

**WILL HPD DO A FAVOR FOR HOTEL CONVERTERS?**

## Suite Deal

**FY J.A. LOBBIA**

s the city serious about protecting single-room-occupancy tenants from landlords who harass them, or is it willing to cut slack for owners who want to turn affordable housing into lucrative hotels? Answers to those questions will likely be known in the next few days. A fast-growing developer, Property Markets Group, has been granted an unusual meeting with high-ranking officials from the Department of Housing Preservation and Development; PMG hopes to convince HPD to ignore a December finding that tenants at the Allerton Hotel, a women's SRO on East 57th Street, had been mocked, followed, forced to live in filth, and otherwise harassed.

"This will be an important decision, not just for the Allerton," says Amy Mayer, an attorney at MPY Legal Services, which represents Allerton tenants. "We have every confidence that HPD will send a clear message that the city is committed to enforcing the law protecting SRO tenants and will not be swayed by requests for special treatment."

At issue is whether HPD commissioners will follow the recommendation of their own hearing officer, Frances Lipka, who advised the department to deny a "certificate of no harassment" to the 422-unit SRO at 57th and Lexington. The certificate is necessary before PMG can convert the Allerton from a residence for long-term, low-rent tenants to a tourist-class hotel. In mid 1997, a PMG affiliate signed a 49-year net lease of the hotel; since 1991, PMG has assembled a portfolio of about 70 "distressed" properties, including four SROs. Lipka signed her recommendation on December 31; it is now up to an HPD commissioner to deny or grant the certificate.

The fact that no decision has been made is unusual, sources say. The delay is especially troubling since last month PMG attorney Franklin Kaiman wrote a letter seeking a meeting with HPD commissioner Richard Roberts, hoping to persuade him to overrule Lipka. At press time, HPD and Kaiman were planning a meeting for February 9. Mayer was not notified of it until the afternoon of February 8, and said her office would not attend. HPD did not return calls for this story.

Neither city laws nor HPD guidelines authorize a landlord to "argue its case directly to the commissioner's office." Mayer wrote to HPD assistant commissioner Elizabeth Bolden. Such a meeting "would undermine the accuracy, fairness, and effectiveness of the entire hearing process, as well as the appearance of impartiality by the Department." Indeed, Lipka came to her conclusion after conducting a yearlong hearing that was required when HPD itself determined there was reasonable cause to believe that Allerton tenants had been harassed. She heard testimony from tenants, PMG employees, and HPD, and considered extensive written arguments submitted by all sides.

Ron Simoncini, whose public relations firm represents PMG, says there's nothing untoward about Kaiman's request. "We're trying to do something that improves this hotel for everyone, us included," says Simoncini. "If we can intervene and continue to describe to HPD what we think this environment should be, that's to the good of everybody."

Harassment is a problem for SRO tenants in buildings where owners want to make room for tourists. The trend is eroding the already-depleted supply of SRO rooms, often the only housing affordable for working-poor or elderly renters. Simoncini says PMG does not force

tenants out, but is willing to buy them out, relocate them, or evict them when legal. About 50 tenants remain at the Allerton.

Simoncini argues that if PMG wins the certificate, it could renovate the Allerton and add private bathrooms for tourists — and also for the hotel's long-term residents. But that can't happen unless tenants agree there has been no harassment. "I grant you we have this great economic motivation" to get the certificate, "but the fact is, the tenants shouldn't stop us, because if they do stop us from putting private bathrooms and larger rooms in for hotel guests, they can't get them either."

In fact, Lipka determined that a letter using such logic written by PMG hotel director David Bernstein to Allerton tenants constituted harassment. "Of course, if you do not consent to our Application" for a no-harassment certificate, Bernstein wrote, "and

## LOWERS B tenements

it is granted . . . you will not then be offered new rooms." Bernstein called the letter an effort to start a dialogue with the tenants, but Lipka concluded that she could not

"assign a benign motive to the letter." Ironically, much of the harassment at the Allerton did not occur under the PMG affiliate that holds the net lease there, but took place when owner Allan Goldman ran it in the early 1990s. His tenure is relevant because in SRO harassment hearings, HPD considers behavior over many years, partly to prevent fake "sales" of buildings within an industry controlled by a relatively small group of landlords who trade properties among themselves when they get into trouble. Although there is no such relationship between Goldman and PMG, harassment that Lipka found took place under Goldman prevents PMG from getting a certificate.

Even so, Allerton tenants say life is difficult under PMG, too. Heat and hot water are spotty, the elevator unreliable, bathrooms dirty, and extensive renovation forces them to live amid construction. On the 10th floor, for instance, a handful of remaining tenants must clamber over debris and under hanging wires to get to their rooms, which are often chilly since windows in rooms under construction are left open.

"There are lots of problems here," says one tenant, a psychiatrist who did not want to be named because she doesn't want her patients, including inmates, to know where she lives. "There's horrible noise at 7:30 on Saturday morning, people pounding on pipes and yelling in hallways." Simoncini says renovation is progressing "as thoughtfully as we can do it."

Long-term tenants are not the only ones complaining about the Allerton. In October 1997, Marymount Manhattan College sued the PMG affiliate running the hotel, claiming that a block of 250 rooms it had rented for students was "so deplorable," 14 students left the college forever almost immediately after move-in day.

According to the suit, now pending in state supreme court, students found drug needles in medicine cabinets, excrement in showers, locks that were easily picked or, conversely, locked them inside their phoneless rooms for hours. Students, mostly young women, reported that roaches crawled on them while they slept or studied. Marymount paid its first-month rent of \$17,850 plus a security deposit and is suing to get it back.

In court papers, the hotel's lawyers generally denied the charges and noted that Marymount had agreed to take the hotel "as is." "I go to the hotel almost every day but I don't see those conditions," says Simoncini. "Major renovation leads to problems like dust and debris for disruptions. I think people will say a lot of things to get out of a lease."