Glen Oaks Village

A SELF-MANAGED COOPERATIVE

September 30, 2010

Edward DeMarco, Acting Director
Federal Housing Authority
1700 G Street, NW
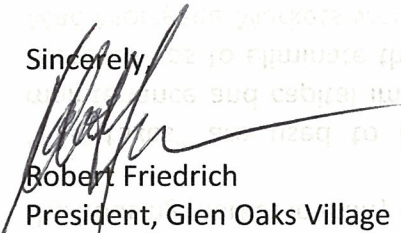Washington, DC 20552

Dear Director DeMarco:

I am writing in strong opposition to FHA's proposal that would deny residential housing co-ops with flip taxes from participating in Fannie Mae and Freddie Mac mortgage programs. I am President of Glen Oaks Village, New York's largest garden apartment housing cooperative with 10,000 residents and founder of the President's Co-op Council, a think tank of local co-op Board Presidents representing more than 20,000 units of cooperative housing in New York City. I speak for all our board presidents who work tirelessly each day improving the quality of life of their residents while trying to maintain affordable housing. As you know, co-ops here in NYC are the last bastion of affordable housing for most working class families. Your proposal will kill the housing market in many of these co-ops.

"Flip taxes" are used to keep maintenance affordable and to provide for repairs and maintenance and capital improvements that would otherwise not be affordable. By forcing these co-ops to eliminate their "flip taxes" in order to participate in Fannie Mae and Freddie Mac Mortgage Markets would necessitate crippling increases in monthly maintenance. "Flip Taxes" are not arbitrarily imposed on co-op shareholders. They are imposed by duly elected boards of directors that are accountable to the very same shareholders that pay these fees. Your proposal has created unnecessary stress and anxiety in these housing cooperatives during a very difficult economic climate. It is incredulous that this type of proposal could have gotten to this point without your agency first seeking input from those very same people that your proposal will terribly impact.

On behalf of our co-ops and working class families, I urge you to modify your proposed rule change by exempting residential housing co-ops from that proposal.

Thank you.

Sincerely,

Robert Friedrich
President, Glen Oaks Village
Founder, Presidents Co-op Council

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