

*May 2023 Update: Governor Hochul has signed a four-year extension of three Lower Manhattan leasing incentives into law as of May 2023. These programs include CRP, LMEP and NYS Sales Tax Exemption.*

*For more information on the incentives below, please email Josh Nachowitz at [jnachowitz@downtownny.com](mailto:jnachowitz@downtownny.com) or visit <https://downtownny.com/business/business-resources/office-tenants/>*

## 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 and Frankfort Street, west of South Street and east of West Street in Lower Manhattan. Tenants must make improvements to their space and leases must commence prior to **March 31, 2028**.

- 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.
- Tenants must submit their application within 180 days of lease commencement.

### Commercial Rent Tax (CRT) Special Reduction

The CRT portion of CRP offers an exemption on the commercial rent tax, a tax paid by retailers and commercial businesses with an annual rent of over \$200,000 per year. Non-profit companies are not eligible because they do not pay commercial rent tax.

The tenant must be located in a non-residential building south of Canal Street, and leases must commence prior to **June 30, 2027**.

### Quick Facts

- Only tenants who relocate to Lower Manhattan from within Manhattan are eligible. Relocations from other boroughs are ineligible.
- 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.
- The Real Estate Tax Abatement expires **March 31, 2028** and benefit period ends **March 31, 2034**.
- CRT Special Reduction expires **June 30, 2027**
- The Real Estate Tax Abatement benefits taper off in the last two years of the benefit period, and are reduced to 2/3 of the benefit in the second-last year, and 1/3 in the last year.
- CRT Special Reduction benefits include a base rent reduction for the first five years of the lease equal to the lesser of the first year's rent or 100% of the rent paid for the period.
- Visit <https://downtownny.com/business/business-resources/incentives-calculator/>, or email [jnachowitz@downtownny.com](mailto:jnachowitz@downtownny.com) to explore the value of these programs.
- For more information on either the CRT Special Reduction or the Real Estate Tax Abatement portions of CRP, or to download an application, please click here: <https://www.nyc.gov/assets/finance/downloads/pdf/commrevp.pdf>

# 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 are eligible in Lower Manhattan and 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.
- For new commercial construction, retail up to 10% of the total property is eligible for the standard 25-year benefit schedule and retail above 10% receives a modified 15-year benefit schedule. For renovation projects, when retail makes up more than 5% of the total property, the retail portion of the building is ineligible for the benefit.
- Two applications are required. The preliminary application must be filed before building permits are issued (and prior to **February 28, 2029**). The final application must be filed no later than one year after the effective date of eligibility, which is the date of the first building permit that allowed construction.

## Quick Facts

- Both commercial and industrial properties qualify, and both new construction and rehabilitations are eligible, based on the benefit schedule available at
- Preliminary applications must be filed before building permits are issued and before **February 28, 2029**.
- For more information click here: <https://www1.nyc.gov/nycbusiness/description/industrial-and-commercial-abatement-program-icap/about>

# 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, 2027**.
- For more information click here: <https://www1.nyc.gov/nycbusiness/description/lower-manhattan-energy-program>
- To view a list of participating buildings for the LMEP program, [click here](#) or visit our website.

The Lower Manhattan Energy Program (LMEP), administered by the New York City Department of Small Business Services (SBS), was extended from June 30, 2015 to **June 30, 2027**. 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 are due by **June 30, 2025**.

For more information on LM-REAP-EB click here: <https://www1.nyc.gov/nycbusiness/description/lower-manhattan-relocation-employment-assistance-for-eligible-businesses>

For more information on LM-REAP-SEB click here: <https://www1.nyc.gov/nycbusiness/description/lower-manhattan-relocation-employment-assistance-program-for-special-eligible-businesses>

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. Non-profits are not eligible because they do not pay these taxes.

- 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.
- Tenants can either sign a lease of at least three years and spend at least \$25 per square foot on improving their space or they must spend at least 50% of the assessed value of the property for commercial (or 25% of the assessed value for an industrial property) and locate to a property:
  - Eligible for ICIP;
  - Leased from the New York City Industrial Development Agency;
  - Owned by the City; or
  - Leased from the Port Authority or New York State Urban Development Corporation.

## 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 only direct leases are eligible (no subleases).
- Businesses that locate in the World Trade Center, 7 World Trade, Brookfield Place, or Battery Park City, can receive an exemption on sales tax for all goods purchased, including personal property such as furniture and equipment and lease terms must commence prior to **September 1, 2029**. Benefits will expire **December 1, 2030**.
- 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. Businesses must have leases that commence prior to **September 1, 2027**, with benefits expiring **December 1, 2028**.

## Quick Facts

- Lease term must be at least 10 years.
- Subleases do not qualify.
- Retailers do not qualify.
- Leases must commence prior to **September 1, 2029** for the World Trade Center site, Brookfield Place and Battery Park City and by **September 1, 2027** for all other areas south of Murray Street.

For more information on the sales tax exemption and geographic definitions click here: [http://www.tax.ny.gov/pdf/memos/sales/m14\\_10s.pdf](http://www.tax.ny.gov/pdf/memos/sales/m14_10s.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 on the commercial rent tax for 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.

To learn more about the savings your business could receive from Lower Manhattan incentives, please consult our **Incentives Calculator** at:

<https://downtownny.com/business/business-resources/incentives-calculator>