

Volume 75, Number 8 | July 13- 20, 2005



Villager photo by Clayton Patterson

Councilmember Margarita Lopez and her mother, Julia — who was in town to support Lopez at the Gay Pride March — at recent rally for 47 E. Third St. tenants.

Turning tenements into mansions: landlords try to mass-evict tenants

By Sarah Ferguson

About 100 people braved the heat on a recent scorching Saturday afternoon to rally outside 47 E. Third St., where the new owners are seeking to empty an entire 15-unit, rent-stabilized building in order to create a five-story mansion for themselves.

The crowd jeered as Janet Dunson, an actress and 15-year resident, described plans submitted by Catherine and Alistair Economakis to gut the 104-year-old tenement in order to create a five-bedroom, six-bathroom private home for themselves, their infant child and live-in nanny — replete with private gym, library, “home study area,” play area, den, dining room, two-story living room and a master bedroom suite that would reportedly take up nearly the entire fourth floor.

“This is nonsense,” declared Councilmember Margarita Lopez, standing on the stoop of the six-story building, which is next door to the Catholic Worker soup kitchen and just up the street from the Hell’s Angels headquarters. “In England, people have castles. In America, people have homes! Homes!”

But in Manhattan’s superheated real estate market, 47 E. Third St. has become a test case for how far landlords can push a provision in the Rent Stabilization Code that allows owners to take over rent-regulated apartments for their own occupancy.

Although the law says the owner may acquire “one or more apartments” for use by themselves or a family member, critics say it was never intended to allow an owner to take over an entire tenement building. In the case of 47 E. Third St., that means evicting 24 residents from the

Reader Services

thevillager.com

Search

[Email our editor](#)

[View our previous issues](#)

[Report Distribution Problems](#)

Also Read:

**downtown
express**

Gay City NEWS

ADVERTISING

remaining 11 rent-stabilized apartments, which currently rent between \$500 and \$1,000 a month. Most of the tenants have held their leases for more than 20 years.

“It’s just a scam to get rid of us,” charged Barry Paddock, a production assistant who pays \$950 for his a small one-bedroom abode. Tenants are charging in court that the Economakises are seeking to boot them out so they can either convert the building to condos or re-rent at market rates — or just sell the emptied building at huge profit.

Paddock notes that 47 E. Third is managed by Granite International Management, a Brooklyn-based company, headed by Catherine’s father, Peter Yatrakis. According to tenants and city records, Catherine, her father and other family members have ownership interests in at least two-dozen other buildings in the East Village, Chelsea, Harlem and Brooklyn — all of which are managed by Granite. Catherine and Alistair Economakis both work for Granite.

“They are corporate landlords posing as a family who happen to want a six-story building for a mansion,” charges Paddock.

Also speaking out at the rally on E. Third St. was a David Yen of 12 E. 72nd St., where owner Steve Croman is seeking to take over 23 apartments, in order, he claims, to create an 8,000-square-foot quadruplex for his family of four and a duplex for his sister-in-law’s family. Croman owns 61 other properties in New York City.

And at 75 Jane St. in the West Village, co-owner Peter Rose is seeking to empty all eight apartments to create a four-story home for himself and his son.

“We had eight very nice affordable apartments in our building, and now people are just disappearing,” says Katherine Jacobson, who has lived in a small one-bedroom apartment on the ground floor of 75 Jane St. since 1966. “I don’t know how much longer I can hold out,” she told the crowd.

Peter Rose is a partner in Rose & Rose, the law firm which is representing both Steve Croman and the Economakis family.

That fact prompted State Senator Tom Duane to lead the crowd in chants of “Tenants need homes more than Rose needs a closet!”

For their part, the Economakises concede they initially purchased 47 E. Third St. as a rental property, but insist they now fully intend to make it their primary residence.

“When my wife became pregnant, we began looking for a home, and at some point it dawned on me that I already owned one,” Alistair Economakis told The Villager. “Once we decided to make 47 E. Third St. our home, nothing else compared,” added Economakis, who is the son of a Greek shipping magnate.

The couple currently reside in a 1,000-square-foot one-bedroom apartment on the top floor of a landmarked brownstone in Cobble Hill, Brooklyn, which they share with Catherine’s parents.

The brownstone is adjacent to Granite’s offices at 138 Atlantic Ave., the deed to which is held jointly by Catherine and her mother, Kathryn Yatrakis. Ironically, Yatrakis, who is dean of academic affairs at Columbia University, teaches an urban studies course studies that examines “contemporary urban problems” in American cities.

Asked why he and his wife did not simply buy an empty townhouse for themselves, Alistair said, “The cost to renovate this property and convert it to a single-family home is significantly less than anything comparable on the market.” (Their permit application to the Buildings Department estimates the whole renovation at \$350,000).

Alistair also said his wife was looking forward to the new Whole Foods Market store opening a few blocks away on E. Houston St. “I love the Lower East Side, it’s a great neighborhood,” he said.

Economakis declined to elaborate on how he and his wife acquired the property. He admitted the family acquired it for about \$800,000 in the course of a complex bankruptcy proceeding — then added, “What we paid has nothing to do with this case.”

He said this was the only building that he and his wife personally own, and said his wife or her family’s interests in other properties were irrelevant.

Asked whether he felt turning a 11,600-square-foot tenement into a single-family dwelling was excessive, Economakis replied: "As long as an owner can prove he has a good-faith intent to occupy the space, no one should tell him whether he has the right to live in a certain size home."

"Fundamentally, it's a question of who is better entitled to reside in the property, the tenants or the owner," Economakis told The Villager, adding, "I obviously believe the owner has the right to reside in the property he owns."

But the courts may not agree. On June 20, a Manhattan State Supreme Court judge granted a preliminary injunction barring the Economakises from terminating the leases of five tenants who sued to preempt their evictions at 47 E. Third St. until the court determines whether the law allows owners the right to take over an entire building.

Although the injunction does not protect six other tenants already in eviction proceedings, the five plaintiffs hope a permanent ruling in their favor will also allow the other tenants to stay — and set a precedent for owner-occupancy cases citywide.

In his ruling, Acting State Supreme Court Justice Paul G. Feinman called into question the Economakises' plan to "create an outer-borough or suburban-sized home in the heart of the East Village."

Feinman noted that in the past, courts have allowed owners to combine apartments in smaller brownstone buildings to make a single-family home. But he questioned whether the statute was ever intended to apply to a tenement building and its "entire rent roll" of rent-stabilized tenants "who, given today's rental market, will never be able to find comparable housing in Manhattan and perhaps not in the city."

Such wholesale eviction, Feinman wrote, "would appear to be incompatible" with the intent of the Rent Stabilization Code and its regulations, which, he noted, "are designed to address the chronic housing shortage in New York City," and to provide residents with "stable and affordable housing."

Feinman also noted that if the Economakises succeeded in evicting everyone in the building but ultimately did not convert it into a single-family home, they would face little penalty under the law.

Under the Rent Stabilization Code, if a landlord makes a fraudulent claim of personal use to take over an apartment, he forfeits the right to increase rents on any rent-stabilized apartments left in the building for three years.

But in this case, if the Economakises emptied the entire building, there would be no rent increases to forfeit because there would be no remaining apartments.

The Economakises' lawyer, Todd Rose, did not return numerous calls seeking comment on the ruling.

But according to Alistair, he and his wife have gone out of their way to demonstrate their "good-faith" intentions. Alistair says he offered to post a bond to guarantee that they would occupy the building. "If I did not turn the building into my home and live there, they would get the proceeds from the bond," he explained, though he declined to say how much the bond would be, saying he was waiting for a response from the tenants.

Economakis says he also offered to sign a legal stipulation stating that if he and his wife sought to re-rent the building, all rental proceeds would go to the evicted tenants.

He says he tried to relocate one elderly tenant to a suitable apartment nearby and made buyout offers to several others, though had said he could not recall for what amounts. "We've tried to reach out to the tenants for the last two years, but they've consistently refused to have a sit-down meeting to work things out," he complained, adding, "Why would I put my neck on the line offering guarantees and assurances if I'm not going to live there?"

Tenants say the first time they heard about any bond to guarantee residency was through a newspaper article that ran in March. They say the offer to sign a legal stipulation was sent to the area politicians, not them.

As for buyouts, Paddock says the Economakis offered residents \$20,000 each to move out in a settlement plan presented before the judge last December, but the tenants association unanimously voted it down. "By then, we'd already spent nearly \$10,000 each in legal fees, so that would have been subtracted from it," Paddock explained.

"The point is we want to live here," added Laura Zambrano, an office worker and theater technician. "This was supposed to be affordable housing," she noted. "If we take a buyout, that means someone else can't live here. And even if we took the money, where would we go?"

Still, she and other tenants say they are emotionally and financially drained by their two-year legal battle to remain in the building. Miriam Garcia, who has lived with her husband in her fifth-floor walkup for the last 28 years, says her son had to leave college and take a job in order to help pay for her family's share of the legal expenses, which at this point top \$90,000.

"When I moved down here, there were no trees, and the men's shelter up the street was full of crack addicts," Garcia told the crowd that gathered for the street rally. "We are the ones who worked to make it a safe community here. We're family here. So what I'd like to know is, the people who are buying all these buildings down here — where were they when we were cleaning up the community for 28 years? We're the ones who put the fabric of this neighborhood together. You're making us suffer, and it's not fair."

Beyond appealing to the courts and winning support from local politicians, the 47 E. Third Street tenants have formed an alliance with tenants in other Granite-managed properties around the city, many of whom are facing troublesome legal battles of their own.

"The very first meeting we had we heard all these horror stories," recalled Zambrano.

Although the Economakis/Yatrakis clan are vague about their ownership interests in these properties — which are owned by an assortment of limited-liability companies, corporations and partnerships — tenants say they have a track record of taking over buildings in distress and moving to evict long-term, low-rent tenants.

"From what research we've done, they take advantage of any pretext to try and evict people," said attorney Steve Dobkin, who is representing the 47 E. Third St. tenants in State Supreme Court.

In the case of 47 E. Third, court records show that Catherine and her father acquired a controlling interest in the property in 2001 through a series of limited-liability companies, then reorganized under federal bankruptcy laws — a process that allowed them (acting through various entities) to buy out the other partners.

Soon after, according to tenants, they began looking for ways to evict people, going so far as to hire a private investigator to pose as a U.P.S. deliveryman in order to see whether tenants were really living there. Two tenants were forced to settle out of court under charges that they were illegally subletting.

Then in August 2003, the deed was transferred from Third Street Development L.L.C. to Catherine and Alistair Economakis as individual owners. Eight days later, they began informing tenants that their leases would no longer be renewed. "They figured they had no other way to get the rest of us out, so they're using owner occupancy to do it." Paddock maintains — a charge the Economakis vehemently deny.

Although the family has brought no other owner-occupancy cases in the other properties they are involved in, Paddock says, "There is a pattern of them aggressively investigating people to try and prove that they don't live there or that they're illegally subletting or that they're taking advantage of so-called preferential rents."

A preferential rent is when a landlord leases a rent-stabilized apartment for less than the regulated rent. It used to be that a landlord could not revert to the higher "legal" rent until the tenant moved out. But in 2003, the law was changed to enable landlords to revoke the preferential rent when a tenant's lease is up for renewal.

At 11-13 Avenue D, tenants say they got hit with \$600 to \$1,000 increases overnight, driving most of the rent-stabilized tenants out. The building is managed by Granite and owned by 11-13 Avenue D Associates. City records list Alistair Economakis as the "head officer" and Catherine as "officer" of the company, whose address is the same as Granite's. The building is now being

marketed as a “great condo opportunity” and is under contract for sale at \$6.6 million.

“I just hated them and didn’t want to pay the extra money, so I moved out,” said Elissa Wald, who spent 10 years at 11-13 Avenue D but left last year after Granite moved to increase her rent from \$950 to \$1,573. “There was so much wrong with that apartment. They never painted and they never fixed the floors and the heat was so inadequate every winter that it just wasn’t worth it to pay that much and live all the way over there on Avenue D.”

At 34 E. Fourth St., music teacher Leah Roblin says she’s had to go to court five times in the last year to prove that she actually lives there. Roblin says that Granite (acting on behalf of the owner, East Fourth Corp.) has been trying to use the fact that she registered her motorcycle in Buffalo after taking it Upstate to her mother’s house to be repaired in order to claim her apartment is not her primary residence.

Recently, the company demanded that Roblin turn over her E-ZPass records and along with all her tax returns, bank statements, utility bills, life insurance policies and even any “records of membership in any house of worship.”

“It’s total bullshit. It’s because I pay cheap rent,” says Roblin, who pays \$528 a month for a studio she moved into 15 years ago. “They’re just trying to drag it out and wear me down.”

Similarly, at 111 St. Mark’s Pl., Dr. Diane Schmid says she’s had to go to court five times over the last five years to defend her \$150-a-month rent-controlled apartment against claims brought by Granite and the landlord, Peter Yatrakis. The last time, Schmid claims, her mentally-ill daughter collapsed in court from the stress. “He keeps trying to say I don’t live there and that I don’t pay the rent, but I’m a Buddhist, I don’t lie,” said Schmid, a senior citizen, who notes that the apartment below her goes for about \$2,500.

Tenants in several other Lower East Side buildings say they’ve been battling against the electronic key-card system that Granite installed two years ago. The system records their serial number each time they go in and out and photographs them as they enter and exit the door.

“When we had a power failure, no one could get out,” complained Mike Binkley of 106 Norfolk St. Tenants in his building even found a hidden camera installed in a vacant mailbox, while at 184 Norfolk St., residents found a camera wedged into the frame of a basement door, in order, they assume, to monitor who was using the mailboxes.

“They are trying to become a virtual management company, where they can keep track of people without being there or even knowing their names,” said Susan Howard, tenants association president at 184-188 Norfolk St.

In a letter to tenants, Catherine Economakis maintained that the key card system was installed to boost building security.

In 2002, Granite posted notices inside several buildings offering a \$1,000 reward to tenants who turn in “terrorists” or “tenants that are illegally occupying apartments.”

Granite’s lawyers, Todd and Peter Rose, did not return numerous calls seeking a response to the tenants’ allegations.

Alistair Economakis denied that Granite, or the companies it works for, had commenced any unwarranted legal proceedings against tenants, though he said he was not authorized to address specific complaints.

In any case, Economakis maintained, such claims have nothing to do with his and his wife’s efforts to empty out 47 E. Third St. He suggested The Villager visit the properties and talk to the tenants, adding, “I think you will find our buildings are managed very well.”

[Home](#)

The Villager is published by
Community Media LLC.
The Villager | 487 Greenwich St., Suite 6A | New York, NY 10013

Phone: 212.229.1890 | Fax: 212.229.2790

Written permission of the publisher must be obtained before any of the contents of this newspaper, in whole or in part, can be reproduced or redistributed.

Email: news@thevillager.com