

Tompkins County Industrial Development Agency

ADMINISTRATION PROVIDED BY 

Harold's Square – Community Benefits Overview *May 11, 2017*

Project Overview

Harold's Square applied for and received approval for a standard, 7-year property tax incentive under the CIITAP in 2013. The applicant struggled to make the project financially feasible and the approval documents have all since expired. As a result of the lapse in time, changes in the proposed occupancy of the building, and increase in project costs a new application has been submitted.

David Lubin has partnered with the McGuire Development Company out of Buffalo to move the project forward. The project consists of the demolition of three buildings, the renovation of the historic sage block building and construction of 171,600 square feet of new residential, retail and office space; 108 apartments, 33,833 square feet of office and 16,241 square feet of retail space. Five stories will front on The Commons with an additional seven stories set back from The Commons. Project costs have increased by nearly 12% as a result of reconfiguration of the building, in particular adding more apartments. Total project costs are \$42.9 million.

The applicant is requesting a 10-year abatement based on financial need that is driven in part by the significant increase in construction costs, the high soft costs associated with the redesign and longer term carrying costs of the building, and the forecasted longer term lease up of the office and retail spaces. The construction budget and five year proformas have been reviewed and meet the IDA's requirements for the 10-year abatement.

Cost-Benefit Analysis

- Extent to which project would create and/or retain private sector jobs – this is not a job creation project but rather a community development project. The applicant will hire a third party to manage and lease the building.

- Estimated value of tax exemption – 12% of project costs

Property Tax	\$3,614,035
Sales Tax	\$1,400,000
Mortgage Recording Tax	\$85,000

- Estimate of private sector investment to be generated by the project - \$42,924,000
- Likelihood of completing project in a timely manner – the McGuire has a solid development track record and financing has been secured. The project is ready to move forward.
- Extent to which project would generate additional sources of revenue for local taxing jurisdictions - \$3.6 million in new property tax revenue over ten years. 108 rental units downtown will increase sales tax revenue for local retail and restaurants. A larger footprint for retail could attract a major tenant downtown that will attract shoppers and increase sales tax receipts.
- Other benefits that might result from the project:

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Leverages Public Investment – The project leverages the City’s major investment and overhaul of the infrastructure on The Commons.

Historic Renovation – The project preserves the historic Sage Block as part of the fabric of the historic downtown corridor.

Contributes To A Vibrant Downtown – The project meets the City’s goals to promote a dense, vibrant downtown. Harold’s Square has been designed to conform to and support the Downtown Ithaca Alliance’s Downtown 2020 Strategic Plan. The project blends enhancing the street level character of downtown along The Commons while also addressing the Downtown Ithaca Alliance 2020 Strategic Plan’s call for increased density further back on the site. This is a classic mixed-use project, providing retail, office, and housing uses in the heart of the City where they will provide the most benefit and spill-over effect.

Enhanced Pedestrian Experience – The project is designed with the pedestrian in mind—both from a storefront aesthetic view as well as by creating a new enclosed and covered mid-block pedestrian corridor connecting the Commons with the Green Street parking garage and with the Green Street/Library area.

Rental Housing – Harold’s Square delivers 108 units of new rental housing to the central Commons area, the need for which is documented by the Danter Study. Residents will be steps away from the region’s major transit hub. These residents will be frequent shoppers, diners, and participants in downtown entertainment venues contributing to a thriving and vibrant downtown.

Class A Office Space – The project provides new class A office space. Ithaca has suffered from a lack of quality office space over the years and the addition of this space in the center of the City helps to encourage more investment and employment in the heart of the City, where the services and infrastructure are already in place.