

OLD BUSINESS

CITY OF KINGSTON

Office of the Mayor

mayor@kingston-ny.gov

(FIA)

Steven T. Noble
Mayor



September 30th, 2022

Honorable Andrea Shaut
President of the Common Council
Kingston City Hall
420 Broadway
Kingston, New York 12401

Dear President Shaut,

My office has received the attached correspondence from Pennrose NY Developer, LLC. I am forwarding the document to Common Council for your review. Pennrose LLC has expressed interest in presenting their project and the Pilot to the Finance Committee.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Steven T. Noble".

Steven T. Noble
Mayor

PENNROSE

Bricks & Mortar | Heart & Soul

VIA ELECTRONIC DELIVERY

September 27, 2022

**Mayor Noble
City Hall
420 Broadway
Kingston, NY 12401**

RE: Golden Hill Apartments Request for Article XI Real Property Tax Exemption

Dear Mayor Noble,

I am writing as a follow up to our discussions in recent months regarding the proposed PILOT for Golden Hill (the, "Project"). The Golden Hill mixed-use project envisions a comprehensive approach to the transformation of the former site of the Ulster County Jail. The vision for Project includes delivery on Ulster County's Green New Deal initiatives and providing new intergenerational mixed-income housing opportunities for the Hudson Valley region. Since commencing public community engagement in July 2021, Pennrose has actively worked with the Ulster County Housing Development Corporation (UCHDC), the County of Ulster, the City of Kingston, Family of Woodstock, elected officials, local community-based organizations, and residents to craft a unified vision in support of the City of Kingston's 2025 Comprehensive Plan, and to promote the community's diverse needs and nurture residents for generations to come.

The fruition of those efforts is a 100% affordable, 164-unit mixed-use community that will provide housing for seniors, families, and special needs populations. Jointly, Pennrose and its non-profit joint venture partner, Family of Woodstock, are working alongside the County of Ulster to demolish the old Jail building and develop this new neighborhood. The property has been designed with input from community members and is envisioned to be net-zero energy property with integrated renewable energy generation. Residents will enjoy an inviting community center, a fitness center, a new childcare center operated by Family of Woodstock, programmed open space, and a trail connection to the Empire State trail network

To meet these goals, Pennrose respectfully requests consideration of a real property tax abatement pursuant to Article XI of the New York Private Housing Finance Law ("Article XI"). Under Article XI, a complete or partial Payment In Lieu of Taxes ("PILOT") can be authorized to an affordable housing project in order to ensure its ongoing financial viability during the term of its regulatory agreement. The terms of the requested PILOT, which are more fully described in the draft resolution attached herewith as **Exhibit A** and a draft form of PILOT agreement enclosed as **Exhibit B**, would include:

- i. Annual taxes beginning in the first calendar year following 100% occupancy of \$350 per dwelling unit per year, with the possibility of increasing to \$619 per unit per year in the event that the

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- project is competitively awarded eight (8) Project-based Section 8 Vouchers from New York State Homes and Community Renewal ("HCR");
- ii. Escalation of 2.00% per year;
 - iii. A term of 40 years, coinciding with the period of the affordable housing regulatory agreement to be recorded against the property by HCR at the time of construction finance closing; and,
 - iv. Profit sharing by the City in the amount of 6.00% of Surplus Cash Flow from annual property operations.

In support of the ongoing consideration of the PILOT requested herein, please find the Project's financial projections included hereunder as Exhibit C.

The Development Team is committed to making a substantial positive impact for the City of Kingston. In addition to ongoing PILOT payments, the Project will provide greater than \$1 Million in revenue to the City of Kingston via an investment into the City's Recreation Trust Fund of \$480,000, and upfront PILOT fee of \$250,000, Building and Planning Department fees and various other payments. The project will ensure that 20% of the dollar value of covered construction contracts, and 50% of the aggregate number of new construction hires comes from local workers and businesses. The Kingston School District has reviewed the project and determined it will not have an adverse impact on the District's capacity. Lastly, the Development Team is committed to installing the improvements required by the Planning Board including the emergency gate at Glen Street, the traffic signal at the intersection of State Route 32 and Golden Hill Drive, and the property's stormwater management system prior to issuance of a Certificate of Occupancy.

We thank the City of Kingston for its continued support of the Project and consideration of this proposal.

Sincerely,

PENNROSE NY DEVELOPER, LLC



Dylan Salmons
Regional Vice President

Exhibit A – Common Council Resolution

RESOLUTION NUMBER ____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KINGSTON
AUTHORIZING THE EXECUTION OF A PAYMENT-IN-LIEU OF TAX ("PILOT")
AGREEMENT BY AND AMONG THE CITY OF KINGSTON, GOLDEN HILL
HOUSING DEVELOPMENT FUND CORPORATION AND GOLDEN HILL OWNER
LLC**

WHEREAS, the City of Kingston (the "City") desires to encourage a sufficient supply of adequate, safe and sanitary dwelling accommodations properly planned for persons with low income; and

WHEREAS, Golden Hill Housing Development Fund Corporation (the "HDFC"), a to-be-formed New York not-for-profit corporation to be sponsored by the Family of Woodstock, Inc. and established pursuant to Article XI of the New York Private Housing Finance Law (the "PHFL"), and Golden Hill Owner LLC (the "LLC"), a New York limited liability company, have identified property located at [] Golden Hill Drive (Tax Identification Number 56.40-1-19.300 Lot 3A), City of Kingston, County of Ulster, State of New York, as described on Exhibit A attached hereto and made a part hereof (the "Land"), which Land and improvements thereon are now commonly known as the Old Jail site, for the purpose of redeveloping a housing project for persons of low income, said project to consist of: (i) the acquisition of leasehold title to the Land; and (ii) the construction of several new, highly efficient buildings containing 164 units of housing for persons of low income and related improvements to be known as Golden Hill (the "Project"); and

WHEREAS, the LLC and the HDFC have been, or will be, formed for the purpose of providing residential rental accommodations for families and persons of low income; and

WHEREAS, the HDFC will acquire fee title to the Land, as nominee for the LLC, and will convey its equitable and beneficial interests in the Land to the LLC in furtherance of the development of the Project; and

WHEREAS, the HDFC's and the LLC's plan for the use of the Land constitutes a "housing project" as that term is defined in the PHFL; and

WHEREAS, the HDFC will be organized as a "housing development fund company" as the term is defined in Section 572 of the PHFL and Section 577 of the PHFL authorizes the City Council to exempt the Project from real property taxes; and

WHEREAS, the HDFC is, or will be, on the commencement date of the PILOT Agreement contemplated herein, a member of managing member of the LLC; and

WHEREAS, the LLC and the HDFC will be willing to enter into a PILOT Agreement whereby they will make annual payments in lieu of taxes to the City, for the benefit of the City, the County of Ulster, the Kingston City School District and all other applicable Taxing Jurisdictions as set forth in the PILOT Agreement presented to the City Council for approval;

NOW THEREFORE, BE IT RESOLVED that the City Council hereby exempts the Project from real property taxes to the extent authorized by Section 577 of the PHFL and approves the proposed PILOT Agreement by and among the City (on behalf of itself and all other Taxing Jurisdictions), the LLC and the HDPC, in substantially the form presented at this meeting, providing for annual payments as set forth in such agreement; and it is

FURTHER RESOLVED, that the Mayor of the City is hereby authorized to execute and deliver the foregoing PILOT Agreement on behalf of the City; and it is

FURTHER RESOLVED, that this resolution shall take effect immediately.

Approved as to form, _____, 2022

Barbara Graves-Poller, Esq., Corporation Counsel

Duly adopted by the City Council
on the ____ day of _____, 2022.

Approved: _____
Veto: _____
Not Endorsed: _____

CERTIFICATION

The undersigned, being the duly elected Clerk of the City of Kingston, hereby certifies that the attached is a true, correct and complete copy of certain resolutions unanimously adopted by the City Council of the City of Kingston on _____, 2022 and such resolutions have not been modified, amended or repealed and are in full force and effect as of the date hereof.

Name:
Title:

EXHIBIT A

Description of the Land

Exhibit B – PILOT Agreement

**AGREEMENT FOR PAYMENT IN LIEU OF TAXES (PILOT)
BY AND AMONG THE CITY OF KINGSTON, GOLDEN HILL HOUSING
DEVELOPMENT FUND CORPORATION AND GOLDEN HILL OWNER LLC**

THIS AGREEMENT FOR PAYMENT IN LIEU OF TAXES (the "Agreement"), dated _____, 2022, by and among the **CITY OF KINGSTON, NEW YORK**, a New York incorporated municipality, having its principal office located at 420 Broadway, Kingston, New York 12401 (the "City"), **GOLDEN HILL HOUSING DEVELOPMENT FUND CORPORATION**, a to-be-formed New York not-for-profit corporation formed pursuant to Article XI of the Private Housing Finance Law of the State of New York (the "PHFL"), having its principal office located at c/o Family of Woodstock, Inc. 31 Albany Avenue Kingston, NY 12401 (the "HDFC"), which HDFC will hold title to the Property (as hereinafter defined) for the benefit of **GOLDEN HILL OWNER LLC**, a New York limited liability company, having its principal office located at 230 Wyoming Avenue, Kingston, Pennsylvania 18704 (the "LLC").

WHEREAS, the HDFC is, or will become, the nominal fee owner, and the LLC is, or will become, the beneficial and equitable owner, of certain real property located in the City of Kingston, County of Ulster, State of New York, as more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Property"); and

WHEREAS, the HDFC is a not-for-profit corporation established pursuant to Section 402 of the Not-For-Profit Corporation Law and Article XI of the PHFL; and

WHEREAS, the LLC has been, and the HDFC has been or will be, formed for the purpose of providing residential rental accommodations for persons of low-income; and

WHEREAS, the LLC will develop, own, rehabilitate, construct, maintain and operate a housing project for persons of low income at the Property, anticipated to consist of 164 residential rental units for persons of low income and related improvements to be known as Golden Hill (the "Project"); and

WHEREAS, the HDFC's and the LLC's plan for the use of the Property constitutes a "housing project" as that term is defined in the PHFL; and

WHEREAS, the HDFC is, or will be, a "housing development fund company" as the term is defined in Section 572 of the PHFL; and

WHEREAS, pursuant to PHFL Section 577, the local legislative body of a municipality may exempt the real property of a housing project of a housing development fund company from local and municipal taxes, including school taxes, other than assessments for local improvements, to the extent of all or a part of the value of the property included in the completed project; and

WHEREAS, the City Council of the City of Kingston, New York, by Resolution No. _____ adopted _____, 2022, approved and authorized the execution of this Agreement; [CONFIRM THE TAXING JURISDICTION]

NOW, THEREFORE, it is agreed as follows:

1. Pursuant to Section 577 of the PHFL, the City, on behalf of itself, the County, the School District and any other applicable Taxing Jurisdictions (as defined herein) hereby exempts

from local and municipal taxes, other than assessments for local improvements, one hundred percent (100%) of the value of the Property, including both the land and the improvements included in the Project. "Local and Municipal Taxes" shall mean any and all real estate taxes levied by Ulster County ("County"), the City of Kingston ("City"), the Kingston City School District ("School District") or other affected taxing jurisdiction (as defined in Subdivision 1(b) of Section 577 of the PHFL) which has jurisdiction over the Property (collectively, the "Taxing Jurisdictions"), and intending to bind the applicable Taxing Jurisdictions to the fullest extent provided under Section 577 of the PHFL.

2. This tax exemption will commence on the date of the HDFC's acquisition of nominal fee title to the Property and shall continue for a period of thirty (30) years from the LLC's completion of the Project (as evidenced by the City's issuance of a certificate of occupancy for the Project) or for such longer period as the Property continues to be subject to a regulatory agreement with the New York State Housing Finance Agency. This Agreement shall not limit or restrict the HDFC's or the LLC's right to apply for or obtain any other tax exemption to which it might be entitled upon the expiration of this Agreement. The parties understand that the exemption extended pursuant to Section 577 of the PHFL and this Agreement does not include exemption from special assessments and special ad valorem levies. During the period of this Agreement, the LLC shall pay any service charges, special ad valorem levies, special assessments and improvement district charges or similar tax equivalents which are or would be levied upon or with respect to the Project by the Taxing Jurisdictions or any other taxing authority.

3. Commencing in the first full year after the issuance of a certificate of occupancy for the Project, and continuing for so long as the exemption hereunder continues, the LLC shall make annual payments in lieu of taxes ("PILOT") to the City in the amount set forth in this section, which payments shall be made in satisfaction of all amounts due for and cover all Local and Municipal Taxes owed in connection with the Property and the Project, and which payments shall be shared by the Taxing Jurisdictions on the same basis as property taxes would be shared if the Property and the Project were fully taxed or as otherwise agreed to by the Taxing Jurisdictions. The PILOT shall be in the initial amount of Three Hundred Fifty and 00/100 Dollars (\$350.00) per dwelling unit per year (prorated for the year in which said certificate of occupancy is issued), which amount shall increase annually by two percent (2%).

In addition to the foregoing, the LLC will make an additional PILOT payment on an annual basis retroactively (i.e. for and based on the prior year) to the extent of Surplus Cash, if any, not to exceed six percent (6.0%) of Surplus Cash. For purposes of this Agreement, "Surplus Cash" means (a) net operating income (i.e. revenue less operating expenses) less (b)(i) all principal and debt service under project loans, (ii) deferred developer fees as reported in the annual financial statement, and (iii) proceeds from a sale, refinance or re-syndication.

4. The tax exemption provided by this Agreement will continue for the term described above provided that the Property and the Project continue to be used as housing facilities for persons of low income and (i) the HDFC and the LLC own and operate the Property and the Project in conformance with Article XI of the PHFL; or (ii) the HDFC and the LLC assume legal and beneficial fee ownership of the Property and the Project, respectively, and operate the Property and the Project in conformance with Article XI of the PHFL; or (iii) in the event an action is brought to foreclose a mortgage upon the Property, and the legal and beneficial interest in the Property and the Project shall be acquired at the foreclosure sale or from the mortgagee, or by a

conveyance in lieu of such sale, by a housing development fund corporation organized pursuant to Article XI of the PHFL, or by the Federal government or an instrumentality thereof, or by a corporation which is, or by agreement has become subject to the supervision of the superintendent of banks or the superintendent of insurance, and such successor in interest operates the Property and the Project in conformance with Article XI of the PHFL.

5. The failure to make the required payment will be treated as failure to make payment of taxes and will be governed by the same provisions of law as apply to the failure to make payment of taxes, including but not limited to enforcement and collection of taxes to the extent permitted by law.

6. All notices and other communications hereunder shall be in writing and shall be sufficiently given when delivered to the applicable address stated above (or such other address as the party to whom notice is given shall have specified to the party giving notice) by registered or certified mail, return receipt requested or by such other means as shall provide the sender with documentary evidence of such delivery.

7. This Agreement shall inure to the benefit of and shall be binding upon the City, the LLC, the HDFC and their respective successors and assigns, including the successors in interest of the LLC and the HDFC. There shall be no assignment of this Agreement except with consent of the other party, which consent shall not be unreasonably withheld.

8. If any provision of this Agreement or its application is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision to other persons or circumstances shall be enforced to the greatest extent permitted by law.

9. This Agreement may be executed in any number of counterparts with the same effect as if all the signing parties had signed the same document. All counterparts shall be construed together and shall constitute the same instrument.

10. This Agreement constitutes the entire agreement of the parties relating to payments in lieu of taxes with respect to the Property and supersedes all prior contracts, or agreements, whether oral or written, with respect thereto.

11. Each of the parties individually represents and warrants that the execution, delivery and performance of this Agreement, (i) has been duly authorized and does not require any other consent or approval, (ii) does not violate any article, by-law or organizational document or any law, rule, regulation, order, writ, judgment or decree by which it is bound, and (iii) will not result in or constitute a default under any indenture, credit agreement, or any other agreement or instrument to which any of them is a party. Each party represents that this Agreement shall constitute the legal, valid and binding agreement of the parties enforceable in accordance with its terms.

12. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

13. Any litigation arising out of this agreement shall be venued in Ulster County Supreme Court or the appropriate federal district court exercising jurisdiction over Ulster County.

Signatures on following page

IN WITNESS WHEREOF, the City, the HDFC and the LLC have caused this Agreement to be executed in their respective names by their duly authorized representatives and their respective seals to be hereunder affixed, all as of the date above-written.

CITY OF KINGSTON, NEW YORK

By: _____
Name:
Title:

STATE OF NEW YORK)
) SS.:
COUNTY OF _____)

On the ____ day of _____ in the year 2022 before me personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that s/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or person upon behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC

Signatures continue on following page.

**GOLDEN HILL HOUSING DEVELOPMENT
FUND CORPORATION**

By: _____
Name:
Title:

STATE OF NEW YORK)
)
COUNTY OF _____) SS.:

On the ____ day of _____ in the year 2022, before me personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that s/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or person upon behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC

Signatures continued on following page.

GOLDEN HILL OWNER LLC,

By: Golden Hill MM LLC, its Managing Member,

By: Pennrose NY LLC, its Member,

By: Pennrose Holdings, LLC, its Managing

Member

By: _____

Name:

Title:

STATE OF NEW YORK)

COUNTY OF _____)

SS.:

On the ____ day of _____ in the year 2022, before me personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that s/he executed the same in her/his capacity, and that by her/his signature on the instrument, the individual, or person upon behalf of which the individual acted, executed the instrument.

NOTARY PUBLIC

EXHIBIT A

Description of the Property

PENNROSE

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Exhibit C – Project Cash Flow

EFFECTIVE INCOMES	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
REVENUES															
Residential	2,744,191	2,791,171	2,836,965	2,881,684	2,927,158	2,972,985	3,019,565	3,066,976	3,114,700	3,162,435	3,210,101	3,257,866	3,305,727	3,353,690	3,401,614
Community Facility	25,459	26,048	26,640	27,235	27,831	28,428	29,026	29,624	30,222	30,820	31,418	32,016	32,614	33,212	33,810
Total Income	2,769,650	2,817,219	2,863,605	2,908,919	2,954,989	3,001,413	3,048,591	3,096,600	3,144,922	3,193,255	3,241,519	3,289,882	3,338,341	3,386,902	3,435,424
Per Sq	13.876	14.151	14.437	14.725	15.013	15.300	15.587	15.874	16.161	16.448	16.735	17.022	17.309	17.596	17.883
EXPENSES															
Management Fee	134,812	136,697	138,582	140,467	142,352	144,237	146,122	148,007	149,892	151,777	153,662	155,547	157,432	159,317	161,202
Administration	250,281	252,791	255,301	257,811	260,321	262,831	265,341	267,851	270,361	272,871	275,381	277,891	280,401	282,911	285,421
Utilities	108,513	110,410	112,307	114,204	116,101	118,000	119,897	121,794	123,691	125,588	127,485	129,382	131,279	133,176	135,073
Repairs & Maintenance	581,059	587,917	594,775	601,633	608,491	615,349	622,207	629,065	635,923	642,781	649,639	656,497	663,355	670,213	677,071
Reserve	41,000	42,100	43,200	44,300	45,400	46,500	47,600	48,700	49,800	50,900	52,000	53,100	54,200	55,300	56,400
Taxes	32,400	33,500	34,600	35,700	36,800	37,900	39,000	40,100	41,200	42,300	43,400	44,500	45,600	46,700	47,800
Total Expenses	1,148,065	1,167,216	1,186,367	1,205,518	1,224,669	1,243,820	1,262,971	1,282,122	1,301,273	1,320,424	1,339,575	1,358,726	1,377,877	1,397,028	1,416,179
Per Sq	5.752	5.776	5.800	5.824	5.848	5.872	5.896	5.920	5.944	5.968	5.992	6.016	6.040	6.064	6.088
NOI	1,621,585	1,650,003	1,677,238	1,703,402	1,730,318	1,757,237	1,784,150	1,811,063	1,837,975	1,864,887	1,891,799	1,918,711	1,945,623	1,972,535	1,999,447
Per Sq	8.152	8.415	8.678	8.941	9.204	9.467	9.730	9.993	10.256	10.519	10.782	11.045	11.308	11.571	11.834
DEBT SERVICE															
3rd Month Debt Service	851,199	851,237	851,275	851,313	851,351	851,389	851,427	851,465	851,503	851,541	851,579	851,617	851,655	851,693	851,731
HCR SHUT	44,655	44,659	44,663	44,667	44,671	44,675	44,679	44,683	44,687	44,691	44,695	44,699	44,703	44,707	44,711
HCR CIF	8,487	8,487	8,487	8,487	8,487	8,487	8,487	8,487	8,487	8,487	8,487	8,487	8,487	8,487	8,487
Total Debt	894,341	894,383	894,425	894,467	894,509	894,551	894,593	894,635	894,677	894,719	894,761	894,803	894,845	894,887	894,929
Per Sq	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500
Unlevered Free Cash	727,244	755,620	782,813	808,935	835,817	862,690	889,563	916,436	943,309	970,182	997,055	1,023,928	1,050,801	1,077,674	1,104,547
Per Sq	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700
Unlevered Free Cash	727,244	755,620	782,813	808,935	835,817	862,690	889,563	916,436	943,309	970,182	997,055	1,023,928	1,050,801	1,077,674	1,104,547
Per Sq	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700	3.700
Cash On Cash Return	4.21%	4.31%	4.41%	4.51%	4.61%	4.71%	4.81%	4.91%	5.01%	5.11%	5.21%	5.31%	5.41%	5.51%	5.61%
Average Cash On Cash Return	4.67%														

RESOLUTION 189 OF 2022

**RESOLUTION OF THE COMMON COUNCIL OF THE CITY OF KINGSTON,
NEW YORK, ADOPTING A POLICY FOR DISPOSITION OF SURPLUS CITY-
OWNED PROPERTY ACQUIRED THROUGH THE TAX FORECLOSURE
PROCESS**

Sponsored By: Finance/Audit Committee: Alderman Scott-
Childress, Schabot, Hirsch, Olivieri, Hill

WHEREAS, Section 1166 of the Real Property Tax Law authorizes the City of Kingston to sell and convey “real property acquired through foreclosure proceedings either with or without advertising for bids, notwithstanding the provisions of any general, special or local law,” subject to approval of the majority of the Common Council; and

WHEREAS, land banks are not-for-profit corporations created to serve the public interest by taking control of and redeveloping vacant or abandoned properties; and

WHEREAS, pursuant to New York State Land Bank Act, the City of Kingston may convey real property to a land bank upon such terms and conditions that the City deems appropriate; and

WHEREAS, the Empire State Development Board approved Kingston City Land Bank on March 29, 2018, to serve the public interest as a not-for-profit corporation that takes control of and redevelops vacant and abandoned properties; and

WHEREAS, Strategy 2.3.1 of the Kingston 2025 Comprehensive Plan states that the City of Kingston should “promote home ownership by low-and moderate-income households;” and

WHEREAS, the Common Council finds that the annexed disposition policy, which prioritizes transferring surplus City-owned property to the Kingston City Land Bank, will advance revitalization goals set forth in the Kingston 2025 Comprehensive Plan, accelerate the citywide production of housing at all income levels, and stimulate economic growth:

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF
THE CITY OF KINGSTON, NEW YORK, AS FOLLOWS:**

SECTION 1. That the City of Kingston shall follow the annexed disposition plan for transferring ownership of surplus City-owned properties acquired through the “in-rem” delinquent tax lien foreclosure process.

SECTION 2. that the Mayor is hereby authorized to sign any and all documents, including quitclaim deeds, conveying the City of Kingston's interest in surplus property in accordance with the annexed disposition policy.

SECTION 3. That the properties identified in Resolution 245 of 2021 are subject to Section B of the disposition policy's General Provisions but shall be exempt from all other terms annexed hereto.

SECTION 5. That this resolution shall take effect immediately.

Submitted to the Mayor this ____ day of _____, 2022

Approved by the Mayor this ____ day of _____, 2022

Elisa Tinti, City Clerk

Steven T. Noble, Mayor

Adopted by Council on _____, 2022

SECTION 2. that the Mayor is hereby authorized to sign any and all documents, including quitclaim deeds, conveying the City of Kingston's interest in surplus property in accordance with the annexed disposition policy.

SECTION 3. That the properties identified in Resolution 245 of 2021 are subject to Section B of the disposition policy's General Provisions but shall be exempt from all other terms annexed hereto.

SECTION 5. That this resolution shall take effect immediately.

Submitted to the Mayor this ____ day of _____, 2022

Approved by the Mayor this ____ day of _____, 2022

Elisa Tinti, City Clerk

Steven T. Noble, Mayor

Adopted by Council on _____, 2022

Office of the Mayor

mayor@kingston-ny.gov

Steven T. Noble
Mayor



July 29th, 2022

Honorable Andrea Shaut
President of the Common Council
Kingston City Hall
420 Broadway
Kingston, New York 12401

Re: City of Kingston Disposition Policy

Dear President Shaut,

The Kingston City Land Bank was established in 2018 with the explicit purpose of rehabilitating the City's vacant tax-foreclosed housing stock and returning them to the tax rolls. Over the past few years, the Common Council has agreed to dispose of City-owned property to the Kingston City Land Bank (KCLB) for the full price of the back taxes. However, it has done so without the guidance of a clear disposition policy.

A written disposition policy for City-owned property would increase certainty for an organization such as the KCLB and other parties that might wish to acquire and redevelop City-owned properties. Most importantly, it would clarify which City-owned properties the Land Bank would receive and the funding it would need to acquire and rehabilitate each property. This would accelerate the overall redevelopment timeline, thereby allowing the KCLB to sell each property more quickly as an affordable homeownership opportunity. At a time when we desperately need additional housing stock, this is an important process improvement. It would also reduce the cost of City staff to maintain vacant properties and reduce the negative impact vacant homes have on the surrounding neighborhood.

I ask that you please forward this communication to the next regularly scheduled Finance & Audit Committee for consideration. I will forward a full copy of the proposed resolution prior to the meeting. If you have any questions on this proposal, you can contact our Housing Director Bartek Starodaj.

Respectfully submitted,

Steven T. Noble
Mayor

Disposition Plan Provisions

The City will henceforth dispose of all properties it acquires through the "in rem" tax lien foreclosure process in the following preferential order, subject to the stated conditions:

I. For all properties, irrespective of the amount of outstanding taxes and fees due:

The City may, in its discretion, retain and/or alternately dispose of the property for any reason. Within 60 days of the City's acquisition of a property through the "in rem" delinquent tax lien foreclosure process, the Mayor of Kingston shall determine whether such property should be retained.

II. For one- or two-unit residential properties with less than \$30,000 in outstanding taxes and fees (including those yet to be billed) associated with the parcel preceding, during and post foreclosure:

The City will offer such properties to the Kingston City Land Bank.

A. The Kingston City Land Bank shall have a 90-day option to purchase such properties for \$1.00. This 90-day offer period begins to run when the City communicates an offer notice to the Kingston City Land Bank. This offer letter will include the total of all delinquent taxes and fees associated with the parcel preceding, during, and post foreclosure. The City has discretion to extend this offer period to facilitate the Kingston City Land Bank's property inspection and due diligence procedures. The Kingston City Land Bank shall communicate its acceptance or rejection of properties via resolution of the Kingston City Land Bank Board of Directors.

B. The Kingston City Land Bank is required to take title to a property within 90-days of Common Council Resolution approving the conveyance of the property. If the Kingston City Land Bank fails to take title to a property within this 90-day period, the City will follow the provisions of Section IV for that property.

C. The Kingston City Land Bank shall remit an additional payment to the City within 30 days of the sale of each property received in accordance with this disposition policy. The payment due to the City for each residential property will reflect the Area Median Income (AMI) level, adjusted for household size, of the end-user-household as follows:

- Properties in Tier 1 (purchased by end-user households below 80% AMI): the lesser of \$7,000 or the full amount of outstanding taxes and fees (including those yet to be billed) associated with the parcel preceding, during and post foreclosure;
- Properties in Tier 2: (purchased by end-user households between 80–100% AMI): the lesser of \$13,000 or the full amount of outstanding taxes and fees (including those yet to be billed) associated with the parcel preceding, during and post foreclosure;
- Properties in Tier 3 (purchased by end-user households between 100–130% AMI): the lesser of \$18,000 or the full amount of outstanding taxes and fees (including those yet to be billed) associated with the parcel preceding, during and post foreclosure;

- Properties in Tier 4 (purchased by end-user households above 130% AMI): The full amount of outstanding taxes and fees (including those yet to be billed) associated with the parcel preceding, during and post foreclosure, plus 10% of the net sales revenue. Net sales revenue is defined as the total sales price minus closing costs.
- D. The Kingston City Land Bank will assume responsibility for the above-listed payment obligations when it sells properties directly to end-user households and when it conveys properties received in accordance with this disposition policy to for-profit and not-for-profit corporations, which then sell property to end-user households.
- E. The City may dispose of any property that the Kingston City Land Bank declines to purchase during the 90-day option period in accordance with Section IV below.

III. *For vacant land with less than \$30,000 in outstanding taxes and fees (including those yet to be billed) associated with the parcel preceding, during and post foreclosure:*

The City will convey such land to the Kingston City Land Bank.

- A. The Kingston City Land Bank shall have a 90-day option to purchase such land for \$1.00. This 90-day offer period begins to run when the City communicates an offer notice to the Kingston City Land Bank. This offer letter will include the total of all delinquent taxes and fees associated with the parcel preceding, during, and post foreclosure. The Kingston City Land Bank shall communicate its acceptance or rejection of properties via resolution of the Kingston City Land Bank Board of Directors. The City has discretion to extend this offer period to facilitate the Kingston City Land Bank's property inspection and due diligence procedures.
- B. The Kingston City Land Bank is required to take title to a property within 90-days of Common Council Resolution approving the conveyance of the property. If the Kingston City Land Bank fails to take title to a property within this 90-day period, the City will follow the provisions of Section IV for that property.
- C. The Kingston City Land Bank shall remit an additional payment to the City within 30 days of the sale of each transferred property. The payment due to the City for each property will be calculated as follows:
- If the Kingston City Land Bank sells the property for a purchase price that exceeds ***any and all outstanding taxes and fees (including those yet to be billed) associated with the parcel preceding, during and post foreclosure***, the Kingston City Land Bank will pay the City the full amount of outstanding taxes and fees (including those yet to be billed) associated with the parcel preceding, during, and post foreclosure.
 - If the Kingston City Land Bank sells the property for less than the outstanding taxes and fees (including those taxes and fees yet to be billed) associated with the parcel preceding, during and post foreclosure, the Kingston City Land Bank will pay the City of Kingston 25% of the net sales revenue. Net sales revenue is defined as the total sales price minus closing costs.
- IV. *For all other "in-rem" tax foreclosed commercial and residential properties, including those with one- or two-unit residential buildings for which \$30,000 or more***

in outstanding billed taxes and fees (including those yet to be billed) associated with the parcel preceding, during, and post foreclosure are due, as well as all properties not accepted by the Kingston City Land Bank during its option period, the following disposition options apply:

- A. The City of Kingston shall develop a public Request for Proposals (RFP) drafted to advance housing goals identified in the City's Comprehensive Plan and the revitalization objectives set forth in General Municipal Law §§ 505 and 907. The City of Kingston shall issue this RFP in accordance with its established procurement rules.
- B. If the City fails to receive qualified responses to the RFP or if the City rejects the proposals received or if the Common Council fails to approve the conveyance of any property to an RFP Respondent, the City shall hold a public auction and sell the property to the highest bidder.

General Provisions

- A. The Kingston City Land Bank shall not convey any property acquired from the City of Kingston back to the property's immediate former owner(s) for less consideration than the amount of any and all delinquent taxes and fees associated with the parcel preceding, during and post foreclosure.
- B. City employees and members of the City of Kingston Common Council who are involved with the negotiation or preparation of the sale and closing process of properties title to which has been acquired by the City through the "In Rem" delinquent tax lien foreclosure process, have access to knowledge or information about a parcel conveyed by the City to the Land Bank or about the present or proposed use of nearby parcels through his or her City position, which knowledge or information is not accessible to the general public, or who have the authority to appoint employees who have any of the foregoing powers or access to the foregoing information, are specifically precluded from purchasing properties conveyed to the Land Bank by the City during and for two (2) years after the termination of their City employment or term of office.
- C. This resolution is intended to incentivize the production of low-to-moderate affordable housing opportunities in the City of Kingston. Accordingly, it is expected that at least 65% of all one- or two-unit residential properties sold by the Kingston City Land Bank are disposed to households at or below 130% of Area Median Income for Ulster County.
- D. The Kingston City Land Bank will provide the Corporation Counsel and Comptroller of the City of Kingston with a quarterly report on the properties subject to this Disposition Plan that were acquired and/or sold by the Kingston City Land Bank in the preceding quarter and must include information sufficient for the City of Kingston to ensure compliance with these provisions. Notwithstanding any other provision herein, the City of Kingston may decline to offer property to the Kingston City Land Bank if the Land Bank fails to provide quarterly reports or if those reports indicate noncompliance with either these Disposition Plan's provisions or the City's Comprehensive Plan. The City shall then have the right to offer property to another affordable housing non-profit under the conditions of this Disposition Plan.

1THE CITY OF KINGSTON COMMON COUNCIL

FINANCE AND AUDIT COMMITTEE REPORT

REQUEST DESCRIPTION

INTERNAL TRANSFER _____
AUTHORIZATION _____
CLAIMS _____

CONTINGENCY TRANSFER _____
BUDGET MODIFICATION _____
ZONING _____

TRANSFER _____
BONDING REQUEST _____
OTHER _____

DEPARTMENT: Housing

DATE: 09/14/2022

Description:

**ADOPTING A POLICY FOR DISPOSITION OF SURPLUS CITY-OWNED PROPERTY
ACQUIRED THROUGH THE TAX FORECLOSURE PROCESS**

Estimated Financial Impact: \$ 0

Signature _____

Motion by MO

Seconded by MH

Action Required:

SEQRA Decision:

Type I Action _____

Type II Action _____

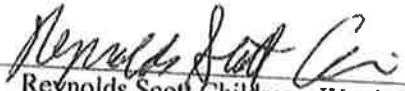
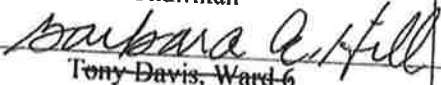

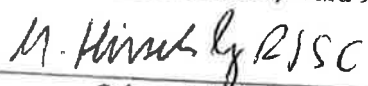
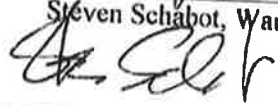
Unlisted Action _____

Negative Declaration of Environmental Significance: _____

Conditioned Negative Declaration: _____

Seek Lead Agency Status: _____

Positive Declaration of Environmental Significance: _____

Committee Vote		YES	NO
 Reynolds Scott Childress, Ward 3, Chairman		<input checked="" type="checkbox"/>	<input type="checkbox"/>
 Barbara A. Hill, Ward 6		<input checked="" type="checkbox"/>	<input type="checkbox"/>
 Michael Olivieri, Ward 7		<input checked="" type="checkbox"/>	<input type="checkbox"/>
 Michele Hirsch, Ward 9		<input checked="" type="checkbox"/>	<input type="checkbox"/>
 Steven Schabot, Ward 8		<input checked="" type="checkbox"/>	<input type="checkbox"/>

FINANCE/AUDIT COMMITTEE

Wednesday, February 8th at 6:30 PM.

- 1 - Comptroller's Update
- 2 - Request to Clean Liens - RUPCO (Noe Del Cid)
- 3 - Budget Transfer for KFD - Chief Rea
- 4 - Budget Transfer for KPD - Chief Tinti
- 5 - Budget Transfer for Building Safety - S. Knox
- 6 - Budget Transfer for Parks & Rec - L. Timbrouck
- 7 - Two Budget Transfer for Grants - R. Devitt-Frank
- 8 - Three Budget Transfers for DPW - E. Norman
- 9 - DRI Grant - J. Schultheis
- 10 - Emergency Funds for Water Leak at 623-629 Delaware Ave - B. Starodaj
- 11 - Birchwood Village PILOT - Mayor Noble
- 12 - Covid Pay Union Employees - Mayor Noble
- 13 - Covid Pay Management - Mayor Noble
- 14 - Covid Pay Env. Education - J. Tuey
- 15 - Budget Transfer for Comptroller - J. Tuey
- 16 - Budget Transfer for Comptroller

OLD BUSINESS

- 1- Golden Hill Pilot
- 2- Disposition Policy