

1975

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Recommended Citation

Mark Grossman, *The New York City Housing Receivership and Community Management Programs*, 3 Fordham Urb. L.J. 637 (1975).
Available at: <https://ir.lawnet.fordham.edu/ulj/vol3/iss3/8>

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THE NEW YORK CITY HOUSING RECEIVERSHIP AND COMMUNITY MANAGEMENT PROGRAMS

I. Introduction

Each year New York City landlords abandon buildings containing an estimated 10,000 apartments, forcing tenants to leave as the ownerless buildings plunge into "ultimate decay."¹ At least half of these buildings are structurally solid and might last several more decades² if not abandoned.³ Most are found in the South Bronx,

1. Interview with Roger Starr, New York City Housing and Development Administrator, in *N.Y. Times*, Feb. 26, 1974, at 1, col. 7. "Over-all, estimates gained by The New York Times from the experts and from a study of city data indicate that landlords, at least have been walking away from between 8,000 and 15,000 apartments a year here since 1970." *Id.* at 42, col. 1. Another estimate placed the figure at between 30,000 and 60,000 units a year since 1970. Fried, *Abandonment of Housing Leaves Banks With Problems*, *N.Y. Times*, Mar. 17, 1974, § 8, at 10, col. 8 [hereinafter cited as *Abandonment*]. "A housing unit is a single-family home, an apartment in a multifamily building, or a furnished room in a boarding house." J. FRIED, *HOUSING CRISIS U.S.A.* 10 (1971).

2. *N.Y. Times*, Feb. 26, 1974, at 1, col. 7, quoting Mr. Starr. In an earlier article, Kristof, *The Idea Is To Save Housing That Is There*, *N.Y. Times*, Jan. 15, 1972, at 31, col. 2 (Op-Ed Page) [hereinafter cited as Kristof] it was stated: "About a third of the residential land area of the city has housing classed as old, deteriorating or needing repair or rehabilitation. This represents some 800,000 housing units. The great proportion of the city's poor live in these areas. At least three-quarters of this housing basically is sound. This housing today is deteriorating into slums and ultimate abandonment because of poor neighborhood conditions, low incomes of families, low rents and inadequate maintenance. The inadequate maintenance is caused by the city's conflicting and contradictory housing policies, cumbersome administrative structure, frequent shifts in key administrative personnel, and a total failure to harness the private sector into a cooperative working arrangement with the public sector." "New York City's low-income rental housing is old. Forty percent of the inventory was built before the Crash of 1929, with nearly 200,000 units dating back to the nineteenth century." G. STERNLIEB & B. INDIK, *THE ECOLOGY OF WELFARE: HOUSING AND THE WELFARE CRISIS IN NEW YORK CITY 1* (1973). "According to 1970 census data, it was estimated that 8% of New York City's renter-

Harlem, East Harlem, and the Lower East Side in Manhattan, Brownsville, East New York, Bedford-Stuyvesant, and Coney Island in Brooklyn, and South Jamaica and Arverne in Queens.⁴ These are also the areas where "problem" buildings—buildings which have a potential for abandonment—will most likely be found. "Problem" building is the term used by the New York City Rand Institute to refer to those buildings, deficient in physical or operating condition, that require repairs costing more than twenty percent of the rent roll to achieve housing code standards.⁵ Tenant complaints, code violations or health and safety hazards are indicative of physical deficiencies; management problems, such as tax arrears, mortgage defaults, low maintenance expenditures or abandonment

occupied housing stock was substandard. This basically refers to dilapidated units in addition to those units which lack some or all plumbing facilities." HOUSING AND DEVELOPMENT ADMINISTRATION OF THE CITY OF NEW YORK: HOUSING STOCK DATA BASE MANAGEMENT SYSTEM, REVIEW OF CONSULTANTS' RECOMMENDATIONS REGARDING "PROBLEM BUILDINGS" AND TREATMENT PROGRAMS 1 [hereinafter cited as CONSULTANTS' RECOMMENDATIONS]. It has been estimated that "500,000 families are living in substandard or seriously deteriorating housing, 30,000 units a year are said to be lost to abandonment, fires and demolition, and 750,000 families are believed to be paying more than 25 per cent of their incomes for rent." N.Y. Times, Nov. 20, 1974, at 50, col. 1.

3. There is not even agreement on the meaning of the term "abandonment." According to Professors George Sternlieb and Robert W. Burchell of the Center for Urban Policy Research at Rutgers University, "[t]he literal meaning—a building vacant of its tenants and discarded by its owner—'fails to recognize that abandonment appears to be a process.'" N.Y. Times, Feb. 26, 1974, at 42, col. 4. One housing official considers a building abandoned "where the owner has ceased collecting rents and ceased providing services, regardless of whether it's still occupied or boarded up or vandalized." *Id.*, quoting Frank S. Kristof, director of the Division of Economics and Housing Finance of the Urban Development Corporation of New York. Another says that "[a]bandonment is the last step in housing decline—when the cost and travail of owning nonmarketable property so outweigh the economic return that the owner 'walks away,' halting mortgage payments, repairs, heat supplies and other services." *Id.*, Jan. 16, 1972, § 8, at 1, col. 1.

4. *Id.*, Feb. 26, 1974, at 42, col. 4.

5. CONSULTANTS' RECOMMENDATIONS 1.

by the owner are indicative of operating deficiencies.⁶ A 1970 housing department study estimated that 56,000 "problem" buildings, consisting of 752,000 units, existed in New York City.⁷

The existence of a housing shortage in New York City is indicated by "the net change in the housing stock [which] has been negative since 1960."⁸ In short, the rate of construction has not kept up with the rate of deterioration and abandonment. Many reasons have been offered for the abandonment of housing:⁹ neglect of mainte-

6. *Id.* at 2.

7. This study was based upon a sample of buildings passing through the Housing and Development Administration's (HDA) Problem Building Treatment and Evaluation System. *Id.* at 1.

8. *Id.* The City Planning Commission states that 22,235 new apartments and homes were completed in New York City in 1972, 2,772 more than in 1971. N.Y. Times, Aug. 27, 1973, at 33, col. 6. "The combination of rapidly rising construction costs, high land costs, inflexible Federal regulations, growing local, and now Federal, opposition . . . to the location of these projects in better areas have combined to nearly halt the construction of new low-rent projects." Kristof 31, col. 2. New private housing declined from 7,095 units in 1971 to 6,220 in 1972. N.Y. Times, Aug. 27, 1973, at 33, col. 6. However, an increase in government sponsored projects more than made up for the decline in the private sector. *Id.* Edward K. Hamilton, Deputy Mayor in the Lindsay administration, has estimated that in 1973, 35,000 units of tax assisted housing were built in the City. *Id.*, Dec. 26, 1973, at 43, col. 1.

9. N.Y. Times, Feb. 26, 1974, at 1, col. 7. "The general increase [in abandonment] has been heightened in recent months by the soaring cost of heating oil because of the petroleum shortage, a cost that many observers fear neither landlords nor tenants in poor neighborhoods could afford to shoulder, so that abandonment will rise even further." *Id.* at 42, col. 1. "In 1974 the cost of oil for heating and for generating electricity went up 288 per cent." Patton, *On Rent in the City: History and Prognosis*, *id.* Sept. 29, 1974, § 8, at 1, col. 5 [hereinafter cited as Patton]. "Within the city administration, high officials are said to have predicted that 50,000 to 100,000 housing units could 'go under' in a cold winter. And if fuel dealers make good on their threat to withhold deliveries from already delinquent landlords who do not pay cash, the first appearance of cold weather may give thousands of tenants an unpleasant taste of what 'economically marginal' means in the housing field." Oser, *Mayor's Housing Ideas*, *id.*, Nov. 20, 1974, at 50, col. 2. For a description of what life is like on one block of abandoned buildings, see Brown, *The Group*, *id.*, Dec. 16, 1973, § 6, at 22 (Magazine).

nance by landlords;¹⁰ “speculators who milk buildings” for their last dollars and tax advantages;¹¹ terror resulting from occupancy of apartments by destructive drug addicts;¹² a city bureaucracy that “doesn’t crack down on bad landlords” and fails to provide adequate police and sanitation services;¹³ banks refusing rehabilitation loans and formulating inadequate mortgage policies;¹⁴ “‘destructive tenants and neighborhood vandals who make it impossible’ to keep slum-area buildings in decent repair;”¹⁵ the city’s rent control policies which deprive landlords of income necessary to meet expenses;¹⁶ courts making it impossible to evict troublesome tenants;¹⁷ and charges of racism by both white landlords and minority residents.¹⁸

A major problem is determining who is legally responsible for the abandoned buildings. If a bank has foreclosed a mortgage, or a receiver has been appointed after the landlord has ceased making mortgage payments, the city housing department holds the bank or receiver responsible.¹⁹ If the bank or receiver defaults on property-tax payments for three years,²⁰ the city takes over the building via tax foreclosure, and becomes the owner. But if the bank has not foreclosed on the abandoning landlord and the period necessary for tax foreclosure by the city has not yet passed, the city looks to the

10. *Id.*, Feb. 26, 1974, at 42, col. 2.

11. *Id.*

12. *Id.*

13. *Id.*

14. *Id.* For an excellent article on the role of banks in the abandonment of housing, see *Abandonment*, *supra* note 1.

15. N.Y. Times, Feb. 26, 1974, at 42, col. 2.

16. *Id.* “[A] Rand study estimated that for 1968 rent control was producing a gap between controlled rents and market rents of \$807 million.” Patton 1, col. 2. Since then the rent control laws have been revised, thus lessening the gap. *Id.* at col. 3.

17. N.Y. Times, Feb. 26, 1974, at 1, col. 7.

18. *Id.* at 42, col. 2. White landlords charge that “racist attitudes” on the part of black community leaders and residents have driven white owners out, and blacks and Puerto Ricans charge that the racist attitudes of white owners have fostered disrepair and decay when blacks and Puerto Ricans have moved into a neighborhood. *Id.*

19. *Id.* at 42, col. 6, referring to a statement by Alan Weiner, New York City Housing Development Administrator.

20. *Id.*

landlord for improvements. However, he is unlikely to spend money on the building.²¹ If a mortgagee moved quickly to assume the landlord's responsibilities, there would possibly be no harmful effect on the physical condition of the building, and the result might be long-term improvement. The building might otherwise physically deteriorate to the point where renovation would become impractical. The future of "problem" buildings would appear to turn on "[t]he attitude and predicament of banks holding millions of dollars worth of mortgages The prognosis of housing investors—the landlords—on the future of their investment is critical in their decision whether to 'stay' with a property or sell it."²²

New York City has instituted a number of programs for dealing with buildings which are headed toward abandonment. They include code-enforcement, emergency repair and receivership programs, foreclosure for nonpayment of property taxes, and rehabilitation programs involving municipal loans, housing-repair contracts, and the conversion of buildings to tenant-owned cooperatives.²³ This Note will trace the history, development, and operation of the New York City Housing Receivership Program, placing special emphasis on recent developments and innovations in the area of community group involvement.²⁴

21. *Id.*

22. *Id.*, Jan. 16, 1972, § 8, at 1, cols. 2-3. "The bank must make a decision as to whether it wants to become the owner of record, in which case its assets become liable. They're reluctant to take title, but on the other hand they have to cure the default. So they try to sell the mortgage" *Id.*, Mar. 17, 1974, § 8, at 1, col. 1.

23. *Id.*, Feb. 26, 1974, at 42, col. 5. "Compared with the capital costs of new public and publicly-aided housing of \$35,000 to \$40,000 per unit, some 600,000 units of basically sound housing can be brought back to standard at an average of \$8,000 per unit; only a small proportion—perhaps 100,000 units—require or warrant gutting and reconstruction. It is a fair estimate that no more than 100,000 to 150,000 units are in such poor shape that they require demolition. Thus the capital costs of programs required to save the existing housing stock would be less than one-quarter of that required to replace it. And it could be done more quickly and with much less wholesale relocation of families." Kristof 31, cols. 2-3. For a discussion of the factors leading to the abandonment of buildings and the programs for dealing with them in New York City, see Note, *Building Abandonment in New York City*, 16 N.Y.L.F. 798 (1970).

24. State receivership statutes have also been adopted in other states.

However, receivership in some of these states has not been extensively used as a tool for remedying housing stock deficiencies. New Jersey has two statutes which deal with receivership. These statutes have mainly been utilized in the City of Newark. The first type of receivership is referred to as statutory receivership. N.J. STAT. ANN. §§ 54:5-53.1 (1960). It was used quite frequently in the City of Newark until the program was discontinued in December, 1973, because of lack of funds. Under this section the municipality purchases land at a tax sale and is entitled to rents and profits, which are credited on the amount due upon the certificate of tax sale and for subsequent taxes and assessments. When these have been paid off, lands are redeemed from the tax sale. The collector of taxes or the person he designates collects the rents and profits. The second type of receivership, which is seldom used, is known as court appointed receivership. *Id.* §§ 54:4-123 to -1288. Where real property taxes have not been paid for six months, the collector may bring an action in Superior Court to be appointed receiver ex officio of rents and income of such property for the purpose of collecting and satisfying out of such rents and income the delinquent taxes against such real property, together with the penalties, interests and costs, and such costs and expenses of the receivership as may be adjudged by the court. The receiver's powers under this statute are flexible. Interview with Steven G. Rother, Tax Collector, City of Newark, in Newark, New Jersey, Aug. 17, 1974. The Connecticut legislature enacted a receivership of rents statute in 1965. CONN. GEN. STAT. ANN. § 19-347a-h (1969), as amended, § 19-347b(c) (Supp. 1975). "Its enabling provision was adopted by Hartford, New Haven and Norwalk. In practice, the statute allows housing code officials, at a show cause hearing, to apply for receivership. The court has the option of granting an owner, mortgagee or lienor the opportunity to make the repairs within a time fixed by the court, after posting security for the performance. If he defaults, the court may appoint a receiver, who is empowered to collect rents to defray the expenses for all needed repairs and insurance, management fees, taxes, assessments and water. Should rentals be insufficient to cover costs, the municipality may advance 'any sums required' to cover the costs. If such action is taken, the municipality shall have a prior lien against the property. Any excess of rents over costs is to be turned back to the owner at the termination of the receivership. Of the three cities that adopted the enabling provisions, Norwalk resorted to receivership once, New Haven not at all, and Hartford initiated one complaint, which it withdrew eight months later upon the landlord's compliance." Note, *Rent Receivership: An Evaluation of Its Effectiveness As a Housing Code Enforcement Tool in Connecticut Cities*, 2 CONN. L. REV. 687, 690-91 (1970). See also Walsh, *Slum Housing: The Legal Remedies of Connecticut Towns and Tenants*, 40 CONN. B. 539, 545-46 (1966).

II. Statutory Receivership

There are three receivership statutes available to the New York City Housing and Development Administration (HDA): section 309 of the New York Multiple Dwelling Law,²⁵ article 55 receivership,²⁶

25. N.Y. MULT. DWELL. LAW § 309(5) (McKinney 1974). The New York Multiple Dwelling Law is a state statute applicable to all cities with a population of 400,000 or more. *Id.* § 3(1). Thus it is currently applicable to New York City and Buffalo. Buildings may be taken into receivership "to remove or remedy a nuisance," should a court find that one exists. *Id.* § 309(5). "The term 'nuisance' shall be held to embrace public nuisance as known at common law or in equity jurisprudence. Whatever is dangerous to human life or detrimental to health, and whatever dwelling is overcrowded with occupants or is not provided with adequate ingress and egress or is not sufficiently supported, ventilated, sewerred, drained, cleaned, or lighted in reference to its intended or actual use, and whatever renders the air or human food or drink unwholesome, are also severally, in contemplation of this law, nuisances. All such nuisances are unlawful." *Id.* § 309(1)(a). The New York State Legislature adopted the receivership program in 1962. *Id.* § 309(5). Its constitutionality was upheld two years later in *In re Dep't of Bldgs.*, 14 N.Y.2d 291, 200 N.E.2d 432, 251 N.Y.S.2d 441 (1964). In commenting on this case one commentator has stated: "The validity of the law was under some doubt because an earlier case [*Central Savings Bank v. City of New York*, 279 N.Y. 266, 18 N.E.2d 151 (1938)] had held an earlier version of the law invalid. In the *In re Dep't of Bldgs.* case, however, the previous case was distinguished. Because of amendments to the statute, prior mortgagees and lienors had early and full notice of the violations and the receivership proceedings and could participate fully in the proceedings, which was not possible under the earlier statute. In addition, the later law gave the receiver priority only to rents, not to the fee in event of foreclosure. Finally, the court held that the seriousness of the housing problem justified the statute." D. HAGMAN, URBAN PLANNING AND LAND DEVELOPMENT CONTROL LAW 283-84 (1971) (footnotes omitted). The New York Court of Appeals, discussing the purpose of the law, stated: "Section 309 of the Multiple Dwelling Law was . . . as the Legislature itself declared . . . to afford 'additional enforcement powers' (1) to compel the correction of conditions it found existed in deteriorated or deteriorating dwellings which 'may cause irreparable damage or endanger the life, health or safety of [their] occupants, or the occupants of adjacent properties or the general public' and (2) 'to increase the supply of adequate, safe and standard dwelling units, the shortage of which constitutes a public emergency and is contrary to the public welfare.'" 14 N.Y.2d at 293, 200 N.E.2d at 434, 251 N.Y.S.2d at 443. Two amendments were enacted in

and article 110-A receivership.²⁷ Article 110-A receivership is a city

1965. The first gave priority to liens arising under this section over all other mortgages, liens, and encumbrances of record, except taxes and assessments. N.Y. MULT. DWELL. LAW §§ 309(4)(a), (5)(e) (McKinney 1974). The Legislative Memoranda in connection with this law stated: "The proposed amendment would give the receiver a priority over other lienors and would greatly aid the receiver in being reimbursed for expenditures incurred by him in connection with the property." N.Y. Session Laws 2044 (McKinney 1965). The second amendment provided that the receiver "may, in addition to ordinary repairs, maintenance and replacement, make other improvements to effect a rehabilitation of the property, in such fashion as is consistent with maintaining safe and habitable conditions over the remaining useful life of the dwelling." N.Y. MULT. DWELL. LAW § 309(5)(d)(1) (McKinney 1974). No rehabilitation is performed under receivership, even though section 309 says it may be. Interviews with Jean Clinton, Ellen Zimmerman, Jackie Leavitt, Ted Fichtenholtz, Arthur Schwartz, and William Jacobs, staff members of the Housing and Development Administration's Office of Evaluation and Compliance in New York City, August-December 1974 [hereinafter cited as HDA Staff Interview]. For an excellent article on the past history of the New York City Receivership Program, see Comment, *Receivership of Problem Buildings in New York City and its Potential for Decent Housing of the Poor*, 9 COLUM. J.L. & SOCIAL PROB. 309 (1973).

26. NEW YORK, N.Y., ADMIN. CODE ANN., ch. 26, §§ D26-55.01 to .17 (1970). The New York City Administrative Code is limited in its application to New York City. Article 55 provides for a type of receivership that is similar to section 309 receivership. Article 55 receivership was designed for use in conjunction with a part of the Model Cities Program. HDA Staff Interview. It has only been employed twice, the related Model Cities Program no longer being in existence. *Id.* Article 55 receivership provides that, "Whenever the department [of Rent and Housing Maintenance] certifies that any condition in violation of this title or other applicable law in any multiple dwelling or any part of its premises constitutes a serious fire hazard or is a serious threat to life, health or safety, it may, upon failure of the owner to comply with an order to correct such conditions issued pursuant to section D26-54.01 of this code, apply for the appointment of a receiver to repair and correct the violations." NEW YORK, N.Y., ADMIN. CODE ANN. ch. 26, § D26-55.01 (1970).

27. NEW YORK, N.Y. ADMIN. CODE ANN. ch. 26, § D26-57.13 (Supp. 1974). This form of receivership was enacted by the New York City Council in 1971. It provides that: "Whenever the sum of any lien or liens established by this title, plus any lien or liens established pursuant to any other

measure to recover money expended on emergency repair liens whereby the city can be appointed receiver of a building with \$5,000 or more in such liens. Section 309 and article 55 receiverships are aimed at eliminating nuisances and require judicial approval. Because these two provisions are so similar and because article 55 receivership has been employed only twice, this Note will deal only with section 309 and article 110-A receivership.

A. Procedure

Section 309 of the New York Multiple Dwelling Law provides that the New York City Housing and Development Administration²⁸ may issue an order stating that:

in the event the nuisance is not removed or remedied in the manner and within the time specified in the order, the department may apply to the supreme court, or to the housing part of the New York city civil court, if the

section of the administrative code for the expenses of repairs made by the department, shall amount to five thousand dollars or more, the department may issue an order appointing the administrator of the housing and development administration receiver of the rent and profits of the premises." *Id.* A report prepared by the HDA's Office of Evaluation and Compliance states that a temporary halt has been placed upon taking new buildings into article 110-A receivership, in part due to the fact that a receiver has more powers under section 309 receivership. HDA, JUSTIFICATION OF CBX REQUEST FOR RECEIVERSHIP FOR PERIOD JULY 1, 1974 TO DECEMBER 31, 1974, at 8 (1974) [hereinafter cited as HDA JUSTIFICATION]. Article 110-A is the introductory number of the legislation passed by the City Council. *Id.* at 2.

28. "Reference in this section to a bureau or department of real estate or to a commissioner or chief executive of a bureau or department of real estate of a municipality, when used in connection with or affecting either a receiver or a multiple dwelling in the city of New York, shall be construed to mean, respectively, the housing and development administration and the administrator of housing and development of the city of New York." N.Y. MULT. DWELL. LAW § 309(10) (McKinney 1974). "In 1972, the State Legislature passed a bill creating a Housing Part of the New York City Civil Court. It opened October 1, 1973." Office of Evaluation and Compliance, Housing Court Information Booklet 1. Proceedings to appoint receivers under section 309 of the Multiple Dwelling Law may be brought before the Housing Part. *Id.* at 2. See generally Comment, *The New York City Housing Part: New Remedy for an Old Dilemma*, 3 FORDHAM URBAN L.J. 267 (1975).

premises are located in the city of New York, for an order to show cause why a receiver of the rents, issues and profits of the property shall not be appointed with rights therein superior to those of such owner, mortgagee or lienor.²⁹

The owner can avoid the appointment of a receiver by removing or remedying the nuisance within twenty-one days³⁰ after service of process.³¹ Section 309 provides for a hearing where the owner can challenge the HDA's application for receivership.³² If the court finds that the facts stated in the application for receivership so warrant, it will appoint the HDA "receiver of the rents, issues and profits of the property."³³ However, persons specified in the statute may oppose the appointment and seek the court's permission to remedy the nuisance.³⁴ If such a person is permitted to do the work, but does

29. N.Y. MULT. DWELL. LAW § 309(5)(a) (McKinney 1974). The owner is not relieved of any civil or criminal liability incurred or any duty imposed by the Multiple Dwelling Law for his acts or omissions prior to the receiver's appointment. *Id.* § 309(5)(d)(2). Nor does receivership suspend any obligation of the owner or any other person for payment of taxes or other operating and maintenance expenses or for payment of mortgages or liens. *Id.*

30. The order must give the owner at least twenty-one days to remedy the nuisance. *Id.* § 309(1)(e).

31. *Id.* § 309(5)(a). Five days after service of the order upon the owner, a copy of such order must be served as provided upon every mortgagee and lienor of record personally or by registered mail, return receipt requested. *Id.* "Failure to serve a copy of the order and notice required in the manner specified . . . shall not affect the validity of the proceeding or the appointment of a receiver, but the rights of the department . . . or of the receiver shall not in such event be superior in any way to the rights of any mortgagee or lienor who shall not have served as provided herein." *Id.* § 309(5)(f).

32. *Id.* § 309(5)(c)(3).

33. *Id.*

34. If after the court's decision, the owner, or any mortgagee, lienor or other person having an interest in the property, applies to the court for permission to remove or remedy the nuisance, and "(1) demonstrate[s] the ability promptly to undertake the work required; and (2) post[s] security for the performance thereof within the time, and in the amount and manner, deemed necessary by the court, then the court may in lieu of appointing such receiver issue an order permitting such person to perform the work within a time fixed by the court." *Id.* "Any mortgagee or lienor who at his expense remedies or removes the nuisance to the satisfaction of

not proceed with due diligence, the HDA can apply for another hearing to determine whether a receiver shall be appointed immediately.³⁵ Any receiver so appointed is reimbursed for costs incurred in remedying the condition out of the security posted by the person who has failed to complete the work.³⁶ Once the nuisance has been removed and the costs of the removal have been reimbursed, the receiver is discharged.³⁷ Section 309 receivership is based on the presence of a nuisance, and the appointment of a receiver requires judicial approval.³⁸

In New York City, a nonjudicial remedy (article 110-A receivership) is also available. The New York City Administrative Code provides for receivership where there exists a minimum of \$5,000 in emergency repair liens on a given premises,³⁹ and empowers the HDA to issue an order appointing its administrator receiver of the rents of such premises.⁴⁰ The receiver may be appointed upon thirty

the court . . . shall have and be entitled to enforce a lien equivalent to the lien granted to the receiver in favor of the department . . . hereunder. Any mortgagee or lienor who, following the appointment of a receiver by the court, shall reimburse the receiver and the department . . . for all costs and charges as hereinabove provided shall be entitled to an assignment of the lien granted to the receiver in favor of the department" *Id.* § 309(5)(g).

35. *Id.* § 309(5)(c)(3).

36. *Id.*

37. "The receiver shall be discharged upon rendering a full and complete accounting to the court when such condition has been removed and the cost thereof and all other costs authorized by this paragraph have been paid or reimbursed from the rents and income of the dwelling and the surplus money, if any, has been paid over to the owner or the mortgagee or lienor as the court may direct." *Id.* § 309(5)(d)(4).

38. *Id.* § 309(5)(c)(1).

39. NEW YORK, N.Y., ADMIN. CODE ANN. ch. 26, § D26-57.13(a) (Supp. 1974). "Whenever the sum of any lien or liens established by this title, plus any lien or liens established pursuant to any other section of the administrative code for the expenses of repairs made by the department, shall amount to five thousand dollars or more, the department may issue an order appointing the administrator of the housing and development administration receiver of the rent and profits of the premises." *Id.*

40. *Id.* A landlord contesting the liens must file an objection with the HDA. If the dispute cannot be resolved at this level, the landlord may

days notice to the owner, mortgagees, and lienors of record of the premises.⁴¹ The program allows any mortgagee or lienor who pays the sum owed to be assigned the department's lien.⁴² Article 110-A receivership is terminated when the lien and other costs and expenses incurred during the receivership period have been fully paid.⁴³

B. Powers of the Receiver

Under section 309 receivership, the receiver is to remedy nuisances and remove deficiencies in the dwelling with reasonable speed. He may, in addition, make other improvements "consistent with maintaining safe and habitable conditions over the remaining useful life of the dwelling."⁴⁴ Under section 309, the receiver's powers, with respect to rehabilitating buildings, are limited only by the HDA's budget.⁴⁵ A receiver has the statutory power to let contracts or incur expenses for individual items of repairs, improvements, or supplies without obtaining competitive bids where the cost of each item is not in excess of twenty-five hundred dollars.⁴⁶ If income from

commence judicial action under article 78 of the New York Civil Practice Laws and Rules.

41. *Id.* § D26-57.13(a). The notice must "contain the amounts of such lien or liens and give the owner, mortgagees and lienors of record an opportunity to either pay the outstanding liens or to contract in writing with the department on terms satisfactory to the department for such payment." *Id.*

42. *Id.*

43. "Upon the termination of such receivership, an accounting shall be given to the owner together with any monies collected in excess of the lien and commission and the department shall, within twenty-one days, file a satisfaction of any and all liens filed by the department against such premises." *Id.* § D26-57.13(d).

44. N.Y. MULT. DWELL. LAW § 309(5)(d)(1) (McKinney 1974). The receiver has "all of the powers and duties of a receiver appointed in an action to foreclose a mortgage on real property, together with such additional powers and duties as herein granted and imposed." *Id.*

45. HDA Staff Interview.

46. N.Y. MULT. DWELL. LAW § 309(5)(d)(1) (McKinney 1974). The current HDA limit on contracts without bids is \$300 under both section 309 and article 110-A receivership. Anything over \$100 requires the HDA's permission and the HDA staff itself handles everything over \$500. HDA Staff Interview. The statute states that the "receiver shall not be required to file any bond." *Id.*

the property is insufficient to cover the cost of removing the nuisance, making the improvements, or paying the operational and management expenses that the receiver incurs, the department will advance the necessary sum of money and in return receive a lien against the property for such sums, with interest thereon.⁴⁷ The receiver collects accrued and accruing rents and applies them to: (1) removing nuisances; (2) making other improvements; (3) operational expenses; (4) repayment to HDA of advances made to the receiver; and, if there is a surplus, to (5) unpaid taxes and assessments; and (6) sums due to lienors.⁴⁸

Under article 110-A receivership, the receiver is limited to repairing housing code violations and correcting emergency conditions.⁴⁹ The statute makes no mention of additional powers. Because a receiver has more authority under section 309 receivership with respect to making improvements in the property, the HDA currently is not taking new buildings into receivership under article 110-A.⁵⁰ As a section 309 receiver, a receiver under article 110-A is entitled to the same fees, commissions, and necessary expenses as receivers in actions to foreclose mortgages.⁵¹

47. *Id.* The rents do not offset the expenditures made by the receiver. HDA Staff Interview. "In many Receivership-managed buildings rents had been reduced because of rent-impairing violations. One criterion a building must meet if Receivership is to invest further effort and money is that the building must have the potential to carry itself financially. As violations are removed, applications for restoration of rents are being filed. Improvements in management productivity have also increased the rent collection rate." HDA JUSTIFICATION 14. "The receiver shall be entitled to the same fees, commissions and necessary expenses as receivers in actions to foreclose mortgages." N.Y. MULT. DWELL. LAW § 309(5)(d)(3) (McKinney 1974). The HDA's receivership expenditures originate from the Multiple Dwelling section 309 Operating Fund. *Id.* § 309(9). This fund consists of money appropriated from the capital budget by the Board of Estimate. HDA Staff Interview.

48. N.Y. MULT. DWELL. LAW § 309(5)(d)(1) (McKinney 1974).

49. HDA JUSTIFICATION 2. An article 110-A receiver has "the powers and duties of a receiver appointed in an action to foreclose a mortgage on real property." NEW YORK, N.Y., ADMIN. CODE ANN. ch. 26, § D26-57.13(b) (Supp. 1974). The receiver is not required to file any bond. *Id.*

50. HDA JUSTIFICATION 8; HDA Staff Interview.

51. NEW YORK, N.Y., ADMIN. CODE ANN. ch. 26, § D26-57.13(c) (Supp.

III. Receivership in Operation

The Receivership Program has been administered by the HDA since 1968, when it was transferred from the Department of Real Estate.⁵² The program's purpose is to prevent or postpone loss of buildings which have been abandoned by the landlord or are in a state of increasing deterioration, but have not reached the level of complete disrepair. This is done by "1) arresting deterioration, 2) safeguarding the well-being of tenants by restoring essential services and removing violation-causing conditions, and 3) providing competent maintenance/management."⁵³ The goal of receivership is to return improved housing to the private sector via either transfer to private ownership or conversion of buildings to tenant-owned cooperatives.⁵⁴ The threat of receivership can spur an owner to improve his buildings' condition.⁵⁵

The receivership unit of the HDA's Office of Evaluation and Compliance (OEC) manages buildings which have been brought into the city's Receivership Program under section 309 and article 110-A.⁵⁶

Under section 309 receivership, the HDA can repair buildings and provide good management, thus restoring sound housing units to

1974). There are no priorities for payment under article 110-A. Prior to July 1, 1974, money for article 110-A receivership came from the city's capital budget. HDA Staff Interview. The money now comes out of the expense budget. *Id.*

52. CONSULTANTS' RECOMMENDATIONS 21.

53. *Id.*; HDA, SUMMARY OF GOVERNMENT HOUSING ACTIVITIES IN NEW YORK CITY 17 (1974). [hereinafter cited as HOUSING SUMMARY].

54. CONSULTANTS' RECOMMENDATIONS 21. "Receivership is used to effectuate repairs in a building where the landlord is unwilling or unable to do them himself, at the same time observing a maximum repair expenditure level which makes redemption desirable for either the present landlord or a new owner." HOUSING SUMMARY 18.

55. HDA JUSTIFICATION 5.

56. *Id.* at 1-2. After a building is taken over by the OEC's receivership unit, the HDA has three sections which deal with remedying the building's deficiencies: (1) the Engineering Section schedules repairs for the buildings and prepares detailed specifications and cost estimates; (2) the Management Section maintains and operates the buildings while they are under City administration; and (3) the Accounting Section monitors the collection of rent and arrears, vacancies, payment of bills and allocation of costs for the program. HOUSING SUMMARY 20.

the market. Prior to the establishment of the OEC the period of time between when the HDA decision that a building qualified for the receivership program and the designation of HDA as the receiver was often in excess of a year.⁵⁷ During this period buildings deteriorated even further, sometimes so much as to make repairs impractical. Under the OEC an accelerated process has "made it possible for the Receivership Unit to take control of a building under section 309 within eight weeks of the time the building is deemed suitable [by HDA] for receivership."⁵⁸

Under article 110-A receivership the HDA can be appointed receiver of a building which has accumulated emergency repair liens in excess of \$5,000 by issuing an administrative order, a process which usually takes six to eight weeks.⁵⁹ HDA's right to make repairs is limited to "removal of hazardous violations of the [New York City] Housing Maintenance Code and the removal of emergency conditions."⁶⁰ The powers granted to the HDA under article 110-A may be illusory, however, as "buildings taken into 110-A Receivership have generally been in poor condition, since a building which has required \$5,000 in . . . [emergency repair] work has almost always suffered serious deterioration, and subsequently requires more attention to repairs than permitted by law."⁶¹

Section 309 and article 110-A apply only to multiple dwellings (3 or more units),⁶² which are at least partially occupied,⁶³ where the owner either refuses to correct violations, allows dangerous conditions to remain, or doesn't provide essential services.⁶⁴

The HDA attempts to limit buildings taken into receivership to those buildings which are most suitable for the program.⁶⁵ In consid-

57. HDA JUSTIFICATION 2.

58. *Id.*

59. *Id.*

60. *Id.*

61. *Id.*

62. HOUSING SUMMARY 18; see N.Y. MULT. DWELL. LAW § 4(7) (McKinney 1974).

63. HOUSING SUMMARY 18.

64. *Id.*

65. "The problem of identifying buildings should be alleviated by the development . . . of a computerized 'housing-stock data base' By centralizing information about a building now scattered among city agen-

ering whether to accept a building, the HDA considers area factors and the condition of the building.⁶⁶ Area factors include (1) whether the area contains structurally sound multiple dwellings, and (2) the existence of community groups, tenant groups, or private owners in the area who are interested in managing and eventually owning buildings.⁶⁷ The impact of the receivership program will be maximized if it improves more than one such building on a block. If the area factor requirement is met, the feasibility of receivership will be judged by specified criteria which help determine the building's salvageability.⁶⁸

Receivership program expenditures always exceed rental income collected.⁶⁹ Buildings in receivership are rarely taken back by own-

cies, it will supposedly enable officials to spot 'abandonment-potential' buildings more rapidly." N.Y. Times, Feb. 26, 1974, at 42, col. 5. However, the computer has not been of much help in spotting abandonment prone buildings so far. HDA Staff Interview.

66. HDA JUSTIFICATION 6-7. An evaluator presents recommendations on which buildings to take into receivership to the Commissioner of the Department of Housing and Rent Maintenance, the Director of Receivership, and the Director of Community Management. The formal decision is made by the Commissioner as to which buildings are chosen. HDA Staff Interview.

67. HDA JUSTIFICATION 6-7.

68. Building feasibility is judged by some of the following criteria; (1) where renovation is required it should consist largely of the replacement of mechanical systems and the performance of minor repairs, with the cost per unit for receivership renovation generally not exceeding \$5,000, or \$12,000 when done in conjunction with a rehabilitation loan; (2) the building should possess a sound structure and proper floor layouts; (3) tenants should be interested in improving the building and in considering the possibility of transforming it into a tenant-owned cooperative; and (4) the building must be potentially economically viable, with predicted first rents after rehabilitation at approximately \$35.00 per room and the ability to be depreciated over 20 to 30 years according to the degree of rehabilitation. *Id.* at 7.

69. It is estimated that the Receivership Program "had incurred an operating deficit of \$4 million dollars over a six-year period (1962-1968). Not only was the City losing money in this respect, but also the City did not possess an efficient mechanism by which to dispose of the buildings in the acquisition program." CONSULTANTS' RECOMMENDATIONS 22. "From June 1, 1972 to May 31, 1973, \$1,977,042 was expended, while only \$510,923

ers⁷⁰—since owners in most cases have stopped paying taxes before buildings go into receivership, buildings will often be foreclosed by the city while in receivership.⁷¹ Such buildings are normally disposed of by the Department of Real Estate at public auction.⁷² However, the city has modified its procedures to allow buildings which are in receivership to continue under HDA administration, with ultimate disposition to a nonprofit community group or a cooperative made up of the building's tenants. The city's other rehabilitation programs may make financing available, enabling discharge of tax liens and receivership costs and providing for additional rehabilitation.⁷³

IV. The Community Management Program

Receivership buildings are managed under one of two programs:

was collected, which represents only 65% of the billable rent. As of May 31, of the 2882 units in the 155 receivership buildings, only 1448 units or 50.3% of the total was occupied." *Id.* at 24. In addition, there are still some artificially low rents because of past reductions which have been allowed by the courts when landlords hadn't made proper and necessary repairs. Although the city may have remedied the conditions, the rent paid by the tenants may still be at the reduced level. The very high administrative costs of the HDA itself are also a factor. HDA Staff Interview.

70. HDA Staff Interview.

71. NEW YORK, N.Y., ADMIN. CODE ANN. ch. 17, §§ D17-1.0 to -25.0(e) (1970). The In-Rem Program, "which still operates out of the Department of Real Estate, is regarded strictly as a [*sic*] administrative component of the property tax laws. A building is automatically foreclosed by the City for unpaid taxes, after varying periods (usually three years) of tax arrears. From that department, the building is then owned, managed, repaired and rents collected with an eye to disposition as quickly as possible." CONSULTANTS' RECOMMENDATIONS 21-22.

72. HOUSING SUMMARY 19.

73. *Id.* at 19-20. Under section 309 or article 110-A receivership the housing department doesn't have title. If the department spends a great deal of money on a building the possibility exists that the landlord will contest the necessity of the expenditures in court and win. HDA Staff Interview. "[O]f the sample of 122 buildings in receivership, 97 went *in-rem*. Of this 97, 55 were still active (of which 19 were demolished and the land retained by the Department), while 42 were inactive (25 sold at public auction; 16 demolished for urban renewal; 1-transferred to condemnation)." CONSULTANTS' RECOMMENDATIONS 25.

(1) Central Receivership, or (2) Community Management Receivership. All buildings enter Central Receivership initially.⁷⁴ There are currently 83 buildings in the first program, and 25 in the second.⁷⁵

Under the Central Receivership Program, New York City contracts with maintenance contractors to make necessary repairs.⁷⁶ There is a computerized rent system;⁷⁷ no city personnel actually manage the building and there is relatively little supervision by the city real estate managers.⁷⁸ The Central Receivership Unit manages buildings (1) that are in receivership for short periods of time; (2) where no community management group is available; or (3) on an interim basis until a community management group is trained to take over management.⁷⁹

HDA began the Community Management Program in September, 1972.⁸⁰ Under Community Management Receivership, the HDA contracts with a community group to manage a building or a group of buildings.⁸¹ The HDA provides the community group with (1) an

74. HDA Staff Interview

75. *Id.*

76. *Id.*

77. *Id.*

78. *Id.*

79. HDA JUSTIFICATION 5.

80. HDA Staff Interview. "The Receivership Program offers the benefit of preserving housing which otherwise would continue to deteriorate and be abandoned by the landlord. To be truly effective, the program must also facilitate the return of housing to private ownership and management, with recoupment of the City's holding costs." HOUSING SUMMARY 19.

81. The "Management Agreement" lists the advantages of contracting with local neighborhood organizations to manage multiple dwellings in their respective neighborhoods for which HDA has been designated as receiver as follows: "-Closer and more cordial relations between the Receiver and the tenants and among the tenants themselves; -Education and encouragement of tenants to take better care of their apartments and to improve building maintenance generally, thereby reducing the cost to the City of the operation and maintenance of such buildings. -Providing, directly or by referral to or liaison with, other service agencies, non-housing services which may be required by or be beneficial to the tenants, thereby further insuring the stability and satisfactory performance by such tenants of their obligations as such; -Utilization, training and employment of local residents (including tenants of the buildings involved) as superintendents, handymen, janitors, maintenance and repair men, thereby improving the

operating budget to perform maintenance work and repairs; (2) initial training and on-going technical support in management responsibilities; and (3) reference manuals on HDA requirements in preparing budgets, work schedules, accounting forms, handling rent, and taking care of maintenance.⁸² The HDA staff trains and monitors community groups, helps them to obtain ownership of buildings,⁸³ and familiarizes members of the group with HDA procedures and management responsibilities.⁸⁴ The management group receives a monthly fee of \$10.00 to \$12.50 per apartment.⁸⁵

The aim of the Community Management Program is the transfer of ownership to the community group through cooperative conversion, municipal loans, and purchase money mortgages.⁸⁶ The OEC hopes to place as many receivership buildings under community management as possible.⁸⁷

The HDA chooses the nonprofit community based organizations which manage buildings.⁸⁸

economic climate of the Neighborhood and insuring the return thereto of moneys expended in the operation and maintenance of such buildings; Developing in their own organizations . . . and in the tenants themselves, interest, experience, capability and desire to acquire and operate such buildings and other multiple dwellings in the Neighborhood as non-profit enterprises or as tenant-owned cooperatives" HDA MANAGEMENT AGREEMENT 1-2.

82. HDA, THE COMMUNITY MANAGEMENT PROGRAM—AN INTRODUCTION FOR COMMUNITY ORGANIZATIONS AND TENANT GROUPS—DRAFT (July 9, 1974).

83. *Id.*

84. *Id.* There is typically a three month waiting period between selection of a group and the signing of a contract. *Id.* It can take at least four to six weeks before a building is processed through HDA's litigation unit; internal activities in the Office of Evaluation and Complinance can take another four to six weeks. Therefore, a group will wait at least three months before signing a contract. HDA Staff Interview.

85. HDA, THE COMMUNITY MANAGEMENT PROGRAM, *supra* note 82. "There is a half-fee for vacant units which are not receiving repairs." *Id.*

86. HDA Staff Interview

87. HDA JUSTIFICATION 5.

88. "The benefits of community based management are the creation of stability in a neighborhood, the prevention of a recurring mismanagement-abandonment cycle, and the active involvement of tenants in caring for their apartments, building, and block. The program is designed to develop a group's building management skills. It is hoped that a successful build-

The advantages of Community Management are that the persons responsible for the management of the buildings are directly accessible to tenants, and can provide direct, daily supervision of the buildings. Conversely, because the managers are community-based they are held accountable by the community and feel responsible to the tenants and the larger community. As neighborhood residents they have a personal stake in properly managing the buildings assigned to them.⁸⁹

The community groups have to rent the apartments, make the necessary repairs, and keep the books.⁹⁰ It is the HDA's goal that all repair work and preparation for the group's assumption of management responsibilities be completed in approximately two years.⁹¹ The group may not contract with anyone else to do its job,⁹² while the city's real estate managers oversee the buildings.⁹³

The HDA's planned schedule for buildings in the Community Management Program is divided into five phases over a two year period.⁹⁴ During each successive phase the community group assumes more responsibilities in determining its budget requirements and work scheduling.⁹⁵ During the first phase, which is expected to last three months, the HDA's Community Management Unit (CMU) performs the function of assessing repair needs, estimating

ing management will lead to community ownership." HDA, THE COMMUNITY MANAGEMENT PROGRAM, *supra* note 82. Among the factors the OEC considers in picking a community group are the following: (1) past and present activities and accomplishments of the group; (2) interest expressed by the group in building management and ownership; (3) present and future resources of the group; (4) the group's constituency or clientele; (5) cooperation with other public and private groups; and (6) the organizing approach the group uses with its constituency. HDA JUSTIFICATION 80-82.

89. HDA JUSTIFICATION 3-4.

90. HDA Staff Interview.

91. *Id.*

92. *Id.*

93. *Id.*

94. The following description is based on HDA, THE COMMUNITY MANAGEMENT PROGRAM, *supra* note 82. "The budget process is outlined in five phases over a two year period: in each successive [*sic*] phase the Group assumes more responsibilities for its budget requirements and work scheduling. Suggested time periods are indicated for each of the five phases. No Group, however, is expected to follow this pattern exactly." *Id.*

95. *Id.*

repair and operating costs, and preparing a repair schedule.⁹⁶ The CMU also determines the budget.⁹⁷ During the second phase, lasting six months, CMU provides the community group's staff with on-the-job training in scheduling repairs and estimating repair costs.⁹⁸ In the third phase, winding up the first year of the program, the group's role in the preparation of schedules and budget requests increases⁹⁹ and the CMU's role in making physical inspections and deciding repair needs begins to decline.¹⁰⁰ During phase four [the beginning of the second year] the group takes on the major responsibility for creating its own repair schedules and budgets.¹⁰¹ At the beginning of the final phase, which hopefully will terminate at the end of the second year of the program, the ownership transfer to the community group is made, and the group continues to manage the building with the aid of an HDA Maintenance Supervisor.¹⁰²

Although the Community Management Program began less than three years ago, the HDA believes it has involved the community with improving housing conditions, and has helped to dissipate alienation between central HDA offices and tenants.¹⁰³ The Community Management Program has restored low-income housing at a cost far below that of constructing new housing.¹⁰⁴ New units cost a minimum of \$25,000 compared to about \$6,000 per unit for community management receivership units.¹⁰⁵ Community management also eliminates the disruptive effects of relocation and the extra costs required to assemble sites for new development.¹⁰⁶

96. *Id.*

97. *Id.*

98. *Id.*

99. *Id.*

100. *Id.*

101. *Id.*

102. *Id.*

103. CONSULTANTS' RECOMMENDATIONS 24. "However, the most likely disposition from the receivership program in the past has been to channel the building to *In-Rem*, to which 80% of the receivership buildings have been processed since 1968." *Id.* at 24-25. The City is legally prohibited from paying the tax arrears, so any surplus income which might be generated from the rent could not reduce tax arrearages, and the building would automatically enter the *in-rem* program. HDA Staff Interview.

104. HDA JUSTIFICATION 4.

105. *Id.*

106. *Id.*

V. The Future of Receivership

The HDA is still in the process of revising and improving the receivership program.¹⁰⁷ Among the recent developments are the following:¹⁰⁸ (1) the establishment of the OEC's Litigation Bureau, reducing the delay in taking buildings into section 309 receivership; (2) the conversion of buildings currently in the article 110-A receivership program to section 309 receivership, which has fewer restrictions on the kind of treatment a building may receive; (3) a temporary halt in article 110-A receiverships, except where buildings meet the more stringent criteria of section 309, permitting the building to come in quickly under article 110-A and be converted later to section 309 status; and (4) the return of some article 110-A buildings for which repairs were not economically worthwhile to the Department of Real Estate, or the relocation of their tenants into sounder receivership buildings while a vacate order has been placed on their previous dwelling. In addition, buildings that are now being managed by the central receivership unit and can be restored are being considered for the Community Management Program, thus improving their chances for eventual removal from city control. An agreement has been reached between the Office of Co-Op Conversion and HDA to give priority to community groups with tenants wanting to form a cooperative.¹⁰⁹

During the past year intake criteria have been established for receivership buildings, unsuitable buildings have been transferred

107. *Id.* at 7.

108. *Id.* at 7-8. "The Abandoned Buildings Law (Article 19A of the Real Property and Proceeding Law), recently passed by the State Legislature, allows the City to take title to an abandoned building and transfer title to a community group in much less time than does the current *In Rem* proceeding." *Id.* at 10. "Another disappointment to city officials has been a long-awaited state law, passed last summer, that was designed to permit city take-over of buildings abandoned by their landlords in as little as three months, rather than the three years or more in the usual tax-foreclosure route. The idea was to enable the city to move in with salvaging action before the prospects for a building became hopeless. But not a single building has been taken yet under the new measure, which has loopholes and needs strengthening, Mr. Wiener said." N.Y. Times, Feb. 26, 1974, at 42, col. 6.

109. HDA JUSTIFICATION 9.

out of the program, treatment and disposition plans have been made or are being made for all of the buildings, some additional staff have been assigned, and new, more efficient operating procedures have been instituted.¹¹⁰ During this period many buildings have been restored to a livable condition; the HDA now wants to expand the program by bringing in more buildings.¹¹¹ Increased funding will be needed for the rehabilitation and ownership transfer of additional buildings.

Of the 108 buildings currently in receivership, groups are managing 25 buildings containing 500 units under the Community Management Program.¹¹² By December 31, 1975, the HDA hopes to have 157 receivership buildings, with 12 community groups managing 128 buildings containing 2560 units. The June 30, 1977 target is 323 buildings, with 21 community groups managing 298 buildings containing 5960 units.¹¹³ Buildings in Central Receivership which are suitable for Community Management will be transferred to the Community Management Program.¹¹⁴ The number of Central Receivership buildings will gradually be reduced as the percentage of buildings in the program managed by community groups is increased. At least 45 of the 83 buildings in Central Receivership as of December 31, 1974 were redeemed by their owners or taken over by the city via tax foreclosure.¹¹⁵

The following improvements should be made in the statutory aspects of the receivership program:¹¹⁶ (1) the section 309 notice requirements should be simplified and the statutory language should explicitly authorize the rehabilitation of buildings in receivership; (2) article 110-A should be amended to allow the HDA to rehabilitate receivership buildings instead of being limited to the repair of hazardous housing code violations; HDA should be required to file a lien against receivership buildings; and (3) article 55 receivership should be funded. Unlike article 110-A, it allows rehabilitation and does not involve the protracted process required by section 309. In

110. *Id.* at 18.

111. *Id.*

112. *Id.* at 19

113. *Id.*

114. *Id.* at 20.

115. HDA Staff Interview.

116. *Id.*; see text accompanying notes 25-51 *supra*.

addition, it is essential to shorten the time required to take a building into receivership, make repairs, and transfer ownership.¹¹⁷

The Receivership Program, and the Community Management Program in particular, are aimed at restoring low-rent buildings to the housing stock in New York City. Hopefully, buildings which have been or are in the process of being abandoned will once again provide people with decent shelter. Where landlords cannot keep a building in good repair and still earn a profit, the Community Management Program provides tenants with the expected services and more. In addition, the capital costs required to repair existing housing stock are far less than what would be necessary to replace it; and repairs require relocation of fewer tenants for shorter periods of time. During the three year period from 1970 to 1973, approximately 10,000 apartments were extensively renovated under publicly aided programs.¹¹⁸ During that period New York landlords abandoned that number of apartments annually.¹¹⁹ While the HDA receivership program cannot alone cure the housing abandonment problem in New York City, its expanded use can further aid in the problem's solution.

Mark Grossman

117. *Id.*

118. N.Y. Times, Feb. 26, 1974, at 42, col. 5.

119. See note 1 *supra*.