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Quinn: Landlords must fix the system



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Council Speaker Christine Quinn will talk about the Business Owner's Bill of Rights, part of a larger package of initiatives that aims to make city regulation less onerous on small business owners.

Seeking to help tenants whose buildings have been purchased by speculators and fallen into disrepair, City Council Speaker Christine Quinn proposed Thursday to force landlords to fix underlying problems that lead to code violations, not just the violations themselves.

The amendment to the city's housing maintenance code would enable tenants and the city to bring actions in housing court against landlords to compel them to correct conditions such as leaky roofs, shoddy boilers and faulty wiring. "Instead of just fixing water damage, landlords will have to repair the hole in the roof that's causing it," Ms. Quinn said. "Slumlords will have to spend real money and fix the real problem or we'll haul them into housing court."

Ms. Quinn, who started her career as a tenant organizer, made the announcement in her annual State of the City address. The speaker said she worked with Housing Preservation and Development Commissioner Mathew Wambua on the plan and that Councilwoman Gale Brewer would introduce legislation to make it happen.

"We support the speaker's idea to amend the housing maintenance code to mandate the correction of underlying conditions," said a Housing Preservation and Development spokesman. "There's still work to be done to assess how this would be achieved—how it is triggered—so that we're careful to target properties where it makes the most sense."

Landlords took a wait-and-see attitude to Ms. Quinn's plan, noting its impact could not be fully understood until the specifics are known. They said it might end up capturing not just speculators who overpay for properties, but other landlords trying to scrape by. They noted it would be difficult to determine problems with underlying conditions without breaking through walls.

“The devil's going to be in the details,” said Joseph Strasberg, president of the Rent Stabilization Association, a landlord advocacy group. “Conceptually, it sounds like a great idea to protect tenants. Then the question is, ‘Is there financing for it, can the owner do it?’ Let's see how they draft the legislation and the cost implications.”

Housing advocates applauded the move, which is intended to help tenants like the ones who live in a collection of six buildings in the Bronx that are dealing with their fourth owner in five years.

The saga of the six buildings began back in 2006, at the height of the market, when now-defunct Ocelot Capital Group bought the portfolio—totaling 260 units—for \$16.5 million, including a \$13.2 million mortgage from Dime Savings Bank. Stretched beyond its operational and financial capabilities, Ocelot Capital, which had overpaid for 25 buildings across the Bronx, began to forgo even routine maintenance.

After two years of neglect, Dime Savings Bank helped facilitate the buildings' sale to Hunter Property Management, which paid face value for the mortgage. Equally challenged, Hunter Property was no better a landlord than Ocelot Capital: The buildings had 2,936 outstanding violations when they were sold in 2010 to the Bluestone Group for \$10 million.

Bluestone promised tenants that things would change. It cleared many of the violations, but did not address underlying conditions, leaving tenants frustrated and unsatisfied. A little more than a year after taking over, Bluestone flipped the buildings to Gazivoda Realty Co. for \$21 million. Tenant advocates say Gazivoda has yet to address the buildings' major systems, which are in dire need of repair. President Anthony Gazivoda did not immediately respond to a request for comment.

“The change will force chronically bad landlords to spend the appropriate money to make buildings livable, to deal with systems issues and not just slap up plaster,” said Dina Levy, director of organizing and politics at the Urban Homesteading Assistance Board. “It's about time.”

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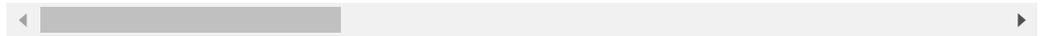
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