

## PRESERVING AFFORDABLE HOUSING: The Los Angeles Systematic Code Enforcement Program

This bulletin is adapted from a forum at the Manhattan Institute on June 15, 2006.

*Hon. Stephen Goldsmith, Director of Innovations in American Government Program at the Kennedy School and Chairman Emeritus of the Manhattan Institute's Center for Civic Innovation*

The Fannie Mae Foundation, in partnership with the Kennedy School, has chosen to provide an award in housing and community development. These issues of affordable housing and homes for working families are extraordinarily difficult. In particular, the percentage of family income necessary to have a decent home continues to go up, supply cannot meet demand, and it is not likely that all those problems will be solved with federal dollars. For these reasons, Fannie Mae Foundation partners with us in making a \$100,000 award annually to the most creative and innovative solutions in housing and community development.

### INTRODUCTION

*Lisa Mallory-Hodge, Senior Vice President of Policy and Consulting, Fannie Mae Foundation*

It is a pleasure to be here with the Manhattan Institute. We have been collaborating with them for some time and support their efforts to recognize innovations. I am also pleased to be with the Ash Institute, as we have been working with them for two years now, recognizing innovations in affordable housing. I recently

had the pleasure of participating in the review of some of the finalists for the Ash Award a couple weeks ago in Boston, and it was just amazing. There were over 1,000 applications, and we only select one winner out of each category. We support one winner here, but there are wonderful things going on, and it is striking to see the determination and perseverance of folks who are toiling out there everyday to support affordable housing and other causes.

Brad Lander is the Director of the Pratt Center, and he previously served as the Executive Director for the Fifth Avenue Committee. He was one of the Fannie Mae Foundation James A. Johnson Community Fellows in 2003, and is also an adjunct professor of City and Regional Planning in Pratt's Graduate Center for Planning and the Environment.

Mercedes Marquez has been the General Manager of the Los Angeles Housing Department since 2004. She has a staff of over 500 people, and is responsible for the direction, development, and implementation of citywide housing production and preservation programs. Mercedes was formerly Vice President of McCormack Baron Salazar, a national firm specializing in the development and consultation of urban communities. She was also last year's Ash Award winner.

**BRAD LANDER:**

When Julia Vitullo-Martin asked me to participate in this discussion, I was enthusiastic because I have respected Los Angeles's great Systematic Code Enforcement Program (SCEP) for a long time.

As everybody knows, it is exciting to create new affordable housing. We love to develop it, we love to build it, and we have a great new plan in New York City to build something like 94,000 units over ten years. In many ways, however, it is even more important to preserve what we have, not only because it is less expensive, and the history of trying to do it is longer, but because the scale and the numbers are simply much bigger. Millions of New Yorkers live in affordable housing today, and it is important to make sure it stays affordable for the long run.

I have a few thoughts about similarities and differences between New York and Los Angeles, and then I will

give a quick update on New York City strategies in preserving affordable housing. The similarities, I think, are obvious: Enormous population growth, largely as a result of immigration; an increasingly polarized service economy, with many new people at the low end of the income and wage scale; rising prices, both rental and ownership, making it ever harder for people to find a place in the city; people paying more of their income for rent, and more people needing affordable housing. All of this creates challenges. For example, landlords who withdraw services in an effort to get rid of the current tenants and replace them with people who would pay a little more. It means some challenges in terms of neighborhood livability as well, as growth puts pressures and strains on a whole range of neighborhoods. I was looking at the numbers, and the housing cost burden is very similar in New York City and Los Angeles. The rental vacancy rate is extremely low, and there are also similarities between affordable housing preservation strategies in these two cities, in particular preserving the existing privately owned or publicly subsidized stock, rent regulations, and code enforcement and conditions.

There are also some differences, which largely revolve around scale. New York City has approximately 2.2 million rental units, while Los Angeles has only 800,000. The average date of construction of these units in New York City is 1949, as opposed to 1960 in L.A, though interestingly, crowding is almost twice as high in Los Angeles. From a preservation point of view, New York City has a much longer history of developing affordable housing with city, state, and federal subsidies. Over its history, New York has built about 430,000 units of affordable housing, whereas Los Angeles has built about a tenth of that. L.A. has a lot of catching up to do, which is why I think that focusing on the private market through code enforcement makes a lot of sense.

Preserving the existing stock is an enormous challenge in Los Angeles, and they are doing a number of things there to meet the significant challenge of trying to preserve between 200,000 and 250,000 units of privately owned but publicly subsidized development. Community Service Society just came out with a report that says about a quarter of that stock has been lost as affordable since 1990, and around 15-20% of it is at risk in the next few years as a result of the expiration of the subsidies and the regulations that go along with them.

New York and Los Angeles are grappling with this, trying to think about it as a portfolio problem rather than putting out fires one at a time, and thinking about new regulatory tools. For example, Mayor Bloomberg has proposed legislation in Albany to extend rent regulations to cover the post-1974 developments, adding some regulatory incentives for owners to keep them in the programs, and then come up with new financing strategies to enable nonprofits and for-profits to acquire them and keep them affordable for the long term. I think both New York City and Los Angeles are facing challenges in dealing with the U.S. Department of Housing and Urban Development (HUD) and getting what they need from the federal government, especially on the federally subsidized stock to try to keep it affordable for the long term.

The same is true in public housing. New York City recently announced a significant new plan to preserve the 180,000 units of public housing that it has, relying on a \$100 million commitment from the city, rent increases on the top quarter of NYCHA tenants, and project-basing about 8,500 Section 8 housing cost vouchers. The vouchers have become the most controversial part of the plan, since they are obviously a scarce resource.

Rent regulation is the second subject I would like to address. New York City and Los Angeles are two of the only cities in the country that have significant programs of rent regulations, and I think, in the kind of economy we have at this moment, we do need to regulate to make sure folks can stay in their homes. If we thought it was something we needed for returning veterans in WWII, it seems to me, we ought to think it is necessary for the immigrants we are asking to come here and do the service work, healthcare jobs and the retail jobs that our economy is creating.

Both cities regulate housing that was built before the 1970s. New units are not necessarily covered if they do not opt in for one reason or another. One significant difference is that Los Angeles has essentially full vacancy decontrol, which means that the city regulates an existing tenant. You can only have an annually-set increase. When a tenant moves out, the unit is able to go to market, and advocates have felt that this creeping vacancy decontrol has resulted in more than 100,000

units leaving the rent regulation system and being lost as a regulated affordable resource.

The third issue is code enforcement and housing quality, in which L.A. has been a leader. Overall, conditions in New York housing and neighborhoods have been improving over the last decade as the city has gotten stronger and its economy has rebounded. At the same time, there are a significant number of places and buildings where housing conditions are bad, and in fact getting a little bit worse. Between 2002 and 2005 there was a slight up tick from 4 to 4.9% in the housing stock that had five or more severe maintenance deficiencies per unit, and of course these are concentrated in low-income neighborhoods in Harlem, the Bronx and Central Brooklyn. As a result of innovation from HPD and pressure from community groups and advocates, the city is trying several new things in partnership with others. One program is modeled after Los Angeles's SCEP program; the New York City program is the Targeted Cyclical Enforcement Program (TCEP). While L.A. inspects every unit, New York focuses on the buildings that are in the worst shape, and every two months in three city council districts, HPD, a city council member, and the community group sit down and target the worst buildings for enforcement. They will inspect 7,500 units or so a year, and at that rate it would take 293 years to get to the entire city. However, the new program has certainly made significant progress since its adoption just a few months ago.

In partnership with an advocacy group, Housing Here and Now, HPD has also been working to get banks more involved. New York Community Bank, which was one of the worst offenders, has, along with Citibank, agreed to this wonderful new compact, and they are putting pressure on other lenders to join. When buildings that they have lent to have housing conditions problems, the banks will now do more: they will inspect those buildings, put money in escrow before they complete the loan on a building, and look at owners' track records before lending to them in the future. This is a new effort, so I do not think we can measure its results yet.

One challenge is around the issue of enforcement, and I am very interested to know how Los Angeles has dealt with it. Unfortunately, in New York City, there is a real

challenge going from a notice of violation to the actual improvement of that violation, and HPD estimates that only 25% of violations are removed within the given time frame. There are about 2.7 million outstanding violations, including nearly 500,000 that are class C violations. Unlike a parking ticket, for example, it takes extra court action for a notice of violation to turn into a fine if you do not fix it, and so one thing advocates are pushing for is a way to convert more easily from a violation to a fine, so that we would see units really fixed and fines levied if they do not get fixed.

I think we are lucky to have the partner that we have in HPD. One thing that they have done to send a signal over the last few years is to put a couple of our worse offenders in jail, and they have taken several landlords to court and sent them to prison for a few days to send the message that they are breaking the law and jeopardizing people's lives, and we take that seriously. I think that is the kind of tone that we want. At the same time, it is a big challenge and we are lucky to have colleagues around the country, and in this case Mercedes Marquez from Los Angeles, to shed some light on things that we might do here to make those conditions even better.

#### **MERCEDES MARQUEZ:**

I am thrilled to be able to come and share a bit about the work we have been doing. I can tell you that the inspectors that do this work—SCEP as a whole is about 215 people—are what I call the meat and potato guys who are out on the street everyday. They do not get a lot of recognition, so I am happy to represent them here today.

I will not go into so much of what our condition is in Los Angeles. Unlike New York, we are not the perfect storm of an affordability crisis. All of the things that Brad mentioned are true: Soaring prices, land costs, construction costs, and housing prices that have risen over the last 15 years at several times the rate of inflation while wages remain flat. Los Angeles also has very low area median incomes, much lower, for instance, than our sister city in San Francisco. In Los Angeles, the area median income is \$69,000 for a family of four, while in San Francisco it is \$113,000. That is the reality in Los Angeles that really makes it difficult for people to get into home ownership, as well as the

gap in the costs of rent. An average rent these days for a normal two-bedroom apartment in L.A. is about \$1,500. The gap is about \$800 between what someone with median income can afford and what it costs, and it is rising, not unlike New York, but because we are tied to area median incomes in all kinds of formulas when you look at funding, it is very difficult for us. The one thing I can tell you about Los Angeles is that we accepted that we could not simply build our way out of the housing crisis, so we were forced to turn away from only having a Production Department to really focusing in on preservation.

With that comes an understanding that we would prefer the Housing Department to act as a public sector entrepreneur to push in the right direction and then get out of the way so that we are really working with the market. That is very difficult for government. We will always be behind, but to the degree that we hold it as a value and pay attention to it, it seems that our success rate is better. We are doing that, and dually focusing on preservation and production.

I would like to tell you a bit about how SCEP came to be and how it works. SCEP is the Systematic Code Enforcement Program, and it is true that at this point we are the only city in the country that actually inspects each and every unit. How did it come to be? I think it is most important that we developed SCEP through a very open public process.

When I was a practicing lawyer, we filed a RICO action against saving and loans that were churning these buildings; for example, one of the bank officer's black Labrador retriever was a signatory on documents—things were that bad. As we were chasing after these bad guys, they would move, and we would have to start the due process all over again, which was enormously frustrating. The private firm I was working for at the time brought that RICO case to the city attorney's office, and we won in the state supreme court, but it did very little to change the conditions of the buildings or tenants or anybody else.

We have moved from that, though, and we ended up forming a citizens' committee. It was led by a man who has become Cardinal, was chaired by the President of Loyola Marymount, a Jesuit, and included tenants,

landlords, elected officials, neighborhood folks, housing officials – you name it, and they were involved in an urban subcommittee. Eventually they came back with a true understanding and study of how the city did code enforcement across the city, and, of course, they found that there was no coordination. The responsibility for code enforcement lay primarily with the Building and Safety Department, which also had responsibility for all of the commercial buildings and focused largely on permitting. Practically, if you are an inspector, and someone is waiting for you at a 50-story tower, and you have a lot of power in that sort of situation, and they need you to work with them, what is more sexy? Working on the new tower, or handling a dispute between a single landlord and a single tenant, which seems more like a domestic violence situation because by the time a tenant gets the nerve to complain, the situation is ugly.

The commission recommended that the city create a new program and move the responsibility for housing inspections out of the Building and Safety Department. This caused pandemonium in the city; the inspectors in Building and Safety were very upset because they felt that they had been denigrated, so it took political action to get it moved from one department to the other. Now there is no confusion about mission: The Building and Safety Department continues to be responsible for all of the inspections of commercial properties, and the Housing Department created its own program with a group of people who have a clear mission and pride about what they do. Inspecting systematically also eliminated the issue of conflict between landlords and tenants because an inspector just goes in and objectively takes a look at the law. We protect them as much as we possibly can to ensure that they work only in that sphere, so that when we go to enforcement, the inspector does not work on the enforcement case.

I think it is also important that we looked at it as a business would. We consider the idea of enforcement and compliance, I would say, a conveyor belt of work – you just keep moving and moving, and time does run out. The ordinance has specifically removed the discretion of the inspector, so if you have not completed 60 percent of the required work within the first time period, you cannot get any kind of an extension. Anything beyond that, your boss has to write a memo

and say why it should be granted. In government, if you want something to move in a direction, you make sure that people have to take time and get extensions approved, because it is amazing how they choose to comply rather than delay getting the job done because it costs time to not get it done right the first time. You incentivize them; the path of least resistance is to get it done.

We have found that we have several tools for enforcement. One, which is very important, is that we have now finished our first round. It took five years to inspect the approximately 800,000 units, but now that we are done we have been able to study the data. We found that 80% of landlords comply within the first period, which means that we are able to focus on the more difficult cases. An additional 13% comply within the next round, so we are really only left with 7% of the buildings that cause us difficulty in gaining real compliance. In the end, the department was able to administratively gain 99% compliance, which means we only send one percent – or 250 buildings – a year to referral to the city attorney for criminal prosecution. We were able to get it done all by ourselves, and we have found that the 80% of the landlords who comply are now very appreciative of our efforts to go after those who are more difficult. Whereas before a great landlord could be on the block across the street from one that was not so great, but because of this compliance, everyone is improving, the neighborhoods are rising, and so are their property values.

We have come a very long way from the state Supreme Court – where our case finally went after the Apartment Owner’s Association sued us – to doing joint property management courses together now. This ultimately works because we keep talking to each other all of the time. Tenant groups are doing outreach, and everyone can come in with a complaint that we will listen to, so it continues to be a very open process. That is unusual in government, but we have found that the only way we are going to get a neighborhood program done is if the neighborhood is involved.

We are now looking at something called “RISE,” which we invented. It is a way of giving a score to the buildings as we went through the first process. Being at the bottom of the score distribution means a building was

not complying. They are the first ones we re-inspect, and we map it. We now have maps for every city council district, and it tells us which census tracts have improved, which have not. Not only do we target them for enforcement first, but we are also targeting our rehabilitation programs there, both multifamily and single family, and doing everything we can to make that work.

**MALE VOICE:**

Let me ask you to respond to what I believe was the French system, although I am not sure whether it is still in operation today. The French government got out of the housing inspection business entirely and made it into an insurance matter, so it becomes parallel to having a car. I do not have to worry about the car inspector of New York City coming to visit my car; I have to worry about the insurance company upping my insurance. The insurance company has a much greater stake in making sure it is a good building than a building inspector, because the insurance company has to make money off of the building. Many insurance companies today have whole branches that go around in the construction of the buildings saying, “don’t do that, that’s going to be a fire or safety hazard.” So let me put it to you sharply: We close down everything, building inspectors, rent boards, all that kind of stuff, and simply require that just as you have to have insurance for your car, you have to have insurance for your house. You have to have insurance for your building, so that if a tenant has a problem—garbage in the hallway, for example—they go to the insurance company, and get a judgment against the landlord. Landlords who are chronic offenders cannot get insurance, and so they cannot buy a building because the law says they have to insure the building. The only thing you enforce is you must have a certificate of insurance, and since they can never get insurance, they exit the real estate market leaving only the good landlords. That would in effect privatize the entire process through the insurance process.

**MS. MARQUEZ:**

Thank you for the sharp question, and let me make a sharp response: It does not work, and let me tell you why. You assume in your fact pattern something about enforcement rather than preservation. Your outline

requires us to catch somebody when they are doing the bad thing. Here, we are talking about a mandatory minimum maintenance program that is different from getting caught for being the worst offender. I will also tell you that I spent many years litigating against landlords who failed to meet their responsibilities, and that means, of course, that you deal with insurance companies in these cases. Insurance companies are involved in inspecting for new construction, but they are not in any way involved in inspecting for liability once a building is built, particularly for the older buildings. A case against a bad landlord would take three years, and that is going at it one at a time. The difference here is that we are trying to maintain a minimum so that ultimately nobody is a bad landlord. Eventually, we may get to the point of a minimum that can be maintained in Los Angeles, but I can tell you that one of the reasons you have the problems Brad laid out in New York is because no one believes that the government will enforce the rules. Landlords do not believe they will be caught, and they do not believe that the government will have the person power to go look, so people are willing to play the game of risk.

**MR. LANDER:**

Two thoughts on this: first, every year I have to take my car and get it inspected, so I am insured against accidents at this one time, but I am inspected against things that harm others, like air pollution. So, it is not garbage in the hallway we are talking about, it is peeling paint, no heat, no hot water, no locks, and it is in the worst buildings. I agree, we are talking about a pretty small percentage of folks, but they are folks with a business plan, and if the law is not enforced, they are going to do everything they can to figure out how to get around it.

That said, I love the new effort of trying to get lenders involved, which is not so dissimilar, because the part of the compact that several lenders have agreed to is looking at a landlord’s portfolio, and if they have too many maintenance violations in their other buildings, they will not lend to them to acquire a new one. I do think that there are ways to involve the market better in getting bad apples out of the market, but it has to begin with the legal standard, and we have to enforce the law.

**MR. MICHAEL MEYERS:** *New York Civil Rights Coalition*

What is the definition of this affordability notion? Is there a standard definition of affordability? I think I heard you say \$1,500 in Los Angeles for a two bedroom. That is not only affordable in Manhattan, it is a steal. So, is there a universal standard definition of affordability?

My second question pertains to demolishing urban projects and subsidized housing—at least in New York—and moving to the free market. With respect to the new buildings, which are supposed to be affordable but are more often luxury housing, you have a reduced number of apartment houses and more people who cannot live in those apartments without some sort of subsidy. With the subsidies, however, it is not just an inspection of the premises in the building; it also comes with an inspection of the occupants. Occupants must be examined not only in terms of their income, but also in terms of their family households, criminal records, and criminal possibilities of family members who may come and visit the family, so this becomes a question of privacy.

**MS. MARQUEZ:**

In the inspection program, we also cite tenants. If they are packrats, if they are running a business out of their unit, if they are leaving oil all over the street because of cars, we cite them. We started a special enforcement unit that works in the afternoons, evenings, and weekends to focus in on those very specific problems so that we often work with city council offices to identify a tenant that is causing a problem for the entire community in that building.

**MR. LANDER:**

I think one thing that low income people unfortunately get used to is a range of ways in which they give up a meaningful amount of their privacy and dignity if they want the subsidies and programs that are available, and that is not good. On the one hand, the waiting list for New York City Housing Authority is several hundred thousand families long. For every affordable housing development that we built in my previous job, there were 20 or 30 times the applicants, even though folks knew every year they were going to have to come tell us this range of things, and we were going to come inspect the unit.

The technical definition of affordability is that the people who live there will spend no more than 30 percent of their income on rent. It does not tell you what their income is, or therefore what the rent will be, because there are affordable housing programs for very low income families, for low income, for moderate income, and for middle income families. Now, in New York, it is something like 60 percent of people earning less than \$25,000 that pays more than half their income for rent. They are not living in subsidized units, and that is true for moderate and middle-income people as well. It is almost always a passionate fight over scarce resources because there are many people who cannot get the housing that they want, and they think someone else is getting it. The biggest New York State affordable housing program ever was the Mitchell-Lama program, which served moderate and middle-income families, and then government policy got away from that to focus on the lowest income families. While people know we still need to focus on the lowest incomes, we also need an affordable housing policy that is meaningful to moderate and middle income folks facing pressures. That means balancing scarce resources, but it is something that is very important to do.

**MALE VOICE:**

Is there any difference between the various mayors – Mayor Koch, Mayor Dinkins, Mayor Giuliani, and Mayor Bloomberg – in their attitude toward housing programs and in their performance?

**MR. LANDER:**

Well, one thing I would say is that the times are so different; what you have to do with housing policy now is remarkably different than it was 20 or 30 years ago, in times of abandonment. The crisis that Mayor Koch was facing in trying to bring the city back with housing policy is quite different than trying to make room for people who cannot afford housing as the city is resurging. Partly as a result of that, he was able to spend a lot more money on affordable housing because it was not just about affordable housing – it was about saving the city from real risk – so Mayor Koch spent twice what we are spending now in an average year, but it was really to do a different thing. It was to reclaim abandoned neighborhoods, as opposed to trying to carve out affordability. I do think that of the four that you mentioned, the housing records of Mayor Koch and

Mayor Bloomberg are certainly easier to tell a positive story about than Mayors Dinkins or Giuliani.

**MALE VOICE:**

In L.A., the ramp-up of the staff for the project and the aggressive code enforcement certainly came with a price, but paid off unquestionably with the social return on investment. Was there a marked or at least quantifiable return on investment in real dollars, whether as a result of fines or improved conditions that led to more investment in the city?

**MS. MARQUEZ:**

I would say one important thing is that the city does not pay for the code enforcement program; tenants completely fund it. Right now, the fee is \$36 a year, and so landlords pay it up front and then charge \$3 a month through the rent, and the tenants were happy to do it. We have calculated about \$1.4 billion of reinvestment in that same housing stock, all private dollars by landlords, which is how we pay for it. What we do see is that, as neighborhoods improve, our biggest challenge is going to be how we deal with gentrification. That is how much better the neighborhoods have become. In fact, one thing that I now hear people complaining about is that while we are inspecting the units, the small commercial establishments who have leaning garages or things that are falling apart are not following along. Ultimately, there is no doubt that everyone has benefited – tenants and property owners.

**MALE VOICE:**

We are not talking about affordable housing; we are talking about subsidy programs. It does not do housing any service to discuss the two in the same breath. We should be talking about the cost of providing housing and subsidy programs.

**MR. LANDER:**

If developers will agree to provide housing at the cost plus maybe a ten percent markup, then I would entertain the idea of looking at a different way of producing the housing.

**MALE VOICE:**

That is what the Mitchell-Lama Program proved, because until you put the provisions in the Mitchell-Lama Program to allow people to buy out and pay

off their mortgages at the end of the process, nobody built anything under it. It was only the incentive of getting out that spurred the program. I have loved this information about Los Angeles; I love that the tenants pay, and that they are subject to citations for violations. I would like to explore some of the other differences that might make this program work in Los Angeles. For example, I know in New York, there are over 500 violation codes, with very fine distinctions between them. You talked about a minimum standard. What are you really enforcing, and what has been your experience in developing that?

**MS. MARQUEZ:**

We enacted no new laws in terms of habitability standards to begin the program, so we enforce the minimum state habitability code that applies to all cities in California. This is a minimum mandatory program; all we are doing is enforcing the law on a regular basis – you have to have screens on the windows, you cannot have peeling paint in the sinks, you have to have hot water at a certain temperature. I am talking minimum habitability standards that anyone would agree is what it is, and I think what is important about it is that by sticking to the code that everyone knows and understands, nothing new happened except consistent enforcement and education on what those minimum standards are.

We are finding that some landlords who had to put in \$1,000 to \$2,000 per unit because they had not done any maintenance for years, are willing now to put in the \$2,000 more to upgrade the unit completely. The units turn over so often that landlords know that eventually they will reap the benefit, and if they do it all now, when that tenant moves out, they will get a better rent as a result.

**MR. EAMON MOYNIHAN:**

If you read a basic microeconomic textbook, there will be a description of the difference between a public good and a private good. A public good is considered non-rivalous and non-excludable, so a lamplight is a public good because you cannot exclude a person's ability to see the light, and if they see it, which does not mean that you cannot see it. A hamburger is a private good: if I eat it, it is gone. Housing would seem to be a pure private good. I lock the door; it is my apartment,

not yours. Therefore, it is very unclear why government is involved in the housing industry at all, except in what the L.A. program is doing, because information happens to be a public good. I just thought that was a useful comment to understand in the context that New York, which has the biggest housing program probably of any city in the history of America and has remarkably unaffordable housing – 300 or 400 percent above the national average. If you correct income data in New York City for the cost of living, New York City is one of the poorest places in the United States, and a large part of it is due to the massively-failed housing policies.

**MS. MARQUEZ:**

I would say that if housing does not function, children do worse in schools, the infrastructure needs grow worse, and you have all kinds of things that someone else in the government will have to pick up. Certainly to the degree that people have to come and save us from electrical fires and put everybody else out, it starts to be in the area of a public good as opposed to a private good. It is the interconnectedness we cannot escape, that we all live together. Unless we really want to live way out and have no neighbors and be completely self-sufficient, we are touching each other all of the time. In the area of housing, all of the things that happen in government that we all rely on without thinking about have to work together.

**PAUL KERZNER:** *Con Edison's Renaissance Housing Program*

Do you have continued re-inspection until compliance in L.A.? How do you deal with the access issue? In New York only about one-third of apartments are inspected because of a lack of access. How do you deal with owners who do not pay the fines?

**MS. MARQUEZ:**

Access involves an enormous amount of outreach. We have even color-coded the letters. We have them posted in the buildings, and we send them, of course, to the landlord. We give them an opportunity to reschedule. We also send the letter to every tenant in the building so that they know that we are coming. I would say that as the program has moved on, we have greater and greater access to those buildings. We only receive about 15,000 complaints a year even though we are inspecting 200,000 units a year. We are able to have

enormous access. I think that ultimately, the openness of this program –landlords know all about it and work on it, as do tenants – has made it less foreign. In fact, we now have reports from the police department that for the first time robberies are happening based on people coming in purporting to be housing inspectors. We are now so well received that despite badges and identifications, we are now designing a uniform. Now people let us in. We have been able to really get into the culture of the city.

Yes, we continually inspect until you comply. If you get to the point where we refer you to the city attorney, then you have to pay for two extra inspections. Right now, that fee of \$36 a year covers all of the inspections unless you distinguish yourself for criminal enforcement, in which case the landlord bears the cost of the continued inspections for failing to comply.

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Notes

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