

83-85 Main, LLC

Project Rationale

83-85, LLC is proposing a \$2.4 million mixed use redevelopment of a large, historic, deteriorating, and chronically vacant building in the heart of downtown Cortland.

With CCIDA assistance, the project will:

- Develop 12 luxury apartments on the upper three floors of a four-story, 128-year-old building that has been largely vacant for more than 60 years;
- Create attractive new commercial space on the building's first floor and attract tenants who will bring exciting new retail options to the central business district; and
- Comprise the latest multimillion-dollar rehabilitation of historic buildings in the district, sustaining real momentum for the transformation of downtown Cortland as a vital, vibrant neighborhood, retail, and entertainment sector.

Developers are recipients of Cortland Downtown Revitalization Initiative and state Main Street resources, but the sheer size and condition of the building nonetheless make it impossible for any meaningful work to be done at the site without additional CCIDA assistance.

If the project does not move forward, there is real concern that the structure may remain vacant and, eventually, be lost.

Staff is recommending approval of incentives for this project as outlined in the attached.

Project Rationale

This project meets all of the qualifying criteria as noted in the Development Policy as follows:

- *The timeline for projected investment and job creation is within the first two years of application;*
- *The applicant procures goods and services locally and regionally as often as possible during the construction phase of the project;*
- *The level and type of investment to be made by the applicant exceeds the minimum investment of \$500,000;*
- *The project enhances the strategic goals identified in the BDC's economic development plan and will enhance the overall regional economic climate*

Project Summary Sheet

Project Name: 83-85 Main St LLC

TOTAL PROJECT INVESTMENT	\$2,440,490
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Total est. tax due over 10 years with no PILOT agreement: **\$323,431**

Total exemptions requested in 10-year PILOT **\$154,631**

Sales Tax Exemption: \$85,738*

Mortgage Recording Taxes: \$11,828*

Real Property Taxes \$57,065**

Total estimated taxes paid in a 10-year PILOT **\$168,800**

**One-time exemption*

***Estimated value of the proposed real property tax exemption was calculated as follows. We used 2019 tax rates and assumed final new taxable assessed value of \$455,700 upon the project's completion:*

Real Property Tax with No PILOT	\$225,865
Year 1 at current assessment (\$260,000):	\$13,465 per year
Years 2-9 under assessment (\$455,700)	
at project completion:	\$23,600 per year

Real Property Tax under PILOT proposal	\$168,800*
Years 1-5 fixed at \$14,000	\$70,000
Years 6-10 fixed with annual escalators	
Year 6 \$14,000 + 20 percent	\$15,920
Year 7 + 40 percent	\$17,840
Year 8 + 60 percent	\$19,760
Year 9 + 80 percent	\$21,680
Year 10 @100 percent	\$23,600

** These are estimates. Actual payment will be calculated to the final new taxable assessed value and tax rates for each year in years 6-10.*

Value of Real Property Tax incentive: **\$57,065**
(25% reduction to what would be paid without a PILOT)

Cost benefit ratio investment/exemption: .06