



Julia Shu and Zahra Ahmed

Soundtrack

Destabilized: The fight for rent- stabilized apartments in New York

In today's New York, rent-stabilized tenants like Mary Ann Siwek, Jeff Caltabiano and Fredy Kaplan are an endangered species.

The Rent Guidelines Board estimates that 63 percent of the more-than 7,500 rent-stabilized units that New York City lost in 2013 were in Manhattan. And despite a renewed focus on affordable housing, the center of the city continues to grow increasingly inhospitable for low-income residents.

Landlords can petition to deregulate a rent-stabilized unit through New York State Homes and Community Renewal when its rent reaches \$2,500 or more and the tenant's income is more than \$200,000 for two years, or the unit is vacant. To take advantage of these rules in neighborhoods like the Lower East Side and the East Village, real estate developers are using the age-old practice of buying properties, upgrading rent-stabilized units into market rate and reaping the profits while longtime tenants are replaced with new ones willing to pay higher rents.

In the process, rent-stabilized tenants say new landlords are trying to push them out through a toxic combination of subtle harassment, a denial of basic services and recurring hazardous living conditions.

“I had to withstand
this”

At 170 E. 2nd St., the gas has been shut off for nearly six months.

Last December, Department of Finance records show real estate developer Jared Kushner of Westminster City Living bought 170 and 174 E. 2nd St. for \$17 million. Since then, the unavailability of essential services and ongoing construction continue to cause daily obstacles for tenants. Westminster City Living declined to comment for this story.

Mary Ann Siwek, 64, lives in apartment 2C with her roommate. A slight woman, she has to push through an array of coats in her narrow hallway to get to the kitchen. There, an electric hotplate rests atop her now defunct cooking range and oven. New management gave the hotplate to her as a substitute, but she said cooking with it takes too long. Instead, she shells out an extra \$150 a week to eat out.





“He doesn’t know a thing about taking care of tenants,” Siwek said of Jared Kushner, son-in-law to Donald Trump.

There have been six complaints about the lack of gas to the Department of Housing Preservation and Development (HPD) coming from Siwek and other tenants.

Complaints to the Department of Buildings (DOB) cite before- and after-hours construction work: on weekdays outside of the city’s 7 a.m. to 6 p.m. time frame and on weekends without a permit. Siwek filed a complaint on March 19 reading, “Due to construction, caller’s bathroom ceiling collapsed. Chunks of plaster keep falling behind walls. This is happening all throughout caller’s apt due to construction in neighboring apartments.”

Siwek’s bathroom ceiling is now layered with a coat of paint to match the rest of her walls, but photos from last spring show broken drywall and piles of debris covering the toilet and tiles. The collapse occurred at night, frightening Siwek.





Siwek has been living in her unit for 32 years and relies on Social Security benefits and part-time work as her source of income. The management company offered her a \$200,000 buyout, but she said the amount is not enough to support herself. The apartment listing site StreetEasy shows that a two-bedroom apartment in the East Village starts at \$465,000.

“I can’t buy a place with that money so there really was no other place for me to go and I had to withstand this,” she said.

In August, Westminster City Living removed the shared boiler system at 170 and 174 E. 2nd St., leaving both buildings without heat — a Class C violation that the HPD requires be corrected within 24 hours. But rent-stabilized tenants didn't receive the same baseboard heating systems that management provided for the buildings' market-rate tenants until Oct. 30 — 29 days after the beginning of the city's heat season, when building owners are required to provide tenants with heat if temperatures fall below 55 degrees Fahrenheit.

For 5th-floor tenant Richard Weinstein, who has been living at 174 E. 2nd St. since 1995, this has been the biggest form of harassment.

“They deliberately took the stuff out,” Weinstein said, referring to the old heating system. “They deliberately did not call.”

In some cases, this negligence became outright disregard.

“Starting from the beginning, they made it quite clear that they were going to get us all out,” said rent-stabilized tenant Fredy Kaplan, 53, who has been living in the building with

his husband for 10 years. He said upgrades taking place throughout the building have segregated rent-stabilized and market-rate tenants.



“The market-rate tenants have video intercom for safety purposes. We don’t,” he said. “They’ve been doing the “poor door” status with us.” Even without upgrades, rent-stabilized tenants were still supposed to receive intercom services, but Kaplan’s began working only last month.

As of December 1, HPD records show 52 open violations — 39 have expired correction dates, including seven Class C violations ranging from decaying floors to lack of hot water.

Only five rent-regulated tenants remain at 170 E. 2nd St. Siwek said those who couldn’t stand the conditions anymore accepted a buyout and left.

"It was like a war zone"

While some tenants say management companies create a climate of distress by decreasing essential services, others point to unsafe living conditions during construction. At 102 Norfolk St., tenants discovered high levels of lead contamination while the building was being renovated.

Walking up the narrow stairwell to his apartment, Jeff Caltabiano gestured at the brick walls.





“They had tin that was up on these walls, and they tore all that down,” he said, referring to recent construction work. The tin was covered in layers of lead-based paint, which covered the floors in contaminated dust.

“There was dust everywhere, some people, I think pretty much everyone, got dust under their doors,” he said. In his apartment, the lead-contaminated dust spread four to five feet from the door.

Construction began after the building sold last March for \$11 million. The new owner is Sassan, or “Samy,” Mahfar of SMA Equities, who has bought other properties in the neighborhood under various corporate names. SMA Equities did not respond to multiples requests for comment on this story.

The EPA states that lead exposure can lead to serious health consequences for adults, including hearing and vision impairment, reproductive problems and nerve damage. In June, a New York Department of Health inspection report revealed that dust samples at 102 Norfolk St. from a hallway tested at 710 micrograms of lead per square foot, and a window sill at 560 micrograms, well above EPA safety regulations.

Not only that, but a report from April states that the health inspector was initially denied access to the building, and had to return with a police escort to walk through. The Department of Health and Mental Hygiene states that federal law requires landlords to notify tenants and potential buyers about known lead paint in an apartment, but Caltabiano says he and other tenants were not aware of the danger until a tenant filed a Freedom of Information Act request for the inspector’s report. He did not note any health

problems due to the lead contamination, but was appalled at the landlord's lack of responsibility.

“We brought it up at the initial meeting with him and he pretended he didn't know what we were talking about,” said Cheri Neu, another resident at 102 Norfolk St. “He said, ‘Why wasn't I fined? If you're saying that I violated certain protocols, why wasn't I sent any information?’” She said Mahfar continued to dismiss their concerns.

“We're dealing with someone that whenever we meet with them, they say they don't know what's going on,” she said, “But he's the boss. I mean, he's hiring the people to do this work, but they're trying to rush through things without taking into consideration that there are people living here.”

Since the building's sale in March, changes have happened fast. While construction continues, new tenants have already moved in. 102 Norfolk St. is listed with New York State's Homes and Community Renewal as a rent-stabilized property, but information about precisely which units fall under that regulation is available only to tenants and the owner.

According to Caltabiano, 22 of the total 25 units were rent-stabilized before SMA Equities bought the building, but he said now only 14 remain.

“[Mahfar] bought the building and then a week or two afterwards, it was like a war zone,” said Neu, who lives with her Chinese immigrant parents in an apartment that her family has had for 40 years.

The war zone Neu describes is evident in DOB records for the property. Sixteen complaints against the building have been listed since it was purchased at the end of March. These include six complaints for excessive and falling debris in the past two months and complaints for construction beyond the specified permit. An open Environmental Control Board violation cites management for using the sidewalk for construction without a permit.

For Neu, the pressure to move out was more direct. When renovations began, she was approached about a buyout. She said the new management suggested that in taking a buyout, she would be “looking out” for her parents because dealing with the hazards and noise of construction “might be very unpleasant for them.” So far, she has rejected all buy out offers and continues to live in the building with her family.

Former tenant Steve Yee, who accepted a buyout in mid-September, said the building’s many Chinese-speaking immigrants were lost in what was happening.

“SMA was using a ‘relocation specialist’ that did not speak Chinese as a form of intimidation,” he said.

Relocation specialists hired by landlords are often part of the buyout process, but public officials and tenant advocacy groups accuse them of using illegal tactics in trying to push rent-stabilized tenants out.

The Cooper Square Committee, a tenant advocacy group in the Lower East side, has linked Mahfar to Michel Pimienta, owner of buyout and relocation consulting firm Misidor LLC. According to the group, SMA Equities employed Pimienta at several buildings as a ‘relocation specialist,’ or ‘tenant relocater.’ But in late October, New York attorney general

Eric Schneiderman ordered Pimienta to stop working and pay a \$40,000 fine for operating without a real estate broker's license.

Schneiderman's statewide campaign to combat harassment and discrimination faced by tenants in affordable housing now continues with an ongoing investigation into multimillionaire landlord Steve Croman. Local news reports that Croman also employs tenant relocators.

Who's watching?

The attorney general isn't the only public official interested in tenant harassment. Many politicians, including Mayor Bill de Blasio, list affordable housing and tenants' rights as top priorities.

In particular, tenants at 170-174 E. 2nd St. have found an ally in Councilwoman Rosie Mendez.

“The tenants still have repairs that they need in their apartments,” said Mendez’s communications liaison John Blasco, who keeps in contact with both Westminster City Living and tenants.

In September, Councilwoman Margaret Chin sponsored a city council bill that raised fines for landlords found to be harassing tenants, and threatening those found guilty with a public listing on a landlords watch list. Another watch list, published by the Public Advocate Leticia James’ office, shows landlords with the most severe HPD violations. The list encourages city residents to look up their own landlords to find how they rank against the top offenders.

Amber Green is the policy director for the Public Advocate. She says the watch list has brought attention to some landlords, but tenants still need more support, particularly in housing court when disputes over rent and harassment are settled.

“These landlords come armed with lawyers and they talk circles around the people. and then the people don't get the judgement they need because they don't have representative counsel,” said Greene, “That's a huge disservice.”

She added that many tenants from low-income families cannot take time off work to attend court.

As for efforts to punish offending landlords, Harvey Epstein, Associate Director at the Urban Justice Center, believes that although fines have been raised, the profit incentive is still higher.

The new maximum fine for a violation is \$10,000, while the StreetEasy market estimation for a studio apartment is \$3,425 per month. After paying a fine for tenant harassment, a landlord can easily make the money back within a few months or faster, depending on the size of the apartment.

“We don't see any clean deals, we only see speculative deals.”

Wai Yee Poon, a tenant organizer from the advocacy group CAAAV, or the Committee Against Anti-Asian Violence, believes this problem is an intentional effort.

“It’s not just the landlords, its the banks who give them the loans, and also the real estate speculators and real estate agents,” she said. “We see them as in cahoots with each other and knowingly allowing for illegal evictions and doing away with our communities.”

The relationship between financial institutions and the landlords is due to a process Epstien calls “over-leveraging.”

“They’re paying too much for buildings,” he explained. “Owners who are buying these buildings are making an economic decision, even though these buildings are over-leveraged, we’re still going to purchase the building with the assumption that we can do large numbers of turnover. There’s an economic assumption that’s predatory in nature.”

With property valuations based on market-rate estimates of rent instead of accommodating for the reality of much lower, rent-stabilized rates, landlords buy properties at enormous prices and take out correspondingly large mortgages.

For example, the mortgage listed for 102 Norfolk St. filed when Mahfar and SMA Equities took ownership was for over over \$9.5 million dollars - for an \$11 million dollar purchase.

The result is a real estate development dependent on pushing out rent-stabilized tenants and creating more market-rate, high profit apartments.

“They're banking on being able to remove a certain amount of rent-regulated tenants, and that's pretty much all we see from big real estate at this point and their investment in this neighborhood,” said Brandon Kielbasa, lead organizer of Cooper Square Committee. “We don't see any clean deals, we only see speculative deals.”

An ongoing battle

According to a report from the Rent Guidelines Board, New York saw a net increase in rent-stabilized housing stock in 2013 for the first time in ten years. This positive result may signal promising improvements for tenants, but the bulk of de-stabilized apartments being deregulated are in Manhattan.

“We’re losing,” Epstein said matter-of-factly. “The only way to change it is to change the laws in Albany and get the city to create better laws.” He sees a solution in giving New York City control of rent-stabilization laws instead of the state capital.

"It's very easy to lose hope and feel lost in all this, especially because so much of it is bigger than us. You have these big landlords who are chummy with local politicians," said Wai Yee Poon. But she finds optimism in seeing tenants become knowledgeable and effective advocates.

“For me, success is when I have one tenant who knows their rights and feels entitled to fight for their rights,” she said.

As a New York native and attorney with experience in litigation and advocacy in City Hall, Kaplan said the natural thing to do is to push back.

"I'm not intimidated...certain things in life do intimidate me, but not Jared Kushner and certainly not landlords like this," said Kaplan, "Matter of fact, they empower me to push them back more. They empower me to protect my family. They empower me to protect my community. And that's going to continue. That's going to continue no matter what."

B U I L T W I T H

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