

Island House Tenants Association

Steering Committee newsletter

Issue #1, Sept. 13, 2004

Steering Committee: ○ Katherine E. Berman ○ Joan Brooks ○ Amrah Cardoso ○ Paul Doganges
○ Lee Edelman ○ Renato Folla ○ Tim Johns ○ Alan Levy ○ Harriet Lieber ○ Mario Naves ○ Audrey Berman Tannen

OUR COMMITMENT TO YOU

The Island House Tenants Association (IHTA) Steering Committee has made a commitment to inform Island House residents of recent and ongoing activities regarding the intended “buyout” of Island House. (In a buyout, owners may convert our building’s Mitchell-Lama status, from **affordable housing for middle-income residents**, to **market-rate pricing** for rentals and/or co-ops or condos.)

In response, concerned tenants formed the IHTA Steering Committee to explore ways to **save our affordable housing** and protect our homes. Options include a **tenant-sponsored buyout**.

THE PROBLEM

Intended sale of Island House

In June 2004, one of Island House’s owners and its managing partner, Charles Lucido, announced he’d found a prospective buyer, the Sheldrake Corporation, which signed a contract to buy Island House. Sheldrake’s intention: to “buyout” of the Mitchell-Lama Housing Program.

Sale to be based on certain conditions

Sheldrake’s purchase is contingent on some conditions, including the extension of the ground lease, a lease from the City of New York to the Roosevelt Island Operating Corporation (RIOC). There are more, but owners have not shared them with IHTA.

The contract also states that if the sale is not completed in one year, the current owners will look for another buyer. IHTA believes the contract was signed six months ago.

Owner’s attempts to prepare for uncontested sale

In June 2004, Charles Lucido also announced he would be seeking a change in Island House’s building management, from Jerome Belson Associates, to Sheldrake (the proposed new owner).

Normally, the New York State Division of Housing and Community Renewal (DHCR) requires a change like this—a new management opportunity—to be opened to a competitive bidding procedure for other interested management agents.

But Mr. Lucido tried to bypass that requirement by requesting a bidding waiver from DHCR. By placing Sheldrake in an active role prior to the purchase, he would allow the organization to gain firsthand experience about the building.

IHTA FIGHTS BACK— ADVOCATING FOR RESIDENTS

STOPPING the waiver

IHTA appealed to our representatives, City Council Speaker Gifford Miller, Assemblyman Peter Grannis and Congresswoman Carolyn Maloney, for help to stop the waiver. The representatives were successful.

SECURING a “place at the bargaining table”

This stop-action **served notice to Mr. Lucido and Sheldrake** that Island House residents intended to be involved in any action involving their homes.

And it **forced them to reveal plans** they had worked to keep secret, i.e., what they intended to do with the building *after* they took Island House out of the Mitchell-Lama program.

(continued on back)

FACT: without tenant involvement, a Mitchell-Lama conversion will NOT benefit tenants. IHTA research revealed that buyouts in Mitchell-Lama buildings in the city had resulted in rental increases as great as 100 to 300 percent.

IHTA TAKES ACTION— FIRST STEPS

LAYING THE GROUNDWORK—1st meeting

On June 28, 2004, IHTA met with tenants and:

- introduced IHTA Steering Committee members,
- reported on the history of the intended buyout, meetings held with Mr. Lucido and the head of the Sheldrake Corp., and
- presented the names and qualifications of three lawyers the Committee interviewed (one would be selected to help tenants in their fight for an affordable Island House).

After discussions, residents voted and:

- authorized current IHTA Steering Committee members to continue representing Island House tenants in the Mitchell-Lama conversion issue,
- empowered IHTA to choose *one* lawyer to represent tenants, and
- requested IHTA to develop a fair fundraising plan to finance upcoming needs such as attorney fees.

PROGRESS REPORT—2nd meeting

On August 5, 2004, IHTA:

- recommended the firm of Manatt, Phelps and Phillips, LLP. Deciding factors: the firm's experience in land use issues, their political connections and their experience with negotiating a favorable outcome for tenants of the Independence Plaza Mitchell-Lama conversion.
- suggested next steps--incorporating IHTA, making the attorney available for tenants' questions at the next tenant meeting and raising funds for upcoming expenses.

Residents authorized IHTA to proceed.

NEXT STEPS

- In August, IHTA met with firm attorney Paul Gangsei and brought him up to speed on the Island House situation and IHTA's proposed option to seek a **tenant-sponsored buyout**.
- Mr. Gangsei agreed with IHTA that this course would be best, as long as tenants who wished to continue renting could do so at affordable prices.
- IHTA then asked each Island House apartment to **contribute \$50** to pay for initial attorney consultation fees and IHTA incorporation fees.

Seeking Attorney General's permission: IHTA discovered that before tenants could pursue a tenant-sponsored buyout, they would have to gain permission from the Attorney General to raise funds for the purpose of *considering* that step. "... residents of an occupied building may seek permission from the Attorney General of the State of New York to seek out the interests of other tenants in converting their building to cooperative or condominium status." For a complete copy of this policy, click on www.oag.state.ny.us/realestate/policy/cps3ss.html

- Although this policy limits the amount that IHTA can legally collect from each tenant to \$250 (*specific* to exploring a tenant-sponsored buyout), our legal team is asking permission from the Attorney General's office to exceed that limit.

WHAT YOU CAN DO NOW

- **TELL YOUR NEIGHBORS** about IHTA's efforts on behalf of Island House tenants and the importance of getting informed and involved now.
- **COME TO THE NEXT MEETING** and bring your neighbors. (**The date, time and location will be posted soon.**)
- **GIVE MONEY** to finance our efforts to save affordable housing AND our community. If you have already given the suggested \$50, we thank you. **You can still contribute:** write a check payable to Island House Tenants Association, include your building and apartment number and leave it at the door station in an envelope to the attention of Joan Brooks, 575 Main St., # 1908.