

STRAIGHT

TALK



ROBBING THE HOOD

Edward (Ezra) Klein, real estate investor and attorney, spoke with Hamodia about the effects of New York's moratorium on tenant evictions during the COVID pandemic.

What is your involvement in the real estate market?

My company, Herald Realty Management LLC, has been in the market for 35 years, owning multifamily buildings in New York City and other property types outside of the city, in the tri-state area.

Tell us about the state moratorium on evicting tenants who have not paid rent during the COVID pandemic.

The state moratorium essentially has closed down the Housing Courts. You can't even start a Landlord-Tenant legal action. That reduces you to filing suit against the tenant for money damages only, as opposed to evicting him. Suing the tenant for money has much more limited value than an action to evict him from the premises.

But that's only one problem. The second problem is the media, including the real estate media, have made it very clear to the tenants that the courts are closed, thereby encouraging a lot of tenants who can otherwise pay their rent to stop paying their rent, causing a crushing financial burden on many landlords.

The media is supporting, at least in a subliminal fashion, the movement to prevent landlords from collecting their rent.

New Jersey is not as draconian as New York. In New Jersey, you can start an action. Most of the courts are still open. And you can even get an eviction against a tenant in many cases.

During all this time, have you had to pay your real estate taxes, utilities, mortgage, etc.?

We've had to pay everything. Otherwise, if we didn't pay on time, we'd pay 19% interest on our New York City real

estate taxes and water and sewer bills.

Have you appealed to our government saying, if the tenants are not paying my rent, why should I have to pay you?

I've sent numerous letters to Governor Cuomo and the Governor's counsel's office, and to the Chief Administrative judges in Manhattan and Brooklyn, complaining about the lockdown on behalf of my law practice clients, who are commercial landlords primarily in New York City. Many clients have sent these letters as well. They have all been ignored, except by the Chief Administrative judges, who have responded but say they have to listen to what the Governor decrees.

What percentage of your clients have paid full rent during the pandemic?

I'm fortunate enough to have property in quality neighborhoods, so my collections are in excess of 90%. Some of my clients, who own property in bad neighborhoods, have collections in the range of 60% or 70%.

In addition to the letters, have you had any verbal lobbying discussions with government officials, and if so, can you share what has been said?

They're not interested. We have had Zoom meetings with members of the State Senate, and with a few exceptions they're just not interested in the landlords' problems.

Can you give any names?

Sen. Brian Kavanagh [whose district covers Lower Manhattan and the Brooklyn waterfront] is Chair of the Committee on Housing, Construction and Community Development. He pays lip service to the issues facing landlords today. His

concerns revolve around helping tenants in every circumstance, to the financial detriment of every owner in NYS.

What do you hear about this issue from other landlords?

They are all suffering greatly. They have little legal recourse against their non-paying tenants. I have my own law firm, so the few tenants that have not paid rent, I can at least sue for money in Civil Court. But most people don't have in-house law firms to be able to do that.

Do you see this having any long-term effect on the New York real estate market, even after we're fully back from the COVID shutdown?

It's another nail in the coffin for ownership of real estate in New York City.

This is a continuation of the damage inflicted by the 2019 New York State rent law (also known as the HSTPA), which essentially froze rents (with a few exceptions), while our expenses continue to go up. So it's really like stage two of the same decree against ownership.

Do you have any final thoughts?

You have no idea how the New York State and New York City governments have conspired to destroy real estate in this city, and to a slightly lesser extent in the state.

The values of New York City real estate in the multifamily sector has dropped 40% to 50% since 2018. The multifamily sector real valuation was about \$2 trillion three years ago. That means \$800 billion to \$1 trillion in value has been shaved off multifamily real estate in the last two and a half to three years. Our elected leaders knew their actions would cause this wholesale devaluation. That was one of their goals.

And you attribute this entirely to that 2019 law?

I attribute 70% of the losses to the HSTPA, and 30% to the various anti-owner COVID laws.

People who support these laws argue that opponents of these laws are rich landlords who want to make money off the backs of the poor people, and they want to fight back for the poor people. What's your response to that?

Only 20% or 30% of the multifamily owners in the City consist of large companies; 70% to 80% are mom and pop operations, families who own just one to three buildings. They are suffering greatly from these political edicts. ■

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לעילוי נשמת שרה בת אלתר אליעזר ע"ה

CONCERNING OUR GENERATION'S CHALLENGE: THE BATTLE AGAINST TECHNOLOGY

OUR CUSTOM-MADE CHALLENGE

The Kotzker Rebbe once visited a town. As the chassidim sat with the Rebbe for a seudah, a telegram arrived. Its message was destined for a particular wealthy man sitting alongside the others at the table. There was a fire in your warehouse, it read. Everything is burnt.

The man immediately fell into a faint. The townspeople tried reviving him, but as soon as he came to, he passed out again. This repeated itself over and over again. The townspeople simply couldn't rouse the distraught businessman.

The Kotzker Rebbe asked what the telegram said and the messenger replied that this man's entire inventory had gone up in smoke.

The Rebbe stood up and whispered something into this man's ear. Suddenly, the man sat up straight, fully awake. "But how can that be? The telegram clearly stated that my warehouse burned down to the ground!"

Apparently, the Rebbe had told the man that it was not true, that there was obviously a mistake in the message and it could not be that his inventory was gone.

There were murmurs in the crowd. Were they watching a mofes unfold?

As soon as the wealthy man was strong enough to get up, he made his way to his warehouse to investigate the matter. Sure enough, everything was intact.

There had been a fire in the neighboring store. His things had not been affected.

The wealthy man returned to the Rebbe to report that indeed it had been a mistake. "But how did the Rebbe know?" he asked.

The chassidim claimed it was open ruach hakodesh, but the Rebbe replied that this was no mofes, it wasn't a miracle – it was simple and clear. "Hakadosh Baruch Hu does not give a person a nisayon that is too difficult for him to handle.

When I saw how the man kept passing out and was not able to be revived," the Rebbe explained, "I knew it was a mistake."

Just like you wouldn't ask a child to pilot an airplane for you, Hashem doesn't ask us to endure challenges that we wouldn't be able to surmount. When the going goes rough and tough decisions must be made, this is a source of comfort.

Looking around at the technological challenges we face, it remains clear that the key to success is in our hands. We can triumph over these nisyons! Hakadosh Baruch Hu trusts us implicitly. He knows we can do it, otherwise we would not have been placed in this situation, surrounded by flashing screens and promises of wealth and convenience. We can rise above!

JUST LIKE YOU WOULDN'T ASK A CHILD TO PILOT AN AIRPLANE FOR YOU.

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