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Residential Real Estate

Program Turns Renters Into Owners

By RACHELLE GARBARINE

Next month, when Gene N. Lewis moves back to his apartment in central Harlem where he had been a tenant for six years, he will return as its owner.

Over the last year, Mr. Lewis and the other tenants at 11-15 St. Nicholas Avenue, went from renters to owners and embarked on a \$2 million renovation to convert their building into a co-op for low-income residents. The transformation is being done through the city's Tenant Interim Lease Pilot Program, under which the Department of Housing Preservation and Development sells tenants city-owned buildings for \$250 a unit and then provides money to restore them.

"For a lot of us, it was an opportunity to get nice apartments at an affordable rate," said Mr. Lewis, who is the manager and treasurer of his building's resident group.

In addition to his building, which has 37 units, the program involves four other structures scattered over four blocks, between Fifth Avenue and Adam Clayton Powell Jr. Boulevard and 112th Street and Central Park North. They contain a total of 150 apartments, from studios to four-bedroom units.

The St. Nicholas Avenue building and an adjacent 14-unit structure at 100 West 111th Street have been

With city help, Harlem buildings are renovated to become co-ops.

sold to the tenants and are being renovated. The others will be transferred to the tenants over the next six to nine months, after which they will be restored. Residents are relocated to other city-owned buildings during the renovations.

The buildings, which are 80 to 85 years old and are in various stages of disrepair, will be completed by next year, said William Hubbard, president of the Center Development Corporation of Manhattan. The company was chosen by the residents to do the renovation and the city housing agency approved it.

The pilot program is a variation of the agency's 20-year-old Tenant Interim Lease Program, which has helped tenants take over 763 city-owned buildings, totaling 16,114 units. Under that program, the housing agency rehabilitates the buildings and then sells them to the tenants.

The newer program, conceived in 1995, reverses the order, with tenants taking over the building first and se-

lecting a private developer to do the renovation. It took until recently to make the change.

"The intent is to provide an option to tenant associations best positioned to assume ownership of their buildings to have a greater control of the process," said Richard T. Roberts, the commissioner of the city's housing department. "The faster we are able to move buildings out of our control puts the city in a better financial position."

The program is one of several helping the city to dispose of buildings it has taken back through tax foreclosures and to increase homeownership. Housing officials estimate that 1,498 more apartments could be renovated under the program by 2007.

The Harlem buildings show how the program works. Residents voted in 1997 to buy and renovate their buildings, which they had been managing for several years. Eighty percent of the tenants had to agree to the purchase.

Mr. Lewis conceded that buying his building before the renovation was akin to "buying a pig in a poke." But, he said, "we put a lot of trust in the city" that the building "would be a lot better than when we left."

Over the next year, residents, who

are guaranteed a unit, devised a renovation plan with Center Development. The company which has restored 500 apartments designed for low-income tenants in Manhattan, will carry out the plan based on an agreed upon price with the housing department. The work includes giving the apartments new kitchens, baths and flooring. The mechanical systems in the buildings will also be replaced or repaired, as will the windows, Mr. Hubbard of Center Development said.

The renovation cost at each building, he added, is \$1 million to \$2 million, or an average of \$70,000 a unit. It will be financed out of the city's capital budget funds and federal money. The Stephen B. Jacobs Group of Manhattan is the architect.

The city housing agency, through nonprofit community groups, provides home ownership, training, and technical assistance to residents as well as the money for the renovation. The money is in the form of a mortgage, which is lifted once the renovation is completed. The buildings also qualify for 32 years of tax exemptions, with the taxes abated 100 percent for the first 20 years and rising to full taxes over the next 12 years.

Residents will pay more per month to own their renovated units than they paid in rent, to cover the cost of operating and maintaining the buildings. For example, a resident who paid \$192 a month in rent for a one-bedroom unit will now have a monthly cost of \$350; for a three-bedroom, the cost will rise to \$550 from \$302, according to the housing



Tenants have bought the building, above, at 11-15 St. Nicholas Avenue, and one on the corner oF West 111th Street, and are renovating them.

agency.

Sharon J. Marshall, the chairwoman of the resident group at 109 West 111th Street, said of the increase: "Where else in the city can you buy an apartment for \$250 and pay just over \$500 a month for it? There's no way for us to lose." And, she said, "We have more say in who moves into the building."

Existing residents with very low incomes will receive federal subsidies to cover the increase. Any profits from a sale of an apartment will be divided between the tenant and the co-op, with the building getting 85 percent and the apartment owner keeping 15 percent.

Mr. Roberts, the commissioner, said the program would be effective in buildings where residents em-

braced homeownership and could handle the renovation, ensuring "their ability to sustain the buildings." His department will also make management training available and oversee that the buildings are professionally managed.

With the Harlem project, he said, "we have a model" that can be followed.

Looking back over the process, Ms. Marshall said: "There have been many frustrating moments. But we invested too much time and energy to turn back."