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**Sent:** Thursday, December 03, 2015 1:32 PM

**To:** Mayor's Press Office

**Subject:** A.G. SCHNEIDERMAN, GOVERNOR CUOMO, MAYOR DE BLASIO, AND STATE AND CITY HOUSING AGENCIES ANNOUNCE RETURN OF MORE THAN 1,800 APARTMENTS TO RENT STABILIZATION THROUGH SETTLEMENTS WITH LANDLORDS AND PARTICIPATION IN REAL ESTATE TAX COMPLIANCE PROGRAM

## ***News from Attorney General Eric T. Schneiderman***

FOR IMMEDIATE RELEASE

December 3, 2015

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# **A.G. SCHNEIDERMAN, GOVERNOR CUOMO, MAYOR DE BLASIO, AND STATE AND CITY HOUSING AGENCIES ANNOUNCE RETURN OF MORE THAN 1,800 APARTMENTS TO RENT STABILIZATION THROUGH SETTLEMENTS WITH LANDLORDS AND PARTICIPATION IN REAL ESTATE TAX COMPLIANCE PROGRAM**

*Office Of The Attorney General Publishes List Of 52 Landlords Who Allegedly Continue To Deny Tenants Rent-Stabilized Leases*

NEW YORK – Attorney General Eric T. Schneiderman, Governor Andrew M. Cuomo, and Mayor Bill de Blasio, joined by Commissioner James S. Rubin of New York State Homes & Community Renewal (“DHCR”) and Commissioner Vicki Been of the City’s Department of Housing Preservation and Development (“HPD”), announced today that 128 landlords receiving lucrative tax benefits under Section 421-a of the New York Real Property Tax Law are now registering 1,823 market-rate apartments across New York City as rent-stabilized. As a result, affected tenants in all five boroughs will enjoy the protections of rent-stabilized leases on their apartments for the first time.

The recovery of rent-stabilized units is a result of landlords either entering into settlements with the Attorney General during the course of his ongoing 421-a investigation, or agreeing to participate in the Real Estate Tax Compliance Program, a joint initiative of the Attorney General, the New York State Department of Homes and Community Renewal, and the New York City Department of Housing Preservation and Development.

“Landlords of rental buildings who accept these tax incentives must follow through on their end of the bargain and offer rent-regulated leases to their tenants. That’s a central benefit of the 421-a law,” **Attorney General Schneiderman** said. “The return of these apartments to rent stabilization will not only bring economic stability to the families that occupy them, but also honor the spirit of the law as it was intended.”

“We will not tolerate landlords who break the law – plain and simple,” said **Governor Cuomo**. “This announcement means that thousands of tenants throughout New York City will have the full legal protections that they deserve. This is an important step toward protecting New York’s renters from overcharges and rent gouging, and we will continue working with our partners in state and local government to hold landlords accountable.”

“We have zero tolerance for waste or abuse that costs New Yorkers vital affordable housing. Our administration is proud to work with Attorney General Schneiderman and DHCR to bring these hundreds of apartments back under rent stabilization, and to hold their owners accountable. We are using every tool we have to bring more affordable housing online, but we are equally focused on protecting the housing we already have,” said **Mayor Bill de Blasio**.

The Real Estate Tax Compliance Program was established in 2015 by Attorney General Schneiderman, Governor Andrew M. Cuomo, DHCR Commissioner James Rubin and HPD Commissioner Vicki Been to address the violation of the rent stabilization requirements of the 421-a law by 194 landlords of multifamily residential rental buildings, claiming they were operating as condominiums. To date, 111 landlords eligible to participate in the Real Estate Tax Compliance Program have signified that they will register the 1,415 units they collectively own as rent-stabilized, and have already notified their tenants of their rights.

Those landlords who have not elected to participate in the Real Estate Tax Compliance Program and are still illegally depriving their tenants of rent stabilized leases now face potential revocation of their 421-a tax benefits by HPD, enforcement action by TPU and private litigation by tenants.

The State’s Tenant Protection Unit will begin enforcement actions to ensure the remaining 52 landlords who did not register their apartments fall into compliance.

**Vicki Been, Commissioner of HPD**, said, “These landlords accepted tax benefits with significant value and are required, by law, to give their tenants rent-stabilized leases. Most building owners step up to the plate and do the right thing, but today we send a warning to those landlords who do not. I have noted previously, this is one step in a long-term, multi-agency enforcement effort, and we will not stop until every property is brought into compliance. If you own a property that is receiving tax benefits, this would be a good time to heed our warning, take a close look at your legal obligations, and make sure that you are complying. If you do not, it will be a costly mistake.”

**James S. Rubin, Commissioner of New York State Homes & Community Renewal** said, “Developers who get the benefit of tax exemption in exchange for the privilege of constructing apartment buildings must meet the requirements of the law, or risk losing those benefits once and for all. Through this collaboration among the Governor’s administration, the Attorney General and the City we have moved owners into compliance and as a direct result, thousands of tenants now have the rights and protections that they deserve under the State rent law. Starting now, we will begin taking legal action against recalcitrant landlords who have not complied during this program.”

Tenants in the buildings identified below may be being denied the protections of a rent stabilized lease by their landlords. For these buildings, HPD can commence proceedings to revoke the tax benefit and TPU can simultaneously pursue overcharge actions against the owners for collecting improper rents, which may include treble damages on behalf of the affected tenants and ensure that buildings and apartments are properly registered and that tenants are protected from rent gouging.

Prior to launching the Real Estate Tax Compliance Program, Attorney General Schneiderman's office spent two years investigating various landlords' violations of the 421-a law. Over the course of that investigation, the Attorney General has entered into 18 separate settlements with landlords of buildings in all five boroughs of New York City that were receiving 421-a tax benefits, restoring an additional 408 apartments to rent-stabilization. Per the terms of those settlements, the settling landlords will also collectively pay \$5,086,653 into the City's "Affordable Housing – AG Settlement Fund," which will be used to fund housing developments for low income families.

Recent settlements have been reached with 13 landlords of properties in Brooklyn and Queens:

- Aron Kapelyus, who through 10 different shell entities owned 134 apartments in 10 buildings throughout the Williamsburg and Bedford-Stuyvesant neighborhoods of Brooklyn, and systematically deprived all his tenants in those buildings of rent-stabilized leases, will now pay \$103,500 to the City's Affordable Housing – AG Settlement Fund and has begun supplying all his tenants in the following buildings with the protections of a rent-stabilized lease for the first time:
  - 241 South 2<sup>nd</sup> Street in Williamsburg, Brooklyn;
  - 208 South 3<sup>rd</sup> Street in Williamsburg, Brooklyn;
  - 120 South 2<sup>nd</sup> Street in Williamsburg, Brooklyn;
  - 337 Bedford Avenue in Williamsburg, Brooklyn
  - 442 South 5<sup>th</sup> Street in Williamsburg, Brooklyn;
  - 147 Maujer Street in Williamsburg, Brooklyn;
  - 543-545 Kosciuszko Street in Bedford-Stuyvesant, Brooklyn;
  - 417-419 Hart Street in Bedford-Stuyvesant, Brooklyn;
  - 367 Classon Avenue in Bedford-Stuyvesant, Brooklyn; and
  - 185-187 Clifton Place in Bedford-Stuyvesant, Brooklyn.
- In the Sheepshead Bay neighborhood of Brooklyn, 2801 Emmons Avenue, LLC, the developer of the 49 unit building located at 2801 Emmons Avenue, will now register all the apartments in that building as rent-stabilized, and will pay \$49,000 in restitution to the City's Affordable Housing – AG Settlement Fund and a further \$75,000 in penalties, fees and costs to the State;
- 782 Hart St. Realty Inc., the developer of the building at 782 Hart Street in the Bushwick neighborhood of Brooklyn, will now provide rent-stabilized leases to the 19 families living there and pay \$47,500 in restitution to the City's Affordable Housing – AG Settlement Fund;
- The 12 families living at 43-24 Robinson Street, in Flushing, Queens, will also now receive rent-stabilized leases from the developer of that building, LCLC, LLC, who is also obligated

to pay \$12,000 in restitution to the City's Affordable Housing – AG Settlement Fund;

- Per the terms of settlement that 1997 Ocean Avenue, LLC reached with the Attorney General, another 12 families residing at 1997 Ocean Avenue in the Midwood neighborhood of Brooklyn will now receive rent-stabilized leases, and that developer will also pay \$12,000 in restitution to the City's Affordable Housing – AG Settlement Fund;
- Farda LLC and Zar LLC, who jointly developed a building containing 11 apartments at 71-57 161<sup>st</sup> Street in Fresh Meadows, Queens, will now provide rent-stabilized leases to all the families residing there, and will also jointly pay \$11,000 in restitution to the City's Affordable Housing – AG Settlement Fund;
- In the Williamsburg neighborhood of Brooklyn, 10 families at 630 Metropolitan Avenue will receive rent-stabilized leases and the building owner 630 Metropolitan Avenue LLC has agreed to pay \$10,000 in restitution to the City's Affordable Housing – AG Settlement Fund;
- Another 8 families living at 124-128 Gaitling Place, in Astoria, Queens, will become rent-stabilized per the settlement that 124 Gaitling Place LLC reached with the Attorney General, which also requires the developer to pay \$8,000 in restitution to the City's Affordable Housing – AG Settlement Fund;
- At 271 Nassau Avenue in the Greenpoint neighborhood of Brooklyn, 8 families will be receiving rent-stabilized leases, and the developer of that building will pay \$8,000 in restitution to the City's Affordable Housing – AG Settlement Fund;
- In the South Slope neighborhood of Brooklyn, the developer of the building at 187 23<sup>rd</sup> Street, 187 23<sup>rd</sup> Street, LLC, will now provide rent-stabilized leases to the 7 families residing there and pay \$10,000 in restitution to the City's Affordable Housing – AG Settlement Fund;
- Charal Corporation, the developer of 131 Wythe Avenue in the Williamsburg neighborhood of Brooklyn, will now provide rent-stabilized leases to the 6 families living there, and will also pay \$6,000 in restitution to the City's Affordable Housing – AG Settlement Fund;
- Shirokia Development, LLC, the developer of the building at 142-28 38<sup>th</sup> Avenue in Flushing, Queens, will pay \$85,000 in penalties, fees and costs to the State; and
- The developer of the building at 90 Clay Street in the Greenpoint neighborhood of Brooklyn, 90 Clay Street LLC, will pay \$40,000 in restitution to the City's Affordable Housing – AG Settlement Fund and a further \$20,000 in penalties, fees and costs to the State.

Settlements with five other landlords had been previously announced. Those earlier settlements included the recovery of all 421-a tax benefits received by the operator of a short-term stay hotel in Midtown Manhattan, recovery of unpaid wages for the building service employees employed by a Brooklyn landlord, and the collective return of 22 apartments owned by three different landlords of buildings in Queens and Staten Island. Details of those settlements are available [here](#) and [here](#).

"Landlords who receive tax exemptions have a legal obligation to adhere to the rules governing the public benefit they receive. They also have a respective moral obligation to aid in reducing the affordable housing not properly registered as rent stabilized. I've spent decades fighting to maintain affordable housing opportunities for families, seniors and young people. This type of preservation measure reassures New Yorkers that predatory tactics by landlords will not be

tolerated" said **Assemblyman Keith L.T. Wright, Chair of the Assembly Committee on Housing.**

"As chair of the Council's Committee on Housing and Buildings, my highest priority is to ensure that we do all we can to end this affordable housing crisis. The 421(a) tax exemption, as currently constituted, requires landlords of rental buildings who receive the benefits to register them, and protect tenants by offering rent stabilized leases. Ignorance of the rules, or the law, is no excuse for failing to register the units with the state and failing to offer tenants the protections that come with rent stabilization. Landlords across the city should know that this type of behavior will not go unnoticed, and will be addressed. We must remain vigilant and ensure that any landlord who, essentially, receives subsidies to build housing, makes the loss in tax revenue, which could be used for a number of public purposes, worth it. I commend the Attorney General for his work on this issue and look forward to our continued partnership to protect New York City's tenants," said **Council Member Jumaane D. Williams, chair of the Council's Committee on Housing and Buildings.**

"Thanks to the efforts of AG Schneiderman and state and city leaders, hundreds of families will now receive the rent protections they deserve. Rent stabilization is a critical part of keeping New York affordable for over 2 million New York City residents, and The Legal Aid Society is grateful to AG Schneiderman and Commissioners Rubin and Been for their efforts in ensuring that tenants are protected and that landlords are forced to comply with the law," said **Judith Goldiner, Attorney in Charge, Civil Law Reform Unit, The Legal Aid Society.**

"It is critical that the rules for accepting tax exemptions are being enforced and tenants in these buildings are now getting the protections to which they are entitled. Attorney General Schneiderman and the other city and state agencies deserve credit for ensuring compliance and standing up for rent regulated residents," said **Benjamin Dulchin, Executive Director, Association for Neighborhood and Housing Development.**

New York State enacted Section 421-a of the Real Property Tax Law in 1971 to incentivize the construction of rent stabilized housing, condominiums and cooperatives in New York City. On June 15 of this year, the 421-a law was extended and modified.

The Attorney General thanks DHCR Commissioner Rubin and HPD Commissioner Been for their partnership in creating the Real Estate Tax Compliance Program, as well as the staffs of the DHCR and HPD for their continued cooperation and ongoing efforts to protect the tenants and taxpayers of New York.

The Tenant Protection Unit, established by Governor Cuomo in 2012, created a new frontier in enforcement of the rent laws. Since its inception, the TPU has used data analytics, metrics, audits and investigations to proactively identify if landlords are complying with the rent regulation statutes. This initiative, along with the creation of the joint Tenant Harassment Prevention Task Force, is one of the multi-agency enforcement actions that protect tenants from harassment. The Tenant Protection Unit has successfully returned more than 44,000 units to rent regulation.

The Attorney General's 421-a investigation and the Real Estate Tax Compliance Program has been led by Assistant Attorneys General Elissa Rossi, Nicholas J. Minella and Richard J. Shore, Special Counsel Jeffrey R. Rendin, Bureau Chief Erica F. Buckley all of the Real Estate Finance Bureau, and Executive Deputy Attorney for Economic Justice General Karla G. Sanchez. Research Director Lacey Keller is also working on these cases.

DHCR's Division of Homes and Community Renewal Tenant Protection Unit staff working on the

421-a initiative include TPU Legal Director Vernitta N. Chambers, Assistant Commissioner for Intergovernmental Affairs Jeffrey A. Margolies, and Forensics Director Harvey Akerman, under the supervision TPU Bureau Chief Gregory C. Fewer and under the overall supervision of DHCR Deputy Commissioner Richard R. White.

Members of HPD's Office of Legal Affairs and Division of Housing Incentives are working in close cooperation with the Attorney General's Office and TPU, including on the Real Estate Tax Compliance Program, to ensure that property owners comply with applicable laws.

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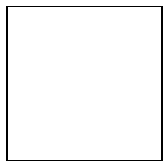
# List of 52 Landlords Who Allegedly Continue to Deny Tenants Rent-Stabilized Leases

	<b>Building Address</b>	<b>Borough</b>	<b>Landlord</b>	<b>Appx. # residential apartments</b>
1	375-377 Franklin Avenue	Brooklyn	375 Franklin Avenue LLC	10
2	160 and 178 East 117th Street	Manhattan	Ate Kays 2 LLC	41
3	54-37/39 101st Street	Queens	DA 101 Realty LLC	10
4	102-17 Martense Avenue	Queens	Lovely Home LLC	5
5	1205 New York Avenue	Brooklyn	1201 New York Avenue LLC	9
6	299 McGuiness Boulevard	Brooklyn	301 Development LLC	10
7	141 Dupont Street	Brooklyn	98 Clay St. LLC	8
8	754 40 <sup>th</sup> Street	Brooklyn	754 40 <sup>th</sup> Street LLC	8
9	6 Bayridge Avenue	Brooklyn	8 Loujain LLC	6
10	3052 Brighton 5 <sup>th</sup> Street	Brooklyn	DMR Holding LLC	15
11	41-28 Junction Boulevard	Queens	Ji Ping Yu and Tse Hwa Yu	8
12	28 Melrose Street	Brooklyn	28 Melrose Realty LLC	6
13	518 Meeker Avenue	Brooklyn	518 Meeker Avenue Realty, Inc.	10
14	411 99 <sup>th</sup> Street	Brooklyn	Garg Development, Inc.	4
15	279 Lake Street	Brooklyn	279 Lake Street LLC	12
16	2815 Shell Road	Brooklyn	Kujtim Lulani	3
17	2813 Shell Road	Brooklyn	Zuber and Zada Nikovic	3
18	2817 Shore Parkway	Brooklyn	Angelo and Felice Dellegrazie	3
19	2613 & 2615 Shore Parkway	Brooklyn	Lina & Emmanuele Alaimo	6
20	215 Bay 49 <sup>th</sup> Street	Brooklyn	Jian Sheng Lin and Lian Xiu Tan	3
21	22-43 28 <sup>th</sup> Street	Queens	Louis Pace	5
22	52 Avenue W	Brooklyn	Cheung Kong International Co. Inc.	6
23	679 East 3 <sup>rd</sup> Street	Brooklyn	679 East 3 <sup>rd</sup> LLC	5
24	516-518 Kingston Avenue	Brooklyn	516 Kingston LLC	5
25	146 Diamond Street	Brooklyn	146 Diamond LLC	4
26	300 20 <sup>th</sup> Street	Brooklyn	300 20 <sup>th</sup> Street LLC	4
	27-35 21 <sup>st</sup> Street			
27	35-12 31 <sup>st</sup> Street	Queens	Sanvito Realty Holding Corp.	35
	35-14 31 <sup>st</sup> Street			



## 35-16 31<sup>st</sup> Street

35-18 31 <sup>st</sup> Street			
28	141-48 84 <sup>th</sup> Drive	Queens	Ko-Am LLC 21
29	1223 42 <sup>nd</sup> Street	Brooklyn	Hadassah Oberlander 3
30	186 Green Street	Brooklyn	Osho Developers 186 LLC 8
31	48-10 111 <sup>th</sup> Street	Queens	Marx Development Corp. 20
32	345 Ovington Avenue	Brooklyn	345 Ovington LLC 25
33	64-01 Woodside Avenue	Queens	64-01 Woodside Realty Inc. 27
34	1569 84 <sup>th</sup> Street	Brooklyn	1569 84 <sup>th</sup> Street LLC 6
35	194 Wallabout Street	Brooklyn	Flushing Acquisitions Holdings, LLC 4
36	15 Bay 29 <sup>th</sup> Street	Brooklyn	1529 Bay 29 <sup>th</sup> Street Realty Corp. 6
37	17 and 21 Bay 31 <sup>th</sup> Street	Brooklyn	LMJ Realty LLC 12
38	165 West 9 <sup>th</sup> Street	Brooklyn	Tunnel Condos LLC 10
39	1713 Bath Avenue	Brooklyn	Guo Hui Wu and Li Li Chen 6
40	1270 58 <sup>th</sup> Street	Brooklyn	Moses Trebitsh 3
41	57, 59, 61 Bay 31 <sup>st</sup> Street	Brooklyn	57 Bay 31 Street LLC 9
42	73 and 75 Grand Avenue	Brooklyn	The Grand 73 LLC 19
43	1775 East 17 <sup>th</sup> Street	Brooklyn	1775 East 17 <sup>th</sup> St BH LLC 6
44	132-41 41 <sup>st</sup> Road	Queens	132-45 LLC 10
45	158-04 79 <sup>th</sup> Avenue	Queens	Lewis Realty Management, Inc. 8
46	71-45 160 <sup>th</sup> Street	Queens	71-45 160 <sup>th</sup> Street LLC 8
47	240 Richardson Street	Brooklyn	GW Properties of NY LLC 7
48	133-20 Avery Avenue	Queens	New West Lake Holding LLC 23
49	3738 Shore Parkway	Brooklyn	Meserau Court LLC 6
50	489 Maple Street 2607 Albemarle Road	Brooklyn	Maple 18 Corp. 3
2603 Albemarle Road			
51	910 Rogers Avenue	Brooklyn	Rogers Plaza LLC 12
89 Veronica Place			
52	2605 Albemarle Road	Brooklyn	Glendora Burnett-Gentles 3
<b><u>TOTAL:</u></b>			<b><u>509</u></b>



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