

City Limits

**RUDY'S
BIG PLAN**

Privatize!

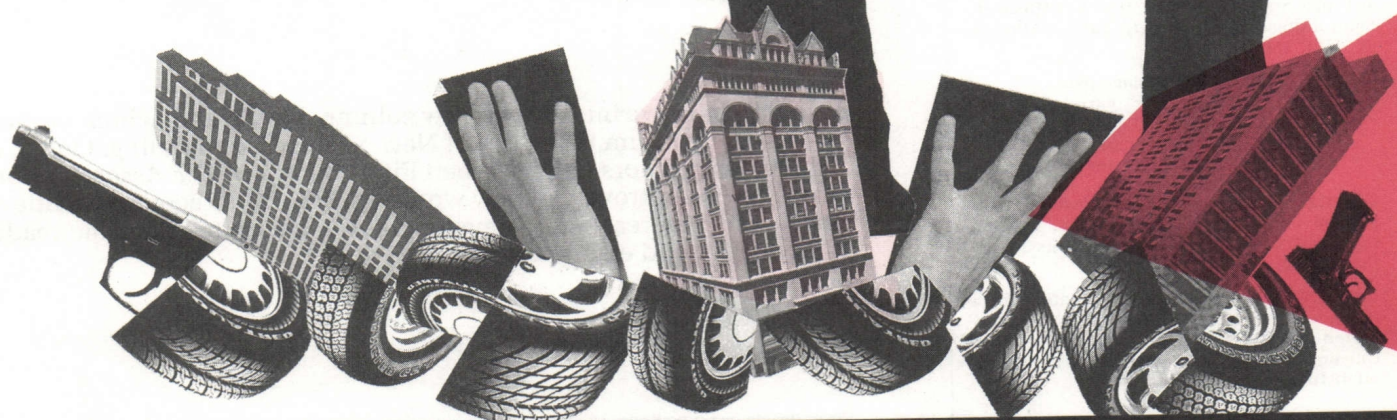
DOWNSIZE!

Pie in the sky?



Activism reborn
at Red Hook Houses

The true cost of
Staten Island secession



Breaking the East Harlem Machine

City Limits

Volume XIX Number 2

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Counterfeit Co-ops

It's no secret that the co-op conversion boom of the 1980s had a devastating impact on affordable housing. The extent to which it has made life in this city less tenable for low income people is now becoming much clearer.

In 1992, *City Limits* reported that the census bureau's latest Housing and Vacancy Survey showed a precipitous decline between 1987 and 1991 in the number of vacant low rent apartments, and an even steeper increase in the number of apartments renting for more than \$1,000. Tenant advocates have offered one explanation for this change: reckless speculators who converted rental buildings to co-ops during the 1980s were unable—or unwilling—to sell their goods as the market turned sour; now, they are renting out pricey “luxury” apartments to amass profits and pay off their tremendous debts.

This theory is proven accurate in a remarkable new report, “Unraveling the Myth: Co-op Conversion in New York City, 1987 to 1990,” by Jocelyne Chait and published by the Community Training and Resource Center. Its highly technical text makes for difficult reading, but amid the jargon is some very solid analysis that makes clear exactly how weak the state regulations governing co-op conversions are—and how imperative it is that they be reformed *before* the market recovers.

Chait looked at financial documents and conversion plans filed with the state for nearly 300 rental buildings turned into cooperatives between 1987 and 1990. She found that, in the large majority of cases, buildings became co-ops in name only; in fact, sponsors held onto most of the apartments. As the units became vacant, they were deregulated and rented to new tenants at luxury rates.

These buildings are, in effect, “counterfeit co-ops.” In many cases, the sponsors retain control of the entire building because they hold the majority of co-op shares. Even the notion of homeownership becomes a farce for the few residents who bought their apartments: effectively, they have no more say in the management of their building than when they were renters.

Nearly 275,000 rent regulated apartments “will eventually be lost as a result of co-op conversion activity” during the 1980s, Chait writes.

Today, real estate industry data show the market for co-ops may be recovering, albeit very slowly. We have had a hiatus in the last few years, when conversions were virtually nonexistent. But it won't last forever. The state Senate has stonewalled a bill, submitted by former Attorney General Robert Abrams, that would require converters to sell apartments to at least 25 percent of a building's current tenants and prohibit warehousing of more than 5 percent of a building's apartments prior to a conversion. The bill is a small step in the right direction. Our new attorney general, G. Oliver Koppell, should resubmit the proposal quickly now that the legislature is back in session. The rest of us should hold downstate Republican senators accountable for their failure to take the necessary action.

* * *

In this issue we introduce a new column, Planwatch, which promises to be a lively forum for critics of New York urban planning. One of our regular contributors will be Robert Fitch, author of *The Assassination of New York*, a controversial new work about the city's economic slide and the schemes of real estate developers. He is sure to rile some readers, rally others—and engage everyone. □

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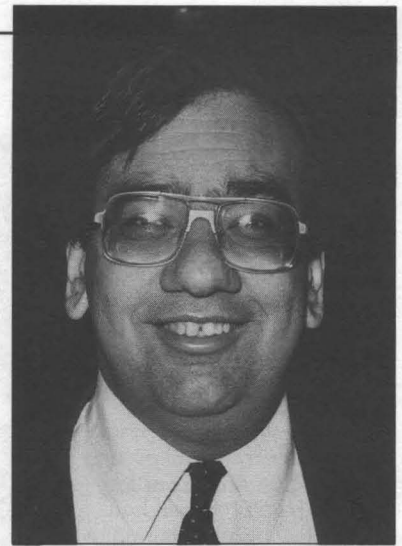
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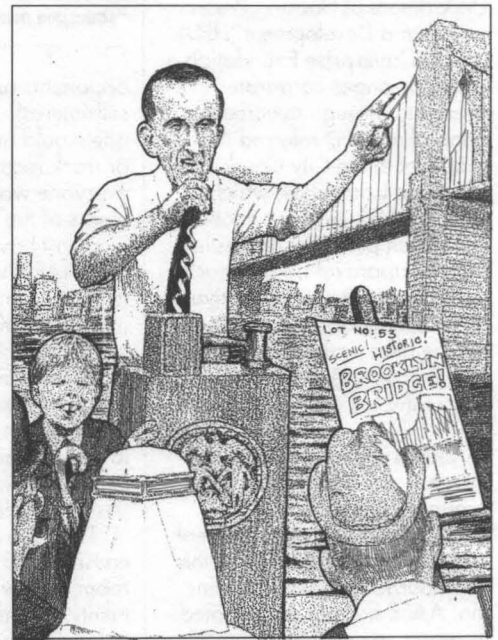
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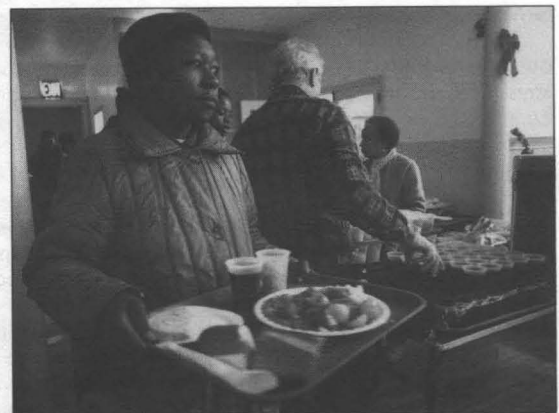


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LOCKING HORNS

A turf battle between local nonprofits has led to delays in the rehabilitation of three abandoned, city-owned buildings on the Lower East Side.

City Councilmember Antonio Pagan, the former director of the Lower East Side Coalition Housing Development Inc. (LESCHD), stalled a proposal last October by a rival organization, Asian Americans for Equality (AAFE), to build 48 units of low income housing at 241 East 2nd Street and 340-42 and 344 East 4th Street.

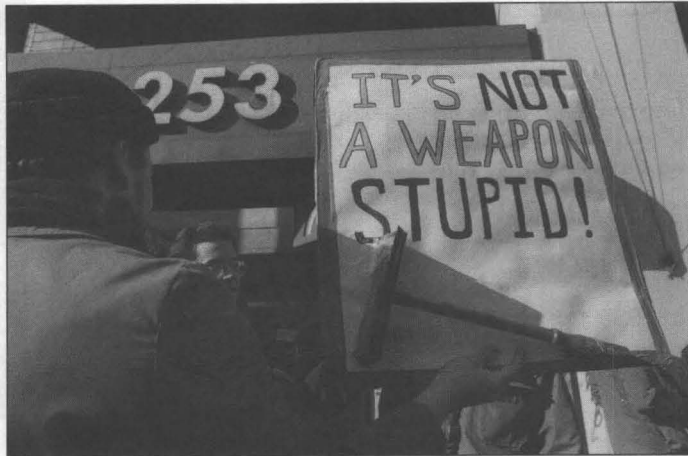
Last year, AAFE won financing for the project from the city's Department of Housing Preservation and Development (HPD) and the Enterprise Foundation, which arranges corporate financing through tax credits. Soon after, HPD referred the proposal to the City Council's Land Use Committee, which approved the plan in October. But Pagan promptly requested that the approval be sent back to the committee, a legislative tactic that forces HPD to resubmit the plan and, once again, win the committee's assent before the full council can vote on it.

Zulma Zayas, executive director of LESCHD, says her group should have been awarded the development deal because it has closer ties to the neighborhood. She complains that AAFE has not participated in recent community events, such as the annual Avenue C street fair, and says the Chinatown-based group is encroaching on her group's territory.

"I won't go into Chinatown out of respect for AAFE," she says. "If there are no more buildings in Chinatown, well, tough. Let people in the neighborhood develop their own buildings." Zayas says she is sending a letter to the new HPD commissioner, Deborah Wright, urging her not to support AAFE.

The delay probably won't kill the project, according to AAFE housing director David Sobel. He says HPD and the Enterprise Foundation have told his organization to continue preconstruction preparations.

Sobel contends AAFE's



Among the protestors at the inauguration of Mayor Rudolph Giuliani was a contingent of activists and homeless men and women. They demonstrated against the new mayor's proposed crackdown on street people and "squeegee men."

opponents are motivated by self-interest. "I don't think anyone would question our ability or track record," he says. "If everyone was focused on the merits of the project, this delay wouldn't have happened." He says AAFE has collected letters from 20 community groups and more than 500 signatures on petitions urging that the project move forward. He takes umbrage at the suggestion that Latino groups should get priority to develop housing in Latino communities: "We do not build 'Asian housing,'" he says.

The \$2.6 million project will consist of 48 studio, one-bedroom and two-bedroom apartments. Two-thirds will be rented to low income people at rents of \$345 to \$443 a month, says Sobel. The rest will go to homeless families at somewhat higher rents, subsidized by federal Section 8 rental vouchers. Seventy percent of the financing will come from HPD, the rest from corporate tax credits.

Bill Frey, head of the Enterprise Foundation's New York office, says that of the five groups to apply for the project, AAFE ranked highest on a scale rating organizational and financial capacity, service and management ability, and whether or not the site was in their service area. "We want to have a long-term relationship with partners who can adequately maintain the buildings," he says. "We don't want to go into communities and create controversy."

Yet in granting the contract to AAFE, the foundation ran into the Lower East Side's fractious politics, in which personal and political disputes compound the competition for funds. Many neighborhood organizations resent AAFE for moving north of Chinatown; the group vied with LESCHD for eight buildings in the area between Delancey and Clinton streets in 1989 and with Pueblo Nuevo for six more in 1990. "Race doesn't really play a role in this," says Roberto Caballero of Pueblo Nuevo. "They should build in their designated catchment area."

Councilmember Pagan failed to return phone calls.

Steven Wishnia

HOMELESS INNOVATION

New York City is in the running to get part of a \$100 million pot of federal money from the Department of Housing and Urban Development (HUD) earmarked for new projects that offer creative approaches to providing drug treatment, job placement and other services for homeless people, federal officials say.

The program, called the Innovative Homeless Initiative, consists of two parts: \$75 million will be distributed nationally at HUD's discretion, without any application process; the other

\$25 million will be awarded to government agencies and nonprofits based on the proposals they submit.

Last October, in the program's first grant, Washington D.C. received \$20 million for a two-year project to improve outreach to people living on the streets, fuse social services with transitional housing and streamline development of permanent housing. The district government and HUD have joined together to create a new nonprofit organization to oversee the project, with board representation from government, service providers, businesses and the homeless community.

Los Angeles won the second award last month, but the amount of funding hadn't been determined as *City Limits* went to press.

"We're looking for innovation," says Sharon Maeda, spokesperson for HUD. "If you're thinking of money for more shelters, forget it. What we're looking for are programs that work with people to get beyond homelessness."

New York City officials say they hope to receive one of the discretionary grants, but they have also applied for \$8.8 million from the smaller funding stream. The application, from the Department of Homeless Services and 19 nonprofit organizations including Project Help and the Partnership for the Homeless, requests funding to step up outreach efforts targeting single homeless adults, "normally a service-resistant population," says Sam Szurek, spokesperson for the department. **Steve Mitra**

LAWYERS RETURN

A bitter four-week strike by 320 members of the Legal Services Staff Association was settled on December 23rd when the management of Legal Services for New York City (LSNY), a nonprofit organization that provides free representation to New York City's poorest residents, finally agreed to wage hikes and other concessions.

It was the second time in

three years that the union has gone on strike following the breakdown of contract discussions over salaries, benefits and other issues. "People were angry," explains Scott Sommer, president of the staff association and an attorney at South Brooklyn Legal Services. "Management has forced us out on two contracts in a row."

Among the issues on the table was the step system for pay raises instituted during the last contract negotiation in 1991. Management, Sommer claims, wanted to completely strip the system, which figures annual pay increases based on length of employment, and deny raises to those who had been with Legal Services for more than 21 years.

"Management also wanted to freeze our salaries," Sommer says. "And they had already given themselves twenty to fifty percent pay raises over the last two years." Other union demands included domestic partner health coverage and the right to access to the operation's fiscal records.

Like other nonprofit social service agencies, LSNY depends on funding from government and foundation grants as well as private donations. The union—part of UAW Local 2320—made funding a central part of their strike strategy by asking state and federal elected officials to consider freezing LSNY's funding stream until management agreed to reopen negotiations. Bolstered with letters of support from 11 members of Congress, 17 state senators and 50 state assembly members as well as Borough President Ruth Messinger and State Comptroller Carl McCall, the union finally brought management back to the table just two weeks after the strike began; a settlement was reached a week and a half later.

Whether or not the letters had an impact is unclear; Dale Johnson, executive director of LSNY and the lead negotiator for management, refused to be interviewed for this article. But as one LSNY attorney noted, "It had to be a factor. When you get letters from your funding sources saying they're going to examine your funding, it gives

you pause."

The new three-year contract preserves the step system of pay raises, amounting to a 10 percent wage increase over the next three years. Domestic partner health coverage was approved for gays and lesbians; the union says it plans to file a lawsuit to obtain benefits for unmarried heterosexual couples. And management has agreed to allow the union greater fiscal oversight, Sommer reports.

He adds that, during the strike, managers were able to handle the most pressing court cases, such as claims regarding heat and hot water. Sympathetic judges also postponed a number of cases, hoping the strike would be a short one. Raun Rasmussen, director of the housing unit at South Brooklyn Legal Services, reports that while some cases were delayed, no clients were evicted from their apartments as a result of the strike.

RESOURCES

BLUE COLLAR TOWN

Made in Brooklyn, a documentary by Isabel Hill. Screening Wednesday, February 9, 6 p.m., at the Municipal Arts Society, 457 Madison Avenue at 51st Street; (212) 935-3960.

New York is the quintessential city of office buildings. But there exists a very different kind of city here, though relatively few people know about it, a city of factories where people work with their hands.

New York has lost 700,000 blue collar jobs over the last three decades, and conventional wisdom holds that the service sector will be the savior of New York's future. As Mitchell Moss, urban planning professor at New York University, puts it, "We believe the secret to New York is not manufacturing products that are tangible but manufacturing services...that are converted into ideas or fashion or finan-



LISA KAHANE

A mock funeral procession last month for Terry Taylor, a leader of Tent City and an organizer of the homeless march on Washington who died of AIDS in December, encountered stiff police tactics when five marchers were arrested. Above, the procession headed south on Broadway to City Hall.

"A month before, attorneys began to prepare detailed strike memos," Rasmussen says. "A lot of cases were adjourned or simply resolved slower." In cases where clients were suing landlords for life-threatening

building violations, "we represented them as aggressively as before the strike," Rasmussen says. He notes, however, that new clients were turned away during the three-week strike period. **Jill Kirschenbaum**

cial services."

But *Made in Brooklyn*, an hour-long documentary by Isabel Hill, once a city planner herself, seeks to overturn conventional wisdom. The film is a poignant plea for the preservation of the city's remaining factory jobs and the resurrection of light manufacturing as the city's best hope for reversing unemployment.

Hill chooses the borough of Brooklyn to make her case. She shows several factories at work, including a knit shop in Sunset Park, an egg-cream manufacturer in Brownsville, a brewery in Williamsburg, a gargoyles factory in Crown Heights and the Domino Sugar plant on the waterfront.

"This plant has always been a source of jobs for immigrants over the years," brags a foreman at Domino. "A lot of people refer to this place as the United Nations of sugar refineries."

The film makes a passionate case for changing current city planning trends. Hill explains that planners, using zoning as their ax, are threatening what remains of the city's manufacturing sector by allowing land zoned for factories to be

converted into residential and office space.

Planners argue that manufacturing in New York City is a lost cause: it's too expensive to do business here and an adequate transportation infrastructure just doesn't exist. Yet in dozens of interviews in *Made in Brooklyn*, factory owners located in that borough specifically cite their location as a significant advantage.

"One of the great things is the access. We're right by the bridges and the BQE [Brooklyn Queens Expressway]," says Rachel Simon, an owner of Lights Up, a lamp manufacturer in the Fulton Ferry section.

Hill's documentary argues that, for manufacturing to succeed, planners must encourage it.

"If we are convinced that things are going to get better, we'll move to make them better. If we are convinced they are going to get worse, we'll make them worse and we'll say we're right in either case," says Richard Aneiro who heads the Brooklyn Navy Yard Development Corporation. "You don't follow the economy—you lead it." **Steve Mitra**

A Giant Awakes

After years without a voice in the community, the tenants of Red Hook Houses are finally coming into their own.

When leaders of the tenants association of Red Hook Houses East called a public meeting last month to discuss security in four buildings there, they didn't expect many people to show up.

"People are afraid to come out after dark," explains Judith Dailey, vice president of the group, which represents about 4,000 of the residents in New York City's second-largest housing project. After all, Dailey explains, walking to a meeting through the development's broad, open courtyards means taking the risk of getting caught in the middle of one of the frequent drug battles that send bullets flying and tenants scrambling for cover.

But when Dailey arrived for the meeting in the lobby of one of the project's buildings, she was ecstatic to find 39 tenants crowded into the space waiting to hear a presentation by the Umma Group, a team of tenant patrol organizers from Flatbush. "I was amazed," she says. "Just two years back, you would have just five people show up if you were lucky."

The turnout for security meetings is but one indication that community activism is growing at Red Hook Houses, largely due to the efforts of the project's two tenants associations. Each represents a separate section of the massive complex, east and west, that together house more than 8,000 people in 30 buildings.

For many years, most residents here have been silent on civic matters, in spite of the fact that they account for more than two-thirds of the population of this isolated South Brooklyn neighborhood. As a result, local artists, homeowners and business people—most of them from the area

just north of the housing projects—have been Red Hook's voice in the press and in relations with city officials.

But recent battles over environmental issues, security and community development have galvanized the Red Hook Houses tenant groups, which have won a series of important victories and finally secured a voice for themselves in community affairs. In the process, they have not only been able to grab the attention of city politicians, but have also inspired a



"We have 10,000 residents and no decent park here," says Judith Dailey (above, left, with Beatrice Byrd). She and Byrd are part of a core group of active tenants at Brooklyn's Red Hook Houses.

VINCENT GIANNI

level of confidence among residents of the projects that hasn't existed for years.

"Before, when people wanted to get things done, they would expect others to do it," says Dorothy Shields, president of the east wing's tenants association. "Now they've started doing things themselves."

Immigrant Laborers

A few decades ago, the waterfront community of Red Hook was a vibrant and crowded neighborhood, home to longshoremen, factory workers and their families. Red Hook Houses was one of the first public developments in New York City, built in the 1930s

to house the thousands of immigrant laborers that powered Brooklyn's economy. But during the 1960s and 1970s, the shipping industry went through dramatic changes and Red Hook suffered the consequences when New York lost most of its port business to piers on the New Jersey side of the harbor.

In addition to the loss of thousands of jobs, Red Hook's population declined as well. Current residents number 11,000—about half the 1950 figures, according to federal census data. About 8,000 people live in Red Hook Houses, nowadays cut off from the rest of Brooklyn by the no-man's-land created by the Gowanus Expressway. The majority of these tenants are very poor: 42 percent receive public assistance, the median family income in the projects is \$10,738, according to the New York City Housing Authority (NYCHA), and nearly half of the families are headed by a single parent. And drugs and crime are rife: gunfire in the project's courtyards in the middle of the day is not unusual, residents say.

"I have kids in my class who never play in the neighborhood," says Dailey, who is a special education teacher in nearby P.S. 27.

"There was, and still is, a sense of powerlessness and hopelessness," agrees Beatrice Byrd, president of the tenants association of Red Hook Houses West.

The community's problems have been exacerbated by city policy. Over the last two decades, Red Hook has become home to 22 garbage transfer stations, where commercial garbage is dumped and reloaded onto tractor trailers for shipment out of state, as well as cement factories, warehouses for petroleum-based products, and other industrial facilities—all within a few blocks of the housing project. One of the few redeeming features of this bleak landscape—the waterfront—is largely inaccessible to the public.

"[Red Hook] has become a dumping ground," says Philip Kasinitz, a sociology professor at Hunter College who is writing a book on the history

of the neighborhood and its current turmoil. "It's an area where people have very little political clout, and these facilities were located here simply because it was the path of least resistance."

"It's a clear case of government indifference, neglect and abandonment over decades," adds Eddie Bautista, an organizer with New York Lawyers for the Public Interest (NYLPI), a legal advocacy organization that hooks up community-based groups with pro bono attorneys. Bautista has been working with tenants in Red Hook Houses for three years. "It's not hard to understand why Red Hook has problems," he says.

Only a Handful

The last time tenants were active at Red Hook Houses was during the 1960s, when they were involved in the civil rights movement and neighborhood antipoverty and job campaigns. But by the 1980s, only a handful of people were attending meetings. Though they continued to advocate for services, they had lost their political clout and were often overlooked by local politicians and community board members, who were more likely to hear the concerns of the Red Hook Civic Association, an organization based outside the projects and dominated by homeowners and business people.

It wasn't until the spring of 1991, when the city's Department of Environmental Protection (DEP) decided to locate two sewage sludge processing plants in Red Hook, that the residents of the housing projects began to organize anew.

"They were dumping on us some more," recalls Andrea MacKnight, a 23-year resident of Red Hook Houses and a member of the tenants association. "We needed to stop this."

Tenant leaders from the project became part of a neighborhood-wide coalition, called Red Hook United Coalition Against Sludge, formed to challenge DEP. The effort, which included neighborhood organizing, research and testifying at public hearings, paid off: by the spring of 1992, DEP had withdrawn in its proposal.

"For the first time people saw they could get together and win," says Dailey. "They felt...I guess 'empowered' is the word."

Nearly two years later, that sense

of empowerment remains. At a meeting of the Red Hook East tenants association's leadership, members get down to work quickly. The atmosphere is tense, electric, more in line with a corporate board meeting than a gathering of tenants, all of whom have other full-time jobs. Discussions revolve around filing grant applications for youth programs and meeting deadlines which are just two days away.

"You know, I can't figure out why we find out about these programs so late," says Ernest Crane, a community organizer hired by the Housing

**"They were
dumping on us
again. We needed
to stop this."**

Authority to help tenants mobilize. Dorothy Shields shrugs: "It happens. They call us in the middle of the night."

Yet the group diligently presses on. Plans are made to send in one application as part of a coalition with other community groups, including the Park Slope-based Fifth Avenue Committee. Another, for a drug prevention program, requires them to send in their own grant request.

Then the group turns to the issue of security. Attendance sheet records for a dozen tenant patrols, formed a year earlier, are nowhere to be found.

"People are not doing their jobs!" Shields fumes. She is losing her patience and everyone in the room is clearly nervous. "I want a note put on every door asking if the tenant patrol is active," she shouts. "We need to know and move on." Within minutes, Crane volunteers to go to all the buildings and find out the information for her.

Horror Stories

Security is a topic that invites passion at Red Hook Houses, and most of New York City knows why: it was here, in December, 1992, that local school principal Patrick Daly died in

the crossfire of a drug-related gunfight as he walked through the projects in search of a truant student.

In the following weeks, the media's attention focused on the community like never before. Nightly news reports were filled with tenants' horror stories of violence and crime that had become commonplace. The attention brought its share of negative publicity, but it also gave those who had been active in the tenants associations the opportunity to let the city know that the Housing Authority had ignored their concerns for several years. "For the first time, people were asking us what we need," Shields recalls.

What they needed, and what they had asked for repeatedly to no avail, says Shields, were such basics as door intercoms, quick repairs on broken locks and improved lighting.

Housing officials sprang into action. In March, 1993, a new program to upgrade security in public housing was announced by then-Mayor David Dinkins and NYCHA Commissioner Sally Hernandez-Pinero. The plan called for marshaling the efforts of the police, business and civic leaders, public housing residents and the District Attorney's office. Crane was hired to coordinate the effort with tenant groups and organize the community in its fight against crime.

"Daly's death woke people up. It gave people a sense of urgency," admits NYCHA community affairs officer Rowland Ladlein.

To date, Shields remains unimpressed with the Housing Authority's actions. "There were people getting shot before Daly and since then," she says. "[NYCHA] still has to deliver what they promised," such as capital improvements like intercoms and better lighting. While she admits that the police presence was beefed up in the days after the shooting, now, she claims, "it's back down to what it was before."

Community Needs

The latest achievement of the tenant groups has been their winning of the right to be included in the drafting of a community plan to revitalize the area.

In early 1993, Community Board 6 held a meeting to discuss the needs of the district. The loudest voices were those of Red Hook tenants, who complained that the community board had ignored their needs for years. Yet

when the board established a subcommittee under the guidelines of Article 197a of the City Charter, which empowers local people to draft a master plan for their communities, no one from the projects was included.

"We have 10,000 residents and no decent park here," says Judith Dailey. "There was no one there to represent that interest."

Angry, and encouraged by Bautista of NYLPI, representatives from the tenants associations started meeting with Ron Shiffman, a member of the City Planning Commission and director of the Pratt Institute Center for Community and Environmental Development. He worked with them to draft a plan that would take their concerns into account.

"It became clear that there were going to be two plans submitted to the City Planning Commission," Bautista recalls.

The community board, made up in large part of members from more affluent Brooklyn neighborhoods such as Park Slope and Cobble Hill, grew fearful that their own plan might be rejected by the commission. Before long, they capitulated to the demands of the Red Hook tenants and restruc-

tured the 197a subcommittee; today, of the subcommittee's 11 members, three are residents of Red Hook Houses. Among other things, they are pressing for expanded vocational training and shopping facilities, an apprenticeship program for construc-

Three hundred new members signed up to vote for the tenant leadership.

tion and carpentry work that will employ youths from Red Hook Houses, and the rehabilitation of Coffey Park, which is in a state of severe disrepair.

The strength of the tenants associations continues to grow, as evidenced by last November's hotly contested elections for the leadership of the tenant boards. The two, six-

member committees, one from each association, are elected every three years by dues-paying tenants, who until recently numbered about a thousand. Last November, three hundred new members signed up to vote during the election campaign—a tremendous feat in a housing project where tenant leadership was previously decided by just a few dozen votes.

Yet, a lot of work remains, Bautista says. Most members are still not actively participating in the tenants association. Many of the meetings and activities are coordinated by a core group of just 15 people, he adds.

"We need more people to get involved to make things better," Shields agrees.

So now, the process of further strengthening their voices, expanding their base of support and securing their homes has begun in earnest. Last month, the associations kicked off a project to set up tenant patrols throughout Red Hook Houses. Uniforms and supplies were ordered. Door-to-door organizing campaigns were scheduled.

"There's nothing going to stop us now," says Beatrice Byrd. "We're on a roll." □

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East Harlem Turnaround

Reformers Strike a Blow

A determined group of East Harlem reformers won a landmark victory last month against the neighborhood's long-time poverty czar, State Assemblyman Angelo Del Toro.

On January 5th, the state Department of Social Services (DSS) terminated a half-million dollar social services contract with Just Us Inc., a nonprofit agency closely aligned with Del Toro. Just Us won the lucrative contract more than two years ago, putting it in control of the East Harlem Neighborhood Based Alliance (NBA), a consortium of community groups eligible for \$8 million in state social services funding over five years.

According to DSS's January notification letter, the contract was revoked "in the best interest of the state." The letter makes no mention of the turmoil that has beset the NBA in recent months. However, state government sources say that violations of an operating agreement between the state and Just Us led to the termination of the contract.

The state moved only after community activists and nonprofit leaders waged a campaign to convince top officials that there were major problems in the management of the NBA program. Their efforts exposed political favoritism and showed how it can undermine publicly funded, community-based initiatives—and how neighborhood people can prevent an important program from self-destructing.

"It's the beginning of the end for Del Toro's domain in this area," says Edward Baca, a member of East Harlem's Community Board 11 and a close observer of the NBA controversy. "He can't hold onto or get projects that he wants. At the grassroots level there's no support for those types of shenanigans anymore."

Del Toro has represented East Harlem in Albany for nearly two decades, and has channeled millions

of dollars in state funds to an array of nonprofit organizations and consultants directly tied to his local Democratic machine. Among the most blatant examples is the more than \$760,000 in housing funds awarded to a group headed by Del Toro's brother, William, between 1988 and 1991, through legislative "member-item" appropriations—in spite of the fact that the group failed to create any housing. Much of that funding was eventually revoked by state officials.

Guidelines Disregarded

Oversight of the NBA is the responsibility of both a management team made up of representatives from a number of East Harlem nonprofits

works with mentally disabled low income New Yorkers. Until recently, Cuadra served as chairperson of NBA's management team.

The coalition contends that Del Toro allies on the management team sought to wear down their opponents and drive them off the board in order to wield full control of future NBA contracts and jobs—control they had tried to assert many times during the past year, critics say.

Because the NBA consortium is intended to serve as a central funding clearinghouse for a network of community agencies, explains Lance Redford, chairman of the neighborhood advisory council. Whoever controls the management team controls all of the pieces of the network and can award contracts, referrals, even leases, to their associates.

As a result, the potential for political abuse of the NBA project is immense, says Redford. "At its worst, it can provide a lot of political power and money to a few people."

But one aspect of the NBA regulations serves as a safety catch—the management team must have the support of a broad cross section of the community. In East Harlem, that support evaporated last fall.

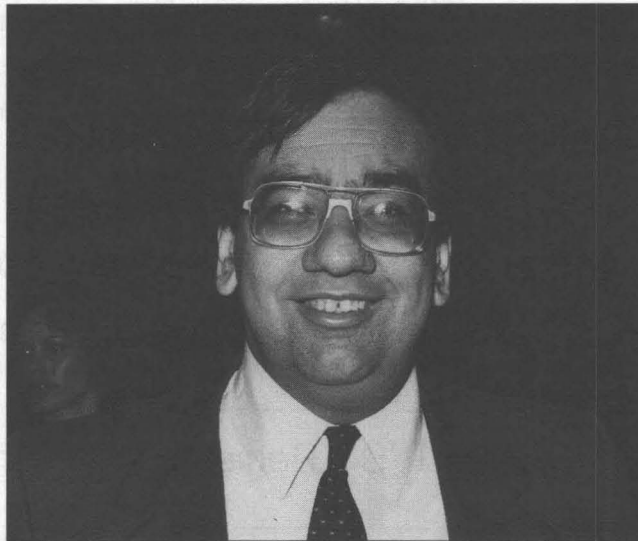
Malevolent Minority

The executive director of Just Us, Edward Auerbach, charges that community opposition to his group "is a gross injustice perpetrated by a malevolent minority.

"What is particularly agonizing to me is [the state's] eagerness to accept these falsehoods and distortions without ever contacting me...nor soliciting the view of the majority of the management team," he continues.

Still, Auerbach concedes that the ability of the management team to function properly deteriorated a few months ago.

Indeed, at a board meeting in mid-



Assemblyman Angelo Del Toro of East Harlem (above) has channeled millions of dollars in state funds to an array of nonprofit organizations and consultants tied to his local Democratic machine.

and an advisory council composed of more than a score of community residents. It was a coalition of management team members opposed to Del Toro and a majority of participants on the advisory council that recently pressed for the removal of Just Us. They argued that Just Us and its allies on the management team repeatedly placed obstacles in the way of the NBA programs.

"The operating guidelines were totally disregarded," says Myrta Cuadra of Sinergia, a nonprofit that

FRED W. McDARRAH

September at the offices of Just Us, dissension between the factions broke into a full-scale battle. The minutes of the meeting show that, as the members set out to choose a new board chairperson, an ally of Just Us, Roberto De Leon, quickly discounted one candidate. David Wechsler of the Community Law Office, because he was Jewish, not Latino. Tempers flared, racial epithets flew across the table, physical threats were made—and within days, six of the board members and a majority of the participants on the neighborhood advisory council decided it was time to let others in the community know what was happening.

“The thrust was that until the bigotry and bias and anti-Semitism were cleared up, [the NBA] could not go forward,” says Redford.

In early December, community members—including representatives of the advisory council, the Community Law Office, LaGuardia Community House, the Children’s Aid Society, the Young Lords and People for a New East Harlem—gathered and composed a list of demands which they then sent to DSS Commissioner Michael Dowling. The demands included revoking the contract from Just Us and turning it over to a new agency. By the middle of the month, the commissioner promised to meet with the coalition. But the meeting was repeatedly delayed.

Finally, on December 27th, leaders of the group piled into a rented van, headed to Albany and sat down with Dowling for an hour-and-a-half-long meeting. He made no commitments, but listened intently to what the group had to say.

“He was a little slippery in the meeting,” recalls Willie Flores of the Young Lords. “But he did get back to us in seventy-two hours.” By the end of the week, Dowling called Redford to report that he was taking the contract away from Just Us and would work with the community to restructure the NBA leadership and choose a new agency.

“I think it’s remarkable that [DSS] did this,” adds Cuadra. “It took a lot of courage on the part of the state.”

Scandalous Enterprises

Courage was not what many members of the coalition had expected from the state, considering the history of the NBA contract. State offi-



In spite of the turmoil within the NBA management team, the project’s Lexington Avenue crisis center has measurably improved people’s access to social services in East Harlem.

GREGORY MANGO

cial with ties to Assemblyman Del Toro chose Just Us to be the lead agency for the East Harlem NBA in 1991, at a time when the Del Toro family was on the verge of further expanding its political influence (see *City Limits*, March 1992).

In the fall of that year, William Del Toro was running for City Council from the newly-created 8th district, covering East Harlem and part of the South Bronx. He lost a tortuous runoff election to Adam Clayton Powell IV—but only after winning the primary and then having his victory nullified by court officials who discovered more than 740 questionable votes.

During the campaign, reports in the *Daily News* and *Newsday* disclosed state investigations into a number of scandalous enterprises involving the Del Toro brothers. One centered around a building at 87 East 116th Street, where both William Del Toro’s nonprofit agency, the Hispanic Housing and Economic Development Task Force, and Assemblyman Del Toro rent office space. William was listed as president of MDC 1, the corporation that owned the building, even though it is illegal for a state legislator to rent office space from a relative. The brothers later maintained they had no financial stake in the property—and the state never made public the results of its investigation.

Just Us is also a tenant in the build-

ing. William Del Toro was once that group’s executive director and Vivian Reveron, president of Just Us’s board of directors, succeeded Del Toro as president of MDC 1, according to official documents. Just Us receives all of its government funding from the state—several hundred thousand dollars’ worth, in addition to the NBA contract—and spends more than \$40,000 a year on rent payments.

The web of influence surrounding the 1991 awarding of the NBA contract to Just Us reached up to Albany and the administration of Governor Mario Cuomo. Joseph Semidei, who was then deputy commissioner at DSS, served on the finance committee for William Del Toro’s unsuccessful run for City Council. He was also the man who signed the state’s 1991 letter handing over the NBA contract to Just Us.

First Target

A budding coalition of East Harlem reformers originally set out to challenge the assemblyman’s grip on state spending following these revelations and William Del Toro’s electoral defeat. The NBA contract was their first target.

In its 1991 incarnation, before the reformers began their protest, the management team of the East Harlem NBA had only nine members; five of them were close Del Toro allies, and at least three were members of the council candidate’s campaign finance committee—including Auerbach of Just Us. When community activists were joined in questioning the program’s design by newly elected Councilmember Powell and a prominent former Del Toro ally, State Senator Olga Mendez, state officials delayed the contract and ordered Just Us to expand the management team to represent a broader selection of neighborhood organizations.

It was a tentative victory for the reformers. Just Us appointed new members to the team: Cuadra—whose Manhattan Valley-based agency had worked with East Harlem families since the late 1970s—was named its chairperson, the state finalized the contract and the NBA got down to

business.

"For a short time, it seemed like it would work," Cuadra recalls. "But the differences in values were ultimately too great. We were saying the community owns the program. They thought a small select group owned it."

She and other participants say that as the months went by, crucial decisions were put off and confrontations between board members became more frequent. State officials confirm that the board eventually became irrevocably divided and that important decisions had to be coaxed out of the members aligned with Just Us. "There were serious breakdowns," says one government source. "Several times we had to assert that they go back and stay within the guidelines" of the contract. Before long, the reform movement was up in arms again—and they would accept nothing less than the removal of Just Us.

Best in the State

Ironically, even as the political conflict boiled over, a crisis center opened by the NBA on Lexington Avenue has measurably improved

people's access to social services in the neighborhood. It has been working so well, in fact, that state officials now consider it a model for other

Before long, the reform movement was up in arms again.

communities. One top official describes it as "the best in the state. The staff has done an amazing job."

In its first year, the state expected the crisis center to aid about 750 families. But between May and December, it had in fact assisted more than 1,570, according to the center's director, Lizzette Hill Barcelona. Among other accomplishments, the staff helped 110 families find permanent housing, mostly in privately owned apartments, she says.

One of the families the center helped was Mariana Q., a Dominican immigrant, and her severely disabled daughter who is mentally retarded, blind and confined to a wheelchair. Mariana and her daughter were essentially homeless, traveling from house to house, sleeping on floors, when a special education teacher at a local school sent them to the NBA storefront on Lexington Avenue. The staff brought in a caseworker from Sinergia, who gathered medical and other assistance for the daughter—despite the fact that, as one of the many thousands of illegal immigrants in the neighborhood, Mariana is ineligible for most public aid. "It's a matter of maneuvering the system and the programs," says Elizabeth Rivera, Sinergia's case manager. The organization eventually found her a permanent apartment with round-the-clock services nearby.

In a photo from early autumn, Mariana looks skinny and pale. She's smiling and healthy now, standing amid her Spartan but comfortable furniture. "I am happy here. I want to learn English. I want to work and get legal residency." Her daughter, who arrived here with Mariana on a medi-

cal visa, is now getting treatment at Metropolitan Hospital.

"This is what is so important," says Cuadra. "This has been such an important battle to preserve the program. I don't want to damage the work that's been done, or the progress that's been made. I just want to give the state credit. They finally listened to us."

Election Year

A convergence of a number of key political elements made the timing propitious for a move against the Del Toro machine. The six NBA programs currently in operation around the state—including one in Bedford-Stuyvesant—are just the beginning of what is expected to be a whole new design for state funding of social services. In fact, the initiative is nearly tripling in size this month, with new NBA's opening up in 10 more communities, including five more in the city—Central Harlem, Washington Heights, Williamsburg, Morris Heights and Staten Island.

"This is the governor's new urban plan and they need it to be a success," says Redford of the East Harlem neighborhood advisory council, pointing out that it is an election year for Mario Cuomo. "The commissioner had to do something."

In addition, Del Toro's allies have proved vulnerable of late. Lucha, a drug treatment and child welfare services agency with ties to Del Toro—and headed by Roberto De Leon, who serves on the NBA management team—lost its largest program last summer when city investigators uncovered financial and other irregularities and revoked a contract worth nearly \$3 million.

Still, while Del Toro himself says he is willing to see the NBA contract put in the hands of another locally-run organization, sources in Albany say he is pressuring state officials to put the crisis center, at least, back in the hands of Just Us. Asked if this is true, Del Toro will only say, "My position is to keep the crisis center open."

Given the circumstances, says Alvin Gonzalez of the Young Lords, the community is not going to stand back and keep quiet if the state doesn't make permanent changes in the NBA leadership. "The people, the activists in the Barrio, are no longer willing to put up with this," he says. "We are going to do the right thing. It's the moral thing to do." □



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Juggernaut

The state is set to kick off its Queens West development in Hunters Point—after steamrolling community concerns.

The Hunters Point neighborhood on the East River waterfront in Queens is slated for big changes this year, when construction begins on the first phase of a massive \$2.3 billion project called Queens West—a state-subsidized complex of apartment and office high rises just across the river from midtown Manhattan.

But the plan is moving forward only after its developers—including three quasi-governmental public development corporations—brushed aside the objections of neighborhood residents who want a say in shaping the future of their community. As the Hunters Point Community Coalition tells it, their battle is against a politically inspired, financially unsound real estate boondoggle that will displace residents and local businesses. Last spring, the group released its own alternative plan for the neighborhood, drafted with community input—only to be ignored by officials at every level of government.

“It’s discouraging and frustrating,” says Corrine Stoewsand, a planning, organizing and fundraising consultant with the coalition. “It’s clear that the community is being increasingly swept aside by Queens West.”

Decade of Planning

The first piece of the Queens West development—a 39-story residential cooperative to be built by M.O. Associates, a Manhattan-based partnership that includes William Zeckendorf, Jr. and two Japanese firms, among others—is the culmination of nearly a decade of government planning. In 1984, the state legislature authorized the Port Authority of New York and New Jersey to devise a development plan for the waterfront area, and the agency subsequently spent some \$50 million to acquire about 20 acres from private owners. But the project stalled during the late 1980s amid the collapse of the real estate market.

It moved forward again in 1990 when two other agencies—the New York State Urban Development Corporation (UDC) and the New York

City Economic Development Corporation (EDC)—joined the development team. The UDC was brought in specifically because it had the



Tom Paino and other members of a community coalition say the Urban Development Corporation’s waterfront development will overwhelm their neighborhood.

authority to override existing zoning regulations, officials say. That same year, in one of its last meetings, the city’s now-defunct Board of Estimate approved the developers’ plan to build two million square feet of commercial space and some 6,000 residential units.

If it is ever completed, Queens West will include 19 buildings, including four for office space, seven acres of public park land, recreational facilities, a waterfront esplanade and subsidized market-rate housing. Officials hope to attract as tenants United Nations agencies, the biotech industry, film studios and securities exchange trading floors, says Rosina Abramson, executive director of the Queens West Development Corporation, a UDC subsidiary created in 1991 to coordinate the project.

The development is backed with substantial long-term government subsidies: the city and the Port Authority are pitching in \$30 million

and \$125 million, respectively, for land acquisition, the construction of roads and sewers, and environmental and design work. The city will also forego property taxes for 20 years on the residential development, according to Abramson. In addition, the federal Department of Housing and Urban Development has tentatively agreed to insure a \$90 million mortgage on the first building, she says.

“It’s a big shot in the arm for New

York City,” Abramson enthuses. “Not only does it show private sector confidence, but even the public sector has deemed [the city’s housing market] as worthy.”

Heavy-Duty Support

Indeed, Queens West has received heavy-duty political support. Governor Mario Cuomo has made it part of his “New, New York” plan to revitalize the state, and Borough President Claire Shulman has called it a sign of “confidence in the future of Queens County.” Queens City Councilmember Walter McCaffrey has also given it his approval, and former Mayor David Dinkins said Queens West would “improve the quality of life in this city as a whole.”

Critics vehemently disagree, however. “This is, pure and simple, blowing away a neighborhood by subsidizing real estate development,” says Debra Whitelaw, a longtime Hunters Point resident.

Whitelaw and other members of the Hunters Point community have consistently opposed the project since the mid-1980s. Three years ago, the local community board voted 36 to 7 to oppose the project. And a group of about 200 community activists—including third and fourth generation working class residents, artists and white-collar professionals—coalesced in 1990 to form the Hunters Point Community Coalition. They claim that Queens West, by tripling the area's population, will overburden transportation and sewage systems and otherwise strain the neighborhood. They also fear that it will trigger real estate speculation, displacing current residents, small businesses and manufacturers.

"Hunters Point is one of the healthiest industrial neighborhoods in New York City," says Whitelaw, a coalition member. "It has a great mix of small businesses and homes. Small businesses, like electrical contractors, purposely locate here to be close to Manhattan....Queens West will simply clear them away."

Whitelaw and others point out that even Queens West's own environmental impact statement, submitted to the Board of Estimate in 1990, concedes there may be displacement of blue collar jobs as landlords drive out manufacturers adjoining the site. And establishments located within the site—including a tennis facility, a Pepsi-Cola bottling plant and a loose-leaf binder company—will have to negotiate relocation with the developers, as the UDC has the authority to condemn and reclaim the land.

What's more, residents say, the project is totally out of scale with the rest of the community. "They want to build forty-story towers, when most of the neighborhood is two- and three-story buildings," says Tom Paino, an architect and nine-year resident of Hunters Point.

Financial Underpinnings

Coalition members have also raised questions about the financial underpinnings of the initial phase of the development. The first building will have 550 cooperative apartments, with a two-bedroom going for the remarkably low price of between \$15,000 and \$20,000, says Abramson.

But the up-front cost masks the fact that buyers will have to take on the debt of the building's underlying mortgage. The total monthly main-

tenance fee, including the mortgage payments, will range between \$900 and \$1,800, depending on the size of the apartment, according to the developer.

Abramson maintains that, because of this financing arrangement, Queens West will be attractive to families who are currently renting and who are unable to accumulate the large sums of money necessary to procure a mortgage on a conventional apartment.

But Elliott Sclar, an urban planning professor at Columbia University, disputes this claim. He says that

"Blowing away a neighborhood by subsidizing development"

the high maintenance fees will put these apartments out of reach of any but upper middle class families, who "for the same amount of money will be able to get much larger places in the suburbs," he observes. "Where is the demand going to come from?"

Sclar points to the glut in the commercial and upscale residential real estate markets—the citywide vacancy rate for co-ops was above 6 percent in 1991—and predicts that many of the co-ops will not be sold at all.

"The developers will be long gone with their money," Sclar predicts. "The only ones who will be left will be the unfortunate first residents, and the taxpayers," he says.

Series of Setbacks

Since 1990, the Hunters Point Community Coalition has worked on an alternate plan for the waterfront with the help of a Manhattan architectural firm, Harken Architects. Their plan proposes cutting in half the number of apartments in Queens West, preserving the small manufacturers and the mixed-use character of the neighborhood, improving public access to the waterfront and restricting development to low-rise housing. In the spring of 1993, they presented their plan to the Queens West Task Force, established by the borough president's office to deal with

community concerns. But the alternative proposal has been almost completely ignored by local politicians, coalition members say.

The officials contend they have not ignored the coalition—they simply don't agree with their complaints. "Those concerns were expressed [and dealt with] at the last meeting of the Board of Estimate," says Dan Andrews, a spokesperson for Shulman.

Abramson of Queens West bristles at the suggestion that it makes more sense to maintain manufacturing in the area. "Frankly, there was never a pretense that this development would look like the rest of the community," she says. "Right now, what you have on the waterfront are some manufacturing plants, three- and four-story buildings, garages and warehouses. Is that the best use of the waterfront?"

Meanwhile, the coalition has had to contend with its own internal setbacks. During the Board of Estimate hearings in 1990, the Hunters Point Community Development Corporation (CDC), a neighborhood organization, testified against the state's proposal and was one of the principal founders of the coalition. But soon thereafter, the board of the CDC split over the project and officially dropped out of the coalition in March of 1993.

Tom Sobczak, the executive director of the Hunters Point CDC, says the organization has completely reversed its original position: "We very much want this project," he says. "We're pro-growth and pro-development," he says. "Opposing Queens West is spitting in the wind."

Yet the struggle continues. Construction on the project's roads and sewers is slated to begin as early as this spring. Meanwhile, the coalition is trying to force Queens West to go through several approval processes before they can move ahead on the project. They've also set out to do community outreach for their alternative plan. If all else fails, the coalition does not rule out filing lawsuits.

"We're considering our strategies," says Eedie Cuminale, a 21-year resident of Hunters Point. "Someone has to say to these quasi-government agencies, you can't do this to a neighborhood. You cannot just come in and destroy a community." □

Barbara Fedders is a freelance writer based in Brooklyn.



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Will Donald Trump buy Off-Track Betting?

Probably not, but Rudolph Giuliani wouldn't mind if the casino maven wanted to. The new mayor, in an effort to raise money for New York's cash-starved treasury, has already expressed an interest in putting OTB, several city hospitals, and possibly Kennedy International and LaGuardia airports on the selling block. In addition, Giuliani is considering offering government contracts to private companies to provide sanitation, transportation, water supply and many other services. There is even talk of leasing the East River bridges to private firms.

All are possible candidates for "privatization," a policy that Mayor Giuliani says could help lift New York City out of its current fiscal straits. Although hardly a revolutionary idea here, privatization has acquired a heightened sheen as Giuliani has repeatedly promised to expand private sector involvement in the nuts and bolts of municipal government.

Now that the "reinventing government" mania has finally reached New York City, privatization's legion of enthusiastic boosters is gearing up to take a crack at what some consider to be the last bastion of union-loving, big city bureaucracy.

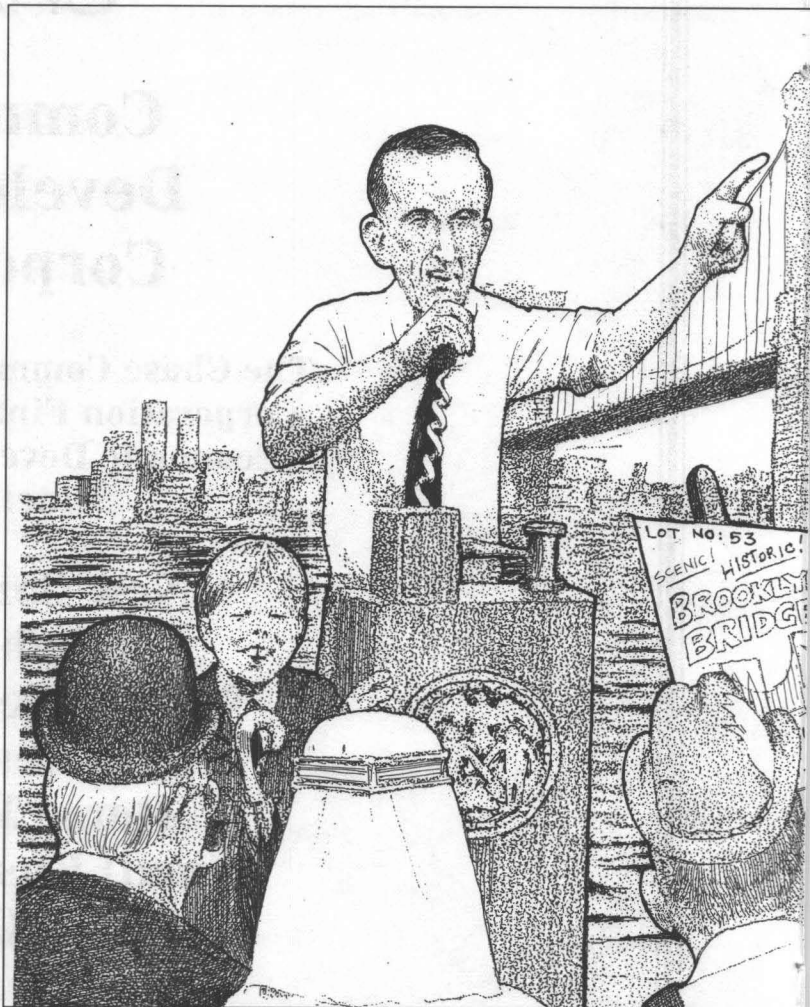
But can large-scale privatization really work in a populous, complex, diverse—and yes, heavily unionized—city like New York? Proponents, noting the latest forecasts of a \$2 billion annual budget deficit and the poor prospects for financial help from Washington and Albany, say privatization is an option the city can't afford to ignore. But many public policy experts accuse the privatizers of gross hyperbole, citing evidence that privatization can do more damage than good.

For one thing, critics say, New York's contracting apparatus is so convoluted and politicized that it often costs more to hire outside companies to provide city services than to have government employees do the job. What's more, privatization has frequently been used in other cities as an ideological cudgel wielded by officials eager to turn contracts over to political allies in the private sector and intent on driving down wages by threatening to replace trained, professional government workers with cheaper, unskilled labor. That kind of politics can have severe social consequences.

"Privatization not only must deal with how well you can deliver services," explains Randy Arnde, an analyst for the National League of Cities, a Washington, D.C.-based research and lobbying group. "It also has to do with the well-being of the work force. If you're privatizing just to avoid benefits and union wages, then you may be creating tomorrow's poverty and tomorrow's health care crisis."

New York City currently doles out \$7 billion a year—nearly 25 percent of its budget—in contracts to private employers, the largest portion to nonprofit groups that provide social services, including day care, youth programs, job training and senior citizen centers. Another considerable portion of city contracts goes to capital projects such as road, bridge and building construction.

On The

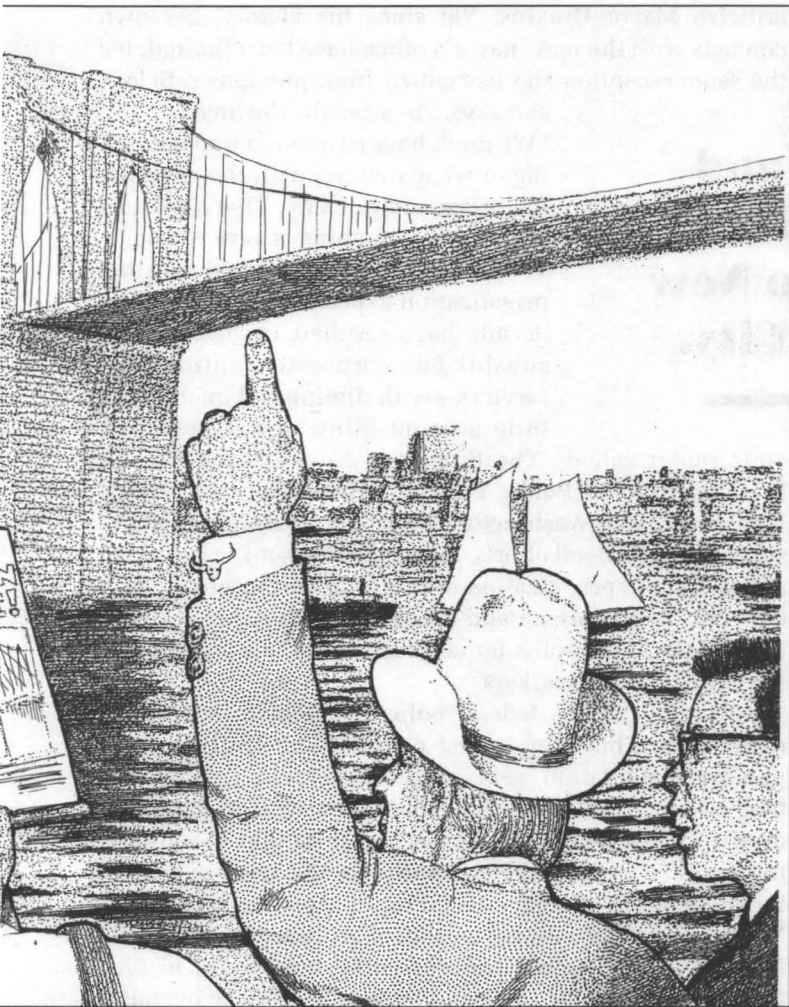


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BY JAMES

Block



DAVID CHELSEA

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ut city services.

BRADLEY

Still, privatization advocates are not impressed. New York City, they believe, has become mired in an antiquated, 19th century-style civil service government because of myopic leadership and union intransigence. "Cities all over Eastern Europe are privatizing," says longtime privatization guru E.S. Savas, a professor of management at Baruch College and a former official in the Reagan administration's Department of Housing and Urban Development. "The last nut to crack," he says, "is the People's Republic of New York."

Savas and many other business executives, academics and think tank intellectuals were part of a mayoral transition committee that recently submitted a report to Giuliani on how privatization could be undertaken in New York. Though not officially released to the public, the report's authors have leaked its basic components to the press: it estimates the city could save up to \$500 million a year by allowing private firms to bid for contracts in transit, sanitation, street-sign maintenance, solid-waste disposal, water supply and various park maintenance services; by leasing all 12 of the bridges spanning the East and Harlem rivers to private companies, to be financed by tolls; and by selling city assets, including WNYC (the city-owned television and radio stations), OTB, several municipal hospitals and the city's two airports.

According to Arthur Fefferman, chairman of the transition committee and president of AFC Realty Capital, the bulk of the \$500 million in savings would come from a reduction in labor costs. "We could increase revenues by bringing down costs on the one hand, while maintaining a high degree of services on the other," he says. "The capital cost of labor, as well as the cost of equipment, is way too high."

So far, the Giuliani administration refuses to say which of the committee's recommendations may be pursued. But there is one likely testing ground that's been getting a lot of attention lately: the Department of Sanitation.

Last year, the Citizens Budget Commission (CBC), a fiscal watchdog group, released a report harshly criticizing the sanitation department's performance over the past four years, charging the agency with responding poorly to recycling requirements and failing to cut the bloated costs of garbage collection.

The CBC places the blame for inefficiency on an oversized work force that runs too many daily truck routes and, in many cases, doesn't work a full eight-hour day. The group believes sanitation services could be adequately performed with two-thirds the current staff; they recommend competitive bidding between the department and private contractors in each of the city's 59 sanitation districts to weed out excess labor. Layoffs, which would number roughly 2,300 workers under the CBC's plan, could save \$100 million a year in operating costs—about one-third of the department's current budget for garbage disposal. The New York Chamber of Commerce and Industry and the New York City Partnership drew similar conclusions in their own study of privatization, saying that competition could reduce New York's sanitation budget by \$78 million.

"When it comes to sanitation and recycling, the argument is simple," says Ray Horton, president of the CBC. "You have an extremely costly system because of the high wages of sanitation men and the restraints in the amount of hours they are prepared to work." Marilyn Dahl, a member of Fefferman's committee and senior director of the New York Chamber of Commerce and Industry, also believes wages are a key problem. "Labor costs are simply excessive," she says. "It would not be draconian to bring them in line with the private sector."

Not surprisingly, Jim Grossman, spokesman for the Union of Sanitationmen's Association, strongly disagrees. He says the sanitation union has made substantial concessions to the city in addition to grappling with budget cuts and layoffs. Grossman, like many in organized labor, says the privatizers are engaging in old-fashioned union-bashing. "The think tanks have found their whipping boy," he says. "But they are picking on the wrong union."

Labor leaders also point out that the private sector's record in city sanitation has been less than exemplary. New York's 250,000 businesses pay private haulers more than \$1 billion a year for garbage collection, and the industry has long been considered a haven for organized crime. In April, 1993, James Failla, the head of the Association of Trade Waste Removers, an association of private carters, was indicted on federal racketeering charges. A suspected captain of the Gambino crime family, Failla was charged with using threats of violence to maintain a monopoly over the city's private trash-hauling business.

Horton says the CBC is opposed to private firms monopolizing public services. In order for privatization to work, he says, competition must be fair: "The city must contract in ways that include measurable performance standards," he notes. "And if a company doesn't live up to those standards, someone else will take over. That's how real competition works."

The problem with this analysis is that the fair and open bidding system Horton is calling for is practically an alien concept in New York City. This point was meticulously documented in a recent report by Constance Cushman, the executive director of the Procurement Policy Board, the agency that oversees New York City's contracting practices. Cushman's scathing report calls the contracting system "confused, chaotic, costly, and ineffective," and concludes that the city loses up to \$2 billion every year—enough to close the current budget gap—through gross mismanagement of its contracting process.

According to Cushman, the city's procurement system is poorly managed and, at times, politically driven: "Contracting is often handled by lawyers and clerical people, [not] procurement professionals," she says. "That's like having a

nurse's aide doing a doctor's job."

She says she is concerned that the current zeal for privatization may obscure the urgent need for the removal of inefficiency and political favoritism from the lucrative contracting process. And that, Cushman notes, won't happen overnight. "New York does not have the infrastructure in place to manage contracting procedures, and that breeds corruption and incompetence," she says.

Days before the mayoral election, candidate Giuliani got hold of a leaked copy of Cushman's report and used it to criticize Mayor Dinkins. Yet since his victory, her own contacts with the new mayor's office have been limited. It's the same reception she has gotten from previous officials, she says. As a result, Cushman notes, "We don't have a common understanding of what's wrong with the contracting process in this city. That's a strong signal that something is very wrong."

Other recent studies have shown that privatization experiments over the last decade have resulted in government-subsidized, corporate control over services—with diminished quality and little accountability to the public. A

1992 report called "The Emperor's New Clothes: Transit Privatization and Public Policy," by the Economic Policy Institute (EPI), a Washington think tank, examines the consequences of federal efforts during the Reagan-Bush years to encourage the privatization of mass transit in Denver, New Orleans, Santa Barbara and elsewhere. The report lays out the results: high profits for contractors, reduced wages and fewer benefits for workers.

Not only did the federal policies not save money, the report states, but they in fact proved more costly, forcing public transportation agencies around the country to expand their auditing and contracting arms to cope with privatization, even as city-owned buses and mechanics sat idle. In addition, the public agencies had to coordinate the work of several independent companies operating intersecting bus routes. Meanwhile, the low wages and benefits offered by the private firms resulted in higher turnover among bus drivers, leading to increased training costs and poorer bus service overall.

The EPI report also found that in competitive bidding between private industry and government agencies, large corporations with significant public relations resources and political connections usually prevailed, whether or not they could provide services more cheaply. In Sonoma County, California, a private bidder, American Transit Corporation (ATC), won a bus contract even though the public agency it was competing against proffered the lower bid. Why? The report credits powerful lobbyists with convincing federal officials to pressure the county into giving the contract to ATC.

"For years, people have tried to make contracting competitive, but it hasn't worked," says Elliott Sclar, a coauthor of the EPI report and professor of urban planning at Columbia University. Sclar says the privatizers talk a good

Fair and open bidding is alien to New York City.

game about competition, but have yet to develop a plausible method of insuring a fair process insulated from political pressure. He notes that Lockheed, the corporation involved in New York's recent Parking Violations Bureau scandal, is a major defense contractor, well-versed in the art of procurement through political influence. "That should surprise no one," Sclar adds.

Over the years, privatization has proven to be a dubious path to more efficient government in New York City: as Clark Wieman, research director of the Cooper Union Infrastructure Institute, notes, when public works projects are contracted out, costs often go up, not down. In the early 1980s, for example, it cost \$32,000 for city workers to repave a mile of New York street; with private workers, the figure was \$57,000, an increase of 78 percent. The reason for this, Wieman says, is that public employees are often more specialized than contracted workers, who jump from job to job with every new contract, creating an inherent inefficiency, particularly in a city as large as New York.

Other research has produced similar findings. In a 1991 report, the New York City School Construction Authority showed that costs often ran twice as high when projects were handled by outside consultants, largely because of high fees. In addition, the Transit Authority determined in a 1986 study that subway construction by in-house workers cost 27 percent less than that done by contracted workers, because city workers were more experienced in the nuances of subway design work.

Privatizers counter with the success of private industry bidding in Phoenix, Arizona. In 1978, Phoenix residents voted in a referendum to contract out half of the city's sanitation work through competitive bidding. The contracts were all won by major national corporations—Browning Ferris Industries, Waste Management, and Laidlaw Inc.—who because of their size were able to leave smaller companies and unionized workers in the dust. But only for a time. By the mid-1980s, the city's sanitation department had made significant reductions in its labor costs and was able to offer better bids than the private corporations, thus winning back the contracts. Ronald Jensen, Phoenix's director of public works, says competition has largely been a success

there, reducing the city's sanitation costs by 25 percent and, he claims, improving worker morale and productivity.

During his campaign for mayor, Giuliani frequently offered such anecdotes as proof of how some cities have cured

their economic maladies through privatization, and noted that New York would do well to follow suit. Such comparisons are problematic, however: many of the cities the mayor alluded to, including Phoenix, Indianapolis and Jersey City, are much smaller than New York, both in terms of geography and population. And, as Jensen himself notes, Arizona is a conservative, right-to-work state, where unions have little power.

In the case of Philadelphia, Giuliani has asserted that, after

decades of decline, the city is now on the rebound, thanks to Mayor Edward Rendell's tough stance on unions and privatization.

But Philadelphia government insiders say privatization has not been a major factor in the city's tentative fiscal stability. Joseph Paquette, chairman of the Mayor's Private Sector Task Force, a group of business leaders that advised Rendell on how to restructure Philadelphia's government, says his group was "not big" on privatization, suggesting instead that greater savings could come through union concessions, consolidation of city agencies and reorganization of the work force. Michael Masch, Philadelphia's budget director, says that of the \$183 million in spending cuts made over the past two years, only slightly more than \$10 million can be attributed to privatization, which has occurred mostly in minor areas, such as custodial services, security at art museums, prison cafeterias and inventory management.

Most of the remaining spending cuts came by way of work force attrition, a 30-month salary freeze for city workers, a 25 percent reduction in their health benefits, and a 2 percent overall cut in the city payroll.

Indeed, privatization was used primarily as a mechanism for extracting concessions from municipal unions, says Ted Hershberg, director of the Center for Greater Philadelphia, a research and advocacy group. "Rendell is simply using the threat of contracting-out to get what the city wants," he says. "The very prospect of privatization has catalyzed the unions into moving toward greater efficiency and productivity."



"The city must contract in ways that include measurable performance standards," says Ray Horton (above), president of the Citizens Budget Commission.

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When city projects are contracted out, costs often go up.

The ability to leverage give-backs from organized labor underpins the current enthusiasm for privatization, critics say. At the same time as privatizers couch their cause with buzzwords such as “competition” and “productivity,” few want to answer the central question: Whose ox will be gored? If private industry is going to provide government services more cheaply than government can—and still make a profit—then the gored ox has to be labor.

Privatization advocates have yet to form a consensus on this critical aspect of the issue. Savas offers the most sanguine assessment, saying that privatization will reap great benefits without mass layoffs or lowering wages. “If competition is done properly, no one has to lose his job,” says the management professor. “You can rely solely on attrition.” Through attrition, he says, there will be enough of a reduction in the sanitation department labor force in the next year that three of New York City’s 59 districts could be contracted out to private companies—without a single layoff.

But Savas’s analysis is at odds with that of the Citizens Budget Commission, which contends that one-third of the city’s sanitation work force must be fired in order for there to be substantial savings. Charles Brescher, author of the CBC report, has no qualms about swelling the city’s unemployment rolls. “It’s wrong to assume that these people won’t find jobs in the private sector,” Brescher says. “Besides, the money taxpayers will save through privatization will enable them to spend [their money] on other things, which will create jobs.”

Sclar is far less optimistic. “I’ve had many politicians throughout the country say to me, ‘Privatization is the only way we can get a handle on the unions,’” he says. But once people are laid off, any new jobs with private companies are bound to provide a lower standard of living—and that will have far-reaching consequences on other forms of public spending down the road, Sclar notes. “You may save money in direct labor costs, but if you cut health benefits, who picks up the tab when these people go to the city emergency room?”

Labor advocates say one possible way to address this problem is for the city to mandate that private firms competing for government contracts offer wages and benefits comparable to those of public employees. But none of the groups advocating privatization support the idea—indeed, many point out that it undermines the free-market premise of privatization. Still, Fefferman says Giuliani may consider

a proposal that would require private firms that win government contracts to hire city employees who lose their jobs through privatization—and not at lower wages. “Union members should be given the opportunity to work for the private contractor,” Fefferman says. “And that won’t preclude those employees being unionized. The idea is to downsize government.” So far, Giuliani is mute on the topic.

Wiemer, Sclar and many labor leaders believe privatization fails to address the real source of the city’s productivity crisis: the costly layers of middle management that have grown fat in the last 15 years.

“It’s easy to scapegoat the public sector, but the real cost in the city work force is not in the service providers, but in middle management, which is intractable and uncuttable,” says Sclar.

Not only are the middle managers costly, adds Louis Albano, head of the Civil Service Technical Guild, which represents city engineers, but they also pose a morale problem for workers trying to rise through the ranks.

“It’s become too politicized. The people I represent see that there’s no future. They can advance only so far because of political appointments” in the middle management positions.

“Privatization is not going to be a panacea for managing the government better,” Wieman concludes. After all, the functions of political appointees in management positions will not be privatized, and that’s where reform is needed.

Inefficiency in planning, he adds, will continue until something is done about improving the quality of those management employees. “There may be certain discreet functions that you can privatize,” he says. “But you can’t privatize the decision-making process.” □



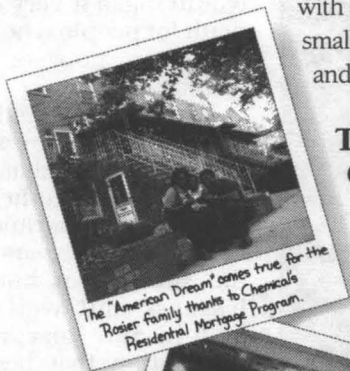
Privatizers claim that sanitation pickup by private contractors could save the city millions of dollars. Unions note that the private sector’s record in city sanitation has been less than exemplary.

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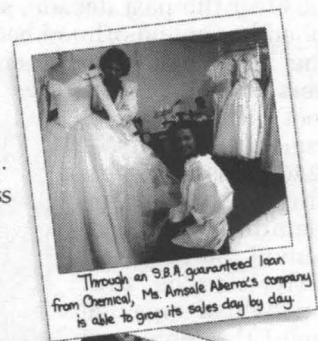
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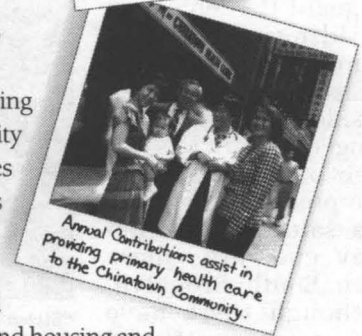
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Where Will We Turn?

Staten Island's African-American leaders and anti-poverty advocates fear the consequences of secession.

If Staten Island becomes an independent city, Belinda Dixon plans to pack her belongings on a truck and head across the Verrazano Bridge to Brooklyn.

A vigorous and outspoken woman, Dixon has lived in the Mariner's Harbor public housing project on the North Shore of Staten Island for 20 years. Over the past decade, she has watched her neighborhood become a magnet for drug sales and other crime. Dealers stake out territories in the project and work out of apartments in many of its 22 low-rise buildings, making it unsafe for the 600 families there.

Tenant patrols and security forces that Dixon helped organize to guard the lobbies of buildings have disbanded because of threats from drug gangs. Residents are now battling city officials for their own Housing Police precinct to replace the satellite precinct they currently share with South Brooklyn. Although there have been many arrests and rearrests for drug dealing, the robust business continues.

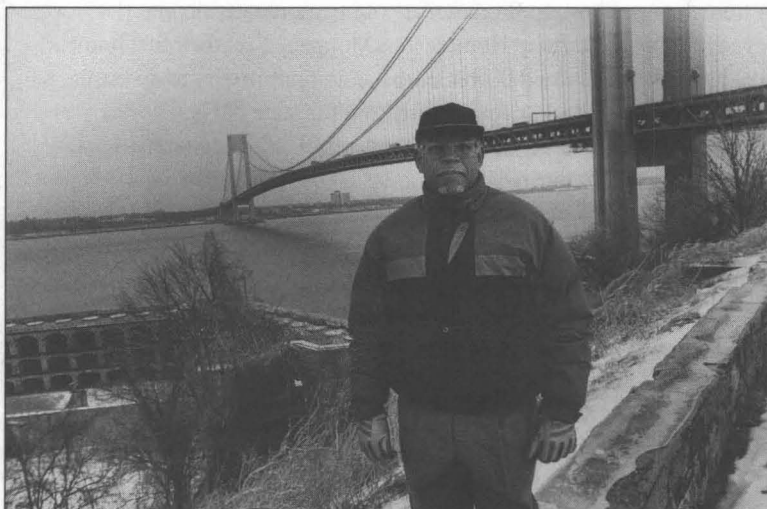
Clearly, the tenants of Mariner's Harbor could use some help. Proponents of Staten Island's secession from New York City say the new municipality they intend to create would be better able to offer that help, because government spending could be more closely focused on the needs of Staten Islanders than it is today. But Dixon believes secession would simply make her problems worse.

"When you have a congresswoman who never visits your area, and a borough president who doesn't think your neighborhood is important, being a part of the five boroughs is comforting," she says. "At least you know you can turn to someone else to help you with your problems. If [secession] goes through, we don't

know what will happen. Who's going to manage these buildings? Who will we call? Where will we turn? They may as well turn the buildings over to the drug dealers," Dixon adds, "because none of the politicians out here care about what happens in Mariner's Harbor."

Two to One

Last November, Staten Islanders voted two to one in favor of seceding from New York City. Backed by



"Staten Islanders don't want to deal with poor people," charges David C. Smith of the NAACP. His group fears that low income African Americans will be even more isolated than they are today if the borough becomes an independent city.

virtually every local elected official as well as the borough's daily newspaper, the secession referendum called for a new municipality where residents would have greater control of taxation and services—and independence from the whims of the central government across the harbor, where Staten Islanders have only three seats on the 51-member City Council.

The proposed separation still requires the approval of the state legislature and the governor before it can go forward. But if secession occurs, Staten Island will become the second largest city in the state, with approximately 390,000 people—20 percent of them African American, Latino or Asian.

Dixon and many other community

activists fear that an independent Staten Island would be bad news for people of color, particularly those at the bottom of the economic ladder. Secession, they contend, would have a destructive effect on social services, affordable housing and education in their communities. Some fear it would further polarize an already divided society and undermine efforts toward the political empowerment of low income communities.

"New York City helps to restrain some of the intolerance and parochial views of some people on this island," says David C. Smith, chairman of the secession committee for the Staten Island branch of the National Association for the Advancement of Colored People (NAACP). "Staten Islanders don't want to deal with poor people," he charges. "They don't want to deal with homeless people. I would think that they would make it very difficult for people who are homeless, poor or on welfare."

His fear is rooted in the occasionally vicious, racially charged political rhetoric heard in white neighborhoods here in recent years on the subjects of homelessness and welfare, and in the very real segregation that besets Staten Island. The day-to-day concerns of many African Americans in this borough are well hidden from the major-

ity of whites, most of whom live in suburban-style neighborhoods south of the Staten Island Expressway.

Extreme Segregation

Last year the NAACP published a report that paints a picture of extreme racial segregation in education and housing on Staten Island, and denounces the failure of local officials to redress these problems. The report says that the pattern of segregation on Staten Island has not changed since the 1960s, and predicts that segregation will worsen following secession.

According to the report, most African-American and Latino children attend schools on the North Shore, while whites go to schools on the South Shore. In the public housing arena, all but one of the 11 housing

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projects on Staten Island are on the North Shore. There are probably less than 1,000 minorities who live south of the expressway (referred to by some residents as "the Mason-Dixon line"), the road that divides the North Shore from neighborhoods in the mid-island and South Shore sections.

The NAACP opposes secession, Smith says, because minorities are better represented as part of the five boroughs; African Americans and Latinos make up 43 percent of the City Council, and, while none of those officials are from Staten Island, the neighborhoods they represent share many of the concerns of communities of color on Staten Island.

Pack a Suitcase

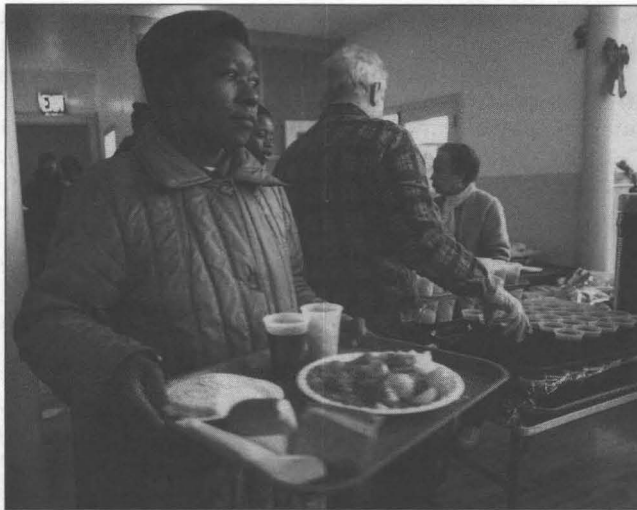
One problem Smith and others mention is that the island's current political and business leaders—most of whom historically have failed to respond to the needs of minorities—are likely to be the new city's most prominent future leaders. And they will have control of the purse strings.

"There is too much chance for a handful of people to control everything on this island. That will put too many people from minority groups at a loss," says Robert Zink, a former officer of Community Board 2 and an opponent of secession. "If you're not in the inner circle, you might as well pack a suitcase."

Gerard Kirby Duvillier, founder and president of the Mariner's Harbor Local Development Corporation and an aide to North Shore City Councilmember Jerome X. O'Donovan, agrees. "Left to their own devices, I would not trust an independent Staten Island governing body." Despite Duvillier's views, his boss is a staunch supporter of the secession movement.

As far as social services are concerned, many advocates wonder whether or not poverty issues will be a priority under a new government. Terry Troia, executive director of Project Hospitality, a community-based outreach program for people with AIDS and homeless and low income residents of Staten Island.

"We're not meeting the needs of the homeless now," Troia explains, pointing out that only a fraction of



SUZANNE TOBIAS

The Project Hospitality soup kitchen (above) and other services for low income Staten Islanders depend on city funding. Nonprofits wonder whether their programs would be a priority under a new government.

the number of local people who seek help are able to get it on this side of New York Harbor. "We refer more than 100 people a night to shelters in the city because we cannot adequately serve them. If we're not meeting the needs now while we're part of the

ters.

Project Hospitality's annual operating budget is about \$4.8 million, Troia adds. The majority of that money comes from the city, and if Staten Island were to secede, the new government would have to come up

city, it's hard to see how we'll even come close if we're a separate city."

Between July, 1992, and June, 1993, some 2,200 people came to Project Hospitality's drop-in center in St. George, the neighborhood closest to the ferry depot. Of those, 47 percent were African American, 9 percent were Latino, 2 percent Asian and 42 percent were white. There are no city-run shelters on Staten Island—when Mayor Dinkins proposed opening them in 1992, enraged residents vehemently opposed the idea. Troia says there are currently about 300 homeless people living on the island, including 75 families, mainly in city-funded, privately-run shel-

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with the money—or see one of its few social service organizations fold its tents.

“This is what I have to continue saying loud and clear so that this is not a shock when we secede,” says Troia. “I’m saying this to the people who are putting together the budget for the new city, I’m saying this to the leadership of Staten Island, I’m saying this to the community. And I’m saying this on behalf of the poor.”

Budget Gap

According to a report released by the Mayor’s Task Force on Staten Island Secession, as an independent city the borough would have a budget gap of about \$199 million; in 1991, Staten Island generated revenues of \$657 million, but it received \$856 million in expenditures from New York City. While many dispute these figures, few secessionists deny that money will be tight if Staten Island has to finance its own government budget.

Borough President Guy Molinari points out that there are many options for saving money by cutting administrative overhead costs and elimi-

nating several government agencies, merging EMS and the fire department to cut costs, and cutting from two to one the number of police officers in patrol cars in certain sections of the island. Staten Island could also exploit its major asset—acres of undeveloped land—and offer incentives for industrial development.

But even Molinari’s staff is talking about the added cost of independence. “I simply cannot see how we can secede without raising taxes,” says Tom Cocola, an assistant to Molinari. According to a report from the borough president, property taxes will likely increase by as much as 45 percent following secession.

Staten Islanders have yet to be presented with a prototype budget and the choices needed to bring it into balance. The Secession Commission, which drafted the proposed city charter, is drawing up a budget and legislation that will be presented to the state legislature in mid-February, Cocola says.

Most activists are waiting to see what the commission comes up with before deciding on a course of action. Some believe that with Mayor

Rudolph Giuliani in office, Staten Islanders will be less likely to want to divorce themselves from New York City. But the borough’s leaders have yet to back off from the idea, and planning is moving full speed ahead—though Cocola says it could take six years to finalize the split. “The point that the mayor is trying to stop the secession express is moot,” he adds. “It’s now up to Albany.”

David Goldfarb, an antisecessionist who heads Staten Islanders for a Unified New York, believes that Democrats in the state legislature could move quickly to let Staten Island go. “We just had a mayoral election in which the Democrats lost control,” he says. “They would not have lost control if Staten Island wasn’t there.... A lot of the Democrats will move very quickly to cut Staten Island loose now.”

Political Action

David Smith says that the NAACP intends to follow the Staten Island Secession Commission to Albany. The group plans to make copies of its report available to legislators and the governor, he says, and will push for a seat at the table when the budgets are being drawn.

As for Belinda Dixon, she says that she will continue to fight for the people in her neighborhood until she no longer can. She has joined a coalition of organizations formed since the November election, called the Black Political Action Association. The group intends to get a person of color to run for every elected office; there are currently no black elected officials on Staten Island.

“We intend to run someone for every position on Staten Island, from the borough president to the assembly seats,” Dixon says. “We’re going to do this either way, whether we stay or we go. My specific job is to get as many youths interested in the running of the city as possible. We’re not sitting idly by.” □

Julia G. Clarke is a former reporter for the Winston-Salem Journal who now freelances in New York City.

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Lessons Unlearned

From William Morris to Jane Jacobs, radical thought in urban planning has been based on common sense. Conservative planning, by contrast, tends to be based on premises that are counter-intuitive. So while radical tradition stresses obvious truths—great cities can't depend on one industry; varieties of work must be available for all classes of people—conservative theorists frequently stun common sense.

In what was probably his last turn as director of the Department of City Planning, Richard Schaffer released, just before the November election, a classic example of the counter-intuitive genre: a "Plan for Lower Manhattan."

For those who believe downtown has enough subsidized luxury housing for the rich, Schaffer's plan seeks to persuade us we don't have enough. True, we have Battery Park City, where residents living in 4,700 apartments benefit from an annual tax abatement of more than \$100 million and the average annual income is \$110,000. But as the department insists, more needs to be done. The 1966 Lower Manhattan plan—the preamble to the current effort—called for 40,000 apartments. Fidelity to its spirit requires that we subsidize at least 11,000 more apartments for the rich. A waste in a city where more than 100,000 have gone homeless at one time or another over a three-year period? Partisans of common sense just don't get it.

Non-Elite Employment?

Similarly, you would think that, in a city with 1.8 million people on welfare or Medicaid and an economy that has lost nearly 400,000 jobs in the last three years, perhaps planners might focus on non-elite employment for downtown. It turns out, however, according to the plan, that what downtown really needs is another yacht basin. The state Urban Development Corporation has already built one such basin on the Hudson, with accommodations for up to 26 ocean-going yachts. But not all yacht owners work on the Hudson River side of downtown. What are they supposed

to do? For them, the city will create another berth: the East River Dock.

By far the most pressing problem for downtown planners is the towering glut of office space they've produced. Recent estimates indicate that Lower Manhattan has about 22.3 million square feet of empty space. About 10 Empire State Buildings. But you don't need statistics to grasp that the downtown market has simply collapsed. If developers thought that there was any market at all, they wouldn't be giving away their buildings to nonprofits who don't have to pay taxes.

Billions of dollars in subsidy programs like the Industrial and Commercial Incentive Program (ICIP) have produced this glut. How can planners reduce it? The city is embarked on a spectacularly counter-intuitive program to fill it up. At the very time it has gotten rid of more than 10,000 employees, the city is moving the unattracted workers out of city-owned space and into new rented offices in privately owned, downtown buildings. The city now rents more than two million square feet in Lower Manhattan.

You would think that as the city reduces its work force, it would need to rent less private space. In fact, it needs more. Downsizing reduces employee morale, explains a Department of City Planning spokesman, and moving into spiffy new offices improves it. Thus the city's campaign to privatize office space.

The problem with this solution is that even if all 70,000 city employees who work downtown were moved into private buildings, that would still leave 10 million square feet vacant. What can planners do to solve the problem? The answer the Department of City Planning has come up with is to create a "land bank."

A land bank? The private sponsors of the Plan for Lower Manhattan—institutions like American Express,

Chase, Goldman Sachs and Met Life, who paid for the planning effort along with the city's Economic Development Corporation—don't like to talk about it because it hurts the city's reputation as a global information capital. But, as project director Shirin Karanfiloglu told me last summer, nearly 10 percent of all downtown office space will probably have to be torn down. Owners will wreck their buildings to avoid paying taxes on buildings they can no longer rent. But what about the poor banks and insurance companies that own the land underneath? Won't they still have to pay taxes on the empty land?

Land Banking

Here's where the clever device called the land bank comes in. After your building has been wrecked, you can put the underlying land in the land bank. The bank is simply the city, which holds the property. The city won't give you any interest. But at least you don't have to pay taxes. Then, if the market ever does revive, you can withdraw your land from the bank. Presumably, fresh subsidies will be available for high rise development. And then, the process can start all over again.

More than 30 years ago, in *The Death and Life of Great American Cities*, Jane Jacobs wrote that New York didn't need two central business districts.

Downtown, she predicted, would never compete effectively with midtown. And she argued further that the Downtown-Lower Manhattan Association's 1958 plan to strip downtown of its manufacturing and its port on behalf of subsidized offices and luxury highrises would simply deprive the city of its industrial base.

For years, conservatives have been accusing radicals of squandering precious city revenues and killing off capital. Will the real tax-wasting, property-destroying radicals please stand up? □

Robert Fitch is author of *The Assassination of New York*.



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AFTER THE MEMORIAL WE MARCHED ON CITY HALL CARRYING A SYMBOLIC COFFIN. BUT JUST THEN...

POLICE SWEEPED DOWN ON US, ARRESTING THE MARCH ORGANIZER JOHNY PENLEY.

RUDY THE NEW MAYOR OF NEW YORK CITY SEEMS TO WANT TO NIP DISCUSSION OF HIS NEW HOMELESS POLICY IN THE BUD

RUDY WANTS TO BUST PEOPLE FOR BEGGING!

HE SPOKE OF EVICTING FAMILIES FROM SHELTERS AFTER 90 DAYS UNLESS THEY ENTER A DRUG TREATMENT PROGRAM

IRONICALLY, THIS MIGHT ENCOURAGE FOLKS TO TAKE DRUGS IN ORDER TO QUALIFY FOR SHELTER.

RUDY WANTS TO STOP HOMELESS FAMILIES FROM GETTING CITY OWNED APARTMENTS.

IT SEEMS LIKE HIS SOLUTION IS ABOUT

JAILS AND MENTAL INSTITUTIONS. HE JUSTIFIES THIS WITH EXAGGERATED STATISTICS SHOWING HOMELESS FOLKS TO BE MOSTLY ADDICTS, CRIMINALS, ALCOHOLICS ETC.

IT'S THE FLAVOR OF THE MONTH IT IS POPULAR TODAY TO SENATIONALIZE THE BAD HABITS OF HOMELESS PEOPLE AND POOR PEOPLE IN GENERAL

SO WHAT! OPPRESSED COMMUNITIES ALWAYS HAVE HIGH RATES OF CRIME, VIOLENCE & SUBSTANCE ABUSE. THIS WAS TRUE OF THE IRISH IN THE 1800'S, THE ITALIANS & THE JEWS IN THE 20'S. IT IS TRUE OF POOR PEOPLE TODAY.

THE DIFFERENCE IS THAT WHEN GIULIANI'S ANCESTORS CAME TO THIS COUNTRY, A POOR PERSON COULD STILL FIND A CHEAP APARTMENT IN NEW YORK.

TODAY NEW YORK CITY APARTMENTS ARE WAY TOO EXPENSIVE FOR PEOPLE WHO ARE ON WELFARE OR WHO WORK AT BURGER KING.

TO FORCE PEOPLE ONTO THE STREET THEN BUST THEM FOR BEING THERE IS THIS NOT FASCISM?

BUT RUDY'S POLICY IS ONLY AN ESCALATION OF THOSE OF KOCH AND DINKINS. CITY HALL WILL NOT SOLVE THE HOUSING PROBLEM

THE COST OF AN APARTMENT WILL GO DOWN ONLY WHEN THERE IS A MOVEMENT OF HOMELESS PEOPLE, TENANTS, & SQUATTERS THAT WILL FIGHT CITY HALL AS TERRY TAYLOR DID.

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One Family's Story

"Mama Might Be Better Off Dead: The Failure of Health Care in Urban America," by Laurie Kaye Abraham, The University of Chicago Press, 1993, 289 pages, \$22.50 hardcover.

With *Mama Might Be Better Off Dead*, journalist Laurie Kaye Abraham targets that current gorilla of domestic headaches, the health care crisis, and turns a much needed spotlight on its innocent victims.

Abraham, who prior to writing this book reported on public health, race and poverty issues for *American Medical News* and *The Chicago Reporter*, set out to communicate in human terms the predations of our health system on the poor. Her skills as a journalist are put to good use here in her portrait of four generations of a Chicago family struggling to overcome a daunting set of health problems and an equally intimidating health care bureaucracy.

We are introduced to Jackie Banes, mother of three, whose responsibilities include caring for her diabetic grandmother, her disabled father and her ailing husband, Robert, who is dependent on thrice-weekly dialysis treatments to stay alive. Residents of North Lawndale, one of Chicago's poorest neighborhoods, the Banes family is the victim of the institutional failings of Medicaid, the state and federal health care program for the poor—particularly the absurd Catch-22s of eligibility and the poor quality of care inherent in a system that pays doctors far less than prevailing rates. To overcome these bureaucratic and economic barriers, the family must acquire very sophisticated coping skills.

All Its Contradictions

Abraham's success is that the reader becomes deeply involved with the Banes family and their travail, while miraculously acquiring a working knowledge of the health system Jackie Banes must navigate, in all its contradictions and magnificence.

For this reader, the book evoked strong memories. In the decade of the 1970s, I returned to Cook County Hospital, Chicago's largest municipal hospital, where I had trained in internal medicine twenty years

earlier, to head the Department of Medicine. In those 10 years I experienced many events similar to those in this book. What I recall particularly, and *Mama Might Be Better Off Dead* captures well, is the ambivalent relationship between the patients and the institutions on which they depend. There is love and hate, but there is also pride, and, remarkably, a sense of ownership. I remember asking an old, very ill patient why he passed by 15 hospitals in order to get to Cook County's teeming emergency room. "Man," he replied, "I always come here. This is *my* hospital."

Abraham chronicles the arrogant language of professional authority and the dangerous failure of communi-

**Amid a saga of pain
and frustration, the
possibility that the
system can be
repaired**

cation based on race, class and language differences. Chapter 6, "The Inner City Emergency Room," crackles with excitement no television drama could approach. Here in the abundance of trauma and disease is revealed the ruination of people in poverty, for whom substandard housing, inadequate transportation and rampant crime further complicate their ability to cope with their health care needs.

Inevitably, an underlying theme of Abraham's work is the question of control, from the inclusion (or lack thereof) of patients and their families in discussions about whether or not to consider a "do not resuscitate" order, to the all-to-frequent failure of health care professionals to explain to their patients the reason for the treatment they are receiving, the drugs being prescribed, even the exact nature of the illness from which they are suffering.

Abraham recounts how Robert Banes comes home one day with directions to start a new kind of medication: "...stress tabs, although he had no idea why they had been prescribed. He only found out after Jackie insisted that he call [the treatment center] to ask. The pills turned out to be vitamins, which relieved Jackie because she thought her husband had been diagnosed with some kind of mental illness arising from stress."

Callous Bureaucracy

The second theme is the profound impact that individuals can have in a seemingly intractable stew of predestination. Side by side with the sadistic and stupid work of an oversize, callous bureaucracy are a remarkable congregation of dedicated people, compassionate, skilled and durable. People like Sister Mary Ellen, a Catholic nun who has visited inner city patients for over a decade, helping them connect with needed services. And Dr. Arthur Jones, founder of the Lawndale Christian Health Center, who moved into the community with his wife and children and requires that all doctors at Lawndale do the same. Thus emerges the paradox of *Mama Might Be Better Off Dead*: in an apparently unrelieved saga of pain and frustration, the possibility that the system can be repaired is real and credible.

Indeed, my only cavil with the book is Abraham's restraint in her proposed remedies. She recommends good general policy measures but conspicuously misses the opportunity to tout the specific legislation she has supported in her articles elsewhere. Canadian-style health care reform has achieved its goals by realizing huge administrative savings (\$94 billion in 1993, for example) by eliminating insurance company excess. And a single-tier system—all Americans in the same benefit system, versus the two-tiered Medicaid/private insurance system currently operating in the United States—would effectively end the exclusions and limited service Abraham documents so well.

That apart, she has served her readers and the overall debate well by insisting on the primacy of humanity when we seek to solve problems of policy. □

Quentin D. Young is an internist in Chicago and former president of Physicians for a National Health Program.

Duck and Cover

To the Editor:

Be afraid. Be very afraid. When last we left the property tax issue (Cityview, December 1993) a commission appointed jointly by Mayor Dinkins and the City Council was studying the property tax structure in order to make recommendations for its reform. Regrettably, when the time came to make concrete recommendations for reforming the structure it plainly states is inequitable, the commission simply ducked. The commission's report includes many findings generated by its expert staff of concern to tenant and housing organizers and advocates for low income people. They include:

- Renters carry a property tax burden effectively six times that of homeowners;
- Property tax consumes a far greater percentage of the income of the less well-off than that of the more affluent, and current relief programs are inadequate in addressing the truly needy.

Despite these substantial inequities, renters were poorly represented at the public hearings, largely because property tax is a hidden cost; few renters realize that the cost of property taxes is included in their rent.

Where does that leave us now? It leaves us with a mayor and a City Council speaker who view their constituencies as homeowners in Queens and Staten Island, which gave Mayor Giuliani his margin of victory and which he will fight to keep from

seceding. Worse still, Mayor Giuliani and Speaker Vallone seem to agree that the solution to all of this is to lower taxes on co-op and condo owners, completely ignoring the injury to renters that would result, not to mention the dramatic reduction in the city's available revenue for housing and other services.

All housing and tenant organizers

are invited to come to a City Project training session on how renters are affected by the property tax. It will be held at the Community Service Society, 105 East 22nd Street, Conference Room 4A, from 9 a.m. to 12 a.m. on February 25.

Amy Bachrach
City Project

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