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# New York City Developers Rushed to Get Permits Before Tax Break Expired

Permits for 7,781 residential housing units in 299 projects were granted in December



A rendering of a Greystone Property Development building at 100 Steuben St., a 421-a deadline project. PHOTO: AB ARCHITECTEN

By JOSH BARBANEL  
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0 COMMENTS

The twilight hours of New York City's most lucrative property-tax abatement program lured hundreds of architects and developers to obtain building permits and begin construction in December.

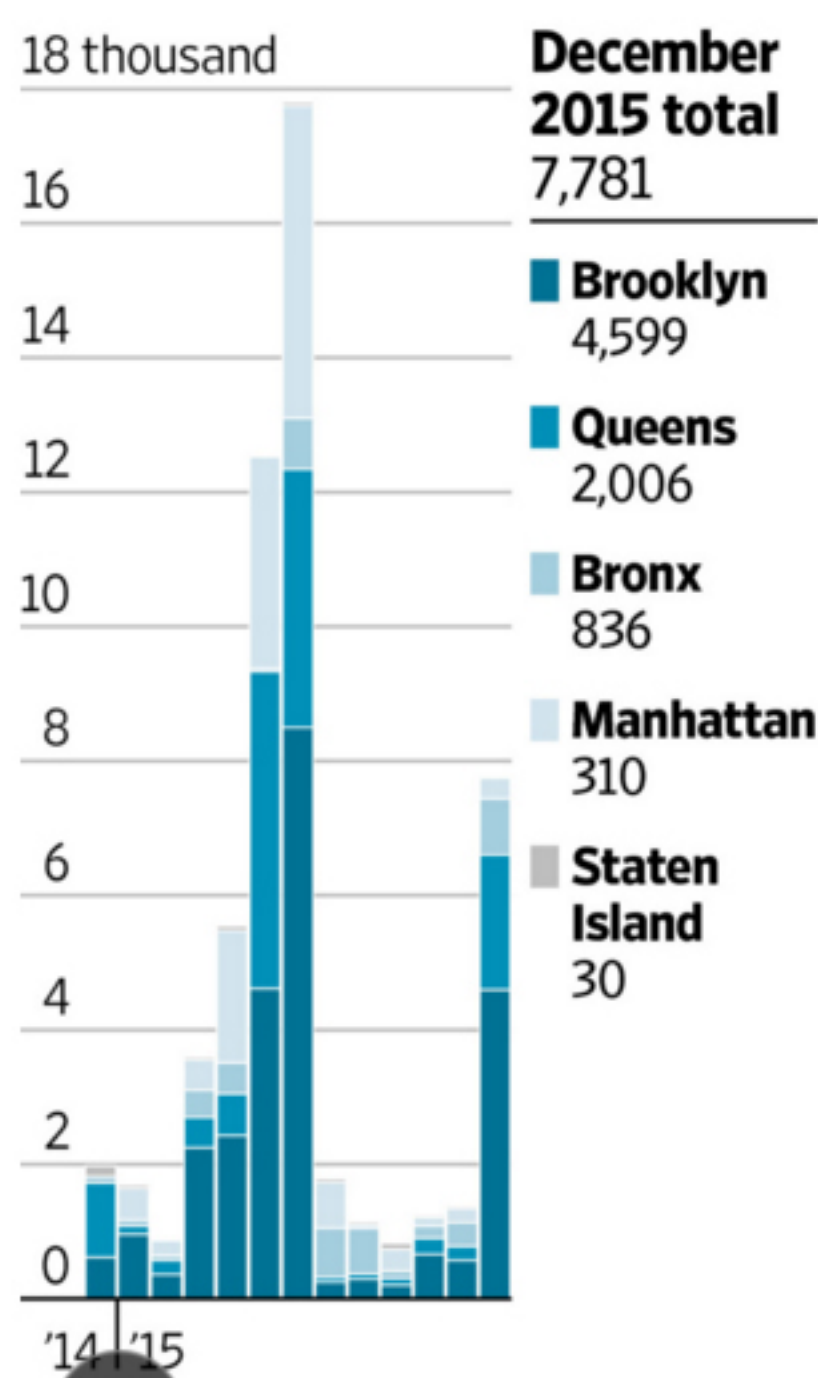
Permits for 7,781 residential housing units in 299 projects were granted last month, according to new U.S. Census figures, more than four times the number issued in November.

The December total was the third highest monthly total in at least seven years, following only even bigger surges in May and June, when the same partial tax exemption program, known as 421-a, also faced an expiration deadline. The program expired on Jan. 15.

The Real Estate Board of New York said the rush showed the importance of the 421-a program in encouraging the development of rental housing, though opponents said developers were rushing to take advantage of overly generous benefits.

## December Rush

New York City building permits surged at the end of 2015 as the expiration date neared for a tax-exemption program for developers of apartments.



SOURCE: U.S. Census Bureau  
PHOTO: AB ARCHITECTEN

Alexander Blakely, an architect and partner at AB Architekten, said he worked through December on three projects with two developers, who needed to get permits and begin construction on foundation footings to qualify for the tax break.

"We had reasonable good luck and a good expeditor, Mr., Blakely said. "There was a big push. We had to get the foundations in the ground before the end of the year."

One project, a seven-story concrete-and-glass building at 195 Clarkson Ave. in the Brooklyn neighborhood of Prospect Lefferts Gardens, was submitted to the Department of Buildings in July, but was held up because of delays in a demolition permit. A building permit was issued on Dec. 11.

The surge caps a year-long building boom, attributed to the strong housing recovery but also the rush by developers to get all possible projects under way that could qualify for benefits.

In all, the Census Bureau figures show 56,248 permits issued in New York City in 2015, the most since 1962. The total far surpassed the most recent peak of 33,911 permits issued in 2008, though dozens of those projects were delayed for years after the financial crisis.

The 421-a program is providing \$1.26 billion in exemptions for developers in the current city fiscal year. It was designed to encourage the creation of housing, especially affordable housing, and has been repeatedly modified to pare back generous benefits.

The program was extended and modified last June, to require that developers building rental housing set aside up to 30% of the units for affordable beginning in January.

The legislation signed by Gov. Andrew Cuomo came with a catch, though: The tax break would end if the industry couldn't reach an agreement with unionized construction workers on a wage plan for projects built under the program.



A rendering of an Astral Weeks Development building at 195 Clarkson Ave. in Brooklyn. PHOTO: AB ARCHITECTEN

When the sides failed to agree by the Jan. 15 deadline, the program ended, with little signs so far of a rush by the Legislature to come up with a replacement.

"The most recent permit numbers clearly show the importance of the 421-a program in the development of rental housing in the city," said Jamie McShane, a spokesman for the real estate board. "Without the program, building rental and affordable housing will be increasingly infeasible putting the city's affordable housing plan in jeopardy."

Barika Williams, deputy director of the Association for Neighborhood and Housing Development, said developer over the years had repeatedly rushed to be part of the old 421-a rules before they expired.

"The industry says that whatever the new rules are, they will doom production," she said. Eventually the industry adapted to a new reality and then moved on, she said.

Few Manhattan projects were part of the year-end push for permits. Of the 7,781 permits, 59% were issued in Brooklyn, and 26% were issued in Queens. Manhattan, which already had stricter 421-a rules than other parts of the city, accounted for 310 permits, or 4%, according to the Census Bureau, compared with 22% for the year.

The December permit list has many small projects but also some large ones, including a 27-story tower with 168 apartments in Long Island City in Queens. It received a partial building permit on Dec. 30, according to city records.

Write to Josh Barbanel at [josh.barbanel@wsj.com](mailto:josh.barbanel@wsj.com)

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