

From: Nick Prigo <nprigo@gmail.com>

Date: Wed, Jun 8, 2011 at 12:39 PM

Subject: Re: [aff-hous] **Clean up heating oil WITHOUT tenants paying more**

Last night Community Board 7 passed a resolution along the same track as BP Stringer's recommendations on preventing landlords from exploiting MCIs during #6/#4 boiler conversions. I believe this to be a critical housing issue in NYC. As someone who is really excited about the potential for NYC buildings to go green, I want to make sure that these types of improvements aren't made on the backs of rent regulated tenants.

In short, this resolution (included below) says that a landlord shouldn't be allowed to double- or even triple-dip using MCIs when they make energy efficiency improvements to their buildings that result in significant cost savings.

For example, in some situations a landlord could convert from #6 oil boiler to natural gas and save enough money in fuel costs to pay for the cost of the installation in a matter of just a few years. As it stands now that landlord can double-dip. They can save large amount of money in reduced fuel costs, and then they can raise the rents of their rent regulated tenants through an MCI. In effect they are making their tenants pay for an upgrade that the landlord should make anyway on a purely cost/benefit basis.

Now if this double-dip weren't bad enough, there is a way for a unethical landlord to triple-dip. If the landlord made the same conversion referenced above they could also apply for grant money to help pay for the improvement, then charge the full cost of the improvement onto their tenants through an MCI, and then save money on lowered fuel costs.

Regards,

Nick Prigo, Co-Chair Housing Committee of CB7

Housing Committee Resolution: Amending MCI formulas for energy efficiency.

The following facts and concerns were taken into account in arriving at our conclusions:

When landlords make improvements or installations to a building subject to the rent stabilization or rent control laws, they can apply to the Division of Housing and Community Renewal (DHCR) for approval to raise the rents of the tenants under the Major Capital Improvement (MCI) provisions;

MCI were intended to incentive landlords to maintain their rent-regulated properties;

MCI was not intended to compensate landlords for improvements which would earn them a positive rate of return;

Many governmental programs now exist to subsidize the cost of [various] capital project installations;

The widespread practice of double-dipping violates the intent of the provisions of the law, and results in an undue windfall to landlords;

A06123 introduced by AM Kavanagh and S1294 introduced by Sen. Duane would prevent "landlords from receiving a financial windfall from major capital improvements funded by the New York State Energy and Research Development Authority (NYSERDA) in any part;

THEREFORE, BE IT RESOLVED THAT Community Board 7/Manhattan calls upon its elected representatives in Albany and Governor Andrew Cuomo to respectively pass and sign into law A06123/S1294, and urges the legislature to expand the bill to extend to all grant programs, whether federal, state, or private; and

BE IT FURTHER RESOLVED THAT Community Board 7/Manhattan calls upon its elected representatives and Governor Andrew Cuomo to exempt from MCI increases all investments which have the projected result of substantially reducing landlord operating costs.

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