

V. SHERBURNE INN AND SOUTHWEST QUADRANT REDEVELOPMENT

THE SHERBURNE INN

The former Sherburne Inn is prominently located on the southwest corner of Route 12 and 80, and dominates the Sherburne downtown. The building has been a local landmark in the community for nearly 100 years. Over the decades the building has slowly deteriorated, until closing permanently several years ago. The structure is now vacant and is listed for sale with an asking price of \$269,000. Reportedly several years of back property taxes are owed. There are at least three known mortgages on the building, including one held by the Village of Sherburne.

The structure is at the center of the community's attention. A Community Needs Assessment completed in 2003 revealed that current condition of the Inn and its future to be one of the greatest concerns of Village residents. This concern was reinforced by surveys undertaken as part of this planning project. It is clear that any revitalization of the downtown as a whole is largely limited by the state of the Inn. At the same time, the renovation and the reuse of the Inn could have tremendous positive benefits for the community and downtown.

The Sherburne Inn remains under private ownership. This limits the ability of local government, organizations, and citizens to impact its future. It is the community's belief, though, that waiting idly for "something" to happen will likely not result in a positive outcome for the building and, by extension, the downtown. Therefore, as part of this Downtown Strategic Plan, efforts were made to answer some of the most basic questions regarding the Inn, including its general physical condition, potential reuses, renovation costs, and other redevelopment issues, in the hope that the community can, in some way, positively influence the future of the structure.

As a first step in this process, Crawford and Stearns Preservation Architects and Planners were commissioned to complete a conditions survey on the building. This study included a general assessment of building conditions, reviewed relevant building codes, identified historic preservation concerns, and clarified issues regarding reuse options. Existing schematic floor plans, schematic reuse plans, and cost estimates were also provided. The complete report is included in Appendix 2. In summary, the report concludes that the building structure is sound and that it could probably support most uses proposed for it. Substantial renovations would be necessary for reuse. Minimal renovation of the first floor, including installation of a handicapped ramp, could cost as low as \$380,000, while a complete building renovation with installation of an elevator is in the range of \$2.3 million. These costs could vary significantly depending on the type of use proposed, the level of restoration undertaken, and the quality of interior finishes. The information contained in Crawford and Stearns report will be invaluable to prospective developers of the building.

In addition to building conditions, the market conditions surrounding potential reuses was also investigated. As part of the visioning and data gathering process for the Downtown Strategic Plan, the Advisory Committee brainstormed possible reuse options for the building. The Committee then narrowed down this list to three uses where they felt market information would be most beneficial. These were a restaurant/eatery, hotel rooms, and small shops. TDC then completed preliminary market research on these three uses. This research was not intended to serve as a formal market study for any use, but to provide basic market related data for potential reuses. It is perhaps most useful in determining uses that are likely not feasible, rather than confirming the economic feasibility of any one project. Of the three options, renovation the first floor of the building for a restaurant appears to be the most economically feasible option, while utilizing the building for small shops appears to be the most infeasible option. Combining the restaurant with hotel rooms increases the feasibility of both. The full market data report is included in Appendix 3.

SOUTHWEST QUADRANT REDEVELOPMENT

The Sherburne Inn is located on the southwest corner of Route 12 and 80. The area surrounding the Inn is referred to herein as the Southwest Quadrant. It generally consists of the Inn, the Big M Supermarket, the Post Office, Chenango Pet Foods, Meeting Management Associates and several other buildings. One of the Village's primary public parking lots is also located here.

This area of the downtown has several problems. The parking areas are somewhat disjointed and confusing and traffic flow in and out of the area is difficult. The Post Office is located off the street behind other buildings, there is often insufficient parking to accommodate Post Office patrons. Furthermore, the site does not provide sufficient parking to support a significant reuse of the Inn. Cynthia Bickford Teter was hired to investigate the issues involving the Southwest Quadrant and to develop conceptual redevelopment plans that would improve the area both visually and functionally. Ms. Teter conducted a working design session with the Advisory Committee to fully identify issues, and to brainstorm redevelopment options. It is important to note that the Committee raised valid concerns that much of the property being discussed was under private ownership, and questioned how that should be incorporated into the planning process. It was determined that, since the redevelopment plans were conceptual in nature, the plans should reflect a "best-case scenario" regarding functional use of the site. Obviously, any future planning for the redevelopment of this site must take into account the needs and desires of individual private property owners. Ms. Teter's full report, including two redevelopment concepts, are included in Appendix 4.

RECOMMENDATIONS

The issues and problems involving the redevelopment of the Sherburne Inn and surrounding area are complex and interrelated. The recommendations below are based on the findings of the various activities detailed above, and are intended to provide the community guidance as it grapples with the problems of this area.

Establish a Sherburne Inn “Task Force” – The status of the Inn and its future is currently in a state of flux. The building could be sold, it could be foreclosed upon, it could go to tax auction, or it could remain in its current state. It is impossible to plan a single course of action that would take into account the various events that could transpire over the next few months or years. Barring fire or some unforeseen disaster, the only near certainty is that the structure will remain since the cost of acquisition and demolition far outweigh the value of the remaining land, which is only .3 acres. The most important thing that the Village/community can do is to remain involved in the project in order to keep current on the status of the building, and to influence actions relating to the Inn. It is recommended that the Mayor establish an ad hoc “task force” of 3-5 persons to be responsible for keeping abreast of issues related to the Inn, to support the long-term goal of a renovation and redevelopment, and to ensure that the community’s interests are considered in any actions related to the property.

As one their first actions, the Task Force should meet with County officials to clearly determine the status of the property in regard to tax and/or mortgage foreclosure, and the options the Village/community has regarding such foreclosure. The community’s concern and interest in the Inn should be clearly communicated to County leaders and staff and a collaborative working relationship should be established so that all are working towards a common goal. The Task Force should also have a meeting of existing mortgage and lien holders in order to ascertain the interests of each in the property, to communicate the community’s desires regarding the property, and to see if any agreement between the parties can further support redevelopment and reuse.

The community must understand that reuse and redevelopment may take a significant amount of time, and can be complicated and delayed by any number of factors, including foreclosures and bankruptcy. A dedicated group of individuals overseeing the situation, and proactively reacting to changes in the status, will help to ensure that, in the long run, the community’s interests are best represented.

Support a Change of Ownership of the Inn – The Inn is currently vacant, for sale, behind on loan payments to the Village (and perhaps other lenders), and reportedly several years in arrears on taxes. It is unlikely that the current owner will be able to undertake any significant renovation and reuse of the property and, therefore, a change in ownership will be necessary for any significant changes from the status quo to occur. There are a myriad of ways that an ownership change could occur, and each may have positive or negative consequences for the Village and community. The community, through the aforementioned Task Force, should work to ensure that 1) ownership change does occur, and 2) that such change benefits the building and the community. Issues involving various ownership change scenarios are detailed as following:

- *Foreclosure*- One of the existing mortgage holders may decide to foreclose on the property, particularly if they wish to prevent a tax sale. Such a foreclosure would not necessarily extinguish other mortgage, liens, or taxes owed. Since the Village is a lien holder, they may have to opportunity to influence the decisions or actions of the lien holder that forecloses. In the case of foreclosure, the Task Force should work as closely as possible with the new owner to ensure that their disposal of the property is undertaken in a manner that is beneficial to the community.
- *Tax Sale*- It appears very likely that, without intervention, that the property may undergo a tax foreclosure and auction as early as the spring of 2005. Such a sale may have both positive and negative consequences. A tax sale would extinguish all previous mortgages and liens on the property. However, the purchaser would only receive a quit claim deed, and obtaining a clear title necessary for future financing could be problematic. It also may be possible for the Village or related entity to assume ownership of the property prior to a public auction, if so desired. The acquisition cost from a tax sale would likely be only a small percentage of the current asking price. As aforementioned, discussions should be held with existing lien holders to ascertain their intentions regarding a tax sale, so that efforts can be taken to ensure a positive result. The negative potential consequence of the building being sold at public auction is that the property may be sold to an undesirable purchaser who does not have the knowledge or financial wherewithal to undertake a redevelopment project. This could result in half-hearted and misguided attempts at renovation or continuation of the status quo. Should the building be purchased by an outside party, the Task Force should immediately contact the purchaser to discuss the plans for the property and to provide the purchaser with information about the condition of the structure and the community's interest in redevelopment.

- *Public/NFP Acquisition* – Depending on the timing and outcome of any tax foreclosure and sale, the Village/community may wish to become more proactive in moving a redevelopment project forward and purchase the property themselves. Direct acquisition by the Village government is not recommended. If acquisition is the desired course, it is suggested that a new non-profit Local Development Corporation (LDC) be formed for the sole purpose of acquiring the property. This would relieve the Village and existing local non-profit organizations from liability, financial and otherwise, from the project. The organization would need to raise funds for both initial acquisition (either outright purchase or tax sale) in addition to carrying cost including, but not limited to, insurance and taxes. The LDC could undertake the renovation of the building for subsequent leasing or sale, or it could function as a holding company and market the building to a suitable developer. The latter is recommended since it would relieve the LDC of the significant difficulties of developing the property.

Should the LDC opt to act as a holding company until a suitable developer can be found, limited work on the building and site should still be undertaken to make the property more marketable. The building should be cleared of accumulated furnishings and materials on the first floor, and the structure should be made secure. Repair to the building envelope, including repair of failing bricks, should be undertaken to ensure that further deterioration does not occur. Lastly, efforts should be made to remove the demolition materials on the upper floors. This will likely require testing for asbestos prior to any work. Cost savings may be derived by using local DPW labor/equipment, labor from area correctional facilities, and/or other in-kind or donated labor.

The property should be aggressively and creatively marketed to potential developers. The County's economic development infrastructure could assist in this effort. In addition to local realtors, the property could be marketed through national venues, such as the National Trust for Historic Preservation's monthly magazine. High quality marketing materials should also be developed. Traditional marketing such as that done by a residential realtor will probably not yield the desired results. The materials prepared in support of this Strategic Plan could form the basis for marketing materials and information. It should be clear, however, that regardless of the marketing undertaken, locating a suitable developer could take a considerable amount of time, and the LDC should be prepared to retain ownership for a number of years.

- *Private Acquisition* – The direct acquisition of the property by a qualified and experienced developer would be the best option for the community. Aggressive efforts will likely need to be undertaken by the Village, Task Force, or other entity to entice a developer to the property. Depending on the outcome of the tax sale, the Village may want to secure a purchase option on the property. That would give them an ability to market the property at a firm price, and to guarantee that any development that occurs is in keeping with the community's desires. If the property is being marketed by a private owner, the Village/Task

Force should support those efforts, and remain in close contact with the owner to stay abreast of the current status.

Support Development Efforts – The redevelopment of the Sherburne Inn, when and if it is undertaken, will likely be completed by a private entity. The Village of Sherburne should work closely with the developer and support their redevelopment efforts. This can be done by working to streamline permitting and approval processes and by sponsoring and supporting funding applications.

There are a number of potential funding opportunities that could support the redevelopment effort, although some will be dependant on the ultimate use of the property. In some cases, funding applications will need to be sponsored directly by the Village, while others can be accessed by a private developer but will need local support. As potential developers are found, it should be made clear that the Village will work closely with them to put together an appropriate financing package. Potential funding sources for the project include, but are not limited to, the following:

- *Small Cities Community Development Block Grant (CDBG)* – The CDBG program provides funds for economic development projects that are creating jobs for low to moderate income persons. There is an open funding window, and municipalities can apply for up to \$7,500 per job created. There is a minimum request of \$100,000, not to exceed 25% of project cost. The program is administered by the New York State Governor’s Office for Small Cities, and is the same program that funded the development of this Strategic Plan. The Village can either grant or loan the CDBG funds to the developer. Due to prevailing wage requirements, it is often most suitable to utilize CDBG funds for purchase of equipment and furnishings, rather than construction costs. CDBG funds have been used for similar projects in the past. There may be other ways to utilize CDBG funds to assist the project, and these should be investigated when a potential project is proposed.
- *Historic Preservation Tax Credit* – The tax credit is available to private developers undertaking renovation projects on federally designated historic structures. The renovation must be in keeping with the Secretary of the Interior’s Standards for Rehabilitation of Historic Buildings and all planned work must be approved by the New York State Historic Preservation Officer. This may alter the type of work that is proposed and add costs to the project. The renovation cost must exceed 50% of the basis value of the building. The developer is eligible for a tax credit with a value of up to 20% of the renovation cost of the structure. This tax credit can be used directly by the developer, or syndicated and sold to raise capital.
- *Low/Mod Housing Programs* – Redeveloping the Inn for housing, particularly housing for low to moderate income households, was not determined to be a desirable or needed reuse option for the Inn. Nevertheless, there are a number of State and federal programs that could provide substantial financing for such a project. If a developer cannot be located for other redevelopment options the Village should strongly consider supporting applications to fund

such a use, particularly if only the upper floors will be developed into housing with the main floor remaining commercial. While not ideal, such a use would be preferable to a vacant building or lot.

- *Village of Sherburne Miscellaneous Revenues* – The Village has already invested miscellaneous revenues into the Inn, and it appears as though that investment may be lost. The Village should, however, be willing to invest a prudent amount of funds in a major redevelopment project, subject to a thorough underwriting of the project. Funds may best be used as seed money that will leverage other sources. For instance, it may be better to use Village funds to cover costs associated with a funding application rather than directly financing hard construction costs.
- *New York State Housing Trust Fund Corporation/New York Main Street Program* – This is a new program, with only one funding round in the fall of 2004. Another funding round is expected in the spring of 2005, and the status of the program after that time is unknown. The program can provide 50/50 matching funds for façade and building renovation projects in downtown areas. The program also has a *Downtown Anchor* component that can provide up to \$100,000 per building, but not exceeding 25% of project cost, to help establish or expand cultural or business anchors that are identified in a local plan as key to a revitalization effort. The renovation of the Inn would be an ideal match for this program.
- *Legislative Member Items* – Member Items received through State and federal representatives are available on a case-by-case basis for locally important projects. Local leaders would need to work directly with State elected representatives at the time a project is proposed to determine what type and amounts of assistance may be available.
- *Chenango County* – The County and related quasi-public entities may also be able to provide assistance for a potential project. These may be in the form of industrial revenue bonds, or other smaller programs available to new, job-creating developments. The redevelopment of the Sherburne Inn will likely create a substantial number of jobs and investment, and the County's economic development resources should be brought in as a full partner with the Village in supporting the redevelopment effort.

Relocate the Post Office – The Post Office is a local gathering point, draws many people into the downtown on a daily basis, and is an asset that must be preserved in the downtown. The current location of the Post Office, however, is not ideal. There is limited parking, and traffic flow through, in, and around the lot is difficult. It is also hidden behind other buildings. The site assessment completed by Ms. Teter clearly shows that the building, while one of the best maintained in the area, is located in the middle of the site, is the only non-historic building on the site, and prohibits any meaningful redevelopment of the area. This includes the need to create additional parking for any planned reuse of the Inn. It is recommended that the Post Office be relocated to a new

location *in the downtown*, preferably as close to its current location as possible. The existing structure, including the structure connecting the Post Office to the Inn, should be removed to allow room for more, and more effective, parking.

It should be noted that this is a sensitive issue, and one that must be approached carefully. The current Post Office building is in private ownership and is leased to the Postal Service. The needs and desires of the current owners must be sensitively balanced with the need of the community as a whole. In addition, the Postal Service routinely vacates downtown areas for new buildings on the outskirts of town. Discussions regarding the need to relocate Postal facilities may prompt them to abandon the downtown altogether, which would be a loss for the community.

The Village, or a group of representatives, should first meet with the current owners of the Post Office building to discuss future plans, and to determine what will be needed (financially and otherwise) to meet their needs. Ultimately, this may result in the Village acquiring the building for future demolition and redevelopment of the site. Research should also be made into possible new locations in the downtown for the Post Office. The Postal Service has stringent guidelines for siting new buildings, and any new site should have, at a minimum, 1) parking, 2) handicapped accessibility, and 3) a loading dock that can accommodate tractor trailer access. There are several potential locations in the downtown including the former industrial building next to Chenango Pet Foods, the location of the current barn near the Big M parking lot, and commercial buildings on the north side of West State Street. Of these, the former industrial building (previously housing a used book store) would be the most advantageous to the community. It would retain the Post Office in the southwest quadrant of the Village and reuse an important local landmark. It would be more visible than the current Post Office and have more parking. Loading dock facilities could be accessed via the back of the building, and there appears to be sufficient space to install a handicapped ramp at the front. This building would be a significant departure from the types of buildings usually preferred by the Postal Service, and would likely be resisted by them. The Village may wish to hire an architect knowledgeable in Post Office design to create conceptual plans and cost estimates for siting the Post Office in the former bookstore (or other location as may be appropriate). These could be used to convince the Postal Service of the feasibility of the location. The Village should work with their congressman to reach a satisfactory resolution to the relocation issue.

For a number of reasons, the relocation of the Post Office and demolition of the building would be a positive development for the community. It would provide more parking in an area that desperately needs it, would connect the Village and Big M parking area and thus relieve traffic flow problems, and properly sited, would improve access to the Post Office. If the Sherburne Inn were to be redeveloped, additional parking would almost certainly be needed, and this can only be created through the relocation of the Post Office.

Institute Other Physical Improvements – The conceptual Southwest Quadrant redevelopment plans are bold and far-reaching, and will require significant private and public resources. The plans, included in Appendix 4, also include far more modest improvements that should be undertaken regardless of the larger effort. The Village and/or private entities should institute these improvements as money and time allow. These include, but are not limited to, removing and altering curb cuts into the parking areas, installing landscaping and streetscaping improvements, re-striping and improving the Big M parking area, and façade renovations to the Meeting Management Associates Building. The overall design of the project allows these improvements to be made without concern that they will be disturbed or destroyed in a larger redevelopment effort.