

## FICTION vs. FACT

This document was produced by the Kingstonian Development Team as a direct factual response to the inaccurate and misleading statements made in a [document](#) you recently received by individuals in opposition to development and the Kingstonian project in particular.

Contrary to the aforementioned author's position, the Kingstonian development team has been working diligently in a collaborative effort with local officials for over two years to create a project that continues to address the community's concerns and feel the overwhelming positive response and feedback received to date reflects this ongoing effort.

**Below we are clarifying the actual facts surrounding each of the fictional statements presented by the author(s).**

### **FICTION STATEMENT #1:**

The Kingstonian luxury housing project offers apartments where the majority of rents would be market rate and unattainable to most of the Kingston community.

### **FACT:**

As proposed, the Kingstonian apartment component would include a mix of studio, 1, 2 and 3 bedroom apartments. 129 of the units will be market rate (what the market will bear) and 14 units will be affordable. The adjective "luxury" has been used intentionally by the author of an inaccurate posting on the [kingstoncitizens.org](#) website in an attempt to manipulate followers' thinking with words intended to incite the reader. The developers have been very open in all of their financial dealings with the governing bodies. They have presented financial proformas outlining all forecasted income and expenses. It is important to note that should income fall shy of projections, the burden of the shortfall rests solely on the developers but should the project perform above the stated expectations, per the terms of the PILOT the taxing authorities will share in the additional revenue. The current proforma has one bedroom apartments renting at \$1,650-\$1,750/month and 2 bedroom apartments renting for \$2,200/month. Affordable units will be rented at a combination of 60%-110% of AMI and are currently estimated to be \$475-\$875 for a studio and \$774-\$1,064 for a one bedroom unit.

The most recent 2018 data shows that the median household income in Kingston is \$63,889. Using 30% as the rent to income factor the median household can afford \$19,166 / year or \$1,600 / mo. Note: The 2019 median household income numbers will be posted soon and are expected to be higher, making the Kingstonian units affordable for an average couple. It is also important to point out that the Kingstonian rental rates shown are comparable with those of existing apartments in the area.



**FICTION STATEMENT #2:**

The Kingstonian added 14 affordable units to its project after much public outcry, though in doing so it also expanded the number of units (and revenue) overall rather than reassigning those market rate units to be affordable. In short, the developers expanded the number of apartments they would create from 129 to 143, ensuring that the number of market rate units remained the same. As a private developer, the Kingstonian isn't relying on the state for grants and therefore can use "affordable housing" language without being bound by the same rules as a not-for-profit creating affordable housing. The PILOT agreement at this point is one of the only avenues to outline the units' starting rent, their size, and annual escalator rate. Without that information established somewhere, the Kingstonian projects affordable units could become market rate at any time with no repercussions.

**FACT:**

The Kingstonian development team did indeed add 14 affordable units to the project at the request of City officials. In our ongoing effort to provide "something for everyone" in the project we were able to offset some of the financial impact by adding additional units in the rear of the building (Schwenk Drive side). This is in keeping with the Mayor and Common Council's initiative to have all housing projects include at least a 10% affordable component. While the developers initially had included the affordable units on a voluntary basis, by including this commitment in the PILOT agreement it provides a legal "clawback" for the IDA in which the developers would potentially forfeit tax benefits provided by the PILOT agreement should they not continue to comply with its contents. It is correct that the developers are not relying on State grants and are absorbing the financial impact of the affordable units themselves as there are currently no programs in place for "partial" affordable housing projects. It is important to also note the following facts:

1. The affordable units will be spread out throughout the complex and the only ones that will know which units are the affordable ones will be the project owners and the City/IDA officials that certify compliance.
2. The developers have committed to work with the IDA and City officials to ensure both entities are satisfied with the compliance certification language and process.
3. The developers have agreed to maintain the affordable component not just for the life of the PILOT, but for the life of the project as well. They have committed to work with City officials to ensure this agreement will be a legally binding one. As such, the Kingstonian project's affordable units CAN NOT become market rate at any time as they would be out of compliance with the terms of the PILOT agreement and out of compliance with the terms of their agreement with the City of Kingston.
4. The developers are committing to a range of rents for these affordable units based on each year's HUD Fair Market Rents and will be offered in a range of 60% of AMI up to 110% of AMI, which will be clearly spelled out in agreements with City of Kingston and the PILOT agreement with Ulster County IDA. It's also important to note that the rent from the affordable units will not cover the costs to build and operate the units. In fact the developers will be absorbing approximately \$97,000 and increasing each year in costs with no offset from any tax program to help pay for these affordable units.



**FICTION STATEMENT #3:**

The developers' claim their PILOT request is necessary to offset the costs of the parking garage that the Mayor says is being built as a benefit to Kingston residents. However, the majority of the garage's users would be residents of the luxury apartments and guests of their boutique hotel.

**FACT:**

It is recognized by the community-at-large that if the goal is to build a public parking garage with increased parking and no additional taxes on the taxpayer then a PILOT is necessary.

Replacing the desperately needed parking garage is not the agenda of one Mayor but an ongoing City-wide concern that community leaders have sought a solution to since the original garage was required to be torn down in 2008. The challenge has been not burdening taxpayers with the additional cost of over \$1 million per year to bond and rebuild the garage themselves. This is actually the 3rd administration that has attempted to find a creative way to have a developer incorporate a public parking component as part of a wider solution. This project, which is widely supported by not just uptown businesses but by the community as well, achieves this and much more by providing needed housing, a hotel for tourists, public bathrooms, a public pedestrian area, sales tax increases and many more benefits to the community—all at no tax increase to the taxpayers. The garage is viewed as a critical component to support the economic well being of businesses within the City's important sales tax generating district, and the project will also deliver over 300 additional consumers to the uptown market on a daily basis as well. With the support of the community behind it, the Kingstonian is the transformative project needed to strengthen the City's economy during a time when Kingston like other municipalities are seeking ways to increase sales tax revenue.

This new parking project can only be accomplished without increasing the tax burden on the City's residents through the use of a creative PILOT. In this case, this PILOT would allow for a developer to offset the losses of building, maintaining and operating a parking garage for 25 years; (the time period necessary for a developer to pay off a loan for the parking garage build). The existing parking lot does not currently generate property tax and the way the PILOT is structured it will not reduce City or School tax revenue; it actually calls for an immediate increase in taxes currently being paid on the project development parcels of over 35%.

The Kingstonian parking garage will have a total of 420 parking spaces of which 143 will be reserved for tenants of the apartments. Leaving 277 spaces for public use, twice the number of current spaces available in the current parking lot. The project also includes an ADA compliant pedestrian bridge linking uptown Kingston with the Kingston Plaza—two of Kingston's most important economic drivers and a critical component of its tax base. By doing this, the project allows itself to take advantage of the parking available in Kingston Plaza, which is unquestionably the area's largest parking area; routinely used by the City and numerous charitable organizations for parades, events, trips, and fundraisers. In fact, the County itself has been using the lot at no charge for Juror parking for years. How is it that project opponents continue to ignore this important component of the project?

Speaking on the PILOT, former Alderman-At-Large Jim Noble, who served in office for over 22 years stated, "simply put, as far as the City of Kingston is concerned, this is absolutely one of the best PILOTs I have seen in more than two decades of service."

**FICTION STATEMENT #4:**

According to the Kingston zoning code, the minimum number of spaces needed to serve the Kingstonian project is 313 unless it was granted a waiver. The proposed parking garage, with 420 parking spaces, is clearly insufficient to replace the existing 144 public parking spaces while providing for an additional 313 parking spaces needed by the Project. The Project would therefore result in a net loss of publicly available parking spaces.

**FACT:**

Once again, project opponents continue to distort the facts in order to create negative feelings toward the project. Keeping in mind the facts already stated above regarding the project's proximity to Kingston Plaza, an adjacent property owned by one of the project's developers, the developers and City officials have been aware from the project's inception that a parking waiver would need to be granted. Kingston's parking requirements were not drafted with projects of this scale in mind and require more parking than is actually needed. Because of the density of buildings and limitations of available land in the City, waivers on the existing parking codes are commonly issued for projects throughout Kingston, otherwise the parking code requirement would deter development and prevent the construction of much needed housing in the City. In this regard, the Kingstonian parking plan was satisfactorily addressed during SEQR and as such this transformative project is positioned to receive a waiver just like numerous other City of Kingston projects that include: Energy Square and The Lace Mill for example.

The Kingstonian proposal includes reserving one space per apartment, which leaves 277 spaces available to the public. There are currently 137 spaces in the existing surface lot. As such, the project will double the number of spaces available to the public, and do so at zero out of pocket cost to the taxpayers. The 277 spaces will continually turn over throughout the day and as Kingston becomes more and more walkable it is anticipated that fewer residents will even need a car, let alone more than one car. Developers and City officials are comfortable that the increased parking is adequate for peak demand and any excess employee and hotel parking can be accommodated in the adjacent plaza. Again, one can not overstate the value of linking the two critical business areas with the ADA compliant pedestrian bridge. Not only does it resolve any parking concerns but it promotes economic prosperity in a vital business district. This concept was a critical component of the City's winning DRI application and a stated initiative identified in the Kingstonian project's own DRI funding.

The close proximity of the privately held property adjacent to the Kingstonian project and the PILOT crafted in coordination with the City of Kingston and the Ulster County IDA, combine to create quite possibly the only viable solution to meet the original goals stated by the City of Kingston.

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**FICTION STATEMENT#5:**

The Kingstonian will set the parking rates for its heated and air conditioned parking garage, and the developers have already stated that these rates will be higher than Kingston's currently available metered spaces and municipal lots.

**FACT:**

First off, the author of this article, once again has either purposely chosen to publish false information or simply doesn't have the knowledge to understand the construction steps necessary to ensure the new garage doesn't suffer the same fate as the prior one. The fact is the garage will not be air conditioned, it will be completely enclosed and temperature controlled. It is necessary to heat the garage to approximately 50 degrees to prevent the damaging freeze/thaw cycles which combined with salt from cars caused the previous garage to deteriorate and ultimately be demolished. There

was never an intent or plan to air condition the garage and this misrepresentation is just a further attempt to detract from the project.

In regards to the rates, in conjunction with City officials, the developers have stated that the proposed parking rates will be \$1.50/ hour and \$60.00/ month per spot. The developers are committed to keeping the rates at an amount people can afford and have stated their willingness to continue to work with City officials to create a mechanism to ensure this happens.

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#### **FICTION STATEMENT #6:**

So far, the developers have characterized their financial information, including details about financing and investors, as “trade secrets” and have aggressively sought to shield that financial information from the public. As a “Public/Private Partnership” without this information, the public does not know what portion of the \$57,885,000 project is taxable and therefore, has no ability to calculate cost or potential benefits to taxpayers over 25 years. The public also doesn’t know who the investors are and whether conflicts of interest exist.

#### **FACT:**

This is absolutely false and quite honestly offensive as the developers have been open, transparent, and cooperative throughout the entire process. The developers have willingly shared the project’s financial information to those elected officials of the various boards who have the responsibility of assuring the community that projects like the Kingstonian will provide opportunity and value to our community. In fact, they have not just shared “required” information, they have opened up their entire spreadsheet to any and all of the PILOT’s governing bodies when requested. There have been no secrets with regards to the financial information to those whose responsibility it is to review the project.

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#### **FICTION STATEMENT #7:**

The developers say that they would “contribute \$5,000 annually (through the Community Foundation scholarship fund) over a ten-year period and will offer two paid internships to mentor high school students in the hospitality and real estate fields to the Kingston City School District.” This translates into \$50,000 over the course of 10 years in exchange for paying no school taxes for 25 years. Without the PILOT, their school taxes would be approximately \$571,900 per year. Another pittance, in comparison to what would be their share of school tax without a PILOT is the developer agreeing to pay the \$40,000 current annual tax payment (with an approximate 3% increase each year) will be divided proportionally among the city, county and school district. If 60% of the payment– or approximately \$24,000 a year – is paid to the school district, it would only take 1 1/2 new students to wipe that out.

#### **FACT:**

Let’s start by recognizing that without the PILOT the school taxes will remain unchanged. The City parcel will continue to pay no taxes and the Herzog’s Supply Co. parcels will continue to pay the taxes currently assessed along with any incremental increases as approved by the voters. Simply stated, without the PILOT, the project the City of Kingston envisioned when issuing the RFQ can not be built. Additionally, without the garage component, there would be no PILOT request as one would not be needed. The PILOT starts and stops with the costs to build, operate, and maintain the parking garage.

If the PILOT is approved, the taxes currently being paid will increase immediately by over 35% and escalate 4% per year throughout the 25 year PILOT agreement. In addition, the community receives a parking garage that would have cost the taxpayers over \$1 million annually; over 300 critical consumers to the district through residents and hotel guests, the public pedestrian plaza area inclusive of public restrooms along with much needed sales tax, occupancy taxes and jobs for the community. Furthermore, the community will see an immediate economic boost during the project's construction phase.

The internships and scholarship came about as a request through negotiations between the developers and school officials that commenced over 2 years ago. Whether these same benefits are ultimately included in the final PILOT agreement has not yet been determined. The Kingstonian developers recently modified the annual mandated increase in taxes and as such received conditional PILOT approval from the UC. IDA Board (7-0 support). The developers continue to work with officials from the IDA, Kingston Consolidated School District, and the U.C. Legislature as they previously have done with the City of Kingston and have proven a willingness to do with all governing bodies and community stakeholders since the project's inception..

This is a complicated project and the developers are acutely aware of taxpayers' feelings toward PILOT's in general. However, whether you like PILOTs or not, each one has to be assessed on its own merits and the overall economic value it provides the community. In addition to all of the benefits noted above, this PILOT for this project specifically allows for the replacement of much-needed infrastructure without exposing taxpayers to the increased costs that would typically be associated with it. What project opponents continue to ignore is the fact that this PILOT as proposed has ZERO impact on the taxpayers of the City of Kingston AND the Kingston Consolidated School District and without a PILOT the project can not move forward.

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#### **FICTION STATEMENT #8:**

The Kingston Common Council, Ulster County Legislature and Board of Education have not, in their public discussions about the Kingstonian PILOT, referenced the multiple lawsuits that are currently pending on the project's Negative Declaration State Environmental Quality Review (SEQR) decision by the Kingston Planning Board.

#### **FACT:**

All members of the Kingston Common Council, The Ulster County Legislature and the Board of Education are aware of the pending lawsuits. The multiple suits mentioned by [kingstoncitizens.org](http://kingstoncitizens.org) are not just against the Kingstonian development team but against the City of Kingston, the City Planning Board, the City Zoning Board, the New York State Historic Preservation Office, the Empire State Development Corporation, and the Kingston Uptown Business Association, among others. Attorneys representing all of the entities named in the lawsuits feel they are completely without merit and will ultimately be dismissed.

One of the intentions of filing suits like this is to intentionally delay projects as long as possible in the hopes the developer will walk away. In the unlikely event any of the challenges are successful, the project would simply be delayed until such time as the deficiencies are corrected. As such, there is no need, nor would it be appropriate, for governing bodies to delay unrelated approvals deemed necessary to move the project forward. This would only placate the questionable motives of an out of town developer whose properties are widely represented by vacant storefronts, by complying with his outrageous demands when legal protections already exist. Should this individual wish to actually stay the project, he has legal means to attempt to do so now.

Our community has to question the motives of any individual or organization that would file a lawsuit against not just City and State agencies, but also the Kingston Uptown Business Association (KUBA), an all voluntary, 501 c3 non-profit organization whose mission is to create, sustain, and maximize a vibrant, connected community. These are volunteers donating their time to make our community better. Additionally, it should be noted that having to defend these lawsuits creates a financial burden on not just the developers but the City, State and uptown business owners as well.

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**FICTION STATEMENT #9:**

In their PILOT request, the Kingstonian applicant is only asked to provide jobs that pay a living wage for a single adult. They state that 84% of the 40 full time jobs it would create pay \$20.73 per hour, which is not nearly enough for that single person if they were raising a child in the community. Such a worker will certainly not earn enough to live in the Kingstonian luxury apartments and will have a hard time finding an apartment nearby at an affordable monthly rent. Poor paying jobs like this could end up being a second job for that single person, who might end up living outside of the Kingston community due to the lack of affordable rentals in a county with a low vacancy rate.

**FACT:**

The writer once again is trying to mislead readers by using the word “luxury” as opposed to “market” and implying this project is only catering to one segment of our community. This is not correct. The development team has worked diligently with City officials to ensure that the project will benefit the entire community and the Kingstonian contains valued features that will positively affect everyone. The Kingstonian project is spearheaded by local individuals that care and have exhibited a commitment to improving the lives of everyone in their respective communities.

With respect to the wages, the current minimum wage in our county is \$11.80/hour, this project will not employ anyone below \$15/hour. The project is anticipated to directly and indirectly bring an additional 151 jobs to our area and create 14 new affordable housing units, this is in addition to the added consumer base, a public gathering area and public parking. The Kingstonian will actually help alleviate the current low (2.17%) vacancy rate in the City of Kingston by adding much needed inventory into a market that is exhibiting unprecedented demand. Adding 143 apartments to the market will create immediate relief to the real estate pressures currently facing area residents.

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**FICTION STATEMENT #10:**

The additional 150 jobs that the Kingstonian says it will create are construction jobs, which are neither permanent nor guaranteed to be local.

**FACT:**

The writer once again has not taken the time to understand the facts and is again confused. Ironically, the author is unknowingly writing about two separate but equally important benefits of the project. The 151 jobs identified by the Camoin Economic report are part of the anticipated permanent employment that will result from the project -- through both direct and indirect employment. This assessment includes jobs created by the project itself, tenants of the commercial space and the anticipated increased hiring by surrounding businesses as a result of the additional consumers to the district.

With respect to the construction phase impact, according to the Camoin Associates, Fiscal Impact Study, the construction phase will create 259 direct local and regional jobs, over \$15 million in new direct earnings, over \$41.6 million in new direct sales and nearly \$11 million in indirect sales to the community. This spending circulates in the local economy through business-to-business purchases and as construction workers spend a portion of their earnings locally. Including the indirect impact, a total of 357 construction phase jobs will be created, nearly \$19.2 million in earnings, and approximately \$52.6 million in sales. The Kingstonian principals have been actively involved in numerous development projects and have a long track record of hiring local contractors. They anticipate applying this same commitment to the Kingstonian project.

