

# FIRST Impressions

News for board members and building owners of properties managed by FirstService Residential



## State of the NYC insurance market

Our insurance partner broker, HUB International, offers an update on the increasingly volatile NYC insurance market. [Click here to read the full article.](#)

### KEY TAKEAWAYS

- ❑ Significant premium increases are being seen in all lines of business. Based on current market conditions, buildings may experience 30–35% premium increases this year, mostly due to the umbrella market.
- ❑ Umbrella policy premiums are expected to increase at least 50–100% this year.
  - Claims exceeding \$1M are increasing rapidly and many carriers participating in Risk Purchasing Groups (RPGs) have exited the sector as underwriting losses mount.
  - The few remaining carriers have dramatically increased rates and minimum premiums, with lower coverage limits and additional exclusions.
  - Most boards will have to consider far lower limits of liability on umbrellas—often as low as \$5M.



**Alex M. Seaman,**  
SVP, HUB  
International

continued on next page

June/July  
2023

### CONTENTS

Importance of  
risk transfer with  
contractors

Real estate tax  
protest success  
stories

Enhancing revenue,  
controlling costs:  
seminar replay

Legislative &  
compliance updates

Latest energy news

Nominate your  
staff: 32BJ awards

## Co-op and condo insurance, continued

- ❑ NY Labor Law 240/241 (Scaffolding Law) is resulting in significant commercial general liability rate increases. As a result, many major carriers are avoiding this sector.
- ❑ Many carriers are requiring far higher water damage deductibles—\$50K or even \$100K.
- ❑ Rates for Directors & Officers (D&O) liability insurance are expected to increase at least 25–50% over the next few years.
- ❑ When insurance cannot be underwritten through a primary carrier—either due to poor loss ratios or unusual/unacceptable underwriting criteria—quotes are obtained through the Excess & Surplus (E&S) markets. Historically, rates with E&S carriers were 30–50% higher than standard carriers. Now, most are seeking premium increases of 100% or more, on top of imposing stricter underwriting guidelines.
- ❑ Claims have always been a primary factor in negotiating renewal terms. It's more important than ever to be diligent in loss control and risk transfer. [See sidebar at right.]

For more information about your insurance policies, please speak with your manager or contact Alison Zuffi, Director of Insurance, at [alison.zuffi@fsresidential.com](mailto:alison.zuffi@fsresidential.com) or 212.634.5436.

2

## INSURANCE SUCCESS STORIES

Our in-house brokerage, FS Insurance Brokers, applies in-depth market knowledge, extensive buying power, and relationships with top carriers to reduce insurance premiums and maximize coverage for our clients. Here are five recent success stories:

- ❑ Helped a board save more than \$15K on the annual premium and secure an umbrella policy with better coverage.
- ❑ Secured a commercial package that saved the board over 13% on renewal, while removing significant coverage exclusions.
- ❑ When the incumbent broker wasn't providing the board with assistance during a difficult renewal, our team negotiated significantly broader coverage with the same carrier for the same premium dollar.
- ❑ When the board received an enormous increase in renewal from their current carrier, our partner offered coverage with guaranteed replacement cost (much better than the previous limit coverage) while reducing the association's premium 15%.
- ❑ Helped a board obtain broader coverage, higher limits, and save approximately 25% on the annual premium.

**HPD violations should be addressed without delay. Outstanding violations frequently result in an immediate declination from underwriters.**

## CONTRACTORS AND THE IMPORTANCE OF RISK TRANSFER

As the insurance market continues to tighten, the topic of risk transfer has become a highlighted point in renewal discussions. More carriers are looking to ensure that the buildings they quote have a proper risk transfer procedure in place and are ensuring that indemnification and hold harmless verbiage is being added to all contracts. This also includes service agreements with vendors that might be used more regularly, such as: hired plumber, lifeguard/pool operator, elevator maintenance provider, etc.

To be proactive in this request from underwriters, FirstService Residential has worked with insurance brokers and underwriters to [ensure that the service agreement verbiage we use is accepted by major carriers and underwriters](#). By following these risk transfer procedures, board members and property owners can help mitigate the exposure of labor law claims and ensure that the responsibility lies with the contractors or service providers hired.

# Real estate tax protests

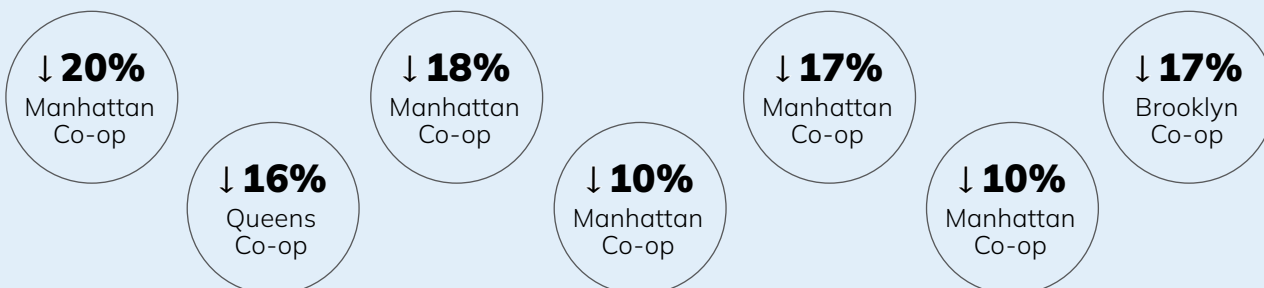
Our clients who retained Goldberg Weprin Finkel Goldstein LLP (GW) for tax certiorari services obtained an aggregate reduction of \$30M in real estate tax assessments in 2022/2023—resulting in \$800K in immediate tax savings to unit owners.

GW is uniquely advantaged with the addition of David Dunay, former director of appraisal and hearings at the NYC Tax Commission. As a real estate valuation and assessment analyst, Mr. Dunay contributes invaluable institutional knowledge to GW's team, having personally reviewed all high-value protest applications and reconsideration cases, while also managing the Tax Commission's 25 hearing officers. Fees for our clients are 33% lower than those generally charged by competing firms.



**Goldberg Weprin had a 29% tax assessment reduction success rate last year vs. a 15% citywide average.**

## 2022-2023 tax assessment reduction success stories



3

## ENHANCING REVENUE, CONTROLLING COSTS

Our sponsored seminar at the Spring Cooperator Expo, "Enhancing Revenue, Controlling Rising Costs: Strategies for Condo & Co-Op Boards," was standing-room only. [Click here to watch the replay.](#)



**Michael Wolfe**  
FirstService Residential



**Kelly Dougherty**  
FirstService Energy



**Alison Zuffi**  
FirstService Residential

## ANNUAL MEETING BEST PRACTICES



We've assembled a timeline and checklist in our [Annual Meeting Best Practices](#) guide to help board members and property managers navigate the legal and logistical nuances of the annual meeting.



# Legislative & compliance updates

## BILL WOULD REQUIRE BOARDS TO GIVE REASONS FOR REJECTING BUYERS

A new bill before the New York City Council would require a co-op board that rejects a buyer to produce in writing each element of the purchase application that was deemed deficient, as well as the source of any negative information that led to the rejection. “The statement must convey sufficient information to enable a prospective purchaser to take specific steps to remedy any specific deficiencies in that application,” the bill states. Boards would have to produce the written statement within five days of the rejection. Penalties for violations will range from \$1K to \$25K.

Two related bills also were introduced. One is designed to ensure timely action on purchase applications, by giving co-op boards 45 days to notify potential buyers of the success or failure of their application, with provisions for a 14-day extension if necessary. The second bill would require any cooperative corporation to disclose its finances to a prospective purchaser whose offer to purchase an apartment has been accepted. The financial information would have to be provided within 14 days of a request by the prospective purchaser.

We are working through our industry affiliations—Real Estate Board of New York (chair) and the Council of New York Cooperative and Condominiums (board member) and related lobbyists—to address these bills in the best interests of our clients.

## 4-YEAR CO-OP/CONDO ABATEMENT EXTENDED

On May 31, 2023, the New York State Senate passed [S.4972-A](#).

Its companion [A.3252-A](#) was passed unanimously by the Assembly on May 23. The legislation extends the NYC Co-op/Condo Property Tax Abatement program for those determined eligible by the Department of Finance to June 30, 2027.

The Abatement Program will continue seamlessly on the property tax bills for Fiscal Year 2024, which began on July 1.



## HEIGHT AND WEIGHT TO BECOME PROTECTED CLASSES IN NYC

On May 26, 2023, Mayor Adams signed [Bill INT 0209](#) that will prohibit discrimination based on an applicant or employee's actual or perceived height or weight. The bill amends the [NYC Human Rights Law](#) by specifically adding “height” and “weight” to its list of protected classes. The Human Rights Law applies to employers with four or more employees.

Effective Nov. 22, 2023, it will be illegal for co-op and condo boards and landlords to discriminate against a job applicant, current employee, apartment buyer, or renter based on the person's height or weight. Exemptions include cases in which an individual's height or weight could prevent them from performing essential job functions.

In advance of the enactment going into effect, your manager will review the building's employment policies and handbooks and revise them to include height and weight as protected characteristics.

Height and weight join the list of factors protected against discrimination by the city's Human Rights Law, including age, race, gender, religion, national origin, disability, sexual orientation, immigration status, arrest or conviction record, and status as a victim of domestic violence, stalking and sex offenses.

## PARKING STRUCTURE INSPECTIONS

Our compliance and management teams are tracking due dates and will notify boards and owners accordingly.

Local Law 126, requiring periodic inspections of parking structures, became effective Nov. 7, 2022. The law was adopted to protect against parking structure failures and improve overall maintenance of these spaces.

Inspection cycle timelines are based upon each building's community district. The first inspection cycle runs from Jan. 1, 2022 through Dec. 31, 2023 impacting parking structures in Manhattan community districts 1 through 7. Owners of parking structures must hire a NYS licensed Professional Structural Engineer (PE) to inspect and file condition assessment reports with the NYC DOB at least once every six years.



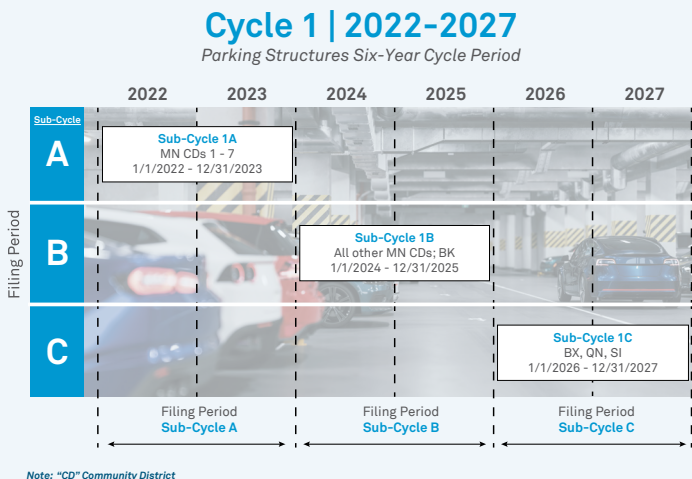
## MANDATORY COMPOSTING

New York City has announced that [mandatory composting](#) is expanding to all residences with four or more units according to the following timeline:

- Brooklyn and Queens—October 2023
- The Bronx and Staten Island—March 2024
- Manhattan—October 2024

The summary states, "While this rule does not require that owners or managers of buildings with four or more residential units provide for the separation and storage of organic waste other than yard waste, DSNY encourages owners and managers of such properties to provide adequate and appropriate storage areas and containers for all organic waste, including food scraps and food-soiled paper products."

Your manager will discuss planning for your building at an upcoming board meeting. In advance of that, our [June 22 client memo](#) included a sample memo you may wish to send to residents as the deadline approaches.



5



## CONTINUING EDUCATION FOR PROPERTY MANAGERS

To keep our property managers current on the latest industry requirements, we recently covered these topics during our monthly property manager and lunch and learn meetings:

- ☐ Preparing buildings for Local Law 97 compliance
- ☐ Building insurance, liability, and risk transfer
- ☐ Local Law 152: Gas pipe inspections
- ☐ Local Law 126: Parking structure inspections
- ☐ Elevator repairs, maintenance, and modernizations
- ☐ Environmental concerns: mold, asbestos, water, and lead
- ☐ Annual meeting best practices

# Latest energy news

## LOCAL LAW 97 WEBINAR SERIES

To help our clients and managers prepare their buildings to comply with Local Law 97, we hosted a four-part webinar series. Chaired by Kelly Dougherty, president of FirstService Energy, with guests including the DOB's chief sustainability officer, we covered:

- ☐ New adjustments to the law
- ☐ What's required for buildings with commercial space
- ☐ Financing options, incentives, and capital planning
- ☐ New technologies and project planning

All webinar segments are [accessible here](#) and below are key takeaways:

- ☐ [Adjustments and Next Steps](#)
- ☐ [Calculating Your Emissions Budget](#)



## AVAILABLE INCENTIVE PROGRAMS

New York City utility providers and New York State have incentive programs available for energy efficiency projects. Funding is based on availability, so projects must be approved before installation to receive incentives.

- ☐ The [Clean Heat Program](#) offers incentives, limited to 50% of project costs or \$1M, for installing efficient heating and cooling technology.
- ☐ Con Edison offers the Affordable Multifamily Energy Efficiency Program ([AMEEP](#)) for qualifying affordable multifamily buildings in NYC and Westchester County.
- ☐ [Con Edison's Neighborhood Program](#) offers incentives for customers located in specific neighborhoods in Brooklyn, Queens, and The Bronx, where the utility is trying to decrease grid load. Examples of upgrades that qualify include LED lighting, high efficiency heating and cooling systems, and cooling towers.
- ☐ [National Grid](#) offers gas project incentives.
- ☐ [NYSERDA programs](#) include low carbon capital planning support and low carbon pathways, as well as incentives for upgrading envelope, ventilation, heating and cooling, and domestic hot water.

To discuss your building's potential for obtaining incentives, please speak with your manager or email [info@firstserviceenergy.com](mailto:info@firstserviceenergy.com).

6

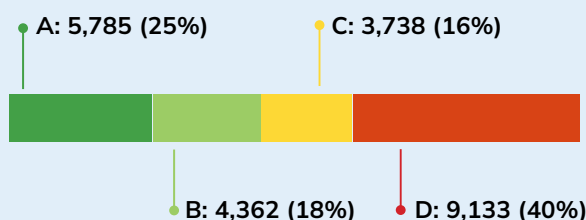
## NYC BENCHMARKING AND FORTHCOMING REPORT CARDS

Our FirstService Energy data team has successfully completed benchmarking in compliance with the NYC Local Law 84 Benchmarking Law.

In the coming months, buildings that benchmark with FirstService Energy will receive their building's energy report card, which includes your building's grade, national Energy Star score, usage, and potential opportunities to improve.



### 2022 Energy Star Score: All NYC benchmarked buildings





## NATURAL GAS COSTS EXPECTED TO RISE

It's typical for natural gas consumption to increase between May and September. As the number of cooling degree days increases, air conditioning use increases. The Energy Information Administration (EIA) expects an increase in natural gas demand and reduced production this summer, so prices are expected to increase.

- ❑ The EIA forecasts the U.S. will reach the second highest level of natural gas consumption for electricity generation this summer.
- ❑ With increasing reliance on renewable electricity sources, natural gas consumption is expected to drop by 2% next summer.

## PACE LOANS FOR COOPERATIVES

Property Assessed Clean Energy ([PACE](#)) loans are a financing tool that helps multifamily building owners and co-ops fund energy efficiency and renewable energy projects. PACE offers long-term, fixed-rate financing through pre-qualified lenders, covering up to 100% of project costs with no cash up-front from the owner. Condos are not eligible for PACE loans because they cannot pledge any physical collateral.

Under new NYSEDA guidance, three efficiency measures are “pre-qualified” for PACE loans, enabling applicants to bypass the rigorous Savings to Investment Ratio calculation:

- ❑ Electric heating, ventilation, and cooling systems
- ❑ Electric domestic hot water systems
- ❑ Electric energy recovery ventilators

Currently, PACE may not be the best option for most buildings. For more information, contact Jordan Muchnick, VP of lending, FirstService Financial, at [Jordan.Muchnick@FirstServiceFinancial.com](mailto:Jordan.Muchnick@FirstServiceFinancial.com).

## NOMINATE YOUR BUILDING STAFF



FirstService Residential is proud to be a gold sponsor of the 2023 32BJ SEIU Building Service Worker Awards, which honor the staff members working hard to keep your building running—from supers to porters. The awards ceremony takes place on Oct. 26, 2023. We encourage you to [nominate a member of your building staff](#) who goes above and beyond to keep your building safe and clean.

## NEW TO YOUR BOARD?



It's important for new board members to be well versed in their roles and fiduciary responsibilities. Read [Best Practices for Onboarding New Board Members](#) to help you successfully transition into your role. Thank you for your service to your building and fellow residents.



## SPRING MAINTENANCE CHECKLIST

We recently shared [Spring Maintenance Tips](#) with your superintendent/resident manager and recommended conducting a thorough walk-through of the interior and exterior areas of the building to create a detailed Spring Maintenance To-Do List. A building “refresh” enhances curb appeal, helps attract potential residents, and reflects positively on the staff and management. A well-maintained building also boosts the morale and well-being of your residents who feel proud to call the property home.

## 32BJ scholarship winners

Each year, the 32BJ Training and Scholarship Fund awards scholarships to employees and their eligible dependents to help pay for undergraduate and graduate college studies.

An independent academic Selection Committee determines winners based on their essay, extracurricular activities, and letters of recommendation. Undergraduate scholarships are \$5K per year, and graduate scholarships are \$8K per year, for up to four years of study.

Three dependents of staff who work in buildings managed by FirstService Residential are among this year's scholarship recipients:

- ❑ Kaitlyn Briones, daughter of an employee at 104-20 68th Drive, Queens
- ❑ Emi Carpenter, daughter of an employee at 200 East 57th Street, Manhattan
- ❑ Tseyang Lhamu, daughter of an employee at 1 Morton Square, Manhattan



(l-r) Michael Wolfe, president of property management, FirstService Residential, with scholarship winner Tseyang Lhamu and her father.



(l-r) Proud parents of scholarship winner Kaitlyn Briones and Michael Wolfe, president of property management, FirstService Residential.



STAY CONNECTED



Know of a fellow board considering new management?  
Please have them [contact our team](#).

[Click here to read our latest industry-related articles.](#)

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