

REAL ESTATE WEEKLY

WEDNESDAY, MAY 5, 2010



REBNY's Residential Rental Committee held its annual Roundtable event at the REBNY's Mendik Education Center on April 21, 2010. The event was a sell-out with over 110 registrants. Everyone who attended got the rare opportunity to consult informally with industry specialists on topics that a rental agent faces every day. Pictured l-r: Gordon Golub, Citi Habitats, Inc.; Fritz Frigan, Halstead Property, LLC, co-chair of Rental Committee; David Perry, The Clarett Group; Douglas Wagner, Bond NY Properties LLC and co-chair Rental Committee; Gary Kiyon, Perfect RE Solutions Inc.; Gus Waite, TDG-TREGNY, LLC and; Matt McKeaney, On-Site.com.

Chairman leads REBNY delegation to White House



BY STEVEN SPINOLA
REBNY PRESIDENT

The Real Estate Board of New York continues to push city issues on the federal level that would benefit our members.

In recent weeks, we have tackled 41st Street and 10th Avenue subway station as part of the extension of the No. 7 subway line in Manhattan, Foreign Investment in US Real Property Tax Act (FIRPTA) reform and "carried interest" tax in Washington, D.C.

REBNY, including our chairman Mary Ann Tighe, along with other top New York real estate executives and city council representatives, recently

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traveled to the White House and met with Vice President Joe Biden's staff as well as representatives from the offices of Senators Charles E. Schumer and Kirsten Gillibrand and Congressman Jerrold Nadler in hopes of identifying a plan to fund the building of a station at 10th Avenue and 41st Street.

Deputy Chief of Staff to Vice President Biden, Alan Hoffman expressed support to have the project brought into the competitive process for federal funding. He thought it was strong in the important criteria used by Washington to evaluate projects.

The group discussed numerous ideas and an

outline was created to move forward.

Those in attendance were Speaker Christine Quinn and Chief of Staff Charles Meara from New York City Council; Hal Fetner, president and CEO of Durst Fetner Residential; Jeffrey Gural, chairman of Newmark Knight Frank; Janno Lieber, president of World Trade Center Properties & Development; and Eleanor Mascheroni, chief marketing officer at Ogilvy & Mather Worldwide, Inc. among others.

The city agreed to pay for the Metropolitan Transportation Authority's \$2 billion extension of the No. 7 line from Times Square to 34th Street and 11th Avenue. Originally, the 41st Street station was in the Hudson Yards plan, but was scrapped when the cost of the extension was projected to exceed the \$2 billion of available city money.

FIRPTA Reform and "Carried Interest" Tax

Our advocacy on behalf of our members to push legislation on the federal level continues

with efforts to support Foreign Investment in US Real Property Tax Act (FIRPTA) reform and to retain the current "carried interest" tax provision.

FIRPTA is tax on the gain from the sale of real property by foreign investors.

REBNY has been working with the Real Estate Roundtable to amend FIRPTA and encourage greater foreign investment in US real estate.

Representative Joe Crowley of Queens has introduced the Real Estate Revitalization Act of 2010 (RERA) which would favorably amend FIRPTA for real estate. Under RERA, real property holding companies would no

longer be considered as holding an interest in real property and foreign investors would be subject to the same U.S. tax treatment as the sale of stock in a U.S. corporation.

In the Senate there is a similar proposal that would add partnerships to this more equitable tax treatment.

REBNY has also been working with our allies in Washington to preserve the "carried interest" tax. We had successfully prevented unfavorable amendments in this tax in 2007 and 2009.

Many real estate projects are funded by capital raised through an investment fund. The General Partner of this fund typically receives a management fee which is taxed as ordinary income and a percentage of the profits of the project which is taxed at the capital gains rate.

This profit sharing component is called the "carried interest". This structure is an incentive for the general partner to manage the project for the benefit of all the partners. The proposed change to tax "carried interest" profits as ordinary income would be a disincentive to capital formation for project development and have an adverse impact on New York where much of this activity occurs.

Commercial Brokers Most Ingenious Deal of the Year Awards

Ingenious Deal of the Year

REBNY recently announced the three winners of its Commercial Brokers Most Ingenious Deal of the Year Awards for 2009, the most prestigious commercial awards of the year, presented on April 27 at the REBNY Sales Broker Committee annual cocktail reception at the 101 Club.

The first place Henry Hart Rice Award, was presented to Daniel O. Horowitz and Ira Schuman of Studley, Inc. for "Rubik's Cube or Real Estate Deal: The Sale of 127-133 East 79th Street and Related Transactions".

Competition judges were Peter Hauspurg, Eastern Consolidated; Vincent Carrega, Grubb & Ellis New York, Inc.; Gino Martocci, M&T Bank; Jay Anderson, Feil Organization; Robert J. Ivanhoe, Esq., Greenberg Traurig, LLP.

Sponsors for the cocktail reception were Donald Zucker Company, The Durst Organization, Glenwood Management, Massey Knakal Realty Services, The Related Companies, SL Green Realty Corporation, Vornado Realty Trust and The New York Times.



MARY ANN TIGHE

In other REBNY News:

Gain more insight into lease renewals. The Commercial Brokerage Division presents Lease Renewal Negotiation Seminar from 8-10 a.m. on Tuesday, May 18 at REBNY, 570 Lexington Ave., in the Mendik Education Center, Lower Level. Panel will discuss key pointers as well as participate in a mock presentation. The member fee is \$10 and non-members are \$15. Seating is limited. You must register online at www.rebny.com

Don't miss out on a great chance to promote your company for a very reasonable price as sponsorships are still available for the REBNY Spring Golf & Tennis Outing on Monday, May 24 at the North Shore Country Club in Glen Head. For participation, call Kathleen Gibbs at 212-616-5246.