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I. Introduction

Overview

One of the main goals of the Clinton Seed Fund (CSF) is to help support affordable housing in the Clinton neighborhood. After years of rising housing costs in the Clinton area, limited equity co-operatives (known as HDFCs) have become one of the few remaining housing alternatives for low- and moderate-income New Yorkers in the area.²

Map One below shows that Clinton generates some of the highest per-square-foot ground rents in New York City, an indicator of the profits being made from the high density, upscale development that has gone on in recent years. Five of the eight census tracts in Clinton have aggregate contract rents of higher than 97% of all census tracts in NYC. However, aggregate contract rent does not tell us how much an average tenant pays. High aggregate rents can reflect consistently high rents, or very high rent units at the top of the market, or a very high density of moderately expensive rental units. The median rent in a census tract is the amount of rent that falls exactly in the middle of the range of all rents paid in the census tract. Thus half of all tenants pay at least this much or more; half pay less.

Map Two displays the median gross rent per month (including gas and electric charges). By this indicator, for two of the census tracts in Clinton, the middle level of rent is higher than in 66% of Manhattan. The median rents for the remaining census tracts are average for Manhattan, ranging from $650 to $1,020 per month.

Map Three of just the census tracts in Clinton gives a more fine-grained picture of median rents in the area. It indicates that the median rents fall between $1,300 and $1,051 for two census tracts; between $851 and $1,050 for three tracts; between $651 and $850 for two tracts; and one tract has a median rent of $529. Importantly for this study, all HDFCs (shown as colored triangles) have monthly charge ranges lower than the median rent for the census tract in which they are located. Only 21%, or 11 out of 52 co-ops, have monthly charges even comparable to those in the one lowest rent census tract; the remaining 79% of co-op monthly charges range from below $265 per month (7 co-ops, 13%) to $265-$350 (18 co-ops, 35%) to $350-$481 per month (16 co-ops, 31%).

² This stock of limited equity cooperatives are designated by New York State as Housing Finance Development Corporations (HDFCs) because of the particular regulations governing their governance, tax status, and sales transactions.
We used the monthly charges as an indicator of housing costs for HDFCs because most residents do not have a primary mortgage. In the beginning of the Tenant Interim Lease Program, through which most of these buildings were sold, $250 was the price asked for apartments. While sale costs have risen over time, much of the sample paid too little for their apartments to be likely to have a mortgage: 67% paid $5,000 or less and 48% paid only $250. Only five people reported paying $20,000 or more, and no one more than $40,000. However, 26% of respondents refused to say how much their apartments cost. These are the residents most likely to have mortgages. Spot-checking with residents of the buildings with missing data indicates that indeed some of them do have primary mortgages. These residents tend to be the newer, wealthier residents. However, a number of the buildings with missing data were developed under programs that predated the Tenant Interim Lease Program with varying cost formulas or by programs in which the buildings were bought not by residents but by community groups that sometimes do not confer title to residents. To further complicate matters, the buildings have been LECs long enough that some apartments have been passed on to heirs. Thus it is clear that our estimates of monthly costs are approximate, but difficult to determine if they are too low.

As a first step in developing programs to support this form of affordable housing, the CSF engaged the Housing Environments Research Group (HERG) of the Center for Human Environments (CHE) at the CUNY Graduate Center to evaluate the physical and financial condition of the co-ops, and the extent to which the buildings’ decision-making processes are responsive to shareholders and promote sound management. The evaluation had four components:

1) Participation by important stakeholders and experts in an advisory committee.

2) Observational assessments of exterior building conditions.

3) A survey of co-op residents in the target area of Clinton, plus informal conversations with residents who did not want to respond to the survey or who wished to express opinions beyond the survey format.

4) Comparison of HDFC survey information to 2000 census data, where available.
Map 1: NYC Contract Rents, Census 2000
Map 2: Median Rents for Manhattan, Census 2002

Median Rent by Census Tract
Data Source: 2000 Census

- 1,440 to 2,010 (29)
- 1,020 to 1,440 (78)
- 650 to 1,020 (88)
- 340 to 650 (107)
- 0 to 340 (24)

CSF Building
Map 3: Median Rents for Clinton, Census 2000 and HDFC Monthly Charges

HDFC Monthly Co-Op Charge
Data Source: CSF Survey
- $482 to $650 [11]
- $390 to $482 [16]
- $265 to $350 [18]
- $205 to $265 [7]

Census Tract Median Gross Rent
Data Source: 2000 Census
- $1,091 to $1,200 [2]
- $848 to $1,091 [4]
- $650 to $848 [1]
- $529 to $650 [1]
The Clinton Seed Fund is a nonprofit organization founded in 1980, created as a result of negotiations between community leaders and developers of Manhattan Plaza apartments. The Fund is revolving and authorized to make loans to nonprofit corporations to finance housing projects for low and moderate-income households. All projects must be located in the area bound by 8th Avenue and the Hudson River, and 59th and 34th Streets.

Since the Fund's inception, more than 60 limited equity co-ops (HDFCs) have been established in Clinton. Rising land values and a decline in available city-owned property within the Fund's catchment area are restricting opportunities to develop additional housing for low-income families. HDFCs represent a significant portion of the neighborhood's affordable housing stock.

The CSF had two major goals for this project:

1) to determine the current condition of limited equity co-ops in Clinton; and
2) to identify ways in which the CSF might target its resources to encourage the continued viability of HDFCs

Table 1 lists the survey topics and the ways in which they were measured in the survey. This report describes the results of the building condition observations as well as the survey portion of the evaluation, which was designed to obtain information about residents of the Clinton HDFCs and how their co-ops are functioning.
## Table 1: Survey Topics and Associated Measures

<table>
<thead>
<tr>
<th>Topic</th>
<th>Measured by…</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Co-op Physical Condition</td>
<td>✓ Basic systems (plumbing, electricity, etc.)</td>
</tr>
<tr>
<td></td>
<td>✓ Maintenance</td>
</tr>
<tr>
<td></td>
<td>✓ Security</td>
</tr>
<tr>
<td></td>
<td>✓ Structural soundness</td>
</tr>
<tr>
<td></td>
<td>✓ Vacant apartments</td>
</tr>
<tr>
<td>2. Co-op Financial Condition</td>
<td>✓ Debts, mortgages, loans, tax arrears</td>
</tr>
<tr>
<td></td>
<td>✓ Water and sewer charges</td>
</tr>
<tr>
<td></td>
<td>✓ Monthly co-op charges</td>
</tr>
<tr>
<td></td>
<td>✓ Residents receiving Section 8 or other subsidies</td>
</tr>
<tr>
<td></td>
<td>✓ Sales within the last 3 years</td>
</tr>
<tr>
<td></td>
<td>✓ Housing costs/income ratio for residents</td>
</tr>
<tr>
<td>3. Co-op Management</td>
<td>✓ Day-to-day management issues (repairs, information to residents, responsiveness)</td>
</tr>
<tr>
<td></td>
<td>✓ Social disorder (crime, graffiti, noise, etc.)</td>
</tr>
<tr>
<td>4. Shareholder Involvement: Leadership, knowledge of co-op affairs, cooperation &amp; trust, participation in the co-op</td>
<td>✓ Frequency of meetings</td>
</tr>
<tr>
<td></td>
<td>✓ Attendance and participation at meetings</td>
</tr>
<tr>
<td></td>
<td>✓ Participation in co-op decisions</td>
</tr>
<tr>
<td></td>
<td>✓ Knowledge of co-op procedures and fiscal and physical condition</td>
</tr>
<tr>
<td></td>
<td>✓ Decision-making processes in the co-op</td>
</tr>
<tr>
<td></td>
<td>✓ Elections of officers and the co-op board</td>
</tr>
<tr>
<td></td>
<td>✓ Training of new co-op board members and new residents</td>
</tr>
<tr>
<td></td>
<td>✓ Oversight of management</td>
</tr>
<tr>
<td>5. Co-op Affordability</td>
<td>✓ Monthly charge levels</td>
</tr>
<tr>
<td></td>
<td>✓ Monthly charge/income ratio</td>
</tr>
<tr>
<td></td>
<td>✓ Apartment resale prices</td>
</tr>
<tr>
<td>6. Co-op Life</td>
<td>✓ Resident satisfaction with life in co-op</td>
</tr>
<tr>
<td></td>
<td>✓ Difference living in HDFC has made in life</td>
</tr>
</tbody>
</table>
II. Research Design

A community survey was administered by CUNY Graduate Center research assistants to Clinton HDFC residents in the summer of 2002. An advisory committee was formed for consultation concerning the project. Committee members were drawn from the Clinton Seed Fund (CSF), the Urban Homesteading Assistance Board (UHAB), and Housing Conservation Coordinators (HCC), as well as co-op representatives. Members discussed conditions and problems in the co-ops and agreed on topics to be addressed in the survey and building condition observations. The committee also assisted in gaining access to the co-ops and developing the survey. A group of building leaders was also consulted. They filled out an initial version of the survey and suggested revisions that were incorporated into it before the rest of the surveys were collected.

The survey covers the co-ops’ physical conditions, financial conditions, and management, as well as shareholder involvement. Between May and September of 2002, 95 surveys were obtained from 58 individual buildings (84% of the target co-ops) by CUNY Graduate Center research assistants and Clinton HDFC building leaders. Quite a few of the individual buildings we studied were incorporated with other buildings under one board of directors. Looked at in terms of incorporated HDFCs, 47 separate HDFCs (90% of the target HDFCs) were surveyed. Some information was also collected through contact with residents of buildings where no surveys were completed. The exterior ratings were conducted on all 69 individual HDFC buildings in the target area, as well as on their immediate neighboring buildings.

Survey Target Area

The Clinton Seed Fund serves the Clinton neighborhood, bounded by 34th Street on the south, 59th Street on the north, 8th Avenue on the east, and the Hudson River on the west. There are 69 co-ops (individual buildings) within the target area, which consist of 52 boards.

The Clinton neighborhood borders a regional hub to the south, which includes the Port Authority Bus Terminal, the Jacob K. Javits Convention Center, the Penn Central rail yards, Penn Station, and the Lincoln Tunnel. Bordering Clinton to the east are the entertainment and tourist destination Times Square and the Midtown business district, both of which are rapidly spreading west into Clinton, threatening to gentrify the neighborhood as they expand. Other significant features of the neighborhood include a part of the Garment District east of 9th Avenue, the soon-to-be-built Hudson River Park, which will connect Clinton with the riverfront on its western border, and 9th Avenue, which continues to attract new upscale restaurants and stores.
Clinton is also a diverse local area, consisting of a vibrant community of residential buildings, artists’ studios, and small businesses, such as manufacturers, markets, restaurants, and auto repair shops. Despite a history of gang violence, crime, and drugs in Clinton, recent years have seen an improvement in neighborhood safety and appearance, partially due to the activism of long-time residents. The creation of the Special Clinton District in 1973 laid plans, which continue to be followed today, that restrict building size within much of Clinton and push dense development to the perimeter. With the success of the Midtown Business District, however, new residential and commercial buildings threaten to extend that district west into Clinton and reduce the affordability of the neighborhood.

**Statistical Analyses**

The findings from the survey are reported in a number of different ways. Simple frequencies are used to describe the sample population. Findings concerning issues such as social problems, financial problems, and building management include both frequency information and simultaneous regression analyses that control for the characteristics of residents like age, gender, employment, etc. to determine what factors are most important for the success of HDFCs. Many of these findings are integrated into the report. Appendix A contains a full summary of the results of the regression analyses.

Scales are derived from factor analyses, which determine how strongly correlated different items are with each other and then groups the most strongly interrelated items together.

**Structure of the Report**

The report presents the following:

- Demographic profile of the respondents to the survey
- Identification and evaluation of co-op conditions
- Analysis of major co-op issues
- Conclusions and discussion
III. Who lives in the Clinton HDFCs?

Demographic Overview

The survey was completed by 95 co-op residents in the Clinton neighborhood. Survey data indicate that the target area houses a mix of white and non-white residents. Latinos seem to make up a majority of the non-white residents. White residents were on average better educated and wealthier than non-white residents.

The demographic data should be interpreted with caution, just to give a rough sense of who lives in the Clinton-area HDFCs. The large number of leaders in our sample may have an effect on our demographic data. Also, the fact that there are so few surveys per building, often only one per building, might have an effect on the degree to which the sample is representative of the HDFC population as a whole.

Income

Over 35% of survey respondents reported annual household incomes of $25,000 or less. Over 17% had incomes below $10,000. As can be seen in Map 4, the median income for most of the census tracts in Clinton ranges from $39,000 to $65,000. Among survey respondents, 57% reported incomes less than $40,000, placing them at or below the median for the area. Since most of the survey respondents were leaders, it is likely that their incomes were not among the lowest of HDFC residents. At the time of the survey, the federal poverty threshold was $8,860 for a one-person household and $18,100 for a single parent with three children. Chart 1 illustrates the range of incomes among respondents (see Chart 1 and Map 4).

Chart 1: Income
Map 4: Manhattan Median Incomes, Census 2000

1999 Household Median Income
Data Source: 2000 Census

- 96,000 to 139,000 [22]
- 85,000 to 96,000 [72]
- 39,000 to 85,000 [65]
- 20,000 to 39,000 [85]
- 0 to 20,000 [52]

CSF Building
Of the leaders who reported what percentage of their residents were on welfare, no one reported more than 20% receiving this aid. Also, fewer than four apartments per building were reported as receiving subsidies or rental assistance.

**Education**

Looking at the education variable, we find that only 16% do not have a high school degree. Chart 2 shows that the survey respondents are mostly well educated, with about 14% having finished high school and 65% having at least some college education. Again, the over-representation of leaders in the sample may be related to educational level.

![Chart 2: Education](chart2.png)

**Ethnicity**

The demographic analysis shows that about 56% of the survey respondents identified themselves as white. A majority of the non-white respondents identified themselves as Latino (33%). The remainder of the respondents were African-American (6%) or from other ethnic groups (5%).

**Gender**

Survey respondents were fairly evenly divided between men (43%) and women (57%).

**Household composition**

Half of those surveyed lived alone. Over 55% of the respondents do not have children. Of the respondents who do have children, only 28% have children below the
Fifty-one children of the residents are old enough to be in or have completed college. Of this group of children, 59% have gone to college and 41% have completed college.

The age of the respondents ranged from less than 21 years old to 80 years old, with over 32% between 31-50 and 48% between 51-70. A significant majority (81%) has lived in their apartments for over 10 years, while only 7% have moved to their apartments within the last five years (see Chart 3).

**Chart 3: Length of Residence**

<table>
<thead>
<tr>
<th>Length of residence in the Building</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 10 years</td>
<td>81</td>
</tr>
<tr>
<td>6-10 years</td>
<td>12</td>
</tr>
<tr>
<td>3-5 years</td>
<td>12</td>
</tr>
<tr>
<td>1-2 years</td>
<td>12</td>
</tr>
<tr>
<td>Less than one year</td>
<td>12</td>
</tr>
</tbody>
</table>

Employment

Forty-six percent of the respondents work fulltime. The rest are mostly part-time workers (18%), retired (16%), or on disability (10%). For 69% of the respondents, their job was the main source of yearly household income. Other respondents earn their yearly income through pension (7%), social security (13%), or other sources (11%).

Civic Participation

Survey questions on voter registration and recent voting, and questions about participation in community organizations were considered as indicators of civic participation. Eighty-four percent of survey respondents are registered voters, out of which 85% have voted within the last year. About a third of respondents indicated participation in at least one neighborhood organization, block association, or community board. In addition 15% reported at least some contact with the school board or parents’ association, 25% with the police precinct, and 38% with a church or other religious group.
IV. Survey Findings

Topic One: Physical Condition of the Co-op

The exterior conditions of the target buildings and their neighboring buildings were determined by examining building conditions of the façade, windows, sidewalks, curbs, and gates. A 0 to 71-point scale was constructed based on the evaluation of these characteristics. Charts 4 and 5 present the frequencies of this scale for the CSF target buildings and for the neighboring buildings, respectively.

The results suggest that the target buildings are in good exterior condition. When compared with the private sector stock, HDFCs were significantly better rated than their neighboring buildings. The rating range for the HDFCs starts at 64.5 points, while it starts at only 59 for the neighboring buildings. Also, the distribution of the HDFC ratings is significantly more skewed to the higher rating level.

Chart 4: HDFCs’ Exterior Condition
When taking into consideration rent levels in the Clinton neighborhood, the HDFCs’ superior exterior condition, as compared to that of neighboring buildings from the private sector, is even more striking (see Map 1). Despite a limited budget, HDFCs are able to maintain their buildings in better condition than privately-owned buildings that may have more resources available to them.

Despite the fact that most of the HDFCs are in good condition, some buildings are in need of specific repair. The most common problems noted were a dirty façade (over 8% of HDFCs), broken sidewalk (9%), and varying amounts of trash on the buildings’ property (17%).

The following HDFCs received a poor exterior condition rating and may be appropriate targets for assistance with repairs: 316 W 36th Street, 348 W 48th Street, 433 W 48th Street, and 458 W 57th Street.

Survey respondents rated various physical elements in their building such as heat, hot water, windows, security, etc. As Chart 6 shows, the majority of respondents rated their building’s overall physical condition as excellent or good. Only four buildings in the HDFC sample were rated as poor/fair.
The main physical problems reported in the buildings cover a range of areas, including bulkheads, windows, stairs, flooring, boilers, facades, electrical wiring, structural problems, doors, basements, roofs, and lights.
Topic Two: Financial Condition of the Co-op

In the original offering plan that is developed under the supervision of the New York City Housing Preservation and Development Agency (HPD), all HDFCs are given a budget to use for their financial operation. Many buildings stick with this original budget, although some alter it and some use no budget at all.

Leaders tend to be the most knowledgeable about their buildings’ budgets. Of the 33 leaders who reported information about their budget, 70% said their building does have a budget, while 30% said their building does not have one. More buildings, however, have at least financial statements. Thirty-five leaders answered a question regarding their financial statement, and of this group 94% have a financial statement, while only 6% do not.

Many of the residents surveyed did not know or did not answer questions referring to their buildings’ budget. Of the total residents who answered the questions, 65% said their building had developed a new budget within the last year, 14% had made one 2-4 years ago, 9% said 5-10 years ago, 3% said more than 10 years ago, and 9% said their building had not developed a new budget since it was purchased. Thirty-one percent of the residents surveyed either did not know when their building developed its last budget or did not answer the question (see Chart 7). While the large number of buildings with recently developed budgets is encouraging, the high number of residents who knew little or nothing about their budget raises concerns about residents’ awareness of the financial state of their building.

Chart 7: Recently Developed Budget

![Chart 7: Recently Developed Budget](image-url)
While a large number of respondents did not know about the availability of their budget to residents, of those who answered the question, 87% said their budget was available to anyone who wants to see it, while 13% said it was not (see Chart 8).

**Chart 8: Budget Availability to Residents**

- Budget availability to residents
  - yes: 87
  - no: 13

<table>
<thead>
<tr>
<th>Percentage (%)</th>
<th>0</th>
<th>20</th>
<th>40</th>
<th>60</th>
<th>80</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget availability to residents</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>87</td>
</tr>
</tbody>
</table>

Buildings’ current budgets were reviewed by 46% of the residents before they were adopted, but 39% had not reviewed their budget before adoption. Thirty-seven percent had reviewed it since it was adopted, and the same proportion had not reviewed it since it was adopted.

There is a large proportion of missing data because this question was added at the suggestion of the first meeting with building leaders. The 17 respondents who attended this meeting and filled out the survey were therefore not reflected in the data.

Individual concerns were raised regarding budgeting for legal resources, water bills, getting loans for capital repairs, long-term financial planning and building inspection, lack of information among tenants about the budget, concerns about maintenance charges needing to be raised or having been raised too much, general financial management (allowing money to gain interest), and simply developing a budget. Our qualitative data suggest that many buildings either have a very informal budgeting system or do not have a budget at all.

Some building leaders reported receiving loans for their buildings, a few for $100,000 or more. Sources of these building loans include the bank, HPD/New York Department of Finance, National Cooperative Bank, and CSF Enterprise. Though many buildings are still paying off these loans, leaders noted no particular problems with them. Overall, most survey respondents perceive that their buildings are in good overall financial condition. A few reported tax arrears and are behind in their water and sewage charge payments. Only five survey respondents, however, indicated some financial problem in their building.
Topic Three: Management of the Co-op

Out of 82 respondents to the questions on co-op management, the majority reported that their building is being self-managed, while 42% reported using outside management. Regardless of the form of management, 70% of the respondents graded their management as excellent or good.

Nine outside management companies in particular were mentioned in the survey, and each company manages 1-7 co-ops (divided by board): CHDC (7 co-ops), HSC (2), Mary Dunn/Sunflower Mgmt. (2), Imani Mgmt. (1), Joe R. (1), Carl Ferrare Assoc. (1), DEMP (1), Merlot Mgmt. (1), Sparks Mgmt./Mr. Zohar (1).

Management problems reported include untimely financial statements from the CHDC, lack of a management company, favoritism by the board with regard to apartment repairs, lack of help with harassment and crime, concerns about Mary Dunn’s retirement, working with outside management (communication, repair delays), lack of attention, code violations, and work distribution within self-managed buildings.

Resident interviews suggest a widespread dissatisfaction with one management company in particular, the Clinton Housing and Development Corporation (CHDC). They consistently report a concern that the CHDC does not take resident input into account in running the buildings. This finding is ambiguous because residents of buildings with outside managers reported better physical conditions and fewer social problems. But consistent with the informal expressions of dissatisfaction residents registered when they spoke with our staff, residents in buildings with outside managers thought there were more financial problems, less up-to-date compliance with cooperative procedures (elections, recruiting new board members, making budgets, etc.), and less resident influence within the building. Also, residents of buildings with outside managers were more likely to want to move.
Topic Four: Shareholder Involvement

Resident participation in shareholder associations was generally high. As shown in Chart 9 below, the majority of the tenants (58%) are strongly involved in their shareholder association. In addition, 34% have some involvement, while only 8% have little involvement.

Chart 9: Shareholder Participation

As has been true in other research on formerly city-owned housing, widespread resident participation was linked to many aspects of good, affordable housing. Residents who reported more shareholder participation in their buildings also reported fewer social problems, fewer financial problems, greater resident desire to stay in the building, and a lower ratio of housing costs to income.

Sixty-five percent reported involvement in leadership activities in their co-op (see Chart 10 below), an unusually high proportion due to the fact that the list of contacts we had was made up of residents in a formal leadership position. Leadership activities include being a board member, representing the building in an official meeting, serving on a committee working on some aspect of the building, or organizing such activities as projects or events in the building.

Residents who reported more leadership activities perceived their buildings to be better managed than those who reported less leadership behavior.
Most buildings appear up-to-date on their election of board officers. When respondents were asked when the last time was that someone new was elected to the board in their building, although many did not answer (30 missing), of those who knew 66% reported last year, 25% 2-4 years ago, 6% 5-10 years ago, and 3% said that no one new had been elected since the building had been purchased. This points to a high rate of leader turnover in many of the buildings, perhaps revealing larger resident involvement in leadership.

We also used a measure of what we call pro-social norms that has proven in other surveys to be related to good building functioning. These norms are characterized by stronger trust and cooperation among residents and measured by resident ratings indicating the following:

- More residents keep the building clean
- Tenants help each other
- Tenants pay monthly charge
- Tenants trust each other
- Tenants work together to solve building problems
- Tenants participate in neighborhood organizations

Prosocial norms were not as common as rated participation and leadership.
Respondents were also asked about their own behavior in relationship to the social life of the building. Stronger trust and cooperation with residents by the survey respondent is demonstrated by the following:

- Help with maintenance work or building chores
- Help organize social functions
- Help other residents

Respondents were also less likely to report that they themselves contributed to prosocial norms compared to ratings of leadership and participation in the shareholders’ association.
Chart 12: Respondent’s Trust and Cooperation with Residents

When pro-social norms were stronger, buildings reported better physical conditions, fewer social problems, better building management, more up-to-date compliance with co-op procedures, and residents who felt more influential.

Few buildings appear to have residents whose jobs keep them away for long periods of time, but those who do have problems with these residents not participating in the building.

With leadership such an important factor in building functioning, leadership replication also becomes an issue. Only 32 leaders reported how many people in their building are getting trained to manage their co-op, and of this group, only 41% said at least one person in their co-op is being trained. Sixty percent of the 20 residents who responded to a question about UHAB trainings said that at least one person in their building has been to UHAB trainings, most within the past 10 years.

Statistical analysis of the different components of the social organization of co-ops (shareholder participation, leadership, and norms of trust and cooperation) showed that buildings with regularly scheduled meetings and those that were self managed had higher levels of leadership, and people reported that they did more to help maintain the co-op and were more involved with others residents.
Topic Five: Affordability of the Co-op

While 22% of survey respondents did not provide information about either their income and/or their monthly maintenance charge, of those who did provide this information, 28% spend only one-tenth or less of their income on their maintenance fee. Thirty-two percent spend 11-20%, 17% spend 21-50% (see Chart 13 and Map 5).

**Chart 13: Monthly Charge-to-Income ratio (Residents)**

Despite their lower incomes, the median monthly charge-to-income ratio in the HDFCs is only 14%. Census tract median rent-to-income ratios ranged from 24% for two tracts, to 25-27% for four tracts, and almost 30% for two tracts. Thus in two of the Clinton census tracts, half the residents pay more than the 30% of their incomes considered affordable by federal standards.

Nonetheless, 11 buildings representing 14 residents reported excessive housing cost burdens. Eight buildings representing 10 residents were found to be paying from 30% to 50% of their incomes in monthly maintenance charges, and three buildings (4 respondents) paid over 50% of their income. The triangles in three shades of green on the map below show that most HDFC residents were paying smaller percentages of their incomes for housing than other renters in their census tracks. However, the red and orange shaded triangles mark those HDFCs in which residents were paying excessive monthly charges, which were more than the census track norm for rent/income ratios.
Map 5: Monthly Charge-to-Income Ratio (Buildings)

Percentage of Median Gross Rent by Median Household Income, Data Source: 2000 Census
- 28 to 30 (1)
- 26 to 28 (1)
- 25 to 26 (1)
- 24 to 25 (2)
- 22 to 24 (2)
- 22 to 23 (1)

Percentage of Monthly Co-Op Charge by Monthly Income, Data Source CSF Survey
- 50 to 70 (3)
- 30 to 50 (8)
- 19 to 30 (10)
- 14 to 19 (6)
- 11 to 14 (12)
- 5 to 11 (12)
Monthly maintenance charges range from $50 to $650. Within this range, as Chart 14 shows, 14% of respondents reported paying below $265, 33% pay $265-350, 24% pay $350-$482, and 15% pay $482-$650. (Fifteen percent of respondents, however, did not answer this question.)

This data supports the CSF’s belief that HDFCs are an important affordable housing resource. If these units became more expensive, residents would be very unlikely to find other units at comparable prices. In 1999 the vacancy rate for apartments renting for less than $400 was 1.26% for all of NYC, and no doubt much less for Manhattan. The few buildings that already report excessive housing cost/income ratios raise a warning signal concerning the continued affordability of even the HDFCs in the area.

Less than a third of respondents provided information about the resale policy in their buildings. Of the 29 leaders who reported whether they have a resale policy or not, 86% said they did have a resale policy, and 14% said they did not. Resale prices ranged from $1-$150,000 for apartments sold within the last three years, while those sold more than three years ago ranged from $250-$25,000. Resale policy appears to vary among the co-ops, with debate among residents over apartment resale prices and the criteria for accepting new residents (see Chart 15).
While 20 units were reported as having been sold in the last three years, only 9 units were reported as having been sold in the years since becoming a co-op until three years ago.

In most buildings, part of the money gained from the resale of an apartment goes back to the co-op. In the survey only 18 leaders shared what percent of the price of their last-sold apartment went back to the co-op. Of these responses, the range went from 0-100%, with 2 reporting no money going back to the co-op, 2 reporting less than 15% return, 6 reporting 15-50%, 3 reporting 50-99%, and 3 reporting that all of the money went back to the co-op.
In regard to living in the Clinton neighborhood, 84% of the respondents evaluated their neighborhood’s overall condition as good or excellent. This is an important statement about a neighborhood that used to be in poor condition.

When asked how living in an HDFC has made a difference in their lives, while some chose not to answer the question, and 7% said it made no difference, most gave a positive response. Of those who answered, 72% gave positive responses, 8% gave negative responses, and 20% gave mixed responses or said it made little to no difference in their lives.

Eighteen percent said their HDFC gives them a better quality of life. Eighteen percent also said it has allowed them to afford to live in New York City, and 8% said it has allowed them to choose a job not based on income. Other benefits reported include general financial security, having a sense of community, safety, learning new skills, and having more control over repairs and how the building’s money is spent. Downsides included the HDFC taking up too much of residents’ time, being too much of a hassle, frustration with low tenant participation, lack of privacy, or being generally more trouble than renting.

When confronted with a building problem they do not know how to solve, residents deal with the issue in a variety of ways. Thirty percent consult a building board member or the president. Twenty-four percent consult their manager or management company. Nine percent look to UHAB, and 8% go to the superintendent. Other places people look to for help are the Internet, the court system, HCC, HPD or the city, and other co-ops.
V. Buildings in Process of Becoming Co-ops

Four surveys were collected from buildings that are in the process of becoming co-ops, either through the TIL program or another means. Three boards were identified as being in this process, one of which governs 6 buildings. The other two boards each govern individual buildings. From the limited data collected, some conclusions can be drawn about these emerging co-ops. The population in these buildings appears to be similar to that in the already established co-ops. Physical and financial problems in these buildings seem to be a bit worse than the other co-ops. There is less resident knowledge about the financial state of the building. Two buildings use outside managers, while the management of the other building is unknown. There is evidence of at least some trust and cooperation among residents and frequent participation in tenant association meetings among respondents, most of whom have been building leaders.
VI. Summary of Co-op Issues

A variety of issues may threaten the future stability and affordability of the Clinton HDFCs. Our conversations with residents indicate that there is a growing split between higher- and lower-income residents. In many of the co-ops that we studied, newer residents seem to be more affluent. As some residents exceed their original low-income status, there seems to be a tendency to want to spend more on maintenance and/or renovations, as well as to resell and sublet apartments at market rates. This leads to an alienation of lower-income residents, and if costs rise some would be forced out of their apartments. While our data on the topic are sketchy, we do see that more apartments have been reported as being sold in the last three years than in the entire period between the time the HDFCs became a cooperative and three years ago. Prices for apartments tend to be higher also. The income disparity among residents seems also to lead to dissent among tenants who disagree on the purpose of the HDFC and what limits should be set on its expenditures, resale prices, and subletting rates. While a longitudinal and larger sample study would be needed to examine the extent of this trend, our study does give cause for concern about the long-term affordability of the HDFC housing stock in Clinton.

Because some residents have much lower incomes than others do, assistance with housing subsidies may be useful. Low-interest, need-based loans to buildings may help to compensate for specific residents’ lower incomes, if maintenance charges need to be raised to pay off loans. Also, to combat the problem of resale prices, resale loans could be offered to low-income residents or individual buildings could adopt voluntary caps on resale prices. Problems with resale prices may further be addressed through building greater solidarity among the co-ops, increasing social engagement among residents, working with co-op boards, and providing information on alternatives to higher apartment sale prices. For example, some co-op leaders appear unaware that it is no longer a City requirement for HDFCs to pay the City 40% of all sale prices.

Another split among HDFC residents occurs between the immigrant and often non-English speaking population and the English-speaking U.S. citizens. Most of the non-English speakers are Latino and often do not participate and are not included in their co-op. They can feel neglected and confused if the majority of the building business is conducted in English. They also often do not fully understand the definition of a co-op, that they own shares in the building, and how their participation in co-op governance is important. Incorporating this non-English-speaking population into the buildings more, making them more knowledgeable, and encouraging leadership could all help to resolve this problem. Also, leadership trainings should be offered in both Spanish and English to meet the needs of more Clinton HDFC residents.

A third major issue is the problem of replicating leadership and providing leadership training for the HDFCs. Many of the current leaders, while successful, well-respected, and reliable, are growing older, raising the question of who will replace them when they can no longer lead their buildings. This problem is compounded by the amount of responsibility many leaders have, often sharing few duties with others and taking the burden of most of the workload upon themselves.

Small leadership cores, sometimes consisting of only one person, can promote problems of succession and also of resident engagement. While “dictators” or small
leadership groups can be effective in running an HDFC, they are detrimental when they shut out tenant influence on decisions and the way the building is run. Dictators may also create problems for leadership replication. Our survey has shown that widespread resident participation is associated with better living conditions in the building, fewer financial problems, more commitment to the building, and greater affordability for residents.

Management is a continuing issue in every building, including such problems as the decision of whether to manage the building through the shareholder association and board or to use outside management. If the choice is made to use outside management, the problem then becomes one of securing a competent company or individual manager. Many HDFCs have chosen to use the Clinton Housing Development Corporation (CHDC) as their management company. Residents of many of the buildings under the CDHC, however, voiced dissatisfaction with their service. There seems to be widespread suspicion about the CDHC’s objectives and motives and a feeling that the CHDC ignores the opinions and desires of the tenants.
VII. Conclusions

The survey and building exterior observations clearly demonstrate that HDFC buildings in Clinton are both affordable and adequate. In a neighborhood that has been steadily gentrifying over the past few decades, these buildings contribute to the neighborhood diversity and stability, and many of the HDFC residents have helped aid this neighborhood improvement over the years. Given the high rent levels of the area, Clinton remains relatively diverse. But to preserve this diverse community, it is important to continue to support affordable housing. As our report has shown, HDFCs play an important role in maintaining affordability.

In the Clinton neighborhood, there is a definite role for a revolving loan fund, but it is a limited one. As the chart below shows, HDFC leaders and residents feel that they would benefit from a wide range of services and education. Legal assistance and help in improving the shareholder association were the most frequently requested forms of assistance. It is interesting to note that non-white respondents were more likely to express interest in all forms of assistance than were white respondents.

*Chart 16: Requested Services*

*n – non-white respondents view the service as needed significantly more than white respondents.*
Twenty-six leaders responded to whether their building had problems other than physical problems that could be helped by a loan from a loan fund. Of this group, less than half (42%) said yes and more than half (58%) said no, they did not have a problem or were not interested in a loan.

Types of assistance in which leaders were particularly interested included help with CHDC communication, assistance with seniors, the aid of a Chinese translator for certain residents, managing problem tenants, loans for physical improvements, ongoing board member training, contractor advice, help finding new management, legal assistance, computer upgrades at HCC, and real estate tax and water abatement advice.

The Clinton HDFCs could benefit from a wide range of supports, perhaps from a local forum (i.e. a Clinton Neighborhood Network), led by a core group of residents, that would bring HDFCs together in workshops on dispute resolution and other legal issues, leadership succession and training, and participation and shareholder dynamics. Other useful workshops might include those facilitating communication between outside management and co-op boards, particularly regarding financial issues. It might be useful also to provide a forum for discussion of the larger social mission of HDFCs and how that might be continued. Finding ways to bring together lower- and higher-income HDFC residents, as well as whites and non-whites to get to know each other and to form common purposes is an important, and challenging, task that must be done if HDFCs are to continue housing an economically and ethnically diverse population. Targeting these issues would most effectively support and help sustain the Clinton HDFCs, not only combating current problems, but also helping to prevent future problems.