

STABILIZING

NYC

The

Predatory

Equity

Story

**Tenant Perspectives
on Speculative Landlords,
Displacement, and
Fighting for Justice**

2017

ABOUT THE AUTHORS



Stabilizing NYC (SNYC) is a coalition comprised of fifteen grassroots neighborhood-based organizations, a citywide legal service provider and a citywide housing advocacy organization who have come together to combat tenant harassment and preserve affordable housing for the New Yorkers who need it most. The coalition combines legal, advocacy and organizing resources into a citywide network to help tenants take their predatory equity landlords to task for patchwork repairs, baseless eviction cases, and affirmative harassment.

URBAN
JUSTICE
CENTER



The Community Development Project at the Urban Justice Center (CDP) partnered with SNYC to conduct this research. CDP provides legal, participatory research and policy support to strengthen the work of grassroots and community-based groups in New York City to dismantle racial, economic and social oppression. CDP's Research and Policy Initiative partners with and provides strategic support to grassroots community organizations to build the power of their organizing and advocacy work. We utilize a "participatory action research" model in which low-income and excluded communities are central to the design and development of research and policy.

ACKNOWLEDGEMENTS

This report could have never happened without the thousands of tenants living under predatory equity landlords, who suffer from poor conditions and the threat of displacement yet still fight for the right to live with dignity in safe, clean, and decent apartments. Your time and energy was invaluable during this process, and your stories serve as an inspiration to thousands of tenants across New York City.

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CONTENTS

About This Project — 1

Providing Tenant's
Perspective on Predatory
Equity

Methodology — 5

Research Findings — 9

The Predatory
Equity Story

The Solution — 25

Stabilizing NYC Legislative
Proposals

Policy Recommendations — 27

STABILIZING NYC MEMBER ORGANIZATIONS WHO PARTICIPATED IN THIS RESEARCH:

- _ Asian Americans for Equality
- _ CAAAV: Organizing Asian Communities
- _ Catholic Migration Services
- _ Chhaya CDC
- _ Community Action for Safe Apartments (CASA) – New Settlement Apartments
- _ Community Development Project at the Urban Justice Center
- _ Cooper Square Committee
- _ Fifth Avenue Committee/Neighbors Helping Neighbors
- _ Flatbush Tenant Coalition
- _ Good Old Lower East Side
- _ Housing Conservation Coordinators
- _ IMPACCT Brooklyn
- _ Mothers on the Move
- _ Northwest Bronx Community and Clergy Coalition
- _ St. Nick's Alliance
- _ Urban Homesteading Assistance Board
- _ Woodside on the Move

ABOUT

THIS PROJECT

Providing Tenant's Perspective on Predatory Equity

Our work has shown that landlords across New York City engage in various harassment tactics to push rent stabilized tenants out of their homes and maximize the number of market rate units in buildings. Organizations within Stabilizing NYC (SNYC) have been working with tenant associations and thousands of tenants across the Bronx, Brooklyn, Manhattan and Queens in order to get repairs, combat rent manipulation, and fight evictions, with the understanding that all of these issues are manifestations of the underlying problem of predatory equity. We characterize predatory equity as speculative real estate transactions that threaten building conditions and housing affordability (a more extensive definition of predatory equity can be found on p. 3). In order to illustrate how predatory equity affects tenants on the ground, SNYC partnered with the Community Development Project (CDP) to conduct a participatory action research project to explore how predatory equity impacts the lives of tenants.

This report is based on ten focus groups, 877 surveys, secondary research on buildings, and a literature review. Overall, the data tells the story of predatory equity on the ground, where landlords are using various forms of harassment to push out long-term rent regulated tenants and to maximize the number of market rate tenants in buildings.

Our research shows:

- _ Predatory equity landlords are neglecting the repair needs of long-term tenants, allowing buildings to fall into disrepair and subjecting tenants to unsafe and unsanitary conditions. Many tenants have trouble getting repairs, and if landlords eventually do the repairs, they are poor quality. Very low income tenants are forced to pay out of pocket for repairs.
- _ Despite laws in place to protect rent stabilized tenants, predatory equity landlords are also manipulating rents in various ways to increase the rent burden on tenants.
- _ Harassment tactics, coupled with the stress of unstable housing and the dangers of substandard conditions, cause tenants physical, emotional and financial distress.
- _ Tenants combat the harassment by organizing with each other and with community organizations, even though landlords attempt to disrupt and intimidate organizing efforts.

Given the widespread tactics that predatory equity landlords use to push tenants out of rent stabilized housing, we argue that City Council should support and pass legislation that would protect tenants from harassment and force landlords to prioritize tenant safety.

Predatory Equity: The Root of the Issue

Over the past decade New York City's affordable housing market has been severely destabilized by predatory private equity companies. Before the 2008 market crash, these companies purchased a large number of rent-stabilized buildings at inflated prices, often utilizing mortgage loans to finance the deals.¹ For advocates and tenants, this was an extreme shift from the typical locally-based landlord to large corporations who approached the affordable housing stock as an investment opportunity. The opportunity for profit for these new corporate landlords was predicated on greatly increasing revenue for the building by increasing rents and/or decreasing maintenance.² This pattern of behavior was termed by advocates as "predatory equity," (PE) which can be described as speculative and risky financial investment in buildings, with the expectation of quick, tremendous profits at the expense of tenant quality of life and building conditions.

Many of these companies, such as Vantage, Ocelot, Pinnacle, and Dawney Day were unable to execute their financial plans, leading many of their buildings into foreclosure.³ These foreclosure proceedings took years to resolve, leaving rent-stabilized tenants to languish in limbo without repairs.⁴

The financial crash and foreclosure crisis caused a brief downward trend in the over-inflated housing market.⁵ However, rather than leading to long term stability, new private equity firms saw the downturn as a new opportunity and once again began speculating on buildings using the same logic that had only recently failed.⁶ This speculation coupled with the continuing impact of gentrification and ever-rising rents across New York City, has created a new bubble, where private equity backed owners are betting on the affordable housing in our neighborhoods.

The first step for these companies when they purchase an affordable building with the intention of greatly increasing the revenue is to aggressively push rent-stabilized tenants out, using a wide range of harass-

ment techniques, including frivolous lawsuits, failing to provide heat and other basic services, and manipulating or raising rent.⁷ While rent stabilization laws protect tenants from sharp rent increases and allow them a right to renew their leases, every time a rent stabilized tenant leaves their apartment, landlords are legally allowed to increase rents by at least 18%. Other loopholes in the laws allow landlords to raise rents by passing off the costs of repairs and renovations made to the apartment during its vacancy, making the legally allowed rent increases significantly higher.⁸

Formation of the SNYC Coalition and the SNYC Definition of Predatory Equity

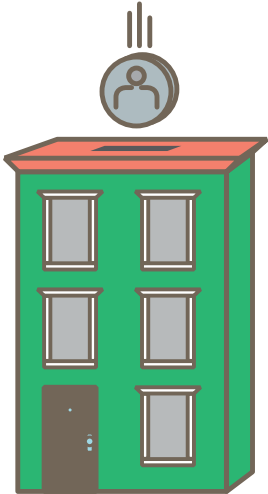
For years, community-based groups have been organizing low-income tenants in neighborhoods across New York City, fighting against unjust evictions, rent manipulation and other forms of tenant harassment (see p. 4 for legal definition of tenant harassment). Many of these groups have worked together in various coalitions to build power of tenants and improve conditions in rent-stabilized buildings.

Stabilizing NYC was formed in 2014 in order to organize against predatory equity's threat to affordable housing and to build on the collective experiences of New York City tenants. As the coalition began to work together, they came to understand that while the tactics of predatory equity landlords may look different in different neighborhoods, it was all part of the same overarching strategy to displace long-term rent-stabilized tenants. Since its inception, the coalition has come together to identify predatory equity landlords across the Bronx, Brooklyn, Manhattan and Queens and to organize tenants in these landlord's buildings to build power, prevent displacement and fight harassment through organizing and litigation strategies. Through research, outreach and organizing, the coalition identifies an annual list of "target landlords" who employ predatory equity tactics in buildings across different New York City neighborhoods. Members of the coalition concentrate their organizing efforts on these shared targets. By focusing work across New York City on a limited number of predatory equity landlords, SNYC hopes to protect tenants, increase tenant and public knowledge of predatory equity and identify larger scale strategies to fight back against this trend.

Buildings that meet the threshold of predatory equity must meet at least 1 of the 5 following factors:

- **High levels of turnover**

as tenants are pushed out of their homes in order to deregulate units and raise the rent



- **A high purchase price and/or debt-to-income ratio**

meaning that the building was purchased and/or financed for a higher price than what it is actually worth based on the current rental income

- **Poor physical conditions**

caused by neglecting building maintenance and/or shoddy repair work



- **Significant percentage of tenants complaining of harassment**

Includes but not limited to repeatedly being taken to housing court and repeated interruptions of basic services such as heat and hot water

- **Affordable housing becomes unaffordable**

as landlords tack on illegal fees and tenants experience a loss of rent stabilization



NYC Local Law 7 and the Legal Definition of Tenant Harassment

In 2008, New York City passed Local Law 7 in order to codify landlord harassment as a violation of the City's Housing Code.⁹ Surveys were designed to capture tenants' experiences with harassment based on the legal definition, and the term is cited throughout the report. Below is a **summary of New York City's legal definition of tenant harassment** (find the link to the full statute in endnote 9):

- _ Causing a tenant to vacate their unit or surrender their right to it;
- _ Using force, threatening to use force, or implying that force will be used against a tenant;
- _ Repeated interruptions or discontinuances of essential services, or an interruption or discontinuance of an essential service for an extended duration that makes the apartment uninhabitable;
- _ Commencing repeated baseless or frivolous court proceedings against tenants;
- _ Removing possessions from the apartment;
- _ Removing the door at the entrance to an occupied dwelling unit; removing, plugging or otherwise rendering the lock on such entrance door inoperable; or changing the lock on such entrance door without supplying a key to the new lock to the persons lawfully entitled to occupancy of such dwelling unit;
- _ Unlawfully contacting any person entitled to occupy the dwelling unit to offer money or other valuable consideration to induce such person to vacate such dwelling unit or to surrender or waive any rights in relation to such occupancy; or
- _ Other repeated acts or omissions of such significance that substantially interfere with or disturb the comfort, repose, peace or quiet of tenants and that cause or are intended to cause tenant displacement.

METHODOLOGY

In order to document the practices of predatory equity landlords and create a definition of predatory equity rooted in tenant experiences, SNYC partnered with the Community Development Project at the Urban Justice Center (CDP) to conduct a participatory action research project. We collected data about the experiences of rent-stabilized tenants living in buildings that are identified by the coalition as predatory equity through the following methods:

10 FOCUS GROUPS

The qualitative data in this report is based on 10 focus groups with a total of 62 participants. Focus groups were conducted from January to March of 2017 in the Bronx, Brooklyn, Queens and Manhattan by the Stabilizing NYC coalition. All of the focus group questions were developed by members of the Stabilizing NYC research team utilizing a participatory action research approach. Focus group guides were translated into Spanish, Chinese, and Bangla. Members of the coalition were trained to facilitate the focus groups, and four focus groups were conducted in Spanish, four in English, one in Bangla, and one in Chinese. Demographic data on focus group participants was collected through questionnaires that participants filled out at focus group meetings.

877 SURVEYS

Stabilizing NYC staff and members collected 877 surveys in the Bronx, Brooklyn, Queens and Manhattan. Surveys were collected in 158 buildings of 35 landlords that were defined by the coalition

as predatory equity. These buildings include landlords on Stabilizing NYC's 2016 target landlord list, and those landlords being considered for the 2017 target landlord list. Surveys were collected from March to May of 2017 through door-to-door outreach and at tenant association meetings. All of the survey questions were developed by members of the Stabilizing NYC research team utilizing a participatory action research approach. The survey aims to measure tenant harassment in PE buildings, using the legal definition of tenant harassment. Members of the coalition were also trained on administering the survey. Surveys were translated into Spanish, Bangla, and Chinese, and administered in all of those languages as well as English.

SECONDARY RESEARCH ON TARGET PREDATORY EQUITY BUILDINGS

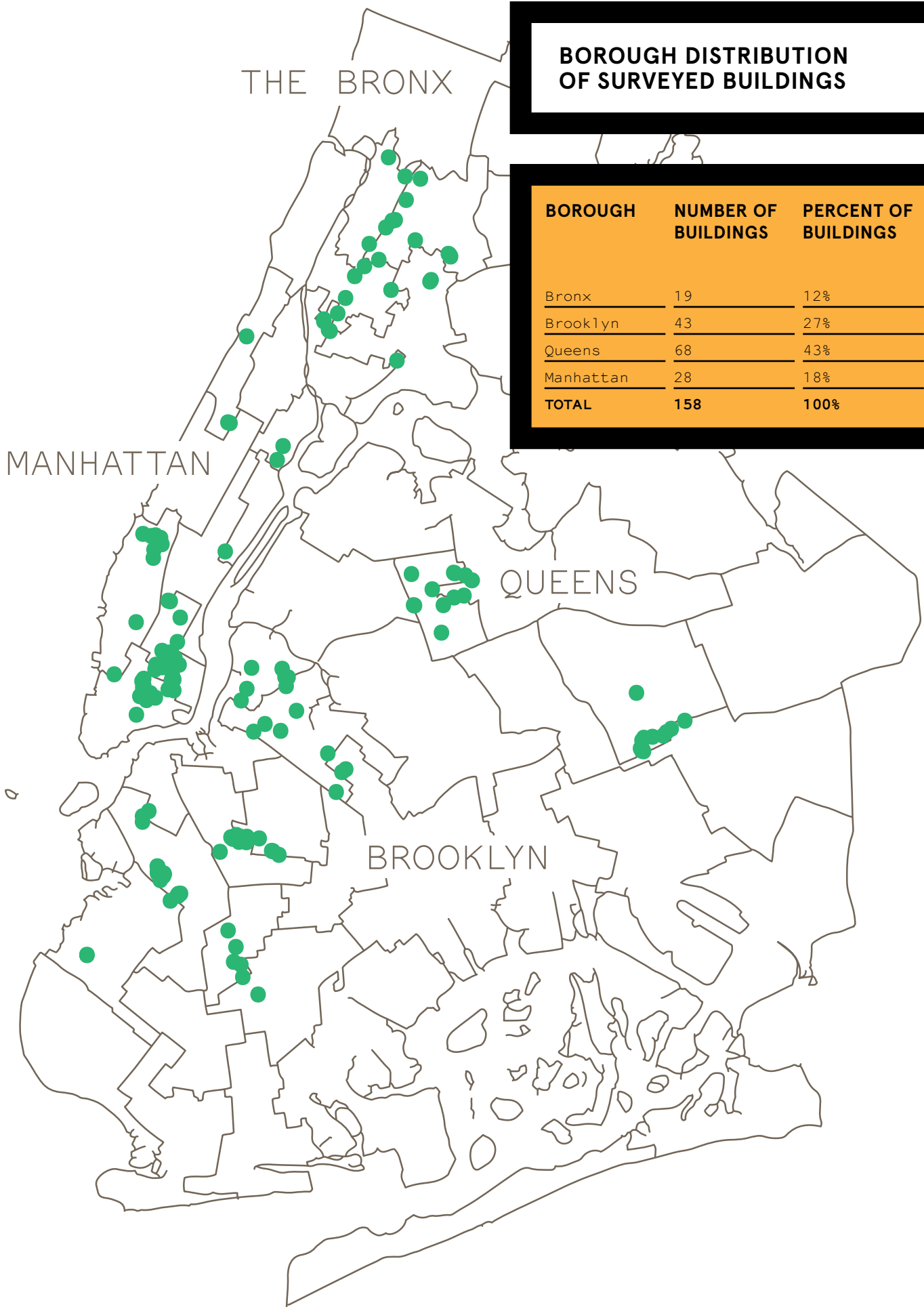
CDP researchers reviewed secondary data on 158 buildings surveyed. Data from the Department of Buildings (DOB), Housing and Preservation Department (HPD), and eCourts system was analyzed to document how many DOB, HPD, and active Housing Part (HP) cases were in each building.

LITERATURE/LEGAL REVIEW

CDP researchers reviewed previous studies and current housing policies to inform the primary research as well as the coalition's recommendations and policy platform on combatting predatory equity.

GEOGRAPHIC AND LANDLORD DISTRIBUTION OF SURVEYED PREDATORY EQUITY BUILDINGS

The coalition identified predatory equity buildings through the SNYC landlord watch list as well as discussions with tenant members and group tenant association meetings. Survey outreach was designed to collect surveys from buildings owned by each of the landlords identified. Brooklyn has the highest portion of surveyed buildings (43%) while the Bronx has the lowest portion (12%).¹⁰



BOROUGH DISTRIBUTION OF SURVEYED BUILDINGS

BOROUGH	NUMBER OF BUILDINGS	PERCENT OF BUILDINGS
Bronx	19	12%
Brooklyn	43	27%
Queens	68	43%
Manhattan	28	18%
TOTAL	158	100%

Predatory equity is impacting the most vulnerable residents of New York City.

57%

More than half of respondents **have lived in their current apartment for 11 or more years.**



The vast majority of respondents were **people of color** with over half identifying as **LATINO/A (51%)** and **22% AFRICAN AMERICAN** and **18% WHITE.**



44% of respondents report **SPANISH** as a language they are most comfortable speaking; **63%** speak **ENGLISH**; **3%** speak **CHINESE**; and **4%** speak **BANGLA.**

60%

Women make up the majority of respondents



About two-thirds of respondents **are receiving some type of safety net benefit.**

46%

Almost half of respondents **report an annual household income of \$24,999 or less.**

DISTRIBUTION OF SURVEYS ACROSS LANDLORDS

BOROUGHS	LANDLORDS	NUMBER OF SURVEYS	PERCENTAGE OF SURVEYS
Bronx	Ved Parkash	94	11%
	David David	73	8%
	Isaac Herskovitz	25	3%
Brooklyn	Silvershore	22	3%
	Slate Property Management	2	<1%
	BCB Property Management	14	2%
	Coltown Properties	10	1%
	Shamco Management Corp	20	2%
	Jonas Equities	18	2%
	Coney Realty	9	1%
	All Year Management	51	6%
	Buildings in Brooklyn and Manhattan	ICON	35
Madison Realty Capital/Silverstone Property Group		42	5%
Other		61	7%
Manhattan	RA Cohen	12	1%
	Brookhill Properties/Toledano	14	2%
	Croman	72	8%
	Citi-Urban	6	<1%
	Black Spruce	5	<1%
	Abacus Clinton LLC/Wilder Realty LLC	9	1%
	Sugarhill	3	<1%
	Queens	A&E Real Estate	75
BRG Management		39	4%
Zara Realty Holding Corp		166	19%
	TOTAL	877	100%

DEMOGRAPHICS OF RESEARCH SAMPLE

Focus Group
Data, N = 59

Survey Data,
N = 877*

Borough	Bronx	17%	22%
	Brooklyn	21%	26%
	Queens	24%	32%
	Manhattan	38%	20%
Rent regulated status	Rent Stabilized	85%	85%
	Rent Controlled	7%	4%
Length of Time in Current Apartment	I don't know	3%	10%
	0-5 Years	14%	27%
	6-10 Years	7%	16%
	11+ Years	79%	57%
Total Rent Amount	Less than \$700	10%	9%
	\$701 to \$1,100	36%	24%
	\$1,101 to \$1,500	24%	34%
	\$1,501 to \$1,700	14%	13%
	\$1,701 to \$2,000	5%	10%
	\$2,001 to \$2,500	3%	6%
	\$2,501 to \$2,700	2%	1%
	\$2,701 or more	2%	2%
Gender**	Female	68%	60%
	Male	32%	40%
	Transgender	0%	<1%
	Other gender identity	0%	<1%
Race/Ethnicity**	Latino/a	34%	51%
	Black	19%	22%
	Asian or Pacific Islander	16%	10%
	Native American	0%	1%
	White	23%	18%
	Other	8%	3%
Language**	English	61%	63%
	Spanish	26%	44%
	Chinese	12%	3%
	Haitian Creole	0%	2%
	Bangla	2%	4%
	Punjabi	0%	1%
	Urdu	0%	2%
	Other	0%	3%
Safety Net Benefits	Receiving Benefits	52%	56%
	Not receiving benefits	48%	44%
Yearly Household income	\$24,999 or less	53%	46%
	\$25,000 - \$49,999	29%	31%
	\$50,000 and up	18%	23%
Household size	Median household size	2	2

* Although the coalition collected 945 surveys, the surveys of 60 respondents who indicated that their apartments were not rent regulated were excluded from our analysis.

**These percentages add up to more than 100% because respondents selected all options that applied to them.

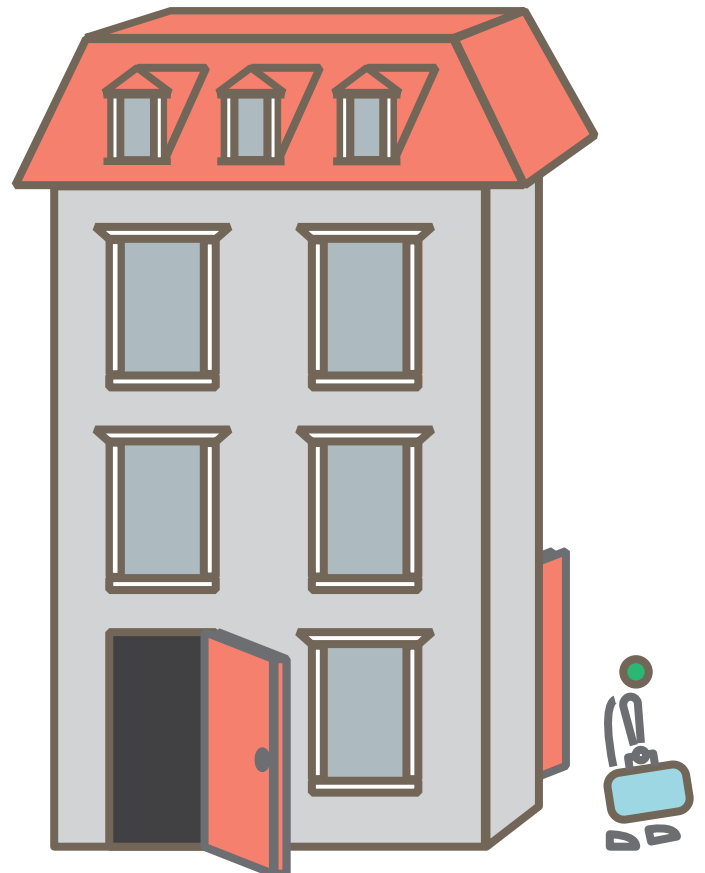
RESEARCH FINDINGS:

THE PREDATORY EQUITY STORY

This report is based on ten focus groups, 877 surveys, secondary research on buildings, and a literature review. Overall, the findings tell the story of predatory equity on the ground, where landlords are using various forms of harassment to push out long-term rent regulated tenants and to maximize the number of market rate tenants in buildings. Landlords are neglecting the repair needs of long-term tenants, and if they eventually do the repairs, they are poor quality, creating unsafe conditions for tenants. Landlords are also manipulating rents, while employing emotional harassment tactics to drive tenants away. Tenants combat the harassment by organizing with each other and with community organizations, even though landlords attempt to disrupt and intimidate organizing efforts.

Predatory equity landlords are pushing rent-stabilized tenants out of their homes to make way for market rate tenants.

For the past decade, landlords across the city have been purchasing overleveraged buildings, leaving them with inflated debt payments that cannot be covered by the revenue generated by current rental payments. As a result, these landlords use various tactics to push out rent-stabilized tenants in the hopes of gaining market rate tenants to whom they can charge higher rents. These tactics will be described in detail in the following sections of this report.



Focus group participants describe how their buildings have changed over the years, with newer landlords cutting services and pushing long-term residents out:

"I've been in my building since like '97, but [landlord] bought the building four years ago and the whole building was rent stabilized; there was...22 units and now there's **only nine of us left**, and they renovated all the apartments all at once, which as soon as [they] bought the building, we **didn't have any heat or hot water** for the first two winters, and as soon as they bought it the heat stopped." MANHATTAN FOCUS GROUP PARTICIPANT

"When I moved to my building it was magnificent, impeccable. But after the owner sold it to this company, it's been like **three or four companies** that have taken over the building; they show the beautiful apartments to rent; they give you the lease for one year, and after that it's no longer agreeable." QUEENS FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH

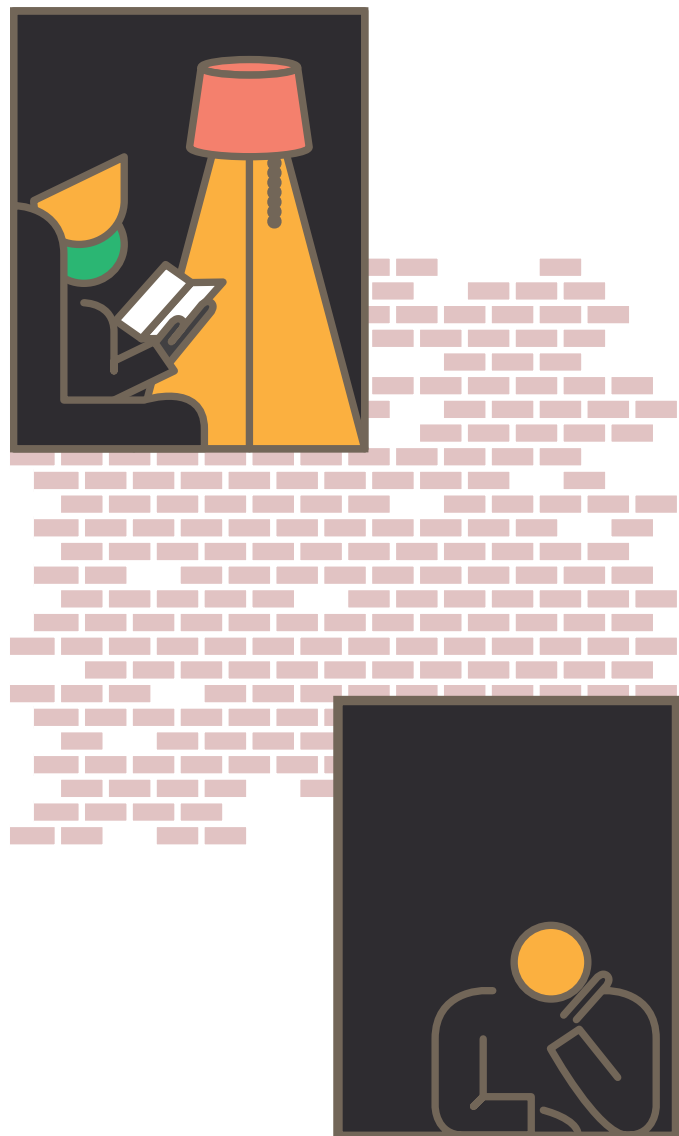
"It was a great building; we had great landlords; the person who owned the building died, and his son took over and then he started this chain of sales to **slumlord after slumlord**. The buildings haven't had heat, haven't had gas. The building is **almost empty** now. There's like **five of us left** in a twenty-unit apartment building; and it's kind of horrible because it feels so **barren and desolate.**"

MANHATTAN FOCUS GROUP PARTICIPANT

Predatory equity landlords engage in aggressive tactics in an attempt to displace tenants. These tactics are detailed in the findings below.

Our survey data show that almost 1 in 5 respondents report being verbally or otherwise harassed by their landlord, or by agents or employees of the landlord.

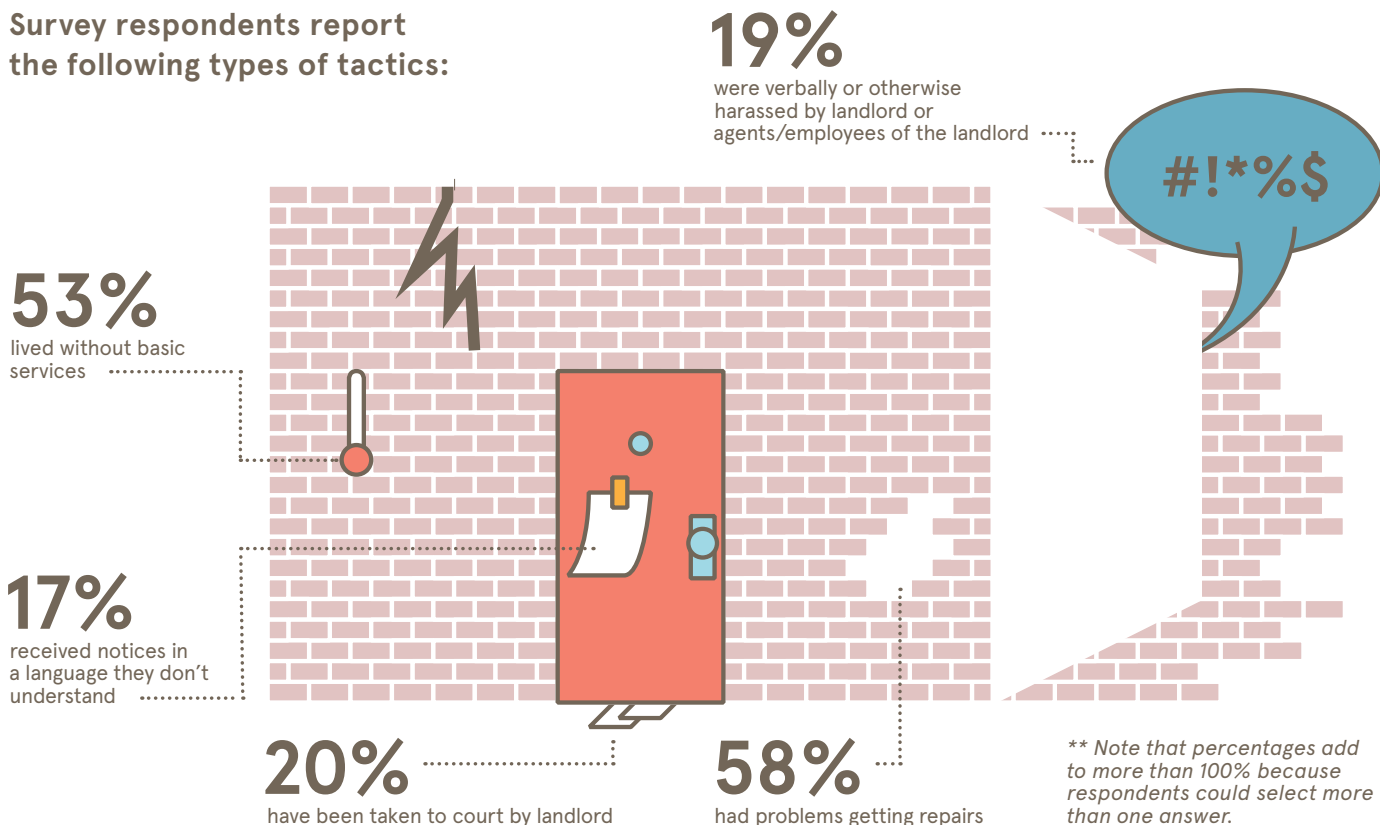
Legally, harassment includes repeated interruptions and discontinuances of essential services, repeated baseless or frivolous court proceedings, and other repeated acts that substantially interfere with the tenants' comfort or causes them to be displaced (see p. 7 for legal definition of harassment). Survey and focus group data show that landlords use a variety of such tactics to harass tenants. Over half of survey respondents (**58%**) report that they have had problems getting repairs, and the majority of these respondents are people of color (**62%**) and speak a language other



than English (60%). One-fifth (20%) of survey respondents report that they have been taken to court by their landlord and respondents of color are more than twice as likely (22%) to report being taken to court than White respondents (9%). A 2013 study by CDP and Community Action for Safe Apartments (CASA) found that housing court was confusing and difficult to navigate for most tenants and recommended that

the quality of language access for non-English speakers should improve. Over half of respondents (53%) report living without basic services such as gas, hot water, and heat, and many focus group participants reported such stories. Almost one-fifth (17%) of respondents report receiving notices in a language they do not understand, which hinders their ability to communicate with the landlord.

Survey respondents report the following types of tactics:



A focus group participant describes being threatened and harassed by their new landlord:

“It was a great building; Since [the new landlord] purchased the building, I can’t tell you how many times they have **brought me to court**. Even if I am as little as one week late to pay my rent bill, they post written notices on my door, **threatening** to evict me if I do not pay the rent within 5 days. They then begin to harass me, **constantly calling** me and **sending me written notices** demanding that I pay the rent. There have been major changes for tenants since [the new landlord] purchased the building; **I no longer sleep peacefully** because of all of this.”

Another participant describes how they were harassed by an agent of their landlord:

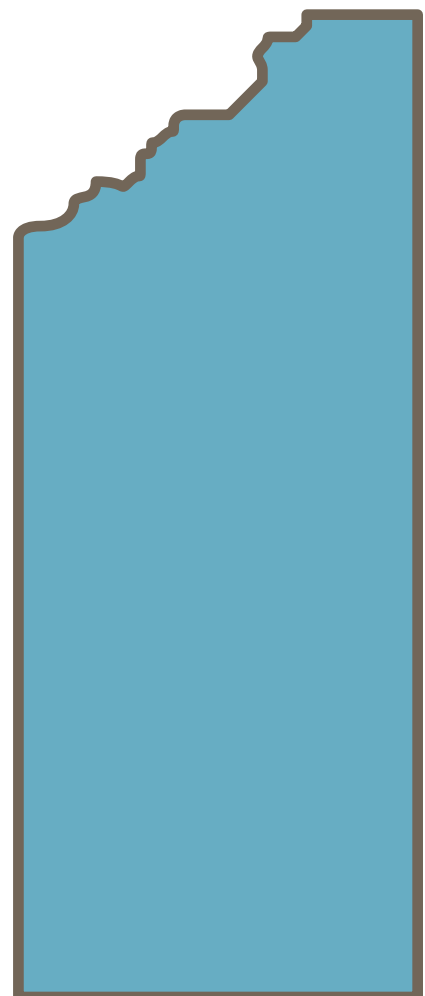
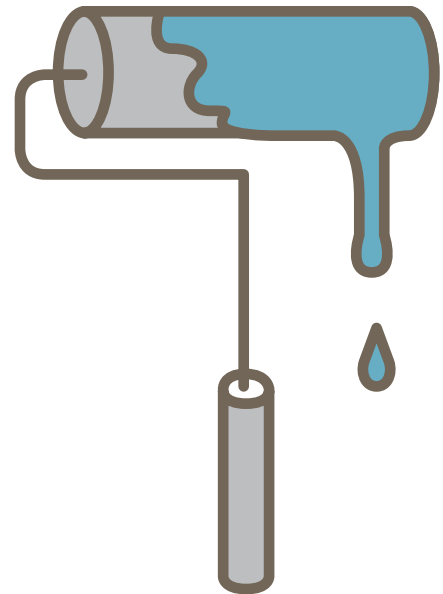
“As soon as they bought the building they started **kicking people out, arresting people**. There was this time where they had this guy...he put his foot in the door, he **walked into the apartment**. With the manager at the time, they just walked in. The guy started **asking for ID** from everybody. I thought he was a police officer.” MANHATTAN FOCUS GROUP PARTICIPANT

Another participant describes how they were denied repair services after forming a tenant association in their building:

“**Harassment?** Well if you wanna consider not getting any work done in your apartment because you’re forming a tenants’ association in your building [as] harassment then I guess maybe that might be considered harassment; cause I do feel in some way that that’s harassment to me because they **started painting my apartment** and then they didn’t finish and **I never saw them again**. This has been like two to three months and because I’ve been going around informing my neighbors that we’re having a tenants’ meeting in the building and I feel that could be a part of why **I’m not getting the adequate services that I deserve.**” BRONX FOCUS GROUP PARTICIPANT

Another participant describes how they were taken to court repeatedly by their new landlord:

“The new owner came and told us that **we had to leave**. We offered him rent and **they wouldn’t charge us**. Then, they took us to **court** many [times] and we told them that we were going to pay rent and they said no, because we had to leave... I think it was two years that we **didn’t pay rent**. Well, we, thank god, saved all that money. There were **three other families** that didn’t pay and they had to leave.” BROOKLYN FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH



At least 9 out of 10 landlords of target buildings have an active HP or harassment case against them

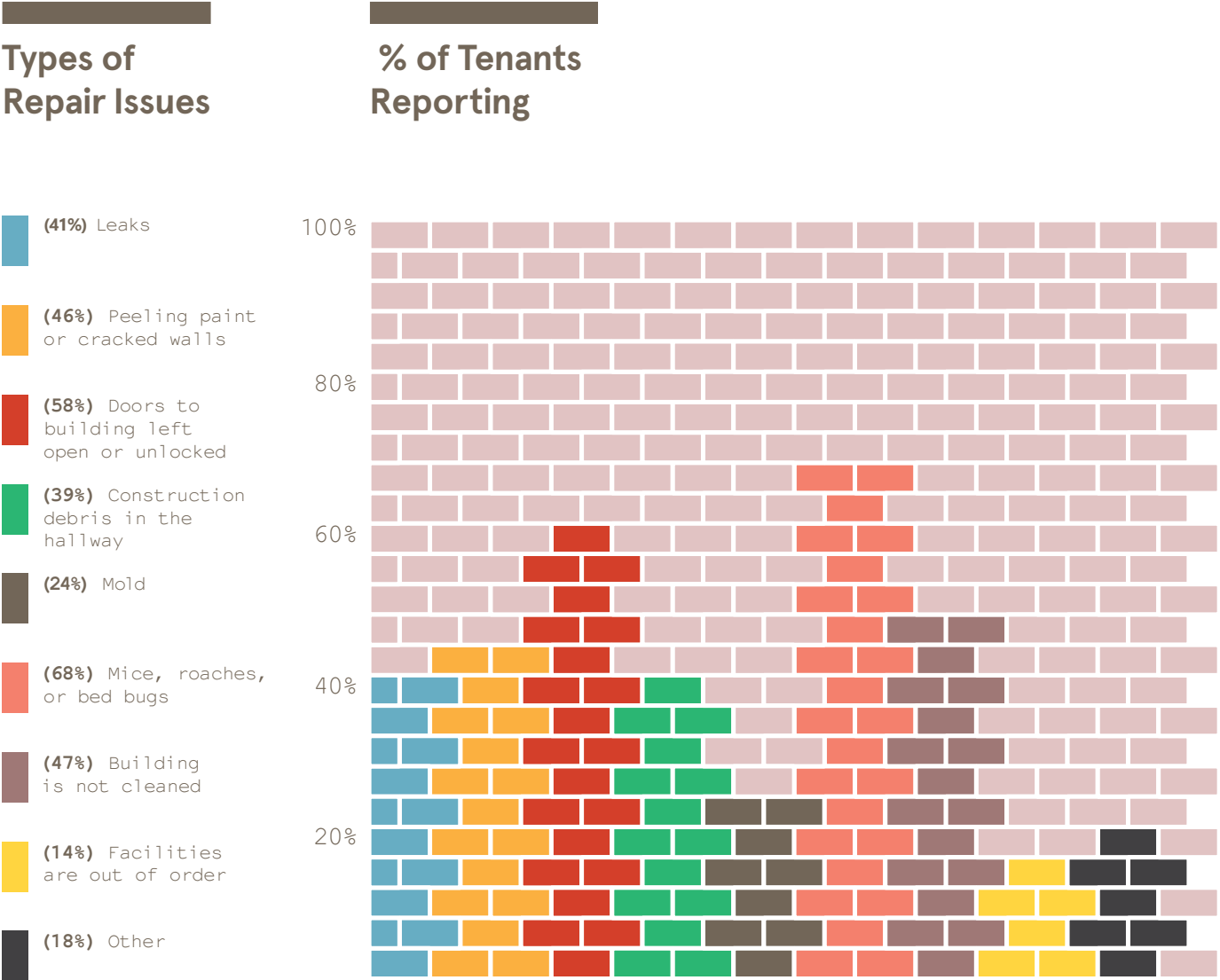
Stabilizing NYC member organizations and tenant associations have been working with attorneys at the Community Development Project to bring Housing Part (HP) and harassment cases against landlords of target buildings. Often the only way to compel landlords to do repairs is to seek relief through HP cases, which are proceedings against the landlord to force them to make repairs and correct building violations. The Department of Housing Preservation and Development (HPD) can also file HP cases against landlords. Harassment cases can be filed against landlords who try to force tenants to leave their apartment or surrender the rights to their apartment (the legal definition of harassment can be found on p. 4).

Cases listed in eCourts and cases being litigated by CDP were analyzed, documenting cases against any landlord associated with the surveyed buildings. Because resolved cases are removed from eCourts and many cases are not available online, this analysis shows the minimum number of cases against these landlords.

This analysis revealed that at least 89% of the surveyed buildings have a landlord who has an active HP or harassment case open against them.¹¹

Predatory equity landlords neglect their buildings, causing the building to fall into disrepair and tenants to experience unsafe and unsanitary conditions.

Focus group and survey data show that tenants are living in unsafe and unsanitary conditions. Tenants report leaks, construction debris, mold, and vermin, amongst other conditions. Almost half of respondents (**47%**) report that their building isn't cleaned, and **41%** report leaks. Over **two-thirds** report mice, roaches, and bed bugs in the building, while almost a quarter (**24%**) of respondents report mold, and **39%** report construction debris in the hallway, all of which are health hazards and are considered asthma triggers. **Over half** of respondents report that the doors to their building are left open or unlocked, which compromises tenant safety. As detailed above, this neglect of the building can be considered harassment.



A focus group participant describes their super refusing to take care of the rats in their apartment:

"I called the super and said, "Look, there are a **lot of rats** here. Look, they ate my fruit. Now, what are my kids going to eat? I can't be buying all the time." And he said to me, "No...but those are vegetarian rats." And, I showed him the photo and he said, "Like I said, it's pretty because it is vegetarian. Look at how the fur is." I told him, "Because of all the fruit it ate..." But imagine it... Me, in the morning...I went to give the fruit to my kids and **I didn't have confidence to let my kids grab a banana** because maybe a rat had chewed it." BROOKLYN FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH

Another participant describes the emotional toll of living in such unsafe conditions:

"What's scary is falling asleep at night because you don't know if the building is **going to blow up** because there's been **chronic gas leaks**. I'm always afraid of a fire, because we had a **horrendous fire** in 2003 in the next building – newly renovated apartments, that they used **substandard work**, some substandard workers, and it went on fire; and a young girl got burnt over 80% of her body. So, that's **scary**." MANHATTAN FOCUS GROUP PARTICIPANT

More than a third of the buildings surveyed have more violations than they do apartment units

In addition to our survey and focus group data, tenants have also been documenting their unsafe and unsanitary conditions by reporting to New York City's Department of Buildings (DOB) and the Department of Housing Preservation and Developments (HPD). Violations can range from minor leaks, chipping or peeling paint, public area doors not self-closing, inadequate lighting in public areas, and vermin to immediately hazardous conditions such as inadequate fire exits, rodents, lead-based paint, and lack of heat, hot water, electricity, or gas.

For each of the surveyed buildings, the number of violations were analyzed. Because there can be more than one violation for a single apartment unit, the data is represented as the ratio of the number of violations in each building to the total apartment units in the building.

Overall, out of the 158 target buildings, more than half (58%) had a number of violations equal to half the number of units in the building or higher, including **more than a third of buildings (39%) that had more violations than there are total units in the building.**

Predatory equity landlords neglect repair and safety issues in buildings, and repairs that they do supply are often substandard.

Predatory equity landlords and management companies also harass long-term tenants by neglecting neglect their repair needs, and if they do eventually do repairs, they are poor quality. While two-thirds (67%) of respondents report that their landlord has sent someone to complete repairs in their apartment, focus group and survey data both show that repairs happen slowly, and are often poor quality. In fact, 60% of those who had trouble getting repairs were not satisfied with the quality of the work, and two-thirds were not satisfied with the timing in which repairs were completed. Respondents whose primary language was not English are overrepresented (60%) among those who had trouble getting repairs, and respondents of color are less likely to be satisfied with the quality of repairs than White respondents. Often the only way to compel landlords to do repairs is to complain to the City through HPD or DOB. Tenants also seek relief through Housing Part (HP) cases, which are proceedings against the landlord to force them to make repairs and correct building violations.¹²

A focus group participant explains that renovations happen but don't actually address the repair needs of tenants:

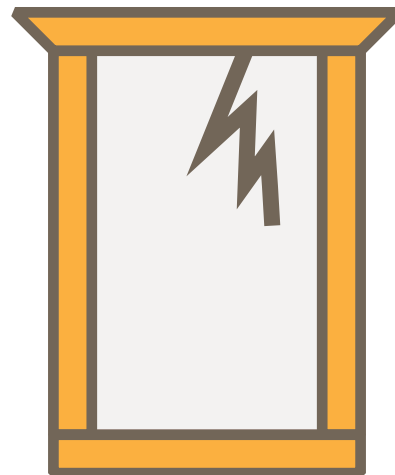
"The renovations they did didn't improve our lives. When the ceiling [dropped], nobody came to take care of it. They say they did renovations. For us, the building is worse and worse. One thing is that they say they did renovations but we can't really see any improvement. The other is that they don't take care of things in our daily life, such as clogging, leaking and not enough heat. They did nothing. Now they want to add rent."

MANHATTAN FOCUS GROUP PARTICIPANT,
TRANSLATED FROM CHINESE

Participants describe the poor quality of the repair work they have received:

"[Repairs are] usually not done well. There's usually a mess left behind afterwards...We had leaking in the bathroom from upstairs. We had an open ceiling for a week and then, you know, they need to...retiling the bathroom but [they] just...chip away...the broken tiles and patch over it and...leave the rest of it the way that it was before. So everything's just sort of...half-done, cheaply done fast as possible, leave a mess." BROOKLYN FOCUS GROUP PARTICIPANT

"In my apartment, they have fixed the bathroom, which always has a leak, four times. One of the workers actually told me: "This leak will continue if it is not fixed properly, because it is not coming from above, it is coming from under the bathtub." The building has ten floors and the things that get done there, we do them ourselves. If we need a new floor, we put it in. Anything like the electricity or the water, we fix it, because if we call them, they never respond" QUEENS FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH



58%
of respondents
have had problems
getting repairs



Another participant describes the health hazards caused by poor quality and unprofessional repair work:

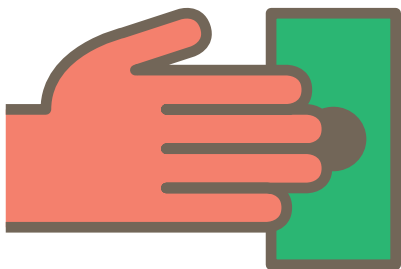
“They found a lot of lead in my apartment. For a long time, I wasn’t aware that a licensed professional was necessary to clean up lead, and I have a three year old. The workers who came to address this issue worked on it for about one month, and we stayed in the apartment while they were working on it, **breathing in the dust from the repair**. We weren’t even able to cook for a period of time during this repair. They did not end up doing a good job, but stated that they had done exactly what the company/ owner had arranged for them to do.” QUEENS FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH

Another participant illustrates how the quality of repairs is so bad, they have to resort to doing their own repair work:

“I don’t call anymore... I just live with. Because I know the minute I get involved with them, nothing good comes as a result. They either send their people that do really bad work, almost damage... So, I **patch things up with masking tape**. I don’t call, I am **terrified** of ever contacting them. There was something leaking in the basement, so they got to my apartment. I had a toilet that broke in three pieces and I had to patch [it up], because I am terrified. I’d rather have no toilet than call them. Nothing good comes from it.” MANHATTAN FOCUS GROUP PARTICIPANT

The landlord or management company also tries to push out rent-regulated tenants by manipulating rent or offering other financial incentives.

Despite rent stabilization laws established by New York City to protect tenants, landlords try to manipulate and raise rents in various ways in order to make rent unaffordable.¹³ Landlords are illegally raising rents, adding non-rent fees to monthly rent bills, tacking on Major Capital Improvements (see definition of Major Capital Improvements on p. 19), and offering preferential rents. These tactics are used to confuse and intimidate tenants, particularly in buildings where tenants have limited English proficiency and may be less likely to question these practices.



PREDATORY EQUITY LANDLORDS TRY TO PUSH LONG TERM TENANTS OUT BY RAISING RENTS.

Rent increases in rent-stabilized units are regulated by the Rent Guidelines Board, which is appointed by the Mayor.¹⁴ This board has implemented a rent freeze for rent-stabilized tenants for the past two years. Despite this, more than half of survey respondents have had their rent increase in the past two years. Over a quarter of respondents (27%) report being confused about how much rent they are supposed to pay.

Focus group participants describe how rents are raised and become unaffordable:

“They often raised the rent to kick you out of there. Oftentimes there is **no heat**. They don’t help repair. They make it hard to live there. Many of these are just ways to kick you out of there. They just want to **turn these housing into high-rent housing**.” MANHATTAN FOCUS GROUP PARTICIPANT, TRANSLATED FROM CHINESE

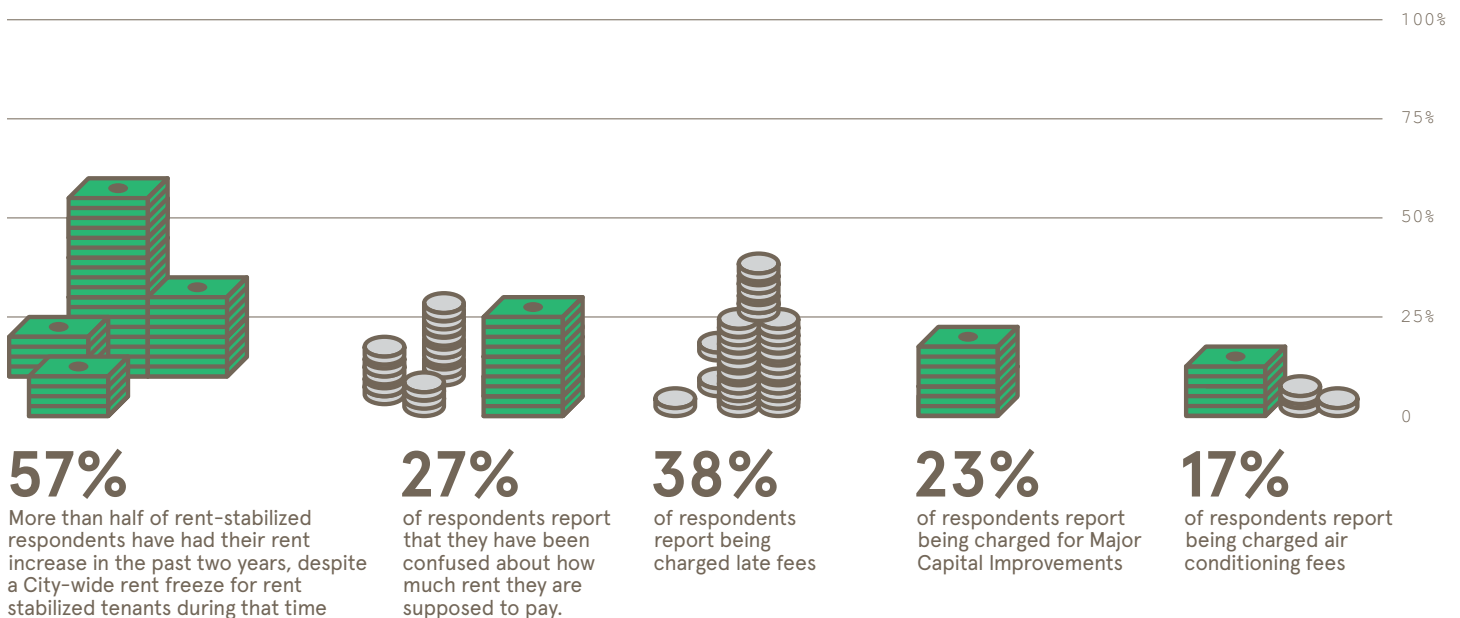
“We’ve discussed that if the rent continues to increase like this, we **won’t be able to live here anymore**.” QUEENS FOCUS GROUP PARTICIPANT, TRANSLATED FROM BANGLA

“The rent in our building is already the most expensive. **They still ask to raise**. I don’t know how is this going to work.” MANHATTAN FOCUS GROUP PARTICIPANT, TRANSLATED FROM CHINESE

PREDATORY EQUITY LANDLORDS TRY TO PUSH TENANTS OUT BY ADDING NON-RENT FEES TO MONTHLY RENT BILLS.

A study by the Fees are Fraud Coalition and CDP in 2015 found that non-rent fees such as air conditioning fees, MCIs, and late fees were pervasive throughout the city, and that tenants were often confused about whether they were actually supposed to pay these fees.¹⁵ These fees significantly increased the rent burden for these tenants. The findings in our study show that non-rent fees continue to be an issue for tenants, as 38% of respondents report being charged late fees, almost a quarter report being charged for Major Capital Improvements and almost one-fifth report being charged for installing air conditioners.

Our survey finds the following rent manipulation and rent fees:



Focus group participants describe the non-rent fees their landlords tacks onto their rent:

“Actually, in my building, my landlord... uses a trick. You send your rent the first or the second [of the month] and he knows that after the 15th they charge you late charges. So, what he does is, you send him the rent, and **he holds it**; he doesn’t cash the check, he doesn’t do anything, until after the past due, and then he just **tacks on the late fees**. And when you go to **court** with him, the judge says “Ok, take these charges off.” And his attorney says, “Ok, don’t worry, we’ll take it out.” You leave, and then you get the same thing the next month; over and over again.” QUEENS FOCUS GROUP PARTICIPANT

"I think it was last year that I did get a rent bill and it looked extremely high to me and I looked at it in detail and I realized there was a **\$200 charge on top of a late fee** and I inquired about it and when I finally got a hold of the landlord's office, what took me several...tries to get a hold of them, like several weeks... to find out why did my bill increase so much. Then, they told me it was because they put in the AC brackets and installed the AC for me and that's why... So, I did further investigation and I found out that I did not have to pay that \$200 because it's **the landlord's responsibility** to make sure that the AC is in securely and they took that \$200 off of my rent bill" MANHATTAN FOCUS GROUP PARTICIPANT

LANDLORDS ALSO TACK ON "MAJOR CAPITAL IMPROVEMENTS" OR "MCIS" TO FURTHER INCREASE THE RENT.

Landlords often use **Major Capital Improvements (MCIs)** in order to increase rents. MCIs are permanent rent increases that landlords can tack on when they spend money on building-wide improvements. The cost of new windows, boilers, roofs, and other such projects can be passed off to tenants as a result.¹⁶ Landlords abuse the MCI system because despite being prohibited from imposing annual MCI increases that exceed 6% of a tenant's rent, they still tack on charges because enforcement of this rule depends on tenants reporting the violation.¹⁷ Tenants are often unaware of their rights regarding MCI increase or they are afraid to challenge the landlord. **Nearly a quarter of survey respondents (23%) report being charged for MCIs.**

This focus group participant explains how MCIs aren't improving the quality of life for tenants but tenants still have to pay the costs:

"The landlord is **raising rent for renovations** of things that have nothing to do with our daily life. **It's endless...** For us, the clogging is still there. The heat is still not enough. The ceiling is **still leaking**. Now he wants to raise the rent. It doesn't raise our living standard at all." MANHATTAN FOCUS GROUP PARTICIPANT, TRANSLATED FROM CHINESE

"It seems like every time every time [the landlord] needs an increase in rent, he uses a little trick "Oh, **MCI [major capital improvement], legal rental increase.**" So that's one way he is jack-ing up our rents legally, you see. and as long as people don't get involved, nobody wants to fight MCI, guess what, the MCI goes in. QUEENS FOCUS GROUP PARTICIPANT

PREDATORY EQUITY LANDLORDS ALSO OFFER "PREFERENTIAL RENTS" AND THEN SUDDENLY REVOKE IT, EXPOSING TENANTS TO STEEP RENT INCREASES.

While rent-stabilized apartments have a maximum legal rent that landlords can charge, landlords often offer renters a lower amount of rent to pay, which is referred to as a preferential rent. Preferential rents work in various ways, but often, preferential rents can be revoked when leases are renewed, exposing tenants to the shock of the much higher legal rent, exerting pressure for them to move.¹⁸ **About one-fifth of respondents (21%) report that they are paying a preferential rent.**

Focus group participants describe the experience of having their preferential rent taken away:

"I had what is called preferential rent, and they raised it \$1000, in just one shot. And I tried to go to court and I tried to get help through the HCR and different places and I was told "No, you can't do anything because it's the landlord, **he can do whatever he wants.**" ...How do you pay \$1000 extra, I don't know where. And if it wasn't because we managed to get the money and everything, we would have been out of the apartment." MANHATTAN FOCUS GROUP PARTICIPANT

"In my building, what has changed is economic. They want to get the old tenants out to repair the apartments and raise the rent. That is what I have seen in the building where I live. And it is in an extraordinary manner. Now I pay \$2,200. And before, I had preferential rent. And suddenly, he sent a letter - he said, "You lost ... you have no preference," and they raise your rent as they wish." - BROOKLYN FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH

LANDLORDS ALSO OFFER BUYOUTS TO RENT STABILIZED TENANTS AND PUT UNDUE PRESSURE ON THEM TO ACCEPT THE OFFER.

Landlords utilize buyouts as a method to drive rent stabilized tenants out of their apartments. Often these offers are accompanied with threats and harassment, such as excessive calls and text messages from the landlord, in order to pressure the tenant to take the buyout deal.¹⁹ Once the apartment is vacated, landlords renovate the unit and increase the rent exorbitantly in efforts to deregulate the unit. Focus group participants talk about the pressures of this type of harassment and the potential implications of taking on such a deal.

Focus group participants report that buyouts are often used to compel low-income tenants to leave their apartments:

"The old owner came one day and told us that we had to leave. He offered us money and put out his checkbook. He asked me if I wanted cash or if I wanted a bank card. Whatever I wanted, he was going to give it to me so we would leave the building. So then, I told him, "No. My kids were born here. I don't want to go. I like this area. I like my apartment."...So then, time passed and then they called and said, "You know what - you have to move from the apartment. **You have to find a new apartment. You only have one month.**" So then, I couldn't...I didn't want

to answer the phone because I knew it was him. Sometimes he called me from a **number I didn't know**. Sometimes he called me from private numbers to get me to answer. He **came to the house and knocked really loud**. And then my daughter... she said, "[The owner] is coming. **[The owner] scares me**. Mami, don't open the door, don't open it." BROOKLYN FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH

Another participant discusses why they would not take the buyout offer despite living in substandard conditions:

We suffered...there wasn't any heating. My kids were born there...the owners came and **offered us money to leave**...I always wanted to stay there, for my kids. BROOKLYN FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH

Another participant explains that buyouts wouldn't help as they had no place else to live:

"They used to say if you move out they can give you some money. I had nowhere to go. The money won't help." MANHATTAN FOCUS GROUP PARTICIPANT, TRANSLATED FROM CHINESE



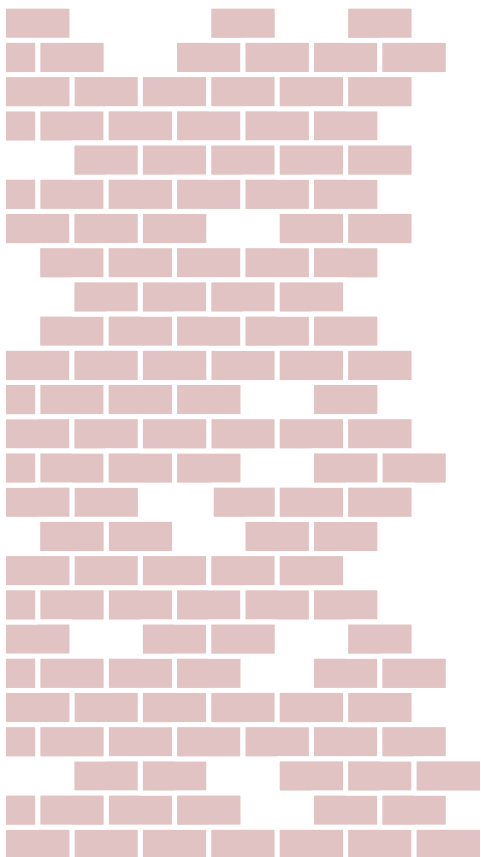
The landlord or management company also attempts to disrupt and intimidate organizing efforts by tenants.

Focus group participants report that landlords and, often their employees, attempt to disrupt tenant organizing efforts. 41% of survey respondents report feeling unsafe because they participated in their building’s tenant association, participated in a legal action against their landlord, reported a problem with their landlord, or some other reason.

Focus group participants describe how supers, acting as agents of the landlord, attempt to disrupt the tenant association meetings in their buildings:

“During one of our meetings, we thought we weren’t being watched/filmed, but apparently, they had put in a video camera at the site of our meeting. In the middle of our meeting, our super came out like a crazy person and yelled “What are you doing?” We responded, “None of your business!” He then put flyers up everywhere announcing that he would be arranging a meeting in the location and during the time we had agreed to meet. So we ended up cancelling our meeting.” QUEENS FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH

“[The super] shows up at the meeting and walks around and shouts at people and takes down the pamphlets that are put up on the walls. And then I tell him that I have rights, that we have rights to organize and have the meeting and he starts saying that he’ll take it away...he wants to interrupt it and disrupt the peace when we are all in the meeting. People get nervous and sometimes they leave early, because they are afraid of him, because he interrupts the order. That’s what he does to us.” BRONX FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH



41%

report that they have felt unsafe because they participated in their building’s tenant association, participated in a legal action against their landlord, reported a problem with their landlord, or some other reason.



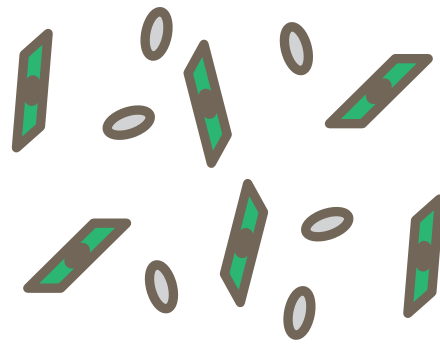
Tenants must make tradeoffs and pay money out of pocket in order to survive and stay in their homes.

Focus group and survey data show that tenants are spending money out of their own pockets in order to stay in their apartments. Although landlords are legally obligated to provide and pay for repair work, over a third of respondents have paid for repairs out of their own pockets. Landlords also take tenants to court, where they may have to cover attorney and court fees. Focus group participants report that while rent is more affordable, there are many “hidden costs” to living in rent stabilized housing: court fees, cutting off of services, and many other inconveniences.

Focus group participants describe the “hidden costs” of being rent stabilized:

“The hidden costs of being a rent stabilized tenant that people don’t seem to factor in, you’ve got reasonable rent, but then you have to factor in the inconveniences, the money you need to spend on extra heating, the court costs, constant disruptions and lost work, all of this is very expensive, but the problem is and I realize this after the fact, it would have been much better for me to get out in the beginning and pay a lot more for rent... at this point in time there’s nowhere to go.” MANHATTAN FOCUS GROUP PARTICIPANT

“My rent is a little over \$1,200 and with those increases, I’ve had to make some great adjustments in my life, such as cut back a little bit on food...I can’t afford to buy clothes like I normally would in order to try to look for a job, to go on job interviews where you need...up to date clothes. I can’t afford to do that... I have to cut back on a lot of things just to keep a roof over my head. Rent has gotten very, very high and I am not seeing why I’m paying this amount of money. Where is that money going? Why are my conditions so poor?.” BRONX FOCUS GROUP PARTICIPANT



37%

of respondents have spent money out of their own pocket to complete repairs in their apartment.

Predatory equity takes a substantial emotional toll on tenants.

Focus group findings show that the emotional toll of predatory equity on tenants and their families can leave them feeling powerless and in a state of emotional and physical distress. Participants report depression, fear, as well as physical and mental health impacts as communities are ripped apart.

A focus group participant describes that living in this way and trying to communicate with the landlord is extremely stressful:

“Well, I am sick as well, so this is very stressful for me. They want us to understand and comply with exactly what they are telling us, but they refuse to listen to us! It doesn’t make a difference how much you try to express your concerns to them...they treat you like you are nothing, and like they can take advantage of you. The individuals who work at the [landlord’s] office are so disrespectful, and ultimately, the landlords will believe their own employees over us, the tenants. It is very, very stressful.” QUEENS FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH

Another participant describes how the landlord's harassment tactics affected their family's emotional health:

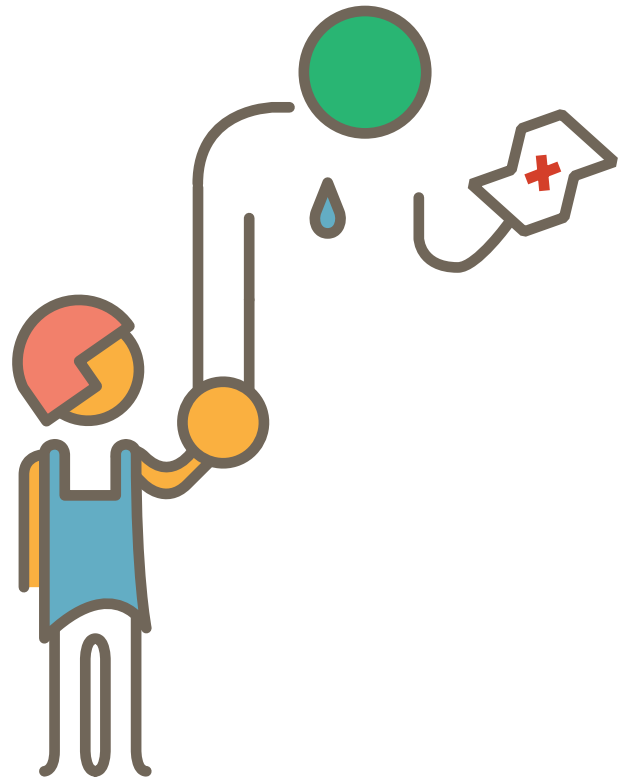
"The owner sent me an eviction notice to leave the apartment. For my daughter, it put her in a depression, because she thought we were going to a shelter. And yes, it affected me emotionally. Not just me, but my kids were suffering, they were depressed. It affected me...my emotions and my health. They called me, like she said, but from a private telephone and I answered and they said, "You have to go," that I had to go... that the police were coming." BROOKLYN FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH

Another participant describes how having limited English language abilities and being harassed makes them feel powerless against institutions that back the landlord:

"Harassment is something terrible. You feel so powerless to fight against something so powerful that you get filled with rage. Or also, that you don't know the language well and you see how the authorities form alliances with the owners and turn their backs on the community. That's how I see it – that they give priority to them, they are not right, and they throw you to the floor..." BROOKLYN FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH

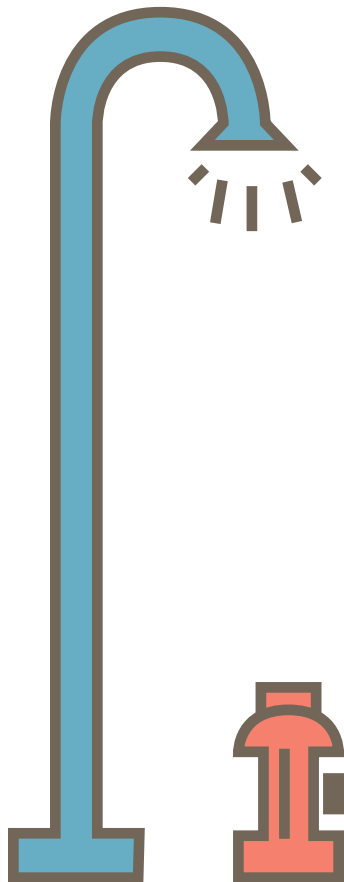
Another participant describes feeling degraded:

"It's the microaggressions that they're doing, it's the little things, like little bits of papercuts. It's like that death by a thousand cuts where you don't feel welcome, you don't feel that they value you as a tenant, even if you pay your rent on time, you're not creating a fuss..." BROOKLYN FOCUS GROUP PARTICIPANT



However, organizing with others allows tenants to make real changes to their building and quality of life.

Over half of respondents (60%) report that they are members of their building's tenant association. Focus group participants also describe how being in a tenant association and working with community organizations helps them fight for better conditions in their buildings.



Our survey finds that:



60%
of respondents
report that they are
members of their
building's tenant
association

A focus group
participant
describes how
attending tenant
association
helps combat
feelings of fear:

“There were times when I wanted to **cry**, because there were times when I **didn't even want to go out** onto the street because sometimes he [the super] was there walking. I said, if he finds me out there, he'll **grab me** and do something. So... I was afraid to go outside. But, like I said, **I got strong**. I got to know the association and now I feel like I have that strength, **I don't feel powerless** anymore. I feel strong because, thank God, I have someone who helps us, who **supports us**, because they make us strong.”

BROOKLYN FOCUS GROUP PARTICIPANT,
TRANSLATED FROM SPANISH

Another participant describes how they stood their ground to organize when the super tried to interfere during a tenant association meeting:

“I remember once, we organized and the super tried to interfere, telling us that we couldn't organize in the building and we couldn't have a meeting in the building...So, I actually had to step into his face and tell him, “...In the US we have the right to organize, it is our right and we are going to organize and if you don't let us organize and speak amongst ourselves here, this is what we're going to do: we're going to organize against you, and guess what, you're not going to have a job. Your manager is not going to back you up if all of us say, we don't want you here. There's nothing you can do about that...” BROOKLYN FOCUS GROUP PARTICIPANT, TRANSLATED FROM SPANISH

Another participant describes the positive impact that working and organizing with a community based organization has improved conditions in their building:

“[Organizer from community organization] came to my building and asked, “Who is the leader here that wants this building to start working and do things as they should be done?” “That's me, I'm the leader,” I said. And when this man arrived, I thought, here is my guardian angel, let's get to work! And we began the work, brother. Then you saw how they began fixing everything...and I just laughed inside because I have always said, when you do things by the law, and you are firmly stepping on the grounds of what is just, you need to fight.” BRONX FOCUS GROUP PARTICIPANT

THE SOLUTION: STABILIZING NYC LEGISLATIVE PROPOSALS

Our research has shown that predatory landlords across the city attempt to push out rent stabilized tenants by employing a variety of harassment tactics, raising rent burdens, offering buyouts, and suppressing organizing. Their goal is to displace these tenants, destabilize apartment units, and maximize the number of market rate units.

In order to address these findings, Stabilizing NYC has been working with the Coalition Against Predatory Equity (CAPE), a group of elected officials, to draft legislation that would increase scrutiny on predatory equity landlords, as well as lenders who finance predatory equity purchases. City Council should support and pass the following bills, and continue to fund Stabilizing NYC's work towards ending predatory equity and protecting tenants.



City Council should support and pass Intro 1210 — OWNER WATCH LISTS.

This bill would require the Department of Housing Preservation & Development (HPD) to create a watch list on their website for owners of multiple dwelling buildings (6 or more units) who are engaged in predatory equity practices. Owners would be categorized on "Moderate risk" or "High Risk" lists based on several factors:

- _ Capitalization Rate (CAP Rate);²⁰
- _ Number of open HPD/DOB violations per dwelling unit in the building;
- _ Number of open orders to correct underlying conditions;²¹
- _ Number of actions for harassment commenced (in housing court, Division of Homes and Community Renewal or other tribunal) within the past five years which have not been dismissed as frivolous;
- _ Number of times the building has been "flipped" in the past five years.²²

HPD would maintain the watch list by tracking capitalization rates of rent stabilized buildings sold quarterly. Additionally, HPD would establish a mechanism for members of the public to submit buildings they believe should be put on the watch list for HPD to review per the above factors. They would also establish procedures for removing landlords who no longer belong on the watch list, as well as for landlords applying to be taken off the watch list.

2

City Council should support and pass Intro 1212 — **LENDER WATCH LIST.**

This bill would require the Department of Housing Preservation & Development (HPD) to create and maintain a watch list on their website of lenders who provide financial support to owners engaged in predatory equity practices. The criteria for the watch list would be determined by a task force appointed by the Mayor that would include tenant advocates, lending institutions and public members. This task force would meet and hold annual hearings, then present their findings to HPD to create and implement the watch list. The lender watch list would contain information about which landlords and buildings the lender was financing, and this information would be shared with federal and state agencies overseeing banking rules and regulations.

3

City Council should support and pass Intro 1211 — **CONSPIRACY TO HARASS.**

This bill would create a rebuttable presumption (believed to be true until proven otherwise) regarding tenant harassment for certain buildings that meet the CAP Rate threshold defined in Intro 1210. The following allegations will be believed to be true and used to cause a tenant to vacate their apartment unless the landlord can prove otherwise:

- _ Use of force and/or making threats that force will be used against a tenant;
- _ Repeated and/or extended disruptions of essential services;
- _ Repeated (usually three or more) frivolous court proceedings against a tenant;
- _ Removal of a tenant's personal belongings from the apartment;
- _ Removal of the door to the tenant's apartment;
- _ The landlord unlawfully "offered" the tenant a buyout.



POLICY

RECOMMENDATIONS

In addition to the above legislative proposals, previous reports by New York City housing organizations and coalitions, many of which are members of SNYC, have put forward various recommendations to combat tenant harassment and prevent displacement of rent stabilized tenants. The following recommendations have been compiled from **The Burden of Fees** (2013), **Tipping the Scales** (2013), **NYC Tenants Call for the Prohibition of all Non-Rent Fees** (2015), **Stand for Tenant Safety** (2015), **Bronx Coalition for a Community Vision Policy Platform** (2015), and **Resisting Displacement in the Southwest Bronx** (2017). The full reports can be found on the Community Development Project at the Urban Justice Center website. Several organizations within SNYC coalition are also part of the Real Rent Reform Coalition and the Alliance for Tenant Power; we have included some recommendations from the joint legislative platform of these coalitions.²³ SNYC also recently came out in support of Attorney General Eric Schneiderman’s Tenant Protection Act of 2017, and this is also included as a recommendation.²⁴

RECOMMENDATIONS KEY

More details of each recommendation can be found in the full reports they came from:

PREVIOUS HOUSING REPORTS AND POLICY PLATFORMS

PREVIOUS HOUSING REPORTS AND POLICY PLATFORMS	CODE
<u>The Burden of Fees: How Affordable Housing is Made Unaffordable (2013)</u>	CASA1
<u>Tipping the Scales: A Report of Tenant Experiences in Bronx Housing Court (2013)</u>	CASA3
<u>NYC Tenants Call for the Prohibition of all Non-Rent Fees: Addendum to The Burden of Fees: How Affordable Housing is Made Unaffordable (2015)</u>	CASA2
<u>Stand for Tenant Safety: Construction as Harassment in Rent Stabilized Buildings and the STS Legislative Solution (2015)</u>	STS
<u>Bronx Coalition for a Community Vision Policy Platform (2015)</u>	BXC
<u>Resisting Displacement in the Southwest Bronx: Lessons from CASA’s Tenant Organizing (2017)</u>	CASA4
<u>R3 and Alliance for Tenant Power: Legislative Program (2015)</u>	R3
<u>Tenant Protection Act of 2017</u>	AG

RECOMMENDATIONS FOR ADDRESSING PHYSICAL CONDITIONS

Across New York City, landlords are conducting renovations in buildings where people continue to live. At the same time, they are neglecting repair needs and endangering the health and safety of tenants. For instance, in 2015, a gas explosion in the East Village due to substandard and unsafely installed gas systems resulted in the death of 2 people and the injury of 19 others.²⁵ The Stand for Tenant Safety (STS) coalition, of which many SNYC groups are a part, has been working to pass a package of legislation to address reckless construction. Recently, the New York City Council passed several of STS's legislative bills, an important victory for tenants, organizers, and City Council members who supported the bills. Other organizations have also developed policy recommendations to combat landlord neglect. The following recommendations would help keep tenants and communities safe:

- 1. Require building inspectors to respond to calls within 24 hours.** The City should implement policy that requires building inspectors to respond to tenant calls within 24 hours. (BXC)
- 2. Implement stronger emergency repair protocol.** The City and HPD should do this to ensure serious violations are handled in a timely manner. (BXC)
- 3. Create an Anti-Displacement Task Force with regular meetings between local community organizations and HPD to discuss strategies for housing preservation.** The task force should be able to utilize all of HPD's available tools, such as the Alternative Enforcement Program (AEP), and collaborate to maximize impact. This task force should also create a live map of distressed buildings to help community stakeholders and City officials identify buildings in distress. (CASA4)

RECOMMENDATIONS FOR ADDRESSING ISSUES WITH RENT

Rent manipulation and non-rent fees continue to be a pervasive issue across boroughs. Much of this is due to the systematic weakening of the New York State Rent Laws. Predatory equity landlords exploit loopholes in the laws to increase rents. Below are recommendations for how the New York State Senate and Assembly could protect tenants in rent regulated buildings:

- 1. Eliminate the eviction bonus.** Currently the laws allow an automatic 20% rent increase when apartments turn over, which is a huge incentive for landlords to push residents out of their apartment. The State should immediately revoke this "bonus." (R3)
- 2. Make MCI's temporary surcharges.** MCI's or Major Capital Improvements are a significant contributor to rent increases for rent regulated tenants. These increases are justified by extensive repairs in a building, but are assumed into a tenant's rent permanently. The State should make these charges temporary, separate from rent, until they pay off the cost of the repairs. (R3)
- 3. Protect tenants who have preferential rents.** Preferential rents occur when a landlord offers a rent less than the legal regulated rent, which may be higher than the market will bear due to MCI's and other rent increases. In 2003, the State changed the laws regarding preferential rents, allowing landlords the ability to revoke preferential rents on any lease renewal. This has created a crisis where hundreds of thousands of tenants are at risk of huge rent increases on renewal. The State should revert the law to its pre-2003 form where if a tenant is offered a preferential rent, that rent is the base rent for their tenancy, and can only be revoked on vacating the apartment. (R3)

RECOMMENDATIONS FOR ADDRESSING ISSUES WITH RENT FEES

Previous research from Community Action for Safe Apartments, as well as this report, suggest that fees are used as a harassment tactic to make rent unaffordable and contribute to pushing tenants out of their homes. The New York State Division of Homes and Community Renewal (DHCR) oversees rent stabilized housing and administered some non-rent fees, while DHCR and the Office of Court Administration (OCA) have joint jurisdiction to enforce regulations on non-rent fees. The following policies address non-rent fees:

- 1. Prohibit all non-rent fees.** HCR should eliminate all non-rent fees on rent bills, such as fees for installing air conditioners, washing machine, or dishwashers. Tenants should also be able to continue to install washing machines, dryers, or dishwashers, and have air conditioners in their apartments. (CASA2)
- 2. Prohibit landlords from including legal or late fees on a rent bill.** Landlords should be required to bill for legal or late fees separately, and should provide documentation of their basis for applying such fees. (CASA2)
- 3. Mandate the Tenant Protection Unit (TPU) to enforce fee regulations and proactively investigate all landlords charging unauthorized fees.** TPU should work with tenants who are charged unauthorized fees by notifying them of their rights and assisting them in making overcharge complaints. (CASA2)
- 4. Work with officials in housing court to eliminate the negotiation of non-rent fees.** OCA should educate all housing court officials, as well as court attorneys, clerks, and judges, on HCR laws and regulations regarding non-rent fees, and also require housing court staff to inform tenants about their right to object to these fees. (CASA1)

RECOMMENDATIONS FOR COMBATTING HARASSMENT AND INTIMIDATION

The findings in this report show that tenants are being harassed and intimidated by predatory equity landlords, and the emotional toll on tenants is substantial. The City should work to protect tenants from landlords with a demonstrated history of harassment through the following recommendations:

- 1. Create a Real Time Enforcement Unit to target buildings where landlords harass tenants.** This would address the lag time between when tenants report issues in the building and when DOB inspectors address those issues. (STS)
- 2. Pass and implement citywide “Certificate of No Harassment” legislation.** As landlords continue to utilize renovations to raise rents and drive out tenants with disruptive and health hazardous construction work, the City should work to implement a Certificate of No Harassment (CONH) law, which would discourage tenant harassment by preventing landlords with a history of harassment from accessing permits required for construction from the Department of Buildings. (CASA4)
- 3. New York State Senate and Assembly should pass the “Tenant Protection Act of 2017” introduced by Attorney General Eric Schneiderman.**²⁶ This legislation would expand and strengthen existing tenant harassment laws, making it easier to criminally prosecute landlords who harass and displace rent regulated tenants. (AG)
- 4. Pass, Implement and Monitor Intro 214-B, the Right to Counsel.** In August of 2017, Mayor DeBlasio signed Intro 214-B into law, making New York City the first city in the county to establish a right to counsel. Guaranteeing counsel for tenants facing housing court proceedings has the potential to reduce evictions by as much as 77%. However, as plans for implementation move forward, careful monitoring and feedback from tenants is important in ensuring that access to counsel in housing court is a right, and not a program. (CASA4)

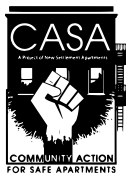
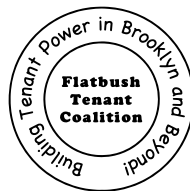
ENDNOTES

- ¹ Stabilizing NYC Coalition, "Banking on Gentrification," June 2016. http://www.uhab.org/sites/default/files/banking_on_gentrification.pdf
- ² Levy, Dina. "Fighting Predatory Equity." Shelterforce. March 30, 2011. Accessed August 7, 2017. https://shelterforce.org/2011/03/30/fighting_predatory_equity/
- ³ Ibid
- ⁴ Ibid
- ⁵ "New York City's Multi-family Rental Housing and the Market Downturn." State of New York City's Housing & Neighborhoods, 2010. The Furman Center for Real Estate & Urban Policy. Accessed August 7, 2017. http://furmancenter.org/files/sotc/Multifamily_Rental_Housing_2010.pdf
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- ⁷ Stabilizing NYC Coalition, "Banking on Gentrification," June 2016. http://www.uhab.org/sites/default/files/banking_on_gentrification.pdf
- ⁸ New Settlement Apartments' Community Action for Safe Apartments (CASA), "Resisting Displacement in the Southwest Bronx: Lessons from CASA's Tenant Organizing," May 2017. https://cdp.urbanjustice.org/sites/default/files/CDP.Web.doc_report_Jerome_White_Paper_5_11_Web.pdf
- ⁹ [2008 N.Y.C. Local Law No.7, NYC Admin Code § 27-2004\(a\)\(48\)](#)
- ¹⁰ Buildings surveyed in the Bronx were larger and had more units, which accounts for there being fewer addresses in that borough.
- ¹¹ This case data is accurate as of June 7, 2017. Open cases numbers may have changed since that time.
- ¹² New York State Unified Court System. NYC Housing Court - Resolution Part. Accessed October 11, 2017. <http://www.courts.state.ny.us/courts/nyc/housing/resolutionpart.shtml>
- ¹³ [N.Y.C. Admin Code §§ 26-501 -- 26-520](#)
- ¹⁴ [N.Y.C. Admin Code §§ 26-510\(a\)](#)
- ¹⁵ Fees are Fraud Coalition and Community Development Project (CDP) at the Urban Justice Center, "NYC Tenants Call for the Prohibition of All NonRent Fees. A Report Addendum to The Burden of Fees: How Affordable Housing is Made Unaffordable," April, 2015, https://cdp.urbanjustice.org/sites/default/files/CDP.WEB.doc_Report_CitywideNonrentFeesData_20150430.pdf
- ¹⁶ "MCIs: Major Capital Improvement rent increases." MCIs: Major Capital Improvement rent increases | Metropolitan Council on Housing. Accessed July 13, 2017.
- ¹⁷ New Settlement Apartments' Community Action for Safe Apartments (CASA), "Resisting Displacement in the Southwest Bronx: Lessons from CASA's Tenant Organizing," May 2017.
- ¹⁸ "Preferential Rents." Preferential Rents | Metropolitan Council on Housing. Accessed July 13, 2017. http://metcouncilonhousing.org/help_and_answers/preferential_rents.
- ¹⁹ Kaysen, Ronda. "Tenants Offered Buyouts Are Left in the Lurch." The New York Times. April 28, 2017. Accessed July 14, 2017. <https://www.nytimes.com/2017/04/28/realestate/tenants-offered-buyouts-are-left-in-the-lurch.html?mcubz=2&r=0>.
- ²⁰ Capitalization (CAP) Rate is the rate of investment return on a real estate property, calculated using the ratio of the net operating income that a property generates to the purchase price of the property. It can be used to determine the financial health of a property.
- ²¹ Orders to correct underlying conditions are issued to landlords in housing court to correct any recurring poor physical condition that is causing other repair issues.
- ²² Buildings are "flipped" when they are purchased for a lower price, renovated, and then sold for a higher price.
- ²³ Susman, Sue. "R3 and Alliance for Tenant Power: Legislative Program." Real Rent Reform. Accessed August 7, 2017, <http://www.realrentreform.org/2015/01/r3-and-alliance-for-tenant-power.html>
- ²⁴ "A.G. Schneiderman Introduces Legislation To Criminally Crack Down On Tenant Harassment." New York State Attorney General. Accessed August 09, 2017. <https://ag.ny.gov/press-release/ag-schneiderman-introduces-legislation-criminally-crack-down-tenant-harassment>.
- ²⁵ Santora, Marc and Al Baker. "East Village Explosion Ignites Fire, Fells Buildings and Injures at Least 19." The New York Times. March 26, 2015. Accessed July 7, 2017. <https://www.nytimes.com/2015/03/27/nyregion/reports-of-explosion-in-east-village.html>
- ²⁶ Ibid



Stabilizing NYC (SNYC) is a coalition comprised of fifteen grassroots neighborhood-based organizations, a citywide legal service provider and a citywide housing advocacy organization who have come together to combat tenant harassment and preserve affordable housing for the New Yorkers who need it most. The coalition combines legal, advocacy and organizing resources into a citywide network to help tenants take their predatory equity landlords to task for patchwork repairs, baseless eviction cases, and affirmative harassment.

STABILIZING NYC MEMBER ORGANIZATIONS:



The **Community Development Project at the Urban Justice Center (CDP)** partnered with SNYC to conduct this research. CDP provides legal, participatory research and policy support to strengthen the work of grassroots and community-based groups in New York City to dismantle racial, economic and social oppression. CDP's Research and Policy Initiative partners with and provides strategic support

to grassroots community organizations to build the power of their organizing and advocacy work. We utilize a "participatory action research" model in which low-income and excluded communities are central to the design and development of research and policy.