

NYCEDC and NYCIDA Launch the Manhattan Commercial Revitalization Program (M-CORE)

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PRACTICES Real Estate

The New York City Economic Development Corporation (NYCEDC) and the New York City Industrial Development Agency (NYCIDA) recently launched the Manhattan Commercial Revitalization Program (M-CORE). M-CORE aims to revitalize commercial office spaces in Manhattan that are located south of 59th Street (with the exception of the Hudson Yards Financing Area and Penn Station Area General Project Plan, which areas are excluded from the program).

The program offers tax benefits to commercial property owners in order to encourage and support the renovation of commercial office buildings that were built prior to the year 2000 and contain a minimum of 250,000 gross square feet, with a focus on the creation of high quality, amenity-rich office spaces. The stated goals of M-CORE include reducing office vacancies and helping landlords to attract world-class tenants. A pre-application is currently available and must be submitted by August 1, 2023 in order to be considered for potential inclusion in M-CORE.

M-CORE is a competitive program that is limited to an aggregate 10 million square feet of office space, and only the first 2.5 million square feet of approved projects will be eligible to receive the full tax benefits. Applications for M-CORE will be reviewed by NYCIDA and chosen based on the strength and feasibility of the proposals. Per NYCEDC, strong proposals will (1) demonstrate near term plans for significant renovations that introduce new layouts, building systems, infrastructure, energy efficiency improvements, common areas, health and wellness measures, programming and/or amenities sought by tenants, and (2) include thoughtful strategies around ground floor uses that will draw foot traffic and activate the surrounding commercial areas.

Tax Benefits for Eligible Participants

The potential tax benefits for projects that are ultimately selected for the program include:

- Land and building taxes for existing improvements may be stabilized at the pre-improvement value.
- Building taxes for new project improvements may be abated for a period of up to 20 years, with a phase out of 20% per year over the final four years of such period.
- The 8.875% sales and use tax on eligible materials used to renovate the office property or equip facilities at the office property may be waived.
- Mortgage recording tax relating to the project's financing may be reduced from 2.8% to 0.3%.

Eligibility Requirements

In order to be eligible to apply for potential selection to M-CORE, the proposed office building must meet the following threshold requirements:

- The office building must be located south of 59th Street in Manhattan (but excluding the Hudson Yards Financing Area and Penn Station Area General Project Plan).

- The office building must have been built prior to the year 2000.
- The office building must consist of at least 250,000 gross square feet.
- The owner of the office building must commit to a minimum capital investment of 75% of the project location's current assessed value for the land and building as determined by the New York City Department of Finance for the most recent available year.

Selection Criteria

M-CORE applications will be evaluated by NYCIDA staff based on several criteria, including:

- The scope and budget of the transformative improvements to the office property.
- The tenant attraction plan.
- Project readiness.
- Compliance with applicable local laws and regulations, including Local Law 97 emission-reduction targets.

How to Apply:

Pre-applications for M-CORE are currently available through the New York City Economic Development Corporation's [website](#)¹ and must be submitted by August 1, 2023 in order to be considered for acceptance to M-CORE.²

This Alert is for informational purposes and should not be construed as legal advice because it does not take into consideration specific facts of any particular transaction or situation. If you have any questions about its content or about issues specific to your concerns, please contact one of the authors listed above or another [Haynes Boone Real Estate Attorney](#).

¹ <https://edc.nyc/manhattan-commercial-revitalization-m-core-pre-application>

² The actual [Pre-Application form](#) is provided upon submission of the basic identifying information set forth on the NYCEDC website.