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Shifting the Burden

More boards are requiring shareholders who are doing apartment alterations to foot the bill for building upgrades. It's a smart strategy to keep expenses down — as long as you don't push too hard.

SPOTTING AN OPENING. As the costs of running a building keep going up, boards, especially in aging buildings, are struggling to keep maintenance down. They've been passing along expenses that the co-op is responsible for under the proprietary lease whenever shareholders are doing renovations. For example, boards are changing alteration agreements to require owners to install new floor soundproofing or replace old windows in their units, which saves buildings the huge expense of replacing the building's windows all at once.

OTHER WORKAROUNDS. Kitchen and bathroom renovations are an especially big opportunity. Some boards are making owners replace flushometer toilets with tank toilets that use less water. The typical alteration agreement says people have to replace branch lines if they're putting in new fixtures, but now some co-ops are asking them to replace floor-to-floor risers as well. The thinking is, "If somebody is already opening up their walls, why not have them address the building plumbing as well?"

POWERING UP. Another area where boards are shifting responsibility is electrical wiring. At the 65-unit Upper West Side co-op where I live, shareholders were responsible for replacing the branch lines after the risers were upgraded when the building was converted back in the '80s. Now the board is considering upgrading again to 120 amps because of the shift from gas to electric, and the question is whether shareholders will again be responsible if they're replacing their gas stove or dryer.

TIPPING POINT. There is a limit to how hard boards can push shareholders in this direction. If shareholders push back and sue, courts will often rule that boards can't unilaterally change the alteration agreements. That means amending the proprietary lease, which is a very difficult thing. That said, most boards are exercising good judgment and winning out because shareholders really want to do the alterations. Still, boards need to explain, "Look, as the building gets older, the work is increasing, and shifting responsibility is the least painful alternative because it helps keep the maintenance down." ■