

February 24, 2016

**Herkimer County Industrial Development Agency
Uniform Tax Exemption and Agency Benefits Policy
Market Rate Rental Housing Development Initiatives**

1. Overview:

“In furtherance of the need to revitalize, rehabilitate and modernize its housing inventory”, the Herkimer County Industrial Development Agency (HCIDA) has created the following Uniform Tax Exemption and Agency Benefits Policy (the “Policy”) to encourage development of specific types of market rate rental housing. This Policy meets the demands of changing population and workforce demographics and takes into account an evolving housing market that places an increasingly higher preference on lifestyle choice and geographic mobility. The expansion of the HCIDA policy to support eligible market rate rental housing is largely driven by the anticipated employment opportunities that will be created by the nanotechnology and emerging innovation economy where a segment of the new work force that will be attracted to these type of jobs prefer market rate rental housing and unique urban living lifestyles.

The purpose of this Policy is to assist the HCIDA in determining whether a housing project promotes employment opportunities and prevents economic deterioration in the area served by the HCIDA, consistent with New York State Controller’s Opinion No.85-51 and the New York State General Municipal Law. This Policy is intended to be annexed to and made a part of the HCIDA’s Uniform Tax Exemption Policy adopted on March 31, 1999. The HCIDA reserves the right to deviate from this Policy at its discretion and in accordance with the General Municipal Law.

2. Eligible Housing Projects:

The types of housing eligible for HCIDA consideration include market rate (rental only): apartments, townhouses, condominiums, loft-style housing and (new urbanism)¹ type of housing development. In order to be considered for HCIDA financial assistance pursuant to this Policy, projects must have a minimum of five (5) units in a renovation or conversion of a building and six (6) units for new construction, and achieve the minimum number of points to qualify for HCIDA tax incentives in accordance with this Policy.

In addition, all applications for consideration must have a minimum project investment of \$400,000 in renovation/construction projects and \$750,000 for new construction rental housing projects.

¹ New Urbanism is an urban design movement which promotes walkable neighborhoods containing a range of housing and job types. It encompasses principles such as traditional neighborhood design (TND) and transit-oriented development (TOD). It is also closely related to regionalism, environmentalism, and the broader concept of smart growth.

All projects shall be subject to and in compliance with the New York State General Municipal Law and Uniform Tax Exempt Policy (UTEP). HCIDA’s UTEP requires all applicants to file a Cost/Benefit Analysis that is deemed acceptable to the HCIDA in its sole discretion.

3. Eligible Areas:

HCIDA Uniform Policy for Tier 1, Tier 2 and Tier 3 benefits are targeted for projects that lie in the defined areas of the City of Little Falls, Town of Webb and incorporated Villages in Herkimer County. Projects that lie outside the defined areas but lie within the urbanized area must have water and sewer service in place in order to qualify for HCIDA consideration.

Applications received by HCIDA for eligible projects within the defined Eligible Areas will be considered for Tier 1, Tier 2 or Tier 3 benefits provided the application can achieve the required minimum number of points for these benefit levels.

Eligible Area projects shall be located in downtowns or along main street corridors, neighborhood commercial districts, in an approved Local Waterfront Revitalization Plan (LWRP), defined areas proposed by the municipality or directly adjacent to colleges/universities campuses.

4. Criteria:

HCIDA will entertain applications for assistance that fall within the following criteria, using the following 100 point scoring system for each application received:

CRITERIA	Description of Criteria	Points
Adaptive Reuse Projects	Projects that propose a change in use to an existing building (e.g., reuse of vacant or underutilized facility) or propose development on a vacant urban (infill site) ² that is being repurposed or redeveloped for an eligible housing project.	30
Eligible Area Locations	Projects located within Eligible Areas that have 6 or more units of eligible housing units via new construction or renovation, except for urban fill development projects where the IDA will entertain applications for projects located on a vacant urban infill site that has less than 6 units of eligible housing.	25
Utilizes Existing Infrastructure	Projects that utilize existing infrastructure (i.e. utilizing both existing sewer and water services and do not require system expansion. Modernizations, such as replacing existing pipes where service is already provided, are viewed favorably).	15
Community Benefits	Projects that create other benefits that inure to the benefit of the community that may include: rebuilding community infrastructure, creates or contributes to a community amenity, dedicates land to a municipality for a public improvement (e.g. municipal parking lot, trail, park or recreational improvement, community fitness center), removes slums and blighting influences (e.g., demolition or supports	10

² Urban infill sites focuses on the reuse of obsolete or underutilized buildings and sites where the proposed development would include infill rental housing being constructed on vacant or underutilized property.

	in-fill development within a neighborhood, commercial corridor, downtown, or main street area), provides an environmental enhancement (e.g., flooding wetlands creation/restoration, development of habitat areas/enhancements), is part of a Brownfield, utilizes federal/state historic tax credit programs, provides mixed income rental units to support workforce housing, or provides other benefits deemed important and relevant by the HCIDA.	
Green Energy	Projects that involve the use of solar power or other types of green energy.	10
Mixed Use Development Projects	Projects that are mixed use development with housing being at least 50% or more of a building's total area and the project induces job growth (mixed use development project proposes direct job creation with non-residential uses). To reach 10 points, the project must create at least 1 FTE (Full Time Equivalent job).	10
Total Points:		100

5. Scoring of Housing Applications:

HCIDA shall use this scoring system to determine the level of Agency benefits:

- **Tier 1 Benefits:** projects that score at least 60 points may receive abatement of real property taxes, exemption from sales taxes and exemptions from mortgage recording taxes.
- **Tier 2 Benefits:** projects that score between 50 to 59 points may receive abatement of real property taxes, exemptions from sales taxes and exemptions from mortgage recording taxes.
- **Tier 3 Benefits:** projects that score between 40 to 49 points may receive exemptions from sales taxes and exemptions from mortgage recording taxes (not eligible for abatement of real property taxes).

Term of PILOT Exemption Schedule	Tier 1 – PILOT Exemption Schedule	Tier 2 – PILOT Exemption Schedule
1	100%	75%
2	100%	75%
3	100%	75%
4	100%	75%
5	75%	50%
6	50%	25%
7	50%	0%
8	25%	0%
9	10%	0%
10	10%	0%

Applicants will pay 100% of all taxes due and owed until a Certificate of Occupancy is issued for a project, and then the first exemption year in the schedule will begin effective the first taxable status date after a Certificate of occupancy is issued.

6. Ineligible Housing Projects:

HCIDA will not consider housing applications that propose new suburban subdivisions that serve single family detached housing or projects that are not located within the eligible areas as referred in Section 3.

7. Sunset Provision:

The effective date of this policy will commence on the first day of the month following the date in which this policy is formally approved in accordance with requirements set forth under Article 18A of the General Municipal Law and shall remain in effect for a period of three years, unless the HCIDA elects to extend or modify the Policy.

All applicants who are granted approval during this time period will have twenty-four (24) months to complete their project, which shall be evidenced by issuance of a Certificate of Occupancy by the applicable local codes officer for the political subdivision where the project is situated. Receipt of a Certificate of Occupancy is required in order to receive all tax benefits that were granted in the final authorizing resolution approved by the HCIDA.

8. Agency Fees:

The applicant will be required to remit to the HCIDA all applicable fees, including payment of all HCIDA legal costs associated with the project and an annual rent payment of \$500.00, which is due as part of the lease agreement with the HCIDA. A copy of the applicable fee schedule is included with the application package. When the application is submitted, the applicant shall submit a check for \$1,500.00 which includes a non-refundable application fee of \$500.00 and a commitment fee of \$1,000.00 that will be applied at closing; if the project does not close the \$1,000.00 is not refundable. Other than the application fee and the annual rent payment, all other fees shall be due and paid at closing.