

**D. Binghamton – RESTORE II – Residential Revitalization (W050)**  
January 21, 2010

General Project Plan

**Grantee:** City of Binghamton (the “City” or “Binghamton”)

**ESD Investment:** A grant of up to \$2,000,000 to be used for a portion of the cost of demolition, rehabilitation and reconstruction of 39 residential properties

**Project Locations:** Binghamton, Broome County

8 Baltimore Ave.	9 Baltimore Ave.	45 Brook Ave.	19 Cypress Street
66 Decatur Street	13 Hancock Street	113 Hawley Street	18 James Street
92 Liberty Street	112 Liberty Street	118 Liberty Street	4-6 Lisle Ave.
22 Lisle Ave.	20 ½ Lyon Street	28-30 Lyon Street	43 Mary Street
47 Mary Street	49 Mary Street	26 Mather Street	27 May Street
24 Morgan Street	28 Munsell Street	32 Munsell Street	39-49 Munsell Street
194 Murray Street	30 Pearne Street	3 Pine Street	95 Pine Street
42 Robinson Street	45 Robinson Street	95 Robinson Street	15 Stone Street
71 Tompkins Street	16 Tudor Street	20 Tudor Street	122 Walnut Street
11 Way Street	13 Way Street	12 Winding Way	

**NYS Empire Zone (or equivalent):** Triple Cities Empire Zone (95 Pine Street, 95 Robinson Street, 113 Hawley Street, 3 Pine Street)

**Project Completion:** December 2010

**Grantee Contact:** Tarik Abdelazim, Acting Director of Planning, Housing and Community Development  
City of Binghamton  
38 Hawley Street  
Binghamton, NY 13901  
Phone: (607) 772-7028 Fax: (607) 772-7063

**Project Team:**

Project Management	Robin Alpaugh
Affirmative Action	Denise Ross
Environmental	Soo Kang

**Project Description:**

Background

The City of Binghamton is located at the crossroads of I-86 and Route 81 and the confluence of the Chenango and Susquehanna rivers in Broome County. The City was incorporated in 1876, and first settled in 1786 by William Bingham. Binghamton has historically been an industrial city known for producing a broad array of products ranging from cigars, shoes,

## **D. Binghamton – RESTORE II – Residential Revitalization (W050)**

January 21, 2010

flight simulators and time keeping devices. According to the 2000 census, the City had a population of 47,380. The area's major employers include Lourdes and Binghamton General Hospitals, VMR Electronics (data processing cable manufacturing), Emerson Network Power (power surge protection devices), CH Thompson (powder coat painting), Hinman, Howard & Katell (law firm) and Security Mutual (investments and insurance).

In 2003, the City established a comprehensive plan to revitalize vital neighborhood areas. It outlined a "Healthy Neighborhoods" approach to transform pockets of residential properties that were a detriment to the surrounding households. Key to this revitalization project is the reclamation of Municipal Bond Bank Agency ("MBBA") properties through demolition, new construction and renovation. In 2002, Binghamton was one of four upstate communities that negotiated to sell its real property tax liens to the MBBA, a public authority of the State of New York. This MBBA program was intended to provide foreclosure expertise and quickly return derelict properties to the tax rolls. The MBBA did foreclose and sell some properties but the remaining properties were not profitable and the MBBA took no action. Under these circumstances, the property owners had no reason to maintain the properties for the benefit of the MBBA and, by agreement, the City could not foreclose on the MBBA properties. As a result, these properties rapidly deteriorated, perpetuating blight within those neighborhoods. No taxes were paid, thus decreasing the City's tax base. In some cases the City had to remedy nuisance/safety code violations at its own expense.

The City's Restore II project proposes to reclaim over thirty MBBA properties. The overall project consists of 23 properties that are targeted for demolition, 15 properties that are targeted for rehabilitation and 1 property that is targeted for reconstruction. Addressing the MBBA properties together with nearby owner occupied properties in need of exterior improvements is an important part of the City's on-going strategy to build and sustain healthy neighborhoods by leveraging a variety of resources.

### The Project

The City has outlined a three-point re-use strategy for the properties included in its Restore II project. The first is rehabilitation of structures of historical significance and those that are economically feasible to rehabilitate for home ownership, utilizing Restore funds, HOME Investment Partnership ("HOME") funds and private mortgage financing. The HOME Investment Partnership Program is a federal block grant program administered by the U.S. Department of Housing and Urban Development. As an entitlement community, the City receives an annual allocation of HOME funds that are used to create affordable housing for low-income households. The City uses HOME funds to operate its homeowner rehabilitation program and to assist certified Community Housing Development Organizations with the development of affordable rental/owner occupied housing projects. Second is rehabilitation for use as rental properties, with the City working with the First Ward Action Council (non-profit organization) to leverage tax credit financing to renovate 2 MBBA properties. One multi-unit building will be renovated by the Binghamton Housing

**D. Binghamton – RESTORE II – Residential Revitalization (W050)**

January 21, 2010

Authority using several funding sources, while 3 properties held by private owners will be rehabilitated as rental properties using Restore NY funds for exterior improvements and financing from private resources for interior renovations. Lastly, in the demolition category, structures that are not feasible for rehabilitation will be taken down. These properties will be offered for purchase to adjacent property owners, provide green space development, provide vacant lots for new construction, or be maintained as vacant lots for future development.

The City’s residential program fulfills Restore NY’s goals to revitalize urban centers and improve municipal housing. The primary focus of the residential project is to regain control of the distressed properties acquired by the MBBA. The investment strategy provided by the City and aided through Restore NY funding, will provide a significantly positive impact in the residential program. Additionally, the elimination of blighted residential properties, targeted green-space, and rehabilitation of existing housing stock will promote neighborhood stability and create an environment for investment. Restore NY funds are critical to the success of this project. Work began in August 2009 and is expected to be completed by December 2010.

Financing Uses	Amount	Financing Sources	Amount	Percent
Demolition / Deconstruction	\$898,428	ESD Grant	\$2,000,000	62%
Rehabilitation / Reconstruction	\$2,308,944	City Equity*	\$330,000	10%
		Private Equity**	\$877,372	28%
Total Project Costs	\$3,207,372	Total Project Financing	\$3,207,372	100%

\*Comprised of proceeds from a Community Development Block Grant and a grant from HOME

\*\*Including multiple homeowner mortgages

**Financial Terms and Conditions:**

1. At the time of disbursement, the City will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The City will be obligated to advise ESD of a materially adverse change in its financial condition prior to disbursement.
3. The City will ensure the contribution of at least a 10% match of the grant amount to the Project.
4. Up to \$2,000,000 will be disbursed to Grantee in five installments as follows:
  - a) an initial disbursement of an amount equal to 32% of the grant (\$640,000) will be disbursed upon documentation of eligible projects costs totaling approximately \$898,428, assuming that all project approvals have been completed and funds are

**D. Binghamton – RESTORE II – Residential Revitalization (W050)**

January 21, 2010

available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonable require.

b) a second disbursement of an amount equal to 20% of the grant funds (\$400,000) will be disbursed upon documentation of an additional \$649,040 in eligible project costs (cumulative total of \$1,547,468), assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonable require.

c) a third disbursement of an amount equal of 15% of the grant funds (\$300,000) will be disbursed upon documentation of an additional \$691,779 in eligible project costs (cumulative total of \$2,239,247), assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonable require.

d) a fourth disbursement of an amount equal of 20% of the grant funds (\$400,000) will be disbursed upon documentation of an additional \$622,125 in eligible project costs (cumulative total of \$2,861,372), assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonable require.

e) a fifth disbursement of an amount equal of 13% of the grant funds (\$260,000) will be disbursed upon documentation of an additional \$346,000 in eligible project costs (cumulative total of \$3,207,372), assuming that all project approvals have been completed and funds are available. Payment will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonable require.

Expenses must be incurred on or after January 15, 2008 to be considered reimbursable project costs. Previously expended funds may be applied toward match requirements retroactive to June 23, 2006, when the Restore New York Legislation was enacted.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$2,000,000 for this project if ESD determines that the reallocation of the assistance would better serve the needs of the City and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

**Affirmative Action:**

ESD's Non-discrimination and Affirmative Action policy will apply. The grantee is encouraged to use its best efforts to achieve a Minority Business Enterprise participation goal of 3% and a Women Business Enterprise participation goal of 2% of the total dollar value of work performed pursuant to contracts or purchase orders entered into in connection with the construction work related to the project, and to include minorities and women in any job opportunities created by the project.

## D. Binghamton – RESTORE II – Residential Revitalization (W050)

January 21, 2010

### **Environmental Review:**

The City of Binghamton City Council, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act (“SEQRA”) and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project would not have a significant effect on the environment. ESD staff reviewed the supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

Due to the eligibility of the buildings at 122 Walnut Street, 39-49 Munsell Street, and 3 Pine Street for inclusion in the National Register of Historic Places, ESD has confirmed that the project sponsor consulted with the New York State Office of Parks, Recreation and Historic Preservation (“OPRHP”) pursuant to Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. ESD will ensure that consultation is completed with OPRHP in accordance with a Letter of Understanding for the buildings at 39-49 Munsell Street, and 3 Pine Street, and that all conditions stipulated in the Letter of Resolution for the building at 122 Walnut Street are met.

### **Statutory Basis – Restore NY Communities:**

#### Land Use Improvement Project Findings

1. The area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest sound growth and development of the municipality.

The project involves the demolition and/or rehabilitation of vacant, condemned residential buildings, which have been deemed by the City to arrest sound growth and development in the area.

2. The project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.

The project involves the demolition and/or rehabilitation of targeted residential properties that the City has included in its overall master development plan established in 2003. The “Healthy Neighborhoods” approach is part of the effort towards transforming pockets of residential properties that are a detriment to the surrounding households.

3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.

The City published a property assessment list and held a public hearing on the project at the time of application. The City will ensure compliance with all applicable local laws and regulations.

**D. Binghamton – RESTORE II – Residential Revitalization (W050)**  
January 21, 2010

4. The requirements of Section 10(g) of the Act are satisfied.  
There are no families or individuals displaced from the Project area.

January 21, 2010

Binghamton (Broome County) – Binghamton - RESTORE II – Residential Revitalization –  
Restore NY Communities – Determination of No Significant Effect on the Environment

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RESOLVED, that based on the material submitted to the Directors with respect to the Binghamton – RESTORE II – Residential Revitalization Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.