modernize the plant.

"The justification for a major demonstration project in Youngstown is both local and national," the final report states. "The justification is not the commercial and economic advantage of one community alone, but the need throughout the nation to develop new strategies to preserve jobs, increase productivity, test new technologies, and help urban communities facing economic decay."

Specifically, the report calls on Carter or Mondale to appoint a personal representative to work with the Ecumenical Coalition and a federal task force to develop the Youngstown experiment. It also asks Carter to set aside $300 million in loan guarantee authority and to grant $15 million immediately to purchase the mill and begin work on engineering and development of markets. Eventually the mill would probably also need commitments of federal purchases to secure its take-off.

Although there is fairly wide support for the Youngstown project among middle levels of government officials in departments such as HUD, Carter has been mum on the project. Yet now the decision is in his hands. The Ecumenical Coalition is intent on making it politically difficult for him to say anything but "yes" to their plan. ■

**The report from the National Center for Economic Alternatives states that it would pay the government to keep the plant open rather than continue to absorb unemployment costs.**



Paul R. Schell

*It was a year ago Sept. 18 that the Cambell Steel Works closed in Youngstown.*