

RNA HOUSE M-L INFO NEWS

March, 2018

Volume 1 No 1

Welcome

The cooperators at RNA House want and deserve information. Information should come regularly from the Board of Directors and from other sources about the state of repair of the building, about offers of financing from the HDC, about the laws and rules under which this co-op operates, about the history of limited equity housing, about real estate taxes, and about all options.

Welcome to Volume 1 No 1 of the *RNA House M-L Info News*. This issue will take up the questions of Fracking and of "Two to Eleven" Co-op Conversions. Future issues will take up the questions of co-op financing, co-op governance, what is "affordable housing", what role does our M-L co-op play in this UWS neighborhood, etc. All cooperators are encouraged to write articles and "Letters to the Editor" and we promise "Answers from the Editor".

This newsletter will be put together by the RNA Cooperators to Preserve Mitchell Lama to strengthen our cooperative community. We will print where space permits articles from all points of view. Articles will be signed by their authors and where possible email addresses will be included.

We can use all the help we can get. We encourage co-operators to contact us if they can help with research, writing, distribution, finances, and advice or have questions. We can be reached by email at RNA4ML@gmail.com and by phone at **347-602-5592**. Submissions or notes can be left for us at the front desk.

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HOW RNA CAN REDUCE THE AMOUNT OF FRACKED GAS IT USES TO MAKE OUR STEAM

by AL Kurchin
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I am strongly in favor of being environmentally conscious.

In New York City, Con Edison makes steam for high rise buildings and businesses. The current capacity of the system is 20 billion pounds of steam per year.

This is accomplished by Con Edison using natural gas for fuel instead of oil to produce steam. The origin of some of this gas includes some shale deposits in Pennsylvania where fracking is used in some of its production.

RNA buys approximately 21,000 pounds per year of this Con Ed steam for our heat and hot water at a cost of **\$475,000** per year.

In essence we are currently buying this steam that originated from gas produced from Pennsylvania fracked shale.

But we have the option doing an energy conversion which will reduce this cost by producing our own steam, using gas, bringing down the yearly cost to **\$162,000**. This translates into a **62% saving on heat**.

WE DON'T HAVE ANY OTHER CHOICE OF CLEAN FUEL AT THE PRESENT TIME.

Oil is a dirty, unhealthy fuel and is being phased out in NYC. Solar Panels don't work for space heating in multifamily buildings like RNA. Wind turbines don't either. So why not be environmentally conscientious and just use less of the fracked gas for the same amount of steam that we are now buying from Con Ed, and save us \$313,000 dollars a year by converting.

We cannot heat RNA in the winter without steam and we have no choice of another type of fuel.

Energy Conversion is the fiscally responsible thing for this board to accomplish.

As long as we wait to do this, it costs us \$313,000 per year in lost operating cost savings, \$857 per day!

What is 'Two to Eleven' and why was it developed as an option for Mitchell-Lama co-ops?

by Chris Fowley of Cadman Towers

Article XI (eleven) refers to the section of the NY State Private Housing Finance Law that contains the statutory provisions for HDFC housing. HDFC housing (Housing Development Fund Corporation) has traditionally and successfully been used to convert and upgrade abandoned buildings and low-income rental properties into "affordable" cooperative housing. Another section of the private Housing Finance Law—Article II—contains the statutory provisions for Mitchell-Lama housing—so Mitchell-Lama developments are, similarly, called Article II housing. This is where the name "Two to Eleven" comes from as the proposed plan would mean converting from a Mitchell-Lama co-op (article two) to an HDC co-op (article eleven).

Staff from the NYC HPD (Housing Preservation and Development) and from the NYC HDC (Housing Development Corporation) came up with the idea of allowing Mitchell-Lama co-ops to convert to Article XI/HDFC cooperatives in order to try to stop Mitchell-Lama cooperatives from going completely private (or all the way to market-rate). The theory apparently was that if some profit were allowed to outgoing Mitchell-Lama shareholders, the effort to privatize these buildings might be slowed. Politicians could claim that they "preserved affordable housing" because as an Article XI/HDFC co-op the former Mitchell-Lama would still be considered 'affordable'—even though it would only be 'affordable' to people with higher incomes.

However, this plan has backfired since, as far as we know, only developments in which privatization was defeated or is not financially possible are considering this option.

In addition, Mitchell-Lama co-ops have been called "too affordable" by some housing policy officials, including the main developer of this plan. In most "affordable housing" people are expected to pay the federal standard of 30% of their gross income for their housing costs while in Mitchell-Lama co-ops many - if not most - of the shareholders pay below this percentage. The way that affordability is calculated for Mitchell-Lama housing is based on the cost of maintenance and not on this 30% factor.

The term 'affordable housing' is basically meaningless since there is always someone who can 'afford' any property. So the question is always 'affordable' to whom? Giving a profit to departing shareholders or their heirs either by privatization or conversion to an HDFC co-op would make an ML co-op unaffordable to the next generation of low and moderate middle-income New Yorkers.

RNA HOUSE ANNOUNCEMENTS

April 8, 2018: Monthly RNA House History Club meeting. The topic will be Some History of Affordable Housing in NYC. Guest presentation by Andrew Reicher, Executive Director of UHAB. RNA Community Room, 3:00pm to 5:00pm, all are welcome.

An RNA House Document from 19 Years Ago

From page 7 of the *RNA House Cooperators Handbook*, 1999

BOARD MEETINGS

Open Board meetings are generally held on the fourth Monday of the month. Notice of the meeting is posted on the bulletin board. Cooperators who wish to speak should submit their request to the Management Office in time to be listed on the agenda, which is distributed to the Board and posted on the bulletin boards no later than three days before the meeting. Cooperators are generally heard at the beginning of the meeting. Other cooperators who attend the meeting and wish to be heard will be recognized at the discretion of the chair. Sensitive topics such as personnel matters and legal matters are discussed in executive session.

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