

Pay the Prevailing Wage or Forfeit the Tax Abatement?

Wednesday, November 24, 2021

Leni Cummins discusses the recent bill signed by Governor Kathy Hochul that will require co-op and condo boards to pay prevailing wages to their building staffers in order to receive the coveted property tax abatement in *Habitat Magazine*. Though the law has not yet gone into effect, it has already produced some surprises.

At first, the initial reaction was that most buildings with non-unionized staffs would raise their pay to prevailing-wage levels so as to keep the tax abatement. However, upon crunching the numbers, some may find that it all comes down to the makeup of the building. As a result, it is expected that some boards are going to manipulate work schedules to try to reduce payroll or even eliminate employees to make the calculation more favorable.

According to Leni, “It’s a two-part analysis. First, what is the difference between current total compensation and how much you need to increase it to reach the prevailing wage? It’s not just about wages.” In addition, she Leni mentions that boards will need to factor in such benefits as medical and hospital care, pensions, insurance for disability, sickness and accidents, and vacation and holiday pay – and anything else not required by local, state and federal laws. Sick leave, for example, is required by law.

“If it’s a heavy pied-a-terre building” – like Hoffman’s Upper East Side co-op – “it probably won’t make sense to pay the prevailing wage. Then again, a lot of buildings pay close to prevailing wage because they’re trying to keep their building staff while warding off the union. It might make sense for them to pay the prevailing wage and keep the abatement,” Leni said.

To read the full article, [click here](#). (Subscription required)

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