



Still Subsidizing Luxury Development:

50 High-End Condo Developments
That Would Still Be Eligible for 421-a Tax Breaks
Even After Proposed Exclusion Zone Expansion and Reform

Pratt Center for Community Development

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Background

New York City's "421-a" property tax exemption program was created in the 1970s, when the city was on hard times, to encourage developers to build new housing. In the 1980s, it was adjusted to help encourage affordable housing – so buildings in Manhattan (roughly between 14th & 96th Streets, known as the "exclusion zone") have to include 20% affordable units in order to receive a tax break.

But elsewhere in the city, developers receive a 10 – 15 year "as-of-right" tax break for any new, market-rate, multifamily development. As a result, exclusively high-end buildings in every corner of the city are receiving large tax exemptions. This year, the City is giving \$400 million in tax breaks through the 421-a program, with most of that going to subsidize luxury development.

This fall, a task force appointed by Mayor Michael Bloomberg proposed to adjust the program: to expand the "exclusion zone" (where affordable housing is required in exchange for the tax break) to cap the benefits that buildings outside of that zone can receive, and to eliminate the inefficient off-site "negotiable certificates" program.

City Council Speaker Christine Quinn pushed these reforms further, negotiating with the mayor to expand the exclusion zone to cover Manhattan (below 135th Street on the west side, 116th Street on the east), the Queens waterfront, and neighborhoods in Brooklyn. This agreement also limits the benefits that buildings elsewhere in the city can receive, to \$65,000 of "assessed value" or approximately \$107,000 per unit in lifetime tax benefits. These reforms are a step in the right direction.

Many Luxury Developments Still Eligible – In All Five Boroughs

However, in many neighborhoods in all five boroughs, exclusively market-rate developments – even million-dollar condos – would still receive tax breaks (of up to approximately \$107,000 per unit in lifetime benefits. That means a 50-unit luxury building can receive \$5.3 million in lifetime tax breaks. Moderate and middle income New Yorkers are paying more in taxes to give a tax break to developers and condo-buyers. While the proposed new exclusion zone covers many neighborhoods where high-end development is taking place, there is substantial high-end development outside of that zone.

This report highlights **54 condo buildings** – built in the last few years or currently under construction – that would still be eligible for 421-a tax relief, even if they would have been built after the reforms proposed by the Speaker and the Mayor. These buildings contain more than **6,100 high-priced condominiums**, far beyond the reach of the average New Yorker.

Not a single unit is priced for less than \$350,000, most are priced above \$600,000, and some exceed \$2 million. They are located in every borough, in neighborhoods including Riverdale, Flushing, Forest Hills, Long Island City, Corona, Brighton Beach, Bensonhurst, St. George, East Harlem, Washington Heights, and Roosevelt Island. And even with the new limits proposed on the benefits, the tax breaks are expensive for New York City. The estimated lifetime tax breaks on these buildings – post-reform – would be over \$500 million.

Even with hundreds of millions of dollars in tax breaks, not one of these buildings provides a single unit of affordable housing. Moreover, there is significant evidence to suggest that the vast majority of buildings of this type (newly constructed condos outside core Manhattan) do not pay their building service workers a prevailing wage and benefits package. Even with the proposed reforms, New York City will be providing substantial tax subsidies to luxury developers and building owners who do not provide affordable housing, and who pay substandard wages.

Subsidize Affordable Homes, Not Luxury Development

The solution to this problem is not simply to keep tweaking the boundaries of the exclusion zone, now or in the future. Instead, we should stop providing tax breaks for luxury developers who do not include affordable units ... anywhere in the city. The idea is simple: developers and owners (like the rest of New Yorkers) should pay their taxes, unless they are providing the social benefit of affordable housing.

Assemblyman Vito Lopez has introduced legislation in Albany, and Councilmembers Annabel Palma and David Yassky in the City Council, that would accomplish this goal. Their legislation would require that in order to receive a tax break, developers anywhere in the city would be required to include 30% affordable units, on-site, for low-income families.

Housing Here and Now, a coalition of community-based organizations, has taken a similar position:

- Developers throughout New York City should only receive a 421-a property tax break if they include affordable housing for low or moderate-income families.
- The program should require that affordable units be on-site, as part of the market-rate development, in order to create mixed-income communities.
- For market-rate projects to receive 421-a benefits, at least 30% of the units should be affordable for families earning up to 50% of area median income (approximately \$35,000/year for a family of 4).
- The affordable units should be made permanently affordable to prevent a future crisis when restrictions expire.
- Owners in buildings receiving property tax exemptions should be required to pay prevailing wages to their building service workers. New York City should not subsidize the payment of substandard wages to building service workers.
- The City of New York will realize substantial new tax revenue as a result of 421-a reform. A significant share of this new revenue – at least \$1 billion – should be dedicated to create or preserve affordable units around the city.

With these additional reforms, the 421-a tax exemption can become a program that subsidizes affordable housing, not luxury development.

This report was prepared by the Pratt Center for Community Development (www.prattcenter.net). It does not necessarily reflect the position of Pratt Institute. Data was gathered from a range of web sites, including real estate brokers, data services, industry news services, etc. The methodology for estimating the lifetime benefits that buildings would be eligible to receive is described in footnote one.

THE BRONX	
	<p>Solaria (640 W. 237th Street) Riverdale</p> <p>65 market-rate condos 20 stories \$720,000 - \$2 million</p> <p>Would still be eligible for estimated lifetime tax break of: \$6,975,475¹</p>
	<p>2521 Palisade Avenue Riverdale</p> <p>36 market-rate condos 15 stories \$925,000 - \$1.275 million</p> <p>Would still be eligible for estimated lifetime tax break of: \$3,863,340</p>
	<p>4455 Douglas Avenue Riverdale</p> <p>177 market-rate condos (in 20 attached buildings) \$670,000 - \$1.1 million</p> <p>Would still be eligible for estimated lifetime tax break of: \$18,994,745</p>
	<p>3260 Henry Hudson Parkway Riverdale</p> <p>127 market-rate condos 8 stories Prices TBD (est. at \$650,000 and above)</p> <p>Would still be eligible for estimated lifetime tax break of: \$13,629,005</p>

¹ NOTE: Our method for estimating the tax break is as follows: According to the compromise proposal agreed to by Speaker Christine Quinn and Mayor Michael Bloomberg, the 421-a benefit for any unit would be capped at \$65,000 of assessed value. HPD estimates that \$65,000 of assessed value represents a condo sales value of approximately \$650,000. At a tax rate of 12.7% (rate for 2006/07), the annual tax savings for such a unit is \$8,255. For units receiving the “15-year” exemption (outer boroughs, and above 110th Street), there is a full exemption for 11 years, declining by 20% a year through year 15. This equates to a lifetime benefit of approximately 13 times the annual benefit in year 1 (not counting likely increases in the assessed value or tax rate over that period). This yields a lifetime benefit of \$107,315 for a \$650,000 condo, or .1651 of the sales price. For units above this range, we have assumed the benefit would be capped at \$107,315. For units below this range, the benefit is calculated on a pro-rata basis, based on sales price. Estimated lifetime benefits here are given in undiscounted dollars.

BROOKLYN

	<p>Oceana Condominium & Club Brighton Beach</p> <p>850 units (multiple buildings) \$620,000 - \$2 million</p> <p>Would still be eligible for estimated lifetime tax break of: \$87,007,700</p>
	<p>Sochi (271 Sea Breeze Avenue) Coney Island/Brighton Beach</p> <p>85 market-rate condos 22 stories Starting at \$500,000 to over \$1 million</p> <p>Would still be eligible for estimated lifetime tax break of: \$8,595,519</p>
	<p>Ocean Dreams, 3502-3618 Surf Avenue Coney Island</p> <p>250 market-rate condos 6 stories Estimated sales prices: \$700 per s.f.</p> <p>Would still be eligible for estimated lifetime tax break of: \$25,280,938</p>
<p style="text-align: center;">Photo not available</p>	<p>1 Sullivan Place Prospect Lefferts Gardens</p> <p>26 market-rate condos 11 stories Sales prices TBD (est. at \$500,000 average)</p> <p>Would still be eligible for estimated lifetime tax break of: \$2,146,300</p>
	<p>346 Coney Island Avenue Kensington</p> <p>60 market-rate condos 5 stories \$495,000 - \$995,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$5,695,950</p>

	<p>Quentin Terrace, 1671 W 10th Street Bensonhurst</p> <p>32 market-rate condos 8 stories \$450,000 - \$620,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$2,641,600</p>
<p>Photo not available</p>	<p>886 Dahill Road (tentative, pending approvals) Borough Park</p> <p>174 market-rate condos 12 stories Prices TBD (est. at \$500,000 average)</p> <p>Would still be eligible for estimated lifetime tax break of: \$14,363,700</p>
	<p>The Simone, 35 McDonald Avenue Windsor Terrace</p> <p>38 market-rate condos 5 stories \$465,000 - \$915,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$4,796,550</p>
	<p>Crown Heights Condos @ East New York Avenue</p> <p>21 market-rate condos 6 stories \$554,000 - \$913,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$2,184,273</p>
	<p>71 Village Road North Gravesend</p> <p>15 market-rate condos 6 stories \$368,000 - \$944,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$1,300,163</p>

MANHATTAN



One Strivers Row
2605 Frederick Douglass Blvd (at 139th Street)
Harlem

14 market-rate condos
7 stories
\$465,000 - \$1.3 million

Would still be eligible for estimated lifetime tax break of:
\$1,415,733



Hamilton Parc , 504 West 136th Street
West Harlem/Hamilton Heights

29 market-rate condos
6 floors
\$350,000 - \$725,000

Would still be eligible for estimated lifetime tax break of:
\$1,213,485

**Photo
not
available**

Riverside ParcCondo, 529 W. 147th
West Harlem

12 market-rate condos
6 stories
\$403,000 - \$782,000

Would still be eligible for estimated lifetime tax break of:
\$381,794



The Ivy Condominium, 249 East 118th Street
East Harlem

28 market-rate condos
10 stories
\$350,000 - \$747,000

Would still be eligible for estimated lifetime tax break of:
\$2,426,970

 <p>▶ unit pricing & floorplans</p>	<p>440 E. 117th Street East Harlem</p> <p>10 market-rate condos 6 stories \$481,650 - \$711,757</p> <p>Would still be eligible for estimated lifetime tax break of: \$825,500</p>
<p>Photo not available</p>	<p>The Madison, 23 East 128th Street East Harlem</p> <p>12 market-rate condos 6 stories \$440,000 - \$650,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$1,113,590</p>
	<p>The Tatum, 50 East 129th East Harlem</p> <p>18 market-rate condos 7 stories \$410,000 - \$650,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$1,485,900</p>
	<p>Walden Condo, 69 E. 130th Street East Harlem</p> <p>25 market-rate condos 7 stories \$405,000 - \$640,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$2,063,750</p>

	<p>467 W. 163rd Street Washington Heights</p> <p>5 market-rate condos 5 stories \$449,000 - \$990,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$474,663</p>
	<p>The Bennett, 736 W. 187th Street Washington Heights</p> <p>55 market-rate condos 7 stories \$509,000 - \$794,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$5,221,288</p>
	<p>Riverwalk Place, 455 Main Street Roosevelt Island</p> <p>230 market-rate condos 16 floors \$750,000 - \$1,300,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$24,682,450</p>

QUEENS



**The Echelon, 13-11 Jackson Avenue
Long Island City**

54 units
12 stories
\$345,000 - \$1 million

Would still be eligible for estimated lifetime tax break of:
\$4,680,585



**45-56 Pearson Street
Long Island City**

120 market-rate condos
20 stories
\$600 - \$700 per s.f. sales price

Would still be eligible for estimated lifetime tax break of:
\$11,391,900



**44-27 Purves Street
Long Island City**

57 market-rate condos
15 stories
\$440,000 - \$1.3 million

Would still be eligible for estimated lifetime tax break of:
\$9,405,000



**View 59, 24-15 Queens Plaza North
Long Island City**

22 market-rate condos
10 stories
\$459,000 - \$845,000

Would still be eligible for estimated lifetime tax break of:
\$2,088,515

	<p>The Galaxy, 5 – 03 50th Avenue Long Island City</p> <p>9 market-rate condos 5 stories \$636,000 – 998,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$965,835</p>
	<p>41-26 27th Street Long Island City</p> <p>66 market-rate condos 10 stories \$445,000 - \$1,000,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$6,200,115</p>
	<p>Badge Building, 10-55 47th Avenue Long Island City</p> <p>44 market-rate condos 8 stories \$465,000 - \$1,100,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$4,177,030</p>
<p>Photo not available</p>	<p>The Gantry, 48-21 5th Street Long Island City</p> <p>25 market-rate units \$495,000 - \$1,300,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$2,373,313</p>
<p>Photo not available</p>	<p>515-525 Borden Avenue Long Island City</p> <p>81 market-rate condos 12 stories Prices TBD (estimated at \$500,000 per unit)</p> <p>Would still be eligible for estimated lifetime tax break of: \$7,689,533</p>
<p>Photo not available</p>	<p>Hunters View at 11-15/19 49th Avenue Long Island City</p> <p>73 market-rate condos 12 stories Prices TBD</p> <p>Would still be eligible for estimated lifetime tax break of: \$6,026,150</p>

<p style="text-align: center;">Photo not available</p>	<p>Crescent Club, 41-17 Crescent Street Long Island City</p> <p>119 market-rate condos 17 stories Prices TBD (est. at \$500,000)</p> <p>Would still be eligible for estimated lifetime tax break of: \$9,823,450</p>
<p style="text-align: center;">Photo not available</p>	<p>One Hunters Point, 5-43 Borden Avenue Long Island City</p> <p>131 market-rate condos 12 stories Prices TBD (est. at \$500,000)</p> <p>Would still be eligible for estimated lifetime tax break of: \$10,814,050</p>
	<p>Tower 21, 21st & Broadway Astoria</p> <p>14 stories</p>
	<p>Corona Towers, 38-11 108th Street Corona</p> <p>87 market-rate condos 7 stories \$250,000 - \$500,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$4,293,450</p>
<p style="text-align: center;">Photo not available</p>	<p>Corona Place, 102-14 Lewis Avenue Corona</p> <p>61 market-rate condos Prices estimated at \$300,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$3,050,350</p>

	<p>The Windsor, Queens Boulevard & 71st Road Forest Hills</p> <p>95 market-rate condos 21 stories \$510,000 - \$1.5 million</p> <p>Would still be eligible for estimated lifetime tax break of: \$15,675,000</p>
	<p>Site 389, Queens Boulevard Forest Hills</p> <p>160 market-rate condos 17 stories Prices TBD Prices TBD (est. \$500,000)</p> <p>Would still be eligible for estimated lifetime tax break of: \$13,208,000</p>
	<p>Flushing Town Center, College Pt Blvd & Roosevelt Ave Flushing</p> <p>1,100 units (market-rate condos and rentals) 6 buildings Prices TBD (est. \$500,000)</p> <p>Would still be eligible for estimated lifetime tax break of: \$90,805,000</p>
	<p>Flushing Commons Flushing</p> <p>500 market-rate condos Mixed-use site Prices TBD (est. \$500,000)</p> <p>Would still be eligible for estimated lifetime tax break of: \$41,270,000</p>
	<p>RKO Keith, Main Street Flushing</p> <p>250 market-rate condos 18 stories \$400,000 - \$1,200,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$25,590,005</p>

	<p>Ocean Grande Rockaway Park</p> <p>92 market-rate condos 7 stories \$420,000 - \$1.035 million</p> <p>Would still be eligible for estimated lifetime tax break of: \$9,113,520</p>
<p>Photo not available</p>	<p>Metroplex on the Atlantic Far Rockaway</p> <p>123 units 15 stories Sales price TBD (est. @ \$500,000)</p> <p>Would still be eligible for estimated lifetime tax break of: \$10,153,650</p>
	<p>Belle Shores, 101st Street & Shorefront Parkway Rockaway Park</p> <p>78 market-rate condos 4 stories \$440,000 to \$990,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$7,887,653</p>
	<p>143-41 84th Drive Briarwood</p> <p>18 market-rate condos 7 stories \$575 per s.f. estimated sales price</p> <p>Would still be eligible for estimated lifetime tax break of: \$1,118,720</p>
	<p>57-59 Maspeth Avenue Maspeth</p> <p>17 market-rate condos 5 stories \$495,000 - \$600,000</p> <p>Would still be eligible for estimated lifetime tax break of: \$1,112,680</p>

STATEN ISLAND	
Photo not available	<p>130 Bay Street Landing St. George</p> <p>101 market-rate condos 9 stories Avg. sales price: \$500,000</p> <p>Estimated Building Lifetime Tax Break: \$8,300,000</p>
Photo not available	<p>The View, Richmond Terrace & Nicholas Street</p> <p>40 market-rate condos 8 stories Avg. sales price: \$500,000</p> <p>Estimated Building Lifetime Tax Break: \$3,300,000</p>
Photo not available	<p>Richmond County Ballpark Development</p> <p>160 market-rate condos 2 21-story towers Avg. sales price: \$500,000</p> <p>Estimated Building Lifetime Tax Break: \$13,200,000</p>
Photo not available	<p>The Pointe, 155 Bay Street St. George</p> <p>58 market-rate condos 5 stories Avg. sales price: \$500,000</p> <p>Estimated Building Lifetime Tax Break: \$4,800,000</p>