



How Warbasse Houses Turned Its Messy Basements Into a Revenue Stream

By Sue Treiman

➤ **A QUARTER CENTURY** after Bargold Storage Systems began mining proverbial gold from apartment building basements, the company and one of its first clients, the Amalgamated Warbasse Houses on Coney Island in Brooklyn, still gush over each other like newlyweds.

“We love those guys,” says Tom Auletti, the property manager at Warbasse Houses, five high-rise towers with 2,584 units that are home to some 8,000 people. “They are absolutely the best.”

Bargold co-presidents and cousins Josh and Jordan Goldman share the sentiment.

Why such affection? Years ago, Bargold converted Warbasse’s neglected, cluttered basement rooms into gleaming – and profitable – on-site self-storage facilities. The company footed the clean-up and installation, and it still collects the fees and shares 25% of the proceeds with the co-op. All this while giving closet-starved residents precious storage space. It was – and is – a win-win.

“When the kids were little, there was no place to put the bikes, and later, no space to store things they wanted to keep,” says Mike Silverman, who grew up in the Warbasse Houses and has been its board president for 24 years. “(Bargold) offered a real solution to that problem.”

The romance between building and business began in 1994, less than a decade after the cousins’ grandfather, Mike Goldman, found himself in need of a spot to store personal items. Introduced to the concept of self-storage, the elder Goldman loved the potential, and he started his own commercial mini-storage business. When one commercial client wondered why residential buildings didn’t offer the same service, Goldman saw and seized an entirely new entrepreneurial opportunity. Initially, he installed the units and handed over management of them to the building.



Beasts and the Beauty: A chaotic basement (left) before Bargold storage units were installed.

Then came an epiphany. “Several years later,” Josh Goldman recalls, “he figured we could install, manage, collect rent for units ourselves – and cut a portion of the proceeds to the buildings.”

The first few years involved careful planning, since all of the initial financial output for setup and installation came from the company. “We were constantly going back for financing,” Josh Goldman says, “because we were collecting a very low monthly rent on a large initial expenditure, and we were giving 25% back to the buildings each month.”

Then, 12 major buildings signed up for storage systems in rapid succession, including the historic Warbasse Houses complex. Built by the United Housing Foundation and the Amalgamated Clothing Workers Union in the 1960s, the middle-income, affordable complex was wildly popular with buyers, but its apartments had limited storage space. Bargold’s proposed 243 lockers were considered lifesavers.

Today, the waiting list for a spot is, according to Auletti, “a generation long.” A 4-foot high locker with 20 square feet of floor space fetches \$50 a month, while an

8-foot high locker with the same footprint costs \$70. Both fees are roughly half the amount charged at neighborhood facilities. Meanwhile, the 25% commission nets an annual \$50,000 windfall for the co-op. That amount is projected to double as the management company frees up additional basement space. And it all costs the Warbasse Houses nothing.

“We never request funds from a building,” says Josh Goldman. In 2012, when Superstorm Sandy flooded many lockers, Bargold saw its “no money ever” pledge put to the test. The company restored damaged units and helped residents recover their losses, all on its own – and insurance carriers’ – dime.

“We’re all about the relationship and will do anything – from lighting to cleaning, exterminating, installing security cameras, and putting in dehumidifiers – to maintain it,” Josh Goldman says, noting that Bargold now services hundreds of buildings with thousands of lockers, none beyond two hours’ drive of the company’s home base.

“This is New York,” he says with a shrug. “There are plenty of buildings here to keep us busy.” ■