

BACKGROUND In mid-January 2011, the New York City Department of Taxation promulgated its rates for real estate taxes for the coming year. Many co-ops in the northeast section of Queens were hit with increased valuations of 80 to 122 percent or more. This would have resulted in prohibitive taxes for these co-ops, already reeling from recent increases in water rates, insurance, taxes, and union wages/benefits. This set up a flurry of e-mails among a group of affected board presidents. The bottom line was that something had to be done. A meeting was held in my office with several attorneys and presidents designed to coordinate the efforts of all the negatively affected co-ops throughout the city.

During the next few months, there were a series of town hall meetings, press releases, press conferences, and even a "Tax Revolt" rally at the steps of City Hall. The town hall of Finance were scheduled on a biweekly basis, and each one was hosted by a different co-op and was attended by at least 400 people. The Commissioner of Finance even met with the group of presidents on at least two occasions to try to explain

and rectify the situation. Word quickly spread concerning the sloppy practices of the Department of Finance (DOF) and that there was a "glitch" in its computer program. The media covered it. In addition, politicians were taking up this cause as they learned about the sloppy practices of DOF and the temerarious injustice these co-ops would suffer if something was not done promptly.

In May, the New York City Council Finance Committee agreed to hold a hearing on what was happening with the DOF tax valuations and why so many co-ops were experiencing astronomical increases in their valuations. The hearing was well attended by the media, concerned citizens, and the council members. Many council members grilled the DOF commissioner.

It was during this testimony that the commissioner conceded that the Department of Finance would be capping tax valuations at 10 percent this year because of the problems in a new computer system. This was not a permanent solution but did result in the savings of millions of dollars in real estate taxes by the co-ops in the city of New York. The people

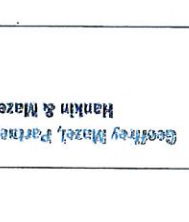
how this would turn out. All we knew was that this situation could not be tolerated, and we would make everyone who was involved accountable for his or her actions. The leaders on this issue divided the labor: some contacted the local politicians; some were media-savvy; some organized the town hall meetings; and the attorneys handled the legal issues and talking points. What mushroomed into a movement where thousands of people were involved at some level. The real lesson is that co-ops and condos are part of a community where governmental decisions have a great impact on their lives. Very often politicians have little or no knowledge of the unique nature of the co-op/condo form of governance. Legislation is often written at the state and city level making absolutely no distinction between a co-op/condo and a rental building.

In fact, one of the problems in the DOF real estate tax valuation is that co-ops are taxed under the same formula as rentals. Therefore, all members should heed the lesson of this small group of co-op board presidents. Stay informed. Read the periodicals and magazines that specialize in co-op/condo issues. Attend seminars and classes to gain further knowledge of issues affecting co-ops/condos. Most importantly, if you believe an injustice is being imposed upon the co-op/condo community, get involved. As the boards in northeast Queens can attest, there may be a million reasons why you should.

involved in all this did not sit idly by trust upon them. What started out as a "brainstorming" session in our law office ended up in a

AN 80-SOMETHING SHAREHOLDER ACCUSED ANOTHER 80-SOMETHING SHAREHOLDER OF PEAKING IN HER WINDOW, WHEN HE WAS ACTUALLY IN A WHEELCHAIR GOING DOWN A RAMP NEXT TO HER WINDOW. SHE SUED HIM FOR BEING A "PERVERT" AND ALSO SUED THE BOARD FOR ERECTING THE RAMP THAT GAVE HIM ACCESS.

protracted and hard-fought battle that eventually resulted in a great benefit to the co-op community.



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Geoffrey Mazel, Partner
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