Pattern for Progress Fellows

Adaptive Reuse
Middletown, NY
What is Adaptive Reuse?

- Adaptive reuse is the process of adapting old structures for purposes other than those initially intended.
  - Makes sense for nearly every community
  - Supports principles of smart growth
Adaptive Reuse in the Hudson Valley

Keegan Ales, Kingston, NY
Stone Barns Center for Food & Agriculture, Blue Hill, Pocantico Hills, NY
Walkway Over the Hudson, Poughkeepsie, NY
Irvington Public Library, Irvington, NY
Adaptive Reuse in the Hudson Valley

Lucky Platt & Co Artists Lofts, Poughkeepsie, NY

Family Partnership Center, Poughkeepsie, NY

The Roundhouse, Beacon, NY
Advantages/Assets

- Large Inventory of well-built structures
- Access to “downtown” and “Main Street” financing incentives
- Potentially low acquisition costs
- Access to large population centers
- Environmental benefits
- Social benefits
- Access to existing infrastructure
Disadvantages/Barriers

- High cost of development
  - Environmental clean up
  - Municipal and state regulatory delays
  - Design Costs
- Poorly coordinated economic development strategies within municipalities
- Access to public transportation
39-47 Railroad Ave.

Railroad Avenue between Cottage St & Montgomery St.
Building Area: 28,785 +/- SF
Lot Area: 246 x 97 SF (~.55 acres)
Zoning: Light Industrial
Former shoe assemblage factory
Originally listed for sale at $495,000. Reduced to $325,00 and acquirable for $250,000.
The Property-Exterior
The Property - Interior
Interior Detail - First Floor
Interior-Second Floor Detail
Adaptive Reuse Concept

- Brewery/Brewpub
  - Popular destinations throughout New York and country.
  - Hudson Valley Breweries
    - Gilded Otter; Captain Lawrence Brewing Company; Keegan Ales; Defiant Brewing; Peekskill Brewery; Hyde Park Brewing
Will it Work?

- Breweries are a popular adaptive reuse project
  - *The Church Brew Works*, Pittsburgh
  - *Baxter Brewery*, Lewiston, ME
  - *Newburgh Brewing Company*, Newburgh, NY (Just Opened! Check them out!)
- A brewery/brewpub serves as a destination, event space, and distribution center providing multiple revenue opportunities.
Location & Market

Is foot traffic or customer visits important to the business plan?

Does the surrounding area reflect the desired demographic as passersby or convenient enough to attract tourists and visitors?

Is the business plan based on distribution of a product?

STOP! Find another site!

Identify any other location priorities and then move to legislation

Is the site convenient to rail or roads or other essential transportation?

Is suitable parking available onsite or in immediate vicinity or is site accessible from public transportation?

Evaluate Land Use & Zoning

STOP! Find another site!

Is site accessible to required vehicles for loading?
Land Use & Zoning

Is the site zoned for and otherwise allow use?

Historic Designation?

Evaluate Financial Considerations Characteristics

Will proposed use and renovations conform to historic regulations?

Does the project budget support the required efforts to gain special approvals?

STOP! Find another site!

STOP! Find another site!

STOP! Find another site!
Finance

Is the acquisition cost within budget?

Is the cost of the renovations burdensome to the business plan?

Evaluate Due Diligence

Do the available incentives — IDA, historic tax credits, Main Street grants, NYSERDA funds, other grants, etc — make the project financially feasible?

STOP! Find another site!

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### Finance Summary Table

<table>
<thead>
<tr>
<th>Description</th>
<th>Percent of Total</th>
<th>Per sq.ft.</th>
<th>Total Project Cost</th>
<th>Total Equity</th>
<th>Total Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land/Property Purchase Price</td>
<td>10.65%</td>
<td>$9</td>
<td>$250,000</td>
<td>$100,000</td>
<td>$150,000</td>
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<tr>
<td>Preparation work (Interior Demolition, Exterior Site grading, etc.)</td>
<td>29.83%</td>
<td>$24</td>
<td>$700,000</td>
<td>$700,000</td>
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<tr>
<td>Hard Construction Costs for Brewery and Accessory Uses</td>
<td>0.00%</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Equipment Costs’ Attached</td>
<td>37.69%</td>
<td>$31</td>
<td>$884,500</td>
<td>$884,500</td>
<td>$0</td>
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<tr>
<td>Hard Cost Contingency (10%)</td>
<td>2.98%</td>
<td>$2</td>
<td>$70,000</td>
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<td>$0</td>
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<tr>
<td><strong>SUBTOTAL</strong></td>
<td><strong>81.16%</strong></td>
<td><strong>$66</strong></td>
<td><strong>$1,904,500</strong></td>
<td><strong>$100,000</strong></td>
<td><strong>$1,734,500</strong></td>
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<tr>
<td>Soft Development Costs (Archv/Eng, Building &amp; License Fees, Lawyer, etc.)</td>
<td>8.61%</td>
<td>$7</td>
<td>$202,000</td>
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<td>$202,000</td>
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<tr>
<td>Advertising and Promotion</td>
<td>1.49%</td>
<td>$1</td>
<td>$35,000</td>
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<tr>
<td>Food Inventory</td>
<td>0.85%</td>
<td>$1</td>
<td>$20,000</td>
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<td>$20,000</td>
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<tr>
<td>Liquor Inventory</td>
<td>0.85%</td>
<td>$1</td>
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<tr>
<td>Labor Training Costs</td>
<td>1.92%</td>
<td>$2</td>
<td>$45,000</td>
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<tr>
<td>Miscellaneous Expenses</td>
<td>5.11%</td>
<td>$4</td>
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<tr>
<td><strong>SUBTOTAL</strong></td>
<td><strong>18.84%</strong></td>
<td><strong>$15</strong></td>
<td><strong>$442,000</strong></td>
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<tr>
<td><strong>TOTAL DEVELOPMENT COST</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>$82</strong></td>
<td><strong>$2,346,500</strong></td>
<td><strong>$100,000</strong></td>
<td><strong>$2,176,500</strong></td>
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</table>

STOP! Find another site!
Environmental

STOP! Find another site!

Structural Analysis raises issues?

Phase I Environmental Report identifies potential issues?

Are adjacent uses noxious or otherwise adverse to proposed use?

Usable building size?

Usable site layout?

GO! The site appears to be a good opportunity for adaptive reuse!

STOP! Find another site!

STOP! Evaluate other sites OR Phase II Env. Assessment

STOP! Find another site!

Does the cost of repair fit within the development scope?
Recommendations/ Conclusions

HOW CAN WE DO BETTER?

• A NYS Real Property tax law providing for taxation over 10 years based on cash flow rather than after-rehabilitation property values would encourage business start ups in adaptive reuse buildings

• Encourage adaptive reuse projects to be mixed income and mixed use through zoning incentives and other regulatory tools.

• Municipalities with vacant sites in need of redevelopment should focus on “market readiness”

• Educate communities on the benefits of adaptive reuse and the tools that support it

• Relax parking, loading, and other requirements in existing zoning regulations which are usually difficult to meet in denser urban areas, but require the maintenance of any existing capacity