



The Future of Real Estate Tax Exemptions for Affordable Housing in New York City

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This project was made possible by the generous funding of



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This report summarizes discussions regarding the future of real estate tax incentives which remain a much needed tool to address core multifamily housing issues. At the same time such benefits are subject to increasing scrutiny as New York City's need for real estate tax revenue increases. It sets out next steps and a way forward for the effective use of these tax programs in the future.

To understand these issues, CHPC surveyed 28 industry and government leaders about the objectives and effectiveness of the programs, the administration of the programs, and practical issues in using or administering the programs. On November 17, 2011 a panel of experts led an interactive discussion about the results of that survey with invited audience members representing a broad range of the affordable housing industry.

The City of New York has been a forceful innovator in its use of real estate tax incentives to both encourage new construction of housing and ensure the renovation of aging housing stock. By utilizing an aggressive legislative agenda over the decades, the City has created myriad tax programs to address a wide range of housing needs—from the new construction of market rate housing to aiding the long term financial viability of projects serving the poorest people with special needs. Despite the success of these strategies, they have been criticized in recent years for giving away too much to some projects, not addressing some of the emerging needs of the existing housing stock, and overly curtailing the City's ability to collect much-needed taxes.

These debates are not new. A 1938 report from the Taxation Committee of Citizens Housing Council, now CHPC, argued that direct capital grants, direct annual operating grant, and tenant subsidies were the most effective ways to subsidize housing and that tax exemptions were not as effective.

Tax exemption is nothing more or less than a government subsidy which is made up annually from the contributions of taxpayers. It is however a concealed subsidy, the true extent of which is not realized by taxpayers.¹

The use of tax exemptions and abatements have had significant impact on increasing the housing supply, improving conditions of the existing multifamily housing stock, and ensuring the construction and preservation of affordable housing. However, the lack of transparency identified in 1938 continues today to leave these programs open to challenge when set against the value of the taxes lost compared to the public benefit derived from them.

This report focuses on the four real estate tax exemptions and abatement programs which are most commonly in use today: J-51, 421-a, Article XI, and 420-c.² As of 2011 over 757,000 housing units

¹ Citizens Housing Council; Majority Report from the Taxation Committee to the Board of Directors; November 1938; p17 {from CHPC's Marian Sameth and Ruth Dickler Archives}

were receiving tax benefits through one of these four programs, nearly one quarter of New York City's residential housing stock. There are many other real estate tax exemptions that the City has used over time to promote residential housing, but they are, for the most part, no longer granting new abatements and exemptions.³

² Please note that this report makes no attempt to address tax exemption programs other than those that are expressly indicated, which focus on multifamily residential housing. Tax forgiveness for public housing and small homes, and non-residential props are not addressed.

³ Forsyth Street Advisors and Enterprise, *Residential Property Tax Incentive Programs in New York City*, February 2011.

The primary purposes of real estate tax exemptions and abatements for residential properties are:

- **To encourage needed upgrades to existing housing**
- **To reduce ongoing operating costs**
- **To stimulate needed residential construction and related economic activity**

While programs may meet multiple goals, the following brief descriptions highlight the programs most associated with at least one objective.

J-51: Encourage needed upgrades to existing housing

In the 1950s New York City still had a substantial inventory of Old Law tenements which did not have central heating, central hot water, or, in some cases, indoor plumbing. When the City required the installation of these improvements, many owners objected that they could not pay for the costs of the improvements from their existing rent rolls, which were limited by the rent control system.

The J-51 program was enacted to enable owners to recover approximately 75% of the cost of improvements through tax abatements. The program was largely successful—from inception through 1977, over 675,000 units of housing were renovated using J-51 tax incentives.⁴ As of 2011, nearly 600,000 units were receiving J-51 benefits (see Chart 4).

Article XI: Reduce operating costs

In the 1960s the federal, state, and local governments operated a number of housing subsidy programs designed to encourage non-profit organizations to build and operate housing for low income households. To reduce the ongoing subsidy, New York State passed Article XI of the Private Housing Finance Law in 1966. It was designed to reduce or eliminate taxes on residential property operated by non-profit organizations that had incorporated under Article XI. Such properties were supervised by either the City or the State. If federal funding was applied to the project, it would require that the City forego real estate taxes to ensure their subsidy was not used to pay local real estate taxes. The Article XI tax exemption permitted the broader application of such tax benefits to projects whether or not they received federal funding. Article XI is not granted as of right, but rather requires approval of the City Council to authorize the tax benefit for a particular project. In 2011 over 37,000 units were benefitting from Article XI (see Chart 4).

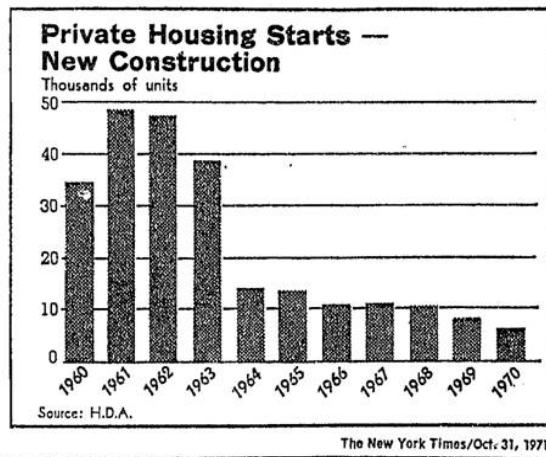
⁴ New York City Council, *Report of the Committee on Housing and Buildings on Section J-51-2.5*, May 5, 1978, from CHPC's Marian Sameth and Ruth Dickler Archives.

421-a: Stimulate needed residential construction and related economic activity

Dramatic declines in residential construction in New York City in the late 1960s prompted the creation of §421-a of the Real Property Tax Law in 1971. A variety of factors—including a decreasing population and a building boom early in the decade fueled by a desire to build prior to the implementation of more restrictive zoning in 1961—contributed to these declines.

The 421-a program provided a deep ten-year reduction of real estate taxes. In the 5 year period immediately after adoption of the law, 1970-1975, new housing construction starts were about 18,200 units per year, although that number includes publicly assisted new construction.⁵

Chart 1: Private Housing Starts 1960-1970



Source: The New York Times, *Tax Abatement Plan Seek to Stimulate City Housing*, October 31, 1971

Nearly 125,000 housing units in 2011 were in buildings receiving 421-a benefits (see Chart 4).

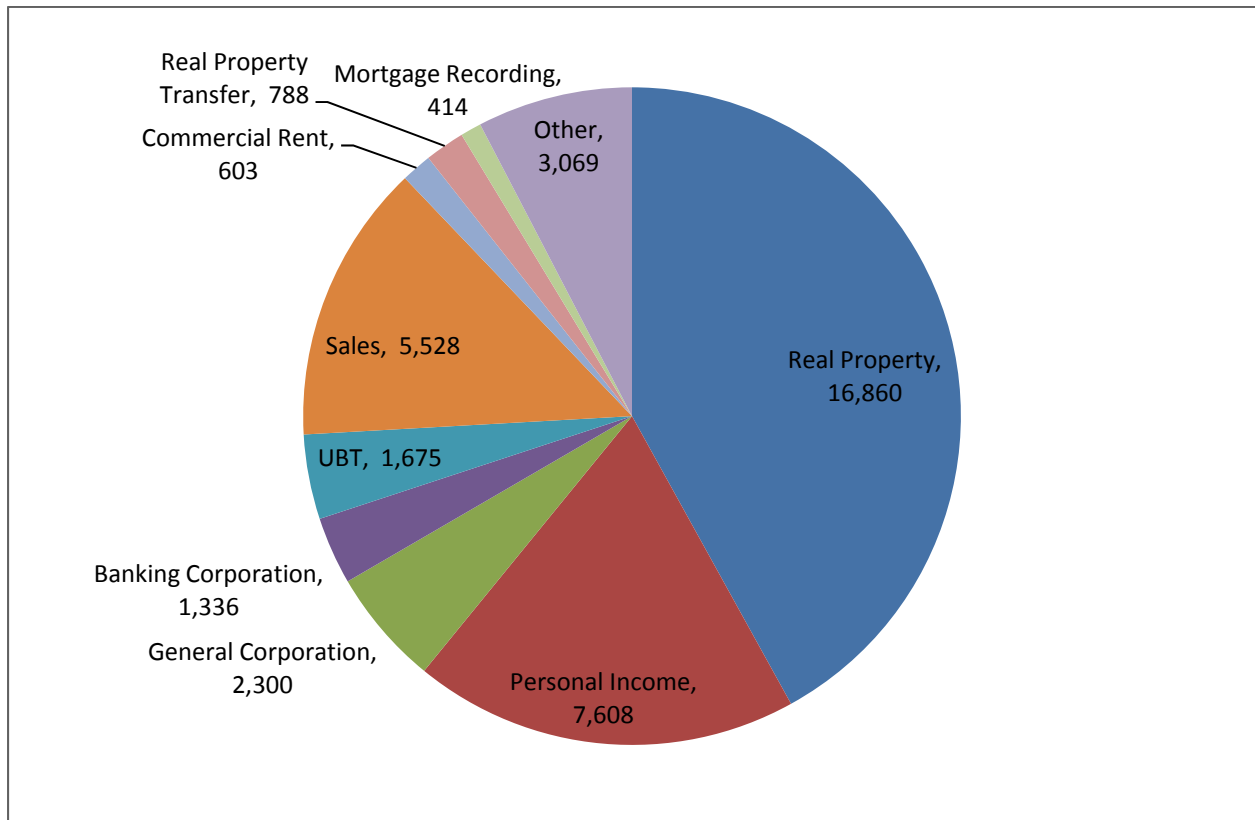
420-c: Keeping up with housing finance

420-c of the Real Property Tax Law was passed in 1993 to address the need for tax exemptions for buildings developed by non-profit organizations which were financed with the federal Low Income Housing Tax Credit Program (LIHTC). Because of requirements of the LIHTC program, existing tax incentives which had been used by many nonprofit organizations, i.e. 420-a and 420-b, could not be used. 420-c was designed to fill that need. Approximately 12,000 units in 2011 were being assisted through this program.

⁵ Bloomberg and Lamale, *The Rental Housing Situation in New York City 1975*, NYC Housing and Development Administration, January 1976, page 56)

As Chart 2 shows, the real estate property tax is the single largest tax collected by New York City. It is more than twice the size of the City's personal income tax collection, and by its stable nature, less impacted by short term economic changes.

Chart 2: NYC Tax Revenue by Type 2011
(in millions)



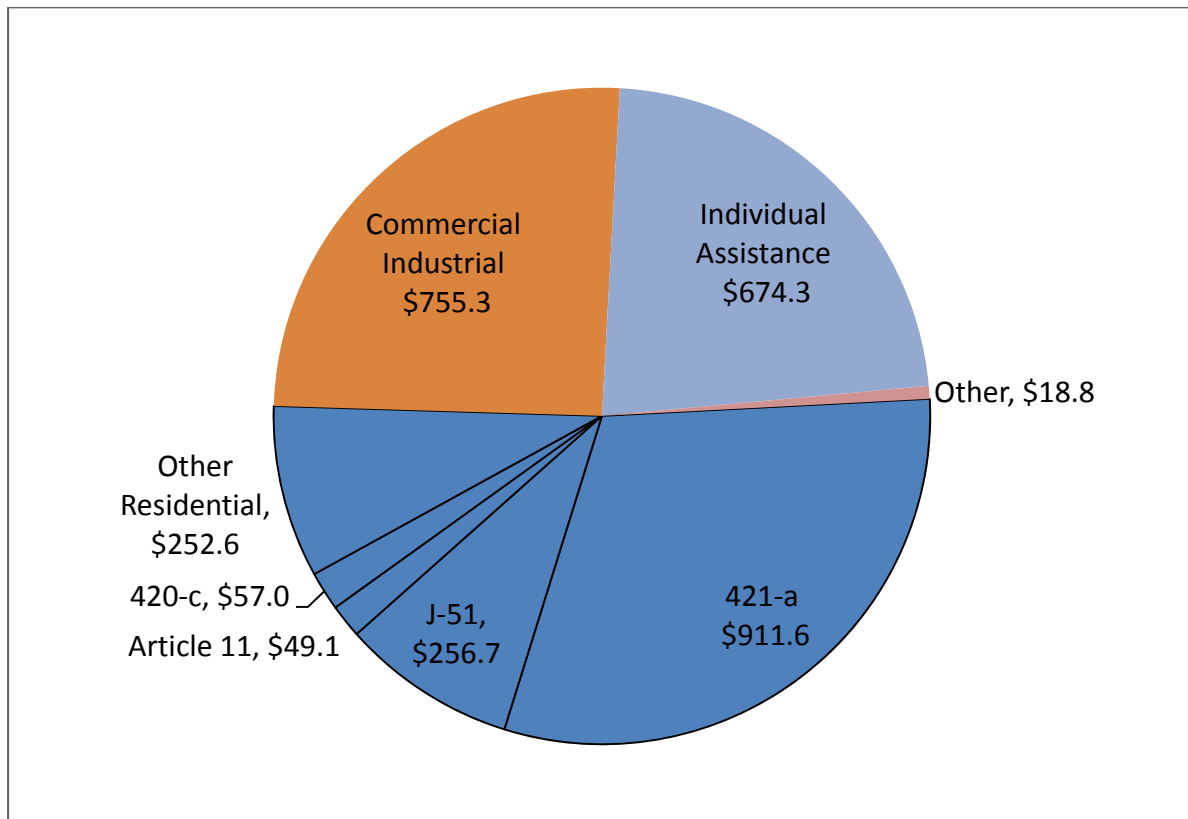
Source: *The New York City Adopted Budget, FY 2012*

The value of tax expenditures resulting from real estate residential tax incentive programs is substantial.

As Chart 3 shows, tax expenditures in residential tax incentive programs are in excess of \$1.5 billion. 421-a alone accounted for \$911.6 million of tax expenditure in 2011. It is important to note that even the language of these data sets can prompt debate. Tax *expenditures* implies that taxes are first collected and then spent. In fact, these amounts represent taxes that were never collected. Again, this represents the core of the debate around this issue, particularly as it relates to 421-a: would the projects have been built without the tax relief? If not, the taxes would not have been collected in any event.

Chart 3: Annual Real Estate Tax Incentive Expenditures 2011

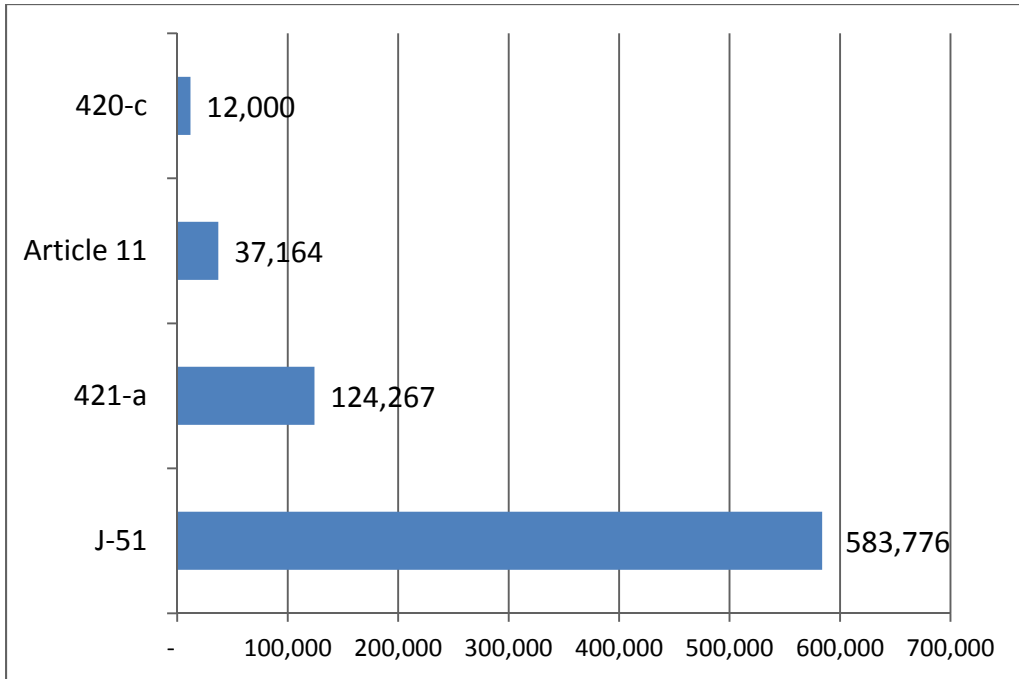
(in millions)



Source: NYC DOF Office of Tax Policy, *Annual Report on Tax Expenditures, FY 2011*

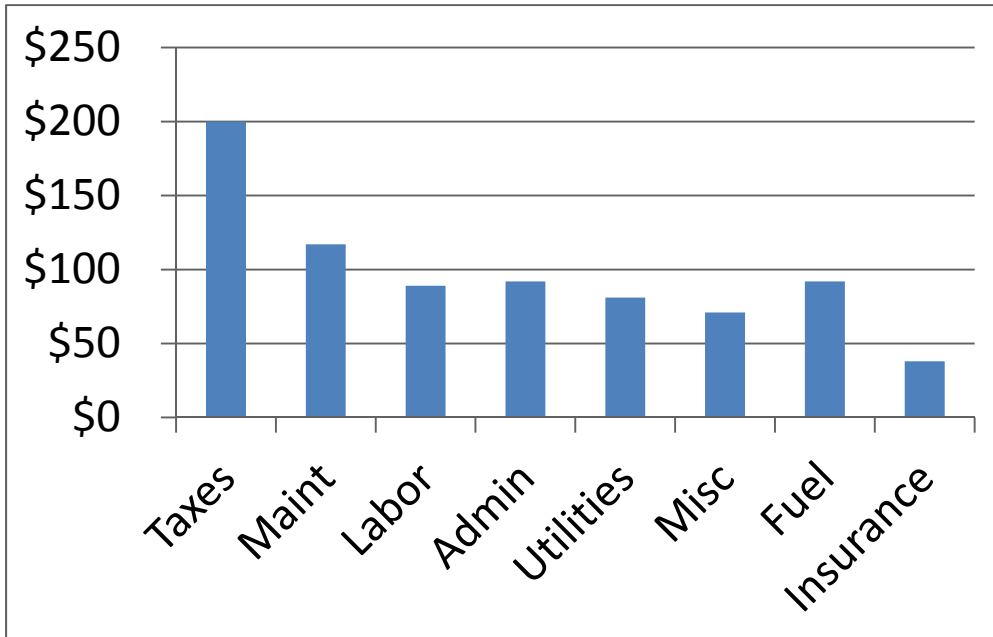
As Chart 3 suggests, the bulk of the tax expenditures are associated with the 421-a program. However as Chart 4 notes, most of the units assisted are in the J-51 program. This discrepancy largely results from 421-a being applied to new construction only, which is far more expensive than rehabilitation and results in higher assessed values overall when compared to improvement of a older multifamily building stock.

Chart 4: Number of Units in Tax Incentive Programs - 2011



Source: NYC DOF Office of Tax Policy, *Annual Report on Tax Expenditures, FY 2011*

Chart 5: Monthly Expenses per Stabilized Unit - 2009



Source: RGB 2011 Income and Expense Study

Finally, it is important to understand the impact of real estate taxes on the operation of a New York City multifamily apartment house. Chart 5 indicates the expenses of the average apartment in a building subject to Rent Stabilization in 2009. Real estate taxes are the single largest component of those expenses.

Real estate taxes are almost twice the size of maintenance expenditures and more than twice the size of any other single component of building costs. Moreover, these taxes are, to a substantial extent, a result of discriminatory tax policies which over-tax multifamily rental buildings and largely under assess small homes.

For real estate tax purposes, New York City divides all property into four classes:

- Class 1 – Residential properties of 3 units or less
- Class 2 – All other residential properties
- Class 3 – Property owned by utilities
- Class 4 – Non-residential commercial properties

To determine the amount of real estate tax, the New York City Department of Finance (DOF) first determines the market value of the property. It then applies a percentage of market value to each property to determine the assessed value, and then multiplies the assessed value by the rate of tax to determine the actual tax.

In New York City, Class 1 property is assessed at 6% of its market value. All other classes of property are assessed at 45% of market value. Thus a substantial amount of real estate taxation is transferred from Class 1 properties to the other three classes.

Further, Class 2 properties had been traditionally assessed so that taxes represented about 20% of gross revenues. That percentage has been increasing in recent years with taxes climbing to around 30% of gross revenues. This has placed increasing pressure on the cost of operating rental housing.

Throughout the summer and fall of 2011 CHPC conducted surveys of industry leaders to better understand their views on real estate tax benefits. The survey is included at the end of this report along with names of respondents. This section summarizes their comments.

How Important is 421-a to the Creation of New Housing Units?

The participants agreed on one important point: New York City's tax incentive programs have helped the building and rehabilitation of a substantial amount of housing in New York City that would not otherwise have occurred. As Chart 4 shows, there are currently over 700,000 units of housing receiving tax benefits in just the four current major programs.

Unfortunately, we have found no study or report that has quantified how many of these units would have been built or rehabilitated without the tax incentive programs.

George Sweeting, Deputy Director of the Independent Budget Office (IBO) reported that IBO analysis shows approximately 800 units of new rental housing have recently been built in the City without the benefit of 421-tax incentives. More research should be done on these parcels to determine why they were able to be developed without 421-a benefits.

Such a study should also answer how much these programs have contributed to the City's tax base overall. After J-51 and 421-a abatements and exemptions expire, the City collects full taxes on buildings that might not have otherwise existed. Over time, these buildings represent net gains to the tax base. Being able to clearly identify the costs and benefits of 421-a would help to inform further discussions of the future of the program.

Consider Alternative Models for Tax Incentives

We also saw an important split in how participants viewed the tax incentive programs. Those dealing with for profit development primarily saw the programs as incentives to attract capital to the construction or rehabilitation process. That is, by making a project more financially viable, incentives made investors more likely to fund the initial construction of a project. Responders in non-profit development saw the programs primarily as an ongoing operational subsidy enabling them to keep rents low over time. These perspectives, while probably both correct depending on context, do represent two very different objectives. For example, the need to reduce taxes up front to attract capital could lead to tax exemptions with a different time line than is currently available and a sliding scale of benefit. Conversely, if the goal is to keep operating costs low over time, a longer time line, adjusted for changes in operating costs, might be more applicable.

One participant suggested a completely different way to view tax incentives—as a subsidy to the individual rather than the building, with tax incentives being based on the income of the tenants of

the building. This idea could promote affordability of both rehabilitation and new construction, but would probably decrease the incentive to create new market rate housing. However it might also allow deepening of subsidy to projects stressing affordability as opposed to projects at higher market rates and have the overall effect of lowering actual tax expenditures. Of course such a system would have a much higher administrative overhead since there would be a need to review the eligibility of individual tenants on a regular basis.

The Real Estate Tax System Disproportionately Taxes Multifamily Housing

There was consensus that the tax system discriminates against multifamily rental housing, by virtue of the benefits of low assessment accorded to Class 1 property, as previously noted.

Participants also agreed this discrimination against Class 2 rental housing should be addressed by the political system, but recognized that such correction is unlikely in the near future. As a result our panelists saw tax incentive programs as one of the ways that the city eases the burden of tax discrimination, although it is limited to the time of new construction or rehabilitation.

Panelists and survey respondents were in general agreement that incentives were critically needed for new housing construction.

At the same time, our panelists and respondents were clear that current tax rates are a significant barrier to new construction. Over the last four years there has also been some confusion as to the expected rate of taxation as the result of changing assessment policies of the NYC Department of Finance.⁷ The DOF for many years assessed Class 2 property on the basis of capitalizing net income from a property. In 2008, to simplify the process, DOF began valuing Class 2 properties by using only the gross income of the property along with a standardized multiplier to arrive at the value of the property. DOF has now switched back to the older process of capitalizing net income.

Participants report the result of these switches is a higher effective taxation rate. Where tax rates could previously be expected to be about 20% of gross income, they are now reported to be in the range of 30% of gross income, and in some cases even more.

Thus there was broad consensus that the 421-a tax incentive enables the prospective developer to predict with reasonable accuracy actual real estate taxes for new construction projects. It also reduces those taxes to a level that makes the projects feasible. As noted above, a reformed tax system might well achieve the same objectives without the need for a tax incentive program. However such reform seems unlikely.

⁷ See the March 21, 2011, *Testimony of Commissioner David M. Frankel New York City Department of Finance Before the New York City Council Committee on Finance*

Delays and Unpredictability in J-51 Approval Process

As measured by the number of units assisted, no New York City housing program has been as successful as J-51. With nearly 600,000 housing units currently receiving benefits and hundreds of thousands more having received benefits in the past (unfortunately historical data on J-51 usage was not available to us), J-51 has been popular and effective.

Given its widespread usage, it is not surprising that J-51 would be the subject of complaint by users. Our participants were particularly concerned about timeliness of approval of applications and variability in amounts of rehabilitation work approved. Delays in providing J-51 benefits are substantial—some participants reported processing times of two years and more.

Timely and predictable processing in any program is a function of staffing and complexity of a program. The more complicated a program, the more staff will be needed to operate it. Given current funding issues, it's unlikely that more staff will be added, so participants support making J-51 less complicated and easier to administer.

Some suggestions to simplify the program were:

- Use industry average costs for J-51 eligible work items rather than review individual cancelled checks
- Update the allowable cost standards for the Certified Rehabilitation Costs to bring them more in line with current costs
- Make abatements and exemptions retroactive to the date of application or completion
- For those buildings going through an HPD program, include J-51 processing as part of the initial rehabilitation loan package
- Set and adhere to time processing standards

Application of Rent Regulation for Properties Receiving Tax Benefits

A more general issue with J-51 and 421-a is that many buildings participate in HPD or HDC programs that restrict rent levels, and thus income, for the building. In many cases tax incentive expire, though income restrictions do not. Currently, managing the imbalance that occurs between costs and revenue requires a new level of intervention by the City. Buildings owned by non-profits can be converted to Article XI (subject to City Council approval) while other buildings may need to do additional rehabilitation in order to re-qualify for J-51. However this problem raises the question as to whether J-51 should continue to be a program that provides tax incentive in exchange for rehabilitation or whether it should add a component of being a program that provides tax incentive for continued rent restrictions. A further question is whether J-51 should continue to be offered to *all* buildings, even those that because of their location and cash flow should be able to access private capital for improvements.

Requiring rent restrictions in return for tax benefits is currently in question as a result of the 2009 Court of Appeals decision in *Roberts vs. Tishman*. That decision held that buildings that had received J-51 tax incentives were ineligible to apply the luxury decontrol provisions of the rent stabilization law. Thus buildings with high income tenants capable of paying market rents are unable to charge market rents if they are receiving J-51. One result of this decision has been to cause massive confusion as to how to adjust rents for tenants who were subject to the rent regulation decontrol provisions. Continuing litigation has only partially addressed the issue, and additional litigation is likely unless the Legislature acts and clarifies this matter.

At the same time, participants agreed that *Roberts* is a useful tool in directing J-51 toward buildings in actual need. Clearly, today, owners in buildings that are in sufficiently strong market areas will choose to forego J-51 tax abatement in order to have luxury decontrol available to them. For those in areas where market rates are close to or below rent stabilized rents, J-51 is a useful incentive to upgrade their buildings. Thus the City should consider, going forward, restricting J-51 to areas unlikely to obtain private capital at a price that will keep their operating costs low. As to the questions of how to apply *Roberts* to existing tenants who were incorrectly decontrolled, the State Legislature should act to create rules going forward and save the real estate industry and tenants from years of litigation.

Uncertainty Regarding the Impact of Geographic Exclusion Zones

The most recent major change in 421-a occurred with the 2008 re-authorization of 421-a. Due to concerns that 421-a was fostering new market rate housing in neighborhoods that feared the changes resulting from such new housing, large portions of the City were marked as Geographic Exclusion Areas (GEA) where the use of 421-a tax incentives was restricted. There had been a great deal of interest to determine if restricting 421-a from the GEAs would bring a halt to new market construction in the GEAs.

Since the 2008 financial crisis brought virtually all new residential construction to a halt, it is difficult to determine what effect the expanded GEAs have had on new construction. This issue should be monitored as the economy improves and new construction starts up again.

Related to the discussion of GEAs, participants observed that small scale projects involving moderate income housing construction is taking place outside the core Manhattan areas, specifically to address new immigrant populations. No research has been done to determine whether 421-a, as currently structured, is meeting the needs of these developers, or whether 421-a or some other tax incentive program should be redesigned to foster more of this type of development.

Other Issues Impacting the Effectiveness of 421-a

Who gets the benefit?

If the purpose of 421-a is to encourage new construction, the assumption is that the benefit goes to the development of the project. However many of our participants were concerned that a substantial share of the benefit goes in fact to the seller of the land and to support higher acquisition costs.

Panelists agreed this problem would be very difficult to resolve. One idea was to limit 421-a to owners who had owned the property for an extended period of time, such as 5 years. However other panelists pointed out that this would increase development costs by increasing the amount of time that property would have to be held before being developed. This issue should be considered as a separate matter to determine viable solutions.

Mismatch between rent restrictions and tax abatement

421-a is frequently used for projects that have some rent restrictions. First, all such projects are required to be rent stabilized. Secondly, many projects are built as 80/20 projects with 20 percent of the units restricted to persons of low income. For some of these projects, 421-a exemptions expire while units are still under rent restriction.

Failure to address this problem raises the possibility that 80/20 projects, and other affordable housing projects, that lose their 421-a tax incentives will no longer be attractive as rental properties. For many owners this might well be an incentive to convert such properties to condo ownership. Our panelists were concerned that over time the affordable rental units in the project would be lost, whatever the private owner's resolution of the problem.

In general, there needs to be a way to extend tax incentives to any developer who has an affordable housing project that continues to be rent restricted when their tax incentive expires. One possible solution to this problem is to continue a prorated tax exemption for units that continue under rent restrictions after the original tax exemption expires.

Roberts Decision

The *Roberts* decision discussed above also applies to 421-a. As with J-51, participants agreed that developers *should* choose between the benefits of a tax incentive, or the possible market benefits of being free of rent stabilization requirements. Such a choice will result in developers choosing the tax incentive program only where it is actually needed. However in 421-a, due to the much deeper nature of the subsidy, the expectation is that developers will choose the tax incentive far more frequently than they would in J-51.

Supporting Non-Profit Housing with Changing Financing

Participants reported that Article XI and 420c generally are working well. They viewed these programs as being implemented in a timely manner and succeeding in their objective of reducing or eliminating real estate taxes.

The only real issue that was raised was the need to go back to the City Council to approve extensions of expiring Article XI exemptions. One suggestion was that the legislation be changed to allow HPD to continue an exemption where they could certify the use and ownership of the property was unchanged.

NEW DIRECTIONS

We asked our participants to identify new needs and directions for the concept of tax exemptions. They agreed that there was need to assist in the promotion of affordability, especially in some defined classes of housing. The general theory of promoting affordability is that every unit that remains affordable reduces the need for the creation of new affordable units and thus the demands on HPD and HDC for funding new affordable units.

Examples include former Section 8 and Mitchell Lama projects where a tax incentive could be used to continue affordability. Other examples include distressed foreclosed properties where an incentive could be used to encourage the maintenance of affordable rents for tenants.

One commenter suggested that if tax incentives were used for these kinds of projects that the basic model be changed. He suggested that a new program should be similar to the Senior Citizens Rent Increase Exemption Program (SCRIE) where the tax incentive is allocated based on the income or rent of an individual apartment. Such a program would have the advantage of directly promoting affordability on a unit by unit basis. The City could also control the extent of the program by allocating either budget or units on an annual basis and having HPD allocate the units as needed.

Given that tax exemptions and abatements have been associated with the construction and renovation of many housing units, and that the resultant tax expenditures represented over \$1.5 billion in 2011, it is surprising these programs have not been well studied, analyzed, or monitored over time. The City government, the affordable housing industry, and housing researchers should all have a stake in establishing data sets and methods for analysis and monitoring that will help to reveal the impact, value, and costs of real estate tax exemption and abatement programs.

Further, the City should consider revisions in J-51 that would streamline the process, particularly as it relates to the eligible rehabilitation costs, consider focusing this important as of right program on buildings and communities truly in need, and make the process more transparent.

More careful analysis and monitoring of the impact of recent changes in 421-a should be devised, preferably with a multi-disciplinary group of government, industry representatives, and researchers. Determining how to insure that the benefit goes to the project and does not simply increase land acquisition costs, and whether the timeline for the benefit should be changed to reflect changing market conditions are primary issues requiring resolution.

In addition, the *Roberts* decision continues to provoke questions about the application of rent regulations on projects receiving benefits. The State Legislature should quickly resolve this dispute.

The authors and participants invite additional comment, suggestions, study, and debate on these and other issues that will help insure real estate tax exemptions continue to provide a critical tool to support and preserve existing housing and develop new housing resources in New York City as well as ensure more efficient affordable housing development and preservation incentives.

2011 SURVEY QUESTIONS

Policy Questions

What programs have you had experience with?

What do you think are the objectives of these programs?

Encouraging construction and related economic activity in New York City?

Is this to subsidize operations or attract capital?

What do you think is needed (can give range in percents or dollars)?

Standard benefit or tailored to project need?

Do you think the programs are achieving these objectives?

Do you see these programs as a) an incentive to produce or preserve housing, b) a needed subsidy to produce or preserve affordable housing, c) a fix for an inequitable real estate taxation system or d) something else?

Do you think they are the best mechanisms to achieve these objectives?

How do you view tax incentives differently from capital subsidy?

How would you change them?

How would you measure their success?

Currently 421a and J-51 are linked to rent stabilization. Do you think that should continue?

If yes, would you modify that relationship and how?

Administration Questions

Are the benefits that derive from these programs reasonably predictable?

Are applications processed timely?

Are the program requirements burdensome?

Would it be beneficial to try to make these into a single program with a more unified application and processing procedure?

Would it be better if all such programs were based on a single standard, for instance, cost of work performed, or subsidy needed to meet income targets?

If these programs were eliminated or substantially reduced, what do you think would be the result?

Should these programs be automatic (as-of-right) or discretionary?

2011 SURVEY RESPONDENTS

Mark Alexander, Principal, Glenmark Partners
Alan Bell, Principal, Hudson Companies
Robert Berne, Developer, Berne Realty
Donald Capoccia, Managing Principal, BFC Partners
Brendan Cheney, Senior Policy Analyst, New York City Council
Michael Dardia, Deputy Director, NYC Office of Management and Budget
Robert Ezrapour, Vice President, Artimus Construction
Rosanne Haggerty, President, Common Ground
Mark Jahr, President, NYC Housing Development Corporation
Carol Lamberg, Executive Director, Settlement Housing Fund
Brad Lander, Member, New York City Council
Jeffrey Levine, President, Douglaston Development
Ken Lowenstein, Bryan Cave LLP
Marvin Markus, Managing Director, Goldman Sachs & Co.
John McCarthy, Executive VP and COO, Community Preservation Corporation
Felice Michetti, Chairperson, Grenadier Realty Corp
Ron Moelis, Principal, L+M Development Partners Inc.
Urmis Naeris, Chief Credit Officer, NYC Housing Development Corporation
Preston Niblack, Finance Director, New York City Council
John Reilly, Executive Director, Fordham Bedford Housing Corp.
Vincent Riso, President, Briarwood Organization
Richard Roberts, Managing Director, Coventry Real Estate Advisors
David Rubenstein, Vice President Financial Planning and Analysis, Georgetown University
George Sweeting, Deputy Director, NYC Independent Budget Office
Laura Tavormina, Deputy Director & CFO, West Side Federation for Senior and Supportive Housing
William Traylor, President, Richman Housing Resources LLC
RuthAnne Visnauskas, Deputy Commissioner for Development, NYC Department of Housing Preservation and Development
Alan Weiner, Managing Director, Wells Fargo Multifamily Capital
Thomas Yu, Executive Director, Downtown Manhattan Community Development Corporation

PANELISTS

Insights gleaned from interviews with 28 key industry participants and policy makers provided a framework for a panel discussion held on November 17, 2011 at the JPMorgan Chase conference center in downtown Manhattan. CHPC Senior Fellow **Harold Shultz** led a discussion of the issues surrounding tax incentives as they are and as they might be. Panelists included:

Rafael Cestero, Managing Director of L&M Development Partners

John McCarthy, Executive Vice President and Chief Operating Officer of the Community Preservation Corporation

Aileen Gribbin, Partner at Forsyth Street Advisors

George Sweeting, Deputy Director of the Independent Budget Office

ACKNOWLEDGMENTS

Unlike traditional research work, this project was solely based on the ideas, experience, comments, and recommendations of the industry leaders who so graciously participated in CHPC's survey, panel discussion, or both. As always, without their willingness to spend their time on this effort, the project could not have been done. We therefore must thank first and foremost all of the participants who provided the insights reflected in this report. In particular, Rafael Cestero, John McCarthy, Aileen Gribbin, and George Sweeting provided a spirited panel discussion that was frank, intelligent, and forward reaching.

In addition, we would like to thank Martha Stark, Distinguished Lecturer at Baruch College, School of Public Affairs and former Commissioner of the NYC Department of Finance who helped to design the interview survey and organize the panel discussion. Martha is a tremendous resource given her unique understanding of both housing and tax policy in NYC.

We also wish to thank our funders Enterprise Community Partners, in particular Abby Jo Sigal, Vice President and Director of the New York Office, and program officer Elizabeth Zeldin who share our passion for housing issues and have helped to support many of our more far-flung endeavors. Special thanks to JP Morgan Chase for making their space available to us for the panel discussion.

And finally we would like to thank and acknowledge the board of directors of CHPC whose support of our staff's work is always at the root of our efforts.

Jerilyn Perine

Harold Shultz

AUTHORS

Harold Shultz

Harold is well known for his extensive legal knowledge, his understanding of a troubled housing market, his pioneering work to preserve New York City's Single Room occupancy housing stock, and his efforts to improve conditions for tenants in the City's aging housing stock. For CHPC, he has written extensively on topics ranging from affordable housing finance to explaining lead paint rules to recommending new methods to collect water liens. Currently he is working to develop effective solutions for New York City's over mortgaged rental housing. Harold is also currently the President of Neighborhood Restore; a non-profit organization that administers the Third Party Transfer Program.

Jerilyn Perine

Jerilyn Perine has built a talented team at CHPC to spearhead a high impact agenda to improve the quality of public debate, inform public policy, promote new ideas, and engage a wide audience as well as a diverse and active Board Membership to improve NYC neighborhoods. Ms. Perine is an urban planner with 30 years of experience in housing and community development. She was appointed Commissioner of the Department of Housing Preservation and Development by both Mayor Rudolph Giuliani and Mayor Michael Bloomberg to lead America's largest municipal housing agency with more than 3000 employees and an annual operating and capital budget of \$800 million.

Daniela Feibusch

Daniela was awarded a Juris Doctorate from UCLA School of Law in 2011 where she was enrolled in the Epstein Program in Public Interest Law and Policy and the Critical Race Studies Specialization. At UCLA, she participated in the Skid Row Housing Clinic and served on the board of the UCLA Chapter of the American Constitution Society. Daniela served as the public policy intern at Inner City Law Center where she worked on housing and homelessness issues facing Los Angeles. Before attending law school, Daniela worked as a Community Development Associate for LISC NYC focusing on low income housing tax credit projects. She holds a BA in Sociology from Boston University.

Marsha Nicholson

Marsha designs and manages all of CHPC's fund raising events, including the Annual Luncheon which raises the majority of CHPC annual budget. Marsha is also responsible for board liaison and organizes all committee meetings. She is also responsible for ensuring that our work reaches key audiences through the continual improvement of our marketing and publications.

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