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Does it pay to live in a non-smoking building?

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With this month's long-awaited return of "Mad Men," it's fun to ponder where chain-smoking ad exec Donald Draper might live. Nowadays, Draper might be out of luck, as a growing number of Manhattan co-ops and condos ban smoking inside apartments, including the buildings we highlighted yesterday.

In a survey of 1,000 New Yorkers commissioned by the New York City Coalition for a Smoke-Free City, 58 percent said they would pay more to live in smoke-free housing.

But whether buyers *are* paying more for smoke-free environments hasn't been proven yet.

"I am not aware of any compelling studies that provide empirical evidence proving a smoking ban impacts values one way or another," says Jonathan Miller, president and CEO of Miller Samuel, a real estate appraisal and consulting firm. "Personally, I would think such a ban would be slightly more of a help to values than a hindrance since the number of smokers are on the decline and the idea of selling the health benefits of a lack of secondhand smoke would be a plus."

Brokers say buyers tend to be more focused on things besides smoke--such as sublet policies, flip taxes, transfer fees and common charges--but smoke can, at times, make or break a sale.

"I've had two clients in the past two years absolutely disregard apartments because either the hall smelled like smoke or the apartment itself smelled like smoke," says <u>Kelly Killian</u>, an agent at <u>Bond New York Properties</u>. "I'm sure this influenced repeat traffic to these apartments, no matter how much someone likes the apartment."

Besides breathing cleaner, co-op and condo boards believe that keeping smokers out is smart business, as "a smoke-free building is almost always a 'value added' for savvy buyers," says <u>Takk Yamaguchi</u> of TOWN Residential.

"Since 86 percent of New Yorkers are non-smokers, many appreciate the fact that they won't have to worry about smelling other residents' smoke wafting through the building, nor do they have to worry about the health effects of secondhand smoke," agrees <u>Gary Malin</u>, president of

Citi Habitats. "This issue may have special significance for those clients with young children."

On the negative side, a smoke ban could scare off buyers who "prefer buildings with a more liberal hands-off management style," says Malin. "For these buyers, a building's 'no-smoking' policy may be a red flag that they are dealing with a potentially difficult board."

Smoke bans could also be a tipoff of "shoddy construction or poor building design," says Malin.

Potential buyers in non-smoking buildings should research the overall construction of any building they're interested in.

"In some cases, buildings with no-smoking rules have instituted such policies because of issues with air flow/ventilation, which allows the smell of smoke to travel more easily from unit to unit," Malin says.

Though the experts agree we're likely to see more non-smoking buildings in the future, it remains a rather complex legal issue.

"Real estate attorneys are facing the desire on the part of an increasing number of buildings to become non-smoking, and [are trying to figure out] how best to accomplish this goal," says <u>Eva Talel</u>, a partner at Stroock & Stroock & Lavan's Real Estate Group, a law firm that represents more than 200 co-ops and condos in the city.

"There are invariably some smokers in such buildings and whether to phase-in a non-smoking requirement instead of an absolute ban is a challenge, as well as dealing with the smokers' concerns," she says.

No matter what, the smoking issue is unlikely to burn out anytime soon. "Many new residential rental buildings are being built as non-smoking buildings and we know that a number of co-ops and condominiums are in the process of attempting to convert their buildings to non-smoking," Talel says. "There appears to be a market and an appetite for non-smoking buildings in New York City."

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