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LOCAL

East Side Eviction Scam : Landlord Tries to Claim 15-Unit Building for a Family of Three

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"Your tenancy is hereby terminated as of said date," read the papers tenants at 47 East Third St. began to receive in August 2003, shortly before their leases expired. "Furthermore, the Landlord will not renew your lease based upon the fact that Alistair Economakis seeks possession... for use as Alistair Economakis' primary residence in New York City."

Economakis and his wife, Catherine, have been trying to take advantage of the law that lets landlords take over a rent-regulated apartment for their own personal occupancy. Tenants in the Lower East Side building say the Economakises are trying to turn a legal loophole into the Holland Tunnel: The couple wants to empty the entire five-story, 15-apartment building to create a home for themselves, their baby, and a live-in nanny.

That would mean evicting 24 people, including two families with small children, from 11 apartments in the building. The endangered tenants, most of whom have lived there for more than 20 years, say the Economakises are just pulling a scam to drive them out so they can either sell the building or charge market rate for the apartments. The current tenants pay from \$600 to \$1,200 a month rent.

"It's a real abuse of what's intended by the law," says the tenants' lawyer, Stephen Dobkin. The tenants have asked the State Supreme Court to declare the landlord's plan illegal, and several are fighting their individual eviction proceedings in Housing Court.

Tenants say Catherine Economakis, who acquired an interest in the building along with her father, Peter Yatrakis, in 2001, began trying to oust them immediately. Ursula Kinzel, who's lived there 20 years, says they hired a private investigator who posed as a UPS deliveryman to see if she was still living with her old roommate. Two longtime tenants were evicted in 2002.

"They're very bold, aggressive, and predatory about what they do," says David Pultz, who's lived there since 1978, as he sits at a table in Kinzel's sunlit fifth-floor apartment. "They have this sense that we are in their way," chimes in 12-year resident Laura Zambrano, "that by being rent-stabilized tenants and wanting to live here, we're the ones doing something wrong."

A SPECIAL HOME OF THEIR OWN

Economakis swears that the couple genuinely plans to live there. "We've represented to the tenants that we'll take out guarantees, bonds, whatever," he says. The Economakises now share a building with Catherine's parents, occupying the top floor of their five-story brownstone in Cobble Hill. Their plan for the Third Street building includes five bedrooms, six bathrooms, and a gym.

If the Economakises evicted the Third Street tenants and then didn't move in, there probably wouldn't be much of a penalty for it, according to Dobkin. The rent-control law, he explains, says that landlords who fraudulently claim personal use are liable for treble damages, three times the difference between the evicted tenants' old rent and what they now have to pay, but the rent-stabilization law is much vaguer. The only penalty it specifies is that the landlord can't increase rents on any rent-stabilized apartments left in the building – which in this case would be none.

The tenants have already spent around \$75,000 in legal fees. "You're watching everything you've saved since high school drain out of your account," says Zambrano. "We're not going to be able to continue forever. They're counting on that." "If they empty the building and sell it for four or five million dollars, then \$300,000 in legal fees is peanuts," adds Kinzel.

Economakis insists repeatedly that he wants to meet with the tenants, but they've refused. "The only time we hear of any of their concerns is through the media," he says. "I don't know what they want."

"We want to live here. That's the bottom line," says David Pultz.

Tenants would meet with the Economakises, says 12-year resident Barry Paddock, but "we're not going to negotiate how we're going to be evicted."

"We're part of the community," says Laura Zambrano. "We have people who have kids in school here, who are in arts organizations. And where else would we go?"

"We want to stay in our homes," says Ursula Kinzel.

"That's the one thing that I'm not willing to compromise on," says Economakis. "It's just not a possibility."

Economakis says this is the only building that he and his wife own. That is technically true; Catherine Economakis and Peter Yatrakis acquired it in a complex bankruptcy transaction beginning in 2001, through a series of limited-liability corporations connected to Granite International Management, a Brooklyn-based company headed by Yatrakis. The limited-liability corporation that held the building's title gave it to Catherine and Alistair Economakis on Aug. 20, 2003, eight days before the couple started telling tenants that their leases would not be renewed. "They engineered our building in a way that they are the sole owners, because that's the only way they could do owner occupancy," says Kinzel.

WAR OF ATTRITION

Both Economakises are key players in Granite, which manages at least two dozen buildings owned or co-owned by the Yatrakis/Economakis family in the Lower East Side, Chelsea, Harlem, and downtown Brooklyn. "It's been a practice of theirs to push out the long-term tenants as the neighborhood's gotten kind of trendy," says Chandra Henderson, who lives in a Granite building at 363 West 17th St.

"They've been returning portions of my rent and then send out statements that don't list the payments, overstating how much is due," says Luellen Shetty, a photographer who lives in a Granite building on East 10th Street. She says they also send out statements that include rent not yet due for upcoming months, and then claim that all of it is outstanding, so "I have to go to court as a result and get repeated orders to show cause."

"Too much bad behavior to go on about," she adds. The building's boiler was "abysmal" for more than eight years; in the winter of 2003-04, tenants only got "real heat" for a total of about two weeks. Even after the boiler was

replaced in September 2004, “they had to be forced to put heat on when it was cold.”

“My living room ceiling caves in every year due to a leak upstairs and the bathroom has caved in twice,” says Christine Cafiero, another tenant in the West 17th Street building. “Now they want to raise my rent \$155 a month because they say the plumbing was redone. My ceiling just caved again last week. Plus they say the increase is due to the boiler being replaced, but my cold water hardly ever works. Super hot water all the time. I shower at the gym.”

Henderson, a model and acting teacher, says that when her lease expired last fall, Granite tacked a \$500 increase onto her rent, which had been slightly over \$900. They told her that they had been giving her a “preferential rent,” and they were now rescinding that discount.

Henderson, who moved into the building in 1994, says her lease has never said anything about a preferential rent, that her original lease said “market rate.” Granite took over in 1995, she recalls, and “Peter Yatrakis tried to insinuate that I wasn’t a real tenant. I had to take them to court to get a renewal lease.

“I’ve heard I have a pretty good case, but it’s going to be a huge expensive hassle,” she continues. “It’s kind of like a war of attrition.”

CALLING THE LANDLORD’S BLUFF

The Third Street tenants, who have formed an association with tenants in other Granite buildings, say the phony preferential-rent claim is a common Granite technique to raise rents. “We’ve been hearing from a lot of tenants in that situation,” says Barry Paddock. “They moved in forever ago, and they can’t find their original lease.”

“We want to educate people not to be intimidated,” says Janet Dunson, who’s lived at 47 East Third for 15 years. “One of the best things tenants can do is call them on their bluff.”

Alistair Economakis says he is “not authorized” to discuss any other Granite buildings.

The practice of landlords claiming that they want whole buildings as their primary residence is also “becoming more common,” says Stephen Dobkin. The Economakis’ lawyer, Peter A. Rose – in partnership with notorious slumlord Robert Ohebshalom – is trying to empty a four-story building at 75 Jane St. Harriet and Steven Croman, who are also represented by Rose, want to evict tenants from a six-story building at 12 East 72nd St. to create an 8,000-square-foot space for themselves and their two children.

Alistair Economakis insists that he really is going to live at 47 East Third St. “I’m not able to move into a house that I own,” he complains. Does he have a problem with evicting people to do that? “Right before we started we reached out and tried to contact the tenants and discuss our plan,” he answers.

Does Economakis have any remorse about kicking out everyone in a 15-apartment building? Well, it’s really only 11 apartments, he says. (Two are vacant and two are occupied by Economakis relatives, according to tenants.) And actually, it’s only ten, because one tenant is over 62, so they’re legally required to give him a comparable apartment. “We’re perfectly willing to do that,” he says.

“We’ve always tried to resolve this in an amicable manner,” he continues. “We’re not taking the position that ‘that’s what we’re going to do and that’s it.’ We realize that this is a difficult situation and we’d like to assist them.”

Peter Yatrakis was a little blunter in a letter he sent to City Councilmember Margarita Lopez in April 2004 after she criticized the eviction plan. The building’s tenants, he wrote, opted not to choose “hard work, sacrifice, loans, and dreams deferred.” Instead, he said, they chose “to take advantage of very, very low rents.”