



THE NEIGHBORHOOD ENTREPRENEURS PROGRAM

What Tenants Should Know



The City of New York
DEPARTMENT OF HOUSING PRESERVATION
AND DEVELOPMENT

ENTREPRENEURS PROGRAM

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NEIGHBORHOOD

Guide for Tenants



The City of New York
**DEPARTMENT OF HOUSING PRESERVATION
AND DEVELOPMENT**

NEIGHBORHOOD ENTREPRENEURS PROGRAM

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Award Winner

For more information about the Neighborhood Entrepreneurs Program, please call the program office at (212) 863-7347

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NEP

The Neighborhood Entrepreneurs Program (NEP) is an initiative that was created in 1994 by the City of New York's Department of Housing Preservation and Development (HPD) and the New York City Housing Partnership to rehabilitate city-owned buildings and transfer them to local companies to own and manage. Effective July 1st, 2001 The Enterprise Foundation (Sponsor) assumed the role of the NYC Housing Partnership. NEP is one of several city-sponsored programs that return city-owned property to the community. In seven years, the program successfully rehabilitated 356 buildings with 3,292 dwelling units and 93 commercial units.

SELECTION OF BUILDINGS FOR NEP

NEP, working with a Neighborhood Task Force of local non-profits, community boards and other local groups, identifies buildings for the program. In an effort to redevelop entire neighborhoods and blocks at a time, a group of buildings within the same area is selected to be an NEP cluster. Each cluster usually has an average of 11 buildings with approximately 150 apartments; about 75% of the apartments are occupied and 25% are vacant. For each cluster, NEP and the Sponsor choose an "Entrepreneur" to manage, rehabilitate and eventually own the buildings.

TENANT INTERIM LEASE OPT OUT

Once tenants are given written preliminary notice of their building's selection for NEP, they have 120 days to apply to the Tenant Interim Lease (TIL) program. If accepted into TIL, tenants purchase their apartments for \$250, form a cooperative, manage their own building, and oversee renovation. In order to be accepted into TIL, tenants

must meet the following program requirements prior to submission of their application:

- 60% of the legal tenancy must vote in favor of applying for TIL;
- rent collection must be at least 50% of the rent roll for three (3) consecutive months;
- tenants must form a viable tenant association and elect officers;
- officers must be current in their rent payments.

Tenants interested in TIL should contact the TIL unit at HPD (212-863-7318) as soon as possible after they have received notice that their building has been selected for NEP. Tenants in buildings selected for NEP who did not submit an application within 120 days, or buildings that are not accepted into TIL, will automatically enter NEP; tenants can expect that new management and plans for rehabilitation will begin shortly thereafter.

SELECTION OF ENTREPRENEURS

HPD and the Sponsor issue a Request for Qualifications (RFQ) to select the Entrepreneurs. RFQ's have been issued four times – in 1994, 1995, 1997, and 1999. Since the program's inception, approximately 450 companies have applied to be Entrepreneurs. Of those companies, 38 were selected to participate in the program. To be considered, entrepreneurs must be neighborhood-based (either live, work or do most of their business in neighborhoods where clusters have been identified) and they must manage at least 50 apartments. Entrepreneurs are then selected for NEP based on the following criteria:

- property management experience;
- financial strength;
- rehabilitation experience;
- past work experience with government and non-profit organizations;

- extent to which they are tied to the community.

The review of Entrepreneurs by HPD and the Sponsor is extensive. It involves checking their references in the real estate industry, banks and the community. The review also includes a visit to their offices, inspections of the buildings they manage, and confidential interviews with their current tenants and superintendents.

GENERAL TIMELINE AND PLAN FOR BUILDINGS IN NEP

Selection of Local Non-profit Partner

At the time buildings are selected to be in NEP, the Sponsor identifies locally based non-profit groups to work with each cluster. These non-profits will:

- attend program meetings with tenants;
- meet individually with tenants to survey tenants' income, family composition, and special needs with respect to temporary or permanent relocation or needs for other social services (the information given on these surveys is extremely important in determining the needed apartment size and the tenant subsidy);
- work closely with the Entrepreneurs on Cluster relocations;
- help organize tenant associations; and
- be available to answer tenants' questions and concerns throughout the NEP process.

Management of Buildings

Four months after tenants are notified that their building is being considered for NEP, HPD will turn over the day-to-day management of the building to the Entrepreneur unless the tenants apply to and meet the requirements for application to HPD's TIL program.

Rehabilitation of Buildings

Approximately one year after the Entrepreneur begins to manage the buildings in a cluster,



Charles Pickard relaxes in his newly-renovated studio apartment in Harlem.

rehabilitation of some of the buildings will begin. At this time, tenants may need to be temporarily relocated (described in “Relocation and Tenants’ Rights” section). Also, HPD will transfer ownership of the buildings to the Sponsor, which will own the buildings during the rehabilitation period. The Entrepreneur will continue to manage and oversee the general contractor who is rehabilitating the buildings.

Completion of Buildings

It takes approximately two years for all buildings in a Cluster to be completed once construction has started. The rehabilitation time for each building varies depending on the size of the building, the level of work required and the need for temporary tenant relocation. Typically, one building may take eight (8) months to 18 months to complete.

Rental of Apartments and Sale of Buildings to Entrepreneur

As rehabilitation of buildings is completed, tenants will be moved back into safe, clean, modern apartments. Available vacant apartments will be rented to working families in order to help stabilize the building. As buildings are rented up, the Entrepreneur will take ownership of the buildings from the Sponsor.

>>> Rehabilitation of Buildings



This building at 262-264 W. 123rd Street in Manhattan was rehabilitated through NEP in 1999.

EMERGENCY REPAIRS

Once an Entrepreneur begins to manage a cluster, he/she will visit each building and meet with tenants to determine what immediate repair work is necessary. Some buildings and apartments may be in such hazardous condition that tenants will be encouraged to immediately relocate until their apartment can be fully rehabilitated. The apartments with less hazardous conditions may require immediate repair work. Repair work may not begin on apartments that do not pose safety concerns for tenants until funds for full rehabilitation are made available. Since rehabilitation is planned to bring all buildings up to safe, modern standards, not all repair work can be performed immediately. The Entrepreneur's primary focus will be on those apartments and buildings that represent hazardous conditions for tenants.

BUILDING DESIGN AND REHABILITATION PLANS

After an Entrepreneur is selected, he/she will hire an architect. The architect will visit the buildings and apartments in order to determine how much repair and rehabilitation is needed and whether

apartments will be redesigned. Based on the surveys each tenant fills out with the local non-profit group, the Entrepreneur will provide information to the architect on the size of families in the cluster. The architect will work with this information so that, to every extent possible, the cluster ends up with the apartment sizes that the tenants need. Entrepreneurs and architects will also examine the feasibility of providing laundry facilities and space for tenant meetings. The tenants are encouraged to cooperate with the Entrepreneur, the architect and the local non-profit group in order for the work to proceed without delay and for the tenants' needs to be met.

REHABILITATION WORK

Once it is determined how much repair and rehabilitation is needed in each building, a general contractor will be identified to do the rehabilitation and approvals will be sought from the Department of Buildings. Also during this time, the Entrepreneur will be working with a bank to ensure that funds are available to pay for the rehabilitation work. The Entrepreneur will hold regular meetings with tenants in each building to inform them of the plans for their building such as:

- what will be rehabilitated;
- when the work is expected to begin;
- what the relocation plans are (described in "Relocation and Tenant Rights" section).

Each building in NEP will be rehabilitated according to program standards. Typically, each building receives new systems (electric, plumbing, heating, etc.), new roofs, major beam replacement, new appliances (stoves and refrigerators), walls, and oak flooring, cabinets, new kitchens and bathrooms, entry doors, intercoms and mailboxes. The walls and floor tiles in the hallways will also be replaced.

> >

"I have been in the same building for almost 50 years. Back then, the apartment wasn't in good shape. The bedrooms didn't have doors and the kitchen needed repairs. Now I have a new apartment with all new appliances. I think they did a great job of restoring the building. Through the years, I have seen a change in the neighborhood. It's safer now. Me and my neighbors are very happy. I think Harlem is a great place to live."

CARMEN RIVERA, tenant,
2022 Third Avenue, East Harlem



TEMPORARY RELOCATION

Relocation begins shortly after the Entrepreneur takes over management of the buildings and continues throughout the rehabilitation period. Tenants will receive written notice at least one month in advance of a moving date. In cases where a tenant's safety is at risk, there may be a need for immediate relocation and every effort will be made to notify the tenant in a timely manner.

Before Rehabilitation

In some cases, tenants will need to be relocated soon after the Entrepreneur takes over management of the buildings. This would be a necessity if the condition of an apartment presents a hazard to the tenant and if the condition cannot be repaired immediately.

During Rehabilitation

In most buildings, tenants will need to be temporarily relocated in order for rehabilitation to occur. This is primarily for the safety of the tenants since, for most buildings, the rehabilitation work is so substantial that it involves replacing major systems such as plumbing and electricity as well as roofs, windows, beams and floors.

More Than One Move

In some cases, tenants may need to temporarily relocate two times before they can permanently move into a completed apartment.

Identification of Temporary Apartments

The Entrepreneur and the local non-profit group will work closely with tenants to determine their relocation needs—apartment size, apartment location (i.e., lower floor for a senior citizen or an apartment in the same school district for a family with school-aged children, etc.). The Entrepreneur will keep tenants informed regarding relocation plans and timing during regularly scheduled meetings and also work to identify an appropriate apartment for

tenants to live in on a temporary basis. To the extent possible, tenants will be able to relocate to other buildings in the cluster or in the neighborhood. Tenants will have an opportunity to visit apartments before moving and every effort will be made to accommodate each family's needs. NEP asks tenants to cooperate with the entrepreneur in the relocation effort because the faster the relocation occurs the faster the buildings can be rehabilitated.

Payment of Rent on Temporary Apartments

Tenants will continue to pay the rent they were charged on their original apartment while they live in the temporary apartment. If the rent in the temporary apartment is greater than what they paid in their original apartment, the Entrepreneur will pay the difference for the temporary apartment.

Temporary Relocation Agreement

Before relocating to a temporary apartment, a tenant will be given an agreement stating that they have the right to return to a newly renovated apartment in the cluster but not necessarily to their original apartment. However, every effort will be made to return a tenant to their original apartment, where possible, assuming it is of appropriate size. Tenants will be given a copy of the signed agreement for their records.

Moving Expenses

The Entrepreneur will pay all reasonable expenses related to temporary relocation. This includes:

- cost of the moving company;
- cost to reconnect utilities such as electricity, gas, telephone, cable (if tenant had cable and telephone service prior to relocation);
- any approved increase in rent;
- boxes and tape will be provided upon request at the cost of the Entrepreneur.

Tenants will be required to pack and unpack their belongings.

PERMANENT RELOCATION

Identification of Permanent Apartments

The Entrepreneur will follow federal guidelines to determine the appropriate apartment size for each tenant based on their family size. This will be reviewed and approved by HPD and the Sponsor. The following are examples of the apartment sizes that match certain family sizes:

- family of one: studio or one bedroom
- couple: studio or one bedroom
- single parent or couple with one child: two bedroom
- single parent or couple with two children (boy & girl): three bedroom
- single parent or couple with three children (2 boys & 1 girl): three bedroom

If a family is a legal tenant and currently in an apartment that has the correct number of bedrooms for their family size, then every effort will be made to return that family to their original apartment once it has been rehabilitated. However, if a tenant is in an apartment that is

either too large or too small for the family size, the Entrepreneur will work with the tenant to identify an appropriately sized new apartment for them to return to after rehabilitation. If a family is in an overcrowded apartment, the Entrepreneur will try to accommodate the family by providing an additional apartment. The Entrepreneur and the local non-profit group will work closely with tenants to determine their relocation needs regarding apartment size and location.

Permanent Relocation Agreement

If a tenant voluntarily chooses to move out of the cluster on a permanent basis, then the tenant will be asked to sign an agreement stating that they understand that they are giving up their rights to return to the cluster. Tenants will be given a copy of the signed agreement for their records.

Moving Expenses

The Entrepreneur will pay all reasonable expenses related to moving to a permanent apartment. The same guidelines for temporary relocation apply for permanent relocation.

Harold Barnes said he feels safe from the drug dealers who once plagued his Bronx building at 2001 University Avenue.



RENT LEVELS

Occupied Apartments

Rents will be set twice:

1) Once the Entrepreneur takes over management of the buildings, rents will be raised to an amount equal to \$55 per zoning room. If the rent was already higher than \$55 per room, then that apartment's rent will remain the same. If the rent increase presents a hardship to a tenant (meaning that the new rent would be higher than 30% of the tenant's income), then that tenant can apply to HPD for an Interim Payment Agreement (IPA). This will keep the rent at the original level, or at 30% of their income, or the maximum shelter allowance (Public Assistance recipients), but not lower than the original rent prior to NEP selection. It is necessary for the tenant to fill out a tenant survey with the non-profit in order for the IPA to take effect.

Example: If your rent was raised to \$247.50 and your current total monthly household income is \$600, then your rent would be a hardship (more than 30% of your income). After an approved IPA, your rent would be lowered to \$180, which is 30% of your \$600 monthly household income.

2) Once rehabilitation of the building is completed, rents on apartments occupied by legal tenants will be set based on the lowest rent level that results when the following criteria are applied:

- 30% of the tenant's income;
- maximum shelter allowance; or
- rent allowed by the federal Low Income Housing Tax Credit program.

At this time, rents will be subject to rent stabilization. Each year, tenants will be required to recertify their income in order to continue to be eligible for a below market rent.

Vacant Apartments

Rents will be set at either the amount allowed by the federal Low Income Housing Tax Credit program or at market rate. These rents will be subject to rent stabilization. The following is the schedule of rents currently allowed under the Low Income Tax Credit program:

- Studio: \$375 per month
- One bedroom: \$425 per month
- Two bedrooms: \$475 per month
- Three bedrooms: \$525 per month
- Four bedrooms: \$575 per month

Market rents will be set at the current market rate for the particular neighborhood.

POST-CONSTRUCTION RENT INCREASE NOTICES

Notice of Substantial Completion and Proposed Rent Increase

When 95% of the construction is completed, a letter indicating the current rent and the scheduled rent for the apartment will be sent to tenants. The scheduled rent is the rent registered with the New York State Division of Housing and Community Renewal (DHCR), not the amount the tenant will be responsible for paying. Tenants will not be in their permanent apartment at the time this letter is sent.

Notice of Rent Increase

This letter will indicate the scheduled rent and the collectible rent. The collectible rent is the amount for which the tenant is responsible. The collectible rent in this letter is based on the tenant's income certification. Tenants will receive this letter 30 days after the "Notice of Substantial Completion."

Rent Order

This letter shows the scheduled rent and is used to register the scheduled rents with DHCR. Tenants will receive this letter 60 days after the “Notice of Substantial Completion.” (Remember: The collectible rent is the amount the tenant is responsible for paying).

LEASES

Before Rehabilitation

Once the Entrepreneur assumes management of the building, each legal tenant who wants to remain in the cluster will be required to enter into a **month-to-month** lease with a rider that has been approved for NEP. Every tenant of record will then receive a signed copy of the lease for his or her records.

After Rehabilitation

Once the building is completed, each legal tenant remaining in the cluster will be offered a rent-stabilized two-year lease. **New tenants of the cluster have an option of signing a one- or two-year lease. (NEW RULE Section 35-6, Rent Setting of the New amendment for NEP, letter I.)** Every legal tenant will receive a copy of the signed lease plus any other documents that are signed in connection with the apartment. Tenants must certify their household income and family size prior to moving into a newly rehabilitated apartment. This certification will be revised each year the tenant remains in the cluster.

MANAGEMENT AND MAINTENANCE POLICIES

Rent Collection

Cash will not be accepted for payment of rent. Entrepreneurs will provide each tenant with a rent receipt or monthly statement that shows

rent payments made to date and arrears, if any.

Building Maintenance

Entrepreneurs will assign a superintendent and porter to each building. They will be responsible for the general daily upkeep of the buildings. Once Entrepreneurs begin to manage their buildings, tenants will be provided with 24-hour contact numbers in the event of an emergency.

Security

Buildings will be secured to every extent possible when the Entrepreneur begins to manage the buildings. When rehabilitation is complete, building entrance doors will be locked and intercoms will be in working condition. Additionally, each Entrepreneur will develop a security plan for the buildings in their cluster that includes:

- enrolling the buildings in the “No Trespass Program” sponsored by the District Attorney’s office;
- setting up “vertical patrols” with the local police precinct;
- working with residents, tenant associations and the local non-profit assigned to the cluster.

House Rules

Each Entrepreneur will develop house rules that will be given to tenants with their month-to-month leases and their rent-stabilized leases. These will be discussed with tenants at regularly scheduled meetings. Tenant associations are encouraged to work with the Entrepreneur to develop these rules and to help ensure that they are followed.

Pets

Existing tenants who had pets prior to their building being included in NEP will be allowed to keep their pets. This provision does not apply in cases where the animal is causing property damage, being a nuisance or endangering other tenants.



"I heard that this neighborhood was pretty wild back in the day. Now, it's pretty quiet. Everybody says, 'Hi,' especially the people in the building. They're very friendly. I'm comfortable here. I like it."

MARISOL BAYON and her family, tenants, 557 Kosciusko Street, Brooklyn

Selection of Tenants for Vacant Apartments

The Entrepreneur is responsible for renting the vacant apartments in their cluster. Rents for these apartments will be advertised in local newspapers and the marketing effort will be conducted in compliance with federal fair housing standards. Entrepreneurs will evaluate the following information in order to determine whether to rent an apartment to a household that has submitted an application:

- whether the family meets income requirements for the apartment for which it is being considered and their ability to pay the rent;
- the family size;
- the family's rent payment history;
- the family's credit history (usually from Housing Court judgments); and
- a home visit.

Working With You

NEP appreciates the length of time many tenants have lived in their apartments, despite the conditions in some buildings, and is committed to the building's rehabilitation. HPD and the Sponsor encourage NEP tenants to organize tenant associations and develop cooperative relationships with the Entrepreneurs. The non-profit organizations that work with the tenants and Entrepreneurs are resources for information about social services, and tenant rights and responsibilities. Tenants who have problems with the rehabilitation or management of their buildings are encouraged to contact the Entrepreneur. The local non-profit and NEP staff from HPD are available to answer any questions regarding the management and development of the buildings.

While NEP is intended to stabilize, improve

and provide safe and affordable housing, in some cases a tenant might find it difficult to pay the rent or may be so disruptive to their neighbors that an Entrepreneur may be forced to take legal action. If a tenant is willing to work with the Entrepreneur and non-profit to correct any problems, every effort will be made to work with the tenant to preserve their tenancy. However, if a tenant refuses to pay rent, damages or destroys property, or participates in criminal activity connected to the cluster, the Entrepreneur will be forced to pursue legal action in an attempt to remove the tenant.

NEP recognizes that when tenants work together to protect and preserve their living environment and support one another, buildings and neighborhoods become stable, comfortable places to live. With the cooperation of all involved, it is our hope that all NEP buildings will be successful.

Erma Warren said her building at 557 Kosciusko Street in Brooklyn has gone from "BAD to beautiful!"



Below is a list of agencies, programs and terms associated with the **NEIGHBORHOOD ENTREPRENEURS PROGRAM**. This glossary will provide you with a general understanding of those terms as they relate to your participation in the program.

HPD

HPD is an abbreviation for the New York City Department of Housing Preservation and Development, the nation's largest municipal housing agency.

NEP

NEP is an abbreviation for Neighborhood Entrepreneurs Program, a nationally recognized initiative in which HPD works with elected officials, non-profit organizations and locally based entrepreneurs to select and rehabilitate City-owned, multi-family buildings for residential rental housing.

TIL

TIL is an abbreviation for Tenant Interim Lease, an HPD program that allows tenants in City-owned buildings to purchase their building from the City to manage and operate as a co-op.

DHCR

DHCR is an abbreviation for the New York State Division of Housing and Community Renewal. DHCR oversees rent regulation.

IPA

IPA is an abbreviation for Interim Payment Agreement.

This is an agreement between HPD and an NEP tenant. If the rent increase in the newly renovated apartment presents a hardship for the tenant, then they can apply to HPD for an IPA. This subsidy will keep the rent at the original level or at 30% of their annual gross income.

Entrepreneur

The entrepreneur is the real estate professional who works with HPD to rehabilitate, manage, and eventually own the renovated buildings within a cluster.

Cluster

A cluster is a group of buildings within the same area selected for rehabilitation through NEP.

Survey

Process in which a non-profit organization working with the entrepreneur gathers information from tenants on family income, family size and special needs (1st floor apartment for elderly tenant in building with no elevator). The information is used to determine the apartment size and the amount of subsidy assigned to each tenant for temporary and permanent relocation. The information is also used to address tenants' social service needs.

Rehabilitation

Installation of building improvements such as new systems (electric, plumbing, heating) new roofs, major beam replacement, new appliances (stoves & refrigerators), walls, and oak flooring, cabinets, new kitchens and bathrooms, entry doors, intercoms and mailboxes. Walls and floor tiles in the hallways will also be replaced.

Temporary relocation

The short-term assignment of tenants to other apartments in their buildings or to other buildings within their NEP cluster as a safety measure while the entrepreneur rehabilitates the tenant's building. Tenants receive a 30-day notice in advance of temporary relocation.

Temporary relocation agreement

A signed agreement between the tenant and the entrepreneur stating the tenant's right to return to a newly renovated apartment in the cluster, but not necessarily their original apartment.

Permanent relocation agreement

A signed agreement between the entrepreneur and a tenant who voluntarily chooses to move out of the cluster permanently. The agreement states that the tenant understands that they are giving up their rights to return to the cluster.

Permanent relocation

The permanent assignment of a tenant to a newly renovated apartment based on the tenant's needs regarding apartment size and location within the cluster.

Scheduled rent

The amount of rent registered with the New York State Division of Housing and Community Renewal.

Collectible rent

The amount of rent the tenant is responsible for paying each month.

