



UNION CITY HOUSING INITIATIVE 2022 NEWSLETTER

Dear Union City Property Owners,

The Union City rent control environment has had plenty of transformative moments. We wrote to you when the Board admitted that there was, in fact, vacancy decontrol in Union City from 1996 to 2013. During that time, the rent control office and the administration had ignored that fact in many rent calculations. This puts scores of determinations and settlements vulnerable to being opened, if certain litigation that is underway succeeds (please see below article).

However, there are many other indications that the rent control environment in Union City has undergone a meaningful transformation:

- There have now been a few decisions in favor of landlords.
- The case management program has improved dramatically and while there are still many older matters awaiting resolution, there are far far fewer.
- The number of new cases and reports of harassment by the administration – such as through tenant organizer meetings and mailings – also has reduced dramatically.
- The Rent Control Board has added new members but will not disclose their resumes or how they were recruited or whether the departures of other members were because they had been personally named in lawsuits, although later dismissed.

We also hear that Union City is experiencing significant financial distress and has notified all department heads to not incur expenses without approval. This could be the effect of the costs of litigation on a variety of fronts sucking funds out the City's budget. So, while it appears that the City is willing to back off a little, it remains hostile to property owners, with the attorney managing some of the litigation against the City refusing to engage in policy discussions. So clearly, they are displeased at being called out on how miserably they perform, which means we are doing our job.

Thanks for your continued support!

Don't forget to upload your lawsuits to our website at www.uchousinginitiative.com and give us any other feedback or information that might be helpful.

Email us directly at:

info@mail.uchousinginitiative.com



LAWSUITS MOUNT AGAINST UNION CITY'S ADMINISTRATION OF RENT CONTROL ORDINANCE

UNION CITY, N.J., APRIL, 2022 – Union City is being sued by multi-family property owners in rent-control related cases before State or Federal Court that allege violations of due process, illegal takings under the 14th Amendment, violation of the Constitutional property rights, and to find the rent control ordinance unconstitutional as applied.

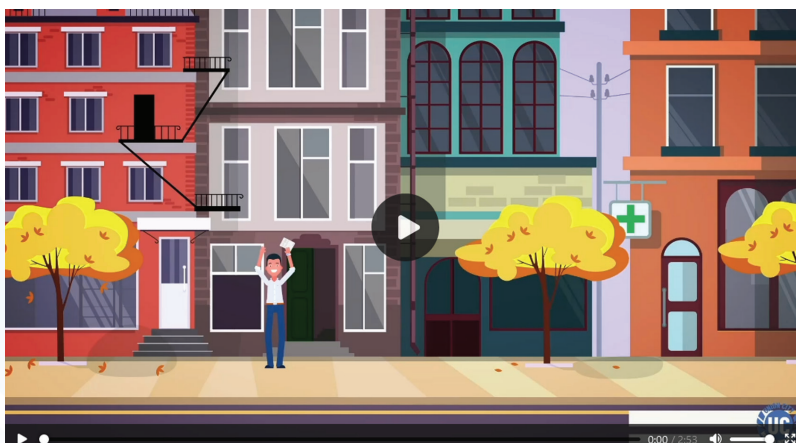
We've been pointing out that Union City's Rent Control regime has been broken for years. Lawsuits brought against the City include an extensive number of City defendants including the Mayor, members of his administration and rent control board members, some of who subsequently resigned from the board. Since we launched our lawsuit updating tool, a variety of property owners have informed us of six different cases both in state and federal courts. Coupled with an unknown number of appeals currently in front of the Rent Leveling Board, these cases will resolve the legality of functions of the Rent Control Office and the Board. Already we see that the Rent Levelling Board is taking a fairer and more equitable approach to determinations, for example, admitting that the City had vacancy decontrol from 1996 to 2013, but, among other shortcomings, there is still no standard for calculating legal rents under the ordinance.

Property owners typically spend about \$50,000 for each appeal – far more than they can derive in benefits even if they win their cases. Because of that diseconomy, property owners typically do not pursue legal action even when the evidence is in their favor, instead agreeing to settlements or accept the Rent Control Board's decision or determine to sell their buildings.

The economics of it just don't work out. But now the losses for the property owners are so massive, that in the long run, they view pursuing litigation as an investment in their futures. In particular in Federal Court, the opportunity to strike down the administration of the ordinance as unconstitutional and winning damages has become a matter of survival.

Watch the Video on Our Website: Rent Control in Union City – a Broken System:

www.uchousinginitiative.com





TOP 12 UNION CITY RENT CONTROL MOMENTS REVEALING ADMINISTRATION'S INABILITY TO APPLY THE LAW AS WRITTEN

Background:

For the past 2 years, UCHI has been attending Rent Control Board meetings in Union City in order to support property rights.

Without question, the most dysfunctional and dishonest rent control regime in New Jersey, and therefore, the entire country, is operating in Union City. Unscrupulous practices: The Rent Control Board lacks members who understand the Union City Rent Control Ordinance or even basic constitutional laws which dictate equal protection to all parties; and the Rent Control Office's attorney is consistently admonished by opposing counsel for advocating the tenant interests and guiding decisions when he is supposed to be an impartial hearing officer. This is a fundamental flaw in the system in Union City that has existed for many years.

Here are 13 moments that reflect just how depraved and cynical the environment has become:

December 2019. Despite a newspaper article with a photograph, a building burnt down to the studs was found to have not proved it required major renovation by the rent control Board. The Board further refused to accept original registration statements showing vacancies in the unit. The Board only granted the property owner rental increase relief when the property owner presented evidence of leases from more than twenty years ago. While this decision benefited this property owner (who owned the building for more than twenty years), it effectively created new evidential proofs required to establish turnovers in a property not found in the rent control ordinance.

April 2020. Facing a lawsuit on the constitutionality of its eviction moratorium, Union City repeals the law. This capitulation was the beginning of the tide turning for property owners in Union City and is based on the simple principal that you have to punch a bully in the nose.

August 2020. Union City Housing Initiative submits an OPRA request asking how many unfulfilled Open Public Records Act requests, how many open construction permits and how many open rent control rent calculation matters were in Union City. Most important, we asked how many rent calculation matters had come before the board in the last 60 months and how many were decided for the property owner. To that point, we had never seen one finding for the property owner. Union City denied the OPRA request on the grounds that it was not specific to documents they could provide. But, property owners started to get findings in their favor.

September 2020. Mayor Stack directs that certified mail be used for hearing notifications. Previously, the Rent Control Office claimed it used regular mail, but frequently property owners would not receive notices and be found against in rent calculation cases never having known there was a case.



September 2020. An apartment that was registered as a super's unit since 1975, whereby no rent was ever paid, is found to be under rent control at a rent that has no basis. In addition, for multiple years the unit was used only for storage. The unit was fully renovated and rented for the first time in 2016 with permits and approvals by the City of Union City. The tenant signed a lease and paid the rent years before contesting it. Upon contesting the rent, the city rolled the rent back from \$1450 to \$535.75 with no evidence or basis.

March 2021. A tenant who previously appeared and settled a rent control calculation says he ran into Mayor Stack on the street and explained the outcome. The tenant claims that when "Mr. Brian" told him to go back to the rent control office and ask for more. The Board then re-opened the decision, despite that the ordinance prohibits opening a decision that is not appealed, heard the case again and directed an additional refund to the tenant.

May 2021, A: Despite that a city official has a picture of the property owner's daughter in the doorway of his home, the city finds that there is no proof he is a resident, which would exempt the property from rent control. While the owner clearly resided in the home, the rent board ruled that the property was under the rent control ordinance.

o **May 2021, B:** The City acknowledges that in the original rent calculation, the rent control office calculated the rent incorrectly by using data from another address, but claim because there was a decision that cannot be appealed under the ordinance, they let it stand. So, when they make a mistake in the favor of the tenant, they stick with the finding anyway. And when they need to re-open a matter for a tenant, they do, but not for the property owner.

July 2021. Rent control secretary Yoelis Marte testifies: that there is no consistency to the method of calculating rents; that the office is not sufficiently staffed to complete calculations in which all the of the provisions of prior ordinances are considered; and that records are incomplete.

August 2021. Yoelis Marte takes a "leave of absence" from the rent leveling office at the next meeting. During the leave, she cannot be located to be served a subpoena, but letters from the rent control office continue to be signed on her behalf. When asked where Ms. Marte is during the public session of Rent Control Board meeting, the Rent Control Board and Office refuse to answer as to her whereabouts or if she is even in the country.

October 2021. Despite evidence that shows a property owner received a capital improvement, the property owner faces a rent roll back because he could not produce the "sealed" form and the one provided was too old. Then, under oath, Rent Control Director Kennedy NG testifies that he has never seen this form, through which exemptions to rent control are granted, despite that he has worked in various Union City offices since 2003. The apartment was also rented in the decontrol period (1996 – 2013), so the rent was legally correct but was lowered for their friend.

November 2021. Chairman Juan Milan admits that there was vacancy decontrol from 1996 through 2013. This admission, combined with Ms. Marte's testimony, opens up potentially hundreds of rent calculations for appeal and fortifies the State and Federal cases.

December 2021. After receiving four OPRA requests for documents related to a rent control calculation, the Rent Control Office produces two critical documents the night of the hearing. When confronted over why they were not made available previously, Mr. Ng, who previously served as the Director of Community Development, defends the City by saying "you submitted your request to the Rent Control Office, but the Community Development Office was holding some of the files."