



# AS SEEN IN COUNCIL OF NEW YORK COOPERATIVES & CONDOMINIUMS

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## INSIDE

### 2 INDUSTRY COOPERATION

The Well-Run 32BJ Health Plan

### 3 LEGISLATIVE CHALLENGES

Protect Co-op Admissions Process;  
Oppose Commercial Rent Control;  
Promote Reverse Mortgages

### 4 ON THE MONEY

32BJ Contract Details, Water Rates,  
Operating Cost Study, SHIE/DHE,  
MCI Opportunity

### 6 PROPERTY TAXES

Seeking Fairness for All NYC  
Taxpayers

### 7 COURT CASES

Recent Significant Decisions

### 8 FOR YOUR BUILDING

Emergency Preparedness  
Balcony Enclosure Relieve  
Smoking Policy, Fire Safety Decals  
Conflict of Interest Report

### 10 ENVIRONMENT & ENERGY

Energy Grades, Lighting Upgrades  
Retrofit Accelerator, NYC Water

### 12 COMING EVENTS

Classes and Meetings of Interest

### 13 CNYC'S 38TH ANNUAL HOUSING CONFERENCE

Sunday, November 11<sup>th</sup>

### 14 ABOUT CNYC

### 15 CNYC FORMS

## OPPORTUNITY FOR BUILDINGS WITH RENT REGULATED UNITS

*CNYC thanks Ed Tristram for the following article. Mr. Tristram is president of Ed Tristram Associates, a real estate consultant firm specializing in paperwork related to capital improvements. In the last 25 years, the firm has done thousands of filings related to capital improvements, all for clients who own or manage apartment buildings.*

There's a big new financial subsidy available for many cooperatives and condominiums throughout New York State - the MCI Abatement.

- **What buildings qualify?** Every cooperative and condominium in New York State that has one or more rent stabilized and/or rent controlled apartments is eligible for the MCI Abatement. When these buildings make qualifying Major Capital Improvements ("MCI's"), the owners of the building (in this case, the cooperative or condominium) can get up to 11.1% of the total cost of the capital work rebated to them.
- **Why is the government giving all this money to co-ops and condos?** Here's the story: when the Rent Stabilization Code was renewed in 2015, all MCI rent increases were made smaller and in compensation the new MCI Abatement was created. It goes to the building owners - the co-op or condo itself, not to the owners of the regulated apartments where the MCI rent increase is applied. This is because it's the BUILDING OWNERS who paid for the capital work.
- **What needs to happen for us to get these funds?** First there must be an MCI rent increase for the stabilized/rent controlled tenants. When the State DHCR orders a rent increase, they certify the eligible cost of the MCI work. Of this figure, either 8.25% or 11.1% of this amount will be rebated to the building owner.
- **What kinds of capital work qualify?** The rules for this are lengthy and complex. In general, when spending \$100,000 and up on capital work it is a good idea to check to see if it's eligible for an MCI Abatement. Applications can only be filed within 24 months after the work is complete.
- **Will the full amount come in one year?** Yes, all in one NYC fiscal year, which runs July 1 to following June 30. For cooperatives it comes as a credit on the property tax bill. For condominiums, each unit owner can get a credit on their property tax bill. You will get this dollar reduction in your tax bill the fiscal year after the rent increase is ordered.
- **Will this interfere with co-op/condo tax property tax abatement program?** No. The NYC Department of Finance has categorically stated that the MCI Abatement will interfere with no other tax benefits.