

Sills, Dee

From: Tinti, Elisa
Sent: Friday, January 14, 2022 3:57 PM
To: Sills, Dee
Subject: FW: [EXTERNAL EMAIL] KINGSTON ROAD CLOSURE

Elisa Tinti

City Clerk and Registrar
City of Kingston

(845) 334-3914 Office
(845) 334-3918 Fax

[Kingston City Clerk Webpage](#)



From: Analiese Amato [mailto:aeamato@loyola.edu]
Sent: Friday, January 14, 2022 3:56 PM
To: Tinti, Elisa <emtinti@kingston-ny.gov>
Subject: [EXTERNAL EMAIL] KINGSTON ROAD CLOSURE

Hello Ms. Tinti,

I live at 330 Hurley Avenue and am a lifelong Kingston resident. I am writing to voice my support for the Fair Street closure in Kingston and my support of the Kingstonian project. I am excited by the prospect of the economic potential of the project, and as a young person hoping to be able to come back to Kingston pending my college graduation, I find projects such as this, that allow Kingston to grow and evolve, exciting and necessary. I know many others feel the same. Thank you kindly for considering my message.

Kindest Regards,
Analiese Amato

Analiese Amato

(She/Her/Hers)

Loyola University Maryland – Class of 2022

Global Studies Major | Sociology & Writing Minors

Evergreen Orientation Leader | Office of Student Engagement

aeamato@loyola.edu | (845)616-7387



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Sills, Dee

From: Tinti, Elisa
Sent: Friday, January 14, 2022 3:57 PM
To: Sills, Dee
Subject: FW: [EXTERNAL EMAIL] I Support the Partial Road Closure of Fair Street Extension

Elisa Tinti

City Clerk and Registrar
City of Kingston

(845) 334-3914 Office
(845) 334-3918 Fax

[Kingston City Clerk Webpage](#)



From: Jimi Scheffel [mailto:pgsjimi@gmail.com]
Sent: Friday, January 14, 2022 3:48 PM
To: Tinti, Elisa <emtinti@kingston-ny.gov>
Cc: Noble, Steve <SNoble@kingston-ny.gov>; info@kingstonianny.net
Subject: [EXTERNAL EMAIL] I Support the Partial Road Closure of Fair Street Extension

City of Kingston Common Council
c/o Elisa Tinti, City Clerk
420 Broadway
Kingston, NY 12401
Email: emtinti@kingston-ny.gov
Phone: (845) 334-3915

Dear Kingston Common Council Member,

I am writing in favor of the Council voting to partially close Fair Street Extension. While I believe the Kingstonian should not receive a variance in regard to taxes, and they should have hired architects that provided a more historically integrated concept, it sure beats Mr. Bender, who buys up spaces, only to leave them unoccupied.

He should not be allowed to conduct business in this city. But I digress.

Thank you for your time,

Jim Scheffel

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Sills, Dee

From: Tinti, Elisa
Sent: Friday, January 14, 2022 4:01 PM
To: Sills, Dee
Subject: FW: [EXTERNAL EMAIL] My written statement of Fair Street Extension abandonment
Attachments: Written Statement to common Council and Support.pdf

Elisa Tinti

City Clerk and Registrar
City of Kingston

(845) 334-3914 Office
(845) 334-3918 Fax

[Kingston City Clerk Webpage](#)



From: James Shaughnessy [mailto:jshaughnessy@kingstonschools.org]
Sent: Friday, January 14, 2022 3:57 PM
To: Tinti, Elisa <emtinti@kingston-ny.gov>
Subject: [EXTERNAL EMAIL] My written statement of Fair Street Extension abandonment

Dear Common Council
My written statement is attached.
Thank you.

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James F. Shaughnessy, Jr.
11 Delta Place
Kingston, NY 12401
(845) 633-2166

Common Council
City of Kingston
c/o emtinti@kingston-ny.gov

January 14, 2012

Dear Members:

I am attaching a written copy of the statement I made at the Public Hearing on the **THE PARTIAL ABANDONMENT OF FAIR STREET EXT.** and supporting documents to my statement.

In addition to my opposition to the PILOT, I am a frequent user of Fair Street Extension, and I will be negatively impacted by its complete of partial abandonment.

North Front Street will be more congested if Fair Street Extension cannot be used as to drive from Uptown to the western entrance to Kingston Plaza and the eastern end of Shwenk Drive.

I do not support the partial abandonment of Fair Street Extension.

Best regards,

A handwritten signature in black ink that reads "James F. Shaughnessy, Jr." with a stylized flourish at the end.

Comments for Public Hearing, January 12, 2022 (295 words)

My name is James Shaughnessy, and I live at 11 Delta Place in Kingston.

Let's be honest – while the particular topic of this evening's hearing is the abandonment of Fair Street Extension, the real issue is the Kingstonian project and the outsized private benefit going to the developers, which overwhelms the public benefit to the rest of us.

I want to talk about the PILOT agreement. There are very technical reasons why PILOT abatements have a large negative impact on school district finances. It is far too complicated to explain in three minutes. I will submit written comment on that matter.

But we all should agree that educating our children is an obligation that should have a very big priority for all of us. In New York State, it is primarily paid for by property taxes, which people pay either directly through home ownership or through a portion of their rental payments.

The Kingstonian project proposes a property tax abatement of approximately 90% for 25 years. This means the 129 market-rate renters living in the Kingstonian, who will be paying among the highest rents in the Kingston City School District, will be making only a 10% contribution to educating our students, compared to their neighbors. To put numbers to these percentages, instead of \$19,250,000 in school taxes over 25 years, perhaps \$1,795,000 of total PILOT payments would be allocated to the school district.

Many of you know that I am president of the Board of Education. By board policy, I am the spokesperson for the board. The board voted against the PILOT proposal on December 2, 2020, by a vote of 6-3. While the comments above are my personal view, they also reflect the view of the board of education, as expressed by that vote.

Kingstonian's Estimated PILOT Payments Based on Project's Projected Gross Revenue													
Year of Project	Year of PILOT	Project's Projected Gross Revenue	*Base Gross Revenue + Estimated Inflation	City of Kingston			Kingston Consolidated School District			Ulster County			Total PILOT Amount Paid If Every Year Meets Project's Projection
				Base PILOT Amount + 3% Escalator	% of Projected Gross Revenue Sharing	Total PILOT Amount Estimated to be Paid	Base PILOT Amount + 5% Escalator	% of Projected Gross Revenue Sharing	Total PILOT Amount Estimated to be Paid	Base PILOT Amount + 4% Escalator	% of Projected Gross Revenue Sharing	Total PILOT Amount Estimated to be Paid	
				30%			62%			8%			
Year 1			\$ 4,805,844										
Year 2			\$ 4,901,961										
Year 3	Year 1	\$ 4,701,251	\$ 5,000,000	\$ 12,000	\$ -	\$ 12,000	\$ 24,800	\$ -	\$ 24,800	\$ 3,200	\$ -	\$ 3,200	\$ 40,000
Year 4	Year 2	\$ 5,045,068	\$ 5,000,000	\$ 12,360	\$ 1,352	\$ 13,712	\$ 26,040	\$ 2,794	\$ 28,834	\$ 3,128	\$ 361	\$ 3,689	\$ 46,235
Year 5	Year 3	\$ 5,191,565	\$ 5,100,000	\$ 12,721	\$ 2,747	\$ 15,478	\$ 27,342	\$ 5,677	\$ 33,019	\$ 3,461	\$ 713	\$ 4,194	\$ 52,690
Year 6	Year 4	\$ 5,342,184	\$ 5,202,000	\$ 13,123	\$ 4,212	\$ 17,334	\$ 28,709	\$ 8,704	\$ 37,413	\$ 3,600	\$ 1,123	\$ 4,723	\$ 59,460
Year 7	Year 5	\$ 5,497,654	\$ 5,306,040	\$ 13,506	\$ 5,748	\$ 19,255	\$ 30,145	\$ 11,880	\$ 42,025	\$ 3,744	\$ 1,531	\$ 5,276	\$ 66,356
Year 8	Year 6	\$ 5,657,506	\$ 5,412,161	\$ 13,911	\$ 7,360	\$ 21,272	\$ 31,652	\$ 15,211	\$ 46,863	\$ 3,893	\$ 1,963	\$ 5,856	\$ 73,991
Year 9	Year 7	\$ 5,822,079	\$ 5,520,404	\$ 14,329	\$ 9,050	\$ 23,379	\$ 33,234	\$ 18,704	\$ 51,938	\$ 4,049	\$ 2,413	\$ 6,462	\$ 81,780
Year 10	Year 8	\$ 5,991,511	\$ 5,630,812	\$ 14,758	\$ 10,821	\$ 25,579	\$ 34,896	\$ 22,363	\$ 57,259	\$ 4,211	\$ 2,886	\$ 7,097	\$ 99,935
Year 11	Year 9	\$ 6,165,947	\$ 5,743,428	\$ 15,201	\$ 12,676	\$ 27,877	\$ 36,641	\$ 26,196	\$ 62,837	\$ 4,379	\$ 3,380	\$ 7,760	\$ 107,409
Year 12	Year 10	\$ 6,345,537	\$ 5,858,297	\$ 15,657	\$ 14,617	\$ 30,274	\$ 38,473	\$ 30,209	\$ 68,682	\$ 4,555	\$ 3,898	\$ 8,453	\$ 116,757
Year 13	Year 11	\$ 6,530,434	\$ 5,975,463	\$ 16,127	\$ 16,649	\$ 32,776	\$ 40,397	\$ 34,808	\$ 74,805	\$ 4,737	\$ 4,440	\$ 9,177	\$ 126,536
Year 14	Year 12	\$ 6,720,796	\$ 6,094,972	\$ 16,611	\$ 18,775	\$ 35,386	\$ 42,416	\$ 38,801	\$ 81,217	\$ 4,926	\$ 5,007	\$ 9,933	\$ 136,761
Year 15	Year 13	\$ 6,916,785	\$ 6,216,872	\$ 17,109	\$ 20,997	\$ 38,107	\$ 44,537	\$ 43,395	\$ 87,932	\$ 5,123	\$ 5,599	\$ 10,723	\$ 147,431
Year 16	Year 14	\$ 7,118,570	\$ 6,341,209	\$ 17,622	\$ 23,321	\$ 40,943	\$ 46,764	\$ 48,196	\$ 94,960	\$ 5,328	\$ 6,219	\$ 11,547	\$ 158,624
Year 17	Year 15	\$ 7,326,322	\$ 6,468,033	\$ 18,151	\$ 25,749	\$ 43,900	\$ 49,102	\$ 53,214	\$ 102,816	\$ 5,541	\$ 6,866	\$ 12,408	\$ 170,299
Year 18	Year 16	\$ 7,540,220	\$ 6,597,394	\$ 18,696	\$ 28,285	\$ 46,980	\$ 51,557	\$ 58,455	\$ 110,013	\$ 5,763	\$ 7,543	\$ 13,306	\$ 182,496
Year 19	Year 17	\$ 7,760,446	\$ 6,729,342	\$ 19,256	\$ 30,933	\$ 50,190	\$ 54,135	\$ 63,928	\$ 118,064	\$ 5,994	\$ 8,249	\$ 14,242	\$ 195,236
Year 20	Year 18	\$ 7,987,190	\$ 6,863,929	\$ 19,834	\$ 33,698	\$ 53,532	\$ 56,842	\$ 69,642	\$ 126,484	\$ 6,233	\$ 8,986	\$ 15,219	\$ 208,540
Year 21	Year 19	\$ 8,220,645	\$ 7,001,207	\$ 20,429	\$ 36,583	\$ 57,012	\$ 59,684	\$ 75,605	\$ 135,289	\$ 6,483	\$ 9,756	\$ 16,238	\$ 222,430
Year 22	Year 20	\$ 8,461,010	\$ 7,141,231	\$ 21,042	\$ 39,593	\$ 60,635	\$ 62,668	\$ 81,826	\$ 144,495	\$ 6,742	\$ 10,558	\$ 17,300	\$ 236,931
Year 23	Year 21	\$ 8,708,494	\$ 7,284,056	\$ 21,673	\$ 42,733	\$ 64,406	\$ 65,802	\$ 88,315	\$ 154,117	\$ 7,012	\$ 11,396	\$ 18,407	\$ 252,064
Year 24	Year 22	\$ 8,963,306	\$ 7,429,737	\$ 22,324	\$ 46,007	\$ 68,331	\$ 69,092	\$ 95,081	\$ 164,173	\$ 7,292	\$ 12,269	\$ 19,561	\$ 267,857
Year 25	Year 23	\$ 9,225,666	\$ 7,578,332	\$ 22,993	\$ 49,420	\$ 72,413	\$ 72,546	\$ 107,135	\$ 174,681	\$ 7,584	\$ 13,279	\$ 20,762	\$ 284,998
Year 26	Year 24	\$ 9,502,436	\$ 7,729,898	\$ 23,683	\$ 53,176	\$ 76,859	\$ 76,174	\$ 109,897	\$ 186,071	\$ 7,887	\$ 14,180	\$ 22,067	\$ 302,880
Year 27	Year 25	\$ 9,787,509	\$ 7,884,496	\$ 24,394	\$ 57,090	\$ 81,484	\$ 79,982	\$ 117,987	\$ 197,969	\$ 8,203	\$ 15,224	\$ 23,427	\$ 322,687
				\$ 437,511	\$ 591,593	\$ 1,029,104	\$ 1,183,632	\$ 1,222,626	\$ 2,406,258	\$ 183,267	\$ 157,758	\$ 291,025	\$ 3,726,387

*For the purpose of this calculation, inflation is shown using an escalation factor of 2%, but the PILOT agreement will be based upon actual CPI each year. For year 2 of the PILOT (expected to be year 4 of the Project), the base revenue will not increase for inflation.

$$\$1,183,632 + 1/2(\$1,222,626) = \$1,794,945 \quad \text{use } \$1,795,000$$

t, 2020

Alternatives to the PILOT Schedule Proposed by Developers of Kingstonian Project

4 Scenarios - Assumes \$19,000,000 Assessment When Construction is Complete, No Increase Going Forward

Assumes 2% Annual Growth in Tax Rate

Annual Increase 3%

Yearly Levy on 7-19 N Front	Developer's Proposed PILOT	Pilot Payment on 3 Parcels 2% Growth	31.61718 is 2018 school tax rate per 1000	School Tax Rate with 2% Annual Growth	25 Year PILOT 5% Annual Increase in Percentage of Assessment Subject to Tax Levy Years 7-25		15 Year PILOT 10% Annual Increase in Percentage of Assessment Subject to Tax Levy Years 7-15		10 Year PILOT 20% Annual Increase in Percentage of Assessment Subject to Tax Levy Years 7-10		No PILOT Construction Completed 2021 Tax Levy on 100% Assessment Years 4-25	
					Levy Based on	Levy	Levy Based on	Levy	Levy Based on	Levy	Levy Based on	Levy
2000	5550.10	Year 1	40,000	31.61718	547,000	17,295	547,000	17,295	547,000	17,295	19,000,000	600,726
2001	5902.39	Year 2	41,200	32.24952	547,000	17,640	547,000	17,640	547,000	17,640	19,000,000	612,741
2002	6817.76	Year 3	42,436	32.89451	547,000	17,993	547,000	17,993	547,000	17,993	19,000,000	624,996
2003	7329.50	Year 4	43,709	33.55240	547,000	18,353	547,000	18,353	547,000	18,353	19,000,000	637,496
2004	7596.87	Year 5	45,020	34.22345	547,000	18,720	547,000	18,720	547,000	18,720	19,000,000	650,246
2005	8298.64	Year 6	46,371	34.90792	547,000	19,095	547,000	19,095	547,000	19,095	19,000,000	663,251
2006	8625.13	Year 7	47,762	35.60608	1,000,000	35,606	2,000,000	71,212	4,000,000	142,424	19,000,000	676,516
2007	9356.79	Year 8	49,195	36.31820	2,000,000	72,636	4,000,000	145,273	8,000,000	290,546	19,000,000	690,046
2008	6747.37	Year 9	50,671	37.04457	3,000,000	111,134	6,000,000	222,267	12,000,000	444,535	19,000,000	703,847
2009	7296.99	Year 10	52,191	37.78546	4,000,000	151,142	8,000,000	302,284	16,000,000	604,567	19,000,000	717,924
2010	7974.44	Year 11	53,757	38.54117	5,000,000	192,706	10,000,000	385,412	20,000,000	770,823	19,000,000	732,282
2011	7913.61	Year 12	55,369	39.31199	6,000,000	235,872	12,000,000	471,744	20,000,000	786,240	19,000,000	746,928
2012	8031.81	Year 13	57,030	40.09823	7,000,000	280,688	14,000,000	561,375	20,000,000	801,965	19,000,000	761,866
2013	8666.95	Year 14	58,741	40.90019	8,000,000	327,202	16,000,000	654,403	20,000,000	818,004	19,000,000	777,104
2014	8672.04	Year 15	60,504	41.71820	9,000,000	375,464	18,000,000	750,928	20,000,000	834,364	19,000,000	792,646
2015	8897.70	Year 16	62,319	42.55256	10,000,000	425,526	20,000,000	851,051	20,000,000	851,051	19,000,000	808,499
2016	9058.49	Year 17	64,188	43.40361	11,000,000	477,440	20,000,000	868,072	20,000,000	868,072	19,000,000	824,669
2017	9540.92	Year 18	66,114	44.27168	12,000,000	531,260	20,000,000	885,434	20,000,000	885,434	19,000,000	841,162
2018	10343.60	Year 19	68,097	45.15712	13,000,000	587,043	20,000,000	903,142	20,000,000	903,142	19,000,000	857,985
2019	10841.10	Year 20	70,140	46.06026	14,000,000	644,844	20,000,000	921,205	20,000,000	921,205	19,000,000	875,145
Total	163462.20	Year 21	72,244	46.98147	15,000,000	704,722	20,000,000	939,629	20,000,000	939,629	19,000,000	892,648
		Year 22	74,412	47.92110	16,000,000	766,738	20,000,000	958,422	20,000,000	958,422	19,000,000	910,501
		Year 23	76,644	48.87952	17,000,000	830,952	20,000,000	977,590	20,000,000	977,590	19,000,000	928,711
		Year 24	78,943	49.85711	18,000,000	897,428	20,000,000	997,142	20,000,000	997,142	19,000,000	947,285
		Year 25	81,312	50.85425	19,000,000	966,231	20,000,000	1,017,085	20,000,000	1,017,085	19,000,000	966,231
			1,458,371			8,723,727		12,992,767		14,921,337		19,241,447
		2042		51.87134	20,000,000	1,037,427	20,000,000	1,037,427	20,000,000	1,037,427	20,000,000	1,037,427

I Oppose the Kingstonian PILOT Agreement

James F. Shaughnessy, Jr

November 20, 2020

Page 1

Preface

The Kingstonian is a multi-use development project proposed for the historic Stockade District in Kingston, NY. Components include an apartment complex with 129 market-rate and 14 affordable units, a 32 room boutique hotel, 8,000 or 9,000 sq.ft. of retail space (area depends on what day you read about it), a 420 space parking garage, and various other “amenities”.

The developers have applied to the Ulster County Industrial Development Agency (IDA) for a Payment in Lieu of Taxes Agreement (PILOT)^{that} constitutes a deviation from the Agency's Uniform Tax Exemption Policy. The deviated PILOT requires the consent of the Ulster County Legislature (approved 11/17/2020), the City of Kingston Common Council (previous version approved 7/7/2020 and approval of revised terms expected). The Kingston City School District has received a resolution from the IDA, and it will be brought to the floor on 12/2/2020.

My involvement is as a trustee of the school district Board of Education (BOE). The opinions expressed following statement are mine and are not necessarily supported by any other member of the BOE. This project was first brought to the school district in September, 2018, and I first became aware of the terms of the PILOT in November, 2018. So my opinions are developed over a period of two years.

This statement is being hosted on a webserver so that I can easily modify it as appropriate. If I make a substantive change, I will change the date on the right-side header. If I make a copyedit change, I will change the last edited date on the left-side footer. I am adding this preface on November 20, 2020.

I Oppose the Kingstonian PILOT Agreement

James F. Shaughnessy, Jr

November 20, 2020

Page 2

PILOTs have a negative impact on school district finances.

Kingston City School District is funded by property taxes and state aid. Property taxes are levied against the Full Taxable Value of nonexempt real estate.

The total levy is subject to the NYS Property Tax Cap. There is an annual calculation that each district performs to determine its Tax Levy Limit (TLL). The TLL does not change when there is a change in the taxable value due to assessment increases; in that instance, the tax rate decreases. However when there is significant new construction, the state calculates a Tax Base Growth Factor (TBGF) that increases the TLL to pay for services arising from the new construction.

The Kingstonian project will have 143 new housing units and some number of new children to educate. Its new taxable value of \$19 million will result in a TBGF of 1.0042 and an increase in the TLL of more than \$440,000. This would continue into the future to pay for ongoing education costs.

However, if the new project is subject to a PILOT agreement, the new taxable valuable is never included in the TBGF. The PILOT reduces the TLL and limits the district's ability to pay for increased services. We would have to decrease programming levels for all students, or ask voters for a 60% supermajority to exceed the TLL, something the Kingston Board of Education has never done. My analysis is here.

The Village of New Paltz released a position statement against the Kingstonian PILOT on September 9, 2020. I had discussions with Mayor Tim Rogers about my analysis which he incorporated into a review on November 4, 2020, on the PILOT schedule suggested by National Development Corporation (NDC) in its October 20, 2020, report, which was commissioned by Ulster County.

People living in luxury apartments should pay a fair share of school taxes.

Universal public education in the United States is based on all nonexempt property owners paying a fair share of the cost of educating our students through property taxes. I documented what other large multi-family rental properties and hotels pay in school taxes to Kingston City School District. The Kingstonian project proposes a property tax abatement of approximately 90% for 25 years, which in essence is the reduction the property taxes paid by residents and guests.

I Oppose the Kingstonian PILOT Agreement

James F. Shaughnessy, Jr

November 20, 2020

Page 3

How many public parking spaces are really being added?

The parking garage is designed with 420 parking spaces. The developers and city officials claim 277 will be available for the public after reserving 143 for project use. It is one space per apartment, with none reserved for hotel guests or owners and staff of the project components.

I am aware of two independent calculations of parking requirements according to City of Kingston Zoning Law.

In a [letter to the UCIDA dated July 17, 2020](#), the law firm Rodenhausen Chale & Polidoro LLC calculates a minimum of 313 parking spaces to serve the needs of the project, leaving 107 available for public use.

In a [blog post from September 30](#), KingstonCitizens.org calculates 343.5 spaces required by code, leaving 76.5 public spaces.

It strains credulity that 143 spaces will satisfy the demand of the project.

Subsidizing parking spaces by more than \$2,400 per year for 25 years is a boondoggle.

Applied to all 420 spaces, I calculated that the PILOT provides an annual subsidy of more than \$2,400 per space for the 25 years of the PILOT. If the 277 claimed "public spaces" are considered, the annual subsidy is more than \$3,700 per public space. If there is no increase in the number of public spaces from the current surface lot, which would be the case if zoning regulations were followed, the annual subsidy is more than \$7,300 per public space. I am adamantly opposed to using money that would otherwise go to educating our students to hugely subsidizing parking spaces.

[My spreadsheet analysis is here.](#)

What are the real costs of the parking garage?

The developers claim the cost of the garage to be \$17,000,000. Information needed to evaluate the projected costs of the parking garage are being concealed by the developers as "confidential" and "trade secrets." Rodenhausen Chale & Polidoro LLP states in their [July 17 letter to the UCIDA](#) *"The Applicants' Financial Analysis Is Insufficient."*

"The Applicant's financial statements also fail to address whether any part of the garage construction costs would be incurred even without the garage. Activities such as demolition, excavating, regrading and installing the foundation for the entire building are tied to the construction of the overall structure and should not be considered when determining the costs of the garage."

I Oppose the Kingstonian PILOT Agreement

James F. Shaughnessy, Jr

November 20, 2020

Page 4

What are the options of paying for the parking garage?

On page 3 of the October 20, 2020, NDC report is the statement, "**The PILOT is not the only source for covering the cost of the parking garage**" (emphasis added). There is no discussion of what other source might be available. I can identify that when \$17 million is financed at 4% over 25 years, the total amortization is \$26,919,679 and the interest cost is \$9,919,679. An interest rate of 2% is feasible for a municipal borrower. If \$17 million is financed at 2% over 25 years, the total amortization is \$21,616,571 and the interest cost is \$4,616,571. The difference of \$5,303,108 is a lot of money.

I have heard from the developers' side that if the City were to build the garage, it would be too expensive, because it would have to pay prevailing construction wages. Let us assume that the prevailing wage would increase the total cost by 20%, so that \$20,400,000 would have to be financed. At 2% over 25 years, the total amortization would be **\$25,939,886 and the total interest cost would be \$5,539,886. This is still \$979,793 less than the developers' amortization total.**

Has the City done a similar analysis?

Use an annual inflator for future Tax Levy based on historical data.

The developers, the IDA, the city, and NDC like to use 2% as the annual inflator for the total tax levy in their projections. The average annual increase for school tax levy for 7-19 North Front St, one of the parcels to be used for the project, since 2011, when the tax cap legislation was enacted, is 4.12%. (2011: \$7,914, 2020:\$11,379)

Changes in the school tax levy for any parcel in the Kingston City School District depends on the Tax Levy Growth Factor implicit in the budget annually approved by voters, change in the Full Taxable Value of the parcel (a combination of the assessment and equalization factor), and the proportion of Full Taxable Value in the City of Kingston compared to the other municipalities in the district. As long as Kingston remains a "hot" real estate market, the tax levy increase in the City will probably be more than in the rest of the district.

In the current and presumed future real estate environment in the Kingston City School District, a reasonable inflator for the school tax levy is 4% rather than 2%. If the combined annual inflator for the city and county levies were presumed to be 1%, an overall inflator of 2.8% would be reasonable. If the combined annual inflator for the city and county levies were presumed to be 2%, an overall inflator of 3.2% would be reasonable.

I Oppose the Kingstonian PILOT Agreement

James F. Shaughnessy, Jr

November 20, 2020

Page 5

I am opposed to giving a public street to the Kingstonian Project.

The street grid of Uptown Kingston is pre-Revolutionary. Fair St. Extension provides access to the Stockade area from the Kingston Plaza. Eliminating it will cause permanent inconvenience and added miles traveled by city residents and visitors. None of the analyses that I have seen even mention the commandeering of that street as a Project Benefit (also known as a Public Cost).

In 2011, the “Tax Cap” law was passed by the New York State (NYS) Legislature and signed by the Governor.

In simplest explanation, the law establishes a limit on the annual growth of property taxes levied by local governments and school districts of 2% or the rate of inflation, whichever is less.

In less simple explanation, the Tax Levy Limit (TLL) is calculated each year for each taxing jurisdiction using a multi-step formula, and the limit for any year can be more or less the two percent, and can even be negative. For school districts, the calculated TLL cannot be exceeded unless approved by 60% or more of voters in the annual election.

One factor that can increase a school district’s TLL is a “Quantity Change” in taxable assessed value. This is a change in assessed value due to growth in real property (by annexation) or significant additions (construction) to existing property. The NYS Department of Taxation and Finance calculates a **Tax Base Growth Factor (TBGF)** each year based on the Quantity Change in the district for the preceding year.

If a Quantity Change (significant addition) is subject to a PILOT agreement, the increase in taxable assessed value is not included in the TBGF when the PILOT begins. To the detriment of the school district, it is also not included in the TBGF when the PILOT ends. This means the district’s TLL is permanently reduced beyond the term of the PILOT.

Assumptions: The Kingstonian project will have a taxable assessed value of \$19 million. It would result in a TBGF of 1.0042 based on the district’s full tax value of approximately \$4.52 billion. I use that to show the impact of the 25 year PILOT agreement over 50 years. I assume the **allowable levy growth factor** is 2% annually, and I do not consider increases or decreases from other PILOTs or other allowed adjustments on the annual TLL, and a TBGF after the first year of 1.0000.

In the first 25 years, the sum of the annual TLL is \$3,448,720,878 (billion!) with the PILOT, and \$3,464,209,205 (billion) without the PILOT. That’s a difference of \$15,488,327(million), which approximates the PILOT school tax benefit to the developers.

In the second 25 year period, years 26 through 50, the difference in the totals is \$23,770,454. That is the ongoing impact of the project’s full assessed value never being included in the TBGF.

Setup

Tax Levy Limit Comparison

Pilot vs. No Pilot

2020-2021 Taxable Full Value	\$4,901,490,197
2019-2020 Taxable Full Value	\$4,519,835,314
Increase Taxable Full Value	\$381,654,883
2020 Tax Rate Growth Factor	1.0041
Increase Full Value from Quantity Change	\$18,531,325
Increase Full Value from Assessment Change	\$363,123,558

The Kingstonian project is to assigned a taxable assessed value of \$19,000,000. This would be result in an increase in the TBGE for 2020-20-2021 of **1.0042**

2019-2020 Tax Levy	\$105,589,983
Apply as Tax Base Growth Factor 1.0042	\$106,033,461
Year 1 Increase in Tax Levy Limit with Quantity Change	\$443,478
Year 1 Increase in Tax Levy Limit if Quantity Change has PILOT Agreement	\$0

Tax Levy Limit Comparison PILOT vs. No PILOT

T

Annual Tax Levy Limit Over 50 Years

Assume Annual Tax Levy Increase of 2%

	PILOT Payment	with PILOT	without PILOT
Base		\$105,589,983	\$106,033,461
Levy Year 1	\$24,000	\$107,677,783	\$108,154,130
Levy Year 2	\$24,960	\$109,830,858	\$110,317,213
Levy Year 3	\$25,958	\$112,026,976	\$112,523,557
Levy Year 4	\$26,997	\$114,266,997	\$114,774,028
Levy Year 5	\$28,077	\$116,551,797	\$117,069,509
Levy Year 6	\$29,200	\$118,882,271	\$119,410,899
Levy Year 7	\$30,368	\$121,259,332	\$121,799,117
Levy Year 8	\$31,582	\$123,683,912	\$124,235,099
Levy Year 9	\$32,846	\$126,156,958	\$126,719,801
Levy Year 10	\$34,159	\$128,679,441	\$129,254,197
Levy Year 11	\$35,526	\$131,252,346	\$131,839,281
Levy Year 12	\$36,947	\$133,876,683	\$134,476,067
Levy Year 13	\$38,425	\$136,553,477	\$137,165,588
Levy Year 14	\$39,962	\$139,283,778	\$139,908,900
Levy Year 15	\$41,560	\$142,068,655	\$142,707,078
Levy Year 16	\$43,223	\$144,909,197	\$145,561,219
Levy Year 17	\$44,952	\$147,806,516	\$148,472,444
Levy Year 18	\$46,750	\$150,761,747	\$151,441,893
Levy Year 19	\$48,620	\$153,776,047	\$154,470,731
Levy Year 20	\$50,564	\$156,850,596	\$157,560,145
Levy Year 21	\$52,587	\$159,986,597	\$160,711,348
Levy Year 22	\$54,690	\$163,185,277	\$163,925,575
Levy Year 23	\$56,878	\$166,447,888	\$167,204,087
Levy Year 24	\$59,153	\$169,775,709	\$170,548,168
Levy Year 25	\$61,519	\$173,170,040	\$173,959,132
Levy Year 26		\$176,696,190	\$177,438,314
Levy Year 27		\$180,230,114	\$180,987,081
Levy Year 28		\$183,834,716	\$184,606,822
Levy Year 29		\$187,511,411	\$188,298,959
Levy Year 30		\$191,261,639	\$192,064,938
Levy Year 31		\$195,086,872	\$195,906,237
Levy Year 32		\$198,988,609	\$199,824,361
Levy Year 33		\$202,968,381	\$203,820,848
Levy Year 34		\$207,027,749	\$207,897,265
Levy Year 35		\$211,168,304	\$212,055,211
Levy Year 36		\$215,391,670	\$216,296,315
Levy Year 37		\$219,699,503	\$220,622,241
Levy Year 38		\$224,093,493	\$225,034,686
Levy Year 39		\$228,575,363	\$229,535,380
Levy Year 40		\$233,146,871	\$234,126,087
Levy Year 41		\$237,809,808	\$238,808,609
Levy Year 42		\$242,566,004	\$243,584,781
Levy Year 43		\$247,417,324	\$248,456,477
Levy Year 44		\$252,365,671	\$253,425,606
Levy Year 45		\$257,412,984	\$258,494,119
Levy Year 46		\$262,561,244	\$263,664,001
Levy Year 47		\$267,812,469	\$268,937,281
Levy Year 48		\$273,168,718	\$274,316,027
Levy Year 49		\$278,632,092	\$279,802,347
Levy Year 50		\$284,204,734	\$285,398,394
Total Levy	\$999,502	\$9,108,352,811	\$9,147,611,593
Difference		\$39,258,782	
Years 1-25		\$3,448,720,878	\$3,464,209,205
Difference		\$15,488,327	
Years 26-50		\$5,659,631,934	\$5,683,402,388
Difference		\$23,770,454	



Tim Rogers, Mayor

KT Tobin, Deputy Mayor

Trustees: William Wheeler-Murray, Alexandria Wojcik, & Michele Zipp

*Nancy Branco
Treasurer*

*Gene Bleu Terwilliger
Superintendent Public Works*

*Alberta G. Shaw
Village Clerk*

November 4, 2020

NDC's suggested PILOT schedule for the Kingstonian is problematic for Kingston's school district finances now and long into the future

National Development Council's ("NDC") October 23, 2020 cost/ benefit analysis for the proposed Kingstonian development is curiously silent about NYS Property Tax Cap law impacts and how PILOTs harm local taxing authorities' ability to fund new services.

Property taxpayers, including those across the Kingston City School District that serves several municipalities, will likely face one of two outcomes if the Kingstonian developers receive the PILOT they asked for or if NDC's proposed PILOT is used. The board of education will have to choose between:

- A. Cutting school district programming (e.g. teacher and staff layoffs, increased class sizes, etc.), or
- B. Increasing property taxes

This is just how NYS law and the Property Tax Cap formula works. It is unreasonable to list "net public benefits" from the Kingstonian without even mentioning let alone considering Tax Levy Limit (TLL) impacts. An alternative third option to these two could only occur if there was a material contraction in the number of students residing in the district.

School districts are primarily funded by property taxes and state aid. Property taxes are levied against the Full Taxable Value of real estate and its calculation is subject to the NYS Property Tax Cap law. Annually, each school district follows an eight-step formula to calculate its TLL. The TLL does not change when there is a change in the taxable value due to assessment increases; in that instance, the tax rate decreases. However, when there is significant new project construction, the NYS Commissioner of Tax and Finance calculates a Tax Base Growth Factor (TBGF) that increases the TLL to pay for services arising from the new construction.

If it's fully taxed, the taxable value of \$19 million for the Kingstonian would result in a TBGF of approximately 1.0042 and an increase in the district's TLL of more than \$440,000. However, when a new project is subject to a PILOT agreement, its taxable value is never included in the TBGF. This significantly limits a school district's ability fund educating new K-12 students created by increases in housing supply.

Using NDC's newly proposed PILOT, the Kingstonian developers would pay approximately \$2.1 million over 25 years in lieu of school taxes. In comparison, if the project was fully taxed with an assessed value of \$19 million at year 1 and the district's '19-'20 TLL of \$105,589,983 escalated 2% annually, the developers would pay \$16.6 million in school taxes.

Moreover, harm is perpetual. During years 26 through 50 the school district could see \$23.8 million less in TLL because of the original PILOT. This would happen because the tax cap formula's Tax Base Growth Factor never adjusts -- even at the end of a PILOT's term when properties become taxable.

Given these scenarios, if the district's board of education opted not to cut programming because of its lowered TLL from the PILOT, the board could try to make up the difference and raise revenue by raising property taxes. This would require asking voters to support a tax cap override. And, a supermajority of 60% or more would be needed to vote in favor of raising taxes to offset the shortfall.

In 2020, only 13 districts across the state chose this option; there was a 69% success rate, compared with a 99% success rate for districts that did not need a supermajority approval of their budget. The Kingston board of education has never attempted a budget override.

We are troubled by this proposal to prop up investors of market rate for-profit housing, lodging, and retail. The Kingstonian could set a dangerous precedent for Ulster County that unfairly harms taxpayers and school districts' ability to serve students. Please take a closer look at what is being considered.

NDC's October 23, 2020 report:

https://ulstercountyny.gov/sites/default/files/NDC_Kingstonian%20Report_20201023_wComments.pdf

Paying a fair share of the cost of public education

Proposed Kingstonian Project

Universal and free public education for all children is an important societal principle in the United States. Since the 19th Century, it has been primarily funded by real estate property taxes. Except for tax-exempt property, every owner contributes to financing public education, even businesses and people who do not have school-aged children.

When a person rents an apartment, the landlord uses part of the rent to pay school taxes.

When a person stays in a hotel, part of the room charge is used by the hotel owner to pay school taxes.

A person who owns a home is responsible for paying school taxes.

So own, rent, or live in a hotel, a person contributes a fair-share to paying for the cost of public education.

The following page shows what some apartment complexes and hotels in Kingston/Ulster annually pay in school tax per apartment or hotel room.

People renting apartments or staying in hotel rooms in the Kingstonian project should pay their fair share of school taxes.

If the owners of the entire complex are paying only \$24,000/year in school taxes, the renters and hotel guests ARE NOT PAYING THEIR FAIR SHARE.

James Shaughnessy

August 21, 2019

Revised September 13, 2020, November 13, 2020

Apartment Complexes in Kingston**School Taxes**

Dutch Village – 500 Washington Avenue 139 Units

48.71-1-3

2020 Full Market Value \$8,775,556 School Taxes \$249,765

\$1,796.87/unit

163 Hurley Avenue NFM LLC 32 Units

48.70-1-23.100

2020 Full Market Value \$2,733,333 School Taxes \$77,795

\$2,431.09/unit

Stony Run 305 Hurley Ave 122 Units

48.70-1-2

2020 Full Market Value \$9,005,556 School Taxes \$256,311

\$2100.91/unit

Stony Run II 385-429 Hurley Ave 144 Units

48.70-1-1

2020 Full Market Value \$10,961,111 School Taxes \$311,969

\$2,166.45/unit

Fairview Gardens 90 Fairview Ave 152 Units

48.328-2-22

2020 Full Market Value \$8,285,556 School Taxes \$ 235,819

\$1,551.45/unit

Hotels in Kingston/Ulster

Hampton Inn 1307 Ulster Avenue 81 rooms

48.7-1-18.300

2020 Full Market Value \$6,617,647 School Taxes \$168,281

\$2,077.54/room

Kingston Motel Corporation 503 Washington Ave 208 rooms

48.71-1-1

2020 Full Market Value \$10,777,778 School Taxes \$284,614

\$1,368.34/room

James Shaughnessy

November 12, 2020

Kingstonian Parking Garage Income, Expenses, & Subsidy

The Annual Subsidy is the Mortgage Amortization less the Net Operation Income

Year	Mortgage Amortization	2%	3%	Garage		Annual Subsidy Per Space		
		Annual Revenue 2% Inflator	Annual Expense 3% Inflator	Net Operating Income	Annual Subsidy	420 Spaces	277 Spaces	140 Spaces
	(\$17,000,000)							
1	\$1,076,784	312,168	267,988	\$44,180	\$1,032,604	\$2,459	\$3,728	\$7,376
2	\$1,076,784	318,411	276,028	\$42,384	\$1,034,400	\$2,463	\$3,734	\$7,389
3	\$1,076,784	324,780	284,308	\$40,471	\$1,036,313	\$2,467	\$3,741	\$7,402
4	\$1,076,784	331,275	292,838	\$38,437	\$1,038,347	\$2,472	\$3,749	\$7,417
5	\$1,076,784	337,901	301,623	\$36,278	\$1,040,506	\$2,477	\$3,756	\$7,432
6	\$1,076,784	344,659	310,672	\$33,987	\$1,042,797	\$2,483	\$3,765	\$7,449
7	\$1,076,784	351,552	319,992	\$31,560	\$1,045,224	\$2,489	\$3,773	\$7,466
8	\$1,076,784	358,583	329,591	\$28,991	\$1,047,793	\$2,495	\$3,783	\$7,484
9	\$1,076,784	365,755	339,479	\$26,275	\$1,050,509	\$2,501	\$3,792	\$7,504
10	\$1,076,784	373,070	349,664	\$23,406	\$1,053,378	\$2,508	\$3,803	\$7,524
11	\$1,076,784	380,531	360,153	\$20,378	\$1,056,406	\$2,515	\$3,814	\$7,546
12	\$1,076,784	388,142	370,958	\$17,184	\$1,059,600	\$2,523	\$3,825	\$7,569
13	\$1,076,784	395,905	382,087	\$13,818	\$1,062,966	\$2,531	\$3,837	\$7,593
14	\$1,076,784	403,823	393,549	\$10,273	\$1,066,511	\$2,539	\$3,850	\$7,618
15	\$1,076,784	411,899	405,356	\$6,543	\$1,070,241	\$2,548	\$3,864	\$7,645
16	\$1,076,784	420,137	417,517	\$2,620	\$1,074,164	\$2,558	\$3,878	\$7,673
17	\$1,076,784	428,540	430,042	(\$1,502)	\$1,078,286	\$2,567	\$3,893	\$7,702
18	\$1,076,784	437,111	442,943	(\$5,833)	\$1,082,617	\$2,578	\$3,908	\$7,733
19	\$1,076,784	445,853	456,232	(\$10,379)	\$1,087,163	\$2,588	\$3,925	\$7,765
20	\$1,076,784	454,770	469,919	(\$15,149)	\$1,091,933	\$2,600	\$3,942	\$7,800
21	\$1,076,784	463,865	484,016	(\$20,151)	\$1,096,935	\$2,612	\$3,960	\$7,835
22	\$1,076,784	473,143	498,537	(\$25,394)	\$1,102,178	\$2,624	\$3,979	\$7,873
23	\$1,076,784	482,605	513,493	(\$30,887)	\$1,107,671	\$2,637	\$3,999	\$7,912
24	\$1,076,784	492,257	528,898	(\$36,640)	\$1,113,424	\$2,651	\$4,020	\$7,953
25	\$1,076,784	502,103	544,764	(\$42,662)	\$1,119,446	\$2,665	\$4,041	\$7,996

July 17, 2020

Ulster County Industrial Development Agency ("IDA")
P.O. Box 4265
Kingston, NY 12402

Re: Proposed Payment in Lieu of Taxes ("PILOT")
For the Kingstonian Development Project (the "Kingstonian" or "Project")
Kingstonian Development, LLC
420 Broadway and 151 Plaza Road

Dear Members of the Ulster County IDA,

Please accept this comment letter on Kingstonian Development LLC's ("Kingstonian Development" or the "Applicant") Application for Incentives ("Application") submitted to the Ulster County Industrial Development Agency ("IDA"). Kingstonian Development is seeking a 25-year deviated PILOT which would relieve it from paying approximately of \$29,874,000 in taxes over the next 25 years. I am writing on behalf of several property owners which own property in the vicinity of the Project and urge you to refrain from acting on the application at this time because the Application is outside of the IDA's authority, the Applicant has not demonstrated a public benefit, and the Application is incomplete and inadequate to justify the PILOT.

The IDA is Not Authorized to Grant the Application

As a threshold matter the IDA does not have authority to consider or grant the Application for the Project which includes residential housing units. The IDA's Housing Projects Policy, which was reaffirmed on January 8, 2020, only allows IDA financing in limited circumstances. It provides that:

- A. The Agency will only consider the granting of any "financial assistance" (as defined under the Act) for following projects that provide housing:
- (1) a project that satisfies the definition of a continuing care retirement community project under Section 859-b of the Act; or
 - (2) a project by an industrial, manufacturing, warehousing, commercial, research and recreation facility (as defined in the Act) that provides workforce housing for its employees.

The Kingstonian's proposed residential apartments and associated parking are not a continuing care community, nor is it employee housing. Therefore the IDA cannot grant financial incentives to the Project and all consideration of the Application should cease.

(845) 516-4323 ph
(845) 516-4528 fax
vpolidoro@rodenhausenchale.com

The Project will Result in a Loss of Public Parking Spaces

The Applicant has stated that the PILOT is needed to offset the cost of the proposed parking garage and has alleged that the parking garage will provide a public benefit. However, information provided to this Board and to the Planning Board by the Applicant indicates that the Project will result in a net loss of available parking spaces. The IDA should not be financing a garage that eliminates public parking and will contribute to the already difficult parking situation in Uptown Kingston.

The Kingstonian is being constructed on an existing surface parking lot which contains approximately 144 parking spaces serving the businesses in Uptown Kingston. The Project will replace the surface parking lot with a parking garage with 420 spaces serving both the public and the needs generated by the Project, or 276 spaces more than the Property currently provides. However, the Project would generate the need for at least 313 to 373 parking spaces, resulting in a net loss of parking spaces available to the public.

Section 405-34J of the Zoning Law requires 1.5 spaces for each one-bedroom apartment and 2 spaces for a two- or three-bedroom apartment. The Zoning Law further requires one parking space for each hotel room with an additional space needed for every 600 square feet of space outside of guest rooms.

The Project proposes a mix of one-, two- and three-bedroom apartments. Based on the proposed mix of apartments, a minimum of 251 parking spaces are required. The hotel requires another 32 parking spaces plus spaces for employees. A minimum of 283 parking spaces in the garage will be occupied by residential tenants and hotel customers. This does not account for the additional parking needs generated by customers and employees of the 9,000 square feet of commercial space.

The Zoning Law requires one parking space for every 100 square feet of gross floor area for a restaurant, and one parking space for every 300 square feet of floor area for retail. The commercial portion of the Project will therefore generate the need for at least 30 to 90 parking spaces.

Using a very conservative estimate, the minimum number of spaces needed to serve the Kingstonian is 313. The proposed parking garage with 420 parking spaces is not sufficient to replace the existing 144 public parking spaces and provide for the additional 313 parking spaces needed by the Project.¹ The Project will therefore result in net loss of publicly available parking spaces.

The loss of publicly available parking does not justify an almost \$30 million dollar tax break. In the current economic climate, it is not responsible for any taxing jurisdiction to issue such a monumental tax break to a project that does not offer any public benefit, particularly to

¹ All parking numbers are approximate as the Applicant has not provided a parking analysis.

well-funded projects that are already receiving millions of dollars in government funding. It is our understanding that Ulster County stands to have a budget deficit of \$30-40 million dollars in the upcoming years due to the economic downturn.² Similarly, the City of Kingston is facing losses of millions in tax revenue.³

There is simply no justification to grant the Application.

The Applicants' Financial Analysis Is Insufficient

Even if the IDA had authority to approve the Application and the Applicant could demonstrate that additional parking spaces would be created, the Application lacks sufficient information on the Project's finances. The Applicant alleges that the costs of constructing the parking garage total approximately \$16.8 million, which, after financing, would purportedly result in annual costs of \$1,067,000 over 25 years. However, it is not at all clear if these cost estimates are accurate. The data supporting the Applicant's calculation has not been publicly posted. We request that the IDA release all data provided and engage an independent consultant to audit the Applicant's estimated costs to determine their validity.

The Applicant's financial statements also fail to address whether any part of the garage construction costs would be incurred even without the garage. Activities such as demolition, excavating, regrading and installing the foundation for the entire building are tied to the construction of the overall structure and should not be considered when determining the costs of the garage.

The IDA Should Not Consider the Application Until the Pending Article 78 is Resolved

The IDA was included as an involved agency in the Planning Board's coordinated review of the Project under the State Environmental Quality Review Act ("SEQRA"). The Planning Board's negative declaration has been challenged for, among other things, failing to adequately consider the impact of the loss of public parking spaces on the community. A copy of the Verified Amended Petition is enclosed herewith for your records.

The IDA should refrain from acting on the application until the pending SEQRA litigation is resolved, as any decision it makes may thereafter be invalidated.

² Dorse, Patricia, *Ulster County Spent More than it Took in Last Year*, THE DAILY FREEMAN (May 7, 2020), https://www.dailyfreeman.com/news/local-news/ulster-county-spent-more-than-it-took-in-last-year/article_0e63984c-907d-11ea-8e7a-3f150911b721.html (last accessed July 9, 2020).

³ Zangla, Ariél, *Pandemic Could Cost Kingston Up to \$5.7 Million in Lost Revenue, Comptroller Warns*, THE DAILY FREEMAN (July 8, 2020), https://www.dailyfreeman.com/news/local-news/pandemic-could-cost-kingston-up-to-5-7-million-in-lost-revenue-comptroller-warns/article_f535c49c-c175-11ea-8aef-b79860147246.html (last accessed July 9, 2020).

An IDA Member May Have a Conflict of Interest

During the July 8, 2020 meeting it was disclosed that one member of the IDA has a business relationship with Herzog Supply Co. (aka. "Herzog's"), whose president is a principal of Kingstonian Development. The IDA member's business apparently leases space at a property owned by Herzog's. We believe that this presents a conflict of interest, as the granting of the PILOT stands to financially benefit the Applicant, which in turn would financially benefit Herzog's. The possibility of raised rent or a termination of a lease as retribution for a negative vote is sufficient to cause a conflict of interest.

However, even if this does not rise to the level of a formal conflict of interest under Article 4 of the New York State Public Officers Law, it at the very least creates the appearance of impropriety and weakens the public's confidence in its government. Therefore, we request that this member of the IDA recuse himself from consideration of the present application.

Conclusion

For the foregoing reasons, we believe there are serious deficiencies in the Application currently pending before the IDA. Because the IDA does not have any authority to grant the Application, it should immediately cease review. However, even if the IDA had the authority to consider the Application, there are serious issues, such as the loss of parking and the lack of financial information, that the IDA must carefully evaluate.

Thank you for your consideration. Please feel free to contact me with any questions regarding the above.

Sincerely,

A handwritten signature in black ink, appearing to read "V. Polidoro", with a stylized flourish at the end.

Victoria L. Polidoro

Cc: Alita Giuda, Esq.
Hon. Steve Noble, Mayor

I have copied the following from a [KingstonCitizen.org](https://www.kingstoncitizen.org) Facebook post.

KingstonCitizens.org Last edited September 30

Kingstonian Project will require 343.5 parking spaces per Kingston's zoning code

The Kingstonian is a proposed \$58 million dollar project. It promises 129 high-end units (to date, rents will range from \$1,500 – \$2,850), 14 affordable units (with Area Median Income (AMI) based on Ulster County, nearly 1/3 higher than the City of Kingston), a 32-room luxury boutique hotel, 9,000 square feet of retail space and a 420 parking space complex.

The developer is asking for a payment in lieu of taxes (PILOT) agreement where they will pay nominal taxes for **25 years**; a subsidy worth approximately \$30.6M, in exchange for a temperature controlled parking garage that will primarily serve its high end tenants and luxury boutique hotel guests.

The Kingstonian project will require 343.5 parking spaces per code subtracted from 420 leaves 76.5 public spaces not 277 like the developer is claiming OR 200 that the city required in their 2016 RFP that the developer is still referencing.

The Kingstonian Project PILOT Application

"143 residential units (9 studio, 64 1br, 60 2br, 10 3br), including 14 affordable housing units, 9,000 square feet of commercial space that will become a mix of restaurants, retail and professional services along Front Street and interior to the project accessible from the new Pedestrian Plaza; and A 32-room boutique hotel."

City of Kingston Zoning Code Parking Space Ratios

Multifamily dwelling: 1 space for each studio or efficiency apartment; 1.5 spaces for each 1-bedroom apartment; 2.0 spaces for each 2-bedroom or larger apartment; for dwellings designed to be occupied at least 90% by persons 62 years of age or older, 0.5 spaces per apartment, plus an additional 10% of the total required spaces for visitor parking in all cases.

Hotel or Motel: 1 space per guest room, plus 1 space per 600 square feet of space outside of guest rooms, corridors and equipment storage areas.

Retail: 1 space for each 300 square feet of floor area

Restaurant: 1 space per 3 seats or 1 space for 100 sq ft of gross floor area (whichever greater)

Drinking establishment or discotheque: 1 space per 1.5 persons or 1 space for each 100 sq ft of gross floor area (whichever greater)

The Kingstonian Project Parking Numbers

1. 143 Rooms: Kingstonian high-end housing (with 14 affordable units)

Total "Multifamily Dwelling" parking requirements: 269.5

Studios $9 \times 1 = 9$ **parking space**

One Bedroom: $64 \times 1.5 = 96$ **parking spaces**

Two and Three Bedroom: $70 \times 2 = 140$ **parking spaces**

Visitor parking (10% of total required spaces/245) = **24.5 parking spaces**

2. 32 Luxury Boutique Hotel Rooms

Total "Hotel" + Staff Parking Requirements: 34

"1 space per guest room, plus 1 space per 600 square feet of space outside of guest rooms, corridors and equipment storage areas" NOTE: We only added 2 spots to account for the staff and operations that should be captured with the 600sf.

3. 9,000 square feet of commercial space that will become a mix of restaurants, retail and professional services along Front Street

Total Restaurants, Retail and Bank Parking Requirements: 40

"1 space per 3 seats or 1 space for each 100 square feet of gross floor area, whichever is greater" Their commercial space at 9,000 was previously higher than the 8,000 now but restaurants would need more spaces than retail which only needs 1

space per 300sf. Estimating 40 spaces for 2 restaurants, retail, and "maybe a bank" is reasonable.

Comment

R Bruce McLean

Regardless the number we are either gaining 10 or losing up to 60.

What a great investment no wonder they need a PILOT Cost per space is a record.

**ANALYSIS OF PROPOSED "KINGSTONIAN"
SUBSTANTIATION OF NEED AND SIZING OF FINANCIAL ASSISTANCE PACKAGE**



Rendering of As-Complete Mixed-Use Mixed-Income Development

PROJECT/APPLICANT

Kingstonian Development
Herzog, Building Company and JM Development Group

LOCATION

City of Kingston, NY

PROJECT DESCRIPTION

\$58.6 million mixed-use, mixed-income development with structured parking

REQUESTED FINANCIAL ASSISTANCE

25-year Payment of Lieu of Taxes
Exemption on Sales Tax of Building Materials
Exemption on Mortgage Recording Sales Tax

October 23, 2020

The National Development Council (“NDC”) is a national non-profit economic development and housing advisory company that works on behalf of municipalities and public benefit corporations. It routinely reviews development programs and financial models submitted to its client communities to assist in determining the need for and the appropriate sizing of financial incentives as part of a public-private partnership. NDC has entered into a limited engagement with Ulster County (the “County”) to review the subject redevelopment and the proposed financial assistance package for this pioneering project located in the Uptown Stockade District of Kingston and to provide a written report on its understandings and findings.

A. PROJECT SUMMARY AND OVERVIEW

Kingstonian Development LLC, referred to as the “Developer” or “Applicant,” responded to a Request for Qualification (RFQ) issued by the City of Kingston. The RFQ was intended to attract a qualified responder to develop a “signature mixed-use project” that will complement and enhance current land use. The City views the development opportunity to invigorate the Uptown Stockade Area with new residents, commercial activity, and civic amenities.



Aerial view of development sites

The Developer consists of a joint venture between two highly accomplished regional companies, The Herzog Building Company and JM Development Group. The Developer is led by principals Brad Jordan and Joseph Bonura Jr.

The Developer has proposed a +/- \$58.6 million mixed-use development project on the corner of Fair and North Front Streets. The project, named “The Kingstonian” by the Developer, includes the following;

- A 420-space parking garage, at least 277 (daily parking and monthly parking) dedicated to public parking to support the current and future parking need in the Uptown Stockade area,
- A Public Access Pedestrian Plaza at the Front Street level of the project that will create open space,
- 143 residential units, including 14 that will be affordable to households earning between 60 and 110% of area median income (AMI),
- 8,900 square feet of ground floor commercial space on Front Street, and

- A 32-room boutique hotel.

The project meets the RFQ standards and local officials expect the project to serve both as a cornerstone of the Stockade District and as a catalyst for additional investment in the City. A portion of the redevelopment site was once the home of the Kingstonian Hotel, a building that has recently been used for commercial and industrial storage.



Rendering of The Kingstonian



Rendering of The Kingstonian

The Applicant requests the County's support for its application to the Ulster County Industrial Development Agency ("IDA") for a payment in lieu of taxes (PILOT) schedule as well as exemptions from sales tax and mortgage recording tax. The applicant has previously received a commitment from Empire State Development ("ESD") for a \$2.9 million grant.

NDC has conducted a thorough review of the program and financial model. NDC finds that the above-referenced development incentives are necessary. While NDC acknowledges that there is undoubtedly a need for a flexible long-term PILOT schedule that deviates from the IDA's Uniform Tax Exemption Policy (UTEP) in order to establish financial feasibility, NDC also offers the following findings;

- Based on an analysis of the Applicant-supplied budget and operating assumptions, the project could seemingly support more PILOT incremental growth during the 25-year term than what the developer proposes and remain financially feasible,
- Based on the market conditions, cost of the project and the applicant provided public improvements, it is necessary to structure a financial assistance package that addresses the cost of the structured parking garage, the fundamental financial challenge of the project,
- Whatever PILOT schedule is agreed upon by the participating parties, it must meet the financial needs of the project and satisfy the lender underwriting and investor return metrics,
- The PILOT is not the only source for covering the cost of the parking garage, and
- The public incentive package must balance the need for creating financial feasibility for the project and maximize the public benefits realized as a result of the development.

According the analysis conducted for this assignment, NDC finds that the direct public benefits are less than the direct project benefit in the PILOT schedule originally proposed for the development. It should be noted that NDC public benefit analysis does not include the creation of jobs and the ancillary benefits normally produced by a typical input/output econometrics model.

As a means of increasing the direct public benefit with additional PILOT payments, NDC offers an alternative PILOT schedule that serves the dual objectives of

- increasing tax revenue during the term, and
- maintaining project feasibility by meeting the required financial metrics of the participants.

The NDC proposed PILOT schedule is summarized in Section C on page 6 and presented in Appendix 1 on page 10. The direct public and project benefits with the NDC proposed PILOT schedule are reviewed in Section E on page 9.

The PILOT schedule originally proposed by the developer and its related project and public benefits are presented to Appendix 2 on page 11.

B. SOURCES & USES

USES OF FUNDS	TOTAL	%	COMMENT
Land Acquisition	\$2,500,000	4%	
Site Work	\$4,057,100	7%	
Construction	\$40,260,630	69%	
General Conditions, Profit & Overhead	\$5,508,892	9%	
Soft Costs	\$6,229,952	11%	
PROJECT TOTAL	\$58,556,574	100%	
Other Site Work, Infrastructure and Utility Relocation	\$3,800,000		
TOTAL with Additional Site Work Funded by DRI	\$62,356,574		

CONSTRUCTION SOURCES OF FUNDS			
Loan	\$43,917,431	75%	75% loan to cost
Empire State Dev. (ESD) Grants, Net	\$0	0%	Does not come in during construction. Reimbursable.
City Land Value	\$1,639,900 *	3%	\$5,616,400 FMV based upon entitlement for development program
Developer Land Equity	\$3,976,500		
Developer Cash Equity	\$9,022,743	22%	
PROJECT TOTAL	\$58,556,574	100%	
NYS Downtown Revitalization Initiative (DRI) to City	\$3,800,000		
TOTAL W DRI Grant	\$62,356,574		

PERMANENT SOURCES OF FUNDS			
Loan	\$43,917,431	75%	75% loan to cost
Empire State Dev. (ESD) Grants, Net	\$2,900,000	5%	\$3 million less the \$100,000 admin fee.
City Land Value	\$1,639,900	3%	\$5,616,400 FMV based upon entitlement for development program
Developer Land Equity	\$3,976,500		
Developer Cash Equity	\$6,122,743	17%	Reduced by ESD Grant
PROJECT TOTAL	\$58,556,574	100%	
NYS Downtown Revitalization Initiative (DRI) to City	\$3,800,000		
TOTAL W DRI Grant	\$62,356,574		

* City Land Value is based upon appraised value of its 1.4 acre property contributed at the development

The project development budget is \$58.6 million. An additional \$3.8 million will come from the Downtown Revitalization Initiative (DRI) grant, a competitive source from the State of New York and received directly by the City of Kingston. The DRI will fund a variety of site work and infrastructure costs, including demolition and utility relocation. This is separate and distinct from the developer's \$58.6 million budget.

Uses of Funds

The budget is further broken down by use in the respective mix of uses of the development program as follows.

	COST PER USE			
	Cost	%	SF	%
Residential	\$33,807,921	58%	174,686	49%
Parking	\$17,000,000	29%	147,000	41%
Hotel	\$6,037,716	10%	25,000	7%
Commercial	\$1,710,938	3%	10,950	3%
TOTAL	\$58,556,574	100%	357,636	100%

For the full development program, the budget is considered reasonable and not excessive for the product that will be placed into service. Of note is that \$17 million, or 29% of the development budget, is attributed to the parking garage. While the garage is critical for purposes of replacing the public parking that currently exists on the site and for supporting the residential and commercial development, the parking garage generates only marginal net income and creates the financial challenge for the development. A financial package that is structured to address the cost of the parking garage is necessary to create financial feasibility.

Sources of Funds

The development will mostly be funded by the developer through a +/- \$43 million construction and permanent commercial loan, sized at 75% of cost. The remaining funds will come from developer equity and a \$2.9 million Empire State Development (ESD) subsidy, a competitive grant received based upon the project's distinction as a *Project of Regional Significance*. The ESD grant is reimbursable and will not be available during the construction period and Developer equity will bridge the ESD grant. The \$5.6 million appraised value of the land, as "entitled," will be considered as equity. The value attributed to the City portion of the land is \$1,639,000. The City will reportedly have a long-term leasehold in its contributed property.

C. IDA BENEFITS PACKAGE

The Developer applied to the IDA for a financial incentive package that includes a payment in lieu of taxes (PILOT) as well as exemptions on sales and mortgage recording tax. The Developer seeks the support of the County for a 25-year PILOT, one that represents a deviation from the IDA's Uniform Tax Exemption Policy (UTEP). The proposed IDA package is summarized as follows;

TAX BENEFIT SUMMARY		
IDA RELATED PROPERTY TAXES		
Current Taxes		\$29,568
As Complete Full Taxes		\$932,710
Muliplier		\$32 :1 x muliplier
PILOT schedule		25-year
PILOT over Term		TBD per below
MORTGAGE RECORDING TAX		
Construction Loan		\$43,917,431
Mortgage Recording Tax Exemption %		0.750%
Value of Exemption		\$329,381
SALES TAX EXEMPTION		
Construction Cost		\$44,317,730
Value of Building Materials	60%	\$26,590,638
Sales Tax		8.000%
Value of Exemption		\$2,127,251

While the exemptions for the mortgage recording tax and sales tax on building materials are generally standard as part of the IDA package, the PILOT determination is not. The developer's request for a 25-year PILOT schedule and its proposed phase-in schedule are a deviation to the UTEP.

To the developer's credit, it has creatively proposed to cover the parking garage cost within its own financial structure and seeks annual savings PILOT to partially offset its annual net financial carry (approximately \$1 million in debt service less parking net income) of the garage.

NDC offers an alternative PILOT option for consideration. The PILOT schedules were tested against the project's financial model that was shared with NDC and were determined to meet the required financial metrics of the project.

PILOT OPTION		
Term	25	
Statrtng PILOT	\$40,000	
Adjusted PILOT Year 3	\$144,000	\$1,000 per residential unit
Annual Escalato3	4.00%	
PILOT Payments over Term	\$5,056,572	
NPV of Payments *	\$2,180,591	
Average Payment over Term	\$202,263	
PILOT Savings over Term	\$24,818,409	
NPV of Savings over Term *	\$12,223,740	

As Seen In Appendix 1

*6.0% discount rate, equivalent to capitalization rate

The 25-year PILOT, as proposed above, will provide meaningful and necessary savings to the developer. The steepest abatement percentages are proposed for the early stabilization period (3 years) during which the project is placed in service until it reaches stabilized occupancy rates.

The NDC PILOT option meets the developer's request for starting PILOT (\$40,000) and escalator (4%). It suggests a adjuster to \$144,000 in the third year, equivalent to \$1,000 per residential unit.

The NDC PILOT option results in a \$12.2 million Net Present Value (NPV) of aggregate savings and a \$2.2 million NPV of PILOT Payments over the 25-year term. A discount rate of 6.0% is used for the NPV calculation as it reflects the assumed capitalization rate, equivalent to the cost of all invested capital.

While the NPV of the PILOT savings is very similar in both options, it is important to note that PILOT savings are not the sole public incentive source that is used for offsetting the parking garage cost. The PILOT savings are combined with other benefits to address the project's financial challenges. The full direct financial benefits are summarized in the Benefits Analysis in Section E on Page 9.

D. SUMMARY OF NDC ANALYSIS TO SUBSTANTIATE NEED FOR FINANCIAL INCENTIVE PACKAGE

NDC based its analysis on the revenue, expense and costs assumptions presented in the Developer's financial model.

NDC used the following assumptions;

- Permanent loan assumptions that are in line with the current market for similar projects
 - 25-year amortization
 - Rate of 4.00%
- Developer baseline income assumptions for residential, retail, hotel, and parking.
- Adjusting revenue growth to 2.5% annually (market residential) and 2% (affordable housing, hotel and commercial), and 1% (parking).
- Adjusting expense growth to 3% annually
- Projecting terminal value of project using a 6.5% cap rate

The starting rents for the market units, ranging from \$1.70 - \$2.15/SF monthly, or an average rent of approximately \$2,000 per unit monthly, are reportedly priced relatively in range with the limited number of new residential developments that have gone into service in the region and affirmed in a project market study. The affordable rents will average approximately \$800, with the unit count including nine (9) studio and (5) five one-bedroom units. The +/- 9,000 square feet of commercial space will lease at approximately \$20/SF. The stabilized operating proforma is represented on the next page, based upon the projected third full year of operations.

The analysis substantiates a previously stated observation that the development is not financially feasible without the PILOT. Full "as complete" taxes are estimated to be \$932,000 by the City Tax Assessor. With full taxes, the project falls far short of debt coverage ratio (DCR) requirements of lenders and the financial returns required of investors, namely stabilized cash on cash rate of return, stabilized yield to cost (YTC) and internal rate of return (IRR).

With the assumptions above, NDC applied its proposed PILOT schedule into its financial analysis over the 25 years PILOT term. It solved for the metrics mentioned above and they are summarized in the following table.

FINANCIAL METRICS SUMMARY		
	Project	Market Normally Requires
Debt Coverage Ratio	1.27	> 1.25
Cash on Cash Rate of Return	12%	> 8%
Yield to Cost	6.4%	> 6..5%
Pre-Tax Internal Rate of Return (IRR) over PILOT Term *	13%	> 12%

With the proposed financial package, one that includes the NDC proposed PILOT, the development meets or exceed the financial requirements for both lenders and investors. The financial package does not provide undue enrichment to the Developer. As is the case whenever providing public subsidies, the financial assistance package is necessary to establish financial feasibility and provide adequate public returns in the future.

E. PROJECT AND PUBLIC BENEFIT ANALYSIS

Like with all economic development financing packages, this financial package has been assembled to meet the needs of the project. It is important to appropriately balance the benefit to the community with the specific incentive needs of the project. To achieve this balance, we seek to demonstrate that direct public benefit exceeds the direct financial benefit to the project. While there are second and tertiary financial impacts and positive qualitative impacts of this development, the below identifies the the direct benefits provided to both the project and the public.

With the proposed PILOT, the direct public benefits exceed project benefits. The summarized project and public benefits are summarized below.

BENEFIT SUMMARY WITH NDC PILOT OPTION		
PROJECT BENEFIT	\$	COMMENT
Net Present Value (NPV) of PILOT Savings over Term *	\$12,223,740	25 year savings discounted w 6% cap rate
Contributed City Land Value	\$1,639,900	Appraised value of City property
Empire State Development (ESD) Grant	\$2,900,000	
Sales Tax Exemption on Building Materials	\$1,772,709	8% of building materials, 50% of construction
Mortgage Recording Tax Exemption	\$329,381	1% of construction loan
TOTAL	\$18,865,730	
PUBLIC BENEFIT *	\$	COMMENT
Net Present Value (NPV) of PILOT over Term *	\$2,180,591	25 year payments discounted at 6%
Public Portion of Parking Garage	\$10,464,444	62% of total
Public Bathroom	\$25,000	
Affordable Housing (14 units)	\$1,800,000	\$128,571 per unit
Maintenance of Public Bathroom and Civic Space	\$1,083,333	\$65,000 annually /6% cap rate
Scholarship and Internship	\$250,000	\$5,000 annually / 6% cap rate
Net Present Value of Occupancy and Sales Tax	\$2,733,373	4% of sales tax and 2% occupancy tax
IDA Fee	\$585,566	1% of project costs
TOTAL	\$19,122,308	
<i>* does not quantify value of construction and permanent jobs</i>		
Net Public Project Benefit	\$256,578	

Other non-IDA benefits include the contribution of the City land value of the development and the ESD grant.



While the project benefits from the variety of public financial incentives, there is at least comparable and greater public benefit in the form of the PILOT increment, the public portion of the garage (62% of parking garage costs), the value of the affordable housing (\$128,571 per unit), and the net present value of the sales tax (4%) and occupancy tax (2%) that are projected to be received by local taxing jurisdictions. The value of the affordable housing was quantified by dividing the reduction in income (\$108,000 annually) due to the restrictions by the 6% capitalization rate.

In addition to the above public financial benefits, the Developer estimates 150 temporary construction jobs and 40 jobs, the latter to be realized mostly from the commercial, hotel, and parking elements of the development. The mixed-income development maximizes the land use for what has been an underperforming site. The development will also deliver acutely needed 143 rental residential units, 14 of which are affordable, to a region that has a unhealthy low percentage of rental housing stock. The new residents and guests will add considerable disposable income (approximately \$7 million annually) that will help to strengthen and expand the local retail base. Like what has been evidenced in other municipalities that have encouraged mixed-use and mixed-income developments in their downtowns through similar public-private partnerships, the Kingstonian is expected to catalyze substantial new development and private investment in the City.

APPENDIX 1: PILOT SCHEDULE

NDC PILOT SCHEDULE OPTION							
2.00% escalator		2.00% escalator		4.00% escalator		year3 1 - 25	
Year	Base Taxes	Improvement Taxes	Full Taxes	Abatement	Savings	PILOT	Increment
construction							
construction							
1	\$29,568	\$903,142	\$932,710	95.57%	\$892,710	\$40,000	\$10,432
2	\$30,159	\$921,205	\$951,364	95.48%	\$909,764	\$41,600	\$11,441
3	\$30,763	\$939,629	\$970,391	95.40%	\$927,127	\$43,264	\$12,501
4	\$31,378	\$958,422	\$989,799	84.98%	\$845,799	\$144,000	\$112,622
5	\$32,005	\$977,590	\$1,009,595	84.68%	\$859,835	\$149,760	\$117,755
6	\$32,645	\$997,142	\$1,029,787	84.38%	\$874,037	\$155,750	\$123,105
7	\$33,298	\$1,017,085	\$1,050,383	84.07%	\$888,403	\$161,980	\$128,682
8	\$33,964	\$1,037,426	\$1,071,391	83.76%	\$902,931	\$168,460	\$134,495
9	\$34,644	\$1,058,175	\$1,092,818	83.44%	\$917,620	\$175,198	\$140,554
10	\$35,336	\$1,079,338	\$1,114,675	83.12%	\$932,469	\$182,206	\$146,869
11	\$36,043	\$1,100,925	\$1,136,968	82.79%	\$947,474	\$189,494	\$153,451
12	\$36,764	\$1,122,944	\$1,159,708	82.45%	\$962,634	\$197,074	\$160,310
13	\$37,499	\$1,145,402	\$1,182,902	82.11%	\$977,945	\$204,957	\$167,458
14	\$38,249	\$1,168,310	\$1,206,560	81.76%	\$993,405	\$213,155	\$174,906
15	\$39,014	\$1,191,677	\$1,230,691	81.40%	\$1,009,010	\$221,681	\$182,667
16	\$39,795	\$1,215,510	\$1,255,305	81.03%	\$1,024,756	\$230,549	\$190,754
17	\$40,591	\$1,239,820	\$1,280,411	80.66%	\$1,040,640	\$239,771	\$199,180
18	\$41,402	\$1,264,617	\$1,306,019	80.28%	\$1,056,658	\$249,361	\$207,959
19	\$42,230	\$1,289,909	\$1,332,140	79.90%	\$1,072,804	\$259,336	\$217,105
20	\$43,075	\$1,315,707	\$1,358,782	79.50%	\$1,089,073	\$269,709	\$226,634
21	\$43,936	\$1,342,022	\$1,385,958	79.10%	\$1,105,460	\$280,498	\$236,561
22	\$44,815	\$1,368,862	\$1,413,677	78.69%	\$1,121,960	\$291,718	\$246,902
23	\$45,712	\$1,396,239	\$1,441,951	78.27%	\$1,138,564	\$303,386	\$257,675
24	\$46,626	\$1,424,164	\$1,470,790	77.85%	\$1,155,268	\$315,522	\$268,896
25	\$47,558	\$1,452,647	\$1,500,206	77.41%	\$1,172,063	\$328,143	\$280,584
TOTAL	\$947,072	\$28,927,909	\$29,874,981		\$24,818,409	\$5,056,572	\$4,109,500
					83% of full taxes	17% of full taxes	
					\$12,223,740 NPV	\$2,180,591 NPV	
					6.00% discount rate	6.00% discount rate	

APPENDIX 2: PUBLIC BENEFIT SUMMARY WITH FIRST DEVELOPER PROPOSED PILOT

KINGSTONIAN PILOT SCHEDULE (AS PROPOSED BY DEVELOPER)

	2.00% escalator		2.00% escalator		4.00% escalator		
Year	Base Taxes	Improvement Taxes	Full Taxes	Abatement	Savings	PILOT	Increment
construction							
construction							
1	\$29,568	\$903,142	\$932,710	92.54%	\$892,710	\$40,000	\$10,432
2	\$30,159	\$921,205	\$951,364	92.46%	\$909,764	\$41,600	\$11,441
3	\$30,763	\$939,629	\$970,391	92.37%	\$927,127	\$43,264	\$12,501
4	\$31,378	\$958,422	\$989,799	92.28%	\$944,805	\$44,995	\$13,617
5	\$32,005	\$977,590	\$1,009,595	92.19%	\$962,801	\$46,794	\$14,789
6	\$32,645	\$997,142	\$1,029,787	92.10%	\$981,121	\$48,666	\$16,021
7	\$33,298	\$1,017,085	\$1,050,383	92.01%	\$999,770	\$50,613	\$17,314
8	\$33,964	\$1,037,426	\$1,071,391	91.92%	\$1,018,753	\$52,637	\$18,673
9	\$34,644	\$1,058,175	\$1,092,818	91.82%	\$1,038,076	\$54,743	\$20,099
10	\$35,336	\$1,079,338	\$1,114,675	91.72%	\$1,057,742	\$56,932	\$21,596
11	\$36,043	\$1,100,925	\$1,136,968	91.62%	\$1,077,759	\$59,210	\$23,167
12	\$36,764	\$1,122,944	\$1,159,708	91.52%	\$1,098,129	\$61,578	\$24,814
13	\$37,499	\$1,145,402	\$1,182,902	91.42%	\$1,118,861	\$64,041	\$26,542
14	\$38,249	\$1,168,310	\$1,206,560	91.31%	\$1,139,957	\$66,603	\$28,354
15	\$39,014	\$1,191,677	\$1,230,691	91.20%	\$1,161,424	\$69,267	\$30,253
16	\$39,795	\$1,215,510	\$1,255,305	91.09%	\$1,183,267	\$72,038	\$32,243
17	\$40,591	\$1,239,820	\$1,280,411	90.98%	\$1,205,492	\$74,919	\$34,329
18	\$41,402	\$1,264,617	\$1,306,019	90.86%	\$1,228,103	\$77,916	\$36,514
19	\$42,230	\$1,289,909	\$1,332,140	90.75%	\$1,251,107	\$81,033	\$38,802
20	\$43,075	\$1,315,707	\$1,358,782	90.63%	\$1,274,508	\$84,274	\$41,199
21	\$43,936	\$1,342,022	\$1,385,958	90.51%	\$1,298,313	\$87,645	\$43,708
22	\$44,815	\$1,368,862	\$1,413,677	90.38%	\$1,322,526	\$91,151	\$46,336
23	\$45,712	\$1,396,239	\$1,441,951	90.26%	\$1,347,154	\$94,797	\$49,085
24	\$46,626	\$1,424,164	\$1,470,790	90.13%	\$1,372,201	\$98,589	\$51,963
25	\$47,558	\$1,452,647	\$1,500,206	90.00%	\$1,397,673	\$102,532	\$54,974
TOTAL	\$947,072	\$28,927,909	\$29,874,981		\$28,209,145	\$1,665,836	\$718,764
					94% of full taxes	6% of full taxes	
					\$13,646,604 NPV	\$757,728 NPV	
					6.00% discount rate	6.00% discount rate	

BENEFIT SUMMARY WITH EXISTING PILOT SCHEDULE

PROJECT BENEFIT	\$	COMMENT
Net Present Value (NPV) of PILOT Savings over Term *	\$13,646,604	25 year savings discounted w 6% cap rate
Contributed City Land Value	\$1,639,900	Appraised value of Coity property
Empire State Development (ESD) Grant	\$2,900,000	
Sales Tax Exemption on Building Materials	\$1,772,709	
Mortgage Recording Tax Exemption	\$329,381	
TOTAL	\$20,288,594	
PUBLIC BENEFIT	\$	COMMENT
Net Present Value (NPV) of PILOT over Term *	\$757,728	25 years of PILOT w 6% cap rate
Public Portion of Parking Garage	\$10,464,444	66% of total
Public Bathroom	\$25,000	
Affordable Housing (14 units)	\$1,800,000	\$128,571 per unit
Maintenance of Public Bathroom and Civic Space by Develop	\$1,083,333	\$65,000 annually / 6% cap rate
Scholarship	\$83,333	\$5,000 annually / 6% cap rate
Net Present Value of Occupancy and Sales Tax	\$2,733,373	4% of sales tax and 2% occupancy tax
IDA Fee	\$585,566	1% of project costs
TOTAL	\$17,532,778	
Net Public Benefit	(\$2,755,816)	



STANDARD DISCLOSURE

Standard disclaimer regarding NDC's compliance with Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and amended Section 15B of the Securities and Exchange Act of 1934 ("Exchange Act"):

The National Development Council is not a Registered Municipal Advisor as defined in Dodd-Frank and the Exchange Act and therefore cannot provide advice to a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including structure, timing, terms or other similar matters concerning such financial products or issues.

APPENDIX 3: COMMENTS RECEIVED FROM CITY OF KINGSTON

See attachment on following pages.

CITY OF KINGSTON

Office of the Mayor

mayor@kingston-ny.gov

Steven T. Noble
Mayor



Memorandum

To: Ulster County Executive Pat Ryan
From: Steve Noble, City of Kingston Mayor *SN*
Re: Ulster County Executive's Kingstonian Analysis
Date: October 22, 2020

Thank you for giving us an opportunity to review the draft Cost/Benefit Analysis prepared by NDC. We have identified multiple errors and omissions in the report. We have attempted to do as through a review as possible with the limited time provided.

Pg 2. There will be 143 combined units, not 144 as the report states

Pg.2 There will be 277 dedicated public parking spots not 245 as the report states

Pg.2 The AMI for the affordable housing units will range from 60%-110%, not 50%-110%.

Pg 8 We would like point out an issue with the Parking income Assumption:

There is no market evidence to support NDC's parking revenue estimate. We know from current market parking garage rates, this estimate is unsubstantiated and overblown. We question why NDC deviated from market rates, the developer and City's estimate on parking income.

Current Parking Income on site; the 130 space lot grosses \$25,000 - \$30,000 annually. That is \$17.62 monthly per space.

Developer's Estimate is \$317,000 annually. That is \$62.90 monthly per space. A 257% increase above current market surface rates.

NDC's Estimate is \$464,996 annually. That is \$92.00 monthly per space. That is a 422% increase above current market surface rates.

We believe this estimate has no basis in reality. It also forecasts a yearly 3% increase in parking fees. That is also not sustainable and our residents and service workers who already struggle to pay for parking.

Pg. 9 The report attempts to calculate public benefits. We believe multiple omissions and incorrect assumptions are made.

Per the Approved City of Kingston Pilot Agreement:

Items that we identified as missing include:

- Per Approved Pilot Term Sheet: At the request of the business community, the Project will include unisex bathrooms constructed, operated and maintained at the expense of the developer (\$125,000 to construct and \$20,000/year over the life of the PILOT – 625,000 total- to operate and maintain for 25 years.) (This is not a DRI funded project). This also does not include maintenance costs for years 26-60+ which would be over \$500,000)
- Per Approved Pilot Term Sheet: Project will contribute 5,000 annually over a ten-year period, for a total of \$50,000, to create a new scholarship fund held The Community Foundation, which will be distributed to a worthy recipient or recipients of the KCSD's choice each year.

- Per Approved Pilot Term Sheet: Project will create and fund two paid internships at a cost to the developer of \$10,000 each per year for the life of the PILOT (a 500,000 value) to help mentor KCSD high school students in both hospitality and real estate careers.
- Per the Approved Pilot Term Sheet, the Project will construct, maintain, and operate a public space known as the Pedestrian Plaza, which will be free and open to the public the same hours as other City parks. This part of the project will be financed by the DRI funds and so I understand why it was not included in the public benefit, however, the ongoing maintenance and operation costs need to be included in the public benefit as they are not being paid by the DRI funds for the life of the project. (This cost would be at least \$25,000 per year to maintain and operate. Over 60 years, totaling 1,500,000)
- Per the Approved Pilot Term Sheet Affordable Housing (at the request of the City): NDC omits the value of the subsidized rent (\$100,079 annually for the Life of the Project, Public benefit remains after PILOT Term, (Est 60+ Years Life Expectancy X \$100,000 = \$6,000,000+ in Public Benefit)
- Per the Approved Pilot Term Sheet: Maintenance of the parking Garage during and post PILOT Term: \$268,000+ Annual savings to the City (Year 26-60+).
- Per the Approved Pilot Term Sheet Subsidized Parking for affordable units (At the request of the City): \$6,270 annually = \$156,750 Public benefit (to continue after Pilot at cost of another \$156,750 at the developers proposed prices).

Pg 10. The benefits of creating New Jobs are not included as part of the cost/benefit calculation. The Developers have indicated at least 13 full time jobs will be created that will be within the control of the pilot applicant. An estimated 153 FTE jobs are estimated to be created because of this project, which will substantially help the Kingston economy and is a benefit as well that should be calculated as part of the cost/benefit analysis.

Sills, Dee

From: Tinti, Elisa
Sent: Friday, January 14, 2022 4:03 PM
To: Sills, Dee
Subject: FW: [EXTERNAL EMAIL] Kingstonian

Elisa Tinti

City Clerk and Registrar
City of Kingston

(845) 334-3914 Office
(845) 334-3918 Fax

[Kingston City Clerk Webpage](#)



From: Scott Denny [mailto:sdenny512@gmail.com]
Sent: Friday, January 14, 2022 3:58 PM
To: Tinti, Elisa <emtinti@kingston-ny.gov>
Subject: [EXTERNAL EMAIL] Kingstonian

Good Evening Madame President, and
Kingston Common Council Members,

As a lifelong resident, I find it absolutely sad, and appalling, that I, along with friends, and neighbors, have actually been forced, to go through this most egregious, and extremely impersonal process, never to have had our "voices", heard, by the current, Kingston City Common Council, in Person !!

Unfortunately, do to my personal health concerns, I along with many other fellow Residents, simply could not put ourselves, or our Familys health, in harms way, by attending, this most important, Public Hearing.

As I reflect, on the entire process, I also find it appalling, that this Common Council, never once stood, and confronted, the Mayor, Corporate Council, or for that matter, the Honourable Justice Mott, in full UNITY. Sadly, the Council knew full well, that on the evening of the Hearing, that the "Known" active cases of the Covid Omicron Variant, had exceeded 6,100 people in Ulster County, and over 10,000 to our Southern Neighbor, of Orange County. With that knowledge, the Hearing continued, demonstrating total recklessness, held so that the Kingston Elite, could continue, to Railroad the proposed Kingstonian Project through as fast as possible, without regard for ALL, of your Constituents.

Let me be extremely clear. As ELECTED Officials, by the Residents of Kingston, We the People, should always be your first concern. Each and every one of you, have the, sworn duty, and obligation, to be certain,

that your Constituents are heard, and this most confusing process, clearly was not the way to accomplish your most important job, to protect Due Process, for the RESIDENTS, whom Elected you.

Additionally, from a personal perspective, I do not necessarily oppose the Kingstonian, but I most certainly do oppose, the Process of just handing it over to Mr. Jordan, and the total its complete lack of transparency, as to who ALL of the Partners are, the 25 year PILOT, and the inability, for your Constituents to be properly heard, as we are in fact a Referendum State.

I would like to also point out, that the Public Hearing ended 2 hours before the last assigned speaking time, which also speaks volumes, to the current state, of the Covid Omicron situation. As a speaker, I was personally impacted, as I made a last minute decision, not to attend, and I was scheduled to speak at 7:45 pm, and I know for FACT, that I wasn't alone.

For your record, I do not support the "Partial" Abandonment of the Fair Street Extention, as I, and my Family, use the Street, on a regular basis, and I completely oppose the process, and how we have gotten to where we are today.

In closing, having been a Write in Candidate, for Ward 9, based on the Feedback that I received from MANY Residents of the Ward. I would respectfully request that Alderwoman Hirsch, remain a NO Vote, as she was leaning at a prior Common Council Meeting, along with Rita Worthington, as I feel certain that the Majority of their Constituents, DO NOT support this.

In the end, we currently have four new Common Council Members, and I would urge them as well, to be No Votes at this time, as they now come with the ability to bring much needed change, to the City of Kingston.

With the exception of Steve Nobles personal wish list projects, the rest of Kingston is falling down around us. Sadly, once you leave Broadway, and the Waterfront everything else remains, in tremendous need of repair.

I respectfully request, that each and every Member of the Common Council, Vote for what is BEST, for all of your Constituents, and not to \$56,000,000.00 project that will never benefit the average Resident of Kingston.

Thank you,

Scott E. Denny

Cc:

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