



# CEP (Industrial & Manufacturing Tenants) Commercial Expansion Program

Administering Agency: NYC Department of Finance

<http://www1.nyc.gov/site/finance/benefits/benefits-commercial-expansion-program.page>

## Program Description

Real estate tax abatement for new, renewal, or expansion leases for industrial or manufacturing space in Manhattan north of 96th Street or in Brooklyn, Queens, the Bronx, or Staten Island. Qualified tenants in the Special Garment Center District in Manhattan are now eligible for this benefit.

## Benefits

### Description of Benefits

Real estate tax abatement equal to the lesser of:

- (a) Actual tax liability, and
- (b) 2.50 PSF for a benefit period not to exceed 10 years.

### Example Benefits Calculation

ABC Food, a prepared food manufacturer and distributor with 100 employees, signs a 10-year lease for 100,000 SF in Queens. Without benefits, its annual real estate tax liability would be \$2.50 PSF or \$250,000.

Year	CEP Abatement Percent*	CEP Property Tax Abatement
1	100%	\$ 250,000
.	100%	\$ 250,000
.	100%	\$ 250,000
.	100%	\$ 250,000
10	100%	\$ 250,000
Total (Nominal)		\$ 2,500,000
NPV (6.25%)		\$ 1,818,423

As shown above, CEP would result in aggregate savings of \$2,500,000 in real estate taxes over 10 years.

\* CEP Abatement Percent is the percentage of the initial year's benefit that is available each year.

## Eligibility & Tips

### Eligibility

- **Eligible Building** - The minimum building size and age requirements are no longer applicable to industrial and manufacturing tenants
- **Location** - The premises must be in a designated abatement zone. The abatement zone is any area that is zoned C4, C5, C6, M1, M2, or M3 in the Bronx, Brooklyn, Queens or Staten Island, and in Manhattan north of 96<sup>th</sup> Street, as well as the Special Garment Center District, defined as follows:
  - W. 35th St. to W. 38th St. from Broadway to 7th Ave.;
  - W. 35th St. to W. 40th St. from 7th Ave. to 8th Ave.;
  - W. 35th St. to W. 39th St. from 8th Ave. to 100 feet east of 9th Ave.; and
  - The north half of the block bounded by W. 34th St., W. 35th St., 7th Ave., and 8th Ave.
- **Expenditures** - Leasehold expenditures for improvements must be at least (a) \$2.50 PSF for new and expansion leases; (b) \$5 PSF for renewal leases; (c) \$2.50 PSF on space not previously occupied by the tenant that is included in renewal leases.
- **Lease** - Minimum lease term must be (a) at least 3 years and begin before June 30, 2016, and (b) not be a sublet or license agreement.
- **Restriction** - Tenant must not have accessed CEP previously for any space (except that, if tenant expands into new space and continues to occupy space for which CEP was accessed, tenant can receive benefits on expansion space). Retail, hotel, residential, waste management and utility services uses and government-owned buildings are not eligible.

### Tips

- Applications must be filed before lease within 180 days of the Lease Commencement Date failure to file will result in the denial of benefits.
- For a new/expansion lease, evidence of leasehold expenditures must be submitted to the Department of Finance (DOF) within 60 days of rent commencement.
- For a renewal lease, evidence of leasehold expenditures must be submitted to DOF within 14 months of lease commencement.
- CEP is also available for commercial (non-manufacturing) tenants in the same abatement area (except the Special Garment Center District); different terms and requirements for commercial tenants apply.