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Espada's Bill on Rent Limits Draws Criticism From Tenant Groups

By CARA BUCKLEY

Pedro Espada Jr., the State Senate majority leader, introduced a housing bill on Wednesday that he described as a major lifeline to New Yorkers with lower incomes, and that a tenants' group denounced as a "Trojan horse."

Mr. Espada's bill would freeze rent for 10 years for an estimated 750,000 people. But critics say it would also allow landlords who had improperly removed apartments from rent stabilization to keep the units at market rates. "At a minimum, he's trying to protect the landlords from having these apartments put back under rent regulation," said Michael McKee, a tenants' advocate. "It's a landlord bill posing as a tenant bill."

Mr. McKee said the bill would nullify the terms of a recent Court of Appeals ruling involving Stuyvesant Town and Peter Cooper Village, the bankrupt housing complexes on Manhattan's East Side. The courts found that the owners of the complexes had improperly charged market rates on apartments while receiving tax breaks for making renovations, a ruling that is expected to affect up to 80,000 apartments.

Under the terms of Mr. Espada's bill, landlords would be eligible to keep those apartments at market rates in exchange for returning the tax benefits to the city. The tax benefits are typically far smaller than the amount of money landlords could lose by dropping rents to stabilized levels.

The returned tax benefits, which Mr. Espada's office said would yield up to \$100 million in the first year, would allow the city to pay for the first year of the bill's stated goal: a 10-year rent freeze for families earning less than \$45,000 a year and paying more than a third of it in rent.

"It's not city money," said Curtis Tucker, Mr. Espada's director of legislative policy. "It's the landlords paying back the money."

Mr. Tucker said the Stuyvesant Town ruling, known as the Roberts decision after the lead plaintiff, left landlords in the lurch because beforehand, they had believed they could deregulate apartments while receiving tax benefits. "All of a sudden the income stream is threatened," he said, "and tenants may be facing buildings going through foreclosure and who knows what."

The bill would provide landlords a way out, he said, but then added, "The driving force of the bill is not that."

“It’s a historic initiative,” he said. “Thirty percent of rent-stabilized houses in the city will now have their rents frozen.”

Joseph Strasburg, president of the Rent Stabilization Association, which represents 25,000 landlords and building managers, praised the bill. “You have a program here, at a time when there’s very little money for any existing programs, to fund an affordable housing program that would provide people of very low incomes the ability to remain in apartments and not pay increases to their rents,” he said.

But Mr. McKee, the tenants’ advocate, said the bill, if passed, would be far more expensive than Mr. Espada’s estimate. “The meaning of the bill could not be clearer,” he said. “It undoes the Roberts decision by the Court of Appeals.”

In the past, Mr. Espada, a Bronx Democrat, has voiced concerns about limiting landlords’ abilities to remove apartments from rent stabilization. After staging a Senate leadership coup, he became majority leader and helped kill legislation that would have greatly expanded tenants’ rights and rent stabilization.

Vito J. Lopez, a Democratic Brooklyn assemblyman and chairman of the Housing Committee, said Mr. Espada’s bill was unlikely to pass the Assembly in its current form.

“I would support the freezing of rents of people making under \$45,000 but would disagree with the provision that would adversely affect tenants,” he said. “One aspect is pro tenant. The other aspects take away tenants’ benefits or rights. I am not supportive of a bill that would do that.”