August 7, 2018

Mr. Mark Frechette, Director, "I-81 Viaduct Project"
New York State Department of Transportation
333 E. Washington Street
Syracuse, NY 13202

Open Letter to the New York State Department of Transportation re: I-81 Project EIS

There is a necessary and critical component for evaluation of the options to replace the I-81 viaduct that has been missing over the five year history of this project. That is the land that would become available for new uses under each potential replacement option.

To date, viaduct replacement options have only been evaluated for their negative impact on existing city properties and businesses. Replacement options should also be compared in regard to their potential benefit to the city property inventory.

We ask that in the draft environmental impact statement DOT identify and quantify land areas which would become available for future development under each of the replacement options. The ultimate option comparison needs to include both the "potential land lost," and the "potential land returned" for each option. This factor will have a significant impact on the future economic growth of the city and region.

Removing outdated and unwanted highways from cities across the nation has stimulated economic revitalization and the transformation of city centers. The recovery and development of this land, formerly occupied by highways, is generating new jobs and boosting tax revenues. The Inner Loop East project, for example, returned over nine acres of land to the city of Rochester when that depressed highway was filled in. The city is now awarding parcels of this land to developers through an RFP process. A US Department of Transportation report in 2009 estimated that development of this land would result in $64.4 to $128.8 million in new investment; create 708 to 1,416 construction jobs during development; create an additional 1,840 to 3,680 long-term jobs in the resulting retail, office, and other commercial uses; and contribute $3.43 to $6.86 million annually in new property taxes for both the city of Rochester and Monroe County. We see similar potential in the land now under and around the I-81 viaduct.

The analysis of land to be returned to the city under each viaduct replacement option will be critical to the final decision. Without this information a fair and accurate assessment of the options will not be possible. We trust you understand this and will include a full assessment of land to be returned in the draft EIS report to be released next year.

Sincerely,

Robert M Haley Jr AIA / Chair / Tel: 315-679-1009 / Email: rhaleyarch@gmail.com

cc: Mayor Ben Walsh, City of Syracuse
    Onondaga County Executive Joanne Mahoney
AIA CNY I-81 Task Force / Land Planning Strategy
August 2018

Potential economic benefit of returning surplus DOT land in downtown Syracuse.
(Possible with a modified “Community Grid” option only)

Example: Land within the I-81 ROW (excluding streets /sidewalks): 18.6 Acres (810,216 sf)
(AIA and ReThink81 estimate of surplus DOT land in the downtown area)6
Land fully developed to a Floor Area Ratio (FAR) of 8: 6,481,800 sf
(typical for Syracuse, and pending ReZone Syracuse “MX5” development)

Sample development using this FAR assumption:
- 12% retail - 777,800 sf - assumes the ground floor is all retail, services and ramps to upper parking
- 18% parking - 1,166,700 sf - parking above the ground floor (about 2800 spaces)
- 15% office use - 972,300 sf 1 with 22% vacancy rates in downtown this seems sensible
given the proximity to the Eds and Meds
- 40% multi-unit residential - 2,592,700 sf (50% as high-rise, 2500 units)
- 15% hotel - 972,300 sf - with proximity to other hotels this seems sensible (about 1300 rooms)

Construction costs for assumed uses: (predominantly Union labor)
- Retail - $150/sf: $100/sf shell, $50/sf TI)1 $116,670,000
- Parking - $60/sf: assumed structured above grade2 $70,002,000
- Office - $150 assumed3 $145,845,000
- Residential - $320/sf high rise, $250 sf mid rise4 $738,919,000
- Hotel - $463/sf assumed full build out5 $450,175,000

1 and 3 Brown Wegher Construction, 2 Carl Walker Construction, 4 Stantec Companies, 5 Hawkins Research

Estimated Construction Potential of this DOT surplus land 1,521,611,000
Land Value (810,216sf x $18/sf) 7 $14,538,900
Estimated Developed Property value (August 2018) $1,536,149,900

Jobs Created by Construction Dollars:
(utilizing information from “Estimating Economic Impact” CCIM Institute, by Ryan Stokes)

Jobs created are direct, indirect and induced at 20,000 jobs per $1 billion

$1.52 Billion x 20,000 jobs / billion = approximately: 30,400 total jobs
(created with this type and amount of development)

6 This Example is based on an estimated 18.6 acres of land within the DOT ‘right-of-way’ from the initial 1960s construction which could be returned to the city tax base for development. DOT planning may have additional surplus land to add to this example.

7 City of Syracuse Assessment Office
Tax Revenue for New Construction Activity in the Almond Ave Corridor in Syracuse, NY
(Possible with a modified “Community Grid” option only)

The Onondaga County Tax Rate for 2017 is 38.76 / $1,000 of Assessed Value. Of this Syracuse sees School and Property Tax of 26.61 (without exemption), the County receives Property and Water taxes of 12.14.

- I-81 comes down and 18.6 Acres of potential development is given back to the City by NYS DOT (810,216 sf)
- An average block size for downtown development in the City is (240ft x 260ft) or = 62,400 sf
- The two new residential projects competed on Genesee Street in 2018 would equal this.

Example: If only one block (62,400sf) is developed per year at this scale, as is allowed and encouraged within the City CBD Zoning and the pending ReZone Syracuse “MX5”, the development potential would be:

Sample development using this FAR (x8) assumption:
- 62,400 sf x 8 = 499,200 sf of total construction (1 typical city block with structured parking)
- 499,200 sf x $231 / sf of construction value = $115,315,200
- 62,400 sf x $18 / sf of site value = $1,123,200
- Total property value = $116,438,400
- Fair Assessment Equalization value at 80% (x .80) = $93,150,700
- Tax Assessment rate @ 1000/$1M = 93,150 (tax multiplier)

The tax distribution (each multiplied by 93,150) would be:
- County Rate ($12.10 / $1000 of value) = $1,127,100
- County Water ($0.042 / $1000 of value) = $3,912
- City Rate ($9.26 / $1000 of value) = $862,569
- City Schools ($17.35 / $1000 of value) = $1,616,153

1 and 2 Source: Syracuse Assessment Office, 8/2018

New Annual City Tax Revenues:
93,150 x 26.61 (tax rate to City) = $2,478,721

New Annual County Tax Revenues:
93,150 x 12.14 (tax rate to County) = $1,130,841

Total New Annual Tax Revenue: (for one block of development)
$3,609,562

The value of one block of development could permanently mitigate the current (2018) $11M City budget deficit in about three years. The DOT land reclamation process will require development guidelines such as those used by the successful Rochester Inner Loop Redevelopment Project Authority. For the full 18.6 acres sited above, this represents $33M to the City and $15M to the County annually, in new tax revenues, only possible with the Community Grid option. Other current DOT options for the I-81 project result in additional erosion of the current city and county tax base.
Permanent “Long-Term” Jobs created after Almond Ave Corridor Development
(Possible with a modified “Community Grid” option only)

The mix of uses proposed in the Land Planning Strategy analysis (p.1/3) include:
- 12% Retail
- 18% Parking
- 15% Office
- 40% Multi-unit residential
- 15% Hotel

And applying the US Department of Energy Labor Chart of employees ratio per use type:
- Retail - 549 sf / employee
- Office - 300 sf / employee
- Hotel - 1124 sf / employee
- Residential (apartments) - 442 sf / job (or) 2.26 jobs per apartment  
  1 (NAHB: Table 1. Impacts of Residential construction on the US Economy, includes construction, professional, management jobs)

Applying this to the single block model from the Tax Revenue Strategy (p. 2/3) of this analysis for 499,200 sf of development, these uses would net these job numbers:
- Retail - 12% x 499,200 = 60,000 sf / 549 = 109 jobs
- Office - 15% x 499,200 = 75,000 sf / 300 = 300 jobs
- Hotel - 15% x 499,200 = 60,000 sf / 1124 = 67 jobs
- Residential - 40% x 499,200 = 199,680 sf / 442 = 452 jobs

At this rate you would have about **878 jobs created in a single block** of new development.

At 18.6 total acres of land available, about 13 blocks (x 878 jobs), **11,414 jobs are possible.**

Another way to analyze the overall benefit to the City and County would include not only the initial construction jobs for the uses and the population of the buildings per the uses outlined above, but also the earnings potential. Let’s look at a 120,000 sf office building, which takes about $15M to build (approx. $125/sf). The initial construction activity actually generates a total of $35M including materials, direct, indirect and induces jobs. $11M in earnings sustains about 290 jobs. The ongoing business of the building generates $100M of total output. $39M in earnings sustains about 890 jobs. The construction to post-construction ratio is about 11:39 for earnings.

**So every $1.00 of office construction would represent $3.54 in post-construction earnings.**  
2 CCIM Institute and Metropolitan council.org, 2017 figures
(above) 18.6 acre potential land that could be returned to the city tax base in green; AIA I-81 Task Force, 1/2018

(below) 7 acre potential land that could be returned to the city tax base in dark blue, with light blue indicating expansion of adjacent properties. ReThink81 White Paper, 6/2014
plan of the elevated I-81 viaduct through the center of Syracuse with current buildings shown in dark gray.

shown over the previous residential and business properties removed, in light gray, to make way for the viaduct in the 1960's.

source: SU Architecture and UPSTATE study: 2010-13