# Evaluation of Projects Requesting IDA Benefits

Dutchess County Industrial Development Agency (DCIDA)

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| **Project:** | SOHO Farmhouse Hudson Valley — SH Grasmere Acquisition, LLC | **Location:** | 29 Mill Road, Town of Rhinebeck, Dutchess County, NY 12572 |

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| **Type of Business:** | Leisure and Hospitality — membership-led, year-round rural resort (private members' club, lodging, food & beverage, wellness, retail, and event/outdoor amenities) with adaptive reuse of three National Register–listed structures. Hotels and Motels (NAICS 721110). |

## Agency Request

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| **Sales Tax** | Yes | **Mortgage Tax Exemption** | Yes | **PILOT** | Yes |

PILOT requested under the DCIDA Uniform Tax Exemption Policy (Standard 10-year Schedule, RPTL §485-b); no UTEP deviation requested. Sales/use tax exemption and mortgage recording tax exemption also requested. No bond issuance.

## Project Description

Development of SOHO Farmhouse Hudson Valley, the first North American SOHO Farmhouse, on a 250-acre entitled site in the Town of Rhinebeck. The Project pairs adaptive reuse and renovation of approximately 51,300 SF of existing structures — including three National Register–listed buildings currently derelict — with approximately 57,460 SF of new construction, together with associated site, civil, and utility infrastructure and fixed equipment.

At full development the resort comprises 135 hotel keys, a members' club, food & beverage facilities, a wellness centre, retail, event spaces, and outdoor amenities; the first phase contemplates 48 keys. Headline capital investment is approximately $199.7 million. The applicant, SH Grasmere Acquisition, LLC (wholly owned by SOHO House & Co.), will be the sole owner-operator and end user of the facility; the applicant will occupy 100% of the completed facility and there are no third-party tenants.

## Project Timeline

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| **Proposed date for commencement of acquisition or construction:** | Site acquired; pre-construction site work June 2026; construction October 1, 2026 |

The actual or expected dates of:

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|---|---|
| **Construction completion:** | May 2028 |
| **Occupancy:** | June 2028 |

## Total Cost of Project

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|---|---|
| **Total Project Cost:** | $199,720,693 |
| **Private Investment (equity $79,720,693 + conventional financing $120,000,000):** | $199,720,693 (100% private) |
| **Other public financial assistance / grants and source:** | $0 (none requested) |

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| **Construction Costs (new construction $47,844,344 + renovation $49,105,888 + infrastructure $45,044,240):** | $141,994,472 |
| **Benefitted Amount (taxable base subject to sales/use tax):** | $123,891,917 |

## Company Incentives

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| **Amount of Sales Tax benefits (estimated):** | $10,066,218 ($123,891,917 taxable base × 8.125%) |
| **Amount of Mortgage Recording Tax exemption:** | $900,000 ($120,000,000 mortgage × 0.75% exemptible portion) |
| **Estimated real property tax exemption with PILOT:** | $4,089,481 over the 10-year Standard PILOT term (Year 1 PILOT $731,347) |
| **Total incentive package (nominal):** | $15,055,699 |

## Estimated Amount of Benefit to State & Region*

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|---|---|
| **Anticipated PILOT Tax revenue:** | $731,347 / yr (proposed Year 1 PILOT upon completion) |
| **Anticipated Sales Tax revenue:** | $8,161,843 over the 10-year PILOT term (MRB algorithm)† |
| **Anticipated Hotel Occupancy Tax revenue:** | $10,524,038 over the term (Dutchess County 5% rate, Local Law No. 1 of 2025; ADR $650 / 65% occupancy) |
| **Benefit to Cost Ratio:** | 41.6 : 1 overall (Local 65.3 ; State 5.0), discounted at 2% (MRB algorithm) |

*Figures based on MRB algorithms. †Benefit-to-cost, sales-tax-revenue, and construction-spillover figures are derived from DCIDA's MRB modeling using the signed final application and the 80% in-region construction spend convention (Local Workforce Policy); they are not contained in the applicant submission. The sales-tax-revenue term figure and construction spillover should be confirmed against the current calculator run before finalization.

## Estimated Property Value Increase^

| Current Assessed Value^ | Current Property Tax+ (2025/26) | Estimated New Assessed Value^ | Net Increase | Est. Year 1 PILOT+ |
|---|---|---|---|---|
| $2,817,400 | $26,548 | $100,000,000 | $97,182,600 | $731,347 |

^Town of Rhinebeck equalization rate 100.00% (2025 final roll / 2026 tax year). Current Assessed Value is the full AV; a partial agricultural exemption reduces current taxable value to $1,908,241. Estimated New Assessed Value of $100,000,000 is a staff working assumption pending assessor or appraisal confirmation. +Current Property Tax reflects the applicant-reported current obligation; the parcel tax baseline for SBLs 6169-00-289358 and 6169-00-451779 is derived from applicant figures and the composite rate and has not yet been independently verified against ParcelAccess or assessor records. Special districts are noted for reference only.

## Employment Impact

**Committed total FTE jobs:** 405 (0 retained + 405 new)
**Number of existing FTE jobs to be retained:** 0 (new facility)
**Total number of new FTE jobs to be created:** 405 over 2 years (post-completion)
**Average annualized salary of FTE jobs:** $80,617 (blended across the five job categories)
**Estimated hourly wage average and range:** $38.76 avg ($33.65–$86.54)
**Total number of construction jobs to be created:** 250 FTEs per year of construction

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

| Impact Type | Temporary (Construction) Employment | Permanent (Operations) Impact |
|---|---|---|
| **Initial** | — | — |
| **Direct** | 424 | 405 |
| **Indirect** | 203 | 199 |
| **Induced** | — (not separately modeled) | — (not separately modeled) |
| **Total Effect** | **627** | **604** |

MRB CBA Calculator (Dutchess County) — direct/indirect multipliers; induced impacts not separately modeled. Operations impact reconciles the application's Section 3 committed 405 FTEs with the ~600 jobs referenced in Section 4 via 199 indirect effects (604 total). Construction impact reflects the corrected 80% in-region construction spend (~$113.6M); the modeled “direct” figure represents construction person-years and is distinct from the application's stated 250 peak construction FTEs per year.

## Community Benefits

- ***Revitalization:*** Adaptive reuse and restoration of three National Register–listed structures (~51,300 SF) currently fallen into disrepair, returning a derelict historic estate to productive use rather than greenfield development; a heritage-preservation and rural-corridor catalyst effect.
- ***Identified Growth Area:*** Leisure & Hospitality / tourism — a first-in-North-America destination anchor that raises the wider Hudson Valley visitor market and drives year-round, high-value visitation into a heavily seasonal regional economy.
- ***Investment:*** Approximately $199,720,693 in private capital — far exceeds the >$25M financial-commitment metric under the Section 3.B framework.
- ***Environmental Factors:*** Resource conservation through adaptive reuse, and alternative/renewable energy — the design contemplates sustainable energy sources potentially including solar and geothermal.
- ***Employment:*** 0 retained FTEs, 405 new permanent FTEs, and approximately 250 construction jobs per year of construction (~200 permanent jobs estimated from the local workforce area).
- ***Use of Local Contractor(s) and Labor:*** Yes — the Project is subject to the DCIDA Local Workforce Utilization requirement (at least 80% of construction work hours by residents of the nine-county Local Area). The applicant commits to active local recruitment and use of local purveyors, farmers, and vendors. No Local Workforce Utilization waiver is requested.

## Statutory Retail Findings (GML §862)

Customers personally visit the site and 100% of Project cost is attributable to facilities making sales of goods or services to such visitors, so the Section 862 retail restrictions apply. The retail finding rests on the tourism prong: the facility is likely to attract a significant number of visitors from outside Dutchess County. Given the members-only access model, the tourism/out-of-County-visitation basis is the stronger statutory footing than the local-accessibility prong. The Project is not located in a Highly Distressed Area, and preserves/increases permanent private-sector jobs in New York State.

## Project is consistent with Agency's Mission

Yes — the Project promotes economic development resulting in construction jobs and permanent employment, restores a historic site to productive use, adds substantial taxable value, and generates regional visitor economic activity.

## The Project has Municipal Support and PILOT

**Municipal Support X PILOT X Request for UTEP Deviation No**

The site plan is fully approved by the Town of Rhinebeck; the project conforms with the Town's zoning and planning (Country Inn 2). SEQRA: Negative Declaration (Determination of Non-Significance) adopted June 20, 2022; the Town of Rhinebeck Planning Board is lead agency.

## CEO Comments of Importance

**1. “But for” confirmation.** The Section 2 “but for” confirmation box appears mis-marked “No,” while the application narrative states the applicant would be unlikely to pursue the project at all absent DCIDA assistance. Recommend confirming with the applicant and treating the but-for requirement as satisfied on the narrative.

**2. Job-figure reconciliation.** Section 3 commits 405 FTEs (two-year figure) while Section 4 references upwards of 600 jobs. These reconcile through the MRB total employment effect of 604 (405 direct + 199 indirect); the committed direct figure carried in this evaluation is 405.

**3. Post-completion assessed value.** The $100,000,000 post-completion assessed value is a staff working assumption pending assessor or appraisal input. All PILOT, abatement, and Year 1 PILOT figures depend on it and should be treated as provisional.

**4. Property tax baseline verification.** The current tax baseline for SBLs 6169-00-289358 and 6169-00-451779 is derived from applicant-reported figures and the composite rate; it has not been independently confirmed against ParcelAccess or assessor records. Recommend verification before board action.

**5. In-region construction spend basis.** In-region construction spending is set at 80% of hard construction cost (~$113.6M) per the Local Workforce Policy convention. The MRB sales-tax-revenue term figure and the construction-spillover employment should be refreshed against the current calculator run reflecting this basis.

## 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.