

Operations, Accomplishments, and Projects undertaken for The New York City Industrial Development Agency

Operations and Accomplishments:

New York City Industrial Development Agency (“the “Agency”) is a public benefit corporation of the State of New York organized under Article 18-A of the New York State General Municipal Law to serve the five boroughs of New York City.

The mission of the Agency is to encourage economic development throughout the five boroughs, and to assist in the retention of existing jobs, and the creation and attraction of new ones. The Agency programs are discretionary and provide companies with access to triple tax-exempt bond financing and/or tax benefits to acquire or create capital assets, such as purchasing real estate, constructing or renovating facilities, and acquiring new equipment. All applicants must satisfy eligibility requirements and demonstrate a need for assistance.

Since January 2002 the Agency has closed on 459 projects, leveraging discretionary incentives to induce over \$33.6 billion in private investment to retain and create nearly 175,737 jobs. (Results are as of June 30, 2020)

NYCIDA programs provide incentives on a discretionary basis that may include:

- Tax-exempt bond financing – Providing lower-cost capital for acquisition and/or construction of facilities and equipment.
- Sales and use tax exemptions – Providing exemptions on sales taxes on purchases and/or leases of machinery, equipment, and construction materials for renovations at approved locations.
- Mortgage recording tax (MRT) – Deferring mortgage recording taxes over the term of the financing.
- Real estate tax reductions

Bond Programs during Fiscal Year 2020

Manufacturing Facilities Bond Program

Manufacturers acquiring, developing, renovating, or equipping facilities for their own use can access triple tax-exempt bond financing and reductions in real estate taxes, mortgage recording tax deferral over the term of the financing, and sales tax exemptions on purchases of materials to construct, renovate or equip facilities.

Exempt Facilities Bond Program

Companies developing facilities on public-owned docks and Wharves, or developing solid waste recycling facilities, may be eligible to access triple tax-exempt bond financing. The following tax incentives may also be available: reductions real estate taxes, mortgage recording tax deferral over the term of the financing, and sales tax exemptions on purchases of materials to construct, renovate or equip facilities.

New York Liberty Bond Program

This cooperative program between the State and the City of New York sought projects that would significantly contribute to the City’s revitalization and long-term economic health in the aftermath of the events of September 11, 2001. The New York Liberty Bond Program provided triple tax-exempt financing for construction of and major capital improvements to commercial and retail facilities within Lower Manhattan and New York City. The federal government provided an allocation of private activity Liberty Bonds that were issued by the Agency, and the New York Liberty Development Corporation (administered by the New York State Empire State Development Corporation).

Straight Lease Programs during FY2020

Industrial Tax Incentive Programs

The Industrial Incentive Program (IIP) and Food Retail Expansion to Support Health Program (FRESH) provide eligible companies with real property tax exemptions or abatements, and sales tax exemptions on purchases of materials used to construct, renovate or equip facilities, as well as MRT exemptions.¹¹ Eligible companies include manufacturers, distributors, warehouses, other industrial companies, and grocery store operators and developers seeking to acquire, construct or renovate facilities for their own use or to be leased to eligible businesses. Developers of such space in designated areas can seek MRT exemptions and sales tax exemptions on purchases of materials used to construct, renovate or equip facilities.

Food Retail Expansion to Support Health (FRESH)

The FRESH program provides eligible companies with real property tax exemptions or abatements, and sales tax exemptions on purchases of materials used to construct, renovate or equip facilities, as well as MRT exemptions. Eligible companies include grocery store operators and developers seeking to acquire, construct or renovate facilities for their own use or to be leased to eligible businesses. Project must be located in a Highly Distressed area and/or in areas with a quantified deficiency of food retail space.

Industrial Program

The Industrial Program provides eligible companies with real property tax exemptions or abatements, and sales tax exemptions on purchases of materials used to construct, renovate or equip facilities, as well as MRT exemptions.¹⁰ Eligible companies include manufacturers, distributors, warehouses, other industrial companies, and developers seeking to acquire, construct or renovate facilities for their own use or to be leased to eligible businesses. Companies must make property improvements of at least \$1,000,000 to be eligible for the Industrial Program.

Commercial Program

The Commercial Program provides eligible companies with real property tax exemptions or abatements, and sales tax exemptions on purchases of materials used to construct, renovate or equip facilities, as well as MRT exemptions. Eligible projects include the construction or major renovation of commercial office facilities primarily targeted for use by high growth industries, including but not limited to, technology, advertising, media, information technology, engineering, life sciences, and fashion, and is in an area of the City which lacks adequate commercial office facilities to meet market demand for such facilities, and in a Highly Distressed area if located in Manhattan. The project must include property improvements of at least \$5,000,000 to be eligible for the Commercial Program.

Commercial Growth Program

Certain tax incentives may be available to induce commercial companies to undertake major capital investments that result in the creation and retention of significant levels of jobs within New York City. The terms and conditions pursuant to which these benefits are provided will be evaluated on a case-by-case basis and tailored to meet the needs of both the City and the recipient.

Hudson Yards Commercial Construction Projects

The NYCIDA also provides discretionary Financial Assistance for Hudson Yards Commercial Construction Projects within the Hudson Yards area as part of a comprehensive financing and implementation program for Hudson Yards Infrastructure Corporation ("HYIC") to realize the development potential of Manhattan's far west side. Such financial assistance includes real property tax exemptions and required payments in lieu of real property taxes ("PILOT") to induce the construction of new Class A office buildings and other development within the Hudson Yards area. In addition, NYCIDA provides mortgage recording tax exemptions and requires payments in lieu of mortgage recording taxes ("PILOMRT") equal to the full exemption amount mortgage for qualified projects. The PILOT and PILOMRT are in whole or in part remitted to HYIC to service debt issued to fund critical elements of the Hudson Yards project, including the No. 7 Subway extension, and the new open space network.

Projects Undertaken during Fiscal Year 2020

The New York City Industrial Development Agency (NYCIDA) closed nine transactions during Fiscal 2020. Together, NYCIDA expects these projects to generate over \$1.5 billion in City tax revenue, leverage approximately \$3.3 billion in private investment and create 12,802 jobs within the first three years of their respective terms. Accounting for a substantial portion of this impact was the closing of a transaction with BOP SE LLC, an affiliate of Brookfield Property Partners, L.P., to construct an approximately 2 million gross square foot, 62-story, LEED certified, class-A office building in Hudson Yards, known as Two Manhattan West. It is estimated that Two Manhattan West will generate approximately 5,352 direct full-time equivalent construction jobs, and, at full occupancy, it is estimated that there will be up to 5,568 full-time equivalent jobs in office and building services on site. In addition, the NYCIDA closed a transaction with Deerfield Management Company, L.P. for the development of a 338,000 square foot, 12-story Center for Innovation to incubate and support life science companies. The Center will house a life sciences and healthcare accelerator that will provide community development programming, seminars, and trainings for entrepreneurs, with a focus on underrepresented populations. The facility will have space for convening and classrooms, a wet-lab incubator, modular laboratory suites and office space for life science startups and high growth companies. The NYCIDA also closed a transaction with 500 Stagg Street LLC, whose sole member is Evergreen Inc.: Your North Brooklyn Business Exchange, to develop a 10,000 square foot building in East Williamsburg to provide much needed affordable space to industrial companies.

