



# Relocation Assistance Credit for Employees (RACE)

## Proposing RACE in 2025

To address the challenge of New York City post-pandemic office vacancy and accelerate the city's recovery, the City has developed the *Race for Space: A Comprehensive Strategy to Revitalize NYC Office Space*. As part of this plan, the City has developed the Relocation Assistance Credit for Employees (RACE) pilot program to attract new firms and jobs to older office buildings that have struggled with tenancy and investment.

**RACE will support meaningful relocations of non-New York based companies to jumpstart leasing in older office stock by:**

- Increasing the city's employment base (up to 3,000 new jobs directly supported by the program)
- Driving additional foot traffic in the central business districts to storefronts
- Stabilizing the office market and the long-term potential risk of vacancy to City property tax revenues

## Job Attraction and Economic Engine

The program is designed to cost no more than **\$150M** over and **generate an estimated \$385M in return to the City.**

## Proposed Incentive

- For a three-year period, provide an annual \$5,000 benefit per employee relocated from out of state for 10 years (\$38,600 NPV) for anchor relocations to the city (an effective ~\$20/PSF rent discount<sup>1</sup>)
- Cap program benefits at \$150M total to limit cost overruns and incentivize first movers to take up the program
- Cap per-firm benefits and limit the program to the first 3,000 employees enrolled per firm to limit the overall spend of the program going to single firms/deals

## City Benefit

- Preliminary Return to City analysis suggests a 2.6x return on investment
- Per every 100 direct employees supported by this program, the city can expect a spillover effect of 96 indirect and induced employees

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<sup>1</sup>Benefit corresponding to supported employees for standard office job density (1 per 250 SF)



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## Eligibility Criteria

<p><b>Credit Amount</b></p>	<ul style="list-style-type: none"> <li>• \$5,000 per-employee business income tax credit for 10 years, refundable for the year of relocation and the next four years; unused credits from subsequent years may be carried forward for five years.</li> <li>• Credits may only be awarded for the first 500 employees relocated under this program, and the pilot program is limited to the first 3,000 enrolled employees.</li> </ul>
<p><b>Eligible Relocations</b></p>	<ul style="list-style-type: none"> <li>• Businesses that move from outside New York State to an eligible premise within New York City, including the Midtown and Lower Manhattan Business Districts, and lease at least 250 SF of space per employee relocated.</li> </ul>
<p><b>Premises Requirements</b></p>	<ul style="list-style-type: none"> <li>• Must be at least 20,000 SF.</li> <li>• Must have been constructed prior to 2000.</li> <li>• Must be office space or space utilized for manufacturing activities.</li> </ul>
<p><b>Other Requirements</b></p>	<ul style="list-style-type: none"> <li>• Businesses must have been conducting substantial business operations outside of New York State for at least 24 months prior to relocations.</li> <li>• Businesses conducting retail activities or providing hotel services do not qualify.</li> <li>• Nonprofit entities are not eligible.</li> </ul>