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## Albany legislative report 2011: Achievements in R.E. industry

**ss Steve Spinola**



**REBNY**

The N.Y. real estate industry had a number of important accomplishments in the NYS legislative session that ended on June 24.

For the first time in 15 years, NYS adopted a budget that reduced spending below the level of the previous year. The \$132.5 billion budget was adopted on time and reduced overall spending by more than 2%. More importantly, it eliminated a \$10 billion deficit without raising taxes, without new borrowing, and without budget gimmicks. In addition, the adopted budget agreement puts us on a path toward fiscal responsibility by cutting next year's projected budget deficit from \$15 billion to \$2 billion.

Governor Andrew Cuomo, senate majority leader Dean Skelos and assembly speaker Sheldon Silver should be commended for making difficult budget decisions that were necessary to improve our state's prospects for renewed growth and economic prosperity for all New Yorkers.

Another important legislative accomplishment is the two percent real property tax cap that would control the growth of taxes for businesses and homeowners. This tax cap, however, does not apply to N.Y.C.

N.Y.C. will benefit from the renewal of two major economic development programs: the Industrial and Commercial Abatement Program (ICAP) and the 421a Partial Tax Exemption Program. These programs will encourage capital investment in new commercial and industrial development and new housing, and will offset the heavy tax burden our real property tax system places on these properties.

The legislature passed a renewal of the 50% reduction in the transfer tax for the conveyance of a property to a REIT. A reduction in transfer taxes levied on REITS has facilitated their formation. This has led to an emergence of REITS in N.Y. and a surge in overall transfer tax revenue. This bill has passed both houses and we expect the governor to sign this extension into law.

After many unsuccessful attempts, the legislature passed a bill for the siting of power plants. This legislation would allow for the development of new, more energy efficient power plants to meet the energy needs of our growing city. We will urge the governor to sign it into law.

The renewal of rent stabilization laws preserved a property owner's ability to deregulate apartments above a fixed threshold and avoided the proposals of the tenant advocates. The cumulative effect of their changes would have resulted in a virtual elimination of the deregulation of rent stabilized apartments. Rent stabilization was extended to June 15, 2015.

The rent threshold for vacancy decontrol was increased to \$2,500 from \$2,000; the income threshold for deregulating a unit above the rent threshold was increased to \$200,000 from \$175,000; the allowable monthly rent increase for an individual apartment improvement was changed to 1/60<sup>th</sup> from 1/40<sup>th</sup> of the cost of the improvement for buildings with more than 35 units; and owners are allowed only one vacancy increase per calendar year.

The real estate industry had many important accomplishments in Albany in 2011. When the legislature returns later in the year, as is being reported, we will pursue passage of the J-51 legislation, strongly advocate for the 421a cap provision, and the restoration of 421a benefits to high density zoning districts (FAR15).

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