



TMO NEWS

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CRAIN'S

NEW YORK BUSINESS

MAY 27, 2010

PATERSON PROPOSAL ON RENT REGULATION CRITICIZED

TENANTS FIND FAULT WITH GOVERNOR'S ATTEMPT TO ALLOW APARTMENTS RECEIVING TAX ABATEMENTS TO BE REMOVED FROM RENT STABILIZATION; LANDLORDS OPPOSE RAISING VACANCY DECONTROL THRESHOLD TO \$3,000 A MONTH.

By Daniel Massey



AP Images

Mr. Paterson's proposal was part of a series of amendments that would extend state rent laws, which are due to expire in 2011, for eight years.

Gov. David Paterson has proposed overriding the state Court of Appeals Stuyvesant Town/Peter Cooper Village decision in the future by allowing units receiving tax abatements to be taken out of rent stabilization.

Under the proposal, landlords affected by the court decision—that rents were illegally raised while the buildings received J-51 subsidies—would be able to pay the tenants back without facing any penalties. But it would change the law from the date of the decision last October onwards.

“This would give landlords the major relief they wanted going forward,” said William Gribben, an attorney who is representing tenants in J-51 cases. “It’s a present for them.”

Real Estate Board of New York President Steven Spinola applauded Mr. Paterson's proposal to supersede the court's decision, saying it would give landlords the peace of mind needed to make investments in their units.

The proposal was part of a series of amendments that would extend state rent laws, which are due to expire in 2011, for eight years.

The proposals would “do nothing to slow down the loss of affordable rent-regulated housing,” according to advocacy group Housing Here and Now.

One other major piece of Mr. Paterson's package would raise the vacancy decontrol and high rent threshold to \$3,000 a month, an idea that was met with disapproval by both tenant and landlord groups.

Under current law, an apartment may be deregulated when a tenant's rent exceeds \$2,000 a month and the tenant's income for each of the past two consecutive calendar years exceeds \$175,000, or when an apartment with a legal rent of \$2,000 or more becomes vacant.

The tenant groups felt the \$1,000 increase would do little to curb the destabilization of units, because the governor did not suggest an accompanying increase in the high income threshold, which would remain at \$175,000. “If you’re paying \$3,000 a month, you’d better be making \$175,000,” Mr. Gribben said. “All it means is they are going to have to put in more improvements to get the apartments out of stabilization.”

Housing Here and Now Executive Director Mike McKee said in a statement that “nothing short of full repeal of vacancy decontrol” would be acceptable to tenants.

Mr. Spinola countered that the increase to \$3,000 will hurt landlords. “We’re saying we want to protect people who can afford \$2,800 a month,” he said. “We’re creating legislation about people who can afford to pay. The whole purpose of vacancy decontrol was to get rid of rent regulation and be like the rest of the country.”

All of the debate could be for naught, however, as the proposal requires approval by the Legislature. With the governor being a lame duck and both the Assembly and Senate containing strong pro-tenant elements, its passage is seen as unlikely.