

June 6, 2011

2010/2011 FELLOWS PROGRAM

**LOCAL WATERFRONT
ASSESSMENT AND NEEDS STUDY**

Prepared for:

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**WATERFRONT ASSESSMENT AND NEEDS
MID-HUDSON REGION**

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I. INTRODUCTION

While the majestic Hudson River Valley is an internationally renowned landmark, its cities have become prisoners to their histories, dating back to the early 1800's, as hubs of industry and commerce. While the Hudson River Valley offers some of the most spectacular scenic vistas in the country, its abandoned or underutilized waterfronts are often home to marginalized populations. It is widely recognized that rescuing, restoring and returning waterfront areas to productive use can spur economic vitality in a manner that benefits local communities in need.

The waterfront's urban industrial past left behind numerous abandoned and underutilized properties that defy development due to physical constraints such as contamination and inadequate infrastructure, and regulatory constraints such as zoning. These former industrial sites are concentrated along the waterfronts of Mid-Hudson's major cities, figuring prominently in their decline: as the region grew, development shifted to "greenfield" properties just as the region's interface with the waterfront became less important. The underutilized waterfront properties, often contaminated by early industrial developers, are referred to as "Brownfields" and are costing Mid-Hudson's cities millions of dollars in inherited environmental liabilities and lost tax revenues.

Fast forward to today: the resurgent interest in the Hudson River shoreline and the waterfront properties of Kingston, Poughkeepsie, Newburgh and Beacon is consistent with a national trend that emphasizes waterfront access and revitalization. Waterfront areas are regarded as important assets, not only to regional planners but to the local communities that surround them. But the stigma associated with real, perceived or potential contamination has impeded development of waterfront properties... Brownfield properties are seen as more costly to develop than "green" properties, due in large part to significant restrictions imposed on developers. In recent years, waterfronts have been "protected" by limiting development. This dynamic is exacerbated by zoning and other regulatory constraints that leave developers struggling to secure financing and to show a meaningful return on investment.

While tools exist to help private developers with brownfield clean-up costs (the New York State (NYS) Department of Environmental Conservation's (DEC) Brownfield

Cleanup Program (BCP) provides tax incentives), few options are available to help cash-strapped municipalities spur the revitalization of abandoned properties. A shift in paradigm in the planning community is responsible for the embrace of “smart growth” principles that encourage infill where infrastructure exists rather than expansion where it doesn’t, but this paradigm has not yet translated to local waterfront revitalization plans (LWRPs) or Master Plans. After a successful cleanup, developers often still face zoning requirements that restrict development potential.

Progress is slow and successes are erratic but real. By working together to create a unified problem-solving approach that builds on the individual as well as common strengths of our communities, we can bring economic and environmental stability to the region and improve the quality of life for all its citizens.

II. MAKING THE CASE FOR A UNIFIED APPROACH

Problems common to all the major municipalities in the Mid-Hudson region include aging or lack of viable infrastructure, and inadequate waterfront access, which in most cases consists of one or two narrow roads that funnel traffic into waterfront areas. (Improved waterfront access would significantly benefit Poughkeepsie and Kingston.) These are local problems, specific to each locale, which can be resolved only by local initiative.

The common thread connecting all of the municipalities is a lack of real economic opportunity - a lack of jobs that pay a fair and living wage. According to the NYS Department of Labor, unemployment in the Hudson Valley Region was 8.1% in January 2011, but unemployment in Newburgh and Poughkeepsie were 11.1% and 9.9%, respectively. Income and earning potential disparities in these cities trend along demographic lines: the preponderance of the unemployed and/or underpaid are non-whites. (State and federal unemployment rates were 8.9% and 9%, respectively, in the same period.) Meaningful wage and job opportunities are not being created in Kingston, Poughkeepsie, Newburgh and Beacon. The pattern is born out with median household income and the rate of homeownership within these four cities. In Newburgh, median income runs roughly 52% of that in the region. In Poughkeepsie, median income is 60% of the regional average. Nearly 20% of the families in Newburgh and Poughkeepsie earn below the poverty level. Poughkeepsie has nearly four (4) times the number of families living below the poverty level as the rest of

Dutchess County; Newburgh has nearly three (3) times the number of families living below the poverty level compared to the rest of Orange County. Kingston has nearly double the number of families below the poverty level compared to the rest of Ulster County.

We have an underclass in our major cities that consists largely of minorities. The major Mid-Hudson cities are home to a disproportionately large portion the region's non-white populations. These trends indicate a persistent marginalization of communities suffering from inequality. The proximity of these communities to contaminated sites introduces the concept of environmental justice into the equation. The major cities and their occupants would benefit from redevelopment and revitalization efforts that create jobs that pay a fair and living wage.

Pattern for Progress (Pattern) recognizes that significant efforts are already underway to revitalize the waterfront areas in many of the local communities. We can point to efforts in Poughkeepsie by a private developer that resulted in the cleanup and reuse of the former city-owned sewage treatment plant, which is now home to the successful Shadows Restaurant and Grandview Catering facility. The cleanup of the PURA-14 site which, in the near term provides parking for Vassar Hospital; is proposed as a future hotel site and, very significantly, the former DeLaval Separator property, 15 prime acres located on the Hudson River, that is being remediated by the City of Poughkeepsie at great expense as part of the DEC's Environmental Restoration Program (ERP).

Newburgh has a thriving waterfront area, especially during the summer months, when a cluster of restaurants attracts crowds. In 2006, the City of Newburgh engaged in a charrette process with a private developer as part of an extremely progressive effort to revitalize the city's waterfront. The plan developed from that process was ambitious and practical and included goals to create a walkable city with the waterfront as its vital focal point. The project has stalled along with the overall economy, although restrictive zoning and conflicting local interests must be overcome. Planning for Kingston and Beacon waterfront development are also moving forward.

Currently, the major cities of the Mid-Hudson function independently, each with its own comprehensive plan, master plan or Local Waterfront Revitalization Plan (LWRP). Zoning ordinances differ by city as well. The cities would reap significant benefits for their metropolitan communities by coordinating their respective LWRPs, addressing

site-specific needs and constraints as part of a unified effort. By crafting a consolidated approach to development of the waterfront cities in the region, the strengths of each community can be leveraged in non-competing and complementary ways and lend to an overall regional revitalization.

III. A TOOL FOR DEVELOPING A REGIONAL APPROACH

The local economy is currently contracting. There are few local, State or Federal funding options for regional environmental and economic analysis of conditions in the Mid-Hudson region. There is, however, one program that is ideally suited to analyzing the issues that hamper development from a regional perspective: the NYS Department of State's Brownfield Opportunity Area (BOA) Program. The BOA program is designed to address the range of problems posed by multiple brownfield sites. Since the waterfronts in our local communities contain many known or potential brownfield sites, the BOA program should be used to build consensus regarding appropriate development solutions in our target communities. It should be used to develop a strategy for creating non-competing synergistic uses of our local waterfront properties that take advantage of existing infrastructure, attractions, strengths, etc. while addressing job creation and workforce development needs for local inhabitants.

The BOA program helps municipalities assess and develop plans to revitalize neighborhoods and communities. The program's purpose is to establish community-based revitalization plans and an implementation strategy to achieve brownfield redevelopment in a proactive way. The program's aim is to address problems caused by the presence of multiple brownfield sites rather than deal with a singular brownfield site in isolation. More specifically, the program can evaluate brownfield sites for redevelopment as residential properties, commercial, industrial and/or manufacturing facilities. The focus could be along specially designated corridors, waterfront zones, or downtown areas. The end product of this BOA assessment process would typically be a plan that encourages economic investments in a region. The program actually encourages two or more eligible applicants to apply.

Recognizing that the BOA program presented a means of getting major cities to look at their waterfront properties collectively, the 2010/2011 Pattern Fellows Waterfront Committee submitted an application to the DOS for a regional BOA assessment that focused on the waterfront areas of Kingston, Poughkeepsie, Newburgh and Beacon.

Under the rules of the BOA program, not-for-profit, community-based organizations (CBO), like Pattern, can submit an application. Jonathan Drapkin, Pattern's CEO, reached out to the mayors of city with the proposal to coordinate revitalization of their separate waterfronts. Each mayor gave their blessing to the project and the BOA application was submitted in April, 2011.

The application was for a Pre-Nomination Study, which is the first phase of the BOA program. The goal of the Pre-Nomination Study, if awarded, will be to identify strategic clusters of properties in each of the four communities meriting priority for remediation and redevelopment.

The project will focus initially on waterfront properties, but key stakeholders in the local communities can cause the BOA assessment area to be expanded to include inland properties if they are linked economically, demographically, culturally, environmentally or by common natural resources to the waterfront (e.g., the Poughkeepsie waterfront and the FallKill Creek corridor). The study is also intended to include the historic and/or ongoing BOA's in Kingston, Poughkeepsie and Newburgh. Those existing BOA's represent opportunities, not obstacles, and the findings and conclusions will be incorporated.

The goal of this BOA is to develop a detailed inventory and analysis of the proposed catalyst properties on the waterfronts of each community. It will summarize the local and regional setting, historically significant properties, transportation issues (very significant), existing land use, zoning, Empire Zones, Excelsior Zones, ENZONES, and other factors that could affect the future redevelopment of the properties.

Another important component of the proposed assessment is the rigorous evaluation of economic conditions and factors impacting the region and its residences. The focus will be on identifying clear opportunities to use those properties identified by stakeholders as having the potential, when redeveloped or revitalized, to create jobs in the region. A goal of the project will be to look at existing industries, market forces and trends in the region in order to designate appropriate land uses for catalyst properties. Opportunities for partnerships and potential job creation might include ties to local Agricultural markets, expansion and connections to existing tourist attractions (e.g. Walkway over the Hudson), small manufacturing opportunities centered on recycling

and new building technologies (insulation technology, ultra-high performance building materials, windows, etc.) and transportation-oriented industry centered on the river.

One of the expected outcomes of this project, if awarded, will include identification of strategic clusters, or groups of properties that, when developed collectively, create synergistic economic improvements in the surrounding community. Constraints to redevelopment will be identified, such as transportation failings.

The plan may assess the obstacles created by current zoning code, LWRP's etc. The Study is likely to present concept plans for reusing the locally identified strategic properties. It is hoped that the study can identify issues where alignment of zoning and intended future land use can foster the economic growth (including environmental protection and justice) needs of local communities.

Key brownfields sites are well known in the region. What have not been closely explored are the potential best uses of those properties. The study, if awarded, will explore issues such as housing versus industrial reuse, density, transportation oriented development, infrastructure improvements, links to regional markets (NYC, NJ, CT, PA) and workforce alignment.

The project's ultimate goal is to identify opportunities for meaningful job creation, which may differ from previous studies in the region. Scenic Hudson prepared a comprehensive analysis of opportunities for revitalizing the Hudson River waterfront communities; however, the report focused primarily on preserving or enhancing recreational opportunities along the waterfront as a way of creating economic opportunity. The finding of the Scenic Hudson study will be integrated into the Pattern effort, alternative economic opportunities will be considered, and "smart growth" strategies, allowing for more density and lower set back distances, will be favored. Demographics, economic trends, environmental justice issues and job creation potential in local communities will be evaluated. The Hudson Valley's institutions of higher learning could be viewed as potential sources of trained workforce in the future.

The BOA study will include an analysis of the economic opportunities in the region. The report will identify the business sectors that are generating the most jobs, natural resources that could be used to the region's advantage, current market trends, and obstacles to economic improvement, environmental justice issues, and new or emerging

markets, such as the “green” economy, that could be considered synergistically with the human resources in the Hudson River Valley. The BOA will examine opportunities for links to local educational institutions, foundations and other entities whose work is germane to the entire region. As applicable, specific opportunities will be identified, especially those associated with strategic clusters that have the potential to jump start economic expansion in the region.

IV. “THE PLAN”

The proposed BOA project will do the following:

- Create of an inventory of properties along the waterfronts of each of the communities,
- Identify and evaluate waterfront properties that are likely brownfield sites,
- Evaluate the regional socio-economic conditions affecting the BOA,
- Consider the relationship of regional demographics to revitalization efforts
- Select strategic properties or groups of properties,
- Create opportunities for discussion about what uses would take advantage of the strengths and needs of our regional economy,
- Determine impediments to redevelopment associated with applicable zoning codes, master plans and LWRP’s,
- Lay the groundwork for communities to evaluate best options for future uses.
- Link site constraints and/or potential issues of concern to each property in the inventory.
- Establish a community participation process to identify specific goals and objectives that reflect stakeholders concern regarding future development

V. SYNERGISTIC OPPORTUNITIES

Pattern’s mission is to think regionally. The four major cities of the Mid-Hudson region support the idea of a coordinated BOA to look at issues and find solutions regionally.

Although the BOA application is submitted by Pattern, it really is a BOA for the major municipalities in the region. This source of funding would be a shot in the arm for these municipalities. If the grant is awarded, it can be the stepping stone to other opportunities. This BOA is limited strictly to the four cities. However, we fully anticipate that a successful outcome as this project moves into the next phases of the BOA must have a significant benefit for the surrounding communities.

Other potential funding streams are available to carry the effort forward after completion of this project.

- The Housing and Urban Development (HUD) Agency's Community Development Block Grant and Section 108 Loan program and Brownfield Economic Development Incentive program provide funding for redevelopment of brownfield or underutilized properties. The program is available for both entitlement and non-entitlement communities (Cities/Counties with less than 50,000/200,000 population respectively). Our local communities can use their existing CDBG allocation to determine eligible Section 108 loan amounts. Non-entitlement communities are eligible but must apply for funding through the NYS DCHR's Office of Community Renewal.
- Brownfields redevelopment activities are eligible uses for CDBG Grant funds; however, these activities must be incorporated into local government priorities through the community's Consolidated/Master Plan, etc.
- The USEPA has multiple Brownfields including Assessment Grants, Revolving Loan Fund Grant Program, Cleanup Grant Program, and Area-Wide Assessment Grants. The Area Wide Assessment Grant program may not be funded in 2012. This program is an excellent economic development tool and we encourage communities to try to take advantage of them. However, the grants are very difficult to obtain. Grant applicants increase their potential for success if they team with other communities.
- Funding is available through the Community Development Financial Institutions Fund, U.S. Department of the Treasury, called the New Market Tax Credits Program. The New Markets Tax Credit (NMTC) Program permits future taxpayers/investors to receive a credit against Federal income taxes for making

qualified equity investments in designated Community Development Entities (CDEs). CDEs typically benefit the economically disadvantaged population. These tax credits can be used in conjunction with other funding sources to make projects more viable and entice investors into areas that they might not normally consider. Profits are essentially guaranteed to the investor.

VI. STATEMENT OF COMMUNITY SUPPORT

The mayors of each of the four cities have explicitly offered support for the project and each community has expressed its' intent and commitment to join together to prepare the joint Brownfield Opportunity Area - "Step 1 Pre-Nomination Study" to address the brownfield issues and impacts that currently exist along their respective waterfronts. This support includes the recognition and requirement in providing in-kind professional services toward the overall project.

Facilitated by Pattern, these four cities have worked collectively to sponsor and prepare this BOA grant application. The proposed study area and properties are for the most part contiguous along the waterfront of each city and covers approximately 1,500 acres in three Counties (Ulster, Dutchess and Orange). There are roughly 20 potential brownfield sites located within the proposed BOA boundaries, with particular concentrations along the Rondout Creek in Kingston, the Fallkill Creek and Hudson River in Poughkeepsie, the Fishkill Creek in Beacon and the Quassaic Creek and Hudson River in Newburgh.

The Mayors of the four waterfront cities have committed their community's resources and have offered insights into the root causes for successful waterfront revitalizations being so elusive. Letters of support have been provided by the four mayors and were included in the application package.

Mayor John Tkazyik of the City of Poughkeepsie states the "The alternative for the city if the state cannot fund remediation of contaminated land is for city leaders to encourage private investors to acquire contaminated urban waterfront properties and clean them up at their own private expense under the State's Brownfield program. The tax benefits of this program are powerful incentives, but reaching agreements with private investors can be a hard-sell given the chilling effect of state and federal regulations on the economic viability of private development plans. Anything that can facilitate that process is welcome in Poughkeepsie."