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Early Checks Help Multifamily Units

By JOSEPH DE AVILA

Scores of multifamily buildings across New York City fell into disrepair in the aftermath of the financial crisis, leaving thousands of residents living in substandard housing.

The city responded with a new enforcement program that tries to identify troubled buildings before they become dilapidated. A year later, city officials say they are making progress.

City Council Speaker Christine Quinn, who backed the initiative, said that three quarters of the buildings initially targeted by the program have shown improvement.

Still, "It's certainly not done," Ms. Quinn said of the effort.

Foreclosures on multifamily properties—often an indicator that a building will become neglected—soared in the city after the housing-market collapse. About 690 properties received foreclosure notices in 2009, up from about 345 in 2007, according to the Furman Center for Real Estate and Urban Policy. In 2011, 491 properties received foreclosure notices.

During the housing boom, many real-estate developers placed big bets on multifamily housing, and many went sour. Landlords, both large and small, defaulted on the mortgages used to acquire the properties.

The sheer number of problem buildings made solutions difficult to address, officials said.

"No one in any city was prepared for the impact the financial crisis had on real estate," Ms. Quinn



said in an interview. "We reacted incredibly quickly," she added, citing a law that the city passed in 2007 to address the worst-of-the-worst buildings.

The new early-detection system called the Proactive Preservation Initiative put into effect in January 2011 was another city effort to stem the number of buildings falling into bad conditions.

"All of their tools were being stretched," said Dina Levy, a director at the Urban Homesteading Assistance Board, a housing advocacy group. The new early-detection system was a good reaction to the crisis, she said.

In the past, the city's Department of Housing Preservation and Development relied mainly on calls to 311 from residents after buildings already had begun to rack up code violations. The new program changed the city's housing-maintenance policy, aiming to identify and fix deteriorating multifamily buildings before they become worse.

Teams of HPD investigators were formed to inspect buildings and to analyze data such as tax debt looking for signs of deterioration. To date, HPD has surveyed about 640 buildings citywide and expects to do 500 more each year going forward.

In July, HPD disclosed a list of 57 buildings deemed "at risk." HPD officials said 18 of those properties were able to get off that at risk list by making the needed repairs.

Since August, the city added another 95 buildings to the list after doing surveying additional properties. And about a dozen of the at-risk buildings were added to a separate list of the worst-of-the-worst properties in the city.

"We caught them early, and we've been able to push them to where they need to go," said HPD Commissioner Mathew Wambua. Prior to the early-detection program, several of those buildings may have slipped into substandard conditions without the knowledge of HPD, he said.

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