



NEW YORK STATE SENATOR

Brad Hoylman-Sigal

SENATOR HOYLMAN SAYS STATE MUST NOTIFY TENANTS WHEN APARTMENTS DEREGULATED

BRAD HOYLMAN-SIGAL August 7, 2017

| ISSUE: **TENANTS' RIGHTS, REAL ESTATE, AFFORDABLE HOUSING**



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NEW YORK – Today, State Senator Brad Hoylman (D, WF-Manhattan) sent a letter to New York State Homes & Community Renewal (HCR) demanding the agency notify tenants in buildings that have been deregulated where the landlord has received J-51 benefits.

In his letter, Hoylman wrote that although HCR routinely reaches out to the landlords of more than 4,000 buildings with information about reregulation, the agency “has not directly contacted tenants who are living in illegally deregulated apartments, many of whom have likely been overcharged for rent for years, or may be facing eviction due to illegally high rent increases.”

Hoylman noted that without guidance from HCR, tenants likely would not know that they’re being overcharged by their landlords or have a right to file claims to recover money from unfair rents.

The letter follows Senator Hoylman’s participation last week in an initiative sponsored by the Village Independent Democrats (V.I.D.), a political club in the Senator’s district, whose members have been canvassing buildings where units may have been illegally deregulated under the leadership of its president, Erik Coler.

State Senator Brad Hoylman said: “It’s baffling to me that New York State informs landlords who’ve received J-51 benefits but not tenants when it suspects apartment units have been unlawfully removed from rent stabilization. Tenants are the ones who need this information. It’s their homes that are at stake.

“I heartily applaud Erik Coler and the volunteers from the Village Independent Democrats for getting the word out to tenants. But let’s face it, notification to tenants should be the responsibility of the State of New York,” **said Hoylman**. “HCR needs to step up for tenants and proactively inform them when it suspects their apartments have been illegally removed

from the rent rolls if it is to fulfill Governor Cuomo's laudatory goal of reinstating 50,000 illegally deregulated J-51 units."

Erik Coler, President of the Village Independent Democrats, said: "Affordable housing is the cornerstone of a thriving Village community. For decades, however, we've seen hundreds of rent regulated units disappear, often illegally, at the hands of bad landlords who take J-51 tax credits with one hand and remove units from regulation with the other. While Village Independent Democrats and Housing Rights Initiative have led the fight to restore these units by reaching out to tenants and filing lawsuits against unscrupulous landlords, HCR must step up and take an active role in restoring wrongly deregulated apartments. I'm grateful to Senator Hoylman for joining VID's day of action and am proud to join him in calling on New York State to do its part to protect tenants."

Aaron Carr, Founder of Housing Rights Initiative, said: "The J-51 program was supposed to maintain affordable housing, and has cost New York approximately \$250 million in forgone tax revenue each year. Landlords who wrongly removed J-51 apartments from stabilization stole from tenants and New York City taxpayers alike, and without increased enforcement, J-51 will remain a bad deal for tenants and taxpayers. We commend Senator Hoylman for his tireless commitment to the tenants of New York, and are proud to work alongside the Village Independent Democrats on this important matter."

Established in the 1950s to encourage renovation of older buildings, the J-51 program offers tax abatements to landlords who rehabilitate a property in exchange for placing the building and its units under rent regulation. Under a 1996 HCR advisory opinion, which was overturned in 2009 by the New York State Court of Appeals, an estimated 50,000 buildings were improperly removed from rent regulation despite still receiving the tax benefit. In July 2016, ProPublica first reported that HCR was not directly contacting tenants living in illegally deregulated apartments.

A copy of Senator Hoylman's letter can be found below.

RuthAnne Visnauskas

Commissioner/CEO

New York State Homes and Community Renewal

641 Lexington Avenue

New York, NY 10022

Dear Commissioner Visnauskas:

I write to urge New York State Homes and Community Renewal (HCR) to proactively notify tenants who may be living in illegally deregulated apartments and advise them of their legal rights, in furtherance of the goals of Governor Cuomo's J-51 Rent Registration Initiative.

The J-51 program is intended to provide tax benefits to residential building owners who make qualifying rehabilitations and improvements in existing buildings, in exchange for placing the building and its apartments under rent regulation, thereby limiting annual rent increases. As you are aware, a 1996 advisory opinion by HCR improperly allowed landlords receiving J-51 benefits to remove an estimated 50,000 apartments from rent regulation. The New York State Court of Appeals later invalidated the advisory opinion in its 2009 Roberts v. Tishman Speyer decision, clarifying that apartments in J-51 buildings cannot be deregulated until the expiration of the J-51 tax benefit.

In 2016, Governor Cuomo announced an initiative to return up to 50,000 of the illegally deregulated apartments to rent regulation, pledging to “pursu[e] every avenue to return these units to rent stabilization.” As part of the J-51 Rent Registration Initiative, HCR has used internal data to identify apartments that have left rent regulation in buildings receiving J-51 benefits, and contacted the owners of more than 4,000 buildings across New York City – almost half of which are in Manhattan – with information about how to “voluntarily” register such apartments with HCR.

However, as reported by ProPublica, HCR has not directly contacted tenants who are living in illegally deregulated apartments, many of whom have likely been overcharged for rent for years, or may be facing eviction due to illegally high rent increases. These tenants may have the right to file claims against their landlords to recover improperly overcharged rent and should be made aware of that right. Without direct guidance from HCR, tenants are left to navigate the legal system themselves, or rely on non-profit organizations like the Housing Rights Initiative, which has recently partnered with the Village Independent Democrats to identify buildings and apartments in the East and West Villages in Manhattan that have been illegally removed from rent regulation.

In the eight years since the Roberts decision and the 18 months since the launch of the J-51 Rent Registration Initiative, New York has yet to provide relief to thousands of rent-burdened tenants living in illegally deregulated units. The ongoing work of groups such as the Housing Rights Initiative has uncovered just how much more needs to be done to do right by tenants. I urge HCR to take a vital step to restore illegally deregulated apartments to rent regulation by proactively notifying affected tenants of their legal rights.

Thank you for your consideration of my request.

Sincerely,

Brad Hoylman

New York State Senator

27th District