

POLICY MEMORANDUM

The *Tenant Co-op Acquisition Program (TCAP)*

TO: Members of the New York City Council, New York State Legislature, and Housing Policy Oversight Authorities

FROM: Seth Foss

DATE: May 8th, 2025

**RE: LEGISLATIVE ALIGNMENT AND POLICY SUPPORT FOR THE TENANT CO-OP ACQUISITION
PROGRAM (TCAP): ADVANCING STRUCTURAL EQUITY THROUGH SUBSIDY TRANSFORMATION**

EXECUTIVE SUMMARY

The *Tenant Co-op Acquisition Program (TCAP)* signifies a transformative approach to New York City's affordable housing policy by redefining rent subsidy allocation as a mechanism for wealth creation and sustainable affordability. *TCAP* advocates for the systematic redirection of public housing assistance, traditionally provided as recurring rental payments, into capital structures that facilitate tenant-led acquisition and cooperative ownership of distressed multifamily housing. Through limited-equity cooperative formations and land-installment alternatives, the policy framework aims to institutionalize tenant governance and financial participation. *TCAP* enhances and significantly expands upon the intent of Assembly Bill A3353 (TOPA), addressing its limitations in enforceability, affordability preservation, and economic feasibility.

Structural Failures in Current Housing Policy

The City of New York allocates over \$3 billion annually in rent subsidies through the Section 8 and CityFHEPS programs (NYC DSS, 2023). Tenant households often remain in subsidized tenancy for more than 15 years without accruing any home equity or ownership rights (HUD, 2022). Landlords with egregious histories of code violations—such as a Bronx-based owner who received \$2.7 million in subsidies while maintaining over 4,000 active violations—continue to benefit from public funding without consequence (Elmelech, 2004; NYC Public Advocate, 2023).

Limitations of Existing Legislative Frameworks

Assembly Bill A3353 (TOPA) provides procedural tenant purchase rights but lacks financing mechanisms, subsidy mobility, or regulatory protections to ensure permanent affordability post-transfer. Existing limited-equity cooperative models restrict tenant equity growth while allowing unrestricted asset appreciation by landlords subsidized through public rental payments. The current subsidy infrastructure structurally prevents tenants from leveraging vouchers for ownership, while enabling landlords to do so, thereby perpetuating wealth disparities.

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TCAP POLICY ARCHITECTURE

Eligibility Trigger: Buildings with 50% or more subsidized units, recurring hazardous code violations, or ownership by individuals or entities listed on the NYC Worst Landlords List are eligible.

Tenant Acquisition Authority: This authority establishes a statutory right of collective purchase, drawing inspiration from D.C.'s TOPA model and incorporating enforceable provisions.

Subsidy Realignment: Public vouchers are redirected to tenant equity contributions, cooperative maintenance fees, and building capital reserves.

Community-Based Financing: This approach leverages credit union lending supported by municipal loan guarantees and structured escrow mechanisms.

Alternative Ownership Pathways: This initiative legalizes the use of land-installment agreements in situations where cooperative formation is structurally impractical.

Anticipated Fiscal and Equity Impacts

- Reduces municipal expenditures on evictions, shelter systems, and litigation.
 - Financial models project a return on investment ranging from 3:1 to 5:1, based on long-term cost avoidance and social benefits.
 - Redirects existing public resources toward equity-building among historically marginalized, rent-burdened populations.
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Legislative Recommendations

- Amend state statutes to codify enforceable tenant acquisition rights with integrated financial and subsidy-use provisions.
- Reform CityFHEPS and Section 8 regulations to explicitly authorize voucher application toward cooperative ownership and maintenance obligations.
- Establish a municipally administered guarantee facility to underwrite credit risk associated with TCAP acquisition financing.
- Amend the Martin Act to streamline tenant-initiated conversions in distressed buildings by lowering approval thresholds and simplifying regulatory compliance.

*Full legislative text, economic modeling tools, and implementation frameworks are available upon request.

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References

1. Elmelech, Y. (2004). Housing inequality in NYC: Racial disparities in homeownership and shelter-cost burden. *Housing, Theory and Society*.
2. NYC Department of Social Services. (2023). CityFHEPS Budget Overview.
3. NYC Public Advocate. (2023). 100 Worst Landlords List.
4. U.S. Department of Housing and Urban Development. (2022). Voucher Program Statistics.
5. Assembly Bill A3353. (2023). Tenant Opportunity to Purchase Act. New York State Assembly.