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Amalgamated Housing Corporation
February 17, 2023
Testimony for Joint Legislative Budget Hearing on Housing
March 1, 2023

My name is Ed Yaker, and except for a few years from 1967 to 1975, I have lived in Amalgamated Houses since I was born in 1944. I have been on the Board of Directors more than forty years, and currently serve as Treasurer. Amalgamated is now 95 years old, but I fear we might not make it to 100. If we don't, the cause of death will be supervision by the State of New York. Let me explain.

When I started on the board, I was told that the mission of the Division of Housing and Community Renewal (DHCR) was to make sure we remained financially stable and had adequate reserves in case of emergency. That mission seems to have flipped, with Homes and Community Renewal (HCR) driving us toward bankruptcy. We cannot raise carrying charges or borrow money without HCR approval. As a result of HCR, we are now behind about $1.5million in payables, have almost nothing in our operating reserves or capital reserves, and have been in technical default on our mortgage for several years. Several examples follow.

In conformity with past practice of HCR, Amalgamated submitted a budget covering January 1, 2017 through December 31, 2018. Ignoring the months of January, February and March as though we do not have expenses in those months, HCR produced a budget for April 1, 2017 through March 31, 2019. Their budget projected income from the carrying charge increase for the full 24 months of the budget, but they did not authorize us to collect the increase until August 1, 2017. That means they budget the increase for twenty-four months, but only provided it for 20 months. HCR created a loss of income of over $560,000.

Over the last three increases, HCR has been late each time, ignored shortfalls for months between the end of one budget and the start of the next, did not authorize replenishment of our capital and operating reserves. HCR seems fixated on keeping carrying charges to a minimum today, with no concern that this drives up costs for tomorrow.

The entire process is untenable, requiring a two-year budget and then a lead time of six months to eighteen months for HCR to process and hold a Hearing. In effect, a co-op is required to project its budget three years out, and be locked into income set by HCR for at least wo years, often longer.

We certainly understand the concerns with carrying charge increases. It is built into the nature of our existence, providing affordable housing for people of moderate means. Income limits restrict eligibility for admission, so people do not have a lot of reserves for increases. Yet we have no other way to pay our bills. Our costs are not based on the income of our members. Insurance costs, utilities, building repairs, inflation, do not take our member incomes into account.

Knowing our need for funding for necessary capital repairs, the Amalgamated board and management did our due diligence. We consulted with architects and energy consultants and prepared a list of critical projects with estimated costs. We investigated borrowing options, including HUD loans, Fannie Mae and Freddie Mac. We had more major capital improvement work to do than we could handle at one time, with debt service costs that would have been prohibitive. Working with CBRE, we concluded that our best option was a Freddie Mac loan that would allow us to pay off our existing mortgage, fund projects we could handle at the time, and allow us to come back for a second loan a few years later for the remaining items on our list. This was in the summer of 2020, when interest rates were low but everyone expected they would go higher before too long. Our financial consultant told us that without HCR involvement such a loan could close in sixty days, but with HCR he guessed a year.

Unfortunately, though we provided all information from our architects, engineers, and financial advisors, HCR would not let us move forward. They insisted our information had to be in the format of their Integrated Physical Needs Assessment (IPNA). This cost $240,000 for the report, and at least a two year delay as interest rates have been rising. Between interest rates, inflation, and further deterioration of physical structures, HCR's decisions will cost our cooperators more than $2 million per year!

For more than five years, Amalgamated has been telling HCR about NYC Local Law 152, requiring inspection of gas lines. Knowing the age of our buildings, and having already had gas shutdowns in several entrances of one of our older buildings, we anticipated the possibility of problems in several, possibly all of our buildings. We repeatedly brought this to HCR attention and asked for their assistance in strategizing for this problem. We were greeted with silence, until January of this year when we had to advise them that buildings that are home to about 800 families have gas defects. NYC Department of Buildings (DOB) will allow up to six months to correct these defects, but we have no money for any solution. We don't even have money to provide "make do" assistance in the interim before we can provide a long term solution. In addition, we are unable to meet other stringent DOB Local Laws, such as the Façade Inspection Safety Program (FISP) or the upcoming LL126 garage inspections.

At this time, we face the likelihood that a majority of our cooperators will be without cooking options come June 30, 2023. Again, HCR was advised of this possibility years ago.

Recently we have been advised by our insurance broker that because of building repairs that have not been done because of insufficient funding, we will have difficulty getting policy renewals. If we can get insurance it will be at extremely high premium rates. I cannot even imagine the consequences of such an insurance disaster.

Amalgamated is unique in having buildings of different ages and construction types, with three fourths of our cooperators living in buildings built before the Mitchell Lama Law was passed. This means we have unique challenges in allocating apartments, but HCR requires us to follow the same procedures as co-ops with cookie cutter buildings. In this situation, as in many others, HCR has offered no suggestions for dealing with our problems.

We of Amalgamated Board and Management are proud of our pro-active efforts on behalf of our members. As just one example, we have been selected by NYSERDA as an Empire Building Challenge partner. That makes us the first cooperative, thus the first affordable housing cooperative, to be an EBC partner. We are proud to be the oldest limited equity housing cooperative in the nation, and constantly look for ways to better serve our cooperators.

DHCR currently functions as a watchdog, making sure housing companies dot the i's and follow the rules established for them. I have a different vision for DHCR. My vision for DHCR is an agency ahead of the curve that can provide options and best practices to housing owners without micromanaging or imposing their choices. It would be able to steer owners to NYSERDA, other incentive programs or low interest loan sources. It would have and offer expertise on the wide range of issues and difficulties building owners face. We need an expediter not a roadblock, an ally not an adversary.

I urge the Legislature to reform NYS Homes and Community Renewal, to make it an agency that better serves the needs of the people of New York State.