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News from

MFY Legal Services, Inc.

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SUMMER

Seeking Justice for Three-Quarter House Residents

When MFY Legal Services launched the Three-Quarter House Project (TQH) in September 2009, few people in New York had heard of this type of unregulated and abusive housing. But Staff Attorney Tanya Kessler, who came to MFY as a Skadden Fellow, worked to defend the basic tenancy rights of these residents, address poor conditions, and empower them to advocate for themselves. The project's success underscores the importance of combining direct legal services with impact litigation, tenant organizing, coalition building, media outreach, and policy advocacy to achieve justice for a highly vulnerable population.

Few Options and Frequent Evictions

Most of the men and women who live in three-quarter houses are recruited by operators from jails, prisons, and substance abuse programs with the promise of decent housing, treatment for substance abuse, mental illness or other problems, and help finding permanent



Residents and their supporters rally at a Brownsville building operated by Yury Baumblit, a defendant in a class action lawsuit. Baumblit has since been indicted.

MFY went beyond individual legal services, using class action lawsuits, tenant organizing, coalition building, media outreach and policy advocacy to challenge an abusive and exploitive housing model.

housing and employment. Instead, residents receive a bunkbed in an overcrowded and squalid dwelling, operators compel them to attend specific treatment programs, and the help to find work and permanent affordable housing never materializes. Even worse, once residents complete the six- or nine-month treatment program demanded by operators, they are evicted or locked out – often forcibly at night. Residents allege that operators receive kickbacks from the treatment centers, making a resident no longer profitable for the operator once treatment ends.

Ms. Kessler and an MFY organizer partner with Neighbors Together, a social service organ-

ization in Brownsville, Brooklyn, the epicenter of the three-quarter house problem. They counsel TQH tenants, hold weekly intake sessions and, with Neighbors Together, organize the Three-Quarter House Tenant Organizing Project (TOP), which provides a vehicle for residents to reach out to others, and engage in a wide range of advocacy activities.

Challenging the Model

A year after starting the TQH project MFY began to challenge the model itself. In December 2010, with pro bono assistance from Patterson Belknap Webb & Tyler LLP, MFY filed a class action lawsuit against three TQH operators,

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Three-Quarter House Residents

(continued from page 1)

alleging widespread deceptive practices and violations of housing laws. As the case was filed, scores of tenants and their supporters rallied at a building operated by defendant Yuri Baumbliit, demanding an end to illegal evictions. The class action case and rally generated critical media attention and the city got its first glimpse of the horrors inside three-quarter houses. Over the next few years, MFY won a number of favorable decisions in individual cases upholding the principle that three-quarter house residents were tenants who could not be evicted without due process. The “waiver of tenant rights” that operators forced residents to sign was held unenforceable.

Outreach and Advocacy

Together with TOP, MFY met with police precincts, local community boards, and community-based organizations to educate them about three-quarter house resident rights, held discussions with local elected officials, and reached out to any reporter who would listen. In 2013, MFY and TOP joined forces with the Prisoner Re-Entry Institute (PRI) at John Jay College of Criminal Justice to produce *Three-Quarter Houses: The View from the Inside*, the first report detailing the everyday experiences of TQH residents. A series of large public events

following release of the report generated widespread attention from the media, elected officials, and organizations concerned with re-entry. Those organizations joined together as the Three-Quarter House Reform Coalition.

The PRI report spurred *Pro Publica* and *NBC News* to expose the link between three-quarter house operators and Medicaid fraud schemes. In late 2014 *New York Times* reporter Kim Barker began a nine-month investigation, regularly meeting with MFY and TOP, that resulted in a major front-page exposé on May 31, 2015 and several follow-up pieces in subsequent weeks.

The City Takes Notice

The city could no longer ignore the problem. HRA Commissioner Steven Banks held meetings with advocates, including representatives of TOP, created an inter-agency task force, inspected some 80 three-quarter houses and relocated hundreds of residents to other housing. Three-quarter house residents are now eligible for a special monthly housing subsidy of \$1,213 for an apartment or \$800 for a rented room for single adults at risk of homelessness, instead of the state’s meager \$215 per month housing allowance.



City Council Members Ritchie Torres, Juumaane Williams (pictured above), Corey Johnson, Donovan Richards and Stephen Levin are supporting legislation to protect Three-Quarter House residents’ rights.

In July 2015, the owners of Narco Freedom, which ran 18 three-quarter houses, were indicted for insurance fraud and racketeering. In February 2016, a judge issued an injunction against the NRI group for harassing three-quarter house tenants. In May the NYS Attorney General indicted Yuri Baumbliit and his wife for money laundering and Medicaid fraud and one month later Baumbliit faced criminal charges for defrauding and illegally evicting tenants. From

operating with total impunity, notorious operators were beginning to be held accountable for their actions.

Meanwhile, MFY along with TOP and other members of the Three-Quarter House Reform Coalition successfully lobbied the New York City Council and State Legislature to consider bills in their upcoming sessions to rein in abuses and further protect residents.

The Three-Quarter House Project has had a big impact, but the proliferation of this abusive model is, of course, a symptom of the larger problem of the lack of affordable housing in general and the lack of supported housing and re-entry services in particular. MFY, TOP and the Three-Quarter House Reform Coalition are committed to continuing to tackle these short- and long-term issues.



A leader of the Three-Quarter House Tenant Organizing Project speaks at City Hall, describing what happens when a resident is locked out by the operator.

in brief



MFY Report: Illegal Short-Term Rentals Are Overtaking the Housing Market

A report by MFY Legal Services and Housing Conservation Coordinators exposes the disastrous

impact of Airbnb on NYC's already stressed housing market. A detailed statistical analysis showed that over 55% of Airbnb's New York City listings are illegal, with 30% of listings controlled by illegal "commercial" hosts. Over 8,000 housing units were lost to Airbnb in 2015, reducing available housing by 10%. The report has generated greater attention on the issue, with three prominent senators calling on the federal Consumer Financial Protection Bureau to investigate the extent to which short-term rentals are exacerbating the nation's affordable housing crisis.

MFY Expands Anti-Eviction Services in the Bronx

Bronx tenants facing eviction or living with unsafe conditions have greater access to free legal assistance thanks to MFY's expansion of services to the borough, especially in areas with high eviction rates. With ten attorneys and a paralegal/organizer, MFY's new Bronx unit has increased neighborhood-based outreach and intake. Tenants can access services by walking in to MFY's intake center at Bridge Builders in the Morissania section every Tuesday, or meet with MFY attorneys at Bronx Housing Court, the offices of Senator Gustavo Rivera, or at Part of the Solution (POTS). For details or to speak to an attorney, tenants can call MFY at 212-417-3888 on Monday, Wednesday and Friday from 2:00-4:30 pm or call 212-417-3889 on Thursday from 2:30-5:00 pm.



After a Two-Year Battle, Elderly Brooklyn Residents Win \$3.35 Million Settlement

After a two-year battle, five residents of the Prospect Park Residence in Brooklyn who refused to leave when the new owner abruptly announced the facility's closing in 2014, won a \$3.35 million settlement and time to relocate to appropriate housing. They were represented by MFY Legal Services,

The Legal Aid Society, and Fitzpatrick, Cella, Harper & Scinto. Legal claims remain against the NYS Department of Health, whose weak regulations allowed the operator to close the facility with essentially no notice to vulnerable elderly people.

MFY Honors Simpson and Pillsbury for Pro Bono Excellence



L to R: Jeanette Zelfhof, MFY Executive Director; David Ichel; Maeve O'Connor, Board Chair; and David Keyko

MFY Legal Services honored Board members David Ichel and David Keyko and their firms, Simpson Thacher & Bartlett and Pillsbury Winthrop Shaw Pittman, at its annual Dinner-Theatre Benefit in June. Simpson associates are providing representation to children with mental illness in parents' efforts to secure appropriate educational services. Pillsbury has been actively involved in helping people with disabilities secure Access-A-Ride services and played a key role in negotiating a settlement with New York City Transit to improve access to this paratransit service.

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Law Grad Volunteers Save a Senior's Home

Mark Sullivan and Sherief Gaber, two law graduate volunteers with MFY's Mental Health Law Project, handled and won an eviction case for an elderly Manhattan resident, Patrica Goz. Here is what her son, Brad, said about his family's experience with MFY:

"My mother is 88 years old, hard of hearing and... has battled emotional issues over the years that contributed to her deep despair when her landlord launched his latest effort to evict her. The landlord's allegations... asserted no disturbance to neighbors, raised no question regarding her always timely payment of the rent... When we contacted MFY our family had no financial resources to hire a private attorney.

"Mr. Sullivan and the MFY team were thorough, timely and professional in all their work on my mother's case... When speaking with my mother [Mr. Sullivan] always took into consideration my mother's hearing impairment and her practical and emotional concerns about the outcome of the case.

"The work of MFY led the landlord to sign a Stipulation that effectively abandoned all of the claims embodied in his holdover petition. My mother will be able to stay in her apartment with greater assurance and comfort than she had prior to the case.

"MFY pursues major cases that effect thousands of individuals. In this respect, my mother's case can appear to be of minor importance. For our family, however, it was a major event in our lives. We are deeply grateful for the work of your organization..."



"Without great exaggeration, it is fair to say that the services... of the team at MFY were life-saving."

—Bradford Goz

class actions

MFY Wins \$59 Million Settlement for Victims of Debt Collection Scheme

Some 200,000 New Yorkers who were swindled by companies engaging in "sewer service" are having their claims processed after a landmark \$59 million settlement in a class action lawsuit against a debt buyer, a law firm, and a process-serving company late last year.

About 75,000 people are expected to receive monetary compensation under the settlement, and approximately 115,000 additional default judgments will be vacated. MFY, the New Economy Project, and Emery Celli Brinckerhoff & Abady LLP litigated the case, which was originally filed in 2009.

For Carolyn Coffey, MFY's Director of Litigation for Economic Justice, who headed MFY's efforts, the settlement was the culmination of years of work on many levels, including successful advocacy in changing NYC's regulations on process servers and state reforms that require debt collectors to provide actual evidence of the existence of the debt.

Lawsuit Compels NYC Transit to Change Unfair Access-A-Ride Policies

A class action lawsuit challenging unconstitutional practices of Access-A-Ride, New York City's paratransit service for people with disabilities, received preliminary approval in May. Five plaintiffs with disabilities were represented by MFY and Pillsbury Winthrop Shaw Pittman LLP.

The case centered on NYC Transit's practice of denying services by sending a generic letter and giving no specific reasons for the denial. In order to get that information, Access-A-Ride clients had to file a FOIL request, which took 90 days, but had only 60 days to appeal the decision.

Under the preliminary settlement, NYC Transit must provide specific information on why an applicant is denied, must provide the applicant's file for free on request, and must continue services for those who already have Access-A-Ride until the appeal is decided.

The settlement also requires that NYC Transit inform applicants of their right to appeal a decision in court and to explicitly state that it will not discriminate against people who have invisible disabilities in processing applications for the service.