

Harlem Housing:

The New Homesteaders

One day in May of 1973, Ralph Perez, manager of the apartment building at 540 West 146th Street, quietly removed his name from the mailbox in the hallway and stepped quietly into the street. He left without a word to any of his tenants. As abandonment of a building is known in the real estate trade, Perez had "walked." "Hell yes, I walked," he admitted frankly in an interview. "I tried my best to keep the place going, but I kept losing money—there was nothing else I could do. I'm not angry at the tenants. But I been harassed and harassed, so I pulled out. I'm sick over it." Perez died two days after the interview.

From the outside, 540 West 146th Street is a solid old six-story, brick-front house, with a couple of nice tin gargoyles up top and some fancy marble work in the lobby. Like a lot of Harlem housing, it was built at the turn of the century for a Manhattan bourgeoisie seeking a style and status

they couldn't find downtown and couldn't afford in the snobby Upper East Side. One could never tell from looking at the outside that this place has been allowed to deteriorate so badly that it is nearly uninhabitable, or that it is the object of one of the most tenacious rent strikes in history.

The strike on 146th Street began in 1964 for the usual reasons. The toilets were falling through the floors. Water was cascading down three floors from leaks in the roof. The boiler coughed so badly that it died one December night and the heat went off for the rest of the winter. The elevator motor broke down and a kid nearly got killed. The plumbing stacks cracked. Stagnant water and garbage made a little lagoon down in the basement. Just the usual reasons.

But rent strikes don't cause landlords to abandon their buildings, as anyone who cared to delve into the records of a Harlem apartment house like the one on 146th Street would

quickly find out. If anything, rent strikes and tenant complaints merely provide an excuse for a landlord to abandon once he's gotten all the money he can from a building. Housing abandonment isn't a last, desperate act, like suicide. It's a process, and a long one at that.

No one knows for certain how many landlords walk every year in Harlem. The City doesn't keep statistics like that and the landlords don't call in to let you know. There is a legal definition of abandonment in New York: a "vacant and unsealed" building. There were 8,000 of these in 1968, and there have been 5,000 more each year in Manhattan since then. The National Urban League said in a 1973 study that "reliable analysts have reported that upwards of 105,000 housing units were abandoned in New York City between 1960 and 1970." If pushed, New York's Housing and Development Administration (HDA) estimates there have been 50,000

by Jonathan Maslow

Giraldo Garcia, president of tenants committee

apartments abandoned every year since 1970. A better estimate would be close to 100,000 because most buildings abandoned by their landlords aren't vacant and unsealed, but lived-in and unbearable, like the house on 146th Street.

The roots of the abandonment syndrome go back to World War II, when blacks started leaving the South in droves, looking for work in war industries. During the war, the construction industry was in suspended animation because of the difficulties in obtaining materials. Increased demand for housing due to black migration was met by shortages of new construction, a classic inflationary situation. Rents soared until 1943, when the Federal Government declared a housing emergency and froze all rents. Responsibility for rent controls passed from the Feds to New York State after the war, but the State didn't want it, so rent control authority was handed on to the city.

Under the old Rent Control Law, landlords were guaranteed an 8½ percent return on an inflated formula of assessed valuation, and were allowed to pass on maintenance costs in rent hikes. Even before they resorted to financial manipulations, this formula resulted in average returns of closer to 15 percent. Any landlord who didn't make his 8½ percent could apply to the Rent Control Administration as a "hardship" case, and rents would be raised.

Real estate was the first industry given a guaranteed profit. But in the years following the end of the war, city neighborhoods were in racial transition and suburban development was booming because of VA loans and FHA-insured mortgages. Stable investors followed the white man's dollar and got out of places like Harlem.

[THE ART OF MILKING]

The original owner of 540 West 146th Street was a real estate man named Lawrence A. Wein. He owned about 30 Harlem buildings—including the King Avon Hotel and the old Rangeley Arms on 137th Street—all of which he later parleyed into ownership of the Empire State Building, which he holds to this day. In the early 1950s, Wein called in three men who worked for him—an attorney

named Murray Rayburn (who was also Wein's son-in-law), a black real estate agent named Alfred Johnson, and a plumber, Ralph Perez. He told them he was getting out of Harlem and they could buy his properties if they wanted to. They wanted to and did.

Perez probably didn't know it, but working for Rayburn and Johnson wasn't going to be like the old days, when he would fix the pipes and call in his afternoon report to Mr. Wein's office. Rayburn and Johnson were getting ready to do what's called "milking" in the real estate trade. Milking consists of extracting the greatest amount of profits from a building in the shortest time possible. It is accomplished in a number of stages, all of them successfully done by the owners of 540 West 146th Street.

The first and most obvious stage is not putting any money into maintenance or repairs—letting the building go to hell physically. The second is using a fast depreciation plan on taxes, so that instead of spreading out depreciation deductions over 30 years, the entire value of the property is written off income taxes in 10 years, or 5. The third way is using "wash sales"—paper exchanges of ownership between landlord corporations and professional speculators: borrowing money with buildings as security. New York City Title and Deed records show that attorney Rayburn hocked his 146th Street building 20 times since he bought it from his father-in-law, raising unknown amounts of cash.

The later stages of milking are more gritty. You stop paying fines for building code violations and let the infractions mount up at the City's Code Violations Legal Department until the lawyers downtown have, as in the case of 146th Street, an inch-thick file of unanswered summonses covering more than 700 infractions. When you stop paying property taxes, you've got three years to go, because after three years the City can seize the property for tax arrears and put it up for auction. But in the meantime, property tax costs are figured into the rents. And the landlord pockets them—\$29,410.10 worth of back taxes in the case of the 146th Street house. Then you default on your mortgage payments and, finally, you get ready to bail out.

[PROFIT AND DECAY]

Some of the tenants who have been around 146th Street nearly all of their adult lives mark the change in ownership from Wein to Rayburn as the time when the building started to nosedive. Lena Richardson, a bank teller who has lived on the eighth floor for 30 years and is founder of the tenants' committee, says the house started to go downhill about 15 or 20 years ago.

"It started with little problems in the plumbing," she recalls. "Perez would come, and patch things up, but every apartment you'd go into had to be fixed. Then Perez stopped coming. He'd send over someone else, some kind of handyman, not a licensed plumber. That handyman had his own way of working, I'll tell you. He would wind friction tape around where a pipe was broken, then put newspapers all around the tape, and wedge a coca cola bottle between the wall and the newspapers to hold the damn thing together. So it really became kind of useless to call up and complain."

On the first floor, John W. Harris, who owns a candy store around the corner and who has lived in the building for 34 years, says his troubles began with the landlord even earlier. "I had Rayburn in court in 1952, when he first took over the building. The heat went off in the winter and I had to take my aunt and my little daughter over to a hotel to stay. I went into court to get back the hotel fees for the time the heat was off, but the judge told me that since I hadn't written to Rayburn informing him beforehand that he should have the heating system checked, I didn't have any grounds to make the charge."

Giraldo Garcia, a worker at Bergdorf Goodman's department store and president of the tenants' committee, dates the trouble from 1961, but that was the first year he lived in the building. "My wife was really the first to complain," he said. "Since we live on the first floor, we got fumes and smoke all the time coming up from the boiler. It did no good for my wife to wash anything because as soon as she hung it out to dry, it got black again. Then we got a leak behind the sink in the kitchen. Water worked its way through the wall

until the plaster fell out, then the smoke poured through the hole. It was black all the time."

By late 1964, leaks in the roof allowed water to enter the top floor. It filtered down, rotting away one ceiling after another until the bathroom floors above were in danger of collapsing. The water cracked tiles around toilets, and the bowls sank into the floor. It was taking your life into your hands to use the john in those days. When the toilets fell in, they pulled the water tanks out from the walls, splitting the pipes. Tenants had to keep their bathtubs filled with water and pour some into the toilet when they needed to flush. In late 1964, five of them stopped paying rent.

It was a spontaneous and angry action, unconnected to the great Harlem rent strikes of 1964 and 1965, when housing organizer Jesse Gray led more than 100,000 tenants out. The result of the great Harlem strikes was that the New York State Legislature hastened to invent "Title VII-A Proceedings," legalizing and taming wild-cat rent strikes. The result of the strike at 146th Street was that the tenants got eviction notices from the City, and had to pay up or get out.

In the next few years, however, the situation for the tenants at 146th Street—and for tenants all over Harlem—began to deteriorate faster. Landlords were running scared. They survived the mass rent strike with only minor wounds, but now Lyndon Johnson was going to alleviate the very housing shortage that kept them in business. And he was going to do it with the public housing they'd fought against for years. With help from the Great Society, over 400,000 apartments were added to New York City's

housing stock by 1969 (though most were middle-income apartments).

To make matters worse for landlords, the white exodus to the suburbs in the Fifties was being followed in the Sixties by the flight of private housing capital. In bank board rooms and mortgage association offices, lenders drew lines around poor neighborhoods (it came to be known as "red-lining") and refused to throw good money after bad in those areas. Savings and Loan Associations had their regulations changed so that they no longer were required to invest in local mortgages. The S&L's, originally chartered to help solve working-class problems in poor city neighborhoods, were taking local ghetto deposits and sending the money to the suburbs.

Red-lining may have put many marginal building owners out of business, but not the professional slumlords: they still had friends at Chase Manhattan. And it gave them plenty of abandoned buildings to point to in the following years, when real estate interests mounted a concerted attack to get rid of rent controls once and for all. The central landlord argument was that rent controls, rising maintenance costs, and hard banking policies were making it impossible for them to make ends meet, forcing them to abandon.

The landlords got what they wanted after a stiff fight. In 1970, the City passed a Maximum Base Rent Law (MBR), allowing 7½ percent rent increases where need was indicated. "Need" was proved by feeding all the various business costs for a landlord into a computer in the Virgin Islands, and coming out with a figure showing the landlord's minimal money requirements. Since real estate books are not subject to audit, landlords submitted

their own data to the computer; 74,000 New York apartments now fall under MBR.

In 1971 the landlords enjoyed an even greater victory. The New York State Legislature, under the strong arm of Governor Nelson Rockefeller—who had for years talked fondly about his private dream of rehabilitating Harlem—passed the Vacancy Decontrol Law. It provided for unlimited rent increases once an apartment was vacated. For tenants living in rent-controlled apartments in Harlem and other poor neighborhoods, that has meant maintenance cutbacks, harassment, and even, in some cases, threats of violence to force them out, so that apartments could fall under the Vacancy Decontrol. Since 1971, 250,000 apartments have been vacated in Manhattan; the resulting rent increases have made it virtually impossible to find an inexpensive place to live.

[ON STRIKE]

At 146th Street, the MBR law sent rents up, on average, from \$91 to \$115. Some of the tenants paid Perez. A few paid Rayburn (Johnson, the other partner, had died in the meantime). The rest of the tenants continued to withhold their rents on and off, according to how bad the monthly situation was. The steam had left the original rent strike, but it was not long in returning after the MBR increases. The tenants were paying more money for even fewer services. In 1972, Mrs. Richardson on the eighth floor started to organize the tenants for another rent strike.

"First we called the Housing and Development Administration," she said. "That went on for two months without result. The Commissioner down there did meet with Perez, and made him promise to take out a loan to make the improvements. But Perez had no power to promise anything because he didn't own the place. Rayburn owned it, and he said he wasn't going to put any money into it."

By May, Perez had found his way into a City home improvement loan of \$50,000. Under a home improvement loan, the City extends money to the landlord and he transfers the debt to his tenants. The HDA then sent out letters to the tenants, warning them



that eviction notices would be issued if they withheld their rents, because the landlord needed the money to make repairs. Six tenants complied, but the 28 tenants Mrs. Richardson had organized went on strike in May 1972. They instructed their lawyer to tell the Housing and Development Authority that they refused to pay another dime until repairs and maintenance were guaranteed in writing.

There was one negotiating session to end the strike. It took place at the local HDA headquarters on 125th Street; present were Rayburn, Perez, the tenants' steering committee, their lawyer, a building inspector, and an official from the Maintenance and Repairs Department. The housing inspector began by presenting a 22-page list of building code violations. Rayburn angrily said it was a lie, and that he'd rather turn the building over to the tenants than make any repairs. The tenants' attorney asked Rayburn to put that statement in writing. The landlord refused, however, and that ended the meeting, the only effort to conciliate the strike.

From that time until now, the tenants on 146th Street have been out on strike, and in contrast to previous times, they are well organized. They have opened their own bank account, collected rents each month, and managed the building very nicely by themselves. They have hired their own contractor, who has put on a new roof, repaired the boiler, and is working on the plumbing and bathroom problems. The tenants' committee has also rented out vacated apartments with no reference to Vacancy Decontrol; the only requirement is that new tenants join the committee. More importantly, the tenants do not feel isolated. They have affiliated with the Metropolitan Council on Housing, the City's most militant and effective tenants' union, which is coordinating and organizing hundreds of rent strikes in Harlem and other New York communities.

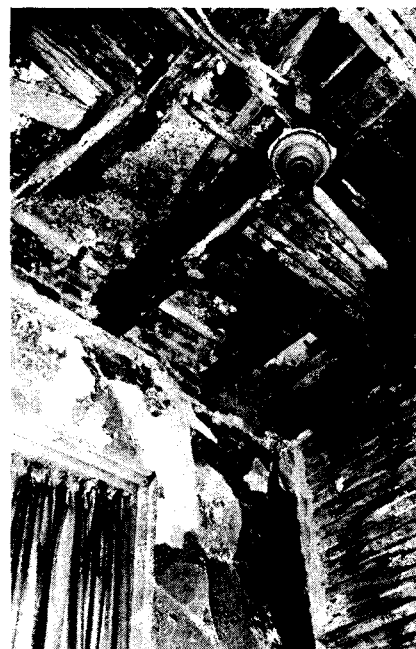
[THE NEXT STEP]

As in most cases with ghetto buildings, tenant organization and growing City involvement precipitated the final step of abandonment at 146th Street. It would have hap-

pened anyway. It was just a matter of time. Perez is dead and Rayburn claims not to be the owner. But landlords leave behind them a trail of legal and financial detritus, which complicates the future for abandoned buildings. According to the tenants' committee's attorney, Carol Ule, the legality of the tenant takeover is being questioned. Perez's estate, she says, is suing the tenants for two years back rent. The tenants, in reply, are suing the estate for damages incurred by the failure to repair and maintain the building. The claims may cancel each other out, or seem so inconsequential that the judge will throw the case out of court.

At the same time, there are two outstanding mortgages on the property, one in Perez's name (money he probably raised to buy the title from Rayburn), and one in the name of Rayburn's front corporation, which was conveniently dissolved. The banks won't foreclose because they don't want, as one bank official recently put it, "the obloquy of ownership in the present climate." What can a bank do with a disintegrating Harlem apartment house but find another slumlord to let it fall over into the street? One of the mortgages is held by the Empire State Savings Bank. The mortgage manager there, Harold Howes, asserted that "we'll probably just forget about the mortgage and let the bank take a loss." He said banks don't object to tenants buying up their mortgages, but they feel more comfortable if a foundation or a church secures the loan.

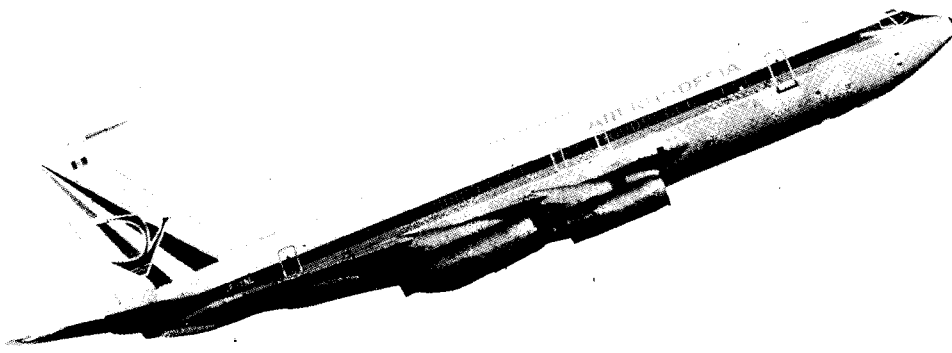
On the other hand, Rayburn—although claiming to have been out of the building for two years—is negotiating with the City for the tenants to buy the building from him. His asking price is \$125,000. The tenants would have to sell their children into slavery to raise that kind of money. The City has offered to take the tenants into a low-income co-op program set up by the former administration of Mayor John Lindsay. Under this plan, the City lends the tenants money to buy up the mortgages and make their own repairs. Then they are tied to a 30-year commitment to repay the City for a building that a landlord has milked for years without putting in one cent. If Rayburn should then pay up his back taxes, he would have a legal case for reclaiming his building. Needless to



say, the tenants have rejected the low-income co-op program.

The overriding question for the future is whether tenants must pay for past landlord crimes. Probably the best solution, and one suggested by the Metropolitan Council on Housing, is for the City to seize abandoned buildings for nonpayment of taxes, and operate them as public housing—a proposal which the City has recently rejected. Others advocate a policy in which the City would hire the tenants themselves to manage the properties. For it seems clear that if Harlem is going to be held and rebuilt, it will be done by the people who live and work there.

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The Friendly Skies of Air Rhodesia

Renton Cowley commutes daily from Portchester to 535 Fifth Avenue, Manhattan, where he takes the elevator to the 20th floor office of Air Rhodesia. The office that Cowley runs is not listed in building directory; an elevator operator is there to screen unfamiliar visitors. Once on the 20th floor, Cowley is protected by a locked door, an intercom, and closed circuit television system, installed in 1972 after robbers—black Americans regarded as having political as well as pecuniary motives—trussed him up with venetian blind cords late one afternoon and stuffed his mouth with his own socks.

Air Rhodesia's offices may now be physically secure, but Renton Cowley's problems are not exactly over. There is the matter of a disloyal employee named Gerd Stamnes—disloyal, that is, to the country her boss has represented for the past several years. For it turns out that the activities of Air Rhodesia are not entirely within the law, and Gerd Stamnes has had the bad taste to blow the whistle.

Stamnes had come to work for Cowley in the fall of 1970, referred by an employment agency. When her prospective boss asked her political views on Rhodesia, Stamnes says she made it clear she did not especially agree with Rhodesian policy. She was generally aware of the constitutional rebellion five years earlier in that Southern African territory, in which a

white minority declared independence from Great Britain to rule a black population 20 times its size. But she was relatively apolitical in those days, and enthusiastic about an airlines industry job where she could enjoy trans-Atlantic travel at employee rates. She took the position, never dreaming that the office was involved in anything illegal. The next three years were a real political education.

When she was hired, Gerd Stamnes didn't realize that the 20th floor office was the only one maintained by Air Rhodesia anywhere outside of Southern Africa. After minerals exports, tourism was—and is—Rhodesia's largest source of foreign exchange. And the United States remains the largest supplier of tourists to Rhodesia outside of South Africa. To Rhodesia, visiting white tourists are not only a source of revenue; they are a target for political persuasion. If the West—meaning especially the U.S.—would only “understand,” then Rhodesia would be likely to survive.

Rhodesia's problem is that its government is, in the eyes of the United Nations, an outlaw. When the white minority government declared its independence in 1965, Great Britain was unwilling to intervene militarily. Instead, under the pressure of world opinion, Britain asked the Security Council to impose the gravest provisions of the U.N. Charter—those of Chapter VII—to use peaceful, multi-

lateral economic pressure to persuade the White settler regime in Salisbury to speed progress toward majority African rule in Rhodesia, before the Africans organized to seize power by violent means.

It hasn't worked out that way. To be sure, White Rhodesia is worried about its African guerrillas, about the threat from Mozambique, and about the fact that its government has not even been recognized diplomatically by South Africa. And Rhodesia is also worried that in taking the white rebellion to the Security Council, Britain has given China and the Soviet Union a veto over any constitutional settlement reached between London and Salisbury.

Rhodesia, however, is certainly not worried about the sanctions themselves. They may cause some inconveniences, such as the need to falsify bills of lading and certificates of origin, but overall foreign trade is well above pre-sanctions levels and the need for self-sufficiency has spurred diversification of the economy.

The international community has been persistently unwilling to admit publicly the way Rhodesia has been able to conduct its international business with aplomb, enduring only the most occasional annoyance because of sanctions. While most Scandinavian, black African, and Communist states have joined Britain in attempting to maintain those sanctions approved by the Security Council, violations by the rest of the U.N.—mostly the industrialized nations of the West, and especially the United States—have become so routine over such an extended period that it strains credulity to believe that Humpty Dumpty could be made whole again.

In order to implement its three key actions on Rhodesia—Resolutions 232 of 1966, 253 of 1968, and 277 of 1970—the Security Council constituted itself into a committee of the whole (the Sanctions Committee) which meets privately nearly once a week to consider evidence of sanctions violations—presented by Britain and, occasionally, by other sources. The Committee's response to this evidence is to send diplomatic notes requesting an explanation from the governments reportedly breaking sanctions. Those who choose to respond invariably have

by Bruce Oudes