

COALITION OF EAST SIDE ELECTED OFFICIALS

C/O ASSEMBLY MEMBER MICAH Z. KELLNER
315 EAST 65TH STREET
NEW YORK, NY 10065

August 28, 2009

Hon. Deborah VanAmerongen
Commissioner
NYS Division of Housing and Community Renewal
25 Beaver Street, 7th Floor
New York, NY 10004

Dear Commissioner VanAmerongen:

In light of information that has recently come to our attention, we believe that DHCR should revisit and adjust the latest Rent Order issued by the Division at 595 Main Street and 625 Main Street on Roosevelt Island (“Westview”). As you are aware, the Order, issued on July 29, 2009, authorized a 14.9% rent increase at Westview, effective September 1.

We are concerned that there may be material errors in the Division’s final budget for Westview, which warrant a revision of the Rent Order. In a letter to DHCR dated August 21, Westview Task Force, Inc. (“WTI”) identified a number of such possible errors, including:

- DHCR’s deviation from the requirement to base the rent determination on a forward biennial budget;
- DHCR’s failure to require the Housing Company to repay lost income from illegal warehousing;
- Unsupportable cost projections which represent dramatic and inadequately explained increases over the prior year’s actual costs, including a 171% increase in administrative offices expenses, and a 30% increase in water and sewer expenses—increases which are particularly surprising in light of the significant 0.6% drop in the New York City metropolitan area Consumer Price Index from 2008-09; and
- Energy cost estimates that are equally out of step with market reality—projecting a 0.2% decrease in electricity expenses despite the fact that spot market prices for gas and electricity have fallen by 40%.

WTI’s letter also notes that NYCRR § 1728-1.2(6) requires that the budget projections upon which any rent determination is based should take into account the economic impact on tenants of a rent increase. We agree with WTI’s emphasis on the importance of this provision—as we have repeatedly communicated to you, the budget/rent determination process at Westview must not be viewed in isolation from the broader context to which it is connected, especially the severe economic downturn which disproportionately affects Westview’s low-income tenants.

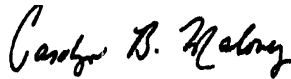
We are in receipt of Assistant Commissioner Richmond McCurnin's response to WTI's August 21 letter, and understand that DHCR believes that no adjustments to the Rent Order are necessary. However, WTI has raised a number of legitimate questions about the accuracy of DHCR's final budget for Westview, which warrant further review, and we believe that DHCR should reexamine the budget and adjust the Rent Order accordingly. As the rent increase is scheduled to take effect on September 1, time is short and we urge DHCR to act quickly.

Thank you for your attention to this matter.

Very truly yours,



Micah Z. Kellner
Assembly Member



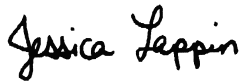
Carolyn B. Maloney
Congress Member



Scott M. Stringer
Manhattan Borough President



José M. Serrano
State Senator



Jessica S. Lappin
Council Member

cc: Assistant Commissioner Richmond McCurnin, DHCR
Opher Pail, Westview Taskforce Inc.
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