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Behind New York's Housing Crisis: Weakened Laws and Fragmented Regulation

Affordable housing is vanishing as landlords exploit a broken system, pushing
out rent-regulated tenants and catapulting apartments into the free market.

By KIM BARKER MAY 20, 2018

The assault began shortly after a new owner bought the building at 25 Grove Street in June 2015. Surveillance cameras arrived first, pointed at the doors to rent-regulated apartments. Then came the construction workers, who gutted empty units and sent a dust cocktail of lead-based paint, brick and who knows what else throughout the building.

Worried, a pregnant woman and her husband left, dooming their apartment to the demolition derby. Violations were issued; violations were dismissed. And on a Friday morning in early August 2016, Temma Tainow, who had lived in the West Village building for 34 years, was jarred awake by what sounded like an explosion. She stumbled into her kitchen and screamed. A leg dangled from a hole punched through her ceiling.

"I think it is imprinted on my brain forever: looking up and seeing five men staring down through the hole," recalled Ms. Tainow, 70, a tiny therapist with a halo of reddish-brown hair who speaks deliberately and walks with a slow limp. "It's been awful. It's been a nightmare. It's exactly what the owner wants."

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Articles in this series examine New York's broken system for protecting tenants and affordable apartments.

- Part 1: The Vanishing Affordable Apartment
- Part 2: The Eviction Machine

- Part 3: 69,000 Housing Crises
- What You Need to Know as a New York Tenant

Across much of New York City, construction scenes like these play out regularly at buildings with rent-regulated apartments — the city's largest stock of affordable housing, where rents are set at a prescribed level and are supposed to increase only a small amount each year.

These apartments — seen as the scourge of landlords and the salvation of struggling New Yorkers — are at the center of a housing crisis that has swelled the ranks of the homeless and threatens to squeeze all but the affluent from ever-wider swaths of the city. But even as Mayor Bill de Blasio has made adding more affordable housing a signature pledge of his administration, the system that protects the city's roughly one million regulated apartments is profoundly broken, a New York Times investigation has found.

In neighborhoods already gentrified or in the throes of gentrifying, a relatively new class of mega-landlords has driven up rents by exploiting enforcement gaps in a web of city and state agencies. By churning through enough tenants and claiming enough renovations, landlords can raise the rent enough — beyond $2,733.75 a month — to wrest an apartment from regulation's grip and into the free market.

What You Need to Know as a Tenant

New York's housing system can be complicated to navigate. Here's a quick primer on what your rights are and how to exercise them.

New York is among the global boomtowns, like London, Los Angeles and San Francisco, where skyrocketing rents — and the struggle to shelter those who can't afford them — have struck a deep political chord. But New York grapples with its own peculiar contradictions.

It has the nation's largest rent-regulation system. On paper at least, it still has some of the most robust tenant protections, bolstered by new city laws

designed to fight tenant harassment and give poor tenants free legal representation in housing court.

(Read about how landlords have commandeered the housing court system to push apartments into the free market, in Part 2 of this series.)

Yet without more fundamental change — especially in the basic laws governing rent increases — regulated apartments in New York are in danger of vanishing, one by one.

It is happening already: Since city and state lawmakers started gutting the rent laws in 1993, the city has lost over 152,000 regulated apartments because landlords have pushed the rent too high. At least 130,000 more have disappeared because of co-op and condo conversions, expiring tax breaks and other factors. And while government officials say the losses have slowed, even regulated apartments are becoming increasingly unaffordable.

In some ways, this is an age-old story: New York has been in some form of housing crisis for a century. Landlords and tenants have battled for at least that long. But over the last 25 years, the balance of power has been reordered by a confluence of factors: that progressive weakening of the rent laws, an immensely profitable free market driven by a surging local economy, and the evolution of the rental real estate business, with mom-and-pop operations increasingly subsumed by Landlord Inc.

In the face of these changes, the regulators are simply overmatched.

The regulatory apparatus is fractionalized, divided among three city and state agencies. It is also essentially passive, The Times found. So state regulators, relying on outdated technology, do not systematically check whether a landlord found to have overcharged one tenant regularly does the same to others. City regulators do not investigate whether an owner who has illegally gutted apartments in one building might be doing the same elsewhere. And if building inspectors fail twice to get inside to investigate complaints of illegal construction, they don't return a third time; the complaint is tossed out.

At the same time, the city's housing court, mired in chaos, cannot reliably weed out frivolous and abusive lawsuits.

(Go inside Brooklyn's housing court, last stop on the road to eviction, in Part 3.)

The Times interviewed more than 200 tenants, housing activists and government employees; reviewed thousands of pages of court records and building permits; and examined several government databases. In place of regulatory muscle, The Times found, the system relies on trust: trust that landlords do the right thing, trust that architects and engineers submit accurate permit applications, trust that landlords report rental histories correctly, trust that eviction suits are legitimate.

It also places the burden of investigation on tenants. They must ask for their apartments' rental histories and determine their accuracy, complain about building permits, and sue over harassment. Holding on to an affordable apartment can turn into a part-time job, not to mention a full-time obsession.

Agencies rarely take action unless someone complains, and it can take time. In 2015, tenants who filed rent-overcharge complaints waited nearly two years on average for a resolution.

Landlords are hardly all bad, and smaller ones often struggle to pay their bills. But the new corporate landlords scoop up buildings with rent-regulated tenants, aiming to "unlock value" promised by the free market. In advertisements, brokers describe buildings with phrases like "significant upside" and "great potential for increase." One developer, Icon Realty Management, displayed a neon art piece for a time that preached, "Don't make sense make dollars."

To breach the $2,733.75 threshold, mega-landlords and aspiring ones tend to follow the same playbook: After buying a building, they try to get tenants in regulated apartments to leave, often offering buyouts or harassing them with poor services or eviction suits. Once an apartment is empty, they tack on allowed vacancy increases. They often also perform renovations, enabling them to raise the rent even further while annoying the remaining neighbors, sometimes to the point of prompting them to leave.

Some landlords willfully flout the rules, The Times found. Applying for construction permits, they say buildings have no occupied apartments when they do. They inflate the cost of renovations or claim the work will be only minor when it is major. Or they falsely claim to have performed renovations, knowing that the state asks for proof only when a new tenant complains. If regulators catch on to one trick, landlords find another. It's like a giant game of Whac-a-Mole. Punishment, if there is any, is seen as the cost of doing business, often a minor fine in the course of a multimillion-dollar development deal.

In 2007, a developer named Ben Shaoul and his partners, private equity firms, bought 17 East Village buildings for $97.5 million. They then included false statements on almost every building permit application, enabling them to skirt tenant-protection requirements.

In about six years, Mr. Shaoul, nicknamed "The Sledgehammer" by a real estate blog after he was photographed with a sledgehammer-wielding construction crew, cut the number of the most common kind of regulated apartments to 54 from 157, tax bills show. Nothing ever happened to him or his partners, even though lying on an application is a crime.

In an interview, Mr. Shaoul said his company renovated buildings left untouched for decades and deregulated them properly.

"The idea was to increase rents," Mr. Shaoul said, adding that his company no longer purchased buildings with regulated apartments. "That was the business plan. That was the intent. It's America."

In 2013, Mr. Shaoul and his partners sold the buildings for $130.2 million, making a tidy profit. The buyer was a joint venture involving companies controlled by Jared Kushner, President Trump's son-in-law and now White House adviser.

The Sunset of Regulation

In late 1992, Steven Croman, only 26, bought his first tenement building, a five-story walk-up at 221 Mott Street.

The block was a slice of old, but ever-evolving, New York. Though still considered part of Little Italy, the neighborhood was by then largely Chinese. Eighteen of its 36 buildings had rent-regulated apartments, 261 units in all.

Beginning in the 1920s, New York experimented with regulation to battle a chronically low vacancy rate. Advocates argued that regulation maintained a stable housing stock and limited runaway rents. Landlords countered that regulation increased rents of unregulated apartments, restricted building upkeep and discouraged new construction.

By the 1980s, the city had two types of regulated apartments: rent-controlled and rent-stabilized. Rent-controlled apartments, with strict rules and extremely low rents, were being phased out, so most regulated apartments were stabilized, with annual increases set by a board and a menu of tenant protections. Many were stabilized according to the traditional criteria: built before 1974, with six or more units. Others, stabilized through tax-benefit programs, often had much higher initial rents and could be deregulated after a certain time.

There had always been landlords who tried to drive tenants out of regulated apartments. In the 1980s, a few moved in drug dealers and prostitutes to harass tenants. One landlord couple legendarily roamed the halls with snarling pit bulls. Several earned tabloid nicknames: Dracula Landlord, Reptile Landlord.

But these were generally small landlords, limited in what they could legally accomplish.

Mr. Croman had good timing. New York was emerging from the dark days of the 1970s and ’80s, when boarded-up buildings pockmarked many neighborhoods. Rents climbed with demand.

Within a year of Mr. Croman’s first big purchase, the rent-stabilization laws started crumbling, largely through the efforts of a well-organized real estate lobby and a group of sympathetic politicians, many of whom benefited from the industry’s campaign contributions.

They were led by one of the state's most powerful men, Joseph L. Bruno, an upstate Republican senator who would compare the effects of rent control to the devastation of an atom bomb. A narrative of the undeserving tenant took hold, encapsulated in the not entirely mythical $400-a-month four-bedroom on Central Park West.

Previously, the only legal way to significantly increase the rent of a regulated apartment had been to pass on the cost of renovations. In the 1990s, though, landlords won concession after concession in Albany.

If renters' incomes passed a certain threshold, their apartments could be deregulated. When a tenant left, the landlords could increase the rent by about 20 percent. Rent overcharge complaints had to be filed within four years of the increase. And most crucially, if the rent was pushed high enough — initially $2,000 a month — the apartment could be deregulated forever.

Mr. Croman recruited a certain kind of tenant: college students, young Wall Street workers, people who cycled through quickly, enabling repeated vacancy increases. Mr. Croman pressured longtime tenants, first offering minimal buyouts, then bringing frivolous eviction suits and harassing them with nerve-racking construction, according to tenants and advocates. Once empty, the apartments moved through the renovation mill, emerging as glass-and-exposed-brick confections, often with cramped bedrooms, primed for more roommates and higher rents. In 1998, The Village Voice named him to its 10 worst landlords list.

He bought more buildings. Almost organically, a similar class of landlords rose up, always looking for buildings with regulated apartments.

Some were family businesses that preferred to hold on to their buildings, banking on a return over time.

Others had a more corporate face, along with investors. Some got mortgages based not on a building's current rent roll but on its potential earnings. Some flipped buildings quickly, emptying and renovating as many regulated apartments as possible before selling to the next company, remaking neighborhoods from the inside out.

One fairly recent example: In June 2013, BCB Property Management bought 1059 Union Street, in the fast-gentrifying Brooklyn neighborhood of Crown Heights, for $8.2 million. Twenty-eight of the 32 apartments were rent-stabilized, tax bills show.

In January 2015, BCB sold the building for $13.2 million to Sugar Hill Capital Partners, which 14 months later sold it to Sterling Equities for $17.9 million. Only 15 stabilized apartments remained.

Across the city — ever deeper into Brooklyn and Queens and more recently into the Bronx — buildings have been transformed. The city has grown more crowded and more expensive. About 8.6 million people now live in New York, 1.3 million more than when Mr. Croman bought his first building. Yet the number of rental units has increased only slightly, mostly on the expensive end, while the median rent has jumped significantly. More than half of New Yorkers pay over 30 percent of their income in rent, meaning they are considered “rent-burdened” under federal guidelines.

And while the raw number of regulated apartments has stayed roughly even, that figure hides a particular churn. Traditional regulated apartments pushed into the free market have been replaced by apartments added through tax-break programs, which are often much more expensive. In 2016, the median legal rent of newly registered stabilized apartments was $2,750 — roughly the median asking rent for all New York apartments on the rental website StreetEasy. In Brooklyn, the median rent of a newly stabilized apartment was almost $3,300.

On the block of Mott Street where Mr. Croman started out — now part of the neighborhood rebranded NoLIta — a three-story parking garage has given way to condominiums priced as high as $21 million. An Italian funeral home has been reborn as a Japanese boutique. And where 261 traditional rent-regulated apartments once stood, only 91 remain. Six buildings have shed all their rent-regulated apartments.

Mr. Croman’s building, which once had 11 apartments, all regulated, now has 18 apartments, only two of them regulated. A studio goes for north of $3,000 a month.

How to Remake a Building

Frieda Taplitz bought 25 Grove Street for $52,500 in 1957. The building — red brick, tenement-style, built in 1886 — was a family investment: A Taplitz always lived there. Repairs and modest improvements, such as a new chimney and a new stairway enclosure, were done. Major renovations weren't. Rents remained low. Tenants like Temma Tainow stayed for decades, and for the most part, the tenants and the Taplitzes got along. Only three complaints were recorded, all in the mid-1990s.

But in 2015, the family decided to sell. An advertisement said the 19-unit building had 14 rent-regulated apartments with an average rent less than half of market rate. Two apartments were vacant. There was, in other words, a lot of value to be unlocked at 25 Grove Street.

On June 11, 2015, the building was bought for $15.2 million by a limited liability company named 25 Grove Street. The company's public face was Abraham Sanieoff, who had married into the family that ran the Sabet Group, a developer with a history of wresting apartments out of regulation.

In the fall, construction crews arrived.

Protecting tenants is supposed to be the job of the city's Department of Housing Preservation and Development. But construction is regulated by a separate agency, the Department of Buildings, and tenants are not its primary concern. In fact, no agency complaint category even mentions the word "tenant."

For a landlord seeking to free apartments from regulation, that bureaucratic limbo makes it easier to do rent-enhancing renovations hidden from city inspectors' scrutiny.

So landlords may lie on permit applications, saying that major construction is only cosmetic work, which demands far gentler oversight. They may begin work without obtaining permits at all. Whatever the violation, the median building fine between 2013 and 2017 was $800, pocket change for developers. The city's finance department does little to ensure that fines are

collected. The buildings department does little to ensure that violations are fixed.

Most permit applications for apartment renovations get only a cursory review. That is because architects and engineers are allowed to “self-certify” that they follow the rules, letting them quickly obtain permits for what they say is minor work. A self-certified permit is often approved within days. Applications that are actually reviewed — those for more extensive work — can take months.

A buildings department spokesman, Joseph Soldevere, said self-certification helped make construction easier, faster and cheaper. Adding more red tape would simply drive illegal work further underground, he said, adding that the agency routinely audited self-certified applications, about one in every six last year.

But a comparison of building permits, violations and apartment listings indicates how willfully some owners flout the rules.

At 165 Avenue A, one of the East Village buildings purchased in part by Mr. Shaoul’s company, two architects submitted eight self-certified permits for apartment renovations between 2007 and 2011. Both claimed the work would not change occupancy. One, Ken Hudes, whose firm, Atelier New York Architecture, has become a favorite of mega-landlords, said his work would involve only minor partition changes.

But the work was considerable: Apartments were gutted and converted from one- and two-bedrooms to four-bedrooms.

Mr. Hudes denied any wrongdoing. In an email, he said his team turned nonfunctioning apartments into beautiful homes, adding, “Tenants and landlords love our work.”

Just as permits are easily granted, complaints are often closed for the most basic reason: Inspectors are allowed to dismiss them if they fail twice to get inside. With regulated apartments, that has led to the dismissal of almost 3,000 complaints a year — even allegations of tenant harassment. Without other evidence, Mr. Soldevere said, the buildings department has little

choice but to close complaints when inspectors are refused entry or when a building is locked.

Yet even when the buildings department does get inside and orders landlords to fix problems, often no one seems to follow up. About a year after Mr. Kushner's joint venture bought 165 Avenue A — long after most work was done, and after a ninth complaint that apartments were being illegally converted — inspectors finally got in. The company was fined $2,000 and told to restore three apartments to two bedrooms from four.

The fine was paid. But the apartments are still marketed as having four bedrooms. In November, Apartment 8 was advertised for $5,500 a month. A spokeswoman for Kushner Companies declined to comment.

After the sale of 25 Grove Street, the complaints piled up. In October 2015, a tenant reported apartments being gutted without permits. The building, in fact, had no permits whatsoever.

In short order, the architect, Mr. Hudes's partner, Jonathan Miller, submitted two self-certified permits, saying workers would do only minor work in four units. Within hours, each permit was rubber-stamped. City inspectors then responded to the initial complaint, dismissing it.

Landlords are often tipped off to potential problems by complaints automatically logged on a public website. Only then do they file permit applications — akin to getting a driver's license after being accused of speeding.

"I'm not even as angry at the landlord as I am at the city," said Collette Stallone, 63, a tenant. "They're allowing this."

Mr. Sanieoff declined to comment. His lawyer, Joseph Buckley, denied any wrongdoing.

Tenants soon complained of excessive dust, of illegal construction, of sloppy work. A drill punctured Ms. Tainow's ceiling. A saw came through another tenant's floor.

Photographs showed a thick layer of dust inside apartments. Ms. Tainow developed a raspy cough.

“I was wearing a mask all the time, even when I was sleeping,” said Humberto Torres, 56, who has asthma and lives across the hall.

Photographs later documented that the work was hardly minor: entire apartments taken down to the studs; one-bedroom units altered to have two.

On Jan. 13, 2016, the owner and contractors were hit with four violations. Three of them — for working without permits and lying on one application — led to fines of $4,000. The fourth — for excessive dust in Mr. Torres’s apartment — was deemed “immediately hazardous.”

Violation hearings are usually cozy affairs, with a city hearing officer, a buildings department lawyer and a representative of the building or construction firm. Tenants are not invited. Landlords routinely get the benefit of the doubt.

At the dust-violation hearing, Abe Sicker, representing the construction company, argued that the violation’s class should be reduced. “It is annoying, the dust,” he conceded. “But an immediately hazardous violation?”

The hearing officer agreed — and then some. She dismissed the violation altogether.

The Cut-and-Paste Protection Plan

In March 2015, a landlord named Asher Sussman told the buildings department that he wanted to transform his new “amazing investment opportunity” in the Crown Heights section of Brooklyn from seven apartments into 10.

“All he was seeing was dollar signs,” said Cynthia Wilkie, 62, who lived in one of the two occupied apartments at 632 Sterling Place.

What happened next shows the flimsiness of the rules and paperwork designed to protect tenants in regulated apartments during construction.

On the application, Mr. Sussman needed to check “yes” or “no” on two boxes: Was the building occupied? Did it have rent-regulated units? He checked “no” on both.

Contradicting the first false statement, Mr. Sussman’s architect submitted a “tenant-protection plan.” The plan itself was a word-for-word recitation of the city building code’s definition of a tenant protection plan. Separately, under “tenant safety notes,” the architect said construction would not “create dust, dirt, or other inconveniences.”

Mr. Soldevere said examiners had determined that the protection planned for tenants was appropriate for the proposed construction.

As with lying about the extent of construction, lying about occupancy or regulatory status is a crime and may mean that owners are compromising safety. If a building has tenants, a tenant protection plan is required to safeguard them.

“It’s not just a bureaucratic check-the-box, not-check-the-box thing,” said Brandon Kielbasa, a tenant organizer with the Cooper Square Committee. “The consequences are that tenants are put in really dangerous situations or psychologically harassed out of their homes.”

Yet as at 632 Sterling Place, many architects and engineers submitted tenant-protection plans with few protections, often simply cut and pasted from the building code. And falsified permits are not uncommon, a review of thousands of permits shows. Hundreds of owners lied about both occupancy and regulated apartments.

Until recently, the review showed, the city largely ignored the boxes altogether. It didn’t track whether an owner lied about occupancy or whether a building had regulated apartments, considering tax bills unreliable because they were self-reported. Only in December 2016 did the state agency that monitors regulated apartments agree to tell the buildings department whether a building had any.

Architects and engineers are rarely held responsible for falsified permits. They are licensed by the state, which seldom punishes anyone. Those disciplined by the city often voluntarily surrender self-certification privileges to avoid more formal punishment. The reasons are never made public.

Their firms can easily bounce back. Take Atelier. In March 2015, Mr. Hudes voluntarily surrendered his self-certification privileges. His partner, Mr. Miller, took over. Then on Aug. 8, Mr. Miller voluntarily surrendered his privileges, making way for a new architect, Anatole Plotkin. Mr. Hudes recovered his privileges in November.

The only criminal charge that The Times identified for a licensed contractor working on a regulated building involved Pirooz Soltanizadeh, an engineer indicted in June 2015 on felony charges of falsely reporting that no one lived at 1578 Union Street in Brooklyn. The arrests of Mr. Soltanizadeh and the owner, Daniel Melamed, were highly publicized, the first by a new city-state task force fighting tenant harassment. The building was illegally gutted around three families; construction dust contained 88 times the allowed lead level.

In December, Mr. Soltanizadeh, who had faced up to four years in prison, pleaded guilty to disorderly conduct — the equivalent of a ticket. He is still licensed, although he gave up his self-certification privileges a year ago.

His lawyer, Paul Greenfield, said Mr. Melamed, who spent 20 days in jail and paid $200,000 in restitution, was to blame for the falsehoods.

At 632 Sterling Place, after agreeing to buy the building in late 2014, Mr. Sussman had pushed tenants to leave, eventually offering buyouts. Two tenants agreed to move, including a woman with dementia. The other woman said she never received any money.

But moving made no sense to Ms. Wilkie, who had lived there for 22 years and paid about $850 a month for the three-bedroom apartment she shared with her brother, daughter and two grandchildren. Ms. Wilkie had diabetes and had undergone double-bypass heart surgery. Her daughter, Wendy, 33, was blind and in a wheelchair because of childhood brain cancer. Ms. Wilkie's brother had lost his right leg to diabetes.

Her neighbor, Arnold Brathwaite, 68, a retired veteran, also wanted to stay.

By early 2016, the building started coming down around them, despite the cookie-cutter protection plan. The heat was turned off. The second and third floors were gutted. A staircase was removed. A hole was cut into the roof. Debris was piled in corners, against walls. Dust was everywhere.

On Aug. 10, 2016, inspectors issued 10 major building violations. Still, that meant only $23,250 in fines. Neither Mr. Sussman nor the architect was fined for lying.

Mr. Sussman, the managing member of the limited liability company 632 Sterling L.L.C., did not respond to requests for comment.

Because the building was so unsafe, the city moved the tenants to a Days Inn in Queens, filled mainly with other refugees from damaged apartments, their rent now paid by taxpayers. Ms. Wilkie, her daughter and granddaughter shared a cramped room with two queen-size beds. The hotel's single, shared microwave became their kitchen.

With help from the Legal Aid Society, Ms. Wilkie and Mr. Brathwaite sued to fix the building on Sterling Place.

That case will take years. Mr. Brathwaite eventually settled, accepting another apartment from Mr. Sussman. Ms. Wilkie decided to fight.

Her family stayed at the Days Inn for more than a year, until the city tried to move her to a homeless shelter in November. To avoid that, she temporarily rented an apartment in Brownsville, a Brooklyn neighborhood still ungentrified, with a bathroom too small for Wendy's wheelchair. The monthly rent is $2,110, almost triple what she paid before.

Mythical Closets

There is one more line of defense: the state's Division of Housing and Community Renewal, designated overseer of the rent laws, watchdog against rent fraud, guardian of the $2,733.75 threshold for traditional regulated apartments.

Many housing advocates argue that rent fraud is rampant in New York. How widespread such overcharges are, though, is impossible to judge, because the state agency doesn't collect much of the necessary information. When it does, it is barred from making the data public.

Yet it is clear that the agency is often helpless in the face of the myriad subterfuges that some landlords deploy to manipulate rent system guidelines.

The agency, for example, requires landlords to report all regulated rents annually, along with vacancy increases and money spent on apartment improvements. But it does not require proof of that spending, unless a tenant files an overcharge complaint, which is rare. Nor does the agency check for a building permit when a landlord claims a rent increase for improvements. A missing permit could indicate that work was illegal, minor or never done.

So just as they may lie about the extent — or even existence — of improvements to avoid oversight, landlords may claim whatever type and quantity of work is needed to free an apartment from regulation.

If the state agency consistently comes up short, it is, perhaps unintentionally, frank about its limitations.

On rental histories, the agency admits that it does not "attest to the truthfulness of the owner's statements or the legality of the rents reported in this document." On some rental histories, it misspells its own name: "Communtiy," instead of "Community."

For an agency created to protect tenants, it often ends up sheltering landlords. In the name of protecting tenants' privacy, the agency is barred from releasing rental histories, except to the tenant. It is even barred from reporting how many regulated apartments are in a building.

In an attempt to quantify rent-rule violations, at least in microcosm, lawyers at the Northern Manhattan Improvement Corporation, an advocacy group, investigated the rental histories of the 92 apartments at 560 Audubon Avenue. The study, part of a pending 2016 lawsuit alleging rent overcharges, found unexplained rent jumps in 58 apartments and

registered rents that didn't match leases in 33. Thirteen tenants signed riders certifying that their apartments had been "completely renovated in a good workmanlike manner." No renovations had been completed.

In court filings, the owner, Hayco Corporation, denied overcharging tenants.

The state housing agency is hamstrung, too, by archaic technology. So if a tenant wins an overcharge case, the agency's 1980s computer system cannot automatically review the landlord's other apartments for possible violations. In fact, the agency does not look for overcharges, even in the same building.

"It's like prescribing a Tylenol to a patient that has brain cancer," said Aaron Carr, founder of the Housing Rights Initiative, which investigates rent overcharges for possible class-action lawsuits.

The agency has had to do more with less: In 2017, only 27 examiners looked at overcharge complaints. In 2007, there were 37.

Gov. Andrew M. Cuomo has still claimed successes, including a plan in January 2016 to re-regulate up to 50,000 illegally deregulated apartments. So far, only 1,900 have been returned to the rent rolls.

In 2012, Mr. Cuomo also set up a Tenant Protection Unit, which undertook the first-ever audits of owners who had reported significant increases for apartment improvements, recovering $4.5 million for tenants. The unit says it has returned 67,000 apartments to the regulated rolls.

But tenant advocates called that figure illusory, saying owners were merely allowed to register their apartments as stabilized, but at their current higher rents, without penalties, "ratifying their earlier fraud," said Edward Josephson, litigation director for Legal Services NYC.

The state refused to give any information about those apartments, which in any event would barely stem losses. The city now has 6,500 fewer stabilized apartments than in 2011, according to state numbers.

The tenant protection unit has enemies. Real estate industry groups sued, challenging its existence. Though the suit was dismissed, they have

appealed. State lawmakers, who still rely heavily on industry donations, have consistently denied the unit's budget request. The state housing agency funds it. Its commissioner, RuthAnne Visnauskas, said she hoped lawmakers would increase the unit's funding "so that we can do even more."

Recently the unit audited 560 Audubon, looking at three apartments and ordering rent reductions after no proof of improvements was provided. Investigators neither fined the landlord nor examined other apartments there.

"I was gobsmacked," said Matthew Chachere, a lawyer with Northern Manhattan.

In 2016, the state started requiring landlords to give new rent-regulated tenants explanations of their rent, and to provide more proof of apartment improvements. But tenants rarely check explanations, and the government rarely investigates the authenticity of landlords' proof.

Christopher Leahy, a landlord and contractor who has testified as an expert witness for tenants, believes some landlords claim improvements and then fabricate evidence if tenants file overcharge complaints.

The landlords "keep doing it because they so often get away with it," he said. "Most tenants don't complain."

Matt Pavoni did. The 37-year-old actor filed a complaint last year after seeing a huge jump in his rental history at 600 Lincoln Place in Crown Heights. In response, the landlord, a limited liability company under the umbrella of the Watermark Capital Group, claimed about $42,500 worth of improvements in 2013 — just enough to push the rent above the then-$2,500 threshold, into the free market.

The proof was riddled with problems. The check copies were so tiny as to be illegible. One company, Pinpoint Builders, claimed to have done $20,000 of the work. But the address on its letterhead — 5041 16th Avenue in Brooklyn — did not exist. The new bathroom tiles it claimed to have installed were cracking.

Another company, Yankels Demolition and Rubbish Removal, charged $4,000 for “rubbish removal” but classified it as an apartment improvement, yielding a $100 monthly rent increase. The company also claimed to have redone the closets. The apartment has no closets.

“That really upset me,” Mr. Pavoni said.

Watermark defends the rent increase. The company said Pinpoint was now based out of another office and blamed tenants for the cracked bathroom tiles. As for the closets, Watermark said they were included in the original work order, then omitted.

In January, the state housing agency ruled in Watermark’s favor, saying it had never received Mr. Pavoni’s mailed response. He has appealed.

Hardly a Blip

The vanishing affordable apartment is having an extended political moment.

In the brewing race for governor, Mr. Cuomo’s challenger, Cynthia Nixon, has proposed overhauling state rent laws to make it harder to deregulate apartments.

And last August, the city adopted a package of measures to fight tenant harassment, establishing a tenant advocate, slightly increasing some penalties and beefing up requirements for tenant protection plans.

But the buildings department will be the primary enforcer, and its commitment is unclear.

In March, department officials told a City Council committee that new employees would not be hired for the advocate’s office. The commissioner, Rick Chandler, said the department had long advocated successfully for tenants. “I’m very disheartened,” Councilwoman Helen Rosenthal, who pushed for the new office, told The Times in April.

Last week, after questioning by The Times, the department appeared to have changed its mind: Mr. Soldevere said funding had been requested for two new employees for the advocate's office. In addition, he said that because of the new laws, the agency planned to hire more than 70 new employees to focus on tenant protection and set up a quick-response unit for complaints of work without permits.

"We won't tolerate landlords who use construction to harass tenants," he said, adding that since September, the department had issued 547 violations for lying about occupancy and regulation on permits.

The Times identified 370 that had been resolved. Out of $1.8 million in fines, about $280,000 has been paid; the median fine was $2,400.

With the new scrutiny, some large landlords have stopped lying on permit applications, a review of hundreds of applications shows. They have amended their playbook.

But while they are now more likely to check the boxes saying that buildings are occupied with regulated apartments, their tenant protection plans are still pro forma and vague. In the first three months of 2018, Mr. Plotkin of Atelier filed at least 55 identical plans — 475-word statements that used phrases from the building code and garbled statements like, "Noise will kept to a minimum during working while ongoing construction is taking place."

Since harassing a rent-regulated tenant became a crime in the state in 1997, no landlord has been convicted. The few landlords successfully prosecuted for crimes like reckless endangerment have faced relatively small fines and little jail time.

The exception is Mr. Croman, accused in 2016 of intimidating tenants with a private investigator and turning buildings into hazardous construction sites. Those were civil charges, brought by the state attorney general. An accompanying criminal case charged him not with harassment but with 20 felonies, stemming, in part, from allegations that might have sprung from a developer's magical thinking: To secure loans, prosecutors charged, he claimed that stabilized apartments were actually renting at market rate.

Eventually, Mr. Croman pleaded guilty to three felonies and settled the civil case. He agreed to pay a $5 million tax settlement and set up an $8 million restitution fund. And while he was sentenced to only a year in jail — he had faced up to 25 — he was supposed to go to the crowded and dangerous Rikers Island jail complex.

Mr. Croman did not go to Rikers. Instead, he ended up at the Manhattan Detention Complex in Chinatown — more convenient for family and friends.

He is to be released next month. His company still owns its buildings, though the state monitors them, as part of his settlement. And his buildings and contractors have continued to rack up violations; as of April, they owed almost $875,000, records show. Since his arrest, 123 of 139 permit applications identified by The Times were self-certified.

A spokesman for his company, Sam Spokony, declined to answer questions but said the company was "diligently implementing" the settlement, "in line with our ongoing focus on using best practices to provide quality housing for our residents."

At 25 Grove Street, a few regulated tenants eventually sued, winning a temporary rent reduction. After the worker fell through Ms. Tainow's ceiling in August 2016, the hole was immediately patched. A few hours later, as Ms. Tainow sat at her computer, workers punched another hole, this time in her living room ceiling, sending another large chunk of drywall onto the floor. Ms. Tainow started screaming. Neighbors called an ambulance: Her blood pressure had shot up to a dangerous 190/130.

Despite the two cave-ins, a building inspector wrote up only one Class 1 violation, the most serious kind, for a "localized collapse of ceiling" in the living room and cracks in Mr. Torres's apartment across the hall.

At the hearing, Mr. Sicker, again representing the construction company, argued that the violation class should be reduced. An engineer's report about the living room, he said, showed "there was nothing really there."

No photographs were provided. Vivian Currie, the buildings department's lawyer, described the two ceiling collapses as "a small localized area,"

explaining that he had hesitated calling the building inspector to testify because it would have taken time. “Yeah, I mean, to avoid getting the inspector, you know, we will move to amend.”

Ms. Tainow was not mentioned. Mr. Sicker won his reduction. The fine was halved, to $5,000.

January 2017 brought another complaint about illegal construction. After learning about the complaint, Mr. Sanieoff, the landlord, texted the rental agent, Alice Bahar, blaming Ms. Tainow and describing her as “a piece of garbage!”

The complaint was closed because inspectors failed twice to get inside.

In June 2017, the apartment above Ms. Tainow’s finally hit the market: The former one-bedroom was now the “BEST TRUE 3 BEDROOM apartment in the West Village area,” according to the StreetEasy listing. The rent: $6,500.

For all its problems, 25 Grove is hardly a blip in the world of rent regulation. Tenants complained to their local officials, with little response. Their lawyer wrote to the attorney general’s bureau investigating landlords, which sent back a form letter: “Because of the volume of complaints, the limits of our resources, and the constraints of our jurisdiction, the bureau cannot act on or otherwise investigate every complaint.”

Even after Mr. Sussman practically dismantled Ms. Wilkie’s building, the attorney general’s office declined the case. “I’m pretty upset that the office didn’t think there was a basis for prosecuting him,” said Stephen Myers, Ms. Wilkie’s lawyer.

On May 4, the buildings department decided the landlord could continue renovations. “O.K. to work,” said the order, posted out front. After questioning from The Times, the department on Thursday stopped work.

Mr. Sanieoff has expanded. His companies bought two more properties, including 37 King Street, a half-mile from 25 Grove, purchased in November for $17.5 million. The advertisement for the building proclaimed, “Tremendous value can be captured through the

destabilization and renovation of the residential units that remain untouched for years."

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