

U.S. Rules Bar Aid to Co-ops Hit by Sandy

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Credit Uli Seit for The New York Times**



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By Mireya Navarro**

At the Beverly Hills co-op in Brooklyn, the wallpaper in the lobby is peeling by the yard. The walls themselves show cracks and holes, as if assaulted by a sledgehammer. The boiler is barely sputtering along and may not last the year.

Over all, the 140-unit, seven-story building sustained more than \$500,000 in damage from Hurricane Sandy. Even so, it cannot obtain federal aid for repairs.

Since the hurricane, thousands of homeowners have been startled to discover that co-ops are largely barred from federal disaster assistance. The rules have stirred growing criticism from members of Congress from the region, who contend that the system fails to take into account how people live in New York City, where co-ops have flourished.

The lawmakers are calling for the rules to be changed, saying that as severe weather becomes more common, the region will be increasingly shortchanged in disaster aid.

Under the [longstanding policy of the Federal Emergency Management Agency](#), co-ops are considered businesses, even though they are essentially nonprofit entities set up by property owners.

As a result, co-op boards are prohibited from obtaining grants for common areas, and individual co-op owners cannot seek money for damage to their apartments' walls and floors because those are usually the legal responsibility of the building.

“How can they do that?” asked Josephine Scarnato, 83, secretary-treasurer at the Beverly Hills, in the Sheepshead Bay neighborhood. “We’re not in business. We don’t make a profit. We’re not providing a service. I think they don’t realize what co-ops are.”

FEMA officials said there was nothing they could do unless the law authorizing aid was changed. The agency also does not provide aid to condominium and homeowners’ associations. But individual condo owners can receive assistance for their units, even as individual owners of co-ops cannot.

The disparity hinges on this legal distinction: In a co-op, owners sign leases for the rights to their units, rather than owning them as real property, as the owners of condominium units do. Co-op owners can receive federal assistance for damage to furniture or other items in their apartments; the aid is similar to that available to renters for uninsured losses.

The city’s Office of Housing Recovery Operations said that at least 120 co-op buildings, with 13,000 apartments, and 368 condominiums, with 7,000 units, sustained flooding and damage to ground floors. Many have boilers and utility rooms that now need extensive repairs.

This dispute over FEMA’s rules has flared in the past. After Hurricane Wilma in Florida in 2005, condominium and homeowners’ associations lobbied for assistance to pay for removal of storm debris, to no avail, said Donna D. Berger, executive director of [Community Advocacy Network](#), which represents them. Ms. Berger said homeowners later faced assessments from the associations that pushed some into foreclosure.

The Lindenwood Gardens Co-op in Howard Beach, Queens, with 312 apartments spread over six acres, had damage to its roofs, boilers, office, community room, rental space and grounds. To pay for repairs, the co-op spent half of its reserves, \$300,000, and imposed a one-year assessment of \$50 a month to raise \$360,000 more. Many retirees and older people have asked to pay \$25 a month over two years.

“We agonized because we knew what a financial hardship this would be to our seniors, but we had no choice,” said Ina Mica, the board president.

The Beverly Hills in Sheepshead Bay borrowed \$250,000 to start a triage of repairs to the boiler, elevators and ground-floor apartments, some of which are still not habitable. In the meantime, unhappy owners are concerned about mold and not being reimbursed for work they did themselves.

“If FEMA gave a co-op \$3,000 per apartment, our problems would be over,” the property manager, Stephen Elbaz, said.