The Limits of Cooperation

Confronting Privatization at Limited-Equity Housing Cooperatives in New York City

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1 Kheel Center for Labor-Management Documentation & Archives, United Housing Foundation Files, Collection Number 6129, Box 1, Folder 43
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Introduction

West 28th Street breaks from Manhattan’s street grid between 8th and 9th Avenues, curving slightly uptown and returning back to its original course by the end of the block. It looks different here from the storefronts, brownstones, and mid-rise apartment buildings that make up most of Chelsea: set back from the sidewalk by leafy and manicured lawns, a swath of identical red-brick towers rise on both sides of the street. Looking southward, ten cruciform high-rises, each standing twenty-two stories, dominate the horizon until 23rd Street. An unacquainted visitor might assume that something different is going on in this part of Manhattan. They would be correct. These buildings comprise a housing cooperative of nearly 5,000 residents called the Mutual Redevelopment Houses—colloquially known as Penn South—one of the most remarkable successes of affordable, cooperative, non-profit urban housing in the United States.

On an October evening in 1986, just a stone’s throw from the bend in 28th Street, music rang out from the bucolic lawns between Penn South’s residential towers. Neighbors danced and shared home-cooked food as children played on the concrete blacktop at the center of the complex. Impassioned residents, bullhorns in hand, gave impromptu speeches commending their neighbors for the day’s collective achievement. The residents had been presented with an opportunity to abandon their affordability restrictions and make handsome profits, but the vast majority—against standard economic logic—voted against converting their complex to a for-profit housing cooperative, forgoing the chance to sell their apartments for more than 28 times what they paid. Instead, Penn South would

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2 Katya de Kadt interview with the author, March 21, 2023.
remain a limited-equity housing cooperative, a bastion of moderate-income housing in a city ruled by real estate speculation.

Eight avenues east and more than thirty blocks downtown, the fabric of the city breaks its form once again. Deep in the Lower East Side, in the shadow of the Williamsburg Bridge, another set of balcony-lined, red-brick apartment towers and grassy lawns disrupt the crosshatched blocks of tenement buildings. Austere, duplicative brick developments abound in this part of Manhattan, but the high-rises lining the final stretch of Grand Street before the East River stand out. These complexes, collectively known as Co-op Village, spent most of their history as limited-equity co-ops like Penn South. But unlike their Chelsea counterparts, the residents of Co-op Village seized the opportunity for economic profit—today, large apartments here regularly sell for upwards of $1 million.⁴

Penn South and Co-op Village were built as limited-equity housing cooperatives, a rare and increasingly vulnerable housing arrangement in the United States. These cooperatives operate similarly to private co-ops—the kinds prevalent across New York City and pervasive in such high-end districts as Central Park West and the Upper East Side—but are regulated by law to remain affordable.

In a standard for-profit co-op, residents purchase “shares” of their building, organized as a corporation, upon move-in. Rather than paying monthly rent, residents pay “carrying charges” that cover the costs of maintenance and amenities, and the building is overseen by an elected Board of Directors composed of residents rather than a landlord. Standard co-ops operate very similarly to condominiums with homeowners’ associations, but unlike a condominium, co-op residents do not

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possess legal title to their apartments as private property—they own shares of the housing corporation. When a resident moves out, they sell their shares of the co-op, not the deed to their apartment.

Limited-equity cooperatives differ from private cooperatives in a few crucial ways. For one, the prices of shares are capped. The first cooperators at Penn South paid $650 per room in 1962, equivalent to about $30,000 for a two-bedroom apartment in 2023. With the option to take a mortgage on their down payment, many paid almost nothing upfront for their new homes.5 Furthermore, when residents die or move out of their apartment, their shares must be sold back to the co-op; they cannot be sold on the private market or bequeathed to a relative. Residents’ equity in their apartments is therefore limited; the sale prices of shares cannot exceed their purchase prices, hence the term “limited-equity.” Prospective buyers are also restricted by income: a would-be resident can earn too much to qualify for an apartment in Penn South. Today, Penn South is one of the best deals in Manhattan. The equity price for a two-bedroom apartment is $168,049,6 compared to the average sale price for a co-op apartment in Chelsea of $726,000 in 2022.7

Powerful state and federal housing legislation made possible the development of limited-equity cooperatives in the post World War II-years. The Redevelopment Companies Act of 1942 was among the first laws to outline the procedures for labor unions, insurance companies, and savings banks to front the building costs of limited-equity cooperatives to redevelop areas designated as “slums.” One of the first developers to take advantage of the program was the United Housing Foundation (UHF), a

union-affiliated non-profit development organization. Between 1950 and 1970, the UHF constructed Penn South, Co-op Village, and more than a dozen other developments across New York City. Nearly all were constructed through the process of eminent domain and the displacement of low-income neighborhoods.⁸

In the 1950s and 60s, limited-equity cooperatives flourished as a source of affordable and desirable homes for moderate-income New Yorkers. The Redevelopment Companies Law and its 1955 successor, the Mitchell-Lama housing program, developed more than 200,000 apartments in limited-equity co-ops across the city.⁹ The UHF’s developments housed people across lines of race and ethnicity, but Jewish New Yorkers lived in their co-ops at especially high rates. At Penn South, Co-op Village, and other affiliated projects, the first generations of cooperators were largely white Jewish union workers and moderate-income professionals aligned with the city’s unionist political and cultural tradition. Numerous limited-equity complexes, including Penn South and Co-op Village, evolved into cultural enclaves for politically progressive Jews that came to define the character of their neighborhoods.

However, the laws governing limited-equity co-ops contained provisions that would endanger the long-term affordability of the housing stock they produced. After twenty-five years, residents of the complexes could vote to exit the limited-equity restrictions and “go private,” becoming standard, for-profit, market-rate co-ops. Converting from a limited-equity to private structure effectively transforms residents’ equity in their apartments from a deposit into an asset—apartments they

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⁸ Bloom and Lasner, *Affordable Housing in New York*, 143.
⁹ Jonathan Tarleton, “The Power of Equity: Private Motivations and Public Implications of Dissolving Affordable Housing Cooperatives” (M.C.P. diss., Massachusetts Institute of Technology, Cambridge, 2016), 176-181, DSpace@MIT.
purchased for artificially low upfront prices could be sold at the level dictated by the New York real estate market, which by the mid-1980s would have provided them astronomical returns on their investments. Even residents who opted not to sell would gain the ability to transfer their apartment to family members or purchase a neighboring unit and combine it with their own.

Penn South and Co-op Village provide examples of divergent outcomes to the privatization question at limited-equity co-ops. In the fall of 1986, Penn South’s twenty-five-year tax abatement had elapsed, and the complex was the first Redevelopment Companies co-op to hold a referendum on whether to remain limited-equity or “go private.” Community leaders and the Board of Directors organized residents to support maintaining its limited-equity status and refuted the appeals of pro-privatization advocates. Residents celebrated on the blacktop when they received the news that nearly 70% of people voted to retain affordability, forgoing the opportunity for tremendous real estate profits.

At Co-op Village, a concerted pro-privatization effort by the management and Board of Directors resulted in residents voting to privatize in 1997. The complex’s fraught history as a whiter and more affluent enclave in the mostly non-white and low-income Lower East Side loomed large over the process; less than a decade earlier, a class-action legal settlement over discrimination against prospective Black and Latino residents ordered racial quotas for the allocation of apartments.

Historians of cooperative housing in New York City have long debated the sustainability of limited-equity cooperatives. Many have argued that their long-term success relies on residents’ shared

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investment in cooperative philosophy beyond mere interest in a low-cost housing model. Others emphasize the necessity of a bond beyond mere proximity—one of ethnicity, occupation, or labor union—for the sustainment of the limited-equity system. Eclipsing these factors, however, is the architecture of the legal framework governing limited-equity co-ops and, by extension, government support for this form of housing. The Redevelopment Companies Law’s twenty-five-year limit on its tax abatement makes the structure’s longevity precarious—the exit plan from the co-ops’ affordability is built into their foundations. Without that provision, and with more substantial support from the government, the pressure to privatize would not exist. Under the existing framework, however, the stories of privatization at Penn South and Co-op Village reveal key determinants that make or break the limited-equity system in the long run: leadership’s investment in the limited-equity leadership and solidarity among neighbors in their commitment to housing as a public good rather than a financial asset.

Historians have chronicled the origins and development of limited-equity housing cooperatives in New York City as a fundamental mechanism of postwar urban renewal and the efforts of labor unions to develop affordable housing for the working class. Books such as Joshua Freeman’s *Working-Class New York*, Nicholas Dagan Bloom and Matthew Lasner’s compendium *Affordable Housing in New York*, and Robert Fogelson’s *Working-Class Utopias: A History of Cooperative Housing in New York City* count among the seminal literature on the matter. Jonathan Tarleton’s forthcoming book, *For Our Own Good*, adapted from his outstanding dissertation, tells the story of the privatization battles at two Mitchell-Lama cooperatives that began in 2016. However, there exists almost no published scholarship on the earliest cases of privatization at limited-equity cooperatives that began in
the 1980s. This essay seeks to place the question of privatization at limited-equity co-ops in the context of their origins as union-sponsored and urban renewal-driven housing developments, and identify the conditions that determined whether cooperatives opted to privatize or remain limited-equity when the option arose for the very first time.

In addition to journalism, archival documents, and oral histories, this essay relies on original interviews with residents and community leaders at Penn South and Co-op Village. It is also among the first scholarly works to utilize oral history interviews from the Penn South Archive Project, which was conducted and published by Penn South cooperators earlier this year.

The histories of Penn South and Co-op Village are not merely stories of housing and real estate. They are stories of organized labor enabling idealists to produce dignified urban homes for working people, of the displacement and intentional exclusion of populations left out of a utopian vision, and of people committed to housing as a public resource rather than a private commodity in a city committed to extracting profit from its scarce and coveted land at any cost.
Chapter I: Building a Cooperative Empire

The Emergence of Limited-Equity Cooperative Housing

The story of limited-equity cooperative housing in New York City begins with the Finnish immigrant community in Sunset Park, Brooklyn in 1916. A group of sixteen Finnish-Americans purchased a four-story apartment building and established a cooperatively-run community called “Alku” where families paid $600 down and $50 per month for their homes. They expanded the system to more than fifty buildings in Brooklyn and Manhattan, housing thousands of Scandinavian immigrants at affordable costs.¹² Black New Yorkers in Harlem also embraced cooperative ownership as a solution to high housing costs and poor living standards; Reverend Dr. H. M. Tyndall purchased five apartment houses near his church in East Harlem in the early 1920s, selling each unit at cost to parishioners as a share of the property and charging monthly carrying charges to pay for maintenance.¹³

The co-ops in Harlem and Sunset Park served as models for architect and housing advocate Clarence Stein, who used the projects to lobby for state support of cooperative housing developments as a salve for the severe post-World War I housing shortage. In Albany, his efforts helped pave the way for state-supported limited-equity cooperatives. The passage of the Limited Dividend Housing Companies Law of 1926 allowed developers to exercise eminent domain and obtain tax abatements for limited-equity housing developments, effectively lowering their costs by up to a quarter.¹⁴

Armed with this legislation, cooperative housing proponents leveraged the opportunity to get more projects off the ground. Chief among them was Abraham Kazan, a Ukrainian-born immigrant to the Lower East Side whose childhood immersion in the European consumers’ cooperative movement developed a lifelong commitment to cooperative politics and housing.\(^{15}\) He began his career as an office worker for the Amalgamated Clothing Workers of America, which had long considered developing limited-equity co-ops to provide high-quality and affordable housing for workers, but was stymied by real estate and construction costs. With the passage of the 1926 housing law, Kazan spearheaded the Amalgamated’s development of the first project built under the legislation: the Amalgamated Cooperative Apartments on Van Cortlandt Park in the Bronx.\(^{16}\) In 1929, the Amalgamated backed the development of a second cooperative, this time on the Lower East Side, called Amalgamated Dwellings. While sponsored by the union, people of any profession could apply for residency at the co-ops—however, all residents were white, and most were Jewish. The Amalgamated co-ops succeeded in their intention to provide affordable and high-quality housing for the city’s striving working-class. The requirement of upfront equity payments placed the apartments out of reach from the poor, but the price restrictions made them accessible to union wage workers, civil servants, and teachers.\(^{17}\) The proliferation of more limited-equity co-ops in their image, however, was thwarted by the Great Depression and, later, the war. Kazan struggled to keep the co-ops afloat through the Depression, but they proved resilient; residents benefited from a cooperative grocery store, library, dance classes, and


\(^{16}\) Bloom and Lasner, *Affordable Housing in New York*, 41.

summer day camp. Many co-ops outside of Kazan’s purview in New York defaulted to bank ownership, and his vision for cooperative housing across the city remained confined to those outposts as the city weathered the wartime years. 18

**Repossession and Cooperation: Limited Equity Cooperatives as Agents of Urban Renewal**

Ambitions to reshape New York’s unwieldy urban and social forms are perhaps as old as the city itself. By the late 1920s, the movement to dictate the geography of the city’s people and activities through urban redevelopment had become especially potent. Flush with capital in the post-World War I years, infrastructure and real estate development boomed: subway expansions to the outer boroughs allowed Manhattan tenement-dwellers to move out to Brooklyn, Queens, and the Bronx in droves, where more than 400,000 units of housing had been constructed since 1922. 19 Reform groups like the Regional Plan of New York and its Environs sought to supplant the entirety of the poor, Black, and immigrant populations of Manhattan below 96th Street with offices, shopping, transport arteries, and housing for the well-to-do. 20 Amalgamated Dwellings was a model for the housing that would comprise the new Manhattan—while the co-op’s prices were restricted to remain affordable to those earning “moderate-incomes,” its rate of $12.50 per room per month placed it out of reach of many tenement-dwelling garment workers. Redevelopment boosters like Henry Bruère, the President of Bowery Savings Bank, believed that the Amalgamated would initiate the rebuilding of the Lower East Side in this vision. 21

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21 Ibid, 30.
Though the Depression halted such efforts to replace Manhattan’s tenements with union-backed limited-equity co-ops, the approach would be reinvigorated by the conclusion of the Second World War and the onset of a new post-war housing crisis. By the 1940s, New York’s demography was changing drastically. Jobs in war industries had drawn thousands of Black Southerners to New York for work in manufacturing and distribution.\(^{22}\) The United States, Puerto Rico, and New York City governments facilitated the migration of nearly 700,000 Puerto Rican people from the island to New York City between 1945 and 1955.\(^{23}\) Federal policies promoted suburban single-family home construction and subsidized homeownership for white veterans, stimulating the migration of the white middle class—“white flight”—from New York City to suburban communities in New Jersey, Westchester County, and Long Island.

These factors led New York City officials to carry out a particular process of redevelopment across the city characterized as “urban renewal.” Through the use of eminent domain and subsidized development, public and private entities demolished and rebuilt large portions of the city with the stated goal of expanding and improving the city’s housing supply. But urban renewal projects also sought to retain and attract middle class white people to the city, push poor and non-white people into the urban periphery, and reformulate the racial, ethnic, and class compositions of neighborhoods. Limited-equity co-ops were among the most prominent housing products of urban renewal—both Co-op Village and Penn South were built upon the destruction of working-class and poor neighborhoods and the mass displacement of their former residents. These complexes, in addition to


providing an extensive and crucial affordable housing supply for moderate-income New Yorkers, served to reshape their neighborhoods as more white and more affluent at the expense of poor people and non-white people.

Robert Moses, the notorious New York City development czar who headed the city’s slum clearance committee, planning commission, and myriad other public agencies in the postwar period, sought the collaboration of Abraham Kazan to promote housing development at a large scale. Moses’s conservative politics and antagonism toward the labor left made him an unlikely collaborator with Kazan and the Amalgamated. But each man had something the other wanted: Moses had the political clout to initiate and gain approval for projects in highly-contested urban spaces, and Kazan had the track record of funding and sustaining large housing developments for moderate-income people. The unique structure of limited-equity co-ops, combining private funding with public resources, had proven an effective method of producing the type and scale of housing that Moses and city leaders sought through urban renewal.24

The development of limited-equity co-ops as a mechanism of urban renewal relied on the passage of robust state and federal legislation. Title I of the Federal Housing Act of 1949 allowed cities to seize property in areas designated as “slums” or “blighted,” then sell portions of demolished neighborhoods to housing developers at reduced prices. As opponents and historians have long argued, the law’s primary intention was to clear out poor and non-white people from urban areas to stimulate real estate and consumer markets in urban areas to—in theory—bolster the fiscal conditions in major cities such as New York.

In New York, the first such policy was the Redevelopment Companies Act of 1942. The law outlined a program for savings banks and insurance companies to sponsor limited-dividend housing co-ops, develop them in “blighted” areas through eminent domain, and grant the co-ops twenty-five year tax abatements. Together, Title I and the Redevelopment Companies Law gave Moses—who was appointed chairman of the City’s Slum Clearance Committee in 1948—all he needed to clear out the tenements of the Lower East Side, Chelsea, and beyond in favor of apartment blocks stratified along the lines of race and class.

A Renewed Lower East Side

26 Ibid., 58-59.
The first product of Kazan’s collaboration with Moses was an extension of the Amalgamated Dwellings called Hillman Houses. Moses brokered an investment from Mutual of New York, and Kazan facilitated additional sponsorship from the Amalgamated—the trio of twelve-story buildings reached completion in 1950. Following their completion, Kazan and his associates formed an organization called the United Housing Foundation to manage their developments, which was promptly awarded the first Title I contract for the redevelopment in the Lower East Side on a site named Corlears Hook. The neighborhood, on a slight peninsula bending into the East River, had garnered a reputation as a red light district with crowded tenements and poor sanitary conditions. With financing from the International Ladies’ Garment Workers’ Union and a federally-insured mortgage, the UHF embarked on what it saw as clearing out and cleaning up this section of the city by constructing a complex of six 20-story towers of limited-equity cooperative apartments called the East River Housing Corporation.

The existing residents of Corlears Hook rallied to oppose the proposed destruction of their neighborhood. The largely Puerto Rican population received support from the Citizens Union and its executive secretary George Hallett when the demolition proposal made its way through the city approval process. Hallet demanded that the Slum Clearance Committee defer authorizing the project’s Title I funding until the City Planning Commission finalized a tenant relocation plan.

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30 Cooperative Village, “A Brief History of Cooperative Housing on the Lower East Side.”
development of the East River Houses also spurred criticism of the UHF’s role in pushing out racialized people from the Lower East Side: when the International Ladies’ Garment Workers Union (ILGWU) signed on as a co-sponsor of the project, the Black newspaper *Amsterdam News* opined that the complex would follow in the pattern of Kazan’s earlier projects and house a near-exclusively white population. The writer’s suspicions were correct, as only fifty Black residents moved into the East River Houses upon completion. Kazan maintained that UHF complexes were not racially discriminatory, but refused to “solicit any particular groups.”

Eventually, the opposition withered against Moses’s multi-layered control over the planning process and the consolidated support among city officials for clearing out “slums” in favor of moderate-income residents. Transforming the Lower East Side was a personal cause for many proponents of the Corlears Hook redevelopment; at the groundbreaking ceremony for the East River Cooperative Houses, ILGWU President David Dubinsky framed the project as the progeny of Lower East Side immigrant workers reshaping the inferior living conditions of their youth into a vision of a brighter, more dignified future for the neighborhood where they were raised.

“Many of us are here today as natives returning to the scenes of our childhood. Fifty-three years ago, the ILGWU was officially organized to [wage] war against the sweatshop. That war has continued for more than two generations. Now, half a century later, we return to the place where our union was born. We have wiped out the sweatshop. We return to wipe out the slum.”

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33 Fogelson, *Working-Class Utopias*, 82.
34 Cooperative Village, “A Brief History of Cooperative Housing on the Lower East Side.”
Sentimentalities aside, the relocations for Cooperative Village destroyed the pre-existing communities of Corlears Hook. As the East River Housing Cooperative broke ground in 1953, Kazan and Moses turned their gaze to the blocks between East Broadway, Grand, Ahearn, and Essex Streets for another redevelopment project. This proposal, which they named the Seward Park Houses, was met with even stronger opposition than its predecessors. Harris Present, a tenant displacement advocate and the chairman of the New York City Council on Housing Relocation Practices, accused the project of evicting thousands of families without sufficient relocation support or accommodation in the completed development. Indeed, the $650 per-room of upfront equity and $21 monthly carrying charges for the Seward Park Cooperative disqualified nearly all Corlears Hook residents from eligibility, and Present accused Moses of prematurely pressuring residents to move before the project received approval. Nevertheless, the Seward Park Houses were approved with resounding support from organized labor and the Wagner administration.  

According to Seward Park Housing Corporation’s self-published report on the relocation process for its construction, the co-op displaced 4,304 people, comprising 1,471 families. The UHF offered households automatic applications for public housing—but notably, not for the co-op that was replacing their homes. They also presented apartment listings for families who “[could] not be relocated for public housing,” and provided a cash bonus payment for moving costs of households who self-relocated to housing of their own choosing. The report stated that 545 families self-relocated, 423 moved into private housing facilitated by the UHF relocation staff, 200 moved into public housing, 5 were evicted, 185 moved into the Seward Park Housing Corporation, and 113 were

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identified as having “self-relocated” due to not notifying the relocation office of their outcomes. The report also includes the ominous note that “forty-six families were relocated quite a distance from the site. These were the families whose transportation was paid back to Puerto Rico. They were quite a happy group when they left the airport.”

With the Seward Park project completed, union-sponsored limited-equity cooperatives dominated the eastern end of Grand Street, forming a unified entity of white, Jewish, moderate-income people in a mostly low-income, increasingly Latino and Black neighborhood. Along with limited-equity co-ops, redevelopment projects in the 1930s through 50s also constructed thousands of units of public housing: the Vladeck Houses and LaGuardia Houses are just south of Co-op Village, and the Baruch Houses are just across the Williamsburg Bridge. Thus, urban renewal converted the neighborhood’s old-law tenements, populated exclusively by poor and working people, into an array of high-rise apartments allocated by people’s income and race. Rather than straightforward gentrification of the Lower East Side, as 1920s reformers advocated for, the eventual outcome of urban renewal was a racially and economically heterogeneous neighborhood composed largely of racially and economically segregated apartment complexes. As the complexes in Co-op Village evolved, their position as a white and higher-income sub-community within a racially and economically mixed neighborhood was a crucial element in residents’ approaches and assessments of living in limited-equity cooperatives.

Optimism and Opposition in Chelsea

As the UHF initiated a new project with the ILGWU, Kazan envisioned a “walk-to-work” cooperative for the garment workers in Chelsea. With the financial support of the Teachers’ Retirement System and garment workers’ union, the city and federal government approved the Title I slum clearance plan for the development of the Mutual Redevelopment Houses, colloquially known as Penn Station South, in 1957. Kazan saw the neighborhood as ripe for renewal: he recalled that “the area did not enjoy a very good reputation. Many people did not consider it a pleasant place to live. It

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37 Kheel Center for Labor-Management Documentation & Archives, United Housing Foundation Files, Collection Number 6129, Box 1, Folder 47
was a conglomeration of flop buildings, factory buildings, warehouses, garages, parking lots, wholesale establishments, and a number of 3-story brownstone buildings. Most of these brownstones were remnants of better days, of a period almost forgotten.” Indeed, a 1954 neighborhood agency study of Chelsea indicated that 10% of homes lacked central heat, 30% lacked private baths, and 5% lacked running water. But the report also indicated that alongside these conditions were “attractive, well-kept, homelike dwellings.” The blocks that would be demolished to build the cooperative were designated as "a concentration of desirable living quarters.”

The population of the condemned area consisted of working-class and poor people of diverse ethnic backgrounds, with sizable numbers of Greek, Puerto Rican, Irish, Jewish, and Black residents. But, as historian Emily Straus argues, “the income requirements for the proposed cooperatives would eradicate this diversity.”

In Kazan’s own words, “the relocation of the tenants from the old buildings of Penn Station South was the most complicated, difficult, and costly that we had.” With 2,646 families to move and 390 structures to demolish, it was the largest relocation of any UHF project to date. In his description of the process to relocate the residents from the Penn South site, Kazan recalled working with community members to agree to a solution: “Gradually [the residents] realized that, since they had to move from the area which had to be rebuilt, they had to make the best of the situation. This is how we

41 Ibid, 205.
more or less succeeded in getting their cooperation." In this context, Kazan uses the word "cooperation" very generously—the displacement process was far from amiable.

As eviction proceedings began in 1959, community groups rallied against residents’ displacement and demanded the compensation that the UHF promised. The Chelsea Community Council organized a march down 25th Street in which 50 children chanted calls of “save our homes,” followed by a meeting of 400 concerned residents airing their grievances against the UHF in the St. Columba Roman Catholic School auditorium, which hung an effigy of David Dubinsky outside its doors. The protests culminated in a meeting with Mayor Robert Wagner and Manhattan Borough President Hulan Jack, during which the residents aired their grievances about the UHF’s handling of the relocation process. Several residents alleged that they never received their moving allotments from the UHF; others accused the organization of intentionally neglecting maintenance in buildings slated for demolition in order to push tenants out, with stories of broken hot water, heating systems turned on during sweltering summer temperatures, and flooding in apartments. The mayor assured the residents that the Department of Real Estate would ensure quality standards of all displaced residents’ new apartments, and that none would be housed in areas slated for Title I renewal. But the bitterness among Chelsea residents remained; the events laid bare that the progressive and cooperative ideology of Kazan and the UHF required the displacement of poor people, working people, and people of color, and, to a certain extent, the delegitimation of their concerns about their rights to retain their homes or receive adequate compensation.

44 Straus, “Creating a Middle-Income Cooperative Community,” 208-209.
45 Ibid.
The city and the UHF moved forward with the construction of Penn South against the will of many Chelsea residents. By May 1962, ten high-rise buildings equipped to house 2,830 families towered above Chelsea, and its groundbreaking was celebrated with appearances from President Kennedy, Eleanor Roosevelt, Governor Rockefeller, Mayor Wagner, and the developers.46 Those who purchased the first shares of the co-op were afforded spacious, modern apartments at a far lower price than they could otherwise afford. Many newcomers flocked from the outer boroughs, and the complex took on the character of a suburb-within-the-city, with manicured greenspaces, playgrounds, and on-site security forces. The nearly all-white and mostly Jewish residents were garment workers, civil servants, teachers, artists, professors, and other moderate-income people who made too much to qualify for public housing but were priced out of market-rate housing of Penn South’s style and quality in Manhattan.47 By replacing a working class, ethnically mixed population with thousands of white, moderate-income people, Penn South substantially helped achieve the goals of urban renewal in Chelsea. However ideal the community would become for its residents, its origins remained in the forced displacement of a community of politically disempowered people.

46 Fogelson, Working-Class Utopias, 89.
47 Bloom and Lasner, Affordable Housing in New York, 173.
Chapter II: Penn South

Life and Politics at Penn South

“Among the attractions of Penn South was that the old wars of the left still raged here. Garbage disposal, electrical co-generation—every issue was political. A rhetoric stolen from a mythical past hummed in the hallways. Politics was important in this city. In Penn South, though, politics was religion. Communist, socialist, anarchist, reform Democrat, libertarian—each and all insisted on being heard. As the rest of America grew conservative, as fear spread through the outer boroughs of the city, Penn South, too, felt under siege. The difference was that the co-op froze to the left.”


Penn South’s community embodied left-wing ideals of cooperative living from its outset.

While the co-op never formally allocated apartments with preference to ILGWU members, the union’s influence extended far beyond its financial sponsorship. As the first round of applications opened, the ILGWU advertised the new opportunity to acquire apartments designed for their members’ incomes and lifestyles at Penn South through newsletters and at their offices. As intended, many of the complex’s original occupants were ILGWU-affiliated workers who could walk to work at the factories in the Garment District. Union politics imbued the community’s ethos, too. Bertha Bendick, an original Penn South cooperator who worked as a typist for the ILGWU, recalled working with her neighbors on pickets and demonstrations to organize workplaces in the neighborhood.49 The co-op attracted unionists from other trades as well; a United Steel Workers employee recalled moving to Penn

49 Bertha Bendick, Interview with Bertha Bendick, interview by Trudy Rudnick and John Harris, June 8, 2022, Penn South Archive Project.
South upon the suggestion of union coworkers and counted administrators and the union’s President among her neighbors.⁵⁰

Along with their keys, Penn South residents were initiated into the cooperative, labor-left politics with mandatory preoccupancy training to, as housing historian Matthew Lasner writes, “generate support for the progressive political economy, encourage feelings of camaraderie, and stimulate participation in project governance.”⁵¹ While a wide range of left-wing proclivities were represented among its ranks, the generation of residents between the 1960s and 1990s embodied, in one sense, a commitment to the principles of unionism and cooperation. As limited-equity shareholders, they forfeited suburban homeownership’s promise of wealth generation and a white picket fence in favor of a commitment to cooperative living and an apartment that could never be sold for more than its purchase price.

As the political ideology at Penn South was firmly rooted in the Jewish labor left, there was plenty of room for disagreement among residents on the particular means and ends of politics despite a near-uniform commitment to the cause of workers and cooperative values. One resident described the early ILGWU cooperators as being divided along lines sewn during 1930s labor movements, with camps of “Shachtmanites … Trotskyites, and the people who were former Communists,”⁵² alongside small-D social democrats and capital-D Democratic party proponents. Political divisions also grew from the Teachers’ Strike of 1968, when the United Federation of Teachers went on strike against the community school boards in Ocean Hill-Brownsville that fired white union teachers for poor

⁵⁰ Straus, “Creating a Middle-Income Cooperative Community,” 213.
⁵¹ Bloom and Lasner, Affordable Housing in New York, 174.
⁵² Ira Glasser and Trude Glasser, Interview with Ira and Trude Glasser, interview by Abby Tannenbaum and John Harris, May 29, 2022, Penn South Archive Project.
performance. It was a wedge issue for the labor left: the strike opposed the efforts of Black and Latino parents to improve a segregated and disinvested school system, but opposing the strike meant sending children to school across a picket line, an unthinkable action for committed unionists. One’s stance on the Teachers’ Strike placed them on an ideological side within co-op politics at Penn South; “Every election became a referendum on the different politics of people. It was all derivative ... of the school strike split,” one cooperator recalled. “Everybody was pro-labor, so . . . for the people who crossed the picket line, it was no small thing. And for the people who were on the picket line, it was treason, what we did.”53

Penn South’s most notable cooperator was perhaps Bayard Rustin, the prominent leader of movements for civil rights, labor, and gay rights in the 1960s. He moved into the co-op upon its completion in 1962 and before long started hosting meetings in his apartment to coordinate the upcoming March on Washington. Rustin’s longtime partner Walter Naegle, who still lives in the Penn South apartment they shared, recalled hosting movement leaders like Eleanor Holmes Norton, folk singer Bob Dylan, and politically active neighbors at evening meetings in their apartment.54

Two regular collaborators at Rustin’s home were Norman and Velma Hill. The two had met in 1960 on a picket line at Woolworth’s department store in Chicago protesting the store’s discriminatory policies at its Southern locations; they married the next year, and over more than six decades they have dedicated themselves to the causes of civil rights and labor. Entering activism under the mentorship of Rustin and A. Philip Randolph, the Hills each became giants of the movement in their own right.

53 Glasser and Glasser, Interview with Ira and Trude Glasser.
54 Walter Naegle, Interview with Walter Naegle, interview by Joan Ostroff and Rena Zager, May 5, 2022, Penn South Archive Project.
Norman Hill was the National Program Director of the Congress of Racial Equality, through which he coordinated anti-segregation campaigns and the civil rights demonstration at the 1964 Republican National Convention. He organized the Memphis March in 1968, where he was present for Dr. Martin Luther King’s assassination, and served as President of the AFL-CIO’s A. Philip Randolph Institute, which worked toward the racial integration of trade unions, from 1970 through 2004.\(^5\)

Velma Hill worked with CORE in the 1960s, then organized teachers’ aids in New York City schools and founded the paraprofessionals chapter of the United Federation of Teachers/AFT Local 2, working to unionize and racially integrate school support employees.\(^6\)

Rustin referred the Hills to move to Penn South in 1967, and they saw themselves as part of an effort to racially integrate the union-affiliated housing cooperative. Velma Hill described Penn South as “probably one of the major developments that had both civil rights leaders and civil rights activists who were cooperators,” and recalled attending organizing meetings for the March on Washington with their neighbors. They also recounted neighbors with whom they collaborated on civil rights work: Ernie Green, a member of the Little Rock Nine; Tom Kahn, a staffer for the March on Washington who went on to be executive director of the League for Industrial Democracy; Rachelle Horowitz, the transportation coordinator for the March on Washington; and Gene Glaberman, an artist and graphic designer who contributed designs work for the labor and civil rights movements.\(^7\)


\(^7\) Norman Hill and Velma Hill, Interview with Norman and Velma Hill, interview by Christiane Bird et al., June 12, 2022, Penn South Archive Project.
While Rustin and the Hills count among Penn South’s higher-profile residents, they were among the few Black people living in Penn South. Census records from 1970 indicate that 90% of the population of Penn South and its immediate surroundings identified as white, and most of the garment workers and unionists who comprised the first generation of cooperators were Jewish. As a self-consciously progressive community, residents were keenly aware of the lack of substantial racial integration in their unionist utopia. Ira Glasser, the former Executive Director of the New York chapter of the American Civil Liberties Union and an original Penn South cooperator, recalled that “there was a lot of rhetoric when ... when the place opened, because of ... the values and the politics of the people who ... sponsored this and built it about it being an integrated, middle-class community. But the truth is, is that we didn’t see anybody here in the beginning. There were no Black families.”

Some Black residents in the co-op’s early years described experiencing racism from their white neighbors. Velma Hill recounted discussing the racism of other cooperators with Ernie Green. “He said to me: You know, I got into the elevator and everybody got out of the elevator. And I said, well, you know, we... we all have to learn [laughs]. And they were probably a little skeptical of you,” Hill recalled. As the years went on, however, she characterized Penn South as an accepting community: “I think that people got to know us,” she said. “We got to know them. It was a very nice place to live. And it’s a good environment.

As the first generation of Penn South cooperators began to move out or pass away, the co-op’s ideological composition gradually changed. While residents have consistently described Penn South as

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59 Glasser and Glasser, Interview with Ira and Trude Glasser.
60 Hill and Hill, Interview with Norman and Velma Hill.
embracing the ideals of progressive and cooperative politics, the close connection to the ILGWU and organized garment industry workers began to fade by the 1980s. Eric Darton, who moved into the cooperative upon its completion as a teenager, described the decline of the “sense of utopianism and idealism” of the 1960s. Newcomers were more attracted to the co-op for its affordable prices than its unionist cooperative vision. “It was a place to live that was relatively inexpensive for them, but they didn’t have that sense of ‘we are blessed as a group,’ not just ‘we got lucky as individuals.’ That’s a different thing,” Darton said. Still, he sees the community as embracing a collectivist outlook more than the world at large. “There’s a ‘we’ notion still, I think, to [Penn South]. And a lot of every place in the world is much more of an ‘I’ notion.”

**Idealism or Brass Tacks: the Appeal to Stay Limited-Equity**

The laws that governed the affordability of co-ops such as Penn South were not written to maintain low costs in perpetuity. The Redevelopment Companies Law granted tax abatements to keep costs down at its co-ops, but only for the first 25 years after their construction; after that point, the law outlined phasing in full property taxes over 10 years, incrementally increasing cooperators’ carrying charges. The 25-year mark also permitted complexes to opt out of the limited-equity cooperative structure entirely—to “go private”—requiring residents to pay full property taxes immediately, but become eligible to sell their apartments on the open market. That would have meant that residents

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61 Eric Darton, Interview with Eric Darton, interview by Gail Siegal and Trudy Rudnick, December 27, 2022, Penn South Archive Project, [https://docs.google.com/document/d/14W4lIZrrSR1pemQOi7m0FDvdkoragn/](https://docs.google.com/document/d/14W4lIZrrSR1pemQOi7m0FDvdkoragn/).
62 Ibid.
63 Foderaro, “Should Penn South Co-Ops Go Private?”
who paid less than $7,000 to move to the cooperative could sell for up to $200,000 in 1986—a nearly 2800% return on their investment.64

Residents thus faced an existential choice when Penn South’s tax abatement elapsed in 1986. The co-op’s Board of Directors unanimously favored remaining limited-equity and petitioned the city’s Board of Estimates to allow for a 25-year phase-in of property taxes to lessen the burden on residents’ carrying charges. But the co-op board also pledged to follow the wishes of its constituents and held a referendum on privatization.65

On its surface, Penn South appeared a likely candidate for privatization in 1986: its prime Chelsea location, spacious apartments, and aging population created strong financial incentives for residents to sell their units on the private market or pass them on to their relatives. As a practical matter, mounting maintenance costs for the aging buildings burdened residents with rising carrying charges, and privatization would allow the co-op to collect “flip taxes”—a percentage fee on gross apartment sales—to bring in revenue to fund improvements.

However, in 1986 privatization was not yet an obvious financial boon for Penn South residents. For one, the profits were only available to residents willing or able to move—those who wished to remain in their homes would have faced a 50% increase in monthly charges.66 For many who moved to Penn South for its affordability—especially those relying on social security and pensions—that cost could prove prohibitive, and acquiring an illiquid real estate asset would not help them pay the bills. Walter Mankoff, a former co-op board member at Penn South, emphasized the

64 Foderaro, “Should Penn South Co-Ops Go Private?”
65 Ibid.
importance of the potential tax increase in Penn South residents’ attitudes toward privatization. The apartments, in his telling, would not attract high enough prices to induce most residents to sell. “Penn South has, I guess, a fair number of idealists. But the fact is that because of the area we’re in, the taxes are so high that we could not afford to go private,” he said. “So there was no incentive.”

For some cooperators, however, the prospect of higher taxes was not enough to disincentivize the allure of privatization. The outcomes at many other limited-equity co-ops in Manhattan in the 1980s and 90s defy Mankoff’s logic; between 1985 and 2000, the 11 other co-ops governed by the Redevelopment Companies Law and four Mitchell-Lama co-ops went private. While Penn South is an outlier in its commitment to affordability, a portion of residents organized to privatize the complex in 1986; in the words of Katya de Kayt, the daughter of longtime Penn South President David Smith, staying limited equity was not a “foregone conclusion.” The “idealists” at Penn South were crucial to organizing their neighbors to retain the limited-equity model, not only for the economic interests of many residents, but also out of an ideological commitment to cooperative and affordable housing.

**Pushing for a Private Penn South**

Andrew Alpern, an original cooperator at Penn South, advocated to reconstitute the complex as a private co-op in 1986. He described the co-op as being in “financial trouble” in the 1980s, and saw a need for substantial revenue to pay for maintenance and renovations. He proposed to allow occupants to sell their apartments on the open market when they moved out or passed away, and for

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67 Mankoff, Walter Mankoff - ILGWU Heritage Project.
the co-op to collect flip taxes on sales to fund capital expenditures. His proposal was not popular with community leaders. “I was demonized and defeated in my attempt to get on the board because I was seen as the enemy who was trying to turn this place into a Park Avenue,” Alpern said. He saw privatization as an opportunity to allow Penn South to become an upper-income community along with the rest of Chelsea, rather than remaining a moderate-income holdout for those fortunate enough to move in early or get an apartment off the waitlist. “Penn South’s population and its social mix ... would have changed, but just the same way the entire world has changed. The entire world is now separated between richer people and much poorer people,” Alpern said. “I look around at what’s happening in the neighborhood and seeing all the construction projects which are bringing a different class of people in who are a lot wealthier than we were initially. But they’re increasing the economic base of the city and making it a more solid place to live, bringing in good stores.”  

Other residents were motivated to privatize Penn South for the personal financial gain it would have provided. Bernie Esrig, an original cooperator, recounted that he and his wife were drawn to the possibility of leaving the apartment to their children as an asset when the prospect of converting to a private co-op emerged. “For many people, it may be very important that we live here for 30 or 40 years. They’ve invested all their money all these years. They might want to leave something to the children,” he said.  

A 1986 *New York Magazine* article captured the sentiments of Penn South residents on each side of the privatization question in anticipation of the vote. Newton Greenberg, described as “one of

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70 Andrew Alpern, Interview with Andrew Alpern, interview by Tracy Gross and John Harris, October 1, 2022, Penn South Archive Project.
71 Bernie Esrig and Paulette Esrig, Interview with Bernie and Paulette Esrig, interview by Abby Tannenbaum and John Harris, August 6, 2022, Penn South Archive Project.
the most vocal proponents of going private,” defended his desire to profit from the sale of his apartment without any illusions of egalitarianism: “I’m a capitalist,” he told the magazine, “I don’t think there’s anything wrong with lucking out.” 72 Another couple, Joel and Chaika Daniels, who identified as “Zionist socialists” expressed similar sentiments to the reporter. They were childless and did not plan to move, but were motivated by the prospect of rising property values that would allow them to bequeath “a nice estate to Joel’s niece, a Holocaust survivor who lives in Israel.” Chaika Daniels did not mince words when describing her motivation to the magazine. “I’m glad that I’m here, that’s all,’ she sighs. ‘I’m very selfish now. I’m very self-centered.” 73

Others connected the profit from privatization with a conception of the co-op’s primary purpose as a vehicle for urban renewal and to bring in residents who would gentrify its population. The New York Daily News reported that Harry Zucker, a pro-privatization advocate, “contends that the tenant obligation to the community is over, and they should think of themselves.” He told the newspaper that “these developments were intended to get rid of slum areas, and we’ve discharged our obligation by keeping this place in good shape all these years.” 74

“This wasn’t built for speculators. This was built for idealists”

The outcome of Penn South’s privatization referendum was never particularly contentious, which some residents ascribe to one man in particular: David Smith, the President of the cooperative’s Board of Directors and a towering figure of the cooperative housing movement. Born in Brooklyn in

1918, he began organizing with the United Electrical Workers as a young man before joining the American Federation of Labor. In the early 1960s, Smith and his wife, Esther, were heavily involved in the anti-discrimination fight at Stuyvesant Town, where they lived, and were reportedly kicked out of the complex for their activism. They landed in Penn South upon its construction in 1962, and Smith quickly started advocating to place residents rather than UHF officials on the cooperative’s Board of Directors. His effort succeeded, and he became one of Penn South’s first resident board members in 1965. He was elected President in 1972 and held the position for 21 years. His commitment to cooperative housing was steadfast: he organized marches in Albany to place pressure on the passage of seven bills to aid the operation of limited-equity housing cooperatives and spearheaded the founding of the Coordinating Council of Cooperatives of UHF, which coordinated activities between the UHF co-ops in New York City.

Smith was intent on maintaining Penn South’s limited-equity structure, and expressed as much at a town hall meeting on privatization in 1986. “Should this development, built by union and public funds and dedicated to working people, be destroyed as a middle-income cooperative, where only the well-to-do can live?” Smith asked. “The concept behind Penn South was that working people, small-business owners, teachers and the like could walk to work,” he went on. To him, privatization would mean the death of the vision on which the co-op was founded, and that the community’s

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75 Katya de Kadt, Interview with Katya de Kadt, interview by Susan Ortega and Lisa Ellis, May 12, 2022, Penn South Archive Project.

composition would irreparably change. “The people coming in will want amenities—carpeting in the hallways, microwave ovens, maybe even gold-plated urinals,” he told the crowd.\textsuperscript{77}

By the time the \textit{New York Times} reported on Penn South’s town hall meeting on privatization, it was clear that the general consensus among cooperators was against going private, and the board had unanimously supported the 25-year tax phase-in option to maintain limited-equity status.\textsuperscript{78} But according to Smith’s daughter, Katya de Kadt, that consensus was built through a committed and deliberate campaign to defend the values of cooperative housing against the opportunity for private profit. “In the beginning, Dad was the only one on the board that thoroughly supported staying limited equity for another 25 years,” de Kayt said. She and her father knocked door-to-door to explain the stakes of privatization and to persuade their neighbors to defend their co-op’s affordability; in de Kayt’s words, to “convince people that it was greed on their part to think that they could get this place and sell it for private, that they had to agree because there are people on the lists that everybody else could move in also into a limited equity co-op.”\textsuperscript{79}

In an article for Penn South’s community newspaper, Smith outlined his anti-privatization program of “discussions, debates and information bulletins, to help cooperators analyze their financial alternatives and to sort out the issues of nonprofit cooperative housing versus private real estate speculation,” which he orchestrated with the Board of Directors.\textsuperscript{80} The issue dominated the community through the summer and fall of 1986, with residents receiving a flurry of pamphlets

\textsuperscript{77} Foderaro, “Should Penn South Co-Ops Go Private?”
\textsuperscript{78} Ibid.
\textsuperscript{79} de Kadt, Interview with Katya de Kadt.
advocating for and against privatization, meeting in building lobbies and the local high school auditorium for discussions on the future of the co-op. In addition to voting to privatize or propose a 25-year tax abatement, cooperators could also vote for the standard 10-year tax phase-in, which was framed by proponents as offering more flexibility to go private on a shorter timeline without immediately losing their tax abatement and limited-equity status. Smith recounted these appeals falling flat with cooperators: “leaflets and speeches for the 10-year phase-in claimed that it provided flexibility to obtain certain benefits in the future, but those benefits were never made clear,” he wrote. “Cooperators soon saw through the “flexibility” argument as a holding operation for going private as soon as possible.”

Numerous Penn South residents affirmed that the wide support for maintaining affordability was a result of community organizing, largely crediting Smith with leading the efforts. One cooperator, reflecting on the resistance to privatization, said it “was not a given. There were lots of battles about that. And people like Dave Smith heroically resisted all of those tendencies and kept this place the way it was and the way it was intended to be.”

Smith’s advocacy for limited-equity did not fall on deaf ears. As many cooperators’ closely-held beliefs in cooperative and affordable housing made the prospect of profiting off a shared resource seem unthinkable. Norman Wachsler, an 89-year old, Hungarian-born retired garment worker at the time of the privatization referendum, was described by New York magazine as a “cradle-to-grave unionist, who epitomizes the social spirit of Penn South.” He described his stance on privatization to the reporter: “I

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81 Smith, “Making Housing History.”
82 Glasser and Glasser, Interview with Ira and Trude Glasser.
don’t want to make a profit, selling my apartment for $140,000. I don’t want to be a speculator” he said. “This wasn’t built for speculators. This was built for idealists.” Other older cooperators expressed a similar disinterest in profiting off of their apartment; no price was worth the cost of moving away from the place they called home, their community at Penn South, and their lives in New York City. “Supposedly you can get $50,000 a room [if Penn South privatizes], but where do you go?” Adele Schwartzman, a 73-year old cooperator, described her loyalty to the New York Times in 1986. “Somebody said, ‘There are 50 states—what do you mean, you don’t know where to go?’ I say my roots are in New York City. I was born here.” Rose Schneidman, her 82 year old neighbor, put it even more simply to the paper of record: “Why would we want to look for something else? We love it here.”

Keeping the Faith: Affordability Prevails at Penn South

On October 26, 1986, Penn South residents cast their ballots for the future of their cooperative. The referendum drew 75% participation, and the proposal to remain a limited-equity cooperative with a 25-year tax phase-in prevailed with 68% of the vote. The 10-year phase-in plan received 27%, and only 5% voted to privatize. Cooperative housing proponents, particularly David Smith, rejoiced in the maintenance of Penn South’s moderate-income composition: “In voting overwhelmingly to keep Penn South a nonprofit cooperative housing company, cooperators kept faith with the founders of Penn South,” Smith wrote. City leaders and institutions also recognized the

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83 Galant, “Showdown at Penn South.”
84 Foderaro, “Should Penn South Co-Ops Go Private?”
85 Smith, “Making Housing History.”
victory for affordable housing. Mayor Ed Koch congratulated Smith on his victory in a letter, writing that the outcome was “surely a credit to your leadership and strength of purpose,” and that Penn South was a valuable case in point as the city studied the impending tax abatement phase-outs at other Redevelopment Companies and Mitchell-Lama cooperatives. Community Board 4, which oversaw Penn South, also expressed its satisfaction with the referendum’s outcome by passing a resolution to “support the wishes of our neighbor to maintain an irreplaceable resource in our community—that of affordable housing, and the decision to forego individual rewards as a reaffirmation of this spirit of 25 years ago that created the middle-income housing at Penn South with the substantial help of various public subsidies and the ILGWU.”

When the 25-year tax phase-in elapsed in 2001, Penn South voted once again to remain a limited-equity cooperative. According to de Kadt, the share of votes in support was above 70%, but “not as high as ‘87.” The Board of Directors preemptively initiated another vote to preserve the co-op’s limited equity status in 2010, which also prevailed. After refinancing the complex’s mortgage in 2016, Penn South residents voted yet again to extend their limited-equity contact until 2052—this time with 88 percent support. “We’ve consistently been voting for it because it’s the culture here,” de Kayt said. “A lot of people understand they could never have moved in if it wasn’t for this being limited equity in the middle of Manhattan.”

Locating the origins of the support for Penn South’s support of limited-equity structure and the community’s political values in general is complex; its prevailing ideologies did not operate in a

86 Smith, “Making Housing History.”
87 Ibid.
88 Penn South, “Penn South History.”
89 Katya de Kadt interview with the author, January 4, 2023.
neatly bottom-up or top-down direction. The prerogatives of Penn South’s leadership—its President and Board of Directors—and the social and economic values of its residents were reciprocal: the priorities of the cooperators informed those of its officials, and vice versa. The embedded commitment to labor-left politics and progressive activism at Penn South, even if it had dissipated in the years since the co-op’s founding, linked cooperators’ housing arrangement to a broader political identity. This mindset extended to community leaders like David Smith, who encouraged potentially apathetic residents to support the limited-equity structure—thus, limited-equity prevailed over privatization at Penn South.
Chapter III: Co-op Village

A (Jewish) World Unto Itself: Co-op Village as a Cultural and Class Enclave

The Lower East Side of the late 1950s had undergone a complete transformation from its condition just a few decades prior. North of Delancey Street, tenement buildings still stood on the blocks that had not been demolished to build public housing developments, mostly operated by NYCHA. South of Delancey was an entirely different sight: the neighborhood once lined with tailor shops, kosher bakeries, and fire escapes were replaced by the products of the 20th century dream of urban renewal. Narrow tenement streets had become superblocks of public housing through the 1940s and 50s, with the Vladeck Houses and LaGuardia Houses encompassing the land between Madison Street and the East River. Along Grand Street, the Hillman, East River, and Seward Park complexes had joined Amalgamated Dwellings by 1960 to create Co-op Village, an almost entirely brand-new neighborhood marked by high rises with balconies and well-kept greenspaces.

From its conception, Co-op Village was imagined as a home for the Lower East Side’s longstanding population of working-class Jewish people, which had been gradually migrating to other neighborhoods since the start of the 20th century. Second- and third- generation immigrants who had grown up in tenements wanted higher living standards without leaving the neighborhood they called home for Brownsville, Williamsburg, and the Bronx as centers of Jewish life in New York. Co-op Village captured a portion of the would-be outflow of Jewish people from the Lower East Side, with 75% of Seward Park’s original cooperators coming from the neighborhood.

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91 Seward Park Housing Corporation, Kazan, and Durst, “The Story of the Seward Park Cooperative.”
Leonard Wertheim was born in 1942 in the Lower East Side, and as part of the first generation of Co-op Village residents he experienced the neighborhood’s transition firsthand. His father’s family had immigrated to New York City from Austria-Hungary in the 1900s, and his mother was born in the neighborhood to Jewish parents in 1902. Relying on his father’s job as a postal worker and his mother’s various part-time jobs, the Wertheims’ housing arrangements throughout the early 20th century embodied the general progression of living conditions for many Jewish New Yorkers in the period. The family lived in tenements on Goerck Street and on Baruch Place from Leonard’s birth until 1948, when they moved into the Lavanburg Homes, an early non-profit low-income cooperative housing project. The Wertheims later moved to the NYCHA-operated Baruch Houses in 1955 before getting an apartment in the Seward Park Cooperative where Leonard Wertheim lived for the rest of his life. Richard Karp, born in 1928 in the Lower East Side, lived in numerous tenement buildings before getting an apartment of his own in Amalgamated Dwellings in 1953, where he lived for more than four decades. Wertheim and Karp participated in the Lower East Side Oral History Project in 1995, for which they recounted their memories of growing up in the Lower East Side, witnessing demographic transition, their perspectives on the racial and ethnic composition of Co-op Village, and other memories of their lives in the neighborhood.

Once the towers of Co-op Village stood tall over the base of the Manhattan Bridge, locals began to see moving to the co-ops from other parts of the Lower East Side as a form of upward mobility. Karp recalled the Amalgamated Dwellings as being where the “rich people” lived in the

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92 “Description of Lavanburg Homes, A Utopian Housing Co-Operative in New York,” Yiddish Book Center, Wexler Oral History Project, accessed February 12, 2023

Lower East Side, despite the complex’s income restrictions for residents. Compared to tenement buildings north of Delancey Street where he had grown up, the Amalgamated represented higher living standards and incomes.  

Wertheim described his family’s opportunity to move south of the Manhattan Bridge as moving into a “better lifestyle.” He recalled his excitement as a child when his family obtained an apartment in the Seward Park Co-op after living in a cramped pre-war tenement. “There was just a perception that it was better, or this was the ‘in’ place to be. For some reason it was put in my mind that it’s better to be over there,” he said. “I remember that, just coming over the bridge and coming to the greener side over here.”  

People were drawn to Co-op Village for the opportunity for affordable comfort in their own neighborhood, but the appeal of an ideologically-driven community played a significant role in attracting cooperators in the complexes’ early years. Marvin Wasserman, a former Seward Park resident and Democratic Committee Member for Co-op Village’s district, described the prevalence of left-wing and cooperative politics among Seward Park residents in the 1960s. Much like at Penn South, the communal politics governing the co-op appealed to left-wing, secular Jewish people. Wasserman was involved in the reform movement of the Democratic Party and found many collaborators among his neighbors, along with more radical leftists and committed communists. “It was kind of a mixture between these working class union types and the politically left wing people who saw this as a fulfillment of their ideology of living in a working class co-op,” Wasserman recalled.  

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96 Marvin Wasserman interview with the author, February 18, 2023.
The residents who comprised the first generation of Co-op Village were almost entirely white and Jewish. As the rest of the Lower East Side became increasingly populated by Puerto Rican and Black people, the stretch of complexes along Grand Street remained a bastion of Jewish New York. Jewish and kosher eateries, grocery stores, Hebrew schools, the Bialystoker synagogue, and other cultural amenities lined the blocks adjacent to the limited-equity co-ops on Grand Street. The Educational Alliance, a Jewish settlement house and youth services organization, was based on East Broadway and provided summer camps and other programming for children.  

Richard Karp described his conception of Co-op Village as a Jewish enclave, and why it maintained its demographic makeup. “These co-ops were put up when the Lower East Side was Jewish. They were never called Jew Town, but basically they were put up in a section of New York that was occupied by Jews. North of Delancey Street, the Jews moved out. South of Delancey Street, here, Jews remained,” he said in 1995. “There’s no neighborhood aside from Co-op Village where [the] Jewish population lives on in this part of Manhattan.”  

An analysis of 1970 census data for New York City and the Lower East Side, the 1976 Survey of Income and Education for New York, and 1970 and 1976 population data indicated a significant discrepancy between the racial demographics of the Lower East Side and the residents of Co-op Village; by 1960, the 34% of the neighborhood’s population was non-white, and 28% of the population that was income-eligible to live in Co-op Village were people of color. The co-ops were still 96.8% white in 1978. The developments’ ethnic homogeneity was not reflected in other housing cooperatives in the

98 Ibid.
neighborhood: Gouverneur Gardens, a Mitchell-Lama co-op, had 33% non-white occupancy in 1980. Masaryk Towers and the Grand Street Guild Homes, moderate-income rental complexes in the area, were majority-Latino and Black. All three complexes had rents or carrying charges equal to or greater than those of Co-op Village; the primary difference was the manner in which residents were assigned apartments.99

White residents of Co-op Village often did not see their neighbors of color as equals. Wertheim expressed his racist views toward Puerto Rican and Black people who had made up a larger share of the neighborhood by the 1990s: “At that time when we first came over here, 95% of people were Jewish. And it wasn’t anti-minority. I guess they felt better having people with similar customs and people you felt comfortable with. Cause a new kid on the block is just a new kid. Or maybe he has different customs, or if a Black [sic] would come in or a Puerto Rican would come in, they would hear—Puerto Ricans, they played that bongo drum, all these stereos. Or they’re noisy or there are problems with them. They come in, you’re gonna have crime. So you try and keep-.” At this point, the interviewer interjects to clarify whether Wertheim is describing the general perception, or expressing his personal prejudice. “That would be my perception,” Wertheim affirmed. “You would want to keep it—you had a good thing going ... You felt comfortable where you were. Do you want change? Right.”100

Ethnic enclaves are often invaluable assets to marginalized minority groups in a hegemonic city. Jewish neighborhoods in New York City, including the Lower East Side, have provided essential resources for newly arrived immigrants and continue to act as the lifeblood of religious and cultural

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100 Wertheim, Lower East Side Oral Histories, Interview with Leonard Wertheim.
traditions that are treasured by their members and threatened by anti-Semitic violence and hate. Co-op Village, however, differs from typical ethnic enclaves because it was not only a neighborhood—it was a publicly-supported, government-regulated, finite resource for affordable housing, which residents used to systematically exclude outsiders from the opportunity to reap its benefits. The co-ops’ management excluded the exact racialized populations who were actively barred from equitable access to housing by racism at other public and private systems, and who directly stood to benefit from government-regulated moderate-income housing in New York City.

The demographic composition within the Jewish population at Co-op Village appears to have shifted significantly between the 1960s and 1990s. The proportion of secular Jewish people began declining, and more conservative and Orthodox Jewish people moved into the development.

Wasserman recalled efforts from Orthodox Jews to recruit more members of their community to move to Co-op Village, and described the retail stores in the co-ops changing hands from a secular to Orthodox Jewish ownership “almost overnight.”

The Waitlist that Never Was: Puerto Rican and Black Applicants Barred From Entry

The four developments of Co-op Village operated as a sort of federation: Each co-op had its own board of directors and variations in entry and carrying charges, but the four complexes were united under a central authority overseeing administrative and operational management, including the application and allocation process for new apartments. When Ralph Lippman became the President and executive manager of Co-op Village in 1956, the complexes were still in their nascency:

Amalgamated Dwellings, which had operated as a limited-equity co-op since 1930, was joined by Hillman and East River upon their completion in 1951 and 1955, respectively. Seward Park would open to residents in 1960, bringing the number of apartments under Lippman’s purview to more than 4,400.\footnote{Huertas v. East River Housing Corp., 674 F. Supp. 440 (S.D.N.Y. 1987), 3} He had moved to Amalgamated Dwellings in 1941 and had developed such a prominent presence in co-op leadership and politics to earn the colloquial title of “Mayor of Grand Street.” By 1978, he had served as President of both Amalgamated and Hillman, and as Vice President of East River and Seward Park. Members of his family proved politically active as well; his son, Jonathan Lippman, would serve as the Chief Judge of the New York Court of Appeals from 2009 to 2015.\footnote{The Historical Society of the Courts of the State of New York, \textit{Hail to the Chief: Jonathan Lippman, Chief Judge of the State of New York 2010 Gala Dinner} (Zola Hill, 2010).}

Lippman, along with colleagues Ann Mildworm and Natalie Korn, used their discretion over the application process to discourage and deny Black and Latino applicants in order to maintain a predominately white racial composition in Co-op Village. From publicity to apartment assignments, nearly every component of the process of bringing new residents into the co-ops was stacked against people of color, effectively maintaining a segregated community in the otherwise racially and ethnically diverse Lower East Side.

In order for potential residents to attempt to move to Co-op Village, they first had to know that it existed. But the co-ops’ management took steps to limit who was made aware of the opportunity for affordable housing that the complexes provided. Available apartments, or the option to join a waiting list, were never advertised to the public; the co-ops instead relied solely on word of mouth to attract new residents. The door to Co-op Village’s front office, where prospective residents could
initiate the application process, was labeled only as the “administrative office,” with no indication of a leasing center or application office.\textsuperscript{104} In effect, a prospective resident had to be in-the-know through the social networks of its existing residents to even attempt applying for an apartment in Co-op Village. The lack of public advertising produced an applicant pool that reflected the complex’s ethnic composition much more than the general population of the neighborhood: in September 1978, 75.8% of the active applicants were white.\textsuperscript{105}

Co-op Village’s management also took active steps to bar non-white people from applying for apartments. Carmen and Edwin Melendez, a Latino couple, attempted to obtain an application each year from 1967 to 1973 and were denied the opportunity to apply each time. In 1973, the Melendezes enlisted white friends to obtain an application on their behalf, which they received without objection from management. The couple sent in an application and began to wait; Carmen called the administrative office each year to check the status of her application, and was told each year that there were still no openings and that the waitlist remained long. In reality, however, 201 white people who applied after the Melendezes were offered apartments that had, in fact, become available. Lippman never provided an explanation for why the Melendezes’ application was neglected.\textsuperscript{106}

The discriminatory practices of Co-op Village’s management could not be ignored by Black and Latino people who attempted to live in the developments. Numerous Latino applicants reported management telling them to expect to spend ten or twenty years on the waiting list for an apartment, as well as checking the status of their applications and being told that they were lost, all while white

\textsuperscript{105}Ibid, 5.
\textsuperscript{106}Ibid 8.
applicants were moving into vacated apartments.\textsuperscript{107} In 1977, aggrieved Black and Latino applicants joined together with support from the Puerto Rican Legal Defense and Education Fund to file a class-action lawsuit against the four complexes of Co-op Village, Lippman, and Harold Ostroff, the President of Seward Park.

In their defense testimony, Mildworm and Lippman outlined the guidelines they claimed governed their allocation policy for prospective residents. They claimed to prioritize children of current residents, young applicants, recently married couples, and people demonstrating urgent need for improved housing conditions. The court found that these criteria were consistently superseded by the applicants’ race. Judge Robert L. Carter wrote in his decision that white applicants “had the inside track and received offers for apartments before blacks or Puerto Ricans, despite age, lack of need, position on the waiting list.”\textsuperscript{108} In his own testimony, Lippman admitted that the admission process was inexact and subjective, with his stated criteria being considered “neither uniformly nor consistently.” He also testified that he took into consideration the entirely subjective quality of applicants who “would be most effective within the community.”\textsuperscript{109}

Court testimony also revealed the manner in which prospective white residents were given inside tracks to obtain apartments and the blatant racism of people in management roles in Co-op Village. Frederic Seiden recounted an interaction with Sol Mildworm, the President of East River and husband of Anne Mildworm, for the court. The two met in 1976 while Seiden was visiting Mildworm’s elderly mother as a home care worker, and the two men discussed the topic of moving

\textsuperscript{108} Ibid, 6-7.
\textsuperscript{109} Ibid, 7.
into the co-op. Mildworm encouraged Seiden, who was white, to apply for an apartment in the complex, assuring Seiden that he could bypass the ten-year waiting list. Seiden applied, and five months later he was offered an apartment. In another conversation with Mildworm, Seiden inquired about the presence of Black residents in East River. Seiden recalled Mildworm saying there were "some colored families you wouldn’t mind living next door to," but that the "buildings are 90 percent Jewish, 9 percent Italian, 1 percent black and Puerto Rican and we intend to keep it that way." Mildworm denied Seiden’s account, but the court ruling notes that Seiden took detailed notes of the conversation at the time.\textsuperscript{110}

Crucially, Judge Carter characterized Co-op Village’s management as “not really [having] sought to establish an absence of discrimination.” Instead, they defended the racial and ethnic homogeneity of the developments as a necessary component of its status as a cultural enclave. That enclave, they argued, was created not by racially discriminatory practices, but by the natural and impartial phenomenon of a population—in this case, Jewish people—clustering around cultural amenities, religious facilities, and other members of their identity group. The defense counsel argued that “whites, and particularly Jews, see [the neighborhood around Co-op Village] as an especially desirable place to live and apply there in unusually high numbers. Blacks and Hispanics do not view it as so highly desirable and some numbers of them may even reject it as undesirable.” The argument failed to account for the numerous Black and Latino people who found the co-ops desirable enough to apply to live there, and its use as a primary defense makes clear that Co-op Village management had little to offer to refute the allegations of discrimination. Until the lawsuit, the admissions policy seems

to have been unapologetically discriminatory, and residents justified their preferences of neighbors in explicitly racist terms, as evidenced by the sentiments expressed by Wertheim.

The reflections of Karp and Wertheim illuminate a belief that seems to have been shared by Co-op Village’s management: that the Jewish community on the Lower East Side, as an ethnic minority that had experienced its own share of discrimination and exclusion, was unfairly held to a different standard than homogenous enclaves of Black, Latino, and Asian populations. Richard Karp felt that the majority-white Jewish composition of Co-op Village was unjustly attacked. “We were singled out,” he said in 1995. “Housing developments that were put up with city help in this neighborhood after our suit was instituted, like Pueblo Nuevo on Pitt Street, is 95% Puerto Rican. Where is their black constituency? Where is their Oriental [sic] constituency? Where is their white constituency?” Karp also expressed the belief that the plaintiffs were taking advantage of Civil Rights legislation to accelerate the Lower East Side’s transition from majority-Jewish to majority-Latino. “It was not that [the plaintiffs] wanted apartments,” Karp said. “I think they wanted to destroy this co-op and this neighborhood, the way it existed before.”

A Mandate to Diversify, an Opportunity to Preserve

For years the two parties debated settlement conditions, ultimately reaching an agreement in 1985, but further prolonged the case by refusing to agree to the amount of the Puerto Rican Legal Defense Fund attorneys’ fees to be taxed against Co-op Village. The stalemate over that issue lasted

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until 1987—a decade after the case’s filing—when Judge Robert L. Carter delivered a definitive ruling that affirmed the settlement conditions and mandated that Co-op Village pay the legal fees.\(^\text{113}\)

The settlement terms required Co-op Village to allocate 40% of apartment vacancies to Black and Latino until 1995. To accelerate racial integration, the court ordered the co-op to allocate nine of the first fourteen two-bedroom apartments to Black and Latino applicants, and the first three available three-bedroom apartments to named plaintiffs in the case. The settlement also required Co-op Village to publish notifications of the racial integration order in newspapers circulated in Black and Latino communities such as the \textit{Amsterdam News}.\(^\text{114}\)

It does not appear that Co-op Village management ever allocated a sizable number of apartments to people of color after the 1988 ruling. Richard Karp remarked in 1995 that while he assumed more Black and Latino people had moved into the complex, the community’s composition had not yet changed—potentially due to the fact that the pace of apartment turnovers was consistently slow, allowing for relatively few new cooperators to move in during the seven year period. “Our people did not run,” Karp said regarding the aftermath of the court’s ruling. “This was a community that was held together because of the religious needs and the cultural needs and the family ties. It was not like communities in Rosedale or Brownsville or any of the other communities where there was a tipping factor and people started to run. It did not exist here.”\(^\text{115}\)

Wertheim expressed his prejudice and a less generous view of the consequences of the court order on Co-op Village. He perceived an increase in management needing to throw out “problem

\[^{113}\text{Huertas v. East River Housing Corp., }674\text{ F. Supp. }440\text{ (S.D.N.Y. 1987).}\]
\[^{114}\text{“Legal Notice 3,” }\textit{New York Amsterdam News (1962-)}, \text{April 30, 1988.}\]
\[^{115}\text{Karp, Lower East Side Oral Histories, Interview with Richard Karp.}\]
people” from the complex in the years since the court order to integrate. “I’m not saying minority. I’m saying whites too. The quality of the people overall that were let in—all types—it’s not the quality that was there before,” he said. “Even the Caucasians that come in, the white people are not—you know, they have a lot of problems with them. And sometimes you look at someone, just a physical look, you say, ‘Hey, I don’t want to go in the elevator with this person.’ So maybe it’s a matter of screening. Or maybe they lower the standards because it may be possible that they can’t attract that many whites to come in the buildings anymore because of the lawsuit. And it has changed.”

Even if the co-ops did not actually allocate more apartments to Black and Latino people, Wertheim’s comment indicates the existence of a sentiment that “undesirable” people were entering the complex, and that management losing control over allocations impacted the “quality” of the residents.

Marvin Wasserman, however, did not perceive a change in the ethnic diversity in Seward Park after the co-op ostensibly began enforcing the quotas. He recalled very few people of color living in the co-op when he lived in the co-op from 1992 until 2010.117

Privatization: Profiting on the Lower East Side

The complexes of Co-op Village were governed by the same legislation as Penn South: The Redevelopment Companies Act of 1942. Accordingly, the tax abatements afforded to Co-op Village also expired 25 years after their construction. But unlike Penn South, Co-op Village had allowed their property taxes to phase in over 10 years without intervening to extend the phase-in to 25 years or vote

117 Marvin Wasserman interview with the author, February 18, 2023.
to privatize. Seward Park began paying full property taxes in 1991, but did not initiate the process to hold a referendum on privatization until 1996.\footnote{Seward Park Housing Corporation Board of Directors, “Plan of Reconstitution of Seward Park Housing Corporation,” April 15, 1996, Seward Park Housing Corporation.} Privatization would allow residents to sell their apartments at significant profit and raise funds through “flip taxes” to pay for maintenance and capital improvements. By the end of the decade, all four co-ops in Co-op Village went private, allowing residents to sell their apartments on the open market without limited-equity restrictions. Sources point to varied attitudes among cooperators that led privatization to prevail, including the allure of real estate profits, desires to maintain the co-ops’ ethnic and class composition, and pressure from the complex’s management.

Don West was elected President of Seward Park’s co-op board in 1992 and served through the complex’s reconstitution process, despite his personal opposition to privatization. He recalled residents’ general interest in profiting from the sales of their apartments, even if prices were not particularly high at the time: “Those that were for going private, they felt, ‘you know what? My kids aren’t here anymore. They’ve grown up. And I can sell and use the extra money.’”\footnote{Donald West interview with the author, February 1, 2023.}

Marvin Wasserman also pointed to the desire among residents to take the opportunity to privatize the co-op to pursue upward economic mobility. “Basically the argument was that if the co-op goes private, you’ll be able to buy your home in New Jersey. That was the argument. And I think a lot of people felt that they could pass on something to their children when they died. A lot of the older people ... made that particular argument.”\footnote{Marvin Wasserman interview with the author, February 18, 2023.}
However, when asked whether widespread support for privatization was inevitable based on the financial windfall it promised cooperators, West replied firmly in the negative. Rather, he suggested that in the wake of the integration order, privatization was framed as a method of maintaining the ethnic composition of the complex. “It’s how they were sold, right? There was—to some people, by staying affordable, you’re gonna have minorities here.” He recalled Seward Park residents evading the role of racial anxieties in discussions about privatization. “Well, it’s not being said, but it’s a reason,” West said. “No one’s really walking around saying out loud that, ‘Hey, we have to go private to keep minorities out’ ... no one’s gonna say it out loud or in a meeting.”

A New York Times article on the privatization of Co-op Village cited a resident who echoed West’s belief that by privatizing, the co-op intended to use its right of first refusal to discriminate against Black and Latino applicants and retain the majority-white composition of the community.

On the other hand, some residents expressed ambivalence about going private out of concern that a free-market system could bring more people of color into the complexes. Wertheim spoke to this anxiety while speculating about the potential of privatization in 1995: “They’re afraid if you could command a big [sale price] ... that many people would start to run. A lot of people would run away just to grab the money, right? They think that the Chinese may want to buy into these buildings. ‘Cause the Chinese need more and more room. So they may want to get into the housing over here.”

West attempted to campaign against privatization, but unlike at Penn South, organizing around the ideological commitment to cooperative housing for later generations was unsuccessful, in

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121 Donald West interview with the author, February 1, 2023.
123 Wertheim, Lower East Side Oral Histories, Interview with Leonard Wertheim.
part due to the opposition of management. “We were sending out flyers and all. In some cases management would send out the porters to pick up flyers if they weren’t totally under a door. I mean, it was just politics, I guess.”

Wasserman, who personally opposed privatization, recalled that “there was really no organized opposition, except for a few people who were on the left who were very outspoken. So it was not surprising to me at the time that the vote to privatize the co-op would win.”

While opposition may not have been well-organized, the privatization proposal had its fair share of opponents. A *New York Times* article on the privatization vote at Co-op Village reported screaming matches over the issue in laundry rooms, and wrote that “nasty letters are being slipped under doors, and a few residents have received death threats.” According to the piece, some residents saw the co-ops’ general manager, Harold Jacob, as a “tyrant,” and that he “sued several residents for libel.” William Stern, a Co-op Village resident and the former executive director of the Workmen’s Circle, railed against privatization. “This is a betrayal of the cooperative philosophy,” he told the *Times*. “The man who conceived these cooperatives”—alluding, assumingly, to Abraham Kazan, “would have turned over in his grave if he saw this.”

Jacob also allegedly used intense intimidation tactics to pressure residents to support privatization. Residents accused the general manager of “shout[ing] down opponents at meetings or refus[ing] to call on them,” and reported that “many older residents fear that if they vote[d] no, Mr. Jacob [would] take revenge by delaying needed repairs.” One woman recounted Jacob threatening her while distributing anti-privatization fliers on the street: “He said, ‘I’m telling you, you better wish that

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124 Donald West interview with the author, February 1, 2023.
125 Marvin Wasserman interview with the author, February 18, 2023.
126 Greenhouse, “A Privatization Plan Challenges Cooperative’s Long-Held Idealism.”
this goes through or you’re as good as dead, and I mean it.’ And if you know Harold Jacob and his
group of thugs, he means it,” she told the Times. Jacob did not deny the allegation, telling the paper of
record, “I lost my temper. I’ve said a lot worse. She said, ‘Heil Hitler’ to me. I said, ‘Drop dead.’”

The Board of Directors for at least one of the co-ops counteracted the anti-privatization
campaigns. Minutes from one meeting described a “large and loud opposition movement” at one of
the co-ops, with residents spreading “negative literature and information and capturing the naivete of
the shareholders.” Other cooperators, they discussed, had joined with the “opposition crew” and were
“trying to derail the plan.” In response, the board allocated $30,000 to the liaison committee “on
efforts to see the successful passage of the Reconstitution measure.”

The Boards of Directors at Seward Park, Hillman, and East River coordinated their
privatization processes. They established a reconstitution committee consisting of representatives from
Boards of each three co-op to discuss and approve the terms of reconstitution as private co-ops, which
began meeting in Fall of 1994. The committee submitted the proposal to the state Attorney General,
who then issued a “no action” letter. Cooperators reviewed the plan for 90 days, during which the
coops held meetings to inform and discuss the proposal with residents. Finally, the residents voted in
the referendum, which the proposal specified required counting all shareholders, not only those
present for the referendum meeting.

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127 Greenhouse, “A Privatization Plan Challenges Cooperative’s Long-Held Idealism.”
128 Board of Directors Meeting Minutes, August 1996. Privately held meeting minutes from a co-op in Co-op Village were
made available for this research on the condition that the specific complex where the meeting took place not be attributed.
129 Seward Park Housing Corporation Board of Directors, “Plan of Reconstitution of Seward Park Housing Corporation.”
Residents of the three co-ops received their ballots the morning of Friday, September 20, 1996, and each referendum voted in favor of privatization. The plan they approved instated caps on resale prices for sales in the first five years following the conversion. It also imposed transfer fees, or “flip taxes,” of 25% on gross sale prices for the first three years, 15% for the following two years, and 12% on first market-rate sales thereafter. Within a few years, two-bedroom apartments regularly sold for more than $400,000; sellers who moved to Co-op Village in the 1970s made up to 12400% return on their investment; even adjusted for inflation, that amounts to a profit of nearly 3000%.

Nearly every aspect of the privatization story at Co-op Village stands in contrast to that of Penn South. The management and the Boards of Directors of Co-op Village pushed for privatization, at times through coercive means; at Penn South, the Board unanimously supported remaining limited-equity and rallied for residents to vote in favor of affordability. Co-op Village voted on privatization with the backdrop of a racial discrimination lawsuit and the fraught dynamic of being a Jewish and middle-class enclave within a mostly low-income and non-white neighborhood; no evidence indicates that Penn South, while also overwhelmingly white, directly discriminated against applicants based on their race. While innumerable factors and contexts contribute to the outcome of a privatization referendum, these stark distinctions between relatively comparable communities stand out as particularly determinative.

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130 Board of Directors Meeting Minutes, September 1996. Privately held meeting minutes from a co-op in Co-op Village were made available for this research on the condition that the specific complex where the meeting took place not be attributed.

131 Seward Park Housing Corporation Board of Directors, “Plan of Reconstitution of Seward Park Housing Corporation.”

Conclusion

Eleven limited-equity cooperative housing complexes were constructed under the Redevelopment Companies Law. Today, all but Penn South have privatized. Some of them did not embrace the full free-market approach of Co-op Village: Queensview, a 726-unit complex in Long Island City, and Morningside Gardens, a co-op near Columbia University, limit resale prices to retain a degree of affordability for moderate-income buyers. Still, the conversions of Redevelopment Companies Act co-ops have dealt a significant blow to the city’s affordable housing supply. Lincoln Guild on the Upper West Side reconstituted in 1992, opening its 420 units to market-rate sales. Chatham Towers, in Chinatown, was constructed with a mind to the housing needs of moderate-income Chinese-Americans; since its privatization in 1997, prices for three-bedroom apartments in the design-forward co-op have soared above the million-dollar mark.

However, the limited-equity co-op remains a thriving affordable housing model for thousands of New Yorkers. The Mitchell-Lama program, the state’s largest program for limited-equity housing, governs more than 50,000 apartments in limited-equity co-ops, more than 90% of which have rejected the opportunity to privatize. In the vein of Penn South, most have extended their tax abatements and retained their ideological commitments to the cause of affordable housing. The opposite trends of Redevelopment Companies and Mitchell-Lama co-ops is somewhat paradoxical given that the housing stock and privatization processes for the two programs are essentially identical. Urban planner Adam

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133 Tanaka, “Private Projects, Public Ambitions: Large-Scale, Middle-Income Housing in New York City,” 355.
Tanaka points to the city’s fiscal crisis and the burdens of high interest rates and real estate taxes in the 1990s to explain Mitchell-Lama co-ops’ allegiance to the limited-equity system through the decade, but it remains uncertain why the tide of privatization has not taken hold.

Co-op Village, then, might seem like an outlier; one of a few anomalous cooperatives that have forsaken the limited-equity structure and opted to sell out. The conditions surrounding Co-op Village’s privatization were certainly exceptional: its position as an enclave in the Lower East Side, residents’ reactions to the racial integration order, and the intense enthusiasm for privatization among its management are not mirrored in other limited-equity cooperatives. But the core question that residents faced were the same as every other limited-equity co-op when its tax abatement expired: the choice between personal profit or extending an affordable housing opportunity for others.

I’m partial to believing that every limited-equity cooperative that rejects the option to privatize has achieved something exceptional. Each vote against privatization is the result of neighbors convincing neighbors that protecting what they have is worth more than the windfall from privatizing. Some New Yorkers are looking to make easy money from an apartment they got below market rate, but just as many know that preserving a community of affordable homes is worth more than any real estate profit. This was true of those who worked tirelessly to preserve the limited-equity structure at Penn South and Co-op Village—people like David Smith and William Stern, whose memories live on through their actions to advocate for their communities.

Leonard Kriegal, a writer, disability activist, and original Penn South cooperator, died in September of 2022, just as I began working on this thesis. In a 2002 article, he wrote:

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137 Tanaka, “Private Projects, Public Ambitions: Large-Scale, Middle-Income Housing in New York City,” 355.
Penn South breeds the past. An old friend, a writer returning to the states after decades abroad, stares down from our living room window at the thickening trees and manicured lawn. The cries of children float like feathers from below. “Is this what we dreamed of?” he laughs. “It’s so pedestrian. Still, it’s not bad, is it?” Imagination seizes upon the word “pedestrian.” How appropriate. The co-op’s architecture, its population, even the smells in the hallways—pedestrian describes them all. It exudes the desire for simple comfort, even as men like my uncle’s friend and the old anarchist on the twenty-first floor dreamed the dreams of the “new man.”

May we all be so fortunate to live amongst the pedestrian.

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