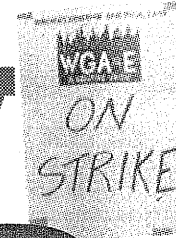


Chelsea now



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VOLUME 2, NUMBER 7

THE WEEKLY NEWSPAPER OF CHELSEA

NOVEMBER 16 - 22, 2007

Bank Street tenants get crash course on illegal hotels

BY CHRIS LOMBARDI

Lisa Solanto, a longtime tenant at One Bank Street, stood to ask her question at St. John's Church on Monday night. Her actor's training was evident in her careful tone.

"If the landlord is shirking his obligations under the tax code, does this not fall to city lawyers to prosecute? If my handbag is stolen, is it not the DA's job to catch the thief?"

State Senator Tom Duane sighed. "If the thief claimed he had just found it, the DA might not take your case! These people have a lot of power!"

Solanto and other Bank Street tenants had come to the church for a much-anticipated meeting, at which they ask Duane and other members of the Illegal Hotels Working Group for help, because their building was being used for "corporate housing." Duane, their state senator and

a longtime member of the working group, was there to urge them to get organized and join the battle against "creepy landlords." By the time it was over, the tenants were somewhat in shock: The elected officials present told them that just because their landlord was breaking the law, it didn't mean that the government would make it go away, and that because of the unclear state of the law, which never quite defines the term "hotel," they now faced both a legal and political fight.

While more than 700 tenants call One Bank home, others around the world know it only as "Bank Street Suites," whose amenities include "kitchenettes," early check in/out and "maid service." The "suites" are listed with Signature Properties, one of numerous corporate-housing companies that have emerged in recent years; Signature's other properties include 443 W. 34th St. and the notorious

160 Bleecker St. Most of these companies assert that their rentals are for a minimum 30-day stay, using a legal loophole based on some very old housing court precedent; while city and state officials work to close the loophole, companies continue to bloom, claiming that their clients are "residents" like any other.

As reported last month in Chelsea Now, the Bank Street tenants first approached Duane, City Council Speaker Christine Quinn and Housing Conservation Coordinators in October, after some market-rate tenants, who are far less protected from eviction than those in rent-stabilized apartments, learned that their leases would not be renewed. Some said that their building was slated to become "corporate housing." By doing so, the tenants added One Bank to the growing list of buildings

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where tenants had noticed signs of transient rentals. Duane and Quinn's aides told Solanto and the other market-rate tenants that they would look into what was going on at Bank Street, and let them know if there was a way for them to stay put in the meantime. On Monday night, these officials, along with Shari Hyman, director of the Mayor's office of Special Enforcement, gave the tenants plenty to chew on.

A SHORT-TERM FIX, FOR A PRICE

Last week, Duane aide Colin Casey and Jose Conde of Quinn's office, turned up what they thought was good news: something that could protect the Bank Street tenants from eviction, at least for a while.

"They learned that Marolda Properties had accepted tax breaks to repair the building, under the J-51 program of the Department of Housing Preservation and Development (HPD), which mandates that 'All rental units become subject to rent stabilization or rent control for the duration of the [J51] benefits.' And Bank Street owner Lucky Bhalla, and his managing agent Marolda Properties, had repeatedly taken advantage of that tax break, Casey told the gathering on Monday night.

"The landlord has three years left of tax abatement on the building," said Casey. "Which means that right now, as far as we know, you have the right to renew your lease. So we sent a letter to the landlord, reminding him."

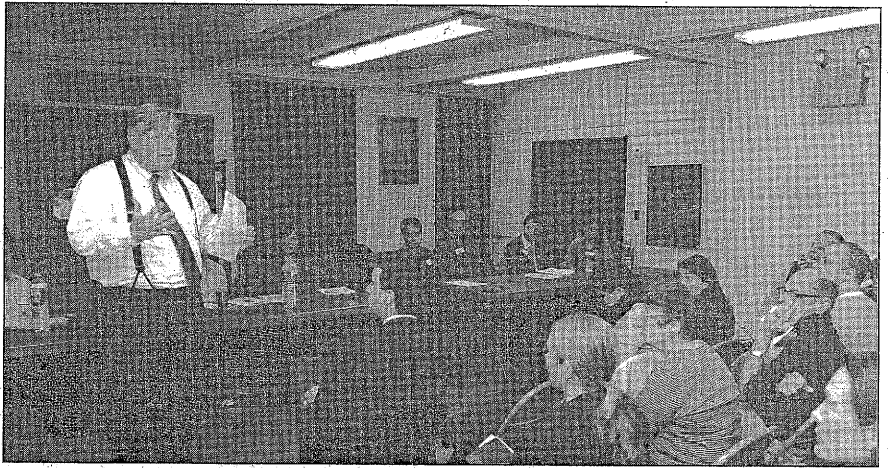
The letter, signed by Duane, Quinn, State Assemblymember Deborah Glick, Rep. Jerrold Nadler and Manhattan Borough President Scott Stringer, stated that "According to 11-243 of the Administrative Code, all apartments in any rental building are protected, and that therefore, 'We are extremely concerned that tenants have been given incorrect information regarding their right to renewal of lease.'"

However, Casey admitted, it was not likely to be so simple: "It's very possible that the landlord will fight back, and say we're interpreting it all wrong."

As the tenants were mulling over the possible victory, moderator John Raskin, of Housing Conservation Coordinators, gave a quick overview of the citywide picture on illegal hotels, from single-room-occupancy residences being blatantly rented to tourists to the newer epidemic of "corporate housing." He told them that because of the confusion in current city and state laws, "you guys are in that group where the laws are muddy, and they can claim they're renting for 30 days and get away with it." Shari Hyman, from the Office of Special Enforcement, confirmed this: "There isn't even a precise definition of what constitutes a hotel!"

Just as the floor was being opened to questions, Duane entered the room and was immediately asked the evening's first question—from Solanto, who had helped organize the event.

"As tenants, a few of us have gone to an attorney," said Solanto, raising her head to meet Duane's eyes. "We asked if we could oblige the landlord to hold to his obligations under J51. The attorney said that he knew Marolda Properties. He said that they would litigate this to the last drop of blood."



Chelsea Now photo by Jefferson Siegel

State Senator Tom Duane gives tenants at One Bank Street a lesson on illegal hotels on Monday night.

When Duane told her that it would likely be in the tenants' interest to retain their own counsel, and fight the owners in court, she and numerous fellow tenants demanded to know why they should have to pay, out of their own pockets, to force the landlord to follow the law.

"They [landlords] have built an entire industry on this loophole, and they'll keep doing it until it's closed."

— John Raskin, member of the
Illegal Hotels Working Group

LET ME TELL YOU WHY

Duane sighed, explaining that New York City's tax code and the state rent laws are civil, not criminal, matters. "This isn't about arresting anyone. And landlords—the law has been biased in their favor for so long." Then he took off his suit jacket, and went into teacher-activist mode. "Your landlord is a creep! Now let me tell you why people like him have so much power," he said.

Duane explained that the 1997 weakening of rent regulation had created a class of tenants, unprotected by rent stabilization, "afraid to challenge landlords, for fear of losing their leases." He urged them to fight Marolda as a group, in a well-organized tenants' association. "You can win, I promise, but only if you all get together. With my help—I am here to fight crummy, hideous landlords; it is why I am in office—but I can't do it without you."

John Raskin, of HCC, then urged that the tenants become involved in the citywide struggle to change the laws, fighting to close the loopholes that allow illegal

hotels to thrive, pointing out that "even if you win the J-51 battle, that only gets you three years."

Their chief enemy, he said, was the much-abused "30-day" rule under which companies like Signature operate, a rule that was half-created by the Corporate Housing Providers Association (CHPA), which says that 30 days' residence in a unit constitutes permanent residence in New York City whether or not one signs a lease. The rule, based on old precedents from the Department of Buildings (DOB), was never meant to apply to such commercial ventures like transient hotels.

"They've built an entire industry on this loophole, and they'll keep doing it until it's closed," said Raskin.

And legislation to crack down on the practice, said Raskin, long pending in the City Council and the statehouse, has been slow to emerge from the mayor's office. Why so slow? "Because the CHPA is fighting back. They've hired a big-name lobbyist to fight for them. She's meeting with legislators, and bringing industry folks with her, pleading their case. If you really care about changing the laws, you have to pressure them too, over and over."

Next steps: challenging or impossible? Hyman, from the mayor's office, emphasized that she needed tenants to work with her office, before she could take action on any such abuses. "I have two building inspectors, two health inspectors, four police officers and two fire inspectors," she said. "But you have to call my attention to what's going on."

Tenants immediately began to brainstorm about current causes for action: that Marolda had never given most of them any of the interest statements on their security deposits as required by law, that the landlord had never told some of them their apartments were rent-stabilized, that the elevators and apartments were full of mold and rotting electrical work. Hyman and Duane promised to bring DOB inspectors for a "walk-through" of the building, to document structural complaints like mold, faulty elevators and bad wiring. "But you have to organize this," said Duane, "so we get it all in one day!"

As the meeting wound down, tenants agreed to revive their association, while Duane gave his aides a long to-do list: arranging the DOB "walk-through," contacting State Attorney General Andrew Cuomo's office about the tenants' security deposits, and sending the Bank Street tenants a new list of attorneys, should they choose to litigate as a group.

The next day, however, tenants told Chelsea Now that they were disheartened by the meeting, and outraged that they were being asked to "take on a second job" and become activists.

"After briefly speaking with a number of neighbors," wrote Lisa Solanto in a Tuesday e-mail, "it has become clear that there is a distinct sense of outrage that our city officials were unwilling to make a commitment to us last night...to prosecute our building owner/manager for violating their obligations under J-51 regulations." Many, she added, felt "our electeds who claim to represent the 'little guy' are only unwilling/unable to offer anything more than advice, 'support' and cheerleading without city/state enforcement or prosecutorial 'teeth.'"

Where those prosecutorial 'teeth' might come from is not as obvious as it might seem, Casey told Chelsea Now. "The rent laws are state laws, but J51 is a city tax code amendment, and it's administered by HPD. It's a law-school question," said Casey, who is now making phone calls to all the relevant agencies.

Both Casey and HCC's Raskin admitted on Tuesday to being mildly surprised that the Bank Street tenants had assumed that their elected officials could overcome the legislative, jurisdictional and political hurdles thrown up by the illegal hotel owners without sustained citizen activism. "They're not used to this," said Raskin gently. "But if we don't get the laws changed, I guarantee none of those tenants will have leases within two years."

That harkened him back to one comment heard during Monday's meeting: "Talk, talk, talk," mourned one of Bank Street's rent-stabilized tenants, when the meeting bogged down in details. "We need action!" she exclaimed.