

## **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 474 projects, leveraging discretionary incentives to induce approximately \$33.7 billion in private investment to retain and create nearly 176,136 jobs (Results are as of June 30, 2022).

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 2022 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 of 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 Fiscal Year**

#### **2022 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.<sup>11</sup> 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.<sup>10</sup> 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 2022**

The New York City Industrial Development Agency closed nine transactions during Fiscal 2022. Together, these projects are expected to generate over \$143 million in City tax revenue, leverage more than \$83 million in new private investment, and create 115 jobs within the first three years of their respective terms. Among the new transactions is an industrial incentive project with Greenpoint Manufacturing and Design Center (GMDC) in Brownsville, Brooklyn, which will support GMDC in constructing an approximately 38,960 square foot facility, to be sub-divided and leased to small, local industrial companies at affordable rents. The facility will be located within a 174-unit affordable housing development operated by The Bridge, a nonprofit developer. Industrial tenants on-site are expected to employ more than 30 full-time equivalent workers. The Agency also closed a transaction with Steinway Pianos during Fiscal 2022, which will involve the renovation and modernization of Steinway’s longstanding, 450,666 square foot piano manufacturing plant in Astoria, Queens, where approximately 315 full-time equivalent workers are employed. The new project will help ensure Steinway’s continued operations in Queens, from which the company has operated as one of the leading piano manufacturers in the world since the late 19th Century.