Glen Oaks Village
A SELF-MANAGED COOPERATIVE

June 9, 2021

<u>Testimony to NYC Advisory Commission on Property Tax Reform</u>

By Bob Friedrich, President of Glen Oaks Village Co-op & Co-President and Founder of the Presidents Co-op & Condo Council

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My name is Bob Friedrich and I am President of Glen Oaks Village, the largest garden apt co-op in New York with 10,000 residents. I am also the founder and Co-President of the Presidents Co-op & Condo Council, a think tank of 100 Board Presidents representing 40,000 units of co-op & condo affordable housing.

The greatest threat to the fundamental affordability of our co-op and condo communities lies with the city's Failed Property Tax and Valuation system. Co-op and Condos (Class 2 properties) are valued as if they are fictional rental properties that generate profits. They are neither. The arbitrary nature of the property tax and Assessed Valuation system continues to wreak havoc by not providing the ***needed predictability to our budgeting process.***

It is imperative that this commission recognize that most city co-ops are not the multimillion-dollar co-ops found in Manhattan but are more like the affordable $275,000 ones found in Glen Oaks Village.

The Commission's proposal to value all coops-condos at Fair Market Value (FMV) to fix the undervaluation of high-end properties that pay low property taxes relative to their FMV, will unfortunately impact middle-class affordable coop and condo owners by increasing their property taxes above current levels. In order to mitigate the anticipated property tax increases, which the Commission acknowledges, it recommends two Assessed Valuation (AV) adjustments to offset the likely rise in taxes; the ***Homestead Exemption and the Circuit Breaker*** adjustment***.***

For middle-class and affordable co-op and condo owners, this may be the most important component of the Commission's Report and will have the greatest impact. ***The income levels set for recipients of the Homestead Exemption and Circuit Breaker will determine Winners and Losers of this proposal. If the threshold for the Homestead Exemption is set incorrectly and does not capture middle class co-op and condo owners, then these owners will be among the BIG LOSERS of the Property Tax Reform proposal***.

Even the Commission acknowledges the importance of this when it says, "*The creation of this new partial exemption…would eliminate the need for the Coop-Condo Abatement Program, which was originally enacted to offset inequities between Class 1 and Class 2 coop-condo owners… with a more equitable and targeted form of relief".*

The Tax Commission must remain vigilant of the consequences of moving to a Fair Market Price Valuation system. The commission in its report of two years ago acknowledged that without adjustments, there would be significant increases on affordable co-ops that make up most of the co-op housing stock in the city.

As a final note, ***we ask that the Tax Commission be mindful that AV increases caused by fair market valuations of property will have a profound effect on J51 tax exemption eligibility.*** The decades old J51 program has allowed us to partner with the city, in improving our aging housing stock and infrastructure. J51 eligibility is based on an average AV of $33,000 per unit on each B&L. Since the AV will increase significantly on each unit as we move to a fair market valuation system, all affordable co-ops will lose eligibility into the J51 program. Your final report needs to address this issue and recommend appropriate AV eligibility adjustments to the J51 program.

Thank you.