



OFFICE OF THE PRESIDENT
BOROUGH OF MANHATTAN
THE CITY OF NEW YORK

1 Centre Street, 19th floor, New York, NY 10007
(212) 669-8300 p (212) 669-4306 f
431 West 125th Street, New York, NY 10027
(212) 531-1609 p (212) 531-4615 f
www.manhattanbp.nyc.gov

Gale A. Brewer, Borough President

**Testimony of Gale A. Brewer,
Manhattan Borough President
On the Proposed Rent Increases of Clinton Towers
790 Eleventh Avenue, New York, NY 10019
November 30, 2015**

My name is Gale A. Brewer and I am the Manhattan Borough President. I thank the NYC Department of Housing Preservation and Development for the opportunity to submit testimony on behalf of tenants residing in the complex located at 790 11th Avenue, also known as Clinton Towers.

I have known Clinton Towers and its Tenant Association President Mary Somoza for many years, dating back to my time in City Council. Not only is it one of two Mitchell-Lama developments within Manhattan's Community District 4, it is also home to tenants who have lived in the building for years. Clinton Towers houses a working- and middle-class population that cannot afford a 20% rent increase over the next two years, as proposed by the owners. They are tenants that have a wide range of needs, yet have managed to find stable housing through Clinton Towers.

In proposing such a steep rent increase after the Rent Guidelines Board voted this year on a historic freeze for one-year lease renewals, HPD must examine the rationale of the proposed increase in light of the owner's failure to develop other potential revenue streams. Increasing rents should be a last resort *after* reducing operating costs and generating additional revenues. This is particularly important for Clinton Towers' 395 units, which under the Mitchell-Lama program houses low- and middle-income families. They should not face rent hikes of \$87, \$111, \$157, or \$184, depending on their monthly rent.

I urge HPD to hold any increase in line with operating costs and ensure that the first year be far lower than 15%.

HPD's decision should exclude costs associated with warehoused residential units and a vacant commercial space; and it must factor in potential savings that could result from increased transparency about the building's accounts and contracts.

Warehoused Vacant Residential Units

Residents believe that as many as 17 units have been intentionally left vacant, or 4.6% of Clinton Towers' apartments. Such a large number of vacancies in a tight market is cause for concern. Residents have informed my office that the building's wait list process is not transparent. In-house families who have been on the internal wait list for 10 years or more have not been offered a vacant unit. If more revenue is needed, why would management hold so many units vacant at a loss of over \$160,000 during FY14?

Commercial Rental Income

Another way for management to reduce the need for a 20% rent increase is to find a merchant for the ground floor commercial space that has been vacant for two years at a loss of \$5,627 per month, or \$67,524 per year.

I am aware that the owners seek to fill this space with a Mexican restaurant. I would prefer a business with more utility for the residents such as a laundromat, grocery store, pharmacy, or day care center. But this commercial rental income must be factored into revenue projections.

Potential Cost Savings

Management can also decrease expenses. For example, residents have repeatedly complained about electricity costs getting "out of control," with each unit recently averaging \$165 per month despite recent decreases in oil and gas prices, a trend recognized by the Rent Guidelines Board in its most recent PIOC calculation. Management should be required to justify these price increases. I understand that in 2014 management installed windows and doors with higher energy efficiency models. This improvement should have lowered the building's baseline energy costs. That lower baseline should be used to anticipate future years' savings.

Residents have also raised concerns about the annual \$400,000 security contract. While adequate security is very important, more transparency in this contract's bidding process may reveal a source of savings.

In summary, I do not believe Clinton Towers warrants a 20% rent increase. Residents should not be punished for the management company's failure maximize income and reduce costs. Management not only needs to reduce its proposed rent increase but improve the way it manages wait lists, fills vacancies and bids contracts. I urge HPD to not allow any rent increase until these issues are addressed.

Thank you for taking my concerns into consideration.