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Real Estate Developers Are Major Rangel Donors

By [RAYMOND HERNANDEZ](#)

In many ways, Vornado Realty Trust, the Kimco Realty Corporation and Apollo Real Estate Advisers represent the real estate vanguard of the new Harlem.

Vornado is building an office tower on 125th Street that some residents fear will accelerate gentrification. Kimco moved to push out longtime local store owners to demolish a building and put a new retail complex in its place. And Apollo is leading a contentious effort to turn the historically rent-stabilized Delano Village apartment complex — which has been renamed Savoy Park — into a more profitable property.

They have something else in common: Executives and people tied to the companies, along with other real estate concerns, have donated hundreds of thousands of dollars to Representative [Charles B. Rangel's](#) fund-raising operation since the 2004 election cycle.

Mr. Rangel is facing scrutiny after revelations this month that he had four rent-stabilized apartments in a luxury building in Harlem; he has since announced that he would give up one of the units, which he had been using as an office. There have also been complaints from some neighbors that he has not done enough to help less powerful tenants avoid eviction from the building.

Mr. Rangel responded in part by stressing his long history in the neighborhood and his affection for it. But even as he extols the old Harlem, he is generating significant campaign contributions from those at the forefront of the new.

Indeed, Mr. Rangel, a prodigious fund-raiser, has collected more money from real estate interests than all but two other members of Congress this election cycle, according to the Center for Responsive Politics, a group that tracks campaign donations. He is fifth in fund-raising from all sectors. In all, he has raised more than \$700,000 from real estate interests since the 2004 election cycle, much of it from New York-based companies, according to the group's analysis.

The tally shows the degree to which Mr. Rangel's extensive fund-raising operation — which includes a political action committee that he uses to support Democrats around the country — relies on the real estate sector as a base.

Mr. Rangel's aides say he has no special relationship with the real estate industry. A major tax bill he introduced late last year would have increased the tax rate on many developers, an aide noted. The bill did contain a limited exemption for real estate investment trusts that the industry wanted.

Jon Sheiner, legislative director for Mr. Rangel, said: "There are no special favors. Mr. Rangel insists that his staff listen to the views of all sectors, all constituents. Contributors don't get treated any better or any worse

than the next guy. We don't check those things."

The congressman's donations have poured in from a range of real estate interests since the 2004 election cycle. Mr. Rangel received money from individuals connected to companies whose executives play a leading role in an influential New York lobbying organization, the Rent Stabilization Association, which has sought to erode the laws governing rent controls in the city. Donations came from the [Durst Organization](#) (\$38,000) and Glenwood Management (\$30,425).

Mr. Sheiner said the companies had never lobbied Mr. Rangel about it, because it was not a federal issue.

In recent months, Mr. Rangel, the chairman of the House Ways and Means Committee, came through on an important agenda item for the real estate investment trusts, or REITs, which are publicly owned and operated companies that invest in real estate. A legislative priority for the REITs, the measure, initially approved by Mr. Rangel's committee, would, among other things, make it easier for the trusts to sell their properties and allow them to develop and manage properties for other businesses, provided they pay corporate taxes that they generally do not pay. The measure was included in the far-reaching package providing assistance for the nation's housing market that Congress is set to send to President Bush.

The National Association of Real Estate Investment Trusts, the industry's lobbying arm in Washington, has given nearly \$25,000 to Mr. Rangel's fund-raising operation over the last three election cycles. The group's president, Steven A. Wechsler, sent a letter on April 8 to Mr. Rangel applauding his leadership on the issue. The group, 13 days later, sent one of his political action committees a check for \$2,500.

Tenant advocates say that while Mr. Rangel may have been helpful to real estate interests, he has also been there for tenants.

"He has been a very strong and active and effective friend of affordable housing and tenants," said Benjamin Dulchin, deputy director of the Association for Neighborhood and Housing Development. "He has devoted a lot of his office's resources to saving affordable housing in his district."

Pressures over the cost of housing, and development in general, have been intense in Harlem, Mr. Rangel's home turf. His aides said that the congressman saw development generally as an opportunity for jobs. But he has also used his clout to help residents at Savoy Park, they said, mediating between tenants facing eviction and the new owners, Apollo Real Estate Advisers.

The aides said Mr. Rangel supported, in concept, one of the more controversial projects in the neighborhood, the office tower proposed by Vornado on 125th street, where Major League Baseball plans to move its new cable network. An executive for Vornado gave a total of \$9,600 to Mr. Rangel's fund-raising operation in March and April 2007.

The Vornado project was to be the first prime office tower to be built in Harlem in more than three decades. Some residents complained about the scope of the project and argued that commercial gentrification could force many small businesses out.

In the end, Vornado's inability to finance the \$435 million project, known as Harlem Park, has reduced the size of the building to 14 stories from 21.

The other project that has been at the center of a dispute in Harlem involves Kimco Realty. Executives of the

company and their relatives contributed a total of \$2,000 in 2004 and another \$2,000 this year to Mr. Rangel's coffers.

Kimco, along with another company, bought a sprawling building at 125th Street and Frederick Douglass Boulevard last summer, with plans to bulldoze it and erect a new complex. But the plan prompted protests from business owners and residents, who called on the City Council to pass legislation to create a historic Harlem district to preserve businesses run by Harlem residents. The owners and residents, led by the Save Harlem Association, also filed a lawsuit against the developers; it was settled this year for an undisclosed sum.

"Once we knew that it would involve displacing those businesses, we reached out to see what we could do to help those businesses," said Elbert Garcia, a spokesman for Mr. Rangel.

Kimco did not return calls requesting comment.

Some of Mr. Rangel's contributors are private equity-backed firms that have pursued a high-stakes business strategy that has raised concerns among tenant advocates: buying apartment buildings with rent-regulated units with the expectation of increasing rents after the current tenants vacate their units.

Tenants' groups say that the success of these companies depends on their ability to achieve higher vacancy rates than are typical in rent-regulated apartments in New York. In many cases, the groups say, the new owners are employing harsh tactics in an effort to drive rent-regulated tenants out. Mayor [Michael R. Bloomberg](#) signed legislation in March making it illegal for a landlord to file repeated and baseless court proceedings to force a tenant to vacate an apartment.

Some of Mr. Rangel's largest contributions have come from people with ties to firms whose executives are leading members of the Rent Stabilization Association. The group has been behind efforts to weaken New York City's rent regulations, including a 1997 change in state law that eliminated rent controls on apartments when the tenants moved out or died. Now it is pushing to block what it calls "a whole raft of pro-tenant bills," according to a recent newsletter sent to members by the group's president, Joseph Strasburg.

Firms whose executives are members of the association's governing board gave at least \$100,000 to Mr. Rangel since the 2004 cycle, according to campaign finance disclosure records. The companies include H J Kalikow & Company (\$9,600), Manocherian Brothers (\$3,000), and the Trump Organization (\$21,100).

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