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## IBO Releases ICAP Evaluation

**August 5, 2025** – The New York City Independent Budget Office (IBO) is publishing its **fourth report** under [Local Law No. 18 of 2017](#), which requires IBO to evaluate the City's economic development programs. This [report](#) looks at the [Industrial and Commercial Abatement Program \(ICAP\)](#). IBO [evaluates](#) whether the program meets its stated goals and aligns with the City's current economic development priorities.

IBO finds that ICAP carries a net cost to the City and **does not pay for itself**. On average, IBO estimates that 23 percent of physical value citywide was induced by the program. For a breakdown of inducement rates by location, [please reference p.26](#).

While ICAP is designed to incentivize investment outside of Manhattan below 96th Street, the program has fallen short in directing investment toward economically distressed areas. To better meet these goals, policymakers could update the geographic boundaries designed in 2008 and increase benefits for designated special commercial areas to better target areas of historical underinvestment.

The benefits provided by ICAP **are disproportionately concentrated** with 65 percent of total benefits going to just 10 percent of projects. The program is intended to support both industrial and commercial development, but





industrial projects accounted for 1 percent of ICAP's direct costs. The largest real estate sector to benefit from ICAP is commercial office properties—36.5 percent of ICAP's direct costs.

ICAP **primarily incentivizes commercial development** and most housing is ineligible for the program. However, a subset of housing development projects with co-located commercial and residential spaces do benefit from ICAP.

Additionally, IBO found that ICAP was poorly designed to strengthen employment hubs. The program lacks a mechanism to phase out benefits as neighborhoods become more economically developed, limiting its ability to redirect incentives toward new neighborhoods over time.

