

Waves of fury over co-op's big fee hike 'In the red' Rockaway complex forced to nearly double charge

BY JOHN LAUNGER

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CONSIDERING the economic recession, [Patricia McCabe](#) of [Rockaway Beach](#) felt lucky to learn she would receive a modest 3% pay raise in 2009.

Then a letter was quietly slipped under the door of her Dayton Beach Park co-op late last month.

The letter notified the 1,147 shareholders of the sprawling complex - part of the Mitchell-Lama affordable housing program - that their monthly co-op fees, including utilities, would increase by 14% per room, per month, as of Feb. 1.

"Now, the 3% raise I am getting is gone," said McCabe, a 49-year-old city worker.

The increase has infuriated the co-op's mostly working-class residents, hitting them at a time when budgets are already spread thin by hard times.

The increase will cause the so-called carrying fees for McCabe's apartment to double, from \$1,039 to about \$2,057 a month.

"I don't understand how they could possibly expect people to pay this kind of increase," McCabe said.

Longtime shareholders [Irving](#) and [Alicia Greenberg](#), who live on a fixed income, don't think they will be able to afford it.

"This is terrible," Alicia Greenberg, 79, said. "I have so many doctors' expenses."

Things may get worse next year for shareholders at Dayton Beach Park, which has been operating in the red for years and owes the city more than \$1 million in unpaid water bills.

The co-op has a board of directors and is run by a private management company. Under the Mitchell-Lama program, however, it is overseen by the city Department of Housing Preservation and Development.

The agency approved the carrying charge increase for this year and stipulated that if the co-op's finances don't improve, the charges will rise another 12% per room, per month next year.

"The increases that we have authorized are necessary to put the co-op - which had been running in the red for years - on sound financial footing," said agency spokesman [Seth Donlin](#).

[Jennifer Grady](#), who was elected co-op board president in October, said the board is paying for a private audit. Since the board hired the management company, Phipps Houses Group of [Manhattan](#), in 2006, the only bills that seem to have been paid are the co-op's mortgage, taxes, payroll and Phipps' fee, said Grady, who works as a controller for a private firm. A host of other bills - such as water fees - have gone unpaid, she said.

Phipps, which charges the co-op more than \$400,000 annually, did not return multiple calls seeking comment.

Last summer, City Controller and mayoral candidate [William Thompson](#) urged HPD to investigate the co-op's management.

Donlin said the agency reviewed the co-op's business practices when it was evaluating the request for a fee increase.

"We did not find any evidence of any corruption or malfeasance," he said, noting that the co-op's rates were "too

low" to meet monthly costs.

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