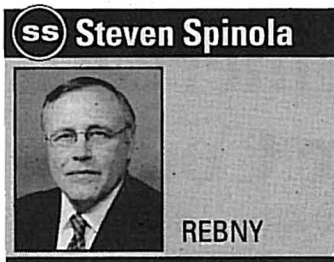




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Economic incentives are the key to economic recovery



Economic incentives brought N.Y.C. out of the recession in the 1990s. We think the economic incentives for Lower Manhattan and gov. David Paterson's job creation program, announced in his executive budget, will be the foundation of our city and state economic recovery.

The governor signed legislation recently to extend the abatement in property tax through the city's Commercial Revitalization Program (CRP). A tax break for older rehabilitating commercial buildings in Lower Manhattan will continue. This is great news for those who take space in pre-1975 buildings in that area.

The \$2.50 per s/f real estate tax abatement for up to five years is offered to tenants that locate to those buildings and make required capital improvements to the space. This legislation, introduced by assembly speaker Sheldon Silver and state sen. Daniel Squadron, extends the eligibility for four more years, until March 31, 2014, and the benefit period from March 31, 2016 to

March 31, 2020.

In 1995, at the city's request, and with strong REBNY involvement and support, the state legislature enacted the initial CRP designed to increase tenant occupancy in office and retail space in Lower Manhattan and to reduce building obsolescence by encouraging investment in older commercial space or conversion to residential use. (The residential conversion provisions, the 421g program, have expired. However, REBNY has called for the restoration of this program that would complement the mayor's housing program and create new construction jobs.) The program provides tax incentives through the real estate and commercial rent taxes and energy subsidies through the Lower Manhattan Energy Program.

The Excelsior Jobs Program, a replacement for the Empire Zones Program which ends in June, focuses on high tech and clean energy growth jobs of the future and is proposed by the governor in his executive budget. Different from the Empire Zones Program, the Excelsior Jobs Program will target subsidies exclusively to industries and companies that generate economic growth.

Unlike the Empire Zones Program, a business can realize benefits from the Excelsior Jobs Program only after jobs are created and these benefits are commensurate with the

quality of jobs and the extent of private investment.

The Excelsior Job Program will focus the state's energies and resources on productive activities that offer the biggest return on state investment, encouraging the creation of new jobs in the state not the relocation of jobs within NYS.

This new program's approach is similar to what REBNY called for last year, with tying economic development benefits to new job creation; however, the cap on funding and the minimum number of new jobs will limit the effectiveness and scope of the proposal, as the state struggles to come out of the recession.

The program is capped at \$50 million in each year of the five-year statutorily-authorized period. The Excelsior Jobs Program offers incentives to companies that create a minimum of 50 new jobs.

As we struggle to get out of the recession, it is these kinds of economic development initiatives that will help hasten N.Y.C.'s recovery. We hope that this program will be adopted in some form in the final budget agreement with the legislature and that the 421g program is restored.

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