



ANSWERS TO THE MOST FREQUENTLY ASKED QUESTIONS ABOUT COMMERCIAL EXPANSION PROGRAM (CEP)

What specific types of "expenditures" can be attributed to the required threshold?

Eligible expenditures must be permanent, capital improvements to real property with a useful life of at least three years. This includes construction work such as electrical, plumbing, HVAC, drywall partition and associated painting, building-wide cabling/wiring, elevator and lobby work. Architectural and engineering costs to support such capital improvements are also eligible. It does NOT include expenditures for personal property like furniture including cubicles, computers and associated cabling/wiring, shelving or storage units. Expenditures for ordinary repairs, maintenance, replacements or decorations are also not eligible.

What common area investments can be claimed? What percentage of an overall building's common area investments can an individual tenant claim? How far back can the investments be claimed?

All common area expenditures that meet the definition of eligible expenditures can be claimed. There is no limit on the percentage of common area expenditures that may be applied to an individual tenant. However, a specific common area expenditure may not be applied to more than one tenant. Expenditures on common areas can be claimed no earlier than 3 years before the lease commencement date.

If a lease has an "out-clause" (voided under certain circumstances), can you apply for benefits?

An eligible lease may not have an early-out clause within the CEP benefit period by either the landlord or tenant. The only exceptions are when:

- the eligible premises are damaged or destroyed by fire or casualty;
- the eligible premises are rendered unusable for any reason not attributable to any act or failure of either tenant or landlord;
- the eligible premises are acquired by eminent domain; and
- the tenant or landlord is in default of any of such party's obligations under the lease.

Why does it have to be a pre-1999 building?

The legislation governing the program defines an eligible building as a non-residential or mixed-use building located in the eligible abatement area that received its initial certificate of occupancy or initial temporary certificate of occupancy prior to January 1, 1999. Where an otherwise eligible building has increased its square footage subsequent to January 1, 1999 such additional space is not eligible for benefits pursuant to this program.

How will I know how much the landlord is supposed to be passing on?

Benefits are issued as a credit on the landlord's tax bill. You can locate a summary of benefits on the CEP homepage link, under the "View Benefits Online" heading.

How long does this program run?

The program is due to sunset June 30, 2016. This means that a lease must commence by this date and an application must be postmarked no later than 180 days from Lease Commencement.