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Phony Demolitions: Landlords' Latest Tricks

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BY **BENNETT BAUMER**
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“Phony demolitions” are the latest rabbit landlords are pulling from their hats to evict rent-regulated tenants from their affordable apartments. Exploiting a loophole in the rent-stabilization law, landlords doing “gut renovations” of apartments are claiming that they are demolishing buildings, although they are leaving the roof, walls, and in many cases entire floors intact.

The law lets landlords remove apartments from rent regulation if they are demolishing the entire building; if they are just renovating apartments, they are allowed to add 1/40 of the cost of the renovation to the monthly rent, but the apartment remains regulated. But since changes in the law in 1997, both the courts and the state housing agency, the Department of Housing and Community Renewal, have allowed landlords to gut a building and call it a demolition.

In many cases, the DHCR does not require a hearing before granting permission for the landlord to proceed, speeding up an already perilous process for tenants. Landlords brought the first test case of phony demolitions at 131 Duane St. in Tribeca, where the landlord, Duane Street Reality, wants to demolish the interiors of the loft apartments.

The building also houses the City Hall restaurant, a favorite lunch spot for City Councilmembers and government bureaucrats. The catch: The landlord, Henry Meer, who is also chef and owner of City Hall, will leave his restaurant untouched during the “demolition” while putting the tenants out in the street.

Many tenants in the building moved to Tribeca before the area became host to film festivals and upscale stores. “We are artists, teachers, and neighborhood pioneers,” said tenant Donna Dennis. “[Meer] says he’s going to demolish the building, but he plans to keep his restaurant open.”

So far the tenants’ strategy has been to stall the landlord in court and hope that if Democratic gubernatorial candidate Eliot Spitzer wins the November election, the DHCR will be fairer to tenants than it has been under Gov. George Pataki. Steve Chabra, a tenant at 345 East 5th Street on the Lower East Side, received notice from his landlord, Steve Croman, that he would not be getting a lease renewal in February because Croman was demolishing the rent-stabilized building. On Croman’s DHCR demolition application, he claims that his plans for the 14-unit building will cost him a mere \$433,000 to “gut the entire



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interior of the building, combine the four studio units... [and create] one penthouse unit with atrium construction and sky lighting.”

“It is a perfectly ordinary 14-apartment building that [Croman] wants to, in their place, create seven apartments that could only be termed as luxury,” says Chabra.

In response, tenants and elected officials are advocating legislation to close loopholes in the law. Assemblymember Deborah Glick (D-Manhattan) has proposed a state house bill to change the definition of “demolition” to mean the “complete razing of the entire building, including all exterior walls, in order to construct a new building with the same or greater number of rental housing units.”

The bill City Councilmember Rosie Mendez (D-Manhattan) is proposing would require the DHCR to notify city officials of all demolitions.

“We are financially modest, but does that mean we are not entitled to live?” asks Rabbi Marsha Rappaport of Chelsea. She lives in a building where the landlord applied for demolition, but later withdrew it after tenant pressure.

This article originally appeared in Tenant/ Inquilino, the Met Council on Housing newspaper. Tenant Steve Chabra is fighting his landlord’s plans to convert his building to luxury apartments.

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