



NEW YORK STATE SENATOR

Brian Kavanagh

Governor Hochul Announces \$514,000 Settlement Against Manhattan Landlord Who Overcharged Tenants and Violated Rent Laws

BRIAN KAVANAGH February 14, 2024

| ISSUE: **HOUSING & TENANT PROTECTIONS**



Manhattan Landlord Steven Croman

New York State Homes and Community Renewal Investigation Found Landlord Illegally Advertised Regulated Units as Short-Term Rentals, Removing Them from the Housing Supply

Tenants to Receive Damages for Rent Overcharges as Part of the Settlement

Governor Kathy Hochul today announced that New York State Homes and Community Renewal's Tenant Protection Unit secured a \$514,000 settlement against Manhattan landlord Steven Croman of Centennial Properties for unlawfully defrauding renters amid a statewide housing crisis. Croman engaged in a scheme to lease regulated units for a term of less than one or two years, making the apartments unavailable for New Yorkers seeking safe, stable housing. The settlement, which includes damages for overcharges to be paid back to tenants, builds on Governor Hochul's commitment to supporting New York tenants.

"With New Yorkers facing the most dire housing shortage in six decades, any attempt to take regulated units off the market is not just unlawful – it's contributing to our housing crisis," **Governor Hochul said.** "This settlement starts the process of making these Manhattan tenants whole, and I thank the dedicated members of the Tenant Protection Unit for continuing to drive my administration's effort to support New York renters."

TPU launched a comprehensive investigation into Croman's patterns and practices after receiving complaints in the summer of 2023 alleging units owned by Croman were advertised on the BlueGround rental platform, listing furnished apartments for stays of 30 days or longer that were presumed to be market rate units by prospective renters. TPU found that listed rents and fees improperly exceeded the legal regulated rent registered with HCR. The investigation also uncovered violations of lease agreements, and rent laws governing areas such as security deposits, subletting and rent registrations.

Under the terms of the settlement agreement, Croman will pay \$514,000 for violating the rent laws by leasing rent regulated units for terms of less than one or two years, and for overcharging occupants of nine rent regulated units in five buildings, over the course of approximately 11 months. Croman has already refunded more than \$74,000 to some prior occupants.

New York State Homes and Community Renewal Commissioner RuthAnne Visnauskas said, “Let this half a million-dollar settlement be a clear and resounding repudiation to owners who seek to game the rent regulation system - that their scheming to cheat the people of New York will cost them dearly. Whatever illegal profit a landlord believes they’ve netted and whatever units they believe they have deregulated, the Tenant Protection Unit is here to ensure that that windfall will be recaptured, potentially trebled, and carry punitive damages on top of those penalties. The Governor and HCR are committed to enforcing the laws governing rent regulation, and we will continue to protect New Yorkers and New York’s rent regulated housing stock. Since the creation of the State’s TPU, the unit’s audit, investigative, and enforcement activities have proactively recovered approximately \$8 million in rent overcharges.”

State Senator Brian Kavanagh said, “This settlement is a victory for all of us who have fought hard over many years to strengthen tenant protections and to preserve our affordable rent-regulated housing stock. Legal action like this sends a clear message to others who might choose to circumvent our laws that such behavior will neither be profitable nor tolerated. I applaud Governor Kathy Hochul, Commissioner RuthAnne Visnauskas, and the Tenant Protection Unit for their vigilance in pursuing landlords who break our laws and for their ongoing commitment to protect renters. I also congratulate the Croman tenants, who have been tenacious in fighting for fair treatment for themselves and their neighbors, and who long ago exposed their landlord’s propensity of lawbreaking. I look forward to continuing to work with my colleagues at all levels of government, and the communities I’m proud to represent, to prevent these types of abuses going forward.”

Assemblymember Linda B. Rosenthal said, “Justice has once again caught up with Steven Croman. For years, I have worked alongside the Stop Croman coalition in our collective quest to hold him, one of the worst landlords in the City, accountable for his illegal, deceptive and

fraudulent deeds. In 2020, 2021 and 2023, I requested the New York State Department of Housing Community Renewal (HCR) to conduct audits of Mr. Croman's housing portfolio after hearing reports of inflated rents and illegally deregulated units, ultimately leading to today's settlement. After years of tireless advocacy, I am thrilled that both the Governor and HCR are finally holding Croman accountable for cheating hardworking New Yorkers and for hoarding much-needed affordable units during a housing shortage.”

The settlement builds on Governor Hochul’s commitment to supporting New York tenants. As part of the FY 2025 Executive Budget, the Governor announced that the Division of Human Rights will strengthen efforts to enforce State law prohibiting a housing provider or a real estate professional from discriminating against an individual seeking housing because of their use of a Section 8 Housing Choice Voucher. Governor Hochul also proposed legislation to protect affordable housing providers by prohibiting insurance companies from refusing to cover affordable housing.

In addition, Governor Hochul secured significant investments to support tenants as part of the FY 2024 Budget, including a \$391 million investment in the Emergency Rental Assistance Program; \$50 million for tenant legal services and representation for eviction cases statewide; and funding to expand TPU in Upstate New York.