

Edition One 2022

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ORSID

— NEW YORK —

WEBINAR

The State of the Industry

On March 29th, we hosted a webinar discussing the state of the industry and how New York City Coop and Condo management continues to evolve daily. By clicking the link below, you will hear how Orsid plans to partner with you to navigate the compliance, insurance, financial and operational challenges in the year ahead.



Neil Davidowitz, Esq.
President

Andre Kaplan
Chief Financial Officer

Laura Krasner
Executive Vice President

Eric McPhee
Executive Vice President &
Director of Risk Management

Dennis DePaola, Esq.
Executive Vice President &
Director of Compliance

[Click here to view the recording!](#)

Passcode: Industry2022!

Preparing for a Potential Strike

As mentioned last fall in a memo from Orsid President, Neil Davidowitz, and also at each of our recent monthly Board Meetings, the collective bargaining agreement between the Realty Advisory Board on Labor Relations (RAB) and SEIU-32BJ (the building services employees union) is due to expire at 11:59pm on April 20, 2022.

This agreement governs the relationship between our union building service workers and their respective employers. If the RAB and Union are unable to reach an agreement before the expiration date, one potential outcome is a labor strike of Union building service workers. Superintendents/Resident Managers, would remain in place in the event of a strike in order to protect the health and safety of the building.

To prepare for that possible strike, Orsid New York created a Strike Task Force Committee in November of 2021, which is being co-chaired by Executive Vice Presidents Laura Krasner and Eric McPhee. This Committee has been meeting weekly to prepare for the possible strike and has been working diligently to make preparations to keep our Union buildings operational in the event of a strike.

To date, the Committee has created documents and procedural templates for use in the event of a strike, arranged for the retainer of security guard and refuse removal services for our buildings, and coordinated with a firm to generate QR security codes to permit access to our residents during a potential strike.

At the time of this publication, we are less than 3 weeks from the potential start of a strike. **Residents should be aware of the upcoming important dates related to the strike:**

- Starting next week (**April 4, 2022**) Orsid's customized Resident Strike Guide will be distributed to each building. Residents are strongly suggested to familiarize themselves with the instructions and information and take the opportunity to ask your Account Executives if you have any questions. Resident should take particular notice of apartment alterations and move in/out procedures.
- The initial round of QR security codes, for each building that is utilizing them, have been distributed

via email. If you have not received a QR code by April 15, 2022, notify your Account Executive.

- During the 10 days before the potential strike (**April 10th-20th**), the Account Executive and Resident Manager/Superintendent will be reaching out to anyone who volunteered to assist the building in the event of a strike to advise regarding instructions and schedules. If you have volunteered, please watch your email for more information.
- Starting or by **April 18, 2022**, residents should retrieve and secure any packages, keys, or personal items from the front desk because they will not be able to be considered secure in the event of a strike. Residents should do what they can to avoid having deliveries during a strike and all items held at the front desk should be retrieved no later than 5pm on **April 20, 2022**.

In the event of a strike, at 11:59pm on the 20th, any staff member on duty (besides the Superintendent / Resident Manager) will be escorted from the building and will not be permitted back to the building before the strike is settled. Residents should therefore be familiar with the strike policies, cooperate with the security service or volunteers, and most of all bring your patience.

The Orsid Strike Task Force has been working diligently for the last five months to help prepare Orsid and our portfolio of managed buildings for the potential of a strike. Although we continue to hope that the negotiations currently in progress can lead to a new contract without a strike being necessary, we stand ready to assist our buildings in the continuation of operations in the event of a strike.

Any questions related to a possible strike at your building can be related to your building's Account Executive or to the Strike Task Force directly at striketaskforce@orsidny.com.

Union Contract Negotiations & Strike Preparedness Webinar

Click here to view the recording!

Passcode: BoardAccessOnly2022!

Importance of Homeowners Insurance in Multifamily Buildings

Condominium and Cooperative Boards frequently underestimate the importance of homeowners insurance which can help avoid costly conflicts between uninsured neighbors and disputes between an owner and the building. Requiring co-op shareholders or condominium unit owners, collectively referred to herein as "owners," to maintain appropriate homeowners insurance is essential to a building's overall risk mitigation strategy.

Where does the building insurance end, and the owner's insurance begin? Many owners assume that their building's insurance policy will cover damages to the interior of their apartment when a loss occurs. In reality, the building's insurance likely does not cover much of the interior damage, especially if it is a renovated apartment. The building's governing documents are generally quite clear in describing the building's responsibility versus the owner's responsibility to restore the interior of a damaged apartment. Because there is no overlap in those responsibilities, each party can buy insurance to protect their respective restoration obligations.

The Building Insurance – Property Insurance. Every condominium or cooperative carries property insurance to protect against multi-peril causes of loss (fire and water damage being among the most common) that result in physical damage to the building or damage to miscellaneous property or contents belonging to the building. The building's insurance is responsible for the building envelope, structural elements, common elements, and mechanical systems required to maintain normal building operations per the governing documents. Cooperatives have limited responsibility for certain interior features that are "original," such as flooring, walls, fixtures, cabinetry, and ceilings, to name a few.

The Owner's Insurance – Dwelling & Personal Property Insurance. Dwelling coverage provides protection for damage to Betterments & Improvements (B&I), also known as Additions & Alterations (A&A), as a result of a covered cause of loss. B&I is generally the owner's responsibility to restore in the event of a loss, irrespective of what

caused the loss, in most cases. When apartment owners renovate their apartments or purchase an apartment that a predecessor owner renovated, they become responsible for those renovations. Permanent installations, such as kitchen fixtures, cabinetry, countertops, appliances, bathroom fixtures, lighting, decorative molding, paint and wallcovering, flooring, and any other alterations are the owner's responsibility.

In addition to dwelling coverage, homeowners insurance also provides coverage for damages to an owner's personal property or "contents" which protects against damage or theft of contents or other personal items such as furnishings, clothing, kitchen wares, electronics, area rugs, decorations, and particular valuable articles. Owners can also insure valuable artwork and jewelry, among other rarities and collectibles.

Other coverages have also proven to be important in the event of a significant loss, such as "additional and alternate living expenses", which can provide coverage for expenses related to living elsewhere during the period of restoration of the damaged apartment.

Continued on next page...



Homeowners Insurance Continued...

WHAT ABOUT LIABILITY INSURANCE?

The Building's Insurance – General Liability. Buildings carry general liability insurance to protect against third-party claims for both property damage and personal or bodily injury claims where an injured party alleges that the building is somehow negligent or "at-fault" in causing their injury. However, this coverage does not apply to disputes between neighbors. Casualty losses are inevitable in multifamily buildings, and liability insurance plays a vital role in every building's overall risk management plan.

The Owner's Insurance – Personal Liability Coverage.

An owner should maintain liability insurance to protect themselves against third-party liability claims arising out of alleged property damage, personal or bodily injury. Homeowners insurance includes personal liability insurance. This coverage is essential if someone becomes injured in the apartment (perhaps a hired contractor) or if a leak (or other cause of loss) emanates from an apartment causing damages to a neighbors' apartment(s). In addition, the liability portion of the homeowners policy also covers subrogation claims. Subrogation is when an injured party (neighbor who sustains damage from a leak) transfers their right of recovery to their insurance company, who will pursue the responsible party (neighbor who caused the leak) to recover the money paid to the injured party.

CAN A BUILDING REQUIRE ITS OWNERS TO PURCHASE HOMEOWNERS INSURANCE?

Yes. Generally, a Board can adopt a policy that requires the owners of apartments in condominiums and cooperatives to purchase and maintain insurance. Many have made homeowners insurance mandatory for every owner. If a Board considers establishing such a policy or revising an existing policy, it should start by consulting with your building's management professional. Management can advise the Board about what current building rules may exist and whether a Board should consult with the building's general counsel to understand how best to create and adopt a policy that will be enforceable. Many Boards have adopted policies via the House Rules, while others have amended their governing documents more formally to achieve the desired result.

Education is Key. If the Board has decided to require owners to purchase and maintain insurance, it must

educate the owners about the rationale for the decision, the requirements, and how to comply. It is also advisable to educate owners about all of the benefits offered by homeowners insurance, as discussed previously. Board policies tend to be wide-ranging in terms of their requirements. Minimally, Boards have required personal liability limits, which range anywhere from \$500,000 to over \$1,000,000 in some cases. The trend seems to be somewhere in the middle, but it sometimes depends on the loss experience of a particular building. Some Boards have even started to require dwelling and personal property coverage.

In conclusion, educating owners about why homeowners insurance is important is key to achieving compliance. Many owners do not realize how being uninsured or even underinsured can lead to substantial financial hardships after a loss and thus will appreciate being educated on the subject before a loss. Requiring all owners to maintain appropriate insurance can provide real peace of mind to communities and Boards and reduce friction between the parties when a loss occurs.

Orsid can arrange for virtual educational seminars about homeowners insurance upon request.



Orsid's Apartment Alterations Department

Orsid is the only management company in New York City that has a specialized Alterations Department to manage shareholder/unit owner alteration projects from application through completion. This enables us to meet our clients needs for this ever-growing aspect of cooperative and condominium living. The department works closely with Account Executives, shareholders/unit owners, the shareholder/ unit owner's team (contractor, designer, or architect), and the building's architect. We strive to come up with new ways to make the process easier for our clients.

Please meet our Alterations Department members:

- Denisa Music (Alterations Manager)
- Andrea Doyle (Alterations Coordinator)
- Krystal Ann Achaia (Alterations Coordinator)
- Hope Mathews (Alterations Coordinator)
- Mary Lawson (Alterations Coordinator)

Alteration projects and the review process can be complex in nature, there are some key policy areas that a Board should think about and may wish to consult with the building's architect/engineer:

Boards should consider creating a user-friendly guideline to attach to their alteration agreements that clearly outlines what work is not permitted and what work may be permitted subject to Board approval. Our office is seeing a trend in applications where the following is proposed:

- Wet-over-dry conditions—expanding a wet space (kitchen, bathroom, laundry room, etc.) over a dry space (living room, dining room, bedroom, etc.) or adding/relocating a wet space over a dry space.
- Noisy-over-quiet conditions—expanding a noisy space (living room, dining room,) over a quiet space (bedroom).
- Installation of central, split and through-wall AC systems.
- Electrical upgrades
- Installation of washer/dryers

For jobs that require building permits, the Department of Buildings is becoming more stringent with issuing violations for work performed without proper permits.

During the review process, our office typically relies on the building's architect/engineer to confirm what permits are necessary for certain projects. The three types of NYC Department Buildings permits are:

Construction Permits

- A licensed architect needs to prepare drawings to file with the Department of Buildings.
- The permit is pulled by the general contractor.
- This permit is generally required for removal of more than 45 sq ft of a non-load bearing wall, combination of apartments, construction of a new wall, or penetrating the building's façade.
- Department of Building stamped approved plans and Tenant Protection Plan Notice are collected when a construction permit is pulled.

Plumbing Permits

- This permit is pulled by the plumber.
- It is generally required for gut renovations of bathrooms, kitchens, new washer/dryer installation, bathtub to shower conversions, branch line replacements, and any other major plumbing work.

Electrical Permits

- This permit is pulled by the electrician.
- It is generally required for installation of new outlets, fixtures, and switches, new washer/dryer installations, replacement of electrical panel, and electrical upgrades.

Orsid is here to answer any questions and guide you through the Alterations process.





Uncommon Solutions

One of the most important needs for a coop or condominium is appropriate insurance coverage to protect against the various risks that can face the building and its shareholders or unit owners. To secure that coverage most buildings work through brokers who work directly with the insurance companies to secure the necessary coverage.

One of the lesser-known facts about this insurance coverage is the concept of “Loss Control Recommendations”, which is a relatively new development in the industry. The idea is that insurance companies do not want to needlessly pay out insurance claims, especially in situations where a claim could have been avoided by taking preventative action to address a condition of concern. So, the carriers engage 3rd party inspectors to go to insured buildings, and do a tour of a property, looking for such conditions. They then issue these loss control recommendations to the insured.

In many cases, these loss control recommendations are common sense repairs or other deferred maintenance that the building may have overlooked or had decided it would do at some point in the future. The Loss Control Recommendations point out these repairs or building adjustments and indicate that a building should undertake them now. Examples of such recommendations can be emergency signage and lighting, sidewalk repairs and other conditions. The catch with Loss Control Recommendations is that the insurance carrier expects the repairs to be done once they are issued and reserves the right to cancel the building’s insurance coverage should it refuse to address them. With such a severe consequence of inaction, many Boards can find themselves in a situation where they are spending a lot of the building’s financial resources in a short period of time in order to comply and keep the coverage from being cancelled.

In the case of Loss Control Recommendations, it is then important to understand what they mean, exactly what must be done and look into what you can do to minimize the impact to the finances of a community.

One Upper East Side building in the Orsid portfolio recently received two Loss Control Recommendations from such an inspection:

1. Install a clearly lit Exit Sign in the lobby near the main entrance door.
2. Install new emergency lighting in the main staircase where none exists

The Board and Orsid reviewed both recommendations and both would present challenges for the building. The main entrance of the building opens into a small lobby that leads only to one residential apartment door, the main elevator the main staircase up to the top of the building and a small service hallway that leads to the service elevator. There is no other exit in or out of the main lobby and to run power to a new exit sign would have been costly and would have resulted in damages to the lobby wall coverings that would have been plainly obvious and unsightly.

The building also only has one main staircase, and there are windows facing the street the entire length of the staircase that provide ambient light, but no existing electrical light service. To have to install new emergency lighting in this staircase would have required that new service be run from the basement, the entire height of the building with all new emergency fixtures and the need to do extensive wall repairs afterwards.

Both loss control solutions seemed unnecessary in light of the physical structures at the building, but it took alternate solutions to resolve them in a way that worked in the building’s favor.





Uncommon Solutions continued...



The emergency lighting was more challenging to address. Several electricians were approached who indicated the need to run wiring from the basement, with the associated wall damage and repairs and all of the new emergency fixtures. The proposals were running in the range of \$20,000-\$25,000 to run power and install the required emergency lighting and that didn't include the wall repairs. The Orsid Account Executive then reached out to an additional vendor that Orsid uses, explained the situation in detail and asked if they had any thoughts in terms of an alternate solution to the problem.

The solution this vendor came up with was ingenious. The concern the insurance company had was that in the event of a power outage, without emergency lighting that the front windows would not provide sufficient lighting for an orderly evacuation of the building. The additional vendor then offered a solution that addressed this concern without all of the construction costs: Instead of brand-new lighting and wiring, they proposed to install a 90-minute battery backup that keeps the hallway lighting on in the event of a power outage. So, if the power goes out in the building, the 90-minute battery backup will kick on, turning on the front staircase lights, and residents will be able to evacuate using the building's existing lighting. This alternate solution ran less than 1/3 of what running all new emergency lighting would have cost the building and required no wall repairs afterwards. After providing the specs to the insurance carrier and getting their blessing, the building moved forward with the installation of the battery backup and the Loss Control Recommendation has been satisfied.

By taking an active approach to finding alternate solutions to these challenges, Orsid was able to help the building satisfy and/or mitigate the requirements of the Loss Control Recommendations while limiting the financial impact to the building. We strongly recommend taking an all-of-the-above approach when it comes to finding solutions for these challenges.

In the case of the lobby exit sign, the building's insurance broker was approached and asked to come to the building and see the actual conditions in the lobby. The broker's representative then asked a representative of the insurance company to attend this meeting. During that meeting, the physical structure of the lobby was reviewed by all parties, and because there was no possible other way out of the lobby, the carrier agreed to remove the Loss Control Recommendation of the exit sign.



NYC Cooperative/Condominium Tax Abatement Prevailing Wage Requirement

As per previous editions of this column, beginning with the 2022-2023 tax year, in order to continue receiving the NYC Cooperative/Condominium Tax Abatement, it is now necessary to certify that all building service employees who are regularly employed at a building for at least eight hours per week will receive the “applicable prevailing wage for the duration of such property’s tax abatement.” The NYC Department of Finance has promulgated an [affidavit](#) that must be submitted in order for any building to be eligible for the abatement program. The current deadline for the submission of the affidavit is April 15, 2022. As prevailing wage rates are set by the NYC Comptroller’s office at or about the same rates of Local 32BJ SEIU rates, we do not know precisely how much buildings will have to pay their non-union staff for base wages and supplemental benefit rates until a new collective bargaining agreement is negotiated after the expiration of the current contract due to expire April 20, 2022. The current prevailing wage rates are \$26.45/hr. for doormen/porters plus a \$14.26/hr. supplemental benefit rate. All current rates are available on the NYC Comptroller’s [website](#) and we expect an increase of approximately 3-4%. However, not only must all building service employees working at the building for any employer (not just building owners) receive prevailing base wages and supplemental benefit wage rates for all hours worked at the building, each must also receive the same holiday pay, sick and vacation accruals as their

similarly tenured 32BJ counterparts. This unanticipated requirement is greatly changing the economic equation on whether it makes fiscal sense to pay prevailing wages or to forego the abatements for the 2022-2023 tax year. While we provided initial estimates last fall for the additional costs as part of the 2022 budgets, these numbers are now outdated as the picture has slowly become clearer on all of the additional prevailing wage rules that are going to be implemented. At the time of this article, we continue to seek further guidance from both the NYC Department of Finance and Comptroller’s Office. **It is important that each co-op and condo Board convene and make a conscious & informed decision before the deadline on whether or not they can declare eligibility and file the affidavit by paying prevailing wages to all building service employees beginning 7/1/22 and through 6/30/23.**

[S7278A](#) – Remote Proceedings for Condominiums

Late last year, the ability of coops to host virtual annual meetings was made permanent by an amendment to the NY Business Corporations Law. Many of our Boards and shareholders have found the online format that we have promulgated over the past year to be superior than in person meetings where there can be cross talk and interruptions. While many attorneys in the NYC Real Estate bar and courts analogize procedures for Condos to the BCL, this pending bill would specifically address Condominiums. At this time, it does not look like it will be signed into law, if at all, until the end of 2022.





Legislative Updates

Prohibiting housing discrimination on the basis of criminal records or credit checks.

There are currently several bills at the State and City level which aim to expand affordable housing for people who may have criminal records or poor credit. The last bill before the City Council in 2021 was not passed and would have prohibited the use of criminal background checks in the application process. However, the new bills currently under consideration would allow a more expansive use of background checks where there may be a history of violent criminal conduct. Additionally, there are bills which seek to minimize the use of credit checks in the application process. We continue to track this legislation and will advise if there are any bills with expansive changes that may warrant your further attention.

Fire Safety Regulations

In response to the deadly fire that occurred in the Bronx on January 9, 2022, there are several fire safety initiatives that are being discussed at the State and City levels. One State bill under consideration would require amendments to Certificates of Occupancy anytime a structure has incurred fire damage beyond a certain economic threshold. This is designed to provide additional levels of safety inspections and would prohibit the leasing of units that have been severely damaged.

At the City level, there is a push to verify compliance with self-closing door requirements. One measure being

considered would require periodic inspections to verify all apartment and fire egress doors are properly self-closing. In response to the fire, on March 20th Mayor Eric Adams passed an Executive Order to increase the city's efforts to identify fire safety violations earlier and to increase overall fire safety compliance. In January we circulated additional fire safety information to many of our residents and we also made a push for building staff to inspect all doors for compliance as soon as possible. We are hoping that the timing of any newly required inspections will coincide with other periodic inspections so that access can be coordinated efficiently and with minimal intrusion to our building residents.

Coop Board Denial Reasons and Timing Legislation

Over the past decade, we have seen many legislative attempts to restrict the ability of coop Boards to reject sales applications for virtually any non-discriminatory reason. Thus far in 2022, we have seen three bills in Albany that would place restrictions on the time Boards have to decide on applications and would also require Boards to state a non-discriminatory reason for the denial of any application. We are working with the Real Estate Board of New York (REBNY) to lobby legislators to only consider reasonable restrictions on Cooperative Boards ability to fairly consider and deny applications for new neighbors to enter their communities.





Welcome to Orsid

We have welcomed the following buildings to the Orsid family:

498 West End Avenue Condominium

498 West End Avenue
New York, NY 10024

210 East 73rd Street Owners Corp.

210 East 73rd Street
New York, NY 10021

The John Adams Owners, Inc.

101 West 12th Street
New York, NY 10011

360 Owners Corp.

360 West 36th Street
New York, NY 10018

Concord Owners, Inc.

25-40 31st Avenue
Queens, NY 11106

In Q1 2022, we have welcomed the following new associates to the Orsid family:

Robert Dessel, *Controller*

Gabby Esquivel, *Administrative Assistant*

Sindi Hoxha, *Closing Administrative Assistant*

Kaylea Jones, *Administrative Assistant*

Samantha Ortega, *Compliance Administrative Assistant*

Tiffanie Pruitt, *Front Desk Receptionist*

Alvaro Reynoso, *IT Support Analyst*

Salvatore Ruotolo Jr., *Controller*

Liz Tramantano, *Controller*

We are thrilled to welcome back:

Christopher Luciano, *Account Executive*

We hope you found this newsletter informative. If you have any questions or a story to share for a future edition, please email info@orsidny.com



The Orsid Digest is intended for the Board Members of those buildings managed by Orsid New York. If you would like a copy distributed to your residents, please inform your Account Executive. While every effort is made to achieve accuracy in the information contained in this publication, it is not intended as advice for any specific property. Orsid New York shall not be liable for damages resulting from the use of information contained herein. Please consult with your property manager or the appropriate professionals to address concerns specific to your building.

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