



The DRC REDEVELOPMENT PROJECT

INCLUDING THE DUTCH REFORMED CHURCH, THE CITY CLUB & 2 MONTGOMERY STREET

The City of Newburgh has owned the Dutch Reformed Church for the past 40 years and there have been numerous attempts to rehabilitate it as well as the City Club on the corner of 2nd and Grand. Additionally, the City has not been able to develop any of the urban renewal lands in the downtown neighborhood.

On November 25, 2016, the City of Newburgh released a Request for Proposals (RFP) for an area of the City Center on the downtown hillside overlooking the Hudson River. The area defined for redevelopment includes the two architecturally significant buildings – the 1835 Alexander Jackson Davis designed Dutch Reformed Church (DRC) and the Andrew Jackson Downing designed City Club.

A 1.8 acre parcel of Urban Renewal land was included for the purposes of providing an income generating project to support the preservation and restoration of the City Club and the DRC, and to ensure a public use for the DRC.

Proposals were due by February 1, 2017; Press coverage was widespread, including articles in all of the local papers and regional preservation publications.

City Council was consulted; and reports were provided in December 2016, January, and February 2017 by the Comptroller and by the Director of Planning & Development.

A distinguished review team, including representatives from the Preservation League of New York State, the NYS Office of Parks and Historic Preservation (SHPO), architects and planners, the Newburgh IDA and professional staff was assembled to review the applications.

Three (3) complete professional proposals were received and all were invited to present to the review panel.

Developer #1 was eliminated by the committee after review.

This had the highest offer price for 2 Montgomery Street and a well-known local developer but there was no tie to the development of the City Club or the DRC.

The residential development proposed for 2 Montgomery Street was for “middle income apartments” which is generally taken to be 60-120% of AMI, subject to tax restrictions. It also indicates financing from the state, and county. The lead for the City Club and the DRC had no experience in redeveloping historic structures or managing projects of this size.

Developer #2 was eliminated after extensive interviews. They assembled an impressive architectural team as well as a nationally well-known public relations/community development team for the second round of interviews, however, their proposal for 2 Montgomery Street required zoning variances particularly in height of buildings and the number of stories planned. Additionally, they were requesting a PILOT **and** a developer agreement that would preclude further development towards the river that might block the view from 2 Montgomery Street.

#3 Alembic Community Development, a for-profit development company located primarily in New York City and New Orleans was recommended to Council.

They have a community development approach and a public participation plan; have developed over 1,100 units of mixed income housing, and 100,000 sq. ft. of commercial and community facility space including four historic buildings; Alembic has the ability to pull together a development team that includes architectural and engineering consultants of the highest caliber AND experience in putting together a diverse, multi-faceted and on-going finance plan to include private commercial funding and historic preservation grants and donations.

Questions & Answers

Q. Why was the process done without public consultation?

A. The City will not finalize any development project until public participation and consultation has been completed. It has been scheduled to begin at the end of January. Alembic Community Development have repeatedly stated that they will continue their public participation process.

Q. Why does this project have affordable housing components?

A. Newburgh is a mixed income community and we believe it should continue to be a mixed income community. All project must be tax positive, but all projects, and especially public projects MUST be built to ensure that Newburgh remains a place where all Newburghers are able to access safe and quality housing that is affordable to them.

Q. Will there be housing in the DRC?

A. NO! The DRC, as a National Historic Landmark building, is to be restored to the Department of the Interior's historic preservation standards. Furthermore, the City has insisted that the building be used for cultural and public uses. The DRC will either continue to be owned by the City or could be conveyed to a not-for-profit with the approval of the City. The historic covenant, signed by the City will remain in place and will be monitored by the NYS Office of Parks and Historic Preservation.

Q. What will the use be for the City Club?

A. Alembic is to engage in community discussion about the final use of the building, however, it is envisioned to be tax producing commercial space primarily with the potential for offices, retail, and perhaps some housing.

Q. Is this is the "last" developable land in the City of Newburgh?

A. It will be **the first** of the urban renewal lands to be redeveloped. Much of the hillside, and lands on Montgomery Street remain to be developed (note: the Leyland Charette is on the City website for reference and visual context).

Q. Is it true that affordable housing projects pay no taxes?

A. No! The affordable housing component of a project has its taxes calculated using a different formula which *will* reduce the overall tax burden for that portion of the property. It in no way removes all tax liability. All non-affordable components (market rate rentals, commercial spaces, for-sale units) are assessed using the standard calculations. Any project and developer is always allowed to look at short-term NYS tax abatements to reduce their initial tax burden (whether they have an affordable component or not). Projects and developers are also welcome to propose Payments-in-lieu-of-taxes (PILOTS) however, any PILOT *must* be approved by City Council.

Proposed Developer Agreement

- Alembic is proposing 168 units of mixed income housing in a variety of unit sizes in three large buildings and also townhouses for homeownership; 15,000 to 25,000 sq. ft. of retail space; 18,000 sq. ft. of community space; 118 parking spaces all of which will provide positive tax revenue to the City
- The stabilization and restoration of the interior and exterior of the Dutch Reformed Church in compliance with design and rehabilitation standards of the National Park Service and New York State Preservation Office.
- The restoration of the façade of the City Club and development as a mixed use, commercial building.
- The development of mixed-income residential buildings at the Montgomery and Second Street sites, including a total of 168 units of a variety of unit sizes, to include up to 55 units of supportive housing with on-site services for seniors and families; and,
- The development of commercial and community facility space along Montgomery, Second and Grand Street.

NOTES

1. The City and the developer are at the draft stage; we have a highly competent legal team working on it on behalf of the City.
2. No monies have changed hands; the City is not paying for any of the consulting services.
3. Once an agreement is approved, the City will retain the right to approve any future transfers of property.
4. The City will retain the right to approve any negotiation of pilots or tax abatements.
5. City Council will have final approval of all agreements which will take place in a public forum.