

Tompkins County Industrial Development Agency

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Hotel Ithaca – Phase II – Community Benefits Overview

January 14, 2015

Project Overview

The core of the current hotel was built in 1972. The ten-story tower was added in 1984. Hotel ownership believes a timely and substantial renovation of the hotel is necessary to prevent the financial and competitive performance of the hotel from failing due to functional obsolescence of the building. In 2014, the applicant received a sales tax abatement for Phase I, consisting of renovation of the 61 guest rooms in the tower and all 19 guestrooms in the balcony of the main building, replacement of many mechanical, electrical and plumbing systems. Total cost of phase one was about \$2.4 million.

Phase II, the subject of this application, commencing in the spring 2016 the existing north wing will be demolished to create a footprint for a new five-story building that will contain ninety guestrooms. The new building will connect to the existing commercial building on the first floor and second floors creating a new north side pre function area, break out meeting space and fitness center. The second floor connection will create elevator access to the existing balcony hotel rooms located in the main building. The existing lobby, pool and restaurant will be renovated. The new north building is scheduled to open by May 2017. Completion of phase II will include the demolition of the two-story west wing once the new facilities are open in addition to parking lot surfacing, new site lighting, new decorative fencing, new parking lot entry pillars and lighting and enhanced landscaping.

When complete the hotel room count will be reduced from 180 to 170. Event, meeting and pre function space will double from 2,900 square feet to 5,800 square feet.

Cost-Benefit Analysis

- Extent to which project would create and/or retain private sector jobs

Project retains 71 and creates 21 new full time equivalent positions.

- Estimated value of tax exemption

Property Tax Abatement (7 years)	\$899,407
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Sales Tax Abatement (2 years)	\$852,000
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Partial Mortgage Recording Tax Abatement	\$30,000
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Total	\$1,781,000
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- Estimate of private sector investment to be generated by the project – \$15,000,000

- Likelihood of completing project in a timely manner

Phase I was completed in a timely manner. Financing has been secured for Phase II and the project is ready to go.

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- Extent to which project would generate additional sources of revenue for local taxing jurisdictions

The Hotel Ithaca parcel is estimated to pay \$921,068 in new property tax revenues in the first seven years after construction is complete (with the proposed abatement in place). This estimate was calculated assuming that if the phase II renovations are not undertaken, the hotel would cease to utilize the existing north wing and other accessory rooms that are functionally obsolete (i.e., operating with just the 80 rooms that have been renovated).

- Other benefits that might result from the project:

Energy Efficiency – The project was accepted into NYSERDA’s new construction program, which will provide resources and assistance to reduce the energy footprint of the building.

Downtown Density – The project will contribute to a more vibrant downtown, giving visitors opportunities to explore downtown shops and restaurants.

Parking – The hotel makes use of the underutilized City owned parking facility across the street, which generating revenue for the City.

Commitment to Community – Hart Hotels has owned and operated the property since 1972. Phase I and Phase II represent significant re-investment in the community.