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Stuy-Town rent rollback set

Tenants of 4,000 illegally rent-deregulated apartments will have their payments lowered as soon as next month.

By **Amanda Fung**

Residents of Stuyvesant Town/Peter Cooper Village whose apartments were illegally deregulated will finally see their rents lowered to estimated rent-stabilized levels for January and February, according to a Monday court filing detailing an agreement between the landlord and tenants.

The interim agreement comes a month after tenant lawyers threatened to ask the court to set January rent and force the return of back rent that has been held in escrow. Two months ago, New York's highest court ruled that a partnership led by co-owners Tishman Speyer and BlackRock Inc. had illegally deregulated apartments while receiving certain tax breaks. The apartment complex includes 110 buildings on 80 acres in Manhattan.



A court order issued Monday will affect many residents at Stuyvesant Town/Peter Cooper Village.

Approximately 4,000 apartments were illegally deregulated at the complex. The court order by State Supreme Court Justice Richard Lowe also stated that the rent ruling will apply to all market-rate tenants impacted by deregulation, not just the plaintiffs in the October court ruling.

"This is a positive first step. Tenants deserve some relief, and they are getting some today," said City Councilman Daniel Garodnick, who represents the complex's district and lives in one of its market-rate apartment. "But there is still a long way to go from here."

"The rent adjustment will be reflected in the January invoices that will shortly be sent to residents," said representatives of the property owners and plaintiff's counsel, in a joint statement. "During the interim agreement, each affected tenant will also be afforded certain rights available under the Rent Stabilization law, including the right of renewal and succession rights."

Despite the progress, the order did not address retroactivity of the ruling. Nor did it specify how much or when rent that has been held in escrow since April would be distributed to the affected market-rate tenants. April is when the court proceedings began.

Instead, the order set a Jan. 8 deadline for the owners to provide information on the name and address of every market-rate tenant whose funds have been escrowed.

"The money should be returned without further delay. It does not belong to Tishman," said Mr. Garodnick, who estimates there is about \$16 million in escrow. "It belongs to tenants who have been paying more than they should."

The court order also said both parties will have to agree and retain an independent consultant by Jan. 15. That consultant will "issue a report calculating the rent for each unit subject to the litigation as if that unit

had been rent stabilized and the differential, if any, between those rents and the negotiated rents in the leases for such units.”

Some tenant and landlord attorneys say this particular stipulation is a victory for both landlords and tenants. Typically, in these types of disputes, cases are turned over to the state's Division of Housing & Community Renewal, said Dov Treiman, a partner who specializes in landlord-tenant litigation at the law firm of Adam Leitman Bailey. He noted that the court order also does not address how other buildings across the city that have illegally deregulated will be impacted.

“[The Division of Housing & Community Renewal] would be harsher and decide for lower rents,” said Adam Leitman Bailey, whose eponymous law firm represents more than 1,000 landlords but is not involved in similar Stuy-Town cases. “DHCR can also take years; things will be resolved quickly with a third party.”

Meanwhile, the \$3 billion mortgage that financed the purchase of Stuy Town has been transferred to a special servicer indicating that the borrowers, Tishman Speyer and BlackRock, will likely default on the loan. Three years ago, they paid a record \$5.4 billion for the sprawling complex.

The tenant's law firms, Wolf Haldenstein Adler Freeman & Herz and Bernstein Liebhard, and the owners wouldn't comment beyond the statement issued Monday.