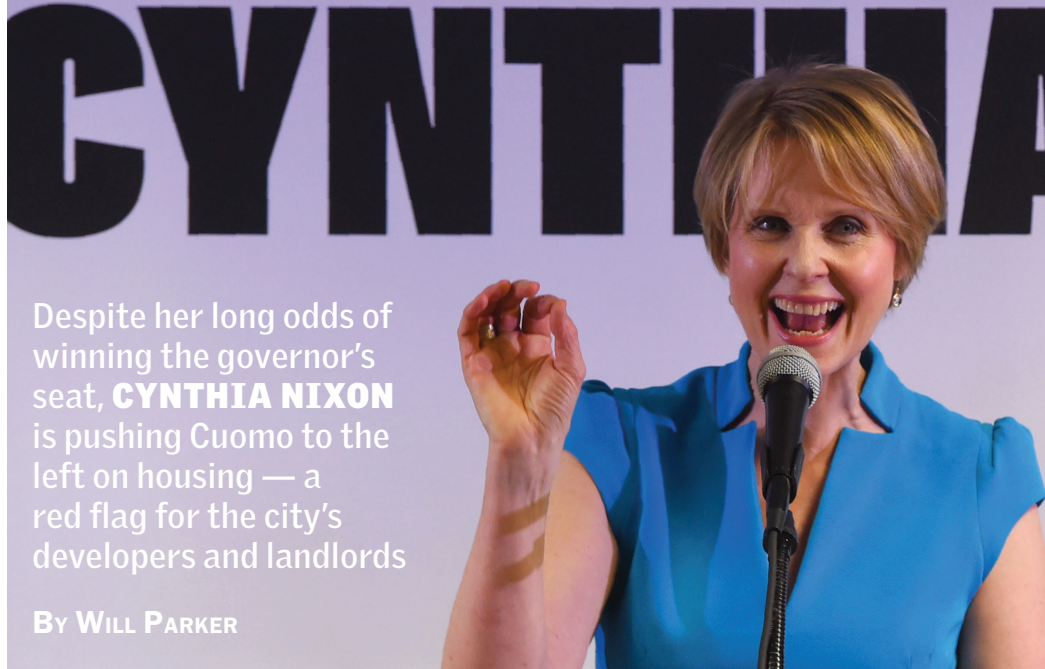


Nixon speaking at the Bethesda Healing Center in Brooklyn in March



Despite her long odds of winning the governor's seat, **CYNTHIA NIXON** is pushing Cuomo to the left on housing — a red flag for the city's developers and landlords

BY WILL PARKER

## THE “NIGHTMARE CANDIDATE” FOR NEW YORK REAL ESTATE

She chose a church in Brownsville, one of the poorest neighborhoods in Brooklyn. There, at the Bethesda Healing Center, Cynthia Nixon announced her campaign for governor of New York, addressing a mostly African-American audience in a speech centered on wealth inequality.

“I got here just in the nick of time. I allowed an hour and a half for what should have been a 30-minute ride,” the actor and activist began. “Cuomo’s MTA.”

She smirked as she quipped about the city’s retrograde subway system. But her knowing digs immediately provoked Democratic Gov. Andrew Cuomo

and his re-election campaign, which has mobilized to counter the long-shot celebrity candidate’s constant attacks.

Since Nixon announced her bid on March 20, her daily program has been a pithy assault on the two-term incumbent governor, whom she has called “Andrew the Bully” and accused of giving New York state to “the party of Trump.”

Much of that sting is reserved for Cuomo’s housing and real estate record.

Ballooning tax subsidies for Manhattan real estate developers, slippery campaign finance laws that let those developers give unlimited cash to politicians,

the relative weakness of rent regulations during an affordable housing crisis and the battered condition of the New York City

**“Ms. Nixon is certainly taking a more left, more progressive, anti-landlord stance. It seems like that’s pushing Governor Cuomo to do the same.”**

SHERWIN BELKIN, BELKIN BURDEN WENIG & GOLDMAN

Housing Authority’s building stock — Nixon blames Cuomo for all of these.

She’s questioned whether he is a “real” Democrat, given his years of tacit (and sometimes explicit)

acceptance of the Independent Democratic Conference (IDC), the breakaway group of state Senate Democrats that has helped give the Republican Party a majority. That gambit has effectively blocked dozens of Democratic bills from making it to the governor’s desk.

Nixon has also taken shots at Cuomo’s willingness to support pro-landlord policies, calling vacancy decontrol, the deregulation of rent-stabilized apartments under state law, “cancer.” On Twitter, she recently wrote that it’s “hard to fight for rent regulation and it is hard to stand with tenants when you’re accepting literally millions of dollars from the real estate industry, from developers, from landlords.”

And she advocates for the abolition of the 421a developer tax abatement (now called Affordable New York) — the \$1 billion-plus annual expenditure that benefits some of the governor’s biggest donors.

“Nixon would be a nightmare scenario for the real estate world,” said William F. Buckley O’Reilly, a New York Republican political strategist who said he expects real estate campaign contributions to remain high throughout the primary.

“Cuomo, the industry has been able to work with,” he added.

But that comfortable relationship is facing a new kind of public pressure.

“Ms. Nixon is certainly taking a more left, more progressive, anti-landlord stance,” said Sherwin

Belkin, a real estate attorney who has represented some of New York's largest building owners. "It seems like that's pushing Governor Cuomo to do the same."

## Real estate's rebuke

Real estate lobbyists and attorneys aren't just quietly watching all of this.

"Upending the current rent regulation framework would worsen the housing crisis by discouraging private investment and send the city's rental housing stock down the same road as New York City's public housing," the Rent Stabilization Association and the Real Estate Board of New York — one of the governor's most prominent financial backers — said in a joint statement.

Those groups and their key members must now hope that Cuomo, whom they've worked with for the better part of a decade, will decide to agree.

In the weeks after Nixon announced her campaign, Cuomo launched a new plan of action that appeared tailor fit to contest his opponent's portrayal of him as a Republican in Democratic clothing and also address the increasing unpopularity of the IDC among Democratic primary voters.

On April 4, just over two weeks into Nixon's campaign, the governor announced that the Democrats had suddenly reached a deal to bring the eight IDC members, led by Bronx state Sen. Jeff Klein, back in line with the rest of the party. The Senate Republicans lashed out at Cuomo, saying that he only backed the deal because he was "scared to death" of Nixon.

Then, on April 16, Cuomo rolled out a variety of new progressive policies he planned to pursue if the Senate majority turned Democrat. Among them was the proposed abolition of vacancy decontrol, a crucial



profit generator for multifamily building owners. The existing rule — which provides a path for landlords to deregulate units after periods of vacancy — has spurred the deregulation of more than 150,000 apartments since it became law in 1993.

"Now you have the Governor, who is making an issue of vacancy decontrol itself, and he adds his political power to this and it's a concern," said Gary Rosenberg, co-founder of the real estate law firm Rosenberg & Estis, which won a major rent-stabilization case at the New York Court of Appeals last month.

"The cap rate in New York multifamily is as low as it could possibly be. Why? Because there is an expectation of growth," Rosenberg said, describing rent reforms as a potential shock to the market for building sales. Belkin called the end of vacancy decontrol and the swift institution of other tenant-friendly rent reforms "a disturbing concept."

Although the governor has floated changes to the vacancy rule in the past, he had routinely avoided intimating disapproval for the IDC and the Republican majority that prevents those changes from happening. Just last July, he told reporters there

was no deal for him to arrange.

"If they don't want to marry, I have no power or role in forcing the marriage," Cuomo noted during a campaign speech in Batavia, New York. Two months before that, he told reporters at an event in Long Island City, "We've had a Democrat majority, it wasn't extraordinarily successful."

There's still one remaining barrier to the Democratic majority Cuomo now wants: Brooklyn state Sen. Simcha Felder, who has said he will continue to caucus with the Republicans until at least November.

"As long as Republicans have control of the senate, even the most marginal control, Cuomo won't be able to follow through on what he's saying," O'Reilly said of Cuomo's recent strategy. "With Senator Felder ... it lets Cuomo off the hook on lots of these promises."

A spokesperson for Nixon's campaign said the candidate was not available for an interview, and the Cuomo campaign did not respond to requests for comment.

## A union's man

Cuomo now has a 31-point lead over Nixon, according to a mid-April poll conducted by Siena College. That

gap is smaller than the previous month's 47-point divide.

But if the former "Sex and the City" actor stands any chance of winning the Democratic nomination, she'll have to do it without perhaps the most powerful block of her party's mobilizers: unions.

Many prominent labor unions in New York State have pledged their continued allegiance to Cuomo. After the Working Families Party announced its endorsement of Nixon, the Retail, Wholesale and Department Store Union (RWDSU) and the building worker's union, SEIU 32BJ, quickly announced they would no longer support Working Families, an organization that backs candidates from the progressive wing of the Democratic party.

Cuomo fanned the flames. Anyone still endorsing the minor political party, he said at a press conference last month, can "lose my number."

"We have won the \$15 minimum wage," Hector Figueroa, the president of 32BJ, told *The Real Deal*. "We have also won paid leave, one of the best paid-leave languages anywhere, plus we have secured access to state universities and state college for moderate-income and low-income New Yorkers, which is as close as we have in the country to a free tuition program."

Just a few years before Cuomo's minimum wage, which was signed into law in 2016 and will hit the \$15 mark in 2022, the state-wide minimum was \$7.25.

"People would have thought that was unachievable. He achieved it," said RWDSU president Stuart Appelbaum. Appelbaum and Figueroa also praised Cuomo for supporting a wage increase to \$19 an hour at facilities controlled by the Port Authority of New York and New Jersey.

"I found it to be a somewhat

cynical move to put forward a candidate with no demonstrable governing experience,” Appelbaum added about Working Families. “I think what that means is when you put someone without experience forward, you’re hoping that when they get elected, they’re going to need to turn over a lot of the decision making.”

As for what Cuomo hasn’t accomplished with the Republican control of the senate, Figueroa said he fundamentally disagrees with the popular critique of Cuomo as the omnipotent, all-controlling force over the state legislature. “We have been very much opposed to the IDC,” the union boss noted, “but I don’t think the governor is responsible for that.”

Team Nixon sees it differently. Single-payer healthcare, a New York State Dream Act for immigrants, campaign finance reform and a slew of tenant bills — including repealing vacancy rent increases — never make it to the governor’s pen because of a system he helped create, many argue.

Jonathan Westin, director of the tenant advocacy group New York Communities for Change, said he fully blames Cuomo “for the existence of the IDC and the Republican- controlled state Senate.”

When Westin met with Nixon in April, he said they discussed a shared commitment to strengthening rent laws and ending developer subsidies, measures that might be possible with a Democratic majority in Albany. His group — one of the for-profit affordable housing industry’s biggest antagonists — officially endorsed Nixon after the April meeting.

“If the governor wanted to, he could have spent millions of dollars on electing Democrats, but he chooses not to,” Westin

said. “It’s very clear that when he wanted to wave his hand and unite the [core Democrats and the IDC], he could make it happen. But it clearly benefited him — and mostly it benefited his real estate donors — to have Republicans in power with a rogue faction of Democrats.”

## Campaigns in the works

On March 23, a Nixon campaign adviser told Politico that the candidate would not accept money from LLCs belonging to large companies and wealthy donors who use different shell companies to skirt contribution maximums.

The next day, Cuomo announced that he planned to close the state’s “LLC Loophole” — a pronouncement he has made several times in his nearly eight

responding to Nixon,” O’Reilly said. “He’s suddenly interested in plastic bags and public housing — name the issue of the day.”

But the incumbent governor will likely have two of the state’s largest political forces, real estate and labor, behind him all the way. While much of the real estate and business world might prefer a Republican candidate, the party doesn’t yet have one.

Nixon, on the other hand, made it clear from the start that she planned to campaign without money from property barons. But insiders say she may have made a mistake in the early days of her campaign with some of her comments about unions and construction. Union leaders quickly scolded Nixon when she placed some of the blame on the MTA’s problems on hefty union contracts.

“If she wants to be a serious

program to directly subsidize more affordable housing and prevailing construction wages. In addition to wanting the state to take on a bigger share of the MTA’s financing burden, she supports congestion pricing in Manhattan, which includes taxing ride-sharing companies to help fund the subway system.

Meanwhile, in Brownsville, where Nixon launched her campaign and said the governor’s policies were deepening wealth inequality in the state, Cuomo recently announced a \$1.4 billion investment plan to bring new health care, jobs and affordable housing to Central Brooklyn.

It’s infrastructure and building initiatives like these, on top of wage guarantees, that keep union leaders in the Cuomo camp, Coletti noted.

“Nixon the novice” has been the most consistent criticism of

## Cuomo announced in late March that he planned to close the state’s “LLC Loophole” — a pronouncement he has made several times in his nearly eight years as governor but has not yet delivered on.

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Then on April 2, Cuomo declared NYCHA in a state of emergency and pledged \$250 million in extra state funding for the struggling public housing authority. But five days earlier, there was Nixon, in Crown Heights, touring a deteriorating public housing building there and attacking the governor.

“This isn’t just a housing crisis, this is a health crisis,” she told reporters. “Every branch of government has been failing.”

Cuomo’s critics say many of his recent policy moves track too closely to those of the Nixon campaign to be coincidences.

“There’s no question he’s

candidate for governor she needs to understand the problem,” said Lou Coletti, the president of the Building Trades Employers Association, which represents union and non-union hiring contractors alike. “Yes, labor costs have to go down, but the MTA has to increase their project management.”

Coletti is unlikely to be moved by any changes proposed by Nixon on labor issues, however; the trade group leader plans to present Cuomo with a “Master Builder” award later this spring.

While the Nixon campaign has yet to release a full housing and infrastructure agenda, the candidate has proposed using the tax revenue lost through the 421a

the candidate from major labor unions, while the real estate industry has been less vocal about Nixon specifically. But few would now discount the power of celebrity against a candidate who is increasingly viewed as ideologically fickle.

“I think she’s going to surprise people and do fairly well,” O’Reilly said. “I wouldn’t count her out.

“Certainly, you’d prefer to have the unions,” he added, “... [but] the Working Families Party crowd, they’re very committed, they’re very smart, they’re good digitally and they’re great knocking on doors. And that’s how you win primaries, ultimately.” TRD