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Major NYC landlord accused of forcing out tenants to convert units

REUTERS

Steven Croman is accused of hiring a former police officer to intimidate rent-regulated tenants.

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Steven Croman at a December 2013 event.

A major New York City landlord was accused on Monday of using harassment, intimidation and fraud to force rent-regulated tenants out of his buildings in order to convert their apartments to more profitable market-rate units.

Steven Croman, whose company owns more than 140 apartment buildings in Manhattan, has been indicted on 20 felony counts, including grand larceny, fraud and falsifying documents, according to the office of New York State Attorney General Eric Schneiderman.

RELATED: [New Yorkers will spend over half of their income on rent this year: Report](http://www.metro.us/new-york/new-yorkers-will-spend-over-half-of-their-income-on-rent-this-year-report/zsJpdu---bdu7QKyqz4vT2/)

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The 49-year-old Croman, who also faces a civil lawsuit from Schneiderman's office, pleaded not guilty at state Supreme Court in Manhattan on Monday.

Rent-regulated apartments, which limit the amount landlords can charge residents who meet income requirements and have lived there for enough time, are a kind of Holy Grail in the high-priced real estate market of New York City.

In Manhattan, the median sales price for apartments hit \$1.15 million in 2015, according to real estate firms.

But the number of rent-regulated apartments has steadily declined, prompting Mayor Bill de Blasio to promote affordable housing as a major priority. He has released plans to construct or preserve 200,000 such units.

The criminal charges stem from false mortgage documents Croman submitted that listed rent-regulated units as market-rate apartments and inflated his commercial rental rates to obtain better refinancing, securing more than \$45 million in loans over a three-year period, according to Schneiderman's office.

Barry Swartz, Croman's mortgage broker, was also charged with 15 counts. He also pleaded not guilty at state Supreme Court in Manhattan on Monday.

[RELATED: Housing lottery opens for low, middle income New Yorkers at building by Barclays Center \(http://www.metro.us/new-york/housing-lottery-opens-for-low-middle-income-new-yorkers-at-building-by-barclays-center/zsJpdA---furnuAalbfdHk/\)](http://www.metro.us/new-york/housing-lottery-opens-for-low-middle-income-new-yorkers-at-building-by-barclays-center/zsJpdA---furnuAalbfdHk/)

The civil lawsuit detailed a variety of illegal tactics Croman allegedly used to force out tenants occupying rent-regulated units.

Croman filed baseless lawsuits against some to pressure them to move, the lawsuit said. In some cases, Croman's employees refused to acknowledge receipt of rent checks and then sued them for unpaid rent, the complaint alleges.

The lawsuit accuses Croman of hiring a former police officer to intimidate rent-regulated tenants.

In addition, Croman routinely engaged in illegal and shoddy construction in his rush to convert rent-regulated apartments into market-rate units, creating dangerous conditions, the lawsuit said.

On more than 20 occasions, health department investigators measured illegally high levels of lead dust in Croman's buildings, according to the lawsuit.

Croman also ignored hundreds of "hazardous" violations he was issued at many of his buildings, the lawsuit said.

Lawyers for Croman did not immediately respond to requests for comment. A lawyer for Swartz declined to comment.

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