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Big development hit with Stuy-Town ruling fallout

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Published: November 16, 2009 - 3:24 pm

The fallout from a crucial court case which found that the owners of Stuyvesant Town-Peter Cooper Village had illegally raised rents has begun.

A group of 11 tenants at London Terrace Gardens has sued their landlord on the same grounds that brought success to their brethren at Stuyvesant Town: Owners of rent-regulated complexes can't raise rents while receiving special tax breaks awarded for making major building renovations. The case against London Terrace Gardens, a partnership that owns the 10 rent-regulated buildings located between West 23rd and West 24th streets and Ninth and Tenth avenues, was filed last week in New York state's Supreme Court. One source said the partnership is comprised of several families who have owned the complex since the 1920s.

Last month, the state's highest court found that Tishman Speyer and BlackRock Realty had been illegally raising rents at Stuy Town-Peter Cooper Village, the sprawling complex they bought for \$5.4 billion in 2006. The court didn't issue any specifics on how to resolve the issue so the two sides are attempting to reach a settlement.

It is unclear just how many other owners may face lawsuits. Experts estimate that anywhere from 5,000 to 75,000 apartments may have been illegally deregulated.

According to the lawsuit against London Terrace, the owners of the complex started to deregulate apartments in 1993, and in 2003 they began receiving the tax abatement, known as a J-51. The suit alleges that the ownership did not re-regulate apartments upon receiving the tax breaks and that they continued to deregulate even after 2003. The suit states that as many as 300 of the complex's nearly 1,000 units have been illegally deregulated.

The suit was filed as a class action and more people are expected to become plaintiffs, said William Gribben, the attorney representing the tenants. Mr. Gribben said he is working on filing similar suits on behalf of tenants in other buildings.

A spokesman for London Terrace declined to comment on the lawsuit.

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