

Activists in Suburbs Under Fire as Landlords: Suburban Activists Under Fire

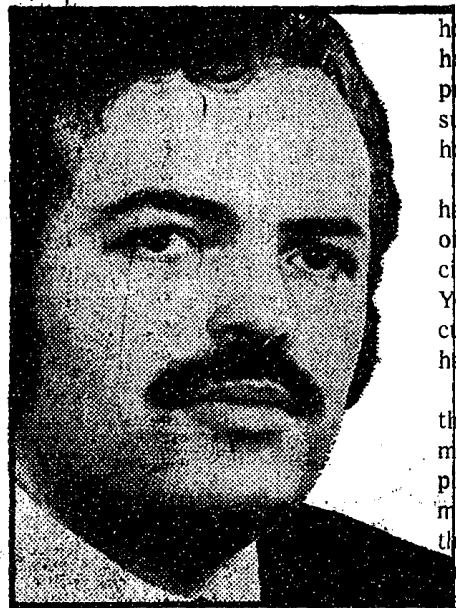
By ERNEST DICKINSON

New York Times (1923-Current file); Mar 24, 1974; ProQuest Historical Newspapers: The New York Times

pg. 413

Activists in Suburbs Under Fire as Landlords

By ERNEST DICKINSON



The New York Times

Neil Gold

TARRYTOWN, N. Y. — Neil Gold hopes to reshape America's traditional housing patterns. His dream is to provide an alternative to all-white suburban enclaves of single-family homes.

On the drawing boards he already has plans for more than 15,000 units of housing in five mixed-income, racially integrated communities in New York State, New Jersey and Connecticut. They would cost an estimated half a billion dollars to build.

The vehicle established to fulfill this vision—Garden Cities Development Corporation—has submitted plans for 3,675 townhouses and apartments at Waccabuc Hills, a project that would triple the population of the town of Lewisboro, N. Y., in 10 years. Also on paper are 6,000 housing units at Ramapo Mountain in Mahwah, N. J.; 2,570 at Candlewood Lake in New Fairfield, Conn.; 2,200 at Read-

ington Village in Hunterdon County, N. J., and 850 in Fairfax County, Va.

These projects have stirred considerable local controversy, and some are in litigation. But while the debates swirl over Garden Cities' brochures, presentations and claims for the future, the corporation in the last year has been quietly picking up existing garden-apartment complexes. And as an owner it has drawn considerable fire from local officials.

At the development known as Chateau Le Mans on the outskirts of Indianapolis, Mayor Morris Settles of the town of Lawrence said that he had to threaten to shut off water to all 524 units to collect a long-overdue water bill of almost \$10,000.

At Lancer Courts in Depew, near Buffalo, the Erie County Water Authority is petitioning in Federal Court to have portions of the rents assigned

to cover a back water bill of about \$3,000. At Katrine Apartments, just outside Kingston, N. Y., Central Hudson Gas and Electric Corporation has threatened to shut off utilities to collect a bill of about \$20,000. There, also, the Ulster County Health commissioner, Dr. B. J. Dutton, said that his office had received an inordinate number of tenant complaints since Garden Cities took over.

He has been trying since July, he said, to get the company to put in pumps and remedy other violations in its sewage treatment plant. The company has a poor record of maintenance, he said, with many promises but no major improvement.

In Hilton, N. Y., a residential Lake Ontario community west of Rochester, Robert Elliott, the village administrator, said that he had been getting numerous complaints from tenants since Garden Cities bought the 111-

unit Hilton Heights apartments.

"They are leaving the place like flies," he said. "Things go wrong. You can't get them fixed. Even simple little things."

Garden Cities' problems in Hilton involve management, street dedication and complaints for nonpayment of bills, Mr. Elliott said. "There hasn't been a water or utility bill paid in almost a year, since they have owned it," he said. He said that a lien would be placed on the property "if things aren't straightened out."

Garden Cities Development Corporation occupies a suite in an office building at 150 White Plains Road here in Tarrytown. That suite is also the headquarters for subsidiaries that Mr. Gold has established—Garden Park Realty Company and Garden Park Management Company. He also

Continued on Page 12, Col. 1

Suburban Activists Under Fire

Continued from Page 1. have been close ever since, he said. foresees setting up an engineering company.

Mr. Gold, a man of medium stature who is in his mid-30's, declined in an initial interview to discuss for the record any of Garden Cities' properties, or even to identify them. Later he relented when it developed that there was criticism of the company's management.

He made two principal points. "Garden Cities is a not-for-profit membership company in which nobody has put a dime of capital," he said. "We have no investors. We have no stock. We are all here on rather modest salaries. Therefore, what Garden Cities has to work with is the money that it gets in.

"There are times — some times for months — when we are very cash poor. This is so for normal companies, but for us it is particularly so. The result is that in those periods we defer payment of bills. But, all the time, our first concern is to upgrade the properties. That is what we have been doing."

Moreover, Mr. Gold said, "it is not as though we bought projects that were going to hell and we are making them viable. Garden Cities' theory, he said, is to acquire properties with problems and gradually upgrade them.

A native New Yorker who graduated from Columbia University in 1959 and took a master's degree in history, Mr. Gold was relaxed and articulate as he discussed the social theories that led to his present activities.

Early in his career, he said, he reached the conclusion that racial problems in the United States could not be solved before an attack was mounted on the basic problems—the separation of families residentially by race and income.

In 1966, while he was program director of the National Committee Against Discrimination in Housing, he met Paul Davidoff, a Yale Law School graduate who has taught planning and urban affairs at the University of Pennsylvania and Hunter College. "We realized that we had a lot in common and

that Garden Cities proposes. Typically they consist of townhouses and garden apartments, with schools, shopping centers, sewage plants, libraries, recreational facilities and a network of pedestrian walkways.

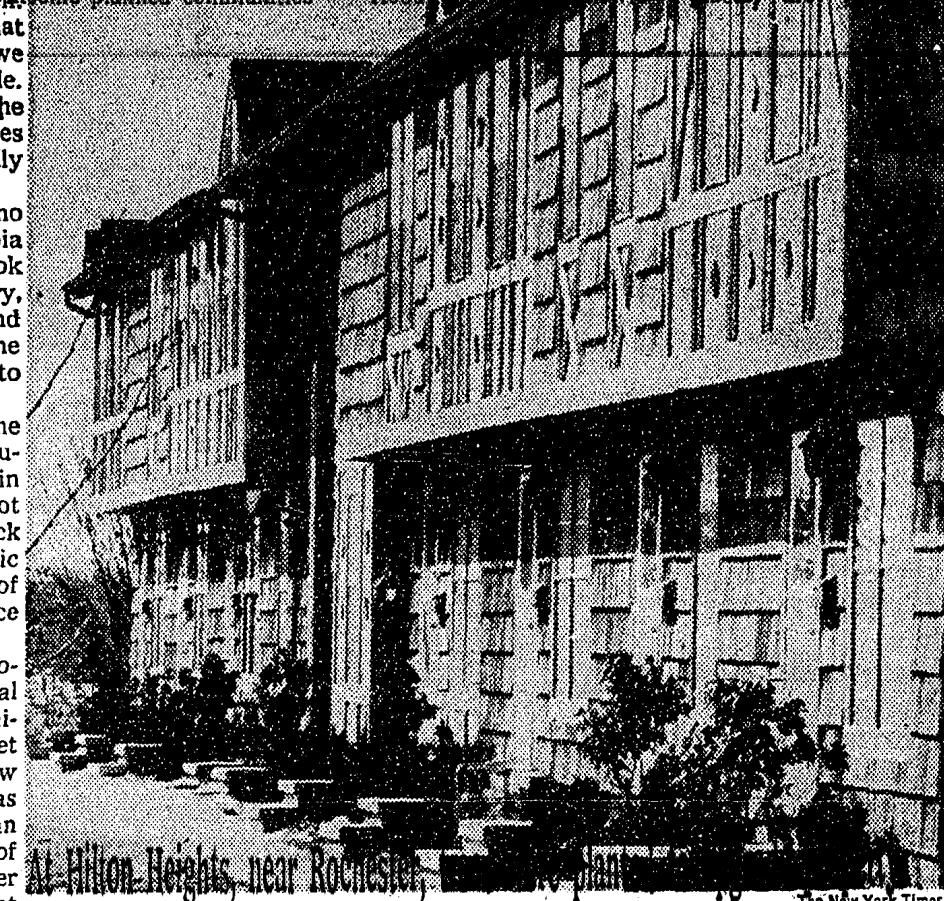
In order to bring in lower income families, Mr. Gold said, Garden Cities has been devising a system of private subsidies for the poor—subsidies completely independent of Federal and state grants. In effect, the corporation would be setting up its own welfare program.

Discussing the specific complaints raised about the quality of Garden Cities' present management, Mr. Gold and the corporation's special counsel, Allen Zerkin, made several observations.

Lake Katrine and Hilton, Mr. Gold said, were "suffering when we bought them." The former he described as a "first-rate rescue job," adding that it would be "one of the most beautiful garden apartments in the region when we finish improving it."

It will take time, he said. Contracts have been let but work cannot start until the ground softens.

About 100 units are



At Hilton Heights, near Rochester, N.Y., plans for a new plant.

At Lake Katrine, Mr. Zerkin contended that the problems were the result of sabotage done in a "very sophisticated way," allegedly by a former employee. "But the sewer plant is running fine now," he said. Taking issue with that statement, the health agency reiterated its charge of improper maintenance.

At Hilton Heights, according to Mr. Gold, Garden Cities must have invested "almost \$100,000," including \$40,000 worth of trees, a \$20,000 pool and \$10,000 worth of play equipment. Mr. Elliott, the Hilton administrator, conceded that improvements had been made.

A visitor to Hilton Heights last week observed that many new trees had been planted. But he was informed by one tenant, Mrs. Beverly Wing, that "quite a few people are breaking their lease and moving out."

"One of our windows blew out the other day and we couldn't get the kid who's in charge to replace it," she said. "Finally my husband took a window from the model apartment."

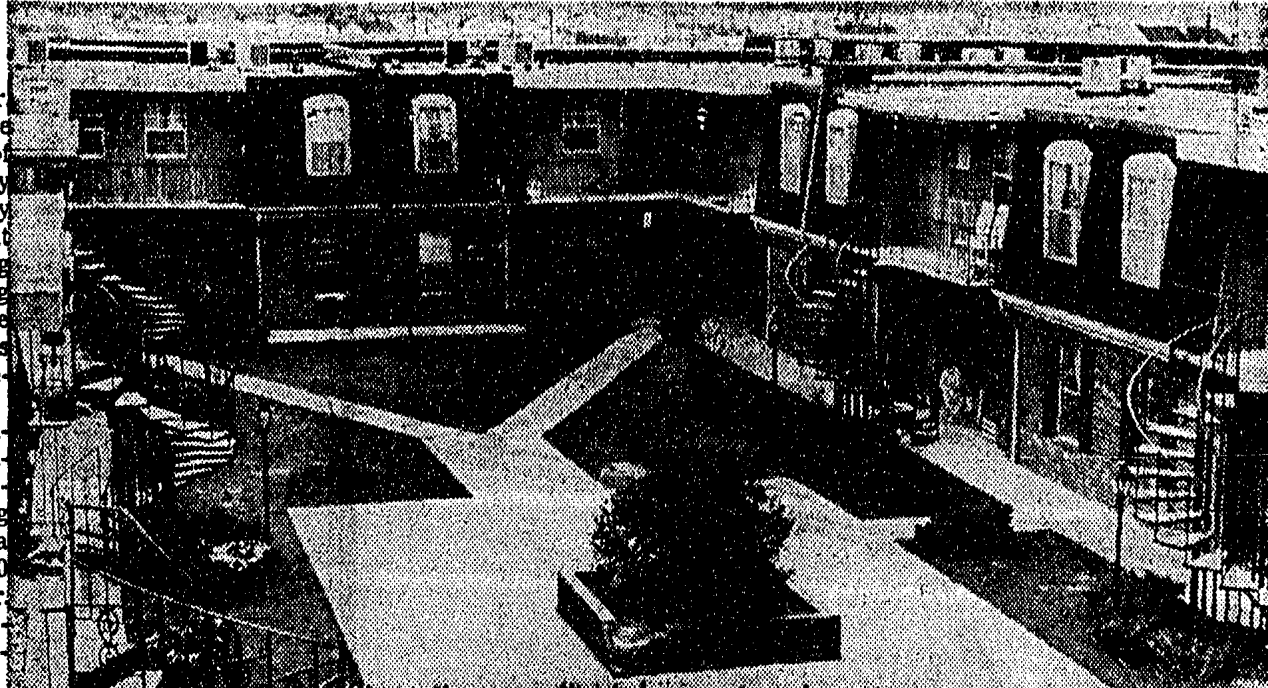
Another tenant, Mrs. Pamela de Baker, said: "These are

According to Mr. Gold, Garden Cities bought Hilton Heights at a low price after being informed that all bills had been paid. "Apparently we were informed incorrectly because a few months ago we were told that the water bill was still outstanding," he said.

Agreeing with Mr. Gold, Mr. Zerkin insisted that Garden Cities had not been bad managers. But there have been times when the inability to pay a bill has made it hard to get work done.

"Everything traces back to the financing," he said, "the fact that we have been 'bootstrapping'—building something from nothing, literally nothing."

In the Lake Katrine purchase, for example, Garden Cities bought 152 units plus adjacent property on which permits for additional construction had already been granted. A wealthy, unidentified partner took a 50 per cent interest in this second,



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deal, Mr. Zerkin said. The partner's signature was sufficient to obtain an institutional loan of approximately \$200,000 to help finance the purchase. In addition, the seller provided a \$65,000 loan, or purchase money mortgage. The loans covered more than 100 per cent of the purchase price, so that Garden Cities did not have to invest any of its own cash.

Mr. Zerkin said that by personally guaranteeing institutional loans and also by supplying some cash, two wealthy individuals had greatly assisted Garden Cities in its purchases.

Garden Cities is moving toward construction both at Lake Katrine and at Hilton, Mr. Zerkin said. There are also plans to build 135 condominium units in the so-called Rose Garden on the south side of the village of Newark, N.Y., 30 miles east of Rochester.

Although Garden Cities put in none of its own cash at first, Mr. Zerkin said, its object is to "turn the property around" fairly rapidly and syndicate it, and then lease it back from the syndicate. So far this has occurred on one investment, he said—a 132-unit project known as Sherwood Manor on Dodge Street in Rochester.

In that instance, Garden Cities came away with a \$200,000 profit after a sale to a syndicate, which consists of Garden Cities as general partner and about a dozen limited partners. Limited partners in such a syndicate are normally high-

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benefit of tax shelter. If construction has not yet started, it is not because Garden Cities lacks the means to do it but because it has been blocked by municipal zoning and planning bodies, he said.

"We are not litigating for its own sake," he said, "but where we feel the basic reason for denying Garden Cities the right to build is racial or economic, we intend to litigate and are so doing."

The \$200-million Ramapo Mountain project is in the courts. So, too, is the 2,570-unit WatersEdge project proposed for Candlewood Lake. Waccabuc Hills is before the Lewisboro Planning Board. Mr. Gold anticipates that a suit will be filed soon in the application for Readington Village in Hunterdon County, N. J.

This leaves only one of the five big planned communities with no procedural hurdles to clear — the 850-unit project in Fairfax County, Va. But there a sewer moratorium blocks construction and may do so for as long as a year.

Asked where the money would come from to finance the half-billion dollars worth of new construction, Mr. Gold said: "What money? It doesn't cost any money to do this; that won't be provided by mortgage loans. You don't have to have resources to build houses. You have to have access to people who have resources. Good plans, sound economic analysis and good people willing to wait for their fees until development starts."

Mr. Gold indicated that he was eager to move forward with the construction projects. "We have our staff of accountants and controllers that run our projects," he said. "We are geared up. We are ready to move."

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