

## How Do NYC Landlords Get Away With Breaking The Law?



📅 December 16, 2016 (<https://rentlogic.com/blog/nyc-landlords-get-away-breaking-law/>) 👤  
 Anusha Gunarajah ([https://rentlogic.com/blog/author/anusha\\_gunarajah/](https://rentlogic.com/blog/author/anusha_gunarajah/))  
 📁 Tenants vs. Landlords (<https://rentlogic.com/blog/category/tenants-vs-landlords/>)

In the past decade, New York City's lower income marginalized tenants have found themselves victims of false claims and harassment tactics which have roughly resulted in 206,000 (<https://www.dnainfo.com/new-york/20161025/central-harlem/rent-stabilized-eviction-apartments-problems-what-to-do-housing-court>) evictions per year. Beneath these illegal methods lie NYC landlords' real desire to destabilize apartments and charge market-rate rental prices.

NYC's legendary landlord, Steven Croman, made millions off neglecting, harassing, and coercing a number of his East Village (<https://rentlogic.com/blog/east-village-neighborhood-guide/>) tenants. Due to several loopholes within NYC's rent stabilization code (<http://www.bloomberg.com/news/articles/2016-10-12/get-out>), Croman claimed his 12-14 E. apartment property as personal and was allowed to serve tenants with notices of eviction and buyout offers. He and his team also filed baseless lawsuits (<http://www.nytimes.com/2016/05/10/nyregion/steven-croman-regular-on-new-yorks-worst->

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NYC owners and landlords.

## Loopholes within Regulations

In order to combat owners such as Croman, city councilors and state departments have put in place several programs to protect tenants from facing illegal harassment tactics. Yet, despite the city's best efforts, there are significant cracks within the housing system. Owners and landlords continue to reap the benefits of these loopholes and don't face any real repercussions.

### ***J-51 Property Tax Exemption***

The **J-51 Property Tax Exemption** is a tax incentive for rent stabilized apartment building owners. Essentially, the J-51 provides a tax break to NYC owners who renovate old apartment building units and agree to limit their annual rent increases to modest levels set by New York City Rent Guidelines Board. In 2015, City Limits (<http://citylimits.org/2015/03/09/nycs-endangered-species-a-rent-controlled-apartment/>) reported that there were over one million rent-stabilized apartments in New York City. However, according to housing department analyst Stephan Werner (<http://rentstabilizedbuildings.azurewebsites.net/About>), only 800,000 apartments have been officially registered with the city. The difference of 200,000 unregistered rent stabilized apartments in NYC demonstrates the clear lack of enforcement and loopholes within city and state departments.

### ***421-a Tax Abatement Program***

The **421-a Tax Abatement Program** offers building developers of newly constructed apartment buildings a 25-year property tax break. Developers go through an extensive process involving multiple city and state agencies to complete their application. These developers must also officially register (<https://www.propublica.org/article/thousands-nyc-landlords-ignored-rent-caps-got-tax-breaks-didnt-qualify-for>) their building as rent-stabilized and limit rent increases to modest amounts set by the New York City housing authorities. Upon completion of the building, city housing officials will verify that the building has been registered and will then issue a certificate of approval.

Although, throughout the years, this well-intentioned plan has morphed into a \$1.4 billion dollar-a-year (<https://www.propublica.org/article/thousands-nyc-landlords-ignored-rent-caps-got-tax-breaks-didnt-qualify-for>) hand out that fails to adequately enforce regulations and monitor authenticity of applications. Despite evidence, the State and New York City housing authorities have routinely ignored pleas from advocates and community members to investigate.



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landlords-ignored-rent-caps-got-tax-breaks-didnt-qualify-for) have not been approved. Propublica estimates that collectively, these landlords have pocketed around \$300 million (<https://www.propublica.org/article/thousands-nyc-landlords-ignored-rent-caps-got-tax-breaks-didnt-qualify-for>) a year without showing they've qualified.

According (<https://www.propublica.org/article/landlords-fail-to-list-fifty-thousand-nyc-apartments-for-rent-limits>) to Governor Andrew Cuomo and Attorney General Eric Schneiderman, building owners who fail to register as rent-stabilized face "serious legal consequences including loss of their tax break, rent freeze and paying triple the amount of overcharges any tenants might have received". Yet, none of these steps have ever been taken.

Building owners of unregistered rent-stabilized apartments have been sent voluntary compliance (<https://www.propublica.org/article/this-is-what-new-yorks-voluntary-compliance-for-landlords-looks-like>) letters as a "one-time" opportunity to comply with regulation. But, voluntary compliance isn't equivalent to "serious legal consequences". Rather, it continues to demonstrate ineffective monitoring and enforcement of regulations which plague New York City's rental market. Thus, allowing predatory equity building owners and greedy landlords continual law breaking exploitation tactics that drain the overtaxed system and take advantage of low income tenants.

### Unveiling loopholes within the system

Loopholes not only exist within NYC's property tax initiatives but also within the housing court system, NYC Division of Housing and Community Renewal (<http://www.nyshcr.org/>) (DHCR), NYC's Department of Housing Preservation and Development (HPD), and many more.

Recently, the New York City Council (<https://www.dnainfo.com/new-york/20161031/belmont/tenant-evictions-predatory-equity-renting-apartment-city-council-nyc>) introduced three new bills that would increase protection for tenants facing potential harassment from building owners. However, HDP officials opposed many of the proposed legislation as they felt it would be a burden to the division. According to HPD officials (<https://www.dnainfo.com/new-york/20161031/belmont/tenant-evictions-predatory-equity-renting-apartment-city-council-nyc>), the division did not have adequate logistical and financial resources to meet the requirements of council and track financial information or data regarding building owners and tenants. As a result, New Yorkers has lost faith in HPD's ability to enforce regulations and the law. Their inability to embrace these proposed legislations raises serious questions as to whose side is HDP really on?

### Unveiling Tactics

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to deteriorate, abuse construction practice, serve phony notices, harass tenants, withhold rent cheques, and many more. Essentially they will create the most dangerous, uncomfortable situations for existing tenants to get market-rate prices.

In a recent lawsuit against (<http://www.ag.ny.gov/press-release/ag-schneiderman-files-lawsuit-against-property-management-company-and-landlords>) property management company Marolda Properties Inc (<https://www.dnainfo.com/new-york/20161102/lower-east-side/cuomo-schneiderman-tenant-harassment-lawsuits-marolda-properties>) have harassed tenants in Chinatown, NYC and the Lower East Side. Marolda representatives have allegedly tried to push out longtime immigrant elderly tenants by serving up phony notices and claims. They have also locked tenants out of their apartment, forced disabled tenant to climb three flights of stairs to reach a restroom, and switched off their gas. According to Governor's Cuomo's office, landlords who engage in construction-as-harassment tactics carry out renovations and repairs without proper permits or outwardly lie on the application.

Tactics (<https://www.dnainfo.com/new-york/20161025/central-harlem/rent-stabilized-eviction-apartments-problems-what-to-do-housing-court>) are not unusual among landlords who own rent-regulated units. They have the deepest pockets and strongest political influence. These landlords will pay an extra \$10,000 to \$20,000 (<http://www.gothamgazette.com/index.php/opinion/6588-funding-lawyers-is-good-fixing-housing-policy-would-be-better>) to prolong complicated trials and frivolous claims. All of which are clear indications of their law breaking efforts to drive out as many rent-regulated tenants from their apartment unit.

## Resolutions

The continual lack of enforcement and ineffective monitor will increase tax payers' dollar. After factoring the costs of sheltering homeless families, a 2016 report commissioned by the New York City Bar Association (<http://www.villagevoice.com/news/low-income-tenants-may-soon-have-the-right-to-an-attorney-in-housing-court-9153145>) estimates that the city would save over \$300 million a year if NYC cracks down on these landlords and their illegal tactics. According to attorney, Neil Steinkamp (<http://www.villagevoice.com/news/low-income-tenants-may-soon-have-the-right-to-an-attorney-in-housing-court-9153145>), the costs of providing legal services to families facing eviction would pay itself. Especially when the cost of counsel is only 5% (<http://www.villagevoice.com/news/low-income-tenants-may-soon-have-the-right-to-an-attorney-in-housing-court-9153145>) of the financial cost of sheltering a homeless family.

Aware of these tactics, Mayor Bill deBlasio's administration has approved \$62 million in funding (<http://www.villagevoice.com/news/low-income-tenants-may-soon-have-the-right-to-an-attorney-in-housing-court-9153145>) towards affordable legal services for lower-income tenants this fiscal year. As a result, evictions have decreased by more than 24% (<http://www.villagevoice.com/news/low-income-tenants-may-soon-have-the-right-to-an-attorney-in-housing-court-9153145>).

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False claims and harassment tactics continue to deepen NYC's affordable housing shortage and push the working-class and lower-income families further away from the city. Renters should become aware of these tactics and challenge their landlords about J-51 and 421-a issues. There is a lot of real money at stake for renters who know their rights.



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