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## **The Industrial Development Agency (IDA) – Where would we be without it? - by Ralph Perna**

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We hear it all the time. New York is too expensive to live and not business friendly. Believe it or not, however, we probably have one of the nation's largest economic bases. Further, almost anything in the world you may want, can be accessed here or nearby. We have to consider New York's dense population which requires infrastructure and that costs money. That being said, New York City has, in most cases, been successful at initiating programs to provide incentives that help retain businesses, increase growth and, in most cases, create jobs.

Empire State Development is a division of New York State that provides assistance and job creation, but, as far as I am concerned, no other agency or division has been as successful at achieving this goal as the statewide Industrial Development Agency (IDA), particularly for the commercial and industrial real estate sectors. Across the state, the IDA, which maintains a presence in New York's various counties, has provided the most comprehensive program available. The IDA has what I call the "triple play effect;" the combination of a real estate tax abatement, sales tax exemption and a mortgage recording taxes exemption. The trifecta has a significant effect in increasing and retaining jobs and business growth throughout the state.

One of the more significant growth industries, especially on Long Island, has been healthcare. New Jersey always has been a hub for the pharmaceutical industry, but due to the efforts of the IDA, this industry sector has been able to remain, thrive and expand on Long Island. Without the assistance of the IDA, I believe many of the region's pharmaceutical firms may have left the region in search of a lower cost of operation area. Overall, Nassau and Suffolk counties have experienced significant growth for the last five to seven years, despite the fact that there may have been better opportunities for them outside of New York State if not for the available incentive programs.

As I looked into other regions throughout the State IDA programs, it seems the Suffolk County IDA is one of, if not the, most proactive programs available. That tax abatement program from the existing real estate tax base is particularly significant in the retention of local companies

Keep in mind that all industries do not qualify for participation in industrial development programs. Two examples are retail and residential development. In Suffolk county, residential apartment development does not qualify. Residential apartment development sectors certainly need the assistance from the local IDAs as this is a major growth industry that can become an important, driving factor in the retention of our next generation of workers. Needless to say, the costs associated with vacant land development and new construction require developers to obtain financial incentives in order to provide affordable housing. A significant cost savings to the developer would be a sales tax exemption for new materials. When you combine a real estate tax abatement over a 15-year period, along with the mortgage recording tax, the savings are not only significant, but also facilitate a savings in the monthly cost for the apartment rental. Through this, we would have a greater opportunity to maintain the next generation of workers, while also providing economic stimuli to other local businesses.

Coincidentally, as I finish writing this article, Newsday's business section features an article in which a Suffolk County legislator gives a strong testimonial on behalf of the Suffolk County IDA. Presented

is how, over the last five years, the agency has helped retain and increase jobs by over 12,000, along with advancing local growth and development generating revenues of more than \$775 billion. These are significant numbers to say the least which drive home the point that the role of the IDA has had and will continue to have a positive effect on New York's growth, development and overall economy.

Stay tuned.

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