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VILLAGE OF SCARSDALE
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February 20, 2016

To: Scarsdale Village Board of Trustees

On Tuesday February 22nd, you will be voting on whether the forty-two condominiums at Christie Place should be taxed under provisions of the Homestead Act. My wife and I are owners of one of those condos and I would like to present my opinion on this subject. In doing so, I would like to speak to the issue of "fairness".

The two standard methods of assessing real estate taxes are based either on (a) market value and (b) commercial rental value. How is this currently being employed in Scarsdale?

Let's first look at coops, such as the one at 50 Popham Road. Residents there effectively pay a very low real estate tax because coops are taxed on the "commercial rental value". This has essentially no meaning for coops, but was presumably used because owning an apartment in a large building has many disadvantages relative to owning a house with property, separation from neighbors, etc. The demographics, as well as the conveniences (concierge service, proximity to shopping and Metro North, etc) of people residing at 50 Popham are similar to those at Christie Place. They pay very low taxes, yet have a situation essentially similar to that at Christie Place except that these coops are much older.

Now Christie Place.: For these condos, the Village of Scarsdale initially agreed to low real estate taxes because the builder supplied the large garage for Scarsdale shoppers, built needed retail space, and built new residences for seniors. Two years ago, the Board of Trustees unanimously turned down the proposal that these condos should be taxed under the Homestead Act. Subsequently, the village carried out a reval which in our case raised our real estate tax by 54%. This reval by a recognized entity presumably took into account the pros and cons of condo ownership versus ownership of residential houses and, in our opinion, seemed consistent with the concept of "fairness" as well as common sense, since it evidently took into account the differences between coops, condos and residential houses, the latter much different from condos, such as Christie Place. Thus, Scarsdale residents of homes have outdoor properties with many advantages, living space much larger than the Condos at Christie Place, not disturbed by early morning deliveries by noisy trucks serving the super market, etc.

It seems evident to me that neither coops nor condos are being taxed specifically on the basis of *fair market value* or *commercial rental value*. From what I said above, it seems obvious that taxing condos strictly on the basis of the Homestead Act simply based on market value would be totally unfair. With much higher taxes, the value of these condos would be reduced substantially, well below the high prices paid for the condos. These prices reflected the low taxes at the time of the offering, as agreed by the village, which wanted the project to proceed. The last reval raised these taxes substantially, as noted above. Moreover, new buyers of an apartment in Scarsdale would find low-taxed coops a much more attractive investment, to the detriment of Christie Place condo owners trying to sell their units.

From all the above, I would argue that the real estate taxes for Christie Place condos should logically be closer to the taxes effectively paid by owners of similarly sized coops at 50 Popham, with adjustments for differences between the two properties, as reflected in their relative market values as per the last reval.

I believe that the opinions expressed above make sense and I therefore hope that the trustees will consider them carefully.

Respectfully,

Peter H. Spitz
1 Christie Place # 303E
Scarsdale
Tel: 914 472 9390