Evaluation of Projects Requesting IDA Benefits

Dutchess County Industrial Development Agency (DCIDA)

Project:	Locust Grove Apartments — Locust Grove Apartments LLC (Mid-Hudson Development Corp.)	**Location:**	2736–2738 South Road (U.S. Route 9), Town of Poughkeepsie, Dutchess County, NY 12601 (SBL 6161-03-078100)

Type of Business:	For-profit market-rate multifamily rental housing — new construction. New Multifamily Building Construction (NAICS 236116); ongoing operations Lessors of Residential Buildings (NAICS 531110).

Agency Request

Sales Tax	Yes	**Mortgage Tax Exemption**	Yes	**PILOT**	No

Straight-lease (lease/leaseback) structure requested. Sales/use tax and mortgage recording tax exemptions only; no PILOT and no bond issuance requested.

Project Description

New construction of four (4) two-story multifamily rental buildings (eight units each) totaling 32 market-rate, two-bedroom units — approximately 43,424 SF — on a vacant ±2.6-acre parcel on U.S. Route 9 (SBL 6161-03-078100) in the Residence, Multifamily (R-M) District. Site and infrastructure work includes 68 parking spaces (6 ADA, 4 EV charging stations), new stormwater drainage connected to existing systems, landscaping, and utilities (all on site). High-efficiency HVAC, appliances, insulation, and building materials will be acquired; no equipment leasing.

The property is held by Locust Grove Apartments LLC (New York, formed 2/13/2025); Mid-Hudson Development Corp. principals John Goetz and Christopher Sollecito (50/50) will build, own, operate, and manage. Units will be leased to residential tenants (no leases executed to date). Total capital investment of approximately $11,936,220, funded through private equity and a proposed $10,000,000 HVCU construction-to-permanent loan. Town of Poughkeepsie Planning Board site plan approval granted 12/19/2025.

Project Timeline

Proposed date for commencement of acquisition or construction:	Summer 2026

The actual or expected dates of:

Construction completion:	Spring 2027
Occupancy:	Summer 2027

Total Cost of Project

Total Project Cost:	$11,936,219.50

Private Investment (100%):	$11,936,219.50 (private equity plus proposed $10,000,000 HVCU loan)
Other public financial assistance / grants and source:	$0 (none)
Construction Costs (new construction $5,781,400 + infrastructure $2,000,000):	$7,781,400
Benefitted Amount (taxable base subject to sales/use tax):	$5,446,980

Total Project Cost per applicant Sources & Uses; itemized cost detail totals $11,421,509.75 as of 3/11/26 (variance noted for reconciliation).

Company Incentives

Amount of Sales Tax benefits:	$442,567.13 ($5,446,980 benefitted amount × 8.125%)
Amount of Mortgage Recording Tax exemption:	≈ $75,000 (staff-corrected)
Estimated real property tax exemption with PILOT:	$0 (no PILOT — property fully taxable upon completion)

MRT exemption corrected from the applicant's stated $105,000. The exemptible mortgage recording tax is ≈ 0.75% ($10,000,000 mortgage × 0.75% = $75,000): 0.50% basic tax (local, Tax Law §261) + 0.25% special additional tax (state). The 0.30% MTA additional tax layer is not IDA-exemptible. Final figure to be verified against the recorded mortgage at closing.

Estimated Amount of Benefit to State & Region*

Anticipated PILOT Tax revenue:	N/A (no PILOT) — full real property taxes flow to the taxing jurisdictions; applicant pro forma projects $146,300/yr
Anticipated Sales Tax revenue:	$119,918 (MRB — temporary $44,190 + ongoing $75,728; local $60,881 / state $59,036)
Benefit to Cost Ratio:	*13 : 1*

**Figures derived from DCIDA's MRB CBA modeling and are not contained in the applicant submission. As no PILOT was suggested, the Benefit to Cost ratio is likely an under-estimate, as it does not account for the increased Property Tax revenue*

Estimated Property Value Increase^

Current Assessed Value^	Current Property Tax+ (2025/26)	Estimated New Assessed Value^	Net Increase	Est. Year 1 PILOT+
TBD (vacant land)	TBD	≈ $12,700,000	TBD	N/A

^Town of Poughkeepsie. The parcel is currently vacant land; the applicant did not provide a current assessed value or current tax figure. Estimated New Assessed Value reflects the applicant's stabilized value estimate (≈ $12.7M at a 6.5% cap rate); the Assessor's determination of the final assessed value is pending. +No PILOT is requested — the completed project is fully taxable, so full real property taxes are payable to the taxing jurisdictions with no exemption.

Employment Impact

Committed total FTE jobs:	2 new permanent (property management / operations)
Number of existing FTE jobs to be retained:	0 (new construction; no existing operations)
Total number of new FTE jobs to be created:	2 over approximately 1 year
Average annualized salary of FTE jobs:	≈ $66,250
Estimated hourly wage average and range:	≈ $36.4
Total number of construction jobs to be created:	81–160 (applicant); 37 direct per MRB multiplier methodology

Jobs created in construction and operations are estimated to have the following spillover impact:

Impact Type	Temporary (Construction) Employment	Permanent (Operations) Impact
Initial	—	—
Direct	37	12
Indirect	11	5
Induced	—	—
Total Effect	48	17

Based on MRB CBA. Includes FTE numbers resulting from household spending of unit occupants

Community Benefits

- ***Revitalization:*** Development of a long-vacant ±2.6-acre parcel on an established U.S. Route 9 commercial corridor, adding new housing supply on serviced land rather than expanding into undeveloped areas.
- ***Identified Growth Area:*** Housing — addresses documented County and Town housing need (2021 Town Comprehensive Plan, 2022 County Housing Needs Assessment, 2022 Rental Housing Survey); consistent with the R-M zoning of the parcel.
- ***Investment:*** Approximately $11,936,220 in private investment, 100% privately funded with no other public assistance or grants.
- ***Environmental Factors:*** Energy efficiency and green technology — high-efficiency HVAC, appliances, insulation, and building materials; four (4) EV charging stations; and new stormwater management infrastructure.
- ***Employment:*** 2 new permanent FTEs (operations) plus construction employment estimated at 81–160 jobs by the applicant, or 48 total construction-related jobs under the MRB multiplier methodology.
- **Use of Local Contractor(s) and Labor:** Yes — general contracting and trades to be sourced regionally (per application).

Project is consistent with Agency's Mission

Yes, the project will promote economic development resulting in construction jobs and permanent employment, and add needed market-rate housing supply in Dutchess County.

The Project has Municipal Support and PILOT

Municipal Support Not on file **PILOT** N/A (none requested) **Request for UTEP Deviation** No

Classified as a Special Project (For-Profit Market-Rate Housing) under the 2025 UTEP. No written support letters from the affected taxing jurisdictions and no independent third-party market study were submitted. Under the Jackson Crossing precedent (56-unit market-rate project, Village of Fishkill, where sales tax and MRT exemptions were approved despite the absence of these items and municipal opposition), these are unlikely to be dispositive for a sales/mortgage-tax-only request, though they remain relevant to the Special Project criteria.

CEO Comments of Importance

1. **Mortgage recording tax.** The application computes the exemption at the full 1.05% ($105,000). The 0.30% MTA additional tax cannot be exempted by the IDA, so the true exemptible benefit is ≈ $75,000 (0.75% of the $10M mortgage: 0.50% local basic tax + 0.25% special additional tax). The Board should evaluate the request on the corrected figure, verified against the recorded mortgage at closing.

2. **Special Project criteria.** Locust Grove is a Special Project (For-Profit Market-Rate Housing) under the 2025 UTEP. No independent third-party market study specific to this submarket and no written support letters from the taxing jurisdictions were submitted; the application relies on the 2021 Town Comprehensive Plan, 2022 County Housing Needs Assessment, and 2022 Rental Housing Survey. These are non-dispositive under Jackson Crossing for a tax-exemption-only request but would strengthen the record.

3. Cost-benefit analysis. The MRB CBA has now been run for this project: a benefit-to-cost ratio of 13:1 is calculated, though the real benefit is likely higher based on a projected increase in Property Tax revenue.

4. No PILOT. Because only sales tax and mortgage recording tax are requested, all real property taxes on the completed project flow to the County, Town, and school district — the completed project is fully taxable, with the applicant projecting ≈ $146,300/yr at stabilization.

5. Legal entity name. Planning Board and HVCU lender documents reference “Locust Grove Crossing, LLC,” while the application names “Locust Grove Apartments LLC.” This discrepancy is pending confirmation by counsel before Final Authorization.

6. Employment. Two (2) new permanent FTEs are committed, typical for residential rental projects. Construction employment is the principal employment impact; the applicant's stated 81–160 range differs from the MRB multiplier output (37 direct / 48 total).

Mission Statement

The Dutchess County Industrial Development Agency [DCIDA] was created to further economic development in Dutchess County by providing financial assistance to private entities through tax incentives including the issuance of bonds to facilitate the building of capital projects with the resultant construction jobs and permanent follow-on employment.