

**B. Johnstown – RESTORE III – Collingwood Avenue and North Perry Street Housing
(W843)**

March 23, 2011

General Project Plan

- Grantee:** City of Johnstown (the “City” or “Johnstown”)
- Beneficiary:** H&K Realty Development, LLC
- ESD Investment:** A grant of up to \$420,000 to be used for a portion of the cost to construct three duplex townhouses.
- Project Locations:** Johnstown, Fulton County

11, 13, 19, and 21 Collingwood Avenue
312 and 314 North Perry Street
- Project Completion:** December 2010
- Grantee Contact:** Sara Slingerland, Mayor
33-41 East Main Street
Johnstown, NY 12095
Phone: (518) 736-4011
- Beneficiary Contact:** Brian Hanaburgh, President
60 Miller Street
Johnstown, NY 12095
- Project Team:**
- | | |
|--------------------|----------------------|
| Project Management | Javier Roman-Morales |
| Affirmative Action | Denise Ross |
| Environmental | Soo Kang |

Project Description:

Background

The City of Johnstown in Fulton County was settled in 1758 and evolved from a frontiers town to a center for tanning and leather in the early 20th century. Johnstown and nearby Gloversville became known as the “Glove Cities” and labeled the glove-making capital of the world. Most of Johnstown’s economy was related to the production, creation, or maintenance of gloves. However, by the second half of the 20th century the economy suffered a steady decline due to low-wage manufacturing operations overseas notably in China and the Philippines. By 2007, 22 of the 24 leather/textile businesses in the City were shut down. As a result, Johnstown’s population continued to decline and the number of unemployed increased.

In recent years, the City has worked closely with local economic development agencies to bring new industries to the area. These efforts have produced tremendous results with the

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City successfully recruiting a Greek yogurt manufacturer and a Turkish cheese producer. These companies have created jobs for local residents and also boosted the demand for local dairy products.

As part of the City's 2008 Comprehensive Plan, a Land Use Plan was drafted that recommended preserving and protecting Johnstown's small town quality of life as well as the Victorian colonial era architecture throughout the City. The plan's major goals were intended to retain and increase the population within the City limits, bring more jobs and increase the tax base.

The City was awarded a grant from New York State Department of State Brownfield Opportunity Area program to conduct a Brownfield Opportunity Areas Pre-Nomination Study to understanding how demographic and industry trends impact the demand for residential, commercial and industrial space in the City.

In spring of 2008, the City demolished various buildings including the old structures at 17 Collingwood Avenue and 312 and 314 North Perry Street which were located at the City's Brownfield Opportunity Area. In August of the same year, the City offered the property to the public through a bid proposal. H&K Realty Development (H&K) was awarded the bid, purchased the properties and constructed three duplex townhouses consisting of six units. The completion of the project without public funding was almost impossible as the funds from the developer and the assistance from the City was not sufficient. The Restore NY funding filled the financing gap and assisted the City and the developer to revitalize the neighborhood, increase the housing stock, and induce commercial investment in the area.

The Project

The project involved construction of three duplex townhouses on Collingwood Avenue and North Perry Street, located in a Brownfield Opportunity Area in the City of Johnstown. The construction of the project began in June 2010. The total square-footage of the 3 buildings is approximately 8,100 square-feet. Each of the six identical units contains two bedrooms and two full bathrooms. Kitchens have been outfitted with Energy Star rated appliances.

The project was completed in December 2010 and Certificates of Occupancy have been issued by the City of Johnstown Buildings Code Enforcement Office.

Financing Uses	Amount	Financing Sources	Amount	Percent
Construction of three duplex townhouses	\$1,094,034	ESD Grant	\$420,000	38%
		City Equity	56,205	5%
		H&K Realty Development	296,814	27%
		NBT Bank	296,814	27%
		EPA Grant	24,201	2%
Total Project Costs	\$1,094,034	Total Project Financing	\$1,094,034	100%

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Financial Terms and Conditions:

1. Upon execution of the grant disbursement agreement, 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 \$420,000 will be disbursed to Grantee upon documentation of project costs totaling \$1,094,034 and upon completion of the project substantially as described in these materials, 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 reasonably require. Expenses must be incurred on or after May 4, 2009, to be considered reimbursable project costs. Match expenses may have been incurred prior to that date. 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 \$420,000, 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.
6. If the Grantee is not the owner of the Project, then the Grantee shall prohibit, for five years from the date of the initial disbursement of Grant funds, any transfer of the Project in whole or in part, by sale, lease, or conveyance of any interest in or with respect to the Project except (a) transfers of minor interests in the Project site, such as utility easements and limited rights-of-way, and (b)(i) the arms-length basis sale or lease of individual condominium units in the ordinary course of business for a condominium development and (ii) the arms-length basis residential or commercial lease in the ordinary course of business for a commercial, residential, or mixed-use rental development. In the event that such a prohibited transfer occurs within such five-year period, the Grantee shall pay to ESD, promptly upon ESD's written demand therefor, the applicable amount indicated below.

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

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- (i) 100% of the disbursed amount if the transfer occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 80% of the disbursed amount if the transfer occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the transfer occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the transfer occurred in the fourth full calendar year after the disbursement was made;
- (v) 20% of the disbursed amount if the transfer occurred in the fifth full calendar year after the disbursement was made.

Environmental Review:

The City of Johnstown Planning Board, 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 to be an Unlisted Action, which would not have a significant effect on the environment. The lead agency issued a Negative Declaration on April 28, 2009. ESDC staff reviewed the Negative Declaration and supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

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 is located in a blighted neighborhood and involves the construction of three duplex townhouses.
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 construction of a site that the City has included in its overall master development plan which include new housing construction in areas close to the downtown and rental units for people 55 and over regardless of income.

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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.

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

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City of Johnstown (Fulton County) – City of Johnstown – RESTORE III – Collingwood Avenue and North Perry Street Housing – Restore NY Communities 08-09 (Capital Grant) – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the City of Johnstown – RESTORE III – Collingwood Avenue and North Perry Street Housing Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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