

# 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*

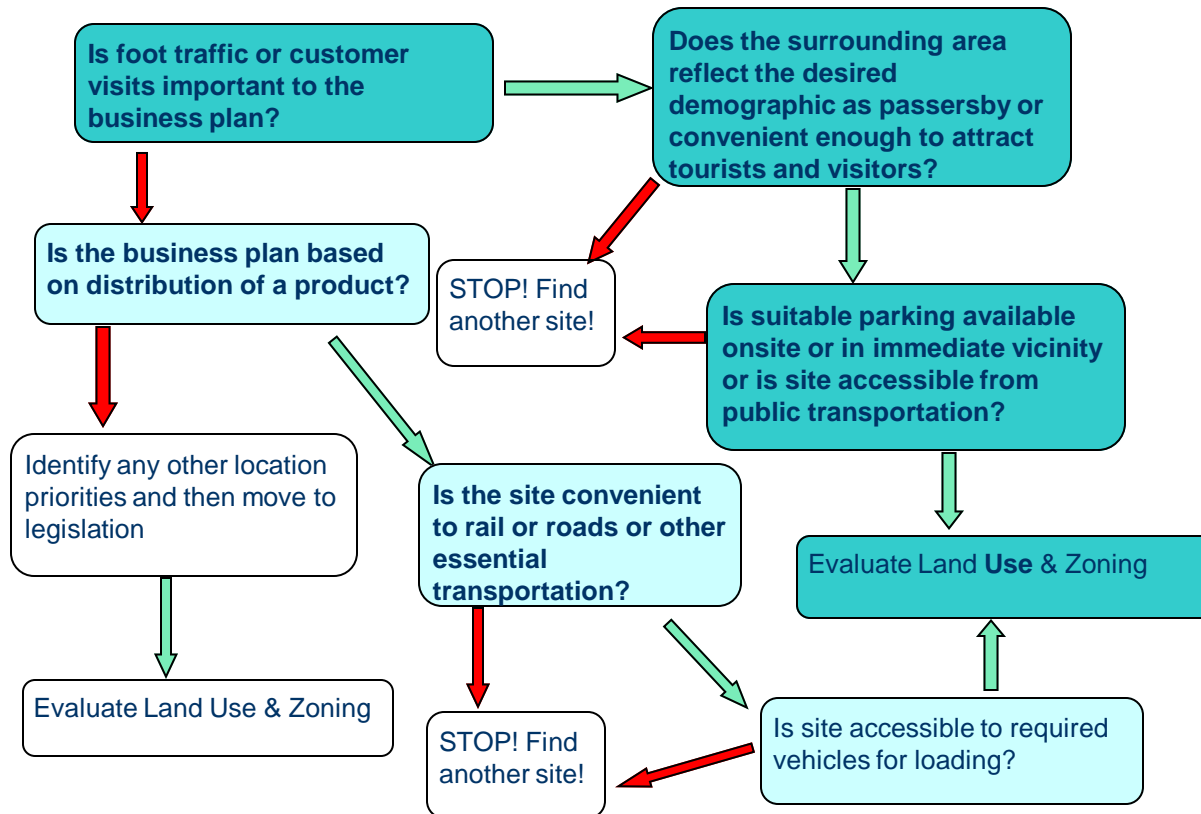


# Will it Work?

- 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.

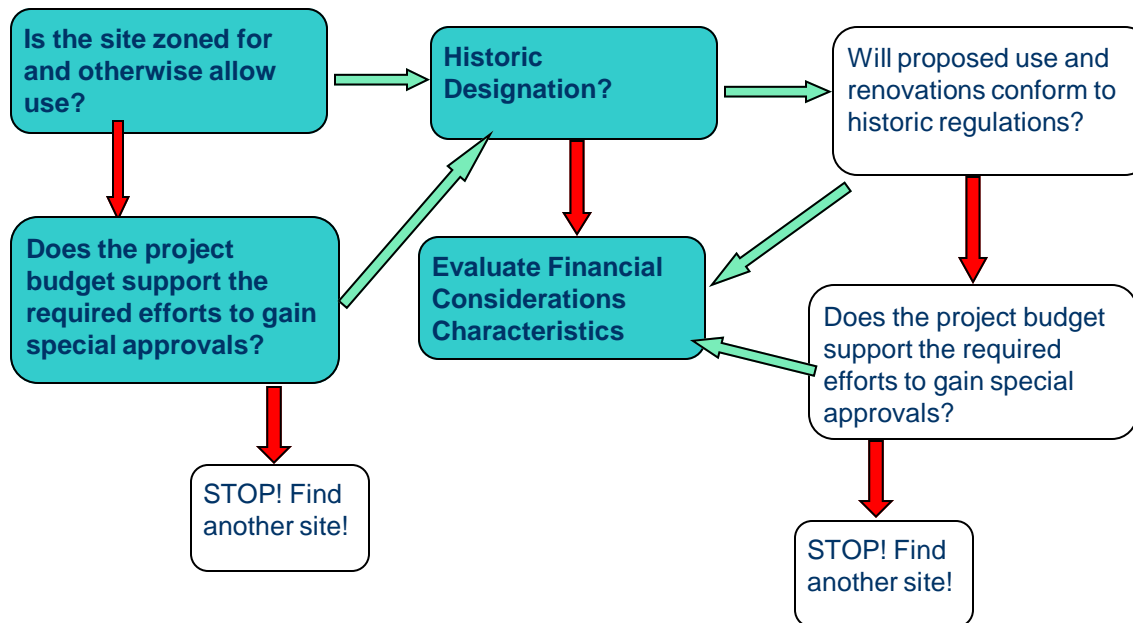


# Location & Market



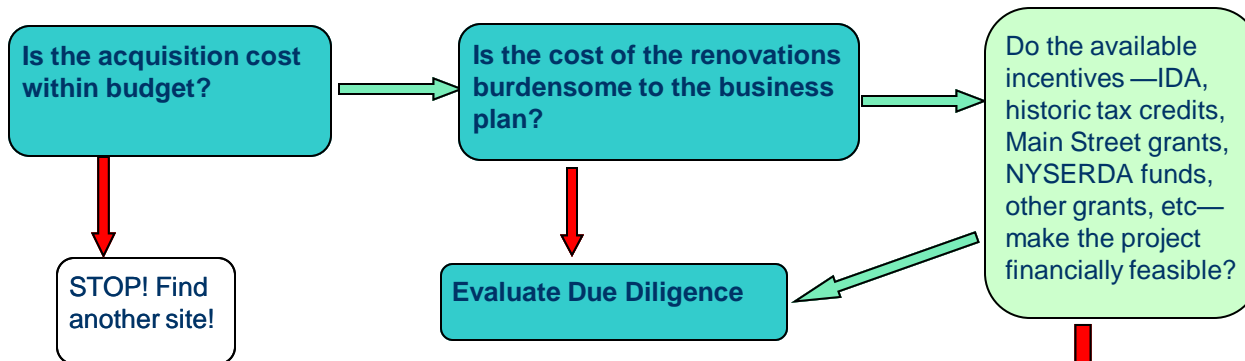


# Land Use & Zoning



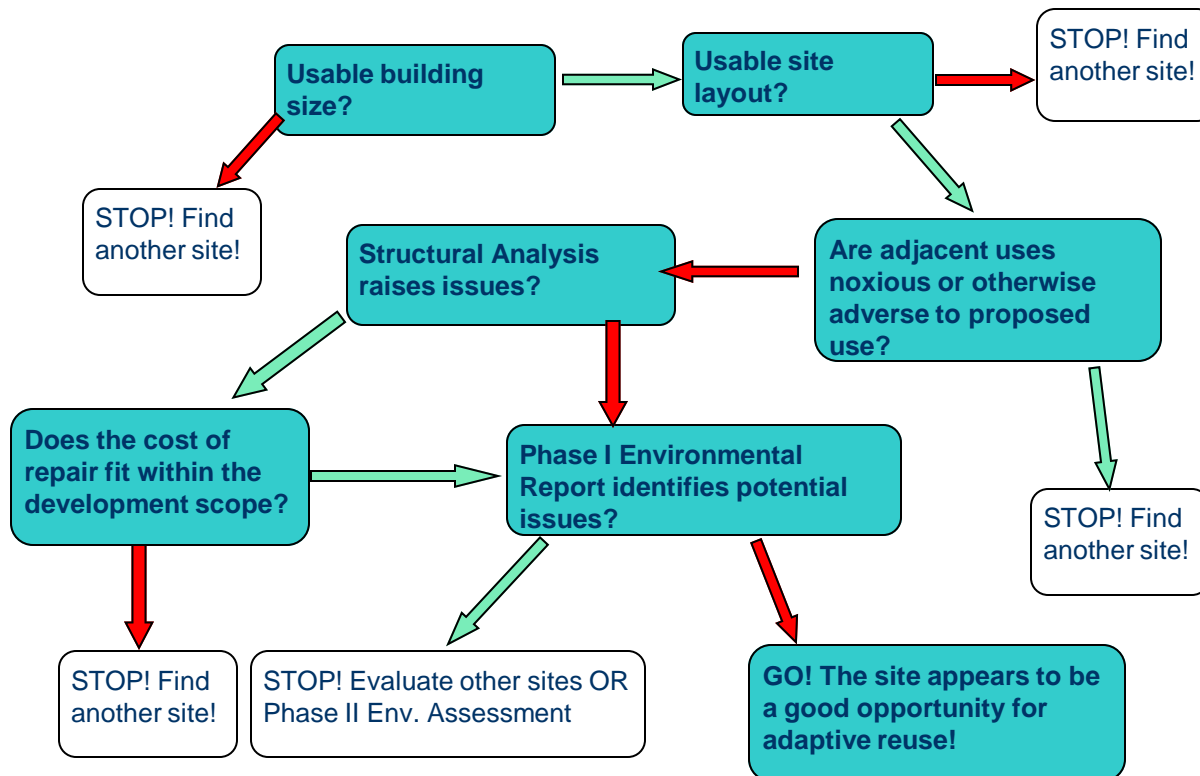


# Finance



	Percent of Total	Per sq.ft.	Total Project Cost	Total Equity	Total Loan
<b>28,785 sq.ft</b>					
Land/Property Purchase Price	10.65%	\$9	\$250,000	\$100,000	\$150,000
Preparation work (Interior Demolition, Exterior Site grading, etc.)	29.83%	\$24	\$700,000	\$0	\$700,000
Hard Construction Costs for Brewery and Accessory Uses	0.00%	\$0	\$0	\$0	\$0
Equipment Costs* Attached	37.69%	\$31	\$884,500	\$0	\$884,500
Hard Cost Contingency (10%)	2.98%	\$2	\$70,000	\$0	\$0
<b>SUBTOTAL</b>	<b>81.16%</b>	<b>\$66</b>	<b>\$1,904,500</b>	<b>\$100,000</b>	<b>\$1,734,500</b>
Soft Development Costs (Arch/Eng, Building & License Fees, Lawyer, etc.)	8.61%	\$7	\$202,000	\$0	\$202,000
Advertising and Promotion	1.49%	\$1	\$35,000	\$0	\$35,000
Food Inventory	0.85%	\$1	\$20,000	\$0	\$20,000
Liquor Inventory	0.85%	\$1	\$20,000	\$0	\$20,000
Labor Training Costs	1.92%	\$2	\$45,000	\$0	\$45,000
Miscellaneous Expenses	5.11%	\$4	\$120,000	\$0	\$120,000
<b>SUBTOTAL</b>	<b>18.84%</b>	<b>\$15</b>	<b>\$442,000</b>	<b>\$0</b>	<b>\$442,000</b>
<b>TOTAL DEVELOPMENT COST</b>	<b>100.00%</b>	<b>\$82</b>	<b>\$2,346,500</b>	<b>\$100,000</b>	<b>\$2,176,500</b>
				<b>4.3%</b>	<b>95.7%</b>

# Environmental



# 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