



TESTIMONY OF THE LONG ISLAND BUILDERS INSTITUTE BEFORE THE NEW YORK STATE SENATE COMMITTEES ON
FINANCE; COMMERCE, ECONOMIC DEVELOPMENT AND SMALL BUSINESS AND INVESTIGATIONS AND
GOVERNMENTAL OPERATIONS

JANUARY 14, 2022

On behalf of the Long Island Builders Institute, the largest residential home building trade association in New York State, representing over 625 member companies with tens of thousands of construction workers and related industries, we are pleased to have this opportunity to testify today before these State Senate committees in support of three specific types of business subsidies and tax incentives which enable the Long Island real estate industry to continue to prosper and employ thousands of workers and pay millions of dollars in state and local taxes.

First, the most important tax incentive used always by my multi-family builders is the ability to apply for and obtain real property tax incentives from our local Industrial Development Agencies. Because of the substantial real property tax rates on Long Island, it is almost impossible to build either an affordable housing multi-family development or a market rate project which includes the necessary 10% affordable requirement under the Long Island Workforce Housing Act without receiving such benefits from our local IDA. The benefit package does not reduce the amount of real property taxes paid on the property, what it does is to spread out the increase of such taxes going forward to reflect the time period necessary for the financing of the project. Thus, each year the amount of real property taxes paid by the project increases at a prescribed rate to reflect the increased value of the property as well as the ability to find renters for the units and to subsidize the affordable units. The private financing entities which can take their funding sources to any part of the country for higher rates of return are accessible only because they understand that the expenses necessary for such a development project will be phased in over a period of time so that the financing entities can be repaid over the first number of years. If the building of affordable housing on Long Island is an essential component of our economy and LIBI believes it is, therefore it is essential that the state continue to allow our Industrial Development Agencies to provide a phase in of real property tax benefits for our multi-family developments.

Second, the extension of the brownfield credit program beyond its current expiration date is another example of how the needs of the environment and the economy coincide on Long Island. Because we are not creating any more land and because open space is such an essential part of the Long Island lifestyle, the amount of open land available for development is very limited in many parts of our island. As a result, much of our current development opportunities depend on our ability to redevelop properties which have already been developed over the years, some of which have been environmentally harmed. Thus, the ability to use brownfield credits to clean up such properties and then redevelop them is an essential component of redevelopment opportunities and provide both environmental and economic benefits to many of our communities. We would urge the State Senate to support the recent call for an extension of such credits in the 2022-23 state budget.

Third, the ability of our members to be eligible for and receive state grants through the Long Island Economic Development Council provides additional state funds to help provide very meaningful components of various projects, including parking garages, solar panels, electric charging stations and other economic and environmental benefits. While such benefits are on a competitive basis, our ability to apply for and receive such grants can be a lifeline to projects which need either mitigations or the ability to showcase such state grants to outside funding sources. Many times, such outside funding sources want to make sure that the State of New York is supportive of such a project and the willingness of the Long Island Regional Economic Council to provide such funds can be the determining factor in the ability to bring the project to fruition. We would urge the State Senate to continue their support of these very important programs through Empire State Development and the Long Island Regional Economic Council because the benefits provided far exceed the amount of funds provided by the state.

On Long Island, we are all aware that we are a very high-cost community and the ability to provide new housing or other economic development opportunities is very dependent upon the willingness of our state and local partners to provide the subsidies necessary to make the project successful and attract the outside funding sources so important. LIBI urges the continuation and improvement of such funding sources as we have outlined as they constitute a lifeline to the ability to provide homes for our residents.

Thank you very much for your consideration of our views.

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