The City of New York

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Anatole Ashraf
Chairperson

August 28, 2026

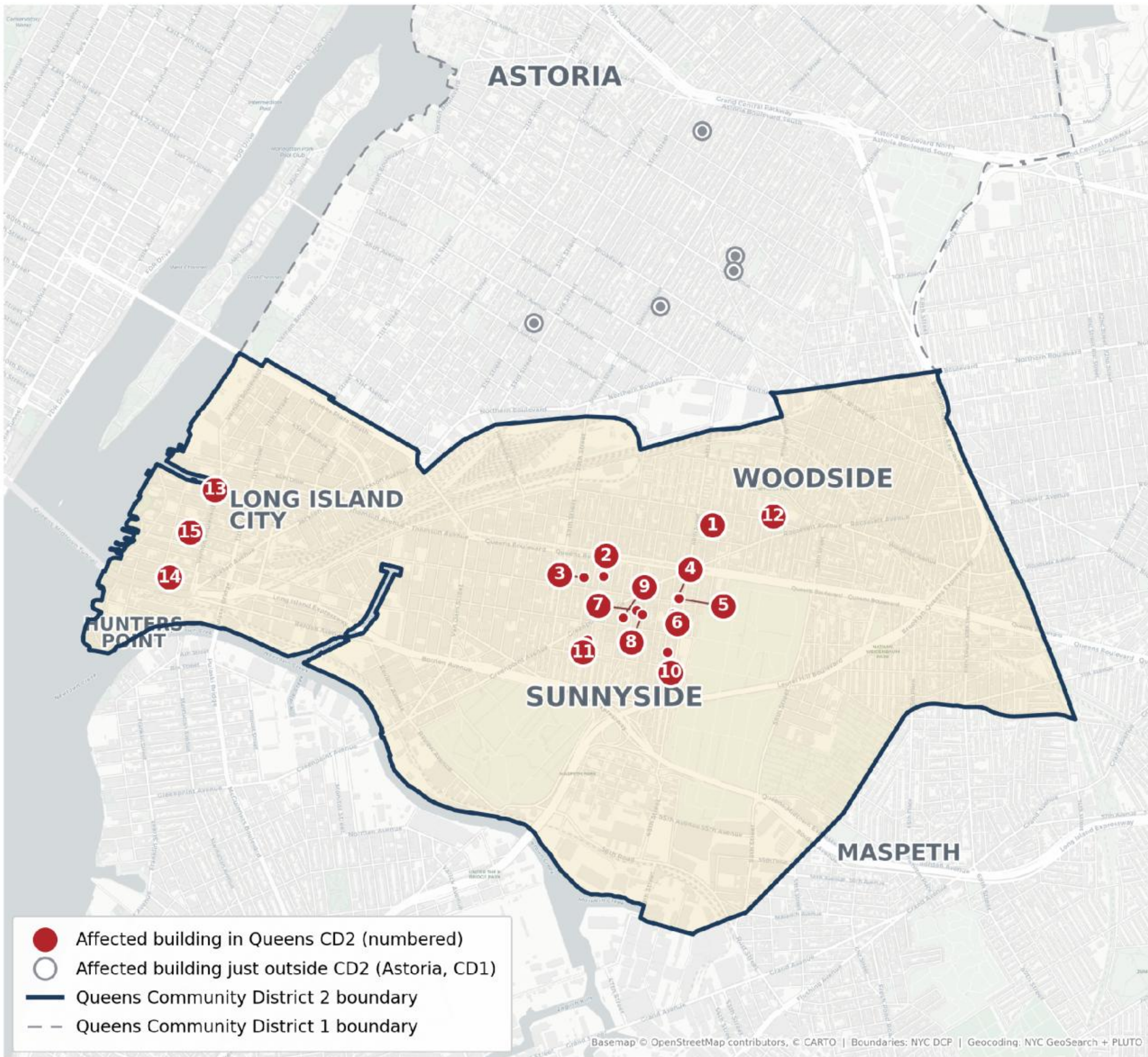
Re: Protecting rent-stabilized housing in Community District 2 from unlawful destabilization

Dear elected officials and community members,

The Land Use Committee of Queens Community Board 2 writes to ask for your help in protecting rent-stabilized housing. On December 1, 2025, Attorney General Letitia James and the New York State Division of Housing and Community Renewal, led by Commissioner RuthAnne Visnauskas, sued Peak Capital Advisors and its operators, alleging that the company treated at least 159 rent-stabilized apartments in 31 Queens and Brooklyn buildings as deregulated by misusing the substantial rehabilitation exemption and falsely claiming the buildings were substandard. A large share of them stands in our community.

Fifteen of the 31 buildings, with 73 of the 159 apartments, sit in Community District 2, across Sunnyside, Woodside, and Hunters Point. That is the largest concentration of any community district in the case.

Buildings Allegedly Unlawfully Deregulated in Queens Community District 2



Numbered markers match Table A 1 in the appendix; open markers lie just outside the district, in Astoria.

Those numbers carry real weight here. Affordable housing is the concern our board hears about most, in survey after survey and at nearly every public session. Each apartment improperly removed from regulation is a home a working family can no longer afford, and these units rarely return. Preserving rent-stabilized housing is an adopted priority of our board.

The exemption at the center of this matter is narrow by design. It applies only to buildings that were genuinely substandard or seriously deteriorated before work began, and only when at least three-quarters of a building's major systems are replaced. The State alleges that the property condition reports a consultant prepared for Peak before purchase rated these buildings "fair," meaning average or satisfactory, with decades of useful life remaining. It further alleges that, once regulators began investigating, affidavits were drafted for Peak's architect to sign, swearing that the same systems had been substandard. The allegations are contested, and a court will decide whether the exemption was available and whether the deregulations were lawful. Our position is the law must be enforced, and any unit deregulated unlawfully should be restored to stabilization, with overcharged or displaced tenants made whole. We are grateful to the Attorney General and Homes and Community Renewal for bringing the case.

This controversy also points to a problem that clearer rules can prevent. The standard for substantial rehabilitation has long been difficult to apply with confidence. The current guidance does not define the central phrase “substandard or seriously deteriorated” with objective criteria, and the rules changed when the 2023 amendments dropped a longstanding presumption that a largely vacant building was substandard.[1] That kind of uncertainty invites abuse, and it also leaves good-faith owners guessing. Clear standards applied going forward would assure tenants that any deregulation rests on genuine conditions and give responsible owners the certainty they need before they invest. We urge you to press Homes and Community Renewal to define “substandard or seriously deteriorated” by objective criteria and to make its review transparent.

Prevention deserves as much attention as enforcement. Unwinding an improper deregulation years later is slow and costly, and tenants carry the uncertainty in between. The onus should not be on tenants to monitor and enforce the law. Two steps would help most. The first is steady funding for the Tenant Protection Unit so it can review deregulation claims as they are made. The second is a requirement that every deregulation claimed under this exemption be reported through Open Data, so residents can see which apartments are leaving stabilization and raise concerns in time.

Community District 2 is among the most diverse communities in the country, and many working-class and immigrant families here depend on stabilized rents to stay. We respectfully ask you to support the State’s action and the return of these homes to regulation, to advance clear and transparent rules for substantial rehabilitation, and to champion proactive monitoring that prevents the next case. Thank you for your service to our community.

Respectfully,

Anatole Ashraf,
Chairperson, CB2 Queens

Michael Zoorob,
Treasurer, CB2 Queens

Prameet Kumar,
Chair,
Land Use and Housing Committee

Tannia Chavez,
Vice Chair,
Land Use and Housing Committee

[1] New York State HCR Operational Bulletin 2023-3 (2023), which replaces Operational Bulletin 95-2 (1995), sets the criteria for the substantial rehabilitation exemption but does not define “substandard or seriously deteriorated.” OB 95-2 had presumed a building “at least 80% vacant of residential tenants” to be substandard; that presumption no longer appears in OB 2023-3, which conforms to the amendments effective November 8, 2023. See *Creas Inc. v. NYS DHCR*, 2025 NY Slip Op 32483(U) (Sup. Ct. Kings County 2025).

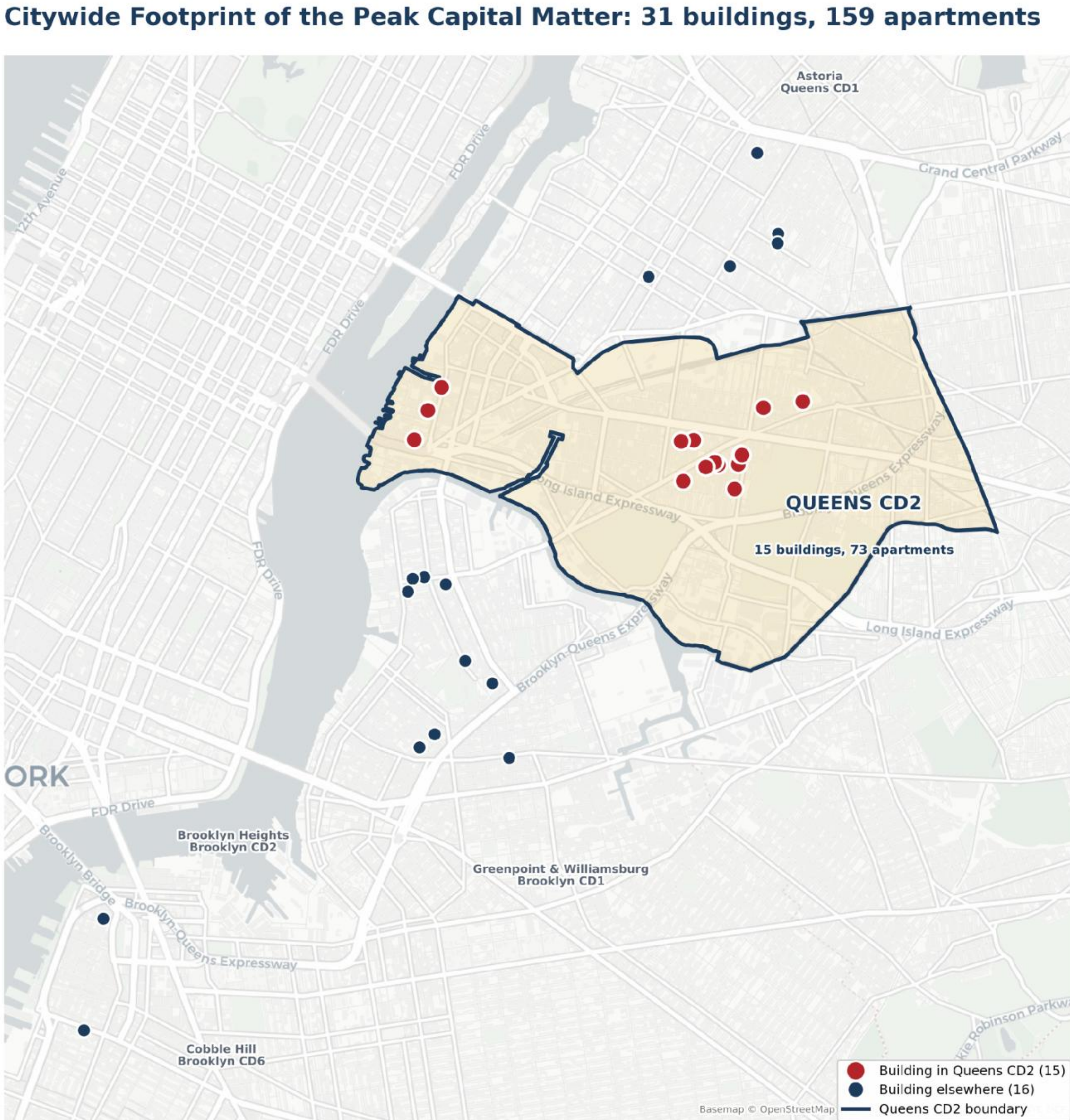
Appendix

Buildings and apartments identified in *People of the State of New York and New York State Division of Housing and Community Renewal v. Peak Capital Advisors, LLC, et al.*, Supreme Court of the State of New York, New York County, filed December 1, 2025.

Table A 1. Affected buildings within Queens Community District 2

#	Address	Neighborhood	ZIP	Apartments deregulated
1	41-27 49th Street	Sunnyside	11104	4
2	45-35 41st Street	Sunnyside	11104	5
3	45-44 40th Street	Sunnyside	11104	3
4	47-07 47th Avenue	Sunnyside	11377	5
5	47-09 47th Avenue	Sunnyside	11377	5
6	47-21 47th Street	Sunnyside	11377	1
7	47-25 44th Street	Sunnyside	11377	5
8	47-34 45th Street	Sunnyside	11377	6
9	47-45 43rd Street	Sunnyside	11377	6
10	48-33 47th Street	Sunnyside	11377	6
11	48-36 41st Street	Sunnyside	11104	6
12	53-17 Skillman Avenue	Woodside	11377	3
13	45-42 Vernon Boulevard	Long Island City	11101	6
14	5-13 51st Avenue	Long Island City	11101	6
15	5-35 47th Road	Long Island City	11101	6
	15 buildings in Community District 2	**Sunnyside, Woodside, Long Island City**		**73**

Addresses as stated in the complaint. ZIP codes shown are the correct postal codes of record; the complaint lists 48-36 41st Street and 45-44 40th Street in ZIP 11377, while both are in fact in 11104.



Citywide footprint. All 31 buildings span Queens and Brooklyn, with the plurality in Queens Community District 2.

Sources and method. Building list and apartment counts: complaint, paragraph 89, which totals 159 apartments across 31 buildings. Each address was geocoded with the New York City Department of City Planning GeoSearch service. Community district was assigned from the City's Primary Land Use Tax Lot Output (PLUTO).