

The Park West Tenant

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The Newsletter of the Park West Village Tenants' Association

www.PWVTA.org

February 2008

RENT OVERCHARGE REPORT

The Park West Village Rent Overcharge Report of December 17, 2007, a report done by Florence Wagener, here in its entirety, due to the interest and importance.

The Rent Stabilization Law (RSL) allows landlords to charge various increases to new tenants including: a vacancy increase (18% for one year leases; 20% for two year leases) and another smaller increase (6%) when the former rent stabilized tenant has lived in the apartment for eight years or more multiplied by the number of years that the tenant has occupied the apartment. When apartments are renovated, the law additionally allows the owner to pass along 1/40 of certain renovation costs. These are the legal allowances under the RSL.

Since 2000, in the three rental buildings of 784, 788 and 792 Columbus Avenue, inflated renovation costs have been passed on to new tenants. It is the pass-along of inflated renovation costs that has been challenged by tenants in these three buildings from the year 2000 to the present.

The owners have charged many new tenants rents above \$2,000 which removes the apartments from rent stabilization and leaves the tenants with fewer legal protections; one bedroom apartments rent for \$2,500 to \$2,800 and well over \$3,000 for two bedrooms. Other smaller units (studios) may remain below the \$2,000 ceiling but quickly reach the \$2,000 level due to rapid turnover, vacancy allowance loopholes in the RSL with no restrictions on how often the allowance can be charged, as well as pass-along of inflated renovation charges.

Tenants who remain covered under rent stabilization have been offered one year leases in violation of the RSL (if the apartment is rent stabilized, the tenant has a right to choose either a one year or two year lease.) Turnover throughout the three buildings occurs frequently, allowing the owners to rapidly increase the rents. Further, when tenants file complaints, they can only go back four years from the date of filing—many apartments are lost to rent stabilization because tenants do not file on time or new tenants do not file and the subsequent tenants may be penalized.

With the help of PWVTA volunteers, some tenants have obtained the rent histories for their apartments from

the New York State Division of Housing and Community Renewal (DHCR) which administers the RSL and have filed rent overcharge complaints to the DHCR based on inflated renovation costs. The first wave of overcharge complaints was filed in 2000. The current owners, Lawrence Gluck of Stellar Management and Joseph Chetrit of The Chetrit Group, purchased the Park West Village commercial and rental properties from the Helmsleys and took over management in March 2000. Rental overcharge of newly rented apartments soon followed.

In November 2000, the Park West Village Tenants' Association wrote to New York State Attorney General Spitzer noting a pattern of continuing overcharge. PWVTA requested that the AG's office investigate this pattern throughout the three buildings. Discussions were held and information continuously provided from 2001 to 2005 to the AG's office and to DHCR about the growing number of cases and the pattern of overcharge they demonstrated. Neither DHCR nor the AG's office chose to make an overall investigation, but in 2004, DHCR decided to consolidate 25 of the by-then approximately 60 cases that had been filed, demonstrating rent overcharges in apartments in the three buildings. The consolidated case was filed May 25, 2004 and was assigned Docket Number RB410001/3HI. Other cases filed with DHCR were handled as individual cases.

Twenty-two of the 25 cases consolidated by DHCR were represented by PWVTA. PWVTA's rent overcharge committee oversaw the negotiations. Vivian Dee, PWVTA

RENT OVERCHARGE REPORT

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VALENTINE'S PARTY & FUNDRAISER

Wednesday, February 13th 7:30 – 9:00 p.m.

Ryan Health Center Conference Room

- ♥ MEET & GREET YOUR NEIGHBORS WITH LOVE!
- ♥ LIGHT SUPPER – YOU'LL LOVE THE FOOD!
- ♥ DRINKS & DESSERT – LOVE CHOCOLATE CAKE?
- ♥ QUIZ WITH PRIZES – LOVE TO WIN?
- ♥ MUSIC – EVERYBODY LOVES MUSIC!
- ♥ WEAR RED! – WE LOVE YOU IN RED!

INFO: WWW.PWVTA.ORG

JOIN YOUR NEIGHBORS – RENEW NOW!

Did you make a New Year's Resolution to be among the first to join the PWVTA for 2008? Whether or not you did, *now is the time!* Everyone's support is needed to make your organization as effective as possible.

PLEASE SEND US THE COUPON ON REVERSE SIDE!

President during this period, Emily Margolis, Winifred Armstrong, aided by Florence Wagener, Albina De Meio and Dean Heitner made up the PWVTA team.

A number of tenants hired an independent licensed engineer to estimate the costs of the owner's improvements to their apartments. Based on his expertise, knowledge of materials and labor costs, the engineer showed that improvements claimed in the contractor's invoice had not been made and that the owner's charge for improvements was in most cases double or even triple the engineer's estimated cost. These engineers' reports were sent to DHCR as part of the tenants' answer to the owners' response to the rent overcharge complaints. These 22 cases which PWVTA hoped would establish a pattern of overcharge and lead to a thorough investigation by DHCR, were finalized in a settlement agreement with the landlord in June 2005.

The tenants agreed that the particulars of their individual settlements would not be made public and that fraud would not be charged. The following clause is contained in Paragraph 1 of the agreement, that "the bringing of such action or the settlement of this case or any of the individual overcharge cases detailed herein will not be used in any pending or future proceeding before DHCR or any other forum or otherwise as evidence of respondents' guilt as to any of the charges listed in the Notice of Hearing". A settlement was signed in June, 2005, and the DHCR Commissioner's order issued August 4th. Rents were rolled back in 24 apartments (1 tenant withdrew in a private settlement.) Sixteen of the 24 were returned to rent stabilization; the other 8 continued as rent stabilized but rents were reduced.

Approximately \$700,000 was restored to tenants in

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rent roll-backs and awarded damages. The owners paid \$10,000 to DHCR.

The owners continue to overcharge new tenants and the rental office in 2006 openly stated the rent for one bedroom apartments in 784, 788 and 792 started at \$2,100. Tenants also continue to file rent overcharge complaints. PWVTA does not represent these tenants but does provide technical assistance to those who request our help through the process. Based on information given to PWVTA from tenants who have filed rent overcharges, one bedroom apartments are renting for \$2,500-\$2,800. DHCR continues to investigate and rule on their cases. Tenants who have reported back to PWVTA have had their rents reduced. Tenants have also been awarded damages (in awarding damages, DHCR acknowledges that the actions of the owners were willful.)

PWVTA continues to press DHCR to investigate the pattern of overcharges in 784, 788 and 792 Columbus Avenue, but have been told that each tenant must file individually, a long and arduous process, in some cases taking years before tenants recover the money owed them. Either side can file a DHCR Petition for Administrative Review (PAR). Court proceeding in the form of an Article 78 action can also delay the process further. There is no question that tenants continue to be overcharged and that affordable housing is rapidly being lost in PWV.

Additionally some of the tenants paying above \$2,000 (market rate with limited legal protections) whose cases remain unresolved have been denied new leases and have had to hire attorneys for court proceedings in order to stay in their apartments until final decisions are made in Housing Court.

VISIT US: www.PWVTA.org

Produced by the PWVTA Communications Committee. Contributors: Francine Brewer, Lois Hoffmann, Emily Margolis, Miriamne Spector, Chuck Tice, and Florence Wagener. To help report, edit, compose, design, or distribute, call the PWVTA Hotline: 212-662-2610 or write: info@pwvta.org.



JOIN YOUR NEIGHBORS – RENEW NOW!

PLEASE RETURN THIS MEMBERSHIP / ASSOCIATE MEMBERSHIP COUPON

TO YOUR BUILDING REPRESENTATIVE OR MAIL TO:

Park West Village Tenants' Association
P.O. Box 20339, Park West Finance Station, New York, NY 10025-0339

Name: Building: Apt.: Phone:

Rent-stabilized tenant Market-rate tenant Renting from private owner Owner Email:

Check for 2008 membership dues enclosed, **payable to PWVTA.** \$40 Other: \$.....

Check for 2008 associate membership dues enclosed, **payable to PWVTA** \$35 . . .

Check includes additional contribution to Legal fund. Amount:

*If you cannot make full \$40 payment of your annual dues, please pay what you can.

Your membership card will be delivered to you.