



October 17, 2014

Hon. Julián Castro
Secretary of Housing
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Washington, DC 20410

Dear Secretary Castro:

We write to urge the U.S. Department of Housing and Urban Development (HUD) to allow the Federal Housing Administration (FHA) to extend reverse mortgages through its Home Equity Conversion Mortgage (HECM) program to owners of cooperative housing (co-ops). This is an extremely urgent issue to our constituents. In New York City co-ops make up a large portion of the homeownership housing stock, and as such, this policy change would provide elderly co-op owners in our districts and across the country a mechanism to meet rising costs and preserve their homes.

Many fixed income, senior citizen co-op owners in New York City are at immediate risk of foreclosing on their homes because of increasing maintenance fees and other living expenses. Should they be forced to foreclose, not only would they lose their homes and damage their credit ratings but they would likely also face dislocation from their communities as a result of the city's severe affordable housing shortage. If FHA allowed these co-op owners to tap the equity in the homes through reverse mortgages, they would have an opportunity to age in place and continue to contribute to the diversity and richness of the neighborhoods they helped to build.

Allowing reverse mortgages for co-op owners under the HECM for Purchase program could also help advance New York City Mayor Bill de Blasio's laudable goal to preserve or create 200,000 units of affordable housing over the next ten years. Coupled with affordable co-op development under New York City Department of Housing Preservation and Development programs like the Affordable Neighborhood Cooperative Program, such reverse mortgages would give low- and fixed-income, elderly New Yorkers - including many indigent seniors in immigrant communities and working middle-class households nearing retirement - access to affordable homeownership.

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Furthermore such reverse mortgages would enable seniors to purchase existing co-op units, which tend to be much more affordable than newly built condo or market rate rentals. For example, at the West Village Houses, a 420-unit former Mitchell-Lama rental in our districts that converted to a Housing Development Fund Corporation co-op in 2006, approximately 65 long-term tenants who have not purchased their units face having to relocate in 2018, when a 12-year contractual rent stabilization period for non-purchasing tenants ends. However, through March 2016, these renters have the opportunity to buy their units from the sponsor at "insider" prices. The majority of West Village Houses renters who sought homeownership financial counseling and assessment could not afford to buy their units because they are seniors on fixed incomes. Being able to use reverse mortgages under the HECM for Purchase program would prevent many of them from losing their long-time homes.

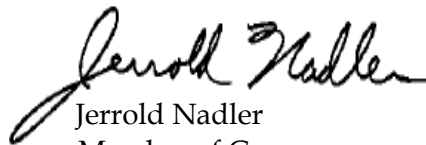
Time is of the essence for West Village Houses renters, who would need to initiate purchase by summer of 2015 in order to be assured of a closing by the March 2016 deadline, and for thousands of current senior citizen co-op owners struggling to make ends meet. We are aware that HUD has concerns about allowing HECMs on co-op units due to structure of these housing developments. However, co-ops represent a stable and solid investment. We welcome the opportunity to discuss HUD's specific concerns and we urge HUD to work with *co-op boards and lenders to find solutions to these issues and extend HECMs to co-ops.*

We look forward to your response and further discussions on how to resolve this important issue. Thank you for your consideration of this request.

Sincerely,



Charles E. Schumer
United States Senator



Jerrold Nadler
Member of Congress



Brad Hoylman
State Senator



Deborah Glick
Assembly Member



Corey Johnson
Council Member

cc: Holly M. Leicht, Regional Administrator, U.S. Department of Housing and Urban Development