

STABILIZING

NYC

The

Predatory

Equity

Story

**Tenant Perspectives
on Speculative Landlords,
Displacement, and
Fighting for Justice**

EXECUTIVE SUMMARY 2017

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OVER THE PAST DECADE, New York City's affordable housing market has been severely destabilized. Following the financial crisis of 2008, buildings across the City fell into foreclosure or were sold by long-time landlords. At the same time, many housing organizations noticed new entities buying up large portfolios of rent-stabilized buildings. Often these new owners took on huge amounts of debt and used mortgage loans from banks to finance the deals.

Hoping to seize an opportunity to profit, these new owners began aggressively pushing rent-stabilized tenants out, in order to increase rent revenue, using a wide range of harassment techniques. Housing organizations identified this behavior as "predatory equity," which can be described as speculative and risky

financial investment in buildings, with the expectation of quick, tremendous profits at the expense of tenant quality of life and building conditions.

The Stabilizing NYC coalition formed in 2014 to organize against predatory equity's threat to affordable housing. As the coalition began to work together, we came to understand that while the tactics of predatory equity landlords may look different in different neighborhoods, it was all part of the same overarching strategy to displace long-term rent-stabilized tenants. In order to document the practices of predatory equity landlords and create a definition of predatory equity rooted in tenant experiences, SNYC partnered with the Community Development Project at the Urban Justice Center (CDP) to conduct a participatory action research project. We collected data about the experiences of rent-stabilized tenants living in 162 buildings across Manhattan, Queens, the Bronx and Brooklyn, designated by SNYC as "predatory equity" buildings (see full report for criteria for selecting buildings). The following findings are based 10 focus groups, 877 surveys and an analysis of Department of Buildings and housing court data.

Given the widespread tactics that predatory equity landlords use to push tenants out of rent-stabilized housing, we argue that City Council should support and pass legislation that would protect tenants from harassment and force landlords to prioritize tenant safety.

SELECT RESEARCH FINDINGS:

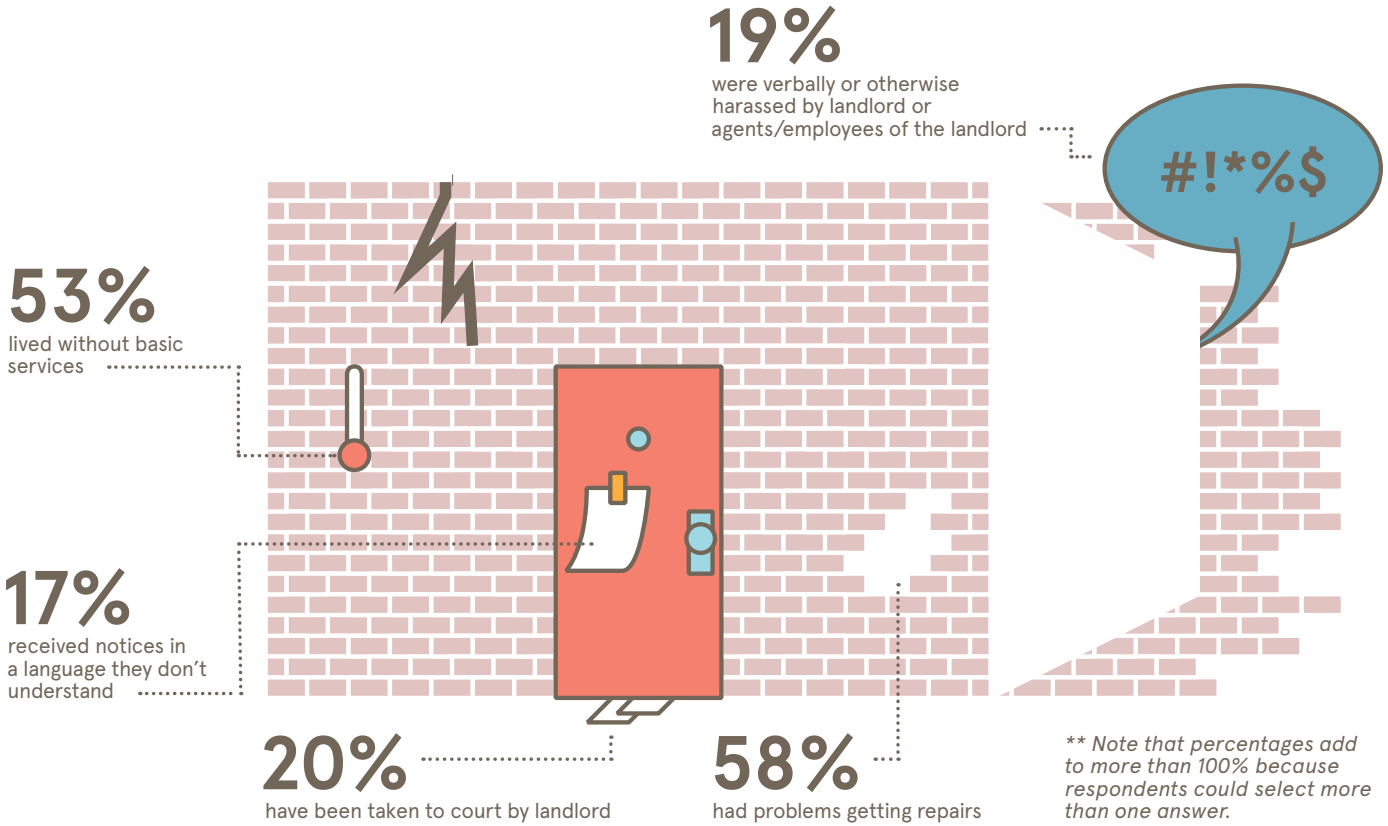
(for a more comprehensive list of findings, please see the full report)

Predatory equity landlords engage in aggressive tactics in an attempt to displace tenants.

According to New York City Local Law 7 (2008), harassment includes interruptions and discontinuances of essential services, repeated, baseless or frivolous court proceedings, and other repeated acts that substantially interfere with the tenants' comfort or causes them to be displaced.

1 in 5 survey respondents reports being verbally or otherwise harassed by their landlord or agents/employees of the landlord.

Survey respondents report the following types of tactics:



A focus group participant describes being threatened and harassed by their new landlord:

“Since [the new landlord] purchased the building, I can’t tell you how many times they have brought me to court. Even if I am as little as one week late to pay my rent bill, they post written notices on my door, threatening to evict me if I do not pay the rent within 5 days. They then begin to harass me, constantly calling me and sending me written notices demanding that I pay the rent. There have been major changes for tenants since [the new landlord] purchased the building; I no longer sleep peacefully because of all of this.”

QUEENS FOCUS GROUP PARTICIPANT

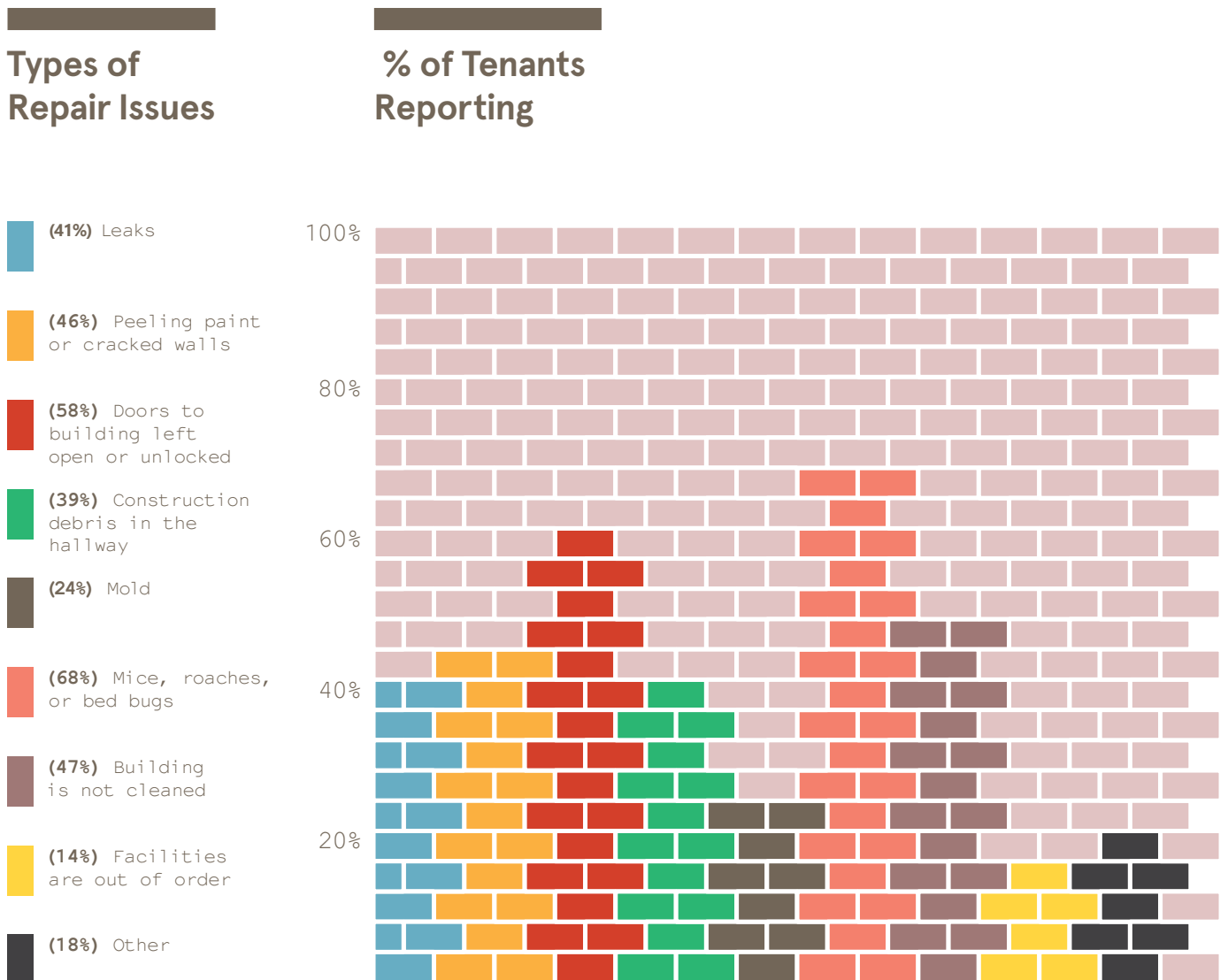
Predatory equity landlords neglect their buildings, causing the building to fall into disrepair and tenants to experience unsafe and unsanitary conditions.

A focus group participant describes the emotional toll of living in such unsafe conditions:

“What’s scary is falling asleep at night because you don’t know if the building is going to blow up because there’s been chronic gas leaks. I’m always afraid of a fire, because we had a horrendous fire in 2003 in the next building, newly renovated apartments, that they used substandard work, some substandard workers, and it went on fire, and a young girl got burnt over 80% of her body. So, that’s scary.”

MANHATTAN FOCUS GROUP PARTICIPANT

Survey respondents report the following conditions in their buildings:



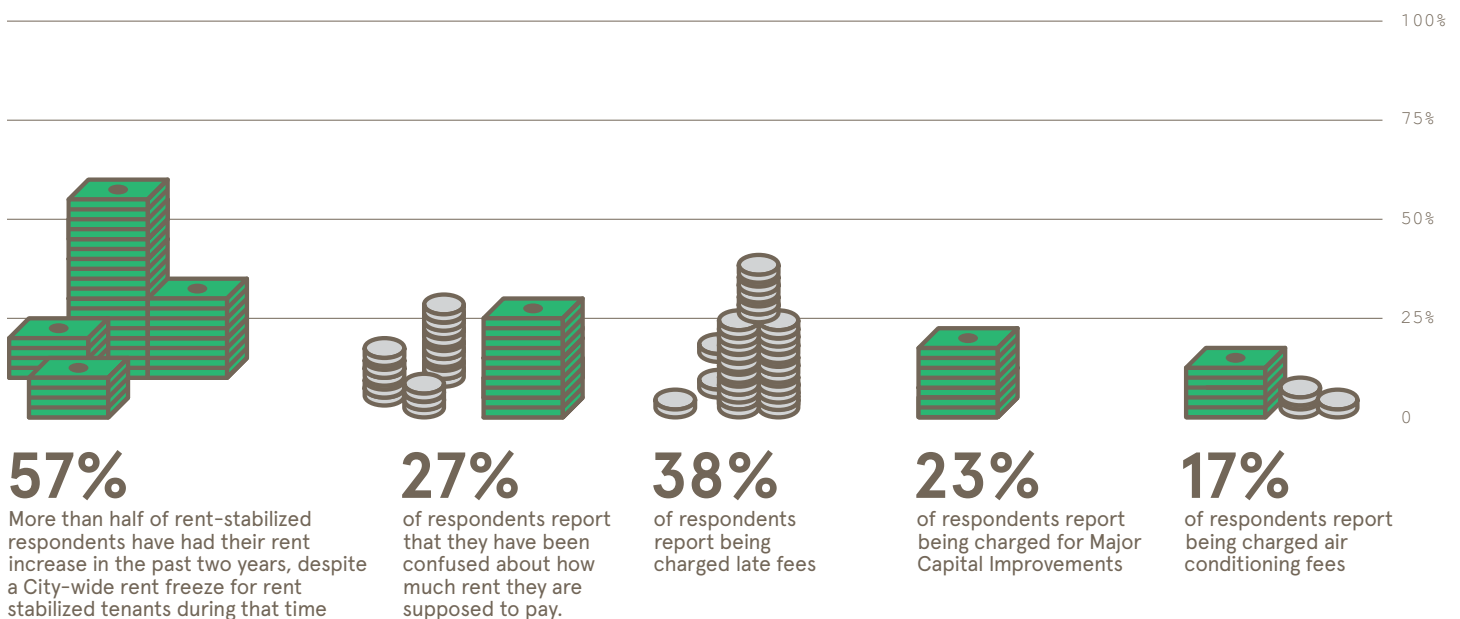
Predatory equity landlords neglect repair and safety issues in buildings, and repairs that they do supply are often substandard.

58%
of respondents
have had problems
getting repairs

Of those respondents whose
landlords sent someone to
complete repairs:

60%
were NOT satisfied
with the quality of
the repair work

Predatory equity landlords try to push long-term tenants out by manipulating rents and adding non-rent fees to monthly rent bills:



OFFERING “PREFERENTIAL RENTS” AND THEN SUDDENLY REVOKING IT, EXPOSING TENANTS TO A STEEP RENT INCREASE:

- _ About one fifth (21%) of survey respondents pay a preferential rent, and 14% are unsure of whether they pay a preferential rent.

A focus group participant describes the experience of having their preferential rent taken away:

“In my building, what has changed is economic. They want to get the old tenants out to repair the apartments and raise the rent. And before, I had preferential rent. And suddenly, he sent a letter and he said, “You lost ... you have no preference,” and they raise your rent as they wish.”
BROOKLYN FOCUS GROUP PARTICIPANT

The landlord or management company also attempts to disrupt and intimidate organizing efforts by tenants.

- _ 41% of survey respondents report that they have felt unsafe because they participated in their building’s tenant association, participated in a legal action against their landlord, reported a problem with their landlord, or some other reason.

Focus group participants describe how supers, acting as agents of the landlord, attempt to disrupt the tenant association meetings in their buildings:

“During one of our meetings, we thought we weren’t being watched/filmed, but apparently, they had put in a video camera at the site of our meeting. In the middle of our meeting, our super came out like a crazy person and yelled “What are you doing?” We responded, “None of your business!” He then put flyers up everywhere announcing that he would be arranging a meeting in the location and during the time we had agreed to meet. So we ended up cancelling our meeting.”
QUEENS FOCUS GROUP PARTICIPANT

Predatory equity takes a substantial emotional toll on tenants.

A focus group participant describes feeling degraded:

“It’s the microaggressions that they’re doing, it’s the little things, like little bits of papercuts. It’s like that death by a thousand cuts where you don’t feel welcome, you don’t feel that they value you as a tenant, even if you pay your rent on time, you’re not creating a fuss...”
BROOKLYN FOCUS GROUP PARTICIPANT

However, organizing with others allows tenants to make real changes to their building and quality of life.

- _ 60% of respondents report that they are members of their building’s tenant association.

A focus group participant describes the positive impact of organizing:

“[Organizer from community organization] came to my building and asked, “Who is the leader here that wants this building to start working and do things as they should be done?” “That’s me, I’m the leader,” I said. And when this man arrived, I thought, here is my guardian angel, let’s get to work! And we began the work, brother. Then you saw how they began fixing everything.”
QUEENS FOCUS GROUP PARTICIPANT



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of respondents report that they are members of their building’s tenant association

THE
SOLUTION:
STABILIZING
NYC
LEGISLATIVE
PROPOSALS

Our research has shown that predatory landlords across the city attempt to push out rent-stabilized tenants by employing a variety of harassment tactics, raising rent burdens, offering buyouts, and suppressing organizing. In order to address this, Stabilizing NYC has been working with the Coalition Against Predatory Equity (CAPE), a group of elected officials, to draft legislation that would increase scrutiny on predatory equity landlords, as well as lenders who finance predatory equity purchases. The City Council should support and pass the following bills, and continue to fund Stabilizing NYC's work towards ending predatory equity and protecting tenants.

1

City Council should support and pass Intro 1210 — OWNER WATCH LISTS.

This bill would require the Department of Housing Preservation & Development (HPD) to create a watch list on their website for owners of multiple dwelling buildings (6 or more units) who are engaged in predatory equity practices. Owners would be categorized on "Moderate Risk" or "High Risk" lists based on several factors.

2

City Council should support and pass Intro 1212 — LENDER WATCH LIST.

This bill would require the Department of Housing Preservation & Development (HPD) to create and maintain a watch list on their website of lenders who provide financial support to owners engaged in predatory equity practices. The lender watch list would contain information about which landlords and buildings the lender was financing, and this information would be shared with federal and state agencies overseeing banking rules and regulations.

3

City Council should support and pass Intro 1211 — CONSPIRACY TO HARASS.

This bill would create a rebuttable presumption (believed to be true until proven otherwise) regarding tenant harassment for certain buildings that meet criteria defined in Intro 1210.

ABOUT THE AUTHORS



Stabilizing NYC (SNYC) is a coalition comprised of fifteen grassroots neighborhood-based organizations, a citywide legal service provider and a citywide housing advocacy organization who have come together to combat tenant harassment and preserve affordable housing for the New Yorkers who need it most. The coalition combines legal, advocacy and organizing resources into a citywide network to help tenants take their predatory equity landlords to task for patchwork repairs, baseless eviction cases, and affirmative harassment.



The **Community Development Project at the Urban Justice Center (CDP)** partnered with SNYC to conduct this research. CDP provides legal, participatory research and policy support to strengthen the work of grassroots and community-based groups in New York City to dismantle racial, economic and social oppression. CDP's Research and Policy Initiative partners with and provides strategic support

to grassroots community organizations to build the power of their organizing and advocacy work. We utilize a "participatory action research" model in which low-income and excluded communities are central to the design and development of research and policy.

ENDNOTES

ⁱ Stabilizing NYC Coalition, "Banking on Gentrification," June 2016. http://www.uhab.org/sites/default/files/banking_on_gentrification.pdf

ⁱⁱ Ibid

ⁱⁱⁱ 2008 N.Y.C. Local Law No.7

STABILIZING NYC MEMBER ORGANIZATIONS:

