

## Practice Update

# June Expiration of Select New York City Residential and Commercial Incentive Programs

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Four major New York City based incentives programs for residential and commercial property owners and tenants are scheduled to sunset in June. Depending on individual circumstances, there may be an opportunity to vest benefits prior to the sunset dates. Immediate attention would be required to determine eligibility and application filings would be required within a short time frame. These as-of-right programs which provide various forms of benefit including real property tax exemption, business income tax credits and energy cost savings offer invaluable cost savings.

New York City Residential Tax Exemption program expires on June 15, 2015:

- 421-a Partial Tax Exemption - A State legislated program that is linked to incentivize the construction of Class A Multiple Dwellings in New York City and provides declining property tax exemption anywhere from 10 to 25 years based on the new value created by new construction of multiple units on lots that were vacant, predominantly vacant or underutilized, or improved with a non-conforming use thirty-six months prior to construction. Please note that projects must commence construction including footings and a vertical structural element under a New Building permit no later than June 15, 2015.

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New York City incentive programs expiring on June 30, 2015:

- Relocation Employment Assistance Program (REAP) – A 12 year annual business income tax credit of up to \$3,000 for each qualified job that an eligible company relocates from outside of New York City or below 96th Street in Manhattan to designated locations above 96th Street in Manhattan or to one of the other four boroughs. The credit is a cash refund for the first five years and a credit against NYC income taxes for the remaining seven years.
- Energy Cost Saving Program (ECSP) – A 12 year program for NYC companies that can reduce regulated energy costs up to 45% and regulated natural gas costs up to 35% for eligible businesses that relocate to, make improvements to property in, or lease space in previously improved buildings in the outer boroughs and Manhattan above 96th Street. The full benefits last for eight years, followed by a four year phase-out during which benefits are reduced by 20% each year.
- Lower Manhattan Energy Program (LMEP) – A 12 year program provides NYC property owners and commercial tenants that relocate to new or improved space in eligible buildings located in Lower Manhattan a reduction of up to 45% in electricity transportation and delivery costs. The full benefits last for eight years, followed by a four year phase-out during which benefits are reduced by 20% each year.

Please contact Akerman's Economic Development & Incentives professionals for a discussion and evaluation of your project for eligibility under these programs and the potential means to vest benefits prior to the respective sunset dates. The extension of these programs is not guaranteed despite having been extended previously.

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