



**Testimony of Luis Andino, SEIU 32BJ Member
Testifying in Opposition to BSA Cal. No. 2016-4183-BZ
432-438 East 14th Street/435-445 East 13th Street
Board of Standards and Appeals Hearing, January 24, 2017**

Good afternoon. My name is Luis Andino. I'm a member of SEIU local 32BJ. I'm here today because I'm concerned about the effects this project will have on my community.

As I said, I'm member of 32BJ. 32BJ is the largest property services union in the country. 32BJ represents 70,000 building service workers in New York City. Almost half of us work in residential buildings like the one proposed at 432 East 14th Street as porters, concierge and supers who keep buildings clean and safe. In these jobs, we earn good wages and benefits that allow us to support families in this city.

These high-quality jobs make our communities stronger. That is why most developers in this City have committed to creating good jobs. But, there are always developers who claim that they can't afford to create good jobs. Too often these developers claim economic hardship in order to protect their profits, and thus keep workers in poverty. We have generally found that developers who are willing to take advantage of the community in order to protect their profits in one way are willing to do so in lots of ways.

Mack Group is not committing to create good jobs at this site. Therefore, I'm not surprised to hear Mr. Kelly's testimony that calls out the shoddy methods that were used to create the illusion that the Mack Group needs a variance to build at the East 14th Street site. This sounds to me like a case of a developer trying to extract their profits at the expense of the community.

The Board of Standard Appeals should call this out for what it is. If the Mack Group wants to build higher than the law allows in order to make more money, they should to go through a full democratic ULURP process. Thank you.



**Testimony of Jonathan Hogstad, SEIU 32BJ
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My name is Jonathan Hogstad, I'm the residential research coordinator at SEIU 32BJ. SEIU 32BJ represents 70,000 building service workers across the city, half of which work in buildings like the one that's proposed. One thousand four hundred 32BJ members live in the neighborhood surrounding this development and 2,600 work there. When we engage developers we often will look not only at their behavior with their employees, but their overall behavior with all stakeholders. We'll often find that when there is a lack of commitment to create good jobs, there are other behavioral lapses that affect other stakeholders. That's why we engaged Mr. Kelly to examine what looked to us like questionable valuation methods. We feel that Mr. Kelly's critique should make it clear that this application does not nearly pass the high standard to be granted a variance in this venue.

I'd like to add another point. In schedule A of the Freeman report, the applicant claims \$46.6 million in "land purchase costs" which are used to make the case that their development is infeasible. However, that land price is actually a "theoretical" land value based on so-called comparable land prices presented by someone who appears to lack an appraisal license, according to Mr. Kelly's report. There is actually no need for a theoretical land price. Land has already been acquired and construction has even begun. In fact, affiliates of Benenson Capital Partners, a current partner at the site, have owned the land for many decades. We think you should ask them how much they actually purchased the land for and see how it compares to the figure they put under "land purchase costs".

Again, as Mr. Kelly pointed out in his letter to the board, construction has already begun on this project. Construction lenders do not finance an infeasible development. The financing to start construction could only have come together if the developers presented a feasibility report that shows clear plans for a stable profitable development. In other words, we believe the board should ask the applicants for their real numbers.

As the Board knows, there has been recent attention on the BSA process. Ten bills are moving in the city council right now to prevent approvals of inappropriate variance applications such as this one. However this is our first time looking into a BSA variance and we are very glad to hear such scrutiny being placed on this applicant. We hope that you'll be able to hold this case up as a shining example of an inappropriate application getting swiftly denied. Thank you for your time and thoughtfulness on this application.