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West Village Tenants Say Infamous Landlord Steve Croman Illegally Deregulated Apartments

BY [ELIZABETH KIM \(/STAFF/ELIZABETH-KIM\)](#)

SEPT. 12, 2019 2:47 P.M. • [40 COMMENTS](#)



➡ Tenants at 560 Hudson Street have charged their landlord Steve Croman with illegally deregulating apartments. JAKE DOBKIN / GOTHAMIST

A group of West Village tenants are suing the notorious landlord Steve Croman for allegedly illegally charging market-rate rents at a building that was required to remain rent-stabilized under a special New York City tax benefit program.

At least five residents at 560-566 Hudson Street, a 32-unit building, say they were not provided with rent-stabilized leases in a lawsuit filed Thursday morning.

Under J-51, residential property owners rehabbing or renovating their buildings can apply for tax breaks. But they must keep their units rent-stabilized while receiving the tax benefits.

The J-51 benefits for the building, which began in 2006, expired in June 2016. At the time, only 10 of the 32 units were listed as rent-stabilized, according to the complaint. During that time, Croman received a total of \$145,000 in tax breaks.

The lawsuit did not provide rental histories of the tenants, but according to Streeteasy, a studio at 560 Hudson Street is listed at \$5,595 a month.

Croman, who owns approximately 140 Manhattan buildings and has routinely appeared on "worst landlord" lists, recently served eight months in jail for multiple tax and mortgage fraud charges. His sentencing in 2017 was the result of a year-long investigation by former New York State attorney general, Eric T. Schneiderman.

Most recently, Croman came under the spotlight for [his purchase of 567 Hudson Street](https://gothamist.com/food/white-horse-tavern-building-reportedly-sold-to-infamous-landlord-steve-croman) (<https://gothamist.com/food/white-horse-tavern-building-reportedly-sold-to-infamous-landlord-steve-croman>), which is home to the White Horse Tavern, a historic bar known for its famed literary patrons. The sale [stoked fears](https://gothamist.com/food/west-village-residents-worry-about-fate-of-white-horse-tavern-and-surrounding-buildings) (<https://gothamist.com/food/west-village-residents-worry-about-fate-of-white-horse-tavern-and-surrounding-buildings>) among local residents about both the fate of the bar and about the tenants who live above it. The building contains 17 apartments, many of which are said to be rent-regulated. In the past, Croman developed a reputation for harassing rent-regulated tenants to force them out, but under the new laws, rent-regulated units cannot be easily deregulated.

The tenants in the 560 Hudson Street case declined to comment, but in an email to Gothamist, their attorney Lucas Ferrara wrote, "It's particularly telling that, despite his incarceration, Croman stubbornly refuses to make amends or to comply with the spirit or letter of the rent stabilization laws."

He added: "It's a disgrace, actually."

Reached for comment, Sam Spokony, a spokesperson for Croman, issued a statement, saying, "While we do not comment on pending litigation, we remain committed to diligently implementing our settlement agreement with the state Attorney General in line with our focus on using best practices to provide quality housing for our residents."

The case came about after the Village Independent Democrats, a local political club, began knocking on doors and interviewing tenants in buildings receiving J-51 tax benefits. The group has long lobbied for changes in the rent laws, which passed this June, and provide stronger protections for rent-stabilized tenants.

Tony Hoffmann, one of the members who did the canvassing, said he met personally with two tenants at the Hudson Street building.

"Both had no idea that they were supposed to be under rent stabilization," he said. "They thanked us very much and we said we would follow up."

The group then passed along the information to Housing Rights Initiative, a watchdog organization that helps tenants initiate class action lawsuits against landlords who violate J-51 rules.

In July, Housing Rights Initiative helped spearhead another J-51 lawsuit against Croman involving 100 tenants at an East Harlem building.

Aaron Carr, the group's founder, has sought to use the cases to argue that the state is not sufficiently doing its job of holding landlords accountable. The state enforcement agency, Housing and Community Renewal (HCR), however, has said that it was the work of their staff members that prompted the Attorney General's investigation of Croman.

But in a statement, Carr said, "While it is true that HCR played a part in the civil and criminal case against Croman, what is also true is that Croman is still Croman and that our broken enforcement system is still broken."

Hoffman, who has lived in the West Village for 50 years, said that the affordable housing crisis is evident throughout the pricey neighborhood. Many younger members of his political club are forced to leave, he said, because they can't afford the rents. According to Streeteasy, the median asking rent is \$3,775, up 5 percent from a year ago.

Noting the proliferation of high-priced shops and markets in the neighborhood, he added: "Even if you pay 50 percent of your salary on rent, can you afford to live in a neighborhood like this?"

UPDATE: This story has been updated to include a statement from Croman's spokesperson.

[#RENT-STABILIZED RENT \(/TAGS/RENT-STABILIZED-RENT\)](#), **[#LAWSUIT \(/TAGS/LAWSUIT\)](#)**,

[#J-51 \(/TAGS/J-51\)](#), **[#WEST VILLAGE \(/TAGS/WEST-VILLAGE\)](#)**,

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natdawg • 2 days ago

Stop. Giving. Tax. Breaks. To. Landlords.

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JohnBrownForPresident natdawg • 2 days ago

but but then who will prevent the city from going to the Bad Old Days???

-- Andy Cuomo and Billy de Blasio

6 • Reply • Share



Altered Beast natdawg • 2 days ago

it's tax breaks to developers who may or may not be landlords

4 • Reply • Share



KibaEsq Altered Beast • 2 days ago

Completely unrelated but have you seen the sega mini that's coming out? It includes one of my (and I'm guessing your) favorite classics, Altered Beast!

1 • Reply • Share



SpideySense natdawg • 2 days ago

O. K.

1 • Reply • Share



Rob C • 2 days ago

Calling all resident Gothamist real estate skill and landlord apologist commenters for

some inane "THAT'S JUST BUSINESS AND PROFITS" commentary.

8 ^ | v • Reply • Share ›



GiuseppeGiorgio2 → Rob C • 2 days ago

Or the best one, "Survival".

As if the very last black truffle in the fridge depended on it.

6 ^ | v • Reply • Share ›



((Archduke)) → Rob C • 2 days ago

No one is going to rationalize someone breaking the actual rules of a tax abatement program.

The "spirit" of a regulatory agreement, on the other hand, doesn't mean much compared to dollars.

2 ^ | v • Reply • Share ›



Rob C → ((Archduke)) • 20 hours ago

Violating the "spirit" of regulation often leads to either a new or updated regulation. Legal and ethical aren't mutually exclusive - though a few landlord apologists here seem to think otherwise.

^ | v • Reply • Share ›



GiuseppeGiorgio2 • 2 days ago • edited

Don't know who's dumber, people who think landlords in NYC are just trying to "survive" like the rest of us or people who think \$5,600 for a studio no bigger than my mom's pre-war bathroom is a sound choice. There are MUCH better options for that amount of money below 14th Street than this shit (I once went to school off Hudson, I know the neighborhood intimately) if that's your area preference.

3 ^ | v • Reply • Share ›



Rob C → GiuseppeGiorgio2 • 2 days ago

It's a lot easier to justify a \$5,600 a month studio when your rent bill is footed by mommy and daddy because you decided to move to NYC from Ohio to take a \$30K/year PR or marketing job so you can truly experience that big city living.

3 ^ | v • Reply • Share ›



GiuseppeGiorgio2 → Rob C • 2 days ago • edited

Even then, parents are idiots. There's fuck you money and then there's help you (smart) money. If these parents are of the fuck you vintage then why have them in this place at all? No doorman, no elevator, no luxury amenities (I know the block), to my original point - much better options in the neighborhood (especially for the uberwealthy PR lackey who has it all but needs to prove to her parents she can hold a simple job for a few months).

ETA: Just did a StreetEasy search specifically for the West Village

between \$5-6K and there is a page and a half of 1B-2B (and even a 3B) places cheaper than that studio. One of which is in a new "luxury" building.

Should also note that studio in the article is there too, been on the market for 40 days and counting so perhaps people aren't as stupid as I'm giving them credit for (I'll hold my breath though, some sucker will come along)

1 ^ | v • Reply • Share ›



Linda • 2 days ago

Croman=scum,

6 ^ | v • Reply • Share ›



Gothampc → Linda • 2 days ago

I have first hand experience!

1 ^ | v • Reply • Share ›



TheOriginalSobchak • 2 days ago

Wait, this dude put a studio up for rent for over \$5,000 and someone *rented* it?!?

Balls on one hand. Stupidity on the other.

3 ^ | v • Reply • Share ›



GiuseppeGiorgio2 → TheOriginalSobchak • 2 days ago

Not rented yet according to my StreetEasy search. Been listed for 40 days so far.

^ | v • Reply • Share ›



TheOriginalSobchak → GiuseppeGiorgio2 • 2 days ago

Is that the only apartment of that nature? I figured the lawsuit was happening because of such irregularities. Which would at least imply that some folks are just pissing money away to live there. I mean, for chrissakes, that is more than 1.5x my mortgage!

^ | v • Reply • Share ›



((Archduke)) → TheOriginalSobchak • 2 days ago

It's not even that irregular. J-51 just means the apartment has to be stabilized, not cheap. It's believable that the legal rent could be that high - there's no high rent deregulation during a J-51, so you could have an extremely expensive stabilized apartment.

^ | v • Reply • Share ›



TheOriginalSobchak → ((Archduke)) • 2 days ago

Stabilized or not, \$5,000+ for a FUCKING STUDIO!!!

\$5,000 a month for two bedroom? Maybe, if you have that type

of money. But to me, spending that type of money on RENT is just bonkers.

4 ^ | v • Reply • Share ›



JBeans → TheOriginalSobchak • 2 days ago

Not saying this is a reasonable price, but it does have 1.5 baths, so it could be a very very large alcove studio of some sort.

^ | v • Reply • Share ›



GiuseppeGiorgio2 → JBeans • 2 days ago • edited

<https://streeteasy.com/buil...>

There is **MUCH** better bang for your buck right down the street, like comically better...

<https://streeteasy.com/for-...>

^ | v • Reply • Share ›



JBeans → GiuseppeGiorgio2 • 2 days ago

Yeah of course. I personally would never pay that much for a studio. Just guessing what the landlord is using to justify the price tag. Looks like he recently reno'd and prob is aggressively trying to recoup the costs.

^ | v • Reply • Share ›



TheOriginalSobchak → JBeans • 2 days ago

Look, I get it, some people want to live where they want to live and ownership ain't for everyone. But when you can have a mortgage in this city (to say nothing of places that aren't NYC) for far less than this rent and for far more space, then I am of the mind that it is simply bad financial planning. Oddly though, you'll still have people who will talk shit about how someone is 'rich' because they own property (as opposed to saying, oh, well, you didn't drop 5Gs on a fucking rent check).

^ | v • Reply • Share ›



JBeans → TheOriginalSobchak • 2 days ago

Between renting a shoe box in WV, and owning a house in Harlem, I can guess what most ppl in the city will choose, sadly.

^ | v • Reply • Share ›



GiuseppeGiorgio2 → (((Archduke))) • 2 days ago

Stabilized has a threshold no? \$2700 or whatever? Above that he can charge half a mil if he's so inclined. I think the issue is whether or not he illegally scammed his way past that stabilization marker. Or rather, he straight up declassified a number of units because fuck it.

^ | v • Reply • Share ›



TheOriginalSobchak → GiuseppeGiorgio2 • 2 days ago

Setting aside the J-51 (which I am not super familiar with) as well as the new regulations which basically keep apartments regulated forever, even under the old rules, an apartment can clear the \$2,700 mark and still be stabilized. It has to clear the \$2,700 *AND* become vacant. If someone rented a stabilized apartment at \$2,500 and then stayed there for 25 years all the while paying the yearly allowable increases, the apartment would still be stabilized but be way over the \$2700.

1 ^ | v • Reply • Share ›



((Archduke)) → GiuseppeGiorgio2 • 2 days ago

There's no high-rent decontrol if you're subject to a J-51. Honestly, I just reread the article and am a little confused by the timeline. It says his J-51 expired in 2016, which means his units are no longer stabilized since then. So the current rents and leases really mean nothing at all.

^ | v • Reply • Share ›



GiuseppeGiorgio2 → ((Archduke)) • 2 days ago • edited

They can still come after him if these units were proven to be removed before 2016. The article reads like this guy has a pattern of doing this stuff. No doubt in my mind he's illegally removed rent stabilized units from the market well before the deadline. Don't know what recourse is available to whoever this affected (past tenants) or if the courts could reclassify them back but they can surely hit him in the pockets. Even between the sofa cushions.

^ | v • Reply • Share ›



((Archduke)) → GiuseppeGiorgio2 • 2 days ago

Yeah, that's the issue. I think they would theoretically revert to stabilized. But I was looking up the J-51 rolls for before his expired, and his building is registered for the J-51 as deregulated. I know generally how the program works, but I'm wondering exactly what the deal was for his building. I've been in a case where the tenants misunderstood the nature of our J-51 and we spent a lot of time and money proving the apartment was in fact deregulated.

^ | v • Reply • Share ›



DJ → GiuseppeGiorgio2 • 2 days ago

He does have a pattern of doing stuff like that. In fact he is currently prohibited from managing his own properties. There is

currently prohibited from managing his own properties. There is a court appointed manager in place. If the tenants are smart they'll pursue all the unit status litigation while that manager is in place.

^ | v • Reply • Share ›



JBeans → (((Archduke))) • 2 days ago

I think the article just quoted the current studio price for "shock value." It has nothing to do with his alleged past violations during the period which his abatement was in effect.

4 ^ | v • Reply • Share ›



GiuseppeGiorgio2 → TheOriginalSobchak • 2 days ago

It's the only Croman one I found for rent on that row/block. To me the article is about continued rent abuse on the part of this guy regarding rent stabilization. That studio is but the latest example of his pigging out.

On the same search there are quite a few 1-2B spots available in the West Village for less than \$5600. Even a 3B popped up. One was in a new luxury building and the rest were at worst in the same kind of building as this if not better.

^ | v • Reply • Share ›



ben → TheOriginalSobchak • a day ago

dude after all your defense of landlords in NYC you can't possibly be ignorant of how market-rate pricing works... There are 60 studios listed at 4500+ on streeteasy alone

^ | v • Reply • Share ›



TheOriginalSobchak → ben • a day ago

There could be 1600 studios listed at that price...doesn't mean that anyone should pay that. It isn't like there aren't other apartments available.

^ | v • Reply • Share ›



CallMelshmael • 2 days ago

"The case came about after the Village Independent Democrats, a local political club, began knocking on doors and interviewing tenants in buildings receiving J-51 tax benefits."

Kudos to you guys for doing the legwork.

5 ^ | v • Reply • Share ›



Mechelle Powers Raby • 2 days ago

THESE SLUMLORDS SHOULD GO DROP DEAD SOMEONE THEY GIVE THE GOOD DESCENT LANDLORDS A BAD NAMES THESE F'ING SLUMLORDS

GETTING A TAX. BREAK, AN THEY STILL CORRUPT. CHARGING TENANTS MORE THAN THEY SHOULD BE PAYING WHEN DOES THE GOT DAMM GREED STOP!!

^ | v • Reply • Share ›



Anon resident • 2 days ago

What's Corey Johnson have to say about this? He and his tool chief of staff continue to do nothing about housing corruption.

^ | v • Reply • Share ›



jay → Anon resident • a day ago

Given that J-51 is a state tax break, I'm not sure what you want the head of City Council to do about it.

1 ^ | v • Reply • Share ›



bkmanposeur • 2 days ago

I wish the city would just seize this real estate man's properties

4 ^ | v • Reply • Share ›



bluecanary1 → bkmanposeur • a day ago

This may be one of the few instances where I would wholly agree with civil asset forfeiture.

^ | v • Reply • Share ›

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