



MEMORANDUM IN OPPOSITION
Intro. 470

The Rent Stabilization Association of New York City represents 25,000 diverse owners and managers who collectively manage more than one million apartments in every neighborhood and community throughout the City. We thank the Committee for giving us the opportunity to submit this memorandum in opposition to Int. 470, which would accelerate the phase-out of No. 4 heating oil as required by the City's air pollution control law.

When the Council passed Local Law 38 of 2015 it established a timeline for the phase-out of certain heating oil grades. This multi-year timeline was negotiated recognizing that to meet this milestone buildings would have to invest in modifications and upgrades to their current heating systems but exercised fiscal prudence by allowing them to utilize current systems to maximize the estimated life expectancy. A 15-year cycle was recognized as being the most pragmatic timeline, with grade No. 4 fuel being eliminated by January 1, 2030.

Buildings have relied on this timeline in budgetary and systems upgrade planning and to determine how to meet Local Law 97 benchmark requirements. Budgets, refinancings, assessments all require multi-year projections. Coops and condos must integrate expenditures into multi-year budget projections and comply with board rules for assessments. Refinancing generally follows five-or ten-year cycles. This proposed change, to accelerate the timeline by five years, would cause significant instability for those impacted as budgets and priorities for the year 2023 are being finalized and would have to significantly modified in order meet the proposed deadline. This hurried modification will divert from long-term strategies already underway such as those to covert to gas or electric heating systems, neither of which can easily be done in this short time.

Modification costs are significant and can reach in excess of \$20,000 just to covert from No. 4 to No. 2 oil. For the tank there will have to be a tank test, pressure tests, tank cleaning and anti-tanks siphon undertaken. The tank room may require upgrades to meet the fire code inspections including new painting, lighting and doors. The burners will have to be cleaned and certain items cleaned or replaced such as strainers, nozzles, lines and, if necessary, the preheater removed. The boiler itself will have to be cleaned and have new gaskets added. This does not account for the fact that if the boiler itself is aged a whole new boiler may be needed – one that might never had been planned for as other long-terms strategies had been adopted but for this change in the law - at a cost of many more tens of thousands of dollars.

Legislation that would divert resources and adds additional hurdles and costs to property ownership at this time is not appropriate. Ownership costs are skyrocketing, rent collections have been thwarted, interest rates are on the rise and the ability to recoup costs have been eliminated. This short-sighted proposal would create unnecessary costs and operational difficulties and detract from longer-term operational planning.

Accordingly, RSA opposes Int 470.