

E. Ithaca – RESTORE III – Downtown Commons (W853)

October 21, 2010

General Project Plan

- Grantee:** City of Ithaca (“Ithaca” or the “City”)
- Beneficiaries:** Justin Hjortshoj/Domenica Brockman (Petrune Building)
Plantation Building, LLC
- ESD Investment:** A grant of up to \$1,150,000 to be used for a portion of demolition, construction, renovations and soft costs for two buildings on the Ithaca Commons.
- Project Locations:** 126-128 E. State Street, Ithaca, Tompkins County (Petrune Building)
130-132 E. State Street, Ithaca, Tompkins County (Plantation Building)
- NYS Empire Zone:** Tompkins County Empire Zone
- Project Completion:** June 2011 - Petrune Building
May 2011 - Plantation Building
- Grantee Contact:** Nels Bohn, Director of Community Development,
Ithaca Urban Renewal Agency
108 East Green Street
Ithaca, NY 14850
Phone: (607) 274-6547 Fax: (607) 274-6558
- Beneficiary Contacts:** Justin Hjortshoj/Domenica Brockman, owners
1864 Trumansburg Rd
Jacksonville, NY 14854
Phone: (607) 277-1930
- Sunit Chutintaranond, member
20 Rosina Dr
Ithaca, NY 14850
Phone: (607) 351-2525
- Project Team:** Project Management Robin Alpaugh
Affirmative Action Denise Ross
Environmental Soo Kang

Project Description:

Background

The City of Ithaca, located along Cayuga Lake in Tompkins County, was incorporated in

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1888 and is home to Cornell University and Ithaca College. With approximately 30,000 people settled over 5.5 square miles, it is a dense, walkable urban community. Major employers include Cornell University, Borg Warner (automotive engine chain systems), Emerson Power Transmission (power distribution drives and bearings), and TransAct (point of sale printers).

In 2006, the City completed an Economic Development Strategy that cited its top three goals as: 1. increase and diversify the housing supply; 2. improve workforce and business skills; and 3. revitalize unique commercial districts like the downtown Commons. The proposed Restore III project will achieve all three goals by creating new housing opportunities, establishing new business space, and rehabilitating two commercial properties in Ithaca.

The City has requested Restore NY funds to assist in making the Downtown Commons project financially feasible, given the significant renovation investment needed. Total project budgets include \$390,000 for the Petrone Building and \$2,469,575 for the Plantation Building.

In 2008, ESD approved a \$1,460,000 Restore II grant to assist with the demolition and clean up of the former Ithaca Gun site, which is expected to be redeveloped into market-rate townhouses that over-look the City and nearby waterfalls. In January 2010, due to clean-up cost over runs, ESD approved an additional \$420,000 grant funding out of the original \$840,000 Restore II funds that were set aside for redevelopment. The remaining \$420,000 Restore funding for the construction of housing units on the site will be taken to the board at a future date.

The Project

The project involves the redevelopment and rehabilitation of the following two vacant downtown commercial properties on the Ithaca Commons:

126-128 E. State Street (Petrone Building) – Rehabilitation of upper floors of a 11,609 square-foot mostly vacant commercial building. The property, owned by Justin Hjortshoj and Domenica Brockman, currently houses their businesses on the ground floor including Petrone, a retail clothing store and Brotchen, a small sandwich shop. A portion of the second floor consists of additional clothing store space and business office for Comet Skateboards. The third and fourth floors, comprised of 3,500 square-feet will be reconfigured into new light manufacturing space for Petrone's clothing store and artist studio space. Much of the rehabilitation will address the building's code issues including a new fire exit at the rear of the building, sprinkler system, new mechanical and electrical systems, as well as a new stairway from the third to fourth floors. The project architect is John Snyder Architects, and renovations will use local and regional qualified contractors. The project is expected to be completed by May 2011.

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130-132 E. State Street (Plantation Building) – Rehabilitation of a vacant 5 story, 17,178 square-foot mixed-use building. The property is owned by Plantation Building LLC which was formed to undertake this project. Sunit Chutintaranond is its sole member. The building’s street level will be renovated into an Italian-Thai restaurant, with a banquet facility on the second floor. The remaining top 3 floors will be renovated into eight (8) one bedroom apartments and 1,200 square-feet of commercial office space. Rehabilitation work includes asbestos abatement, roof replacement, façade work, new HVAC, an elevator, plumbing and kitchen, bath, laundry furnishing for the apartment floors. The project architect is Holt Architects and LeChase Construction is the general contractor. Completion is estimated in June 2011.

126-128 E. State Street

Financing Uses	Amount	Financing Sources	Amount	Percent
Construction	\$260,000	ESD Grant	\$250,000	64%
Architect/Soft Costs	\$90,000	Private Financing*	\$50,000	13%
Equipment & Supplies	\$40,000	Ithaca Urban Renewal Agency Loan	\$35,000	9%
		City Equity**	\$55,000	14%
Total Project Costs	\$390,000	Total Project Financing	\$390,000	100%

*Private loan source, 20 yr amortization, 5%

**Comprised of \$55,000 in property owner/developer equity.

130-132 E. State Street

Financing Uses	Amount	Financing Sources	Amount	Percent
Building Acquisition	\$435,000	ESD Grant	\$900,000	36%
Demolition/Site Prep	\$159,303	Bank Financing*	\$750,000	31%
Construction	\$1,444,060	Ithaca Urban Renewal Agency Loan**	\$80,000	3%
Architect/Engineering	\$164,000	Federal Tax Credits	\$367,462	15%
Soft Costs/Developer Fees	\$267,213	NYS Rehabilitation Tax Credits	\$216,609	9%
		City Equity***	\$75,000	3%
		Deferred Development Fee	\$80,505	3%
Total Project Costs	\$2,469,576	Total Project Financing	\$2,469,576	100%

*M&T Bank - acquisition mortgage, 20 yr/5.66%; first mortgage, 20 yr/6.5%

**Ithaca Urban Renewal Agency Loan; 20 yr amortization, 2%

***Comprised of \$75,000 in property owner/developer equity.

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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 \$1,150,000 will be disbursed to Grantee as follows:

126-128 E. State Street - up to \$250,000 will be disbursed to the Grantee upon the completion of the project as described in these materials, as evidenced by a certificate of occupancy and documentation of \$390,000 in eligible project costs, 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. Previously expended funds may be applied toward match requirements retroactive to June 23, 2006, when the Restore New York Legislation was enacted.

130-132 E. State Street – up to \$900,000 will be disbursed to the Grantee upon the completion of the project substantially as described in these materials, as evidenced by a certificate of occupancy and documentation of \$2,469,576 in project costs, 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. 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 \$1,150,000, 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

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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:

- (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:

ESD staff has determined that the Petrone Building project constitutes a Type II action as defined by the New York State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. No further environmental review is required in connection with this project.

The City of Ithaca Planning Department, as lead agency, has completed an environmental review of the Plantation Building project, pursuant to the requirements of 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 both buildings' location within the Ithaca Downtown Historic District, which is listed on the New York State and National Registers of Historic Places, ESD has confirmed that the project sponsor consulted with the New York State Office of Parks, Recreation and Historic Preservation pursuant to Section 14.09 of the New York State Parks, Recreation and Historic Preservation Law. No further consultation is required, subject to a Letter of Understanding.

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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 rehabilitation of vacant commercial 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 rehabilitation of sites that the City has included in its overall master development plan entitled Economic Development Strategy (the “Strategy”). The Strategy’s top three goals will be met as the Restore III project will increase and diversify the housing supply, improve workforce and business skills, and revitalize unique commercial districts like the downtown Commons.

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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Ithaca (Tompkins County) – Ithaca – RESTORE III – Downtown Commons – 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 Ithaca – RESTORE III – Downtown Commons Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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