

There are two incentives available from the New York City Department of Finance for retailers who locate in Lower Manhattan.

## 1. Commercial Revitalization Program

CRP offers two tax incentives: a \$2.50 real estate tax abatement and a Commercial Rent Tax special reduction. For both portions of CRP, the following rules apply:

- Retailers must submit their application within 180 days of lease commencement.
- Retailers who relocate to Lower Manhattan from one of the outer boroughs are not eligible for CRP. However, opening a new retail store in Lower Manhattan in addition to an outer borough location is allowed.
- Retailers can only receive benefits under CRP once, even if they move to a new location. However, the benefit may be continued or increased if additional space is leased.
- Subleases are not eligible.

### 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 retail 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, 2010.

- Leases may be 3, 5, or 10 years, depending on the number of employees. Retailers with less than 125 employees at the Lower Manhattan location may have 3 or 5 year leases (or longer) and will receive the benefit for 3 to 5 years. These tenants must make leasehold improvements of \$5 per square foot. Retailers employing over 125 people at the Lower Manhattan location must have a 10 year lease, and will receive the benefit for 5 years. These tenants must make leasehold improvements of \$35 per square foot. Renewal leases where the retailer has over 125 employees require leasehold improvements of \$10 per square foot.

- Tenants receive the benefit as a pass-through from their landlord and must jointly apply for the tax abatement with their landlord.

### Commercial Rent Tax (CRT) Special Reduction

The CRT portion of CRP offers an exemption on commercial rent tax for retailers 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 small retailers with an annual rent under \$200,000. The program offers a permanent exemption on Commercial Rent Tax for all retail tenants in the area generally south of Murray Street, between West Street and South Street

## 2. Industrial & Commercial Abatement Program (ICAP)

ICAP 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. In order to benefit, retailers must make capital improvements that will increase the assessed value of the entire building, property or commercial condominium. For commercial buildings, expenditures of at least 20% of the assessed value of the property in the year the building permit is issued are required. Build-out expenditures or individual tenant leasehold improvements do not qualify under ICIP. Both new construction and major rehabilitations are eligible.

- 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.

- The preliminary application must be filed before building permits are issued and must be submitted before June 30, 2013.

### Helpful Links

- CRP Website: [http://www.nyc.gov/html/dof/html/property/property\\_tax\\_reduc\\_revitalization.shtml](http://www.nyc.gov/html/dof/html/property/property_tax_reduc_revitalization.shtml)
- ICAP Website: [http://www.nyc.gov/html/dof/html/property/property\\_tax\\_reduc\\_incentive.shtml](http://www.nyc.gov/html/dof/html/property/property_tax_reduc_incentive.shtml)