

Lawsuit: de Blasio Schemes with Water Board to Give Credits to Homeowners at Expense of Other Property Owners
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Already the focus of multiple investigations for allegedly circumventing campaign finance laws, Mayor Bill de Blasio is now the subject of a lawsuit that accuses the New York City Water Board of illegally sidestepping the State's Public Authorities Law as part of a water rebate scheme hatched with the Mayor.

The lawsuit filed this morning in State Supreme Court in Manhattan charges that the Water Board acted outside its authority in May when it passed a resolution approving a one-time \$183 bill credit limited to 1-, 2- and 3-family homeowners.

The suit alleges that owners of apartment buildings, as well as owners of condominiums and cooperatives, will not only be excluded from receiving the \$183 bill credit, but will also incur a 2.1% water rate increase that has no rational or economic justification other than to fund the credit advanced by the Mayor's political agenda to appeal to homeowners.

The suit was filed by the Rent Stabilization Association, which represents 25,000 landlords of one million apartments in the five boroughs, and Prometheus Realty Corp., Portofino Realty Corp., and Tuscan Realty Corp.

The Mayor pushed for the bill credit, but only for 1-, 2- and 3-family homeowners, after announcing that the city would decline to collect \$122 million in water system rental fees from the Water Board.

Eliminating the payment turned the Water Board's projected \$76 million funding gap for fiscal year 2017 into a \$46 million surplus – making the 2.1% rate hike unnecessary, according to the papers filed in court.

Not coincidentally, the bill credit amounts to \$122 million – the same amount of the rental payment that the city is declining to collect from the Water Board.

“Owners of apartment buildings, as well as condo and co-op owners, are getting hit twice – footing the bill for an arbitrary rate hike to fund an illegal credit, and then being excluded from the credit,” said RSA President Joseph Strasburg.

“This is yet another example of the Mayor putting politics before sound housing policy – increasing costs for apartment building owners, yet freezing the rent revenue that owners need to pay these city-imposed increases,” Strasburg said.

“Mayor de Blasio says he excluded building owners from the \$183 rebate because there is no guarantee they would pass the bill credit to their tenants. Given the hypocrisy of de Blasio's own track record as a landlord, we fully doubt he will pass his total \$366 water bill credit to his tenants at the two Brooklyn houses he owns (and where he collects over \$100,000 in rent money) – the same tenants whose rents he raised 3% last year when he was freezing the rents of rent-stabilized apartment owners,” Strasburg said.

He further charged that the rebate was driven by politics, not policy and financial need, noting that even multi-million-dollar townhouses throughout the five boroughs receive this credit (such as those owned by billionaires like Michael Bloomberg and others), while owners of modest six-story walk-ups that provide affordable housing are excluded.

The suit is seeking to have the Court invalidate the Water Board's \$183 bill credit

and the 2.1% rate hike on the grounds that the rate increase constitutes an impermissible tax by a public authority, and that the Water Board lacks the legal authority to use its revenue to pay for bill credits.

The suit further requests that the Court issue a preliminary injunction and temporary restraining order that enjoins the implementation of the \$183 bill credit and the 2.1% rate hike pending the final determination of the case.

In summary, the lawsuit claims that the rate increase bears no relationship at all to the cost of furnishing water services and was adopted solely to fund the cost of the bill credits. The Water Board has exceeded its authority under the New York Public Authorities Law, which authorizes it to fix rates and other charges only as they relate to the services provided the system. Owners of apartment buildings, as well as owners of condominiums and cooperatives, are being forced to pay a disproportionate share of the cost of furnishing water services and are further punished by being forced to pay increased rates to fund the politically motivated bill credit. #