

A nighttime photograph of the New York City skyline, featuring the Freedom Tower prominently in the center. The city lights are reflected in the water in the foreground.

# THE REAL ESTATE BOARD OF NEW YORK

ANNUAL REPORT 2015

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# YEAR IN REVIEW

This past year was great for the real estate industry, as New York City continued to hold its position as the preeminent global metropolis. An increasing pace of job creation and more new affordable apartments underway than at any time since the Housing Department's mandate began



in 1978, has meant our industry continued to generate a growing percentage of tax revenue for vital city services.

Thirty years ago, crime was rampant, jobs were scarce and vacant lots abounded throughout the five boroughs. Today, New York City is stronger than ever: we have record low crime, record job growth and the quality of our housing stock is the best it has been since the city began tracking its condition in the mid-1960s. The latter is due in large part to Albany's adoption of rent regulation reforms in the 1990s, which encouraged property owners to invest in their properties.

The challenges our city faces today are largely due to its successes. Record-breaking tourism and population numbers have proven New York City is growing faster than anyone had planned. Indeed, all estimates predict another million people moving to Manhattan, Brooklyn, the Bronx, Queens and Staten Island by 2040. The turnaround has been remarkable, but more needs to be done to ensure that all New Yorkers benefit from this global migration.

Today we must focus on building enough housing to meet demand at all income levels—we must build our way out of the affordable housing crisis. Not doing so will mean housing becomes harder to find and, as a result, more expensive.

We face many challenges in this endeavor, the most obvious of which is the scarcity of land, driving prices higher. In addition, our property tax system does not align with our policy goals. For example, we tax multi-family rental buildings at more than 30 percent of the buildings' gross income. And our construction costs are, by far, the highest in the country.

New York City is a city of renters: two-thirds of New Yorkers currently fall into this category. We must build rental housing to ensure that both future and current residents have a place to live. However, as a recent NYU Furman Center report found, the higher construction costs rise, the harder it will be to build rental housing.

We must also invest in our infrastructure to keep up with this level of growth, spearheading projects involving our trains, bridges, streets and grid. REBNY proudly supports smart investments in public transportation, such as the newly opened 7 line extension to the Javits Center and the Gateway Project. Strengthening our transit links to New Jersey is another critical aspect to the future of New York City. Similarly, REBNY is a strong supporter of the rezoning of 1 Vanderbilt and the larger district now under consideration. These actions will modernize the area's office buildings, ensuring that our city remains the world's premier



corporate hub well into the decades to come.

A growing commercial sector, good schools, low crime, strong transportation networks and affordable housing are all factors that will continue to attract more people to the five boroughs, and we must continue to make our city the best place in the world to live, work and raise a family.

In 2015, our industry once again played a major role in the City's approximate \$78.5 billion budget. Last year, 41 percent of all locally-generated tax revenue came from income-producing properties through real estate taxes, transaction taxes, and personal income and sales taxes attributable to real estate activity. That's more than \$15 billion, and it pays the City's share of the salaries for every single police officer, firefighter, sanitation worker, teacher and corrections officer, with about \$2.5 billion left over for parks, libraries and city services that every New Yorker enjoys.

Finally, we sadly lost a former chairman and a great New Yorker in 2015. John Zuccotti was an extraordinary industry leader and served with distinction in both federal and local government. John loved New York City and understood that, more than any other sector, the real estate industry is intrinsically connected to the success of our city. He was a central player in helping New York recover from the brink of financial collapse in the 1970s and from the 9/11 terrorist attacks, and will be missed by a grateful city.

As we move into 2016, we focus on progress, understanding that the success of our endeavors and members means the success of our exceptional city.



**JOHN BANKS**  
REBNY President



**ROB SPEYER**  
REBNY Chairman



# AWARDS

Throughout the year, REBNY hosts several awards ceremonies, breakfasts, dinners and luncheons to celebrate the achievements of its members. Many of our members regularly go above and beyond to make significant contributions to New York City, in fields such as sustainability, development, energy conservation, public safety and many others. REBNY presents numerous awards throughout the year to our members who have shown exemplary skills in each of these areas.

Our awards highlight the leadership, experience and abilities of the talented

men and women who represent the best of the real estate industry. These events also present an opportunity for members of our industry to network, learn from one another and create bonds which often lead to thriving business partnerships in the future. The Residential Deal of the Year event raises funds for charities throughout the five boroughs.

In 2015, REBNY was proud to announce a new award: The Eileen Spinola Award for Distinguished Service. This award will now annually honor a REBNY broker or agent who has made

major contributions to the REBNY community by donating their time, expertise and knowledge in the areas of education, ethics and professional services for the betterment of the real estate industry. The award was named after Eileen Spinola, REBNY's recently retired Senior Vice President of Education and Brokerage Services, who made wide-ranging contributions to the real estate industry during her time at REBNY, and was instrumental in creating many of our committees and programs.

## REBNY 119TH BANQUET



.....  
(L-R) John Banks, REBNY; Jim Whelan, REBNY



.....  
(L-R) Eric Anton, HFF; Bill Montana, Savills Studley; Peter Braus, Lee & Associates

REBNY 119TH BANQUET (CONTINUED)



Barbara Fox, Fox Residential Group



Daniel Kindbergh, Brookfield Property Partners



(L-R) David Harte, Ackman-Ziff; Robert Von Ancken, NGKF; David Robinov, Ackman-Ziff



(L-R) Abbie Newman, Abigail Michaels Concierge; Glenn Spiller, Kensington Vanguard; Rachel Braver, Kensington Vanguard; Brian Cooper, Kensington Vanguard



(L-R) NY City Council Speaker Melissa Mark-Viverito; Rob Speyer, Tishman Speyer

REBNY 119TH BANQUET (CONTINUED)



(L-R) Neil Garfinkel, AGMB Law; Jason Haber, Warburg Realty;  
Larry Haber, AGMB Law



(L-R) Reverend Johnny Ray Youngblood;  
Tunisia Morrison, 99 Solutions LLC



(L-R) Steven Spinola; Mayor Bill de Blasio; John Banks, REBNY



Ray Kelly, K2 Intelligence



(L-R) Jonathan Mechanic, Fried Frank; Michelle Adams, Tishman  
Speyer; Hal Fetner, Fetner Properties



Steven Spinola receives a standing ovation



## REBNY 119TH BANQUET (CONTINUED)



Senator Chuck Schumer

## RESIDENTIAL BROKERAGE AWARDS



### RESIDENTIAL DEAL OF THE YEAR

(L-R) Vickey Barron, Winner of the first Eileen Spinola Award for Distinguished Service, Douglas Elliman; Corinne Pulitzer, Winner of the Henry Forster Award for Lifetime Achievement, Douglas Elliman; John Banks, REBNY President; Eileen Spinola

## RESIDENTIAL BROKERAGE AWARDS



### RESIDENTIAL MANAGEMENT DEAL OF THE YEAR

(L-R) John Banks, REBNY President; Ashley Reidy, Elegran Real Estate & Development, co-winner of the first-prize Rental Award



Tamara Abir, Winner of the Most Promising Rookie Salesperson of the Year Award, Halstead Property

## COMMERCIAL BROKERAGE AWARD WINNERS



### MOST INGENUOUS DEAL OF THE YEAR AWARD

(L-R) Steven Spinola, REBNY; David Lebenstein, Cassidy Turley; William Shanahan, CBRE; Darcy Stacom, CBRE; Woody Heller, Savills Studley; Howard Fiddle, CBRE; Brad Gerla, CBRE; David Carlos, Savills Studley; Ira Schuman, Savills Studley; Steve Alden, Debevoise & Plimpton LLP; Peter Hauspurg, Eastern Consolidated; Andrew Albstein, Goldberg Weprin & Ustin LLP



### RETAIL DEAL OF THE YEAR AWARD

(L-R) Winners of REBNY's 2014 Most Ingenious Retail Deal of the Year: James Downey, Eric Le Goff and Frank Liantonio of Cushman & Wakefield (Michael Rotchford not pictured); with the winners of REBNY's 2014 Most Significant Retail Deal of the Year: Mark Kapnick, Matt Ogle, Corey Zolcinski and Pat Smith of SRS Real Estate Partners-Northeast



### MOST PROMISING ROOKIE OF THE YEAR AWARD

(L-R) James Nelson of Cushman & Wakefield presents Savills Studley's Gabe Marans with the Most Promising Rookie Salesperson of the Year Award



## MANAGEMENT AWARD WINNERS



## COMMERCIAL MANAGEMENT LEADERSHIP BREAKFAST

(Top row, L-R) Kuba Brown, Local 94; Howard Styles, Local 94; Avi Itzikowitz, ATCO Properties & Management; Louis Trimboli, CBRE; Karla Kudatzky, CBRE; Matthew Duthie, Jones Lang LaSalle; Henry Celestino, Bloomberg; Edward Riguardi, Jones Lang LaSalle; Frank Freda, Cushman & Wakefield; John Whalen, Fisher Brothers; Thomas Hill, Boston Properties; Edward Piccinich, SL Green Realty Corp.; Gaston Silva, Vornado Realty Trust; Michael Griffin.

(Bottom row, L-R) Keynote speaker John Miller: On-Site Manager of the Year Award winner Enzo Paternostro, Hines; Porter of the Year Award winner Declan Cannon, The Durst Organization; Commercial Management Executive of the Year Award winner Michael Prunty, Empire State Realty Trust; Security Professional of the Year Award winner Sharon Faulkner, Paramount Group; John M. Griffin Community Service Award winner William Dacunto, Silverstein Properties; Best Engine Room Award winner Jeff Jerman, The Durst Organization; Rising Star of the Year Award winner Daniel Ruanova, Vornado Realty Trust; Large Building Engineer of the Year Award winner Richard Kromar, Boston Properties; Small Building Engineer of the Year Award winner James Hollywood, SL Green Realty Corp; Edward A. Riguardi Commercial Management Executive of the Year Award winner Gene Boniberger, Rudin Management Company; REBNY President John Banks, REBNY



## RESIDENTIAL MANAGEMENT DEAL OF THE YEAR AWARDS

Residential Management Committee



(L-R) Michael Wolfe, Midboro Management; Robert Knakal, Cushman & Wakefield; Leslie Bogen Winkler, Penmark Management LLC

# EVENTS

REBNY continued to host and sponsor several events through 2015. These events included educational classes, expos, luncheons, dinners, awards ceremonies, sports outings and more. Through these events, REBNY members are given new and exciting ways to learn more about our industry, pick up tips from some of real estate's top performers, network with each other, gain experience in their craft or simply enjoy a recreational day outdoors. REBNY understands the tremendous amount of diversity which exists in the world of real estate, and gears its events to reflect that.

Among some of our most popular events are our Members' Luncheons, which feature thought-provoking panel discussions presented by top industry leaders. The Members' Luncheon is also where REBNY presents its Most Promising Commercial Salesperson of the Year Award, granting its recipients a lifetime membership to REBNY's Circle of Winners group, which meets twice a year for a private dinner with industry veterans. Our "Commercial Crossfire" and "Secrets of Top Brokers and Industry Leaders" seminars have also been very well received, with members of the real estate industry attending from

all five boroughs to learn from some of the best-performing real estate agents, brokers and managers in the city.

Moving ahead, REBNY looks forward to providing our industry with these events and more in 2016. One of the most important and effective tools for anyone working in real estate is knowledge, and we take great pride in providing many mediums for our members to become masters of their fields.

## WASHINGTON HEIGHTS & INWOOD OPEN HOUSE



Brokers and house hunters networking during the Uptown Open House Expo information session at Harlem Tavern



(L-R) REBNY's Residential Brokerage Upper Manhattan Committee: Gabrielle Everett, Douglas Elliman Real Estate; Liz Sabosik, Andrews Building Corp.; Angie Hancock, Experience Harlem; Bruce Robertson, The Corcoran Group; Jeanne Oliver-Taylor, REBNY; Althea Ffrench, Triumph Property Group; DeAnna Rieber, Douglas Elliman; Brian Phillips, Douglas Elliman

## COMMERCIAL BROKERAGE HOLIDAY LUNCHEON



NYC Deputy Mayor Alicia Glen

## MEMBERS' LUNCHEON



(L-R) John Banks, REBNY; Mary Ann Tighe, CBRE; Kevin Wang, KRW Realty Advisors; MaryAnne Gilmartin, Forest City Ratner; Tim Callahan, Callahan Capital Properties; David Levinson, L&L Holding Company

## COMMERCIAL "CROSSFIRE"



(L-R) Jay Wright, The Wright Fit; Rocco Laginestra, CBRE; Ryan Simonetti, Convene; Michael Goldman, Brookfield Property; Eldon Scott, Urbanspace



REBNY's Commercial Crossfire, "Amenitize or Perish: Rise of the Full Service Office Building."



### RESIDENTIAL BROKERAGE SECRETS OF TOP BROKERS AND INDUSTRY LEADERS SEMINAR



(L-R) Neil Garfinkel, AGMB Law; Nicole Beauchamp, Engel & Volkers; Elise Ehrlich, Halstead Property; Steven James, Douglas Elliman; Douglas Wagner, Bond New York



(L-R) Cathy Taub, Stribling & Associates; Bill Cunningham, The Corcoran Group; Louise Phillips Forbes, Halstead Property; Diana Diaz, Argo Residential; Corinne Pulitzer, Douglas Elliman; Barry James Brandt, Argo Residential (Not pictured: Stuart Saft, Holland & Knight)

# BROKERAGE COMMITTEES

REBNY committees create highly focused learning environments for our members to share ideas and network with others in their specific fields of expertise. Today, REBNY has over 40 committees, each of which represents a different area of concentration. In 2015, REBNY added the Upper Manhattan & Bronx Committee along with the Queens Commercial Committee. These two new committees have met regularly to discuss market trends, inventory, and to better understand the trajectory of the overall marketplace.

This year also marked the retirement of Eileen Spinola, REBNY's Senior Vice President for Brokerage Services and Continuing Education. During her tenure, Eileen Spinola helped grow REBNY's presence throughout New York City and was instrumental in the creation of many of the REBNY committees which now meet regularly throughout the year and host myriad events. Her successor, Joseph Barbaccia, is actively ensuring that REBNY's committees continue to grow and thrive. REBNY looks forward to continuing to foster the growth of its residential and commercial brokerage committees through 2016 by giving them the tools and resources to hone and enhance their skillset in the marketplace.



COMMERCIAL BROKERAGE SEMINAR "GOING LONG ON LIC"

(L-R) David Robinov, Ackman-Ziff; Steve Klein, Brickman; Mitchell Arkin, Cushman & Wakefield; Andrew Levin, Boston Properties; David Brause, Brause Realty



SALES BROKERS MEETING

Woody Heller, Chair of the Sales Brokers Committee, addresses the committee at a sales brokers meeting



COMMERCIAL BROOKLYN COMMITTEE

(L-R) David Ehrenberg, Brooklyn Navy Yard; Aroza Sanjana, Sotheby's International Realty; Joe Barbaccia, REBNY; Juliana Brown, The Corcoran Group; Anthony Williams, The Corcoran Group



COMMERCIAL UPPER MANHATTAN COMMITTEE

(L-R) Upper Manhattan Committee Chairs Charlie Lewis, Warburg Realty, and Brian Phillips, Douglas Elliman



RESIDENTIAL BROKERAGE QUEENS COMMITTEE

Elizabeth Lusskin of the LIC Partnership delivered a sparkling presentation to the REBNY Residential Queens Committee this year

(L-R) REBNY Residential Brokerage Queens Committee Co-Chairs Miles Chapin, Warburg Realty Partnership and Christopher Austad, Douglas Elliman, with REBNY's SVP for Brokerage Services & Education, Joseph Barbaccia — at Linc LIC



# EDUCATION

In 2015, REBNY continued to offer its numerous continuing education classes, lectures and seminars. Throughout the year, we host over 90 on-site courses, more than two-thirds of which are continuing education and license-qualifying courses necessary for real estate agents to practice their trade as efficiently as possible. These courses also allow brokers and salespersons to fulfill the 22.5 hours of continuing

education credits that must be taken every two years to maintain a New York State real estate license.

REBNY's Seminar Committee also once again hosted this year's Sales Agent Boot Camps, Breakfast Clubs and Commercial "Crossfire" events, which provided our members with opportunities to not only learn what is going on in the real estate industry,

but also about what today's trends can mean for the future. With growing activity in several areas of Brooklyn and Queens, both residential and commercial, REBNY held several seminars in 2015 focusing specifically on outer boroughs, such as the "Sales Agent Boot Camp: Brooklyn Overview" and the Commercial Brokerage seminar, "Going Long on Long Island City".



BREAKFAST CLUB

(L-R) Jeff Dodler, Town Astor; Leigh Godwin, The Corcoran Group; Jacob Sacks, Cayuga Capital Management; Susi Yu, Forest City Ratner; Joseph Kohl-Riggs, The Hudson Companies; Thomas Wiggins, Citibank



BREAKFAST CLUB

(L-R) Susi Yu explaining what Brooklyn developments will look like in the future



SALES AGENT BOOTCAMP

Douglas Elliman's Vickey Barron spoke at one of our most well-attended Sales Agent Boot Camps this year, titled "Cost of Doing Business: Put Your Hand In Your Pocket & Build Your Net Worth". REBNY members came from all over the city to hear Barron's tips and tricks on building their businesses on their own.



SALES AGENT BOOTCAMP



### RENTAL CLINIC

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Douglas Wagner, Bond New York, and Karla Saladino, Mirador Real Estate (Speaker)

Karla Saladino of Mirador Real Estate spoke at one of our many Breakfast Club seminars, “Pitching Landlords and Developers for Exclusive Listings”. During her presentation, she gave REBNY members important advice on how to make themselves as valuable as possible to landlords, and how to optimize their listing visibility.

Among the strategies she explained was using either StreetEasy or REBNY’s RLS system, either of which would grant increased visibility and result in more activity on those listings.



### RENTAL CLINIC

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Karla Saladino (Mirador Real Estate) teaches REBNY members how to pitch to landlords for exclusive listings



#### VIDEO – TRANSPORTATION

At 2015's Annual Banquet, REBNY presented a video highlighting the impact of New York City's regional transportation network and its importance to our industry. This video also included a preview of the new 34th Street – Hudson Yards subway station, the first city-funded expansion of the New York City subway system. The amazing accomplishment that this new subway station represents underscores the importance of our industry collaborating with government and leveraging resources to fund the transport system that New Yorkers rely on every day. The extension of the 7 line serves as a new gateway to Midtown West, providing New Yorkers with direct access to the Javits Center, the High Line, to Hudson Yards, and more.

The video also addressed what is being planned for the future of New York's transportation network, and what needs to be done to accommodate our city's growth. New York's future prosperity depends on our ability to move its people around the city quickly and efficiently, and while it is critical that we maintain our current system, we must also have the will to modernize and expand the network for a greater tomorrow.



# MEMBER SERVICES

## “HOW TO” SERIES HIGHLIGHTS

The REBNY: How To Series has been in production for over a year. With more than 27 short videos, we encourage on-demand learning in a number of cross-functional areas related to real estate. A few of our key topics are Understanding Ethics or The Law of Agency in Real Estate

with Sam Irlander of Parker Madison Partners Inc.; Setting Communications Expectations with Nicole Beauchamp of Engel & Volkers New York Real Estate LLC; Building Sustainability: The Di-BOSS Story with John Gilbert of Rudin Management Company; and Surviving the Winter Rental Season with Douglas Wagner of

Bond New York. We continuously receive positive feedback from our presenters and learners alike. If you have an idea for a REBNY How To video or would like to participate, please contact Amanda Wood, Vice President for Digital Media and Technology, at [awood@rebnym.com](mailto:awood@rebnym.com).

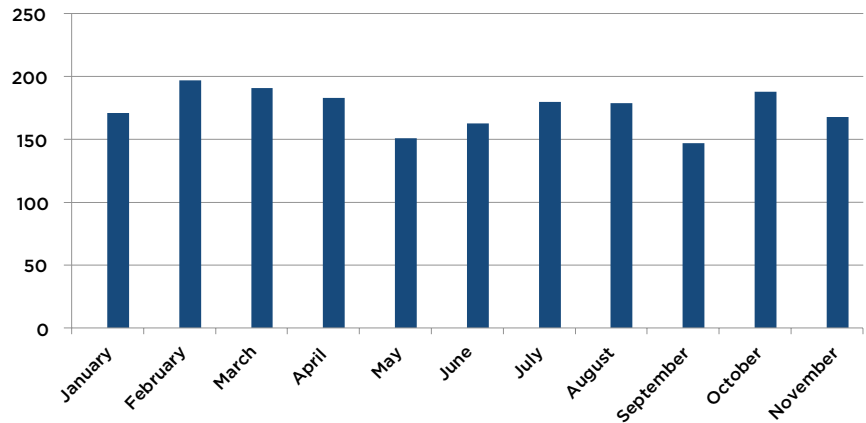


### LEGAL LINE

For over nine years, REBNY Broker Counsel, Neil B. Garfinkel, Esq., has been hosting the REBNY Legal Line. The Legal Line is available to REBNY members on a daily basis and is one of the most valuable services that REBNY offers. Mr. Garfinkel has been an indispensable resource to any member in need of the acquisition and/or verification of legal and real estate brokerage information. He also regularly assists in interpreting issues regarding current events in today's real estate world, such as how the new TILA-RESPA Integrated Disclosure rule ("TRID") affects the real estate closing process.



2015 Calls Per Month



This year, the Legal Line averaged 175 phone calls and emails per month. This continued communication between REBNY Broker 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.

Mr. Garfinkel also continued to issue the very popular Legal Line Question of the Week, a weekly e-newsletter distributed to REBNY members, which highlights a legal issue pertaining to

our industry and gives an in-depth and concise explanation of it. The Question of the Week addressed a variety of residential and commercial topics, including flip taxes, Marketing Service Agreements, window guard requirements, commissions, carbon monoxide and smoke detector requirements, rent security deposits, preferential rents, broker price opinions, mold remediation, holdover clauses in commercial leases, real estate tax escalations, and heat requirements in commercial leases.

### REPORTS

REBNY continues to provide timely and well-represented reports on all aspects of the market. Our citywide residential sales report, which includes sales information by borough, neighborhood and property type, was a valuable source of information for the City's analytical work for its Mandatory Inclusionary Housing Program. As the real estate market faces a changing interest rate environment, our quarterly Broker Confidence Index is becoming a more significant measure of confidence in the market.

The retail market is expanding rapidly throughout all five boroughs, while at the same time, retail sales show signs of slowing down. Our Manhattan retail report has been a critical source for measuring changes in the retail industry and has become

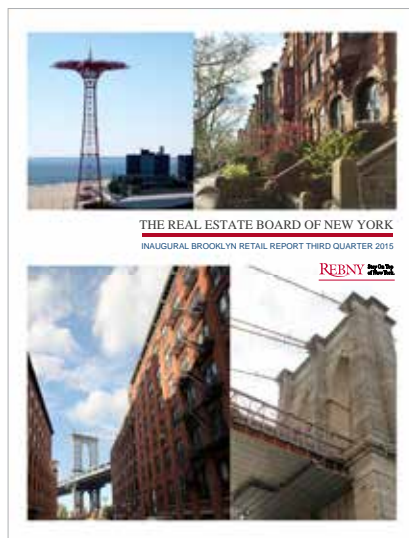
an indispensable tool for owners, tenants and brokers engaged in retail real estate. With the growth of retail activity in the outer boroughs, we launched our Inaugural Brooklyn Retail Report in the third quarter of 2015. This semi-annual report, modeled on our successful Manhattan report, was extraordinarily well-received by both our members and the media. There is growing anticipation of our second report, which will enable users to identify trends in the marketplace over time. Both our Manhattan and Brooklyn Retail Reports are made possible due to the commitment and support of the members of their respective Advisory Groups, who assist us with the voluminous analysis of asking rent information we receive from our Retail Committee members and our Brooklyn Committee members.

### REBNY LISTING SERVICE

REBNY's state-of-the-art Residential Listing System (RLS) successfully completed its second year of operation and is finalizing plans to greatly expand the services and products offered to members of the residential brokerage community.

This includes the following:

- RLS has contracted with Bridge Interactive and ListHub to begin offering residential brokerages to use of the RLS feed to syndicate listings to third-party websites—providing agents and consumers with more consistent, accurate and timely information.
- In order to maintain a high level of accuracy and compliance with various laws, rules and regulations, RLS has contracted with CoreLogic to develop a listing compliance tool. This system will be beta tested throughout 2016 before its implementation.





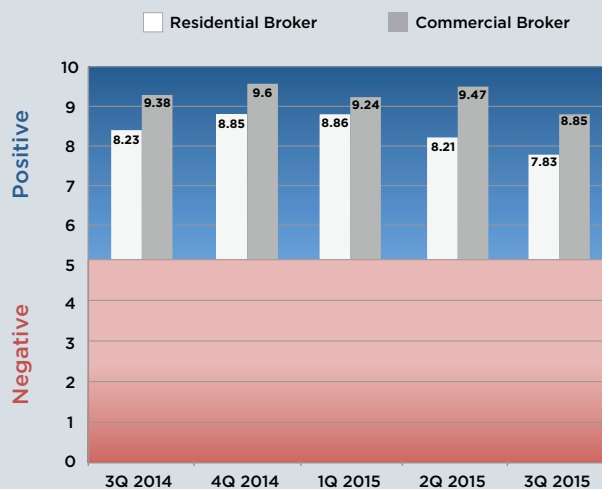
- The RLS began offering Internet Data Exchange (IDX) to its members, allowing residential brokerages the ability to advertise their listings on the websites of other member firms.
- Working with members of REBNY's Rental Committee and many of the city's major rental owners, the RLS is working to expand its coverage of New York City's active rental marketplace.



#### BROOKLYN RETAIL REPORT LAUNCH

REBNY President John Banks and REBNY members meet with reporters to discuss our first-ever Brooklyn Retail Report. The study analyzed ground floor asking rents in the borough's top retail corridors. The Brooklyn Retail Report serves as a guide to better understand Brooklyn's fast growing retail leasing landscape.

## REBNY BROKER CONFIDENCE INDEX



- The Confidence Index has a range of 0 to 10.
- An index above 5 indicates that brokers are confident in the market; more brokers responded positively than negatively to the survey questions.
- An index below 5 indicates that brokers are not confident in the market; more brokers responded negatively than positively to the survey questions.
- An index of 5 indicates that positive and negative responses were equal.


# PHILANTHROPIC ACTIVITY

Through the selfless contributions of our members, REBNY has continued its mission of not only giving back to the real estate community, but giving back to New York City. By raising money through services such as the Members in Need Fund and the REBNY Foundation, we were very successful this year in continuing to donate money to several groups and charities all over the city. One of our most celebrated events of the year, the Residential Deal of the Year Gala, raised over \$17,500 in raffle ticket sales and private donations for the Members in Need Fund, which once again provided financial grants to REBNY residential brokers and salespeople who were experiencing difficulties due to an unexpected illness or hardship. The REBNY Foundation, which receives its funding through events such as the Pro-Am, the Annual Banquet and others, provides relief for victims of natural

disasters and donates to organizations which provide housing and services to New Yorkers in need. Last year, the REBNY Foundation supported the Mayor's Fund to Advance New York City to provide housing for the families displaced following East Harlem's gas leak explosion, and is currently working to help end veteran homelessness through donations of both funding and apartment spaces.

REBNY also donated \$25,000 to the New York City AIDS Memorial this year, a coalition founded in 2011 dedicated to recognizing and preserving the ongoing history of the AIDS crisis.

For the seventh year, REBNY held its Annual Summer Donation Drive, this year partnering with Coalition for the Homeless. The nation's oldest advocacy and direct service organization helping homeless men, women and children,



WE'RE LOOKING TOWARDS THE FUTURE  
We are seeking to help those in their  
earliest time of need

ANNUAL SUMMER DONATION DRIVE 2015

REBNY is partnering with the **Coalition for the Homeless** for REBNY's 7<sup>th</sup> Annual Summer Donation Drive

"The Coalition for the Homeless is the nation's oldest advocacy and direct service organization helping homeless men, women and children, including the very young - those that are infants and toddlers. In the past year alone, an astounding 1,800 moms in New York City gave birth - only to then bring their cherished newborns 'home' to a shelter."

**HOW TO DONATE:**  
Donations may be dropped off any time during the hours and dates listed below.

**DATES:**  
Friday, June 12<sup>th</sup> through Tuesday, September 15<sup>th</sup>

**TIMES:**  
Monday - Thursday 11:00 a.m. - 4:00 p.m.  
Friday 11:00 a.m. - 2:00 p.m.

**COLLECTION BOX LOCATION:**  
REBNY Reception Area  
570 Lexington Avenue (at 51<sup>st</sup> St), 2<sup>nd</sup> Floor

To make a monetary donation, please contact [Taylor@REBNY.com](mailto:Taylor@REBNY.com)

**ITEMS IN NEED:**

- Diapers (Swaddlers)
- Diapers (sizes 1-6)
- New bottles
- Baby wipes
- Pouch/Portable Style Baby Food (ex. Ella's Kitchen)
- Teething and pacifiers
- New onesies, booties and socks
- New outfits (from newborn to 3T)
- Educational toys
- Building Blocks (such as Duplo)

**We are looking to make a BIG impact by providing small items...**

**coalition for the homeless**

Thank you. We look forward to your donations!

REBNY



(L-R) Jeanne Oliver-Taylor, REBNY Vice President of Brokerage Services; Ruth McCoy, Executive Vice-President, Managing Director of Sales, Brown Harris Stevens; Sarah Murphy, Director of Development, The Coalition for the Homeless



(L-R) Jeanne Oliver-Taylor, Vice President of Brokerage Services, REBNY; Sarah Murphy, Director of Development, The Coalition for the Homeless; Ruth McCoy, Executive Vice-President, Managing Director of Sales, Brown Harris Stevens



Coalition for the Homeless's mission is to make a big impact by providing small items, which is what REBNY and its members worked together to provide. This year, REBNY provided hundreds of books, diapers, articles of clothing, bottles, toys and baby food to Coalition to the Homeless, in addition to a monetary donation of \$1,730.

REBNY also hosted its 28th Annual Pro-Am Tennis Tournament, which not only gave members a recreational opportunity to play tennis against each other and some of the city's top tennis players, but also raised proceeds for the Gift of Life Bone Marrow Foundation in honor of Wendy Siegel, our friend and colleague who is now recovering from leukemia through the help of the Gift of Life Foundation.

#### REBNY 28TH ANNUAL PRO-AM TENNIS TOURNAMENT



(L-R) Grand Prize Winners Stephen Berliner, Savills Studley; with Jonathan Mechanic, Fried Frank, and Jared Palmer

#### REBNY 28TH ANNUAL PRO-AM TENNIS TOURNAMENT



Participants at REBNY's 28th Annual Pro-Am Tennis Tournament, "A Day with the Champions", at Sportime Randall's Island



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

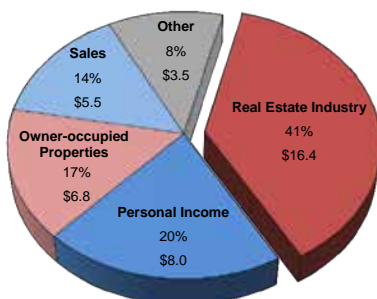
## THE INVISIBLE ENGINE: The Economic Impact of New York City's Real Estate Industry

### HIGHLIGHTS FROM THE REPORT

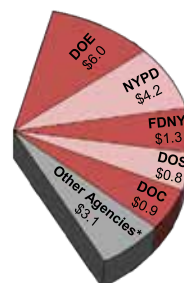
#### ANNUAL TAXES FROM THE REAL ESTATE INDUSTRY<sup>1</sup>

- \$16.4 billion, which is 41% 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
- The \$16.4 billion in annual taxes from the real estate industry increased by 6% from last year; the 41% share of total New York City taxes is 3 percentage points higher than last year
- These taxes could pay the City's entire share of salaries for teachers, police officers, fire fighters, sanitation workers and corrections officers, with \$3.1B 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)



\* \$3.1 billion remaining can fully fund the following agencies: Parks, Libraries, Homeless Services, Youth and Community Development and all 5 District Attorney offices

#### TOTAL ECONOMIC IMPACT<sup>2</sup> OF THE REAL ESTATE INDUSTRY

- \$116.1 billion in total economic output, an 8% increase from last year
- Approximately 12% of Gross City Product (GCP)
- 553,900 total jobs, a 7% increase from last year
  - 16% = The increase in direct employment in the construction industry compared to last year
- \$35.6 billion in total wages, a 7% increase from last year
  - 13% = The increase in direct wages in the construction industry compared to last year
- \$62,500 = The average salary for a worker directly employed in the real estate industry

<sup>1</sup> 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.

<sup>2</sup> 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.

Prepared for:



Prepared by:



# NEW YORK CITY ISSUES

## EAST MIDTOWN STEERING COMMITTEE

The second step in the revitalization of Midtown East was the establishment of a Task Force, chaired by Council Member Daniel Garodnick and Manhattan Borough President Gale Brewer. The goal of the Task Force was to develop a plan for the rezoning of Midtown East that would revitalize the area as an office district and enhance the public realm, which would include improvements to the rich and diverse transit network as well as the pedestrian experience, with sidewalk widening and new, appealing open space. In addition, the plan should both protect the area's historic resources and provide opportunities for existing landmarks to transfer their unused development rights. The plan was to reflect a consensus of the Task Force, which was comprised of community (community board members) and business (Business Improvement Districts) representatives, preservation advocates, real estate representatives (REBNY) and labor. The plan, which was released in the fall of 2015, reflects this consensus. Although there are aspects of the plan which individual members would disagree with, the overall benefits of the plan outweighed their concern on any one issue. The City has begun the lengthy process of transforming this plan into zoning text and preparing the appropriate environmental analysis of this important and complex plan. By the end of 2016, we expect that the rezoning of the greater Midtown East area will begin the seven-month Uniform Land Use Review Procedure (ULURP).

## VANDERBILT REZONING

REBNY was a strong and reliable advocate for the successful passage of the Vanderbilt Corridor rezoning, which permitted new high-density commercial development along Vanderbilt Avenue between 42nd and 47th Streets. To take advantage of the higher "allowable" density, new developments must purchase air rights from a landmark within the area or make transit improvements to "earn" the additional floor area. This rezoning was initiated as part of a two-step reconsideration of the Midtown East rezoning proposal that was withdrawn at the end of 2013. The approval of this rezoning permits 1 Vanderbilt—a 1.7 million SF office building—to proceed, which will be an important catalyst for the Vanderbilt corridor and the greater Midtown East neighborhood.

## ZONING FOR QUALITY AND AFFORDABILITY, MANDATORY INCLUSIONARY HOUSING

The ULURP process began at the end of the summer for three items which are crucial components for the City's Five Borough Affordable Housing Plan: Zoning for Quality and Affordability (ZQA), Mandatory Inclusionary Housing (MIH) and a rezoning for East New York. The East New York rezoning will be the initial area in which the Mandatory Inclusionary Housing will be required as part of new housing development. REBNY has supported these initiatives and has provided extensive comments on ZQA and MIH. ZQA provides modest, but helpful, technical changes to the zoning text that would improve the quality and increase the quantity of affordable housing in contextual

districts around the city. MIH is a more dramatic change to the city's inclusionary housing program. If approved, these changes will be "mapped" and apply to areas the City rezones, such as East New York. Other areas presently being studied by the City to rezone for housing include East Harlem, the South Bronx and approximately 12 other locations citywide. The City has indicated that the MIH would also be applied to private rezoning applications.

REBNY's primary concerns lie with the application of MIH. The City's rezoning in most cases is expected to increase allowable floor area by 100%, justifying in part its mandate that new development set aside a percentage of this development as affordable housing. In contrast, private applications are not likely to increase the amount of development permitted on a site or in an area by this large a percentage. In some cases, there may not be any floor increase at all, only a change in permitted use, such as going from industrial to residential. In these cases and other similar circumstances, mandating affordable housing as a condition for the rezoning may be an insurmountable economic obstacle to new residential development under the new zoning. Lastly, the economic viability of MIH has been based on the availability of the new 421a program that was approved in June 2015. If a wage agreement is not reached between labor and the real estate industry, the program would be suspended. A lengthy suspension of 421a would impact the immediate effectiveness of the MIH program.

## LANDMARKING

Over the past few years, REBNY has focused on the analysis of publicly available data to illuminate the public policy impacts of historic district designation. This data has been a groundbreaking and critical aspect of the public policy discussion about these land use actions. As a result of the high regard for our work, REBNY was invited to present its findings on the impact of historic district designation on housing and affordable housing production at a conference held by the Society of Architectural Historians in Chicago. At this event, REBNY's strong and solid work in this area rebuffed the criticisms of some members of the Society who were unfamiliar with the data-based analysis we provided that clearly demonstrated the extensive designation of large areas of the city with historic district designations could have potential adverse impacts on other important public policy goals such as housing and affordable housing.

In a more recent report, made possible by the release of detailed rent regulation information, REBNY was able to analyze the claim made by preservationists that historic district designation preserves rent regulated housing, thereby keeping New York affordable. Our report, "Rent Stabilized Units on Landmarked Properties", showed that the decline in the number of rent-regulated apartments located within New York City's landmarked properties was four times higher than in non-landmarked parts of the city. In response to the radical zoning proposals by community groups to curtail tall towers, REBNY convened a



Grand Central Terminal

roundtable discussion with an architect, architectural historian, urban planner, environmental scientist and zoning consultant to review and respond to the criticism of the towers and the rules governing their development. Our report on this discussion, "The Latest Generation of Towers: Tall, Slender and Mostly Residential", gathered the remarks of the participants who concluded that the criticism directed at the latest generation of towers ignored the history of development and zoning in New York, overlooked the zoning rules that applied to the building of towers, dismissed the economic benefits from these projects, and was in many instances misleading. The release of the report coincided with a City Council hearing on this topic and provided critical balance in the coverage of this hearing.

Working with a coalition of property owners from the Madison Square North area, REBNY guided the

preparation of a report by Civic Visions, an entity that prepares and evaluates reports on architectural history and preservation, which critically reviewed a report submitted by a neighborhood association that would have more than doubled the size of the Madison Square North Historic District. The Civic Visions report noted that more than half of the properties in the proposed extension lacked historic significance (such as parking lots) or were historically inaccurate (such as neglecting to disclose the removal of whole floors from a building which was claimed to be architecturally significant). As a result of these efforts and the media attention to this matter, REBNY believes that the case was seriously weakened. Shortly thereafter, the LPC notified the association supporting designation that it concluded that the area lacked merit for designation. This was a rare, but welcomed, direct and explicit rejection to a request for designation.



### LANDMARKING TIMELINES

The City Council held a public hearing on Intro 775, which would establish timelines for the Landmarks Preservation Commission (LPC) to act on an item calendared for designation. At the time of the bill's introduction, the LPC had more than 3,000 items calendared and not acted upon—some of which had been on the calendar for almost 50 years. The bill would place a one-year timeline on individual landmarks that are calendared and a two-year timeline on historic districts. In addition, items not acted on or rejected by the LPC could not be reconsidered for five years, which has been referred to as a moratorium. REBNY has been a longtime advocate for the establishment of timelines for the LPC, and, in advance of the hearing, organized a broad and large coalition of supporters to testify in support of the legislation. Local press, including the New York Times, also supported the bill. The bill's sponsors have indicated a willingness to amend the bill to address concerns raised by the administration and some of the bill's supporters. These potential changes include extending the timelines for LPC action and modifying the moratorium provision.

### TIMES SQUARE

There has been considerable amount of news and attention regarding the performers and costumed characters in Times Square, particularly surrounding their impact on the quality of life in the area and on the retail and office tenants located there. REBNY worked closely with members directly affected



by this activity and other organizations, particularly the Times Square Alliance, to address this urgent problem. We think there are a number of effective and legal solutions to these problems that would protect and balance the rights of the individuals and the public good.

### COOLING TOWER REGULATIONS

Following a series of deaths during the summer, the City and State introduced legislation and emergency regulations, respectively, requiring the registration, testing, maintenance of and reporting on cooling towers. REBNY worked with our membership and experts in the field to advise both the NYS Department of Health and the NYC Department of Health and Mental Hygiene on their approaches. We also facilitated their outreach to our membership and coordinated informational seminars to educate our members. We expect both departments to release their final cooling tower regulations in early 2016.

### HOTEL CONVERSION LAWSUIT

The City enacted a two-year moratorium on Manhattan hotels with more than 150 rooms on the conversion of more than 20 percent of their hotel square footage to another use. REBNY strenuously opposed this legislation as unnecessary and flawed. Hotel employment has been rising steadily and the construction of new hotels has risen dramatically. There has been no harm to the hotel industry from the limited conversions of hotel rooms to other uses, mostly residential. We noted in our opposition that this restriction on hotels should go through the City's Uniform Land Use Review Procedure (ULURP) and be subject to an environmental assessment. Further, the stated goal of the legislation—placing the burden on hotels to preserve good paying hotel jobs—constituted a taking of real property without legitimate public purpose. This new law, in both its substance and method of enactment, raised significant issues for the industry that needed to be addressed and that could only be addressed through litigation. In the fall of 2015, REBNY filed a lawsuit maintaining that the City Council exceeded its authority under the Charter, usurped the authority of the powers of the City Planning Commission and abdicated its responsibility to comply with the State Environmental Quality Review Act. The lawsuit also maintained that the law is not related to a legitimate public purpose and is thus a taking under the federal constitution.

### ILLEGAL CONVERSIONS

The issue of illegal conversions and the subletting of apartments through services such as Airbnb continued to be a highly controversial topic in 2015. Among concerns such as safety, legality and profiteering, REBNY highlighted yet another issue regarding these services this year: liability.

In June, the New York City Council proposed legislation which would increase the penalty amount the Department of Buildings (DOB) can issue when an owner is found to have illegally converted a dwelling unit that is classified for permanent residential use. Due to the considerable safety issues that can arise when an apartment is illegally rented to another party, REBNY testified in favor of this legislation, but recommended that it be revised to specifically state that the responsibility of paying the ensuing penalties be placed on the person or persons who initiated the conversion. In many instances, dwelling units are placed on Airbnb and other websites without the landlord's or owner's knowledge, and in order for this bill to achieve its desired goal, REBNY stated that it is imperative to hold the liable party responsible for penalty payments.

### AFTER-HOURS CONSTRUCTION

REBNY has vigorously opposed a City Council bill introduced a few years ago which would severely limit the authorization of construction work outside regular business hours. City Council Intro 17 would be a significant departure from the current practice, in which the Buildings Department grants approval for work outside regular business hours. This legislation would ultimately create more disruption and inconvenience in the city's neighborhoods than it would alleviate, which is the bill's goal. Work is deemed after-hours if it is before 7 a.m., after 6 p.m., or on weekends. Many after-hours permits are issued to address other city priorities, such as avoiding lane closures for the delivery of construction cranes or HVAC equipment during high-traffic periods or during the week. The restrictions in this bill could increase the time to complete construction, thus extending the inconvenience to the neighborhood that the construction may cause. We have assembled a coalition of supporters who would be adversely impacted by this proposal and will continue to convey our concerns to the City Council leadership.

### SUSTAINABILITY WORKING GROUP

In September 2014, Mayor de Blasio announced New York City's commitment to an 80% reduction in Greenhouse Gas (GHG) emissions by the year 2050 (80x50). In order to determine the best path to the 80x50 GHG reduction goal, the City launched the One City: Built to Last Technical Working Group (TWG) at the beginning of 2015. The TWG has met regularly since its start and will be producing a report by the end of the year based on discussions to help guide New York City to the 80x50 GHG reduction goal. REBNY continues to work with the Mayor's Office of Sustainability and the Urban Green Council to lead TWG discussions. REBNY has met with Bill Goldstein, Mayor de Blasio's Senior Advisor for Recovery, Resiliency and Infrastructure, to discuss desired outcomes from the TWG.

### TRANSPORTATION

Two important REBNY transportation initiatives had important achievements this year. The first is the official opening of the 7 Line extension to 34<sup>th</sup> Street. This subway connection is the critical component in the successful development of Hudson Yards. Similarly, there is growing interest to address the need for the planned, but not built, subway station at 41<sup>st</sup> Street and 10<sup>th</sup> Avenue, which was part of the original plan for the extension. The

announcement by the Governors of New York and New Jersey that they would fund half of the \$20 billion cost for the Gateway tunnel under the Hudson River was welcomed and uplifting news, not only for the Amtrak passengers that it would serve, but for the regional rail commuters who will now see the opportunity to repair the existing tunnels that serve New Jersey Transit riders. Though we have a long way to go, this announcement was an extremely important start.



### LOCAL 32BJ & RAB LABOR AGREEMENT

The Realty Advisory Board on Labor Relations (RAB) announced in December that it reached a tentative four-year labor agreement with SEIU Local 32BJ, the union representing the commercial building service workers in Manhattan, Brooklyn, Queens and Staten Island.

The tentative agreement includes an average wage increase of 2.69% each year over the four-year contract, and will bring total wages (not including benefits) for a typical office cleaner from approximately \$49,760 to \$55,324. It also includes a renewed commitment by each side to collaboratively find additional cost savings and efficiencies to continue keeping health care costs down. The contract will extend until December 31, 2019.



# NEW YORK STATE ISSUES



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This year, REBNY had an extremely active and highly successful legislative session in Albany with the extension of the Brownfields Program, the Coop/Condo Abatement, the Economic Incentives for Lower Manhattan and the Boroughs, the 421a Partial Tax Exemption Program, the Rent Regulations Program, J-51 and the Loft Law.

As part of the adopted State Budget, the Brownfield Clean-up Program was extended for 10 years with amendments to limit the cost of the program and target benefits toward affordable housing. We successfully lobbied to retain the benefits for the clean-up of brownfield sites and the targeting of the economic development incentive credits towards affordable housing projects. The new law includes the creation of a voluntary clean-up program which will facilitate the clean-up of development

sites for which tax credits are not sought and an expeditious sign-off is more important.

At the end of the state legislative session in June, the state enacted a number of bills important to our industry.

## ATTORNEY GENERAL REGULATION REGARDING CONVERSIONS

Among REBNY's important accomplishments in 2015 was the implementation of changes in the Attorney General's regulations for partial building sales for conversions. Previously, Attorney General regulations had prohibited the option to sell only the market rate units in a conversion of a rental building with affordable units. Under the new regulations, the Attorney General's office would use its authority to grant exemptions from these regulations if the sponsor obtained support for

the exemption from the relevant housing finance agency because the conversion would preserve and possibly increase the number of income restricted units in the projects. This change is expected to facilitate the conversion of mixed income rental projects whose tax exemption benefits are expiring but whose restrictions on the affordable units remain in place.

## 421A PARTIAL TAX EXEMPTION PROGRAM

The 421a program has been extended to June 15, 2019, with significant changes to require affordable housing production as a requirement for the benefit. REBNY had an integral role in the development of the structure of the benefits of the new program whose provisions are outlined below.

The new program, which is expected to take effect in 2016, would require any rental project in the city that receives 421a to provide on-site affordable housing. Below are the three options an owner may select:

### AFFORDABILITY OPTION A:

10% at no more than 40% of AMI; 10% at no more than 60% of AMI; and 5% at no more than 130% of AMI. Years 1-25 would have a 100% exemption, and years 26-35 would have a 25% exemption. Projects would be eligible to receive tax exempt bonds and tax credits.

### AFFORDABILITY OPTION B:

10% at no more than 70% AMI; 20% at no more than 130% AMI. Years 1-25 would have a 100% exemption, and years 26-35 would have a 30% exemption. These projects would be eligible for substantial government assistance.

**AFFORDABILITY OPTION C:**

30% at no more than 130% AMI. Years 1-25 would have a 100% exemption, and years 26-35 would have a 30% exemption. These projects would not be eligible for substantial government assistance. Also, this option is not available in Manhattan south of 96<sup>th</sup> Street.

The new program also contains a homeownership option:

**AFFORDABILITY OPTION D:**

Provides 421a benefits for condominium or cooperative housing projects containing no more than 35 units located outside Manhattan. 100% of the units must have an average assessed value not to exceed \$65,000 upon the first assessment following the completion date. Each owner of any unit must agree in writing to maintain the unit as his or her primary residence for no less than five years from the acquisition. A homeownership project that meets these eligibility requirements would receive a 20 year benefit. Years 1-14 would have a 100% exemption. For the final six years there is a 25% exemption. However, no exemption shall be given for any portion of a unit's assessed value that exceeds \$65,000.

**EXTENDED AFFORDABILITY PROGRAM:**

The new law added an extended affordability program. 80/20 projects which commenced construction before July 1, 2008, may elect to become an extended affordability project by retaining their 20% affordable units at 80% AMI and add 5% more at 130% AMI, for 15 years. A project that meets

these requirements would receive a 15 year exemption at 50% per year, which would commence at the expiration of their current exemption. In addition, these projects must also pay prevailing wages for their building service workers. All affordable housing units shall be subject to rent stabilization. At the end of the extended affordability period, the affordable units shall have the right to remain as rent stabilized tenants for the duration of their occupancy. Upon vacancy, an affordable unit shall remain fully subject to rent stabilization unless the unit is entitled to be removed because its monthly rent exceeds the deregulation threshold. The application for any extended affordability property shall be filed with HPD on or before the later of: December 31, 2016 or 18 months after the expiration date of the initial benefits.

Other key changes to the 421a program include:

- The market rate units built under the new program are not covered by rent regulations if their initial rent or legal rent on vacancy exceeds the then vacancy decontrol amount.
- The new program does not contain the underutilization test or the maximum rent test.
- Affordable units shall share the same common entrances and common areas as the market rate units, and shall not be isolated to a specific floor or area of the building. This applies to projects that commenced construction after June 15, 2015.

- The definition of commencement date has changed. Under the new program, the commencement date is defined as the date upon which excavation and construction of initial footings and foundations lawfully begins in good faith. A full building permit with architectural and structural drawings is no longer the commencement standard.

It is important to note that implementation of Affordability Options A through D depends upon whether or not a memorandum of understanding is executed by January 16, 2016, between REBNY and the Building and Construction Trades Council of Greater New York, the trade association representing unionized construction workers in New York City, regarding wage standards for construction workers. If a memorandum of understanding is not executed by that date, the new construction aspect of the program will be suspended and no new applications accepted.

**RENT REGULATIONS**

Rent regulations have been extended until June 15, 2019.

The legal rent for high rent and high income, high rent deregulation has been increased to \$2,700, and beginning January 1, 2016, and annually thereafter, the maximum legal regulated rent for the deregulation threshold shall be increased by the same percentage as the most recent one-year renewal adjustment adopted by the rent guidelines board.

For apartments in which prior to vacancy the tenant was receiving a preferential rent, the vacancy allowance increase on the legal regulated rent will be limited in the following manner:

The legal regulated rent increase shall not exceed:

1. 5% if the last vacancy lease “commenced less than two years ago”;
2. 10% if the last vacancy lease “commenced less than three years ago”;
3. 15% if the last vacancy lease “commenced less than four years ago”; and
4. 20% if the last vacancy lease “commenced four years ago or more”.

These restrictions do not apply to apartments leased at the legal regulated rent.

The recapture period for Major Capital Improvements (MCI) has been extended, but still remains permanent:

- For a building with 35 or fewer units, the recapture is 8 years
- For buildings with more than 35 units, the recapture is 9 years

This change applies to any determination issued by the Division of Housing and Community Renewal after the effective date of the law.

The State and City are authorized to provide a real property tax abatement to compensate owners for the loss in value due to the extension of the MCI recapture periods.

There were also changes in the 2015 legislation to rent regulations that relate to an owner’s ability to deregulate a unit based on high rent vacancy. Previously, owners could use vacancy increases, individual apartment improvement increases and other increases allowed by law to the legal regulated rent to reach the high rent vacancy deregulation threshold.

Based on the language in the newly enacted legislation, an owner’s ability to deregulate an apartment upon vacancy will depend on a number of factors: the rent threshold at the time of vacancy; whether the vacating tenant paid a preferential rent, and if so, the date of the last vacancy. These changes have added new challenges for the administration when addressing the high rent and high rent/high income deregulation process.

### COOP/CONDO ABATEMENT

The coop/condo abatement was extended, with no change in the eligibility requirements and in the amount of the benefit, until June 30, 2019.

### ECONOMIC INCENTIVES

The Industrial and Commercial Abatement Program (ICAP), which provides tax incentives for renovation and new construction, was extended two years, allowing applications to be filed until March 1, 2019.

The Relocation and Employment Assistance Program (REAP), which provides tax credits of \$3,000 per eligible employee per year, was extended for two years to June 30, 2017. This extension includes the aspect of the program that applies to Lower Manhattan and to the other boroughs.

The Commercial Revitalization Program (CRP)—which includes a real property tax benefit to tenants as well as the Commercial Rent Tax (CRT) exemption and the Energy Savings Program—was extended for two years. CRP is available for leases commencing by March 31, 2018. The CRT benefit is available for leases commencing by June 30, 2017. The energy programs allow approval of applications filed by June 30, 2017.

The Sales Tax Exemption program for the World Trade Center, the World Financial Center and Battery Park City was extended to cover leases with terms commencing by September 1, 2019.

The Sales Tax Exemption program for the other areas of Lower Manhattan, generally south of Frankfort and Murray Streets, was extended to cover leases with terms commencing by September 1, 2017.

The Commercial Expansion Program (CEP), which provides real property tax benefits for tenants in designated commercial districts in the boroughs, was extended for two years to June 30, 2018.

### J-51

The final date for completion of renovation projects eligible for J-51 benefits has been extended to June 30, 2019.

### LOFT LAW

The law reopens applications under the 2010 Loft Law expansion for an additional two years and establishes compliance language for loft units.



# FEDERAL ISSUES

## EB-5

Congress created the EB-5 regional center program in 1992 as a way to promote economic growth by channeling foreign investments to a variety of job-creating projects. Throughout the year, REBNY advocated for a long-term program reauthorization that includes important integrity reforms to enhance national security and deter possible investor fraud; minimizes changes to the program that would disadvantage urban areas; and ensures that program modifications are phased in reasonably. After two weeks of intense negotiations in early December with the Chairs and Ranking Members of the House and Senate Judiciary Committees, Congressional leadership decided that more time was needed in order to amend the program in a fair and deliberate manner. As a result, a 10-month extension of the program was included along with the omnibus appropriations bill passed just before the session ended. Throughout the negotiations, REBNY partnered with The Real Estate Roundtable, the EB-5 Investment Coalition, and Senator Schumer's office, and we are grateful for their hard work on behalf of the real estate industry to preserve this important program. We will continue to work with Congress and our partner organizations towards a long-term program reauthorization in the coming year.

## TRIA

The Terrorism Risk Insurance Act of 2002 (TRIA) and its successor bills were passed in the wake of the 9/11 terror attacks to ensure the availability of terrorism risk insurance. TRIA requires that business insurers offer terrorism coverage for the types of insurance included in the act, and provides a federal backstop for medium to large financial losses due to terrorism, much of which can be recouped by the government after the incident. Although the TRIA briefly expired at the end of 2014, Congress clearly understood the importance of this program to the real estate industry and the economy as a whole, and both the House and Senate overwhelmingly voted to support a six-year reauthorization of the program in early January 2015. The reauthorization included some program changes, such as increasing the program's trigger from \$100 million to \$200 million over five years; increasing the insurer co-share to 80% over five years; and raising the mandatory recoupment from \$27.5 billion to \$37.5 billion over the first five years, and in 2020 changing it to equal the annual average of the aggregate insurer deductibles for the three prior calendar years. REBNY worked closely with Senator Charles Schumer, the Real Estate Roundtable and the Coalition to Insure Against Terrorism (CIAT) on the reauthorization of TRIA, and we would like to thank them for their dedication to ensuring a multi-year extension of the program.

## FIRPTA

The Foreign Investment in Real Property Tax Act (FIRPTA) was enacted in 1980 to authorize the United States to tax foreign persons on dispositions of US real property interests. There has been broad agreement for several years among Congress members and the real estate industry that FIRPTA should be reformed in order to encourage foreign investment, improve commercial real estate values and stimulate hiring in industries connected to commercial real estate. After several years of advocacy, these efforts finally succeeded when key FIRPTA reforms were included along with the omnibus appropriations bill that was passed by Congress in mid-December. These provisions raise (from 5% to 10%) the amount that a foreign investor can invest in a REIT without triggering FIRPTA ; allow foreign pension funds to invest in U.S. real estate and infrastructure without being subject to FIRPTA; and modify the regulations regarding what is deemed a domestically controlled entity for the purpose of FIRPTA. REBNY extends its gratitude to Representatives Kevin Brady and Joseph Crowley for leading the efforts in Congress, and to The Real Estate Roundtable for their many years of advocacy on this issue.

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