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Brian Kavanagh

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BRIAN KAVANAGH June 8, 2021

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Assemblymember Rosenthal & Senator Kavanagh Announce Passage of Major Reform for Mitchell-Lama Co-Ops

Omnibus Bill Preserves Affordable Housing, Reforms Voting, Board Procedures and Rules Regarding Privatization, and Places Moratorium on Dissolution During COVID-19

New York, NY – Assemblymember Linda B. Rosenthal (D/WF-Manhattan) and State Senator Brian Kavanagh (D-Manhattan and Brooklyn), today announced that their Mitchell-Lama reform bill ([A.7272/S.6412](#)) has passed both the New York State Assembly and Senate and now heads to the Governor’s desk for signature. The bill, once it becomes law, will implement a series of reforms around voting procedures, corporate governance and dissolution processes in Mitchell-Lama cooperative housing.

“For far too long, many Mitchell-Lama shareholders have been treated as second-class residents in their own homes by over-empowered boards pursuing agendas that serve the interest of the few, not the majority. This vital legislation will restore the balance of power in Mitchell-Lama housing. It ensures that shareholders have a real say over what happens in their buildings and will help to preserve moderate- and middle-income housing for years to come,” said Assemblymember Linda B. Rosenthal. “The Mitchell-Lama program is one of the state’s most successful affordable housing programs, but like so many other forms of affordable housing, we have lost too many units over the years to ill-advised privatization efforts. It is vital that we stem the loss of Mitchell-Lama affordable housing to ensure that there is a place in our city for working-class New Yorkers and their families.”

“This bill is intended to ensure open, transparent governance of Mitchell-Lama cooperatives to protect the rights of shareholder residents and the public interest in preserving affordable housing in Mitchell-Lama buildings that have been subsidized for decades,” said Senator Brian Kavanagh. “I thank all the Mitchell-Lama residents who organized and advocated so effectively for these important changes and for an affordable future for their homes, Assemblymember Rosenthal for her long-standing, forceful leadership on these issues, and all of our colleagues in both houses of the legislature who supported the bill.”

The Mitchell-Lama program was created by the Limited Profit Housing Act in 1955 to provide

affordable rental and cooperative housing to moderate- and middle-income families. More than 100,000 New Yorkers live in Mitchell-Lama housing, which is overseen by both the City's Department of Housing Preservation and Development and the State's Division of Housing and Community Renewal.

Mitchell-Lama cooperatives are run by a board of directors, the representatives of which are elected by the shareholders, or residents, of the building. Shareholders are entitled to vote to elect the board and before certain other decisions are made concerning the building.

State law does not currently require the board to meet a certain minimum number of times a year. To enhance transparency, the legislation will require the board hold at least six public meetings each year. To ensure that voting is fair and representative, the legislation will eliminate voting by proxy, a system which is ripe for abuse, and instead implement an absentee ballot system, which will preserve the secrecy and sanctity of votes. Absentee voting will ensure that factions on the board are not empowered to harvest proxy votes to sway decisions in their favor.

Dissolution is the process by which a Mitchell-Lama building voluntarily leaves the program. The legislation would raise the threshold needed to voluntarily dissolve to 80% of all dwelling units and it would ensure that back-to-back dissolution votes cannot be held, by imposing a five-year moratorium following a failed dissolution vote. Taken together, these two measures will ensure that privatization happens only when the vast majority of shareholders want it and that once the idea is rejected it does not remain the subject of a continuous campaign, which has proven to be divisive in many Mitchell-Lama complexes.

Finally, the legislation will pause any and all formal steps toward privatization until the last of the Executive Orders related to the COVID-19 state of emergency expires or is rescinded.

At a time when there is tremendous volatility in the housing market and so many New Yorkers are struggling financially as a result of the economic slump caused by the pandemic, it is vital that we prevent Mitchell-Lama buildings from taking dramatic and permanent action that will impact peoples' homes and finances for years to come.

Rosenthal and Kavanagh worked with a broad coalition of resident advocates, including members of Cooperators United for Mitchell Lama, Mitchell Lama Residents Coalition, Brooklyn Mitchell-Lama Task Force and Mitchell Lama United, which collectively represent thousands of Mitchell-Lama residents.

"On behalf of The Brooklyn Mitchell-Lama Task Force we would like to thank all of our Supporters and Sponsors for working with the Coalition to get this legislation passed thus far. The provisions in A7272/S6412 will help us address some of the issues that we have been trying to get addressed for many, many years such as the misuse of proxies, corruption, lack of transparency and non-supervision of Boards of Directors. We lobbied in Albany for many, many, years to get policies and legislation to help us address these issues confronting Shareholders and Renters to no avail, but thanks to Assemblywoman Linda Rosenthal and Senator Brian Kavanagh our unwavering supporters of Mitchell-Lamas we can see a light at the end of the tunnel. We would also like to take this opportunity to thank all our Elected Officials who supported us in moving forward to protect and preserve the best housing developments in existing today," said Dealice Fuller, Co-Chair of the Brooklyn Mitchell-lama Task Force, Mitchell-United, Cooperators United For Mitchell-Lama, Lindsay Park Housing Co-op.

"I and other dedicated pro-Mitchell-Lama advocates have been fighting for many years to protect and preserve our Mitchell-Lama co-ops as affordable housing both for ourselves and for future generations of moderate-income New Yorkers. The provisions of A 07270/ S 6412

are fixes to the corruption, misinformation, lack of transparency, and financial waste that ML advocates have seen firsthand as we have fought against the privatization of our developments. It helps to correct many of the outrageous problems we have seen when a pro-privatization board of directors moves to take a development out of the program, and it makes the process harder by raising the vote percentage to be more in sync with other similar votes in publicly supported housing. Twenty plus years is a long time to be fighting this battle – but persistence has paid off in S06412/A07272. Please make sure that it is signed into law,” said Christine Fowley, founding member of Committee to Preserve Cadman Towers, Cooperators United for Mitchell-Lama, and Mitchell-Lama United.

“When a Mitchell-Lama cooperative leaves the program and becomes a private for-profit entity, a select few people walk away with a windfall profit. Everybody else in New York State loses. Mitchell-Lama cooperatives are the product of substantial public investments in the form of low-cost land, low- or no-interest mortgages, and decades of abated real estate taxes. The taxpayers of New York, who in the final analysis have all contributed to Mitchell-Lamas all over the State for the purpose of creating and sustaining affordable housing for working families, lose their entire investment. I am proud to be part of Mitchell-Lama United which represents those thousands of Mitchell-Lama residents and have mounted a campaign to make sure that social and economic justice – the ideals baked into the Mitchell-Lama program – triumph over individual selfishness and greed,” said Richard Heitler, President of the Board of Village East Towers, Board Member of Cooperators United for Mitchell-Lama, Steering Committee Member of Mitchell-Lama United.

“The Mitchell-Lama Residents Coalition is very grateful for the passage of A7272/S6412. Assemblymember Linda Rosenthal and Senator Brian Kavanagh are staunch supporters of the Mitchell-Lama community and worked collaboratively to craft and ensure passage of legislation which offers protections to all residents of ML complexes, shareholders and

renters. We look forward to working with Assemblymember Rosenthal and Senator Kavanagh and their colleagues in both houses during future sessions to secure even more protections for the Mitchell-Lama program,” said Katy Bordonaro, Mitchell-Lama Residents Coalition.

“Passage of A7272/S6412 will provide vital protection for Mitchell-Lama developments. Improvements in governance of our cooperatives, voting procedures and agency oversight will help our buildings meet building code requirements, conserve energy and hopefully reduce costs. We are appreciative of the Bill’s provisions that increase voting requirements for any privatization actions. We need to remove the profit incentive to move forward and plan for the future. Special thank you to all the Legislative leaders that supported the legislation and provided guidance. We recognize the efforts of AM Rosenthal and her answers to our endless questions. Housing Committee chairs AM Cymbrowitz and Senator Kavanagh have our thanks for their solid support,” said Adele Niederman, President CU4ML and member of Mitchell-Lama United.

“Our coop has suffered from lack of timely repairs and attention to crucial upgrades because the majority of the board has prioritized privatization over everything else. They refuse to even request favorable financing from the city, so the roof has been leaking, the windows are drafty, and there is no discussion of energy upgrade or electrical and plumbing infrastructure repair, even as the city gives us the opportunity to address these green possibilities. More and more board business is conducted in ‘executive session.’ We have been waging this battle for 40 years and the sense of community is polluted by all this. We represent a broad coalition of Mitchell Lama co-op and rental residents (and former Mitchell Lama rental units) who are fighting for truly affordable housing to remain protected and even expanded to meet the needs of New York families,” said Joan Cohen.

"I'll never forget the day my husband and I closed on our Mitchell Lama co-op in Brooklyn. It was March 11, 2011. After all the documents were signed, we were handed a 455-page document and told we should 'read it in our spare time.' We later learned that this document was known as the "Black Book" and was a step in the process to "go private." We were taken aback, but fortunately began to be educated by the pro-Mitchell-Lama shareholders at Cadman Towers on how to oppose privatization. In 2014, privatization was finally taken off the table at Cadman but without missing a beat, we were thrust into fighting semi-privatization known as '2 to 11.' It's been ten years since moving to Cadman Towers, I've used the time to become an active member of the Brooklyn Mitchell-Lama Task Force, Cooperators United for Mitchell-Lama, and a member of the Mitchell-Lama Residents Coalition and have attended hundreds of meetings of hard-working, dedicated Mitchell-Lama residents. I'm most proud of membership on the Steering Committee of Mitchell-Lama United, a coalition of these three groups. I am grateful to Assemblymember Rosenthal and State Senator Kavanagh and their dedicated staff for all their hard work and support. If Governor Cuomo signs A.7272/S.6412 into law, I believe it will be the most important Mitchell-Lama legislation since 1955, when Governor Averill Harriman signed the Mitchell-Lama program into law," said Sharon Torres.

Assemblymember Linda B. Rosenthal represents the 67th Assembly district, which includes the Upper West Side and Hell's Kitchen. She is the chair of the Assembly Committee on Social Services.

Senator Brian Kavanagh represents the 26th Senate District, which includes parts of Lower Manhattan and Western Brooklyn. He serves as Chair of the Committee on Housing, Construction, and Community Development.

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