

As seen in...

REAL ESTATE WEEKLY

Wednesday December 29, 2010

Looking Ahead to 2011 in Real Estate, Business and Politics

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President, Real Estate Board of New York

The Real Estate Board of New York is gearing up for a productive 2011. Our will greatly benefit REBNY members and our industry. Here is an overview on our goal objectives for the New Year.

Renew Economic Incentive Programs

We will continue to keep a close eye on [421a legislation](#), ICAP/ICIP and J-51 legislation.

421a

REBNY will advocate for an extension to 421a with our amendments including an optional long-term affordability provision for 80/20 projects, extend construction period completion and benefit for 36 months, introduce a conversion provision ([like 421g](#)) and restore 421a benefits to FAR 15 Zoning Districts. (Learn more about zoning: <http://www.nyc.gov/html/dcp/html/zone/glossary.shtml>)

Industrial and Commercial Abatement Program

We want to see the [Industrial and Commercial Abatement Program](#), formerly known as the Industrial and Commercial Incentive Program (ICAP/ICIP) extended and modified. The ICAP/ICIP program provides a partial tax exemption, and in some circumstances an abatement of existing taxes, for increases in assessed value as a result of capital investment.

This program is set to expire in February 2011 and needs to be renewed. Two of the changes we propose are; the method of calculating abatement benefits and administrative changes to insure that eligible projects receive their benefits.

J-51 Program

We will urge an extension of the [J-51 program](#) which provides vital economic assistance for existing residential properties.

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Encourage Housing Preservation

We want to retain the current luxury & vacancy decontrol provisions in rent stabilization and to prevent high income households from abusing the two-year, \$175,000 a year provision. We will continue to urge government to honor their contractual obligations under the [Mitchell-Lama program](#). At the same time, we will encourage the production and preservation of affordable housing through amendments to existing housing programs, such as 421a and J-51.

Maintain Strong Washington Voice

REBNY supports legislation that promotes real estate investment and encourages federal infrastructure funding.

Carried Interest/Enterprise Value Tax Increase

We will continue to monitor the carried interest/enterprise value tax increase. The carried interest proposal to tax partnerships at regular income was defeated 3 times in 2010.

REBNY actively fought all forms of the proposal affecting real estate and significant changes were made by Congress in subsequent bills. Although carried interest will likely keep surfacing as it provides significant funds to “pay-for” other legislation, enough concerns have been voiced making it difficult for Congress to pass the legislation as originally proposed.

Foreign Investment in Real Property Tax Act (FIRPTA) Amendments

REBNY is in favor of the proposed amendments to the Foreign Investment in Real Property Tax Act (FIRPTA). Rep. Joe Crowley (D-NY) and Rep. Pat Tiberi (R-OH) introduced the Real Estate Revitalization Act of 2010 (H.R. 4539), which would make reforms and improvements to FIRPTA and encourage foreign investment during a time of low access to capital and low issuance of commercial mortgage backed securities.

The House passed a version of this bill with an overwhelming bipartisan vote this year, which will lay a good foundation for possible enactment next year.

Federal Accounting Standards Board (FASB) Lease Accounting Standards

We will continue to comment against proposed changes by the Federal Accounting Standards Board (FASB) in lease accounting. These changes would require the disclosure of all liabilities on the balance sheet, replacing straight line rent expenses with straight line depreciation and imputed interest, front ending liabilities of leases to tenants that will likely result in substantially shorter leases.

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REBNY, in coordination with the Real Estate Roundtable and the US Chamber of Commerce is organizing responses from other impacted industries, including equipment leasing and financial services. We have met with key officials of FASB and lobbied members of G20 to gain international support for at least delaying adoption of these rules.

Facilitate Construction Activity

We support reform in the Buildings Department and improvements in land use review process. REBNY will also continue to oppose legislation increasing costs of construction, such as mandatory prevailing wage requirement, and participate in labor contract negotiations.

Public Infrastructure Investment

REBNY continually supports additional capital funds for major projects vital to NYC. We will advocate for extending the #7 line to New Jersey as a more effective and less costly alternative to the abandoned ARC project. This proposed extension would include a new subway station at 41st Street and 10th Avenue.

These transit investments would create 1,500 construction jobs and allows for the full development of the area that will add 14,400 more residents and 25,000 more jobs to the Far West Side.

Continue to Advocate for Fiscal Responsibility

REBNY supports the Committee to Save New York whose mission is to restore sound fiscal management and a competitive business environment in New York State. The campaign will be launched in early January with the central objective to achieve a balanced state budget without raising taxes.

REBNY joins Partnership for New York City and Gary LaBarbera from New York City Central Labor Council with supporting the Committee to Save New York. The group wants to support Governor-elect Andrew Cuomo's message of fiscal responsibility.

In other REBNY news:

Don't miss the real estate industry's most anticipated event of the year, REBNY's 115th annual Banquet on Thursday, Jan. 20, 2011 at the New York Hilton. More than 2,000 of the industry's leading professionals will attend to honor six great New Yorkers. You don't want to be left out, so order your tickets today. For more information, visit REBNY.com or contact the Banquet Department at 212-532-3100

Residential REBNY members are invited to attend the upcoming Breakfast Club to learn tips of "Managing Buyer/Seller Expectations" with host, Corrine Pulitzer, Prudential

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Douglas Elliman from 9:30 to 11 am on Tuesday, Jan. 11 in the Mendik Room at REBNY, 570 Lexington Ave. The event is free. Go to REBNY.com to register.

Submissions for the “Most Promising Commercial Salesperson of the Year Award-2010” are wanted. The award, created by the directors of the Board’s Commercial Brokerage Division, recognizes current and potential professional achievement as well as “high moral character and ethical professional behavior.” The prize will be presented at the April 5, 2011 REBNY Members Luncheon. Submission deadline is 5 pm, Wed. Jan. 19, 2011. For a full list of award criteria, please visit REBNY.com.