



Steve Croman sued over illegally deregulating apartments

Tenants at 560-566 Hudson Street were supposed to receive rent-stabilized leases but never did, lawsuit says

TRD New York /
September 12, 2019
By [Eddie Small](#)



Steve Croman and 566 Hudson Street (Credit: Google Maps, iStock)

Notorious landlord [Steve Croman](#) is facing another lawsuit that accuses him of violating New York's rent laws.

Tenants in his Greenwich Village property at 560-566 Hudson Street claim in court filings that Croman was illegally receiving tax breaks for the building under the state's J-51 program, which requires landlords to provide their tenants with rent-stabilized leases. However, they say they did not receive rent-stabilized leases when they moved into the building, and they have not received rent-stabilized renewals either.

Their apartments were also not registered with the state's Division of Housing and Community Renewal and were actually listed as being exempt from rent stabilization, according to the lawsuit. Just 10 of the building's 32 units were listed as rent-stabilized when its tax benefits under

even though the rules of the program require all 32 units to be rent-stabilized, the lawsuit says.

This was “part of a fraudulent scheme to deregulate the apartments in the building,” the lawsuit says. It estimates that this scheme impacted more than 100 current and former tenants of the building and argues that they are entitled to financial compensation based on the illegal overcharges.

The watchdog group Housing Rights Initiative spearheaded the underlying investigation into the building. Lucas Ferrara, an attorney at Newman Ferrara LLP and an adjunct professor at New York Law School, is representing the tenants.

“They say a leopard never changes its spots, and that’s certainly proving to be true as far as Mr. Croman is concerned,” Ferrara said in a statement. “He’s one interesting cat.”

HRI founder Aaron Carr echoed this sentiment.

“Two years have gone by since Croman pled guilty to grand larceny, falsifying business records and criminal tax fraud, and here he is still defrauding tenants,” he said in a statement.

Representatives for Croman did not immediately respond to a request for comment.

Croman spent eight months in jail after pleading guilty to charges of tax fraud and mortgage fraud, and he was [released last June](#). He also agreed to pay \$8 million to harassed tenants in 2017 in a settlement with the New York state Attorney General’s office.

As part of the settlement, Michael Besen's firm New York City Management was picked to oversee more than 100 of the buildings that Croman owns for the next five years.

Croman is facing a [similar lawsuit](#) from tenants in his East Harlem building at 326-340 East 100th Street, where he's been accused of wrongfully removing almost 70 percent of the building's residential units from the state's rent stabilization program.

Leave a Comment



<https://therealdeal.com/?p=3721187>

Copy

Tags

[Greenwich Village](#)

[j-51](#)

[Steve Croman](#)

[ABOUT US](#)

[CONTACT US](#)

[PRIVACY POLICY](#)

[SUBSCRIPTION](#)

[ADVERTISING](#)

[SHOP](#)

[DIRECTORY](#)

All rights reserved © 2019 The Real Deal is a registered Trademark of Korangy Publishing Inc.

450 West 31st Street, New York, NY 10001

Phone: 212-260-1332

7
ARTICLES REMAINING

Subscribe to get unlimi