

Real Estate's Impact

An Interview with
Steven Spinola, President, Real Estate Board of New York

EDITORS' NOTE Steven Spinola assumed his current post in June of 1986. Prior to this, he held a number of senior positions with the New York City Office of Economic Development, culminating in his appointment as President of the New York City Public Development Corporation. Before entering municipal government, he served as a legislative assistant on the staff of the New York State Assembly Education Committee. He holds a B.A. from the City College of New York and attended the Kennedy School of Government summer program for senior managers in government.



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ORGANIZATION BRIEF The Real Estate Board of New York (www.rebny.com; REBNY) was founded in 1896. It is the real estate industry's leading trade association in the New York metropolitan area with more than 12,000 members including the city's top building owners, developers, brokers, and managers, as well as banks, insurance companies, brokerage houses, and other individuals and institutions professionally involved in New York real estate. The organization is an advocate of policies to promote local economic growth and represents industry positions before various legislative, regulatory, and executive government bodies. It also conducts and publishes extensive industry research and provides qualifying courses and master seminars in real estate specialties.

The real estate industry is one of the most important to New York City. What kind of impact does it have?

Right now, real estate taxes for all properties in the City of New York generate almost \$18 billion out of a \$65 billion budget. Real estate taxes contribute twice as much as income taxes, three or four times more than sales tax, and five times more than corporate taxes. So in analyzing how the City of New York pays for its services, real estate taxes are key.

Real estate also dictates whether the city is going up or down. Commercial tenants aren't going to come here unless we're building new modern space, so we need entrepreneurs to come in to put up new office buildings for which they can get \$150/foot in rent.

In addition, we're going to have another 600,000 people here by 2030; we're now at 8.4 million people. We expect to get to 9 million, but where are they going to live? So we need to build the homes for them.

Everyone who comes to New York wants to own a piece of it, and not just Manhattan either but Brooklyn, Queens, Bronx, and Staten Island, as well.

Because real estate people build and, in most cases in New York, continue to own, they become New York citizens. They're there to respond to the mayor when he says we need to come up with money for causes such as the police foundation or the Metropolitan Museum of Art.

What is the significance of REBNY for your members and has it evolved over time?

Yes. When I first came here, we were much more reactive – there was an attitude of stopping the city or state from raising taxes or not wanting the city to get in the way of our building projects.

Today, it's very different. We now work with the city or state in understanding what they need to do to make it easier to build better buildings. We'll always fight about taxes, and back when the city had fiscal problems and there was crime in the street, we said we would support higher real estate taxes if it went toward cops, and that's what happened.

So our membership is, more than ever, looking at issues that affect the city not just through the eyes of the private sector but also taking into account how the government may view them.

Has your relationship with Mayor Bloomberg been easier as a result of his understanding of business?

The relationship is working today with both Mayor Bloomberg and Governor Cuomo.

A year and a half ago, our Chair, Mary Ann Tighe, raised the issue that the average age of office buildings in the city was 69 years old – too old for us to continue to be competitive. In the district we're now sitting in – midtown East – there were some of the oldest buildings in the City of New York sitting over the best transportation system. But no one is tearing down buildings because the zoning in the area is limited and buildings that were put up prior to a certain date were built beyond what the current zoning

would allow. If you tore down a building, you might lose 200,000 square feet. So you have no economic incentive to tear it down.

So we put together a tour with the Department of City Planning to see what a new office building looks like versus one that is 70 years old. And we asked, is there some way we can grandfather in the extra FAR if somebody wants to tear down a building? City Planning has said, they don't like the idea of grandfathering and think it's time to modernize the zoning in midtown East.

So they are currently working on a new zoning proposal from 38th Street to 57th Street and from almost Fifth Avenue to Third Avenue that would increase the zoning and provide a reason for a building owner to empty out a building, tear it down, and build a new one that would be bigger than what is there now.

Because we did it the right way, I'm hopeful it will lead to a significant change in the zoning – the city is referring to it as a zoning modernization.

Many of the leading players in the industry are generations-old family companies with a strong focus on supporting the community. Does it amaze you at times to see how philanthropic they are?

Lew Rudin used to say, if it's good for New York City, it's good for the real estate industry. You can take a jaded point of view and say they're doing it because it will increase the values of their properties – and it does. But when you see the time and money they put into a hospital or museum, it goes way beyond whether or not it's helping their buildings; it's because they love this city. These people could live anywhere in the world but they want to live here – the City of New York is part of what is in them. And that's why they're willing to give so generously.

With such an array of accomplished REBNY members, how do you keep them all engaged?

Many of them view REBNY as their link to government and their ability to help shape what government is doing. They recognize that REBNY is an important entity for the industry. It's always better to have the group saying that the industry wants an initiative rather than just one developer saying it is important. They see REBNY as the best way to help government do the right thing. ●