

# The New York Times

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## Tenant Groups Renew Effort to Prohibit Rise in Rent on Vacant Regulated Units

By MIREYA NAVARRO

For decades, the cost of renting a regulated apartment in New York has been partly determined not just by annual increases approved by a city board, but also by the far bigger raises allowed when an apartment becomes vacant.

Now, encouraged by their success in holding down the annual rent increases, advocates for tenants are renewing calls to end the vacancy increase, arguing that it is a significant and often overlooked factor in the cost of renting an apartment in the city.

The city's Rent Guidelines Board has been holding the annual increases to historic lows under Mayor Bill de Blasio — down to zero, in the case of one-year leases. But under current law, landlords are allowed to increase rents by up to 20 percent upon a vacancy.

Even though only about 13 percent of rent-stabilized apartments turn over each year, a report released on Tuesday by the antipoverty group Community Service Society of New York argued that the vacancy allowance, which has been in place since 1969, is so high that it contributes more to the overall rise in stabilized rents than the annual increases.

The Rent Stabilization Association, a major landlord group, said the report exaggerated the effect of the vacancy allowance. On average, the group said, the allowance leads to an increase of about 10 percent — about half of the maximum.

The association said the vacancy allowance was written into law as a recognition that landlords might need to “catch up” in rent revenue between tenants to help maintain the building, and as a way to have a new tenant bear the increase. Owners are eligible for an additional bump, known as a vacancy bonus, if the departing tenant occupied the apartment for at least eight years.

With the Rent Guidelines Board considering another rent freeze for one-year leases, landlords say

they need any increase they can get. But tenant groups went to Albany on Tuesday to lobby for the repeal of the vacancy allowance, which they call the “eviction bonus,” in the state’s rent law.

“We call it the eviction bonus, because it gives a major incentive to evict rent-regulated tenants,” said Katie Goldstein, executive director of the advocacy group Tenants & Neighbors. “We wanted to target the loophole that would make the biggest difference.”

A bill to repeal the vacancy allowance has languished in the State Assembly for years, but

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*Renters' advocates push legislation to repeal what they call 'the eviction bonus.'*

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some see an opening to inject the issue into negotiations over the renewal of a tax exemption for developers who build affordable housing. Gov. Andrew M. Cuomo has brokered talks on the exemption between representatives of labor and the real estate industry. Tenant groups regard the exemption, called 421a, as a giveaway to developers.

“We should get something for tenants,” said Assemblyman Brian Kavanagh, a sponsor of the repeal bill. “We should do something to strengthen rent laws.”

Mr. Kavanagh, a Democrat who represents the East Side of Manhattan, said the vacancy allowance had risen to the top of tenants’ demands because it also helped landlords surpass the \$2,700 threshold that allowed them to take an apartment out of rent stabilization.

But Albany seems to be at a standstill on the housing front. The governor included \$2 billion in the state budget this year for a statewide housing program, yet there is no agreement on how to spend the money. A plan for the \$2 billion is to be laid out in a memorandum of understanding among the governor, the Assembly and the State Senate. Some housing advocates said they were hopeful that the agreement would be made final by the end of the legislative session in June.

The city’s major developers, represented by the Real Estate Board of New York, have balked at Mr. Cuomo’s insistence that 421a projects pay union labor rates. So far, the governor, a Democrat, has been unable to secure a compromise between the unions and the developers.

The fight for affordability in the city focuses in large part on retaining the stock of about one million rent-regulated apartments, but regulated does not necessarily mean affordable. The Rent Guidelines Board says most tenants in rent-stabilized apartments spend more than 30 percent of their income on rent and utilities, which is the federal standard for affordable housing. Research by the board’s staff shows that inflation-adjusted wages rose only by 1.6 percent in the year ending in the third quarter of 2015.

Jack Freund, executive vice president of the Rent Stabilization Association, said the vacancy allowance, which he said made up for “inadequate” raises by the rent board, was hardly to blame for upward rent trends that are mostly associated with the strong real estate market.

“There’s rent pressure throughout the city regardless of the type of housing, because costs have gone up,” Mr. Freund said.

(See Over)

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## Tenants vs. Landlords From Hell

A chorus of hallelujahs arose across New York City last week. It came from the thousands of people unlucky enough to live in a building owned by Steven Croman.

Mr. Croman, who owns more than 140 apartment buildings across Manhattan, was arrested May 9 after a nearly two-year investigation by State Attorney General Eric Schneiderman, who hit him with a one-two punch. The first, the criminal case, involves multiple felony charges of fraud and larceny in Mr. Croman's real estate business. The second is a civil lawsuit accusing Mr. Croman of illegally scheming to trick, frighten and bully people out of their rent-regulated apartments, so he could charge new tenants more.

In a city in the grips of an affordable-housing crisis, where tenants and landlords wage epic battles over scarce and precious apartments, Mr. Croman's notoriety long preceded his arrest. He has been a mainstay of "worst landlords" lists for years, and his tenants have found solidarity reviling him on the web.

According to Mr. Schneiderman, the hatred is well founded. As the civil suit describes it, Mr. Croman was willing to use "any means necessary" to force tenants into taking buyouts, including threats and frivolous lawsuits, refusal to fix hazardous code violations, disruptive repairs and an overall willingness to let his buildings rot until he got what he wanted.

A former New York police officer, Anthony Falconite, is also named in the suit, accused of being Mr. Croman's muscle, entering apartments while posing as a repairman or building manager and harassing tenants with baseless threats of eviction. The complaint makes the landlord sound like a David Mamet office thug: "Croman walks through the office chanting, 'buyouts, buyouts!' and reprimands employees for not obtaining enough buyouts."

The housing shortage is bad enough without people doing what Steven Croman apparently got away with for

decades. According to a new report on the state of New York housing by the Furman Center at New York University, issued last week, the pressure of rising rents is being felt across the city, not just in gentrifying neighborhoods, suggesting the need for broader efforts to preserve the affordable housing supply.

At a panel discussion of the report's findings on gentrification, City Council member Brad Lander noted that Mayor Bill de Blasio's campaign to create new housing by requiring developers to set aside a portion of units in new buildings for lower-rent apartments, while important, was not the entire solution for stabilizing neighborhoods. The lucky will get to move into those units, but lots of other people will need help just staying where they are.

This is why the Croman case has to be the beginning, not the end, of a bigger campaign to protect tenants' rights — a concerted effort to use all the power that the state and city can muster to keep the teeth in rent regulation, to give an edge to tenants in the perpetual war with landlords who have big property portfolios but no scruples. Mr. Schneiderman is doing his part, with the help of the city's health and buildings departments and the Department of Housing Preservation and Development. The City Council has taken steps of its own, passing legislation to make sure tenants know their rights and toughening the penalties for tenant harassment. Renters need to know they can turn down buyouts if they wish; landlords need to know they will be punished for breaking the law.

Council member Jumaane Williams of Brooklyn, chairman of the Committee on Housing and Buildings, called the Croman charges "a bittersweet victory" because the alleged abuses in this case, while spectacularly appalling, are common across the city. If state and city officials can find a way to spread the joy that greeted Mr. Croman's apparent downfall to beleaguered tenants of other landlords across New York, then we'll be getting somewhere.

(See Over)