



April 5, 2022

Heather D. McDaniel, CEcD, AICP, EDFP

President

Ithaca Area Economic Development (IAED)

401 E. State Street, Suite 402B

Ithaca, New York 14850

**RE: Request for Amendment to Tompkins County Industrial Development Agency (the “Agency”) City Harbor Project Agreement dated August 31, 2021 (the “Project Agreement”), and, City Harbor Project Resolution approved June 10, 2020**

Dear Heather and IAED Board:

Please accept this letter as our official request to amend our existing Project Agreement (accepting Sales Tax Exemption benefits) and Project Resolution (in addition to Sales Tax, granting additional PILOT and Mortgage Tax benefits).

Project Update:

As you are aware, the City Harbor Project approach is being modified to build the entire project in one instance versus the initial approach to build in two phases over a longer time period. We believe that a single phased approach will ensure the financial viability of the project, minimize the construction disruptions and safety issues associated with a two-phased project and in general bring the Waterfront up to a level where all residents and visitors of Ithaca can enjoy the beauty of Cayuga Lake sooner and with as few interruptions as possible. This has been brought about by our new partner, Riedman Companies, who has a long and successful track record of developing, constructing and operating multifamily apartment communities. In addition to constructing in one phase, the project plans have been fine-tuned to include a greater portion of public access space, additional pocket parks and a change in apartment unit mix that will allow access to more residents of Ithaca and the surrounding area by offering studio units with rents starting at \$1,950 per month.

Project Budget and Financing:

A summary of the project budget follows:

<u>Project Budget:</u>	<u>Phase 1</u>	<u>Phase 2</u>	<u>Total</u>
Land Acquisition	\$ 1,644,006	\$ -	\$ 1,644,006
Site Improvements	\$ 3,259,143	\$ 500,000	\$ 3,759,143
Soft Costs	\$ 5,139,873	\$ 1,066,000	\$ 6,205,873
Non-Manufacturing Equipment	\$ 210,000	\$ 90,000	\$ 300,000
New Building Construction	\$ 31,743,800	\$ 18,475,500	\$ 50,219,300
Subtotal of Direct/Traditional Project Costs	\$ 41,996,822	\$ 20,131,500	\$ 62,128,322
Boat Slips and Sea Wall	\$ 1,362,000		\$ 1,362,000
Bus Stop		\$ 15,000	\$ 15,000
Connector to Waterfront Trail		\$ 60,000	\$ 60,000
Effluent Infrastructure	\$ 638,373		\$ 638,373
Expansion of domestic and fire water loop	\$ 125,000		\$ 125,000
Paddle Park/Kayak Launch and Storage		\$ 100,000	\$ 100,000
Pier Road Improvements and Landscaping		\$ 455,500	\$ 455,500
Pier Road Lighting		\$ 75,000	\$ 75,000
Public Promenade (walls, paving and lights)		\$ 483,000	\$ 483,000
Relocate 9th Green		\$ 70,000	\$ 70,000
Willow Ave/Rt. 13 Improvements		\$ 125,000	\$ 125,000
Subtotal Public Benefit Improvements/Investment	\$ 2,125,373	\$ 1,383,500	\$ 3,508,873
Total Project Budget	\$ 44,122,195	\$ 21,515,000	\$ 65,637,195

<u>Sources and Uses:</u>	<u>Phase 1</u>	<u>Phase 2</u>	<u>Total</u>
Bank Financing	\$ 35,868,006	\$ 16,500,000	\$ 52,368,006
Owner Equity Investment	\$ 8,224,614	\$ 5,015,000	\$ 13,239,614
Grants	\$ 29,575	\$ -	\$ 29,575
Total	\$ 44,122,195	\$ 21,515,000	\$ 65,637,195

*NOTE: For purposes of definition, "Phase 1" is referring to the Point West and Point East I buildings (and budget) as they existed in January 2020, at the time of the initial Agency approvals; "Phase 2" refers to the Point East II building and associated changes to the overall site, including Point West and Point East I that have occurred subsequent to January 2020.*

We would like to highlight that the investment in Public Benefit Improvements and Infrastructure is \$3.5mm, including the effluent infrastructure, improvements to the domestic and fire water loop, various public road improvements, the promenade, bus stops and other publicly available features. The City Harbor team is proud of this investment and recognizes that this level of spending is not typical of other projects. We see this as a testament to the partnership we are forming with the City of Ithaca, IAED and the surrounding neighborhoods.

In particular, our investment in the effluent infrastructure is a shining example of using local green resources for the betterment of the entire population. Using conventional coal-burning HVAC systems

would have certainly resulted in a current cost savings to the project budget, but would have been in direct conflict with the City of Ithaca's goal of being carbon-neutral by 2030.

The evolving paddle park (we are currently designing a kayak storage facility to complement the launch area) is also a friendly feature that will benefit all residents and be a spur to local tourism. This coupled with the promenade linking to the Cayuga Waterfront Trail are sure to increase the walkability of the area. In addition, we are adding a series of public mini-parks along the path where residents, visitors and tourists can hold gatherings with some degree of privacy. A summary of the public amenities of the entire project is as follows:

<u>Public Amenities/Green Space:</u>	<u>Phase 1</u>	<u>Phase 2</u>	<u>Total</u>
Planted Area (SQFT)	60,000	5,000	65,000
Trees (#)	175	52	227
Promenade Space (SQFT)	17,000		17,000
Pocket Parks (SQFT)	16,500		16,500
Visitor Boat Slips (#)	10		10
Public Outdoor Dining/Gathering (SQFT)	3,700		3,700
Marina Center - Bathrooms>Showers (SQFT)		415	415
Dog Park (SQFT)		1,130	1,130
Picnic Tables (#)		2	2

It is important to note that the site plan review is ongoing with the City Planning and Development Board and City Harbor expects to designate even more space for pocket parks and outdoor dining to be made available to all in addition to the above generous carve-out. In addition, more green planted space, trees, a dog park and bathrooms/showers are being added to the marina center plans that complement the important gas sale function (only one on the South-end of the lake) being served by the marina center.

As shown in the table of residential units below, the unit mix is being rebalanced to include a greater number of one-bedroom apartments and we introduce studio units for the first time, with a decrease to two-bedroom apartments. Our market research indicates this is prudent to ensure the financial viability of the project and meet demand.

<u>Residential Units:</u>	<u>Phase 1</u>	<u>Phase 2</u>	<u>Total</u>
Studio/1 Bath	-	26	26
1 bedroom/1 bath	29	54	83
2 bedroom/2 bath	67	(20)	47
Total	96	60	156

Further, our market studies have indicated that a 5,400 square foot restaurant is not sustainable in the Ithaca market, which our experts believe will be heavily impacted by seasonality. In its place we are planning for a 3,200 square foot café/bistro and already have a local successful restaurateur taking part in the planning and design.

Parking and Ride Sharing:

Below is the number of parking spaces originally envisioned (Jan. 2020) and currently:

<u>Parking Spaces:</u>	<u>Jan 2020</u>	<u>Apr 2022</u>	<u>Change</u>
Surface	159	97	(62)
Covered	15	66	51
Surface-Shared	35	34	(1)
Guthrie	193	205	12
Public	43	50	7
Total	445	452	7

Our market studies indicated a strong desire for more adjacent and covered parking in addition to the collaboration with Ithaca Carshare and use of services such as Uber and Lyft. Through the fine-tuning of the Pier Road campus we are adding 7 more spots and meeting the demand for covered and more convenient parking for residents and visitors; plus adding 2 bus stops for TCAT.

Financial Assistance

The granting of sales tax and mortgage tax exemptions will partially offset the rising materials costs, especially lumber, which have more than doubled in the past 6 months. This will help make this project financially viable and will result in the development of a much needed community for empty-nesters who otherwise may choose to relocate out of the state/area. City Harbor will be attractive to local companies and higher education providers looking to recruit the best and brightest from out of state into the local workforce who require high quality apartment rental options at a convenient location. With rents anticipated to start at \$1,950 for a studio apartment, this community will be affordable to a large cross section of the population. Without Agency support we anticipate having to increase rents on average by \$150 month to cover the recent commodity price increases.

The Agency's Property Tax Abatements represent key financial assistance that is critical in building an economically sound business plan which lenders will rely on in financing this project. Without competitive financing, this project would not be undertaken. Upon completion of this project, City Harbor will operate this community in a similar manner with other Southern-Tier apartment communities and in concert with the Riedman Companies company mission: "completing projects that are well planned, economically sound, and a positive influence on the communities in which they are located". The ongoing PILOT benefits obtained through the Agency will help us maintain a financially viable operation, while providing a quality housing option to current educational, industrial and commercial businesses in Ithaca, Tompkins County and the entire Southern Tier Region. Beyond the housing aspects, the City Harbor project and surrounding public amenities will provide a rebirth to the Waterfront district and a spark for other nearby property owners to join in on the action, and will be a beacon for tourism as the Waterfront becomes activated. Additionally, the City Harbor project is enabling two new TCAT stops that will provide efficient and environmentally friendly access to the Waterfront District for work, play and health care access.

A summary of the already granted and currently requested assistance:

<u>Financial Assistance:</u>	Phase 1 (Approved)	Phase 2 (Requested via Amendment)	Total
PILOT Property Tax Abatement (10 years) <i>using ENERGY schedule based on Enhanced Energy Initiative</i>	\$ 4,732,138	\$ 2,336,741	\$ 7,068,879
Sales Tax Exemption	\$ 1,839,257	\$ 897,176	\$ 2,736,433
Mortgage Recording Tax Exemption	\$ 89,670	\$ 41,250	\$ 130,920
Totals	\$ 6,661,065	\$ 3,275,167	\$ 9,936,232

It is important to mention that the entire City Harbor project is using the nearby effluent discharge for both heating and cooling. This represents a sizable investment on the part of City Harbor, but is one that is right for the environment, reduces our carbon footprint and will hopefully set the stage for others in the area to do the same. City Harbor recognizes that the PILOT has been adjusted in accordance with the Enhanced Energy Incentive. Since the Point East II building will also utilize the effluent system, we are asking that the amended benefits also be according to the 10 year schedule. We estimate that over the same 10 year period, City Harbor will pay \$3.5 million of actual property taxes, which is a significant increase over the current tax-roll position for this site generating less than \$80,000 per year in property taxes.

For purposes of timing, we ask that the PILOT begin in tax year 2026 for City/County and 2025/26 for School taxes, and the expiration of the Sales Tax Exemption be set to December 31, 2026 to allow for the accumulation and payment of all project invoices through stabilization of the development. We expect to utilize the Mortgage Recording Tax Exemption in 2022.

Employment Information:

<u>Jobs:</u>	<u>Phase 1</u>	<u>Phase 2</u>	<u>Total</u>
Resident Manager	1		1
Leasing Consultants	2		2
Maintenance Technician	1		1
Janitorial/Cleaning		1	1
Total	4	1	5
<i>Construction Jobs (Indirect)</i>	<i>175</i>	<i>75</i>	<i>250</i>

We anticipate one position being added with the Point East II building, consisting of a full-time janitorial/cleaning position enabled by the critical mass of the entire project being completed. The construction project itself is expected to add up to 250 jobs over the course of the two-plus year construction timeline. We will strive to use local labor and materials where possible, including ongoing operational contracts after the project reaches completion.

Environmental Review and Permitting:

We have received a determination that adding the additional amenities discussed above and the Point East II building to the project did not change the “negative determination” to the previous SEQRA review. No further work is required in this area.

Conclusion:

In conclusion, City Harbor’s multi-use development plan supports the objectives of City, County and other local groups to improve waterfront access and infrastructure for public enjoyment, to support tourism in the area, to create jobs and to provide access to medical care within the City limits. The project meets all six of the goals of the City of Ithaca’s Waterfront Plan:

- 1. Additional growth and retention of people looking to live in the City;*
- 2. Additional housing will provide opportunities for people of all incomes, ages, and abilities to live in the city;*
- 3. Enhanced green spaces;*
- 4. Housing along the waterfront provides opportunities for people to live within walking distance of major employers and to public transit, which may reduce commuter traffic;*
- 5. An increased tax base will reduce the tax burden for all residents, and;*
- 6. The Waterfront will create an economically vibrant residential and commercial district.*

We again are extremely excited about completing this transformational project for the benefit of all and again are seeking your support to bring this incredible project to fruition. We look forward to discussing the current plans with you and answering any questions you might have.

Sincerely,

City Harbor Development Team

Attachments: City Harbor Site Plan