



## President's message: The Mayor's city

November 19, 2007 - Spotlights

The AIA held its annual fundraising dinner, the Heritage Ball, to a sold out crowd of close to 1,400 people a few weeks ago. Times are still good for most of us in the construction industry, and we have the money to spring for a table at events like this. New York's economy is still chugging along at a brisk pace, in spite of a few clouds on the horizon, generated by the sub-prime mortgage crisis and the related credit crunch.

New York is a city that runs in parallel with Wall Street. We don't see that clearly until something goes wrong, but a substantial portion of our tax revenue comes from taxing large transactions such as mergers and acquisitions, or sales of large buildings. These transactions also generate huge fees for financial services firms. The financial services industry employs hundreds of thousands of people, and when they are expanding the real estate market is hot. When they are contracting, the real estate industry is too.

Because of the recent volatility of the stock market, a favorite topic of speculation has been the direction of the economy here. As we teetered on the brink of a crash, it seemed that we were headed downward along with the stock market. Then cuts in interest rates arrested the slide, and it seemed that we were spared an imminent recession, at least for a little while. But an interesting fact has emerged about city government; our mayor, no slouch at reading the economic tea leaves, has asked his commissioners to plan for next year with a "prudence" budget, forecasting a budget deficit. Why? Because of the credit crunch the number of mergers and acquisitions has plummeted, and along with it, the potential tax revenue. For the same reason, the number of sales of large buildings has also declined, with the same result. There are also only a limited number of these trophy buildings, and many of them have changed hands within the past five years.

If we are to agree with our mayor, then we would have to see a (hopefully) gradual slowdown for next year. In his typical fashion he is planning ahead to mitigate the impact. Which gets us back to the topic of our mayor, and why he was getting an award from the AIA. He has been nothing if not strategic in his planning, both financial and physical. No mayor since LaGuardia has done as much to change the future course of our city. Vast stretches of underutilized land in all the boroughs have been rezoned to encourage development. He has worked closely with the Department of City Planning, and for a while it seemed that the commissioner, Amanda Burden, was coming out with a new initiative every few days. For the first time ever we are getting a new building code; his Commissioner of the Department of Buildings, Patricia Lancaster, has been working with a large group of volunteers (many of them AIA members) to modify the International Building Code to suit the peculiarities of our fair city. Our parks have never looked better, and design excellence programs for architecture and landscape architecture have been developed under his administration. Part of his success can be ascribed to his ability to surround himself with talented people who are empowered to think for themselves without worrying about casting too large a

shadow. This seems an obvious and necessary aspect of leadership, but in some administrations in the recent past it has not been the case.

We have been enjoying the fruits of thoughtful leadership along with the benefits of a strong economy. Of course the state of the economy is tied to many factors, many of which originate from a totally different level of the economy than municipal government. But when the economy eventually tanks, if it is within the eight hundred or so days remaining to this administration (and as he is quick to tell everyone, the mayor is counting) we can at least know that he is planning ahead for it.

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