



THE REAL ESTATE BOARD OF NEW YORK

ANNUAL REPORT 2014

REBNY Stay On Top
of New York.

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YEAR IN REVIEW

In 2014, New York City's future only became brighter. As a result, it was another good year for real estate.



Crime continued to drop and job growth continued upward, reaching historic lows and highs respectively. Manhattan, Brooklyn, the Bronx, Queens and Staten Island continue to attract people from around the world.

Whether young people, seniors, empty nesters or immigrants, everyone wants to be in New York City. There is a great deal of interest from investors, both domestic and foreign. Major projects are moving forward in Hudson Yards and Lower Manhattan, along with significant growth in the boroughs, whether it's Long Island City, Downtown Brooklyn, the St. George section of Staten Island, the Bronx, you name it. It's happening throughout all five boroughs.

REBNY forged strong working relationships with the newly elected leaders of local government. Mayor de Blasio unveiled an ambitious 10-year plan to create and preserve 200,000 units of affordable housing. The City Council signed off on exciting new affordable housing

developments at Domino in Brooklyn and TF Cornerstone's project on the Upper West Side.

New Yorkers were able to explore the spectacular openings of various newly completed projects like, One World Trade Center, the fully restored High Line and the Fulton Center Transit Hub, to name just a few. Over the summer of 2014, for the first time ever, Governor's Island remained open seven days per week, where visitors enjoyed a brand new 30-acre park on the island's southern end.

Real estate generates a great deal of new jobs and revenue for the city, and 2014 was an exciting year. In the spring, REBNY issued a report that revealed New York City's real estate industry generates \$15.4 billion in taxes annually, which represents 38 percent of the city's tax revenue. Revenue-generating properties provided enough tax revenue to pay the city's entire share of \$13.1 billion in payroll expenses for teachers, police officers, fire fighters, sanitation workers and correction officers and still have \$2.3 billion left to



fund other vital city services like parks and libraries.

The real estate industry employs approximately 519,000 people who earn an average salary of more than \$60,000 per year. These are well-paying middle-class jobs that come with health insurance, paid vacations and retirement savings plans. We want more jobs like these in our city.

New York has always been a city of change and renewal. We need to ensure New York City keeps growing and continues to rebuild itself, whether through new developments like on the West Side or ambitiously rebuilding, like in Lower Manhattan, where we are putting back up what was destroyed by 9/11. All of these plans and projects generate more revenue for New York City and help it become a better place to live, work and raise a family.



STEVEN SPINOLA
REBNY President



ROB SPEYER
REBNY Chairman

AWARDS

REBNY is immensely proud of its members, and takes several opportunities each year to recognize those members for the incredible contributions that they make to improving and advancing New York City every day. REBNY's numerous awards are widely regarded as the highest honors attainable in New York City real estate, and by receiving one, award winners join the ranks of the titans of industry who came before them, and gain recognition for their efforts.

The awards presented to our members throughout the year acknowledge and

praise the leadership, experience, abilities and tremendous contributions of the talented owners, developers, managers and brokers who excel in our industry. Ceremonies such as the Deal of the Year Awards are hailed as the most exciting events for residential and commercial brokers, and recognize REBNY members with exceptional deal-making skills, while other events such as the Ingenious Deal of the Year Awards focus more on creative and imaginative problem-solving.

Regardless of what branches of real estate our members work in, REBNY

makes it a point to encourage them to serve our city to the best of their abilities, and REBNY takes pride in rewarding them when they do. At our Annual Banquet, the Louis Smadbeck Memorial Broker Recognition Award, Bernard H. Mendik Lifetime Leadership in Real Estate Award, Harry B. Helmsley Distinguished New Yorker Award, Kenneth R. Gerrety Humanitarian Award and Henry Foster Award will be awarded to those distinguished individuals who have made significant contributions to the real estate community and New York City as a whole.

REBNY 118TH BANQUET



REBNY 118TH BANQUET AWARD WINNERS

Photo: Steve Friedman

(L-R) Ken Fisher, Fisher Brothers (Harry B. Helmsley Distinguished New Yorker Award); Robin Abrams, The Lansco Corporation (Louis Smadbeck Broker Recognition Award); Stephen L. Green, SL Green Realty Corp. (Bernard H. Mendik Lifetime Leadership Award); Thomas L. Hill, Boston Properties (George Brooker Management Executive Award); Robert Fink, The Winter Organization (Young Real Estate Man of the Year Award); Joel Pickett, Gotham Organization (Kenneth R. Gerrety Humanitarian Award)

REBNY 118TH BANQUET (CONTINUED)



Photo: Steve Friedman

(L-R) Steven Spinola, REBNY; Catharine Young, State Senator; Melissa Mark-Viverito, Council Speaker



Photo: Steve Friedman

(L-R) Steven Spinola, REBNY; Rob Speyer, Tishman Speyer; Governor Andrew Cuomo



Photo: Steve Friedman

(L-R) Bill Rudin, Rudin Management; Governor Andrew Cuomo; Stephen Green, SL Green Realty Corp. (Bernard H. Mendik Lifetime Leadership Award); Rob Speyer, Tishman Speyer



Photo: Steve Friedman

(L-R) Mayor Bill de Blasio; Ken Fisher, Fisher Brothers (Harry B. Helmsley Distinguished New Yorker Award); Crystal Fisher

REBNY 118TH BANQUET (CONTINUED)



Photo: Steve Friedman

(L-R) Gale Brewer, Manhattan Borough President; Joseph Bruno, Commissioner, NYC Office of Emergency Management; Thomas Hill, Boston Properties (George Brooker Management Executive Award); Michael Norton, Tishman Speyer



Photo: Steve Friedman

(L-R) Anthony Shorris, NYC First Deputy Mayor; Martin Golden, State Senator; David Greenbaum, Vornado Realty Trust



Photo: Steve Friedman

(L-R) Rob Speyer, Tishman Speyer; Anthony Shorris, NYC First Deputy Mayor; Congresswoman Carolyn Maloney; Burt Resnick, Jack Resnick & Sons



Photo: Steve Friedman

(L-R) Jeffrey Levine, Douglaston Development; RuthAnne Visnauskas, Commissioner, NYC Department of Housing Preservation and Development; Hal Fetner, Durst Fetner Residential



Photo: Steve Friedman

(L-R) Eric L. Adams, Brooklyn Borough President; Donald Zucker, Donald Zucker Company; Salvatore Cassano, NYC Fire Commissioner



Photo: Steve Friedman

(L-R) Jimmy Van Bramer, Council Member 26th District Queens; David Greenbaum, Vornado Realty Trust; Thomas Elghanayan, TF Cornerstone; Diane Ramirez, Halstead Property

REBNY 118TH BANQUET (CONTINUED)



Photo: Steve Friedman

(L-R) Robert Rodriguez, State Assemblyman; Congresswoman Carolyn Maloney; Mary Ann Tighe, CBRE; Jim Whelan, REBNY; Daniel Garodnick, Council Member 4th District Manhattan



Photo: Steve Friedman

(L-R) Joel Picket (Kenneth R. Gerrety Humanitarian Award), Matt Picket, David Picket; Gotham Organization

RESIDENTIAL BROKERAGE AWARD WINNERS



RESIDENTIAL DEAL OF THE YEAR AWARD WINNERS

Photo: Gotham Photo Company

(L-R) Timothy Melzer, Winner of the 3rd Prize Sales Award, The Corcoran Group; Linda Guido, Rental Award Winner, Halstead Property LLC; Co-Broker: (not pictured) Anna (Justice) Filippova, Rental Award Winner, Spire Group Inc.; Reba Miller, Winner of the Henry Forster Award, RP Miller Realty Group Inc.; Sharon Burroughs, Winner of the 1st Prize Sales Award, Douglas Elliman Real Estate; Shelley Lindauer, Winner of the 2nd Prize Sales Award, Keller Williams (accepted by Keller Williams representative, pictured). Not pictured: Antony Bitar, Winner of Most Promising Rookie of the Year, AC Lawrence Real Estate LLC



Photo: Gotham Photo Company

(L-R) Steven Spinola, REBNY; Reba Miller, RP Miller Realty Group Inc.

COMMERCIAL BROKERAGE AWARD WINNERS



MOST PROMISING ROOKIE OF THE YEAR AWARD

(L-R) Andrew Levin, Boston Properties; Ira Fishman, EVO Real Estate Group; Brian Ezratty, Eastern Consolidated; Eric Michael Anton, Brookfield Financial Real Estate Group NY, LLC; William Montana, Savills Studley; Jason Greenstone, Cushman & Wakefield; James Caseley, ABS Partners Real Estate; Joseph Grotto, Jr., Cassidy Turley; Joanne Podell, Cushman & Wakefield; Robert Nager, Rob Nager LLC



RETAIL DEAL OF THE YEAR AWARD

(L-R) Thomas Bow, The Durst Organization; Peter Braus, Lee & Associates; Richard Hodos, CBRE; Peter Ripka, Ripco Real Estate; Robert Nager, Rob Nager LLC; Bradley Kaufman, Pryor Cashman LLP



MOST INGENIOUS DEAL OF THE YEAR AWARD

(L-R) Gregory Tosko, Mary Ann Tighe, David A. Green, M. Myers Mermel, Caroline McLain, CBRE

MANAGEMENT AWARD WINNERS



COMMERCIAL MANAGEMENT LEADERSHIP BREAKFAST

(Top Row, L-R): Carl Lettich, Silverstein Properties, Inc. (On-Site Manager of the Year Award); Gaston Silva, Vornado Realty Trust; Leslie Madhoo, Paramount Group Inc. (Security Professional of the Year); Arpiné Aroyan, Cushman & Wakefield (Portfolio Manager of the Year Award); Michael Norton, Tishman Speyer; Kuba Brown, Local 94; Howard Styles, Local 94; Robert Haker, Vornado Realty Trust (Engineer – Large Building of the Year); Steven Spinola, REBNY; (Bottom Row, L-R): Cynthia Boyea, Paramount Group Inc. (John M. Griffin Community Service Award); Jose Antonio Bonilla, TEMCO Services (Porter of the Year); Matt Zash, Hines (Rising Star of the Year); Frank Freda, Cushman & Wakefield; Marco Camargo, Boston Properties (Engineer – Small Building of the Year); Councilmember David Greenfield; Patrick Lynch, Paramount Group Inc.; Steve Griffith, Paramount Group Inc.

RESIDENTIAL MANAGEMENT LEADERSHIP
BREAKFAST

(L-R) Bruce C. Ratner, Forest City Ratner Companies; Dorothy Vermeer, H.J. Kalikow & Co., LLC (Residential Management Executive of the Year Award); Eva Talel, Stroock & Stroock & Lavan LLP; Michael Wolfe, Midboro Management, Inc.

EVENTS

Through 2014, REBNY continued to offer the real estate community a series of classes, seminars and lectures designed to give attendees an inside look into the methods and secrets of some of our industry’s top performers. These events included networking opportunities, panel discussions and more, and were all made possible through the hard work of our many committees, staff members and participating members. 2014 proved to be yet another premier year for our events, which continue to attract larger audiences and present more valuable information than ever before.

Our Commercial Crossfire event this year, sponsored by the Commercial Board of Directors, is just one of several events which bring together top players in our industry to discuss important issues, mentorships and factors affecting today’s market. This year, Commercial Crossfire met in March to discuss the details surrounding making a restaurant deal in New York, and again in November to analyze a newly proposed international measurement standard for building spaces and how that may affect the market going forward.

This year also marked the REBNY Membership Committee’s first “Shark Night: A Round Table Event”, sponsored by Citibank. Following opening remarks by Joseph Barbaccia, co-chair of REBNY’s Membership Committee, participants spent 15 minutes at seven different tables, each addressing topics ranging from competing with all-cash offers to working with foreign buyers.

WASHINGTON HEIGHTS & INWOOD OPEN HOUSE

This year, REBNY’s Upper Manhattan Committee hosted its first Open House Expo in Washington Heights and Inwood. Held in September, potential buyers and renters were given the opportunity to tour several exclusive co-op, condo, townhouse and high-end rental listings, and learn about the vibrancy of the Upper Manhattan scene from uptown residential brokers. Attendees were given a neighborhood guide, information about expo participants, and were able to network with other buyers before exploring the exclusive offerings, which included both affordable housing and market rate options.



Photo: The Marino Organization
.....
(L-R) Bruce Robertson, The Corcoran Group; Jeanne Oliver-Taylor, REBNY; DeAnna Rieber, Halstead Property



Photo: The Marino Organization
.....
Gale Brewer, Manhattan Borough President

MEMBERS' LUNCHEON



(L-R) Michael Laginestra, CBRE; Kevin Wang, KRW Realty Advisors; Diane Ramirez, Halstead Property; Joanne Podell, Cushman & Wakefield; David Falk, Newmark Grubb Knight Frank

COMMERCIAL BROKERAGE HOLIDAY LUNCHEON



(L-R) Steven Spinola, REBNY; Carl Weisbrod, Director of NYC Department of City Planning & Chairman of NYC Planning Commission, Bill Montana, Savills Studley

COMMERCIAL "CROSSFIRE"



(L-R) Ben Breslau, Jones Lang LaSalle; Tom Houlihan, Gensler; Brian Schwagerl, NBC; Marcus Rayner, Cresa New York; John Wheeler, Jones Lang LaSalle; Richard Reese, LaSalle Investment Management

RESIDENTIAL BROKERAGE SECRETS OF TOP BROKERS AND INDUSTRY LEADERS SEMINAR



(L-R) Aroza Sanjana, Warren Lewis Sotheby's International Realty; Toni Haber, Douglas Elliman; Deanna Kory, The Corcoran Group; Corinne Pulitzer, Douglas Elliman; Jay Glazer, Warburg Realty Partnership; Douglas Wagner, Bond NY Properties LLC; Joseph Barbaccia, Essential New York Real Estate

BROKERAGE COMMITTEES

2014 saw REBNY's brokerage committees grow even greater in number, reach and scope, including our new Queens Residential Committee and the Brooklyn Commercial Committee. Our more than 40 committees host several events throughout the year that discuss specific aspects of brokerage within New York City, and as more committees are created, the more in-depth each meeting becomes. REBNY is incredibly proud of the passion its brokerage members continue to show year over year for issues in the real estate industry and their willingness to gather together to discuss them. The sheer diversity and volume of its committees is a clear indication of that commitment. This diversity and level of participation across multiple fields generates a huge potential for the exchange of knowledge at committee meetings, networking events and educational gatherings for REBNY's members.



COMMERCIAL BROKERAGE SEMINAR "NO SLEEP 'TIL BROOKLYN"

(L-R) Sacha Zarba, CBRE; Christopher Havens, aptsandlofts.com; Asher Abehsera, LIVWRK; Andrew Levin, Boston Properties; Michael Phillips, Jamestown Properties; Ronnie Ragoff, Shorenstein Properties; Patrick Nelson, WeWork



BROOKLYN COMMERCIAL COMMITTEE

(L-R) Mitzi Flexer, Massey Knakal; Adam Ecker, Massey Knakal; Eileen Spinola, REBNY; Betty Castro, Massey Knakal



RESIDENTIAL BROKERAGE QUEENS COMMITTEE

(L-R) Patricia Dunphy, Rockrose Development Corp.; John D. Young, Director — Queens Office, NYC Department of City Planning; Jodi Nath, Argo Residential

EDUCATION

REBNY offers numerous continuing education classes, lectures and seminars every year, and 2014 was no exception. We held over 90 on-site courses, including over 60 continuing education and license qualifying courses that benefit thousands of industry professionals.

In September, we announced the launch of New York Commercial Professional, a curriculum designed

specifically for commercial brokers seeking to raise their own level of professionalism and leadership. This exciting new program was spearheaded by REBNY's Commercial Board of Directors, and raised the bar on expected standards for industry members and individuals who represent REBNY.

The Seminar Committee, which hosts our Sales Agent Boot Camp, Secrets of

Top Brokers, Breakfast Club, Crossfire programs and others, once again offered agents the opportunity to learn from leaders in their fields about the best practices, trends and ways to improve their business. Among the topics covered this year were overviews of Brooklyn and Queens, two markets which have proven to be at the forefront of New York City's growing real estate market.



BREAKFAST CLUB: "HONEST DISCLOSURE: THE FINESSE OF A DEAL"

(L-R) Amanda Young, Brown Harris Stevens; Eileen Spinola, REBNY; Anne Sullivan Young, Brown Harris Stevens



SALES AGENT BOOT CAMP: BROOKLYN OVERVIEW

(L-R) Ban Leow, Halstead Property; David Maundrell, aptsandlofts.com; Jean Austin, Brooklyn Bridge Realty Ltd.; Doug Bowen, CORE Group Marketing; Barbara Brown-Allen, Douglas Elliman

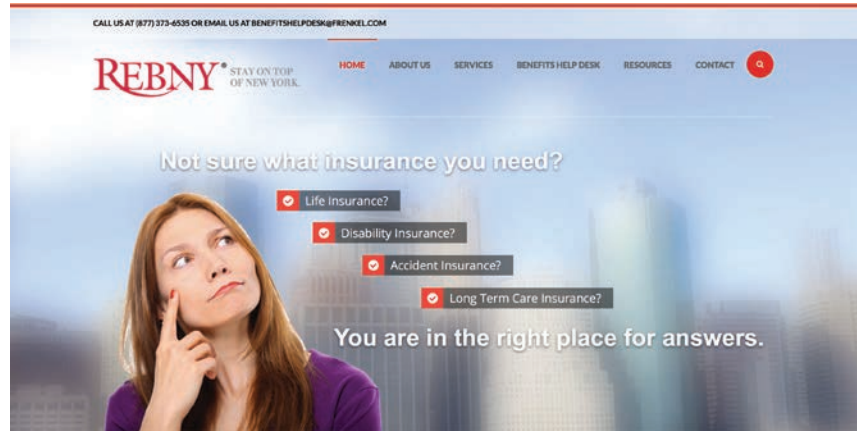


SALES AGENT BOOT CAMP

MEMBER SERVICES

BENEFITS REWARDS PROGRAM

The REBNY Benefits Rewards program was established to offer members quality services from vendors at discounted prices. Every year, REBNY adds to its roster of participating vendors to present our members with even more opportunities to benefit from our organization. Every January, we gather these vendors together in one place for our Annual REBNY Benefits Fair, which is a veritable one-stop shopping event for our members. 2014 marked our 10th Annual Benefits Fair, and we look forward to seeing even more participants and vendors in 2015.



VIDEO — SUSTAINABILITY

This year, REBNY put together a video highlighting the issue of sustainability — an issue which the real estate community has been crucial in addressing. The video provided details regarding PlaNYC, a blueprint for New York City which aims to reduce greenhouse emissions citywide by 2030. Since its inception, these emissions have gone down 15% in our city, largely due to the continuing efforts of our industry. The video also addressed other questions our industry faces each day as we move towards our goal of a greener city. Making our city more sustainable presents many challenges, and REBNY is determined to help New York City, the sustainability capital of the world, succeed.



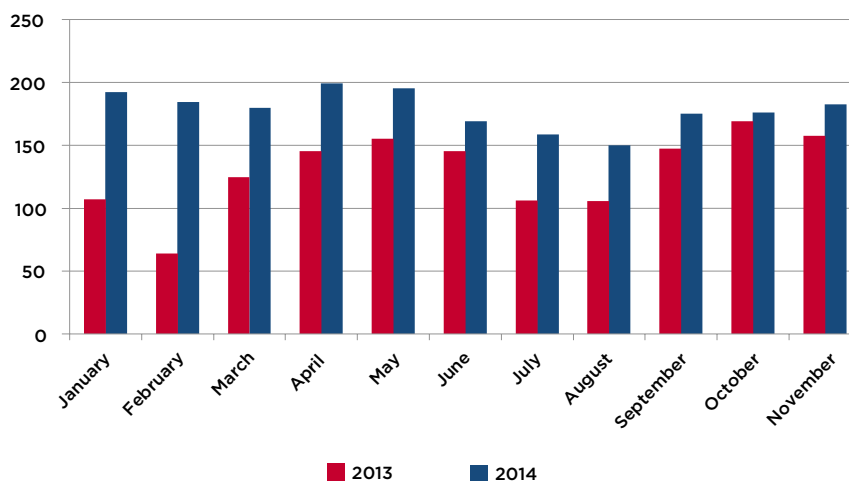
LEGAL LINE

For eight years, REBNY Broker Counsel Neil B. Garfinkel, Esq., has been providing REBNY members with Legal Line, a weekly newsletter which highlights a legal issue pertaining to our industry today and gives an in-depth and concise explanation of it. Today, Legal Line is among the most valuable services REBNY offers its members, and Mr. Garfinkel has been an indispensable resource to any member in need of the acquisition and/or verification of legal information. He also regularly assists in interpreting issues regarding current events in today's real estate world, such as whether short-term apartment rental apps like Airbnb are in violation of the Multiple Dwelling Law.



This year, Legal Line averaged 177 phone calls and emails per month, a 36% increase from last year's average

Calls Per Month



of 130 per month. This continued communication between REBNY counsel and its members has created a collaborative forum, fostering a dialogue on longstanding issues involving real estate ethics, the law of agency, RLS requirements, advertising, licensing and fair housing.

REBNY counsel continued to issue the very popular Legal Line Question of the Week, a weekly e-newsletter distributed to REBNY members. The Question of the Week addresses a variety of residential and commercial topics, including warranty of habitability issues, notarization of documents outside the United States, "burn down" provisions in

leases, reverse mortgages, drones, cease and desist zones, Do-Not-Email and Do-Not-Call rules, Yellowstone Injunctions, landmarked properties and document retention rules for brokers.

REBNY: HOW TO SERIES

REBNY is proud to announce our REBNY: How To Series, a new YouTube feature designed to promote the continuing education and professional development of industry professionals. Each video in the series features a tip, useful experience, advice or data to help foster success in the real estate industry. Each video in the series will provide helpful hints from REBNY members for both residential and

REBNY VIDEO: *How To Series*

Featuring:
Diane Ramirez, CEO
Halstead Properties



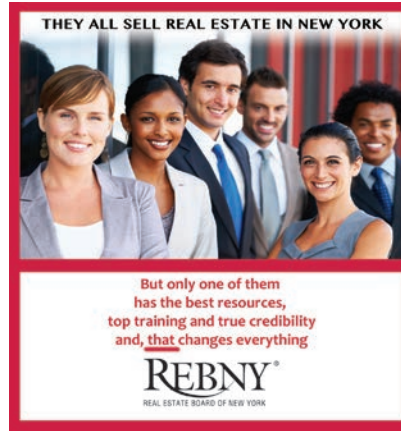
commercial real estate professionals. Each vignette will engage viewers on topics they can explore in greater depth at the many seminars and courses we offer.

The series launched on November 11th with “How to Practice Your Pitch”, presented by Diane Ramirez, CEO of Halstead Property. The REBNY: How To Series is released bi-monthly, and previous videos can be found on YouTube, REBNY.com or Real Estate Weekly’s website.

REBNY MARKETING CAMPAIGN

In 2014, REBNY’s membership reached a record high of 16,000. In recognition of this monumental achievement, we have officially launched a new REBNY marketing campaign on CBS Radio New York broadcast and digital media properties. We did this not only to increase the public’s awareness of our organization, but also to make sure that New Yorkers understand that working with a REBNY agent means working with an agent who has received top training, has access to the best resources, and can be trusted to offer highly skilled assistance in every real estate transaction. This radio ad can be heard on 1010 WINS, CBS-AM News Radio 880, and Fresh 102.7.

Additionally, REBNY launched a digital media campaign on the CBS’s NY website, www.cbsnewyork.com, which will feature streaming radio spots targeting New York City residents and businesses. Members can log in to REBNY.com to download our sonic logo for use in their outgoing voicemail messages or ringtones. This sonic logo



is yet another way to identify yourself as a prestigious member of REBNY.

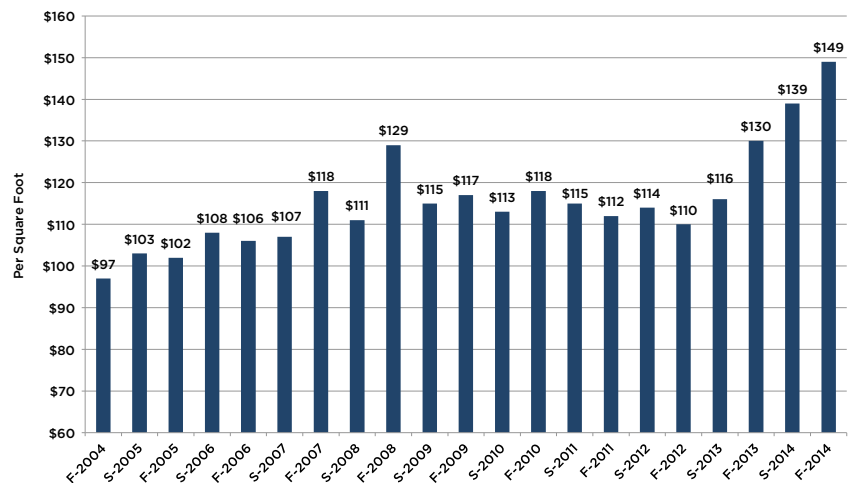
REPORTS

In order to continue providing up-to-date information on the latest market trends and conditions, REBNY continued issuing reports throughout 2014. We remain the only organization to produce a citywide residential sales report, which

includes not only sales information on every neighborhood in New York City, but also an in-depth analysis of what the numbers mean going forward. This comprehensive report analyzes what the sales market looks like for all property types (including coops, condos and single family homes), in all five boroughs, and gives readers an unparalleled view of New York City’s housing market — a perspective which can make a world of difference in an industry where knowledge is power.

We also continued to produce our Broker Confidence Index, modeled after the popular and informative US Consumer Confidence Index. This index is a measure of our Residential and Commercial Brokerage Divisions’ members’ confidence in the current market and the market in the coming months, with an additional section for participants to provide comments. By

Average Manhattan Retail Asking Rents



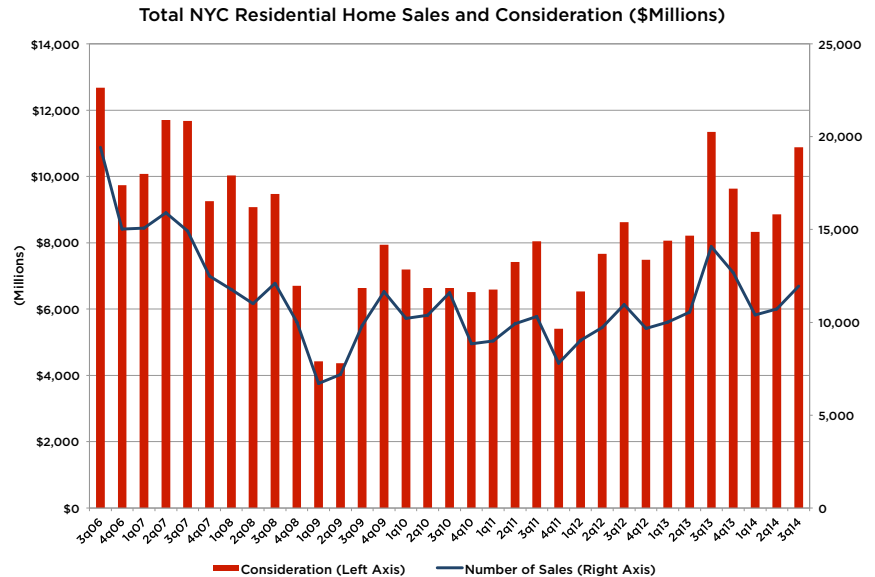
Source: REBNY Retail Report

conducting our surveys in this manner, REBNY is able to access a vast amount of information from our members who have direct and unique knowledge of the real estate market, analyze it, and present it in a concise and understandable format for the rest of the industry to use.

Our semi-annual Manhattan retail report is yet another report which has been well-received by brokers, tenants, owners and the media. In New York City this report has proven to be an invaluable asset to those needing information on its vibrant and vital retail market.

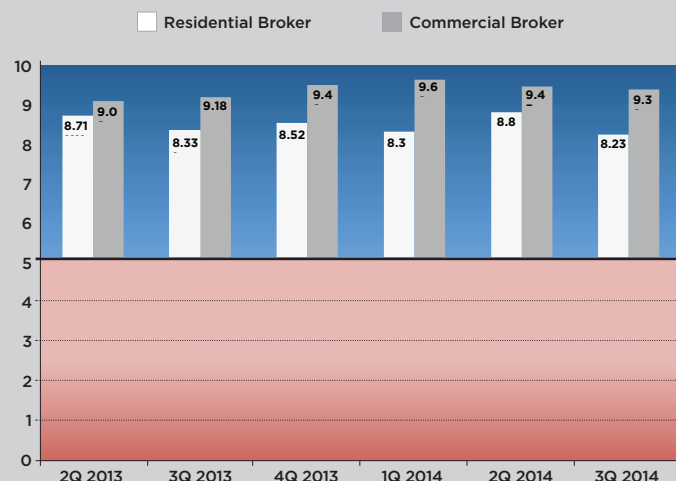
REBNY also provides the industry with unique reports, such as our in-depth study of the real estate industry's incredibly beneficial effects on the city's economy, "The Invisible Engine: The Economic Impact of New York City's Real Estate Industry", which concluded that our industry creates enough revenue to pay the city's entire share of salaries for teachers, police officers, fire fighters, sanitation workers and corrections officers, with more left over to fully fund numerous city agencies. REBNY also issued "Housing Production in NYC Landmarked Properties", a study which highlighted the effects of landmarking on new housing production, particularly the creation of affordable units.

All of these, in conjunction with other regular services such as our bi-monthly Numbers You Need to Know emails, ensure that our members and the industry as a whole always remain in the know.



REBNY BROKER CONFIDENCE INDEX

- The Confidence Index has a range of zero to 10.
- An index above five indicates that brokers are confident in the market; more brokers responded positive than negative to the survey questions.
- An index below five indicates that brokers are not confident in the market; more brokers responded negative than positive to the survey questions.
- An index of five indicates that the positive and negative responses were equal.



PHILANTHROPIC ACTIVITY

With the help of its members, REBNY continued its mission of serving New York City by raising resources and funds for several groups and charities. In 2014, the Residential Deal of the Year Gala raised over \$100,000 after expenses for the Members in Need Fund, dedicated to providing financial grants to REBNY residential salespeople and brokers who are experiencing difficulties because of an unexpected illness or hardship. It also raised money for the REBNY Foundation, which provides relief for victims of natural disasters and raises money for groups that provide housing and services to New York's neediest population.

REBNY also partnered with Food Bank for New York City for our 6th Annual Summer Donation Drive, collecting food, information and support for neighborhoods throughout all five boroughs. Food Bank provides over 400,000 free meals to New Yorkers in need daily through its network of over 1,000 non-profit organizations and schools, and REBNY proudly worked alongside Food Bank to harness the

strength of our members in the fight against food poverty in our city.

REBNY and the Residential Sales Council were proud sponsors of the REBNY Rascals this year, a participating team in the Harlem Little League. The Harlem Little League is an all-volunteer organization operated entirely on the financial support of parents, communities and businesses, and all funds go directly to support the children's uniforms, playing equipment, medical and liability insurance, trophies and field maintenance. Sponsorships are vital to the survival of the Harlem Little League, and REBNY gladly did its part to ensure the continuation of an organization that shapes children into not only great baseball players, but great citizens.

The REBNY 27th Annual Pro-Am Tennis Tournament gave participating

members a chance to spend the day playing both with and against professional tennis champions. The proceeds from the REBNY Pro-Am went to the Gift of Life Bone Marrow Foundation in honor of our friend and colleague Wendy Siegel, who, through the help of the Gift of Life Foundation, is now recovering from leukemia.

In addition to providing housing to the families displaced following East Harlem's gas leak explosion and supporting the Mayor's Fund to Advance New York City, REBNY also hosted its 2nd Annual Upper Manhattan Committee Harlem Open House Expo two weeks after the explosion. Attendees were encouraged to donate to the Mayor's Fund while experiencing the vibrancy and spirit of the Harlem community.



MAYOR'S FUND
TO ADVANCE
NEW YORK CITY



REBNY 27TH ANNUAL PRO-AM TENNIS TOURNAMENT

NEW YORK CITY ISSUES

ONE-WAY VOICE COMMUNICATION BILL

Currently, only new high-rise construction (buildings taller than 125 feet) requires the use of an emergency voice communications system. Legislation was introduced in March 2014 that would require the retroactive installation of one-way voice communication systems in all (new and existing) residential buildings with more than three units. The City Council bill (Int. 0144-2014) was in response to last January's fire at The Strand apartments, which resulted in one injury and one fatality when they attempted to evacuate the building. Although well-intentioned, REBNY has concerns with this proposal, and we conveyed them to the administration and the City Council.

As an amendment to the Building Code, the proposal appears to be applicable to all residential buildings, not only those with more than three units.

In addition, the bill would impose large costs on the city, since the proposal would cover all NYCHA properties. Likewise, all affordable housing developments would struggle to comply.

Initial estimates suggest that installation costs would be in the range of \$135K for a four-story building, to \$600K for a 40-story building. Since these costs would also qualify as Major Capital Improvements, rent regulated tenants would see rent increases to cover these capital investments.

REBNY believes that an increase in public education through the FDNY's Fire Safety Education Unit would be a far

more effective and practical approach to accomplish what we believe the bill's intentions to be.

BUILDING CODES

Recently, new construction codes took effect in New York City. These codes reflect years of research and development and are designed to provide reasonable minimum requirements and standards based on the most up-to-date industry knowledge, updating the Building Code, Mechanical Code, Plumbing Code and others. The new codes take effect on December 31, 2014, and will be applied to all new construction and alteration projects that submitted construction documents on or before that date, as well as safety work with plans approved on or after that date. Full demolition projects must be permitted in advance of 12/31/14 in order to continue using the 2008 Code.

The new construction codes are a result of the New York City Department of Buildings Code revision process, in addition to other local laws which were passed by the City Council in the wake of Superstorm Sandy. Many of the new updates incorporate changes to the 2009 International Building Code, as well as allowances for the latest technologies, materials and construction methods. The New York City Construction Codes themselves contain several changes focused specifically on protections against weather events and recommendations by the National Institute of Standards and Technology WTC Report.

While it is the responsibility of the Buildings Commissioner to enforce

these codes, the Commissioner of Small Business Services also has the jurisdiction to enforce all provisions of the codes. The Fire Commissioner can enforce all provisions of the codes relating to issues such as overcrowding, fire hazards, the posting and availability for inspection of certificates of occupancy, the installation and testing of fire alarms, and other items related to fire safety.

The code revision process involved more than 350 people, including Mayor de Blasio and Deputy Mayor Anthony Shorris, all of whom we thank for their role in improving building safety for all New Yorkers. REBNY and its members were also extremely active in the Building Code revision process. Many of the new provisions reflect the input of our members, which ensures that they are practical and workable as well as being an improvement from the older provisions.

CRANE OPERATORS TESTING AND LICENSING REQUIREMENTS

REBNY worked alongside the City of New York in the development and implementation of legislation which established strict new licensing and testing requirements for all New York City crane operators, in order to raise safety standards for crane operations citywide.

These changes require new applicants to receive certification from either the National Commission for the Certification of Crane Operators (NCCCO) or an organization accredited by the National Commission for Certifying Agencies or the American National Standards Institute. The NCCCO is an accredited

non-profit organization that develops performance assessments for safe crane operations worldwide. Exams offered by NCCCO are updated frequently to reflect emerging technologies, and the exams also require applicants to be tested on a variety of cranes as opposed to a single piece of equipment.



Applicants are now required to pass written and practical exams tailored to the specific equipment for which the license is to be issued. This ensures that each operator has adequate experience and knowledge pertaining to use of the appropriate crane model.

Prior to these changes, national certification was only required in order to operate the smallest mobile cranes in the city.

REBNY is committed to these safety reforms, and has strongly encouraged the administration not to amend these safety standards, which has led to a safer environment for construction workers and New Yorkers alike. In a time in our city's growth where construction is taking place on a larger scale than ever before, it is important to prioritize safety above all else.

EAST MIDTOWN STEERING COMMITTEE

REBNY is committed to promoting a plan that enhances the commercial character of the East Midtown district and builds upon the transit and open space assets already in place. Therefore, we were a strong advocate for the rezoning of East Midtown to preserve the quality of this premier office district through targeted new development and to enhance transit infrastructure and the public realm through contributions to a district improvement fund as a condition for building above the current base FAR. Mayor de Blasio committed to the general goals of the rezoning but thought changes were needed to address the concerns raised by a number of stakeholders to the earlier plan. The new East Midtown initiative was divided into two phases: the first phase would focus on the Vanderbilt Avenue corridor, from 42nd to 47th Streets between Vanderbilt and Madison Avenues. This phase, which is in the city's land use

review process, would allow for larger development through the purchase of air rights from Grand Central or the commitment to complete major transit infrastructure improvements in the Grand Central area. Any new development that wishes to take advantage of the higher permitted FAR would have to go through a special permit process. The second phase would focus on the remaining area covered in the earlier rezoning proposal. Councilmember Dan Garodnick and Manhattan Borough President Gale Brewer, with the support of the administration and the Department of City Planning, have established a Steering Committee comprised of stakeholders, such as REBNY, preservation and civic groups, and the local community boards, to develop a set of principles and guidelines that would inform City Planning's development of a new East Midtown rezoning plan, which is scheduled for late summer or early fall 2015.



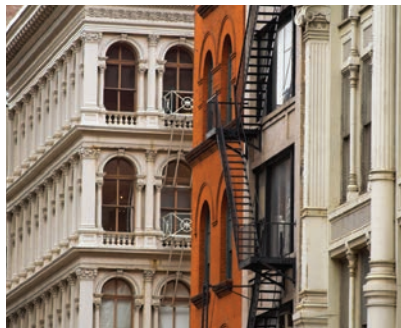
Grand Central Station
Photo: One Vanderbilt Credit: KPF

GARMENT CENTER/SOHO REZONING

We have continued to advocate with the new administration for amendments to the Zoning Resolution that would eliminate outdated and ineffective provisions in the Garment Center and in SoHo. The Garment Center zoning has a preservation provision on the mid-blocks that requires permanently setting aside one square foot of space for apparel production for every square foot converted to office use. This attempt to protect apparel jobs has been ineffective in stopping the migration of these apparel production jobs to low-cost areas throughout the city, country and around the globe.

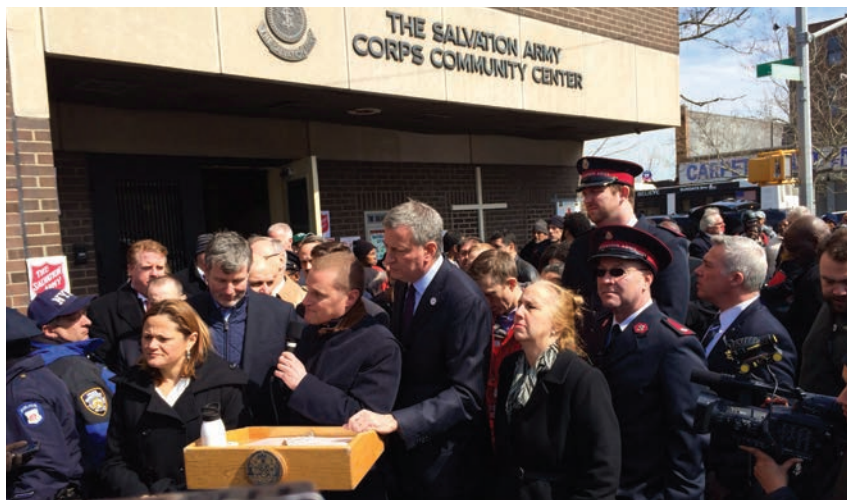
The SoHo zoning requires that lofts can be converted for residential use only if the unit is occupied by an artist certified by the Department of Cultural Affairs. Since the enactment of the artist certification requirements, units in the area continue to be occupied by residents who are not certified

artists. Based on a survey done by the city following the enactment of this provision, as many as two thirds of the units were occupied by individuals who were not certified artists. SoHo has changed from a manufacturing district to a residential community with vibrant ground floor retail. Community members are embarking on a study to determine the number of lofts currently occupied by certified artists, to demonstrate that this requirement is no longer effective and, based on these results, to advocate for amending this outdated provision.

**EAST HARLEM EXPLOSION**

In March, a gas leak in East Harlem caused an explosion which destroyed two apartment buildings north of 116th Street. This explosion resulted in eight fatalities, injuries, and the displacement of families in the surrounding buildings. REBNY stepped in to identify among its members available apartments for those individuals and families who were displaced by the explosion. By working with Mayor de Blasio and other city officials, REBNY was able to provide 39 apartments on the east side for the families temporarily displaced, as well as find long-term housing solutions for families whose apartments were destroyed by the explosion. The New York State Association for Affordable Housing assisted in acquiring temporary and long-term housing, as well as The Durst Organization, Glenwood, Sidney Fetner Associates, Stahl Real Estate and Urban American.

In addition to providing housing, REBNY proudly supported the Mayor's Fund to Advance New York City, which developed a strategic relief plan with service providers that were leading the relief effort. REBNY donated \$100,000 towards a victims' assistance fund, counselling services and community outreach. In total, the Mayor's Fund raised \$430,000 and greatly contributed to restoring essential building services as quickly as possible, making the necessary repairs and meeting the needs of the victims.



REBNY Chairman, Rob Speyer, Mayor Bill de Blasio and city officials addressed the media about the East Harlem explosion.

REAL PROPERTY TAX CHANGES — INCOME & EXPENSE

REBNY has been advocating for structural changes in the real property tax system. We have continued to advocate for fair and accurate treatment of the operating expenses that income-producing properties incur. These expenses are not properly treated in the assessment process, particularly capital improvements, leasing commissions and tenant build out costs. The New York City Department of Finance informed us that they will no longer ignore amortized capital improvements on the Income and Expense statement of commercial and residential rental property. Though these amounts are capped and the capital improvement allowance will escalate over the next three years, owners may still submit the actual expenses incurred and bring these higher costs to the attention of DOF as part of their Income and Expense submission. Likewise, DOF will raise the caps on leasing commission payments and tenant improvements from \$2 and \$3 respectively to \$4.60 and \$5.65 per square foot. An increase in these expense items will cover 90 percent of the properties. A more accurate treatment of these expenses will produce a more accurate market value assessment for these income-producing properties.

In 2014, REBNY President Steven Spinola was appointed to the DOF Commissioner Jacques Jaha's Policy & Administration Advisory Board.

INTRO 17

As our population continues to grow, so does the need for more market

rate and affordable housing. The city should be doing all it can to facilitate construction; however, a City Council bill (Intro. 17) proposes to place strict limits of construction taking place on weekends and after hours. REBNY strongly opposes this bill.

After-hour permits are critical to timely and efficient construction. Outside of regular business hours is typically the best time to install cranes and deliver materials that would seriously disrupt vehicular and pedestrian traffic. After-hours work can expedite construction, which would lower cost and limit the amount of time a new project takes to complete. After-hours work currently has restrictions intended to minimize any adverse impact on the local community.

This bill would extend the burdens on the surrounding communities, delay needed development and add to its cost. Currently, the city has full discretion over the hours of the work permits they issue, and any policy issues about after-hours construction should be considered by the Mayor's Office.

LANDMARKING

Landmarking and its impact on housing production, both affordable and market rate, continued to be a critical issue with REBNY in 2014.

In December, the Landmarks Preservation Commission proposed to de-calendar a number of properties. This administrative action would release these properties from the jurisdiction of the Landmarks Preservation Commission, which required them to have all plans

for building renovation or rehabilitation reviewed and signed off by Landmarks. Being calendared by the Landmarks Preservation Commission, but not being designated a landmark, has placed these properties in a state of limbo, which for some of these properties has continued for nearly 50 years.

We released a report entitled "Housing Production on NYC Landmarked Properties", which analyzed the diminished housing production in historic districts throughout the city. Our report concluded that landmarking significantly impedes the creation of new affordable and market rate units in all five boroughs. Several factors, including lengthy public review, increased design and construction costs, and height and density restrictions related to landmarking, make the already-challenging process of housing construction even more arduous and uninviting. Between 2003 and 2012, a total of 206,819 new residential units were constructed in the city, only 1,318 of which were constructed on landmarked properties. Less than one percent of the new residential construction during this period is on landmark sites. We must recognize that landmark designation places significant restrictions on a property and balance the critical need of the city to produce more housing with its landmarking activity.

In 2015, REBNY will continue to work towards preserving the best of New York city's architectural, historic and cultural heritage, while not obstructing the city's ability to produce affordable housing.

LIVING WAGE EXECUTIVE ORDER

Mayor Bill de Blasio issued Executive Order No. 7 in September, which mandated the payment of a living wage to employees of tenants, subtenants, leaseholders, sublease holders and contractors of a financial assistance recipient. The living wage executive order defines a financial assistance recipient as an entity who receives discretionary financial assistance from the city of more than \$1 million and whose consolidated gross revenues are more than \$3 million. At the time of its enactment, the living wage rate was set at \$11.50 and the health benefits supplement was \$1.63 per hour. The living wage rate will be adjusted annually based on changes in the Consumer Price Index and announced no later than January 1 by the Commissioner of Consumer Affairs. REBNY has been working closely with the administration to clarify the many issues which have been raised by our members (such as what are the as-of-right incentive programs that do not trigger a living wage requirement) concerning the implementation of this executive order.

MARSHES PROJECT

Last year, the NYC Economic Development Corporation, along with the Mayor's Office and the Departments of Parks and Recreation, Environmental Protection, and City Planning, began to create the city's first wetlands mitigation bank. The MARSHES (Mitigation and Restoration Strategies for Habitat and Ecological Sustainability) Project seeks to create a mechanism that will facilitate larger wetland restoration in ecologically sensitive coastal areas, foster more

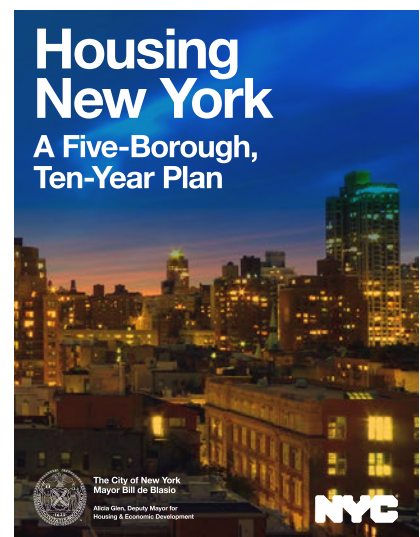
predictable and timely permit approvals for developers, and provide greater regulatory certainty of ecological success of wetland mitigation projects.

In 2014, REBNY actively supported this initiative, served on the Technical Advisory Committee and shared our members' experiences of the economic and operational inefficiencies that result from the existing regulatory framework. The current average time to receive wetlands environmental permits is approximately 3.5 years and can cost up to \$2 million per acre of mitigation. The Mitigation Bank would serve as a third-party entity that completes the restoration work off-site in advance, generates mitigation credits, and then sells these credits to developers who need to offset future wetlands impacts. This program will benefit applicants by providing a more streamlined and predictable permitting process, and will allow the city to rehabilitate larger and more critical wetland regions.

The city has identified Saw Mill Creek Marsh in Staten Island as the first location for the MARSHES project. As it stands now, Saw Mill Creek Marsh is rife with dumped waste, infill, weeds and obstructions to the flow of the tide. MARSHES will remedy these conditions and return Saw Mill Creek Marsh to its original healthy ecosystem, which will provide the added benefit of a natural buffer from coastal flooding. It is anticipated that the first round of wetlands mitigation credits will be released in 2015, and we hope the city will look to expand this cost-effective mitigation program.

HOUSING RECOMMENDATIONS/ REBNY INVOLVEMENT

Prior to the Mayor's issuance of his Housing New York plan, REBNY members prepared a series of ideas to assist the administration in achieving its bold and lofty goal of preserving and building 200,000 units in 10 years. These ideas were based on the collective experience of our members and reflected what policy ideas worked and why. Some of our ideas were also part of the Mayor's plan, such as increasing density where appropriate, expediting the environmental review, expanding inclusionary housing and preserving existing affordable housing. Other ideas we presented included the impact of legislative mandates on housing costs, controlling the rising construction costs for housing production, creating other options to create affordable housing in Geographic Exclusion Areas (GEA); permitting off-site affordable housing in selected communities to generate tax or floor area benefits, and establishing



a better balance between the value of the benefit to the builder and the cost of the benefit to the city; encouraging the conversion of underutilized commercial space for housing; aligning the period of the tax benefit with the period of the affordability requirement. Lastly, we have had an in-depth discussion with the administration about the renewal of the 421a which expires in June 2015. This program has been the critical incentive for housing production and needs to be renewed.

MAYOR'S HOUSING PLAN

In early May, Mayor de Blasio released his eagerly awaited housing plan to preserve and build 200,000 units of affordable housing. "Housing New York — A Five-Borough, Ten-Year Plan" outlined the administration's priorities, devoting 60 percent of the units for low income households (between \$42,000 and \$67,000). In addition, 60 percent of the 200,000 will be achieved through preservation; the remaining 40 percent (80,000 units) will be achieved through new construction. The administration will better utilize publicly-owned land and will seek to maximize the amount of affordable units from the benefit programs (tax-exempt financing, tax credits, inclusionary housing) now available. In addition, the city will double HPD's capital budget for housing in the five-year plan. (See the sidebar for more details about the Mayor's plan.)

HIGHLIGHTS FROM "HOUSING NEW YORK — A FIVE-BOROUGH, TEN-YEAR PLAN"

1. CHANGE AND EXPAND THE RANGE OF INCOMES WE SERVE
 - 60% preservation; 40% new construction
 - 8%---Extremely Low---less than \$25,150---less than 30% AMI
 - 12%---Very low---between \$25,150--\$41,950---between 31-50% AMI
 - 58%---Low---between \$41,951--\$67,120---between 51-80% AMI
 - 11%---Moderate---Between \$67,121--\$100,680---between 81-120% AMI
 - 11%---Middle---between \$100,681--\$138,435---between 121-165% AMI
2. REVAMP PLANNING PROCESSES AND LAND USE POLICIES
 - Place-based, community-based planning. Involving the communities at the beginning of the process. This must occur citywide.
 - Accelerating the pre-ULURP and CEQR process.
 - Review parking requirements, transfer of development rights and other rules that have stymied new development.
 - Develop a program to develop small vacant sites.
3. ECONOMIC DIVERSITY: THE CORNERSTONE OF HOUSING DEVELOPMENT
 - Housing must be mixed income — 80/20 has been successful. Develop new models that generate more affordability (50-30-20).
 - Mandate affordability where rezonings unlock substantial new housing capacity.
 - Promote senior, supportive and homeless housing.
 - Promote quality jobs as part of this new development.
4. DEPLOY MUNICIPAL TOOLS AND ASSETS MORE EFFECTIVELY
 - Better utilization of underused publicly owned land.
 - Maximize affordable housing production using 421a, inclusionary housing, low-income tax credits and tax-exempt financing.
5. STRATEGICALLY PROTECT PAST INVESTMENTS
 - Preserve the affordable housing that we have already built from Mitchell Lama to the low income units created through the 80/20 program with simple, flexible tools.
 - More challenging, protect privately owned affordable housing from market-driven rent increases or conversion in changing neighborhoods that would take them out of the affordable housing stock.
6. AGGRESSIVELY PROTECT RENT-REGULATED TENANTS
 - End harassment and probably overleveraging of affordable projects expecting to have sizeable rent increases as the units go to market.
 - Rents are rising faster than incomes, increasing the number of households which are rent burdened. 55 percent of rental households are rent burdened.
 - Stem the tide of deregulation.
7. LEVERAGE TODAY'S FAVORABLE MARKETS
 - Promote building in this low-interest rate environment.
 - Possibly use high-end market rate development to generate revenue to fund affordable housing.
8. INCREASE CAPITAL FUNDING
 - Capital plan will double HPD's annual capital budget in the five-year plan.
 - Funding infrastructure investment to make land available for housing.
 - Use loan securitization to maximize HDC resources.
 - Work with pension funds to leverage private capital.
 - Work with state and feds to identify new resources.



TRANS-HUDSON CONNECTIONS

Investment in the Gateway project and the 7 line connection to Secaucus is vital for several reasons, such as Amtrak's growing demand along the northeast corridor, the increasing number of city workers coming from west of the Hudson, the age and condition of our existing rail tunnels under the Hudson, the need to provide redundancy and resiliency for Trans-Hudson connections, and the lack of capacity at the Lincoln Tunnel and Port Authority Bus Terminal to meet the growing demand for bus commuters and the problems it presents in the Hudson Yards neighborhood. Gateway continues to have the strong support of our members and our local elected officials in Washington. Important steps have been taken in the development of Hudson Yards to accommodate the construction of Gateway.

REBNY has been active in an effort to secure the \$2 million required to fund the next phase of a study to evaluate the cost, the alternatives and the operational issues with extending the 7 line from Hudson Yards to a new multi-modal terminal at the Frank Lautenberg Station in Secaucus, New Jersey. With the suspension of the Access to the Region's Core (ARC) project, the region has lacked a regionally acceptable solution to address the myriad problems as a result of the region's growth and aging infrastructure. Promoting the development of critical Trans-Hudson connections for the northeast and the New York region is essential for our continued growth and prosperity.

UNION CONTRACTS/32 BJ CONTRACT SETTLEMENT

A new four-year contract was reached between SEIU 32BJ and the Realty

Advisory Board for residential building workers. REBNY was pleased with the outcome of these negotiations and what it means for the real estate industry and the city as a whole.

The contract was reached on April 20th, nine days before its expiration. It covers more than 30,000 residential building service employees who work in over 3,000 residential rentals, coops, and condo buildings. The contract includes an average wage increase of 2.71% each year over the four-year contract, or 11.3% total, and brings total wages (not including benefits) for a typical doorman or porter from \$44,389 to \$49,402 by the end of the contract in April 2018.

Building service worker jobs are an important component of the real estate related activity in New York, which accounted for \$15.4 billion in tax revenue last year.

The new contract continues a tradition of providing solid middle-class jobs with good wages and benefits – critical elements to ensuring an economically diverse city. REBNY looks forward to continuing a long-term productive relationship with the hard-working members and leadership of SEIU 32BJ.



ECONOMIC IMPACT

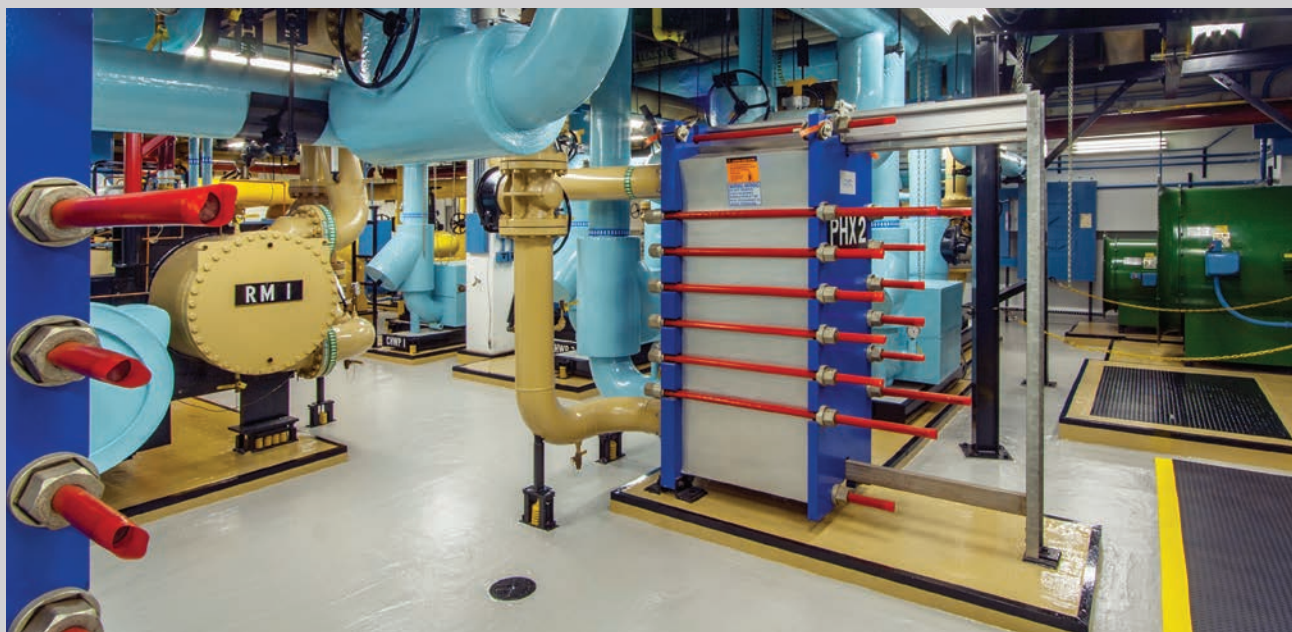
“The Invisible Engine: The Economic Impact of New York City’s Real Estate Industry” was a report commissioned by REBNY and prepared by AKRF. The report identified the annual taxes and the economic activity generated by the real estate industry. We defined the industry as all revenue-generating property, such as residential rental buildings,

office buildings, hotels, retail stores and utility property (excluding real property, transfer and mortgage recording taxes from 1-3 family homes and coop and condo units) and the real estate activity, such as building service workers and real estate brokers, directly associated with real property. In a year, the real estate industry generated \$15.4 billion, or 38 percent of New York City’s tax revenue.

This total was more than personal income tax and sales tax combined. These taxes could pay the city’s entire share of salaries for teachers, police officers, fire fighters, sanitation workers and correction officers, with \$2.3 billion left to fully fund numerous city agencies. (See the following page for more results from the report.)

SUSTAINABILITY

For more than a decade, the real estate community has been working on addressing environmental and sustainability issues. Many leaders in our industry are also leaders in the environmental community in New York City. REBNY’s members have been taking significant concrete steps to reduce emissions, strengthen climate resilience and minimize the effects that their properties have on climate change. Hurricane Sandy exposed a number of vulnerabilities in many buildings all over New York City. Our industry has taken note of these vulnerabilities and has begun to address them. By optimizing our energy usage and continuing to work on green projects, members of our industry are setting an example for all of New York City to follow, and proving what can be possible when a city works to the best of its abilities.



THE INVISIBLE ENGINE: THE ECONOMIC IMPACT OF NEW YORK CITY'S REAL ESTATE INDUSTRY

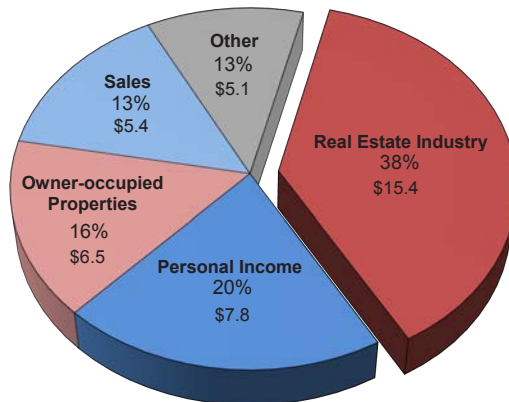
THE INVISIBLE ENGINE: THE ECONOMIC IMPACT OF NEW YORK CITY'S REAL ESTATE INDUSTRY

HIGHLIGHTS FROM THE REPORT

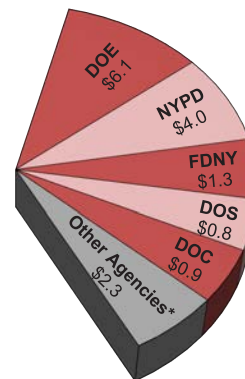
ANNUAL TAXES FROM THE REAL ESTATE INDUSTRY¹

- \$15.4 billion, which is 38% of total NYC taxes collected, is from the real estate industry, including taxes from revenue-generating properties (such as residential rental buildings, office buildings, hotels, retail stores, and utility property; it excludes property and transaction taxes from 1-3 family homes and coop and condo units) and real estate activity
- These taxes could pay the City's entire share of salaries for teachers, police officers, fire fighters, sanitation workers and corrections officers, with \$2.3B left to fully fund numerous City agencies

ANNUAL REAL ESTATE INDUSTRY
SHARE OF NYC TAXES
(\$ in billions)



CITY FUNDED PAYROLL EXPENSES
THAT COULD BE PAID BY REAL
ESTATE INDUSTRY TAXES
(\$ in billions)



* \$2.3 billion remaining can fully fund the following agencies: Parks, Libraries, Homeless Services, Youth and Community Development, and all 5 District Attorney offices

TOTAL ECONOMIC IMPACT² OF THE REAL ESTATE INDUSTRY

- \$106 billion in total economic output
- Approximately 13% of Gross City Product (GCP)
- 519,000 total jobs—representing approximately 11% of the City's total jobs
- \$33 billion in total wages
- \$61,430 = The average salary for a worker directly employed in the real estate industry

¹ Annual taxes include real estate related taxes (property, mortgage, transfer, hotel, and commercial occupancy) from revenue generating property (all properties in Class 3- utility and Class 4- office, hotels, etc. and all residential rental buildings in Class 2; it excludes property and transaction taxes from 1-3 family homes and coop and condo units) and taxes (personal income, sales, corporate and other business taxes) generated by real estate industry activity. Activity includes individuals employed in the real estate industry (e.g. Brokers, property managers) and the goods and services this employment generates.

² Total economic impact is the combined direct, indirect, and induced effect on the local economy, including jobs, wages, and tax revenue and includes construction and non-construction real estate activities.

THE INVISIBLE ENGINE: THE ECONOMIC IMPACT OF NEW YORK CITY'S REAL ESTATE INDUSTRY | HIGHLIGHTS

NEW YORK STATE ISSUES



Albany, State Capitol Building

ATTORNEY GENERAL MEMO ON CONVERSIONS (80/20)

The Attorney General's Real Estate Finance Bureau, responsible for coop and condo offering plans and conversions, issued a memorandum in October that outlines how an owner may seek an exemption to convert mixed income (80/20) buildings to condominiums or cooperatives. REBNY and its members advocated for such a change both to facilitate the conversion of market rate rental housing, which in part would alleviate the shortage of inventory for middle income buyers and preserve the stock of low-income units.

Under Department of Law (DOL) regulations, an owner does not generally have the option to offer for sale only the market rate rental units in an occupied building while continuing to own and

operate the affordable units as income restricted rental (a "partial sales program"). This forecloses a potential means of preserving affordable housing and, potentially, expanding its quantity. Going forward, DOL will use its authority to grant exemptions from these regulations in service of that objective.

Specifically, exemptions will be granted to allow a partial sale program if, and only if, the applicant has obtained the support for the exemption from the relevant housing finance agency (HPD, HDC or HFA) because the conversion will preserve existing affordable housing following the expiration of existing requirements and may add additional income-restricted units — rental or homeownership — to the project. We think that this exemption will benefit the housing market for low and middle-income households.

BROWNFIELDS

The New York State Brownfield Cleanup Program has been one of the most successful environmental remediation and economic development programs of recent memory. 161 Certificates of Completion have been granted by the Department of Environmental Conservation through the program since its inception in 2003, decontaminating hundreds of acres of blighted land.

The BCP was set to expire in December 2015. As a result of successful advocacy by REBNY and several other organizations, the New York State Legislature passed a bill to extend the program through March 2016. In December 2014, Governor Cuomo vetoed the legislation.

REBNY will continue to advocate for a more substantial extension of the program this year as part of the ongoing program reform discussions. We look forward to continuing our conversation with the Governor's office and the State Legislature to put in place a long-term reform of the BCP that will continue to benefit the State and its inhabitants through the effective cleanup of brownfields.

RENEWAL OF ECONOMIC INCENTIVES FOR NEW YORK CITY

As part of the approval of the State Budget, a number of important economic incentive programs were renewed and extended for two years as a result of our support. We have been long-time advocates for targeted economic incentives to spur growth in

critical areas of our city and to partially and temporarily mitigate the high tax burdens in New York City. The following programs were extended: the Industrial and Commercial Abatement Program (ICAP) and the Relocation Employment Assistance Program (REAP), which are citywide programs; the Commercial Revitalization Program (CRP), which is targeted to Lower Manhattan, and the Commercial Expansion Program (CEP), which provides benefits in selected commercial districts in the other boroughs; sales tax exemptions for eligible areas in Lower Manhattan, as well as an energy cost reduction program. These programs have been a catalyst for capital investment and job retention and creation, and critical to economic activity in New York City's high tax environment. (NOTE: ICAP provides tax exemption benefits for commercial, industrial and retail development, new construction or renovation, subject to geographic and use eligibility requirements. REAP provides a 12-year tax credit of \$3,000 per employee for relocating employees from Manhattan to the boroughs and for employees outside the city relocating to Lower Manhattan. CRP provides a tax abatement and a commercial rent tax reduction for five years for firms that sign a lease in Lower Manhattan. CEP provides a tax abatement for tenants in selected geographic locations in the boroughs outside Manhattan. New York State Sales Tax Exemption is available in eligible areas in Lower Manhattan to offset the cost of tenant build out. The Lower Manhattan Energy Program provides tenants that meet the eligibility requirements a rebate in the form of a reduced energy bill.)

SCAFFOLD LAW

New York State's "Scaffold Law", or NYS Labor Law Section 240, contains an absolute liability clause against contractors and property owners for all gravity-related injuries. This provision is directly related to the dramatic increases in general liability insurance costs. For example, the New York City School Construction Authority saw their insurance costs nearly triple following the expiration of their last policy, equivalent to the cost of building 10 new schools.

Under this clause, workers' negligence is not a consideration when determining liability. This absolute liability standard deprives owners and contractors (defendants) the opportunity for a jury trial on the issue of whether the worker's actions contributed to the accident. Plaintiffs are also routinely awarded summary judgment even in instances where the accidents are unwitnessed.

Reform is badly needed. Because of this, REBNY has joined the Lawsuit Reform Alliance in their efforts to implement a comparative negligence standard. This new standard would limit owners' and general contractors' liability to a percentage of the liability

based on their proportional share of the fault.

REBNY is also negotiating with important stakeholders in hopes of resolving this matter, as well as engaging in discussions with the leadership of state legislature, including Assembly Majority Leader Morelle, author of the Scaffold Law reform bill. Our proposed solution would maintain workers' compensation and medical benefits and would permit employees to pursue claims against their employers who were negligent.

STATE BUDGET

For the fourth consecutive year, the New York State Budget was adopted and passed on time in 2014. This is something which has not occurred since the time of Governor Nelson Rockefeller over four decades ago. 2014 was also the fourth consecutive year that spending growth was held below two percent and taxes were not raised. This is a state budget that is very beneficial to our industry and all New Yorkers.

Among the items REBNY ardently supported in the State budget agreement was the extension of economic incentive programs, such



Lawsuit Reform Alliance of New York

Justice. Fairness. Common Sense.

as the Industrial and Commercial Abatement Program and the Relocation and Employment Assistance Program, which were both extended for an additional two years. These programs provide significant economic benefits for eligible projects in New York City. The Commercial Revitalization Program property tax abatement, Energy Cost Savings Programs, Sales and Use Tax Exemptions, and the commercial rent tax reduction were also extended for eligible projects in Lower Manhattan. These programs are incredibly important in attracting new capital investment and jobs to both established and emerging commercial centers throughout the city, such as Lower Manhattan and Downtown Brooklyn.

As part of corporate tax reform, captive insurance entities (or entities that self-insure) would have been taxed as regular businesses, not as insurance companies. REBNY worked on a modification to this provision, which states that captive insurance entities will only be taxed if they are overcapitalized, such as if their assets are greater than their liabilities.

The budget also included funding for statewide, universal, full-day pre-kindergarten, \$1.5 billion in property tax relief for homeowners outside of New York City, the elimination of the bank tax and inclusion of banks in the modified corporate franchise tax (Article 9A), an increase in the exclusion threshold for the estate tax from \$1 million to \$5.25 million (the federal level), and the

lowering of the corporate tax rate to 6.5 percent from 7.1 percent.

TRANSFER TAX REDUCTIONS FOR REITS

Since the early 1990s, with the elimination of the State's tax on the gains derived from certain real property transfers and amendments to the New York City and State Transfer Taxes, Real Estate Investment Trusts (REITs) have facilitated real estate transfers and capital investment in numerous properties, especially in New York City. We have strongly supported those changes as well as a proposed state extension for three more years of the transfer tax reduction for REIT transactions that meet the law's requirements.

VERMICULITE

In November, the State approved two new methods of testing for asbestos within vermiculite. These new methods will continue to protect the public's health and safety and avoid unnecessary abatements. These changes come as a result of close collaboration between some of the world's most respected scientists regarding vermiculite, government officials, REBNY and some of our members most familiar with this issue.

For decades, vermiculite was used for fire protection and replaced asbestos. It was later learned that the type of vermiculite that was mined in Libby, Montana, could be contaminated with asbestos. The Libby mine was shut down due to asbestos contamination.

However, it was unclear how extensive the asbestos contamination was, whether the vermiculite used in New York City's buildings actually contained asbestos, and if so, what percentage of the vermiculite was contaminated.

To address these uncertainties, REBNY hired Dr. Eric Chatfield and Dr. William Esposito, acclaimed environmental consultants and laboratory scientists, to create a testing method to determine the asbestos content of the vermiculite used in buildings. We are pleased to report that as of November 1st, the method of testing for asbestos in vermiculite developed by Drs. Chatfield and Esposito is the only approved non-proprietary method, and the procedure is currently being rolled out to laboratories throughout the state.

FEDERAL ISSUES

TRIA

The Terrorism Risk Insurance Act (TRIA) is instrumental in protecting many businesses from the monumental consequences which can be suffered as a result of acts of terrorism. Without TRIA, there is real concern that projects will be unable to receive or afford insurance coverage which could push these buildings into default on their financing. Likewise, new developments would not be able to secure construction or permanent financing to proceed. TRIA is important to the real estate industry in New York as well as to development projects in other cities and suburban areas across the nation.

Since its enactment there have been no claims filed. TRIA is a prime example of something New Yorkers would rather have and not need than need and not have, and something essential for the stability of New York's real estate market.

We were very disappointed that despite a great effort to extend TRIA in December 2014, issues completely separate from the goal of providing a national backup insurance program for acts of terrorism failed to pass Congress. However, the bipartisan effort to extend this critical program will continue. We will work with both Houses of the new Congress and both sides of the aisle to move a bill, because the economy of our country, well-paying jobs and enormous tax revenues for the nation and local municipalities depend on it.

FIRPTA

In November, the Institute of Real Estate Management, The Real Estate Roundtable, the National Apartment

Association, and many more associations and organizations sent a letter to Senate Majority Leaders Harry Reid and Mitch McConnell urging them to pass the Menendez/Enzi proposal to provide relief from the Foreign Investment in Real Property Tax Act (FIRPTA).

REBNY supported this letter for several reasons.

The Menendez/Enzi proposal includes two critical provisions to mobilize foreign capital for investment in the United States. First, it would remove the tax penalty that FIRPTA imposes on foreign pension funds that invest in US real estate and infrastructure. Second, it would increase the ownership stake that a foreign investor can take in a publicly traded company whose assets consist largely of US real property without triggering FIRPTA liability and extend the provision to certain collective investment vehicles.

Reforming FIRPTA would not only make New York more appealing to investors around the world, but also open up opportunities for job creation here at home.

GSE REFORM

Following the economic downturn in 2008, Congress and the Obama Administration have been working through the Federal Housing Finance Agency (FHFA) in an effort to reform the way Government Sponsored Enterprises (GSEs) such as Fannie Mae and Freddie Mac operate. These organizations are essential in the flow of capital into mortgage products and were not immune from the negative effects

of the 2008 economy. As underwater mortgages and foreclosures increased, they experienced substantial losses, and several proposals have been submitted to rectify this. These proposals range from shuttering GSEs in their entirety, to more modest reforms such as increasing down payments and financing requirements, limiting types and sizes of backed mortgages, shortening term loans, and raising interest rates.

United States Senator Charles Schumer reached out to REBNY to assess the impact of these reforms, both in the multifamily lending market and single family home loans. Representatives from his office have met with our staff and Board Members. As a result of these discussions, Senator Schumer has written a letter to FHFA urging them to avoid implementing further arbitrary reductions or placing caps on Fannie Mae's and Freddie Mac's origination levels and securitization activities with regard to multifamily finance. REBNY will continue to monitor this activity and convey our concerns with any revised reform proposals to Senator Schumer.

ILSA

With the strong and unrelenting support of our federal elected officials and working in partnership with the Real Estate Roundtable, REBNY has succeeded in having the Interstate Land Sales Act (ILSA) amended. This amendment closes a damaging loophole which allowed condominium purchasers to rescind valid purchase contracts.

Originally passed in 1969 to protect consumers from being fraudulently sold property due to misleading

advertising, ILSA was applied to vertical condominiums beginning in the 1980s. Following the real estate market crash in 2008, many prospective purchasers sought to void their pre-crash contract by claiming technical violations of ILSA. The amendment exempts condominium developments from ILSA filing and registration requirements.

Not only did this amendment provide administrative relief from myriad duplicative filings, but the Interstate Land Sales Disclosure Act Update of 2013 also retains ILSA's anti-fraud provisions, ensuring that ILSA can still continue to serve its original purpose.

REBNY commends the leadership of Senator Charles Schumer and Congressmember Carolyn Maloney, along with Senators Dean Heller and Kirsten Gillibrand, and Congressmembers Michael Grimm, Jerrold Nadler and Patrick McHenry in securing passage of this legislation. Finally, our efforts would not have been successful without the hard work of our partners at the Real Estate Roundtable.

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