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Queens hotel wins massive tax reduction

Attorney says victory could be blueprint for other owners

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By [Rich Bockmann](#)

Hotel owners in the Big Apple have long kvetched that their property taxes are exorbitant. Now, in at least one case, a judge has agreed.

The owner of the Marriott Courtyard near LaGuardia Airport won a years-long challenge when a court ordered its tax assessment cut by a whopping 85 percent. The hotel's lawyer argued the city had overvalued the property.

The challenge, which is for the fiscal years 2014-2015 through 2018-2019, reduced the hotel's tax bill by more than \$11 million.

"The city was using a valuation that looked to the go-go days [for hotels], but the go-go days aren't there anymore," said attorney Joel Marcus of Marcus & Pollack, who represented the 288-key establishment at 90-10 Dimars Boulevard, GCP Realty.

Marcus said the city overvalued the hotel because, rather than rely on the property's actual expenses, it calculated what the hotel's expenses would have been using a market average. The city also used comps for hotels in Washington and Boston, cities that Marcus said have little relevance to the New York market.

A representative for the New York City Department of Finance did not immediately respond to questions on the court ruling.

When the hotel initially challenged the assessment, the city offered to lower it. But Marcus said it wasn't enough and elected not to settle — a strategy he said owners don't often follow but one he thinks may gain in popularity after his client's win.

“Most property tax cases do not end up in trial,” he said, noting the expense of carrying on a years-long challenge. “To my knowledge this is the first trial for a property tax case in more than a decade.”

The tax years covered by the challenge pre-date the pandemic, but it was not without challenges for the lodging industry, as the city's hotel market was squeezed by a surge in new supply and rising operating costs.

Owners long bemoaned that their property taxes continued to climb during the hotel-building boom following the Great Recession even if their revenues weren't keeping pace. Labor costs at union-staffed hotels rose, too.

If more owners similarly challenge their assessments, it could deplete the city's property tax revenue — on top of the effects of the pandemic. The Department of Finance reduced the assessed value of hotels by 21 percent citywide last year.

Hotel owners earlier this year lobbied the city to give them a break

(<https://therealdeal.com/2021/01/20/hotel-owners-ask-ny-for-break-on-tax-penalties/>) on taxes to help them recover from the pandemic and the de Blasio administration responded with a summer tax holiday (<https://www.ny1.com/nyc/all-boroughs/news/2021/05/19/de-blasio-pauses-hotel-tax-for-summer--hoping-to-boost-recovery>).

Correction: A previous version of this article listed an incorrect address for the Marriott Courtyard.

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