

## OPPORTUNITIES WAITING TO HAPPEN

Redeveloping Abandoned Buildings and Sites  
to Revitalize Communities



New York State Department of State

*Photos on the front cover, from left to right: Hudson, Troy, Oswego, Syracuse*

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Redeveloping Abandoned Buildings and Sites  
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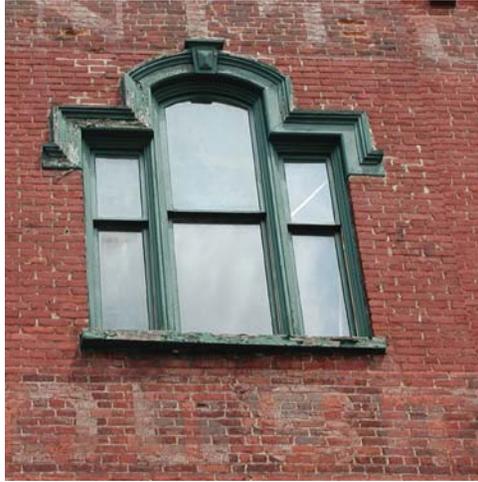
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*Windows from around the State*

# CHAPTER ONE: INTRODUCTION

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*The Silo at Lewiston Landing*



*Dia:Beacon*

All across New York State, communities are searching for ways to revitalize their economy, environment, and quality of life. A growing number have begun to look at abandoned buildings not as liabilities or useless relics, but as opportunities waiting to happen. These residential, commercial, industrial, and institutional ghosts are part of the community's heritage and are being dramatically brought back to life, reinvigorating the community.

The ability to find such opportunities is limited only by imagination.

Consider these creative transformations:

- A former coal silo is now an ice cream parlor with spectacular views of the lower Niagara River
- A railroad freight depot has been turned into a restaurant with outdoor seating overlooking Seneca Lake
- An abandoned paperboard manufacturing facility in Beacon is now a highly acclaimed museum for large-scale modern art

The process of redeveloping even the most ordinary of buildings begins with a vision. And most often this vision comes from within the community, with a local entrepreneur stepping in to take on what others may view as a risk.

For those communities that have successfully pursued such visions, returning abandoned buildings to useful service has strengthened community pride, preserved local heritage, established new destinations, created new jobs, and bolstered tax revenues for their community.

The goal of this guidebook is to help you and your community to achieve that success.

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## Who should use this guidebook

This guidebook is designed to assist all New Yorkers to redevelop abandoned buildings as part of the overall vision for their community. It is intended for three groups of readers:

- Government officials and staff seeking to transform eyesores into economic assets
- Community leaders, including residents, businesses, and nonprofit organizations who have a shared interest in restoring and preserving their neighborhoods
- Developers and the development team who have recognized the opportunity presented by abandoned buildings

Often, all three groups will work closely together to redevelop buildings. This guidebook will help define the roles and responsibilities of each group as they come together in a partnership.

## About this guidebook

This guidebook is the print component of a multi-media package which provides information on how to redevelop abandoned buildings and their sites. The other components are a video and a website([www.nyswaterfronts.com](http://www.nyswaterfronts.com)). This package provides guidance on the redevelopment process and shares lessons learned, specific techniques that have worked, sources of information and assistance, and the experiences of communities that have been successful in redeveloping abandoned buildings.

The multi-media package will be supplemented by similar packages of guidance that focus in more detail on other specific community issues.

The guidebook is an introduction to redeveloping abandoned buildings and sites and does not offer detailed legal, financial, architectural, contracting, historic preservation, and environmental advice. Readers are encouraged to use this information to seek further advice by following the links to the relevant agencies.

## How is the guidebook organized

The sections of this guidebook take you step-by-step through the redevelopment process. These steps include:

- Defining your vision for success - highlighting the vital importance of having a clearly defined objective for the future of your building or site
- Building on your assets - helping you to understand your building or site, and its role in the community
- Establishing partnerships - showing how to strengthen the community's involvement in your project and ensure the key players are on board
- Finding a market niche for your building or site - outlining the steps needed to understand the market for your building or site, determine the economic viability of your project and the strategies that exist to fund your project

- Taking it one step at a time - providing detailed guidelines for implementing your project

This guidebook outlines a process that is about far more than just closing the deal. It is a process that involves the community and strives to bring all the resources, both public and private, to the table to enable the project to succeed. The sequence presented here may not fit every abandoned building project. You may want to create partnerships first, and then work together to understand your financing options before tackling the other steps. You may want to hold off on your vision until after you understand more about the condition of your building. Your visioning process may not be so formalized. You may want to understand your market niche and the feasibility of your project earlier in the process. You may want to do these steps at the same time. Taking a different approach is fine. The critical message is that all of these steps are important - it just may be that your project requires a different sequence or a different level of approach.

## Seeing the potential in New York's abandoned buildings

Many of New York's communities are dotted with older and historic buildings that are often no longer in use. Abandoned buildings can have a destabilizing effect on neighborhoods, lowering property values and precipitating further disinvestment by property owners who fear that improvements to their home or business may not

pay off if the neighborhood continues to decline. But in a growing number of cases, people with a vision are transforming these buildings into cost-effective spaces for new uses, turning once derelict areas into new, vibrant destinations.

- In Greenport, a rusty, abandoned World War II Navy shipyard has been transformed into a thriving manufacturing site.
- In Oswego, the City has worked in partnership with the private sector to restore abandoned buildings, bringing activity back to the downtown.
- In Kingston, the reuse of abandoned buildings has created a thriving entertainment district that is acting as a catalyst for revitalizing other abandoned buildings.
- In Beacon, an abandoned factory on the Hudson River has been transformed into a world-class art museum by the Dia Art Foundation.
- In Syracuse's historic Franklin Square, abandoned factories and other buildings have been converted into an attractive mix of apartments, office space, and neighborhood shops and restaurants - the Square has become a model of successful urban revitalization.

- In Rochester, the City is building on its early successes in finding viable uses for abandoned buildings. The High Falls area on the Genesee River is becoming a thriving tourist destination as an entertainment and commercial district.
- In Greenpoint, a neighborhood of Brooklyn, the 400,000 square foot former Chelsea Fiber Mills complex has been redeveloped as a design and manufacturing center employing nearly 500 people.

By developing creative public/private/nonprofit partnerships and with persistence and careful planning, people are achieving their vision and realizing the benefits of redeveloping abandoned buildings and sites.

These projects are producing jobs, stimulating private and public investment, providing attractive spaces for new uses, and creating destinations that draw residents, visitors, and new business activity to downtowns and neighborhoods. Though long deteriorated and abandoned, these buildings occupy special places in the history of their communities, and are once again contributing to the community's distinctive character and sense of place - while also stabilizing and increasing property values and tax revenues.



*Greenport*



*Oswego*



*Kingston*



*Beacon*



*Syracuse*



*Rochester*

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## LOOKING AHEAD

### Opportunities happen when...

You have the imagination to see abandoned buildings in a new light.

You know where you want to go.

You create a clearly defined, achievable vision.

The people who live and work in the community buy into your vision.

You build a foundation of public support and confidence.

You develop a detailed plan and strategy for implementation.

You know what you have to work with.

You respect your community's heritage.

You take advantage of all your resources and assets.

You establish partnerships and gain commitments from all stakeholders.

You know your market and find a niche for your building.

You have the patience and persistence to implement the many phases of redevelopment - one step at a time.



*Rice Building, Troy*

# CHAPTER TWO: DEFINING YOUR VISION FOR SUCCESS

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In this chapter, you will work through the following steps:

- [Understanding what you have to work with](#)
- [Developing a vision](#)
- [Reaching consensus on the vision](#)
- [Establishing an action plan and strategy for implementation](#)

You have taken a closer look at your community and realized that the reuse of long-neglected and abandoned buildings, once viewed as lost causes, could turn around your community. One or more of these sites captures your imagination and you see its potential, but you will need more than imagination. You need a vision - to know where you want to go. Without a clearly defined vision, your chances of success are greatly diminished.

## [Understanding what you have to work with](#)

Abandoned structures are often diamonds in the rough - they require an enormous amount of work and patience to make them sparkle. Creating a clear vision for the reuse of an abandoned building requires an understanding of what you have to work with in your building and your community.

At this early stage, even before you fully define your ideas, you will need to develop a basic understanding of your building and its role in the community and to consider if your ideas are feasible. Building on this basic understanding you can define your initial vision. As your understanding of the building, the community, and the feasibility of your project increases, you will continue to refine your vision.

## [Looking at your building](#)

Often, understanding why the property originally became vacant will suggest ideas for its reuse. Find the answers to these questions:

- Why did the facility become outdated?
- Did the business relocate to a lower cost area?
- Did the facility itself become contaminated or obsolete?
- Was the cost of re-tooling more expensive than building new somewhere else?
- How long has the property been vacant?
- What interest has there been for acquisition and reuse?
- What are the primary obstacles to reuse?

Some of these questions can be answered by taking a close look at the neighborhood. Talk to previous owners or businesses that may have operated in the building or nearby. Talk to local residents and real estate agents, and review

archives of local newspapers. Talk to municipal officials, particularly in the planning and economic development departments, and community organizations such as the chamber of commerce and neighborhood groups.

It is important to recognize that your building is likely to have historic characteristics and features that need to be protected. Many abandoned buildings are older buildings and may be historic. If they are historic, they may be listed on - or eligible for listing on - the State and National Registers of Historic Places. Your first call should be to the Historic Preservation Field Services Bureau at the New York State Office of Parks, Recreation and Historic Preservation ([www.nysparks.state.ny.us/shpo](http://www.nysparks.state.ny.us/shpo)). In New York State, the Field Services Bureau functions as the State Historic Preservation Office (SHPO). The staff at the Field Services Bureau will help you to understand the responsibilities and requirements associated with owning and restoring a historic property. They can outline the incentives and assistance that can help you with your project.

Not every old building will be eligible for listing on the National and/or State Register. However, even if your building is not eligible, the Field Services Bureau can still provide technical assistance to help you advance your project. Just because your building may be old and historic, it does not mean that restoration is necessarily the only treatment - the building may not be salvageable, the interior may have been gutted and the structure may not contribute to its surroundings. If this is the case, the Field Services Bureau will also be able to help you

make sure that your project fits into the character of the surrounding buildings and neighborhood.

### Looking at your community

Next, you should look at your community. One approach for pulling together the information on what is happening around your abandoned property is to use what is known as the SWOT Analysis: Strengths, Weaknesses, Opportunities, and Threats. By analyzing the information you have gathered and breaking it down into these four elements, you are better able to size up what you have to work with and what might be working against you. This analysis can help you determine the best use for a site. The conditions in the immediate neighborhood surrounding the site and the trends and forces operating in the community are likely to impact the property's redevelopment potential.

Ask yourself:

- What are the building's and its neighborhood's strengths? For instance, does your building have attractive historic features, is your site surrounded by beautiful old trees, does your neighborhood have good schools?
- What are their weaknesses? For instance, is your site surrounded by deteriorating housing stock, is your site contaminated, does your building lack adequate parking space?

- What opportunities exist? For instance, will a proposed park and trail system about your site, does the city have a program to help renovate houses?
- What threats exist? For instance, will a proposed road-widening plan require part of your property - reducing your parking space even more?

You can use this information to develop general concepts for your project. If you have some feasible options, you can then use this information during the visioning process. Remember, your vision will be refined as your understanding of your building and its role in the community increases.

These steps to building on your assets will be examined in more detail in Chapter Three, but first you must focus on your vision. Making that vision a reality starts by asking yourself, "Exactly what do I want to accomplish?"

### Developing a vision

Simply defined, a vision is your idea of what the building or site will become. A vision statement is a formal description of that objective. It can be any length - a single sentence, bullet points, or a paragraph - as long as it is clear, focused, and based in reality.



Syracuse



Hudson



Hudson

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Your vision statement might be:

Vision Statement for the Smith Textile Factory:

*“To be a thriving collection of shops and restaurants with residential loft development, respecting the heritage of the community, and bringing new activity to the downtown area.”*

A vision statement declares what you hope to accomplish. It is the starting point for action. Creating the vision statement should be the time to think big - but avoid wishful thinking. A compelling vision for your abandoned building can provide:

- A future to work toward
- Focus and direction for restoring your building
- Motivation to mobilize assets and resources in partnerships based on a shared vision
- Excitement about the building’s future and its potential role in the community

The visioning process is an exciting and dynamic way to mobilize community involvement and support and should occur early in the planning process. Plan to include as many of the potentially affected and involved members of the community as possible. Preparing your vision can be done in a number of ways. If you are a private developer your vision may be informal. It may be your own personal vision of your building’s future,

or a vision agreed upon by you and any partners. As you broaden your ideas, you may want to involve the community. You will need their interest and support eventually. Make sure your vision is one that fits in with the community’s vision for the neighborhood or is one that you are confident they will be able to embrace.

If you are a community group or municipality, you may use a more formal visioning process that is open to all community members and stakeholders. Visioning generally occurs in some type of workshop format that brings key stakeholders together in a constructive forum where opinions and new ideas can be shared. You can do this through an advisory group or a task force, set up specifically for the purpose of redeveloping your building. In this case, community participation is key and visioning is most successful when participation is broad-based and ongoing.

### *Identifying stakeholders*

Stakeholders are critical. A stakeholder is a person or group who has something to gain or lose based on the outcomes of your project. Take a look at who will be affected by your project. You need to involve those individuals and groups, such as elected officials; business, industry, and civic leaders; neighborhood, civic, and environmental groups and community associations, who have a direct stake in the future of your building. Make special note of key players, and be sure to include those who may oppose the project, as well as those who are likely

to support it.

From the beginning of your project, you will be seeking stakeholders and trying to define their role in making your vision a reality. You will want to seek out two groups in particular with an interest in your project - the experts and the enthusiasts. Experts are people with knowledge that applies to your project. Enthusiasts are people who will bring energy to the project from either a civic concern or business interest. Both types of people can help you get the job done and, as advocates, can help you reach consensus in the community.

You will need to create a strategy to effectively involve these stakeholders. Identify how you will approach each contact and be clear what you want from them. Is it to keep them informed and seek their support? Do you need their support for funding? Do you want them to participate on a task force? You should be prepared in advance to address important issues and provide information about your project, including how their involvement may benefit them. Once you have their involvement, keep in touch and make sure your project is on their front burner. By bringing people together you can create a vision that captures the ideas and interests of a broad constituency of those concerned with the future of your building or site.

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## Holding visioning workshops

One technique for preparing a vision is to hold a workshop. A visioning workshop would be useful if:

- You see great potential in your area and know that others do as well
- You desire to get a group inspired and make them more cohesive
- You want a clear, agreed upon way to keep a project focused

A successful visioning workshop depends on thoughtful planning and skillful meeting facilitation. Bring together the key stakeholders in a comfortable meeting environment. Explain the agenda and ground rules, stress the importance of participation and respect for one another's perspectives. Define the scope of your vision - namely, what can my building become? Given what you know about the building's features and location, have people identify and define what they think the opportunities are for this building. Brainstorm ideas, but keep the building and site as the focus - don't set out to solve larger community issues. Have fun thinking up possibilities, but if it seems unrealistic, then scale back.

Use pictures, graphics, or designs, as well as words, to begin to pull together a statement of your vision. Try starting with phrases that begin with words like "To be... To be known as... To provide... To restore...". And so on. Careful wording is important, so don't worry if a lot of

effort is spent on choosing the right words, or making subtle changes. It may take several sessions and drafts to reach consensus. Once you have your vision, support your statement with a visually appealing depiction of your vision for the building. A professionally prepared and well presented graphic representation of your vision is an essential and powerful tool. The final vision should state how the building can be redeveloped, and how it fits into the community. Everyone should be comfortable with what and how it is said.

## Reaching consensus on the vision

An integral part of your visioning process is building consensus - bringing people together in support of your vision. Whether you are a private developer, a local government, or a nonprofit that has found an opportunity waiting to happen, you will always need to address the community's ideas and concerns and find common ground for supporting your vision. Your success in restoring an abandoned building or site often depends on whether the people who live and work in the community embrace your vision.

There are many ways to develop consensus, but the challenge will be to sustain it. As your vision is refined and your project progresses, you will continue to need the support and buy-in from the community. This is a long-term process requiring a formal outreach strategy to keep your community informed and involved. By understanding the individuals and groups that you are dealing with, you can develop outreach approaches to suit the characteristics of your



*Visioning Workshop, Troy*

stakeholders and their interests. No matter who is involved, you need to solicit and respect their opinions and ideas.

This will be the start of your outreach that will continue throughout your project. You are not only building consensus, you are building strong community support and beginning to establish the partnerships that will be so important to your success. Depending on the size of your project, you may consider:

- Bringing the community to the site. If insurance and safety issues permit, meet at the building or site to inform the community of your vision and update them on the progress of your project. Being on-site will also help people envision the opportunity waiting to happen.

- Publicizing early successes. Highlight evidence of progress, such as stabilizing the structure, to build momentum and support for the overall project. Such milestones will boost the community's excitement and confidence that the redevelopment will be successful.
- Building press and media relations. Use the media to inform the community of your vision and update them on the progress of your project.
- Starting a newsletter. Establish a regular mailing to your community to keep them informed on progress and to create a sense of involvement.
- Producing a booklet, poster or brochure. Publicize your project using promotional material with excellent photography, good illustrations, and narrative explanations written for a non-technical audience.
- Launching a website. Set up your own website to allow the community to stay up to date on the progress of the redevelopment. This can also be an interactive way of obtaining feedback from the community on your project.
- Holding community workshops. Use an approach similar to your visioning process and continue to hold workshops to inform the community about your vision and update them on the progress of your project. You can also use these workshops to obtain input from the community.

Remember, your vision statement is the starting point for action, but it is not set in stone. You will be able to refine your vision as you learn more about what you have to work with, find out more about your community, and discover if your vision is feasible. You can always modify the vision statement when new facts come into play. As you get further into the project, you need to test the realities against the original vision, and, if an adjustment is needed, you should not hesitate to redefine your vision.

## Establishing an action plan and strategy for implementation

Now that you have reached consensus on your vision statement, the temptation might be to rush into action. Rather, you should take the time to discuss and plan your approach with your partners. This will not only avoid costly mistakes, it will strengthen the consensus and support for your project.

It is essential to establish an action plan for the redevelopment of your building that turns your vision into a step-by-step strategy to guide you through project implementation. Don't panic - we're not talking about a community master plan, rather a concise action-oriented agenda that is focused on your project. It describes what it will take to make that opportunity happen. An action plan details the steps that you will follow to implement your project.

Just like your vision statement, your initial action plan is a starting point. View it as a road map

that will be refined with additional information that you gather at each step along the way. This evolving action plan will establish goals and objectives - the goals will provide the direction, and objectives break them down into a series of achievable tasks.

Goals can be both short- and long-term, indicating the various end points along the way. They should be descriptive and provide sufficient explanation so that anyone can understand the nature of each goal. Your goals will be based on your initial understanding of your building and its assets, but you will always be re-evaluating your goals as you move forward and discover more about your project.

While goals are fairly broad in their scope, your objectives will be specific in describing how these goals will be achieved. There can be a number of objectives for each goal. As you move through a project, objectives are achieved and new ones are added.

Let's consider our earlier example of the vision statement for the Smith Textile Factory:

*"To be a thriving collection of shops and restaurants with residential loft development, respecting the heritage of the community, and bringing new activity to the downtown area."*

Examples of goals for this project might be:

*"Protecting historic resources; cleaning up contamination; and providing mixed use opportunities."*

## Case Study: Greenport

To look at a rusty, abandoned World War II Navy shipyard in Greenport and see instead a thriving manufacturing site took vision.

Faced with a 1.5 acre site cluttered with abandoned and half-sunken vessels, former steel boat storage structures that had become rusted shells, badly deteriorated bulkheads, and six different entities with ownership interests in the site, it was clear that improvements would not happen overnight. But, developer Walter Gezari saw the opportunity to create 33,000 square feet of modern manufacturing space. He defined his vision and objectives for a marine manufacturing plant and devised an appropriate implementation strategy.

The Village of Greenport set the stage for this successful renovation a decade earlier when it revised its zoning laws to protect commercial and industrial uses of the waterfront and safeguard historic resources.

Using personal savings to finance property acquisition, Gezari secured a loan from a local lender, North Fork Bankcorp, for 80% of the costs of site clearing, renovation, construction, and acquisition of necessary equipment and production machinery. The loan was guaranteed by the New York State Job Development Authority, which assured a low interest rate by mitigating the bank's risk, and lent additional credibility to the project.

Acting as general contractor, Gezari managed most of the rehabilitation work himself, hiring subcontractors to complete specialized portions of the work and obtain required permits and approvals.

There was extensive site cleanup. Rehabilitation work involved restoration of steel structural members by sandblasting existing steel frames and applying epoxy paint, installing new sheathing, insulation, electrical, heating and plumbing systems, and electrically operated overhead doors.

STIDD Systems' facility now provides 33,000 square feet of computerized manufacturing facilities, engineering design and administrative offices. The company manufactures ergonomic marine seating for civilian and military vessels.

The business initially created 20 new positions, and, as additional products were developed and production contracts awarded, quickly ramped up to 50 jobs. This pattern continues, as STIDD's product line grows and the company secures additional contracts. All jobs created in this effort are well-paying, requiring a high level of skill, education and training.

One entrepreneur with a vision that meshes with the community's goals can succeed in restoring abandoned buildings.

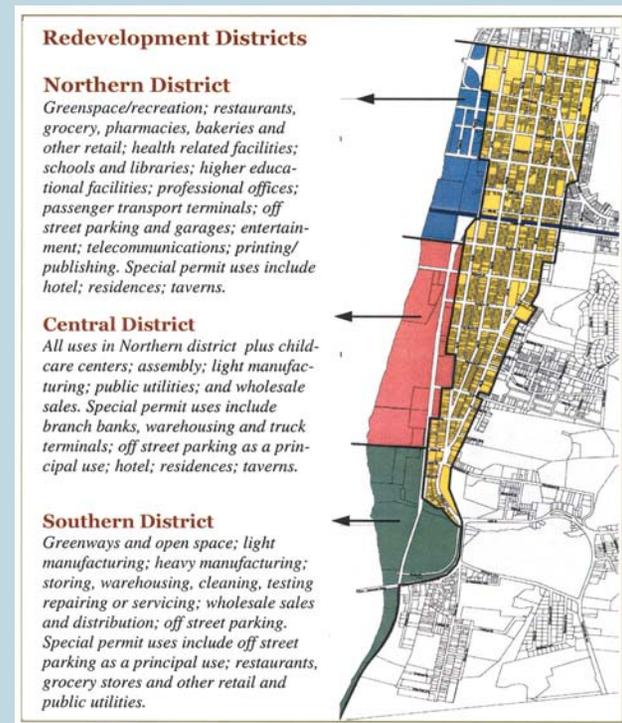


## Case Study: Troy

In 1999, the City of Troy began a revitalization planning process to guide redevelopment of its southern waterfront. This was funded by the New York State Department of State, Niagara Mohawk Power Corporation, and the Federal Highway Administration. The City defined a set of desired outcomes that included expediting needed transportation improvements; refining waterfront land uses; facilitating environmental clean up; relocating heavy industry away from adjacent residential neighborhoods; attracting new businesses; creating waterfront access and green space; and improving quality of life ([www.troyny.gov/projects/brownfields/STWWRP.pdf](http://www.troyny.gov/projects/brownfields/STWWRP.pdf)).

Extensive public involvement included over a dozen community workshops, two design charrettes and the active participation of a project advisory committee, press releases, handouts, and an informational website - all helping to build the vision that is guiding revitalization of its Hudson River waterfront. These meetings, which have involved hundreds of concerned citizens, students, college faculty, and community professionals have resulted in substantial support from the community and the private sector.

The planning process identified three waterfront redevelopment districts and one neighborhood district. The waterfront districts were split geographically with Northern, Central and Southern Districts. The plan seeks to relocate existing heavy industrial users, now operating in the Northern District in close proximity to the residential neighborhood district, to vacant and underused sites in the Southern District near the Menands Bridge and convenient interstate access to I-787. This approach reduces conflicts between the neighborhood and waterfront uses and provides heavy industry the resources to modernize operations on sites which take advantage of improved road and rail access.



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The goal of “providing mixed use opportunities” would be followed by a series of objectives, such as:

*“To develop fifty residential units, five retail storefronts, a restaurant, a bar, and a public space.”*

Once the goals and objectives have been developed, the next step is to identify a strategy to move forward on the implementation of your vision. Your action plan will specify the following:

- the tasks to be performed
- the techniques to be used
- the people to be involved and areas of responsibility
- the time frame for action

Like your visioning process, the action plan is best developed collaboratively. Take the time to establish consensus and to involve all stakeholders. Depending on who is involved in your project, a series of facilitated workshops with the key stakeholders and others involved in your visioning sessions may be helpful. See if there are others you want to include as you move forward - it is always important to be looking to expand your partnerships.

Follow the steps outlined in the visioning workshop: assemble the key players; get focused; re-examine your vision for the building; identify what is important; take a reality check; write it; refine it; and agree on it. As you develop

your action plan, you should be looking at the many elements of redevelopment - such as physical condition, site constraints, potential mix of uses, transportation, economics, and community links to name but a few. Once again, make sure everyone is aware of what realistically might be possible. Start to set your direction, create statements of your goals and objectives and identify the tasks that will get you there. Decide how to do each task, who will do it, and when. The techniques that you will use to do this are outlined in subsequent chapters of this guidebook.

The action plan will describe the specific techniques and tools to implement the goals and objectives you have identified. For example, at the Smith Textile Factory, the goal “*providing mixed use opportunities*” and the resulting objectives “*to develop fifty residential units, five retail storefronts, a restaurant, a bar, and a public space,*” would be followed by specific tasks such as “*assess the structural integrity of the building,*” “*understand the demographic and market trends,*” “*review zoning restrictions,*” “*select a design team,*” “*determine the phasing of the project,*” and “*determine who will finance the project.*”

By pulling these elements together, your action plan and implementation strategy outlines how the redevelopment of your abandoned building will be organized, marketed, managed and completed - one step at a time. This should be documented in writing. You do not need to go overboard with detail. Keep it short and simple.

Keep the language focused on your direction (goals) and actions (objectives).

Remember, it might take several sessions to reach consensus on your action plan, and you will continually need to re-evaluate it as the project advances. Don't forget, your action plan should also generate excitement in the community. Throughout the process of developing your action plan, sustaining consensus and community support will remain vital to your project's success.

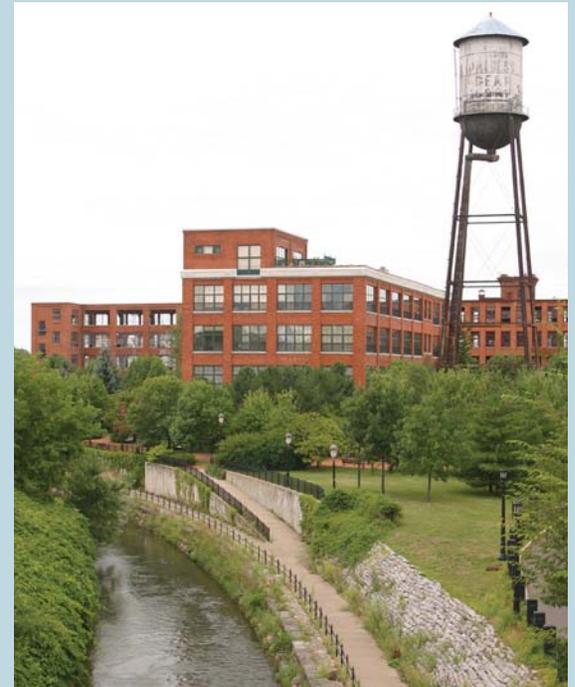


*Take it one step at a time*

## Case Study: Syracuse

The ability to see opportunities waiting to happen has helped Syracuse transform itself from a once-active industrial center into a new urban lifestyle magnet - for living, working, and recreation in places like the Inner Harbor and nearby Franklin Square. Here, abandoned factories and other buildings have been converted into an attractive mix of apartments, office space, neighborhood shops, and restaurants.

Faced with the challenge of transforming 800 blighted acres and a series of abandoned industrial and commercial buildings to make Syracuse one of the region's top destinations, the Syracuse Lakefront Area Master Plan defined the steps needed to achieve the vision "to create a thriving community linking the shores of Onondaga Lake with downtown Syracuse." The Master Plan has been formally adopted by the Lakefront Development Corporation Board of Directors, Syracuse Planning Commission, and Syracuse Common Council ([www.syracuse.ny.us/lakefront.asp](http://www.syracuse.ny.us/lakefront.asp)).





*Details are important*

# CHAPTER THREE:

## BUILDING ON YOUR ASSETS

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In this chapter, you will work through the following steps:

- [Understanding what you have to work with](#)
- [Re-evaluating and refining your vision and action plan](#)

### Understanding what you have to work with

Successful redevelopment happens when you are able to take full advantage of the assets of both the building and the community.

Traditionally, abandoned buildings in urban centers have been the focus of redevelopment efforts. But, opportunity can also be found in neighborhoods, in rural communities, and even in relatively new suburbs. Increasingly, people are realizing that opportunities are everywhere.

Another place to find opportunities is along the waterfront. Large industrial and warehouse buildings were located on waterways - once the principal transportation route and the focus of economic activity. As economies changed and priorities shifted, many of these waterfronts were neglected, leaving vacant land, abandoned warehouses and other structures that are no longer economically viable. These rusty jewels now offer redevelopment opportunities. Many developers and communities around the country and across New York State have reclaimed their waterfronts to create residential, business and entertainment centers, shopping districts, and

recreation areas - turning waterfronts into attractive and vibrant destinations.

When planning for the reuse of abandoned buildings, no matter what their age or setting, the developer should respect the character of the building and its surrounds. Be alert for opportunities to reflect community character and heritage in a revitalized use for the abandoned building. For instance, in older communities it is vital that developers capitalize on the historic architecture and character of the neighborhoods that distinguish them from their often homogenous suburbs. Use your location and know what you have to work with.

The focus of redevelopment is not just limited to abandoned buildings. In recent years, federal, state, and local governments have come to view the redevelopment of abandoned and contaminated sites, known as brownfields, as a unique opportunity to bring viable businesses into a community. Cleanup projects can have several positive effects: they increase employment opportunities; expand the tax base; and reduce costs associated with infrastructure construction. Redevelopment of brownfields may curb urban sprawl by making more efficient reuse of land resources and reducing the pressure to develop or expand business on undeveloped land. In short, brownfield redevelopment offers communities a cost-effective, environmentally beneficial approach to stimulating economic revitalization.

Do you have similar opportunities in your community? If an abandoned building or site has caught your imagination and interest, successful redevelopment will depend on maximizing, and building on, its assets. This means you must understand what you have to work with. To do this you will build on what you have already learned about your property during the visioning process. You will need to assess three key components:

- community characteristics
- the building's condition
- environmental constraints

You will be looking for the assets and potential that make the building, site, and community special and identifying the liabilities that threaten and impact your vision and action plan. By understanding the assets and liabilities, you will know if you are on the right track to achieve your vision. Remember, while your focus will be on gathering information on your building, you should not limit your interest to that site. The community and neighborhood context are equally as important.

### [Assessing community characteristics](#)

The old adage about what makes real estate valuable is true - location, location, location. Understanding a location can help you determine whether your ideas fit in with the surrounding neighborhood and the community. For example,

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if a property is to be developed for residential use, it must be located near schools, shopping, recreation, and employment.

Take a close look at your community. You will need to gather data on the physical, social, and economic characteristics of the community. Make use of existing information and collect new information through interviews, site visits, and surveys. Talk to municipal officials, particularly in the planning and economic development departments, neighbors, local businesses, and organizations such as the chamber of commerce. Community information can also be found in local planning studies and research reports available at municipal offices and local libraries. Increasingly, web searches can give you an insight into a location's assets. You will gather information on:

**Natural Environmental Features** - These give the property some of its character, and may also represent problems. Data should be collected about topography and environmental features.

Questions that you will want to ask include:

- Are there any geologic hazards, such as faults?
- Are there any areas of erosion?
- Are there any floodplains in the neighborhood?
- What is the pattern of existing vegetation?
- Are there important habitats in the area?

- Are there wetlands in the area?

County and local agencies, the United States Geologic Survey, the Federal Emergency Management Agency, and the New York State Department of Environmental Conservation will be able to provide some of this information.

**Existing Land Uses** - This is one of the most crucial items of information in planning a future use for your building and site. Data should be collected about the location and extent of land uses in the general area of your property.

Questions that you will want to ask include:

- What are the land use patterns?
- What are the ownership patterns?
- Are there publicly owned parcels in the vicinity of your building? If so, how are they used?
- What recent land use changes have occurred in the neighborhood?



Troy

- Are there plans for new development or redevelopment in the area?

The municipality's planning office may be able to provide base maps which can be updated, if needed, by looking at the site. The building department will have information about building and demolition permits. The assessor's office will have data about ownership and type of use.

**Historic Resources** - A community's history is one of its most important features. The past may be able to provide a foundation for the future.

Questions that you will want to ask include:

- How did your community develop?
- What makes it unique?
- What is the history of your building?
- What role has it played in the community's history?
- Is your building or any surrounding properties listed, or eligible for listing, on the National or State Registers of Historic Places?
- Are they locally designated?

The Historic Preservation Field Services Bureau of the New York State Office of Parks, Recreation and Historic Preservation can help you understand the historic value of your building and what you need to do to protect it ([www.nysparks.state.ny.us/shpo](http://www.nysparks.state.ny.us/shpo)).

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Public libraries will be another helpful source. The municipality, county and local historical societies, as well as university history departments and the local newspaper, may have useful information on historic resources.

**Past Land Uses and Possible Environmental Constraints** - You will want to know about the past uses of your building and site. You may also want to know where other abandoned buildings and sites are located in your community and if they offer redevelopment opportunities. Known as “brownfields,” these sites are abandoned, idled, or underused properties where expansion or redevelopment is complicated by real or perceived environmental contamination. Brownfields are typically former industrial or commercial properties where operations may have resulted in environmental contamination.



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Questions that you will want to ask include:

- Can your site be described as a brownfield? Are there other similar parcels nearby?
- Why did a site or building become abandoned, deteriorated, and underused?
- How long has this situation existed?
- Are the sites contaminated?
- What are the primary obstacles to reuse?
- What opportunities for remediation and reuse can be identified?

**Planning and Zoning** - Many municipalities in New York State have comprehensive plans that outline their vision for the future. To implement these plans, they will have adopted zoning regulations that govern the land use permitted for each parcel of land in the community. You will need to determine the existing zoning designations for your site and its neighborhood, as well as any recent changes that have been made in zoning and any major variances that have been granted. The approval or denial of variances may provide insights about the community’s views, interests, and concerns on types of development. You should assess the compatibility or incompatibility between the zoning and the actual land use of the site and surrounding properties. Understand the impact of site plan approval standards.

Questions that you will want to ask include:

- What does the comprehensive plan say about your parcel and its surrounding neighborhood?
- Would existing zoning allow your proposed redevelopment use? If not, what is involved in securing zoning and site plan approval?
- Does zoning allow for mixed land uses or does it separate uses?
- Can your site accommodate sufficient parking spaces? If not, does zoning allow creative solutions to parking challenges? Can you share your parking requirements with other buildings and uses or will you be required to provide parking to meet parking standards?
- Does site plan approval require landscaping to soften the impact of development?
- Does zoning restrict certain uses, for example, is outdoor dining permitted?

The local zoning board or planning department should be able to provide all of this information.

**Transportation** - It is important to understand how people and goods are transported to and from the site. Take a look at how people move in and through the area.

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Questions that you will want to ask include:

- How accessible is your building to State and federal highways and local routes?
- Is there traffic congestion in the area?
- What parking is available in the neighborhood? Is it on-street or are there parking lots?
- What public transportation is available? Where are the routes and stops? What are the schedules like?
- Are there any pedestrian and bike routes - either formally designated ones or informal ones?

County and local transportation agencies will have this information. The New York State Department of Transportation will have data on State roads. The public transit agency, if any, can provide data on their transportation network. Metropolitan Planning Organizations are also a good source of transportation-related planning data ([www.nysmpo.org](http://www.nysmpo.org)).

**Utilities** - Availability of utilities to the abandoned building or site is crucial. Utilities include storm and sanitary sewers, water lines, gas lines, power lines, and telephone and cable wiring. You will need a map of the utility networks serving your building.

Questions that you will want to ask include:

- What is the condition and capacity of the utility network serving my building and neighborhood?
- Are there any known plans to change this?
- What are the impacts of my proposal on the utility network?

The public works department, utility companies, and the cable company should be able to provide this data.

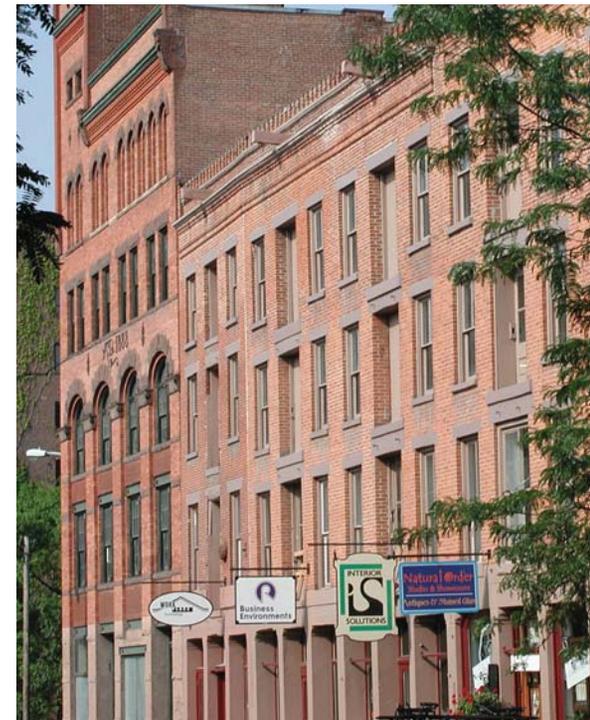
**Housing** - If you are considering a redevelopment for residential use, the characteristics of the area's housing stock will impact the success of your project. Record the general age and condition of housing in various areas of the community.

Questions that you will want to ask include:

- What are the housing trends?
- What are the new housing construction numbers over the past ten years?
- What are the median and range of housing prices over the past several years?
- What are the trends in housing rental rates over the same period of time?
- What are the vacancy rates in the neighborhood and the community?
- Are there rehabilitation programs in place?

Information on housing is available from many sources: the U.S. Bureau of the Census for basic numbers; the assessor's office for date of construction and ownership; realtor sales and price data; the building department for construction permit data; and the housing authority for public housing information. The municipality's planning office may also have useful information already assembled.

**Demography** - You will need to understand certain key demographic characteristics and compare statistics at the neighborhood,



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municipal, and regional levels. Focus on total population and density, age, gender, ethnicity, housing, education, occupation, and income. This information indicates what is special about your community and how it is evolving.

Questions that you will want to ask include:

- What are the socioeconomic characteristics of the population?
- What are the trends from previous census periods?
- What are the projections of future data?

The U.S. Bureau of the Census is the best source for demographic information. In addition, regional planning agencies throughout New York routinely prepare useful demographic reports based on census data and projections between census periods. County and local planning departments may have similar data and analysis down to the level of neighborhoods within the community.

**Economic Base** - Economic activity shapes the community. You will need to collect data on the characteristics of the market place in your community and the major economic activities and their locations within the community or region. Give special attention to the presence of major employers, whether in the private, public, or nonprofit sector.

Questions that you will want to ask include:

- How large is your community?
- Is it a major population center? If not, how close is it to the population centers?
- Does your building's neighborhood provide employment opportunities? If not, how close are the nearest areas of employment?
- Are there nearby retail shops, restaurants, and services?
- What are the characteristics of the labor force?
- What do records show about consumer spending and residents' purchasing power in the neighborhood, community, and region?

The U.S. Economic Census, published every five years, provides a series of reports by industry category. You can also obtain information from the New York State Department of Labor, the county tax collector, and the local chamber of commerce.

**Community Facilities and Services** - The proximity of key community facilities can dramatically impact the success of particular uses. You will need to identify the location of schools, libraries, museums, community centers, social service facilities, hospitals and medical offices, parks and recreation centers, police and fire stations, post offices, churches, and so on.

Questions that you will want to ask include:

- What are the catchment areas of these facilities?
- How close are they to the site?
- Is there easy access to them from the property?
- Are they in good condition or do they need improvement? If so, are there plans for improvements?
- Are there plans for new facilities?
- Are any of these facilities threatened with closure?



*Eastern Lake Ontario*

## Case Study: Rochester

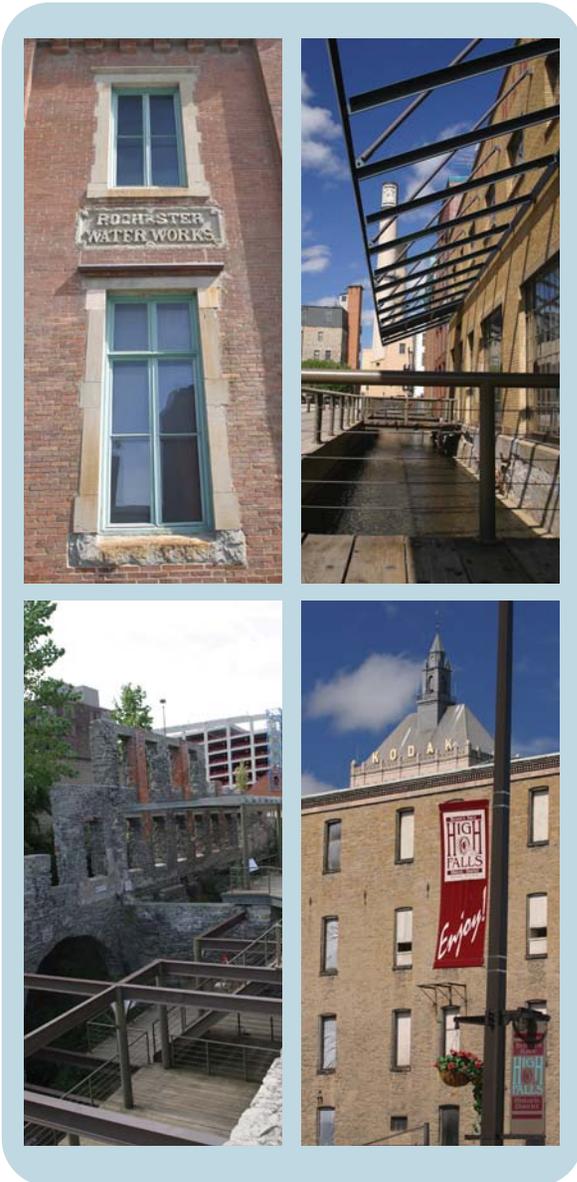
The High Falls area of Rochester ([www.cityofrochester.gov](http://www.cityofrochester.gov)), located on the Genesee River, once powered this city to its industrial prominence in the 19th century. Today, Rochester is building on the natural and historic assets of the High Falls by revitalizing a complex of abandoned mills and factories as an entertainment and commercial district.

In redeveloping this area, the City follows the High Falls Historic District Economic Development Plan, prepared in 1996. With its plans for the area to guide them, and assisted by funding and in-kind contributions from the Urban Cultural Park/Heritage Area System allocations, Environmental Protection Fund grants, and other public and private sources, the City took the lead in redevelopment by completing infrastructure improvements and by restoring some abandoned buildings - setting an example for the private sector to follow.

The former Rochester Water Works has been converted into the Heritage Area Exhibit Center, and the Triphammer Forge site has been developed as an archeological park. The Brown's Race Market has been transformed into an entertainment complex of restaurants and a night club. Nearby, an 1890's powerhouse for the New York Railway Company has been converted into a multi-venue entertainment facility, and a former button factory into a brewery and commercial space ([www.rochesterdowntown.com/neighborhoods/hifa.html](http://www.rochesterdowntown.com/neighborhoods/hifa.html)).

Building on the early successes in finding viable uses for abandoned buildings, the High Falls area is becoming a thriving tourist destination by building on its assets ([www.centerathighfalls.org](http://www.centerathighfalls.org)).





Some of this information will have been gathered as you examine existing land uses. If not, your municipality can provide this information.

**Urban Design Features** - The site and its surrounding area may have physical elements that create a certain community character. Respecting these features will be important as you develop your project.

Questions that you will want to ask include:

- Are there significant design elements, such as an architectural style or special street lighting, that typify the surrounding neighborhood?
- Are there special views, such as a tree-shaded boulevard or a landscape feature, in the distance?
- Does the neighborhood have a gateway - a street that introduces you to the neighborhood and defines where it begins and ends?
- Can you identify opportunities for enhancing community character?

### *Assessing the building's condition*

At the same time that you are understanding the building's location and surrounding community characteristics, you will be taking a hard look at the site itself. You must understand how ownership and other legal issues will affect the proposed project.

Questions that you will want to ask include:

- Who owns the site? Is it for sale or lease? If so, what are the asking price and terms?
- Will the current owner help the proposed redevelopment? Would the owner consider being a participant in the redevelopment process?
- How big is the building and/or the lot?
- What are the current property taxes? Are back taxes owed on the property?
- Are there any encumbrances (e.g., mortgages, liens, easements)?

To answer these questions, you should talk to the current owner. If the owner is unavailable, then neighbors, community groups, or the municipality may be able to provide the answers.

Once you have these answers, you need to know the condition of your building. You will need to ask if the condition of your building limits or enhances your options for using the building. To answer this, you must perform a comprehensive analysis of the building and site conditions as early as possible in the project, ideally before you purchase the building. This conditions survey will be used time and time again throughout the redevelopment of your building to help set priorities for repairs and improvements, assess feasibility, and design the project.

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If you are a municipality, this analysis might be handled by the municipal engineer, public works director, building inspector or other qualified local official. If there's extensive deterioration, you may need to use a consulting engineer.

If you are a private developer or nonprofit organization, you will most likely hire architectural and engineering consultants. Also, reach out at this early stage to local and State government for advice and help with this assessment. It's never too early to start building partnerships.

The initial analysis or conditions survey will generally take the form of a written and illustrated report that includes the following:

- condition of the building's exterior
- condition of structural systems, including foundation, walls, and roof
- condition of plumbing, electrical, heating, ventilation and air conditioning, smoke detection, and fire suppression systems
- identification of any critical conditions requiring stabilization or repair and a cost estimate for the recommended work
- a brief history of the building's construction and maintenance
- an assessment of the historic value of the building and site
- an initial environmental assessment of the building and site - look for lead paint, asbestos, radon, and site contamination problems

At this stage you are not yet preparing drawings, plans and specifications, construction documents or cost estimates, except for the emergency stabilization work noted above. These documents will be developed later in the process.

As part of your assessment of community characteristics you will have come to understand the historical importance of your building. You will know if your building is listed, or eligible for listing, on the National or State Registers of Historic Places. At this stage you might want to hire a preservation consultant to help you understand more fully your building's historical value.

As you evaluate what you can do with your building, consult the U.S. Secretary of Interior's Standards for the Treatment of Historic Properties. These are guidelines for preserving, rehabilitating, restoring, and reconstructing culturally and architecturally important older buildings. The standards will be useful during the preliminary planning, feasibility, and design phases, and can help to identify types of deterioration and potential solutions.

### *The standards*

The standards cover specific preservation treatments and approaches ([www.nps.gov/history/hps/tps/standards\\_guidelines.htm](http://www.nps.gov/history/hps/tps/standards_guidelines.htm)). Their overriding philosophy is to maximize retention of historic features and materials, and minimize alterations. The intent of the standards is to assure the long-term preservation of historic properties. The following general preservation principles should be considered in planning work at any historic property:



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- Continue a property in the use for which it was originally intended, or choose new uses that minimize changes to character-defining features.
- Retain distinguishing qualities and characteristics.
- Repair existing features, materials, and finishes. If deteriorated, replace in-kind.
- Be authentic. If a feature is missing, use historic documentation to guide replacement.
- Respect the evolution of historic changes, fashion, taste, and use.
- Do not use treatments that damage historic materials.
- New construction should not destroy historic features or materials, nor alter historic character.



*Hudson*

- Additions and new work should be compatible with the historic property.

Choosing the most appropriate treatment for a building requires careful decision-making about its historical significance, as well as taking into account a number of other considerations:

- Relative importance in history. Is the building a nationally significant resource, a rare survivor, or the work of a master architect or craftsman? Did an important event take place in it? National Historic Landmarks, designated for their “exceptional significance in American history,” or many buildings individually listed on the National Register often warrant preservation or restoration. Buildings that contribute to the significance of a historic district but are not individually listed on the National Register more frequently undergo rehabilitation for a compatible new use.
- Physical condition. What is the existing condition, or degree of material integrity, of the building prior to work? Has the

original form survived largely intact or has it been altered over time? Are the alterations an important part of the building’s history? Preservation may be appropriate if distinctive materials, features, and spaces are essentially intact and convey the building’s historic significance. If the building requires more extensive repair and replacement, or if alterations or additions are necessary for a new use, then rehabilitation is probably the most appropriate treatment. These key questions play major roles in determining what treatment is selected.

- Proposed use. An essential question to ask is: Will the building be used as it was historically or will it have a new use? Many historic buildings can be adapted for new uses without seriously damaging their historic character. Special-use properties such as grain silos, forts, ice houses, or windmills may be extremely difficult to adapt to new uses without major alteration, with a possible resulting loss of historic character.
- Mandated code requirements. Regardless of the use, code requirements will need to be taken into consideration. But if hastily done or poorly designed, a series of code-required actions may jeopardize a building’s materials, as well as its historic character. Abatement of lead paint and asbestos within historic buildings requires particular care if important historic finishes are not to be adversely affected. Finally, alterations and new construction needed to meet accessibility requirements

under the Americans with Disabilities Act of 1990 should be designed to minimize material loss and visual change to a historic building.

It is important that you address these concerns now so that they do not become constraints later when you enter the project review phase. The State’s Historic Preservation Field Services Bureau can help you understand how to evaluate and protect your historic building, and how the decisions you make now will affect you later in the project.

### *Assessing environmental constraints*

You may have discovered that your site may be contaminated from past activities on or near the site. If there is concern that there is contamination, you should carry out a preliminary assessment of the site’s condition. At this stage you will need to carry out a visual site inspection and a review of aerial photographs, hydro-geologic maps, government databases, and other available information and records to help you learn more about the past use and environmental condition of the site. You do not need site ownership or access to do this level of assessment.

Before going any further, you should contact the New York State Department of Environmental Conservation (NYS DEC). They have the primary authority relative to investigation and remediation of environmental contamination in New York State and can help you understand your options and explain the programs available to restore these brownfield sites. The NYS DEC

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will work with you to identify the level of contamination and select an appropriate, cost-effective remedy. More information on working with NYS DEC is provided in the next chapter, Establishing Partnerships.

If you are considering a number of buildings and sites, the Brownfield Opportunity Areas Program may be helpful. This program provides communities and qualified community-based organizations with assistance to complete area-wide brownfields redevelopment plans. Through the Brownfield Opportunity Areas Program, communities will have opportunities to address a range of problems posed by multiple brownfield sites and to establish the multi-agency and private-sector partnerships necessary to leverage assistance and investments to revitalize communities by returning idle areas back to productive use and restoring environmental quality ([www.dec.ny.gov/chemical/8447.html](http://www.dec.ny.gov/chemical/8447.html)).

Contamination at a site often requires the assistance of technical professionals. You may want to hire a consultant to help you with this task. As you are not doing any physical testing of the site, the preliminary assessment is relatively inexpensive and well worth the investment in order to avoid costly problems and project delays. If this step reveals potential contamination, you will need to do an additional assessment. For example, if the presence of an underground fuel tank was identified during your preliminary analysis, this area would be investigated further. You will need site access, either by ownership of the site or through an agreement with the current owner to obtain additional information through the physical

sampling and analysis of areas of suspected contamination. This might include sampling of exposed wastes, drums, surrounding soil and surface water; performing geophysical and soil gas surveys; installing monitoring wells; and analyzing water samples to check for subsurface contamination. As you find out more about any possible site contamination, you may find out that you need to undertake even more detailed testing to define the full nature and extent of contamination and to begin to think about remedial measures.

Contamination at industrial/commercial sites can be grouped into five categories, each of which poses different concerns and requires different solutions:

- Improperly disposed waste. At some sites, wastes were buried on-site or simply left on the ground. Resolving the problem of improperly disposed waste can be as simple as consolidating and transporting the waste materials to a permitted facility for proper disposal. More typically, improper waste disposal practices have caused contamination of soils and groundwater, requiring further assessment and remediation.
- Contaminated soil. Facilities that disposed of wastes directly on-site (by pouring them on the ground or burying them) can have soil contamination. The solution typically takes two forms: digging up the contaminated soil and removing it for off-site treatment or disposal; or covering it in place. The appropriate solution depends on several factors, including the

type of contamination, level and extent of the contamination, and the contemplated use of the site. Whatever the solution, it must be protective of public health and the environment.

- Contaminated sediments. Sediments are the wet soils beneath or adjacent to a body of water. Sediment can become contaminated as a result of the direct discharge of contaminants into the water body or from contaminated groundwater or surface water runoff. Cleanup options for contaminated sediment are similar to contaminated soil.
- Contaminated groundwater. Improperly disposed waste and leaks and spills of contaminants can result in the seepage of contaminants into the ground and ultimately into the groundwater. The contaminated groundwater can migrate off-site, affecting drinking water supplies and water bodies. The typical solution for contaminated groundwater is to pump the water to the surface, treat it and discharge it either back to the ground, to an adjoining surface body of water or to a local sewer system.
- Contaminated Structures. Many industrial buildings were constructed with harmful materials, such as asbestos and lead paint, which must be eliminated or encapsulated before the buildings can be reused or demolished.

## Case Study: Albany's vacant building inventory

Understanding the scope of a community's vacant and abandoned buildings can allow a community to be proactive in seeking and promoting improvement opportunities. In Albany, a comprehensive and street-by-street vacant building inventory has been carried out by graduate students in the University of Albany's Urban and Regional Planning Program under contract and in partnership with the Historic Albany Foundation and neighborhood volunteers.

Information on the exterior of each building was compiled; photographs taken; ownership, tax status, permit history, historic designations, and real estate information were all documented; and case studies of particular neighborhoods were prepared that provide a vision for reuse. Rather than reacting to individual threats to buildings as they emerged, this study will lead to the development of a coherent policy and organizational framework to tackle the revitalization of over 840 vacant parcels within target neighborhoods.



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## Re-evaluating and refining your vision and action plan

By assessing community characteristics, the building's condition, and the environmental constraints, you have collected a lot of information about your assets. Prepare this information in a short report with photographs, maps, illustrations, and tables of data describing the important resources and how they impact your building. Support and document your conclusions. How you use this information is crucial to your success. What does it tell you about how you can fulfill your vision, achieve your goals, and meet the objectives of your action plan?

Use the findings to give your original vision and your action plan a “reality check.” Up until now, your vision and plan were based only on your initial understanding of your building, site, and the community. By taking a closer look around and understanding how to make the most of your assets, you can now re-evaluate and refine your vision and action plan. Ask yourself:

- Have you found out anything that poses a threat to your vision?

- Have you discovered an even more exciting opportunity than you thought existed?
- Are your ideas still sound?

There should be a constant feedback loop as you modify your vision and action plan to reflect your improved understanding of what you have to work with. The more accurate and complete your understanding is, the more powerful your vision and action plan will be as you move into implementation.

You now understand the conditions of your building and the character of your community. You have taken the time to refine your vision and action plan and once again reach consensus on your evolving proposal. It will soon be time to consider the economics of the project. Is the use you envision economically feasible? In other words, will it fill a market niche? This will be discussed in “Finding a Market Niche for your Building or Site” in Chapter Five of this guidebook. But first you need to fully understand the importance of partnerships.



# CHAPTER FOUR: ESTABLISHING PARTNERSHIPS

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In this chapter, you will work through the following steps:

- [Establishing partnerships](#)
- [Where to find potential partners for redevelopment projects](#)

## Establishing partnerships

From the beginning of your project, you have been seeking out stakeholders who can help make your vision a reality. By bringing people together you created a vision that captures the ideas and interests of a broad constituency. In doing this, you identified the key individuals and groups who have a direct stake in the future of the building. Now it is time to develop partnerships with these stakeholders.

A partnership is an agreement between two or more entities to work together for a particular purpose. You need to form partnerships if:

- You are pursuing goals that will affect other people and organizations
- You need more resources, whether financial, political, or human, to accomplish your goals
- You want a strong coalition that shows how diverse interests are in agreement

As you begin to develop partnerships you will need to identify the key issues the project may cause for the community. Make sure that the

stakeholders represent the divergent viewpoints on these issues and can relate to how your building will improve the community. Address challenges your community raises head on - no matter how controversial they may be. If your stakeholder group is diverse and includes the range of opinions and concerns in the community, you will be better able to maintain community support and participation in your project. If a small group of concerned citizens with diverse perspectives can agree on the benefits of your project, then the whole community can agree.

Success in reclaiming abandoned properties for productive reuse requires partnerships with the right blend of stakeholders. These will come together from the private sector, all levels of government, and from the community in a partnership with the common goal of achieving your vision. Important potential partners include:

- representatives of businesses and industries in the surrounding area
- property owners in the surrounding area
- residents in the surrounding area
- community and neighborhood groups
- nonprofit organizations with a stake in the community and your redevelopment
- developers and contractors, especially those with expertise and experience in restoring older buildings

- future users of the building
- county and local government, elected officials, local boards and staff
- State and federal government partners

Remember, partnerships can be formed at any time during the redevelopment process as needs arise and as common interests are identified.

Partnering with these stakeholders can provide technical assistance and bring in more resources to help with site acquisition, infrastructure provision, funding and marketing, and extra publicity. Partnerships will create the framework for development, reducing risk and increasing the attractiveness of a project. Particular attention should be paid to maintaining a strong relationship with neighborhood leaders and community stakeholders. These individuals and groups have a vested interest in the neighborhood, and the investment of their energy and resources into the community has a powerful impact on its overall health. Together, you are partners in the redevelopment process.

The format and formality of a partnership can vary widely. Whether it is simple or complex, everyone benefits if an agreement is reached beforehand about each entity's role and responsibilities.

- Document in writing the purpose of the partnership and the roles and tasks of the various partners, the duration of the partnership, and provisions for making changes to the agreement including

adding or releasing partners or dissolving the partnership.

- Define the responsibilities of each party and its roles in a written document such as a Memorandum of Understanding (MOU) or a Memorandum of Agreement (MOA).
- Negotiate any points of contention so that there is consensus.

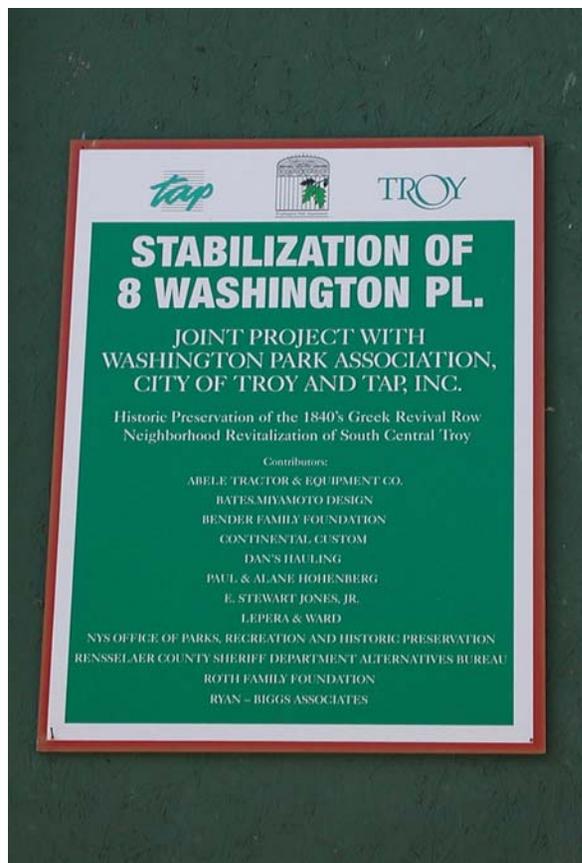
Working in partnerships may seem to be more challenging or time-consuming, but such projects are generally more successful. Having public support and the cooperation of more people and organizations also fuels the momentum of a project. During the vision process, you achieved consensus by bringing people together to support your vision. As you develop partnerships you will continue to build on that support. Make sure you provide regular updates and opportunities to provide input on the details of your development. This can be done through action planning workshops, periodic informational meetings, and your newsletters and other components of your outreach strategy. Remember, your success in restoring an abandoned building or site depends on whether the people who live and work in the community embrace your vision and the details of your plans as they emerge.

## Where to find potential partners for redevelopment projects

Many New York State agencies provide an array of technical and financial assistance that can support the redevelopment of abandoned buildings and sites, from planning through implementation. New York State's Smart Growth

initiative demonstrates New York's commitment to working with local government and community organizations to find innovative solutions to strengthen our economy and environment, and improve the quality of the place we call home ([www.SmartGrowthNY.com](http://www.SmartGrowthNY.com)). Smart Growth is sensible, planned, efficient growth that integrates economic development and job creation with community quality-of-life, by preserving and enhancing the built and natural environments. Smart Growth encourages growth in developed areas with existing infrastructure to sustain it, particularly municipal centers, downtowns, urban cores, historic districts and older first-tier suburbs.

The federal government offers a range of economic development programs to communities for economic renewal. Many of these programs support the redevelopment of abandoned buildings and sites from planning through implementation. The online Catalog of Federal Domestic Assistance ([www.cfd.gov](http://www.cfd.gov)) gives you access to a database of all federal programs available to State and local governments, domestic public, quasi-public, and private profit and nonprofit organizations and institutions; specialized groups; and individuals. You can search this database to find information on programs meeting the requirements for your abandoned building. You can then contact the office that administers the program and find out how they may be able to help you.



Partners in Action

Local governments may have planning, design, engineering and economic development staff, and local committees who can help you develop your abandoned building. They can provide technical assistance at all stages of the project, as well as information in the form of local plans and consultant studies such as appraisals, cost estimates, feasibility studies, market studies, reuse analysis, engineering reports, land use studies, and marketability studies. They can aid a development project by directing capital and public works expenditures to coincide with the needs of the development. Building an adjacent parking lot, clearing the site of structures, providing water and sewer to the site, and providing new sidewalks and lighting are examples of this type of assistance. Sometimes they may be able to provide direct funding assistance and even become joint venture partners. Municipalities can sometimes help with acquisition. A project that would otherwise be impossible may be facilitated if a municipality acquires private land under its power of eminent domain. A municipality could, for example, acquire a series of parcels and resell them to a chosen developer.

Other techniques can be used to improve the basic investment climate in a municipality. For example, increased building code enforcement and pressure on owners to maintain or improve their property can make an investment seem less risky, since there is more assurance that the adjacent properties will be maintained. Also, changing parking restrictions to make parking

more available to potential customers can be important in a retail environment. While zoning is usually considered a constraint on development, zoning codes can be written to encourage a particular type of development in a particular location. Finally, “incentive zoning” can facilitate a development project when additional building density, such as greater height, is allowed in exchange for a public benefit from the developer, such as open spaces, parking, or other amenities.

Nonprofit organizations can also be an important partner as you develop your abandoned building. They can provide technical assistance and advocacy in planning and design and sometimes small grants to help with your project. Universities can also provide technical assistance.

The Appendix to this guidebook outlines where to find partners to help with your redevelopment project and where you might turn to for help.



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## Case Study: Albany Grand Street

Community Builders is a nonprofit organization focused on building and sustaining strong communities ([www.communitybuilders.org](http://www.communitybuilders.org)). They develop, finance, and operate high quality affordable, mixed-income housing by coordinating access to support services, and by planning and implementing other community and economic initiatives critical to the communities served. Community Builders works in collaboration with neighborhood groups, residents, public and private agencies, and philanthropic interests. Becoming a long-term stakeholder in the neighborhood, Community Builders can help create effective local implementation teams that combine neighborhood understanding, technical skills, and managerial ability.



Community Builders is restoring 11 dilapidated historic homes on Grand Street in Albany for low income rental housing, their first venture in New York State. With a \$3.3 million construction budget, including \$1.1 million in financing from the State's Housing Trust Fund and \$335,000 in tax credits, the project is attracting a lot of local interest.



## Case Study: Troy

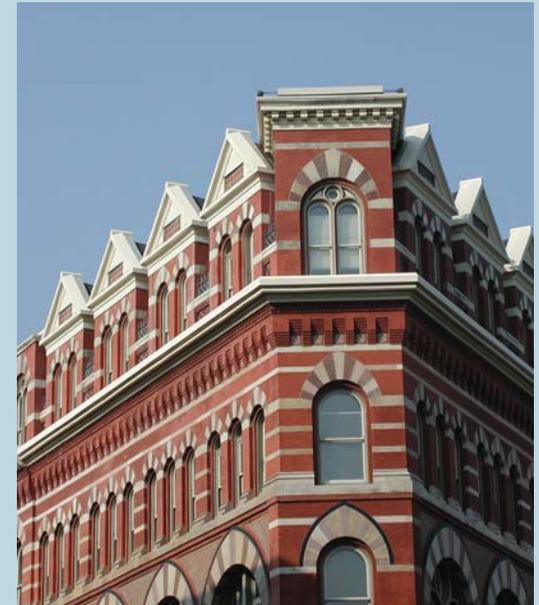
The public, private, and nonprofit sectors are working together to stimulate economic growth by rehabilitating the City of Troy's historic architecture. Among many examples is the innovative partnership between a local bank, a nonprofit architecture firm, an educational institution, and New York State that resulted in the reuse of the Rice Building.

Constructed in 1871 and located in a National Register historic district, the Rice Building is one of the finest surviving examples of High Victorian Gothic style architecture in the City of Troy. This important downtown landmark, originally used as an office building, had been long-vacant and was rapidly deteriorating and seemed headed for demolition until Troy Savings Bank acquired it through foreclosure proceedings.

Troy Savings Bank, the Troy Architectural Program, and the Rensselaer Technology Park created a unique partnership for the rehabilitation of the Rice Building. With assistance from New York State and the City of Troy, the three organizations created Rice Building Incorporated, a nonprofit organization, to redevelop the 20,000 square foot building into incubator space for growing businesses, including businesses locating out of the Rensselaer Polytechnic Institute's Rensselaer Technology Park.

Rice Building Incorporated acquired the building from Troy Savings Bank, and with economic development and historic preservation funds secured from New York State, began the rehabilitation of the building. This included replacement of the deteriorating roof; reattaching the brick facade to the rest of the building; cleaning, restoration and replacement of decorative tiles; masonry cleaning; reconfiguration of interior space to accommodate tenants; and installation of the electronics and telecommunications infrastructure needed by high tech incubator tenants. Much of the building's original historic building materials were retained or in some way reflected in the new spaces.

The rehabilitation of the Rice Building saved a landmark, brought new high technology jobs into Troy's downtown, and once again contributes to the tax base.



## Case Study: Syracuse

Leading Syracuse's effort to redevelop abandoned buildings and sites is the Lakefront Development Corporation. This nonprofit group, made up of local business leaders and community stakeholders, was formed in 1996 to facilitate the \$2 billion reclamation and redevelopment of 800 blighted acres.

An early focus of improvements was the historic Franklin Square district, once the manufacturing center of Syracuse. Changing technologies led to businesses leaving the area. Abandonment followed, and with abandonment came blight, and with blight came opportunity.

By working with development and real estate companies, and facilitating private sector interaction with government agencies and the community, the development corporation has reinvigorated this historic neighborhood, converting abandoned factories and other buildings into a mix of apartments and condominiums, office space, and small neighborhood shops and restaurants. With an emphasis on lifestyle and a respect for its past, Franklin Square has become a model of successful urban revitalization.

This model is now being applied to other development districts, including Armory Square, a thriving historic district now home to a dynamic mix of retail shops, office space, and entertainment venues, combining both revitalized and new buildings.

The focal points here are the Museum of Science and Technology, complete with an IMAX theater and planetarium, created from an abandoned armory, and the restored Landmark Theater, the region's premiere performing arts center.



# CHAPTER FIVE: FINDING A MARKET NICHE FOR YOUR BUILDING OR SITE

In this chapter, you will work through the following steps:

- Understanding the market for your building
- Evaluating the economic feasibility of your project
- Finding financing for your project

## Understanding the market for your building

Success in redeveloping abandoned buildings happens when you identify and meet a pressing community need - in other words, when you have filled or created a niche in the market.

Sometimes the redevelopment of abandoned buildings is a property-driven opportunity, based on recognition that a building or site is an opportunity waiting to happen. Here, the developer may have identified possible options for reuse, but has not yet evaluated the feasibility of any of these options.

Sometimes, redevelopment of an abandoned building is idea-driven. In this case, the developer knows what he or she wants to do and is now looking for the place to make it happen. Here, the decision is whether to build something new, move into recently constructed space, or redevelop an older or abandoned building.

In both cases, the success of the project will depend on filling a market niche - providing the community with something that it needs or wants.

By taking a closer look at one community's examples, it is easy to see that there are many ways that abandoned warehouses and industrial buildings can fill a niche. In the City of Troy:

- A brew pub has been developed in an abandoned industrial warehouse on the waterfront. At the time of its opening, this was the first brew pub in the Capital District - successfully filling a market niche for this kind of dining entertainment.
- Next door to the brew pub, an abandoned industrial building has been renovated as a performing arts center called Revolution Hall - filling a market niche for a permanent quality performance space.
- A growing arts center moved into an abandoned furniture store - filling a niche as a regional arts center.
- A historic landmark has been updated as high tech office space - filling a niche for developing high tech companies.
- Warehousing and manufacturing buildings have been redeveloped as office space - filling a niche for larger office facilities.
- Abandoned warehouse buildings have been redeveloped as furniture stores - filling a niche for large showrooms and storage space.
- A warehouse building has been redeveloped as an apartment complex, with antique shops filling the vacant ground floor storefronts - filling a niche for



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Troy

downtown residential units and creating a thriving antiques district.

- The abandoned Burden Iron Works office building has been restored as the home of the Hudson Mohawk Industrial Gateway and the Burden Iron Works Museum - filling a niche for industrial heritage preservation.
- Even a vacant retail mall, a former urban renewal project, has been redeveloped as office space - filling a niche for more modern office space.

In all of these examples, developers and the community took the time to evaluate how the reuse of these buildings would fit in to the local economy.

### *Will your project fill a market niche?*

The inventory of information you have gathered will provide some of the answers. You have examined your building, its assets, and the community. You know what you have to work with. As you evaluate your ideas for the building, you need to ask yourself some questions to evaluate whether the community needs - or would be able to support - your vision. Your market analysis should answer the following questions:

- What is the market area for the project?
- Who are the customers for the project?
- What are the economic, demographic,

and location statistics of these customers?

- What are the needs of these customers and what dollar amount do those needs represent?
- Where are those needs currently being met?
- What is the opportunity for the proposed project to successfully capture portions of those needs?

The identification of the customer should be as specific as possible. You need to know how many there are, how much money they have, and what they want or need. A thorough market analysis will provide information about the market area as a whole and the targeted customer group or groups within the market. The analysis should include any regional or national socio-economic trends that might impact the local situation.

If you are thinking of developing a restaurant, take a look at the existing number of restaurants and their offerings, their prices, and the size and proximity of the surrounding population that you are targeting. Does your idea fit, will it work - is it filling a niche?

If you are thinking of creating retail space, see if there is a market. What is your competition? What is going on in the downtown? Can you compete against the malls? Does your idea fit, will it work - is it filling a niche?

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If you are thinking of developing residential units, take a close look at the existing real estate market. Do people want this type of development? Does your idea fit, will it work - is it filling a niche?

Your initial market analysis should provide several outcomes, including:

- the source(s) of demand for the project
- a comprehensive evaluation of the competition, including projects currently being developed
- an assessment of the specific strengths and weaknesses of the proposed project compared to other competitive projects
- any factors that will cause growth or decline in demand

If there are similar redevelopments already completed, don't automatically assume that the market cannot support additional development of that use. Remember, this might be good. Sometimes a concentration of similar uses can create an attraction. For instance, downtown neighborhoods are reinventing themselves as entertainment centers and may be able to support several brew pubs and a mix of bars and restaurants.

Antique collectors like to browse and if there are several antiques stores, you may have created an attractive destination. This can be seen in the City of Hudson, where the main street is being

brought back to life as abandoned storefronts have been restored as antiques shops. This success has led to other buildings being restored as restaurants. Redevelopment is now spreading to neighboring streets, with the restoration of residential areas and the conversion of an old furniture store into a farmers market. A similar concentration of antiques shops is revitalizing abandoned storefronts on River Street in Troy. In just over two years, two stores have grown into ten, including a historic home supply store and a refurbished furniture store that houses a collection of antique dealers. Hudson and Troy show that a mix of speciality stores in a historic setting provides an attractive alternative to the mall. You just need to understand the market and find out if your reuse will fill a niche.

In Albany, the City has been working to establish a thriving entertainment district focused on North and South Pearl Streets, anchored by the historic Palace Theatre and the modern Times Union Arena. Vacant buildings have been converted by national chains and local investors to provide a growing mix of bars, restaurants, and nightclubs. A \$25 million streetscape improvement and the establishment of a Downtown Business Improvement District have enhanced the area. Having created an entertainment attraction, the City is now looking to attract retail uses that will broaden the economic base in the area and a residential neighborhood that will bring people back to downtown on a 24-hour basis.



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## Marketing your project

Understanding if you can fill a niche requires more than just understanding how to make the most of your assets. You also need to have a formal marketing plan. At this stage, you may only have initial thoughts as to how you will market your building, but now is the time to develop your strategy for promoting all aspects of your building to various markets. You will re-evaluate this marketing plan as you develop more information on your project.

Creating marketable opportunities has a number of dimensions. It will require frequent communication and outreach to real estate developers, municipalities, nonprofit groups, local economic development organizations, businesses, and potential tenants or residents. All have a first-hand understanding of market dynamics, can give you invaluable insight into the local market and what it will take to make your building a success.

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You have already gained some insight for your target market, but now you need a closer examination. In most cases, you will want to hire a professional consultant to conduct a formal market analysis to confirm your preliminary findings and intuitions. The market consultant will quantify the market for your project, its specific characteristics, and likely service area.

As you put your marketing plan together, start by identifying the market niche and customers for your project - define the unmet need, who the market consists of, how you will meet this need, and how you will communicate your offering to target customers. Tailor the marketing message to attributes of your project that fill the market niches and use advertising media that covers the identified service area of your market. Continually monitor the competition and evaluate the strengths and weaknesses of your project in comparison. Accent the positives in your project marketing.

## Evaluating the economic feasibility of your project

Never make decisions based solely on your emotions. Reusing an older building often has a sentimental attachment for an owner, which can be a positive. But, no matter how nice the renovated space could be, remember, if the numbers don't work, don't do it. Any rehabilitation or reuse project should be carefully considered before dollars are spent.

What is the likely outcome of your project? A feasibility analysis is an objective evaluation of the likelihood of success for a proposed development. You will need to make a preliminary assessment of your project's feasibility from a variety of perspectives:

**Economic** - An assessment of the bottom line: will the reuse generate a sufficient return on the investment?

**Operational** - An assessment of how you will access and manage the necessary resources to develop and sustain the project: will you have the organization in place to make the project work?

**Technical** - An assessment of your ability to address the bricks-and-mortar issues, the physical challenges of redeveloping your site: can you realistically build your vision?

**Scheduling** - An assessment of the time frame and project completion dates: can your project be implemented within a manageable period of time?

**Legal and contractual** - An assessment of any existing or potential zoning, building code, or ownership factors that apply to your site: are you able to use this site as you envision?

**Political** - An assessment of the acceptability of your project by government and community: is your project going to be acceptable and supported by these stakeholders?

This is the time for you to step back and allow objective specialists to analyze the feasibility of your ideas. You will need to hire consultants from several disciplines to perform the variety of analysis needed to determine if your project is feasible.

You have already gathered much of the information and data that the various consultants will need to start. This will include the community and locational assessment, building and site conditions survey, environmental investigations, and your initial market analysis. Tell the consultants what you have already assembled before they make a proposal. Your library of information will save them time and could save you money. Providing this information to the consultants early in the process may give them an opportunity to identify solutions or mitigating factors that you did not come up with. They will collect the additional information that they will need to evaluate the feasibility of your project. Ask the consultants to provide you with a written report on their findings. This document will help you to refine your vision statement and your implementation plan.

Right now, you are still refining your ideas. As you begin the actual work of project implementation, whether it is buying the land, finalizing the design, or actually building your project, you will always be getting more information to help you evaluate the feasibility of your vision.

## *The bottom line*

Project feasibility depends on the relationship between the cost of developing the project and the potential revenues that the project could generate. As you have seen, many variables affect the success of an abandoned building redevelopment. Evaluating each of these variables is important, but none is more important than the bottom line. Not only do you need to understand the economic feasibility of your project, you will also need to convince others that your project will succeed.

Understanding whether your project will make money is the first step to finding financing. Lenders and investors will not commit their money to any kind of real estate project until the likelihood of economic feasibility has been analyzed. For real estate investment to take place, there must be a favorable relationship expected between dollars invested and the return on investment. A project only makes good sense if it makes good economic sense.

## *Breaking down your project costs, expenses, and revenues*

You will need to create a breakdown of all your anticipated project costs. Most abandoned building projects will generate four types of costs:

- acquisition or purchase price of the abandoned building or site
- hard construction costs including building rehabilitation and site cleanup, installation, upgrade or connection to utility systems



## Case Study: Kingston

In Kingston, a sense of excitement surrounds the Rondout Creek. The rehabilitation of formerly abandoned buildings has created a thriving entertainment district.

The City has developed its vision of “creating an attractive, walkable, culturally vibrant waterfront that optimizes recreational access and enhances the area’s natural and historic character” through a series of community-based plans and strategies. The City recognized the need to use technical and market information to inform planning decisions. These have been implemented through protective zoning and design guidelines for the Rondout Creek waterfront and a number of recreation, streetscape and public facility improvements.

Public sector efforts have set the stage for significant private investment along East and West Strand and along lower Broadway creating a mixed-use area of shops, offices, and apartments in rehabilitated 19th century structures and new buildings that reflect the look and feel of the historic structures.

In Kingston success breeds success. The redevelopment of one building has served as the catalyst for revitalizing other abandoned buildings.

## Case Study: Greenpoint

In Greenpoint, a neighborhood of Brooklyn, the 400,000 square foot Chelsea Fiber Mills complex sat vacant for fifteen years -- with no prospects of reuse in sight. A group of civic-minded entrepreneurs saw an opportunity waiting to happen. It took vision to look at the complex and to see it filling a market niche as a manufacturing and design center, becoming once again a thriving cornerstone of the community.

The buildings were constructed in 1880 and remained in use until 1972, when they were acquired by the City of New York through tax foreclosure. The City lacked funds to maintain the buildings, and they continued to deteriorate, although they were partially occupied by some commercial tenants and artists on month-to-month leases. The tenants shared production space and exchanged ideas on suppliers, training, insurance, and technology.

When the City threatened to evict the tenants and demolish the buildings, they joined forces with civic-minded entrepreneurs to establish the Greenpoint Manufacturing & Design Center Local Development Corporation. With a board of directors that included local residents and business owners, as well as people with expertise in finance, development, real estate, architecture, engineering, and employment, the new nonprofit organization worked with the City of New York to prepare a detailed five-year, \$4 million rehabilitation plan for the buildings.

As plans were refined, the Development Corporation relied on rental income from the building's original tenants and a unique blend of public and private financing. Funding from banks, private foundations, and utilities paid for one-time pre-development costs, and State grants provided funding for business and resident services, such as computer instruction and technology upgrading. Additional grants from the City of New York and federal government have financed building rehabilitation. Rental income from tenants has been reinvested in ongoing maintenance, repairs, and building operations.

Rehabilitation work included removal of abandoned equipment and debris, roof replacement, restoration of historic building elements such as skylights and windows, installation of new mechanical systems and elevators, creation of new hallways and interior spaces in conformance with the existing column grid structure to accommodate existing, expanding, and new start-up businesses.

Growing from 18 manufacturers with 40 employees in 1990, the complex at the former Chelsea Fiber Mills is now occupied by 67 small businesses, providing employment to nearly 300 people. The success at this site helped leverage the rehabilitation of four additional buildings in Greenpoint and neighboring East Williamsburg between 1992 and 2001, so that the organization now generates \$220,000 in real estate taxes. Tenant businesses include woodworkers, makers and designers of home furnishings, jewelry

designers, display designers, food manufacturers, garment companies, metalworkers, sculptors, along with glass and ceramic artists. By the summer of 2007, a total of 90 firms in these buildings utilized half a million square feet, employing 480 people - 20% from the neighborhood, 49% from Brooklyn and 96% from New York City.



- site development including landscaping, parking, and access roads
- soft costs including legal fees, pre-development costs for research and market studies, permits and financing fees, mortgage recording tax, design and engineering fees, start-up capital, and marketing

At this stage, these projected costs must be real, and based upon thorough research, comparable costs, and design considerations, even before detailed cost estimates are procured from professional architects and engineers. Cost estimates are one of the biggest challenges you will face in dealing with the unforeseen. You will need to ensure that you have sufficient money available for all stages of the project, including up-front money to get the project in place, working capital to keep you moving forward, and contingency money to help you handle the unforeseen.

Acquisition cost is usually the easiest to determine. It is generally a function of negotiating a purchase price with the property owner. In some cases, the owner can be persuaded to become part of the development and contribute the abandoned building or site to the project as equity. Similarly, the property may be owned by the municipality, which may be willing to donate the property to induce development that would benefit the community.

Estimates of your rehabilitation costs can generally be “ball parked” on a per square foot

basis related to type of construction and intended use. Local contractors, architects, or engineers can provide you with a general per square foot cost to use for estimating purposes. Many of the other development costs are usually estimated as a percentage of the expected construction costs. Architectural and engineering fees can generally be estimated at about 15% of construction costs. You may also want to consider hiring a construction manager or have your architect also perform construction management duties. These fees could run another 5% to 10% of the construction contract, but are generally worth the investment if the redevelopment is complex. Architects, engineers, and construction managers can give you a quote for their fees.

There will also be fees associated with financing the project. You will probably need a construction loan, in which funds will be advanced in stages as the construction/rehabilitation progresses, and a so-called “permanent” loan. In many cases, a single lender will make a commitment to provide both the construction loan and the permanent loan; in other cases, you may be required to deal with one lender for the construction loan and another lender for the permanent loan. During the construction period, lenders will usually charge interest only on the amount of funds drawn. At the end of the construction period, the funds drawn will convert to a permanent and amortizing loan at terms and conditions previously negotiated between the permanent lender and the developer. At closing, the lender may also charge certain other financing and legal fees associated with the loan. Note that you may



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have two closings: one for the construction loan and one for the permanent loan. The lender(s) should give you an estimate of these fees when you negotiate the terms and conditions of the loan(s).

There are also other fees associated with specific financing methods. Projects financed with industrial development bonds will generally require processing fees on the order of 1% to 2% of the loan amount, but this financing often carries an interest rate well below market rate, particularly for tax-exempt bonds. In addition, a project financed with industrial development bonds will usually be exempt from mortgage recording taxes. The municipality's Industrial Development Agency can provide you with the details of this financing option. If the financing of your project involves the syndication of tax credits, you will also need to pay syndication fees. These fees can vary widely from project to project and from syndicator to syndicator, so it is best to get actual quotes from a professional in the field.

Finally, there are also marketing and start-up fees associated with getting your building up and running. If you are leasing the space for retail, you need to be able to market your building to potential store owners. No matter how your building is to be used, you will have operating expenses. A good rule of thumb is to secure enough start-up capital to cover at least three months of operating expenses. Enough to cover six months is even better.

You will need to do an expense analysis of the anticipated fixed costs and operational expenses for the first five years of your project, showing

detailed written assumptions on each line item, including maintenance and replacement, utilities, sales, and marketing, and so on, depending on your building's use. Next, understand your potential revenues. Whatever type of development you are undertaking, analyze your market and the likely revenues you will be able to generate from your building.

A complete financial profile can be used to sell your vision. It should include the details of all your expected costs, expenses, and projected revenues - often shown over a five-year period - along with an investment return breakdown, balance sheet, income statement, and your financing assumptions, such as depreciation.

### *Pro forma analysis*

Pro forma analysis is simply the projection of income and expenses that will occur at a future date. Based on a set of specific assumptions, this tool can organize the evaluation process and help to determine project feasibility. When conducting a pro forma analysis on a redevelopment of an abandoned building, assumptions are made in three major areas: the cost of acquisition; the cost of rehabilitation; and the income and expense analysis of managing and operating the rehabilitated property. By varying these assumptions, you can develop alternative economic scenarios to achieve your vision. Pro forma analysis is a useful tool for determining preliminary project feasibility, but there are many other variables mentioned earlier - technical, organizational, legal, or political - that can cause a project to fail, even if the pro forma seems to work.

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## How do you make the numbers work?

For many development projects, the numbers simply don't fit on the first analysis. This means that there are not enough dollars flowing out of the project to justify spending the dollars the project will consume. At that point, the prospective developer needs to make adjustments to make the project work:

**Acquisition costs** - These costs are part of the investment, so if they can be reduced, the project becomes more feasible.

**Rehabilitation costs** - Take a close look at how you intend to fix up your building. Is your vision too expensive? If you can achieve your vision with a less expensive rehabilitation approach or by phasing implementation, you might be able to make the project work.

**Rental rates** - This is a source of income generally determined by supply and demand in the marketplace, but if the rents can be increased above the initial projection, the bottom line of the project will improve.

**Vacancy** - Like rental rates, vacancy is an area generally beyond the direct control of the developer. Sometimes, however, vacancy can be reduced by signing intermediate- and long-term leases. If this can be done, the project may become more workable. The caution here is that often the trade-off for a long-term lease is a rental income below the future market rate.

**Expenses** - There is often the temptation to reduce property operating expenses on paper in the pro forma analysis. Cutting certain critical expenses, particularly in the area of repair and maintenance, can create a greater long-term detriment than short-term benefit. If expenses can be legitimately reduced, the net operating income from the property will be increased, making the project more feasible.

**Tax abatements** - These may be available to you as an incentive to redevelop the building.

**Mortgage money** - If the loan-to-value ratio is reduced, the annual amount of cash required for debt service will go down. This effectively increases cash flow.

**Equity money** - By increasing the initial dollars invested, a smaller mortgage will be required. This reduces debt service, increasing cash flow.

**Interest rate** - If the interest rate is reduced, the costs of annual debt service will go down, increasing the cash flow from the property.

**Loan term** - This phrase refers to the period of time over which a permanent loan is repaid. In many cases, a permanent loan will have a relatively short-term (e.g., 3 to 5 years), but the monthly principal and interest payment amount will be computed as if the loan had a longer amortization period (e.g., 15 to 20 years). This means that the loan will not be self-amortizing - only a portion of the principal will be repaid during the 3-5 year loan term, and a balloon

payment will be due at the end of this loan term. At that time, you would be required to pay the balance in full, or refinance the loan. If the amortization period used to compute the monthly principal and interest payment amount can be lengthened - for instance, from 20 to 25 years - the effect is a reduced annual debt service and an increased annual cash flow; however, the balloon payment that will be due at the end of the 3-5 year loan term will also be greater.

Each of these variables can be used to improve the fiscal picture of the rehabilitation project. It's important that the change in each of the variables be real and not simply the artificial manipulation of numbers. If you try to convince yourself or others that your project is feasible when you know it is not, you will create future economic problems.

## Finding financing for your project

Now that you have examined the feasibility of your project and have a clear picture of your financial needs, it is time to devise a game plan to secure the funding. The costs of acquiring the site, analyzing the market opportunities, assessing the building and site conditions, and reconstructing the building can be substantial. Early in the development process you must secure financing. Securing financing for a specific project is highly variable. No one project will ever be like another and to cover all possible funding scenarios is impossible. What follows is a discussion of the main sources of funding you might want to consider, and you will need to decide what alternative sources of funding will work for you. Remember, it is not unusual for a



successful project to include a number of funding sources and that these sources may vary at differing stages of the project.

Funding comes in some combination from two sources: lenders and investors, providing debt and equity, respectively. Rehabilitation must make sense in fiscal terms, or neither of those sources of capital will participate.

**Debt financing** is the use of borrowed funds to make a capital investment, as in a mortgage or loan. The property usually serves as the security for the debt in real estate debt financing. The loan is repaid at a certain interest rate over a certain term.

**Equity financing** is where an equity investor essentially becomes an owner of the property, sharing in profits generated by the redevelopment.

One of the most significant trends in real estate financing today is the disappearing line between straight debt and straight equity. Traditional lending institutions are increasingly able to underwrite development projects as a lender, an investor, or a combination of both.

In order to secure the financing you need, you will need to know what lenders and investors are looking for:

- Information about your development team, including background, credit history, investment history, financial statement, and experience

- Information about your project, including a narrative description, preliminary architectural plans, preliminary construction schedule, market and feasibility studies, and signed and proposed tenants
- Evidence of property control, such as a deed, an accepted offer to purchase, or other indication that you, the developer, will have an interest in the real estate at the time of the loan closing
- Information about your site, including an appraisal of the property both “as is” and “as completed”
- Information about your project finances, including pro forma analysis, cost estimates, a statement of the source and use of funds, and a timetable of receipts and disbursements
- Information about the community (if your project is not in the same community as the lender or investor)

Finding capital at a reasonable cost is the key to successful development. The following are some of the ways that financing is arranged:

**Industrial development bonds** - IDBs are a type of municipal revenue bond used to finance fixed assets which are then leased to the developer whose lease payments amortize the debt. These bonds are popular with real estate developers because they usually carry a fixed interest rate.

**Joint venture** - A commonly used approach where the developer provides the expertise and the financial institution provides the money; ownership is split between the two. If all of the tax benefits can be allocated to the developer, additional cash flow would go to the institutional investor. The absence of a debt-service requirement makes this approach attractive to the developer and increases project feasibility.

**Negative amortization** - Sometimes the joint venture approach is not available because the land to be developed already is in a joint venture between the developer and another party who is unwilling to give up any share of the equity. In that case, the developer may be able to obtain a mortgage loan with a 10- or 15-year term and a 30-year amortization schedule. The initial interest rate would be adjusted every three years according to changes in an outside index. However, any additional interest over the initial rate would be regarded as “imputed principal” and would not be payable until the building was refinanced or sold. In other words, loan payments would remain constant as interest rates rose, but loan amortization would first cease and loan principal would then begin to increase (negative amortization).

**Fee arrangement** - Sometimes, the investor will put up all the money required for the project, acquire 100 percent ownership on completion, and pay the developer a fee plus a portion of future cash flow.

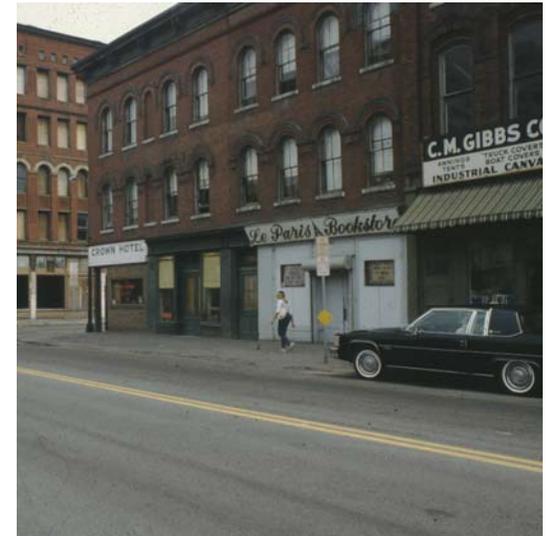
**Participation loan** - In this financing technique, the lender wants more than just the interest and repayment of the principal on the loan. In addition to the principal and interest repayment, the lender might get a percentage of the cash flow, a percentage of the gross scheduled rents, a portion of the net proceeds at sale, or a combination of these. This type of loan can be an attractive alternative for the developer, particularly if there is some reduction in the interest rate in exchange for the participation. Also, foreclosure is less likely with participation financing.

### *Funding sources*

#### **Commercial Banks, Savings Banks, Credit Unions and other mortgage lenders**

Commercial banks are the largest type of financial intermediary in the American financial system. In the area of real estate, commercial banks are dominant in construction lending, since this is a form of short-term financing that banks are equipped to handle. However, commercial banks also do a significant amount of permanent mortgage lending, for both residential and commercial properties. Federal and state regulations limit real estate loans to a certain percentage of bank assets and also impose ceilings on loan-to-value ratios.

Because of their close relationship to the community and their need for a continuing source of loan demand, local commercial banks and credit unions may be a good starting point in



*Syracuse, before*



*Syracuse, after*

## Case Study: Oswego

With an economy no longer driven by manufacturing, the City of Oswego is implementing the community's vision of becoming a tourist destination. The City's vision has been formalized in plans and supported by the community. Tackling specific projects one step at a time as funding allowed, the City has made improvements and private investment has followed.

The City has long recognized the importance of the links between its downtown and waterfront, and the attraction of its many surviving historic structures. Working in partnership with the private sector, the community has benefitted from the restoration of these structures, which has brought activity back to the downtown. The Browne-Davis Building is one example. It fronts along the Oswego River and First Street, and is located within Oswego's downtown historic district.

In June 2002, private developer First Oneida, Inc. of Rochester purchased the building as a long-term investment with plans to redevelop the four-story brick building into a mixed-use facility with office, retail, and residential space. They plan to spend approximately \$100,000 in the initial phase of rehabilitation, retaining as much of the building's architectural integrity as possible. Additional improvements will be made as leases are signed. Rehabilitation work will

include roof replacement, facade cleaning and repair, replacement of windows that have been boarded for many years, creation of a new entrance on the Oneida Street side of the building to improve access to upper floor apartments, and demolition and reconfiguration of interior spaces to accommodate new uses.

First Oneida purchased the building with private funds, but will rely on a variety of funding sources for building redevelopment. The City of Oswego is assisting the developer through its facade program, which provides up to 80% of facade restoration costs up to \$20,000. In return for financial assistance, a facade easement is placed on the building and all facade work must be done in compliance with plans and specifications prepared by the project architect. An outgrowth of the City of Oswego's recently completed comprehensive plan, the facade program is a collaboration between the City, Oswego County, and the Heritage Foundation of Oswego.

With total project costs estimated at \$500,000, First Oneida will also use historic preservation tax credits, a low-interest loan from the City of Oswego, planning grant funds from the Heritage Foundation of Oswego, low-interest loans from Operation Oswego County, and private funds. In addition, the project may qualify for assistance from the City's Industrial Development Agency and Empire Zone.



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your search for financing sources. Sometimes, low-interest loans are made by local banks working in conjunction with community organizations. There is usually a specific purpose for which the low-interest money can be used, such as facade rehabilitations, and the rate is usually below market rate. Here, banks will commit a given amount of money at a designated interest rate to the development program and then make the loans directly to borrowers.

In addition, there are many financial companies that participate in the mortgage lending industry. These include residential and commercial mortgage bankers, mortgage brokers, wholesale lenders, savings and loan associations, government agencies, nonprofit organizations, and companies that provide mortgage and loan services.

#### **Public low-interest loan programs**

Many municipalities make low-interest loans from the proceeds of various State and federal programs, such as the Community Development Block Grant. This is often done through the local and county industrial development agency.

#### **Foundations and nonprofit organizations**

These organizations can also be sources of low-interest loans - sometimes called “program-related investment.” Foundations typically prefer not to loan funds directly to private developers. In such cases, a local development corporation may borrow foundation money and re-lend it to the developer.

#### **Life insurance companies**

Life insurance companies are among the largest financial institutions. They are in a position both to commit several years in advance to provide loan funds to borrowers, and to make long-term loans. Life insurance companies are not restricted in the types of loans they may make. The most important financing role of the life insurance companies is in income and commercial properties, including office buildings, apartment houses, shopping centers, and all forms of retail and industrial properties. In recent years, the life insurance companies have shown a definite preference for properties that have built-in inflation hedges, such as hotels, which can raise their rates as frequently as necessary to keep pace with inflation. In addition, most income properties permit the use of variable-interest or equity-participation loans, which are favored by life insurance companies.

#### **Pension funds**

Similar to life insurance companies, pension funds are a source of long-term real estate loans. Pension funds have traditionally operated through commingled funds in partnership with commercial banks and life insurance companies. The current trend is toward direct equity investments by pension funds, sometimes operating as joint ventures.

#### **Credit companies**

While credit from these lenders is generally expensive, they have become useful in providing funds to acquire underused property with

appreciation potential. Despite interest rates considered prohibitive by some, credit companies can become virtually the sole source of long- and intermediate-term debt in a market steering away from debt. They have been offering an array of services, including standby commitments or letters of credit to be funded from third-party sources, usually commercial banks; construction funding without a takeout or source of repayment (a risk these lenders are willing to take); wraparound money and straight second mortgages; and land development and acquisition loans. In addition, credit and finance companies often are willing to make large second-mortgage loans on existing real estate where the asset value and cash flow have been substantially increased. This allows developers to draw down equity funds that are currently unrealized in an appreciated property.

#### **Purchase-money mortgages**

This is a financing technique in which a buyer borrows from the seller instead of, or in addition to, a bank. It is sometimes done when a buyer cannot qualify for a bank loan for the full amount. Also called seller financing or owner financing, this usually involves individual investors. In this scenario, mortgages are given by the buyer to the seller as part of the purchase consideration.

#### **Grant assistance**

There are many grant programs available from the federal and State government and nonprofit groups that can help you achieve your vision.



Hudson



Troy



Syracuse

Some examples include:

- Waterfront revitalization grants to help communities with underused waterfronts to redevelop abandoned buildings and sites
- Brownfields grants to clean up contaminated sites
- Preservation grants for project planning and to rehabilitate historic buildings
- Affordable housing grants for low-income families to restore residential buildings

As you look for grants and other funding assistance, it is important to:

- Know what you want to achieve with the funding you are seeking
- Identify possible sources of funding assistance for what you want to achieve
- Identify the scope of the grant program
- Find out if your wants and the possible sources on your list are compatible
- Make sure you can meet the requirements that come with a grant award, especially with regard to local match

Remember that grants are not there for the taking based solely on what you think are the strengths of your project. Grant awards are highly competitive. Most grants rank proven

capacity as a crucial factor, so it is important to establish credibility with the grant making organizations - they need to know who you are and to learn about your project and your capacity to pull it off.

Opportunities for grant assistance from public and nonprofit agencies are generally distributed by direct mail or announced in press releases, newsletters, or websites. Make sure you are on these mailing lists and collect information on grant programs. Keep a calendar with grant schedules on it so that you are aware of your opportunities and deadlines. You should also talk to others who have received grants and discuss your ideas with those who award the grants. They will probably know of additional sources of funding.

Federal grants are usually announced in the Federal Register ([www.gpoaccess.gov/fr](http://www.gpoaccess.gov/fr)), and State grants in the State Register ([www.dos.state.ny.us/info/register.htm](http://www.dos.state.ny.us/info/register.htm)) and the Contract Reporter ([www.nyscr.org](http://www.nyscr.org)). Another way of finding out about the grants that might be available, is to visit a grants clearinghouse on the Internet. The online Catalog of Federal Domestic Assistance ([www.cfd.gov](http://www.cfd.gov)) gives you access to a database of all federal programs available to State and local governments; domestic public, quasi-public, and private profit and nonprofit organizations and institutions; specialized groups; and individuals. You can search this database to find grant and funding opportunities meeting the requirements for your abandoned building. The following is a summary of some of the grant sources you will want to consider:

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If your building is in a waterfront municipality or in a community center, the New York State Department of State can fund planning, design, feasibility studies, and construction projects. A focus of this grant program is the preparation and implementation of redevelopment strategies for urban waterfront areas where redevelopment can provide new public access, spur economic activities, and improve environmental quality of the redeveloped area. More information can be found at: [www.nyswaterfronts.com](http://www.nyswaterfronts.com). The Division of Coastal Resources is using these Environmental Protection Fund resources to help revitalize community centers across the State.

If your building and site are going to involve environmental remediation, you will want to review the New York State Department of Environmental Conservation's Brownfields Self-Help/Financial Resources Manual ([www.dec.ny.gov/chemical/brownfields.html](http://www.dec.ny.gov/chemical/brownfields.html)). This outlines State, federal, and private funding and financial incentives available for the cleanup and redevelopment of brownfields sites.

If your building is a historic property, the New York State Office of Parks, Recreation and Historic Preservation provides several grant programs and links to other sources of funding ([www.nysparks.state.ny.us/grants](http://www.nysparks.state.ny.us/grants)), including:

- Grants to municipalities and nonprofit organizations for projects to improve, protect, preserve, rehabilitate, or restore properties listed on the State or National

Registers in accordance with the U.S. Secretary of the Interior's Standards and Guidelines for Archeology and Historic Preservation.

- The federally funded Certified Local Government (CLG) program. If your municipality is a CLG, then it is eligible to apply for funding of planning and public education projects and the repair/restoration of properties listed on the National Register of Historic Places ([www.nps.gov/history/hps/clg](http://www.nps.gov/history/hps/clg)).

If you are considering rehabilitating your abandoned building for residential use, the New York State Division of Housing and Community Renewal ([www.nysdhcr.gov](http://www.nysdhcr.gov)) may be able to help. They provide an array of funding available for the development of affordable housing in New York State, including:

- The Housing Trust Fund provides grants and loans to private, nonprofit, and government housing sponsors to construct low-income housing, rehabilitate vacant or underused residential property, or convert vacant nonresidential property to low-income residential use.
- The HOME Program funds rental housing, housing rehabilitation for homeowners and loans to first-time home buyers.
- The Homes for Working Families program provides for the substantial rehabilitation or new construction of affordable rental housing.

- The Senior Housing Initiative funds projects for the substantial rehabilitation or new construction of rental housing for seniors.
- Housing Development Funds provide loans to nonprofit organizations to develop low-income housing projects.
- The Low Income Housing Credit Program promotes private sector involvement in the retention, rehabilitation, and production of low-income rental housing.
- HouseNY - a new housing initiative that encourages local communities to assess their housing needs and create shovel-ready housing sites. Shovel-ready sites are sites that are completely ready for the development of housing, including having an established housing need, and having met all zoning and environmental requirements. Through HouseNY, interested communities receive technical and financial assistance to produce an inventory of shovel-ready sites that can be used for local community development efforts to increase housing production.

In addition to these programs, the New York State Housing Finance Agency (HFA) ([www.nyhomes.org/home/index.asp?page=47](http://www.nyhomes.org/home/index.asp?page=47)) provides low cost, flexible financing for the creation and preservation of high quality, affordable multi-family housing. HFA meets this goal by lending the proceeds of federally tax-exempt private activity bonds, taxable bonds, or tax-exempt 501 (3)(c) bonds to provide low-cost

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mortgages to private and nonprofit developers. Projects that receive HFA financing are also eligible to receive Low Income Housing Tax Credits and subsidy financing from the Empire Housing Fund Program. This can help rehabilitate buildings for residential use.

If you are seeking funding, the New York State Environmental Facilities Corporation's mission is to promote environmental quality by providing low-cost capital and expert technical assistance to municipalities, businesses, and State agencies for environmental projects in New York State ([www.nysefc.org](http://www.nysefc.org)). Its purpose is to help public and private entities comply with federal and State environmental requirements and its primary programs are the State Revolving Funds, the Industrial Finance Program, Technical Advisory Services, and the 1996 Clean Water/Clean Air Bond Act.

For economic development activities directed toward neighborhood revitalization and economic development, New York State's Office of Community Renewal may also be an important partner ([www.nysocr.org](http://www.nysocr.org)). The Office administers the Community Development Block Grant Program for the State of New York which provides grants to eligible cities, towns, and villages with a population under 50,000 and to counties with an area population under 200,000 in order to revitalize neighborhoods, expand affordable housing and economic opportunities, and/or improve community facilities and services.

At the federal level, the U.S. National Park

Service's Heritage Preservation Services ([www.nps.gov/history/hps](http://www.nps.gov/history/hps)) helps individuals and communities identify, evaluate, protect and preserve historic properties for future generations. It provides a broad range of products and services, financial assistance and incentives, educational guidance, and technical information in support of this mission. If you are working with a historic building, Heritage Preservation Services will be able to help with almost every aspect of your project, from planning and evaluation to repair and rehabilitation.

If you are developing a brownfield site, the U.S. Environmental Protection Agency's website ([www.epa.gov/brownfields](http://www.epa.gov/brownfields)) provides information on all aspects of brownfields redevelopment. Their guidebook, Financing Brownfields Redevelopment Projects - A Guide for Developers, provides information on financing issues and informs developers and property owners on the most crucial aspects of financing brownfields redevelopment: identifying potential financing sources; preparing project plans; approaching private lenders; minimizing the financial risks associated with liability; and understanding the site assessment and cleanup process. It also advises developers on selecting and using specialized environmental and legal consultants. Several of the Guide's exhibits list information that developers should obtain from lenders, environmental agency personnel, consultants, and lawyers in the course of the redevelopment process ([www.smartgrowth.org/pdf/brownfield.pdf](http://www.smartgrowth.org/pdf/brownfield.pdf)).

Another source of information on all aspects of grants is the Foundation Center ([www.foundationcenter.org](http://www.foundationcenter.org)). Its mission is to promote public understanding of philanthropy and to help grant-makers and grant-seekers succeed. The Center is a resource for a wide range of information and training on grantsmanship.

The National Trust for Historic Preservation website ([www.preservationnation.org](http://www.preservationnation.org)) provides details of its grant and funding programs. It also provides links to other grant and funding programs that can help with your rehabilitation. In New York, the Preservation League of New York State website ([www.preservenys.org/fundinghome.htm](http://www.preservenys.org/fundinghome.htm)) provides details of its grant program, and links to other grant programs to aid the historic preservation aspects of your vision.

Once you have found a grant program that might help you, identify the requirements for the grant and ensure that you are eligible or can partner with someone who is. The key to successfully completing a grant application within the application deadline is to be as organized as possible, and to think the project through in advance to the greatest extent possible:

- Make sure that you can meet any match requirement. In most cases, the grant match will be a cash contribution, perhaps derived from municipal revenues or a private donation. Sometimes it's in the form of donated land, buildings, goods, services, or facilities rental.

- Be as organized as possible and use the guidance provided in the application to fill out the relevant forms.
- Make sure that you answer all the questions, provide all the supporting information that is required, and that your budget information and schedules are realistic.
- Graphic materials such as architectural drawings, plans, maps, and photographs can help the grant reviewer to understand your project and letters of support from community groups, government agencies, and nonprofits will show widespread support for your project.
- As you pull your application together, make sure you have all the required forms, certifications, and signatures, and make sure you follow the submission requirements.

Remember, being successful in obtaining grant assistance requires that you target the grant programs that are right for your project - or a component of your project. No matter what the grant program, you should always make sure you are clear as to why your project is worth doing, what is involved in successfully implementing it, and what end result and benefits of project implementation can be expected.

### **Tax incentives**

In addition to loans, grants, and other sources of funding, another effective financing tool that can reduce your actual costs is the use of federal, State, and local tax incentives.

### ***New York State Empire Zones***

Empire Zones are designated areas throughout the State consisting of a maximum of either 1 square mile (640 acres) or 2 square miles (1,280 acres), that offer significant incentives to encourage economic development, business investment, and job creation ([www.nylovesbiz.com/Tax\\_and\\_Financial\\_Incentives/Empire\\_Zones](http://www.nylovesbiz.com/Tax_and_Financial_Incentives/Empire_Zones)).

Businesses operating inside a zone are eligible for a range of tax benefits that are applied against new capital investments. Benefits include tax reduction credits, real property tax credits, sales tax exemptions, wage tax credits, and utility rate reductions, among others. The tax benefits can reduce a company's tax liability to as little as zero.

### ***Federal economic development and community renewal programs***

The federal government offers a range of economic development programs to distressed urban and rural communities for economic renewal. Many of these programs offer tax-incentive packages as incentives for business owners and developers to open new businesses, rehabilitate abandoned buildings, provide new jobs, and provide new housing. At this website ([www.hud.gov/offices/cpd/economicdevelopment/programs/index.cfm](http://www.hud.gov/offices/cpd/economicdevelopment/programs/index.cfm)) you will find descriptions of programs offered by the U.S. Department of Housing and Urban Development, as well as descriptions of programs provided by other federal agencies in the fields of economic development and small business assistance.

### ***Federal Historic Preservation Tax Incentives Program***

This is one of the nation's most successful and cost-effective community revitalization programs. The program fosters private sector rehabilitation of historic buildings and promotes economic revitalization ([www.nps.gov/history/hps/tps/tax](http://www.nps.gov/history/hps/tps/tax)). The Federal Historic Preservation Tax Incentives are available for buildings that are National Historic Landmarks, that are listed on the National Register, and that contribute to



Oswego



Kingston

National Register Historic Districts and certain local historic districts. Properties must be income producing and must be rehabilitated according to standards set by the U.S. Secretary of the Interior. The program is jointly managed by the National Park Service and the Internal Revenue Service and administered in New York by the Historic Preservation Field Services Bureau of the New York State Office of Parks, Recreation and Historic Preservation. The Tax Reform Act of 1986 provides a two-tier tax credit on expenditures for both interior and exterior rehabilitation:

- A 20% credit is available for all income-producing structures listed on the National Register, either individually or as part of a district, when an application made to the State Historic Preservation Office has been approved and work is certified by the National Park Service.
- A 10% credit is available for non-residential income-producing structures built prior to 1936. This credit generally requires no State Historic Preservation Office coordination and is not available for properties listed on the National Register.

The program can provide needed construction capital to nonprofits who syndicate the tax credit to investors.

#### **Tax abatements, assessment freezes and tax deferrals**

Local property tax is often a significant expense item in a real estate development project.

For priority projects it may be possible to reduce the property tax load for a period of time. This might be done by not charging taxes, leaving the taxes at their pre-development rate, freezing the assessed value at the pre-development level, or any of a number of other combinations. The ability of a community to provide this kind of incentive depends on enabling State legislation. In New York State, recent legislation enables municipalities to enact property tax abatement programs that phase-in the increase in assessed value resulting from rehabilitation of historic buildings which are locally designated landmarks.

#### **Tax-increment financing districts**

Tax-increment financing is a procedure in which a municipality advances funds to aid the redevelopment of a designated area. The municipality does so in the anticipation that it will be repaid through the increased tax revenues generated in the area.

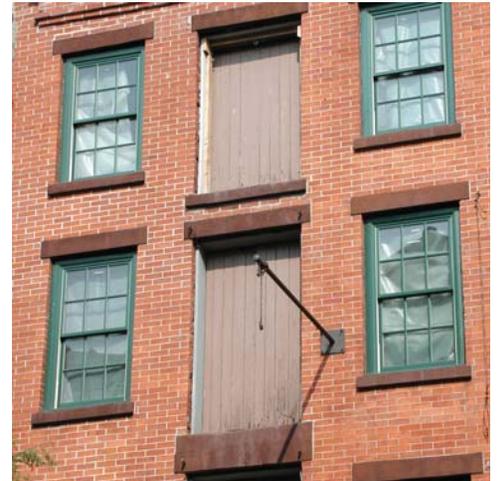
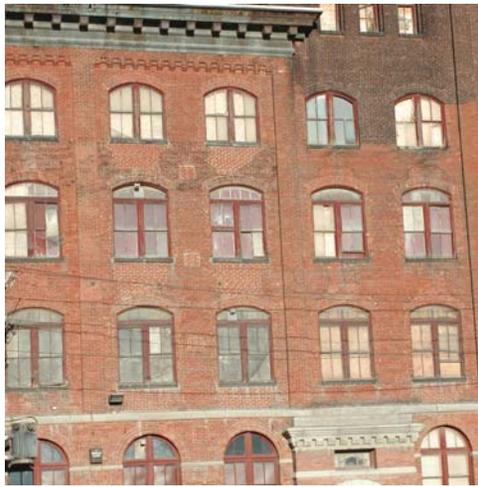
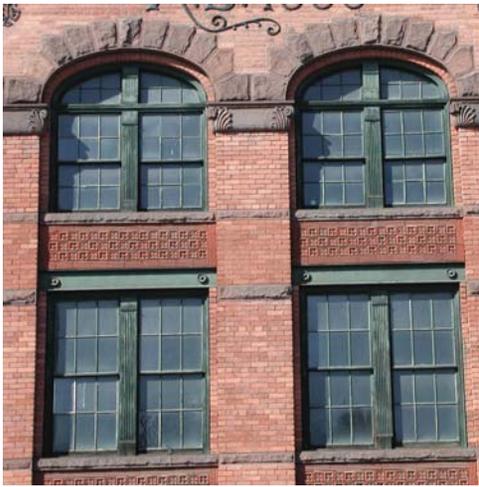
#### **Tax-exempt financing**

A municipality can make tax-exempt financing available to a developer by providing a mechanism for the developer to issue bonds using the tax-exempt status of the municipality. The developer has the legal and moral obligation to repay the bond holders and is able to access funds at an interest rate lower than would otherwise be available.

## Case Study: Rochester

Designation as a New York State Empire Zone enabled the City of Rochester to offer a number of incentives critical to the redevelopment of key properties in the High Falls area. One of the earliest buildings to benefit from these incentives was the historic Rochester Button Factory. Underused as a record storage warehouse, this six-story masonry building is being redeveloped into commercial and office space. Empire Brewing of Syracuse established a micro brewery and full service restaurant on the first floor, several upper floors have been rehabilitated into office space, and other floors remain warehouse space. Empire Zone incentives have helped attract five other restaurants to the High Falls area. By packaging these incentives with funding and in-kind contributions from the Urban Cultural Park/Heritage Area System funds, Environmental Protection Fund grants, and other public and private sources, the City has built a financial program that is attractive to the private sector, leading to the creation of a tourism and entertainment destination in the High Falls area.





*More windows from around the State*

# CHAPTER SIX: TAKING IT ONE STEP AT A TIME - PROJECT IMPLEMENTATION

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In this chapter, you will work through the following steps:

- Finalizing your development team
- Finalizing your project feasibility and financial needs
- Developing designs, construction plans, bid specifications, and selecting a contractor
- Completing environmental reviews and obtaining permit approvals
- Securing site control
- Building your project
- Operating and marketing your building

## Finalizing your development team

Now you need to pull together the team to carry out your action plan. You need the right people, from the right disciplines, and with the right experience to succeed in all aspects of the development process. Individuals and groups represented on the development team could include:

- landowners
- development companies
- facility operators
- architects

- civil engineers
- transportation planners and engineers
- general contractors and subcontractors
- preservation specialists
- construction managers
- real estate brokers
- lending institutions
- financial planning consultants
- real estate and tax attorneys

As you develop your team, ask:

- Is the existing building owner interested in being part of the development team?
- Are nearby building owners or successful businesses in the neighborhood interested in being part of the development team?
- Could potential tenants or end users of the project be partners in the proposed development?

Build on the partnerships you have already developed. Although these people and groups are not a direct part of your development team, they can offer a lot as partners in the project, including technical and financial assistance and often guidance in assembling a development team. Talk with:

- key municipal officials, such as the building inspector and planner
- public development organizations
- chambers of commerce
- nonprofit organizations
- community groups

All development team members need to be competent, committed to the project, and motivated to be involved. Team members must have realistic expectations. The more knowledgeable and experienced your team members are in the specifics of your proposed reuse, the lower your risk of failure. In the redevelopment of abandoned buildings, it is essential to make sure that your team is able to deal with any historic resource issues and environmental concerns that may arise.

It is this competence, commitment, motivation, and realism that will determine the success of a project. In addition, an ideal development team member will have some combination of the following:

- cash to invest in the project
- technical expertise in some area of development
- access to money, decision makers, volunteers, and/or information
- community credibility



Hudson

- be an end user of the abandoned building or site to be developed

Abandoned buildings are developed by a wide variety of development organizations, ranging from individuals, or groups of individuals, local investors and developers, out-of-town investors and developers, nonprofits, community groups, and government. No matter what form the development entity takes, whether they operate as an individual or through a government or corporate entity, successful developers possess a certain key characteristic - the right team to get it done.

Most abandoned buildings being restored today are being redeveloped by individuals with the support of the local community. If you are a municipality or community group, your search should start with local developers, people who have completed successful projects in the community or local people who have done

similar projects elsewhere. Look for people in the community with money to invest in the redevelopment project. Many successful abandoned building projects start with local professionals and business people willing to invest their capital.

Work with local architects, planners, and economic development officials to put together a list of developers who might fit with your project and be interested in taking it forward to completion. You may already have developed this partnership, but if you have not, now would be a good time to get a developer on board. Remember, it is often the local or regional development companies that have the most success in abandoned building restoration. They will have developed links in the local financial markets, know the best contractors, and understand the local and regional market and economy.

If you are seeking a developer, prepare a Request for Proposals (RFP). Your RFP must meet any procurement rules that you have to follow. The RFP should be designed so that responses from developers provide all the information that you will need to select and hire a developer. At a minimum, describe the site: its ownership and conditions; your project proposal; any historic resource, zoning or environmental constraints; assistance and incentives that may be available; and a schedule for implementation of the project. Make sure you request details of the developer's experience on similar projects and their financial situation.

After you receive responses, set up interviews with potential developers and talk with references. Find out more about them and their proposal, and see how well they can achieve your vision. Find out why they are interested in the project, explore what they see as the main issues and challenges as they implement the project. Discuss the historic and environmental aspects of the redevelopment. Explore the financial side of the project. Interviews are a great opportunity to understand everyone's expectations for the project and to set the stage for a strong partnership. Once you have selected your developer and have executed a contract, it is time to move on with the project.

## Finalizing your project feasibility and financial needs

At this stage of the planning process, the project has begun to take shape and the feasibility has been confirmed. Finalizing the concept will generally involve three activities:

- Conduct formal market studies and refine your marketing plan
- Identify overall project costs
- Analyze investment and financing needs

Each of these activities was initiated earlier in the redevelopment process. It is now time to complete any additional research that may be needed and to finalize the action plan and strategy for implementation. It may now be

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necessary to conduct additional market studies or revisit the previous market research done for the proposed project. The project may have undergone changes from the original concept and additional analysis is required. Potential financing sources for the project may require independent market studies as a condition of lending.

By this time, you should have a much better handle on likely project costs and you now need to formalize these estimates. All project costs should be clearly identified and supported by third party estimates or vendor quotes. Many financing sources, including most federal and State grant funding programs, will require independent cost verification as a condition of lending.

Once overall project costs are confirmed, it is time to finalize investment and financing needs of the project and secure commitments for this funding. The mix of equity and debt determined from earlier analysis and pro forma development should be updated to reflect the final projected costs.

If the project depends on subsidized funding from federal or State grant and loan programs, it is generally necessary to secure commitment of all other project funding (bank loan, equity investment, etc.) as a condition for receiving this funding. Also, many of these grant and loan programs have restrictions regarding the expenditure of project funds prior to announcement of the federal or State funding award.

## Developing designs, construction plans, bid specifications, and selecting a contractor

At this stage you probably only have conceptual or schematic drawings of your project. It is time to add the details to these concepts. Working with your development team, use your conceptual designs to determine how the space can best be used. For instance, if you want to create a waterfront restaurant, arrange seating areas to take advantage of waterfront views. The relationship of functional space is also important; for example, the floor space for the restaurant versus the lobby. From the conceptual design you will get a good idea of whether the intended use will work and the obstacles you will need to overcome.

To move to the preliminary design stage, you will need to consult with the planners, engineers, and architects on your team. You don't want working drawings at this point, but you will need a detailed description of the proposed work and a good cost estimate to feed into your financial analysis. A building floor plan and exterior perspective view of the completed project and its environs is also recommended.

As you move deeper into the final design phase, you will draw more and more on the design and engineering professionals on your team. Building on the earlier building and site assessments used to identify the physical constraints and opportunities for the use of the building, you will prepare detailed physical design studies that will

be incorporated by the architect into the preliminary and final plans and specifications.

The overall physical design studies can be expected to include the following:

- documentation of the existing building through “as-built” plans
- evaluation of current building conditions
- identification of regulatory requirements under which physical development must take place, i.e., building code requirements, zoning ordinance provisions and others
- compilation of the space needs of each identified end-use
- location issues - how the building fits within the site and how the entire development fits within the neighborhood
- preparation of a specific room/use program
- description of the visual, functional and spatial relationships within the project
- analysis of the energy requirements
- evaluation of potential environmental hazard issues: asbestos, lead paint, abandoned fuel tanks, etc.
- any other components that are appropriate to your specific reuse project

## Case Study: Dia:Beacon

In Beacon, an abandoned factory on the Hudson River has been transformed into a world-class art museum by the Dia Art Foundation ([www.diacenter.org](http://www.diacenter.org)).

Built in 1929 by Nabisco, the historic steel, concrete, and glass factory is a model of early twentieth-century industrial architecture. Following Nabisco's departure in 1985, the building was acquired and operated by Federal Paperboard through 1990. Although International Paper acquired the building in 1996, it never operated there and the building remained vacant for nine years. Now renovated as Dia: Beacon, the building offers almost 250,000 square feet of exhibition space - making it larger than the combined galleries of the Guggenheim, the Whitney, and the Museum of Modern Art.

The elegant functional design that accommodated the paperboard printing plant for 60 years is an outstanding environment for viewing works of contemporary art. Dia has retained the industrial character of the existing building, which features vast spaces, high ceilings, and more than 34,000 square feet of north-facing skylights, providing clear, open galleries and abundant indirect natural light.

Facilitated by the New York State Governor's Office, International Paper donated the 292,000 square foot Nabisco Building and 26.6 acres of land to Dia Art Foundation in 1999.

In August 1999, Dia Art Foundation reached an agreement with the New York State Department of Environmental Conservation to clean up site contamination under the provisions of the Voluntary Cleanup Program. Key aspects of the \$770,000 Nabisco site cleanup included excavation and off-site disposal of approximately 2,700 tons of contaminated soil, backfill of the excavations with clean soil, cleaning and removal of a former alcohol storage tank, and abatement of deteriorated or damaged asbestos and lead paint within the building.

At Dia's instigation, the Nabisco Building was listed on the National Register of Historic Places, enabling it to qualify for federal historic tax credits. Dia worked with the National Trust for Historic Preservation's Heritage Property Services staff to qualify for federal historic tax credits. In August 2002, the Bank of America Historic Tax Credit Fund invested \$3.7 million in the project ([www.ntcicfunds.com/library/profile\\_DiaBeacon.pdf](http://www.ntcicfunds.com/library/profile_DiaBeacon.pdf)).

With direct access by rail and auto, it is estimated the new museum will initially attract 70,000 new visitors a year to Beacon and the Hudson Valley, significantly expanding regional tourism.





Crucial to all of your design studies and future designs is an up-to-date set of “as-built” plans that document existing conditions. Along with your initial investigations of current conditions, these will provide the foundation for your new designs. If these are not correct, or if they are based on false assumptions, your project’s cost and schedule will be adversely affected.

Throughout the design process, you need to keep your partners and stakeholders informed of your plans for the building. This might be the first time you have been able to show them something tangible - adding detail to your plans and strategies. It is important to get community input on these plans, and an initial review by your funding partners and regulatory agencies. Any concerns should be addressed at an early stage in design development.



Following completion of the design studies and final program analysis, your architect should prepare construction documents. Final construction documents consist of plans and specifications necessary for the bidding and construction of the project. They are more detailed versions of the schematic plans and design development documents and will function as instructions for the construction of the project. These all come together in the bid package used to solicit contractor’s bids. These should provide clear directives for the general contractor and subcontractor on all aspects of your project. The bid specifications should also provide clear guidance on how bidders should submit and present their bids, and should include any special

terms, such as penalty clauses or late charges.

After you have approved the construction documents and obtained the required permits (see below), the project is ready for the bidding phase. Of course, if you are a developer-builder, have already selected a developer, or you already have a contractor on your team, you may not need to go out for bids.

You may be looking for a general contractor to perform, or work with a series of subcontractors to perform, all of the contracting tasks related to the redevelopment project including interior, exterior, systems and site work. In this case, the finished plans and specifications are bid out to qualified general contractors.

Alternatively, you may be looking for a construction management firm. This approach differs from hiring a general contractor. The individual or firm will essentially run the job for a set fee. They will help bid the individual components of the job. They will provide services, including cost estimation, contract administration, and scheduling. Given the intricacies often involved in historic restorations, this approach may give you increased flexibility. Once again, you may already have a construction management firm on board or you may be using your architect in this capacity.

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A public solicitation may be required if you are a municipality, or are using public funds in your project. You must make sure you meet all the procurement requirements that you are to follow. If you are required to go out to bid, or have chosen this route to selecting a contractor, you should solicit bids from area contractors by advertising in local newspapers and related industry and trade journals. A pre-bid meeting - a question and answer session - may be scheduled for prospective bidders. Your architect can prepare the bid document package and any needed amendments, and assist in the review of the bids and make a contractor recommendation for the project. If you are a municipality, you may be required to take the lowest bid. If you are a developer or a nonprofit, the lowest bid will probably be the most attractive at first glance. Regardless of your circumstances, you should carefully analyze all bids. Does a wide margin separate the low bid from all of the others? If so, this bid should be thoroughly reviewed. Such differences may result from errors or bad assumptions, material or other substitutions, or changes to the work scope.

Perhaps the most important element in your review of bids is to make sure you are able to select an experienced contractor for the job. Take into account their past projects and review all references given. For the general contractor and all subcontractors, it would also be useful to see the resumé and experience of the general contractor's superintendent and each subcontractor's foreman, since these people will be responsible for the day-to-day management of

your redevelopment. After reviewing bids, the low bidder will be interviewed and if everything is acceptable, a contract will be awarded, insurance established, and a job schedule developed.

### Completing environmental review and obtaining permit approvals

Before you begin constructing your project, it is essential that all your environmental reviews, permits, and other approvals are in place.

Your project may be subject to environmental review under:

- State Environmental Quality Review Act (SEQR) - the process through which State and local governments balance environmental, social and economic issues, during the review of the project ([www.dec.ny.gov/public/357.html](http://www.dec.ny.gov/public/357.html))
- City Environmental Quality Review (CEQR) - the New York City equivalent of SEQR ([www.nyc.gov/html/oec/html/ceqr/ceqr.shtml](http://www.nyc.gov/html/oec/html/ceqr/ceqr.shtml))
- National Environmental Protection Act (NEPA) - the comprehensive environmental analysis of all federal actions, including projects where federal funding is involved (<http://ceq.eh.doe.gov/nepa/nepanet.htm>)

### SEQR

The State Environmental Quality Review Act (SEQR) establishes a set of uniform regulations by which all State, county, and local governmental agencies incorporate consideration of environmental impacts into their planning, review, and decision-making processes. Impacts to historic resources - such as buildings listed on the State or National Registers of Historic Places, and archeological sites - should be taken into account. To accomplish the goal of the Act, SEQR requires that all governmental agencies determine whether the action they directly undertake, fund or approve may have a significant impact on the environment.

Remember that environmental review is of all your project's components. If different elements of a project are linked at a particular point in time by funding, permitting, or the likelihood they will be constructed or reconstructed in the near future, or if one is dependent on the others, they must be reviewed as a single undertaking. Redevelopment projects involving abandoned buildings and sites will fall into one of three categories:

- Under SEQR, most projects will be classified as a Type I or Unlisted action. Both Type I and Unlisted actions require that the lead agency complete an environmental assessment form (EAF) and coastal assessment form (CAF), if the project is in the coastal area, and make a determination of significance.

- Some projects may qualify as a Type II action under SEQR or a categorical exclusion under NEPA. This ends the environmental review requirements under SEQR and NEPA. If federal funding or some federal action is involved, projects will require an Environmental Assessment under NEPA.

The SEQR process is a useful means for coordinating project review. It is designed to operate within the local approval process. The key is to understand the SEQR process and provide all involved agencies with the information they need to make informed decisions. You should use the SEQR process to coordinate and facilitate your project review by:

- Identifying and addressing potential environmental impacts before you submit a single document. The earlier these concerns are addressed, the smoother the approval process will be.
- Familiarizing yourself with SEQR procedures and planning your project with those procedures in mind. Consider retaining a consultant with SEQR experience in the planning stages to help guide you through the approval process.
- Requesting a pre-application meeting with all involved agencies that will either fund or issue permits for your project, and inviting interested parties that may be affected by the redevelopment. Outline your project and obtain feedback on the environmental and procedural issues that

could potentially affect approval. This information will allow you to address agency concerns before filing formal permit applications.

- Properly completing the EAF and CAF. Providing accurate and complete project information from the outset will avoid delays later in the project approval process. Attach information that highlights how the specific issues identified in the EAF and CAF will be avoided or minimized.
- Attaching copies of all permit applications to the EAF. This practice familiarizes each agency with all of the approvals required for the project and allows them to avoid problems coordinating the permits.
- Modifying the project to avoid impacts. If it appears that the project may have significant impacts, modify the proposal to minimize those impacts.

If it is determined that the project may have significant adverse impacts, then you will be required to complete an Environmental Impact Statement (EIS). This will describe the project and its potential adverse environmental impacts and examine ways to reduce or avoid those impacts. The EIS will be subject to public review. It is usually prepared by a consultant. Once the requirements of SEQR have been met and the action selected has been determined to avoid or minimize the environmental impacts to the maximum extent practicable, then permit approvals for the project can be issued.



*Coleman's Irish Pub, Oswego*



Beacon



Pittsford



Oswego

## Local land use

Many communities have a variety of land use planning and regulatory mechanisms to ensure the quality of the natural and built environment. Your project will be reviewed on the local level to determine the application of local land use regulations. You should contact your local planning, zoning, and building departments early and often in your project's development. Your comprehensive project schedule should incorporate as many permit approval schedules as possible. Revise it periodically as the time line progresses.

The rehabilitation of abandoned buildings or sites may be subject to one or more local review or regulatory processes, including:

- Zoning - enables a community to exercise control over the type of development that can occur. Zoning regulations divide a municipality into districts, identify permitted land uses, and establish area and bulk requirements, such as lot sizes and setbacks.
- Site plan review - ensures that the layout and design of development meets the overall planning goals of a municipality. The site plan review provisions may be part of local zoning regulations, or a stand-alone local law.
- Subdivision regulations - address how parcels of land are developed. Subdivision of abandoned sites may raise issues

related to drainage, water supply, sewage disposal, potential flooding and the location, design, and functioning of roadways and bicycle/pedestrian facilities.

- Erosion control and sedimentation laws - ensure that development does not impact water quality by controlling erosion and sedimentation.
- Flood plain management regulations - protect communities from damage caused by flooding.

## Historic preservation programs

Some communities have local historic preservation programs and architectural design guidelines. These can be incorporated into zoning or site plan review, or be a separate local law. Local historic preservation and landmark laws may provide the opportunity for a community to designate an individual building or group of buildings as historic landmarks or districts. These laws may also include guidelines and standards for redevelopment that could impact your redevelopment proposal. Architectural guidelines may apply more widely to all development throughout a community. These can include guidelines and standards that cover a wide array of architecturally and design related issues including style, massing, windows, and color.

Some abandoned buildings and sites may involve review by the Historic Preservation Field Services Bureau. Resources, either listed or eligible for listing on the National or State Registers of Historic Places, receive a measure of protection through the Field

## Case Study: Beacon

On Beacon's main street, a private developer saw opportunity in a declining downtown. Using market research to guide them and adhering to historic rehabilitation standards, the developer has renovated abandoned buildings one at a time - creating a mix of upscale retail and commercial storefronts, with residential uses above, and bringing new jobs to downtown.

Ron and Ronnie Sauers, a husband and wife construction contractor/interior design team from Manhattan, recognized the potential of Beacon's historic buildings, scenic waterfront setting, proximity to New York City, and prime location with direct access to I-84, commuter rail, and Stewart Airport.

They purchased a building in downtown Beacon that had been heavily damaged by fire and stood vacant for nearly seventeen years. As they developed rehabilitation plans, the Sauers bought a second building, attracted by the buildings' historic character and the opportunity to construct totally new commercial and residential spaces. The fact that the buildings were vacant was also appealing because it meant the Sauers would not have to displace existing tenants, and they would be able to undertake construction on their own timetable.

The Sauers worked closely with the Beacon Historical Society, owners of stores previously located in the buildings, and former building tenants to locate photographs and replicate

historic building elements. In rehabilitating these buildings, the Sauers were confident that by restoring building facades based on evidence found in historic photographs and creating modernized upscale interiors and effective marketing, they would be able to attract and retain high quality tenants at fair rents.

To market the rehabilitated properties to prospective residential and commercial tenants, the Sauers developed brochures with professional color renderings of building facades and interior spaces, as well as specific information about each available space. A promotional kit was prepared for local realtors and businesses and Ronnie Sauers developed an extensive slide show documenting building rehabilitation work, which she gave to civic groups in the Beacon area. In spite of this, most of their tenants found them through word-of-mouth.

Initially unable to find desirable tenants for the rehabilitated buildings because of perceptions about living in downtown Beacon, the Sauers moved into one of the units themselves, and relocated their construction firm to one of the storefronts. A small antique store already located in Beacon wanted to expand and moved into the Sauers double storefront space. Soon after, the Sauers purchased another building, which was located around the corner from the first two. Since 1990, the Sauers have rehabilitated and returned five buildings to productive service and the tax rolls, creating space for local businesses that provide goods

and services to residents and visitors. They have directly and indirectly created jobs and employment opportunities for community residents and have served as catalysts in Beacon's redevelopment.



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Services Bureau's environmental review program, whenever State and federal agencies fund, license, or approve projects. Under Section 106 of the National Historic Preservation Act and Section 14.09 of the New York State Historic Preservation Act, the Field Services Bureau's role is to ensure that effects or impacts on eligible and listed properties are considered and avoided, or mitigated during the project planning process. In addition, the Field Services Bureau can provide advice to local communities on local preservation environmental reviews under the provisions of SEQR ([www.nysparks.state.ny.us/shpo/environ](http://www.nysparks.state.ny.us/shpo/environ)).

## Uniform Code

Building owners are responsible for complying with the State Uniform Fire Prevention and Building Code (Uniform Code). The Uniform Code contains standards for the construction of all buildings; the installation of equipment therein, including standards for materials to be used in construction; and standards for safety and sanitary conditions. The Uniform Code is intended to increase the level of public protection by establishing minimum standards for safety throughout the State.

The Department of State is charged with maintaining the Uniform Code through the authority of the State Fire Prevention & Building Code Council, and for oversight enforcement by local governments ([www.dos.state.ny.us/code/is-codes.html](http://www.dos.state.ny.us/code/is-codes.html)).

Provisions of the Uniform Code address the rehabilitation of existing buildings. The intent of these provisions is to encourage the use and reuse of existing buildings throughout New York State. Changes to the Uniform Code went into effect on January 1, 2003, and set into place an incremental approach (Appendix K of the Building Code of New York State) for the rehabilitation of existing structures. As the scope of construction activity increases, the level of regulation increases. This approach, along with the avenue for requesting relief through the variance process, will encourage the use of underused and vacant structures.

As most abandoned buildings were constructed at a time when the building code was much less stringent or even non-existent, one of the key challenges for the community and the developer will be compliance with the building code. Typical compliance issues confronting the rehabilitation of abandoned buildings include:

- provision of secondary egress for all floors and individual uses within the building
- provisions for handicapped accessibility to the building and services contained therein
- increased fire protection measures for the upper floors of these buildings
- the Uniform Code prohibits the use of construction materials containing asbestos or lead based paint and requires their removal from the site

- the Uniform Code also limits certain uses above the ground floor depending upon the construction classification of the building

Early consultation with local building officials and the Regional Codes Office of the Department of State will help you deal with these issues.

## Additional permits and approvals

Depending on the particular development and local conditions, the development may also require permits and/or approvals from:

- New York State Department of Environmental Conservation for a wide range of environmental conditions ([www.dec.ny.gov](http://www.dec.ny.gov))
- Your local health department - typically these approvals are related to water and sewer service to the redeveloped sites
- If your building is in the State's coastal area, and your project requires a State and federal agency action, this action is required to be fully consistent with the policies of the State's Coastal Management Program ([www.nyswaterfronts.com](http://www.nyswaterfronts.com))

New York State's Guide to Shovel-Ready Certification ([www.gorr.state.ny.us/SR\\_welcome.html](http://www.gorr.state.ny.us/SR_welcome.html)) provides a listing of the most common State permits and approvals likely to come into play in developing a site, ranging from permits that will be required to physically improve a site, to the type of permits or approvals specific

to certain types of businesses, certain geographic areas, or certain types of land use. It also provides information on the State Environmental Quality Review process. New York State has also developed a comprehensive site for Online Permit Assistance and Licensing ([www.nys-opal.org](http://www.nys-opal.org)). This website provides a wealth of information on New York State's permit requirements, as well as miscellaneous business information. You can search by agency or choose your business type to create a customized list of links to various permits.

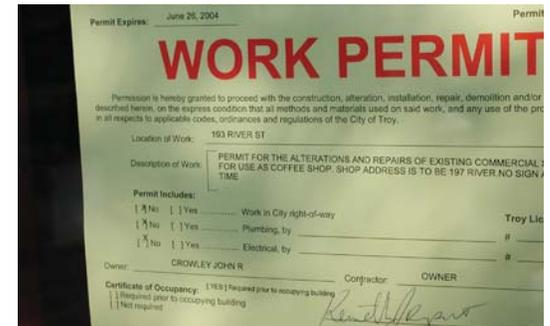
## Securing site control

Obtaining site control is critical. Most funding sources, particularly sources of subsidized financing such as State and federal grant programs, will require site control before granting any funding request. You will also need access to your building and site to conduct investigations and engineering studies as part of your feasibility analysis.

Most successful developers do not publicly announce their proposed development plans prior to assembling the property needed for development and securing site control. The reason is obvious. If they announce their development plans too early, sellers may raise their prices, especially if a number of parcels are being acquired at once. One hold-out could demand more than you can afford.

Some form of site control should be secured immediately following the initial feasibility analysis and before the preliminary design stage. In some cases it might be preferable to obtain an option on the building or site before you finalize your project. In most cases, the typical arrangement is execution of a purchase contract between seller and buyer. The purchase contract is a legally binding document that establishes the agreed upon price to be paid, provided that certain contingencies are satisfied. The purchase contract usually requires only a nominal payment to the seller, which is often refundable to the buyer if contingencies are not met. Contingencies are generally set by the buyer and usually involve the buyer's ability to obtain necessary financing, environmental clearance, permits, and approvals required to allow the proposed development.

Sometimes the existing owner of the abandoned property is the municipality. Often, they have ownership of abandoned buildings because of tax foreclosures or they may purchase the property to facilitate development and control the redevelopment options at the site. Sometimes, they may seek to redevelop the buildings themselves, but more often, they are looking for private developers to invest in the property. Municipalities can often help you through the permit and approval process, secure favorable financing through local, State or federal funding sources, and provide tax incentives. In some cases, a municipality might choose to offer a long-term lease to a developer.



*Working toward reuse*



Kingston



Troy



Syracuse

Real estate can be divided into several types of physical interest - the land itself, subsurface rights, and airspace. At the same time, ownership may take a variety of legal forms. Ownership is most often viewed as consisting of a “bundle of rights” which includes the rights of possession, control, enjoyment, and disposition subject to limitation or restriction by governmental action. These rights are also subject to restrictions created or agreed to by prior owners that are binding on their successors. The fact that investments are available in a multitude of forms makes real estate development attractive to many investors because each combination of legal and physical interest represents a different balance of risk and reward, so an investment position can be tailored to a particular investor’s requirements. As a result, capital can be attracted from virtually every type of investment interest.

As you consider your options for ownership, you need to be aware of the common legal entities used to hold real estate:

- individual ownership
- general or limited partnership or joint venture ownership
- regular (C) corporation ownership
- partnership-type (S) corporation ownership
- trust ownership

Each of these has benefits and drawbacks,

including substantial tax implications which you should examine.

## Building your project

Construction commences once you have awarded the contract, all your permits are in place, and a pre-construction meeting has been held. The architect on your team provides basic construction phase services as defined by the Standard American Institute of Architects (AIA) B141 document. These services include:

- construction field inspections to determine whether the work is in general compliance with the contract documents
- preparation of related field reports
- review of contractor’s submittals, as required, and reporting on compliance to municipal representatives, including final acceptance of project
- inspection punch lists and reports
- preparation of “as-built” plans following completion of construction
- additional construction management services

The construction manager is your representative on the site and provides the following services:

- monitors construction to ensure that the work is performed in compliance with the specifications and permit conditions

- schedules and mediates timing issues between various contractors, subcontractors, and competing crafts
- frequent, even daily, field inspection and project coordination services
- financial accounting of construction costs and draw-downs from various funding sources
- additional monitoring and documentation as required by federal and State funding sources

You can fulfill the construction manager services on your own by requesting that your architect perform these services as an add-on task or by hiring an independent contractor who provides this service. Implementing a strong and consistent construction management program is critical to your success and will establish the rules and procedures that will govern all the work performed on your project. Effective project management may seem costly at first, but in most cases it will more than pay for itself by reducing change order costs, maintaining project schedules, and ensuring quality control.

## Operating and marketing your building

Even though you have been focused on the construction of your building, you must continue to plan ahead for the building's ultimate use. You are now responsible for a major asset as the redevelopment process moves to operations.

Operational procedures are generally thought of as property management. But, there is much more than the property to be managed. The building, the tenants, the ownership entity, the leases, and its marketing all need to be managed, as well.

You will need a property management plan to help you operate your building. This plan will contain five basic elements:

- policies and procedures
- marketing and leasing
- maintenance plan
- capital improvements budget
- overall management of ownership equity

You may choose to manage the property or you may need the expertise of a property management firm, to help you develop and implement this plan. If you hire a property management firm you must develop a clear understanding of, and agreement on, policies and procedures. The following are among the issues that should be addressed:

- Who does the manager report to and who reports to the manager?
- Who chooses vendors and suppliers?
- What amount can be spent by the manager without specific authorization?



*Hudson*

- What are the required reports and information that need to be communicated to the owners?
- How are disputes with tenants resolved?
- Is the manager authorized to negotiate leases and/or lease extensions?
- What are the manager's marketing and leasing responsibilities?
- How is the manager's compensation based and how is payment made?
- What are the specific responsibilities of the owner?

Most developers rely on a property management firm to handle property lease-up, maintain the desired level of occupancy, and secure new tenants when necessary. This firm will also assist in developing and implementing a property maintenance plan and capital improvements budget. More basic to the property manager's job is the day-to-day operation of the building - resolving disputes and problems as needed, making necessary repairs and improvements, and carrying out the financial management of the building, including budgeting, rent collection, payment of operational expenses, and annual income/expenditure reporting.

## Marketing and leasing

An initial marketing plan was created as part of project implementation. Since it is unlikely that the building will have reached its desired

occupancy level by the time start-up operations begin, it might be necessary to review and revise the marketing plan at this point.

Assuming you have started to fill your building, ask yourself and your partners these questions:

- What types of tenants have you attracted?
- What size are these organizations?
- Is there a particular configuration of space that is attractive to them?
- What parts of your initial marketing strategy were successful?
- What can you do to build on this success?
- Are there experts available who can help you to improve your marketing strategy?

Do not overlook existing tenants. They could become advocates for your building, promoting its benefits to prospective tenants. It is in the best interests of existing tenants to see your building fully occupied and thriving.

When you have the occupancy level where you want it, you should review your rent-up schedule. If you are on or ahead of schedule it probably needs only minor changes. If you are significantly behind schedule, adjustments will be required. Similarly, review the spread between the projected rent and the amount that was actually negotiated in leases. If there is little difference between the two figures, it is possible

that there is room for some increase in the rates. If there is a sizable difference, the asking rent may be scaring off some potential tenants and a downward adjustment may be needed.

A key component of your marketing strategy is how you price your space. If your building is already a success, you may need to renegotiate future leases and raise your prices. If you are having a hard time attracting tenants, you will need to review your pricing and consider lowering your rates. Take a look at your competition - are they successful? Are they doing something differently in terms of pricing strategy, marketing, or incentives that you could learn from? If the competitive properties are at or below your occupancy level, the problem may be with the current market and not your marketing plan.

The most efficient and cost-effective method of maintaining a building's stable occupancy is by retaining existing tenants. Keeping existing tenants is the responsibility of the property manager. You should not hesitate to spend at least as much in keeping an existing tenant as in finding a new one. If, as a matter of course, walls are repainted and new carpets are installed when a new tenant moves in, then those amenities should be given to tenants renewing their existing leases, as well.

You should also maintain a list of tenant inquiries so there is a ready list of potential occupants when vacancies become available. The property manager should be familiar with the standardized lease in order to be able to discuss its provisions

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with potential tenants. There should be an annual budget provision for leasing and marketing even if no vacancies are anticipated.

Continue to monitor market conditions and update marketing and leasing plans. Earlier in the redevelopment process, the development team assembled extensive market information regarding the supply and competitive analysis of properties similar to your project. This same information should be updated at least annually by your property manager. The real estate market is a dynamic one. If the primary purpose of the operation phase is to maintain and enhance value, it is necessary to stay on top of constantly changing market conditions. This information will also be helpful when negotiations take place for lease renewals with existing tenants.

### *Implement and monitor property management*

As soon as possible after taking over the management of the building, the property manager needs to: thoroughly inspect the building, making note of any deficiencies and deferred maintenance; meet all existing tenants; and personally contact all building suppliers, service technicians, and outside contractors. The record-keeping part of property management will begin immediately.

To facilitate their job, you should give the management company the following information: copies of all existing leases; a list of names, phone numbers, addresses and individual contacts for all contractors used for the building

in the past, listed by trade category; emergency numbers of owner(s); a current rent roll; the names and phone numbers of the architect and general contractor who most recently worked on the building; and a current property budget, names, and account numbers for all utility suppliers, manuals, vendor names, and service contracts for all equipment.

### *Maintenance plan*

The building maintenance plan should have four levels of attention:

- The periodic maintenance plan will have scheduled activities on a daily, weekly, monthly, quarterly and “as required” basis covering such items as mopping, dusting, glass cleaning, lawn mowing, snow removal, and rest room maintenance.
- The preventative maintenance plan will include such things as changing air conditioning filters, cleaning vents, maintaining equipment as specified by the manufacturer, and regular roof inspection.
- The repair plan will identify which repairs should be performed by the property management firm and which should be assigned to outside contractors. Typical repairs will involve light fixture replacement; carpentry, plumbing and electrical repairs; repair of mechanical systems, including heating systems, air conditioning, and ventilation; repairs to doors and windows; and sidewalk, driveway and parking lot repairs.

- The emergency plan should specify actions involving flooding; loss of electrical power; sewer backup; and clean up after fire, wind, snow, or vandalism damage.

Experienced property management firms will have prepared a property maintenance plan for other buildings that can be used as a model.

### *Capital improvements budget*

You must understand that real estate is an asset that requires periodic reinvestment. Many individual elements - for instance, carpeting, appliances, or roof covering - within your building will have a useful life much shorter than the building itself and will require repair and replacement on a regular basis. You should prepare a Capital Improvements Budget which identifies those items that will need to be replaced, estimates their replacement cost, estimates the probable useful life of the building element, and budget either an annual reserve for each item or an allowance in the appropriate



Oswego

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year for the entire replacement cost. Based on this process, you can reasonably predict when such expenditures will be necessary and establish a formal reserve account from cash flows to provide for the needed capital expenditures.

### *Provide overall management of ownership entity*

Not only will the building need to be managed, but its ownership entity may require management, as well. If you own just one property, the entity's management will not be necessary on a daily basis, but certain tasks will need to be performed. Typically, these include: annual reporting of operating results to all equity participants; quarterly or annual cash flow and tax credit distributions to owners; preparation and distribution to owners of federal and State income tax documents; regular comparisons between projected returns and actual returns; and annual filing of business licenses and corporate fees.

The management of the ownership entity may be done by someone other than the property manager, perhaps even a member of the development team or the developer. Whoever is responsible for the ownership entity's management will have to maintain regular communication with the property manager and the ownership accountant.



*Troy*



*Hudson*

# CONCLUSION

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This guidebook has described for you the development process, and the techniques and resources available to redevelop abandoned buildings and sites. We began with a discussion of vision and finished with a guide to project implementation. Each of the sections provided direction and lessons on how to make opportunities happen.

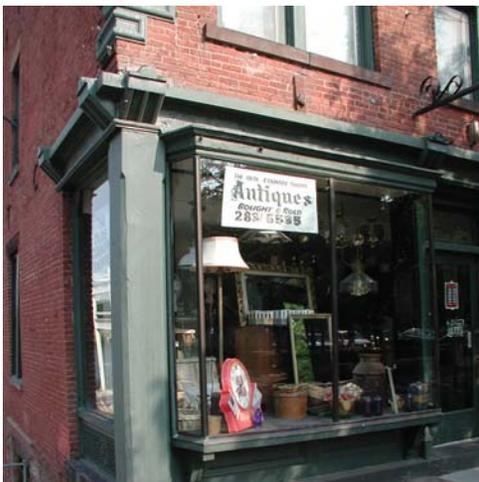
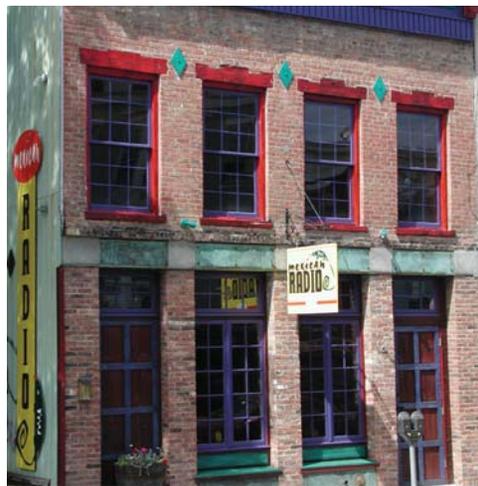
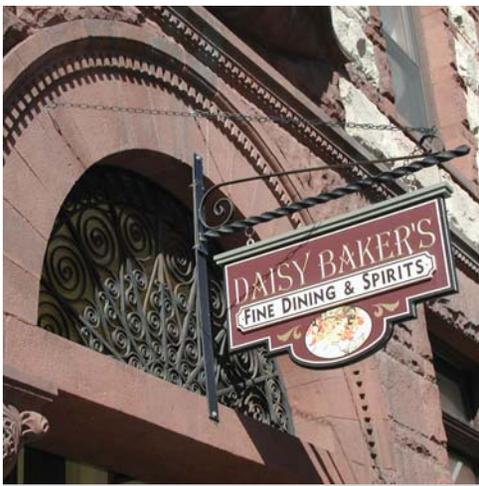
## **Opportunities happen when...**

- ✓ **You have the imagination to see abandoned buildings in a new light.**
- ✓ **You know where you want to go.**
- ✓ **You have created a clearly defined, achievable vision.**
- ✓ **The people who live and work in the community have bought in to your vision.**
- ✓ **You build a foundation of public support and confidence.**
- ✓ **You have developed a detailed plan and strategy for implementation.**
- ✓ **You know what you have to work with.**
- ✓ **You respect your community's heritage.**
- ✓ **You take advantage of all your resources and assets.**
- ✓ **You have established partnerships and gained commitments from all stakeholders.**
- ✓ **You know your market and find a niche for your building.**
- ✓ **You have the patience and persistence to implement the many phases of redevelopment - one step at a time ...**

Take a closer look at your community. Those long-neglected and abandoned buildings have the potential to help revitalize your community.

It is a transformation that begins with people who have a vision. Whether you are in government, the community, or the private sector, you need the imagination to see the potential of abandoned buildings as opportunities.

One renovation project can lead to another ... and another ... until the community is transformed, one revitalized building at a time. So take a fresh look at abandoned buildings and abandoned sites in your community and discover the opportunities waiting to happen.



*New spaces for old places*

# APPENDIX

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## Where to find potential partners for redevelopment projects

### *New York State*

If your building is in a waterfront municipality or a community center, the **New York State Department of State** will be an important partner. The Division of Coastal Resources helps to form and expand collaborative relationships with local governments, nonprofits, businesses, and citizens to assure that waterfronts are accessible and to improve the quality of life, through enhanced environmental quality and appropriate economic growth. The Division uses both traditional and progressive techniques to help solve problems, provide technical assistance, and provide grant funds for New York State's waterfronts. These approaches are being used by the Division of Coastal Resources to help revitalize community centers across the State. More information can be found at: [www.nyswaterfronts.com](http://www.nyswaterfronts.com).

If your building is an historic property, the **New York State Office of Parks, Recreation and Historic Preservation** will be a valuable partner. Working with governments, the public, and educational and nonprofit organizations to raise historic preservation awareness, the Historic Preservation Field Services Bureau ([www.nysparks.state.ny.us/shpo/planning](http://www.nysparks.state.ny.us/shpo/planning)) seeks to instill in New Yorkers a sense of pride in the State's unique history and to encourage heritage tourism and community revitalization. In partnership with the National Park Service, the

Bureau helps identify, evaluate, preserve, and revitalize New York's large and diverse collection of historic resources. Early collaboration with the Bureau is encouraged and can help you advance your project.

As New York's State Historic Preservation Office, the Bureau administers programs authorized by both the National Historic Preservation Act of 1966 and the New York State Historic Preservation Act of 1980. These programs, including the Statewide Historic Resources Survey, the New York State and National Registers of Historic Places, the Federal Preservation Investment Tax Credit, the Certified Local Government program, the State Historic Preservation Grants Program, State and federal environmental review, and a wide range of technical assistance, are provided through a network of teams assigned to territories across the State.

If you are considering the rehabilitation of your abandoned building for residential use, the **New York State Division of Housing and Community Renewal (DHCR)** will be an important partner ([www.nysdhcr.gov](http://www.nysdhcr.gov)). DHCR is responsible for the supervision, maintenance and development of affordable low and moderate income housing in New York State. The Division performs a number of activities in support of this mission including oversight and regulation of the State's public and publicly assisted rental housing, administration of housing development and community preservation programs to assist housing developers to partially finance

construction or renovation of affordable housing, and administration of the rent regulation process for more than one million rent-regulated apartments in New York State. DHCR offers technical assistance to providers of affordable housing throughout New York State, providing case-by-case assistance, group training and guidance on a range of topics relating to nonprofit organizational issues and the development of affordable housing. Their website provides information on the full array of assistance that they can provide as you consider how to redevelop your building ([www.dhcr.state.ny.us](http://www.dhcr.state.ny.us)).

If your building or site is going to involve environmental issues, the **New York State Department of Environmental Conservation (DEC)** will be an important partner. The Department offers a wide range of programs that conserve, improve, and protect New York's natural resources and environment, and control water, land and air pollution ([www.dec.ny.gov](http://www.dec.ny.gov)). One key area that you may be interested in is site cleanup and remediation. The DEC administers several different programs:

- State Superfund Program
- Brownfields Cleanup Program
- Environmental Restoration Program
- Brownfield Opportunity Areas Program
- Spill Response Program

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If you think your site might be a brownfield, you should visit the brownfields web page at: [www.dec.ny.gov/chemical/brownfields.html](http://www.dec.ny.gov/chemical/brownfields.html). DEC has produced a brownfield manual that will help you understand this issue. It provides assistance to municipalities and the private sector in the redevelopment of brownfield sites ([www.dec.ny.gov/docs/remediation\\_hudson\\_pdf/brownmanual.pdf](http://www.dec.ny.gov/docs/remediation_hudson_pdf/brownmanual.pdf)). The manual outlines State, federal and private funding and financial incentives, as well as technical assistance and liability protection available for the cleanup and redevelopment of brownfield sites. DEC has also produced a series of fact sheets on remediation ([www.dec.ny.gov/chemical/8661.html](http://www.dec.ny.gov/chemical/8661.html)).

The Environmental Restoration Program is an attractive program to be used in conjunction with redevelopment since it provides financial assistance. Qualified municipal applicants can receive up to 90 percent reimbursement for eligible investigative and remedial costs. The Brownfield Cleanup Program is also well suited for redevelopment projects. Remedial plans and subsequent level of cleanup are developed consistent with the contemplated use of a property. In all cases the remedy selected is protective of the public health and the environment. The Brownfield Cleanup Program also includes a release from the DEC for remedial liability for the work completed.

The Brownfield Opportunity Areas Program provides communities and qualified community-based organizations with assistance to complete area-wide approaches to brownfield

redevelopment planning. Through the Brownfield Opportunity Areas Program, communities have opportunities to address assistance and investments to revitalize communities by returning idle areas back to productive use and in restoring environmental quality ([www.dec.ny.gov/chemical/8447.html](http://www.dec.ny.gov/chemical/8447.html)). The Department of State's Division of Coastal Resources is managing this important program in cooperation with DEC.

One issue that often comes up in abandoned buildings is the handling and removal of asbestos. While NYS DEC can offer help with the disposal of asbestos, protecting the public against toxic hazards from asbestos fiber exposure associated with the demolition, rehabilitation and renovation of buildings and other structures containing asbestos is the responsibility of the **Department of Labor's** Asbestos Control Bureau. The Bureau enforces the New York State Labor Law and Industrial Code Rule 56 (Asbestos). Requirements include the licensing of contractors, certification of all persons working on asbestos projects, filing of notifications of large asbestos projects and pre-demolition survey of buildings to identify any asbestos which may be present, to ensure proper abatement of asbestos materials ([www.labor.state.ny.us/workerprotection/safetyhealth/DOSH\\_ASBESTOS.shtml](http://www.labor.state.ny.us/workerprotection/safetyhealth/DOSH_ASBESTOS.shtml)).

If you are looking to start up a company, locate a business in New York, or expand existing operations, **Empire State Development (ESD)** will be an important partner. ESD is committed to

creating jobs and encouraging economic prosperity in New York State. They work closely with businesses to identify creative solutions to challenging problems, generate enhanced opportunities for growth, and help them achieve their goals. Financial assistance and other services provided by ESD are summarized on their website ([www.nylovesbiz.com](http://www.nylovesbiz.com)).

The Empire Zone Programs offered by ESD enables New York State to have a competitive advantage when vying against other states to attract companies. Empire Zones are designated areas throughout the State consisting of a maximum of either 1 square mile (640 acres) or 2 square miles (1,280 acres), that offer significant incentives to encourage economic development, business investment and job creation. Businesses operating inside a zone are eligible for a range of tax benefits that are applied against new capital investments. Benefits include: tax reduction credits; real property tax credits; sales tax exemptions; wage tax credits; and utility rate reductions; among others. Their website ([www.nylovesbiz.com/Tax\\_and\\_Financial\\_Incentives/Empire\\_Zones](http://www.nylovesbiz.com/Tax_and_Financial_Incentives/Empire_Zones)) provides information on the program. Another aspect of ESD's support to communities is the Restore NY program ([www.nylovesbiz.com/restoreNY](http://www.nylovesbiz.com/restoreNY)), which is designed to encourage economic development and neighborhood growth by providing municipalities with financial assistance to revitalize urban centers, induce commercial investment and to improve the municipal housing stock.

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To foster New York State's economic growth, the **Governor's Office of Regulatory Reform (GORR)** works with ESD to coordinate the "Build Now-NY" initiative ([www.gorr.state.ny.us/buildnow-NY.html](http://www.gorr.state.ny.us/buildnow-NY.html)). This grant program allows local governments to decide the appropriate type of development for their community and to strategically market an inventory of pre-approved "shovel ready" sites to a wide range of fast growing, job-creating companies.

The Guide to Shovel-Ready Certification ([www.gorr.state.ny.us/SR\\_Guide.html](http://www.gorr.state.ny.us/SR_Guide.html)) provides a brief overview of pre-permitting, along with information on the State Environmental Quality Review process. It also provides a listing of the most common State permits and approvals likely to come into play in developing a site. This guide should be used in conjunction with other Build Now-NY publications, including the specific development type profiles listed above.

If you are concerned with safe and economical energy production in your rehabilitated building, the **New York State Energy Research and Development Authority (NYSERDA)** will be an important partner. NYSERDA, a public benefit corporation, provides energy-related technical and financial packaging assistance to businesses and institutions to promote energy efficiency and economic development. NYSERDA administers the New York Energy Smart<sup>SM</sup> Program ([www.nyserda.org/program](http://www.nyserda.org/program)), which is designed to support certain public benefit programs during the transition to a more competitive electricity market.

For economic development activities directed toward neighborhood revitalization and economic development, **New York State's Office of Community Renewal** may also be an important partner ([www.nysocr.org](http://www.nysocr.org)). The Office administers the Community Development Block Grant Program for the State of New York which provides grants to eligible cities, towns, and villages with a population under 50,000 and to counties with an area population under 200,000 in order to revitalize neighborhoods, expand affordable housing and economic opportunities, and/or improve community facilities and services.

The **New York State Smart Growth** website ([www.SmartGrowthNY.com](http://www.SmartGrowthNY.com)) is an easy-to-use directory or 'portal' to State agency programs with brief descriptions of services and links to appropriate agency web pages. The site provides guidance on State agency assistance including grant and financial information, technical assistance, as well as data and regional inventories. You will find information that can help you revitalize your waterfront, including economic development, revitalization, transportation and neighborhoods, conservation and environment, planning, technology, and partnerships.

### *The federal government*

The **U.S. Department of Housing and Urban Development (HUD)** offers a range of economic development and community renewal programs. Many of these programs offer tax-incentive packages to encourage business owners and developers to open new businesses, rehabilitate

abandoned buildings, provide new jobs, and create new housing. At the HUD website ([www.hud.gov/offices/cpd/economicdevelopment/programs/index.cfm](http://www.hud.gov/offices/cpd/economicdevelopment/programs/index.cfm)), you will find descriptions of programs offered by HUD, as well as descriptions of programs provided by other federal agencies in the fields of economic development and small business assistance.

The **U.S. National Park Service's** Heritage Preservation Services ([www.nps.gov/history/hps](http://www.nps.gov/history/hps)), helps individuals and communities identify, evaluate, protect, and preserve historic properties for future generations. It works with State Historic Preservation Offices across the country to administer federal programs and services. It provides a broad range of products and services, financial assistance and incentives, educational guidance, and technical information in support of this mission. If you are working with a historic building, Heritage Preservation Services will be able to help with almost every aspect of your project, from planning and evaluation to repair and rehabilitation.

The National Park Service's Rivers, Trails and Conservation Assistance Program is always exploring new ways to help communities work together to improve their special places. They have developed a ToolBox for public participation that can help you to involve the community in your project. ([www.nps.gov/phso/rtcatoolbox](http://www.nps.gov/phso/rtcatoolbox))

The **U.S. Environmental Protection Agency** ([www.epa.gov/brownfields](http://www.epa.gov/brownfields)) provides information on all aspects of brownfield redevelopment. In



Hudson



Syracuse



Troy

New York State, EPA Region 2 implements the Brownfields Economic Redevelopment Initiative, a multi-faceted program providing technical, legal, and information resources and direct assistance to regional brownfield stakeholders, including State agencies, local municipalities, and community organizations. For more information call the Regional Brownfields Hotline at (800) 346-5009, or visit them on-line at: [www.epa.gov/region02/brownfields](http://www.epa.gov/region02/brownfields).

If you want to develop your building as part of a sustainable community development, check out the EPA's Green Communities Program. The Green Communities Assistance Kit is a step-by-step guide for planning and implementing sustainable projects ([www.epa.gov/greenkit](http://www.epa.gov/greenkit)).

### *Local governments and related entities*

Local governments may have planning, design, engineering, and economic development staff and local committees who can help you develop your abandoned building. They can provide technical assistance at all stages of the project, as well as local plans and consultant studies, such as appraisals, cost estimates, feasibility studies, market studies, reuse analysis, engineering reports, land use studies, and marketability studies. They can aid a development project by directing capital and public works expenditures to coincide with the needs of the development. Building an adjacent parking lot, clearing the site of structures, providing water and sewer to the site, and providing new sidewalks and lighting are

examples of this type of assistance. Sometimes they may be able to provide direct funding assistance and even become joint venture partners. Municipalities can sometimes help with acquisition. A project that would otherwise be impossible may be facilitated if a municipality acquires private land under its power of eminent domain.

The **New York State Conference of Mayors and Municipal Officials** ([www.nycom.org](http://www.nycom.org)) can provide technical assistance to its members and holds a Main Street conference annually, that addresses many issues related to the redevelopment of abandoned buildings. The **Association of Towns of the State of New York** ([www.nytowns.org](http://www.nytowns.org)) can provide technical assistance to its members and may be able to help with your project. The **New York Association of Counties** ([www.nysac.org](http://www.nysac.org)) provides information on local governments and county links.

### *Industrial Development Agencies*

Local governments, whether county, city, or town, may have an **industrial development agency (IDA)** to help develop the economic environment and support infrastructure in their municipality. An IDA is a corporate governmental body, constituting a public benefit corporation created pursuant to General Municipal Law, Article 18-A. IDAs are an important financing vehicle in those communities. You can contact your municipality's community development or planning office to see if your community has an IDA.

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IDAs work to provide financial incentives and assistance to eligible private-sector businesses to induce the construction, expansion, or equipping of facilities to stimulate capital investment and job creation for a wide range of commercial and industrial projects. Financial assistance may involve issuance of tax-exempt or taxable bonds to cover the costs of construction, rehabilitation, and equipping of a wide range of projects. Further financing benefits that IDAs may offer are sales, mortgage, and real property tax abatements, and lease back agreements. Other types of assistance that IDAs can provide may include expediting the local development review and permitting process.

### *Business Improvement Districts*

Your local **Business Improvement District (BID)** may also be in position to provide redevelopment assistance. A BID is a public/private partnership through which a special assessment is used to finance improvements or services within a designated commercial area, for instance in Albany ([www.downtownalbany.org](http://www.downtownalbany.org)). The procedure to establish a Business Improvement District is described in the General Municipal Law, Article 19-A.

In simple terms, it is a self-help program to restore or promote business activated by self-imposed assessment. Frequently, BIDs play a role to boost local redevelopment efforts. The property owners and merchants in a district agree to be assessed for improvements that will benefit the entire district. The municipality collects the funds for the district management association and uses them to pay for enhanced services or for services which

are not ordinarily provided by the municipality. BIDs can provide landscaping, lighting, sidewalk improvements, pedestrian amenities, parking, signage, enhanced security, and marketing and promotion of the district. The success of a Business Improvement District is dependent upon local support and the participation of property owners and merchants. Over 70 Business Improvement Districts exist in New York State, with over half located within New York City.

### *Nonprofit organizations*

If your building is a historic property, the **National Trust for Historic Preservation** may be an important partner. The Trust is a national nonprofit organization that provides leadership, education, and advocacy to save the diverse historic places of the United States and revitalize communities. On its website, the Trust provides details of its programs ([www.nationaltrust.org](http://www.nationaltrust.org)). It also provides links to other programs that can help with your rehabilitation.

If your building is located on main street or in the downtown area, one program that can help you understand your building's role in the revitalization of your community is the National Trust's Main Street Program ([www.mainstreet.org](http://www.mainstreet.org)). This program helps communities revitalize their traditional commercial areas using historic preservation and grassroots-based economic development. It serves as a clearinghouse for information, technical assistance, research and advocacy on preservation-based commercial district revitalization.

You should also establish a partnership with the **Preservation League of New York State**. This nonprofit organization is dedicated to the protection of New York's diverse and rich heritage of historic buildings, districts, and landscapes. The Preservation League's website provides details of its own program and links to programs that could assist with the historic preservation aspects of your vision ([www.preservenys.org](http://www.preservenys.org)).

**Local Development Corporations** are also an important potential source of assistance. They are private, nonprofit corporations, unlike an industrial development agency or urban renewal agency which are public benefit corporations. Local Development Corporations can work in partnership with, and assist, local governments to achieve emerging economic challenges and opportunities related to economic development, job growth, marketing, and research. Local Development Corporations may assist existing and prospective business in downtown areas, identify potential financing sources, and create business and marketing plans. As a private entity, they may also acquire property and finance development, using techniques that may not be permissible for a public agency. In terms of financing, local development corporations may have access to risk capital often not available to government. Resident-led community-based development organizations are instrumental in transforming distressed neighborhoods and communities into healthy places to live and work. Talk to your municipality's planning or community development office to find these organizations.

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**Community Builders** is a nonprofit organization focused on building and sustaining strong communities ([www.tcbinc.org](http://www.tcbinc.org)). They develop, finance, and operate high quality affordable, mixed-income housing by coordinating access to support services, and by planning and implementing other community and economic initiatives critical to the communities served. Community Builders works in collaboration with neighborhood groups, residents, public and private agencies, and philanthropic interests. Becoming a long-term stakeholder in the neighborhood, Community Builders can help create effective local implementation teams that combine neighborhood understanding, technical skills, and managerial ability. If you are considering the renovation of abandoned buildings for housing, they may be able to help.

Increasingly, partnerships are forming to encourage Smart Growth. Reuse of abandoned buildings in urban settings is one way to achieve Smart Growth. The **Sustainable Communities Network** ([www.sustainable.org](http://www.sustainable.org)), the **Smart Growth Network** ([www.smartgrowth.org](http://www.smartgrowth.org)) and **Smart Growth America** ([www.smartgrowthamerica.org](http://www.smartgrowthamerica.org)) provide links and tips that can help in your project.

An example of these partnerships can be seen in the **National Vacant Properties Campaign** that was launched in July 2003. Groups ranging from environmentalists to real estate agents are focusing on redeveloping the hundreds of thousands of abandoned buildings and lots in cities, large and small. Their goal is to help

educate communities around the country about vacant property reclamation and to share information on ways to breathe life back into rundown and neglected areas ([www.vacantproperties.org](http://www.vacantproperties.org)). The initiative is led by Smart Growth America, the **International City/County Management Association** ([www.icma.org](http://www.icma.org)), and the **Local Initiatives Support Corporation** ([www.lisc.org](http://www.lisc.org)).

Another example is **KnowledgePlex@** ([www.knowledgeplex.org](http://www.knowledgeplex.org)), a collaborative partnership among leaders in the affordable housing and community development field, funded by the Fannie Mae Foundation. It is a far-reaching resource for practical information on all aspects of affordable housing and community development.

### *Universities*

The **Center for Community Design Research** (<http://esf.edu/la/ccdr>) is an outreach program within the State University of New York, College of Environmental Science and Forestry, Department of Landscape Architecture. The Center works in partnership with communities, elected officials, agencies, and nonprofits to provide technical assistance, educational programs, and research projects that build community capacity. The SUNY Sourcebook of Community Assistance Programs provides a list of SUNY-wide resources to address your redevelopment issues ([www.esf.edu/la/ccdr/Resources/pdf/Sourcebook\\_2002-2003.pdf](http://www.esf.edu/la/ccdr/Resources/pdf/Sourcebook_2002-2003.pdf)).

The **Community and Rural Development Institute (CaRDI)** located at Cornell University has partnered with Penn State University (<http://devsoc.cals.cornell.edu/outreach/cardi>) to create the Community and Economic Development Toolbox. The website contains a wide variety of resources and information that can strengthen community capacity and provide you with information that will help in your redevelopment project.

The **City College Architectural Center (CCAC)** ([www1.cuny.cuny.edu/ci/ccac](http://www1.cuny.cuny.edu/ci/ccac)) is a community design center affiliated with the School of Architecture, Urban Design and Landscape Architecture at The City College of New York/CUNY. CCAC offers technical assistance and advocacy in planning and design to nonprofit, community organizations concerned with the physical and economic development of their neighborhoods.

