

Co-op City History

taken from https://en.wikipedia.org/wiki/Co-op_City,_Bronx#History

Co-op City (*short for Cooperative City*), located in the Northeast Bronx, is the largest [cooperative housing development](#) in the world. Construction on Co-op City began in May 1966. Residents began moving in during December 1968, and construction was completed in 1973. Its 15,372 residential units, in 35 high rise buildings and seven clusters of townhouses, make it the largest single residential development in the United States. The project was sponsored and built by the [United Housing Foundation](#), an organization established in 1951 by [Abraham Kazan](#) and the [Amalgamated Clothing Workers of America](#). It was designed by cooperative architect [Herman J. Jessor](#). The name of the complex's corporation itself was later changed to RiverBay at Co-op City.

The construction of the community was financed with a mortgage loan from New York State's Housing Finance Agency (HFA). The complex defaulted on the loan in 1975 and has had ongoing agreements to pay back HFA, until 2004 when it was financially unable to continue payments due to the huge costs of emergency repairs. [New York Community Bank](#) helped RiverBay satisfy its \$57 million mortgage obligation, except for \$95 million in arrears, by refinancing the loan later that same year. This led to the agreement that Co-op City would remain in the [Mitchell-Lama Housing Program](#) for at least seven more years as a concession on the arrears and that any rehabilitation that Co-op City took on to improve the original poor construction (which happened under the State's watch) would earn credit toward eliminating the debt. By 2008, RiverBay had submitted enough proof of construction repairs to pay off the balance of arrears to New York State.

Mismanagement, shoddy construction and corruption led to the community defaulting on its loan in 1975. The original Kazan board resigned and the state took over control. Cooperators were faced with a 25 percent increase in their monthly maintenance fees. Instead, a rent-strike was organized. New York State threatened to foreclose on the property, and evict the tenants — which would mean the loss of their equity. But Cooperators stayed united and held out for 13 months (the longest and largest rent-strike in United States history) before a compromise was finally reached, with mediation from then Bronx Borough President, [Robert Abrams](#), and then Secretary of State, [Mario Cuomo](#). Cooperators would remit \$20 million in back pay, but they would get to take over management of the complex and set their own fees.^[6]

The shares of stock that prospective purchasers bought to enable them to occupy Co-op City apartments became the subject of protracted litigation culminating in a [United States Supreme Court](#) decision *United Housing Foundation, Inc. v. Forman*, 421 U.S. 837 (1975).

Renovation era

Within the first decade of the 2000s, the aging development began undergoing a complex-wide \$240 million renovation, replacing piping and garbage compactors, rehabilitating garages and roofs, upgrading the power plant, making facade and terrace repairs, switching to energy-efficient lighting and water-conserving technologies, replacing all 130,000 windows and 4,000 terrace doors (costing \$57.9 million in material and labor) and all 179 elevators. The word "renaissance" is being used to describe this period in Co-op City history. Many of these efforts are also helping in the "greening" of the complex: the power-plant will be less polluting, the buildings will be more efficient and recycling efforts will become more extensive. The [New York State Energy Research and Development Authority](#) (NYSERDA) awarded its largest ever grant—\$5.2 million—to the community under its NY Energy Smart Assisted Multifamily Program.

In 2003, after a partial collapse in one garage, inspectors found 5 of the 8 garages to be unsafe and ordered them closed for extensive repairs. The other 3 garages were able to remain

partially open during repairs. To deal with the parking crisis, New York City allowed angled parking in the community, the large greenways in the complex were paved over to make outdoor parking lots and agreements were made with nearby shopping centers to use their extra parking spaces. All garages were re-opened by January 2008, and work began to restore the greenways that had been paved.

Financial responsibility for these upgrades was the subject of a protracted dispute between RiverBay and the State of New York.^[17] Co-op City was developed under New York's [Mitchell-Lama Program](#), which subsidizes [affordable housing](#). RiverBay charged that the state should help with the costs because of severe infrastructure failures stemming from the development's original shoddy construction, which occurred under the supervision of the state. The state countered that RiverBay was responsible for the costs because of its lack of maintenance over the years. In the end, a compromise had the state supplying money and RiverBay refinancing the mortgage, borrowing \$480 million from New York Community Bank in 2004, to cover the rest of the capital costs.^[18]

In 2007, the power plant was in the process of upgrading from solely managing the electricity brought in from [Con Edison](#) to a 40-megawatt tri-generation facility with the ability to use oil, gas or steam (depending on market conditions) to power turbines to produce its own energy. The final cost of this energy independence could be as much as \$90 million, but it is hoped to pay for itself with the savings earned—with conservative estimates at \$18 million annually—within several years. Also, whatever excess power generated after satisfying the community's needs will be sold back to the electrical grid, adding another source of income for RiverBay.

In September 2007, a report by the New York Inspector General, Kristine Hamann, charged that the Division of Housing and Community Renewal (DHCR), which is responsible for overseeing Mitchell-Lama developments, was negligent in its duties to supervise the contracting, financial reporting, budgeting and the enforcement of regulations in Co-op City (and other M-L participants) during the period of January 2003 to October 2006. The report also chided Marion Scott management for trying to influence the RiverBay Board by financing election candidates and providing jobs and sports tickets to Board members and their family/friends—all violations of DHCR and/or RiverBay regulations. The DHCR was instructed to overhaul its system of oversight to better protect the residents and taxpayer money.^[19]

In October 2007, a former board president, Iris Herskowitz Baez, and a former painting contractor, Nickhoulas Vitale, pleaded guilty to involvement in a kickback scheme. While on the RiverBay Board, Baez steered \$3.5 million in subsidized painting contracts for needed work in Co-op City apartments, to Vitale's company, Stadium Interior Painting, in exchange for \$100,000 in taxpayer money.^[20] Ms. Herskowitz Baez was sentenced to 6 months in jail, 12 months probation and given a \$10,000 fine in March 2008.^[21]

This "city within a city" also has eight parking garages, three shopping centers, a 25-acre (100,000 m²) educational park, including a high school, two middle schools and three grade schools (the high school, [Harry S. Truman High School](#), is unusual for having a planetarium on the premises), power plant, a 4-story air conditioning generator and a [firehouse](#). More than 40 offices within the development are rented by doctors, lawyers, and other professionals and there are at least 15 [houses of worship](#). Spread throughout the community are six [nursery schools](#) and [day care](#) centers, four basketball courts and five baseball diamonds. The adjacent [Bay Plaza Shopping Center](#) has a 13-screen multiplex movie theater, department stores, and a supermarket.