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Testimony of Councilwoman Helen Rosenthal, District 6
To: Julie Walpert, Assistant Commissioner, Housing Supervision, Mitchell-Lama Developments,
Housing and Preservation Department
RE: 790 11th Ave, Clinton Towers Rent Increase

November 30, 2015

Dear Assistant Commissioner Walpert:

I write in opposition to a rent increase for the tenants of 790 11th Avenue. Over the past two years, P & L Management and Consulting has shown no interest in finding ways to appropriately reduce expenses or maximize revenue. It cannot fall to the tenants to shoulder the burden of their mismanagement.

Furthermore, there is no indication that tenants' income has increased sufficiently to cover the costs of additional rent. Monthly increases of \$50 to nearly \$200 per month will be a "fixed financial burden" that will mean either reduced spending on food and medication, or an inability to pay rent. Because residents are not in a financial position to absorb these costs, an increase in rent will likely result in departure from Clinton Towers.

Now, more than ever, the City must preserve affordable housing in every way possible. In this situation the best way to achieve preservation is by denying a rent increase to P & L Management. There are several examples of Management's opportunities to responsibly reduce expenses and raise revenue in order to balance their books.

Lost Opportunities to Reduce Expenses:

1. Given that the price of oil and gas has decreased by nearly half over the past three years, there is no reason that these costs should be projected to increase. Furthermore, additional efforts should be made to insulate apartments and hallway space from escaped heat (and wasted energy usage).
2. It appears that expenses are projected to increase with additional funds allocated to legal expenses. Without a clear explanation of why legal expenses would increase, it appears that these fees are used as a way to inflate expenses.
3. The security contract should be competitively bid out (as required under HPD rules).

Lost Opportunities to Increase Revenue

1. The additional (uncounted) rent for currently vacant apartments must be considered along with the lost rental income from previous vacancies. The demand for affordable housing is nearly infinite which would result in a zero vacancy rate.
2. Similarly, the additional (uncounted) rent for currently vacant commercial space must be included as well as the lost commercial rental income from long-term vacancies.

Additional examples of Poor Management

1. Warehoused vacant apartments in the building are suspected of being rented out via Airbnb or another short-term rental platform. As we know, it is illegal to rent out an entire apartment for fewer than 30 days in a Class A Multiple Dwelling Residential building. These short-term rentals place an undue burden on neighboring residents in the building.

P & L Management must take immediate measures to balance its books: fill vacant apartments with rent regulated tenants, fill its commercial space with appropriate tenants, exclude padded expenses such as unnecessary legal fees, and ensure that its contracted expenses are the least costly without compromising safety and security.

Increasing rents to residential tenants cannot be an option.

Please do not hesitate to contact my office with any questions or concerns.

Thank you,

Helen Rosenthal.

New York City Council Member, District 6