


# 'Felonious' Landlord Croman Illegally Rented Out Chelsea Basement: Suit

By Maya Rajamani ([//www.dnainfo.com/new-york/about-us/our-team/editorial-team/maya-rajamani](http://www.dnainfo.com/new-york/about-us/our-team/editorial-team/maya-rajamani)) | September 19, 2017 12:07pm

 @mayarajamani (<http://twitter.com/mayarajamani>)



The building at 350 W. 21st St., near Ninth Avenue.

DNAinfo/Maya Rajamani

CHELSEA — Scandal-scarred landlord Steve Croman (<https://www.dnainfo.com/new-york/people/steven-croman>) illegally rented out a basement apartment on West 21st Street and “massively overcharged” its tenants in a building illegally operating as a hotel, a new lawsuit charges.

The “notorious and felonious” Croman — who is expected to be sentenced to a year in jail on several fraud charges — failed to get the proper paperwork to subdivide the basement apartment at 350 W. 21st St., but rented the unit even after getting slapped with a city violation, according to officials and the suit.

Tenants John Papp and Sandra Oliveira moved into the unit in March, signing a lease requiring them to pay a \$13,500 security deposit and \$6,750 in monthly rent, says the suit filed in Manhattan Supreme Court (<https://www.dnainfo.com/new-york/places/manhattan-supreme-court>) last week.

Soon after moving in, Papp and Oliveira started dealing with “problems related to the poor condition of the subject unit,” later discovering that Croman was renting it illegally through the entity 350 W. 21st Street LLC, the suit says.

In 2000, the entity filed for permits with the city’s Department of Buildings (<https://www.dnainfo.com/new-york/tags/department-of-buildings>) to convert the building’s then-single basement unit — which was once a housekeeping apartment — into two units, the suit says.

DOB issued the permits and a temporary certificate of occupancy (<https://www1.nyc.gov/site/buildings/homeowner/certificate-of-occupancy.page>), but never “signed off” on the work that was subsequently carried out, according to the suit.

The temporary certificate expired in June 2000, and Croman’s entity hasn’t had a certificate of occupancy that reflects the basement’s current layout since then, the suit says.

A DOB spokesman confirmed that the building doesn't have a valid certificate of occupancy, adding that the basement apartments can't legally be rented out.

When the landlord tried to obtain a new certificate of occupancy in 2015, the DOB denied the application because it was missing several documents, the spokesman added. In 2016, the agency issued a violation for “occupancy of the building without a valid certificate of occupancy,” the spokesman said.

The lawsuit claims Croman rented the basement unit to Papp and Oliveira after the DOB issued the 2016 violation.

“Mr. Croman knows it, and Mr. Croman continued to not only collect rent from everyone in the building, but continued to actively rent and market the apartments,” Papp and Oliveira’s attorney Joshua Price told DNAinfo New York on Monday.

Just last week, DOB inspectors issued a partial vacate order for the building’s rear apartments because a recently constructed roof deck blocks one of the building’s emergency exits.

The tenants also claim they “have been massively overcharged” by Croman, as the apartment should have been rent-stabilized.

“It is the law that when a landlord creates new and illegal space in the building that the illegal apartment becomes rent stabilized so long as there are five other residential units in the subject building,” the suit says.

Moreover, the suit claims the upper units in Croman’s building have been illegally operating as hotels — “further evidence of [the entity’s] blatant disregard for the law and the health and safety of the occupants of the subject building.”

A spokesman for the Mayor’s Office of Special Enforcement (<https://www.dnainfo.com/new-york/tags/mayors-office-of-special-enforcement>) on Monday said the agency inspected the building on three different occasions and found “illegal transient occupancy” in two of its apartments.

In February 2016, the agency slapped Croman with a violation after learning that guests booked an eight-day stay in one of the building’s apartments for around \$5,200, the spokesman said. A second violation was issued in December 2016, after the agency interviewed three guests who booked a six-day stay in the same apartment for around \$1,000.

And in September 2016, the agency issued a violation after finding guests booked an 11-day stay in another apartment for around \$3,000, the spokesman said.

All three violations involved guests who had booked their stays through Airbnb (<https://www.dnainfo.com/new-york/tags/airbnb>), he added.

Papp and Oliveira are seeking an order that will require Croman to take the steps needed to legalize their apartment so they can continue to live there, the lawsuit says.

They also want their monthly rent to be lowered to match “the lowest rent-stabilized rent in the building,” and are seeking a refund on the rent that they already forked over that was above that amount, Price said.

“It is a shame when landlords wantonly trample on the rights of law-abiding citizens like my clients, so that a rich landlord can make a few more bucks,” Price said.

On Monday, an "apartment for rent" sign was seen hanging on the building's fire escape.

A spokesman for Croman on Monday said the issue raised by DOB in its partial stop-work order "pre-dates our ownership of the property, involves egress from the rear yard and is not related to the structure or condition of the building itself."

"As we work to satisfy the DOB's concerns, we have stationed a fire guard at the building around the clock," he wrote in an email.

9300 Realty "strictly prohibits" unlawful hotel activity in its buildings, he added.

"Upon discovering the tenants' illegal conduct, we took immediate legal action against them," he said. "As a result, both of these offending residents no longer reside at the building."

The spokesman didn't address the other issues raised by the lawsuit.