



Project Evaluation of Projects Requesting IDA Benefits

Project: Arthur May Redevelopment, LLC **Location:** Town of Poughkeepsie

Type of Business: Mixed Use / Construction

Agency Request

Sales Tax Mortgage Tax Exemption PILOT

Company Description:

Arthur May Redevelopment LLC (AMR) is an affiliate of PAZ Management, Inc., a Poughkeepsie based organization. AMR was formed to redevelop the site of the former Arthur S. May School.

Project Description:

AMR will demolish the existing, vacant structure and then redevelop the former school site into a mixed use development. The project is consistent with the Town of Poughkeepsie's Comprehensive Plan, Anchor Project Zoning as well as the Arlington Business Improvement District's mission and vision.

The project will include approximately 187 new construction residential units, 18,000 square feet of commercial space along Raymond Avenue and a hotel. The overall project will support the neighborhood feel and amenities within the Arlington Town Center, creating a more walkable destination which will attract visitors and business people who desire a downtown, walkable neighborhood setting.

The project will also return the property to a revenue generating asset for the local taxing jurisdictions for the first time in over 95 years. The site is currently owned by the Arlington Central School District - an entity that does not pay real estate taxes. Approval of the PILOT will allow the applicant to move forward with acquiring the property and returning it to a revenue generating status for the first time since the 1920s.

Project Timeline:

Proposed date for commencement of acquisition or construction: Summer 2020

The actual or expected dates of:

Construction completion: 2022

Occupancy: 2022

Total Cost of Project:

Amount Private Investment

Total Project Cost \$ 69,730,000 Private Investment: \$ 69,730,000

Amount of other public financial assistance, grants and source \$ 0

Construction Costs: \$ 55,504,259* Equipment: \$ 29,000,000*

*Construction Costs include some equipment costs. Equipment Costs account for sales taxable equipment.

Company Incentives:

Amount of Sales tax benefits:	<u>\$2,356,250</u>
Amount of Mortgage Recording Tax:	<u>\$468,750</u>
Estimated real property tax exemption with PILOT	<u>\$13,489,127 over 20 years</u>

Estimated amount of benefit to State & Region*:

Anticipated PILOT revenue:	<u>\$5,450,000</u>
Anticipated Sales Tax revenue	<u>\$940,000</u>
Benefit to Cost Ratio	<u>4:1</u>

**figures based on InformAnalytics algorithms*

Estimated Revenue in first year of PILOT

Current Assessed Value	Current Total Annual Property Taxes	Estimated New Assessed Value	Est. County PILOT Revenue Year 1	Est. Town PILOT Revenue Year 1	Est. School PILOT Revenue Year 1	Est. Year 1 Property Taxes Upon Expiration of PILOT
\$1,450,000	\$0	\$20,072,235	\$5,859	\$17,806	\$54,356	\$1,655,212

Project is consistent with Agency’s Mission: Yes, the project will promote economic development resulting in construction jobs and permanent employment.

The Project has municipal support and PILOT:

Municipal Support X PILOT X Request for UTEP Deviation X

Local Benefits:

Use of Local Contractor(s) and Labor: Yes X No _____ (The project is subject to the Agency’s Local Labor Policy)

Total Number of Construction Jobs to be created 140

Use of resource conservation, energy efficiency, green technologies and alternative and renewable energy measures: Yes X No _____

FTE Jobs: 12

Number of existing FTE jobs to be retained 0

Total Number of new FTE Jobs to be created 12 over 2 years.

Annualized Salary Range of FTE jobs \$ 30,000 to \$ 100,000

Estimated Hourly Wage Average and Range: \$32/hr, Estimated Range \$16/hr to \$55/hr

CEO Comments of Importance

In 2019, the Town of Poughkeepsie established “Anchor Project” Zoning to support the goals of the Town’s Comprehensive Plan and to encourage development that “contribute to the economic development of the neighborhood and greater community by adding goods, services and housing.” The Applicant worked collaboratively with the Town to design a project consistent with the Anchor Project Zoning within the Arlington Town Center.

The project site is currently owned by the Arlington Central School District and has been exempt from property taxes for over 95 years. The existing structure is currently unoccupied and the site is underdeveloped. The proposed project will return the property to the tax rolls and generate tax revenue for the taxing jurisdictions.

In addition, the project will provide more variety in the design and options for housing, encourage development within a dense, more compact area of land, and reduce traffic and pollution by creating pedestrian-friendly environments within a short distance between living, work, commercial and other amenities

AMR has stated that without the assistance of the DCIDA, they would not be able to pursue to the project as it would not be economically feasible and the project would not be able to secure financing.

***Additional Criteria for Consideration of an Adaptive Re-use Project**

Adaptive Reuse projects are projects that prevent economic deterioration and promote employment opportunities.

- **The age of the structure and the challenges to its redevelopment** – *The project site is currently owned by the Arlington School District and has been a tax exempt property for over 95 years.*
- **Time period the structure has been vacant or underutilized** – *Site has not been occupied or used as a school for several years.*
- **Appropriate evidence indicating financial obstacles to the development of the project with IDA or other public assistance** – *proforma*
- **Evidence of local taxing jurisdictions’ support** – *The application includes written approval from the Town of Poughkeepsie and Arlington Central School District. The application also includes a letter of support from Arlington Business District.*
- **Whether the structure or site present a significant public safety hazard or its re-use would involve significant environmental remediation costs** – *The project received a Negative Determination from the Town of Poughkeepsie, indicating that there would be no significant adverse impact on the environment, however there is asbestos containing material in the existing building that will be removed. Any other environmental remediation that may be required during the course of construction will be performed by the applicant according to NYS DEC standards.*
- **Whether the site or structure is located in a distressed census tract** – *the property is located adjacent to several distressed census tract qualifying it as a distressed area under Section 845 of Article 18-A of the General Municipal Law.*
- **Whether the site or structure is presently delinquent in property tax payments** – *the property is currently tax exempt and is not subject to tax payments.*