In The Matter Of:

DCIDA Built Parcel Three, LLC

Minutes of Public Hearing

July 13, 2021

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PUBLIC HEARING: TOWN OF POUGHKEEPSIE

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In the Matter of the Application of:

BUILT PARCEL THREE, LLC, FOR FINANCIAL ASSISTANCE FROM THE DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT CORPORATION.

---X

DATED: July 13, 2021
Poughkeepsie, New York
9:31 a.m. - 9:35 a.m.

Donna M. Wells, Reporter

MINUTES

OF

PUBLIC HEARING

APPEARANCES:

DONALD CAPPILLINO, ESQ.
HEARING OFFICER
CAPPILLINO ROTHSCHILD & EGAN, LLP
7 Broad Street
P.O. Box 390
Pawling, New York 12564
Email: dc@cappillino.com

ALSO PRESENT:

Steven Tinkelman, Built Parcel Three, LLC
Sarah Lee, CEO, Think Dutchess
Rachel Welch, Think Dutchess (via Zoom)

HEARING OFFICER'S EXHIBITS

Built Parcel Three, LLC

(Whereupon the following exhibits were marked before the start of the hearing)

NOTICE OF PUBLIC HEARING RECEIVED AND MARKED AS HEARING OFFICER'S EXHIBIT 1 FOR IDENTIFICATION/IN EVIDENCE

AFFIDAVIT OF PUBLICATION RECEIVED AND MARKED AS HEARING OFFICER'S EXHIBIT 2 FOR IDENTIFICATION/IN EVIDENCE

AFFIDAVIT OF JENNA L. JONES RECEIVED AND MARKED AS HEARING OFFICER'S EXHIBIT 3 FOR IDENTIFICATION/IN EVIDENCE

DESIGNATION LETTER DATED 06/25/21 RECEIVED AND MARKED AS HEARING OFFICER'S EXHIBIT 4 FOR IDENTIFICATION/IN EVIDENCE

THE HEARING OFFICER: Good morning, everyone. My name is Donald Cappillino. I'd like to open this public hearing. It's now 9:31 a.m. on July 13, 2021.

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Before the public hearing was opened I had marked as Hearing Officer's Exhibit Number 1, in Evidence, the Notice of Public Hearing in this matter. I had marked as Hearing Officer's Number 2, in Evidence, the Affidavit of Publication indicating that this Notice of Public Hearing was published on June 30, 2021 in the Poughkeepsie Journal. I had marked as Hearing Officer's Exhibit Number 3, in Evidence, the June 30, 2021 Affidavit of Jenna L. Jones indicating that on June 30, 2021 she served a copy of the Notice of Public Hearing in this matter upon the Honorable Jon J. Baisley, Town Supervisor of the Town of Poughkeepsie, on Dr. Lorenzo Licopoli, Interim Superintendent of Schools of the Arlington Central School District, and upon the Honorable Marcus J. Molinaro, Dutchess County Executive. I had marked as Hearing Officer's Exhibit Number 4, in Evidence, the June 25, 2021 letter of Mark Doyle, Vice Chairman of the Dutchess County Industrial Development

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Agency, designating me as the Hearing Officer in this matter.

With that, I will now open the public hearing. We have Mr. Tinkelman here who is the Applicant or on behalf of the Applicant. Mr. Tinkelman, do you have anything to say in this particular matter?

BY MR. TINKELMAN: We are pleased to be moving forward with the project that we had conceptualized many, many years ago and we're now getting around to starting construction. The project was originally conceived of having 32 dwelling units and about 8,000 square feet of commercial space plus an additional building of about 2,000 square feet two story building that was also a multifunction building. The plan is a little different. The parking requirements require that the building be a little bit smaller than what we originally anticipated so the project now is about, plus or minus, 7,100 square feet of commercial space and 28 dwelling units plus residual spaces for the function of

Built Parcel Three, LLC

the apartment building and we're also building a small park as part of the project for the community and for the neighborhood, building new requisite parking spaces both on site and along the street that's to be used by everybody along with new sidewalks to encourage pedestrian circulation, etc. So we're back here now. We never understood what the cost of the project was or the scope of it was and now that it's defined we're able to come back and make this application at this time.

THE HEARING OFFICER: You're looking for additional mortgage tax assistance here on this particular matter in the amount of, approximately, $66,000 mortgage tax exemption that you're looking for; is that correct?

BY MR. TINKELMAN: Correct.

THE HEARING OFFICER: And the number of jobs that you've indicated in your application as amended, those are accurate.

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BY MR. TINKELMAN: Yes, they are.

THE HEARING OFFICER: Rachel, is there anyone in the waiting room on the Zoom portion of this call?

BY MS. WELCH: There's not. No one in the waiting room.

THE HEARING OFFICER: It is now 9:35 a.m. We did receive the emails from Doreen Tignanelli and an email from Jim Beretta who have both indicated opposition to the project and we will make sure that their emails will be made part of the record and I'll ask Sarah if she would send that out right away to the Board members, even before we get the transcript of this public hearing so they have it as soon as possible. Okay?

BY MS. LEE: Yes.

THE HEARING OFFICER: Thank you. With that, I will close the public hearing. Thank you for attending everyone.

STATE OF NEW YORK)
) ss:
COUNTY OF DUTCHESS)

I, DONNA M. WELLS, a stenotype reporter and Notary Public within and for the State of New York, do hereby certify that the foregoing is a true and correct transcript of the minutes recorded by me and reduced to typewriting under my supervision to the best of my knowledge and ability.

Donna M. Wells

DONNA M. WELLS

Dated: July 13, 2021

From:	Doreen Tignanelli
To:	Sarah Lee
Subject:	Public Comment, Built Parcel Three LLC, Public Hearing of July 13, 2021
Date:	Tuesday, July 13, 2021 9:08:20 AM

Ms. Lee, please include my comments as part of the official public record for the DCIDA Public Hearing for Built Parcel Three LLC scheduled for July 13, 2021 at 9:30 a.m. "to increase the sales tax exemption benefit in the amount of $426,563" and "increase the mortgage recording tax exemption benefit in the amount of $66,000".

Please share these comments with the DCIDA Board members excluding the chairman as the application notes a conflict of interest where Chairman Timothy Dean, through Marshall & Sterling, provides insurance to the Applicant.

1) I am opposed to the issuance of any "Financial Assistance" or "Amended Financial Assistance" to the Project in any form including, but not limited to, Sales and Use Tax Exemption, Mortgage Recording Tax Exemption, Real Estate Transfer Tax and Payment in Lieu of Taxes (PILOT).

This is an underperforming project that did not meet their job creation/employment goals as noted in the DCIDA "2019 Underperforming Projects" Report **and** in Dutchess County Comptroller Robin Lois' audit of the DCIDA/LDC for the year ending 2017.

Unfortunately for taxpayers, the Built Parcel Three & Four project was approved prior to the DCIDA's 2015 adoption of a Performance Measurement Policy so there appears to be no recapture/clawback if projected employment numbers are not reached or retained. Even if a project was subject to such provisions, it is unclear if the DCIDA would ever exercise any Recapture of Financial Assistance provision.

2) Section 1: Applicant Information N. regarding income projections, the applicant uses a 5% vacancy factor for the apartments. This is in spite of the fact that the 2020 Dutchess County Rental Housing survey shows an apartment vacancy rate of only 0.9%. The prior year it was 1.5%. It appears that the applicant may have inflated the vacancy rate to his benefit, to show a lower income projection.

3) Applicant Tinkelman's June 6, 2021 letter to DCIDA CEO Sarah Lee states there will be "28 residential rental apartments", down from the original 32. EAF Part 1 Project Information "Brief Description" states there will be "21 total residential apartments". EAF Part 1, D.1.f states the number of units proposed as "22". The inconsistency in the number of residential units calls into question the DCIDA's ability to accurately track project numbers.

4) The application, Page 19, D. Employment, states "15" as the "Number of FTE's to be created upon 2 years". On Page 20, the breakdown of monthly timeframe for job creation for years 1 and 2 is not filled out for the 12 months of each year as requested but just contains the number "28". It is unclear if the job creation number is 15 or 28. This should be clarified as the DCIDA is supposed to be accurately tracking job creation and retention numbers.

5) There is an inconsistency in the stated mortgage recording tax exemption. The application, C.Project Benefits, states the estimated mortgage recording tax exemption as "$61,875" while the July 14, 2021 DCIDA agenda item for Built Parcel Three states "increase the mortgage recording tax exemption benefit in the amount of $66,000".

6) DCIDA should require an affordable housing component when financial assistance is given to residential projects.

7) The application states "the project cannot be constructed without the DCIDA benefits". Every applicant asserts that, including Vassar College who applied for and received Preliminary Approval from the DCIDA for a PILOT and Sales Tax Exemption for their Inn and Conference Center. The college subsequently withdrew their application and the project is progressing without financial assistance from the DCIDA.

As Built Parcel Three is mainly residential units, in this time of historically low apartment vacancy rates, there should be an objective third-party measure of the actual need for financial assistance.

8) The July 13, 2021 public hearing for Built Parcel Three is an in-person only meeting yet the DCIDA/LDC meetings of July 14 offer the public Zoom access. If the board wanted to maximize public participation, the Built Parcel Three hearing would also have been offered with Zoom access.

9) Taxpayers should not be asked to subsidize projects so that applicants can enjoy higher profits. Financial assistance in the form of tax breaks shift the tax burden to the remaining base, often leading to higher tax bills for other taxpayers.

10) Increase in property tax revenue is often cited as a benefit based on "Current Assessed Value" and "Estimated New Assessed Value". However, this fails to take into consideration the fact that applicants often challenge the assessed value of the property after project completion. When that happens, projected tax revenues end up being lower than stated.

Doreen A. Tignanelli
29 Colburn Drive
Poughkeepsie NY 12603

From:	Jim Beretta
To:	Sarah Lee
Subject:	DCIDA Public Hearing Comments, Build Parcel three
Date:	Monday, July 12, 2021 6:45:16 PM

Ms. Lee (DCIDA CEO),

Following are my comments for the public hearing at 9:30 a.m. on July 13, 2021 for Built Parcel Three.

I am **opposed** to the request for an "...increase in the sales and use tax exemption and mortgage recording tax exemption granted by the Agency (the “Amended Financial Assistance”)".

My reasons for opposition are as follows:

1. All of these tax incentives are a transfer of tax burden to the rest of the taxpaying public.

2. The public hearing is being held at 9:30am on a weekday (Tuesday) at the specified physical location of: "Dutchess County Industrial Development Agency, Three Neptune Road, large conference room, Poughkeepsie, Dutchess County, New York 12601".

> This is an onerous burden on the public to be required to be at a physical location on a weekday morning when most people have other obligations. The end result is that it is prohibitive for the vast majority of the public to attend. While the option for written comments is available, and I am using that option, the applicant and their paid staff are in the room to talk up their project. Pretty much everybody in the room is on-the-clock, making money, in one way or another, by advancing the project while the public has the burden of taking time away from their responsibilities to participate.

3. There appears to be no limit to the amount of financial assistance provided by the DCIDA and the applicant can come back after receiving initial financial assistance and continue to amend the project and receive increased financial assistance.

4. At the May 12, 2021 IDA meeting when the applicant presented this project, there was a comment made that the pool would be visible from the road and the tone was that it would be attractive from the road. If I am correct and the pool will face the westbound arterial (Rt 44/55) in the Town of Poughkeepsie, as it was described and appears in the rendering, this is a three-lane road with heavy traffic and it is no place for drivers to be looking at a pool.

5. Chairman Tim Dean made extensive comments at the 3/19/21 DCIDA meeting, which I attended, about looking into third party reviews of applicant data for projects coming before the DCIDA because:

a. “ ...the board has felt, has become more and more uncomfortable with their ability to evaluate some of the more complex aspects of projects" and,
b. “the area that this has been most challenging for us recently, just because of the number, has been in the development of housing. But this same issues can apply to other areas as well.”

Since the DCIDA is admitting their discomfort in the ability to evaluate projects, I don't know how the DCIDA can proceed to grant approvals on without a high degree of comfort with the cost analysis of the project and the reasonability study that the third party review is intended to provide. If the DCIDA board was uncomfortable before, it does not seem possible they can arrive at a comfort level now to increase the financial assistance by using the same process that they used before to grant the initial financial assistance to this project.

Again, I am opposed to the amended financial assistance being requested.

Sincerely,

Jim Beretta
Town Of Poughkeepsie Resident & Taxpayer