

THE REAL DEAL

NEW YORK REAL ESTATE NEWS

He's back: Steve Croman resumes management, to tenants' dismay

After suing Michael Besen, notorious landlord gets buildings back early

New York

Jan. 13, 2023 09:13 AM

By Suzannah Cavanaugh



A photo illustration of Steve Croman (Getty, Croman Real Estate, New York City Management, LLC, Nightmare on Elm Street Films – via Wikipedia)

A bogeyman of New York tenants is back, just in time for Friday the 13th.

Nearly five years after a settlement stripped Steve Croman

(<https://therealdeal.com/2017/12/20/steve-croman-agrees-to-pay-record-8m-to-tenants-he->

harassed/) of the right to manage his properties, the notorious landlord can again run his 100-property portfolio.

The transition, which comes a month ahead of schedule, stems from a fallout between Croman and his property manager, Michael Besen's New York City Management.

Croman lost management rights in late 2017 in settling a civil suit with the attorney general that alleged he'd tricked tenants into giving up their rent-stabilized apartments.

Under the consent agreement, Croman had to find an independent management firm to oversee his portfolio for five years. Attorney General Letitia James agreed to New York City Management in February 2018, a spokesperson for her office said.

That should have tasked Besen's firm (<https://therealdeal.com/2018/06/19/michael-besens-company-will-manage-steve-cromans-portfolio/>) with management duties until February 2023.

Under the consent agreement, Croman could petition each year to resume management of 20 buildings. A spokesperson for the landlord said he had taken back 40, leaving 60 under Besen.

But last month, tenants received notice that Besen was bowing out early.

Notices posted by New York City Management said Centennial Properties, Croman's firm, would resume property management on Jan. 13.

A lawsuit was probably what sent Benson packing. On Dec. 8, Croman sued (<https://iapps.courts.state.ny.us/nyscef/ViewDocument?docIndex=BXRXQoha0Ak3CPXBK13LMA==>) Besen, claiming Croman's crooked attorney (<https://therealdeal.com/2022/12/13/steve-croman-says-convicted-attorney-mitch-kossoff-duped-him-into-bad-deal/>), Mitch Kossoff, had negotiated a bad deal that cost Croman too much in management fees.

A Dec. 22 call between Croman's tenants and Brent Meltzer, chief of the attorney general's housing unit, indicates the management firm wanted out.

"We did ask New York City management to stay on longer and they refused," said Meltzer in a portion of the call shared with *The Real Deal*.

“So we think it makes more sense to have Croman step in,” Meltzer added, noting that the alternative — shuffling tenants to another manager for a single month — ”would just be confusing to folks.”

Read more

- Croman says convicted attorney Mitch Kossoff duped him into deal (<https://therealdeal.com/2022/12/13/steve-croman-says-convicted-attorney-mitch-kossoff-duped-him-into-bad-deal/>)
- Steve Croman: I was duped by predatory lender (<https://therealdeal.com/2022/12/01/steve-croman-i-was-duped-by-predatory-lender/>)
- Steve Croman, in rare sale, cashes in on hot multifamily market (<https://therealdeal.com/2022/07/13/steve-croman-in-rare-sale-cashes-in-on-hot-multifamily-market/>)

Croman’s tenants, some of whom have formed the Stop Croman Coalition (<https://therealdeal.com/2021/12/21/steve-croman-inspired-bill-would-block-bad-landlords-from-state-bank-loans/>) , were upset with the switch.

“It’s so outrageous,” said Cynthia Chaffee, founder of the coalition. “It’s totally premature and it’s unacceptable.”

“I don’t want to feel I need to turn my apartment into a fortress because now he has the right to come in,” said another tenant during the Dec. 22 call, alluding to Croman’s history of harassment.

Under the consent agreement, Croman agreed to have only “incidental interaction[s]” with tenants, though he did maintain the right to visit and inspect his properties.

Chaffee said given those modest restrictions, “he’s never been out of the picture.”

“He’s at his buildings every day, ordering supers around, yelling at contractors,” Chaffee said. “We never had any kind of a break from Croman.”

Now that the landlord is resuming management, tenants say their buildings are still in need of repairs. For eight days over Christmas, Chaffee said, her building on East 181st Street had no heat or hot water.

Meanwhile, tenants claim they have yet to see the final \$2 million payment from the \$8 million settlement Croman agreed to in 2017.

The last payout was supposed to come in 2020, but the Supreme Court granted Croman an extension until March 2023.

“It’s the same old stuff that we’ve dealt with,” Chaffee said. “There’s been no change, no improvement, nothing.”

A spokesperson for Croman said the company has been preparing for the management transition for a while and “looks forward to providing as high a level of service as it has been providing with our other buildings.”

Contact Suzannah Cavanaugh