

Gilbert v 24th St. LIC LLC
2026 NY Slip Op 31156(U)
March 23, 2026
Supreme Court, New York County
Docket Number: Index No. 152618/2022
Judge: Paul A. Goetz
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SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY

PRESENT: HON. PAUL A. GOETZ PART 47

Justice

-----X

A.B. GILBERT

Plaintiff,

- v -

24TH STREET LIC LLC,

Defendant.

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INDEX NO. 152618/2022
MOTION DATE 02/05/2025
MOTION SEQ. NO. 007

DECISION + ORDER ON MOTION

The following e-filed documents, listed by NYSCEF document number (Motion 007) 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 200, 201, 204, 205, 206, 207, 208, 209, 210, 211, 214, 217

were read on this motion to/for JUDGMENT - SUMMARY.

In this rent overcharge class action, plaintiff argues that he is entitled to summary judgment on liability, because defendant improperly registered the class’s rents at an inflated amount, then upon lease renewal, increased rents beyond the allowable increases set by the Rent Guidelines Board (“RGB”).

RSC § 2521.1, provides that, “the initial legal regulated rent for a housing accommodation constructed pursuant to Section 421-a of the Real Property Tax Law shall be the initial adjusted monthly rent charged and paid.” Defendant is subject to this regulation, and thus is required to register the “legal regulated rent,” upon which later allowable increases are calculated, as the amount actually charged by the landlord and paid by the tenant (see Bascom v 1875 Atl. Ave Dev., LLC, 227 AD3d 767 [2d Dept 2024], lv to appeal dismissed, 42 NY3d 965 [2024]).

Here, plaintiff alleges that defendant concocted a scheme to inflate the “initial regulated rent,” by offering tenants an “Early Occupancy Rider,” which purport to allow tenants to reside

in the apartments prior to the commencement of their lease, refers to the tenants as “licensees,” and states that “this License Agreement is exempt from and is not covered by the Rent Stabilization Law, the Rent Stabilization Code, the City Rent Law or the Rent and Eviction Regulations” (NYSCEF Doc No 158 at p 41). Plaintiff contends that through the use of this agreement, defendant offered, what is essentially a 13-month lease, making the first month free, then charging a set amount for the following 12 months, and use the monthly amount they charged for those 12 months as the registered “legal regulated rent.”

For example, plaintiff attaches the lease for Unit 1011, which sets the lease terms from September 1, 2016 to August 31, 2017, at a rent of \$3,126.00. However, pursuant to the Early Occupancy Rider, it allows the tenants to reside in the unit beginning on August 1, 2016 resulting in 13 months of access to the Unit (NYSCEF Doc No 158). The total amount the tenants of Unit 1011 over the entire lease term were liable for was \$37,512, (\$3,126 monthly x 12 months) which if divided over the 13-month period that the tenants were entitled to occupy the Unit is \$2,885.53 per month ($\$37,512 / 13 \text{ months} = \$2,885.53$). However, defendant registered the “legal regulated rent” as \$3,126 (NYSCEF Doc Nos 126 at p 30 and 160 at p 18) and thus, when Unit 1011’s previous tenants vacated and plaintiff moved into the unit, defendant applied the allowable RGB increases to the \$3,126 figure, and charged plaintiff \$3,364.00. Had the legal regulated rent been set at \$2,885.53, as plaintiff argues it must, this increase would be 16.6%, which is greater than the permitted RGB increase, thus representing an overcharge.

“It is well settled that an agreement waiving a benefit of the rent stabilization laws is void as against public policy” (*Grey, v LIC Development Owner, L.P.*, 2026 NY Slip Op 01458 [1st Dept March 17, 2026]). “Where an agreement is void, neither party is entitled to rely on it, but it may result in the finding of an overcharge” (*id.* [internal quotation marks omitted]). “In these

circumstances, the early occupancy license agreements must be declared void, and the leases extended to proper one- or two-year terms” (*id.*). In *Grey*, early occupancy agreements, like the ones here, were deemed void and against public policy, and the Court held that “any class member who received a renewal lease at an unauthorized lease interval under the void early occupancy license agreements, the unauthorized rent increases must be vacated, and the rent frozen until proper rent registrations are filed” (*id.* at *3).

The rent freeze is appropriate because pursuant to RSL § 26-517(e):

The failure to file a proper and timely initial or annual rent registration statement shall, until such time as such registration is filed, bar an owner from applying for or collecting any rent in excess of the legal regulated rent in effect on the date of the last preceding registration statement or if no such statements have been filed, the legal regulated rent in effect on the date that the housing accommodation became subject to the registration requirements of this section.

Since here, the rent registrations were improperly filed, as the amounts were manipulated by void early occupancy license agreements, tenants in the class whose leases contained these agreements are entitled to have their rent frozen at the last legal regulated rent, which for example in the case of Unit 1011, is \$2,885.53, as that is the amount actually charged and paid pursuant to RSC § 2521.1.


Accordingly it is,

ORDERED that plaintiff’s motion for summary judgment is granted on liability for his first and second cause of action, for Violations of the Rent Stabilization Laws, and it is further

ORDERED that a trial on damages will be held after the filing of the Note of Issue; and it is further

ORDERED that defendant is directed to produce Building-wide tenant ledgers to plaintiff, so that damages and interest can be calculated; and it is further

ORDERED that defendant’s counterclaim for fees, costs and expenses is dismissed as abandoned as it offers no opposition to this portion of plaintiff’s motion.


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3/23/2026
DATE

PAUL A. GOETZ, J.S.C.

CHECK ONE:	<input type="checkbox"/>	CASE DISPOSED	<input checked="" type="checkbox"/>	NON-FINAL DISPOSITION
	<input checked="" type="checkbox"/>	GRANTED	<input type="checkbox"/>	GRANTED IN PART
		<input type="checkbox"/>	DENIED	<input type="checkbox"/>
APPLICATION:	<input type="checkbox"/>	SETTLE ORDER	<input type="checkbox"/>	SUBMIT ORDER
CHECK IF APPROPRIATE:	<input type="checkbox"/>	INCLUDES TRANSFER/REASSIGN	<input type="checkbox"/>	FIDUCIARY APPOINTMENT
			<input type="checkbox"/>	REFERENCE