



# Industrial and Commercial Incentive Program (ICIP) Annual Report

New York City Department of Finance

March 28, 2014

## **Background**

The Industrial and Commercial Incentive Program (ICIP) was created on November 5, 1984, by a local law adopted by the Council pursuant to State enabling legislation. The program sunset in 2008, and was replaced by the Industrial and Commercial Abatement Program (ICAP). The ICIP program is established in Title 2D of the NYS Real Property Tax Law and NYC Administrative Code §11-256 to §11-267. The ICAP program is established in Title 2F of the NYS Real Property Tax Law and NYC Administrative Code §11-268 to §11-278. These programs were designed to stimulate economic development by means of tax exemptions and abatements for construction or rehabilitation of commercial, industrial or mixed-use structures.

ICIP provides a partial exemption from property taxes for periods of up to 25 years for eligible industrial and commercial buildings that are built, modernized, rehabilitated, expanded, or otherwise physically improved. For industrial construction, a property may receive an additional abatement for eligible work where such eligible work meets a higher minimum required expenditure threshold.

Both ICIP and now ICAP are administered by the Department of Finance, which receives and processes applications, determines eligibility, and grants benefits for eligible work. The Department also reviews projects receiving benefits as to continuing compliance with the program. If the Department determines that a project is not in compliance with program requirements as provided in applicable laws and rules, it may deny, suspend or revoke the benefits.

This report was prepared pursuant to NYC Administrative Code §11-267, relating to an annual report for the Industrial and Commercial Incentive Program. Section 11-267 provides:

The department of finance shall submit an annual report to the council, on April first of each year, concerning the status of the program established pursuant to this part and its effects in the city, including information on certificates of eligibility issued and jobs created in each area where benefits are available.

## **Status of the ICIP Program**

The Industrial and Commercial Incentive Program (ICIP) sunset on June 30, 2008 and has been replaced by the Industrial and Commercial Abatement Program (ICAP). Preliminary Applications for ICIP benefits must have been filed on or before June 30, 2008. If the applicant applied for ICIP benefits no later than June 30, 2008 -- and if the applicant received a building permit for construction of the project, or a demolition permit, no later than July 31, 2008 -- then the project can receive benefits for construction performed pursuant to additional building permits issued after July 31, 2008.

To qualify for ICIP, all construction work performed must have been completed prior to December 31, 2013. Benefits will not be granted for any such construction work performed after December 31, 2013. For purposes of determining whether the ICIP completion deadline has been met, construction work will be deemed completed when a temporary or final Certificate of Occupancy is issued by the Department of Buildings. If such work does not require the issuance of a temporary or final Certificate of Occupancy, construction work will be deemed completed at the time the applicant and the applicant's engineer submit an affidavit to the Department of Finance certifying completion. This definition of completion of construction applies only for this specific purpose.

**ICIP Project Preliminary Applications FY 2004 to 2013**

The table below illustrates the number of ICIP Preliminary Applications received in fiscal years 2003/04 to 2012/13. A preliminary application is the first step in applying for ICIP and does not guarantee the benefit but merely starts the process.

ICIP Projects may be for one or more than one block and lot. ICIP applications increased in 2007/08 as this benefit program was ending. Brooklyn projects account for 36% of the applications.

Number of Applications	Tax Year										Grand Total
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
Borough											
Manhattan	77	90	84	118	92	0	0	0	0	0	461
Bronx	84	98	141	133	122	0	0	0	0	0	578
Brooklyn	196	281	327	352	386	0	0	0	0	0	1542
Queens	208	211	269	296	271	0	0	0	0	0	1255
Staten Island	99	57	111	129	70	0	0	0	0	0	466
Grand Total	664	737	932	1028	941	0	0	0	0	0	4302

## ICIP Applications by Current Application Status

This table indicates the current status of the preliminary applications initially submitted for fiscal years 2004-2013.

The Department of Finance receives applications that may not result in benefits to the applicant. If the application process is not completed or the work is otherwise not eligible for benefits under the law or rules, an ICIP benefit will not be granted. There are three possible current statuses and they are defined as:

- Those in the status of Preliminary Application have not filed the subsequent application to receive a Preliminary Certificate, and have likely abandoned the planned project.
- Those in the Preliminary Certificate stage will receive benefits if they have received a physical increase within the capping period. A Preliminary Certificate is issued once DOF determines that the project has met specific criteria and is eligible for benefits.
- A Final Certificate is approved when construction has been completed and has met all applicable standards under the statute and rules determined by the Department of Finance. Please note that ICIP does not require a Final Certificate to receive exemption benefits, but is required for industrial properties seeking the additional industrial abatement.

PA = Preliminary Application

PC = Preliminary Certificate

FC = Final Certificate

Number of Applications	Application Status			Grand Total
	PA	PC	FC	
Borough				
Manhattan	234	176	51	461
Bronx	293	179	106	578
Brooklyn	696	600	246	1542
Queens	502	490	263	1255
Staten Island	200	183	83	466
Grand Total	1925	1628	749	4302

## ICIP Applications by Project Type

This table illustrates that commercial projects, whether for new construction or renovations, far exceed industrial applications. 92% of all applications for fiscal years 2004 to 2013 were commercial.

CN = Commercial New  
 CR = Commercial Renovation  
 IN = Industrial New  
 IR = Industrial Renovation

Number of Applications Borough	Application Status				Grand Total
	CN	CR	IN	IR	
Manhattan	102	342		17	461
Bronx	248	291	6	33	578
Brooklyn	730	674	34	104	1542
Queens	608	525	30	92	1255
Staten Island	298	151	11	6	466
Grand Total	1986	1983	81	252	4302

## ICIP Estimated Number of Jobs Created by Project Type

At the time of application, applicants predict how many jobs their projects would likely contribute to the New York City economy. Additionally, benefit recipients are required to update this information with DOF every year as part of their annual reporting requirement which is known as the Certificate of Continuing Use (CCU). The below information is from the CCUs that benefit recipients submitted during 2013. Most of the jobs created result from commercial projects, 98% of total created.

CN = Commercial New  
 CR = Commercial Renovation  
 IN = Industrial New  
 IR = Industrial Renovation

Count of Estimated Jobs Borough	Project Type				Grand Total
	CN	CR	IN	IR	
Manhattan	2694	58543		267	61504
Bronx	1768	5872	8	131	7779
Brooklyn	5207	20208	67	918	26400
Queens	9334	8685	27	613	18659
Staten Island	1846	1054	14	30	2944
Grand Total	20849	94362	116	1959	117286