

# Tompkins County Industrial Development Agency

Administration provided by Ithaca Area Economic Development

## **Arnot Ithaca 2, LLC (430-444 W State Street) – Community Benefits Overview** **November 11, 2020**

### **Project Overview**

Arnot Ithaca 2 is proposing a five-story, mixed-use building in the heart of the West State Street corridor. The project site is on the northeastern corner of the intersection of West State Street and Corn Street. The development will include 129 units, roughly 4,800 square feet of commercial space for up to three tenants, and 49 parking spaces. The building's design enhances the streetscape by reducing curb cuts, adding a plaza, and strengthening the retail corridor along West State Street.

This is a vibrant mixed use, urban in-fill project that will enhance the West State Street corridor, providing more residential opportunities within close proximity to Ithaca's walk able and bike able downtown core, and in a neighborhood that has not seen significant development in recent years.

The applicant is requesting the CIITAP Financial Need / Enhanced Energy Large Multi-Family Project Incentive. The applicant is investing heavily in green building practices, working with Taitem Engineering and the County's Business Energy Advisors Program to exceed the 2025 requirements for the City of Ithaca's Green Building Policy.

In addition to the high land and construction costs, which the enhanced abatement schedule was intended to offset, the applicant is requesting to pay the required Community Housing Development Fund (CHDF) payment of \$645,000 over the first three years of the property's operation and an additional year of 100% abatement in order to make the project financially feasible. The additional abatement amount is projected to be approximately 50% of the required CHDF payment.

The proposed incentive deviates from the IDA's standard policy by spreading the CHDF payment over three years of operation and adding an additional year of 100% abatement.

### **Cost-Benefit Analysis**

- Extent to which project would create and/or retain private sector jobs – Two jobs to be on-site from the management company, Arnot Realty Corporation. An undetermined number of jobs would be provided by the yet to be determined commercial/retail tenants on the ground floor.
- Estimated value of tax exemption – 13% of project costs

|                        |             |
|------------------------|-------------|
| Property Tax           | \$3,740,334 |
| Sales Tax              | \$1,184,335 |
| Mortgage Recording Tax | \$63,795    |
| Total                  | \$4,988,464 |

- Estimate of private sector investment to be generated by the project – \$39, 258,169
- Likelihood of completing project in a timely manner – Arnot Realty Corporation is a locally based real estate investment company specializing in the development and management of retail, commercial office and

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multi-family properties. The company has built and currently manages a portfolio of over 1.5 million square feet. The company partnered with a local development team on the Boathouse Landing Project that was recently completed on the Inlet.

- Extent to which project would generate additional sources of revenue for local taxing jurisdictions - \$1,336,559 in new property tax payments over 10 years.
- Other benefits that might result from the project:

Infill Development/Neighborhood Revitalization – The project will adaptively reuse the existing building facade –originally an industrial, iron works building - and adds additional infill development on a block that has been rezoned to support more neighborhood development.

Affordable Housing – A \$645,000 payment will be made to the Community Housing Development Fund to support affordable housing development. Based on the funding award average, this could support 86 units of affordable housing.

Accessibility – The project is conveniently located in a neighborhood that is easily walk able and bike able to downtown and the west end.

Green Building and Design – The project will exceed the Ithaca Breen Building Policy requirements for 2025, achieving 13 points: Energy Star rated applicants, EPA Water Sense fixtures, cold climate air source heat pumps, air to water heat pumps to heat domestic water, continuous thermal and air barrier, building envelop performs 20% better than code, all lighting will be LED< LPD to be at least 30-40% less than code, occupancy sensors, daylight sensors, individual apartment heating and cooling controls, all HVAC equipment located within the thermal envelope, ERVS in commercial and common spaces.