

FY 2022 Will Herald Prevailing Wage Requirement for Tax Abatements

On Labor Day, Governor Kathy Hochul signed Senate bill S6350A that prohibits most individual unit owners or shareholders in condominiums (condos) or cooperatives (coops) from obtaining or maintaining tax abatements under section 467-a of the real property tax law if their boards do not pay their service employees prevailing wages. The New York City Commissioner of Finance may deny or terminate an abatement if the building service workers are not paid the prevailing wage.

Service employees are those who are regularly employed at a building for at least eight hours per week for its care and maintenance. Examples of service employees include, but are not limited to, watchmen, guards, doormen, building cleaners, porters, handymen, janitors, gardeners, groundskeepers, and elevator operators.

Commencing on April 1, 2022, the start of New York's next fiscal year, condos or coops must be deemed a "Qualified property" in order for the building or any of its unit owners or shareholders to receive a tax abatement. A condo or coop will be deemed a Qualified property if it (i) has an average unit assessed value of less than or equal to \$60,000, (ii) has an average unit assessed value of more than \$60,000 and less than or equal to \$100,000, and less than 30 dwelling units; or (iii) is a property with respect to which an applicant has submitted an affidavit certifying that all building service employees shall receive the applicable prevailing wage for the duration of such property's tax abatement.

"Prevailing wage" means the wages and supplemental benefits paid to workers in the same trade or occupation, as determined annually by the Office of the Comptroller of the City of New York. For a brief overview of the current prevailing wage schedule, [click here](#). Note, however, this schedule does not include benefit funds, which a board may want to consider including as a fringe benefit payment to properly meet the prevailing wage calculation. Boards of condos and coops should contact their counsel to prepare a customized prevailing wage analysis tailored to the service employees employed at the building.



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