

Queens hotel wins case against city appraisers

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QUEENS SUPREME COURT CIVIL TERM JUDGE JOSEPH RISI RULED THAT A COURTYARD MARRIOTT HOTEL WAS OVER-VALUED BY THE CITY. PHOTO VIA JOEL MARCUS

By Jacob Kaye

A LaGuardia Airport hotel will get a \$11 million tax refund following a decision handed down by Queens Supreme Court Civil Term Judge Joseph Risi on Tuesday.

GCP Realty II won its case against the city’s Tax Commission after it claimed the city had over evaluated its East Elmhurst Courtyard Marriott several years in a row, unfairly upping property tax costs for the company and driving it out of business. The decision follows [a trial that began in November 2019](#).

“It was a fantastic decision,” said Joel Marcus, the attorney with law firm Marcus & Pollack who represented the company alongside attorneys Philip Azarian and Jeffrey Lebowitz, a former New York Supreme Court justice. “The City of New York assessors have been over-valuing hotels for the last several years and they have been unwilling to provide any significant tax relief and the settlements that have been offered by the New York City Law Department, or at the Tax Commission, have been pretty meager.”

“We took on this case to say, ‘We don't have to accept inadequate settlements that don't help the property,’” he added.

The property in question closed in 2018 but was found to be worth between \$22 and \$25 million by the city between 2014 and 2018 when it was still open. Outside hotel appraisers estimated the property to be worth \$3 and \$5 million during that same time period.

Every property in New York receives an annual assessment of its market value by the city's Department of Finance. The assessment is initially considered valid but the taxpayer can challenge if they have evidence that the property was overvalued.

Marcus said these challenges are rare.

“We're one of very few firms that really take matters [like this] to trial and litigate it,” Marcus said. “We thought that there was a good case and we were willing to go to trial.”

Part of the reason for the vast difference in appraisals was the market the hotel was compared to, Risi wrote in his decision.

“[Outside appraiser Sean] Hennessey testified that his assertions were based on the subject hotel's actual revenue and expense values and comparable hotels in the New York City and LaGuardia Airport submarket,” Risi wrote. “Whereas [City appraiser Ivan] Melendez derived his comparable data from Middle Atlantic hotels, chain affiliated hotels, airport hotels and upscale hotels, which included hotels in other cities/states.”

Marus said the decision is an important one that offers hotel owners an avenue for relief if they believe their property has been over-valued.

“The significance of it is that the City of New York is now aware that they can't have a ‘take it or leave it’ proposition in terms of assessment reductions,” he said. “There's an alternative, and that's to go to court and have a judge decide the value of the property.”

The attorney said this decision is especially welcomed following a year of economic hardship for hotels across the city.

“This is so important right now,” Marcus said. “This trial included tax years that were pre-pandemic. Today, just about every hotel is in dire shape and the kind of reductions that have been offered by the city have been still pretty inadequate.”

“Hotel owners and operators are going to be encouraged by the success of this trial,” he added. “There's a lot of despair in the hospitality industry and this is very welcomed news.”

Jacob Kaye 0 Comments

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