



**Testimony of the Rent Stabilization Association
Public Hearing of the NYC Water Board
Friday, May 6, 2016**

Members of the NYC Water Board, on behalf of the 25,000 members of the RSA who own or manage nearly one million affordable rental apartments in NYC, we appreciate the fact that the proposed 2.1% increase in water and sewer rates is the lowest rate increase since 2001. On behalf of our members who participate in the Multi-Family Conservation Program, we appreciate the extension of the compliance deadline and the mitigation of potential penalties.

However, even a low increase in water and sewer rates is, nevertheless, an increase and stands in stark contrast to the zero increase in rents that owners are living with as a result of actions by this Administration's Rent Guidelines Board. Rental property owners are again looking at the strong possibility of another freeze in rental income while this Administration imposes higher property taxes and higher water and sewer rates.

It therefore adds insult to injury when the Mayor proposes the elimination of the Water Board's rental payment to the City and then suggests that those funds be used to provide a \$183 credit only to homeowners in Class 1, leaving rental property owners to bear the full cost of the increase in water and sewer rates. The Mayor's suggestion is particularly egregious since multi-family owners are already paying effective real estate taxes five times higher than homeowners. For the 664,000 owners of 1-3 family homes, this represents windfall of almost \$122 million.

We must note that the Mayor's proposal is not income qualified or limited in any way. Every homeowner will get this credit regardless of their income, regardless of the value of their property and regardless of their economic need. Former Mayor Michael Bloomberg will get a \$183 credit on the water bill for his Eastside townhouse and Mayor Bill de Blasio will get two credits, one for each of his rental properties in Brooklyn, which are being rented at market rates. But multi-family rental property owners, most of whom are renting regulated apartments at below-market rates, are not going to get any credits against their water and sewer bills.

The Mayor's across the board credit proposal is clearly distinguishable from other programs the Water Board has enacted such as the \$116 annual rebate to homeowners who qualify for heating assistance because of limited incomes or who qualify for tax exemptions because they are elderly or disabled. Very simply, there is no justifiable basis for singling out one particular class of rate payers to benefit from a rate rebate which is going to be subsidized by all other rate payers.

The Mayor's proposal is not fair and it is not equitable and it cannot be justified by any public policy consideration.

Rather, if the Mayor is going to forgo the rental payment in its entirety, then the additional \$122 million savings would more than offset the required \$76 million revenue increase in the upcoming fiscal year and would better be used to entirely eliminate the proposed 2.1% rate increase for all rate payers, rather than provide a one-time credit to the class of homeowners who already enjoy a privileged position with regard to municipal levies.

The NYC Water Board has a fiduciary responsibility not only to its bondholders but also to its rate payers. Water and sewer rate payers have no recourse other than the NYC Water Board to ensure that rate increases are kept to the minimal level necessary to maintain and finance the water and sewer system and to ensure that these rates are equitably distributed among all rate payers.

The RSA strongly urges the NYC Water Board to accept the Mayor's offer to eliminate the rental payment in its entirety but to apply the funds thereby made available toward the complete elimination of the proposed 2.1% rate increase for the upcoming fiscal year.

And to minimize any rate increase in future years, the Water Board should take Mayor de Blasio at his word: "And from this day forward, your water bill will pay for one thing only –water. And that the way it should be." Accordingly, the Water Board should refuse requests from the City for transfer payments to other City agencies, such as the Sanitation Department, and should refuse to fund public amenities in its future capital projects that should truly be the responsibility of all taxpayers rather than water and sewer rate payers alone.

We thank you for your consideration.