# CITY OF UTICA

Utica Industrial Development Agency
1 Kennedy Plaza, Utica, New York 13502
(315)792-0195 fax: (315)797-6607

**ROBERT M. PALMIERI**
**MAYOR**

VINCENT GILROY, JR
CHAIRMAN

JACK N. SPAETH
EXECUTIVE DIRECTOR


Agenda

Utica Industrial Development Agency
Regular Meeting – Wednesday, April 5, 2023 @ 9:00am
Utica City Hall, Utica, New York and via WebEx

I. Call to Order

II. Approval of Minutes (March 22, 2023)

III. Old Business
    A.

IV. New Business

    A. **Utica Harbor Lodging Group LLC -** Consider an inducement resolution relating to the Utica Harbor Lodging Group LLC Facility, providing preliminary approval for financial assistance in the form of exemptions from sales tax (valued at $1,312,500.00), exemptions from mortgage recording tax (valued at $311,000.00) and reduction of real property tax for a period of 30 years during which time the Company will pay an annual fixed PILOT Payment of $70,000.00 (valued at $28,868,978.00), which financial assistance is a deviation from the Agency's Uniform Tax Exemption Policy and authorizing the Agency to conduct a public hearing.
    B.

V. Executive Session (if required)

VI. Adjourn

Members of the public may listen to the Agency meeting by calling 1-408-418-9388,
Access code: 2630 262 0697 or joining the meeting at Meeting link:
https://cityofutica.webex.com/cityofutica/j.php?MTID=m1bed1783d9bc1931bca506269e3959ea
Meeting password: Y3WhWAeVk24

The Minutes of the Agency meeting will be transcribed and posted on the UIDA website.

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**ROBERT M. PALMIERI**
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JACK N. SPAETH
EXECUTIVE DIRECTOR


March 22, 2023 9:10a.m.
Utica Industrial Development Agency Regular Meeting
City Hall, Utica, NY – WebEx Conference Call/In-Person

**Members Present:** Mark Curley, John Zegarelli, Emmett Martin
**Excused**: Vin Gilroy, John Buffa
**Also Present**: Jack Spaeth (Executive Director), Laura Ruberto (in person) and Linda Romano (via telephone) (BSK – Agency Counsel)
**Others**:

**DUE TO TECHNICAL DIFFICULTIES, NO TRANSCRIPT OR VIDEO IS AVAILABLE**

**1) CALL MEETING TO ORDER:** The meeting was called to order by Mr. Curley at 9:10a.m. The Finance, Governance and Audit Committees, as they consist of sitting Agency members, meet as a committee of the whole, and in doing such, meet at every meeting.

**2) APPROVAL OF MINUTES:** A motion was made by Mr. Zegarelli, seconded by Mr. Martin, to approve the minutes of the February 8, 2023 meeting. All in favor.

**3A) OLD BUSINESS – Impact Utica – Chancellor Broad LLC (Chancellor Apartments)**
Mr. Spaeth noted that due to provisions in the banking documents for this project, the dates for construction commencement and completion have been moved to March 2023 and March 2025. No resolution is needed.

**3B) OLD BUSINESS – Impact Utica – Chancellor Broad LLC (Broad St. Apartments)**
Mr. Spaeth noted that due to provisions in the banking documents for this project, the dates for construction commencement and completion have been moved to March 2023 and March 2025. No resolution is needed.

**3C) OLD BUSINESS – 1900 Bleecker LLC**
Mr. Spaeth informed the Agency members that 1900 Bleecker, LLC has not paid their annual administrative fee (due in November 2022), have let their insurance lapse (on March 3, 2023), and have

not submitted their Annual Report for this project.

As such, Mr., Zegarelli made a motion, seconded by Mr. Martin to enter Executive Session at 9:17am to discuss legal proceedings.
Mr. Curley made a motion, seconded by Mr. Zegarelli to exit Executive Session at 9:27am.

Upon exiting Executive Session, Mr. Zegarelli made a motion, seconded by Mr. Martin to consider a resolution to terminate the Leaseback and PILOT for the 1900 Bleecker, LLC project. All in favor.

**4A) NEW BUSINESS – Governance Committee – ABO Documents**
Mr. Curley made a motion, seconded by Mr. Martin to start the Governance Committee meeting at 9:28am.

Mr. Curley made a motion, seconded by Mr. Zegarelli to approve the following ABO required documents: Annual, Procurement and Investment Reports, Effectiveness of Internal Controls, Mission and Measurement Report, Operations and Accomplishments and By-Laws along with the Procurement and Investment Policies. All in favor.

Mr. Zegarelli made a motion, seconded by Mr. Martin to end the Governance Committee meeting at 9:29am.

**4B) NEW BUSINESS – Audit Committee – 2022 UIDA Audit**
Mr. Zegarelli made a motion, seconded by Mr. Curley to start the Audit Committee meeting at 9:29am.

Mr. Zegarelli made a motion, seconded by Mr. Curley to approve the 2022 Audit. All in favor.

Mr. Martin made a motion, seconded by Mr. Zegarelli to end the Audit Committee meeting at 9:30am.

**4C) NEW BUSINESS – Update on Project Review**
Mr. Spaeth informed Agency members that he has been accumulating the employment data and getting responses from project operators that are below the Agency's 85% acceptance measure and will present at the April meeting.

**5) EXECUTIVE SESSION:**
Noted above

**6) ADJOURNMENT:** There being no further business brought before the Agency, Mr. Curley made a motion to adjourn, seconded by Mr. Zegarelli and the meeting was adjourned at 9:32am.

The next regular meeting of the Utica Industrial Development Agency is scheduled for Wednesday, April 5, 2023 at 9:00am at City Hall via WebEx and in-person.

**City of Utica**
**Industrial Development Agency**
**<u>Application</u>**

The information required by this form is necessary to determine the eligibility of your project for IDA benefits. Please answer all questions; insert "NONE", or "NOT APPLICABLE", where necessary. If an estimate is given, put "EST." after the figure. Attach additional sheets if more space is needed for a response than is provided. Return three copies of this application to the City of Utica Industrial Development Agency.

All information contained in this form will be treated confidentially, to the extent permitted by law.

A project financed through this Agency involves the preparation and execution of significant legal documents. Please consult with an attorney before signing any documents in connection with the proposed project.

## PART I

Applicant

Applicant's legal Name: UTICA HARBOR LODGING GROUP LLC

Principal Address: 11751 EAST CORNING ROAD
CORNING NY 14830

Project Address: WELLS AVENUE

Telephone Number(s): 716.307.2253

Federal Identification Number: 88-3880252

Company IRS Filing Office Location: E-File

Company Officer completing this application:

Name: ROBERT HALPIN

Title: VICE PRESIDENT

Phone: 607 594 3786 cell 585 281 5652 office

Email: RHALPIN@THEHALPINFIRM.COM

1. A. **Is the applicant a:**

( ) Corporation: If YES, Public ( ) Private (x)
If a PUBLIC Corporation, on which exchange is it listed?

______________________________________________

( ) Sole Proprietorship
( ) Partnership
( ) Subchapter S
( ) DISC
(x) Other (specify) LIMITED LIABILITY COMPANY

B. State of incorporation, if applicable: NY

2. **Stockholders, Directors, Officers, Partners or Members**

A. Provide the following information in regard to principal stockholders or parties:

| Name | Home Address | Percentage of Ownership |
|---|---|---|
| ARUN PATEL | 223 OAK HILL ROAD | 50% |
| | HORSEHEADS NY 14845 | |
| HEMANT PATEL | 2402 STONEGATE TRAIL | 50% |
| | CORNING NY 13830 | |

B. Provide the following information in regard to officers and directors:

| Company Officer | Name and Home Address | Other Principal Business Affiliation |
|---|---|---|
| MANAGING MEMBER | ARUN PATEL, 223 OAK HILL ROAD | VISIONS HOTELS |
| | HORSEHEADS NY 14845 | |
| MANAGING MEMBER | HEMANT PATEL, 2402 STONE | VISIONS HOTELS |
| | CORNING NY 14830 | |
| VICE PRESIDENT | MINESH PATEL | |
| VICE PRESIDENT | ROBERT HALPIN | |

C. Is the applicant or any of the persons listed in 2(A) above related, directly or indirectly, to any other entity by more than 50% common ownership? If also, indicate name of such entity and the relationship.

ARUN PATEL AND HEMANT PATEL HOLD VARYING

OWNERSHIP INTERESTS IN ENTITIES LISTED ON

ADDENDUM A

D. Is the applicant affiliated with any other entity, directly or indirectly, other than as indicated in response to paragraph C above? If YES, please indicate name and relationship of such other entity and the address thereof:

NO

3. **Applicant's accountant**

Name and Title: ANTHONY SANDONATO

Name of Firm: MENGEL METZGER BARR

Address: 100 CHESTNUT STREET SUITE 1200

ROCHESTER NY 14604

Telephone Number: 585 423 1860 Email: asandonato@mmb-co.com

4. **Applicant's attorney**

Name and Title: ROBERT L. HALPIN

Name of Firm: THE HALPIN FIRM

Address: 4588 ROUTE 224

MONTOUR FALLS NY 14865

Telephone: 607 594 3786 Email: rhalpin@thehalpinfirm.com

**ADDENDUM A**

| |
|---|
| Albany Lodging Group LLC |
| East Greenbush Lodging Associates LLC |
| Finger Lakes Lodging Associates LLC |
| Buffalo Hotel Associates, LLC |
| East Aurora Lodging Associates LLC |
| North Buffalo Lodging Ventures LLC |
| Orchard Park Lodging Ventures LLC |
| WNY Lodging LLC |
| Auburn Hotel Ventures LLC |
| Canandaigua Lodging Group LLC |
| Oswego Lodging Group LLC |
| Corning Hotel Associates LLC |
| Corning Lodging Ventures LLC |
| Erwin Hospitality Associates LLC |
| HHA LLC |
| Painted Post Lodging Associates, LLC |
| CIS of Cortland LLC |
| Cortland Hotel Group LLC |
| Cortland Lodging Associates, LLC |
| South Cortland Hotel Group LLC |
| Wallingford Hotel Partners LLC |
| Big Flats Lodging Associates LLC |
| Big Flats Lodging, LLC |
| Big Flats Dining Associates LLC |
| Elmira Lodging Associates LLC |
| Horseheads Lodging Group LLC |
| Southern Tier Lodging Associates LLC |
| VH Asset Protection LLC |
| VH Asset Protection 2 LLC |
| VH Asset Proection 3 LLC |
| VH Prom Group LLC |
| VHEF 1 GP LLC |
| VHEF 1 L.P. |
| VHEF 2 GP LLC |
| VHEF 2 L.P. |
| VHOF 3 GP LLC |

| |
|---|
| VHOF 4 GP LLC |
| VHOF 5 GP LLC |
| VHOF 6 GP LLC |
| Visions Hotel Opportunity Fund 3 L.P. |
| Visions Hotels Opportunity Fund 4 L.P. |
| Visions Hotels Opportunity Fund 5 L.P. |
| Visions Hotels Opportunity Fund 6 L.P. |

| |
|---|
| Maple City Lodging Partnership |
| Amesburgy Lodging Ventures LLC |
| Tewksbury Lodging Ventures LLC |
| Allegany Lodging Associates LLC |
| Olean Hotel Group LLC |
| Olean Lodging Associates, LLC |
| Olean Lodging Partners LLC |
| AHP Associates, LLC |
| ARMIRI LLC |
| Arsenal Hotel Advisors LLC |
| Arsenal Hotel Advisors Property LLC |
| Crystal Hotel Group, L.L.C. |
| H2 Angels LLC |
| HRACM LLC |
| HSM Ventures LLC (fka Johnson City Lodging Associates LLC) |
| Kuched LLC |
| Moline Hotel Associates LLC |
| North Country Lodging Associates LLC |
| Santa's Vision Inc. |
| SHADP LLC |
| Shark Management LLC |
| SMDreams LLC |
| The Dalubhai Gopalbhai Patel Fund Inc. |
| Utica Hotel Ventures LLC |
| VH Business Services LLC |
| VH Development Fund LLC, fka Harbor Point Lodging LLC |
| Plattsburgh Lodging Ventures LLC |
| Clarkson Hospitality Developers LLC |
| Potsdam Hotel Associates LLC |
| St. Lawrence Hotel Ventures LLC |
| Fishkill Hotel Ventures LLC |
| Hudson Valley Lodging Associates LLC |
| Poughkeepsie Fishkill Lodging Associates LLC |
| Brighton Lodging Associates LLC |
| Greece Hotel Ventures LLC |
| Henrietta Hotel Ventures LLC |
| Henrietta Lodging Associates LLC |
| Henrietta Restaurant Associates LLC |
| HVM Hotel Enterprises LLC |

| |
|---|
| Jefferson Hotel Associates LLC fka Jamestown Lodging Associates LLC |
| River Road Hospitality Associates LLC |
| ROC Hotel Ventures LLC |
| Rochester Lodging Associates LLC |
| Sayre Lodging Associates LLC |
| Erie Hotel Ventures LLC |
| Belle Vernon Lodging Ventures LLC |
| East Syracuse Billboard Associates LLC |
| East Syracuse Hotel Associates Del LLC |
| East Syracuse Hotel Associates LLC |
| North Syracuse Lodging Group LLC |
| Syracuse Hospitality Developers LLC |
| Syracuse Lodging Ventures LLC |
| Griffiss Hotel Group LLC |
| Harbor Area Holdings LLC |
| Harbor Point Lodging Associates LLC |
| Lafayette Hotel Associates LLC |
| Lafayette Hotel Associates DEL LLC |
| Marsh Enterprises LLC |
| New Hartford Lodging Group LLC |
| North Utica Lodging Associates 2 LLC |
| North Utica Lodging Associates LLC |
| Rome Hospitality Group LLC |
| Utica Lodging Group LLC |
| Utica Lodging Group Outparcel LLC |
| Binghamton Hotel Ventures LLC |
| Binghamton Lodging Group LLC |
| Vestal Lodging Ventures LLC |
| Evans Mills Hotel Ventures LLC |
| North Country Lodging Associates LLC |
| Watertown Hotel Associates GP LLC |
| Watertown Hotel Ventures LLC |
| Watertown Lodging Associates LLC |

5. **References** (Individuals and institutions in this section may be contacted)

A. Banking/Financial Institution:

| Name of Institution | Address and Phone Number | Account Officer/ Contact Person |
|---|---|---|
| Bank of Utica | 222 Genesee Street Utica NY 13502 | Brian Loughlin |
| | 315 797 2700 | |

B. Business suppliers (list three largest accounts)

| Name of Supplier | Address and Phone Number | Account Officer/ Contact Person |
|---|---|---|
| NA - No operations yet | | |

C. Major customers (list three largest)

| Name of Customer | Address and Phone Number | Account Officer/ Contact Person |
|---|---|---|
| NA - No operations yet | | |

6. **Business Description**

A. Describe nature of business and principal products and/or services:

The applicant is a newly-formed affiliate of Visions Hotels LLC,

a hotel management and development company.

B. Describe the geographical market(s) served:

The applicant has no current business operations

7. **Present location(s) of business operations**

A. List present location(s):

1. The applicant has not current business locations.
2.
3.

B. For what purpose is each of these used?

1.
2.
3.

C. For each of your present locations which are RENTED, provide the following information:

D. Name of Landlord — Landlord's Address — Landlord's Telephone Number

1. NA
2.
3.

Amount of Space — Annual Rental — Lease Termination Date

1. NA
2.
3.

D. For each of your present locations which you <u>OWN</u>, provide the following information:

| Location | Annual Mortgage Payment | Termination Date |
|---|---|---|
| 1. NA | | |
| 2. | | |
| 3. | | |

E. List which of your present locations, if any, will be vacated if IDA approval for your project is given:

None

If any of these locations will be sublet or sold, provide information concerning your ability to do so:

NA

## PART II

### Reasons for Project

Please explain in detail why you want to undertake this project and define scope of project:

The project description is attached. This project is integral to the

City of Utica's harbor redevelopment project.

Six Apartment Buildings, One 8,000 SF Community Center, and approximately 100 Room Hotel

Why are you requesting the involvement of the IDA in your project?

IDA assistance is necessary for the project to be feasible.

**VISIONS HOTELS LLC**

UTICA HARBOR DEVELOPMENT DESCRIPTION

**Project Description:** The project will consist of (i) a 240-unit, multi-building apartment complex, (ii) an 8,000 square-foot community center and related amenities, and (iii) a 80-to-100 room limited service hotel. Each apartment building will contain 40 units, have a footprint of approximately 12,000 square feet and be five stories high, with the first floor of each building dedicated to tenant parking. The community center will be open to residents of the apartment complex and will contain an indoor and outdoor pool, recreation facility and office space for administration of the complex. The hotel will be a Marriott, Hilton or IHG flagged product. A layout of the project is attached.

The project is anticipated to generate 300 FTE construction jobs per year while in development. Upon completion the project is expected to sustain 8 FTE jobs.

Total cost for the project is estimated at $63.625million.

**Project Schedule:**

| | |
|---|---|
| September 2022: | Developer and Development Corp. negotiate and sign purchase and sale agreement. |
| September 2022: | Developer makes application for IDA assistance; IDA accepts application. |
| October 2022: | IDA approves Developer's application for assistance. |
| December 2022: | Developer and Development Corp. complete contract contingencies. |
| January 2023: | Developer and Development Corp. close on purchase and sale of property. |
| March 2023: | Developer breaks ground on project construction. |
| March 2027 – March 2030: | Project is completed. |

How will the applicant's plans be affected if IDA approval is not granted?

The project will not proceed if IDA approval is not granted.

Please confirm by checking the box, below, if there is likelihood that the Project would not be undertaken but for the Financial Assistance provided by the Agency?

☒ Yes or ☐ No

If the Project could be undertaken without Financial Assistance provided by the Agency, then provide a statement in the space provided below indicating why the Project should be undertaken by the Agency:

NA

Identify the assistance being requested of the Agency (select all that apply):

1. Exemption from Sales Tax — x Yes or ____ No
2. Exemption from Mortgage Tax — x Yes or ____ No
3. Exemption from Real Property Tax — x Yes or ____ No
4. Tax Exempt Financing * — ____ Yes or x No

* (typically for not-for-profits & small qualified manufacturers)

A. **Type of Project**

Check category or categories best describing your project (O - Owner) and all end-users (T – Tenant(s)) and the square footage of each:

| | | | |
|---|---|---|---|
| | Manufacturing | | sf |
| | Industrial (Assembly or Service) | | sf |
| | Research and Development | | sf |
| | Warehousing | | sf |
| x | Commercial | 60,000 | sf |
| | Pollution Control | | sf |
| | Housing | | sf |
| | Back Office | | sf |
| | Facility for Aging | | sf |
| x | Multi-Tenant | 288,000 | sf |
| | Retail | | sf |
| x | Recreational | 8,000 | sf |
| x | Other (specify) | tenant parking 72,000 | sf |
| | Total | 428,000 | sf |

B. **Description of Proposed Project**

Check all appropriate categories which apply to the proposed project:

| | | |
|---|---|---|
| 1. Acquisition of land | YES( x ) | NO( ) |
| 2. Acquisition of existing building | YES( ) | NO( x ) |
| 3. Renovations to existing building | YES( ) | NO( x ) |
| 4. Construction of addition to existing building | YES( ) | NO( x ) |
| 5. Demolition | YES( ) | NO( x ) |
| 6. Construction of a new building | YES( x ) | NO( ) |
| 7. Acquisition of machinery and/or equipment | YES( x ) | NO( ) |
| 8. Installation of machinery and/or equipment | YES( x ) | NO( ) |
| 9. Other (specify) site work | YES( x ) | NO( ) |

C. What is the zoning classification of the proposed site?

Commercial

D. For what purpose was the site most recently used (e.g. light manufacturing, heavy manufacturing, assembly, etc.)?

vacant/abandoned industrial

E.

| Location(s) | Street Address | Number of Floors/ SF/floor |
|---|---|---|
| | Wells Avenue, City of Utica | See project plan attached |

F. Is the site in an Empire Zone? (   ) Yes ( x ) No

Is the business Empire Zone certified at this location: (   ) Yes ( x ) No

Attach a copy of the last Business Annual Report filed.

Is the proposed project located within the boundary of a Central New York Regional Transportation (Centro) District? ( x ) Yes (   ) No

G. 1. Please describe in detail the facility to be acquired, constructed or renovated (including number of buildings and other existing structures or facilities) and attach plot plans, photos or renderings, if available.

See attached

2. If construction or renovation work on this project has already begun, please describe the work in detail.

NA

3. What is the estimated useful life of the:

a. Facility: 30 years

b. Equipment: 10 years

November 8, 2022

Utica Harbor Point Development Corporation
One Kennedy Plaza
Utica, New York 13502
Attention: Vincent J. Gilroy, Jr., President

RE: Letter of Intent for Purchase and Sale of Property Located at Utica Harbor – Portion of DSA-1 area/Utica Harbor Point Development Corporation to Visions Hotels LLC (or entity to be formed)

Dear Mr. Gilroy:

Pursuant to this non-binding letter of intent (this "***Letter***" or "***Letter of Intent***"), Visions Hotels LLC on behalf of an entity to be formed and/or its assigns,("***Buyer***") proposes to purchase from UHPDC ("***Seller***") certain real property, including all buildings, structures, improvements thereon located at North Genesee St., City of Utica, County of Oneida, New York being further identified as part of tax parcel nos. TBD and containing approximately 14.07 acres of commercial building space and identified as Lots #3 and #5 on the Subdivision Plan attached as Exhibit A (the "***Property***"). The Contract (as herein defined) shall provide that Seller shall also, at Seller's election, (i) sell the balance of Lot #4 following development by the City of Utica on Lot #4 of a round-about, drainage basin and other infrastructure at its then fair market value, subject to such restrictions on development as Seller shall require, or (ii) subject Lot #4 to restrictions for the benefit of the owner of the Property prohibiting commercial development thereon . Buyer shall agree to construct upon the Property (in conjunction with other parcels owned or to be acquired by Buyer) that certain project as described on Exhibit C attached hereto (the "***Project***").[1]

1. The Purchase Price. The total purchase price, including the deposit, shall be One Million, Five Hundred Thirty-Seven Thousand and NO/100 Dollars ($1,537,000)[2] (the "***Purchase Price***") payable in cash or immediately available funds at Closing.

2. Deposit. Within three (3) days after full execution of the Contract, by Buyer and Seller, Buyer will deposit in escrow the sum of One Hundred Thousand and NO/100 Dollars ($100,000) ("***Deposit***").

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[1] Buyer is the contract vendee of Lot 1 of the Subdivision Plan. The current concept for the Project,, attached hereto as Exhibit B, calls for a hotel to be constructed on Lot 1 with the bulk of the remaining improvements constructed on Lot 3.

[2] Based upon appraised values as reported in Summary Appraisal Reports of Donato Real Estate Appraisal and Consulting dated December 20, 2021. The Purchase Price is subject to verification that the acreage of the Property is not less than fourteen acres.

3. Closing. The closing of this transfer (the "***Closing***") shall take place within thirty (30) days following the earlier to occur of (a) the expiration of the Contingency Period or (b) satisfaction or waiver of the contingencies set forth in section 5 below.

4. Title. Seller will convey to Buyer good and insurable title in fee simple absolute, free and clear of all liens and encumbrances except those matters of record as of the date of the Contract (as defined herein) set forth on Exhibit D attached hereto, by Bargain and Sale Deed with covenants against grantor's acts.

5. Contingencies. The written contract of sale ("***Contract***") shall be contingent upon the following matters, all of which shall be satisfied or waived within one hundred twenty (120) days from the date of the full execution of the Contract (the "***Contingency Period***");

a. Buyer shall have the right to inspect the Property, and approve of same. Any such inspections shall be on prior notice to Seller. No invasive tests, drillings, borings, testings or samplings may be done without the prior written consent of Seller, which shall not be unreasonably withheld, conditioned or delayed. Buyer shall also have the right to review and approve, in Buyer's sole discretion, any environmental assessments or audits of the Property, including, the following to be provided by Seller:

i. Spill closure status from New York State Department of Environmental Conservation ("DEC") regarding DEC Spill #91-12347;

ii. Environmental Notice, dated August 8, 2013 and filed with the Oneida County Clerk's Office on August 16, 2013 as Instrument Number R2013-001058;

iii. Harbor Point Site Management Plan (DEC Site No. 6-33-021, OU3, DSA-1);

iv. Settlement Agreement Between Niagara Mohawk Power Corporation, the New York State Thruway Authority and the New York State Canal Corporation dated January 30, 2001, as modified by Modification to the Settlement Agreement, dated April 5, 2007;

v. New York State Department of Environmental Conservation's March 2001 Record of Decision, Niagara Mohawk Harbor Point Site, Operable Unit 3, Utica Harbor Sediments and Dredge Spoil Areas.

b. Buyer shall have made application to and received final approval from the City of Utica and all other applicable permitting authorities for all permits and approvals necessary for development of the Project (the "***Use Approval***"), and Seller agrees to use commercially reasonable efforts to assist Buyer in obtaining the Use Approval;

c. Buyer shall have made application to and received approval from a financial institution for financing suitable to Buyer in Buyer's sole discretion.

d. Buyer shall have received written confirmation from the New York State Canal Corporation (the "***Canal Corporation***") that the Project satisfies the conditions of the reverter for the benefit of Canal Corporation requiring that the Property is to be used to expand the local economy, provide job opportunities, expand tourism and recreational related industry, and increase municipal revenue for the residents of the City of Utica and the overall Mohawk Valley region (the "***Canal Corporation Reverter***") such that Buyer's title insurance company will issue a policy of title insurance either omitting the Canal Corporation Reverter as an exception from coverage or affirmatively insuring Buyer and Buyer's mortgage lender(s) against loss or damage due to the Canal Corporation Reverter;

e. Buyer shall have reviewed and approved of the reverter for the benefit of the Seller and to be contained in the deed of conveyance from Seller to Buyer requiring that the Project be developed in a manner consistent with the plans and specifications approved by the Seller (the "***Seller Reverter***"), and Buyer's title insurance company will issue a policy of title insurance affirmatively insuring Buyer and Buyer's mortgage lender(s) against loss or damage due to the Seller Reverter;

f. Buyer shall have reviewed and approved of the release and indemnity conditions set forth in the deed from Seller to Buyer stating that Buyer shall not sue the State of New York, the New York Power Authority, or the New York State Canal Corporation and Seller (collectively the "State Entities");

g. Buyer shall have reviewed and approved of the commitment of title insurance for property owned by Seller and related judgment, lien, bankruptcy and UCC searches, in accordance with local bar standards, as well as a survey of the Property sufficient to show good and insurable title to the Property in accordance with the Contract;

h. Buyer shall have approved in its discretion that certain conditions set forth in a Memorandum of Understanding by and between UHPDC, the City of Utica and New York State Office of Parks, Recreation and Historic Preservation;

i. Intentionally omitted;

j. Seller having filed the required disposition notice with the New York State Authority Budge at least 90-days prior to the conveyance of title of the Property from the Seller to the Buyer;

k. Seller having obtained approval of Seller's Board of Directors to convey the Property to Buyer (Seller shall submit the Contract to Seller's Board of Directors for approval within thirty days following Contract execution.);

l. Buyer committing to comply with the Utica Harbor Master Plan and Design Guidelines, said commitment to be approved as satisfactory by the Seller in Seller's sole discretion; and

m. Buyer obtaining final approval from the City of Utica Industrial Development Agency for a financial assistance package for Buyer's development of the Project including a mortgage recording tax exemption, a sales tax exemption and an abatement on real property taxes structured through a payment-in-lieu-of-tax agreement, all on such terms and conditions as shall be acceptable to Buyer.

Buyer shall have the right to terminate the Contract for any or no reason until the Contingency Period expires.

Buyer shall have the option to extend the Contingency Period if any of the contingencies described in Section 5 (a) – (m) above are not satisfied or waived by the expiration thereof.

6. Costs. Buyer and Seller shall work cooperatively to complete the contingencies described in section 5 above and each shall bear its own costs. Without limiting the foregoing, Buyer will pay all costs associated with obtaining the Use Approval and conducting its diligence. Seller will bear all costs pertaining to the contingencies described in section 5 (j) and (k). The foregoing notwithstanding, subject to a work plan and budget to be agreed upon Buyer agrees to contribute to Seller's attorneys' fees and professional expenses at the closing of the purchase of the Property from Seller.

7. Contract. Seller will provide Buyer with a form of the Contract for the conveyance of the Property. The Contract shall contain the essential provisions of this Letter of Intent and other provisions customarily included in such agreements, including, but not limited to, representations and warranties regarding Seller, absence of litigation regarding the Property and the ability of the Seller to convey the Property.

8. Expiration of Letter of Intent. Unless Buyer shall receive from Seller an executed copy of this Letter of Intent by March 6, 2023, this Letter of Intent shall terminate and will be null and void and of no further force or effect.

9. Broker. Both Buyer and Seller shall warrant and represent in the Contract that no agent, broker, commissioned sales person or other person is due any fees, commissions, or compensation in connection with the Contract.

10. No Definitive Contract. This Letter of Intent is intended as an expression of mutual intent of the parties hereto as to certain aspects of the transaction described herein. The parties agree that there are material terms as to which agreement has not been reached. The terms set forth above constitute a suggestion for provisions of a Contract between the parties, and we expect that any Contract that may be negotiated between us and with respect to the purchase and sale of the Property will be generally consistent with the foregoing terms. This Letter does not, however, create any legal right or obligations between us. It is intended that, any and all legal rights and obligations between the parties will come into existence only if and when the Contract is fully executed by both parties. The legal right and obligations of Buyer and Seller will then be only those which are expressly set forth in such Contract. This Letter of Intent is not to be construed as a definitive contract.

11. Assignment. Buyer may not assign this Letter, the Contract and/or its interest to any party without the prior written consent of the Seller.

If the foregoing terms are acceptable to Seller, please sign the enclosed counterpart of this Letter and return it to Buyer by no later than March 6, 2023.

Sincerely,

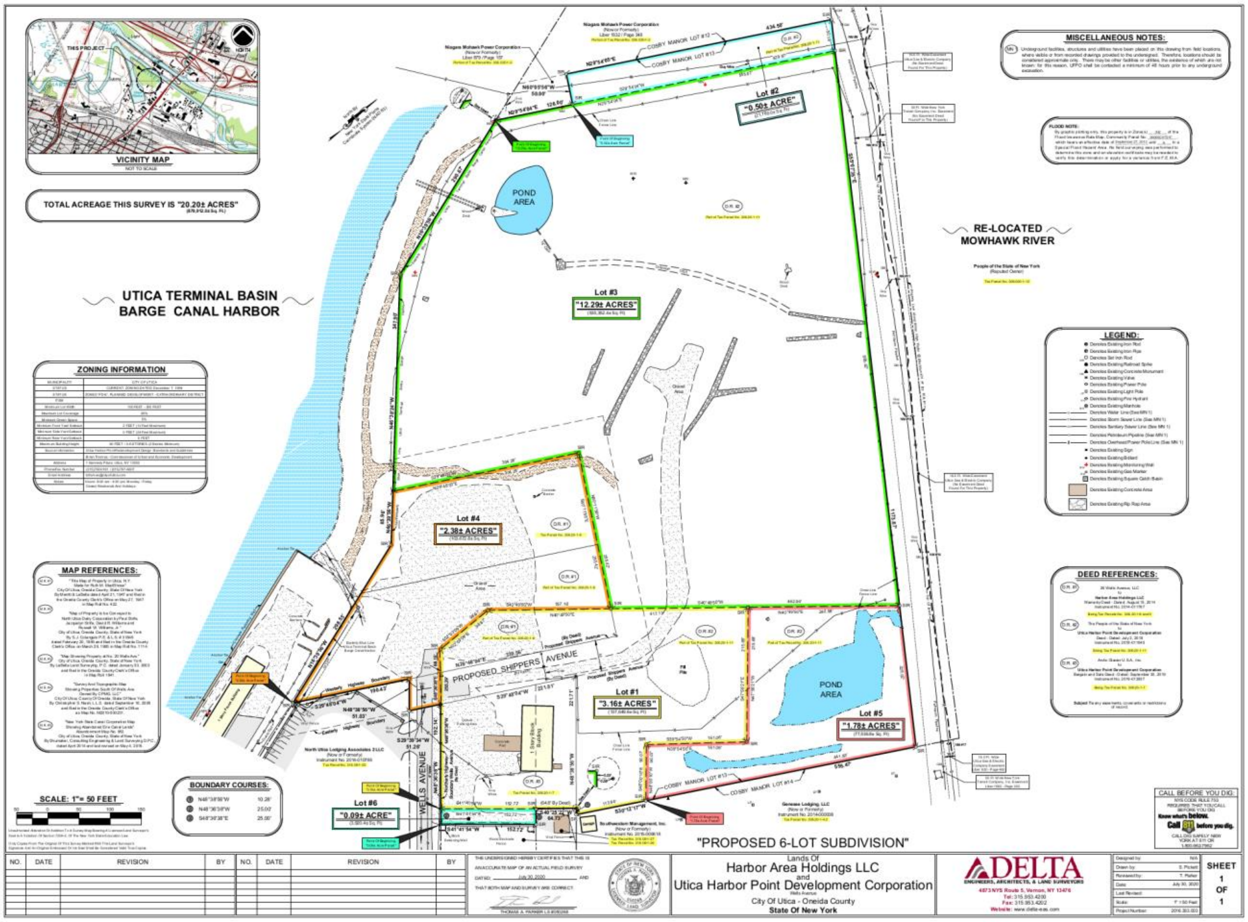
By: ***/s/Arun Patel***
Name: Arun Patel
Title: Manager

AGREED AND ACCEPTED:

Utica Harbor Point Development Corporation

By:________________________________
Name:
Title:

Exhibit A



VICINITY MAP
TOTAL ACREAGE THIS SURVEY IS "20.20± ACRES"
UTICA TERMINAL BASIN
BARGE CANAL HARBOR
RE-LOCATED
MOWHAWK RIVER
MISCELLANEOUS NOTES:
ZONING INFORMATION
MAP REFERENCES:
LEGEND:
DEED REFERENCES:
BOUNDARY COURSES:
SCALE: 1"= 50 FEET
POND AREA
Lot #1
"3.16± ACRES"
Lot #2
"0.50± ACRE"
Lot #3
"12.29± ACRES"
Lot #4
"2.38± ACRES"
Lot #5
"1.78± ACRES"
Lot #6
"0.09± ACRE"
PROPOSED SHIPPERS AVENUE
WELLS AVENUE
"PROPOSED 6-LOT SUBDIVISION"
CALL BEFORE YOU DIG
Lands Of
Harbor Area Holdings LLC
and
Utica Harbor Point Development Corporation
City Of Utica - Oneida County
State Of New York
DELTA
SHEET
1
OF
1

Exhibit B


Dumpster
Building 5
40 Units - 12,000 SF Per Floor - 166' x 72'
Level 1 : Garage Parking
Level 2-5 : Apartments
Building 6
40 Units - 12,000 SF Per Floor - 166' x 72'
Level 1 : Garage Parking
Level 2-5 : Apartments
Building 4
40 Units - 12,000 SF
Per Floor - 166' x 72'
Level 1 : Garage
Parking
Level 2-5 : Apartments
Dumpster
PHASE 2
PHASE 2
Outdoor
Amenity
Area
Building 3
40 Units - 12,000 SF
Per Floor - 166' x 72'
Level 1 : Garage
Parking
Level 2-5 : Apartments
Community Center
8,000± SF
Building 2
40 Units - 12,000 SF Per Floor - 166' x 72'
Level 1 : Garage Parking
Level 2-5 : Apartments
Building 1
40 Units - 12,000 SF Per Floor - 166' x 72'
Level 1 : Garage Parking
Level 2-5 : Apartments
Dumpster
FUTURE HOTEL
DEVELOPMENT
WELLS AVE

Exhibit C

**VISIONS HOTELS LLC**
UTICA HARBOR DEVELOPMENT DESCRIPTION

**Project Description:** The project will consist of (i) a 240-unit, multi-building apartment complex, (ii) an 8,000 square-foot community center and related amenities, and (iii) a 80-to-100 room limited service hotel. Each apartment building will contain 40 units, have a footprint of approximately 12,000 square feet and be five stories high, with the first floor of each building dedicated to tenant parking. The community center will be open to residents of the apartment complex and will contain an indoor and outdoor pool, recreation facility and office space for administration of the complex. The hotel will be a Marriott, Hilton or IHG flagged product. A layout of the project is attached.
The project is anticipated to generate 300 FTE construction jobs per year while in development. Upon completion the project is expected to sustain 8 FTE jobs.
Total cost for the project is estimated at $63.625million.
**Project Schedule:**

| | |
|---|---|
| Thirty days after Development Corp. acceptance of LOI: | Developer and Development Corp. negotiate and sign purchase and sale agreement.<br><br>IDA accepts Developer's application for IDA assistance. |
| Thirty days after execution of purchase and sale agreement: | IDA approves Developer's application for assistance. |
| One hundred twenty days after execution of purchase and sale agreement: | Developer and Development Corp. complete contract contingencies. |
| One hundred fifty days after execution of purchase and sale agreement: | Developer and Development Corp. close on purchase and sale of property. |
| One eighty days after execution of purchase and sale agreement: | Developer breaks ground on project construction. |
| Five to seven years following groundbreaking: | Project is completed. |

Exhibit D

[Insert permitted encumbrances]

H. List the principal items or categories of equipment to be acquired as part of the project.

Furniture, fixtures and equipment for multi-unit apartment complex, community

recreation center and hotel

I. If any of this equipment has already been purchased or ordered, please attach all invoices and purchase orders and list amounts paid and dates of expected delivery as well as a brief description:

J. NA

K. If the construction or operation of the proposed project will require any local ordinance or variance to be obtained or requires a permit or prior approval of any state or federal agency or body (other than normal occupancy/construction permits), please specify:

Site plan approval from City planning board

L. Will the project have a significant effect on the environment, YES ( ) NO ( x ). If YES, please describe the effect. **Important: please attach Environmental Assessment Form to this Application**

M. Will a related real estate holding company, partnership or other entity be involved in the ownership structure of the Transaction? YES( x ) NO( ) If YES, please explain:

An investment group will be incorporated into the ownership structure

of the applicant at some point to provide equity financing for the project.

M. 1. With regard to the present owner of the project site, please give:

Name: Utica Harbor Point Development Corp.

Address: 1 Kennedy Plaza Utica NY 13052

Telephone Number: ____________________

2. If the applicant already owns the project site, indicate:

   a. date of purchase: NA

   b. purchase price: NA

3. If the project site is mortgaged, please indicate:

   a. balance of mortgage: NA

   b. holder of mortgage: NA

N. Is there a relationship, legally, by virtue of common control, or through related persons, directly or indirectly, between the applicant and the present owner of the project site? YES ( ) NO ( x ) If YES, please explain:

O. Is the company currently a tenant in the building to be occupied?

YES ( ) NO ( x )

P. Are you planning to use/develop the entire proposed facility?

YES ( x ) NO ( )

If NO, give the following information with respect to present tenants:

1. Present Tenant Information

a.

| Name of Business | Floors Occupied | Square Feet Occupied | Nature of Tenant's Business |
|---|---|---|---|
| NA | | | |

b. Which of the above tenants will be vacating upon your initial use of the facility? How many jobs will be affected?

| Name of Firm | Jobs | Square Footage Now Occupied |
|---|---|---|
| NA | | |

c. For those tenants who will remain after your initial occupancy of the site, provide the following transaction:

| Name of Tenant | Term of Lease | Renewal Options | Square Footage Now Occupied |
|---|---|---|---|
| NA | | | |

Are any of the above tenants related to the owner of the facility? YES ( ) NO ( )

d. If the applicant will be occupying the premises of any of the tenants listed in (c) when their lease expires, please list.

NA

e. Please provide copies of all present lease(s) at the proposed project site.

f. Do you propose to lease part of the project facility to firms not presently tenants?

YES ( ) NO ( x ) If YES, provide details of your proposals:

NA

g. Will financing by the Agency for the Project result in the removal or abandonment of a plant or other facility of the applicant or any related entity presently located in another area in the State of New York? YES ( ) NO ( x )

If the answer is YES, please explain briefly the reasons for the move.

NA

Is the proposed project reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the State of New York? YES ( ) NO ( x )

Is the proposed project reasonably necessary to preserve the competitive position of the project occupant in its respective industry? YES ( ) NO ( x )

h. If any of the parties who will be tenants in this project are related to or affiliated with the applicant, please identify them:

NA

1. Please attach any written agreements (e.g., options, purchase contracts, invoices, etc.) concerning the acquisition of the real property or equipment for this proposed facility.

2. Employment *

a. List your present employment in the City of Utica, if any, and an estimate of the employment at the proposed facility at the end of two years. NOTE: New York State considers Full Time employment as 35 hours or more. Full-time jobs, plus the combination of two or more part-time jobs that, when combined together, constitute the equivalent hours of a full-time position (35 or more hours).

| Employment | Current # of applicant's jobs at/or to be located at proposed project location | Number of FTE jobs to be RETAINED | Number of FTE jobs to be CREATED two years after project completion | Estimate number of residents in Labor Market Area that will fill projected jobs two years after project completion |
|---|---|---|---|---|
| Full-Time (FTE) | 0 | 0 | 8 | 8 |

The Labor Market Area consists of the following counties: Oneida, Lewis, Herkimer, Otsego, Madison and Oswego

b. Characterize the labor force to be associated with this project location according to the following categories:

| Category | Current/ Anticipated | Avg Salary or Salary Range | Avg Fringe Benefits or Range |
|---|---|---|---|
| Officers | | | |
| Sales/Supervisory | 2 | $50,000-$60,000 | $5,000 |
| Clerical | 2 | $40,000-$50,000 | $5,000 |
| Plant/Production | | | |
| Other (specify) | 4 (maintenance & housekeeping) | $30,000-$35,000 | $3,000 |

Notes:

c. Estimate the Annual Payroll for the employees associated with the project location.

| Currently | End of Year One | End of Year Two |
|---|---|---|
| $ 0 | $ 275000 | $ 300000 |

*** Company/Applicant will be required to submit Annual Project Monitoring Reports (attached) along with a copy of the NYS 45 (four quarters) for a minimum of five (5) years for any commercial project and ten (10) years for any industrial/manufacturing project, or for the length of UIDA involvement in the project. Annual Project Monitoring Reports will be compared to employment counts as stated above and companies whose reported counts fall below those levels above will be subject to the Agency's Recapture Provisions Policy.**

**Sources of Funds for Project Costs:**

| | | % of Total project costs |
|---|---|---|
| Bank Financing: | $ 41356348 | 65 |
| Equity (excluding equity attributed to grants/tax credits) | $ 22268802 | 35 |
| Tax Exempt Bond Issuance (if applicable) | $ | |
| Taxable Bond Issuance (if applicable) | $ | |
| Public Sources (Include sum total of all state and federal grants and tax credits) | $ | |

Identify each state and federal grant/credit:

| | |
|---|---|
| | $ |
| | $ |
| | $ |
| | $ |

| | | |
|---|---|---|
| Total Sources of Funds for Project Costs: | $ 63625150 | 100 |

Have any of the above costs been paid or incurred as of the date of this Application?

☒ Yes ☐ No. If Yes, describe particulars:

Approximately $50,000 in professional fees

**Mortgage Recording Tax Exemption Benefit**: Amount of mortgage that would be subject to mortgage recording tax:

Mortgage Amount (include sum total of construction/permanent/bridge financing): $ 41356348

Estimated Mortgage Recording Tax Exemption Benefit (product of mortgage Amount as indicated above multiplied by 0.75%): $ 311000

Please Note: The New York State General Municipal Law was recently amended to reflect that industrial development agencies are not exempt from the additional mortgage recording tax of .25% that is assessed to properties that are located within a regional transportation district. Oneida County is located within the Central New York Regional Transportation District; as such, all UIDA projects will be exempt from .75% of mortgage recording tax, but must pay .25% of mortgage recording tax, which will be directed to the Transportation District.

3. **Estimated Project Cost**

Listed the costs necessary for the construction, acquisition or renovation of the project (this should NOT include working capital needs, moving expenses, work in progress, stock in trade, applicant's debt repayment, real estate broker fees or your legal fees):

| | |
|---|---|
| Acquisition of Land | $ 1,475,000 |
| Acquisition of Building(s) | $ |
| Renovation Costs | $ |
| New Construction of Buildings | $ 50116150 |
| Machinery and Equipment (other than furniture costs) | $ 3034000 |
| Furniture and Fixtures | $ 4000000 |
| Installation Costs | $ Included |
| Architectural/Engineering Fees | $ 200000 |
| Fees (other than your own counsel and brokerage fees) | $ 720000 |
| Interest on Interim Financings | $ 3500000 |
| Other (specify) Financing costs, legal, insurance | $ 580000 |
| Total Project Cost | $ 63625150 |

Sales and Use Tax: Gross amount of costs for goods and services that are subject to State and local Sales and Use tax - said amount to benefit from the Agency's Sales and Use Tax exemption benefit:

$ 15000000

Estimated State and local Sales and Use Tax Benefit (product of 8.75% multiplied by the figure, above):

$ 1312500

4. **Real Estate Taxes**

List separately the proposed project's Real Estate Taxes and/or Assessed Value as it applies to land and building:

| Project's | Real Estate Taxes | Assessed Value |
|---|---|---|
| Land(s) | $ Not available | $ Not available |
| Building(s) | $ Not Available | $ Not available |
| Total | $ Not available | $ Not available |

Calculate the value of the PILOT exemption anticipated for the project described:

$ Not available

5. **Project Schedule**

Indicate the estimated dates for the following:

a. Construction commencement: March 2023

b. Construction completion: August 2030

c. Project financing: List the dates and in what amounts the estimated funds will be required:

To be determined

d. Indicate the name of the incorporated municipality in which the facility will be located and the applicant's (or any related entity's) estimated capital expenditures in such municipality during the past three years:

City of Utica

e. What do you expect the applicant's (or any related entities) capital expenditures to be in the above municipality during the next three years (including this project):

$74 million - $100 million

f. If the applicant or any related entity has previously secured the benefit of tax exempt financing in the City of Utica, whether through IDA, the New York Job Development Authority or any other entity, please explain (indicate date, location of financed facility, and outstanding balance):

Affiliated entities have received tax exemptions/abatements for Utica Hampton Inn, Utica Fairfield Inn Utica

Holiday Inn Express and Hotel Utica/Doubletree projects.

g. Has the applicant or any related entity received the benefit of tax exempt financing anywhere within the United States within the past 90 days or is the applicant or any related entity contemplating the receipt of such financing assistance within the next 90 days? YES ( ) NO ( ) if YES, please explain.

No

6. <u>Project Financing Efforts</u>

<u>IT IS THE APPLICANT'S RESPONSIBILITY TO SECURE A PURCHASER FOR IDA BONDS ISSUED IN CONJUNCTION WITH THIS PROJECT.</u> Below are a series of questions relating to your efforts to secure financing for your project if IDA approval is granted.

A. Has the applicant contacted any bank, financial/lending institution or private investor in regard to the financing for this project? YES ( x ) NO ( ) If YES, please give details:

The project has been discussed among internal investor

pool.

B. Have you obtained a financial commitment for this project? YES ( ) NO ( x )

1. If YES, please briefly describe this commitment and attach related correspondence:

______________________________________________

______________________________________________

______________________________________________

2. If NO, please explain how you will be able to finance this project:

Financing will be obtained from a combination of relationship

lenders and investor groups

______________________________________________

C. Are there any other governmental agencies that you have contacted concerning financial assistance in regard to your proposed project? YES ( ) NO ( x ) If YES, please explain:

______________________________________________

______________________________________________

______________________________________________

______________________________________________

______________________________________________

D. 1. Will the applicant's obligations be guaranteed, and if so, by whom?

Unknown at this time.

2. Is the guarantor related to or affiliated with the applicant?

Not available

E. Financial Information (Attach the Following).

1. Financial Statements for the last three fiscal years.

2. Pro forma Balance Sheet as at start of operations at project site.

3. Projected Profit and Loss Statements for first two years of operation at project site.

4. Projected "Cash Flow" Statement, by quarters, for first year of operation at project site.

## REPRESENTATIONS AND CERTIFICATION BY APPLICANT

The undersigned requests that this Application be submitted for review to the City of Utica Industrial Development Agency (the "Agency") and its Board of Directors.

Approval of the Application can be granted solely by this Agency's Board of Directors. The undersigned acknowledges that Applicant shall be responsible for all costs incurred by the Agency and its counsel in connection with the attendant negotiations whether or not the transaction is carried to a successful conclusion.

The Applicant further understands and agrees with the Agency as follows:

1. **Annual Sales Tax Filings**. In accordance with Section 858-b(2) of the New York General Municipal Law, the Applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the Applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the Applicant and all consultants or subcontractors retained by the Applicant.

2. **Annual Employment Reports**. The Applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the Applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site as well as tax benefits received with the action of the Agency. Failure to provide such reports as provided in the transaction documents will be an Event of Default under the Lease (or Leaseback) Agreement between the Agency and Applicant. In addition, a Notice of Failure to provide the Agency with an Employment Report may be reported to Agency board members, said report being an agenda item subject to the Open Meetings Law.

3. **Absence of Conflict of Interest**. The Applicant has consulted the Agency website of the list of the Agency members, officers and employees of the Agency. No member, officer, or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as herein after described (if none, state "none"):

4. **Hold Harmless**. Applicant hereby releases the Agency and its members, officers, servants, agents and employees from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax

exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final agreement with respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

5. The Applicant acknowledges that the Agency has disclosed that the actions and activities of the Agency are subject to the Public Authorities Accountability Act signed into law January 13, 2006 as Chapter 766 of the 2005 Laws of the State of New York.

6. The Applicant acknowledges that the Agency is subject to New York State's Freedom of Information Law (FOIL). **Applicant understands that all Project information and records related to this application are potentially subject to disclosure under FOIL subject to limited statutory exclusions**.

7. The Applicant acknowledges that it has been provided with a copy of the Agency's recapture policy (the "Recapture Policy"). The Applicant covenants and agrees that it fully understands that the Recapture Policy is applicable to the Project that is the subject of this Application, and that the Agency will implement the Recapture Policy if and when it is so required to do so. The Applicant further covenants and agrees that its Project is potentially subject to termination of Agency financial assistance and/or recapture of Agency financial assistance so provided and/or previously granted.

8. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if Financial Assistance is provided for the proposed Project:

   > § 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

9. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving Financial Assistance for the proposed Project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.

10. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any Financial Assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.

11. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.

12. The Applicant and the individual executing this Application on behalf of the Applicant acknowledge that the Agency will rely on the representations made herein when acting on this Application and hereby represent that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

STATE OF NEW YORK )
COUNTY OF ONEIDA ) ss.:

________________________________, being first duly sworn, deposes and says:

1. That I am the _________________ (Corporate Office) of _______________________________________________ (Applicant) and that I am duly authorized on behalf of the Applicant to bind the Applicant.

2. That I have read the attached Application, I know the contents thereof, and that to the best of my knowledge and belief, this Application and the contents of this Application are true, accurate and complete.

RLH
____________________________
(Signature of Officer)

Subscribed and affirmed to me under penalties of perjury
this ___ day of _____________, 20__.

____________________________________
(Notary Public)

If the application has been completed by or in part by other than the person signing this application for the applicant please indicate who and in what capacity:

By:________________________________________

Name: ______________________________________

Title: ______________________________________

Date:_______________________________________

**Return the original application and six copies with a check in the amount of $250.00 made payable to: Utica Industrial Development Agency, 1 Kennedy Plaza, Utica, New York, Attn.: Jack N. Spaeth, Executive Director.**

**UTICA INDUSTRIAL DEVELOPMENT AGENCY**
**COST/BENEFIT ANALYSIS**
**Required by §859-a(3) of the**
**New York General Municipal Law**

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**TO BE ATTACHED TO AND MADE PART OF APPLICATION TO THE AGENCY**

---

**Name of Applicant:** UTICA HARBOR LODGING GROUP LLC

**Address of Project:** WELLS AVENUE, UTICA, NEW YORK

**Description of Project:**
HOTEL AND MULT-UNIT APARTMENT COMPLEX WITH RECREATION CENTER

**Name of all Sublessees or Other Occupants of Facility:**
NA

**Principals or Parent Company of Applicant:**
ARUN PATEL AND HEMANT PATEL

**Principals of any Sublessee or Occupant:**
NA

**Product/Services of Applicant:**
PROPERTY DEVELOPMENT

**Estimated Completion Date of Project:** AUGUST 2030

**Type of Financing/Structure:**

____ Tax-Exempt Financing
____ Taxable Financing
X Lease/Leaseback, Sale/Leaseback
____ Other

**Explain:** ____________________

| | | |
|---|---|---|
| **Types of Benefits** | ____ | Tax-Exempt Bonds |
| **Expected to Receive**: | X | Sales Tax Until Completion Date |
| | X | Mortgage Tax Abatement |
| | X | Real Property Tax Abatement |

**Project Costs - Capital Investment**

| | | |
|---|---|---|
| Land | $ 1475000 | Cost per Acre $ 467000 |
| Existing Building | $ | |
| Rehab of Existing Building | $ | |
| Construction of New Building | $ 50116150 | Cost per Sq Ft $ 136 |
| Addition or Expansion | $ | Cost per Sq Ft $ |
| Engineering and Architectural Fees | $ 200000 | |
| Equipment (detail below) | $ 7034000 | |
| Legal Fees<br>Bank, Bond, Transaction, Company, Credit Provider, Trustee | $ 100000 | |
| Finance Charges<br>Title Insurance, Environmental Review, Bank Commitment Fee, Appraisals, etc. | $ 1550000 | |
| **TOTAL COST OF PROJECT** | $ 63625000 | |

Type of Equipment to be Purchased FFE, HVAC, ELEVATORS, PTAC, COMMUNICATION/SECURITY

Grants or Loans expected to be received (by who and amount)

| | |
|---|---|
| LOAN WITH COMMERCIAL MORTGAGE LENDER(S) | $ 41360000 |
| | $ |
| | $ |

**Company Information**

| | |
|---|---|
| Existing Jobs | 0 |
| Created Jobs (by year 3) | 8 |
| Retained Jobs | 0 |

## BENEFITS

### Taxable Goods and Services

| | | Spending Rate | | Wages | | Expenditures | | Sales Tax Rate | | State/ Local Sales Tax Revenues |
|---|---|---|---|---|---|---|---|---|---|---|
| Direct Jobs | | | | | | | | | | |
| 8 | Created | 36.0% | x | 275,000 | = | 99,000 | x | 8.75% | = | 8,663 |
| | Existing | 36.0% | x | | = | | x | 8.75% | = | |
| Indirect Jobs | | | | | | | | | | |
| | Created | 36.0% | x | | = | | x | 8.75% | = | |
| | Existing | 36.0% | x | | = | | x | 8.75% | = | |
| 300 | Construction | 36.0% | x | 15,000,000 | = | 5,400,000 | x | 8.75% | = | 472,500 |
| | Totals | | | | | | | | | |
| | | | | | | | | x 3 years | = | 1,443,489 |

### Real Property Taxes

Local (3 year) real property tax benefit (assuming 50 % of jobs existing and created own a residence with an average assessment of $ 100,000 and the remainder of jobs existing and created pay real property taxes through rent based on an average assessment per apartment of $ 25,000 Current tax rate: 66.25/$1000 of AV

Real Property Taxes Paid $ 99,375

**3 Yr Comparative Benefits** $ 1,542,864

## COSTS

Real Property Taxes Abated on Improvements only (3-year period) $ 2,456,006

Mortgage Tax Abated $ 311,000

Estimated Sales Tax Abated During Construction Period $ 1,312,500

**3 Yr Comparative Costs** $ 4,079,506

(If there is tax-exempt financing of all or a portion of the project cost, there is a neutral cost/benefit because of lower interest rates by reason of exclusion of interest from gross income of bondholders for purposes of Federal and State income taxes. Taxable financing carries the same cost/benefit for State Income Tax purposes. Such cost/benefits cannot be qualified.)

# Utica Harbor Lodging Group LLC

**Application to City of Utica
Industrial Development Agency for
Financial Assistance for**


# Utica Harbor Hotel and Apartment Project

# Benefit/Cost Analysis

***Prepared by:***

**Shepstone Management Company, Inc.
Planning & Research Consultants
100 Fourth Street Honesdale, PA 18431
(570) 251-9550  FAX 251-9551
www.shepstone.net
mail@shepstone.net**

***November, 2022***

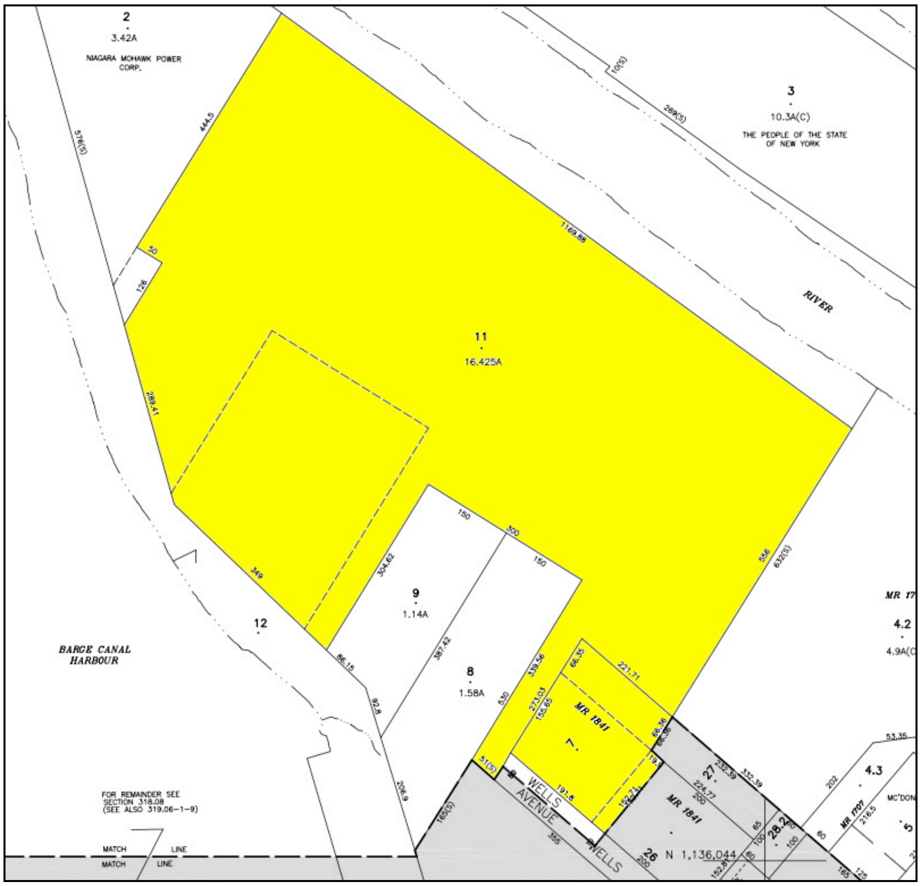
# Utica Harbor Lodging Group LLC
# Benefit/Cost Analysis

## Background:

Utica Harbor Lodging Group LLC has applied for financial assistance for redevelopment of property assembled by Utica Harbor Point Development Corp. on Wells Avenue for purposes of revitalization of this area. The project involves construction of an approximately 80 to 100-room limited service hotel and six apartment buildings with a total of 240 dwelling units plus a 8,000 square feet community center amenity. The applicant is applying for real property, sales and mortgage tax exemption.

It is estimated $63,625,000 will be invested in improving the property, including $54,625,150 in taxable real property of which an estimated $15,000,000 will represent sales taxable materials costs associated with the redevelopment project. The real property improvements would, at the 48% equalization rate for 2022, yield an equal $26,208,000 of assessed value. While assessed value is often based on an income approach to value, a comparison of assessments for similar hotel and apartment projects in the City of Utica indicates the equalized value of real property costs is very realistic. The applicant has also requested the City of Utica Industrial Development Agency (IDA) provide mortgage and sales tax abatements to assist the project.

# Utica Harbor Lodging Group LLC
# Benefit/Cost Analysis




New York State law governing IDAs requires "an analysis of the costs and benefits of the proposed project." Shepstone Management Company, Inc. has been requested by the IDA to provide such an analysis on an independent basis. This study is designed to compare the economic benefits of the project, including both direct and indirect revenues generated for local and state government, against the costs to these governments for additional services required. Both direct and indirect costs are considered on this side of the equation as well.

The following is a summary of the findings from this analysis, including supporting materials forming the basis for the conclusion reached.

# Utica Harbor Lodging Group LLC
# Benefit/Cost Analysis

## Methods and Assumptions:

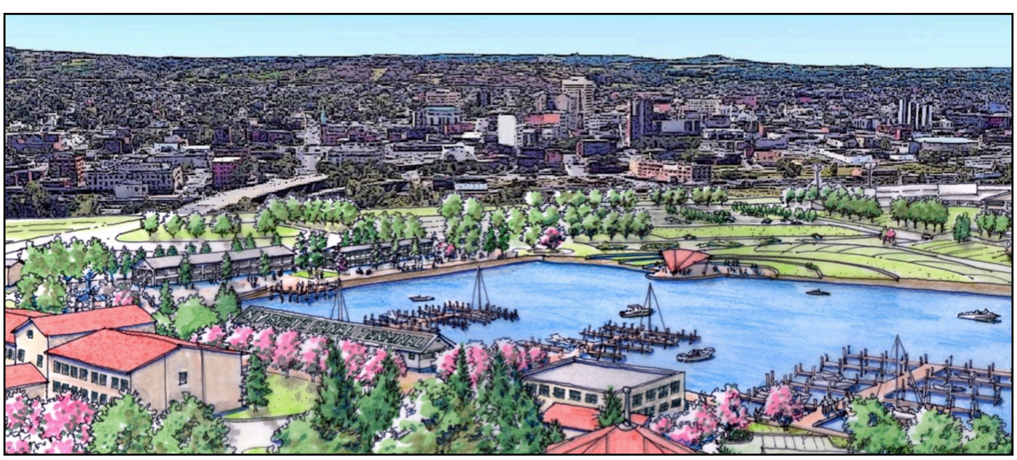
The following methods and assumptions were employed for the purposes of analyzing this particular project:

1) Real property tax abatement is treated as a cost, but proposed property improvements will still yield economic benefits in increased taxes for many years. An estimated $54,625,150 in such improvements will be made, yielding, at a 2022 equalization rate of 48%, an estimated assessed value of $26,208,000. It is further assumed this assessed value will be reached gradually, adding $3,702,875 of assessed value per year over a six-year construction period from 2025 to 2030, following a 2023-24 initial construction period when only the land would, theoretically, be taxable.

2) The construction aspect of the project will involve an applicant estimated \$15,000,000 in qualifying sales taxable material and equipment purchases. A sales tax rate of 8.75% yields an estimated \$1,312,500 in abated sales taxes.

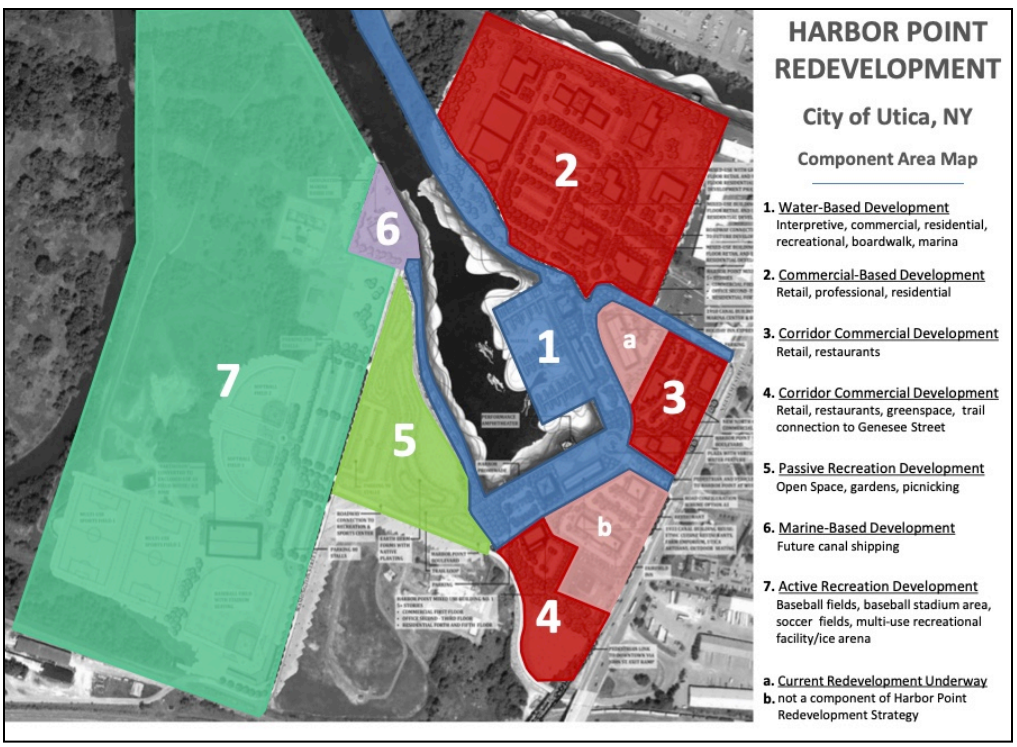
3) It is expected the applicant will enter into a Payment In Lieu of Taxes (PILOT) Agreement with the City of Utica Industrial Development Agency for real property tax abatement under Section V-C of the IDA's Uniform Tax Exemption Policy, which provides for a deviation for Unusual Projects that require special considerations related to achieving successful operations. The proposed PILOT in this instance simply provides for a \$70,000 annual payment in lieu of real property taxes over a period of 30 years (2025-2054), although the analysis period used herein to evaluate benefits and costs extends from 2023 to 2059.

4) It is assumed there will be a \$41,356,348 mortgage to which mortgage tax abatement will apply. Oneida County has a 1.00% mortgage tax of which 0.75% is abatable by the IDA after allowing for taxes designated for the support of the Central New York Regional Transportation District. The yields a net mortgage tax abatement of \$310,173.



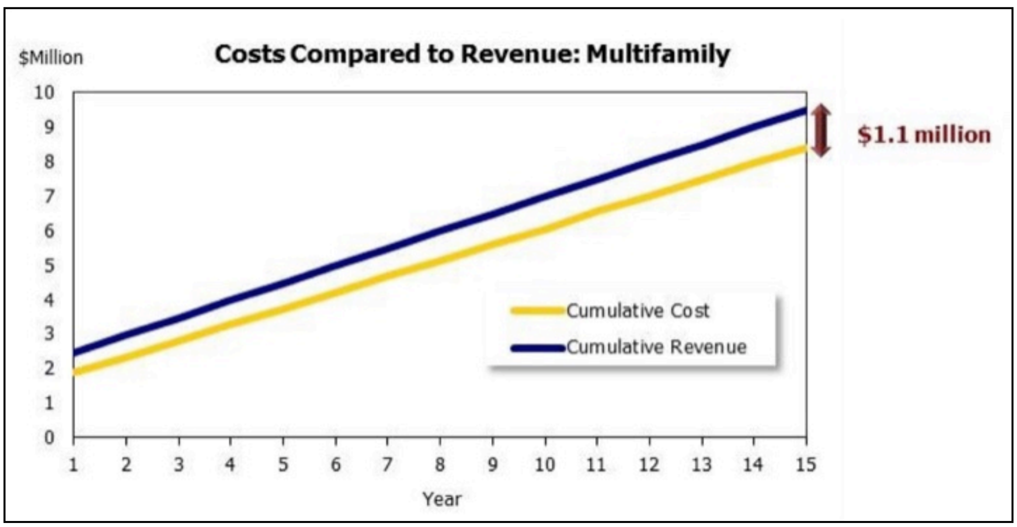
5) It is anticipated the Utica Harbor Hotel and Apartment Project project will annually produce 75 new FTE construction jobs in the City of Utica over the period 2023 to 2030, paying roughly $75,000 per year (including fringes) at the outset, subsequently adjusted by an inflation rate of 5% per year. It is estimated that. starting in 2025, the project will very conservatively produce a minimum of eight operations jobs related to hotel operation and paying roughly $45,000 per year in salary and fringes.

6) It is assumed for purposes of this analysis 50% that all construction and operational employment will be from the Utica area labor force.




7) No significant additional annual costs to local government for providing highway maintenance and other non-educational services in the City of Utica is

anticipated. A National Association of Home Builders (NAHB) study published in 2015 and titled "The Economic Impact of Home Building in a Typical Local Area," in fact, indicates a 100-unit rental project can typically be expected to after 15 years, to "generate a cumulative $9.5 million in revenue compared to $8.4 million in costs, including annual current expenses, capital investment, and interest on debt." Adjusted for inflation and applied to this 240-unit project, this would mean a net positive economic impact of $3,326,400 to local governments over the 15 years ($7,761,600 over the full analysis period. The following excerpt from the NAHB study illustrates.




8) Likewise, no negative impact on school costs is anticipated. The same NAHB report referenced above notes the following:

> *"There are several factors present in most parts of the country that tend to reduce education expenses per housing unit. The first is the average number of school-aged children present in the units. According to the*

*American Housing Survey, there is, on average, only a little over one school-aged child for every two households in the U.S. The number is about 0.6 per household for single-family and under 0.4 per household for multifamily. So education costs per housing unit are lower than costs per pupil, simply because there is less than one pupil per household."*

Moreover, enrollment for the City of Utica School District has, since 2016-17, declined from 11,183 students then to 10,700 for 2022-23, a decline of 483 students over the last six years. Therefore, it is reasonable to assume any new school students resulting from the project may well only offset enrollment losses and, arguably, be a net positive in spreading educational overhead costs.

9) According to the latest New York State Office of Real Property Services published data, the City of Utica real property tax rate (not including Oneida County Taxes) dropped from 17.91 per $1,000 in 2020 to $17.04 in 2021. Inflation, though, has dramatically increased (5% per year is estimated going forward for analysis purposes). Therefore, it is assumed there will be some tax

increases in the future, which are estimated at the state imposed maximum of 2% per year on municipalities.

10) An economic multiplier of 2.24 is assumed with respect to indirect and induced economic development effects based on employment, which is typical of the construction industry in New York State.

11) Cash flow streams from benefits and costs are net present valued using the the average interest rate of 2.186% on state and local securities series debt as reported to the U.S. Treasury Department. Net present value figures include actual costs of abatements and other costs for 2023-24 plus discounted values for 2025-2039. A 35-year period was selected for purposes of the analysis on the basis that the 30 years PILOT period plus another five years of operations without the benefit of abatements under the PILOT provides a reasonable estimate of the project's viable minimum lifetime before major rehabilitations might be required.

***Google Earth aerial view of project site***

12) Because there will be a 80-100 room limited service hotel operation as part of the project, it will generate both sales and room taxes, the latter of which is a 5% tax for tourism support. It is assumed the hotel will be 100 rooms, operate at 65% occupancy and rent for an average of $135 per night, yielding $3.2 million of sales during the base year of operations. This will, in turn, yield roughly $280,250 of sales tax and $160,150 of room tax during the base year, subsequently adjusted for inflation.

13) There is also another project benefit that is not especially quantifiable in measurable terms but is, nonetheless, important to explain and that is the housing benefits involved. These benefits relate to the value of adding 240 market rate apartments to the City of Utica Housing Supply. This value may be ascertained from a Utica Housing Study, produced in draft in July, 2022. Among the findings from the study is this:

**Young professional who earns $55,000 and seeks a market-rate apartment**


For years, a household such as this would have been forced to choose between newer suburban apartments outside of the city or generally outdated rentals in city neighborhoods. The emergence of new downtown options has widened their range and continuing to provide such options has the potential to hang on to these individuals as they form families and seek ownership opportunities.

Without subsidy, a high-quality rental product for this household—in a new building or a substantially rehabbed existing building—would have to rent for more than $2,000, which is more than this household can afford. Therefore, continued subsidization of market-rate rental developments (via historic preservation tax credits, property tax abatements, PILOTs, and other tools) will be needed to provide additional rental products.

This means that new housing investments will almost always require some form of development subsidy to bring rents and prices in line with what buyers and renters are willing to pay in Utica. Indeed, this is how most of the new downtown units have been produced and rented at levels below $2,000 per month.

The costs of new housing costs

**New rental construction or adaptive reuse**


**Required rent without subsidy**

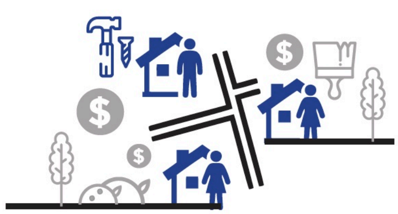
$2,100-$2,300

Only 2% of renters currently pay more than $2,000

Source: 2020 American Community Survey (5-Year Estimates)

Market rate housing, in other words, cannot be economically developed in the City of Utica absent some form of subsidy to being rents in line with the market. The Utica Housing Study further explains with the excerpts to the right, which indicate one of the target markets for the City of Utica should be young professionals making $55,000+ salaries who seek market rate apartments. It further notes these households will require subsidization via PILOTs or other mechanisms to get rents down to affordable market rate rents.

The affordable rent level, of course, will constantly shift with incomes and inflation, so the absolute number cannot be projected with any reliability over the seven year development period, but it is clear some form of subsidization will be critical and the economic benefits of this are nicely articulated in the Utica Housing Study:



**Treat housing as a fluid ladder of opportunities**

As units get built or rehabbed in any market, spaces are freed up and should be treated as opportunities to improve the quality and diversity of supply; the development of 15 new units could, for example, be treated as an opportunity to create positive housing choices for up to 30 households.

Subsidizing this particular project with real property tax abatement is, per the study, likely to produce two units of housing availability for every unit built with the PILOT.

## Conclusion:

# Utica Harbor Lodging Group LLC
# Benefit/Cost Analysis

This project will, over the 35 year analysis period, generate estimated costs of $29,366,651 in mortgage, real property and sales tax abatements, including an estimated $310,173 in mortgage tax abatement, $28,868,978 in real property tax abatement and $1,312,500 in sales tax abatement. Net present valued, these abatements are worth $22,014,662.

The net present value of the project benefits consist of the new real property taxes generated ($4,952,722) over the 35 years plus the construction period period. Additionally, the project will produce an estimated $15,812,948 in sales taxes at net present value and $9,035,971 in room taxes There is also a large prospective gain in personal incomes and the multiplier effects therefrom. This amounts to $41,561,941 bringing total benefits to $71,363,583 at net present value.

Altogether, this yields a positive benefit/cost ratio of 3.24 to 1.00 on a gross basis that includes personal income gains. **Absent those gains and looking simply at taxes abated versus new taxes generated the ratio is 1.35. Viewing the taxes abated as an investment by local governments, the rate of return in new tax revenue produced is 1.4% per year on average over the full period (construction plus the PILOT schedule).**

**This does not account for the very substantial housing benefit that will result with the construction of 240 units of much needed market rate housing for young professionals and active adults and another 240 units of additional housing made available by vacating of less expensive housing.**

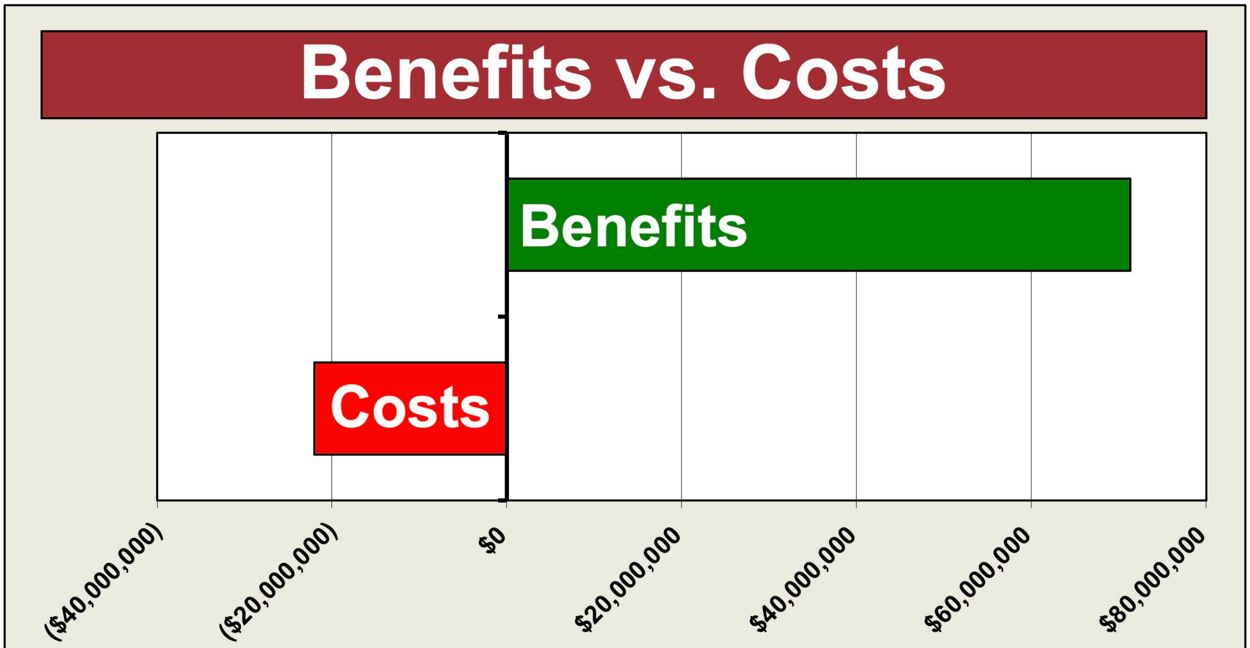
# APPENDICES:

## B/C Ratio Graph

## B/C Summary Table

## B/C  Detailed Analysis

## Utica Harbor Lodging Group LLC
## Benefit/Cost Analysis




| | Costs | Benefits |
|---|---|---|
| Impacts | ($22,014,662) | $71,363,583 |

# Utica Harbor Lodging Group LLC
# Benefit/Cost Analysis

## Cost/Benefit Analysis

| | |
|---|---|
| **Costs (2023/24-2059)** | |
| Sales Tax Abatements (City) | $676,136 |
| Sales Tax Abatements (State) | $636,364 |
| Mortgage Tax Abatements | $310,173 |
| Real Property Tax Reductions | $28,868,978 |
| **Total Value of All Abatements =** | **$30,491,651** |
| **Net Present Value of Abatements=** | **$22,014,662** |
| **Benefits (Net Present Value, 2023/24-2059)** | |
| Real Property Taxes | $4,952,722 |
| Sales Taxes Generated | $15,812,949 |
| Room Taxes Generated | $9,035,971 |
| **Sub-Total (Value of New Taxes) =** | **$29,801,642** |
| Personal Income Gains Related to New/Retained Jobs | $27,707,960 |
| Personal Income Gains Related to Multiplier Effects | $13,853,980 |
| **Sub-Total (Income Gains) =** | **$41,561,941** |
| **Total (Value of All Benefits) =** | **$71,363,583** |
| **Excess Benefits Over Costs =** | **$49,348,921** |
| **Gross Benefits to Costs Ratio =** | **3.24** |
| **Tax Benefits to Costs Ratio =** | **1.35** |
| **Average Rate of Return on Tax Investment =** | **1.4%** |

# Utica Harbor Lodging Group LLC
# Benefit/Cost Analysis

## Economic Analysis of Project and Requested Tax Abatement Program

| FISCAL YEAR<br>DESCRIPTION | 2023-24<br>C/L* | 2025<br>1 | 2026<br>2 | 2027<br>3 | 2028<br>4 | 2029<br>5 | 2030<br>6 | 2031<br>7 | 2032<br>8 | 2033<br>9 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales Tax Abatement | $187,500 | $187,500 | $187,500 | $187,500 | $187,500 | $187,500 | $187,500 | $0 | $0 | $0 |
| Mortgage Tax Abatement | $310,173 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Real Property Tax Abatement | $0 | $235,510 | $397,431 | $565,706 | $724,633 | $883,559 | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 |
| Real Property Taxes | $112,500 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 |
| Sales Taxes | $0 | $280,252 | $294,264 | $308,977 | $324,426 | $340,648 | $357,680 | $375,564 | $394,342 | $414,059 |
| Room Taxes | $0 | $160,144 | $168,151 | $176,558 | $185,386 | $194,656 | $204,389 | $214,608 | $225,338 | $236,605 |
| Personal Income - New Jobs | $2,812,500 | $3,142,125 | $3,464,193 | $3,637,402 | $3,819,273 | $4,010,236 | $241,217 | $253,278 | $265,942 | $279,239 |
| Indirect Income Benefits | $1,406,250 | $1,571,063 | $1,732,096 | $1,818,701 | $1,909,636 | $2,005,118 | $120,609 | $126,639 | $132,971 | $139,620 |

* C/L = Construction and Lease-Up Period

## Economic Analysis of Project and Requested Tax Abatement Program

| FISCAL YEAR<br>DESCRIPTION | 2034<br>10 | 2035<br>11 | 2036<br>12 | 2037<br>13 | 2038<br>14 | 2039<br>15 | 2040<br>16 | 2041<br>17 | 2042<br>18 | 2043<br>19 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales Tax Abatement | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Mortgage Tax Abatement | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Real Property Tax Abatement | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 |
| Real Property Taxes | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 |
| Sales Taxes | $434,762 | $456,500 | $479,325 | $503,292 | $528,456 | $554,879 | $582,623 | $611,754 | $642,342 | $674,459 |
| Room Taxes | $248,436 | $260,857 | $273,900 | $287,595 | $301,975 | $317,074 | $332,927 | $349,574 | $367,052 | $385,405 |
| Personal Income - New Jobs | $293,201 | $307,861 | $323,254 | $339,417 | $356,388 | $374,207 | $392,917 | $412,563 | $433,191 | $454,851 |
| Indirect Income Benefits | $146,601 | $153,931 | $161,627 | $169,708 | $178,194 | $187,104 | $196,459 | $206,282 | $216,596 | $227,426 |

## Economic Analysis of Project and Requested Tax Abatement Program

| FISCAL YEAR<br>DESCRIPTION | 2044<br>20 | 2045<br>21 | 2046<br>22 | 2047<br>23 | 2048<br>24 | 2049<br>25 | 2050<br>26 | 2051<br>27 | 2052<br>28 | 2053<br>29 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sales Tax Abatement | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Mortgage Tax Abatement | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Real Property Tax Abatement | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 | $1,042,486 |
| Real Property Taxes | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 |
| Sales Taxes | $708,182 | $743,591 | $780,770 | $819,809 | $860,799 | $903,839 | $949,031 | $996,483 | $1,046,307 | $1,098,622 |
| Room Taxes | $404,675 | $424,909 | $446,154 | $468,462 | $491,885 | $516,480 | $542,304 | $569,419 | $597,890 | $627,784 |
| Personal Income - New Jobs | $477,594 | $501,473 | $526,547 | $392,917 | $412,563 | $433,191 | $454,851 | $477,594 | $501,473 | $477,594 |
| Indirect Income Benefits | $238,797 | $250,737 | $263,273 | $196,459 | $206,282 | $216,596 | $227,426 | $238,797 | $250,737 | $238,797 |

## Economic Analysis of Project and Requested Tax Abatement Program

| FISCAL YEAR<br>DESCRIPTION | 2054<br>30 | 2055<br>31 | 2056<br>32 | 2057<br>33 | 2058<br>34 | 2059<br>35 | TOTALS<br>Actual | <br>NPV |
|---|---|---|---|---|---|---|---|---|
| Sales Tax Abatement | $0 | $0 | $0 | $0 | $0 | $0 | $1,312,500 | $1,231,207 |
| Mortgage Tax Abatement | $0 | $0 | $0 | $0 | $0 | $0 | $310,173 | $310,173 |
| Real Property Tax Abatement | $1,042,486 | $0 | $0 | $0 | $0 | $0 | $28,868,978 | $20,473,282 |
| Real Property Taxes | $70,000 | $1,351,487 | $1,351,487 | $1,351,487 | $1,351,487 | $1,351,487 | $8,969,935 | $4,952,722 |
| Sales Taxes | $1,153,553 | $1,211,231 | $1,271,793 | $1,335,382 | $1,402,151 | $1,472,259 | $25,312,407 | $15,812,949 |
| Room Taxes | $659,173 | $692,132 | $726,739 | $763,076 | $801,229 | $841,291 | $14,464,233 | $9,035,971 |
| Personal Income - New Jobs | $501,473 | $526,547 | $552,874 | $580,518 | $609,544 | $640,021 | $33,680,031 | $27,707,960 |
| Indirect Income Benefits | $250,737 | $263,273 | $276,437 | $290,259 | $304,772 | $320,011 | $16,840,016 | $13,853,980 |

# Utica Housing Study

JULY 2022

Prepared by czbLLC


## Acknowledgments

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# Utica Housing Study

JULY 2022

## Table of Contents



Prepared by czbLLC

# Introduction

Like many American communities in 2022, Utica is a place that struggles to make sense of its housing market—or what it should do about it—especially in the wake of the COVID-19 pandemic.

Is it red-hot or lukewarm? Has it recovered from decades of stagnancy or is it still recovering? Is the housing supply keeping up with demand or is it falling behind? Who is benefiting from recent housing market trends and who is not?

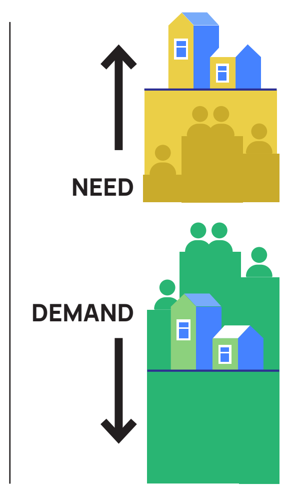
There are many seemingly contradictory storylines that make it easy to get lost. On the one hand, Utica's population has been growing faster than any of its upstate peers. Its refugee resettlement efforts have given the city an international perspective and national recognition. Downtown has improved by leaps and bounds from what it was in the 1990s, with hundreds of new apartments, a crop of dynamic new businesses, a brand new hospital campus, and a bright outlook. Hundreds of new affordable housing units have been built in the past decade. And major economic development initiatives in the region, including Wolfspeed, promise to pull the city firmly into the economy of the 2020s.

On the other hand, thousands of households struggle to pay for housing that is usually in poor condition. Poverty is still high and extremely concentrated. Downtown and its surroundings still feel empty and worn much of the time. Some neighborhoods that were paragons of health as late as the 1990s are now suffering from visible disinvestment. A soon-to-be-closed hospital campus is a big question mark in a key location. And there is no guarantee that Utica will experience its fair share of Wolfspeed's impact, or even the economic impact of the new hospital.

### A reality that is complex but clear

All of these storylines—the optimistic and the troubling—are simultaneously true. Utica is a complicated community at a particularly compelling moment in its history. Its people, its housing, its economy, its civic life—all reveal a patchwork of hope and doubt if studied closely.

But this complexity does not, ultimately, obscure some fundamental realities at the core of Utica's housing market. As work for this housing study has made clear, **housing strategies in Utica must respond to two related but different challenges: high levels of need and low levels of demand. Each requires a different approach and, in the context of a finite municipal budget, the imperative to do more with less.**




To respond to high need, housing strategies must close affordability gaps in ways that deconcentrate poverty, put families and children in positions to succeed, and strengthen the asset value of the city's housing supply in the process. To respond to low demand, housing strategies must grow the confidence of households—their willingness to pay for and improve housing in Utica—by focusing scarce resources intensively, spurring measurable and meaningful reinvestment, and leading to the emergence of ever stronger residential blocks.

Strategies that are responsive to these core realities will allow Utica to be proactive about improving the housing supply and creating stronger neighborhoods for residents at all income levels while also growing the city's capacity to robustly invest in community priorities.



# How to use this study

This Utica Housing Study was conducted between March and June, 2022, to analyze housing conditions and trends in Utica, define challenges and opportunities related to housing, and identify feasible strategies to support a stronger and healthier housing market.

The findings and recommendations are divided into three parts:

PART 1

### Utica's Housing Market: Conditions, Trends, and Key Issues

Part 1 provides an overview of supply and demand trends in the City of Utica's housing market and places it within the context of the broader regional market. It defines "need" and "demand" and their influence on housing investments, analyzes the distribution of demand across city sub-markets, and distills the overriding issues that shape decision-making on housing investment and policy in Utica.

PART 2

### Housing Policy and Investment Framework

Based on the findings of Part 1, Part 2 outlines a principles-based framework for decision-making. The principles emphasize the imperative to make the most out of limited resources—to ensure that interventions achieve multiple aims, are focused to have sufficient impact, and are responsive to market-conditions.

PART 3

### Strategic Opportunities

The final part applies the framework outlined in Part 2 by identifying a series of strategic opportunities that would be responsive to the city's housing market realities. They demonstrate focused, multi-pronged interventions that would be likely to improve demand, grow the community's capacity to address housing needs, and create good housing opportunities for households across the income spectrum.

Together, these three parts are designed to help the City of Utica and its partners formulate a responsive, well-coordinated housing strategy guided by a clear understanding of problems to solve, principles to apply, and opportunities to seize.

# PART 1 Utica's Housing Market: Conditions, Trends, and Key Issues

**Population growth, a proliferation of new downtown housing, and persistent affordability problems are among the housing trends and issues that most Uticans are aware of from the past decade or two.**

When placed within the full context of Utica's housing market and its relationship to Oneida County, these issues become part of a complex housing market portrait with a few essential takeaways: levels of housing need are highly concentrated in the city, regional housing demand is underrepresented in the city, and a wide range of sub-markets provide a useful lens for understanding housing challenges and opportunities at the neighborhood-level.



# Utica's **population** is growing, but...

Until the 2010 Census, the City of Utica had experienced population loss for nearly 70 years, dropping by 41,000 (or 40%) between 1930 and 2000. The consequences of population loss and the resulting drop in demand for housing—on vacancy rates, property conditions, home values, reinvestment levels, and Utica's tax base—were, and continue to be, dramatic.

Now, for two consecutive Census periods, the city's population has grown. Not only has it grown, it has grown at a faster pace (7.6%) than New York State as a whole, faster than any other city in upstate New York with more than 40,000 people—and it has grown while the remainder of the county has declined.

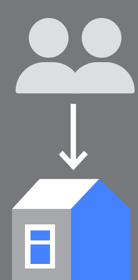
But the impact of population growth on the Utica housing market is not clear-cut. For one thing, **the total number of households in Utica has actually declined by more than 10% since 2000** due, in part, to growth in household sizes and an expansion of large households—a trend that runs counter to the continued shrinking of households in the rest of the U.S. This can be tied directly to Utica's status as a major refugee family resettlement center—by far the largest factor in the city's population growth.

| | | 2000 | 2020 | % Change |
|---|---|---|---|---|
| Population | Remainder of Oneida County | 174,790 | 166,842 | -4.5% |
| | City of Utica | 60,679 | 65,283 | +7.6% |
| Households | Remainder of Oneida County | 65,414 | 68,232 | +4.3% |
| | City of Utica | 25,093 | 22,443 | -10.6% |
| Households with 4 or more people | Remainder of Oneida County | 15,217 | 12,849 | -15.6% |
| | City of Utica | 4,789 | 5,105 | +6.5% |
| Foreign born residents | Remainder of Oneida County | 5,116 | 5,557 | +8.6% |
| | City of Utica | 7,231 | 12,984 | +79.6% |

Source: 2000 Census, 2020 Census, and 2020 American Community Survey (5-Year Estimates)

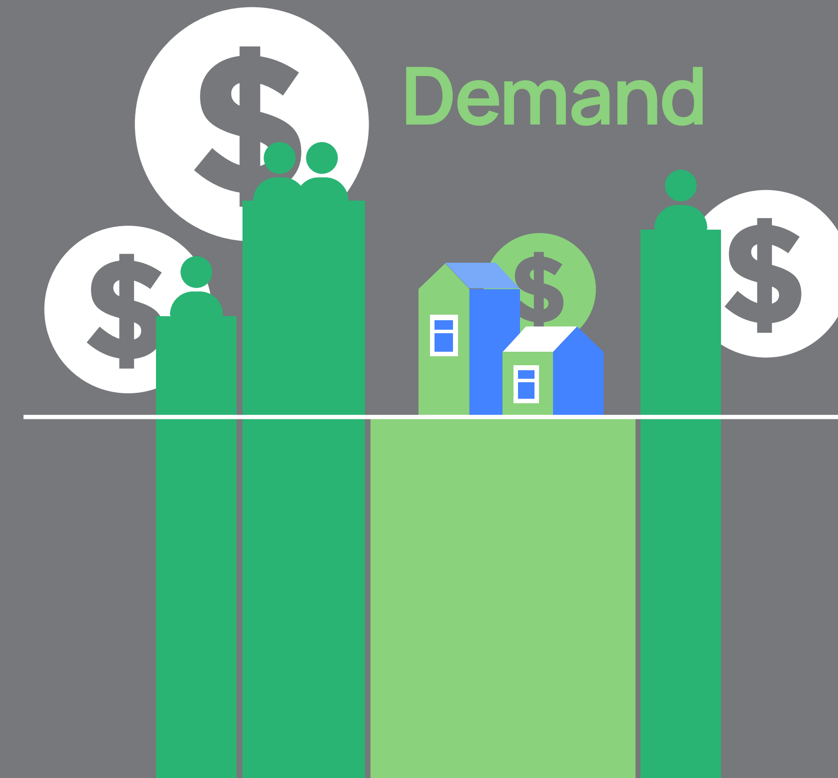
# **Who consumes housing** in Utica and Oneida County?

The net decline in households since 2000 is significant to the Utica housing market because a household—the person or group of people who occupy an apartment or a single-family house—are the unit of consumption for housing. Fewer households means fewer housing consumers. But the decline in households, too, is not a clear-cut story. Not every household has the same impact on the housing market. An especially important distinction to make—one that helps to determine the problems that need solving and how to intervene with responsive policies and tools—is between households that represent **demand for housing** and households that represent **need for housing.**




## Which consumers represent need for housing?

Need for housing exists when a household has an insufficient ability to pay for housing on the private market and, as a result, has very limited choices. **A household that requires assistance to pay for adequate housing represents a need that is either met by some form of public subsidy (an income-qualified unit or rent assistance, for example)** or remains an unmet need.

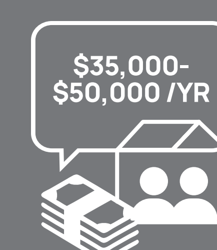



## Which consumers represent demand for housing?

Demand for housing exists when a household has sufficient means to pay for housing and is willing to pay for a given unit or location. **A household that chooses a home or apartment in Utica and is able to afford their housing payment represents demand for housing.**


In the context of Utica and Oneida County, **households that earn $35,000 per year, or less**, have a very limited ability to pay for housing. Finding housing that is affordable ***and*** in good condition almost always requires assistance for these households. **They represent need.**


In the context of Utica and Oneida County, **households that earn $50,000 per year, or more**, have a wide range of choices given their ability to pay for housing and prevailing prices and rents. **They represent demand.**




**Households that earn between $35,000 to $50,000 per year** in Utica and Oneida County currently exist somewhere in between demand and need. They are rarely considered to be "cost burdened" by their housing (paying more than 30% of income on monthly housing payments). But they may struggle to find suitable housing in good condition and usually earn too much to be eligible for most forms of housing assistance.

## Housing need in Oneida County has long been concentrated, to some degree, within the City of Utica.

In the 1800s and early 1900s, plentiful jobs in the transportation and manufacturing sectors made the city an employment hub for the region and resulted in waves of in-migration to fill those jobs. Inexpensive housing was built by the private sector to accommodate those laborers and their families—addressing many of the housing needs of Utica's Industrial Age.

As Utica's economy faltered in the second half of the 20th century, a growing number of households suffered from economic dislocation and had few choices but to rely on this aging supply of inexpensive housing, even as it declined in condition. Many subsidized housing units were added to Utica's inventory over time to provide better, more affordable options for those in need. By 2000, the large supply of low-cost housing in Utica—along with low overall cost of living—became a foundational element for refugee resettlement in the city.

Today, high concentrations of housing need within the City of Utica are a product of lingering economic hardship for many households in the post-industrial era, the city's status as having among the least expensive housing in the region, and suburban settlement patterns that have generally excluded housing for the region's low-income households.

**Key findings from an analysis of housing need include:**

# Need

**is stabilizing in Utica**

### Need remains concentrated in Utica, but is not becoming more concentrated

Utica is home to 25% of all households in Oneida County but 41% of all households that earn less than $20,000—and can afford to spend no more than $500 per month on housing. Among county households earning $20,000 to $34,999, the share in Utica (29%) was closer to the city's overall share but still higher. These elevated levels of need appear to have stabilized and have actually declined since 2000.

**30%**

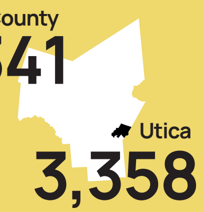
**of Utica's households earn less than $35,000 AND are cost-burdened by their housing**

### The vast majority of low-income households in Utica are cost-burdened

Fully 87% of households in the city that earn less than $20,000 spend more than 30% of their monthly incomes on housing and are considered cost-burdened. 56% of households that make $20,000 to $34,999 are also cost-burdened.

Altogether, 30% of all Utica households (6,644) earn less than $35,000 and pay 30% or more of their incomes on housing.

**Households in Subsidized Housing Units**




Source: HUD Picture of Subsidized Households, 2021

### Efforts to address need are more heavily concentrated in Utica than the level of need would suggest

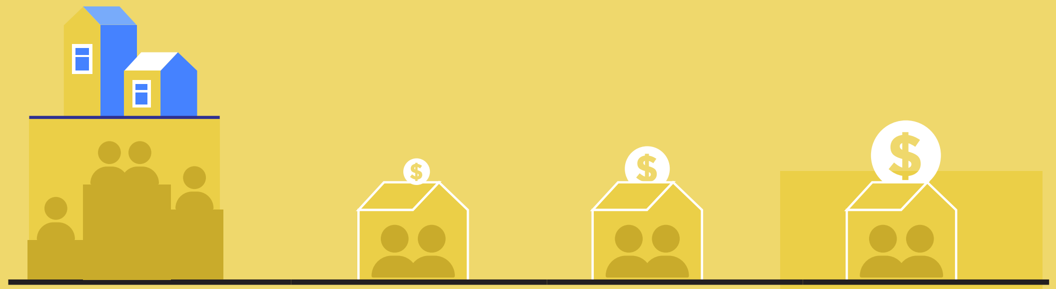
While Utica has 35% of all county households who earn less than $35,000, it has a considerably higher share—63%—of all interventions in the county that are designed to assist households in need. These interventions include public housing units, vouchers, and units of affordable housing that are managed by non-profit agencies. That leaves just under 2,000 subsidized units in the remainder of the county.

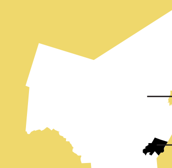
**$35,000-$49,999 /YR**

### Households earning $35,000 to $49,999 represent much lower levels of need

The rate at which households are cost-burdened by their housing payments falls dramatically past the $35,000 income mark. Still, while these households will struggle less to pay for housing, their ability to compete for homes and apartments in desirable condition is limited.

# Need





*Utica had 24.8% of all county households in 2020*

***Every household equates to an occupied housing unit. Individuals experiencing homelessness—a number that typically stands at around 150 in the region, according to the MV Housing and Homeless Coalition—are not counted as households but are part of Utica's housing needs.***

*This is the difference between Utica's share of all county households and its share of households in each income category.* ***A positive number means the share is higher than it would be if the income group were evenly distributed across the county.***

*This represents how the city's share of each income category in the county has changed—accounting for inflation—since 2000.* ***A negative number means the city has a smaller share now than in 2000.***

*The range of affordable monthly housing costs reflects payments that would constitute* ***no more than 30% of monthly income for households in each income category in the county.***

*Affordable home purchase price reflects the rule of thumb that a* ***household can generally afford to buy a house that is 3-times its annual income.***

*This is the share of households in each income category that are considered to be* ***cost-burdened by their housing due to monthly housing costs (rent or mortgage) that exceed 30% of income.***

| | Under $20,000 | $20,000-$34,999 | $35,000-$49,999 |
|---|---|---|---|
| # of Households in County | 14,011 | 12,932 | 11,244 |
| # of Households in Utica | 5,797 | 3,747 | 3,232 |
| % of Utica's households | 26% | 17% | 14% |
| Utica's share of these households in Oneida County | 41.4% | 29.0% | 28.7% |
| Deviation from even distribution (Higher share / 0 / Lower share) | +16.6 | +4.2 | +3.9 |
| Change in city's share since 2000 (Larger share now / 0 / Smaller share now) | -4.2 | -5.1 | 1.7 |
| Affordable monthly housing costs | $500 or less | $500 - $875 | $875 - $1,250 |
| Affordable home purchase price | Homeownership not affordable | $60,000 - $105,000 | $105,000 - $150,000 |
| % in Utica that are cost-burdened | 87% | 56% | 17% |

Source: czb analysis of 2000 Census and 2020 American Community Survey (5-Year Estimates)

## For much of Utica's history, households with resources and options chose Utica because it made the most sense.

Before cars became ubiquitous and roads made it easy to get around the region, it made sense for people who made their livelihood in the city to also live in the city—for easy access to their jobs, retail, services, good schools, and all of the amenities that emerged over time (such as the Olmsted parks) to make Utica a great place to live.

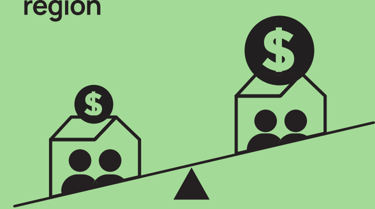
Suburbanization in the middle and late 20th century changed this equation. Jobs spread out and so did shopping and other daily necessities. Thousands of new homes were built in neighboring towns that, thanks to cars, were well within reach of all that was still in Utica. Those with options had far more locations to choose from. And segregated settlement patterns enforced by policies with discriminatory intent ensured that poverty would generally not spread out in the same manner, which led to a sorting of households—with need overrepresented in the city and demand overrepresented in the suburbs.

Despite these challenges, several strong neighborhoods in Utica continue to attract households with options. And the revitalization of downtown Utica and the emergence of new housing options is likely to help, though progress has been slow.

**Key findings from an analysis of housing demand include:**

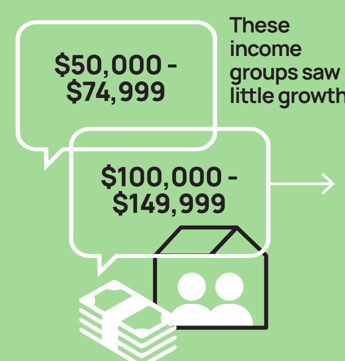
# Demand

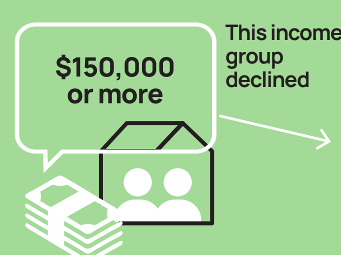
in the city housing market lags the region



### Demand remains underrepresented in the city

While Utica's share of households that earn $50,000 to $74,999 is very close to the city's overall share of Oneida County households, all income cohorts above $75,000 are underrepresented. The number of households earning over $150,000, for example, is half the size it would be if Utica had its fair share of those households.




### Utica's share of households with options has not grown since 2000

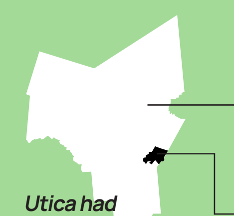
While Utica did not lose serious ground over the past 20 years in terms of its share of households that represent demand, it did not gain ground. Two of the income cohorts ($50,000-$74,999 and $100,000-$149,999) are estimated to have remained about the same over that period. The other two cohorts got slightly smaller—with households earning $150,000+ shrinking by 2.5 percentage points.

**Why does an imbalance of regional demand matter?**

Overall, Utica has 3,369 fewer households earning $50,000 or more than it would if it had a fair share of housing demand in Oneida County. If those households resided in the city and had an average income of $100,000, that would represent $101.1 million in additional capacity to spend on housing each year by Utica households.

Such an infusion would mean higher levels of reinvestment in existing housing, more support for new housing investments, stronger property values, and a tax base with more capacity to invest in community assets and priorities.

# Demand



*Utica had 24.8% of all county households in 2020*

| | $50,000-$74,999 | $75,000-$99,999 | $100,000-$149,999 | $150,000+ |
|---|---|---|---|---|
| # of Households in County | 17,591 | 12,060 | 13,964 | 8,886 |
| # of Households in Utica | 4,085 | 2,042 | 2,357 | 1,167 |
| % of Utica's households | *18%* | *9%* | *11%* | *5%* |
| Utica's share of these households in Oneida County | 23.2% | 16.9% | 16.9% | 13.1% |
| Deviation from even distribution (Higher share / 0 / Lower share) | -1.6 | -7.9 | -7.9 | -11.7 |
| Change in city's share since 2000 (Larger share now / 0 / Smaller share now) | -0.1 | -1.3 | -0.2 | -2.5 |
| Affordable monthly housing costs | $1,250 - $1,875 | $1,875 - $2,500 | $2,500 - $3,750 | $3,750+ |
| Affordable home purchase price | $150,000 - $225,000 | $225,000 - $300,000 | $300,000 - $450,000 | $450,000+ |
| % in Utica that are cost-burdened | 12% | <3% | <3% | <3% |

Source: czb analysis of 2000 Census and 2020 American Community Survey (5-Year Estimates)

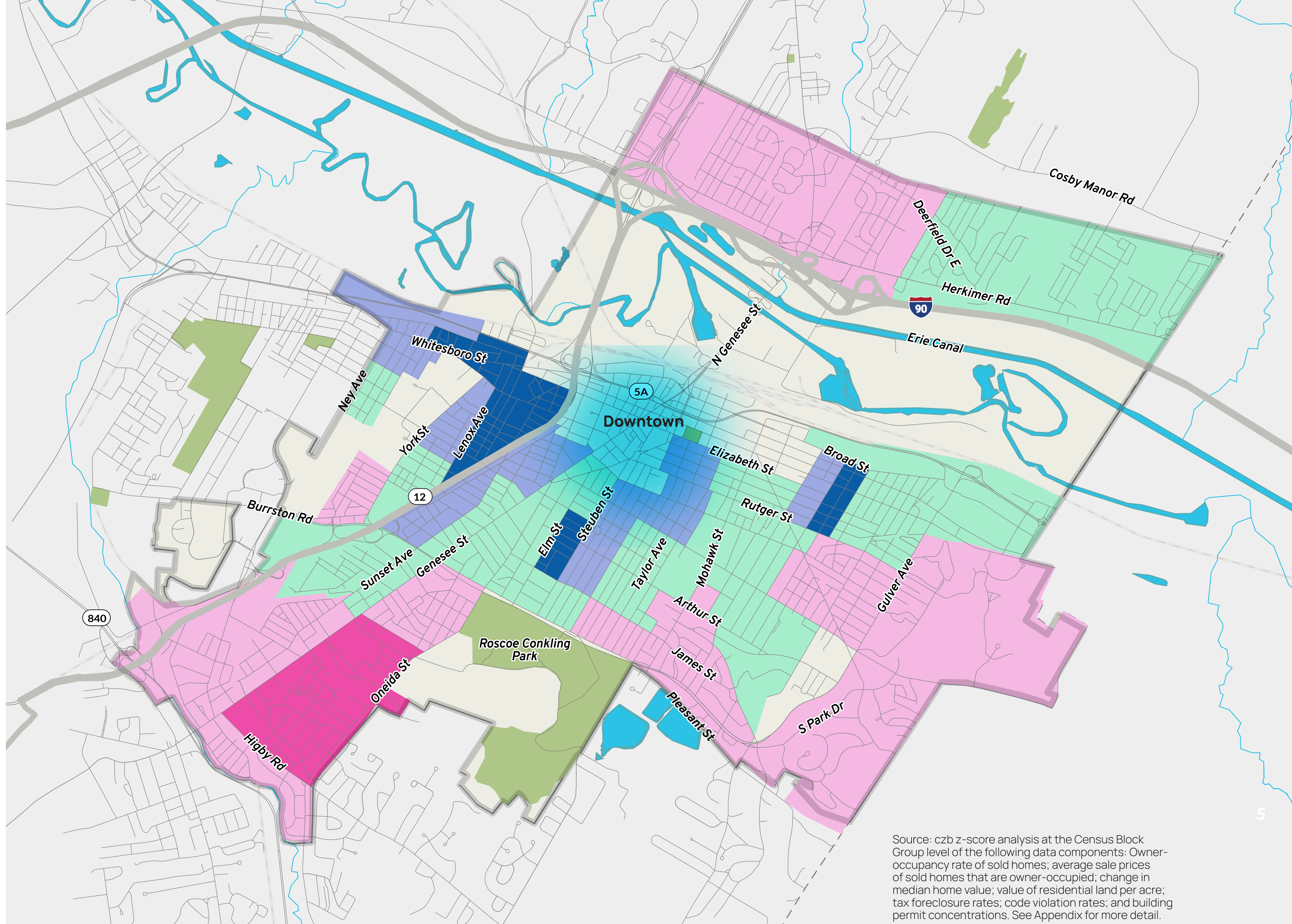
# How are **consumers of housing distributed** across the existing supply of housing?

**Demand and need are unevenly distributed between the city and the rest of the county, and the same is true within the city. These distributions influence (and are influenced by) the nature of the housing supply in localized sub-markets.**

To better understand this distribution within the city and its neighborhoods, analysis was performed to categorize the city into market types that are defined by their relative levels of demand. The resulting Housing Market Demand Typology places Census Block Groups in Utica into five categories, with the one in the middle representing average levels of housing demand for Utica. Where demand is higher than average, levels of housing need tend to be lower. And where demand is lower than average, levels of need tend to be higher.

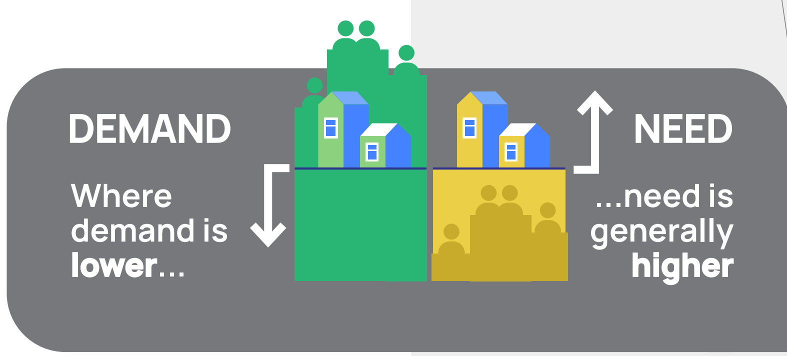
The geographic pattern revealed by this typology is not unlike patterns in most American cities of Utica's vintage. Sub-markets surrounding downtown have lower levels of demand and higher levels of need. On the city's edges, where housing is newer and housing conditions are generally better, demand is higher.

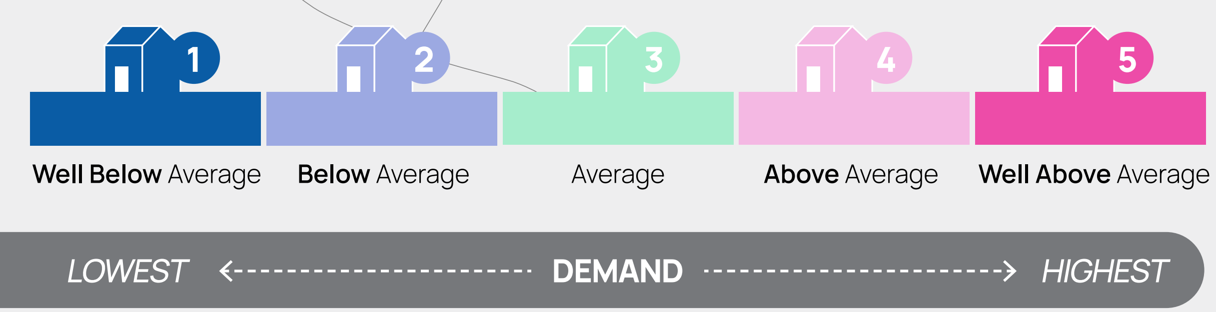
Block groups that were not categorized (such as those that include downtown) were excluded due to the small number of residential properties to analyze.




Source: czb z-score analysis at the Census Block Group level of the following data components: Owner-occupancy rate of sold homes; average sale prices of sold homes that are owner-occupied; change in median home value; value of residential land per acre; tax foreclosure rates; code violation rates; and building permit concentrations. See Appendix for more detail.

## Utica Housing Market Demand Typology, by Census Block Group



# What **kind of housing** is there in Utica's various sub-markets, and what does it cost?

## Physical Characteristics

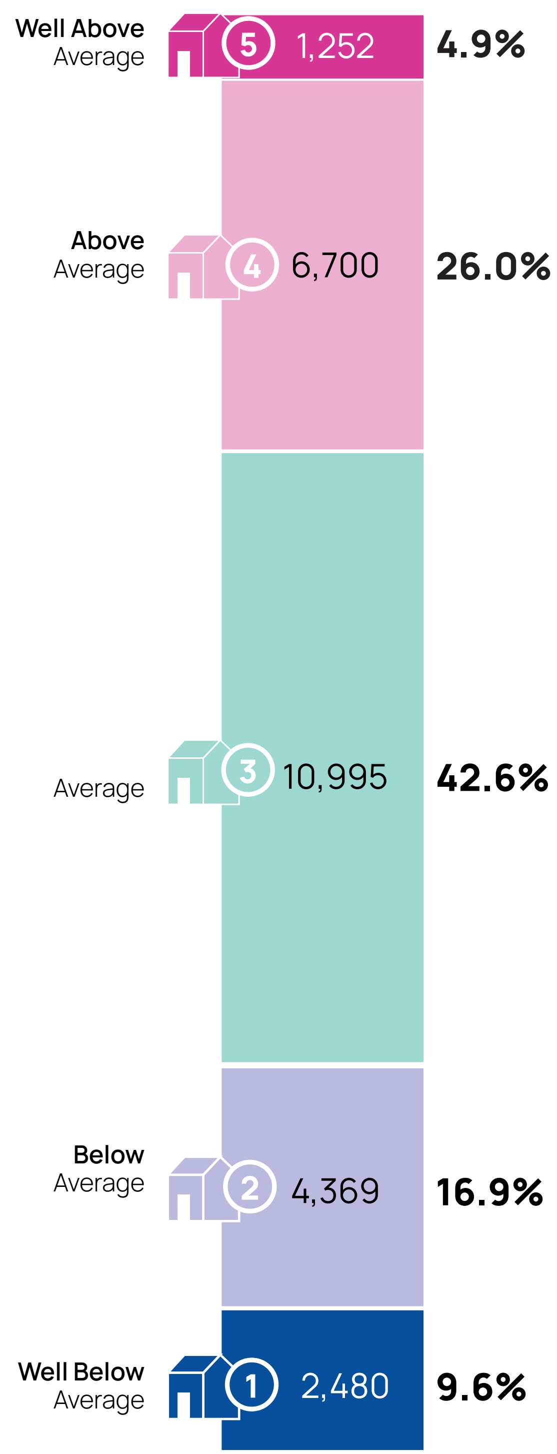
Utica's housing units are not evenly distributed across the five identified market types. Fully 43% of units are in areas that have average levels of demand for Utica. Meanwhile, 31% of units are in the two market types that fall above average and 27% are in the two that fall below average.

A look at the housing types within each market shows clear distinctions about the distribution of Utica's housing supply. Single-family homes that represent the core of Utica's homeownership opportunities comprise more than two-thirds of all housing units in the city's two strongest markets and less than a quarter of all units in the two markets with the softest levels of demand.

Units in the two softest markets tend to be in small multi-family structures with two to four units each. Units in average markets tend to be the most evenly distributed across various types, with 41% in single-family homes and 40% in small multi-family structures.

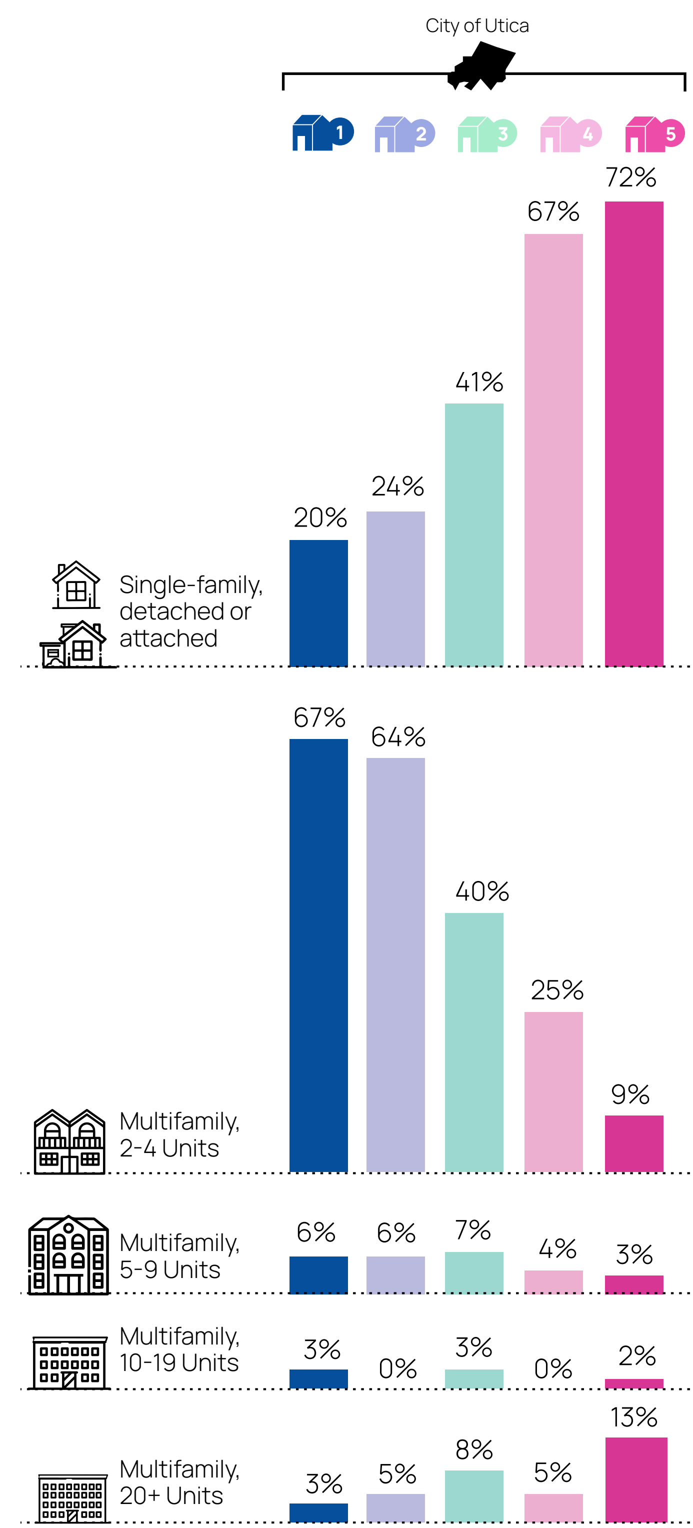
While most housing in all five sub-markets is located in structures built before 1950, the clearest concentrations of newer housing are found in Utica's average or stronger markets. A takeaway from this analysis is that **the city's softest markets are dominated by small multi-family structures that are among the oldest in the city.**

Housing Units **by Number and Share**



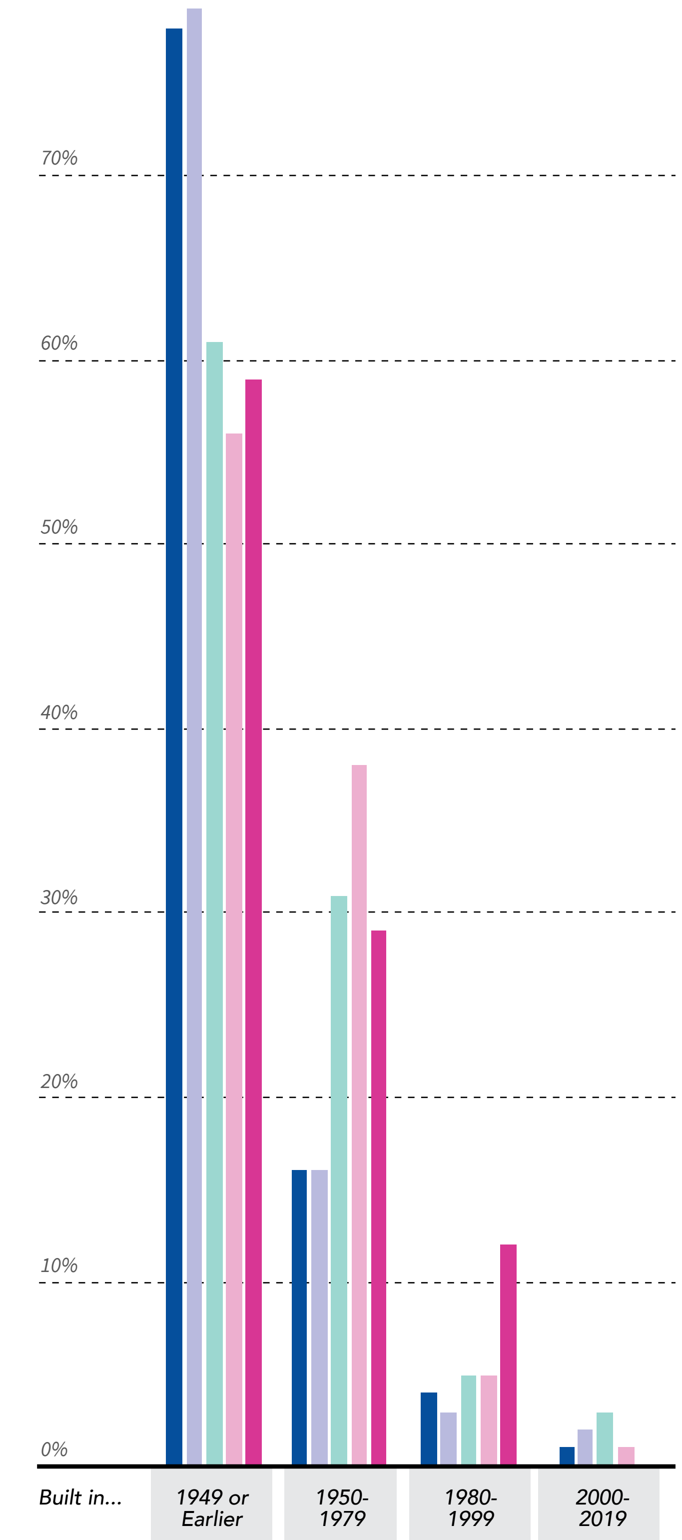

Source: 2019 American Community Survey (5-Year Estimates); shares reflect percentage of units in each sub-market out of all units in the city that are in Block Groups categorized into sub-markets

Share of Housing Units **by Structure Type**




Source: 2019 American Community Survey (5-Year Estimates)

Share of Housing Units by **Year Built**




Source: 2019 American Community Survey (5-Year Estimates)

# Ownership, Occupancy, and Cost Characteristics

Housing tenure in Utica's sub-markets mirrors the housing types in each market. The owner/renter split leans towards renters in the softer markets and average markets while leaning towards owners in the stronger markets with more single-family housing.

Importantly, though, there is a significant variance in the share of single-family homeownership across the markets. Nearly 90% of all such properties are estimated to be owner-occupied in the city's strongest sub-market, but the same is true for only 54% of single-family homes in the softest sub-market, where single-family rentals are a tell-tale sign of weak demand.

Absentee-ownership in Utica's softer markets clearly correlates with higher incidences of code violations as well as higher rates of housing that is considered chronically vacant (neither occupied nor on the market). Due to a primary reliance on complaint-based code enforcement in Utica, incidences of code violations are very likely to underplay the true extent of deferred maintenance in the Utica market, especially in areas with high rates of absentee-ownership.

## Ownership & Occupancy Indicators

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Owner / Renter split (OWN / RENT) | 31% / 69% | 44% / 56% | 44% / 56% | 72% / 28% | 74% / 26% |
| Homeownership rate for single-family homes | 54% | 65% | 79% | 84% | 89% |
| Share of properties with recent history of code violations | 37% | 32% | 15% | 6% | 2% |
| Share of properties with prolific code violations | 14% | 12% | 5% | 1% | 0% |
| Vacant housing units | 636 | 1,226 | 1,623 | 862 | 170 |
| Vacant units that are chronically vacant | 334 | 791 | 1,071 | 399 | 9 |
| *Share of all housing units that are chronically vacant* | 13.5% | 18.1% | 9.7% | 6.0% | 0.7% |

Source: 2019 American Community Survey (5-Year Estimates); czb analysis of homes sold since 2018 and their tax bill address; czb analysis of City of Utica code violation data ("recent history" is 3+ violations since 2013 and "prolific" is 10+ violations since 2013)

For the most part, housing prices, values, and rents are distributed as would be expected across the five market types, with higher values and pricing in areas with greater levels of demand.

The greatest differences are apparent when it comes to the sale prices of single-family homes since 2018. In the strongest sub-market the average sale price of $175,375 was 3.7 times greater than the average price in the softest sub-market. But it is also notable that price escalation was very similar in all markets, with prices increasing by 21% to 27% between the period of 2013-17 and 2018-22.

Compared to home prices, rents were much more even across the sub-markets, with lower rents in the strongest sub-market being a reflection of rents in only one or two older rental complexes in that area. Notably, rents increased the most in the softest sub-market and may reflect competition among households in need for apartments of last resort.

## Value and Cost Trends

| | 1 | 2 | 3 | 4 | 5 | Oneida County |
|---|---|---|---|---|---|---|
| Median value of owner-occupied units, 2019 | $57,840 | $67,770 | $87,311 | $111,833 | $162,950 | $127,700 |
| *% change in median value, 2013-19* | -1% | 16% | 17% | 12% | 11% | 16% |
| Median gross rent, 2019 | $741 | $739 | $802 | $920 | $757 | $766 |
| *% change in median gross rent, 2013-19* | 24% | 5% | 12% | 15% | 13% | 11% |
| Average sale price of single-family homes, 2018-22 | $46,773 | $57,663 | $102,821 | $124,152 | $175,375 | $166,933 |
| *% change in average sale price, 2013-17 to 2018-22* | 23% | 27% | 26% | 25% | 21% | 20% |

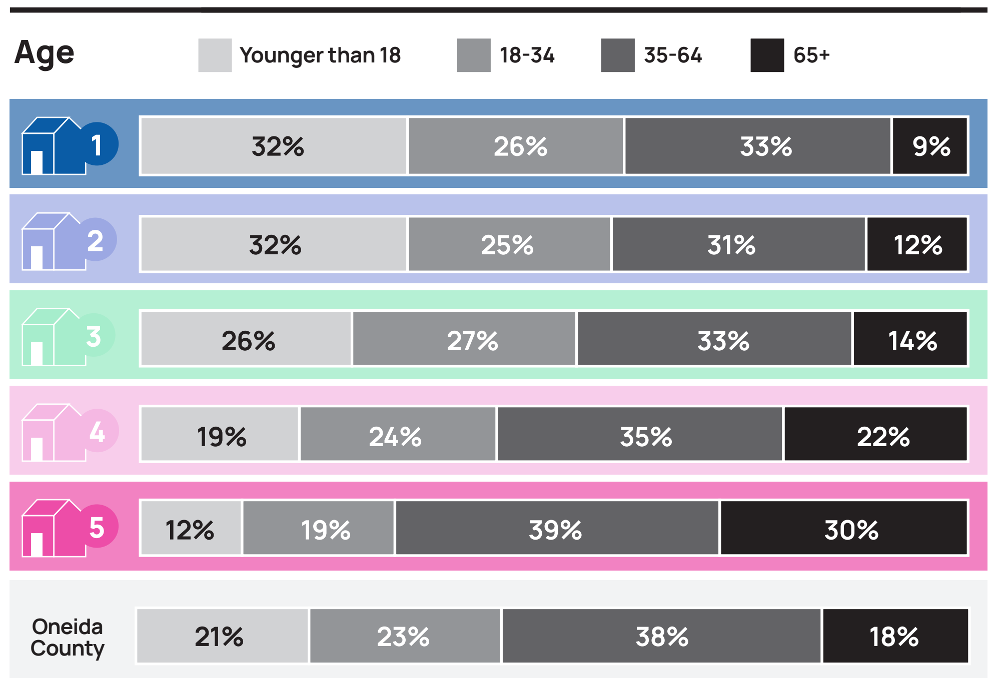
Source: 2019 American Community Survey (5-Year Estimates) for median value and rent figures and change over time; New York State SalesWeb for sales database

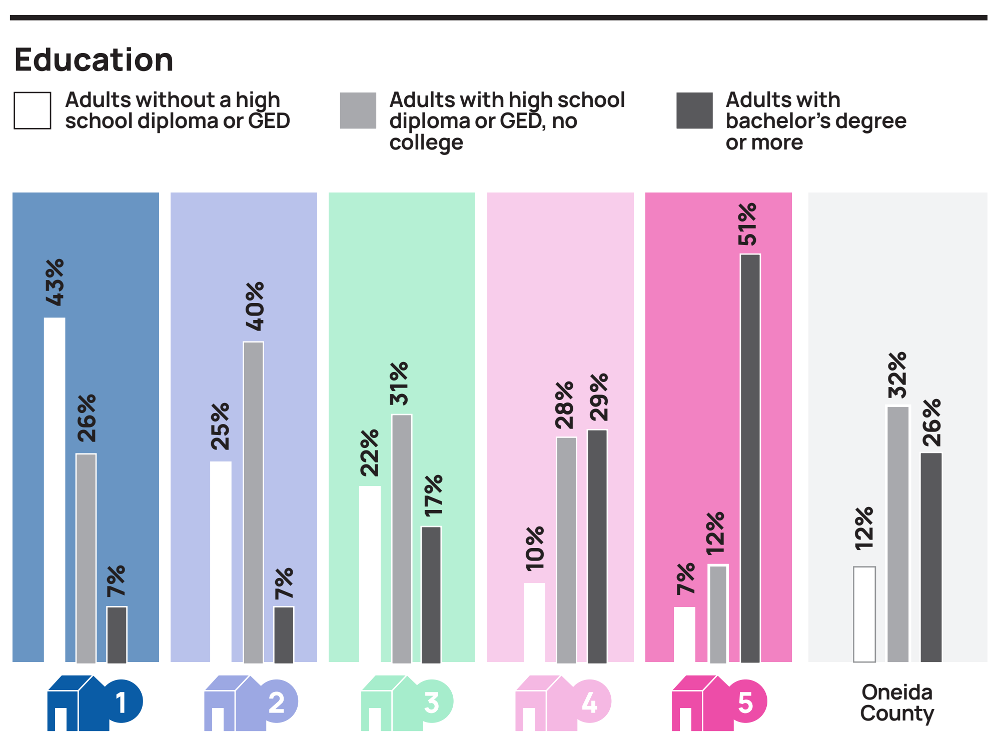
# What is the household profile of Utica's various sub-markets?

## Demographics

Analysis of who lives across Utica's housing sub-markets revealed that the city's softest markets are home to the highest shares of younger residents, with one-third of their residents being younger than 18. Nearly 60% of the population in the two softest sub-markets is younger than 35. **The concentration of children in some of the city's oldest and least-maintained rental housing is a cause for concern on many fronts, including exposure to lead—an issue often raised by the Lead-Free Mohawk Valley initiative.**

In the city's strongest markets, households tend to be much older, with nearly a third of residents in the strongest sub-market being 65 and older. Because these markets have the highest concentrations of single-family homes, the age distribution suggests that **many properties will be transitioning to new owners in the coming decade, which begs the question: who will be lining up to buy those homes?** If the distribution of residents by education levels are any indication, they are likely to be college graduates with sufficient earning power to buy those homes.



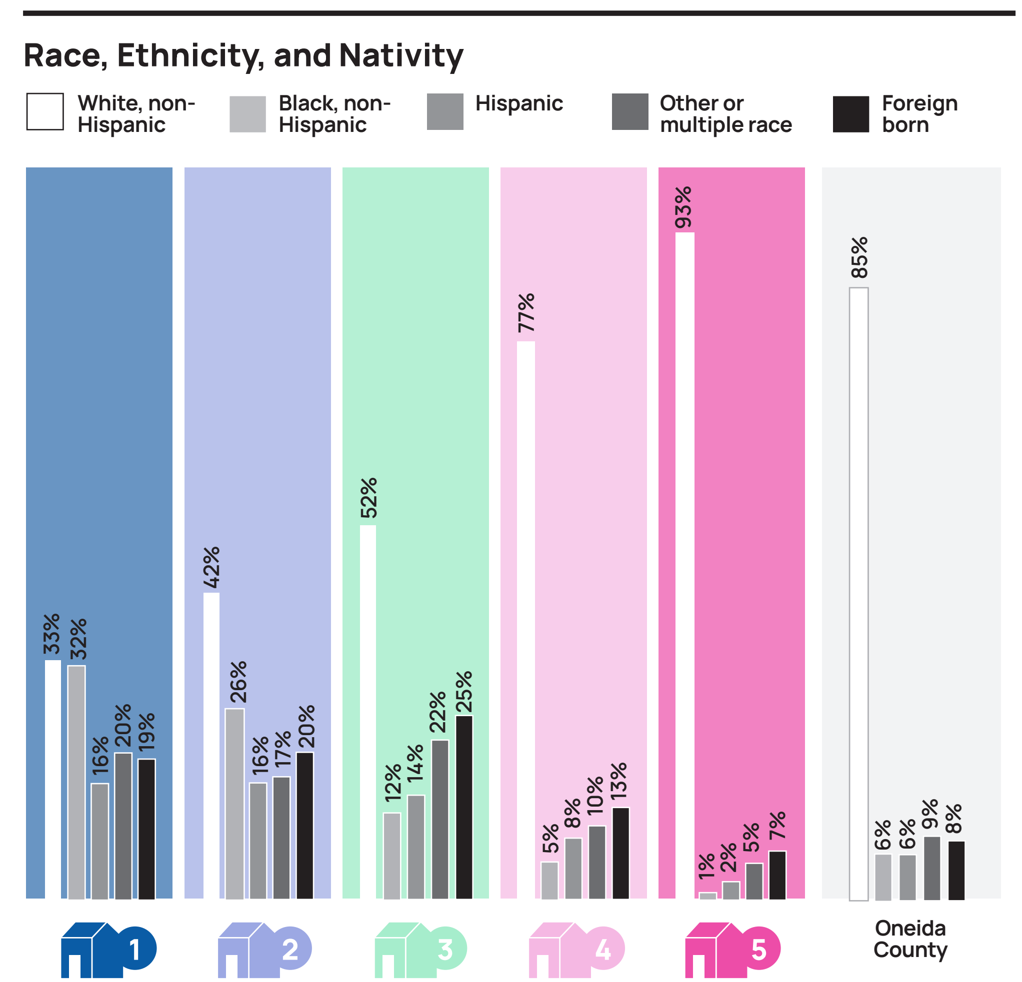

Source: 2019 American Community Survey (5-Year Estimates)

## Household Dynamics

| | 1 | 2 | 3 | 4 | 5 | Oneida County |
|---|---|---|---|---|---|---|
| Average household size | 2.74 | 2.80 | 2.77 | 2.41 | 2.03 | 2.43 |
| % of families that are married couples | 37% | 46% | 56% | 66% | 78% | 71% |
| % of families that have single-parents | 63% | 54% | 44% | 34% | 22% | 15% |

Source: 2019 American Community Survey (5-Year Estimates); average household size reflects czb analysis that divided population by households in each sub-market

## Race, Ethnicity, and Nativity




Source: 2019 American Community Survey (5-Year Estimates):

Given the presence of children in Utica's average and softer sub-markets, it is not surprising that households tend to be larger there. These are also markets, especially the average sub-markets, where refugees and their families represent a significant share of households.

Examination of household structure, meanwhile, offers clues about capacity to pay for housing. The stronger the sub-market, the more likely a family is to be headed by a married couple and the potential for multiple incomes that that represents. The weaker the sub-market, the more likely a family is to be headed by a single-parent with more limited income streams to pay for housing and other essential household costs.

While white, non-Hispanic residents represent at least a plurality of residents in all sub-markets, they represent a vast majority in the strongest markets—a reflection of a history of economic and demographic segregation within the city and region.

# Income, Capacity to Pay for Housing, and Cost Burdens

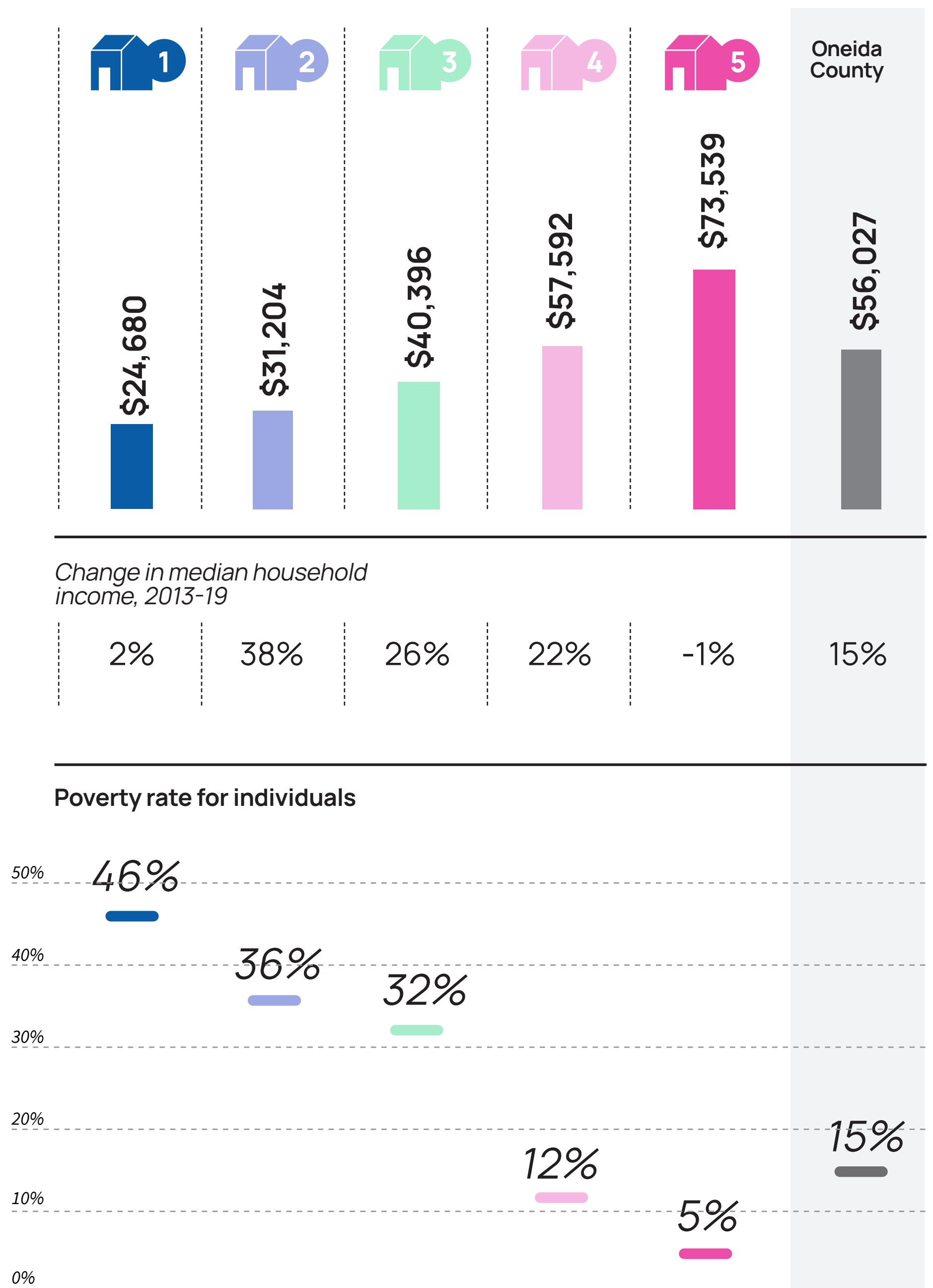
Incomes—how households pay for their housing—follow the pattern of housing costs. The lowest median incomes and highest poverty rates, which describe low ability to pay for housing, are found where costs are lowest, and vice versa.

The income distribution across Utica's sub-markets also mirrors the city-county relationship when it comes to need and demand. What is "average" in the city's context (incomes in the average sub-markets) is only 70% of the county's median income.

A notable income trend is that the highest rates of growth have been concentrated in Utica's three middle markets while incomes have stagnated at the top and bottom. Stagnation at the top may be a reflection of older, retiring households with declining wage income.

Stagnation at the bottom is likely a reflection of many households that are stuck on the lowest margins of Utica's economy, where poverty is highly concentrated and prospects for upward mobility are lowest. This observation is corroborated by Raj Chetty's Opportunity Atlas, which predicts that children of low-income families in Utica's core can be expected to earn no more than $25,000 as adults.

## Income and Poverty



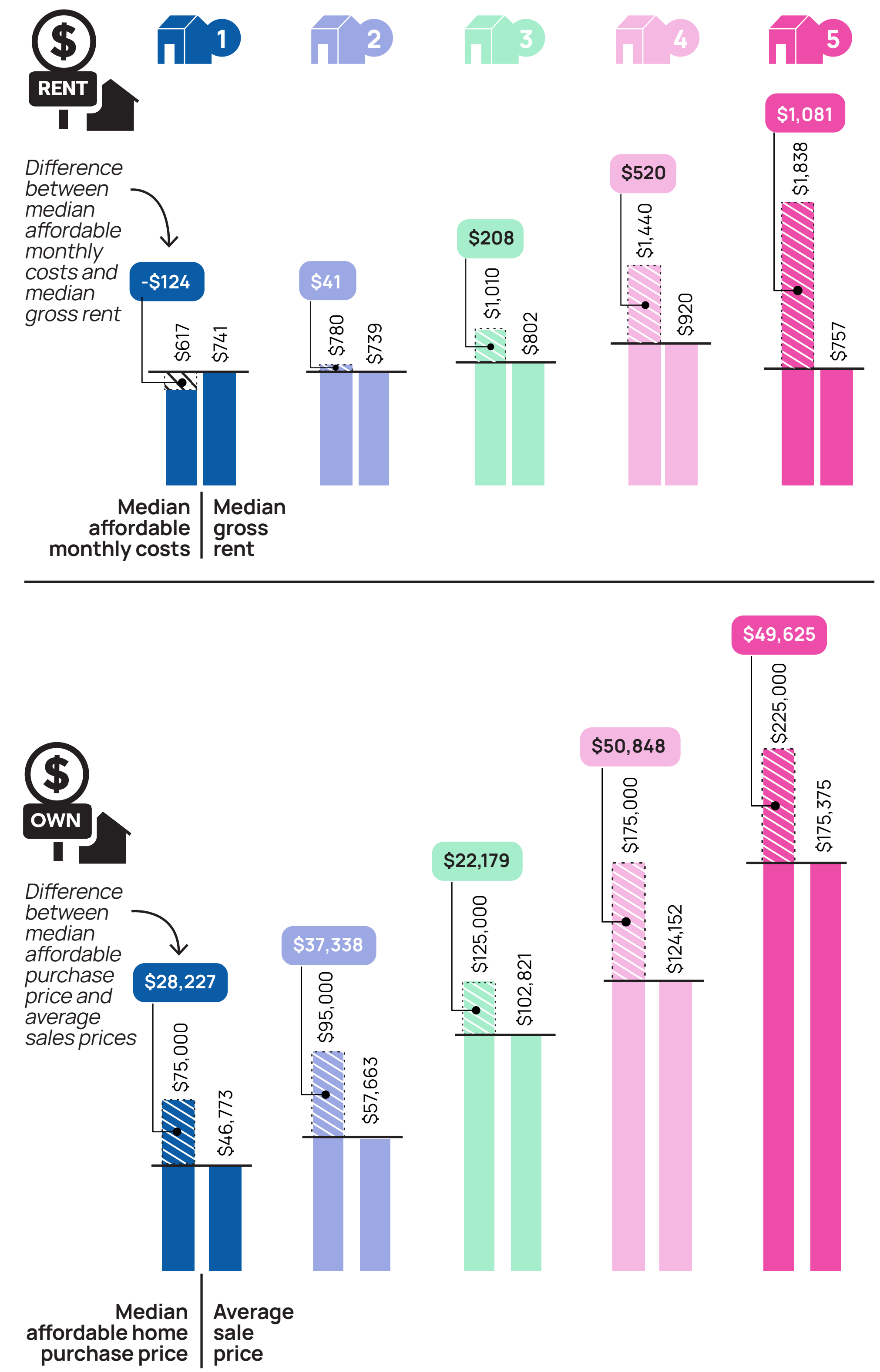

Source: 2019 American Community Survey (5-Year Estimates)

When it comes to housing costs in Utica, a critical finding of the Utica Housing Study is that housing costs are not high. Affordability challenges in Utica are a result of low incomes, not high housing costs.

This distinction is demonstrated by an examination, by sub-market type, of what the typical household can afford to pay for housing and what housing typically costs. In Utica's average sub-market, for example, the typical household can afford to spend $1,010 per month on housing, which equates to 30% of the median household's monthly income. Median rents, by comparison, are less than that, which indicates that the typical household can afford the typical apartment in that sub-market.

The only sub-market where the typical household cannot afford the typical apartment is the very softest sub-market where household incomes are very low. On the ownership front, the typical household can technically afford the typical house (with affordability defined as 3-times the median household income) in all five sub-markets.

## Capacity to Pay for Housing

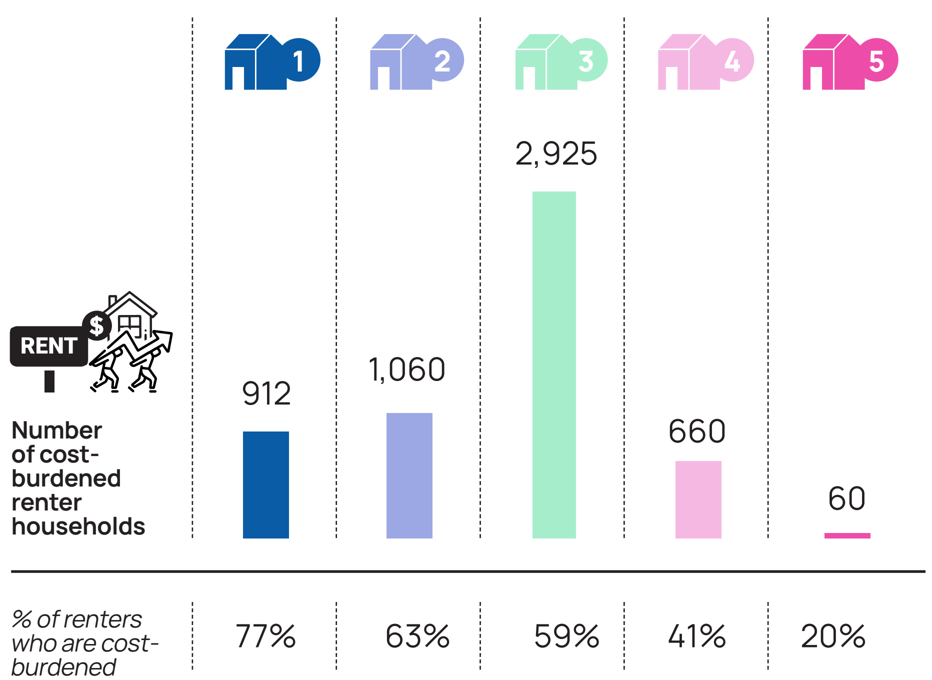


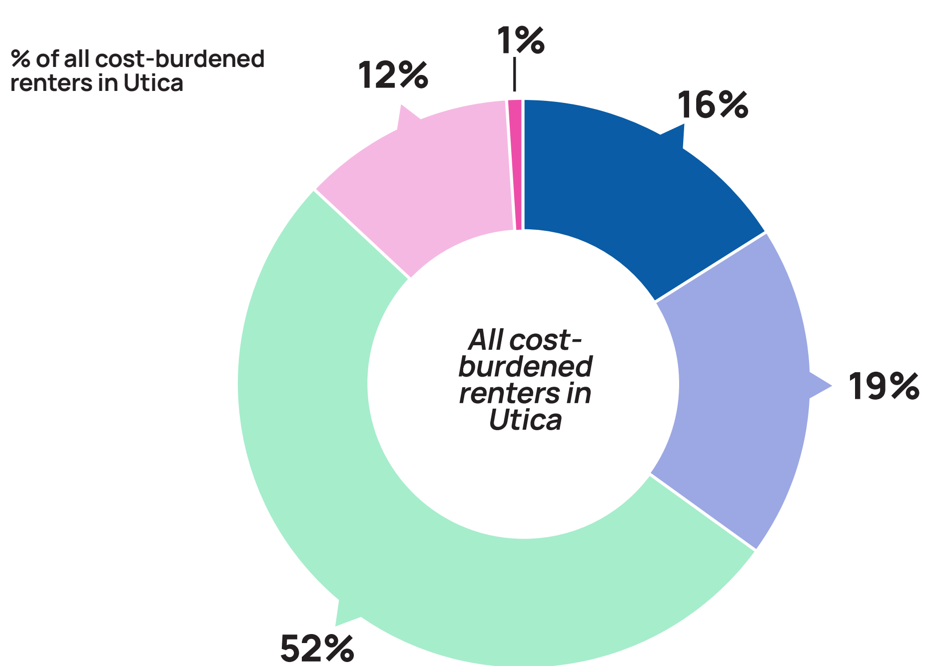

Source: czb analysis of 2019 American Community Survey (5-Year Estimates)

A breakdown of renters with cost burdens by sub-market type further demonstrates the dominant role that low incomes play when it comes to affordability. The share of renters who are cost-burdened (who pay more than 30% of their monthly incomes on rent) gets successively lower as one moves from lower demand areas to higher demand areas, with 77% of all renters in the softest market being cost-burdened compared to only 20% in the strongest market.

Due to the volume of households in the average sub-markets, cost-burdened households in those areas represent the majority of all cost-burdened renters in the city.

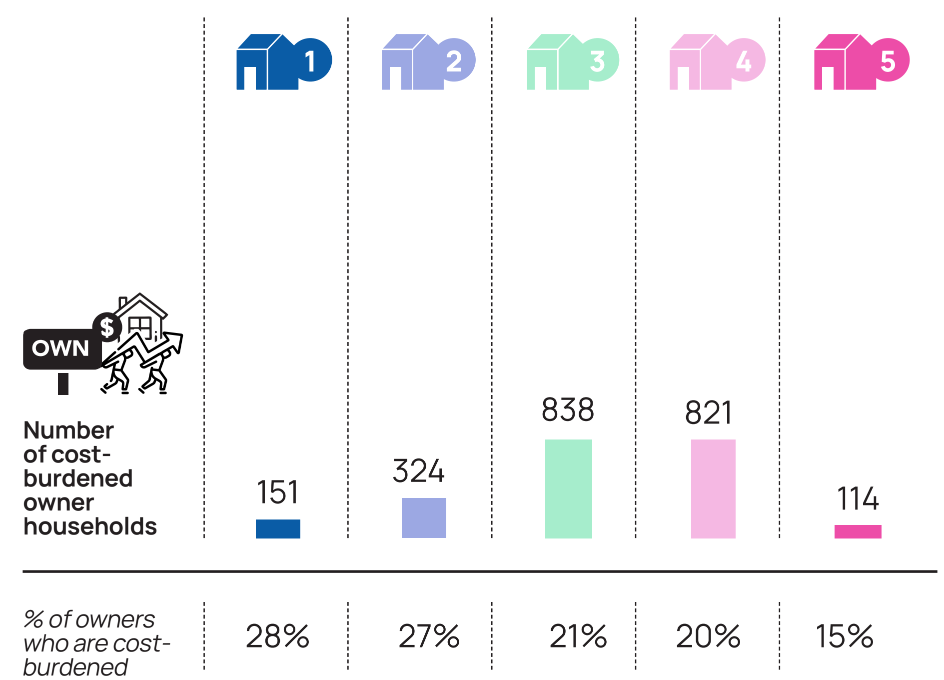
**Renters with Cost Burdens**

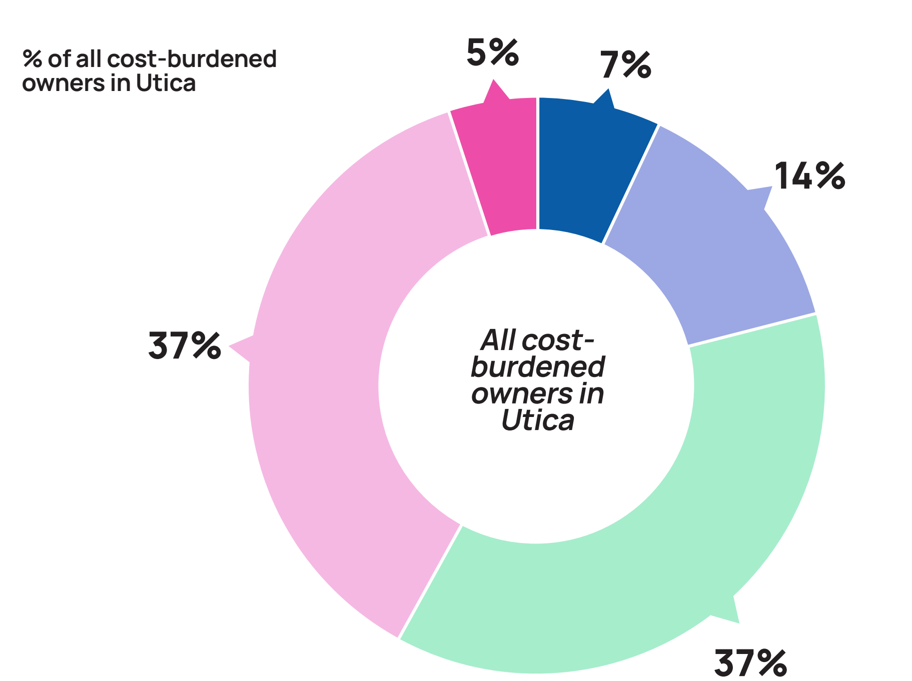



Source: czb analysis of 2019 American Community Survey (5-Year Estimates)

**Owners with Cost Burdens**




Source: czb analysis of 2019 American Community Survey (5-Year Estimates)

Homeowners in Utica, as elsewhere, tend to have higher incomes than renters. That is one reason why much smaller shares of owners in Utica are cost-burdened. Another reason is that the act of purchasing a home, especially via a mortgage, tends to align a household with a home they can afford.

That said, there are over 2,000 cost-burdened owners in Utica, most of whom are in the city's average and above average sub-markets. These may represent cases where homeowners are retirees who have restricted incomes and struggle to pay their mortgage or (if they own free and clear) their taxes and insurance. These could also be cases where individuals are not retired but have experienced economic setbacks after purchasing a home.

Regardless of circumstance, cost-burdened owners concentrated in those average or above-average sub-markets raise concerns about lapses in home maintenance that may threaten the quality of the housing inventory.

## Renter Gaps

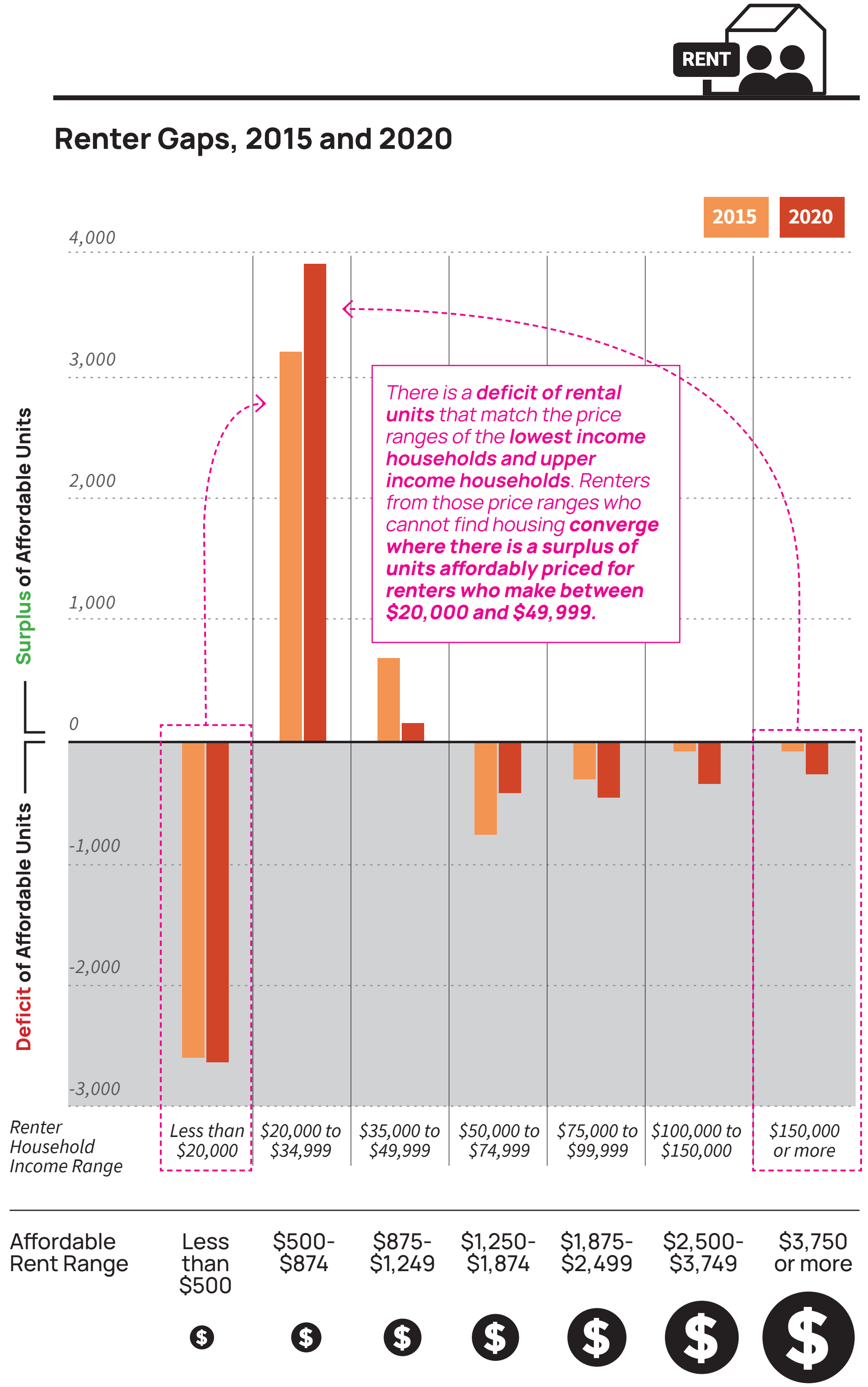
A renter gap analysis further demonstrates how low incomes play the dominant role in Utica's affordability challenges. This technique compares the total number of renter households in a given income range with the total number of rental units that fit within that group's affordable price range.

In 2020, for example, there was a "deficit" of 2,615 rental units for households with incomes below $20,000. In other words there were more households who could only afford $500 or less per month on rent than there were housing units renting for that price.

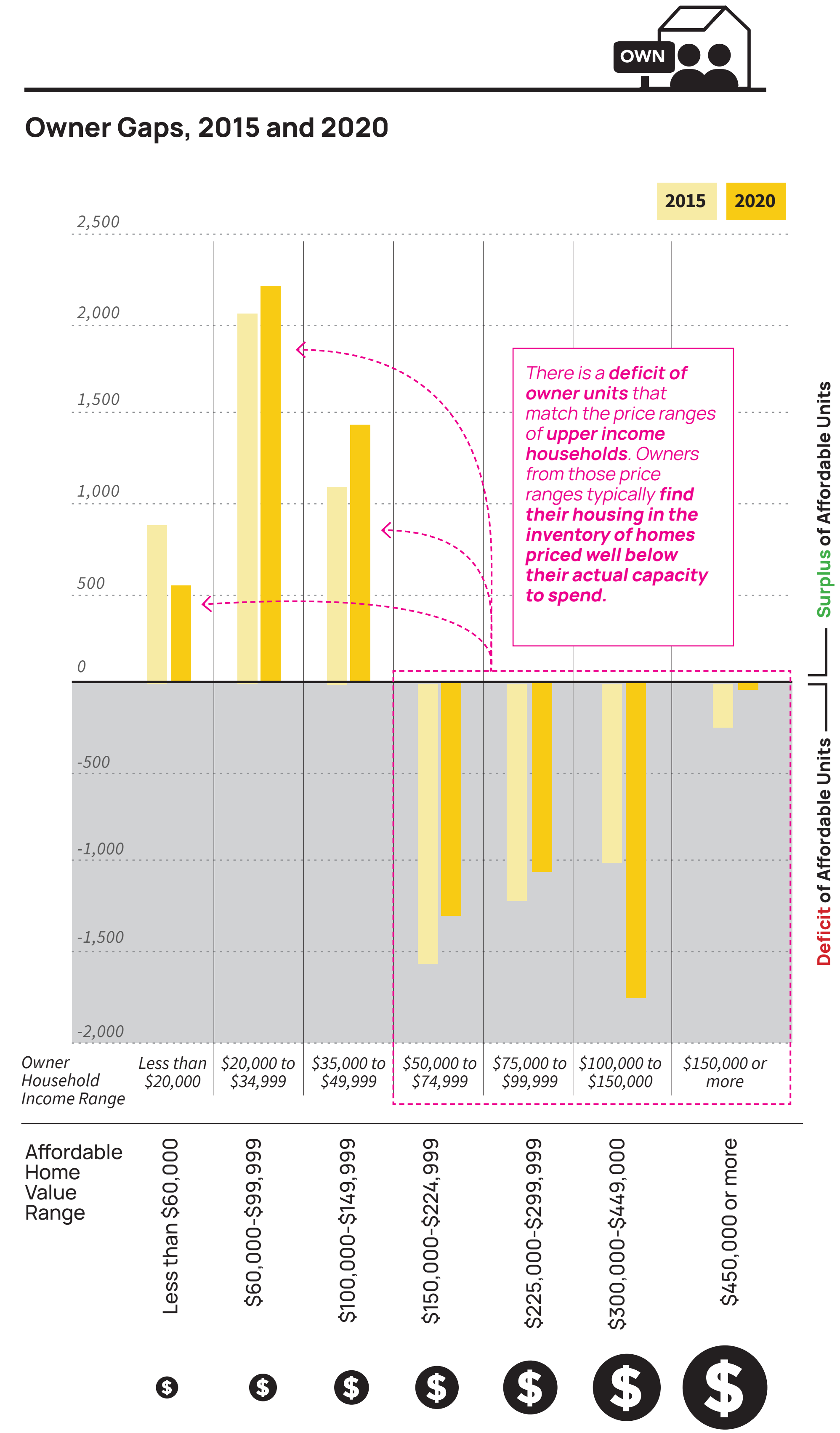
But a "surplus" of nearly 4,000 units for the next income range of $20,000 to $34,999 demonstrates that there were far more units priced for those households ($500 to $875) than there were households in that income range.

What does this tell us? It means that many renters earning less than $20,000 have to look "up-market" to find their housing and, in doing so, they generally rent a unit that costs more than 30% of their income.

Conversely, this gap analysis demonstrates that the opposite is happening for upper income renters. For them, there is a deficit of rental units in their price ranges ($1,250 and upward), which forces many of them to look "down-market" for their rental opportunities. This can place pressure on lower income renters who end up competing for those same units.




Source: czb analysis of 2020 American Community Survey (5-Year Estimates)




Source: czb analysis of 2020 American Community Survey (5-Year Estimates)

## Owner Gaps

A similar gap analysis for owner households in Utica reveals a slightly different pattern than the renter gap analysis. For owners, the only deficits exist in the upper income ranges, where there are far more households that can afford prices of $150,000 and upward than there are houses valued in that range.

As with upper income renters, upper income owners in Utica who cannot find something in their price range or who are "unwilling" to buy a house in Utica for that much look "down-market" to find their housing.

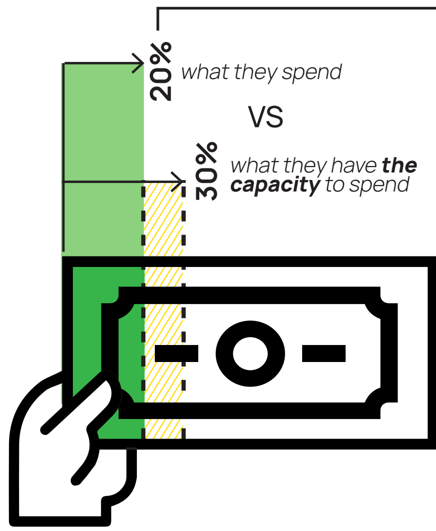
The "surplus" of units priced under $150,000 is due in part to the relatively small number of owners at the lowest income ranges (especially under $20,000) and the fact that median home value for the entire city is only around $100,000.

# Utica's Willingness Gap

There are many households in Utica that have a very limited ability to pay for housing and are cost-burdened—especially the 5,800 that earn less than $20,000. But there are also many households that spend well below their capacity to pay for housing because prices and rents are relatively low and they have a range of inexpensive options. For example, nearly 60% of owner-occupant households spend less than 20% of their incomes each month on housing costs, as do 26% of renter households.

**These households represent just one aspect of a significant "willingness gap" in the Utica housing market.** Many households that have financial means have grown accustomed to having relatively low housing costs. As a result they may be able but not "willing" to pay $2,000 per month for a new housing product (as rent or a mortgage payment) when so much on the market costs far less.

These households may also be able but not "willing" to invest heavily in home improvements—especially the types of improvements that may be needed to overcome decades of deferred maintenance and outdated conditions in the city's single-family housing stock. When home values are relatively low, owners lack confidence that they will get their money back on major home improvements and are unwilling to take the risk. This perpetuates outdated conditions.

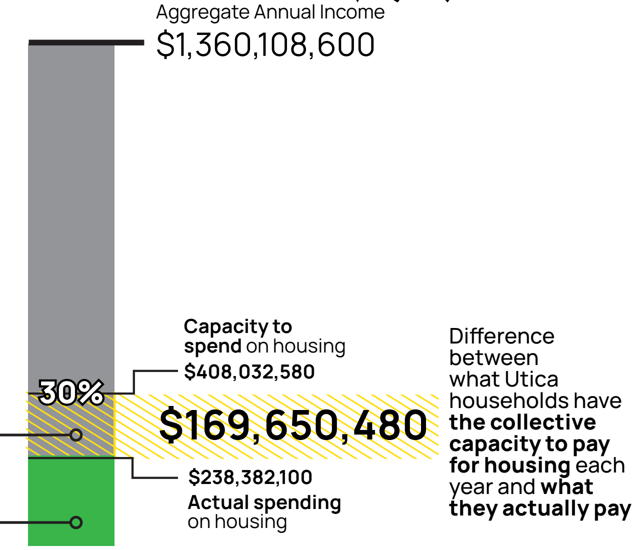



Households who **spend less than 20% of their incomes** on housing costs


nearly **60%** of owner-occupant households

**26%** of renter households

One way to understand the impact of soft market conditions on levels of spending and investment in Utica's housing stock is to assess how much capacity households in the city have to pay for housing each year and what they actually spend. In 2020, households in the city had combined income of $1.36 billion, which equates to around $400 million in capacity to pay for housing (30% of income). But analysis of actual monthly spending reveals that **only 58% of that capacity is utilized—putting nearly $170 million on the sidelines each year.**

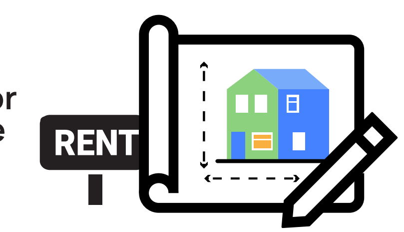
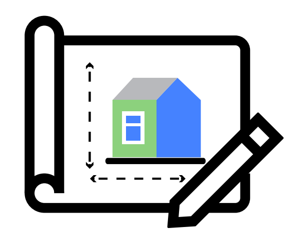
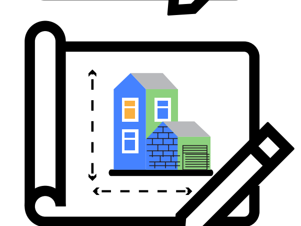

Source: 2020 American Community Survey (5-Year Estimates)

# The implications of low willingness on **new housing investments**

For households that represent demand in Utica and Oneida County, the habit of spending a relatively small share of their incomes on housing—combined with their fear of spending more on home improvements than they can hope to get back at resale—has an impact on reinvestment levels in existing housing. But it also has an impact on the financial feasibility of investments in new housing.

For example, current construction and development costs require estimated rents of between $2,100 and $2,300 for a project to break even with no subsidy, which very few renters in Utica currently pay or are willing to pay. For new single-family homes, the cost of any house of at least moderate quality will be well over $300,000—a price level that only 2% of homes sold in the city since 2019 have achieved.

This means that new housing investments will almost always require some form of development subsidy to bring rents and prices in line with what buyers and renters are willing to pay in Utica. Indeed, this is how most of the new downtown units have been produced and rented at levels below $2,000 per month.

| | The costs of new housing costs | The willingness gap |
|---|---|---|
| **New rental construction or adaptive reuse**  | **Required rent without subsidy**  $2,100-$2,300 | Only 2% of renters currently pay more than $2,000 (Source: 2020 American Community Survey (5-Year Estimates)) |
| **Single-family home:** new build of moderate quality ($145 per sq.ft.)  | **Required asking price without subsidy**  $375,000 | Only 2% of single-family homes sold in Utica between 2019 and spring 2022 were purchased for $300,000 or more (Source: czb analysis of arms-length single-family home sales compiled by NYS SalesWeb) |
| **Single-family home:** new build of above-average quality ($162 per sq.ft.)  | $450,000 | |



Source: czb analysis of construction costs in the Utica region during spring 2022 as reported by R.S. Means

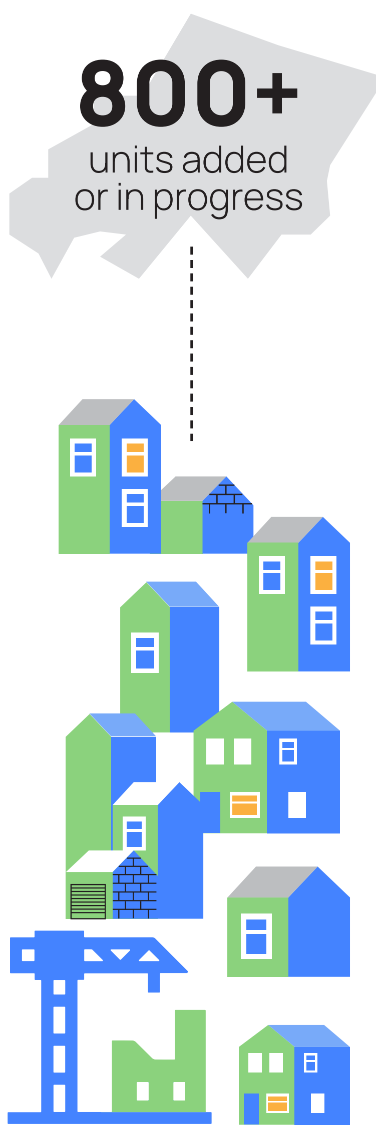
# Utica's Potential to Compete for Housing Demand in Oneida County

While soft market conditions in Utica have made it challenging to spur new housing investments, hundreds of new rental units have been added to the city's inventory in the past decade. In fact, just over 800 units in market-rate or mixed-income housing developments have either been added since 2011 or are in progress during 2022/2023. In nearly every case, new market-rate units have been assisted with some form of subsidy to bring rents closer to levels that the Utica market will bear.

These additional rental units have aided efforts to revitalize downtown Utica and adjacent areas while also creating new and appealing options to help the city compete for housing demand in Oneida County.

**But how many new units does the city need? How many can it realistically absorb? And how does Wolfspeed and other major investments in the region's economy change any of this?**

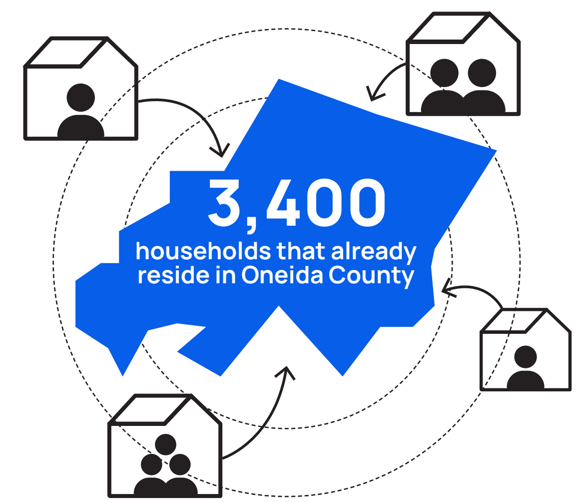
Market-rate or mixed-income housing developments in Utica




If the region were growing in population and households, setting a goal to absorb a share of that growth would be part of a housing strategy for Utica or any other community in the region that aspired to accommodate growth. Given the absence of net population or household growth at the regional level, **there is no net growth for Utica to absorb. It must, instead, compete for households that already live somewhere else in the region or for incoming households** (such as a future Wolfspeed engineer) that have had a historical tendency to locate outside of the city.

A focus on demand that is present or emerging within the region—and what the city can do to compete for that demand—would serve as a realistic basis for city housing strategies aimed at cultivating stronger demand. Potential targets include the following:

## Broad Target for New Household Attraction

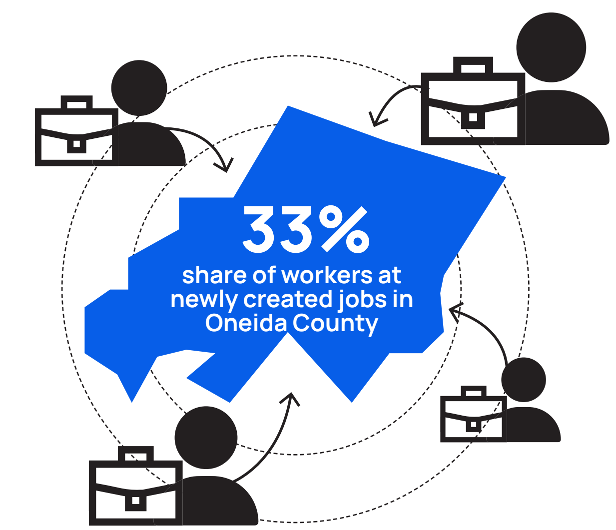



Analysis of housing demand that already exists in Oneida County showed that Utica currently has 3,369 fewer households earning $50,000 or more than it would if those households were evenly distributed across the county based on the total number of households in each municipality.

Rounded to **3,400, this number represents households that are already in Oneida County and have chosen, for one reason or another, not to live in Utica.** Based on typical household mobility in the U.S., roughly 10% of these households (or 340) can be expected to move each year into housing that better suits their needs and life stage.

The right residential opportunities and supportive amenities in the city have the potential to treat these households as a broad target market for city living.

## Narrowed Target Tied to New Employment Opportunities




Major generators of new employment, such as Wolfspeed, represent opportunities to attract households to Utica—be they new arrivals to the region who are "up for grabs" or current residents of the region for whom a new job may be a prelude to seeking different housing.

Currently, the City of Utica is home to 33% of all jobs in Oneida County and 24% of all employed workers in the county. 63% of workers who live in the city are reverse commuters who actually work elsewhere in the region, which demonstrates that Utica houses a truly regional workforce.

**The city's 33% share of all jobs in the county could serve as a residency target for new job holders**—with the city competing for a 33% share of households attached to those jobs. For example, if Wolfspeed creates at least 600 jobs that provide salaries in a range between $50,000 and $110,000, the city could aim to house 200 of those workers.

Sources: Broad target based on czb analysis of household income distributions within Oneida County from 2020 American Community Survey (5-Year Estimates); narrowed target based on czb analysis of 2019 data from the Longitudinal Employer-Household Dynamics database from the U.S. Census Bureau

# Summary of key takeaways from Part 1

Based on the analysis and findings presented in Part 1, three general takeaways have been identified that pinpoint specific opportunities and challenges for Utica's housing market. These takeaways also raise a series of important strategic questions that Part 2 and Part 3 will begin to address.

## Questions raised by Part 1 takeaways

## Despite Utica's growing population...

### The city's struggle to compete for housing demand in Oneida County continues.

The loss of middle- and upper-income households to outlying communities in the second half of the 20th century contributed heavily to Utica's fiscal weakness and decades of underinvestment in public and private infrastructure.

While the city's share of these households in Oneida County has not dropped significantly since 2000 (a positive change), neither has it grown. Insufficient confidence in the long-term trajectory of the city—as compared to other parts of the region—contributes to the location decisions made by these households.

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***What can Utica do to bolster the confidence of households who have options and are currently living in the city?***

***What can Utica do to compete more readily for households that are interested in the city but have had a tendency to choose New Hartford, Marcy, and other neighboring communities?***

### Recent gains tied to new market-rate development have been possible because of subsidy—not because the market is willing to pay the full cost of new housing.

As in most of upstate New York's larger cities, Utica has experienced a welcome boost in market-rate housing development—almost all of it in rentals in and around downtown—over the past decade. And, as in Buffalo, Rochester, Syracuse, and other cities, it would be a mistake to interpret this as a sign that the market is now strong enough to support market-rate development without subsidy. If the market were genuinely strong, it would have no trouble producing and renting apartments at more than $2,000 per month.

If Utica wants to see this type of development continue, it should be prepared to assist it for some time into the future.

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***To what extent is new market-rate development a priority that Utica is willing to help pay for?***

***If this type of development needs assistance, what is the smartest, most strategic use of public resources?***

## Utica's sub-markets have very different challenges and prospects to form responsive strategies around


### The strongest markets are limited in scale

Utica's very strongest sub-market performs on par with, and in some cases better than, other top markets in Oneida County. But only 5% of the city's households are located there. And it, along with other above average markets in the city, are vulnerable to disinvestment in coming years.

### Utica's softest markets are very soft

These soft markets have the lowest housing costs in the city and are well below typical housing costs in the region—a sign of low demand that is echoed by high levels of chronic vacancy and disrepair *(see p. 18)*. But these markets also have the highest levels of cost-burden in the city owing to very low incomes.

### Utica's average markets are critical sources of affordable housing and are vulnerable to disinvestment

Utica's "middle" has been bolstered by the influx of refugee households—this has eased vacancy rates and supported housing investments that likely would not have happened otherwise. But levels of deferred maintenance are still high and proximity to blight is a threat to long-term improvement.

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***What outcomes should Utica be seeking in its different submarkets?***

***What policies and tools would be most responsive to challenges and opportunities in each submarket—especially in the face of limited resources?***

## Like poverty, housing needs in Utica are highly concentrated and far outstrip current interventions or resources

### Utica's high rate of cost-burdened households is not caused by high housing costs.

Indeed, housing costs in Utica remain well below state and national averages. And prevailing rents, though rising, remain below what is actually needed to resolve decades of deferred maintenance and support healthy levels of reinvestment.

The problem of unaffordable housing in Utica is a consequence of incomes that are too low and public resources that are insufficient to assist everyone that needs help paying for housing.

With 6,600 cost-burdened households earning less than $35,000 in Utica, even with 3,358 subsidized affordable housing units in the city, the needs of thousands of vulnerable households are not met. And these households tend to live in conditions of concentrated poverty that hold back their potential for upward mobility.

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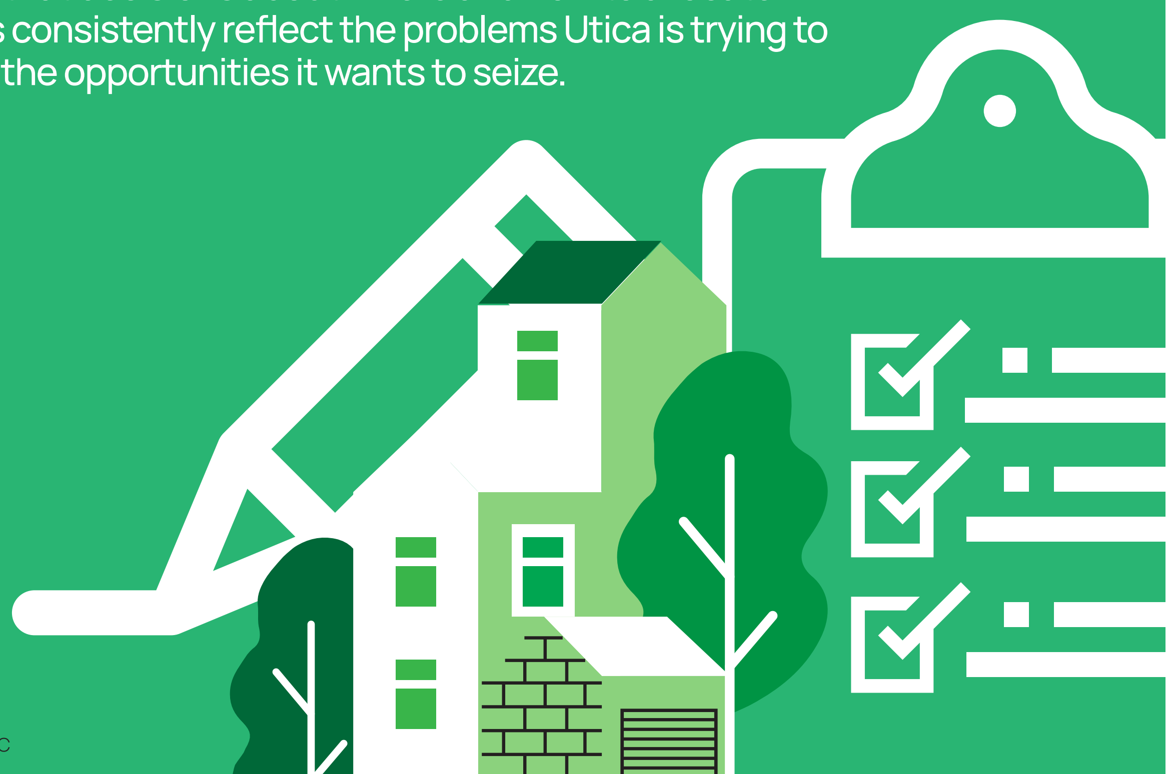
***How can Utica's investments in affordable housing and neighborhood improvement contribute to upward economic mobility for city residents?***

***How can Utica make the most of existing resources to meet current needs and reduce levels of need going forward?***

# PART 2 Housing Policy and Investment Framework

**Based on the findings from Part 1 about trends and issues that might be addressed through new housing policies and investments or changes to existing policies, how should the City of Utica and its many partners make good and responsive decisions with their limited resources?**

A framework of principles designed to make the most of these resources is an important place to start and can help to ensure that decisions about where and how to allocate resources consistently reflect the problems Utica is trying to solve and the opportunities it wants to seize.



## Principles for Making Good Decisions in Utica

Needs and challenges in Utica's housing market far outweigh the resources available to address them all. This much is clear from analysis performed for the Utica Housing Study.

It is also clear that Utica has real strengths and momentum to leverage today—more than it did 10 or 20 years ago. A downtown that is increasingly vibrant and populated, parks that are receiving an infusion of new resources, new investments in health care, major strides in regional economic development, and growing recognition of the city's diversity and international perspective—all are assets that should have a positive and lasting impact on housing conditions and opportunities in Utica.

Making the most of these strengths and their potential impact on housing while working under Utica's financial and capacity constraints will require resourcefulness. That means doing as much as possible—and having the biggest possible impact—with each dollar and each ounce of civic energy.

**A small set of principles will aid elected and appointed officials, City staff, and a range of other stakeholders in deciding how best to allocate resources and assess opportunities.**

**These principles, described here in Part 2, are:**

### Achieve multiple aims

### Have a targeted, coordinated, and sufficient impact

### Be market-responsive

# Achieve multiple aims

To be truly resourceful, **housing-related policies or investments should, whenever possible, result in gains that are felt beyond a narrow definition of housing—gains that contribute to economic development, healthier investment behaviors, and other community goals**.

For example:

### Does a housing investment activity contribute to...

- Strong place-making that makes Utica more attractive to new businesses and households?
- A well-housed labor force of working families?
- A housing stock that is more diverse and attractive to workers being recruited to area companies and institutions?
- Decisions by immigrants and their families to stay, open businesses, and put down deep roots in Utica?
- Lower levels of concentrated poverty and the increased potential for upward economic mobility that entails for Utica families?
- Improved confidence of homeowners and potential homeowners to invest in home improvements to boost the appeal of the city's housing stock?
- Neighborhood quality of life and the capacity of residents to advocate for their interests and solve problems?

If a new policy or investment can satisfy multiple goals, it is likely to represent a smart investment of the community's limited resources. And if an existing policy or program can be re-designed to satisfy more goals than it currently does, it should be.

# Have a targeted, coordinated, and sufficient impact

Spreading limited resources as widely as possible—to benefit as many areas as possible—is a common practice that feels fair. But if an investment or activity is spread too thin, especially in a housing market that suffers from soft demand and underinvestment, it is unlikely to have the desired impact. And it will be nearly impossible for the investment or activity to successfully deliver on multiple aims.

To achieve the strongest possible return with the resources at hand, targeting interventions to specific areas for specific reasons is essential. Not only does it make success more likely, but the confidence and strength that results from success builds capacity to expand to other areas of work.

An example of targeted impact could include the following work being performed on a series of blocks simultaneously:

- New tree planting and tree maintenance
- Street repaving and lighting improvements
- Organizing block parties and supporting neighbors with a small neighborhood beautification project
- Partnerships with landlords to upgrade their properties while maintaining the affordability of their rental units
- Support for groups of homeowners who commit to home improvement projects that enhance curb appeal
- Support for capital improvements at small businesses that serve the neighborhood
- Investments in a nearby park or public space

Coordinating multiple resources from a range of partners in the same targeted areas over a period of time can create momentum that has more impact and lasting power than one-off or disconnected projects.

Targeting resources, coordinating a series of partners, and using those resources to achieve multiple aims all improve the likelihood that interventions will be sufficient to accomplish desired outcomes. A test of sufficiency is always useful to determine whether the action is targeted or still too broad, and whether the tools being used are actually likely to produce results.

Testing sufficiency requires an understanding of who is being influenced by specific tools and policies and what drives their decisions to do something or not do something. More than anything else, this calls for crisp definitions of the problems that Utica aims to solve using particular investments or policies.

For example:

- What problem does an incentive or subsidy seek to solve, and is it sufficient to stimulate the behavior or activity that we want to see more of?
- What problem does a penalty or fine seek to solve, and is it sufficient to discourage the behavior or activity we want to see less of?
- What problems will an investment in public infrastructure aim to solve, and will it be sufficient to solve that problem and have any desired multiplier effects?

# Be market-responsive

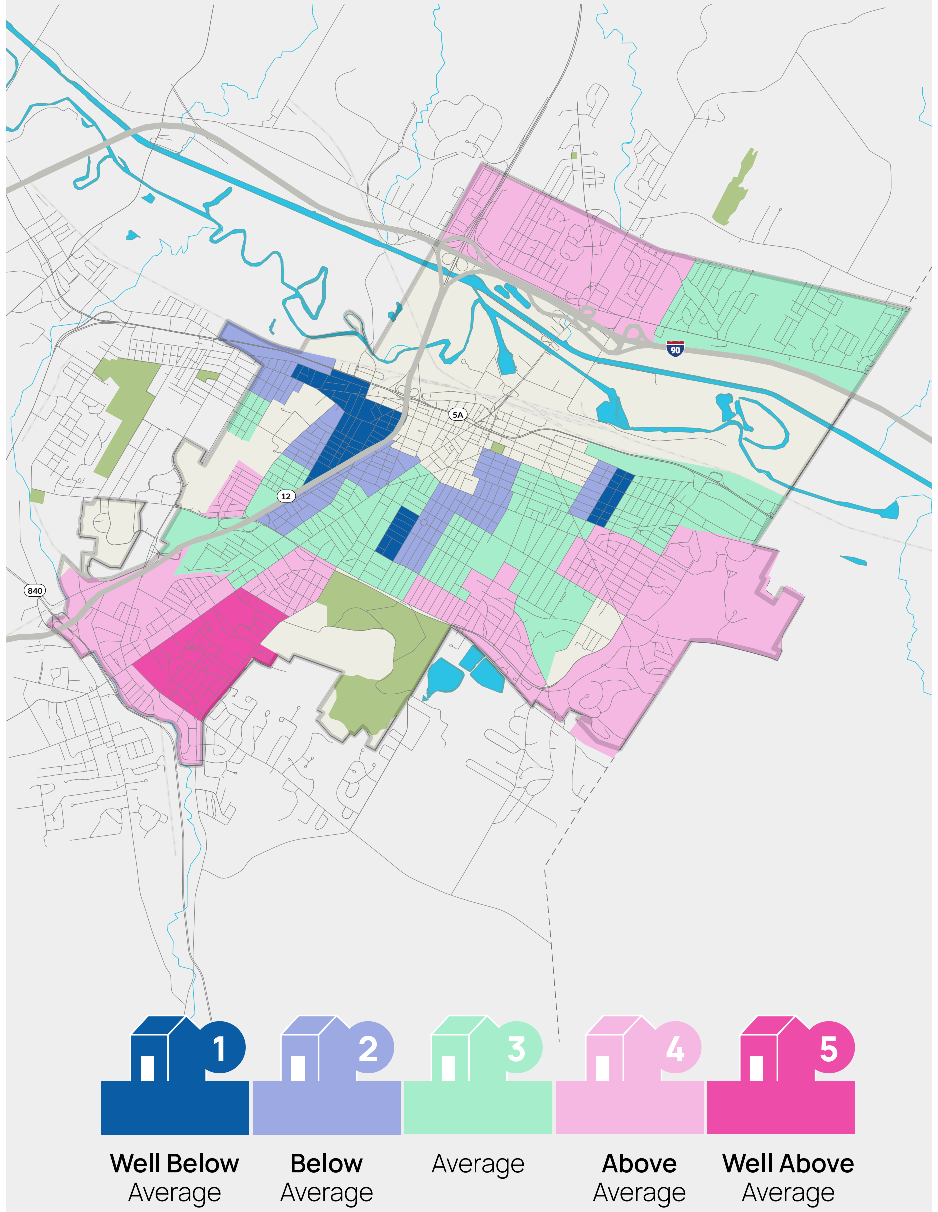
In a city like Utica where market conditions vary dramatically on blocks that are only a mile from each other, defining the problems that need to be solved and the interventions that are likely to respond to those problems is critical.

Interventions that fail tend to lack focus and sufficiency—but they also tend to be poorly suited to market conditions. For example, intensive code enforcement is most effective not in weak markets with substantial blight but in markets where property owners have a stronger rationale to preserve their property's value.

Similarly, it is reasonable to expect street repaving and tree planting to bolster confidence and result in noticeable reinvestment by property owners in a stronger market. This is not a reasonable expectation in weaker markets, where coordination of a wider range of resources is generally needed to influence levels of private investment.

**Based on the housing demand typology presented in Part 1, what are types of outcomes to seek in each sub-market, and what types of interventions are likely to be responsive?**

Utica Housing Market Typology, by Census Block Group




MARKET TYPE

| | Well below average / Below average | Average | Above average / Well above average |
|---|---|---|---|
| **Goals** | Position vacant properties and land as assets to leverage after markets have stabilized<br>Diminish the supply of poor-quality, obsolete housing<br>Connect residents and families with community programs and services<br>Promote community building to grow a sense of agency and pride<br>Stabilize property values<br>Stabilize and begin to deconcentrate high levels of poverty | Stabilize single-family homeownership rate (79%) and leverage to boost reinvestment rates and community wealth-building<br>Maintain inclusive housing opportunities<br>Help new homeowners and refugee families create value, build equity, and grow community<br>Build, support, and grow neighborhood confidence, identity, and resident leadership<br>Prevent decline on vulnerable blocks threatened by blight<br>Improve property values and tax base | Maintain and grow existing market strength<br>Expand inclusive housing opportunities<br>Compete for larger share of regional housing demand<br>Boost confidence on blocks vulnerable to disinvestment<br>Improve property values and tax base |
| **Responsive interventions** | Focus lead abatement efforts in these markets<br>Demolish blighted structures near community assets<br>Acquire and hold vacant land for future, neighborhood-serving redevelopment<br>Support near- to mid-term reuse of vacant lots as gardens or small green spaces<br>Use proactive code enforcement to ensure that existing housing stock meets baseline health and safety standards<br>Identify and cultivate responsible landlords to help maintain or improve access to a safe and affordable housing supply<br>Proactively market existing services and programs that connect low-income households with jobs, education, child care, financial counseling, health care, community centers, and other services or community programming in addition to housing services<br>Support efforts to strengthen neighborhood identities, including community-building events and programming<br>Support right-of-way investments and amenities on major corridors and residential streets to bolster confidence | Support mixed-income development and more diverse housing types<br>Targeted acquisition-rehab-sale activity for homeownership and affordable rental housing<br>First time homebuyer grants and incentives<br>Focused home improvement assistance to homeowners<br>Encourage curb appeal improvements by groups of property owners<br>Proactive code enforcement to support neighborhood standards and goals<br>Targeted demolition of distressed properties at visible locations or near community assets<br>Support efforts to strengthen neighborhood identities, including community-building events and programming<br>Support right-of-way investments and amenities on major corridors and residential streets to bolster confidence | Support mixed-income development and more diverse housing types<br>Targeted acquisition-rehab-sale activity for moderate-income first time homebuyers<br>Invest in amenities<br>Support efforts to strengthen neighborhood identities, including community-building events and programming<br>Target code enforcement to ensure random distressed properties do not drag values down<br>Support right-of-way investments and amenities on major corridors and residential streets to bolster confidence |

# Potential **Target Markets**

A broad target for attracting new households to the city's housing market is identified in Part 1, as is a narrower target that applies to new employment opportunities. These are presented to provide the City of Utica with context to inform efforts to compete for regional housing demand—including the number of households that might be considered "targetable."

Given the imperative for Utica to focus its efforts and achieve multiple aims with its limited resources, Utica will have to be more strategic about which households are utmost priorities to target. Four specific target markets to potentially serve are identified here. Two of the target markets represent clear cases of housing demand (incomes above $50,000) and two cases fall within the gray zone between demand and need (incomes between $35,000 and $50,000). These specific markets are provided, in part, to illustrate the need to articulate problems that need to be solved to effectively compete for these markets.

| | **Single earner with kids who earns $35,000 and seeks a decent apartment** (RENT) | **Working household that earns $40,000 to $50,000 and seeks to buy a first home** (OWN) | **Young professional who earns $55,000 and seeks a market-rate apartment** (RENT) | **Young family that earns $125,000 and seeks a new house** (OWN) |
|---|---|---|---|---|
| **Why a potential target?** | Supporting the stability and upward mobility of this household is critical to the prospects of the household itself and to the health of many city neighborhoods with average markets. These households are also an important part of the region's workforce. Ensuring the presence of good rental opportunities for this household serves the city's social and economic interests.<br><br>As rental opportunities in Utica's suburbs age, and as small single-family homes in the county shift increasingly into the family rental market, more and more of these households are likely to seek opportunities beyond the city when available. | Utica's strongest markets are dominated by single-family houses. These markets also have the oldest resident age profile in the city. This means that a generational transition will be happening in these markets. Homes will go on the market and good buyers will be needed. This particular target market will find many opportunities in their price range in the city. | For years, a household such as this would have been forced to choose between newer suburban apartments outside of the city or generally outdated rentals in city neighborhoods. The emergence of new downtown options has widened their range and continuing to provide such options has the potential to hang on to these individuals as they form families and seek ownership opportunities. | Young families seeking a new house have been almost exclusively served by housing markets outside of Utica for decades. Giving them an opportunity to choose the city—and grow in the city—would be positive to the tax base, schools, and the health of the housing market. |
| **Maximum affordable monthly housing payment and/or purchase price** | RENT **$875 / month** | OWN **$120,000 to $150,000** | RENT **$1,375 / month** | OWN **$375,000** |
| **The problems to solve to effectively target this market** | The private rental market in the city currently serves this household—and does so increasingly poorly. Finding an apartment for a family that costs less than $900 AND is in good shape is getting more and more difficult.<br><br>Bridging the gap between what it costs to provide a well-maintained family rental unit, and what this household can actually pay, is the problem to solve. That applies to a rehabbed unit in a small multi-family structure or a new unit in a mixed-income development. | Will these households be willing to pay upwards of $150,000 for an older house in the city? Will they have confidence in the neighborhood? Or will they feel more confident about buying outside of the city—where aging homeowners will also be putting properties on the market.<br><br>The condition of an older city property with deferred maintenance is one of many potential factors shaping the willingness of a buyer. Without some assistance, the costs to both purchase AND fix up a property may be prohibitive—and bodes poorly for the willingness of this potential buyer and the viability of many city houses. | Without subsidy, a high-quality rental product for this household—in a new building or a substantially rehabbed existing building—would have to rent for more than $2,000, which is more than this household can afford. Therefore, continued subsidization of market-rate rental developments (via historic preservation tax credits, property tax abatements, PILOTs, and other tools) will be needed to provide additional rental products. | A modest new house will cost upwards of $300,000 to build. And something of better quality that raises standards in the city's housing market will cost closer to $375,000 or more. Even if this household can afford $375,000, they might not be willing to pay that much within the city.<br><br>To provide a product for this target market, the gap between what the household is able and willing to pay, and what the product actually costs, will have to be filled in the form of a subsidy. |

# PART 3 Strategic Opportunities

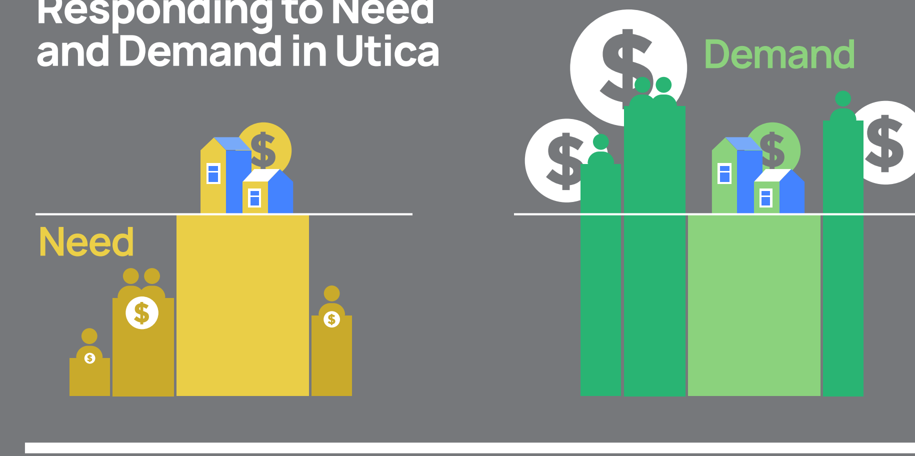
**What might it look like, in practice, to apply the decision-making framework outlined in Part 2?**

Four strategic opportunities have been identified that reflect the framework and would involve interventions that serve a variety of objectives while serving a variety of target markets.

These serve as a starting point for the City of Utica and its partners to consider as they develop a comprehensive housing strategy for the community.



## Responding to Need and Demand in Utica




The following opportunities are designed to demonstrate the types of strategies or projects that can serve multiple aims on both the **need** and demand sides of Utica's housing ledger.

Examples of opportunities that align with the Housing Policy and Investment Framework:

**Sustain downtown housing investments and make them more focused**

**Revitalize asset-rich areas near downtown**

**Revitalize neighborhoods with mixed market conditions and key assets**

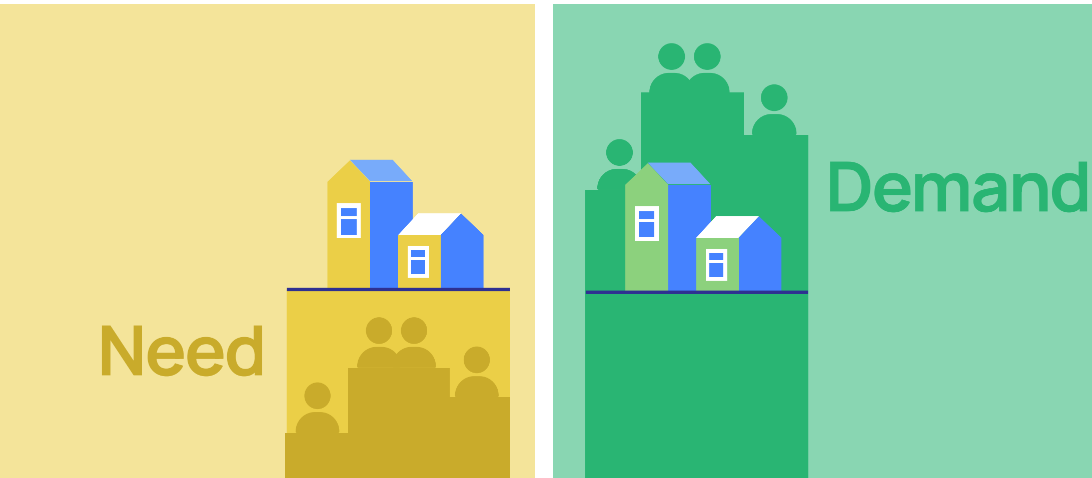
**Seize opportunity for new single-family development**

# Responding to Need and Demand in Utica

*How can Utica meaningfully respond to its **housing need** and **housing demand** challenges?*

*What does it mean to apply the **Housing Policy and Investment Framework** to emerging opportunities in ways that move Utica in a positive direction?*

Part 1 defines housing need and demand and outlines two conditions that are central to understanding Utica's housing market: need is high and demand is low. It also quantifies the overall magnitude of these challenges.




$35,000 /YR or less

**6,644 households earn less than $35,000** and pay more than 30% of their incomes on housing

↓

$20,000 /YR or less

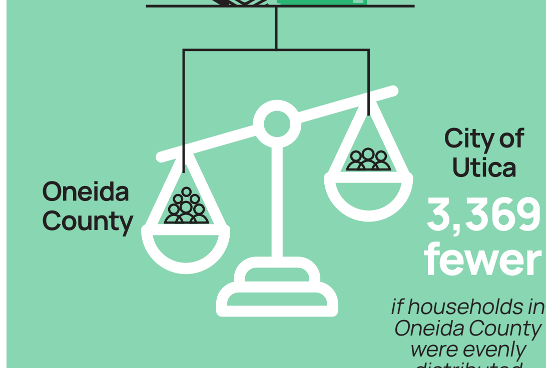
**4,587** of these households **earn less than $20,000**

↓

These levels of cost burden are **present even with 3,358 Utica households living in housing units that are subsidized** in some fashion

There are **3,369 fewer households earning $50,000 or more in Utica than there would be** if those households in Oneida County were evenly distributed

$50,000 /YR or more

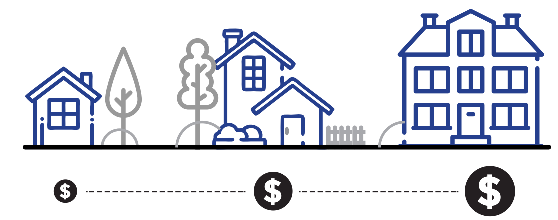



**Addressing either challenge in a community of Utica's size and resources is daunting and potentially paralyzing—especially when it comes to meeting overwhelming needs. Fixating on the magnitude of the challenge is a recipe for inaction, or for interventions that are more focused on outputs (units built, households served) than on broader strategic outcomes for the community.**

The key to meaningful responses in the face of these challenges is to maximize the potential of every decision and every project to move the needle in the right direction—to see levels of need and cost burden decline, and to capture a fairer share of regional demand. Along those lines, **the first principle outlined in Part 2 may be the most essential—*ensuring that every effort achieve multiple aims to give it the strongest potential to move the needle.***

**Achieve multiple aims**

**This is especially critical when it comes to addressing housing needs. In addition to providing adequate and affordable living spaces, efforts should strive to:**

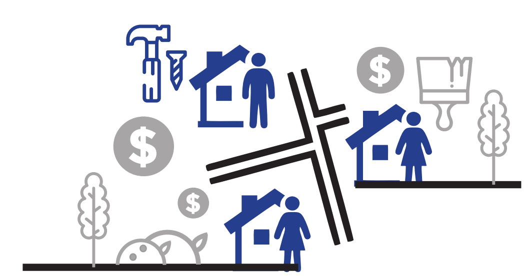


**Create mixed-income environments**

Whenever possible, low-income housing developments and market-rate housing developments should achieve some level of economic diversity within a project or neighborhood to lessen concentrated poverty in Utica and its restrictive impact on upward mobility.


**Create wealth-building opportunities**

Whenever possible, use the promotion of good homeownership opportunities on stable blocks as a tool for family wealth-building—something that can only happen if homeownership is accessible and the market is improving.



**Treat housing as a fluid ladder of opportunities**

As units get built or rehabbed in any market, spaces are freed up and should be treated as opportunities to improve the quality and diversity of supply; the development of 15 new units could, for example, be treated as an opportunity to create positive housing choices for up to 30 households.

**The four strategic opportunities presented in Part 3 are designed to demonstrate the types of strategies or projects that can serve multiple aims on both the need and demand sides of Utica's housing ledger.** →

# Sustain downtown housing investments and make them more focused

## The Opportunity

Investments in downtown housing over the past decade—which have included the bulk of the 800 market-rate and mixed-income units added to the city's inventory—have had a number of positive impacts on the city's housing market and other sectors:

- **They have helped to create a market—for high-quality downtown living spaces—that was mostly abstract in Utica before 2010. Much like a $4 cup of coffee, it was hard to imagine that there was demand for a great apartment renting for $1,600 in downtown Utica until somebody produced it and consumers were there to consume it.**
- **In creating a market for high-quality apartments, these investments have likely reduced the willingness gap in Utica—what people with options are willing to pay for housing—from where it was a decade ago.**
- **Residents of those apartments have helped to add vitality to downtown streets and have made supportive amenities—such as coffee shops and restaurants—more viable.**
- **They have diversified the city's housing market in ways that are beneficial to both the city and the region—including the region's economic development potential. They make it easier, for example, to attract an engineer to Wolfspeed who wants to rent in an urban setting.**

Opportunities to expand this housing supply and make the city more competitive for regional housing demand remain. But building on this momentum—and keeping it from stalling—is likely to require that **two limiting factors need be acknowledged and addressed:**

1. The continuing need for subsidies to make market-rate and mixed-income projects viable, because even though the market has demonstrated demand in the $1,500 to $1,800 range, it has not demonstrated durable demand above $2,000; and
2. the need to focus new residential investment more tightly so that the emergence of a critical mass of downtown activity can be accelerated.

## Potential Strategy

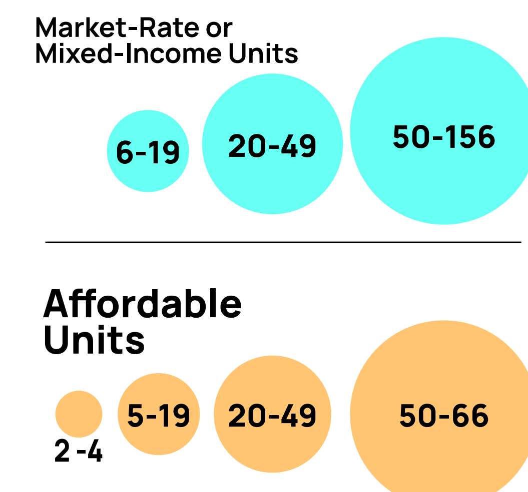
Downtown Utica covers a large area—just over 200 acres if one includes Bagg's Square, The Wynn Hospital, the Genesee Street corridor down to the Public Library, and parcels abutting Park Avenue. It gets bigger if the brewery and Varick Street are added to the mix. This represents a quantity of space that would be difficult to fully activate even if the region were growing and the housing market was much stronger.

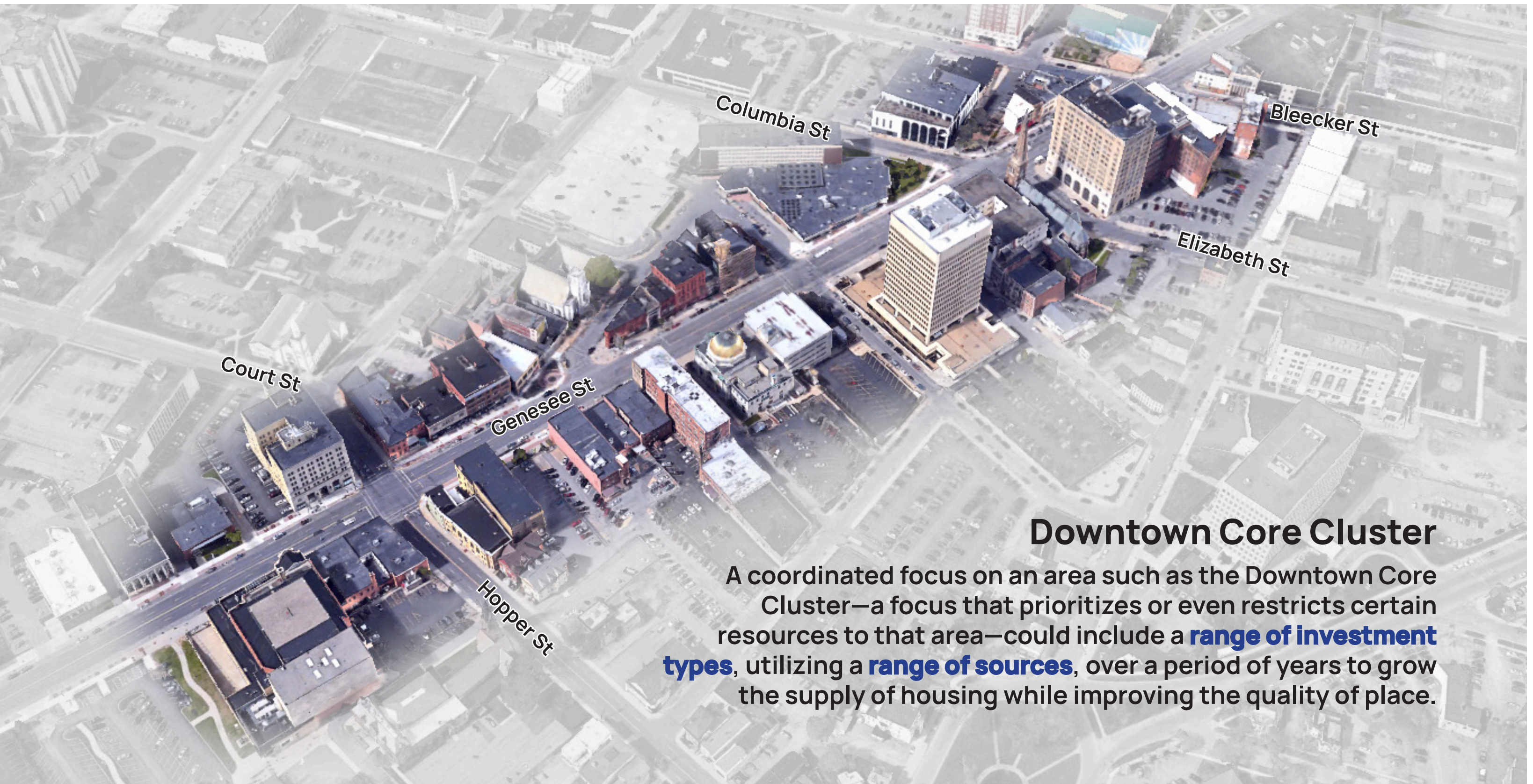
Although hundreds of new housing units have had a positive and meaningful impact, they have been distributed in a manner that dulls the overall impact. Empty spaces and underutilized buildings abound in between areas of investment. The result is that downtown Utica still lacks the critical mass necessary to create a truly vibrant downtown neighborhood.


Creating a critical mass will require that choices be made about where future housing subsidies are directed and where major new infrastructure investments are made. The two will have to be closely coordinated to ensure that a high quality of place is cultivated—that a few exceptional blocks are established to stimulate further demand and further investment. As those blocks emerge—with no empty buildings or storefronts, no underutilized upper floors, no vacant lots, and a superb public right-of-way—attention can be incrementally refocused and strong connections can be made with other hubs of residential activity.

Given its proximity to The Wynn Hospital, its position at the center of downtown, and the collection of projects and investments that have already happened there, the stretch of Genesee Street from the Stanley Theater to Bleecker Street—noted in the map above as **the Downtown Core Cluster—is a sensible focal point.**

### Distribution of Downtown and Near-Downtown Housing Units Since 2011






## Downtown Core Cluster

A coordinated focus on an area such as the Downtown Core Cluster—a focus that prioritizes or even restricts certain resources to that area—could include a **range of investment types**, utilizing a **range of sources**, over a period of years to grow the supply of housing while improving the quality of place.

| Activities/Investments | Supported by Resources |
|---|---|
| Consistent and high-quality streetscape design and lighting<br>Redevelopment of empty or underutilized upper floors for residential uses<br>Substantial renovation of outdated business spaces along Genesee Street<br>High-quality programming | • Targeted use of City and State infrastructure investments<br>• Targeted use of public subsidies to support housing development<br>  • PILOTs<br>  • Support for capital upgrades<br>  • Low-cost and patient investment capital<br>• Targeted use of public subsidies to improve leasable business space<br>• Full leveraging of Federal and State Historic Preservation Tax Credits (Downtown Genesee Street Historic District)<br>• Promotional and programming investments by downtown businesses and institutions |

### What aims would this help to achieve?

**Changes the face of Genesee Street in the downtown core**, which has improved but is still very uneven in terms of activation of buildings and spaces

Provides **diverse housing opportunities** for households attracted to the region by new employment opportunities

Complements and builds on the major investment in The Wynn Hospital—and **improves the housing supply and working environment for workers** that the hospital needs to attract and retain

Continues to **boost the willingness of Utica households** to pay for housing

### How would this be targeted, coordinated, and sufficient?

Investment energies that have been spread over parts of 200 acres would be **focused onto a handful of blocks on the same street**

The level of focus would be communicated to the market and **create a high level of predictability** for various investment partners—no guessing

A full range of activities would be similarly focused to **make the most of limited resources** for public realm improvements, housing, business development, and other associated needs

### How would this be market-responsive?

Builds **strength in a downtown** that has come a long way but is still early in the revitalization process

Continues efforts to help the City of Utica **compete for regional housing demand**

### Potential target markets served by this opportunity

**Young professional who earns $55,000 and seeks a market-rate apartment**


**Beyond the young profession market, downtown housing has also demonstrated interest from empty nest and senior households with disposable income**

# Revitalize asset-rich areas near downtown

## The Opportunity

Most of Utica's upstate counterparts have had downtown revitalization efforts reinforced by the presence of at least one strong adjacent neighborhood. That is not the case for downtown Utica, which is surrounded by the city's softest sub-markets. This is one of the reasons why more targeted investments in downtown Utica have been identified as a strategic opportunity—even a strategic necessity.

There are areas near downtown, however, that are asset-rich, have physical attributes that are unique in the region's housing market, and that have the potential to serve as strong transitional areas between downtown Utica and neighborhoods to the south and east.

## Potential Strategy

Two areas near downtown have a particular collection of assets that make them important to strengthen from a cultural and historical standpoint, as well as from the standpoint of improving the breadth and quality of Utica's housing supply:

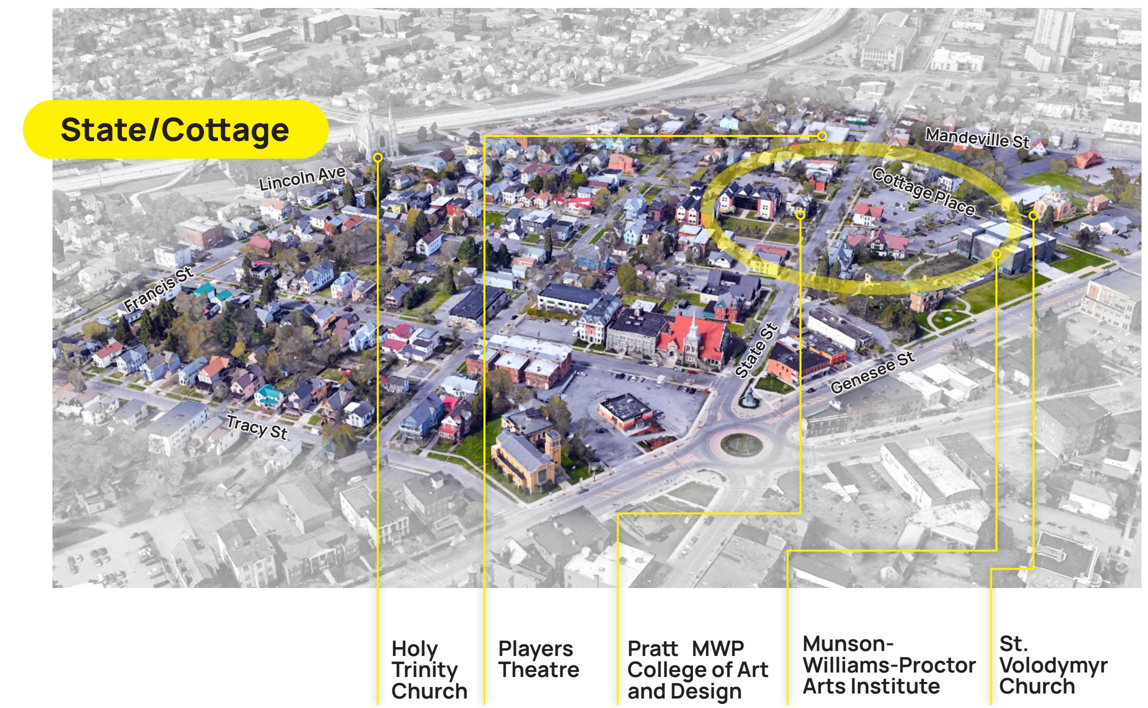
### State/Cottage

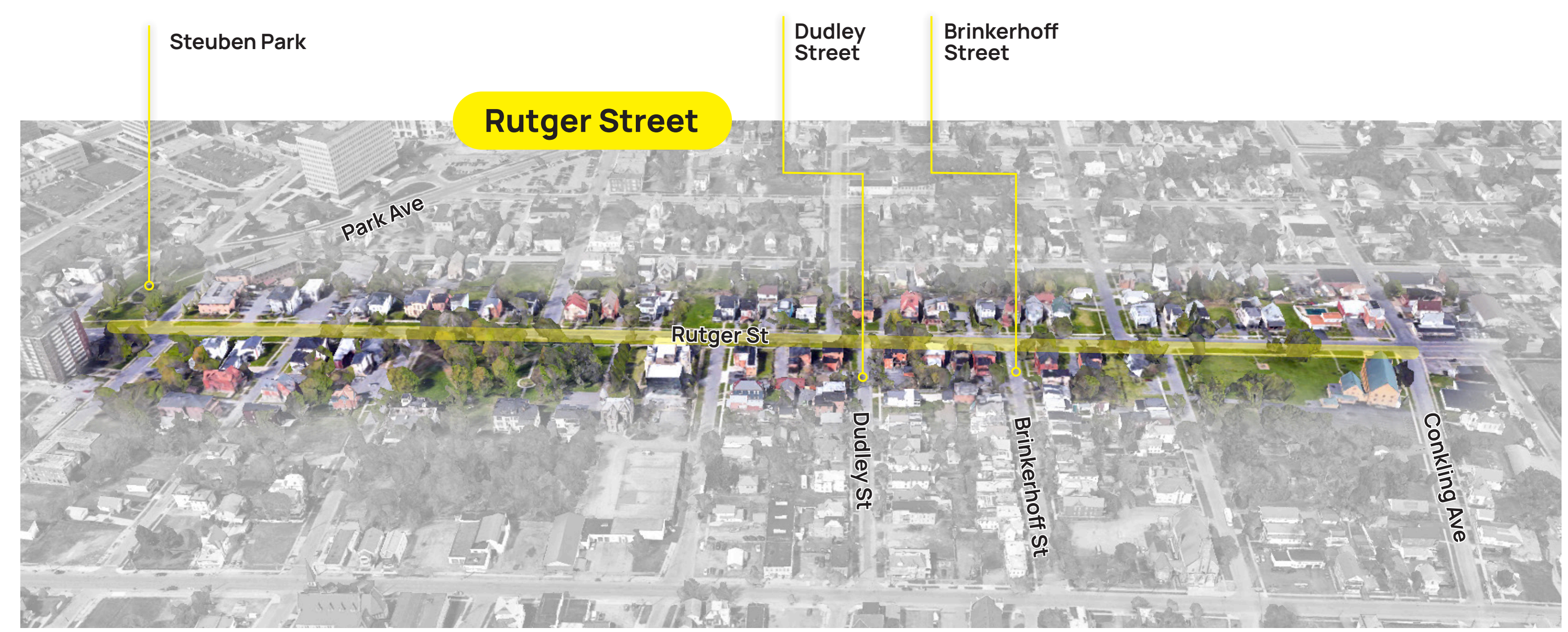
The intersection of **State Street and Cottage Place** is at the heart of an area with such cultural anchors as the Munson-Williams-Proctor Art Institute, PrattMWP College of Art and Design, Players Theatre, St. Volodymyr Church, Holy Trinity Church, and many other architecturally significant structures. Levels of maintenance in the neighborhood's housing stock is highly uneven, however. What could be a great arts-centered neighborhood with diverse and high-quality housing feels very worn.

### Rutger Street

On the other side of Genesee Street from the State/Cottage area, **Rutger Street begins at Steuben Park** and contains—until around Conkling Avenue—some of Utica's best residential architecture from the 1860s through 1890s. Very few of these properties, or related properties on side streets such as Brinkerhoff and Dudley, are in good condition. Many transitioned long ago from single-family homes into boarding houses or apartment buildings that have received only basic levels of maintenance—if that—for decades.


**Focused revitalization work in these areas that both preserves and improves some of the existing sources of affordable housing while stimulating private investment in single-family homes and market-rate rentals has the potential to strengthen important city assets, make the city's housing stock more competitive for regional housing demand, and reinforce focused investments in downtown Utica.**



## Revitalization Tools

For a long time, federal and state resources tied to affordable housing have been viewed, interchangeably, as neighborhood revitalization tools. They are not. Affordable housing opportunities have a role to play in neighborhood revitalization, but true revitalization is about attracting and leveraging private investment and creating a space of economic diversity. Deferred maintenance in the State/Cottage and Rutger Street areas is too great to be overcome by public resources alone. Public resources need to generate private sector confidence and a willingness to invest in these areas.


### Infrastructure

**Street paving** and replacement of damaged curbs

**Lighting improvements**, including ornamental light standards

Stepped-up **tree maintenance** and replanting

**Gateway and corridor signage** to effectively “brand” the neighborhoods

### Housing

Use of historic preservation tax credits for single-family and multi-family projects in the **Rutger-Steuben Park Historic District** and **nominate a historic district in the State/Cottage area**

**Single-family and rental rehabs** that set high standards for these areas through conditional loans and grants that are not income-limited

Use support for rental rehabs to ensure **mixed-income opportunities**

**Resources for these improvements can be assembled from**

1. **more targeted use of existing or planned infrastructure investments and**
2. **additive resources raised by bonding that could provide capital for infrastructure related to other strategic opportunities.**

**Combined, these two areas have around 200 residential properties.**

**A sufficient revitalization intervention in the housing stock will likely require substantial improvements to at least 20%, or 40, of those properties.**

**If each requires an average of $150,000 of investment, this equates to $6 million. The key will be to assemble roughly $2.5 million in flexible public and philanthropic capital to leverage another $3.5 million in private investment by owner-occupants or multi-family property owners.**

### What aims would this help to achieve?

Converting historic but worn and distressed-looking blocks into examples of high-quality reinvestment in city neighborhoods

Protection of investments in downtown Utica

Strengthening of historic city assets

Improvement to the diversity and quality of housing opportunities in Utica and the city’s appeal to a mobile labor force

### How would this be targeted, coordinated, and sufficient?

Focus would be limited to two areas with no more than 200 properties—a manageable number for targeted resources and the setting and tracking of measurable outcomes

It would require simultaneous use of a range of infrastructure and housing investment tools and would require careful coordination of public and private investments

### How would this be market-responsive?

Currently areas with soft demand, this strategy would recognize an overriding need to restore confidence and create predictability as a precursor to healthy levels of private investment; small, one-off investments will not produce results

### Potential target markets served by this opportunity

**Young professional who earns $55,000 and seeks a market-rate apartment**


**Single earner with kids who earns $35,000 and seeks a decent apartment**


**Young family that earns $125,000 and seeks a new house and may also gravitate to a fully renovated property**

# Revitalize neighborhoods with mixed market conditions and key assets

### The Opportunity

Utica's average sub-markets are present, to some extent, in every section of the city. They are home to a critical supply of affordable rentals and affordable homeownership opportunities on relatively stable blocks. But these housing opportunities tend to suffer from substantial levels of deferred maintenance—part of what makes them less expensive—and are vulnerable to stagnation and decline in the coming decade if physical conditions deteriorate and blight spreads from weaker blocks nearby.

Maintaining these areas as critical sources of affordable housing opportunities while also improving living conditions and extending the longevity of the housing stock is an important opportunity to seize. It is an opportunity that is aided by the fact that these average markets have stronger markets in close proximity as well as important city assets, including parks and schools, to leverage.

### Potential Strategy

Reinvestment efforts in these average sub-markets should aim to dramatically improve the physical quality of residential properties by assisting homeowners, good landlords, and housing rehabbers with substantial investments in the housing stock—addressing mechanical upgrades that extend the life of housing units as well as improvements that will make the housing more appealing. The improved housing should help residents feel proud about their neighborhoods and confident about the future of their block.

**For current or prospective homeowners, assistance with home upgrades would have the following benefits:**

Improve the market value of the home and the contribution of the home to household wealth-creation

Reduce the burden that home improvements represent to first-time buyers who purchase a house that comes with substantial deferred maintenance

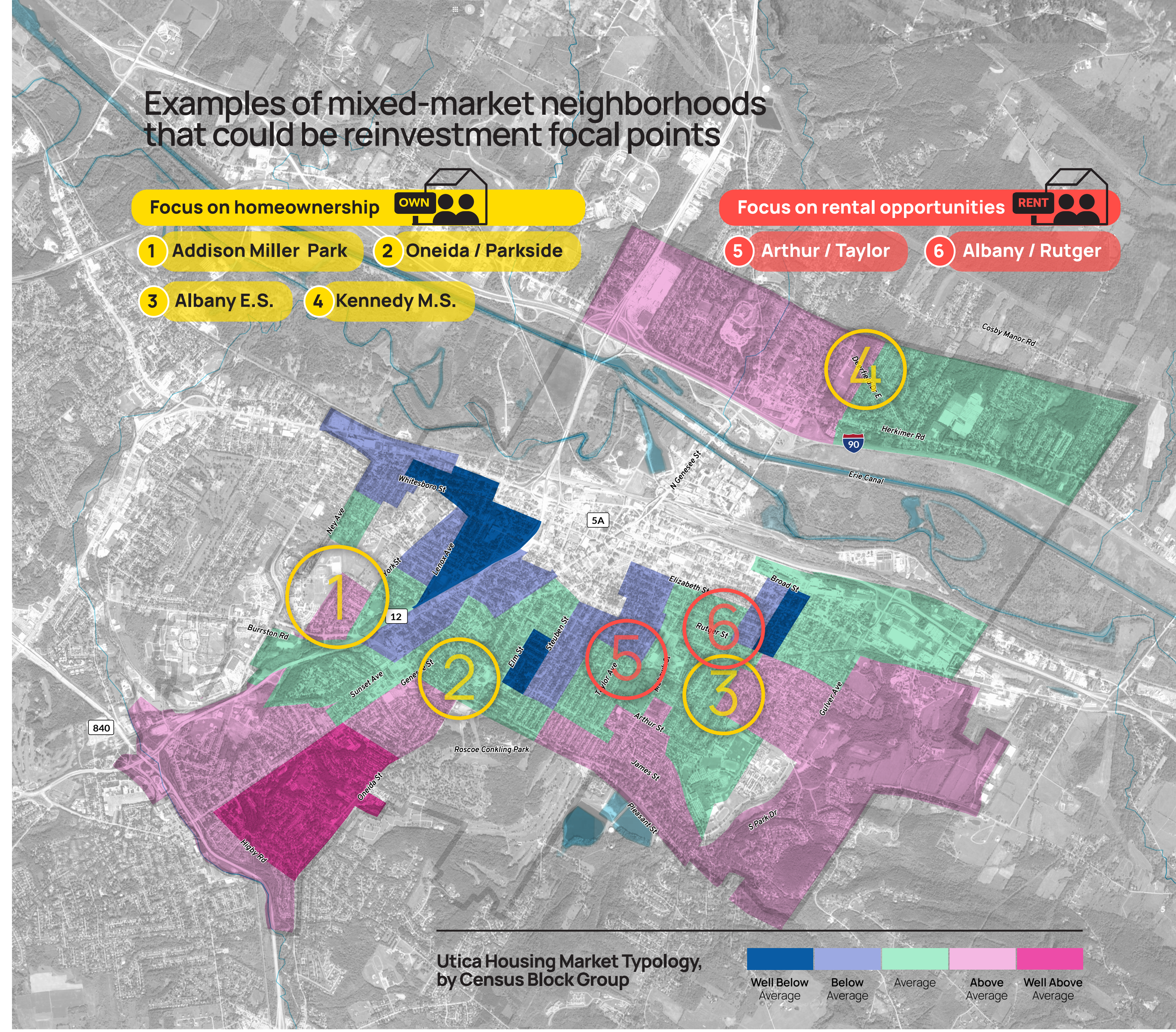
Provide opportunities for upwardly mobile renters—including refugee families—to stay and put down roots in their neighborhoods

**For landlords and their renters, assistance with rental unit rehabs would have a similar series of benefits:**

Upgrade units that merely provide shelter into safe and desirable apartments with more dignity for residents

Allow landlords to catch up on maintenance backlogs and position them to better maintain their properties

Preserve unit affordability as a condition of rehab assistance




Following the principles described in Part 2, any **reinvestment intervention must be focused** in order for improvement to a single property to become part of a noticeable neighborhood-level improvement. And an area of focus should serve multiple aims—such as the strengthening of city assets and boosting confidence in neighborhoods vulnerable to decline.

Examples of **targeted areas that would serve multiple aims** include the ones mapped above. All are in areas with mixed-markets, where market conditions transition from stronger to weaker in just a few blocks—and where focused interventions could serve to stabilize and strengthen key blocks. These are also areas where schools, parks, or recent investment represent assets to build from.

**In two of the example focus areas, rental properties predominate** and would need to be the center of reinvestment efforts. **In the other four, single-family homes dominate** and would be the primary focus of interventions.

### Examples of interventions focused on homeownership

**Financial aid to first-time buyers**

Soft-second mortgages to assist with down payment and closing costs; estimated average cost per intervention is $15,000

**Acquire, fix up, and sell single-family homes to owner-occupants**

Equity partnership with private home rehabbers to pay for above-market upgrades and ensure quality of finished product; estimated average cost per intervention is $35,000 and potentially recoverable at sale

**Partnerships with existing owner-occupants to support major reinvestments**

Equity partnership with homeowners to scope and pay for substantial home improvements and modernization; estimated average cost per intervention is $35,000 and could be treated as a loan that converts to a grant if the homeowner stays in the home for a specified period

### Examples of interventions focused on rental improvements

**Partnerships with existing or new landlords to support major reinvestments**

Conditional loans to landlords to match their investments in unit rehabs, with loans converting to grants if all or a share of units in the structure are reserved as affordable units for a set period of time; estimated average cost per unit is $20,000

**Strategic use of affordable housing resources to maintain and expand affordable inventory**

Use of available federal and state resources by not-for-profits to reinvest in and preserve existing affordable housing units and to expand their inventory in ways that do not produce high concentrations of poverty

### Other key interventions

**Investments in public assets**

Capital upgrades to the parks, schools, or other key assets that exist within or next to the focus area

**Investments in infrastructure**

Focused improvements to streets, sidewalks, lighting, and trees

**Investments in neighborhood capacity**

Support for block clubs and neighborhood leadership development to enhance the neighborhood's ability to advocate for itself and promote neighborliness

**If two or three focus areas were chosen, a pool of revolving capital from public and philanthropic sources could be used to initiate a modest series of interventions that would have a visible impact and create neighborhood momentum.**

**Just over $3 million, for example, could make the following possible:**

| | |
|---|---|
| 25 soft-second mortgages to support home purchases | $375,000 |
| 50 single-family home partnerships | $1.75 million |
| 50 rental units rehabbed by private landlords | $1.0 million |

Note: This example of the range of activities that could be supported by $3 million assumes that the funding sources are flexible (such as the City's general fund and foundation grants) rather than highly restrictive CDBG/HOME resources. It also assumes (1) that $20,000 for rental unit improvements are matched by landlord resources for a total of $40,000 in upgrades per unit; (2) that partnerships with single-family homeowners use $35,000 to leverage additional investments from homeowner savings or home equity debt; and (3) that the soft-second mortgages are used to assist with down payments and closing costs only.



### What aims would this help to achieve?

**Protect and strengthen specific public assets**

Make affordable **homeownership opportunities more accessible**

**Preserve existing affordable rental opportunities** while improving their quality

**Preserve Utica's stronger markets while using their strength to nurture private investment** and confidence in average and weaker markets

Ensure the long-term viability of **housing supplies for working individuals and families**

**Stabilize and improve homeownership**, and give recent arrivals to Utica opportunities to put down roots

### How would this be targeted, coordinated, and sufficient?

To work, the **interventions would have to occur with a limited number of clearly defined areas,** with special financing tools limited to those areas

**Public and private investments would have to be coordinated**, as would investments by various public agencies and City departments

### How would this be market-responsive?

Selection of mixed-market focus areas would **recognize the limitations to private investment** in average and weaker sub-markets and **require interventions to overcome the financial limitations** of property owners or their unwillingness to invest

### Potential target markets served by this opportunity

**Young professional who earns $55,000 and seeks a market-rate apartment** (RENT)

**Single earner with kids who earns $35,000 and seeks a decent apartment** (RENT)

**Working household that earns $40,000 to $50,000 and seeks to buy a first home** (OWN)

# Seize opportunity for new single-family development

## The Opportunity

There is always a market, however small, for new single-family homes in the region. But the demand for this product has been met almost exclusively by communities outside of Utica for half a century. New home development would help the city compete for existing housing demand in the region while strengthening existing neighborhoods.

One location, in particular, has the potential to serve this demand while achieving multiple other aims: the St. Elizabeth Campus of the Mohawk Valley Health System, which will be phased out of use as functions shift downtown to The Wynn Hospital. Located in the middle of Utica's healthiest sub-market, and along the Genesee Street corridor, a plan for the future of the campus is needed to prevent uncertainty from undermining confidence in the neighborhood.

## Potential Strategy

While redevelopment of the campus as a major new source of rental housing is one possible reuse of the campus, it would come with a number of drawbacks.

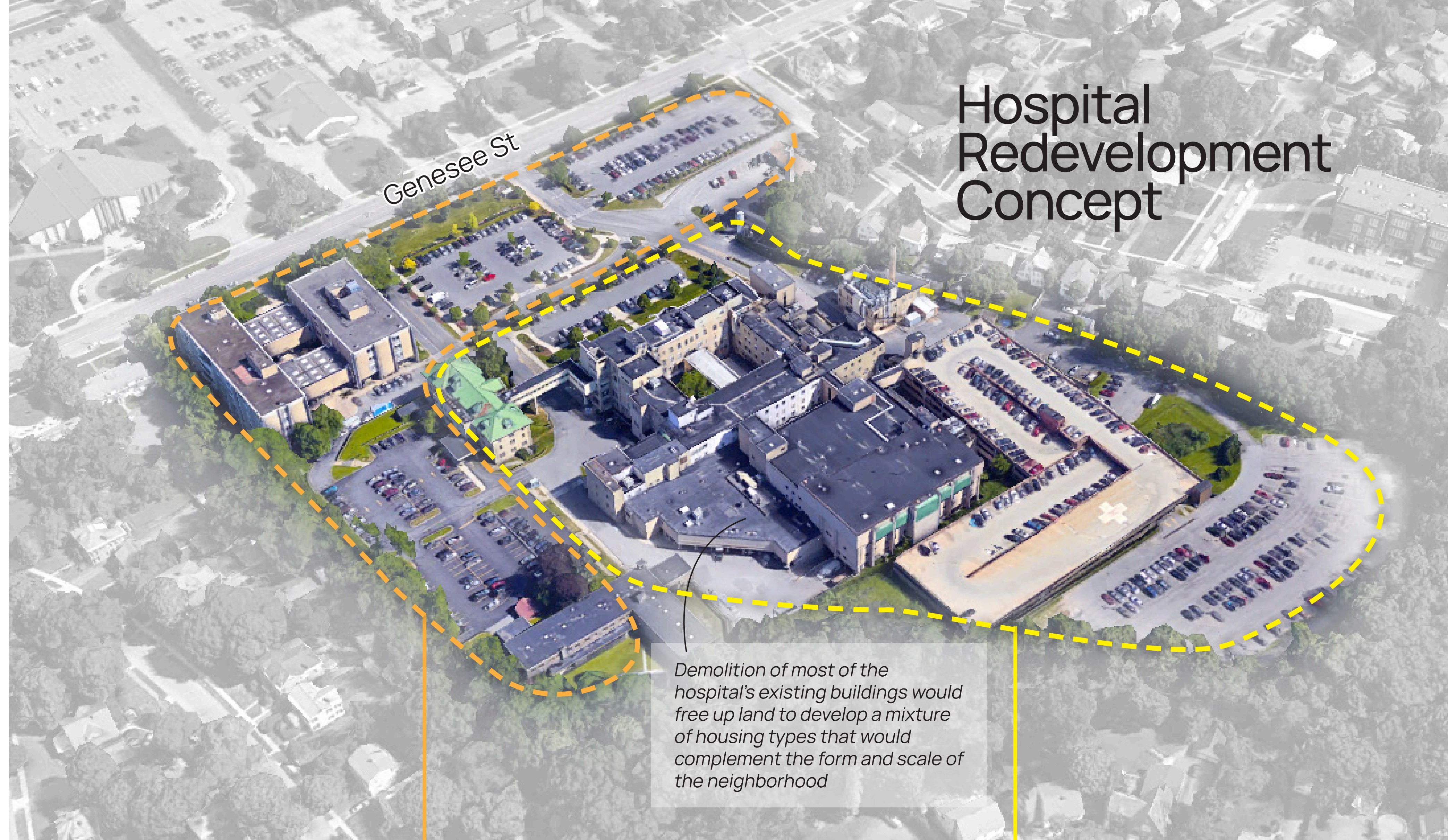
If 80% of the hospital, nursing school, and convent were to be rehabilitated at an average development cost per square foot of $200 into 250 spacious apartments, the resulting $90 million project would mean that the average development cost per unit would be nearly $350,000. This would produce break-even monthly rents of almost $4,000. If developed into 400 small units, the break-even rents would still be around $2,000. Either way, significant subsidies would be needed to bring those rents down—with the deepest discounts requiring the deepest subsidies.

If substantial conversion to rental housing was pursued, another drawback would be the potential cannibalization of rental demand that could otherwise be channeled into the downtown market. The same problem would exist if parts of the hospital were converted into business uses.

**Alternatively, redevelopment of the site as a combination of new single-family housing and a limited number of new rental units could:**

- **Add to the neighborhood's strong existing stock of single-family homes**
- **Complement the existing pattern of curvilinear residential streets**
- **Provide diverse housing opportunities**
- **Add new housing units at a pace less likely to disrupt housing investments elsewhere**

# Hospital Redevelopment Concept




*Demolition of most of the hospital's existing buildings would free up land to develop a mixture of housing types that would complement the form and scale of the neighborhood*

### Multi-family and neighborhood commercial component


**24 rental units** in new construction along Genesee Street or through redevelopment of convent


**Approximate rents of $1,500,** with potential for steeper subsidies to provide access to a wider range of incomes

**Neighborhood-scale commercial uses** fronting Genesee Street, potentially as mixed-used structures with rental housing

### Single-family component

**40 single-family homes** of approximately 1,800 square feet developed in the site's interior along newly installed streets


**Price points in the mid-$300,000s—** low enough to ensure absorption and with a high enough level of finish to appeal to households that Utica would like to retain or attract as new buyers

## Public and Private Costs

As with any alternative redevelopment concept for the St. Elizabeth Campus, one that mixes single-family development with new multi-family development to help Utica compete for regional housing demand will not be possible without subsidy. Costs and risks are involved that outweigh the ability of the region's housing market to make a project like this happen without assistance. What sort of costs are involved, and how might a combination of public and private resources make this work?

It is estimated that a partnership involving the public sector and MVHS would have to cover just under half of the total development costs to lay the groundwork for private development, a share that would cover demolition and site preparation. Private mortgage markets would cover the development costs for the single-family homes. The multi-family component would be covered by a combination of investor capital, traditional debt, and public subsidy to discount the required rents.

After development is complete, the redeveloped site could contribute between $300,000 and $400,000 per year in property taxes to the City of Utica (based on current rates). A redeveloped site could also be expected to improve property values on surrounding streets—the reverse of what could happen if the site sits empty and becomes a chronic source of uncertainty for current and future residents.

### Project Costs

| | |
|---|---|
| $6 million | Demolition |
| $4 million | Site preparation |
| $15 - $17 million | Residential property development |

**TOTAL Project Cost**

# $25 to $27 million

**PRIVATE SHARE**

Approximately
**$13 - $15 million**

**COSTS**

Residential property development

**SOURCES**

Investor capital and private mortgages

**PUBLIC/HOSPITAL PARTNERSHIP'S SHARE**

Approximately
**$12 million**

**COSTS**

Demolition

Other site preparation

Subsidy for multi-family development to achieve desired rent levels

**SOURCES**

Bond revenue to be covered, in part, by future taxes

City's capital investment plan for infrastructure development

**New single-family housing development in other parts of Utica would require a similar type of public involvement to attract private development, with the details and level of subsidy dictated by a location's site preparation and infrastructure needs.**

### What aims would this help to achieve?

Maintain and bolster **confidence in the city's strongest housing market**—keep it from slipping

Allow Utica to **diversify its housing offerings** to compete for regional housing demand

Strengthen the **attractiveness of the Genesee Stre**et corridor

Improve the **City of Utica's fiscal capacity** by putting a large site back on the tax rolls

Find a **successful resolution to the uncertainties** posed by the hospital transition

Improve MVHS's ability to **attract and keep talent** through appealing new housing

### How would this be targeted, coordinated, and sufficient?

Single-family development energies would be **highly focused in one location rather than scattered**

A **major public commitment would be needed at the outset** for the site to be sufficiently ready for private sector development; the public investment would be catalytic

Redevelopment of the site, the new infrastructure, wider improvements along the Genesee Street corridor, and investments in nearby Roscoe Conkling Park would **all have to come together to make the most out of this opportunity**

### How would this be market-responsive?

**Limited number of units produced** to ensure healthy pace of absorption

**Leverages existing strength of the neighborhood** to produce a substantial level of private investment

**Combines multi-family and single-family production** to increase diversity of housing opportunities

### Potential target markets served by this opportunity

**Young family that earns $125,000 and seeks a new house**


**Young professional who earns $55,000 and seeks a market-rate apartment**


**Single earner with kids who earns $35,000 and seeks a decent apartment** *(if a share of the multi-family units are deeply subsidized)*

# Appendix

The housing market demand typology presented on pages 14-15 of Part 1 is based on the two components outlined below, each of which is comprised of multiple indicators of housing market demand:

## Component #1: Market Strength

- o **Owner-occupancy rate of sold homes:** Share of single-family and two-family homes sold since 2013 that are owner-occupied (analysis based on sales data from NYS SalesWeb and ownership data from the 2021 assessment rolls)
- o **Average sale prices of sold homes that are owner-occupied:** Average sale price of single-family and two-family homes sold since 2013 that are owner-occupied (analysis based on sales data from NYS SalesWeb and ownership data from the 2021 assessment rolls)
- o **Change in median home value:** Change in median value of owner-occupied homes, 2013-2019 (analysis based on American Community Survey 5-Year Estimates)
- o **Value per acre:** Assessed value per acre of single-family and two-family homes, including land plus improvements (analysis based on 2021 assessment rolls)

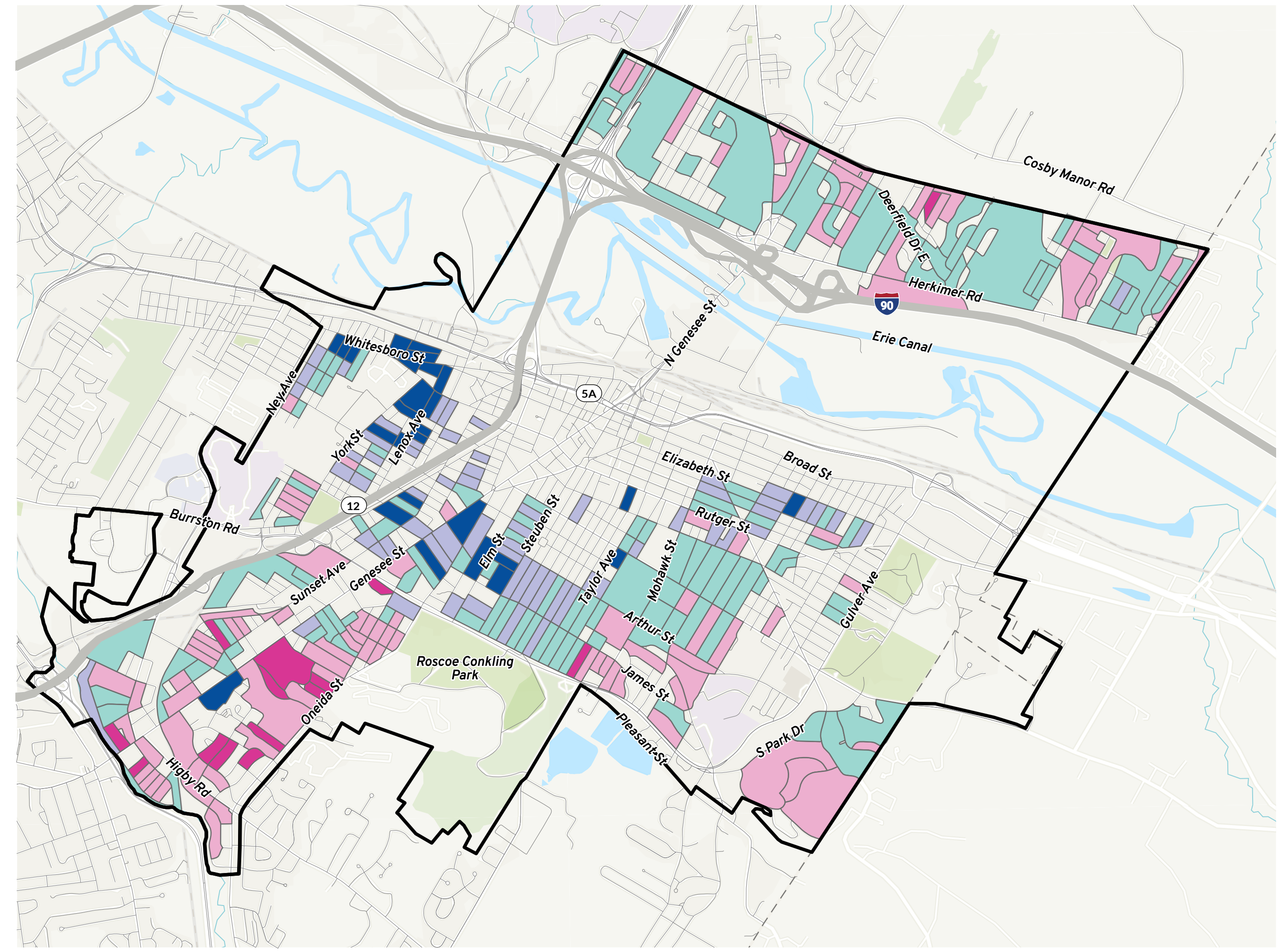
## Component #2: Property Investment/ Disinvestment

- o **Tax foreclosure:** Share of all residential properties in the block group foreclosed by the city since 2013 (analysis based on City of Utica tax foreclosure records)
- o **Code violators:** Share of all residential properties in the block group that received at least 10 code violations over the past decade (analysis based on City of Utica code enforcement records)
- o **Building permits:** Share of all residential properties that were issued permits, of any value, for repair, alteration, addition, and/or garages since 2013 (analysis based on City of Utica building permit records)

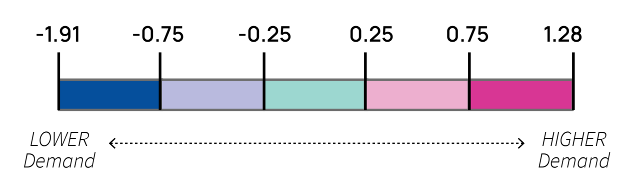
For each Census Block Group in Utica, Z-scores were calculated for the indicators within each component to furnish an average Z-score for that component. The two component Z-scores for each Census Block Group were then combined to provide a consolidated Z-score for the Block Group.

Categorizations of the consolidated Z-scores were made as follows:

| | |
|---|---|
| 0.75 and higher | **Well Above Average** |
| 0.25 to 0.74 | **Above Average** |
| -0.24 to 0.24 | **Average** |
| -0.24 to -0.74 | **Below Average** |
| -0.75 and lower | **Well Below Average** |




**Alternative Housing Market Demand Typology at the Block Level**




This alternative typology includes six of the seven indicators used in the original typology featured in Part 1. It was developed to provide a more granular view of the housing market demand at the block level, which required the exclusion of change in median home value (an indicator that is only available for geographies as small as Census Block Groups). To ensure that sufficient data were available for analysis, only blocks with at least 20 residential properties were included. All gray areas on the map are blocks with fewer than 20 residential properties.

# Utica Housing Study

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