

Ask The Administrator

Question: *Given my long-standing experience in real estate, I was recently asked about the impact of the current economic situation on property owners.*

Answer: This economy has affected owners in many ways – some good, some not.

On the good side, I recently closed on a re-finance of a small apartment building. The rate was 3.95%. In that transaction, the owner was able to increase their mortgage, take cash out (even with stiff pre-payment penalties) and wind up with a monthly payment barely more than what they were paying on a mortgage for half as much as the re-financed amount.

Also, on the good side, rentals for apartments in Manhattan and then, by natural migration, the outer boroughs, are up and apartments are renting in record time.

On the bad side, a recent article stated that mortgage foreclosures for commercial properties are starting to increase. Considering the record number of store closings and bankruptcies by large retailers – as well as individually-owned stores- that does not come as a surprise to me. And foreclosures on apartment buildings in New York continue to be problematic.

Also on the bad side, municipalities are in dire need of funds. Spending never seems to go down. As a result, real estate taxes increase annually either as the result of higher tax rates or increased assessments. Water and sewer charges have been rising in excess of ten per cent per year for the last several years. Oil prices generally continue in an upward trajectory and oil company profits increase accordingly. At the same time, the City is forcing owners of buildings who use #6 oil, the least expensive heating oil, to convert to more expensive (and cleaner) forms of heating oil. Alternatively, owners can convert to less expensive natural gas but the conversion costs, including the costs for chimney linings, are astronomical.

Then there are the direct negative ramifications for owners as Housing Court hours have been reduced due to mandates brought on by the budget cuts. This is first obvious when trying to get into the courthouses. The lines to get into the Housing Court are always longer than I can remember. Fewer

court officers mean fewer and slower lines. In many instances, second calls and default calendar calls are being delayed because of the longer lines.

Courtrooms are now required to close earlier than 5 P.M. Typically, by around 4 or 4:15 P.M. each day, cases are being wound down. This is on top of afternoon calendars that sometimes begin at 2:15 P.M. but more often 2:30 P.M. That does not leave much time for court proceedings in the afternoon, which is most often to the benefit of the tenant.

Clerks who are absent or where there are positions yet to be filled because of transfer or retirement, are being replaced internally. So the position from where the replacement clerk is coming from remains unfilled. Papers are taking longer to be transported, signed, filed or, for that matter in some parts, even reviewed because of lack of staff.

Or, as is happening on a regular basis, the clerks begins their daily calendar calls by declaring that there are NO Judges available AT ALL to hear cases- as in ANY CASES- that day!! Cases marked final are adjourned.

In a recent case in Housing Court, a colleague (and member of the RSA Legal Plan) asked that the unpaid rent be at least deposited in Court because of the adjournment; however, because there was no judge available, his request was refused. The matter was not referred to a sitting judge- there wasn't even a judge to sit in the Part.

I routinely field calls from irate RSA members whose cases are delayed or who have trial dates adjourned and rent not being paid. From my perspective and the perspective of property owners, justice delayed is no justice at all. It appears that the current economic climate will have a negative impact upon property owners for some time to come. ■

Answer provided by Howard Stern, Esq., Administrator of the RSA Legal Plan for small property owners, who is solely responsible for its content.

Non-Payment Workshops at RSA...

Property owners who want to represent themselves or better understand this complex process can't afford to miss RSA's Non-Payment Workshops. Howard Stern, Esq., the Administrator of RSA's Legal Plan, leads the workshops.

Wednesday, February 29, 1012 @ 12:30PM – 4:00PM, RSA's Offices, 123 William Street, 14th Floor.

Seating is limited so please call (212) 214-9243 or fax (212) 732-0617 ASAP.

Open to all dues-paid RSA members but RSVP required. Light refreshments provided.