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CHANGE IN THE BANK

Who'da thought? Housing advocates and billion-dollar banks join forces to police Bronx slumlords. > *By Maura McDermott*

It's not that Stephanie Delaney has so much in common with the bankers in Beverly Hills.

The Bronx mother of two has seen rats scuttling across her stove, scurrying from a tunnel they chewed through the wall beside her bathtub and even running up and down her curtains.

At night, the trash in the courtyard of 2275 Morris Avenue--where she pays \$500 a month for a one-bedroom apartment--writhes with rats as they scrounge for their dinner, emerging with pizza crusts and other treats clutched in their jaws.

She's a long way from 90210. But now Delaney and First Bank of Beverly Hills, which holds the mortgage on her building, share a mission: to get rid of her absentee landlord. It's an unlikely alliance, but it seems less unlikely given the feisty organization that brought the two together. The advocacy group, the Northwest Bronx Community and Clergy Coalition, is well known for its no-mercy campaigns against slumlords and the see-no-evil banks and city officials that look the other way.

Over the years, Delaney's building racked up 314 violations of the city's housing code and \$16,500 in fines, but that never seemed to convince landlord Sander Gjonaj to change his ways. So instead of simply continuing to help tenants like Delaney report dangerous and unlivable conditions to the city's Department of Housing Preservation and Development, the coalition developed an innovative strategy: Alert the mortgage holders.

When banks grant mortgage loans, they protect their investments with a so-called "good-repair clause" requiring landlords to keep buildings in sound condition. But that directive, buried in pages of legalese in mortgage agreements, often goes ignored.

Looking into the records, NWBCCC found that one institution, Long Island-based North Fork Bank, holds the mortgages of nearly four in 10 apartment buildings in the area. "We sat back and realized that [the neglected buildings] had something in common," says Bevon Dabrio, president of her local arm of the coalition and a tenant at 2185 Grand Concourse. "So we said, okay, we can do a joint effort."

The coalition thus revived a strategy it had used to good effect in the late 1970s and early 1980s, when neighborhood organizers successfully pressured banks such as Dollar Dry Dock and Eastern Savings to force landlords to honor the good-repair clause by fixing leaky roofs and broken windows. Pushing banks to get involved in repairing more than 20 buildings, they've had some success at making the changing economics of lending in Bronx work for tenants.

It may be an old trick, but it's particularly timely now. As a supercharged economy leads reputable banks like North Fork to seek investments in even the poorest urban areas, landlords looking for lower interest rates have ditched



storefront mortgage brokers in favor of banks.

What's more, a 23-year-old law called the Community Reinvestment Act compels banks to quit "redlining" undesirable neighborhoods. Regulators can prohibit misbehaving banks from relocating branches or--most significantly--from merging. Since mergers are about as hot as Harry Potter these days, banks ignore the law at their own risk.

So far, the alliance between North Fork and the coalition has had impressive results. As the bank has learned of hazardous conditions in its investments, tenants have seen burned-out apartments rehabbed, a roof replaced and new intercom systems and mailboxes installed. At one building, the landlord hired a superintendent for the first time in years. Advocates at Northwest Bronx credit North Fork's ongoing bid for a hostile takeover of Dime Savings Bank of New York: The bank is seeking good public relations and a thumbs-up from CRA examiners, they say.

The partnership with North Fork has worked well. But legally, the coalition is not on firm footing, since the reinvestment law only requires banks to invest in their communities, not to monitor those investments.

Indeed, not all banks have been as receptive. When Yolanda Vann, chair of the coalition's housing committee, approached Dime seeking a collaboration, the bank brushed her off. An ongoing partnership with the coalition "might too closely align the Bank with the interests of the tenants," vice-president John F. MacDonald Jr. wrote to Vann in September, "at the risk of alienating the Bank's customers, the owners."

George Klett, a vice-president at North Fork, says his bank is not worried: "The reputable owners don't mind." In a letter to the coalition, Klett emphasized his Bronx roots and his bank's interest in making loans to good owners and bringing slumlords--inherited from the banks North Fork has acquired, he says--into line. Chief Executive Officer John Kanas even toured the neighborhood with Northwest Bronx to see his collateral first hand.

It's hard to imagine the head of the First Bank of Beverly Hills doing the same, given that his office is nearly 3,000 miles away. Instead, the West Coast institution, whose New York mortgage loans totaled \$33.5 million in 1999, must rely on an investigator based in Westchester.

Although the bank's investigator did tour Delaney's building after the tenant sent an informative letter to CEO Richard Cupp, the visit was ultimately of little use. According to Delaney, the investigator "chose to ignore" the collapsing ceilings, rat-infested basements, crumbling plaster and broken stairs. She says a bank official told her that the investigator had cited only a "cleanliness problem" in his report to the bank, a phrase that galls her.

Jim Preston, a vice-president at Wilshire Credit Corporation, an affiliate of the bank, would not comment except to confirm that the bank does hold the building's mortgage.

A recent visit to Delaney's building found more than just trash in the hallways. On the stairway up to the roof, one step was missing, leaving a gaping hole. A metal bar was missing from the stairway railing on the fifth floor, leaving enough space for a child to slip through.

Aleda Collier lives on the fifth floor with her two-year-old son Ramel, and is furious about the hazards. A window once fell from its frame and nearly landed on her son's head, she says. Fungus caused by leaks rendered her last apartment unlivable, forcing her to move across the hall, where hot water is an unpredictable luxury.

A few residents have gone on rent strike in protest. Gjonaj, who is seeking to evict Delaney, did not return calls seeking comment. But a private contractor hired by Gjonaj says he had begun placing rat poison in walls and fixing up hallways, stairs and unoccupied apartments.

The situation is so dire, though, that the tenants have asked the city to take the building out of Gjonaj's hands. Seeing its investment threatened, the First Bank of Beverly Hills has filed for foreclosure, its first real move against the landlord.

Northwest Bronx is now trying to expand the effort. Joining a coalition of community organizers who met with federal officials in April, NWBCC got bank regulators to hold a neighborhood hearing in the Bronx and to consider amending the way they evaluate banks seeking mergers nationwide, so that banks might quit tolerating slumlords.

Such moves encourage the tenant leaders, but should Delaney and her neighbors really rely on, say, the Federal Reserve Bank for heat and hot water?

Their concerns are "a housing department issue rather than a lenders' issue," says Peter Bakstansky, a senior vice-president at the Reserve.

Given the city's chronic inability to force landlords to keep buildings in good condition, it's a worthy effort, says Sarah Ludwig, executive director of Neighborhood Economic Development Advocacy Project, who has been following Northwest Bronx's moves. Still, she cautions, "you certainly don't want to privatize code enforcement."

Even those putting the new strategy into practice have some doubts. Although Dabrio remains hopeful, she says that, so far, North Fork's letters and visits have been "not effective at all" in forcing her landlord to fix the problems. Dabrio's opinion on what might work against slumlords is blunt. "They need to put them in prison," she says. "The way I see it, [tax enforcement] is like putting a criminal back on the street. It's just too easy."

Maura McDermott is a reporter for the Riverdale Press.

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