



# Council of New York Cooperatives & Condominiums

## INFORMATION, EDUCATION AND ADVOCACY

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### **Testimony Before the Environmental Protection Committee**

June 26, 2009

Good morning Chairman Gennaro and members of the Environmental Protection Committee. My name is Mary Ann Rothman, and I am the Executive Director of the Council of New York Cooperatives & Condominiums (CNYC Inc), a membership organization comprised of housing cooperatives and condominiums located throughout the five boroughs of New York City.

In our city, more than 500,000 families live in housing cooperatives and condominiums; the majority of these people are of moderate income and thousands are seniors on fixed incomes. The City Council has historically endeavored to ensure fair and equitable treatment for home owners in cooperatives and condominiums from Fordham Road to Far Rockaway to Fresh Meadows, and we appreciate your efforts on our behalf.

It goes without saying that the national economic crisis has impacted New York cooperatives and condominiums. Many shareholders and unit owners have suffered job loss or salary reduction, and their ability to sell their units has declined with the credit crunch and reduced pace of property sales city-wide. Operating costs are up, with property taxes increasing each year and water rates rising astronomically. Many of our members cooperatives and condominiums are struggling to make ends meet, or are being forced to make difficult choices with scarce resources.

CNYC has long supported energy conservation and has encouraged its members to take advantage of programs available through NYSERDA and various utilities to reduce energy use. We congratulate the City Council and the Mayor's Office of Sustainability and Long Term Planning for addressing this important issue.

The goals of the four proposals before you today are admirable. Indeed, many of our member cooperatives and condominiums have, on their own initiative, begun to make many of the environmentally sound improvements contemplated in the legislation. CNYC also recognizes that proper maintenance of new equipment is vital to achieving predicted savings. We encourage our members to have their building supers take the comprehensive energy training program that is now part of the curriculum of the Thomas Shortman Training Fund of Local 32BJ of the Building Service Employees Union. CNYC would welcome the creation of new incentives to enable more buildings to adopt 'Green' practices. We would happily work with you to craft such incentives. However, we cannot responsibly support the creation of new unfunded mandates as proposed in INT.476A and INT. 967. It is within this context that I make the following comments on the proposed legislation:

CNYC is not opposed to Int. 973 regarding lighting upgrades. Experience has shown that investing in efficient lighting has a remarkably short pay back time, and the law would only affect a building that undertakes an upgrade on its own volition.

Nor are we opposed to INT 564A, creating a New York City Energy Conservation Code, primarily because it, too, would apply only to projects that have been green-lighted by the homeowners. We do recognize that there would be additional costs associated with this bill, including new requirements for a certification by a "lead energy professional" and the preparation of an energy analysis and all supporting documentation. However, we understand that the costs are relatively small, and that meeting them would be in the long term interest of both our members and the City's environment.

But we do have serious concerns about INT. 476A, mandating the benchmarking of central systems' energy use for public disclosure. As I mentioned, many of our members are monitoring energy use already with an eye toward making sound investments that will reduce their consumption and their energy bills. But our experience is that using the online benchmarking tool is neither simple nor cost-free, and we are not convinced that the major utilities will take the necessary steps to provide this information directly to the City.

We also question the usefulness of disclosing the energy statistics of "comparable buildings." How would this comparability be determined? What would tell the modeler whether a building is populated by large families or by seniors living alone? These demographics heavily impact patterns of energy use, but are not likely to be reflected in any computer modeling of "comparable buildings."

While the current proposal has eliminated the requirement that property owners collect data from residential tenants, it still requires that this data be collected from any commercial units in a residential building. The administrative burden of this mandate may prove to be much greater than the City foresees, and again we are reluctant to assume any new costs in a time of true fiscal austerity.

Finally, we strongly oppose INT 967 regarding energy audits, retro-commissioning and retrofits of building systems. Our concerns are both financial and practical. The initial costs of complying with this bill are considerable – an audit alone can cost tens of thousands of dollars, and the capital outlay for the required improvements can total hundreds of thousands of dollars if not more. There will also be on-going fees associated with the filing of all the reports this law requires..

But perhaps most troublesome is the absolute requirement that a building implement all measures deemed to have a payback of 7 years or less. This removes from the Board its discretion to run its cooperative or condominium; it imposes large expenditures on buildings whose shareholders or unit owners maybe struggling to make ends meet, forcing boards to raise carrying costs today in anticipation of energy savings half a decade away.

Adding to the uncertainty, the legislation leaves many items undefined, deferring to a future administrative rulemaking processes. For example, the definition of "financially distressed" is vague and subject to an undetermined agency's rule. Other important concepts left to DOB rulemaking include:

- the definition of an "energy professional,"
- the standards for and content of the mandated energy audits,
- the types of energy modeling software that may be used, and
- the circumstances under which a property owner can obtain an extension of time to meet the deadlines in the law.

We urge the Council not to adopt vague legislation that will directly affect thousands of New York City homeowners, particularly in this time of financial crisis.

Conventional wisdom is that the full effect of the recession on New York City's economy has yet to be realized. We must anticipate more job losses and more foreclosures before any widespread turnaround develops. In short, this is a particularly inopportune time for expensive new mandates on homeowners. We understand there are some resources available to help fund energy upgrades, and we certainly support all efforts to improve energy efficiency and reduce global warming, but we believe it is unfair and wrong to mandate enormous capital expenditures by the families and individuals who call cooperatives and condominiums their homes.

We suggest linking the improvements to meaningful incentives, such as an enhanced and financially realistic J-51 program or property tax abatements calibrated to demonstrated energy savings. Such programs would result in "greener" homes, new jobs, and an acknowledgment of the City's leadership in environmental stewardship.

Thank you for your consideration. I welcome any questions you might have.