

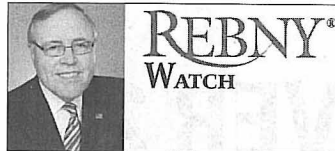


REAL ESTATE WEEKLY

Serving America's #1 Market

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REBNY opposed to wage bill



By STEVEN SPINOLA, PRESIDENT, REAL ESTATE BOARD OF NY
The Real Estate Board of New York is opposed to a new mandatory wage bill introduced by the City Council last week.

The bill would mandate the payment of a living wage to tenants in projects that receive city financial assistance directly or indirectly of \$100,000 or more.

This assistance could include bond financing, tax abatements or exemptions, energy cost reductions, environmental remediation costs, write-downs in the market value of buildings or land or the cost of capital improvements related to real property.

The mandatory wage bill will greatly impede job creation and even halt it entirely.

It was this living wage requirement on the tenant in the proposed Kingsbridge Armory project which made it financially unfeasible and which led the developer, The Related Companies to reject these requirements.

A study by the Public Policy Institute of California found that living-wage laws like the one proposed in New York actually increase unemployment among the lowest-paid workers by up to 9 percent within a year of implementation.

The new bill would have a detrimental impact to new projects. It would be impossible to rent such space to tenants when they could just go across the street to comparable space and not be required to pay the higher mandated wage.

Mayor Michael Bloomberg has expressed opposition to this bill, just as the administration had opposed the mandatory higher wage requirement in the Kingsbridge Armory project.

The administration is currently initiating a study to assess the economic impacts of mandated higher wages on economic activity.

The economic impact of government stepping in and changing market forces has to be looked at.

The concept that a job that pays a market wage is not a good job is a matter for the person looking for the job to decide, not elected officials. If the employer cannot find enough qualified individuals at the market wage rate, he or she will need to raise wages.

It would also be extremely difficult for developers to enforce this new law and place a new burden on them to do so. You would have to create specific language in the lease and if a tenant does not comply, they would have to go to court and evict them. This is unrealistic and not a situation that a building owner would want to be in.

The new bill was introduced by council members G. Oliver Koppell and Annabel Palma, by the request of the

"The mandatory wage bill will greatly impede job creation and even halt it entirely."

Bronx Borough President Ruben Diaz Jr. Council Speaker Christine Quinn has not taken a position.

REBNY will keep speaking up against the mandatory wage bill for the betterment of its members and the city.

Review Process for 15 Penn Plaza Continues

REBNY continues its support for the zoning and special permit applications for the 15 Penn Plaza project. We recently sent out a letter to the City Planning Commission urging their support.

This project makes sound planning sense for the location and is consistent with city policy to encourage high density uses near transit nodes and the planned ARC project.

Expanding and enhancing the quality of commercial development here is vital for the continued growth and vitality of this neighborhood and our city.

It is important that we modernize our inventory of office space, environmentally and technologically, to compete in the global marketplace.

It is equally important to attract the major corporate tenant or multiple commercial office tenants that we want to locate and expand in New York and to have proper zoning in place to allow the building of up-to-date commercial projects quickly.

The city and state as a whole will benefit directly from the positive economic impact of the proposed project in terms of construction and post-construction job creation and related property tax revenue.

Once built this project will be a positive contribution to this business district's office inventory and to our city's economic future.

NYC Water Board Hikes Rates

At its May 21st meeting, the NYC Water Board unanimously approved a 12.9 percent rate hike, marking the fourth straight year of double digit rate increases. This hike was mostly driven by the \$22 billion in debt funding infrastructure projects for the Department of Environmental Protection (DEP).

These projects include the \$2.8 billion Croton Filtration Plant, the \$1.4 billion Ultraviolet Treatment Plant, the construction of the third water tunnel, and the \$330 million being spent on sewers and water mains. Many of these projects are driven by unfunded federal mandates that the agency is obliged to comply with.

In approving this rate hike, DEP is also instituting a 5 cent per gallon storm water charge for the first time.

This will charge owners of non-permeable parking lots for their water run-off, which goes into the sewer system and then must be treated by DEP. These storm water charges are on a pilot basis; however, if they are successful in reducing run-off, DEP may extend them to commercial and residential properties.

While the rate hike is steep, the Water Board also enacted a 2 percent discount for users who enroll in automatic bill payment.

REBNY New York Now on Facebook

Become a fan of the Real Estate Board of New York on Facebook. The free social media website allows participants to interact with the Real Estate Board of New York by receiving updates on real estate issues, upcoming class and event schedules, Twitter posts, and research reports.

This is another example of REBNY finding more ways to connect with you.

You can access our page by joining and logging into Facebook.com and searching for "Real Estate Board of New York" or by clicking the Facebook badge on www.rebny.com.

Already on Facebook? To receive our updates, simply become a fan by visiting the page and clicking the "Like" button at the top of the page.

In other REBNY News:

Don't miss the Retail Committee's Retail Deal of the Year 2009 Awards on Tuesday, June 8 at the 101 Club, 101 Park Avenue. Tickets are \$50.

Three awards will be given out. For Manhattan: one for the most creative retail deal and the other for the retail deal which most significantly benefits the Manhattan retail market. For the outer boroughs: one will be given out for the most important and creative retail deal in the outer boroughs. Contact Desiree Jones at djones@rebny.com for further information.

Is your REBNY membership profile current? Please log in and check. Maintaining an up-to-date profile will also ensure you are accurately represented in the 2011 Diary and Manual. Profile changes must be submitted to Mary Ann Aviles at maviles@rebny.com.