

April 28, 1978

HDD:Vogel
Tel: 755-5866

Mr. Andrew N. Farnese
Attorney at Law
President, Casa Ferni
Board of Directors
322 South 16th Street
Philadelphia, Pennsylvania 19103

RE: Project No. SB-PA-11
Casa Ferni Apts.
Philadelphia, Pennsylvania

Dear Mr. Farnese:

Deputy Assistant Secretary for Insured and Direct Loan Programs, Ms. Marilyn Melkonian, has been apprised of the inability of the Casa Ferni Tenants' Association to obtain permission to use project facilities for meetings. The Department is desirous that this matter be resolved in an amicable manner without the necessity for litigation among the contending parties. In pursuit of that objective, this office has been asked to contact you directly.


From the information before us, we presume that the project manager or administrator is acting on the instructions of the Board of Directors in refusing use of project facilities to the Association. In any case we view the refusal of the use of facilities to be counterproductive to the needs and desires of a significant number of tenants, to the Section 202 Program and to Casa Ferni's own image.

The Department encourages the concept of tenant associations, particularly with respect to subsidized housing. Tenant groups frequently can be a valuable ally of management in promoting understanding of management concerns and in offering useful suggestions respecting operations. Particularly respecting a property funded by a direct federal loan, we cannot be expected to condone Casa Ferni's management decision to deny the Association the use of meeting space within the project.

We also have before us a copy of a judicial order issued by the U. S. District Court for the Eastern District of Pennsylvania on May 27, 1976. The order requires the Four Freedoms House, a Section 202 project, to make the "meeting room" of that facility available for the use of the Four Freedoms Tenants' Association. Faced with this judicial finding we must advise that the use of project funds to pay attorney's fees to defend a similar action, should such litigation occur, would not be viewed by this Department as a reasonable and necessary project operating expense.

We hope that the Casa Ferni Board of Directors will carefully review its position and conclude that benefits will result from doing voluntarily what it otherwise will be forced to do anyway.

Sincerely,



Fred W. Pfaender
 Director
 Office of Loan Management

cc:EDM:Vogel:leh 4/27/78
 Cent. Files-9141, Chron/Vogel-6152, NDM-6156, HI-6106
 3EM Phila., Pa., 3.45 Phila., Pa., Weisbach-6152

CORRESPONDENCE CODE	ORIGINATOR	CONCURRENCE	CONCURRENCE	CONCURRENCE	CONCURRENCE	CONCURRENCE
	HIM12					
Name	Vogel					
	12-28-78					