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# Tenants and Landlords Criticize Paterson's Rent Regulation Proposal

By CARA BUCKLEY

Gov. [David A. Paterson](#) proposed changes to housing laws on Wednesday that would make it harder for landlords to lift apartments out of rent regulation but would also override a landmark pro-tenant court ruling so that it could not apply in future cases.

Under existing rules, landlords of rent-stabilized apartments can begin charging market rates when apartments become vacant and monthly rents hit \$2,000. Citing "a chaotic housing market," the governor is suggesting that the cap be raised to \$3,000. Mr. Paterson's changes would also reverse aspects of the New York Court of Appeals ruling in 2009 that said the owners of Stuyvesant Town and Peter Cooper Village had improperly charged market rates on some apartments while receiving tax breaks for making renovations.

Under Mr. Paterson's proposal, tenants in those apartments, and roughly 40,000 citywide in similar circumstances, can apply to have their rents reduced in accordance with the ruling. Landlords who consented to the lower rents would not have to pay penalties, as is now the case when a landlord is found to have overcharged a rent-regulated tenant.

But the governor's proposal would also rewrite the law to make it clear that landlords could, in the future, charge market rates for apartments once they became vacant and hit the \$3,000 threshold, even if they received the tax breaks. The proposal would affect only apartments that were rent-stabilized before receiving the tax breaks; some apartments became stabilized as a result of the tax benefits and cannot be deregulated under the governor's proposal.

In a conference call on Wednesday, Brian E. Lawlor, the commissioner of the state's [Division of Housing and Community Renewal](#), said the appeals court "reversed 15 years of what we understood the law to be."

The governor's proposal, Mr. Lawlor said, was simply restoring "what everyone in the industry thought that the law was."

Lawmakers and advocates for tenants and landlords responded to the governor's suggestions with a mix of mystification, cautious approval and dismay.

State Senator Liz Krueger, Democrat of Manhattan, criticized the governor's attempt to allow developers

receiving tax breaks to charge market rents. She said the proposal seemed to contradict the Legislature's intent when it wrote the law regarding the tax benefits, known as [the J-51 Program](#).

"The bill's intent appears to be to overturn the determination of the courts that there were serious violations of housing law," Ms. Krueger said. "I don't think that's any kind of solution to the crisis of affordable housing."

Tenant leaders were, surprisingly, critical of Mr. Paterson's proposal to raise the so-called vacancy decontrol threshold to \$3,000 month. Michael McKee, of the advocacy group [Tenants and Neighbors](#), said the higher cap would do little to slow "the steady march from protected to unprotected status of our rental housing stock."

About 300,000 apartments have been deregulated in the past 16 years, he said, and only a full repeal of vacancy decontrol laws would prevent more losses. And Linda B. Rosenthal, a Manhattan assemblywoman who has sponsored a vacancy decontrol bill, said setting a higher threshold would only postpone the loss of rent-stabilized units. "Three thousand dollars will be a problematic number the way 2,000 is now," she said.

Joseph Strasburg, the president of the [Rent Stabilization Association](#), which represents 25,000 landlords and building managers, said he, too, was discomfited by the proposed \$3,000 threshold, but for different reasons. "Who's it trying to protect?" he said. "If you can pay \$3,000 a month in rent, you're protecting people making in excess of \$100,000 a year. We don't understand that rationale."

Mr. Strasburg did, however, support the governor's proposal that would allow J-51 apartments to reach market rates.

The governor did receive commendations for addressing rent-protection laws this year, rather than waiting for the current laws to expire in June 2011.

About 848,000 apartments in [New York City](#) were covered by rent stabilization in 2008, the most recent figures available. Owners of those apartments may raise rents by an amount set by the city's [Rent Guidelines Board](#), often about 3 percent a year.

Pedro Espada Jr., the Senate majority leader and chairman of the Housing Committee, said he would not support the legislation as proposed.

Mr. Espada is trying to pass a bill that he said would freeze rents for 200,000 rent-regulated households but that critics say would allow landlords who wrongly removed apartments from rent stabilization to keep the units at market rates.

Vito J. Lopez, chairman of the Assembly's Housing Committee, did not return calls requesting comment.