

N.Y. / REGION

Vanishing Treasure: The Rent-Regulated Apartment

The Appraisal

By CHRISTINE HAUGHNEY MAY 24, 2010

Rent-controlled and rent-stabilized apartments carry mythic significance to New Yorkers starved for space. These are the high-ceiling homes featured in Woody Allen movies, the places secured by celebrities like Carly Simon, Cyndi Lauper and Ed Koch.

They are the reason that Monica on “Friends” was able to afford her apartment on a chef’s salary.

Of course, Monica is a fictional character, but awe-inspiring, teeth-clenching deals still do exist. An informal survey of some major landlords and real estate agencies turned up an Upper East Side woman paying \$156.20 for two conjoined studios, a Lower East Side man paying \$60 a month for a walk-up, and octogenarians and nonagenarians sprinkled through Little Italy paying \$58 to \$102 a month.

Most of these tenants with time-warped rents declined to be interviewed, because of the hate mail they believed they would receive. But one such tenant did

agree to go on the record, and he wants his fellow New Yorkers to know that he has not been able to keep his cheap apartment without a long fight.

He is John Burke, a 65-year-old paying \$288 a month for a studio at 218 East 84th Street. As the last rent-stabilized dweller in a five-story walk-up, Mr. Burke is living in a construction site where the latest landlord is renovating all the other studios and charging \$1,850 to ~~\$1,975~~ a month. Mr. Burke says he has spent \$13,500 to repair his dilapidated apartment and \$11,000 on legal fees taking his landlords to court over the conditions.

He is waiting for his current landlord to find him a temporary apartment, make repairs and let him return home. But there are no guarantees when or if that might happen.

As Mr. Burke carefully walked through the sweltering apartment, stacked to the ceiling with furniture he was waiting to move, he inhaled the unsettling scent of mold, ignored the head-splitting sawing and hammering from floors above him, and poked his dark-wood cane at rotting floorboards his landlord had not repaired.

“It’s been hell,” Mr. Burke said while walking among glass shards that construction had left strewn about the backyard. “Now you see, it’s no bargain.”

As with many other things that money and gentrification have scrubbed from the city, the number of these apartments is shrinking. The roster of rent-controlled apartments, the ones with the most restrictions on rent, has shrunk to 40,000, according to the State Division of Housing and Community Renewal. When these units are emptied, they often become rent stabilized, and after a certain point the apartments can be liberated to the free market. According to the most recent figures available, the number of rent-stabilized units fell to 848,000 in 2008 from 900,000 in 2003. And outside of prime neighborhoods, the restricted rents are not such a great bargain, in many cases barely cheaper than what the apartments could fetch on the open market.

The deteriorating low-priced apartments still exist partly because landlords have little financial incentive to make renovations or apply for rent increases. Stabilized rents increase by order of the local Rent Guidelines Board, typically around 3 percent a year, while controlled rents can go up only if the landlord files an

application for an increase with the state, a laborious process. And the state will not allow a rent increase if an apartment has major housing code violations.

Sherwin Belkin, a Manhattan lawyer who represents owners and developers, said landlords often say it is not worth the time to apply for increases that could translate into just a few dollars more a month.

While it is less true today, rent-regulated apartments have provided some New Yorkers with very comfortable lives. Mr. Burke, who grew up in Ireland on a farm outside Galway, moved to New York in 1964 to be close to his brother upstate and his 100 relatives in Massachusetts. He worked in restaurants and bars and collected decades of tales of celebrity sightings and romances. He moved into his current apartment in 1977, when the rent was \$65, and filled his closets with handsome clothes.

As new owners bought his building and pressed tenants to leave, Mr. Burke held his ground. He was careful to pay his rent by check or money order, not cash, to have a paper trail. But an accident in the Catskills in 1995 left Mr. Burke unable to work and with little spare money. He currently lives on an \$1,100 monthly disability check. He finds solace reading historical romance novels about lords and earls by authors like Julia London.

Mr. Burke has reached a stalemate with his latest landlord, the Shalom family, which bought the building last year for \$3.3 million. He is working with State Senator Liz Krueger, the nonprofit Eviction Intervention Services and the tenant rights group Shalom Tenants Alliance, which is fighting the landlord over its management of more than 100 buildings. Calls and e-mail messages to the Shalom family at their firm Sky Management, to the past landlord and to brokers renting out apartments were not returned.

Catie Marshall, a spokeswoman for the city's Department of Housing Preservation and Development, said the agency was "aware of the conditions of his apartment" and wanted it "to be brought up to all of the standards of the housing code." The building currently has 190 violations, including 76 in that specific unit. For example, the department has asked the landlord to repair the broken kitchen

sink and bathroom floor tiles. The Department of Buildings is also monitoring the building and has issued 18 notices of environmental control board violations.

Still, Mr. Burke's eyes twinkled when he was asked whether there was any benefit to the battle for his bargain apartment.

"I have been fighting for other tenants and myself," he said. "We can leave a road map showing people how to win."

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