



## **De Witt House**

### **A Mixed-Use Development by Ithaca Neighborhood Housing Services**

Ithaca Neighborhood Housing Services (INHS) is proposing to redevelop the site of the former Tompkins County Library into a mixed use, mixed income development that responds directly to Tompkins County's most pressing housing and community development needs.

INHS is proposing to purchase the site from Tompkins County, demolish the existing building and build a new, energy efficient mixed-use building. The residential portion of this project will be supplemented by ground-floor commercial space that could be used for a variety business or non-profit uses. INHS is working closely with Lifelong, a non-profit organization that provides services to seniors, to integrate new space for Lifelong's growing programs into the project. This will create an opportunity for additional new housing development on the present Lifelong site, adding further value to the project.

INHS is uniquely qualified to undertake this project because of its extensive experience in real estate development and its mission of providing high quality affordable housing to Tompkins County residents. INHS designs, builds and operates all of its housing with a long-term perspective that values sustainability and responsiveness to local needs. The housing developed by INHS becomes community assets rather than just real estate investments.

De Witt House will feature 60 to 70 one- and two-bedroom apartments that will be affordable to a wide range of incomes. A combination of market rate and below market rate units will provide housing in a highly desired location for seniors, retirees and people earning modest incomes. INHS recently demonstrated the feasibility of this concept with the completion of its 50-unit Breckenridge Place project, which has proven to be enormously popular.

The attractive design of De Witt House features a four-story building that surrounds a large central courtyard. The 6,400 sq. ft. courtyard will be lushly landscaped and will provide peaceful areas for sitting and socializing. The building design complements the existing structures in the De Witt Park Historic District. The brick facade is subdivided into 12-foot modules which alternately step forward several feet from the façade plane, evoking a series of row houses, each topped with a gabled roof. Variations in brick color and placement, the size and style of windows and the pitched roofs all reference the design elements of nearby historic buildings.

INHS is a national leader in the development of green, sustainable housing. De Witt House will continue that tradition and will be certified to both LEED and Energy Star standards. INHS also has over 35 years of experience in property management. Resident services and maintenance will be provided by full-time, local professionals who understand our market and the needs of our residents.

De Witt House will help to fill an underserved portion of Tompkins County's housing market by providing high quality affordable and mid-market apartments in a highly desirable location. This will help to promote the values of equity and diversity in our downtown community.

## Narrative for Tompkins County RFEI

# De Witt House

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### Project Description

De Witt House will be a mixed use, mixed income project that combines residential units and commercial space in an attractive, fully accessible building. INHS has engaged Chiang O'Brien Architects and Trowbridge Wolf Michaels Landscape Architects for site planning and preliminary building design. The development team is familiar with the current zoning and building regulations governing the site, including the fact that it is in a designated historic district. Sensitivity to the use, scale and character of the surrounding neighborhood has been a major consideration in the preliminary design process.

INHS has explored designs for both a stand-alone building on just the former library site and an expanded development project that also includes redevelopment of the adjacent Lifelong site. These two alternatives will be discussed separately. Both scenarios appear to be both financially and architecturally feasible.

### *Stand-Alone Building on the Former Tompkins County Library Site*

INHS proposes to buy the former library site from Tompkins County and redevelop it by demolishing the existing structure and replacing it with a four-story, 60,000 to 80,000 sq. ft. mixed use building. The new building will incorporate design elements from the historic buildings on the adjacent blocks, but it will be functionally advanced due to the incorporation of energy efficiency and green building practices.

The preliminary development program for this new building includes:

- **60 to 70 one- and two-bedroom apartments.** Reflecting market need, the unit mix will be heavily weighted toward one-bedroom apartments.
- **Wide range of incomes served.** This project will provide affordable rents that serve a wide range of incomes. Conventional bank financing will be augmented by financing from affordable housing programs, enabling both market rate and below-market rate rents. 40% of the units will be offered at market rates ranging from \$1,400 to \$2,500. 60% of the units will be offered at rents ranging from \$500 to \$1,400. These units will be affordable to seniors, retirees and people working in jobs that produce modest incomes. Incomes within this range are \$28,000 to \$50,000 for a one-person household and \$31,000 to \$57,000 for a two-person household.
- **Housing for local residents.** This project will target non-student, permanent residents of Tompkins County who desire choice, affordability and stability in their housing.

- **Fully accessible apartments friendly to seniors and people with disabilities.** All floors of the building will be served by elevator access, making every unit accessible by people with disabilities or mobility impairments. At least six units will be built as fully-accessible units.
- **6-8,000 sq. ft. of commercial space.** This ground floor space will be designed to be flexible in its use in order to appeal to a wide variety of possible tenants. The space is being designed to fit Lifelong's program needs, but could also accommodate other office or retail uses.
- **Community meeting space.** INHS will allocate at least 1,250 sq. ft. to space for community activities that include meetings, dinners, movies and social gatherings. This space will be made available to both residents of the building and community groups.
- **Off street parking.** The project will incorporate 18 off-street parking spaces in an underground garage that is protected from weather and can be accessed by elevators. 8 of the 18 spaces will be reserved as handicapped parking.
- **Interior courtyard.** A large interior courtyard will provide lush landscaping and sitting areas for social interaction and events. This 6,000 sq. ft. private space will complement the open space provided by the nearby DeWitt Park.
- **Resident amenities.** This building will be served by an on-site management by INHS; laundry facilities, fitness center and units that are pre-wired for cable and fiber data services.

## Building Design

De Witt House is designed to draw upon the architectural vernacular of the surrounding neighborhoods. It is a four-story building that is organized around a large central courtyard that brings light and air into apartments along a double-loaded corridor. The facade is subdivided into 12-foot modules which alternately step forward several feet from the façade plane, evoking a series of row houses, each topped with a gabled roof. At the prominent corner of Cayuga and Court Streets a round turret resolves the two façades and imparts an iconic form to the building.

The material palette is largely brick, with a blended color range that varies from bay to bay, giving the appearance of assembled row houses rather than a single, large building. The color range includes similarity to the brick in the Cayuga Apartments and the first floor of Williams House. Band courses use a dark charcoal brick, evoking an element found in many of William Henry Miller's designs. Where bays are cantilevered they are clad in lighter-weight siding materials. The pitched roofs are topped with slate-colored shingles.

The three neighboring buildings along Cayuga Street – Halsey House, Williams House, and the Cayuga Apartments – are all very different in style but have similar windows in size, proportion, and type. The fenestration of the De Witt House continues this pattern, using double-hung windows of the same approximate size and proportions. All of these design strategies serve to diminish the apparent scale of the building and to integrate the architecture with the surrounding structures.

### ***Lifelong Site***

INHS hopes to incorporate the current operations of Lifelong into the De Witt House on the old library site and redevelop the existing Lifelong site. Due to Lifelong's program requirements, a substantial portion of the current Lifelong site would likely remain surface parking. Lifelong has indicated a need for 50 off street parking spaces to serve its clientele. It is doubtful that a parking structure or underground parking facility would be financially feasible.

INHS proposes to build up to 10 additional housing units on the Lifelong site that would complement the new units in the De Witt House. These units could be an extension of the rental units at De Witt House or could be developed as for-sale cooperative or condominium units. For-sale units would become part of the INHS Community Housing Trust program, which assures long-term affordability for future buyers and permanent stewardship by INHS.

New residential development on the Lifelong site would be scaled down in height and mass to conform more closely to the character of the existing buildings on Court and Geneva Streets. Development of the Lifelong site would be a second phase of the project that would begin after Lifelong occupies its new space in the De Witt House.

### **Energy Efficiency and Sustainability**

INHS is a national leader in sustainable and green building. INHS is certified as an Energy Star Builder and has adopted corporate policies that require all of its new construction projects to incorporate green building practices and achieve LEED certification. INHS will use all of its considerable expertise and experience to make De Witt House as sustainable as possible.

A truly green and sustainable building must be designed from the beginning to incorporate high levels of energy efficiency, indoor air quality, water conservation and the use of sustainable building materials and practices. For best performance, the building should be tested and certified by third party inspectors to ensure that the green building practices achieve their intended performance. INHS has been at the forefront of expanding the sustainability of residential building in Tompkins County and its projects have achieved significant reductions in energy use and utility costs. INHS also uses attractive, sustainable materials that are low-maintenance and prolong the life of buildings. INHS intends to maintain permanent ownership of De Witt House and will design it with long-term operating goals in mind.

Breckenridge Place, a new 50-unit apartment building built by INHS, is a perfect example of its commitment to energy efficiency and climate change reduction. This just completed all-brick building will achieve LEED Platinum, NYSEERDA and Energy Star certifications that make it one of the most sustainable apartment buildings in Tompkins County.

Breckenridge Place includes a wide range of air quality and energy efficiency measures that will achieve a 34% reduction in energy use compared to normal buildings of its type. This building is heated and cooled by a high-efficiency air-to-air heat exchange system that is powered by electricity. The 136,000 KWh per year savings is equal to taking 20 cars off the road or planting 2,500 trees every year. Additionally, by building a mostly electric building, INHS is positioned to take advantage of local wind energy and other renewable sources as those markets develop.

Other INHS residential projects are even more energy-efficient than Breckenridge Place and use about 50% less energy than new homes built to the NYS energy code. Holly Creek, an INHS townhouse project in the Town of Ithaca, is a good example of INHS's commitment to sustainability for smaller projects. These homes are LEED Gold and Energy Star certified and the project was recently awarded the prestigious Challenge Home Housing Innovation Award by the U.S. Department of Energy. The Challenge Home program recognizes housing innovations that advance the development of zero net energy use homes. INHS received one of only four national awards in the affordable housing category.

### **Market Need and Feasibility**

The Ithaca urban area's rental vacancy rate of only .5% is one of the lowest in the nation and is stark evidence of the need for additional rental housing. The corresponding effect of low vacancy rates is high rents. Currently, Tompkins County median rents are 40% to 60% higher than rents in the surrounding region and are extremely unaffordable to people with modest incomes.

The most comprehensive recent analysis of local housing needs is the 2011 Danter Company study of the downtown Ithaca market. This study analyzed market conditions in the Ithaca urban area and projected the demand for new rental units in the Ithaca downtown area over a five-year period from 2012 to 2017.

The Danter study documented the area's extremely low vacancy rate and broke it down by unit size. Strong demand for studio and one-bedroom units has reduced the vacancy rate for these unit sizes to only .3%, while the vacancy rate for two-bedroom units was .9%. The vacancy rate for larger unit sizes was over 1%. Vacancy rates for all unit sizes have declined significantly in recent years. An earlier Danter study completed in 2000 found the vacancy rate for one- and two-bedroom apartments was 2.2%. While 2.2% is very low, the current rate of only .3% is an industry outlier. The 2011 study surveyed 75 existing multifamily rental projects in the Ithaca urban area and found that 61 of them (81%) had no vacant units at the time of the survey. Vacant units were most likely to be found in older apartments built before 1970 or apartments that had few amenities.

The Danter study projected a need is for 900 to 1,000 new rental units in downtown Ithaca by 2015. Demand was divided among three price categories: Upscale, Moderate and Affordable. Significantly, the greatest estimated demand was for the lowest- priced, most affordable apartments, with moderately priced units second.

While there has been some new rental housing development in downtown Ithaca in recent years, the new units produced have not come close to meeting the projected demand. In addition, the new projects are not sufficiently serving all segments of the market.

The 2011 Danter study concluded that "Ithaca is missing the middle of the market – ALL rents have moved well beyond what would usually be considered the 'middle'. Clearly, there is a shortage of rental housing serving Ithaca and Tompkins County at all rent levels. It is especially important to recognize that every market is impacted by a housing continuum. Permanent residents move up through a series of housing choices and price points. A void in any specific portion of the market impacts those product lines above. The lack of middle market rental product for the non-student market eventually impacts the home ownership market. Given the potential for a weakening resale market, it is important to provide step-up alternatives in or to continually 'recharge' the single-family resale market." (Danter, 2011, p. III-12).

The Danter study highlighted the obvious fact that the local rental market is dominated by student housing. Student housing accounts for 49% of all rental units in the Ithaca urban area and has been the focus of most new rental housing development for the past 30 years. This has started to change with the development of new downtown projects like Gateway Commons, Breckenridge Place and Seneca Place. Danter projected that seniors and empty-nesters will account for a growing share of the demand in the market area, although this share remains relatively small at only 6% to 8% of the total demand.

The conclusions of the Danter study have been confirmed by INHS's actual experience in the leasing of rental units. INHS owns 379 rental units and has over 35 years of experience in rental property management. Its recently completed Breckenridge Place project had over 250 applicants for 50 units and was fully leased up in only eight weeks. Breckenridge Place has 35 one-bedroom and 15 two-bedroom apartments. The one-bedroom units leased up immediately, reflecting the region's large proportion of single-person households. Breckenridge Place is not age restricted, but over half of the residents are over 50 years of age. Most of them are retired. The largest proportion of residents have incomes of between \$20,000 and \$35,000 a year. Households at these income levels typically have difficulty finding affordable rents in the local market, especially in downtown Ithaca. Very few of the new residents living in Breckenridge Place have cars and most have expressed delight to have the opportunity to live in a central location where they can walk or take public transportation.

### **Responsiveness to Community Needs**

INHS is a mission-driven organization that strives to improve housing opportunities for all Tompkins County residents, especially those at lower incomes. There is no single or best solution to local housing problems, which is why INHS addresses housing challenges on many fronts. In addition, housing is only one part of the complex fabric of our community. INHS seeks to improve that seeks to improve the quality of life for Tompkins County in many ways, often by partnering with other organizations. INHS has partnered with organizations as diverse as the A.M.E. Zion Church; the American Red Cross; the Advocacy Center; Tompkins Community Action; the Finger Lakes Independence Center; Better Housing for Tompkins County; and the Downtown Ithaca Alliance.

Our proposed alliance with Lifelong is a prime example the advantages of partnering. INHS and Lifelong share many of the same goals, but each organization brings expertise that the other does not possess. The synergy created by collaborating on a project like De Witt House could bring long-term benefits to both organizations that extend well beyond just this project. For example, the new residents of Breckenridge Place or other INHS housing developments could find new opportunities in the programs provided by Lifelong, enriching their lives. Similarly, Lifelong may expand its programs by offered them in new locations and to new people in INHS housing.

Other examples of INHS's responsiveness to community needs are in the hiring of minority or women-owned businesses (both members of the INHS design team, Chiang-O'Brien and Trowbridge Wolf Michaels, are certified WBEs); the use of local contractors; the use of local businesses for good and services and important connections to local agencies that provide resident services.

## Economic Impacts

This project will be assessed at 100% of its value by the Tompkins County Assessment Department and it will pay full property taxes. It is a commonly-held misperception that all property owned by not-for-profit corporations is tax exempt. This is incorrect. INHS pays full property taxes on all of its rental and for-sale projects. INHS embraces the concept of paying its fair share of property taxes and has always had a goal of using its real estate development projects to help strengthen the local tax base. INHS does not anticipate asking for any form of tax abatement or PILOT for this project.

The total development cost of this project is projected to be between \$18 and \$20 million. The development phase will produce substantial contributions to the local economy through construction activity, the use of professional services and the procurement of goods and materials. After the completion and occupancy of the project, there will also be sustained financial benefits to local government revenues, economic activity and job creation.

The National Association of Home Builders has conducted research and developed tools that help to estimate the economic impacts of housing development. Its figures are based on national averages for each of three measurements that include income to the local economy, local government taxes and fees and local jobs created. These should be considered conservative estimates, as upward adjustments to local government taxes and fees would be warranted by local conditions. In 2010, Tompkins County ranked 81 out of 806 U.S. counties in its rate of median real estate taxes paid compared to taxable value. Tompkins County also has a higher than average sales tax rate. Both of these are significant contributors to local government revenues.

The following is a summary of the impacts of the residential portion of this project:

<b>Construction Period Annual Economic Impacts</b>	<b>Each Dwelling Unit</b>	<b>60-Unit Project</b>
Income to Local Economy	\$79,000	\$4,740,000
Local Government Taxes and Fees	\$8,270	\$496,200
Local Jobs Created	1.22	73.2
<b>Recurring Annual Economic Impacts</b>	<b>Each Dwelling Unit</b>	<b>60-Unit Project</b>
Income to Local Economy	\$23,000	\$1,380,000
Local Government Taxes and Fees	\$3,950	\$237,000
Local Jobs Created	.32	19.2

Source: National Association of Home Builders

## Project Financing

De Witt House is in the very early stages of development, with the program, design and construction cost still subject to many revisions. Financing for the project also remains unclear, but INHS has deep experience in the development of multifamily projects and can easily identify multiple sources of funding for this project. Even more significantly, INHS has an impressive track record in obtaining

approvals for project financing, so it can put together a financing plan with the confidence that it is realistic and achievable.

INHS will use multiple sources of financing to develop this project. These include conventional loans from banks such as the Tompkins Trust Company, JPMorgan Chase, M&T Bank, or First Niagara; near conventional loans from Community Housing Capital or Community Preservation Corporation; grants or loans from the Federal Home Loan Bank of New York, the NYS Housing Trust Fund Corporation, or HOME; and equity investment from INHS. INHS has used all of the sources named above for past projects and is familiar with the underwriting requirements of each source.

### **Qualifications of Ithaca Neighborhood Housing Services**

Ithaca Neighborhood Housing Services (INHS) is a 38-year old community development corporation that provides a comprehensive array of housing programs designed to enhance affordability and community stability. INHS provides services to all Tompkins County residents and is currently expanding its geographic service area to include adjacent counties.

#### ***Governance***

INHS is governed by a 15-member board of directors that is a partnership between community residents, local government and the business community. Current officers include Herman Sieverding, President; Michael Cannon, Vice-President; Sharon Malone, Secretary and David Sprague, Treasurer. The INHS board has members that offer a wide range of skills and experience, including real estate development, law, accounting, lending, human resources, planning, and property management.

INHS also controls eight subsidiary corporations that own or manage multifamily real estate projects or homeowners associations.

#### ***Professional Staff***

INHS has 23 full-time staff. Its 7-member management team has an average tenure of over 15 years with the organization and is exceptionally dedicated and talented.

The in-house development team for the De Witt House project will include Scott Reynolds, Director of Real Estate Development; Joseph Bowes, Senior Real Estate Developer; and Paul Mazzarella, Executive Director. Reynolds and Mazzarella have a combined 44 years of experience in planning, design, construction and real estate financing. Joe Bowes recently joined the INHS staff after working for 10 years as a real estate developer with PathStone Corporation. While at PathStone, Bowes worked closely with INHS on the development of three major projects including Breckenridge Place, Cedar Creek and Stone Quarry apartments. These three projects total 124 units and have a total development cost of \$32 million.

#### ***Professional Certifications***

INHS is chartered member of the NeighborWorks network of non-profit community development corporations. The NeighborWorks network consists over 240 community-based housing organizations in all fifty states and Puerto Rico.



INHS has also achieved the following institutional certifications:

- U.S. Department of Treasury as a **Community Development Financial Institution (CDFI)**.
- U.S. Department of Housing and Urban Development as a **HUD Counseling Agency**.
- NYS Homes and Community Renewal as both a **Community Housing Development Organization (CHDO)** and a **Neighborhood Preservation Company (NPC)**.
- Ithaca Urban Renewal Agency as both a **Community Housing Development Organization (CHDO)** and a **Community Based Development Organization (CBDO)**.
- U.S. Environmental Protection Agency as an **Energy Star builder**.

### ***Financial Capacity***

INHS has total assets of over \$23 million and net assets of \$16.5 million. Its assets are primarily in the form of real estate owned and loans receivable. INHS's 2014 operating budget totals \$3,005,620. This does not include the operation of rental projects such as Breckenridge Place and Cedar Creek, loan activity or real estate development activity.

INHS maintains exceptionally strong systems for planning, budgeting and financial management. INHS has received unqualified opinions (i.e. no findings or management concerns) from its external auditors each year for 15 years in a row. In addition, numerous private and public funders continually monitor its financial performance and evaluate its management capacity. INHS not only complies with the complex requirements of its many funders, it is often cited for its ability to consistently meet budgets, deadlines and production goals. This high level of performance has enabled INHS to secure funding from a wide variety of lenders and investors, all of whom recognize the high caliber of its operations.

Over the past five years, INHS has significantly stepped up the pace and scale of its real estate development activities. INHS has been able to pursue large scale projects because it has the financial capacity to internally finance predevelopment activities and because it viewed as a low-risk borrower by lenders.

### ***Programs and Services***

INHS operates four primary lines of business. These include:

#### **Real Estate Development**

INHS has been the sole developer or partnered with non-profit and for profit developers to create 371 units of new rental housing. INHS services include pre-development planning, grant writing, construction management, financing, property management and contract compliance. Notable recent projects include Breckenridge Place (50 units); Holly Creek (22 units) and Cedar Creek (39 units).

INHS also builds new one- and two-family detached homes and multiunit attached homes that are developed as permanently affordable housing under a Community Land Trust model. INHS has completed 38 Energy Star or LEED-certified new homes and has 66 more units in development.

Under its House Recycling program, INHS targets eyesore properties for acquisition, rehabilitation and sale as part of its neighborhood revitalization strategy. INHS has completed 115 House Recycling projects, primarily in Ithaca's Southside and Northside neighborhoods. All of these homes have been sold to low-income first time homebuyers. INHS also provides low-cost financing to enhance affordability.

INHS also buys and renovates deteriorated rental properties. Properties are held in the INHS portfolio to provide permanently affordable housing. 22 buildings containing 125 rental units have been rehabilitated at a cost of \$4.8 million.

### **Homeownership Promotion**

INHS provides homebuyer education, counseling and loans that help homebuyers purchase homes in a responsible and affordable way. INHS offers both classroom and online education that provides comprehensive knowledge of what is needed for successful homebuying. INHS has assisted over 675 first time homebuyers through its loan programs with loans that total \$11.7 million. These funds have leveraged over \$45 million in conventional first mortgage loans and homebuyer equity.

### **Home Improvement**

INHS provides loans, grants and technical assistance for new or existing low-income homeowners. Over 1,202 rehab projects totaling \$13.5 million have been completed. These projects focus on the elimination of health and safety problems; enhancing energy efficiency; and the mitigation of lead paint hazards.

INHS also provides secured and unsecured loans to improve the energy efficiency of existing homes. INHS partners with NYSERDA's Assisted Home Performance with Energy Star program for income eligible applicants.

The INHS Mini-Repair program provides small and emergency repairs for elderly or handicapped homeowners. Labor is provided free of charge; homeowner pays for materials. Over 3,750 jobs have been completed.

### **Rental Property Management**

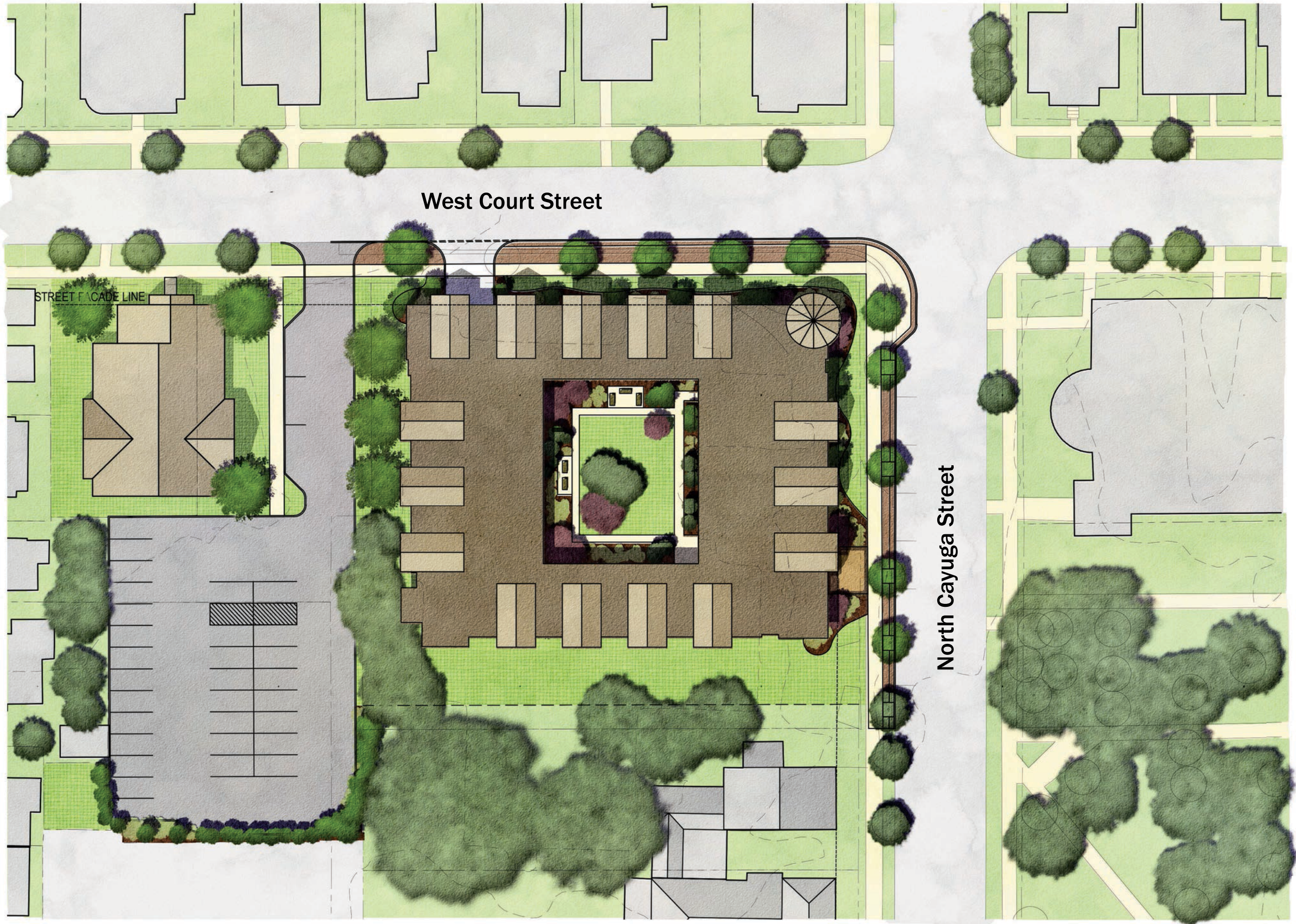
INHS owns 379 units of residential, community and commercial spaces in 27 locations. All rentals serve a low and moderate-income market. Most INHS buildings were previously dilapidated and were extensively renovated by INHS as part of a neighborhood revitalization strategy. Property management staff is IREM certified.

## De Witt House Project Scheduling

	2013				2014				2015				2016				2017				2018			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
RFEI Released																								
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County Reviews Responses																								
RFP Released																								
RFP Responses Due																								
County Selects Developer																								
Close on Property																								
City Planning Board Sketch Plan																								
City Landmarks Board Sketch Plan																								
Revise Design																								
Formal Planning Process																								
LIHTC Application																								
State Awards Project																								
Construction Docs																								
Financing Preparation																								
Building Demo and Infrastructure																								
Construction																								
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View from Corner of Cayuga and Court Streets



Corner Turret  
(W.H. Miller House)



Typical Gables



Cayuga Apartments



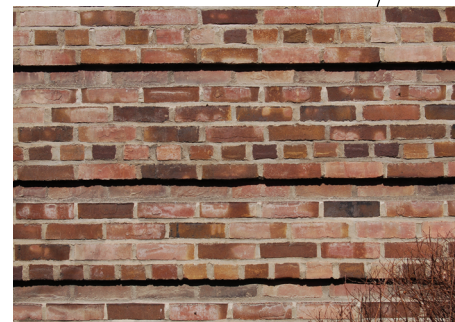
Williams House



Halsey House



Cayuga Street Elevation



Brick Range  
(Cayuga Apartments)



Brick Base  
(Williams House)



Brick Band Course  
(W.H. Miller House)

### Contextual References