



# NEW YORK STATE REHABILITATION TAX CREDITS COMMERCIAL CASE STUDY

## ANNEX - THE MILLS AT HIGH FALLS

364 - 392 State St., Rochester  
Monroe County

Rehabilitation Project:  
Pre-Civil War buildings preserved and  
converted into quality affordable housing.

Qualified Rehabilitation  
Expenditure: \$6.7 million

Gross Historic Tax Credit:  
20% Federal: \$1.3 million  
20% New York State: \$1.3 million

### Economic Impact Data:\*

- 64 direct and indirect/induced jobs created
- \$3.3 million generated in household income
- \$102,000 generated in state tax revenue
- \$4.7 million generated in total gross state product

\* during the construction period

### Project Consultants:

#### Developer:

Urban League of Rochester  
Economic Development Corp.

#### Historic Preservation Consultant:

Saralinda Hooker, Canandaigua

#### Development Consultant:

Edgemere Development, Rochester

#### Architect:

Barkstrom & LaCroix Architects,  
Rochester



### HISTORIC MIXED-USE BUILDINGS TRANSFORMED INTO AFFORDABLE URBAN HOUSING

The Annex project includes five of the seven industrial mill buildings that make up Rochester's Teoronto Block. Completed in 1855 during booming commercial and industrial development, the row of three-story, five-bay brick structures was historically mixed-use and included stone, glass, and cast-iron commercial storefronts at the first floor, residential and boarding rooms on the upper floors, an early Congregational church meeting space, and a variety of hotels and taverns. With the neighboring construction and expansion of Eastman Kodak between 1883 and 1919, the Teoronto Block was assured a steady supply of tenants and customers.

Vacant and deteriorating since the 1980s, the Annex is now fully rehabilitated and provides affordable housing on every floor, including the previously commercial first floor. While much of the interior had been altered over the years, the block retains the common exterior vernacular character of mid-19<sup>th</sup> century industrial buildings.

The comprehensive rehabilitation project included the removal of 20<sup>th</sup> century alterations including dormers, non-contributing storefront features, and rear additions; replacement of deteriorated doors and windows; and repair of masonry, roofing, and cornice. Stair hall locations and details, interior doors, woodwork, and original walls were retained during the rehabilitation project and the sensitive conversion of the first floor from commercial to residential use.

### JOBS GENERATED

66 jobs were created or supported by the project, broken down into direct, indirect and induced jobs.

- 42 Direct Jobs were created or supported specifically for the project including engineers, managers, general building contractors, heavy construction contractors and specialty trade contractors.
- 22 Indirect/Induced Jobs were created or supported in industries which produce items purchased for the project, and by household expenditures of workers involved with the project.

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## THE TAX CREDIT STORY

The Annex was eligible for state and federal rehabilitation tax credits due to its contribution to the Teoronto Block Historic District, listed on the National Register in 2010. The Annex also met state rehabilitation tax credit requirements that the property be included in a low-income census tract. In addition, the creation of affordable housing allowed the project to utilize state and federal low-income housing tax credits.

In 2005 the Eastman Kodak Company, looking to reduce its accumulated real estate holdings, donated the site to the Urban League of Rochester Economic Development Corporation (ULREDC) for a mixed-income housing redevelopment project. The ULREDC combined its economic development and community revitalization efforts with resources from New York State's Homes and Community Renewal Agency (HCR). HCR is an organization which includes all the State's major housing and community renewal agencies under a single leadership and management structure to fund and manage projects such as The Annex.

The City of Rochester committed funding to the project which was initially used to stabilize the buildings and undertake environmental testing and structural analysis. These funds later became part of the permanent financing. In addition to the allocation of federal and state tax credits, the project received additional loan funds from HCR's Housing Trust Fund Corporation. Key Community Development Corp. served as the project's equity investor and recipient of the tax credits.

The ULREDC received a property tax exemption from the City of Rochester, with a 30-year annual payment in lieu of taxes (PILOT) agreement in the amount of 10% of its shelter rent. Shelter rent includes gross rents minus the cost of utilities.

## COMMUNITY REVITALIZATION WORK

Rochester is proud of its unique architectural and landscape heritage, and its citizens recognize the importance of retaining and maintaining this built history. One tool to help accomplish this is the Preservation Ordinance, enacted by City Council in 1969. The ordinance allows for the designation of landmark properties and districts and defines the process to manage physical changes to these properties. In 1975 the City of Rochester's Bureau of Planning and Zoning created a Preservation Board, charged with upholding the requirements of its Preservation Ordinance.

In 1999, Rochester adopted its first comprehensive plan, 'Rochester 2010: The Renaissance Plan.' Eleven themed campaigns were highlighted in the comprehensive plan, including 'Campaign 10: Center City.' Campaign 10 was adopted in 2003 to guide development and planning in the city center, which includes the Teoronto Block Historic District. Recommendations in the Center City plan include the redevelopment of existing buildings and storefronts along State Street for mixed-use and residential markets.

With \$6.7 million invested in The Annex project, the newly converted row of buildings will assist in the city's plan to revitalize its City Center. The rehabilitation of Annex the Mills at High Falls has transformed a group of Rochester's most historic commercial buildings from a vacant and hazardous condition into a showcase for affordable urban rental housing.

## INFORMATION ON THE REHABILITATION TAX CREDIT PROGRAM

The rehabilitation tax credit program utilized for the Annex has been administered since 1976 by the National Park Service in partnership with New York State's Office of Parks, Recreation, and Historic Preservation and with the Internal Revenue Service.

Owners of income-producing certified historic structures may be eligible for a 20% federal income tax credit. New York State offers an additional 20% state income tax credit for the substantial rehabilitation of historic properties located in distressed areas. The final dollar amount of the tax credit is based on the cost of the rehabilitation. The work performed (both interior and exterior) must meet the Secretary of the Interior's Standards for Rehabilitation and be approved by the National Park Service and the NYS Historic Preservation Office.

For more information, please contact:

New York State Historic Preservation Office . <http://nysparks.com/shpo/tax-credit-programs> . (518) 237-8643  
The Preservation League of New York State . [www.preservenys.org](http://www.preservenys.org) . (518) 462-5658