

Archives

Residential Real Estate; Turning 23 Homes Into a Mansion

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It's right there in Section 26-511(c)(9)(b) of the New York City Rent Stabilization Law: the owner of a rental building can claim "one or more dwelling units for his or her own personal use."

But all 23 apartments in one building?

That is what the new owner of 12 East 72nd Street, Steven Croman, has notified tenants he plans to do -- empty the six-story building so he can create a lavish quadruplex for himself, his wife, Harriet, and their two small children, as well as a duplex for his sister-in-law's family of four.

New York's rent regulations control everything from how much the rent can be raised each year to whether a landlord can cut services by closing the laundry room early.

But the law does allow owners the right to live in their own buildings, even if it means evicting some rent-stabilized tenants.

Mr. Croman, president of Croman Real Estate, bought 12 East 72nd Street, between Fifth and Madison Avenues, for \$5.5 million in March. He declared his grand residential intentions in a Notice of Nonrenewal of Lease/Termination of Tenancy that he has served, so far, on three tenants whose leases are soon to expire.

Toby Thompson, a writer who has lived in a one-bedroom apartment at 12 East 72nd Street for nine years, got a notice.

"There's no way I can afford rents in Manhattan these days without rent stabilization," said Mr. Thompson, who pays \$1,200 a month in rent. "I'd have to leave the city."

The notice says the landlord "will be serving the tenants of all the apartments on the first, second, third and fourth floors in the subject building" (that would be the quadruplex) and "all the apartments on the fifth and sixth floors" (the duplex). The apartments in the building, all studios or one-bedrooms, are all rent stabilized, with rents ranging from \$844 to \$2,020 a month.

John D'Orazio, a tenant for 16 years who also got the notice, thinks the renovation plan is a cover to get rid of rent-regulated tenants. "You have to be out to lunch to believe that this man wants to make this one private home," Mr. D'Orazio said. "How do you do this to people?"

Neither Mr. Croman nor his lawyer, Todd Rose, responded to requests for interviews. But the nonrenewal notice profusely describes the quadruplex the Cromans want to create.

There would be "a living room, a dining room, a den/family room, an eat-in kitchen, a walk-in pantry, breakfast room, master bedroom and four additional bedrooms, eight bathrooms, library, children's play room, an exercise room, two studies (one for Steven Croman and one for Harriet Croman), a computer room (for Jake and Adam Joshua)" -- their

5-year-old and infant sons, respectively -- "and a laundry room."

David Yen, a tenant for 32 years, said that the proposed quadruplex would take up the space now containing "15 apartments with 44 rooms, if you count kitchens and bathrooms."

The notice is less descriptive of plans for the duplex. The upper unit would consist of "three bedrooms, three bathrooms, a kitchen, a living room, a dining room and a den/family room."

"Currently, that is eight apartments with 21 rooms," Mr. Yen said. "So, that's a total of 65 rooms."

Croman Real Estate owns at least 37 buildings, with 760 apartments, most on the Lower East Side, said Carol Abrams, a spokeswoman for the city's Department of Housing Preservation and Development. There may be other properties owned by Mr. Croman but listed under other corporate names.

As of this week, Ms. Abrams said, the 37 buildings had 713 violations of the city's housing

maintenance code that had not been registered as remedied, including broken fire alarm systems, defective stairs, peeling lead-based paint and inadequate heat or hot water.

Ms. Abrams pointed out that some violations might have been recorded before Mr. Croman bought the buildings.

The tenants at 12 East 72nd Street have joined the Croman Tenants Coalition. "We count about 20 buildings in our group, most in Lower Manhattan," said Brenda Hill, the coalition spokeswoman, who lives in a six-story tenement building owned by Mr. Croman at 432 East 13th Street.

"He cuts off services, harasses people with late-night phone calls," Ms. Hill said. "He buys buildings, then starts lawsuits on people. He wears down your resources, repeatedly adjourning in court, until you give up or you settle.

"He renovates empty apartments in ways that pose health hazards and disruption to tenants still living in the buildings."

Samuel Himmelstein, a lawyer hired by tenants at 12 East 72nd Street, is ready to fight.

"I don't believe the Legislature contemplated the wholesale eviction of 23 rent-stabilized tenants on the grounds of owner use," Mr. Himmelstein said. "I believe the law was intended to allow landlords in small, brownstone-type buildings to recover an apartment or a few apartments. I've never seen anything on this scale."

Indeed, the chairman of the State Assembly's Housing Committee, Vito J. Lopez, is not pleased. "He's saying, 'I have a right to an apartment if I want to live there,' but he's changing the definition of what an apartment is to the whole building," said Mr. Lopez, a Democrat from Brooklyn. "That's an outrageous act in violation of the law."

Well, maybe not.

Andrew Scherer, the author of "Residential Landlord-Tenant Law in New York" (West Group, 1999), said: "The law does say that an individual owner can recover possession of 'one or more' dwelling units without specifying a limit on the number of units that can be recovered. So, I would say the owner can't take over multiple units to create two new residences; he is limited to creating a single residence."

A sextuplex?

"The owner does have to have a good-faith intent to occupy the property as a primary residence," Mr. Scherer said. "That may be difficult to prove for 23 apartments."

By the 1890's, 72nd Street had already become an elite address. The Tiffany family lived on the northwest corner of 72nd Street and Madison Avenue. Back then, the two buildings that became 12 East 72nd Street were both baronial one-family residences, owned by G. H. Bayer, a real estate investor, and William H. Tailer, an importer and real estate investor.

After they were combined in 1966, only one of the buildings kept its stately neo-Renaissance style, with a grand bay front.

The combined six-story building is 49 feet wide and 102 feet deep. "This would be called a trophy property because you don't find many of these buildings wider than 30 feet," said Jonathan Miller, president of the Miller Samuel appraisal company.

And, at \$5.5 million, Mr. Croman appears to have found a bargain. Mr. Miller pointed to two properties across the street that are being sold by the Lycée Français de New York. The 28-foot-wide Jennings house at 7 East 72nd Street, built in 1899, is currently on the market at \$13 million. Next door, the 59-foot-wide Sloan house at 9 East 72nd, built in 1896, is listed for \$19 million.

"If those buildings were renovated and converted to single-family, they could go for in excess of \$25 million each," Mr. Miller said.

Assemblyman Lopez, after being told of the situation at 12 East 72nd Street, said that he planned to draft legislation to prevent tenants from being "massively displaced."

"The law has to be tightened up," he said. "I believe cases like this will almost establish law."