

Commercial Revitalization Program

The Commercial Revitalization Program (CRP) was developed with the goal of rehabilitating older building stock in Lower Manhattan. The New York City Department of Finance provides benefits under CRP through two tax incentives: a \$2.50 real estate tax abatement and a Commercial Rent Tax special reduction. These benefits apply to non-residential or mixed-use premises located in designated abatement zones. Applicants are also required to make certain minimum expenditures to improve the eligible premises.

Real Estate Tax Abatement

Under CRP, the Department of Finance offers a \$2.50 per square foot real estate tax abatement for up to 5 years for commercial tenants that locate in non-residential pre-1975 buildings south of Murray Street in Lower Manhattan. Tenants must make improvements to their space and leases must commence prior to March 31, 2014.

- Leases may be 3, 5, or 10 years, depending on the number of employees. Firms with less than 125 employees may have 3 or 5 year leases (or longer) and will receive the benefit for 3 to 5 years, depending on the length of lease. Firms employing over 125 people must have 10 year leases, and will receive the benefit for 5 years.
- Tenants receive the benefit as a pass-through from their landlord and must jointly apply for the tax abatement with their landlord.
- Expenditures required are based on the number of employees and length of lease, and range between \$5 per square foot and \$35 per square foot. Expenditures must be documented and submitted to the Department of Finance.

Commercial Rent Tax (CRT) Special Reduction

The CRT portion of CRP offers an exemption on commercial rent tax for retailers and commercial businesses with an annual rent of over \$200,000 per year. To be eligible, the tenant must be located in a non-residential building south of Canal Street, and leases must commence prior to June 30, 2013. This program does not apply to nonprofits and other small businesses with an annual rent under \$200,000.

For Retailers and Commercial Businesses:

- Exemption for up to 5 years for retail and commercial businesses south of Canal Street (the amount of exemption is tied to tenant's base rent).

Quick Facts

- Tenants must submit their application within 180 days of lease commencement.
- Tenants who relocate to Lower Manhattan from one of the outer boroughs are not eligible for CRP.
- Tenants can only receive benefits under CRP once, even if they move to a new location (except for certain Fulton Street Hub tenants). However, the benefit may be continued or increased if additional space is leased.
- Subleases are not eligible.
- Expires: March 31, 2014 (Real Estate Tax Abatement) & June 30, 2013 (CRT).

For more information on either the Commercial Rent Tax Reduction or the Real Estate Tax Abatement portions of CRP, or to download an application, please click here: http://www.nyc.gov/html/dof/html/property/property_tax_reduc_revitalization.shtml

Helpful CRP Links

- To download a list of eligible buildings for the CRP program, click here: <http://www.downtownny.com/sites/all/themes/nyda/pdf/201/UpdatedCRP.pdf>
- To view a map of eligible buildings for the CRP program, click here: http://www.downtownny.com/sites/all/themes/nyda/pdf/201/CRP_elligible_buildings_11_23_05.htm

Industrial & Commercial Abatement Program (ICAP)

ICAP, administered through the New York City Department of Finance, provides a partial exemption from or abatement of property taxes for up to 25 years for eligible industrial and commercial buildings south of Murray Street that are built, modernized, rehabilitated, expanded, or otherwise physically improved. Eligibility for ICAP benefits in Lower Manhattan may also allow a participant to receive reduced energy rates through the Lower Manhattan Energy Program (LMEP) (See below).

- Developers of commercial projects must make expenditures of at least 30% of the assessed value of the project in the year the building permit is issued.
- New commercial construction receives a full exemption on improvements for 11 years, followed by a 4-year exemption period with benefits declining by 20% per year. Commercial renovation projects receive a full exemption on the increase in assessed value due to the improvements for 8 years, followed by a 4-year exemption period with benefits declining by 20% per year.
- Two applications are required--a preliminary application and a final one. The preliminary application must be filed before building permits are issued (and prior to March 1, 2015).

Quick Facts

- Hotels can qualify for ICAP provided they do not include any permanent dwelling units.
- Both commercial and industrial properties qualify, and both new construction and rehabilitations are eligible, based on certain criteria.
- Preliminary applications must be filed before building permits are issued and before 3/1/2015.
- For more information click here: http://www.nyc.gov/html/dof/html/property/property_tax_reduc_incentive.shtml

Lower Manhattan Energy Program (LMEP)

Quick Facts

- No application is needed for commercial tenants.
- Government agencies, personal service providers, public-benefit corporations, and retailers are not eligible.
- Expires: June 30, 2013.
- For more information click here: <http://www.nyc.gov/html/sbs/nycbiz/html/summary/incentives.shtml>
- To view a map of participating buildings for the LMEP program, click here: http://www.nyc.gov/html/sbs/nycbiz/html/summary/lmep_map.shtml

The Lower Manhattan Energy Program (LMEP), administered by the New York City Department of Small Business Services (SBS), was recently given a 3-year extension, and will now expire on June 30, 2013. The program can reduce energy costs by up to 45% for 12 years for eligible buildings and commercial tenants in those buildings.

Building Owners:

- A building located south of Murray and Frankfort Streets is eligible for LMEP if renovations in excess of 30% of the property's assessed value have been made, and the building has been approved by the Industrial & Commercial Abatement Program (ICAP) or the New York City Industrial Development Agency (IDA).
- City and state-owned buildings that have been improved are also eligible.
- The building owner or developer must submit an application to SBS before a building permit is issued for the construction or renovation.

Commercial Tenants:

- Tenants do not need to submit an application for LMEP. Tenants located in an eligible building should receive an energy credit from their landlord.
- When negotiating a lease, tenants should confirm the status of the building either with the building manager or SBS.

Lower Manhattan Relocation Employment Assistance Program (LM-REAP)

Quick Facts

- Tenant must relocate their operations or move employees from outside of the 5 boroughs of NYC.
- Retail businesses and hotels are not eligible.
- At least one employee must be relocated from premises outside the city.
- Applications must be submitted prior to July 1, 2013.

For more information on LM-REAP-EB click here: http://www.nyc.gov/html/dof/html/property/property_tax_reduc_reap_lm.shtml

For more information on LM-REAP-SEB click here: http://www.nyc.gov/html/dof/html/property/property_tax_reduc_reap_lm_seb.shtml

There are two portions of the LM-REAP program. If you are new to NYC, you qualify as an Eligible Business (EB). If you already have a Manhattan presence, but are moving employees from outside of NYC to Lower Manhattan, you qualify as a Special Eligible Business (SEB).

The LM-REAP-EB and SEB programs, administered by the New York City Department of Finance, provide a \$3,000 tax credit per employee, per year to businesses that relocate to Lower Manhattan from outside of the 5 boroughs. The credit may be taken against the NYC General Corporation Tax, the Banking Corporation Tax, the Unincorporated Business Tax, and / or the Utility Tax.

- Companies must have been in business for at least 24 months before relocating or expanding to Lower Manhattan.
- EB businesses must move at least one employee to the Lower Manhattan location from offices outside the city. SEB businesses must increase their payroll in NYC by 25% or 250 employees.
- Companies must relocate to a non-residential building that has been improved by construction or renovation, or must sign a lease of at least three years and spend \$25 per square foot on improving their space themselves.

NYS Sales Tax Exemption for Build-Out

This program, administered by the New York State Department of Taxation and Finance, provides an exemption from the sales tax on goods purchased for the build-out of office space in Lower Manhattan south of Murray Street.

- Lease terms must be at least 10 years, and must commence prior to September 1, 2013. Only direct leases are eligible (no subleases).
- Businesses that locate in the World Trade Center, 7 World Trade, The World Financial Center, or Battery Park City, can receive an exemption on sales tax for all goods purchased, including personal property such as furniture and equipment.
- Businesses located in all other areas south of Murray Street can receive an exemption only on those goods purchased for a build-out that will result in permanent capital improvements to the space. Personal property, furniture, and other non-permanent goods do not qualify.

Quick Facts

- Lease term must be at least 10 years.
- Subleases do not qualify.
- Retailers do not qualify.
- Lease must commence prior to September 1, 2013.

For more information on the sales tax exemption click here:

http://www.tax.state.ny.us/pdf/memos/sales/m05_12s.pdf

Quick Glance Overview

PROGRAM NAME	BENEFIT	ELIGIBILITY
Real Estate Tax Abatement (part of CRP)	\$2.50 per square foot real estate tax abatement for up to 5 years.	Must be a pre-1975 building, must be south of Murray Street, tenant must meet required improvement expenditures.
Commercial Rent Tax Special Reduction (part of CRP)	Exemption or reduction in commercial rent tax payment for up to 5 years.	Must have an annual rent payment over \$200k, building must be located south of Canal St.
Lower Manhattan Energy Program (LMEP)	Reduced energy costs for up to 12 years.	Building must be improved by owner or developer, must be located south of Murray Street.
Industrial & Commercial Abatement Program (ICAP)	Property tax abatement for new or improved commercial or industrial buildings for up to 25 years.	Building must be renovated, constructed, or rehabilitated and must meet required expenditure level.
Lower Manhattan Relocation Employment Assistance Program (LM-REAP)	\$3,000 tax credit per employee per year for tenants that move to Downtown from outside of NYC.	At least one employee must be moved from a location outside NYC, improvement expenditures must be met.
Sales Tax Exemption	Exemption from sales tax on goods purchased for build-out of space.	Must be at least a 10-year lease, building must be located south of Murray Street.