

## Section V. Redevelopment of Priority Sites

### A. Selecting Priority Sites

Section IV of this Nomination Study presents a summary of the analyses of the Study Area and market conditions affecting the E-J BOA's redevelopment potential. As noted, the Study Area possesses a number of strengths as a location for redevelopment. These strengths are listed below.

- The northern portion of the Study Area has experienced an influx of commercial investment, including establishment of the nearby Gannett facility and proposed Walmart Supercenter. These commercial investments have drawn the attention of the development community in recent years, and redevelopment plans can look to feed from this momentum.
- Wilson Hospital is located in the heart of the Study Area, and is one of the region's most prominent healthcare institutions. Looking ahead to the future, healthcare services rank among the region's top growth industries.
- Efforts to restore the Goodwill Theatre and Firehouse Stage have introduced a blossoming arts community to the Study Area. As the Goodwill Theatre Complex becomes a regional arts destination, the Study Area will benefit from access to these facilities.
- The Main Street corridor and charming urban setting provide opportunities to establish and expand support services. Main Street niche retail can adapt to serve future uses in the Study Area. For example, art galleries, office supplies and lunchtime destinations along Main Street are likely to benefit from the expanded customer base that would be introduced by office and/or light industrial redevelopment in the area.

All of the Study Area's brownfield sites were reviewed in the context of these strengths, and those sites with the most potential to harness the Study Area's redevelopment potential are located at the following addresses:

- **96 Corliss Avenue,**
- **42/44 Corliss Avenue,**
- **48 Corliss Avenue,**
- **18 Park Street/25 Ozalid Road**
- **59 Lester Avenue**

The sites located at 96 Corliss Avenue, 42/44 Corliss Avenue, 46 Corliss Avenue, 48 Corliss Avenue, and 18 Park Street/25 Ozalid Road were selected as priority sites for redevelopment largely because of the contiguous nature of these priority sites. Together, they have a unique potential to support an urban light industrial/business district in the heart of the Study Area. A business district in this location provides opportunities to leverage and complement recent public investments in the Goodwill Theatre Complex and at 46 Corliss Avenue (demolition funded by Restore NY) along with the fact that the high-tech manufacturing operation at 18 Park Street/25 Ozalid Road may serve as an anchor use. It is in close proximity to Wilson Hospital which offers potential locations for spinoff medical-related uses and is within walking distance to Main Street and its amenities. The existing structures located within the proposed business district are highly underutilized, and improvements are crucial to the overall welfare of the Study Area. Medical services, light industrial operations, research and development and professional offices are among the potential occupants of a Willow Street Business District.

The property located at 59 Lester Avenue was selected at a priority site because it has good exposure to Lester Avenue, which will carry much of the customer traffic to and from the future Walmart Supercenter. The property is visible and highly accessible from NYS Route 17 (future I-86) which gives it the potential to draw commercial/retail activity in northern portion of the Study Area towards the heart of the Study Area. The former E-J Victory Building located at 59 Lester Avenue is large and highly underutilized, and is suitable for flex and/or office space. This building once rehabilitated will meet the demand for development formats identified in the market analysis. *General Commercial* uses such as building trade contractors, cabinet makers, equipment repair and maintenance services, food and beverage suppliers, food preparation and service, computer and technical repair, and others are among the potential occupants of a redeveloped Lester Avenue Commercial Site.

## **B. Proposed Redevelopment Options for Priority Sites**

Two options for redeveloping the Priority Sites were explored and reviewed by the project steering committee. They consisted of:

**Option 1: Considered a possible long term this option consists of demolishing all existing buildings and constructing new, modern facilities,**

**Option 2: Considered an interim option, this option consists of renovating only the first-floor of the existing buildings at each priority site to current building standards, improving the building exteriors, and “mothballing” upper floors to preserve their space for possible future use.**

The financial feasibility of each option was explored through preparation of a financial pro forma for each site. A pro forma presents the following information: a program for new development,

cost of construction, the property’s anticipated net operating income, the proposed economic value of the new building to its owner and the funding gap (economic value of development vs. the cost of construction) that must be overcome to make a project economically feasible.

Overall, it was estimated that under Option 1, demolition and new construction would total approximately \$36,900,000 for all priority sites. The total collective economic value estimated for these properties would be approximately \$20,600,000. A \$16,300,000 funding gap would remain to be filled by public financing to implement Option 1. A summary of the financial factors reviewed for each building under this option is presented in *Table V-1 Option 1 Summary*.

Table V-1-Option 1 Summary (Long Term)				
	Willow Street Business District			
	59 Lester	42/44 Corliss	48 Corliss	96 Corliss
<b>Total SF</b>	54,000	30,300	31,500	44,125
<b>Jobs On Site</b>	126	71	74	124
<b>Development Costs</b>	\$12,240,000	\$6,504,825	\$6,793,125	\$11,382,113
<b>Economic Value of Development</b>	\$6,600,000	\$3,703,333	\$3,850,000	\$6,471,667
<b>Remaining Gap</b>	-\$5,640,000	-\$2,801,492	-\$2,943,125	-\$4,910,446

The significant funding gap identified for each building under this first option as well as the lack of development pressure in the Study Area, caused the Steering Committee and consulting team members to question the feasibility of a “demolition and new construction” scenario for the priority sites in the near term. The investments required to close funding gaps could not reasonably be justified in order to create viable development opportunities. Demolition and new construction may still be implemented for individual priority sites, and the pro formas in Appendix B can be used to evaluate Option 1 on a case-by-case basis for each property.

A second option for priority site redevelopment was prepared and ultimately selected by the Steering Committee as the preferred scenario or considered as an interim option until the market demands new spaces as proposed. Option 2 proposes the rehabilitation of first-floor space in existing buildings at each priority site, improvement of building exteriors, and “mothballing” of upper floors to preserve their space for possible future use. In light of market conditions and fiscal limitations, Option 2 “Rehabilitation” presents a more appropriate approach to redevelopment of the priority sites in the short term. Option 2 provides a more cost-effective way to respond to existing market opportunities, and as improvements take hold in the Study

Area, expanded rehabilitation or new construction on properties might be considered to advance rehabilitation efforts. Because Option 2 involves no demolition and calls for building rehabilitation rather than new construction, development costs would be much lower for each property. Resulting property values would also be lower but less investment would be required in order to bridge funding gaps and create viable development opportunities in the Study Area.

A brief description of the proposed redevelopment of each priority site, and concept plans illustrating the site features to be implemented as well, a summary of the financial pro forma for each property are provided below. Detailed pro formas are provided in Appendix B.

### **C. Willow Street Business District**

42/44, 46, 48, and 96 Corliss Avenue, and 18 Park Street/25 Ozalid Road comprise what is described as the Willow Street Business District. The district includes the properties listed above, and is bounded by Baldwin Street to the west, and Park Street to the east. As with the Lester Avenue site, the option of demolishing all of the buildings at these locations and constructing new, modern buildings in their place was reviewed during the planning process. Although this option should be considered over the long term, it also appeared not to be financially feasible in the immediate future. The concept plan presented in Figure V-1 illustrates how each building would fit into the Willow Street Business District with the benefit of shared parking (550 parking spaces), walkways, landscaping, curbing and a common driveway access. It is recommended that if public funds are used to subsidize the buildings' redevelopment, a funding requirement should be to allow the Goodwill Theatre to use employee parking for overflow parking during its evening events.

#### **a. 42/44 Corliss Avenue**

This building is located east of Willow Street near the center of the proposed business district. It is proposed that the building's first floor comprised of 32,000 sf, would be rehabilitated for flex/office use. Minor improvements would be made to the building's exterior, and 64,000 sf of upper-floor space would be "mothballed".

The costs projected to redevelop the building at this address are provided below. The potential income to be realized once the building is occupied, the anticipated economic value of its redevelopment and the projected funding gap are also provided. It should be noted that the structural integrity of the rear section of the building identified as 44 Corliss Avenue is uncertain until the building at 46 Corliss Avenue is removed. A discussion of 46 Corliss is provided below.

<b>Rehabilitation Cost</b>	<b>\$2,240,000</b>
▪ Rehab first floor of 42 Corliss and 44 Corliss for flex space 32,000 @ \$55/SF= \$1,760,000; Mothball upper floors and exterior improvements 64,000 SF @ \$7.50/SF= \$480,000. Assume 20% office and 80% flex/R&D use of first-floor rehab space (6,400 SF office and 25,600 SF flex/R&D).	
<b>Tenant Finishing</b>	<b>\$64,000</b>
▪ Assumes additional \$10/SF for tenant improvements in office space	
<b>Asbestos Removal</b>	<b>\$246,000</b>
▪ Estimated cost to remove asbestos roofing, floor tile, and piping insulation from existing buildings at 42/44 Corliss; Other asbestos sources such as windows, boilers, etc. are not included.	
<b>Site Costs</b>	<b>\$280,000</b>
▪ Cost of paving and road construction, curbing and sidewalk, site utilities, stormwater mgmt.	
<b>Site Remediation</b>	<b>\$0</b>
▪ None Anticipated	
<b>Soft Costs</b>	<b>\$904,400</b>
▪ 35% of construction, tenant finishing, and site costs	
<b>Total Rehabilitation Costs</b>	<b>\$3,734,400</b>
<b>Income</b>	
<b>Leasing Income</b>	<b>\$259,200</b>
▪ Assumes \$8/sf/year for Flex/R&D and \$8.50/sf/year for Office space (BBPC, Pyramid Brokerage, 2008).	
<b>Vacancy and Other Costs</b>	<b>-\$31,104</b>
<b>Net Operating Income</b>	<b>\$228,096</b>
<b>Economic Value of Development</b>	<b>\$2,534,400</b>
<b>Funding Gap (Economic Value vs. Rehabilitation Costs)</b>	<b>-\$1,200,000</b>

**b. 46 Corliss Avenue**

Restore NY funds have been secured for the demolition of the 46 Corliss Avenue building. The Restore NY efforts have been sponsored by the Town of Union. Planning for the E-J BOA Nomination Study has considered these actions and incorporated the property as part of the proposed Willow Street Business District, but the 46 Corliss Avenue demolition project is underway as part of an independent process.

Demolition of the 46 Corliss Avenue structure will enhance the Willow Street Business District by clearing a derelict property from the area and by providing site design flexibility. Some

combination of parking and roadways, new construction, or landscaped green space will be located on the 46 Corliss Avenue property in the future.

**c. 48 Corliss Avenue**

48 Corliss Avenue is located at the corner of Willow Street and Corliss Avenue. It is proposed that the first floor consisting of 15,700 sf of space would be rehabilitated for flex/office use. As with the other buildings within the Willow Street Business Park, minor improvements would be made to the building's exterior, and 83,500 sf of upper-floor space would be "mothballed".

The costs projected to redevelop the building at this address are provided below. The potential income to be realized once the building is occupied, the anticipated economic value of its redevelopment and the projected funding gap are also provided.

<b>Rehabilitation Cost</b>	<b>\$1,489,750</b>
▪ Rehab first floor of 48 Corliss building for flex space 15,700 SF @ \$55/SF= \$863,500; mothball rest of building and exterior improvements 83,500 SF @ \$7.50/SF= \$626,250. Assume 20% office and 80% flex/R&D use of first-floor rehab space (3,140 SF office and 12,560 SF flex/R&D). Assumes 35 jobs created from construction.	
<b>Tenant Finishing</b>	<b>\$31,400</b>
▪ Assumes additional \$10/SF for tenant improvements in office space	
<b>Asbestos Removal</b>	<b>\$43,750</b>
▪ Estimated cost to remove asbestos roofing, floor tile, and piping insulation from existing buildings at 48 Corliss; Other asbestos sources such as windows, boilers, etc. are not included.	
<b>Site Costs</b>	<b>\$220,000</b>
▪ Cost of paving and road construction, curbing and sidewalk, site utilities, stormwater mgmt.	
<b>Site Remediation</b>	<b>\$165,000</b>
▪ Midpoint of \$30,000 & \$300,000	
<b>Soft Costs</b>	<b>\$609,403</b>
▪ 35% of construction, tenant finishing, and site costs	
<b>Total Rehabilitation Costs</b>	<b>\$2,559,303</b>
<b>Income</b>	
<b>Leasing Income</b>	<b>\$127,170</b>
▪ Assumes \$8/sf/year for Flex/R&D and \$8.50/sf/year for Office space (BBPC, Pyramid Brokerage, 2008).	
<b>Vacancy and Other Costs</b>	<b>-\$15,260</b>
<b>Net Operating Income</b>	<b>\$111,910</b>
<b>Economic Value of Development</b>	<b>\$1,243,440</b>
<b>Funding Gap (Economic Value vs. Rehabilitation Costs)</b>	<b>-\$1,315,863</b>

**d. 96 Corliss Avenue**

This property consists of three metal-sided buildings and a five story brick E-J Industrial building. It is recommended that minor exterior improvements be made to the three metal-sided buildings at 96 Corliss Avenue. Approximately 35,000 sf of first-floor space of the E-J building should be rehabilitated for flex/office use. Minor improvements would be made to the building's exterior, and 105,000 sf of upper-floor space would be "mothballed".

The costs projected to redevelop the building at this address are provided below. The potential income to be realized once the building is occupied, the anticipated economic value of its redevelopment and the projected funding gap are also provided.

<b>Rehabilitation Cost</b>	<b>\$3,012,500</b>
▪ Minor rehab exteriors of Indian Valley Industries 40,000 SF @ \$5/SF= \$200,000; and Empire Recycling 20,000 SF @ \$5/SF= \$100,000; Rehab first floor of Former E-J Building 35,000 SF @ \$55/SF= \$1,925,000 and rehab rest of building for "mothballing" and improve exterior appearance 105,000 SF @\$7.50/SF= \$787,500. Assume 20% office and 80% flex space/R&D use of first-floor rehab space in the former E-J building (7,000 SF office and 28,000 SF Flex/R&D).	
<b>Tenant Finishing</b>	<b>\$70,000</b>
▪ Assumes additional \$10/SF for tenant improvements in office space	
<b>Asbestos Removal</b>	<b>\$102,500</b>
▪ Estimated cost to removes asbestos roofing, floor tile, and piping insulation; other asbestos sources such as windows, boilers, etc. are not included.	
<b>Site Costs</b>	<b>\$250,000</b>
▪ Cost of paving and road construction, curbing and sidewalk, site utilities, stormwater mgmt.	
<b>Site Remediation</b>	<b>\$0</b>
▪ None Anticipated	
<b>Soft Costs</b>	<b>\$1,166,375</b>
▪ 35% of construction, tenant finishing, and site costs	
<b>Total Rehabilitation Costs</b>	<b>\$4,601,375</b>
<b>Income</b>	
<b>Leasing Income</b>	<b>\$283,500</b>
▪ Assumes \$8/sf/year for Flex/R&D and \$8.50/sf/year for Office space (BBPC, Pyramid Brokerage, 2008).	
<b>Vacancy and Other Costs</b>	<b>-\$19,845</b>
<b>Net Operating Income</b>	<b>\$263,655</b>
<b>Economic Value of Development</b>	<b>\$2,929,500</b>
<b>Funding Gap (Economic Value vs. Rehabilitation Costs)</b>	<b>-\$1,671,875</b>

**e. 18 Park Street/25 Ozalid Road**

The 18 Park Street/25 Ozalid Road property has recently been purchased by a local manufacturer with plans to use the 57,000 sf building for light manufacturing and office uses. The new property owner uses the first floor of the building for high-tech manufacturing, and there is very real potential to bring productive uses to the building's upper floors. 18 Park Street/25 Ozalid Road represents a potential anchor property in the future Willow Street Business Park. Minor rehabilitation of the 18 Park Street/25 Ozalid Road building, as well as road/parking lot construction and site improvements required to integrate the property with the rest of the Willow Street Business District, are recommended

The development cost of these improvements would be \$779,625. The economic value of development would be enhanced by the proposed improvements and incorporation with the Willow Street Business District, and is estimated at \$2,090,000. The financial pro forma for the redevelopment of this property is presented below.

<b>Rehabilitation Cost</b>	<b>\$427,500</b>
▪ Minor rehab of building exterior 57,000 SF @ 7.50/SF	
<b>Tenant Finishing</b>	<b>\$0</b>
▪ None Anticipated	
<b>Asbestos Removal</b>	<b>\$0</b>
▪ None Anticipated	
<b>Site Costs</b>	<b>\$150,000</b>
▪ Cost of paving and road construction, curbing and sidewalk, site utilities, stormwater mgmt.	
<b>Site Remediation</b>	<b>\$0</b>
▪ No assumed site remediation costs.	
<b>Soft Costs</b>	<b>\$202,125</b>
▪ 35% of construction, tenant finishing, and site costs	
<b>Total Rehabilitation Costs</b>	<b>\$779,625</b>
<b>Income</b>	
<b>Leasing Income</b>	<b>\$213,750</b>
▪ \$3.75/sf/year (BBPC, Pyramid Brokerage, 2008)	
<b>Vacancy and Other Costs</b>	<b>-\$25,650</b>
<b>Net Operating Income</b>	<b>\$188,100</b>
<b>Economic Value of Development</b>	<b>\$2,090,000</b>

## D. 59 Lester Avenue

It is recommended that the first floor of this building, totaling 45,000 sf, be rehabilitated for use as office and as flex space that can be customized to suit the specific needs of future occupants. As previously stated, this site is noted as a potential site for building trade contractors, cabinet makers, equipment repair and maintenance services, food and beverage suppliers, food preparation and service, computer and technical repair. The upper floors which total 217,700 sf would be “mothballed” for future use as the market demands. The exterior of the building would be enhanced with new windows, paint and architectural detailing. Under this option, 130 parking spaces would be provided on the adjacent parcels that are currently owned by the same owner. Site features would be landscaped and the appropriate signage would be added. The concept plan for this site is illustrated below in Figure V-2.

The costs projected to redevelop 59 Lester Avenue are provided below. The potential income to be realized once the building is occupied, the anticipated economic value of its redevelopment and the projected gap between the two are also provided.

<b>Rehabilitation Cost</b>	<b>\$4,107,750</b>
<ul style="list-style-type: none"> <li>▪ Rehab first floor of 59 Lester for flex space for 45,000 SF total @ \$55/SF= \$2,475,000; assumes 20% office and 80% flex/R&amp;D use of first-floor rehab space (9,000 SF office and 36,000 SF flex/R&amp;D).</li> </ul>	
<b>Tenant Finishing</b>	<b>\$90,000</b>
<ul style="list-style-type: none"> <li>▪ Assumes additional \$10/SF for tenant improvements in office space.</li> </ul>	
<b>Asbestos Removal</b>	<b>\$393,500</b>
<ul style="list-style-type: none"> <li>▪ Estimated cost to removes asbestos roofing, floor tile, and piping insulation; other asbestos sources such as windows, boilers, etc. are not included.</li> </ul>	
<b>Site Costs</b>	<b>\$570,000</b>
<ul style="list-style-type: none"> <li>▪ Cost of paving and road construction, curbing and sidewalk, site utilities, stormwater-management.</li> </ul>	
<b>Site Remediation</b>	<b>\$165,000</b>
<ul style="list-style-type: none"> <li>▪ Estimated cost of environmental assessment and potential site cleanup; costs depend on the presence, type, and degree of contamination found on site.</li> </ul>	
<b>Soft Costs</b>	<b>\$1,668,713</b>
<ul style="list-style-type: none"> <li>▪ 35% of construction, tenant finishing, and site costs</li> </ul>	
<b>Total Rehabilitation Costs</b>	<b>\$6,994,963</b>
<b>Income</b>	
<b>Leasing Income</b>	<b>\$364,500</b>
<ul style="list-style-type: none"> <li>▪ Assumes \$8/sf/year for Flex/R&amp;D and \$8.50/sf/year for Office space (BBPC, Pyramid Brokerage, 2008).</li> </ul>	
<b>Vacancy and Other Costs</b>	<b>-\$43,740</b>
<b>Net Operating Income</b>	<b>\$320,760</b>
<b>Economic Value of Redevelopment</b>	<b>\$3,564,000</b>
<b>Funding Gap (Economic Value vs. Rehabilitation Costs)</b>	<b>-\$3,430,963</b>

## **E. Public Financial Investment**

Brownfield redevelopment must overcome *funding gap* issues in order to be successful. Costs involved with environmental contamination and the presence of existing structures on brownfield sites are often prohibitively high to attract private investment in brownfield properties without assistance. When *development costs* are higher than a property's *economic value<sup>1</sup> of redevelopment*, a funding gap exists. The funding gap represents the additional monetary investment or public financial investment that would be required in order to make a project economically feasible.

By offsetting some of the costs typically associated with brownfield redevelopment, funding programs and tax credits should be considered to reduce or close funding gaps, thereby improving a project's economic feasibility.

## **F. Environmental Assessment and Remediation of Priority Sites**

Due to past industrial uses on the priority sites and throughout the Study Area, environmental assessment and potential remediation are necessary components of the redevelopment process.

Based on the ages of buildings located on the Priority Sites, it is suspected that their interiors may contain lead-based paint and asbestos-containing materials. Additional sources of industry-related environmental contamination include pollution from fuel oil and/or coal, which may have been used as heat sources for past industrial operations. There is a potential for soil and groundwater to exist on all of these sites.

In order to assess environmental conditions and potential contamination at the priority sites, the following process is recommended:

- Conduct Phase I Environmental Site Assessments for the 96 Corliss Avenue property and update the existing Phase I Assessment forms that have been previously completed for the 59 Lester Avenue and 48, 46 and 42/44 Corliss Avenue properties. Regulations mandate that Phase I Assessments must be updated if no action is taken within 180 days from the time a Phase I has been completed.
- For each Priority Site, conduct a HAZMAT survey to identify the presence and quantities of hazardous materials such as asbestos and lead-based paint.
- Based on the results of Phase I assessments, conduct limited Phase II Environmental Site Assessments as necessary. The limited Phase II assessments would focus on potential

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<sup>1</sup> *Economic value is the estimated value a developer and/or investor would apply to the project given the net annual cash flow that the project would generate. The net annual cash flow, in this project's case annual net operating income, is translated to economic value by applying a capitalization rate.*

sources of contamination, such as subsurface fuel tanks, coal piles, or machine shops, which would be identified by the preceding environmental investigations.

Depending on the types and degree of contamination identified on each Priority Site, potential site remediation may include:

- Removal and disposal of asbestos-containing materials and/or lead paint.
- Excavation and disposal of soils contaminated with non-hazardous materials such as petroleum-based compounds, and/or hazardous materials such as metals used for leather tanning or other past industrial operations.
- Cleanup and disposal of solvents or other hazardous materials identified onsite during environmental assessments.