

DAILY NEWS

RUSH TO BUILD AS TAX BREAK FADING AWAY

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The city's residential building boom spiked last month with an astonishing 17,128 new permits issued, as developers rushed to break ground before less lucrative tax break rules kicked in.

"I'll make you a bet that there aren't 17,000 permits for the next year or two," said [Peter Fine](#) of the [Atlantic Development Group](#). "That's what you call a rush to get in the ground."

Sparked by a tax break for developers that became much less lucrative July 1, the permit rush reversed what had been a slump in [New York](#)'s residential building market.

The June permits were more than four times as many as in May, and as in June 2007 as well. They amount to more than half the 31,918 permits issued in all of 2007, and bring this year's total to 26,851.

"June will in effect give us a cushion for the rest of the year," said [Steven Spinola](#), president of the Real Estate Board of New York, which tracked the permits from [Census Bureau](#) data. "We were all shocked here when we saw these numbers," he said. "We knew there would be a bounce, but not this much of a bounce."

Brad Lander of the [Pratt Center for Community Development](#) said it shows that the so-called 421-a tax break was too generous and needed to be reformed. "It was a bad system. We were subsidizing luxury housing," Lander said.

Builders, though, wonder whether June marks the end of the good times in the city - and whether all of those new structures will flood the real estate market in two to three years.

"New York is out of step - there's no question about it," said [Richard Anderson](#), president of the [New York Building Congress](#). "I thought the residential would slow down by now."

His group is releasing a report today showing that construction costs in New York are rising 1% a month as the building boom crimps the supply of labor and materials.

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