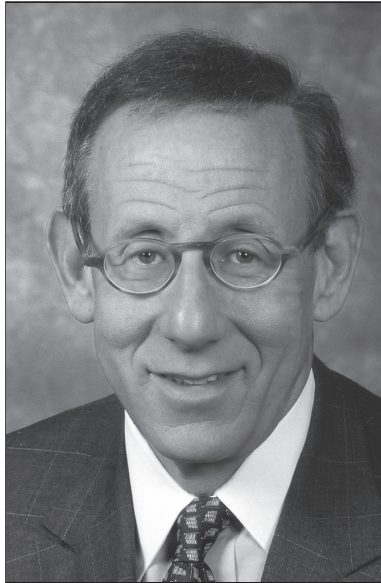


## THE ANNUAL REPORT FROM THE CHAIRPERSON AND THE PRESIDENT



Stephen M. Ross  
Chairperson



Steven Spinola  
President

### **Introduction**

In 2006 The Real Estate Board of New York made major contributions to the City's economy and growth through its vigorous support of various planning initiatives and legislative proposals. In addition we have continued to expand the helpful and cost-saving benefits we offer our members while undertaking numerous philanthropic endeavors. Following are highlights of our major accomplishments from 2006.

### **Major Planning Accomplishments**

REBNY continued to strongly support the Hudson Yards redevelopment plan as a mixed-use neighborhood. In August of this year REBNY provided testimony before the New York City Industrial Development Agency in favor of an amendment to the Uniform Tax Exemption Policy regarding guidelines for the Hudson Yards

area. This policy is an attempt to balance the need for tax incentives to encourage new office development, offering smaller incentives for the eastern section of the area and larger incentives for sites further west, where the market for office development is not as strong.

Also, the policy attempted to create a catalyst for new office development without creating a tax incentive that would unfairly attract office tenants from existing buildings. As part of our continued support for Hudson Yards we supported the expansion of the Jacob Javits Convention Center. The renovation and expansion will ignite activity on related hotel project sites in the vicinity of the center and create new vitality for this area of Hudson Yards.

REBNY has been involved in the development of the request for proposals to be issued jointly by the administration and the City Council for the development of the Eastern and Western Railyards. The goal of this process is to create a plan for the development of the railyard site that was to be the location of the New York Jets stadium that complements and enhances the Hudson Yards plan. In addition, a disposition of the railyard site owned by the MTA would provide important and crucial funding for the agency's capital program. The Hudson Yards plan will develop a large and underutilized section of the city into a vibrant mix-used community.

REBNY continued its steadfast support for the revitalization and rebuilding of Lower Manhattan. We welcomed the opening of the Lower Manhattan Construction Command Center. This new office whose creation we had vigorously advocated will coordinate the significant amount of construction activity both on the World Trade Center site and in the larger Lower Manhattan area. Furthermore, REBNY will now have a desk at the Command Center in order to quickly learn of any potential problems or emergencies that might arise on Lower Manhattan's construction sites and in turn provide immediate assistance and resources.

REBNY, in conjunction with the Association for a Better New York (ABNY) and the Alliance for Downtown, submitted a proposal to the Lower Manhattan Development Corporation to fund a major advertising campaign to promote Downtown as a commercial district and to highlight the enormous amount of capital investment in transit, office buildings and housing already underway in this area. We have also

supported the numerous planning proposals announced for Lower Manhattan, from a complete transformation of the East River waterfront and Fulton Street corridor to the ongoing conversion of older office buildings to residential use. All these efforts have brought about a significant improvement in the Lower Manhattan commercial market and a great deal of optimism for the year ahead.

In August REBNY supported the proposed North Tribeca rezoning and text amendment and the proposed mixed-use amendment for Block 224. This area, bounded by West Street, Hubert Street, Watts Street and Washington Street, is close to Hudson River Park and is a perfect location to increase residential density in the city. The proposed plan would produce 836 residential units in this growing neighborhood, but could have permitted more density to better address the needs of our growing population. This rezoning plan allowing residential uses was long overdue, considering the rapidly changing character of Tribeca and its surrounding neighborhoods.

We enthusiastically supported the proposed project to convert a portion of the Farley Building into a rail passenger terminal, renamed Moynihan Station. Penn Station was designed to hold 250,000 travelers daily. At present 500,000 people pass through the station each weekday. The proposed Moynihan Station would allow a much higher traffic flow than even 500,000 people. This project is a wonderful opportunity to reuse a historic building, build a grand transportation hub with all the elegance and grandeur New York is known for and generate significant economic benefits and tax revenue for the city.

The Environmental Impact Statement prepared for the project contains an alternative to the initial Farley Complex proposal that includes the relocation of Madison Square Garden to the western end of Farley, replacing the proposed commercial uses. This alternative would create an unprecedented opportunity to transform Penn Station and integrate its activity with the Moynihan Station and a new terminal planned to serve the new rail tunnel from New Jersey proposed by New Jersey Transit. It would also create additional development opportunities here that would complement Hudson Yards.

For more than two decades REBNY has supported the government sponsored plan for the revitalization and redevelopment of Times Square. The Times Square

Redevelopment Plan, like Hudson Yards, called for the transformation of a run-down area into a vibrant retail and entertainment neighborhood. We were pleased to support this year the proposed new office building 11 Times Square, on the southeast corner of 42<sup>nd</sup> Street and Eighth Avenue. In addition to the jobs and taxes this project will generate, this new building will develop the last piece of unoccupied land in the Times Square area.

### **Federal Issues**

At the very end of 2005's session, Congress passed the Terrorism Risk Insurance Extension Act, which REBNY had pushed for all year, which extended the federal terrorism insurance backstop for two years, albeit with modifications to the original program. REBNY members recently had a very positive meeting with Sen. Chris Dodd, the incoming Chairman of the Senate Banking, Housing and Urban Affairs Committee, which has jurisdiction over the issue. Sen. Dodd indicated that finding a permanent solution for terrorism risk coverage acceptable to policy-holders and to the insurance industry is a top priority for him. Additionally, REBNY has continued to support the work of the Rand Center for Counter Terrorism Risk, which has issued several studies and advises Congress on the issue and potential solutions.

We are pleased to report that Congress has passed the 15-year depreciation for capital improvements, a bill REBNY supported and fought hard for. We continue to push for the New York City tax credit trade-in to be used for a rail link between lower Manhattan and JFK airport and expect this decision to be finalized in the first quarter of 2007.

### **State Issues**

REBNY was extremely active in major state legislation this year. It supported improved laws on real estate education and continuing education, titled the Broker Education Amendments (Chapter 183). The general purpose of the law is to permit the Department of State greater latitude to approve new technologies for the delivery of real estate education courses and to increase the educational requirements for new real estate licensees and retains the 15-year exemption for individuals that meet the current requirements for exemption. The law will take effect July 1, 2008.

Effective January 1, 2007 a new Real Estate Disclosure Form Amendment will be required which makes clearer for consumers the real estate agency relationships in residential real property sales and lease negotiations. It also provides and codifies a uniform disclosure of designated agency in a dual agency transaction, establishes two separate forms for disclosing agency relationships in residential transactions, and codifies definitions for both a dual agent and a designated sales associate. We will work with the Department of State to ensure the forms are clear and concise.

REBNY was involved with the Cooperative Sales Information, RPIE, and Electronic Filing Bill. We strongly supported the requirement that RPIE information be filed electronically. This change will be beneficial to our members and the city in complying with this aspect of the real property assessment process. The bill eliminates the secrecy requirement contained in the Real Property Transfer Tax filings for the sale of shares in a cooperative, thereby making sales price and buyer and seller information contained in the filing available to the public. Though some members objected to this change and the disclosure of buyer and seller information that they thought should remain private, the ongoing effort of the administration to make the real estate assessment process more open and transparent created strong support for this aspect of the bill in the legislature.

REBNY fought hard to see the Private Activity Bond Allocation Act of 2006 become law. An important requirement for the 80/20 Housing Program, the law extends the multi-year funding feature of private activity bonds that has been critical for the development of large-scale mixed-income housing projects. The law is to be renewed on an annual basis and provides for an allocation mechanism that would provide to New York City one-third of an estimated \$900 million of private activity bonds. With regard to the 421a project that has come under such scrutiny this past year, dramatic changes to the program were made this year. This funding will become more important for new market growth and affordable housing production.

Finally, through REBNY's efforts the governor signed into law LLC Chapter 44 of the Laws of 2006 amending the limited liability law. With the help of key Board Members and members of the New York Bar Association, we negotiated the following changes to the language in Chapter 44: LLC's will not be required to publish the

names of their top ten members nor will any members be held jointly and severally liable for the debts and/or obligations of a LLC in the event that they fail to publish by the appropriate deadlines. Effective June 1, 2006, the law now notes LLCs still must publish their formation in 1 weekly and 1 daily newspaper for six weeks, though they now must submit an affidavit of said publication to the Department of State within 120 days of formation. Those entities formed prior to June 1, 2006 that were not in compliance with the previous law have 12 months to come into compliance under the rules of the new law. Those entities that complied with the publication requirements in effect prior to June 1, 2006, are deemed to be in compliance with the new law.

### **City Issues**

Most recently, Mayor Bloomberg asked REBNY to join the city's newest advisory board on Long-Term Planning and Sustainability. The city will undertake a series of initiatives to create an ambitious planning and environmental agenda for the City and its government that will be used for generations to come. REBNY has long advocated public policy positions on increased housing production, improved mass transit, energy usage and production, brownfields clean-up and green building technology that are the fundamental issues to be addressed by the advisory group and the numerous working groups they have assembled. The ten goals announced by the Mayor and the ongoing public discussion about these goals are sure to bring about zoning and other changes and REBNY will be in the perfect position to lend our considerable knowledge to the advisory board while ensuring the industry's needs are met.

In October REBNY presented testimony against the designation of the Mason or Dakota Stable on Amsterdam Avenue, finding it particularly disturbing that the building was brought up for designation soon after a developer announced plans to build a residential property on the site. In testimony at the Landmarks Preservation Commission public hearing on this item, we argued that in the early 1980s the Landmark Preservation Commission conducted a survey and analysis of the entire Upper West Side, culminating in the West-End Collegiate Historic District in 1984 that knowingly excluded this property from the district. In 1986 the LPC's Director of Research noted that the building's first floor alterations compromised its integrity, barring it as a candidate for individual designation. Furthermore, the property

was again rejected for designation in 1990 when the vast Upper West Side/Central Park West Historic District was created. We were pleased to see our efforts did not go unheeded and the Landmark Preservation Commission rightly rejected the property for designation in mid November.

This fall REBNY supported a Certificate of Appropriateness for 980 Madison Avenue, calling for the historic building to be restored to its original design and build a residential addition designed by Sir Norman Foster. If approved, the Certificate of Appropriateness for 980 Madison Avenue will add an architecturally exciting dimension to the upper Madison Avenue corridor that will keep with the Upper East Side Historic District's mix of styles and building heights to this well-established and highly sought area. REBNY will continue to dedicate itself to ensuring these vibrant and important neighborhoods receive appropriate and important development unencumbered by anti-development interests that attempt to advance their agenda by a misuse of the Landmarks law.

Finally, the Mayor established a task force to review and make recommendations to amend the 421a tax exemption program. In December the City Council adopted a bill that more dramatically reduced the tax exemption benefits available citywide. We vigorously opposed numerous aspects of this bill as harmful to the production of market rate and affordable housing. However, a significant accomplishment was the retention of the 80/20 program. There was an organized effort by a large number of low-income housing advocates as well as 20 members of the City Council to eliminate the 421a program citywide, unless a new project set aside 30% of its units for low-income households. The support for this 70/30 position was strong and steadfast throughout the process. Prior to the Council's adoption of the compromise bill negotiated with the administration, this group proposed the imposition of an assessment cap on 80/20 projects. We strongly and successfully opposed this modification. In the coming year, the state legislature will have to extend the 421a program. It is our goal to retain unchanged the 80/20 program and restore in a modified form an ability to qualify for a 421a tax exemption in the enlarged geographic exclusion area by building affordable housing off-site but in the vicinity of the market rate building receiving the tax exemption.

## **Member Services**

2006 saw a number of new benefits for our members. In February we unveiled our inaugural Brooklyn Residential Sales Report. Due to the popularity, and prices, of Brooklyn property, we have enhanced the Board's services to our members doing more and more business within the borough. A Brooklyn Residential Sales Report to help the real estate broker and sales community active in the borough was a logical step in enhancing our report repertoire. In May, we began the REBNY Legal Line, which provides our members with an efficient, comprehensive one-stop source of information on all legal matters pertaining to residential real estate in New York.

Turning toward safety issues, REBNY has continued offering terrorism seminars in conjunction with the Counter-Terrorism Division Shield Unit of the New York City Police Department. The program, begun immediately after September 11<sup>th</sup>, educates owners, managers, tenants and others how to reduce the risk of terrorist attacks in New York City, including how to recognize the individual components of explosive devices so that nothing suspicious will get past security. These seminars have been very successful in the past, and we hope just as helpful, and REBNY will continue to offer these seminars as long as they are needed.

In October the recently approved Cooperative Sales Information, RPIE, and Electronic Filing Bill made it possible for us to incorporate all co-op sales information from 2004 throughout all five boroughs in to our property database. In addition, we established a unique "Map It" link for each property location which allows users to overlay a map of the property's area with local subway stops, hospitals, libraries, post offices and other neighborhood selling points. The "School and Zone Finder" allows for easy identification of the school district the property sits in, a key piece of information for brokers and their customers.

Rounding out this busy year, REBNY recently announced plans to build a public portal to the database containing all of REBNY's RLS signed exclusive residential listings. To be available in the first half of 2007, this public portal will not only fill a need the public has for a comprehensive listing of NYC sale and rental properties on the market but increases all REBNY members' access to exclusive listings no matter who the seller lists the exclusive with. We feel all these added benefits will give our members an edge over their competitors while making some of their daily tasks easier and quicker.

## **Philanthropic**

The Residential Brokers' Division held its annual Deal of the Year Awards and Charity Gala October 19<sup>th</sup> at the famed Copacobana. Proceeds from the night were donated to the Bowery Residents Committee and Trinity Place. To date this event has raised close to \$2 million for various New York City charities. Our annual Pro-Am Tennis Tournament on September 6<sup>th</sup> was a smashing success and helped raise money for the Children's Programs of the Big Apple Circus.

The real estate industry is a beneficiary of the fact that New York City is the safest large city in the country, and in recognition of that, the REBNY Foundation made a significant contribution to the Police Foundation. Additionally, the foundation made a major contribution to the NYC Fire Department towards a high rise fire simulator to be used for training fire fighters in battling fires in high rise buildings.

## **Conclusion**

Our accomplishments were the result of the strong, active support of our many members. The Board of Governors, the Divisions' Board of Directors and the Committee Members generously gave their time, energy and knowledge in support of the Board's many activities. The staff worked tirelessly in this very busy year. All have our thanks and our gratitude. In 2007 we will continue to be an effective and respected voice on behalf of our members, for our industry and for the good of New York City.

Stephen M. Ross  
Chairperson

Steven Spinola  
President