

REAL ESTATE WEEKLY

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New foundations for an economic recovery

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Economic incentives brought New York City out of the severe 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 and reduction in commercial rent 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 square foot 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 program provides tax incentives through the real estate and commercial rent taxes and energy subsidies through the Lower Manhattan Energy Program.

This program was a success. It drove down record high vacancies and brought about the revitalization of the Lower Manhattan business district. The continuation of this program will aid New York's recovery.

Excelsior Jobs Program

REBNY welcomes a proposal by Gov. Patterson to



help encourage the creation of high-quality jobs.

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.

It has been characterized as the most significant new program proposed in terms of funding and potential participation.

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 New York State.

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 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.

The program includes three incentives:

A new jobs tax credit of between \$2,500 and \$10,000 per job. The exact value of the credit will be determined by regulations to be promulgated after the program is approved. To be eligible firms must create and maintain at least 50 jobs. The credits are refundable, with a payout to the firm if the credit exceeds its tax liability.

The creation of an Excelsior Investment Tax Credit (ITC) to support capital investment and



GOV. DAVID PATERSON

to be valued at two percent of total qualified investments, as defined by the IRS.

A Research and Development (R&D) Tax Credit designed to match the federal R&D credit at 10 percent of new eligible investments. The program has one small difference from the federal program—it would apply the credit only to capital, not operating expenses.

As we struggle to get out of the recession, it is these kinds of economic development initiatives that will help hasten NYC's recovery. We

hope that this program will be adopted in some form in the final budget agreement with the legislature.

Other REBNY News:

ResidentialNYC.com, the most accurate and comprehensive source for New York City home listings on the web, will become NY1Residential.com as part of an agreement to create a joint venture between REBNY and NY1 News — a 24-hour news channel, part of Time Warner Cable's Local News Division.

The initiative — which will increase the digital offerings NY1 makes available to New Yorkers — will be the focus of a far-reaching advertising campaign on 54 Time Warner Cable channels. The marketing drive will build brand recognition for the new residential portal, while driving potential homebuyers and renters to the site. ResidentialNYC.com is owned and managed by REBNY.

Mark your calendars, REBNY Spring Golf & Tennis Outing is set for Wednesday, May 24 at the North Shore Country Club. This spectacular club has a golf course designed by the famous A.W. Tillinghast. For participation and sponsorships, call Kathleen Gibbs at 212-616-5246.

Sales Brokers Committee will present its Most Ingenious Deal of the Year Awards from 5:30 to 7:30 pm on Tuesday, April 27 during the 66th annual Cocktail Party at the 101-Club, 101 Park Avenue. Tickets are limited. Visit REBNY.com under "Events" for more details.

You still have time to advertise inside REBNY's 115th Annual Edition of the Diary & Manual. By participating you will deliver your company's message to an audience of leading real estate owners, developers, brokers, managers, attorneys, architects, renovators, suppliers and others. Its wealth of information on realty-related laws and regulations, public agencies and business organizations and an indispensable tool for the active professional. Call Marta Posner at 212- 616-5243 .