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Don't forget to explore IDA benefits when trying to make a deal work

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Daniel
Deegan

Industrial Development Agencies (IDA) can offer substantial benefits to commercial real estate projects, benefits that are often overlooked by the real estate and business communities. These benefits can often make or break a deal and IDAs are looking to “make” deals that might otherwise not happen. Commercial brokers especially should be aware of what an IDA can bring to the table.

IDAs incentivize businesses

to locate, expand and/or remain in NYS, thereby creating and retaining tax base and jobs and resulting in a beneficial economic “Multiplier Effect.” Commercial buildings and businesses can qualify.

It is a myth that the IDA process can slow down a deal. The IDA process is rarely the “long-lead” item in a transaction and can be accomplished typically in 60 to 90 days. Some have been done in 45 days!

The benefits include: a sales tax exemption on construction materials and eligible equipment; a mortgage recording tax exemption; and, often the most valuable, a beneficial PILOT agreement with significant savings on real property taxes.

A project may also qualify for

“Tax Exempt” and/or “Taxable” bonds, providing lower interest rates and allowing a project to tap credit markets not otherwise available.

It is very important to approach the IDA as early as possible, before a contract, when the deal is being put together. IDAs want to incentivize projects, not give benefits to something that is happening anyway.

It is essential that qualified IDA counsel be brought into the picture as early as possible so the right approach to the IDA can be made.

Daniel Deegan is a partner at Forchelli, Curto, Deegan, Schwartz, Mineo, Cohn & Terrana, LLP, Uniondale, N.Y.

Tel: 781-878-4540 | Fax: 781-871-1853 | 800-654-4993 | www.nyrej.com | info@nyrej.com