

Senator Charles Schumer and Rep. Jose Serrano are charging that mortgage giant Fannie Mae is abandoning its responsibility to a collection of 14 dilapidated Bronx apartment buildings that are in foreclosure, according to an October 27th *Crain's* article. The building's tenants are represented by Jonathan Levy, Deputy Director of the Housing Unit for Legal Service NYC-Bronx, who is quoted in the piece.

fannie



From *Crain's*:

After backing off an earlier attempt to sell the buildings' mortgages via an online auction, the federal agency now wants to unload them through a competitive bidding process. But Rep. Jose Serrano, D-Bronx, and Sen. Charles Schumer argue that such a move could take more than a year and would shift the responsibility for maintaining the Crotona properties—which have thousands of outstanding code violations—to the city and affordable housing groups.

“Neither [the city] nor the affordable housing community should be held financially responsible for the deterioration that these properties have suffered since 2007,” the two wrote in a letter to Kenneth Bacon, Fannie's executive vice president.

[...]

The Bronx buildings have been reeling since real estate investment firm Ocelot Capital bought the portfolio for \$36 million near the top of the real estate boom in 2007. Fannie purchased the \$29 million loan from Deutsche Bank and then discovered the loan didn't meet its underwriting standards. The buildings were subsequently abandoned by Ocelot, and the loans—still held by Fannie—went into foreclosure in March.

“These buildings are in conditions unseen since the '70s and '80s,” said Jonathan Levy, deputy director of the housing unit for Legal Service NYC-Bronx. Mr. Levy, who represents tenants in the Ocelot buildings, has filed a motion to get a single judge to supervise the receivers in the 14 buildings with the hope that such a move would lead to a more comprehensive approach to the properties' upkeep.

An attorney familiar with the buildings said each needs hundreds of thousands of dollars worth of repairs, but that Fannie has been reluctant to lay out any significant amount of money for the improvements.

“We think maintenance is Fannie's responsibility,” Mr. Levy said. “Since rental streams can't support it, legally, they're obligated to come forward with the resources.”

Affordable housing advocates and officials are hoping a resolution could set an example for other buildings that face similarly, though not yet as starkly, deteriorating conditions. More than 4,000 apartment units are already in foreclosure across the city, including some 3,000 in the Bronx alone, according to Urban Homesteading Assistance Board. The group estimates some 70,000 units are at risk of foreclosure.

Read the *Crain's* article in full by [clicking here](#).

Legal Services NYC-Bronx represents tenants of many of the buildings in foreclosure, and on behalf of our clients we are seeking funds from Fannie Mae, which now holds the mortgages, to make repairs and provide services. Legal Services NYC-Bronx is also working with community organizers and the Urban Homesteading Assistance Board, which has a longer term goal of trying to ensure that an affordable housing provider takes over the buildings so that they do not fall into the same speculative real estate market that led them into neglect and disrepair.

Find earlier LS-NYC coverage of the Ocelot matter by [clicking here](#).