



NEWSBEAT...

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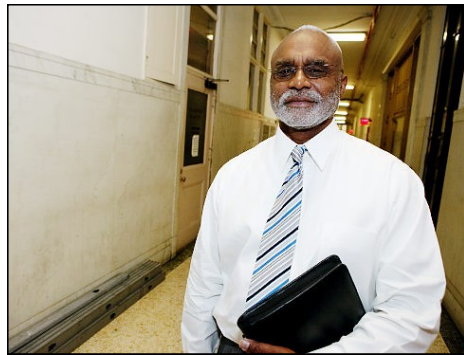
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"We're tired of being treated like second-class citizens in our own building"

E. Harlem tenants fighting "predator"

(The following Article is reprinted from the N.Y. Daily News, May 21, 2010, written by Juan Gonzalez)

Like many New Yorkers, retired railroad engineer Hilary Saunders lived for decades in a rent-stabilized Mitchell-Lama apartment - a place a working-class guy like him could afford.



Mr. Hilary Saunders, President of Schomburg Tenants Assoc.

It was in Schomburg Plaza, two East Harlem high-rises that overlook Central Park.

But these days, Saunders and 4,000 other tenants at Schomburg and several other former Manhattan Mitchell-Lama developments are battling to keep their homes affordable. They are victims, they claim, of a "predatory investor," one of many that swept through the city during the housing bubble.

Such investors gobbled up hundreds of rent-stabilized buildings with big money from Wall Street, then tried to force out old tenants and drive up rents. Then the housing market crashed many owners can't meet their heavy debt load.

Tenants say their landlord, New Jersey-based Urban American Management, is so deep in debt it's trying to suck them dry.

The firm, backed by a Morgan Stanley-created investment fund, paid \$918

million for the properties in 2007 at the height of the housing bubble. That was three times what the buildings had sold for only two years earlier.

"We're tired of being treated like second-class citizens in our own building," Saunders said Thursday. He and other tenants met with city Controller John Liu and other elected officials Thursday to plead for help.

"The new tenants get new kitchen cabinets, granite countertops, wood floors," Saunders said. "We get nothing new, and maintenance keeps getting worse."

Then there are the huge electric bills. Most of the developments use electricity for heating and power. Under prior owners, heating and electric were included in the total rent bill.

More than a year ago, Urban American installed separate meters for every apartment and started charging for electricity.

"Tenants were suddenly hit with electric bills of from \$400 to as much as \$1,000 a month," said Dina Levy, head of organizing at the Urban Homesteading Assistance Board.

Doug Eisenberg, the company's chief operating officer, admits there was a "timing" problem. The new metering began in the middle of winter and "tenants were rightfully scared" about the huge new charges, he said.

So scared that they filed complaints with the Public Service Commission, and the commission rolled back the increases.

Eisenberg says his company still wants to find a way to bill for power separate from heating.

"We firmly believe that we as a business need to be responsible citizens to reduce our carbon footprint," he said.

Eisenberg also rejects the label of "predatory investor."

"We go to great lengths to make sure our residents are treated with decency and respect," he said. "These buildings were falling apart, and we've improved them. We haven't tried to force old tenants to leave.

"And we've been able to pay our debt service every month we've owned the buildings," he added.

"That's utter nonsense," said Levy. "Urban American is the poster child for predatory investing. This was one of the most insane deals of the real estate boom, and there's no way they can pay their debt with the rent rolls from these buildings."

Along with [State Sen. Bill Perkins from Harlem](#) and State Assemblyman Micah Kellner, the tenants are demanding that Eisenberg produce audited statements that would show the health of the financial status of the buildings and would justify the huge electricity charges.

Tenant advocates say these Mitchell-Lama buildings are only a tiny portion of the 100,000 apartments that predatory investors purchased during the housing crash that are now drowning in debt.

All Saunders and his neighbors want to do is pay a rent they can afford and be left alone.

