

## Co-op / Condo Tax Revolt Inspires New

### Legislation and a First-Pass Tax Cap

By Frank Lovece



**NEW ONLINE**

**March 11, 2011 — The co-op / condo board tax revolt in Queens, which began in early February when the New York City Dept. of Finance approved property-value assessments of up to 146 percent, according to a board-group representative, gained momentum this week as the tax commissioner responded with a 50 percent cap. As well, two state legislators vowed to introduce bills that would treat co-ops and condos like single-family homes, which have a six percent annual cap. And more community meetings are planned, including one with the commissioner himself.**

The meeting yesterday (March 10) at PS 193 in Whitestone, Queens, organized by the board of the 1,024-unit [LeHavre on the Water](#) co-op, attracted a crowd of over 450 despite a torrential rainstorm, estimated **Geoffrey Mazel** of [Hankin & Mazel](#), attorney for both LeHavre and the **Presidents Co-op Council** board-member group. Also attending were [State Senator Toby Anne Stavisky](#) (D-16th Senate District), [Assemblyman Edward C. Braunstein](#) (D-Bayside), and [City Councilman Dan Halloran](#) (R-District 19).

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"The more you know, the more you want to move to Delaware," Mazel gripes jokingly. "I've been doing this a long time and I've never seen such bad government — the arbitrariness and capriciousness of these decisions. He's just pulling numbers out of a hat," he says of city tax commissioner [David M. Frankel](#), who had been invited 10 days prior but did not attend.

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At issue is the annual assessed property value of what are categorized as Class 2 properties, comprised primarily of rental buildings, condo apartment buildings not over three stories high, and cooperative apartment buildings. (Class 1 is comprised of most residential property of up to three units and most condominiums under three stories, plus some miscellanea.) The assessed property value is 45 percent of the city's official estimate of a property's market value, which is unrelated to what a property might or might not sell for in the open market. In this case, "market value" is simply a technical figure used for calculations

"Assessed values citywide went up 6.56 percent" across all classes, confirms **Owen Stone**, spokesperson for Commissioner Frankel, "and for Class 2 it was 7.98 percent." The 146 percent claimed by **Bob Friedrich**, president of the [Glen Oaks Village](#) co-op complex, "is probably market value," he says. "A 100% assessment increase would mean a 500% market-value increase, which is not very likely."

Independent confirmation is difficult, because while tax records for the 2,904-unit, 134-building cooperative are publicly available online, they are spread across countless tax lots, each with its own valuation. Friedrich, who also heads the co-op and condo board-member group the Presidents Co-op Council, did not immediately return a phone call this afternoon (Friday).

However, **Mike Palladino**, president of the LeHavre Owners Corporation, and **Stanley Greenberg**, the LeHavre treasurer and a CPA who specializes in co-op/condo audits, both maintain their co-op was hit with a triple-digit-percentage valuation increase.

"This year was 122 percent," says Greenberg. "In prior years it was maybe around 15 percent, thereabout" for the 1,024-unit, multi-building complex, whose public tax records are also spread across many separate tax lots.

## Cap and Class

Adding credence to claims of at least high double digits was Commissioner Frankel's imposition, on Wednesday (March 9), of a 50 percent cap on this year's valuations. "We saw that many properties had very large increases and decided not to have increases of more than 50 percent for all Class 2 properties," says Stone. "We felt it was a reasonable position given the factors available to us." The cap will affect 279 co-ops in Queens, which is 29 to 30 percent of the boroughs co-op stock, says.

Even this 50 percent cap is too high, argues **State Senator Stavisky**, who calls it "a step in the right direction, but it's not satisfactory. It's as though he were giving us half a cup or arsenic instead of a cup of arsenic. Both are lethal."

Stavisky has responded with a first draft of legislation, currently being reworked, that takes co-ops and condos out of Class 2 and puts them into a new part of Class 1, alongside traditional single-family homes. "Right now we're calling it Class 1a and Class 1b," she says. "Co-ops and condos are more close related to small family homes than they are to rental properties. By moving them to Class 1 we would [automatically] be capping [their annual] assessed valuation, because the cap on Class 1 is six percent."

[Lumped in with rental buildings as Class 2], co-op owners' property tax is assessed like they could get rental income.

**Assemblyman Braunstein**, who plans to introduce the assembly version of the bill, says, "The point is to treat co-op owners like single family homeowners, because they're not like landlords who rent out apartments. Co-op owners' property tax is assessed like they could get rental income," he notes.

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