

# **Downtown Revitalization in Rural New York State**

## ***Rebuilding Business and Community in Mount Morris: The Case for Revised Tax Abatement Programs***



***Above:*** Before and after renovation of the properties at 73, 75 & 79 Main Street in Mt. Morris, Livingston County.

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# **Downtown Revitalization in Rural New York State**

## ***Rebuilding Business and Community in Mount Morris:***

### ***The Case for Revised Tax Abatement Programs***

#### **Heart and Soul**

Every Christmas season we watch George Bailey run down Main Street, looking for his happy ending. Most of us can remember a time when our downtowns were like Bedford Falls -- full of shops offering a variety of goods and services. Ask the longtime residents of any rural village across New York State and they will gladly recite a litany of all the stores that once lined the streets and the good times that they had there. They'll tell stories of locally owned businesses that served the community and brought people together. They'll recall the Saturday nights standing in line at the movie theatre – the Capitol or the Bijou or the Majestic or the Riviera. **The village center was the heart and soul of the community**, a source of pride and happy memories.

It was a wonderful life and it was not so long ago.

But a lot has changed. Once thriving downtown businesses have gone elsewhere: regional malls, big box stores, and the Internet. As stores became empty, people began to lose faith in their downtowns. Building owners either stopped maintaining their buildings or tried to modernize the storefronts to compete with the malls. The local Majestic Cinema was abandoned for the distant multiplex. Instead of making happy memories for the next generation, our Main Streets are fast becoming sad and depressing places where businesses struggle to survive.

#### **Opportunity for New York State**

The decline of Main Streets has been a national trend, but New York State is in a paradoxically fortunate position to restore those historic centers of community life. Rural New York has the happy combination of affordable costs of living and beautiful countryside. Our quality of life is exceptional, giving us the potential to attract new investment by capitalizing on the benefits of living in a small town.

As visitors to the region admire the rolling hills and broad valleys, the lakes and rivers, the historic sites and cultural treasures, they also pass by the cloudy plate-glass and neglected brickwork of our decaying Main Streets. This needs to change, because **a viable, aesthetically pleasing central business district will increase property values on homes as well as commercial buildings and attract new residents and businesses.**

We need to say “Coming soon to a Majestic near you: It's a Wonderful Life!”

#### **A Case Study: Mount Morris NY**

The Village of Mount Morris, centrally located in Livingston County, was once a thriving downtown. In 2006 a three-year Department of Transportation (DOT) project encompassing Main Street was completed. By that time over fifty percent of the storefronts were vacant and the downtown was essentially in a derelict state. The community was disheartened and discouraged. Businesses did not want to locate there and, in fact, the perception of Mount Morris was that it was scary, almost a ghost town. There was no reason to stop on Main St., and no one did.

In 2008 Greg O'Connell, a community-oriented Brooklyn developer, purchased a derelict building at County auction. When he reviewed an inventory of downtown buildings he found that many buildings could be purchased at very low prices. No one believed that this downtown could be turned around, including the owners of the buildings.

**Many of the buildings O'Connell purchased were behind on taxes or had been foreclosed.** Many of the apartments were sub-standard. Maintenance on all of the buildings was virtually nonexistent.

## Urban Development vs. Rural Development

Mr. O'Connell had already successfully revitalized the derelict district of Red Hook Brooklyn using techniques such as:

Community Involvement  
Small Business Development  
Tax Abatement Program

**Red Hook is now a thriving commercial district with hundreds of new businesses.**

Could these same techniques be applied in rural New York to revitalize smaller commercial areas? Could a declining Main Street be transformed into a vital commercial center in the same way that Red Hook was transformed?

We think yes!

### Community Involvement

All aspects of the community have had a part in the revitalization of downtown Mount Morris:

- High school shop students built planters around the trees. Other students raised and planted the flowers and made banners for the streetlights.
- Metal shop students built the brackets for hanging baskets, and a kiosk for event information. They also created life size angel sculptures for display at each of 30 businesses during the month of December.
- SUNY Geneseo college students developed Promotional Campaigns for the village and the individual businesses.
- SUNY Geneseo students are performing plays, and musical events in a space on Main St.
- Business owners are working together to promote cooperatively through TV, Internet, and print ads.

### Small Business Development

- **Using the New York Main Street Program**, 12 buildings have been renovated significantly for commercial and residential use.

- **Design Guidelines** were developed for use in conjunction with grant funding. They address storefront design, signage, lighting and window displays. These guidelines insure that these elements will be modified to be pedestrian friendly and create attractive spaces suitable for business.

- Livingston County provides a highly successful 10 week **Business Ownership Training Course** for aspiring entrepreneurs. Graduates from the class have opened four of the new businesses in Mt. Morris.

- The Village of Mount Morris was awarded a **Microenterprise Grant** from the Office of Housing and Community Renewal. Currently 4 new businesses have opened using funds from this grant.

- **Niche businesses** have been targeted for the new storefronts. Antique stores, specialty retail including arts based businesses, and specialty restaurants have been recruited.

- O'Connell offers **inexpensive rents** as an incentive for start up businesses.

- Local banks and the Livingston County Development Corporation **loan fund** have provided business funding.

- A **Main St. Coordinator** position has been developed with the use of SUNY Geneseo interns and is under the supervision of the Livingston County Downtown Coordinator. This position helps coordinate the businesses to market the village and their businesses.

- **Business Guidelines** have been developed encouraging businesses to change window displays seasonally and to keep display lights on at night. This has greatly improved the impression of the village as a friendly place that is open for business.

- All businesses have been asked to maintain **consistent and convenient store hours** (seven days a week) and to stay open late on Thursday night.

## Tax Abatement

Comprehensive targeted real property tax abatement programs throughout New York City have been an extremely effective tool for attracting investment to derelict or declining neighborhoods for many years and was in fact crucial to the turn around accomplished in Red Hook. The current status of tax incentives available in rural New York through Real Property Tax (RPL) are as follows:

**Section 485B: Cannot be targeted to a defined redevelopment area,** can be used only for improvements to the commercial part of the building and is a 50% abatement at most.

**Section 485A: must be adopted by concurrent Local Laws (by resolution in school districts) among all taxing entities.** All taxing entities in Mt Morris implemented this. This legislation cannot be targeted and can only be used for buildings that qualify as conversions from commercial to mixed use. This is very limited and essentially ineffective for most buildings.

**Tax abatements through Industrial Development Agencies are impractical for use on individual buildings in rural downtowns due to ownership patterns and fixed costs.** Many IDA's also exclude retail project eligibility.

**Targeted tax abatement removes the financial disincentive to revitalize buildings.** By limiting eligibility to structures within locally defined downtown redevelopment areas, each revitalized building has a stimulating impact upon adjacent properties motivating other owners to renovate and revitalize. As has been seen in Mt.Morris, the pace, participation and extent of renovations dramatically increases in a relatively short period of time.

**Bills have been introduced** in the Senate (S 863-Young) and the Assembly (A 4643-Burling) to create a new section 485-n. The Senate bill passed on May 9th. This legislation would offer tax abatement for new capital improvements over \$10,000 to any building in a **locally designated downtown district**. Taxes would be phased in after year 8 and would be complete by year 12.

## In summary, targeted downtown tax abatements:

- **Stimulate new investment in depressed villages. The taxing entities are not lowering taxes but stabilizing them for a set period of time so that the building owner can invest in his property without fear of higher taxes.**
- **Give new businesses the chance to “incubate “on Main Street.**
- **Enable Main Street to prosper; the entire village prospers as property values increase.**
- **Only affect capital improvement: existing assessments are unchanged consequently there are no revenue losses to any taxing entity.**

## The Role of Government in Downtown Revitalization

Our rural downtowns are a key asset and an opportunity for New York State to attract new investment and grow small business. The NY Main St. Grant program, an initiative of the New York State Office of Housing and Community Renewal, has been highly successful at starting the process, but more needs to be done.

With several articles in the NY Times and other regional publications recently (see attached), the Mt Morris renaissance has garnered attention from all over the United States and Canada. Investors are looking at the potential in rural NYS.

The Village of Mount Morris is an example of what can happen when new investment is made downtown. **Currently 16 new businesses have opened representing over 30 new jobs downtown. 12 historic buildings have been restored and brought up to code, and 16 apartments have been renovated.**

Best of all, people are shopping on Main Street and the community is proud of their downtown.

**A tax abatement program that inspires new investment and costs the community nothing is a true win/win.**

***Your support for this is essential!***

Please see the attached tax abatement bills and newspaper articles for reference.



# Investor transforms Mt. Morris

*Retired NYC detective has invested some \$2 million in village*

**By Andrea Deckert**

The past holiday season was heartwarming for Gregory O'Connell as he roamed Mount Morris, taking in the bustling activity on the Livingston County village's streets.

"It looked alive, and there was a sense of pride," he said.

O'Connell has a vested-and heavily invested-interest. Over the past several years he has been buying vacant storefronts, fixing them up and leasing the space to small businesses and residential tenants.

A retired New York City detective and a landowner there who now spends most of his time in this region, O'Connell closed on his 20th building in Mount Morris last month. He also has undertaken development on a smaller scale in Nunda.

O'Connell estimates he has invested roughly \$2 million in the Mount Morris properties. They include 20 on Main Street and five more on neighboring State, Trumbull and Chapel streets.

He bought them for less than their assessed values, one for as little as \$4,000 at a county auction. The properties included 13 behind on taxes, four county-owned buildings and one in foreclosure.

He would like to continue development in this part of New York and believes others may follow suit if the state pushes forward a tax

abatement on downtown properties that would give developers a break for building renovations. Developers could then pass the savings on to their tenants.

A similar program is working in New York City. O'Connell was able to use such incentives to participate in developing the Red Hook neighborhood of Brooklyn, which now boasts some 150 small businesses and an upscale grocer.

The abatement would not lower the assessed value of a property, and the benefit could be used only for building improvements, he said.

"It would help all of Upstate New York," O'Connell said. "It has already worked in New York City and would be a real economic push for the area."

## State efforts

State Sen. Catharine Young, R-Olean, has co-sponsored legislation to provide a tax abatement on targeted downtown properties.

"It is an innovative way to spur economic development in our downtowns," she said.

The abatement would be an incentive for developers interested in restoring vacant storefronts, yielding benefits similar to what O'Connell's investment and some state grants have done in Mount Morris, she said. The Livingston County village could serve as a

model for the state.

"It's been a smashing success," Young said of the revitalization effort.

Although a tax abatement bill died in the Legislature last year, Young is optimistic that it will be approved this year. She is helping to work on a sister bill that will be introduced in the state Assembly. The legislation is one of her top priorities.

"It is about jobs and economic growth, and that's what we need to focus on at the state level," Young said. "Those things can help solve so many of our problems in terms of financial and quality-of-life standpoints."

The bill is also being promoted by Patrick Rountree, executive director of the Livingston County Industrial Development Agency. Rountree said such legislation would give municipalities the option to offer tax abatements for development in targeted areas and also would apply to retail development, which rural IDAs tend to avoid.

Rountree would like a tax abatement program that is a smaller version of New York City's. He visited Red Hook, discussed the abatements with officials there and came back with a positive impression.

"It was highly effective,"

*Continued on next page*

## *“Rountree called O’Connell’s work in Mount Morris transformational”*

Rountree said. “It would be a very useful tool anywhere in the state for downtown revitalization.”

O’Connell supports legislation that would give municipalities the option of using the tax abatements, and he has spoken on the issue at public meetings in towns across the region. He spoke with Andrew Cuomo when the governor-elect made a stop in Mount Morris before his inauguration and held a public event at one of O’Connell’s storefronts.

O’Connell was able to obtain some limited tax abatements in Mount Morris after gaining approval from public entities, such as Livingston County, the village and the school district. If he wanted to develop elsewhere, he would have to go through most of that approval process again.

A statewide abatement program would be more uniform, O’Connell said. It also would be drafted to address more issues, such as which locations the abatement would be available in and what types of property would be targeted, Rountree added.

### **A transformation**

O’Connell fixed up dilapidated buildings and now has the majority filled with tenants who enjoy relatively low rents, he said, averaging roughly \$5 a square foot. Tenants include an Italian restaurant, antiques stores and a barbershop.

Tom Maimone opened T. Maimone Antiques in one of O’Connell’s downtown buildings in August after hearing about the progress O’Connell had made and his willingness to offer reasonable rents.

Maimone, who has been in the antiques business for 42 years but

has not owned a store in the past 30 years, said those factors contributed to his decision to locate in the village, which is a drive of roughly 20 minutes from his home in Castile, Wyoming County.

Maimone has been pleased with business since the opening. He is optimistic about future growth in the area, adding that three more businesses are slated to open shortly. They include a café and bakery, a bulk foods and penny candy store and a deli.

He also is impressed with O’Connell’s commitment to market and develop the sites. O’Connell put hardwood floors in Maimone’s shop prior to opening and continues to work on upgrades. He currently is redoing the façade and gutting the upstairs residential area.

“He is very energetic and interested in promoting the (village) and these businesses,” Maimone said. “He is revamping the buildings beautifully.”

### **Community ties**

O’Connell, a 1964 graduate of SUNY College at Geneseo, said he believes it takes the entire community to promote local economic development.

He has enlisted help from SUNY Geneseo students in areas such as marketing strategies. He is talking about ideas such as push carts outside stores in the warmer months, where shop owners could sell their wares, which he said would further differentiate the area and bring in more traffic.

O’Connell also discussed finding a niche business for the region, such as craft stores. He has been working with Etsy Inc. founder Robert Kalin, a tenant in his Red Hook neighborhood, whose busi-

ness could serve as a model for development here.

The online Etsy community spans the globe with buyers and sellers coming from more than 150 countries. It is a website where small-business owners-many arts and crafts operations-come together to sell their goods. Local businesses might sell their wares on the site or band together to create their own website.

“It’s already a challenge to bring in small business (to the region),” O’Connell said, and many are operated by first-time owners.

O’Connell believes incentives such as the tax abatement would serve as a foundation for growing the communities in Upstate New York.

“A lot of people want to take back their main streets,” he said.

Louise Wadsworth, director of the Alliance for Business Growth for Livingston and Wyoming counties, said O’Connell has been a catalyst for development in the area.

Since O’Connell began investing and working in Mount Morris, other municipalities in the county have taken steps to revitalize their main streets. Dansville and Lima, for example, recently received state Main Street grants of \$399,000 and \$315,000 for improvements.

“People have gotten very excited and motivated since they’ve seen what’s happening in Mount Morris,” Wadsworth said.

She is working with O’Connell on a uniform law for tax abatements.

“If you want an improved economic situation, this is one way to do it,” Wadsworth said.

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# THE — LAST — TOWNIE

By Dwight Garner

Published: March 20, 2011

In a driving snowstorm in late February, the rural routes that lead into downtown Mount Morris, N.Y. (population 2,800), resembled the roads in the movie “Fargo.” They were windswept white landscapes, farmland on either side, lighted only by the occasional distant flickering taillight.

One of the few vehicles out — a late-model maroon GMC pick-up — belonged to Greg O’Connell, a rumpled former New York City detective. He’s a big guy (6-foot-4, 270 pounds) with a big, bluff, outgoing personality. He’s what you would get if you combined Tim Russert with the Southern poet James Dickey and slipped the result into a pair of overalls. Your hand disappears into his jumbo-size handshake like a baseball into a catcher’s mitt.

O’Connell’s truck idles in Mount Morris’s four-block-long downtown. He was parked in front of a small restaurant called Questa Lasagna (its motto: “No freezers, no fryers”) that opened recently in one of the many buildings he owns here. O’Connell, who is 68, threw open his truck’s passenger-side door, cleared the seat of crumpled papers and declared in his broad Queens brogue, grinning up at the snow: “Welcome to Mount Morris!” His tires crunched as they began to roll through the frozen mess.

The truck is O’Connell’s office. From its driver’s seat, he has orchestrated the rebirth of Mount Morris, a western New York village located 40 miles south of Rochester. In the process he has confirmed his status as one of America’s best-known progressive developers, a guy who is sometimes called the “socialist de-

## The New York Times Magazine



Photograph Greg Miller The New York Times

**Greg O’Connell:** A retired New York City detective who saw opportunity in Brooklyn’s run-down waterfront when nobody else did, is trying to repeat the trick in a remote village upstate.

veloper,” a label that makes him chuckle. “I’m about community,” he says. “If you do things right, if you look at the long term, if you’re fair, you don’t have to look at the bottom line every two seconds. That’ll take care of itself.”

Mount Morris needed a hero. Greg O’Connell was available. Like so many small upstate rust-belt towns, it was not prepared for the final quarter of the 20th century. Its manufacturing jobs evaporated. A new Interstate, I-390, bypassed it. Its ambitious kids went away to college and didn’t look back. Its downtown became empty and funereal, thanks to the fluorescent allure of big-box stores like Wal-Mart not far away.

Things began to change in Mount Morris in 2007. That was when O’Connell quietly began buying up buildings — he now owns 20 — on Main Street. For some he paid as much as \$140,000. Others he snatched up for \$4,000 at tax-lien sales. Then he went to work. He restored the historic storefronts and interiors, cleaning the tin ceilings. He renovated the apartments on the second floors, bringing in fresh paint, oak and maple floors, new windows, nice bathrooms. He spent about \$1 million on the properties, he says, and he expects, when all is said and done, to spend



another million on renovations.

The results aren't hard to spot. In 2011 Mount Morris is, tentatively, blossoming. A roomy coffee shop, the Rainy Days Café and Bakery, with gleaming espresso machines, just opened in one of O'Connell's buildings. ("It kills me that the old guys in town meet to drink their coffee at McDonald's," he says.) So has a barbershop, an antiques store and a gourmet food shop that specializes in products from New York State. A deli is scheduled to open soon. Arts groups, he hopes, are on the way.

O'Connell charges these businesses as little as \$100 a month in rent, but he asks for things in return. He's a longtime admirer of Jane Jacobs — he used to carry her classic book, "The Death and Life of Great American Cities," around like a talisman — and he learned from her and other urban planners. O'Connell's leases require businesses to leave their lights on at night, to change their window displays at least four times a year and to stay open one evening a week. "If this place is going to make it," he says, "it's going to be a community effort."

The \$100 rents he offers, he insists, are not charity. He makes money, too, as much as \$500 a month, from the apartments upstairs. In remaking Mount Morris, O'Connell is revisiting his own playbook, the one he used to rehabilitate Brooklyn's once-deserted waterfront Red Hook area. It was a project that lasted decades, one that put O'Connell on the map and made him a millionaire many times over. Starting in 1982, the year after he retired from the N.Y.P.D., he began buying run-down buildings in Red Hook, then an area known for its drug addicts and prostitutes. He renovated one building at a time, before moving on to the next. He saw the area's potential before anyone else did and bought his properties — many from the city, which no longer wanted them — at nominal prices. "You've got to buy things right," he says. "You've got

to be 15 to 20 years ahead of the trends."

These days he is Red Hook's largest landowner. He owns about 25 buildings that house 200 businesses that employ 2,000 workers, as well as acres of undeveloped land. In 2006 a bustling Fairway supermarket opened in an abandoned building he had purchased from the city's Economic Development Corporation.

O'Connell is a gentrifier of a sort, albeit one who loathes most of what we've come to think of as gentrification. He likes a healthy mix of light industry, small business and upstairs apartments. Many credit

him with keeping Red Hook from becoming a voluptuous horror of luxury condominiums. He's proud of the fact that he has never flipped a building. "Even when it was fashionable, I never did that," he says.

O'Connell has his critics, who claim he has bought property inexpensively from the city and has not done enough with it. ("Some things take time," he

replies.) But his critics are vastly outnumbered by his admirers.

"Geg builds relationships with low-income populations, and he doesn't take quick profits," says Ronald Shiffman, co-founder of the Pratt Center for Community Development, the nation's largest public-interest architectural and community-planning organization. "He preserves great old buildings and brings new artisans into them. He likes to get his hands dirty and to figure things out with his tenants. I've rarely come across anyone like him in my 40 years working in housing and development."

Marilyn Gelber, president of the Brooklyn Community Foundation and a former commissioner of New York City's Department of Environmental Protection, says: "I don't even associate him with the term 'developer.' He's driven by values and principles."

O'Connell blushes when he hears encomiums like these. But he's being forced to get used to the praise. On the day I arrived in Mount Morris, the local Red



DREAM AND VISION: Main Street in Mount Morris remains a work in progress. Photograph by Rigoberto Perdomo for The New York Times



Hat Society — a social organization mostly for older women — was giving him a lunch to formally announce the town's Greg O'Connell Appreciation Day, scheduled for May 1. "I guess I oughta go," he said sheepishly.

Later, when we were back in his truck, he admitted that the recognition made him anxious. "The trick isn't getting this town going," he said. "It's making everything work in the long run." He worries whether he can bottle the magic one more time, especially in a place, unlike the Red Hook of three decades ago, that lacks a large nearby urban population and any shred of raffish hipster élan. Why would young people move here?

He worries about what will happen to this place — where the largest tourist draw is a state park and where the leading industry is agriculture — when he's not around anymore. He worries he's not doing enough to demonstrate that his ideas will work in other deserted downtowns. A lot of the big questions about Mount Morris, he fears, won't be answered for a while.

There's a funny moment in Martin Amis's 1984 novel "Money" in which his narrator declares: "Unless I specifically inform you otherwise, I'm always smoking another cigarette." About Greg O'Connell, it feels safe to say: Unless I specifically inform you otherwise, his cellphone is always ping-pong. O'Connell doesn't do e-mail or send text messages. He knows what the Internet is, sort of, but he has never surfed it. "I'd rather get out and drive around," he says. "I need to look at things and talk to people, see what's going on. Maybe when I'm older and I can't walk so well. Then I'll figure out the Internet."

Sometimes the phone calls are from his two sons, Michael and Gregory. They work for him back in Brooklyn, and he talks to them daily. Sometimes it's his work crews, asking about a sticky construction problem. Sometimes it's his wife, Elizabeth, wondering if he'll be home for dinner. (Too often, he isn't. Town meetings are on weeknights.) Sometimes the calls are from young, progressive capitalists seeking his advice.

One of O'Connell's phone pals is Rob Kalin, the 30-year-old founder of Etsy, the online marketplace where artists and craftspeople mingle and sell their work. Etsy rents 9,000 square feet of work space from O'Connell in Red Hook. (Its main of-

fices are in Dumbo.) The pair hit it off so well that O'Connell brought Kalin — who is short and slim to O'Connell's tall and burly — up to Mount Morris to talk to local craftspeople. "He's trying to figure out how to do big things with small businesses, the same way Etsy is," Kalin says. "He's a rare kind of guy. He helps people in a way that doesn't require charity."

Kalin pauses for a minute and declares, without irony: "Being around Greg O'Connell is what I imagine meeting one of the Founding Fathers would be like."

O'Connell grew up in Queens, where his father was a police officer and his mother was a teacher. "All my relatives were firemen, teachers or cops," he says. "I had five uncles living within three blocks of me and maybe 27 cousins." (Two of his three brothers also became policemen.) He graduated from Holy Cross High School in Flushing. He first saw Mount Morris when he attended nearby SUNY Geneseo in the early 1960s. At the time, tuition was free. "I give Nelson Rockefeller a lot of credit for the state university system," he says.

He majored in education and was a substitute teacher for a while. Even then, he was drawn to tough projects. "I always liked the bad boys," he says. "The kids that had some life in them. The trick was to be firm but fair. You know, turn them around."

O'Connell joined the N.Y.P.D. in 1964. He worked in an elite tactical unit that patrolled high-crime areas during the turbulent late '60s before being promoted to detective. He worked on the Upper West Side in the years when Lincoln Center was being built and in SoHo just as that area was coming back to life as the art market exploded there in the 1970s and '80s. The job taught him how to talk to people. And it gave him the opportunity to see and to develop an appreciation for a lot of real estate.

He bought his first building in 1967, a little place on Henry Street in Brooklyn's Cobble Hill. He paid \$22,000 for it. He renovated it himself while living in the basement. He still owns it. "I'd wanted to buy a brownstone on the Upper West Side or in Brooklyn Heights," he says. "I saved for years. I lived with my parents. But they were too expensive for me." Back then, he says, lending was tight. You needed to put \$9,000 down on a \$22,000 building.

By the time he retired from the force, in 1981, he owned more than 30 buildings, most in Cobble Hill. He paid cash for almost all of them. "I didn't find

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By the time he retired from the force, in 1981, he owned more than 30 buildings, most in Cobble Hill. He paid cash for almost all of them. "I didn't find these places through brokers," he says. "I found them because I lived there." He slowly expanded into Red Hook. The rough neighborhood didn't trouble him. "I was a detective, I could handle drug dealers," he says. "I'd try to talk with them. If that didn't work, I'd say: 'I know what you're doing. I'm going to make a call.'"

Marilyn Gelber was a young city planner in the mid-1970s, assigned to survey Red Hook. "I was walking along a deserted street one day and up pulls this pickup truck," she says. "A nice blue-collar guy in overalls leans out and says to me, incredulously, 'What are you doing here?' He was worried for me. He told me which doors I might not want to knock on. We hit it off immediately. We were both there for the same reason."

O'Connell learned primal development lessons in Red Hook. He pushed for tax abatements. He learned to challenge the assessments on buildings. He discovered how to find grants to help him with the work he had already begun. And after achieving a lot of what he wanted to do there, he began thinking about Mount Morris, a sweet little town he remembered from his college days.

There was a house in Geneseo he admired, too, a colonial on 57 acres. "I'd ride past it all the time on my scooter back when I was in college," O'Connell says. "It belonged to a judge. I'd say to myself, 'I want to own that house someday.' And 25 years later I bought it." These days he spends about half the year in Brooklyn, half in Geneseo.

IT WAS STILL SNOWING FURIOUSLY OUTSIDE: it was a snow-globe sky. We were sitting in Just a Cut, a cozy hair salon located in the first building O'Connell bought here. The owner, Janeen Pellicane, snipped a man's hair while listening to us gab. O'Connell explained why he, with his real estate business, the O'Connell Organization, bought buildings in Mount Morris so quickly. "To really make an impact, you have to have critical mass," he said.

Outside of the Just a Cut window, a truck glided by, laying down road salt. O'Connell grinned. He's a major investor in American Rock Salt, a rock-salt mine that is the area's largest private employer. This snowy winter has been good to him. "I invest in people, not businesses," he said. "I don't know about rock salt. But I've known the guy who owns the company

since college."

About rock salt, though, he's learning. "We can't compete with the prices from Chile," he said. "So we bid to be an emergency supplier, because cities can run out of road salt. When that happens, we'll run a hundred trucks down to New York City."

O'Connell kept gazing out the window. The western side of Main Street still worries him. There's a storefront church there and some social-service buildings and a bank. It's the side of the street that's still mostly dark at night. "My big hope," he said, "is to see this street come alive. I want to see people wandering around, holding hands, looking in windows."

On a frigid winter day, this vision seemed almost a flight of fancy. And you wonder if O'Connell's nostalgia for his college haunts had got the better of him. There's not a lot to attract people to Mount Morris. But O'Connell has thought this through, and there are embers of light that he hopes to coax into warming flames. Nearby Letchworth State Park, whose vistas have given it the nickname "the Grand Canyon of the East," is a potent local draw: it attracts almost three-quarters of a million visitors each year. Sixty-two percent of those people pass through Mount Morris, and the village needs to slow more of these people down as they drive through. Two of the Finger Lakes — Conesus and Hemlock — are nearby. They're havens for sportsmen and -women.

About 140 people in nearby Dansville lost their jobs a decade ago when Foster Wheeler, an engineering and construction company, shut its plant there. But Kraft Foods makes Cool Whip and Lunchables less than 20 miles away in Avon, halfway between Mount Morris and Rochester, and Barilla operates a pasta-making plant in Avon as well. Both have increased production in recent years and provide solid local jobs.

The area is horse country too, O'Connell points out. He's taking advantage of that fact by placing hitching posts behind a few of his buildings. (It's fun to imagine O'Connell, the lumbering giant of Queens, on a horse.) But he wants more going on. He's thinking about festivals and arts events. Maybe hire an ice sculptor to work on Main Street in the winter, someone who can carve wood there the rest of the year. "You know," he says, "a family can still buy a nice house here for \$50,000 to \$60,000."

O'Connell's back isn't what it used to be. He's not climbing scaffolding anymore. But he's far from ready to retire. "I don't really have hobbies," he says. "I might see a Bills game once in a while." He has purchased a few buildings in two nearby villages, Dansville and Perry. But he says, "My wife would kill me if I did another town."

His wife, he says, already complains that he doesn't see enough of his two very young grandkids. "You know what?" O'Connell says. "She might be right. But when they can walk and talk and wear overalls, I'll kidnap them." He extends an arm down Main Street. "I'll put them in the truck. I'll show them everything."

# Resurrecting a Village by Buying Up Main Street

By CHARLES V. BAGLI

MOUNT MORRIS, N.Y. — For several years, Greg O’Connell moved stealthily, buying building after building along a run-down stretch of Main Street here. It was a puzzling property grab in this rural village, 25 miles south of Rochester, whose commercial district was little more than shabby, vacant storefronts. Few people knew Mr. O’Connell’s name, but the “faceless New York developer,” as one businessman put it, was a persistent topic of speculation.

What did he want with one- and two-story buildings sagging from decades of neglect, competition with big-box stores like Wal-Mart and the loss of manufacturing jobs in the Finger Lakes? Was he a slumlord?

His intentions became clear in the last year as he took control of more than a third of downtown and began chipping away at the building facades, renovating apartments and signing up tenants. Mr. O’Connell, 68, a big, shambling retired New York City detective, wants nothing less than to bring Mount Morris back from the dead and make it a western New York version of Red Hook, Brooklyn, where he made his name and millions.

He has snatched up 19 buildings, some at tax lien sales for \$2,000, and has restored the historic look of a half-dozen storefronts, dusting off the tin ceilings and renovating the apartments on the second floor, where he has installed new bathrooms and oak floors. New businesses — an Italian restaurant, a barber shop, an antiques store and a gourmet food shop — are opening in long-vacant



Photo by Max Schulte for The New York Times

*Greg O’Connell and a building he bought in Mount Morris, N.Y., with plans to turn it into a bakery and cafe. Mr. O’Connell, a developer, has acquired 19 buildings in the downtown section of Mount Morris, N.Y., which had mostly empty storefronts.*

spaces, with leases from Mr. O’Connell that require the businesses to leave their lights on at night, stay open at least one evening a week and change their window displays at least four times a year.

There are plans for a gallery where local artists and artisans can display their work and get help with the business of selling the items.

“I feel like I’m 21 again, starting all over,” Mr. O’Connell said in an interview. “We’ve gotten some things up and running. We’re now trying to figure out how to make it sustainable.”

Like some kind of whirlwind, he has swept up nearly everyone in his quest. He enlisted high school students to build

and place flower boxes along Main Street and students from nearby SUNY Geneseo to design public-relations and marketing strategies for downtown businesses. In April, Geneseo students startled passers-by when they performed “Waiting for Godot” in one of his empty storefronts.

“Greg coming in started the ball rolling,” said Harold F. Long, the tanned, white-haired mayor. “Other businesses followed suit. And not only other businesses got involved; people in the village started to spruce up their homes.”

It is anyone’s guess whether any of Mr. O’Connell’s tenants, most of them first-time business owners, can survive



the rough economy or the notoriously short life expectancy of a small business, not to mention the region's significant challenges.

Mount Morris sits in Livingston County at the edge of an attraction unself-consciously called the Grand Canyon of the East, a gorge with three waterfalls in Letchworth State Park. The village was still a thriving hub when Mr. O'Connell graduated from the State University of New York at Geneseo in 1964. There were lots of farms and small factories making everything from bottles to brooms. "You could buy anything from a deck of cards to a car," Mr. Long recalled.

But Mount Morris began a long decline with the loss of manufacturing jobs, the construction of an expressway that bypassed the village and competition from Wal-Mart. The downtown buildings fell into disrepair, and the businesses expired.

"There wasn't anything to attract anyone to Mount Morris," Mr. Long said. Mr. O'Connell, who reckons he has spent \$1 million on the 19 properties and plans to spend another \$1 million on renovations, says he has had a soft spot for the area ever since he attended SUNY Geneseo. He moved to New York City after graduation to join the Police Department, and did not turn his attention to Red Hook until long after he retired, in 1981.

He bought waterfront land cheaply from the city and the Port Authority of New York and New Jersey, and set about renovating dormant Civil War-era stone warehouses on the piers, where wild dogs and drug dealers roamed.

Today, his buildings house more than 150 small businesses and Fairway, the high-end grocery that has attracted patrons from all over Brooklyn.

Critics like John McGettrick, co-chairman of the Red Hook Civic Association, say that Mr. O'Connell has been more adept at acquiring cheap land from the government than in making good on his promises, citing a half-mile esplanade and a park that he has yet to deliver.

But Michelle de la Uz, executive director of the nonprofit Fifth Avenue

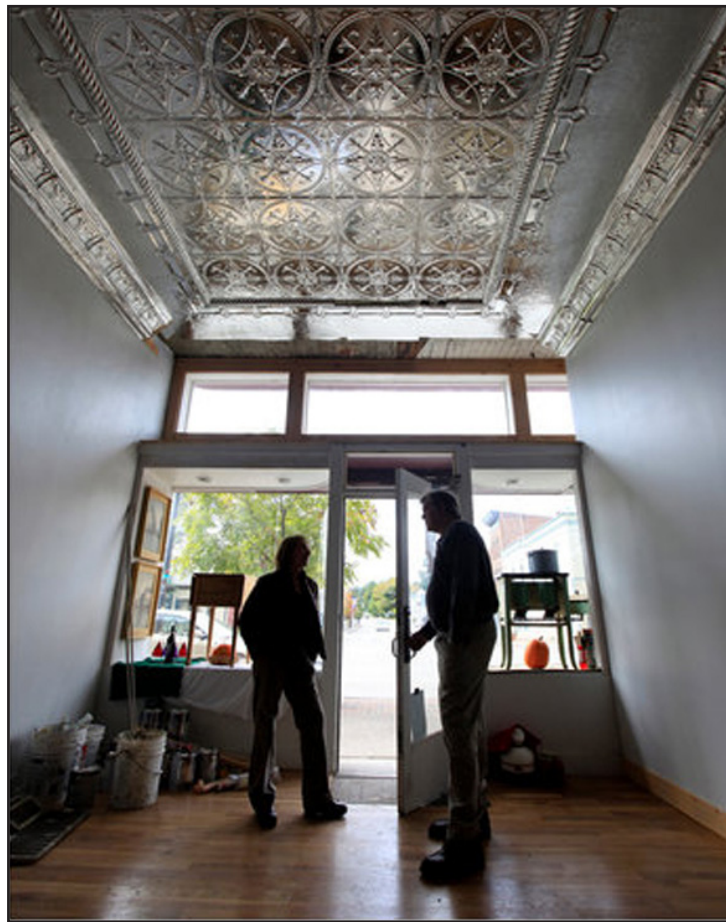


Photo by Max Schulte for The New York Times

*Mr. O'Connell with Louise Wadsworth, program director of the Alliance for Business Growth, after showing her the progress on one of his buildings in Mount Morris, N.Y., which will open as a coffee shop.*

Committee, said Mr. O'Connell had been a "catalyst" for a resurgent Red Hook.

"He was one of the early people willing to put his money where his mouth was to help realize a vision, and he included the community in the process," said Ms. de la Uz, whose organization recently developed 60 subsidized apartments on land bought from Mr. O'Connell.

Over the years, Mr. O'Connell, who often dresses in overalls and refers to his paper-strewn pickup as his office, bought a house on 57 acres in Geneseo and five farms in the area, and now spends most of his time there, leaving his two sons to run his holdings in Red Hook.

No doubt, Mr. O'Connell is a big shot in Mount Morris, a village of 3,500. He is a major investor in the local Bank of Castile, a corn syrup factory and the county's largest private employer, American Rock Salt, the largest operating salt mine in the United States. He has had to adjust to local customs; his workers tend to disappear during hunting and maple

syrup seasons.

"Before Greg came, we couldn't wait to get out of Mount Morris," said Teresa Brado, who now plans to open the Rainy Day Café in a recently gutted brick building owned by Mr. O'Connell. "I never realized how much a difference it makes to leave the lights on at night. And the new businesses are working together. I'm buying my lamps at the antique shops."

Rents for Mr. O'Connell's stores run about \$5 a square foot, a paltry sum by New York City standards. Carol Huffman, who rents a store for her antiques and used-furniture business, Treasure Island, said she was also paying \$300 a month for the cozy, exposed-brick apartment she rented upstairs from her store.

"I'm more interested in making it active down here," Mr. O'Connell said. "It's not about the bottom line, although at the end of the day when I look at acquisition and renovation costs, there's still a profit to be made on something like this."



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ROCHESTER

# Democrat and Chronicle

Sunday April 18, 2011

## Greg O'Connell helps breathe new life into Mount Morris

By Sean Dobbin  
Staff Writer

7:56 a.m. — “Not just a ghost town”

A morning fog has settled over Mount Morris. The mist, which seems to thicken at the village's center, makes it hard to see more than 100 yards in any direction.

But it can't obscure the progress.

So as Sarah Little sits in the cozy back room of Rainy Days Café, she remarks on how much the Livingston County village has changed.

“It looks like someone lives here now. It's not just a ghost town,” says Little, a Nunda resident.

The ghost town she refers to is Mount Morris circa 2007. A Department of Transportation project had shut off the roads through the village for two years, and many of the remaining retailers, already struggling to compete with the nearby Walmart, had closed down.

At the village's low point, more than half of the storefronts on Main Street were vacant, and many of the buildings had fallen into disrepair.

That's when Greg O'Connell showed up.

O'Connell, 69, a former New York City detective who made millions by renovating buildings in the Brooklyn neighborhood of Red Hook, started buying up the dilapidated storefronts and restoring the facades and interiors.

He'll have \$2 million invested in Mount Morris — half to buy the buildings and half to fix them up — when all his projects are complete.



Steve Huffman, early in the morning puts an open flag in front of one of the antique shops in main street Mount Morris. Thursday, April 7, 2011.

*Democrat and Chronicle, staff photo by Marie De Jesus*

And he's already turned around and rented many of the storefronts for a pittance: as little as \$100 per month for the smallest shops. Today, 18 out of the 20 buildings he owns house locally operated retailers, restaurants, and businesses.

The one that opened its doors most recently is Rainy Days Café, which, at 11 days old, has already had to hire additional staff to help with the

hordes of customers that have come through the doors.

The café owners, Mark and Thresa Brado, initially figured on daily crowds of about 100 people. They've already had days with more than 400 customers.

Not bad in a village with a population of just 3,190.

If the early success of Rainy Days is any indication, the residents of the

beleaguered village are willing — dying, even — to support any local business that opens its doors.

It's this devotion to a quaint village Main Street — a devotion that O'Connell insists is still alive in American small towns across the country — that drew him back to small Mount Morris, which he remembered fondly from his days as a college student at State University College at Geneseo.

On this particular Thursday, O'Connell is in Brooklyn, working with his sons on a project in Red Hook. But a week earlier, he sat down at Rainy Days and explained his vision.

"The first thing you have to do is your Main Street," says O'Connell. "Three years ago, there wasn't even a Christmas light. Now, you have plants, you have flowers. It's really alive for the first time."

"Most of the businesses opening up are new entrepreneurs," he says. "Many of them are women, and many of them live within the village. So, it's really a community. You know that your next door neighbor has a store."

Time will tell whether the efforts are sustainable.

But today, residents will echo O'Connell's words. The Main Street vacancies can now be counted on one hand. And for the time being, Mount Morris is rallying around one man and his dream of a revitalized village.

#### 10:16 a.m. — "I bought headaches"

Harold Long, mayor of the village since 2005, hangs up the phone.

He'd been speaking to a reporter who was asking for details on the recently completed village budget — a budget which includes, among other things, no tax increases throughout the village.

Pension and insurance costs were skyrocketing, as they are in many municipalities across the state. But Long, who says that now is "a fun time to



Shoppers browse Jane's Pantry, a combination specialty food store and candy shop, on Main Street in Mount Morris in early April. / MARIE DE JESUS staff photographer

be mayor," has seen how positively the village responded to O'Connell's work, and members of his Village Board wanted to encourage the growth in any way they could. From their standpoint, that meant keeping taxes as low as possible.

O'Connell has been the catalyst for the Main Street revitalization, but Mount Morris's continuing rebirth has been a community effort that's included the area government and the village's other business owners, who have followed O'Connell's lead on a number of initiatives.

Included in O'Connell's leases are provisions that businesses must be open late on Thursdays — so Mount Morris can become a shopping destination at least one night a week — and have to keep their lights on at night. Other shopkeepers have been happy to do the same.

But while the village's business owners are grateful, some are skeptical that O'Connell's efforts will ever

make him any money.

"He's a nice guy," says Ann Couture, owner of the NAPA Auto Parts store on Main Street. "But my own opinion is he'll never get back everything he put in here."

But suggest to O'Connell that his efforts are philanthropic in nature, and his demeanor quickly changes from romantic visionary to staunch capitalist. This isn't charity, he insists. With the right combination of factors, there is money to be made in America's small towns and villages.

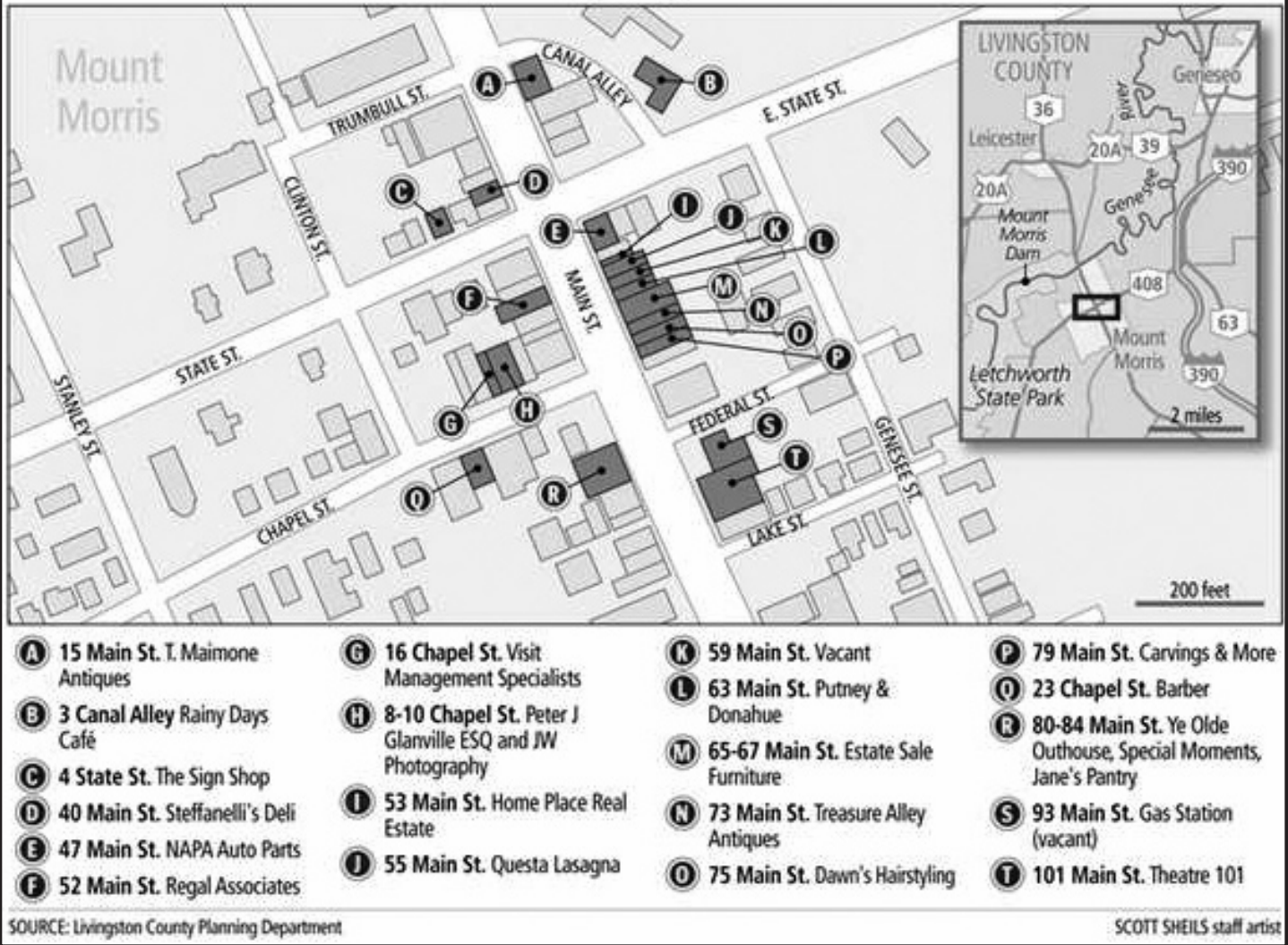
First, buildings have to be bought at the right price.

"I bought headaches," says O'Connell. "If a building has no wall, or it's missing a roof, that's Greg O'Connell's building. If people have liens on their properties, I'll buy them and I'll negotiate with whoever has the lien on the property."

Once renovated, tax abatements are vital, says O'Connell. If a developer renovates a building, he or she can't



# O'Connell's Mount Morris properties



be punished through an immediate reassessment and tax increase. That increase needs to happen over time, which gives the developer and business owner a chance to start making their money back.

Then, to make a difference in the community, the process needs to be repeated as many times as possible. O'Connell says he wouldn't have been able to spur change in Mount Morris if he owned only three buildings.

And most important, a village revitalization effort can only work if everyone in the community is on board, and so far in Mount Morris people are buying in. In a recent meeting, more than 30 businesses signed up to contribute \$600 toward a village-wide promotional advertising campaign led by O'Connell and Louise Wadsworth,

the downtown coordinator for Livingston County Development Corp.

O'Connell thinks his venture will be profitable in the long term, when the village has, hopefully, become a thriving shopping location with sought-after real estate. That's why he's willing to invest so much in renovation while getting so little back in rent.

In western New York, there haven't historically been many developers who are willing to be as patient, or to invest so thoroughly in one area. Wadsworth thinks that might change, should O'Connell's model prove successful.

"He's a visionary. He really sees in terms of 20 years ahead," says Wadsworth. "Make it look nice, make it look prosperous, and people will come."

**12:47 p.m. — "There was never anything here"**

A bright sun has chased the morning fog off the road, and as groups of shoppers make their way down Main Street, Bud Howe sits out front of Finders Keepers thrift store.

He says hello to a group of women who pass by, and seconds later, his fire pager goes off.

The manager of Finders Keepers — a store owned by the Arc of Livingston-Wyoming — Howe still finds time to help out as a volunteer on some of the fire calls.

But this one is just a small gas leak, he says, so he stays seated and continues gazing across Main Street.

"It's so nice to see this town just really pick up and really come alive," says Howe. "It's really just flourished."

Howe, 50, used to own L&L Speedway Apparel, a retail operation on Main Street that sold NASCAR memorabilia.

His store was one of the many that didn't make it.

Still, as a longtime village resident, he knows most everyone walking down Main Street and still radiates the demeanor of a small-town businessman. So as the women make their way out of Finders Keepers and into Jane's Pantry next door, Howe addresses a few of them by name and gives them a wave goodbye.

In Jane's Pantry, a combination specialty food store and candy shop that is part of a three-storefront strip owned by O'Connell, Carol Smith buys some taffy as the store's owner, Jane Oakes, tells her all about the product's origins.

"I'm getting together with old friends and we decided to come here because of all the new stores," says Smith. "I never came to Mount Morris much before because there was never anything here. But now, between all the antique stores and all these little shops, it makes it a nice place to come and shop around."

## 2:52 p.m. — "A Norman Rockwell view"

"Am I late?" asks Lea Bancroft, as she walks into her Main Street office, returning from an appointment in Elmira. "Oh, it's been a day!"

Bancroft, who describes her age as "as old as my tongue and a little older than my teeth," is a financial adviser who wears a cowboy hat to work and teaches karate in the rear of her office one day a week.

She's also someone who saw the potential in Mount Morris years before



Bill O'Dell, left, and Rick Barry move a donated piano in Theater 101. New York City developer Greg O'Connell isn't charging for the theater space, expecting that plays and open mic performances will bring traffic to the village.

Photo by MARIE DE JESUS staff photographer

O'Connell bought his first building here.

"When I looked at Mount Morris, I could not believe what I could buy a building for. It's woefully underpriced in this area," says Bancroft, who looked at a number of Livingston County villages before opening her business in Mount Morris in 1997. "And there was so much potential in this town. It just took somebody with a little vision."

Bancroft admits that her financial agency isn't an ideal Main Street business. But she's been caught up in the excitement that the revitalized stretch has brought, and when she saw many of the merchants in O'Connell's buildings changing their window displays every three months (another provision in his business leases), she decided to join in.

Right now, she's got a display of Ken dolls in the window. Ken, Bar-

bie's plastic soul mate, turned 50 years old in March, and Bancroft wanted to celebrate it.

"We know it's working because even men stop, and we see little kids with noses pressed against the glass," says Bancroft. "The eye candy, the charm, you want a street to be charming. That's important to people."

Upstairs, Bancroft has a vacant apartment she's looking to rent out. Most of the Main Street businesses have these apartments above them, including many of the buildings owned by O'Connell.

He also renovated these, and is charging between \$300 and \$500 a month, which partially offsets the low rent he offers the businesses.

They provide a great look at the Main Street below and the countryside beyond.

"There's a Norman Rockwell



view from these apartments,” says Bancroft. “You can’t rent anything like this any place else.”

### 5:03 p.m. — “Building a community”

Joe Dady, one half of the Irish Folk group The Dady Brothers and tonight’s emcee for an open mike at a Main Street theater, sits down for dinner at Questa Lasagna.

The restaurant, one of Dady’s favorites, always does extra business when Theatre 101 hosts an event, says owner Tim Knowles.

Knowles opened Questa Lasagna 10 months ago. He’d wanted a place on Monroe Avenue in Pittsford, but after adding everything up, he realized that he would likely need \$1.5 million to make the place viable.

Instead, he opened up in one of O’Connell’s buildings in Mount Morris, at less than one-tenth the startup cost.

At first, like many of the Mount Morris villagers, he didn’t know what to make of O’Connell.

Knowles was concerned that this Brooklyn developer might be a contemporary Music Man and might be luring him to Mount Morris promising him a resurgent business environment, only to flip the business to a new investor who would jack up his rent.

So he traveled to Red Hook and spoke with many of O’Connell’s tenants in New York City. This was not a man who ever tried to make a quick buck, they told him. In fact, he still owns the very first building he purchased in Brooklyn.

This knowledge put Knowles at ease, and his interest was amplified

when he worked out a long-term rent schedule with O’Connell. Right now, he’s paying \$300 a month. Five years from now, he’ll be paying \$400.

“He’ll be gouging me then,” quips Knowles.

Knowles then recites a statistic known to entrepreneurs everywhere: Nine out of 10 restaurants don’t last three years, and seven out of those nine fail in the first 12 months.

But Questa Lasagna is already in the black, thanks in part to O’Connell’s modest rent.

“He understands the value of building a community, and that’s why he’s willing to do this,” says Knowles.

“Greg gets it. He’s an absolutely brilliant businessman.”

### 7:05 p.m. — “The guardian angel”

Dady takes the stage at Theatre 101.

Rick Barry, who runs the theater with his wife Cathie out of a building owned by O’Connell, was hoping that 30 people would show up for the open mike. By the time Dady finishes his short set of songs and invites the first participant to join him, nearly twice that many have arrived, including Mayor Long and a handful of shoppers seen on Main Street earlier in the day.

The prospect of getting a village theater off the ground is a tall task. But O’Connell knows that a successful arts scene will bring people downtown, and all of his Main Street business tenants will reap the benefits.

So to operate Theatre 101, O’Connell charges the Barrys absolutely nothing.

“Rent, gas, electricity, he’s the guardian angel,” says Rick Barry.

Whether or not the theater — or any of the Main Street businesses, for that matter — will still be here in two, five or 10 years, remains to be seen.

But for now, a village that was once literally falling apart has a reason to celebrate.

And they’ll do so in a few weeks, with a townwide festival that’s advertised on the windows of most village businesses, and a big banner that hangs on the village hall:

## May 1: Greg O’Connell Appreciation Day

### About Greg

Greg O’Connell, 69, grew up in Queens and attended State University College at Geneseo in the early 1960s. He worked as a police detective for the New York Police Department before retiring from the service in 1981.

His company, The O’Connell Organization, has rehabilitated more than 70 buildings throughout a handful of Brooklyn neighborhoods.

In our region he’s on boards within American Rock Salt, the Bank of Castile and Sweeteners Plus. He owns a home in Geneseo and spends about half of his time there and half in Brooklyn.

SDOBBIN@DemocratandChronicle.com

April 14, 2011

## Marketing Main Street, Mount Morris

*Tony D'Imperio  
Special to the County News*

Now that most of the businesses in Greg O'Connell's Mount Morris Main Street buildings are up and running, a marketing team has put together plans that will create consistency in business hours and advertising.

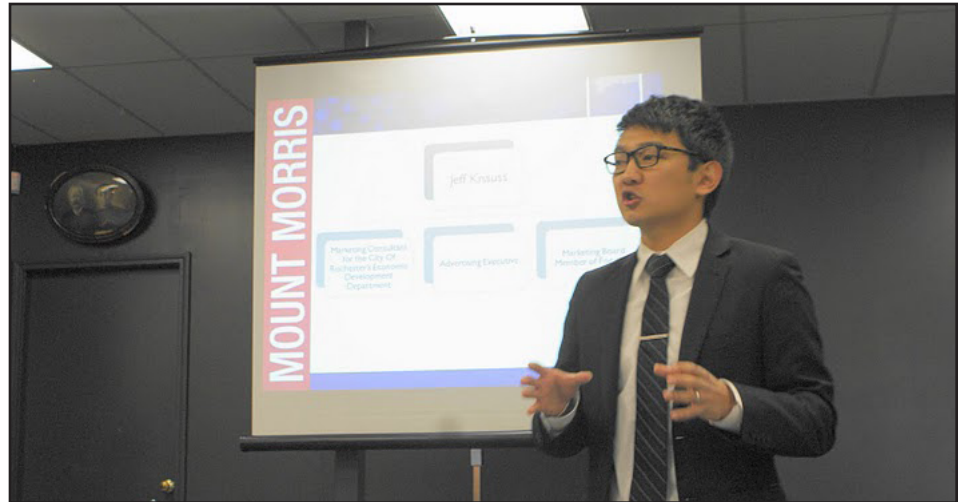
At a recent meeting of business owners, Marketing Team Member and Downtown Coordinator Louise Wadsworth presented the minimum opening and closing times that owners should follow: Monday–Saturday, 10 a.m. to 5 p.m.; Thursday, 10 a.m. to 8 p.m. and Sunday, Noon to 5 p.m., to begin on May 1 for a six month trial.

“We’re on the radar with all the recent publicity about Mount Morris. So if people are looking for a destination here, we need to have minimum hours for all businesses. Inconsistent or inconvenient hours are number one for business failures,” Wadsworth explained.

The team then emphasized the importance of advertising, asking each owner to participate in a six month promotional campaign commitment of \$100 per month between April and September. Team members said that pooling advertising dollars will make a greater impact.

Greg O'Connell announced that he will contribute \$5,000 to the campaign, while Livingston County Tourism Director Lisa Burns informed the group that her office will donate \$1,000, confirming the importance of advertising that should convince people to visit Mount Morris.

“62 percent of Letchworth visitors come through the village to enter the



*Jeffery Knauss, Marketing Consultant for Rochester Economic Development and Advertising Executive for 13 WHAM TV, addressing the Mount Morris business owners on the objectives of the advertising campaign that is ready to go.*

*Photo by Tony D'Imperio*

park at the Mount Morris entrance. We need to get them to shop and dine here,” Burns said.

Jeffery Knauss, Marketing Consultant for Rochester Economic Development and Advertising Executive for 13 WHAM TV, (donating his time for this meeting), addressed the owners on the objectives of the advertising campaign and how their money will be spent.

Knauss said that there will need to be a greater awareness of Mount Morris’ renewal, along with an increase in tourist visits and money spent by them; and a greater volume in website traffic will be necessary.

He continued, saying that advertising for the group will use social media, print ads, internet marketing, television and web page presence with 24/7 access, virtual tour and a ‘splash’ page that provides pertinent information about all businesses.

Over the next six months, the goal of the advertising campaign is to reach

a minimum of 400,000 people in the surrounding area

The promotional methods will be put to work targeting a Grand Re-Opening of all the businesses on Saturday, June 11 and Sunday, June 12.

Sidewalk sales, store promotions and playful contests were mentioned as possibilities for that weekend. Business owners have been invited to submit additional ideas. “There’s not just one way to advertise. We need everyone’s input on this,” remarked Mount Morris Furniture Owner Jim Stallone.

“I’d like to have total participation,” [for consistent hours and advertising campaign] said O’Connell. “If you have to sleep in your business, I’ll get you a bed,” he quipped.



# Text of NYS Senate Bill as passed:

S 863-A YOUNG

ON FILE: 05/03/11 Real Property Tax Law

TITLE....Establishes a residential-commercial exemption program in certain counties

01/05/11

REFERRED TO LOCAL GOVERNMENT

02/08/11

1ST REPORT CAL.77

02/14/11

2ND REPORT CAL.

02/15/11

ADVANCED TO THIRD READING

05/02/11

AMENDED ON THIRD READING 863A

05/09/11

PASSED SENATE

05/09/11

DELIVERED TO ASSEMBLY

05/09/11

referred to real property taxation

NEW YORK STATE SENATE

INTRODUCER'S MEMORANDUM IN SUPPORT

submitted in accordance with Senate Rule VI. Sec 1

BILL NUMBER: S863A

SPONSOR: YOUNG

TITLE OF BILL:

An act to amend the real property tax law, in relation to establishing a residential-commercial exemption program in certain counties; and providing for the repeal of such provisions upon the expiration thereof



PURPOSE: This bill establishes a residential-commercial exemption program in Livingston County, New York.

#### SUMMARY OF PROVISIONS:

Section 1. The real property tax law is amended by adding a new section 485-n to define Residential-commercial exemption programs, applicants, benefit areas, commercial construction work, commercial purpose or use, commercial property, mixed-use property, municipality and residential construction work.

Section 2. Allows any municipality within such county to opt in, through adoption of a local law, to a real property tax abatement program. This abatement program would be offered in a designated benefit area, as identified by the municipality, for properties that are converted, created, modernized, rehabilitated, expanded or otherwise improved.

The properties would be exempt from increase in real property taxes and special ad valorem levies for twelve years.

The tax exemption on the change to assessed value of buildings that have commercial or residential construction work done shall be computed with respect to the exemption base and according to the following schedule:

YEAR OF EXEMPTION	PERCENTAGE OF EXEMPTION
1 through 8	100% of exemption base
9	80% of exemption base
10	60% of exemption base
11	40% of exemption base
12	20% of exemption base

#### JUSTIFICATION:

The County of Livingston has requested to have legislation enacted that will benefit the County of Livingston and all Towns, Villages and School Districts within the county, by allowing them to grant real property tax abatement in defined redevelopment areas.

This initiative came out of a meeting involving all local taxing entities in the county in 2009. They all agreed to support legislation that authorized the adoption of this tax abatement program by each taxing body at local option in recognition of the need to effect real investment in revitalization.

The municipalities in Livingston County recognize the need for targeted revitalization and seek authorization at the state level for this.

Tax abatements are a proven technique for local governments to attract investors for revitalization. A tax abatement, which this bill does, is different than a strict tax exemption. A tax exemption takes away existing revenue generated by a property, while a tax abatement does not change existing tax payments. With tax abatements, governments agree to take less than 100% of new revenue generated through property investment, repair and renovation.

This legislation will provide a tool for local governments to use to improve their communities. The proposed tax abatement program will not impose a cost upon the state, and therefore should be considered by the Legislature as a no-cost, mandate-free way to allow local governments in Livingston County to invest in and attract outside investment to their communities.

## LEGISLATIVE HISTORY:

2010: S.7904/A.11356 Referred to Local Government

## FISCAL IMPLICATIONS:

None.

EFFECTIVE DATE: Effective immediately, and shall expire and be deemed repealed twelve years after such date.

## STATE OF NEW YORK

Introduced by Sen. YOUNG -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the real property tax law, in relation to establishing a residential-commercial exemption program in certain counties; and providing for the repeal of such provisions upon the expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

- 1 Section 1. The real property tax law is amended by adding a new
- 2 section 485-n to read as follows:
- 3 § 485-n. Residential-commercial exemption program. 1. Definitions. As
- 4 used in this section, the following terms shall have the following mean-
- 5 ings:
- 6 (a) "Applicant" means any person obligated to pay real property taxes
- 7 on real property for which an exemption from taxes under this section is
- 8 sought.
- 9 (b) "Benefit area" means the area within a municipality, designated by
- 10 local law, to which an exemption, established pursuant to this section,
- 11 applies.
- 12 (c) "Commercial construction work" means the modernization, rehabili-
- 13 tation, expansion or other improvement of commercial use property or the
- 14 portion of mixed-use property to be used for commercial purposes.
- 15 (d) "Commercial purpose or use" means the buying, selling or otherwise
- 16 providing of goods or services, including hotel services, or other
- 17 lawful business or commercial activities permitted upon mixed-use prop-
- 18 erty.

1 (e) "Commercial use property" means real property on which will exist,  
 2 after completion of commercial construction work, a building used for  
 3 commercial purposes or use.

4 (f) "Mixed-use property" means real property on which will exist,  
 5 after completion of residential construction work or a combination of  
 6 residential construction work and commercial construction work, a build-  
 7 ing or structure used for both residential and commercial purposes.

8 (g) "Municipality" means any town, city, village or other taxing enti-  
 9 ty located in a county having a population of not less than sixty-four  
 10 thousand three hundred and not more than sixty-four thousand four  
 11 hundred as determined by the federal decennial census for the year two  
 12 thousand.

13 (h) "Residential construction work" means the creation, modernization,  
 14 rehabilitation, expansion or other improvement of dwelling units, other  
 15 than dwelling units in a hotel, in the portion of mixed-use property to  
 16 be used for residential purposes.

17 2. A municipality may, by local law, provide for the exemption of real  
 18 property in a designated benefit area from taxation as provided in this  
 19 section. Upon the adoption of such a local law, the county in which such  
 20 municipality is located may, by local law, and any school district, all  
 21 or part of which is located in such municipality, may, by resolution,  
 22 exempt such property from its taxation in the same manner and to the  
 23 same extent as such municipality has done.

24 3. Upon the adoption of such a local law the commercial use property  
 25 or mixed-use property that was converted, created, modernized, rehabili-  
 26 tated, expanded or otherwise improved, shall be exempt from taxation and  
 27 special ad valorem levies as provided for in subdivision four of this  
 28 section.

29 4. (a) (i) For a period of twelve years following the approval of an  
 30 application, the increase in assessed value of such property attribut-  
 31 able to such conversion, creation, modernization, rehabilitation, expan-  
 32 sion or other improvement shall be exempt as provided in subparagraph  
 33 (ii) of this paragraph. Such exemption shall be computed with respect to  
 34 the "exemption base". The exemption base shall be determined for each  
 35 year in which there is an increase in assessed value so attributable  
 36 from that of the previous year's assessed value.

37 (ii) The following shall determine the computation of the tax  
 38 exemption:

39 Year of exemption	Percentage of exemption
40 1 through 8	100% of exemption base
41 9	80% of exemption base
42 10	60% of exemption base
43 11	40% of exemption base
44 12	20% of exemption base

45 (b) No such exemption shall be granted unless:

46 (i) such conversion, creation, modernization, rehabilitation, expan-  
 47 sion or other improvement was commenced subsequent to the date on which  
 48 the municipality's local law took effect; and

49 (ii) the cost of such conversion exceeds the sum of ten thousand  
 50 dollars or such greater amount as may be specified by local law.

51 (c) For purposes of this section the term "conversion, creation,  
 52 modernization, rehabilitation, expansion or other improvement" shall not  
 53 include ordinary maintenance and repairs.

1 (d) No such exemption shall be granted concurrent with or subsequent  
2 to any other real property tax exemption granted to the same improve-  
3 ments to real property, except, where during the period of such previous  
4 exemption, payments in lieu of taxes or other payments were made to the  
5 municipality in an amount that would have been equal to or greater than  
6 the amount of real property taxes that would have been paid on such  
7 improvements had such property been granted an exemption pursuant to  
8 this section. In such case, an exemption shall be granted for a number  
9 of years equal to the twelve year exemption granted pursuant to this  
10 section less the number of years the property would have been previously  
11 exempt from real property taxes.

12 5. Such exemption shall be granted only upon application by the owner  
13 of real property on a form prescribed by the commissioner. Such applica-  
14 tion shall be filed with the assessor of the municipality or county  
15 having the power to assess property for taxation on or before the appro-  
16 priate taxable status date of such municipality or county.

17 6. If the assessor is satisfied that the applicant is entitled to an  
18 exemption pursuant to this section, he or she shall approve the applica-  
19 tion and such real property shall thereafter be exempt from taxation and  
20 special ad valorem levies as provided in this section commencing with  
21 the assessment roll prepared after the taxable status date referred to  
22 in subdivision five of this section. The assessed value of any  
23 exemption granted pursuant to this section shall be entered by the  
24 assessor on the assessment roll with the taxable property, with the  
25 amount of the exemption shown in a separate column.

26 § 2. This act shall take effect immediately, and shall expire and be  
27 deemed repealed twelve years after such date.



**SUMMARY:**

BURLING

Add S485-n, RPT L

Establishes a residential-commercial real property tax exemption program in certain counties.

**BILL TEXT:**

**STATE OF NEW YORK**

4643

2011-2012 Regular Sessions

**IN ASSEMBLY**

February 4, 2011

Introduced by M. of A. BURLING -- read once and referred to the Committee on Real Property Taxation

AN ACT to amend the real property tax law, in relation to establishing a residential-commercial exemption program in certain counties; and providing for the repeal of such provisions upon the expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The real property tax law is amended by adding a new  
2 section 485-n to read as follows:

3 § 485-n. Residential-commercial exemption program. 1. Definitions. As  
4 used in this section, the following terms shall have the following mean-  
5 ings:

6 (a) "Applicant" means any person obligated to pay real property taxes  
7 on real property for which an exemption from taxes under this section is  
8 sought.

9 (b) "Benefit area" means the area within a municipality, designated by  
10 local law, to which an exemption, established pursuant to this section,  
11 applies.

12 (c) "Commercial construction work" means the modernization, rehabili-  
13 tation, expansion or other improvement of commercial use property or the  
14 portion of mixed-use property to be used for commercial purposes.

15 (d) "Commercial purpose or use" means the buying, selling or otherwise  
16 providing of goods or services, including hotel services, or other  
17 lawful business or commercial activities permitted upon mixed-use prop-  
18 erty.

19 (e) "Commercial use property" means real property on which will exist,  
20 after completion of commercial construction work, a building used for  
21 commercial purposes or use.

22 (f) "Mixed-use property" means real property on which will exist,  
23 after completion of residential construction work or a combination of

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.



1 residential construction work and commercial construction work, a build-  
 2 ing or structure used for both residential and commercial purposes.

3 (g) "Municipality" means any town, city, village or other taxing enti-  
 4 ty located in a county having a population of not less than sixty-four  
 5 thousand three hundred and not more than sixty-four thousand four  
 6 hundred as determined by the federal decennial census for the year two  
 7 thousand.

8 (h) "Residential construction work" means the creation, modernization,  
 9 rehabilitation, expansion or other improvement of dwelling units, other  
 10 than dwelling units in a hotel, in the portion of mixed-use property to  
 11 be used for residential purposes.

12 2. A municipality may, by local law, provide for the exemption of real  
 13 property in a designated benefit area from taxation as provided in this  
 14 section. Upon the adoption of such a local law, the county in which such  
 15 municipality is located may, by local law, and any school district, all  
 16 or part of which is located in such municipality, may, by resolution,  
 17 exempt such property from its taxation in the same manner and to the  
 18 same extent as such municipality has done.

19 3. Upon the adoption of such a local law the commercial use property  
 20 or mixed-use property that was converted, created, modernized, rehabili-  
 21 tated, expanded or otherwise improved, shall be exempt from taxation and  
 22 special ad valorem levies as provided for in subdivision four of this  
 23 section.

24 4. (a) (i) For a period of twelve years following the approval of an  
 25 application, the increase in assessed value of such property attribut-  
 26 able to such conversion, creation, modernization, rehabilitation, expan-  
 27 sion or other improvement shall be exempt as provided in subparagraph  
 28 (ii) of this paragraph. Such exemption shall be computed with respect to  
 29 the "exemption base". The exemption base shall be determined for each  
 30 year in which there is an increase in assessed value so attributable  
 31 from that of the previous year's assessed value.

32 (ii) The following shall determine the computation of the tax  
 33 exemption:

<u>Year of exemption</u>	<u>Percentage of exemption</u>
<u>1 through 8</u>	<u>100% of exemption base</u>
<u>9</u>	<u>80% of exemption base</u>
<u>10</u>	<u>60% of exemption base</u>
<u>11</u>	<u>40% of exemption base</u>
<u>12</u>	<u>20% of exemption base</u>

40 (b) No such exemption shall be granted unless:

41 (i) such conversion, creation, modernization, rehabilitation, expan-  
 42 sion or other improvement was commenced subsequent to the date on which  
 43 the municipality's local law took effect; and

44 (ii) the cost of such conversion exceeds the sum of ten thousand  
 45 dollars or such greater amount as may be specified by local law.

46 (c) For purposes of this section the term "conversion, creation,  
 47 modernization, rehabilitation, expansion or other improvement" shall not  
 48 include ordinary maintenance and repairs.

49 (d) No such exemption shall be granted concurrent with or subsequent  
 50 to any other real property tax exemption granted to the same improve-  
 51 ments to real property, except, where during the period of such previous  
 52 exemption, payments in lieu of taxes or other payments were made to the  
 53 municipality in an amount that would have been equal to or greater than  
 54 the amount of real property taxes that would have been paid on such



1 improvements had such property been granted an exemption pursuant to  
2 this section. In such case, an exemption shall be granted for a number  
3 of years equal to the twelve year exemption granted pursuant to this  
4 section less the number of years the property would have been previously  
5 exempt from real property taxes.

6 5. Such exemption shall be granted only upon application by the owner  
7 of real property on a form prescribed by the commissioner. Such applica-  
8 tion shall be filed with the assessor of the municipality or county  
9 having the power to assess property for taxation on or before the appro-  
10 priate taxable status date of such municipality or county.

11 6. If the assessor is satisfied that the applicant is entitled to an  
12 exemption pursuant to this section, he or she shall approve the applica-  
13 tion and such real property shall thereafter be exempt from taxation and  
14 special ad valorem levies as provided in this section commencing with  
15 the assessment roll prepared after the taxable status date referred to  
16 in subdivision five of this section. The assessed value of any  
17 exemption granted pursuant to this section shall be entered by the  
18 assessor on the assessment roll with the taxable property, with the  
19 amount of the exemption shown in a separate column.

20 § 2. This act shall take effect immediately, and shall expire and be  
21 deemed repealed twelve years after such date.

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**SPONSORS MEMO:**

**NEW YORK STATE ASSEMBLY  
MEMORANDUM IN SUPPORT OF LEGISLATION  
submitted in accordance with Assembly Rule III, Sec 1(e)**

**BILL NUMBER:** A4643

**SPONSOR:** Burling

**TITLE OF BILL:** An act to amend the real property tax law, in relation to establishing a residential-commercial exemption program in certain counties; and providing for the repeal of such provisions upon the expiration thereof

**PURPOSE:** This bill establishes a residential-commercial exemption program in Livingston County, New York.

**SUMMARY OF PROVISIONS:** Section 1. The real property tax law is amended by adding a new section 485-n to define Residential-commercial exemption programs, applicants, benefit areas, commercial construction work, commercial purpose or use, commercial property, mixed-use property, municipality and residential construction work.

Section 2. Allows any municipality within such county to opt in, through adoption of a local law, to a real property tax abatement program. This abatement program would be offered in a designated benefit area, as identified by the municipality, for properties that are converted, created, modernized, rehabilitated, expanded or otherwise improved.

The properties would be exempt from increase in real property taxes and

special ad valorem levies for twelve years.

The tax exemption on the change to assessed value of buildings that have commercial or residential construction work done shall be computed with respect to the exemption base and according to the following schedule:

YEAR OF EXEMPTION	PERCENTAGE OF EXEMPTION
1 through 8	100% of Exemption Base
9	80% of Exemption Base
10	60% of Exemption Base
11	40% of Exemption Base
12	20% of Exemption Base

**JUSTIFICATION:** The County of Livingston has requested to have legislation enacted that will benefit the County of Livingston and all Towns, villages and School Districts within the county, by allowing them to grant real property tax abatement in defined redevelopment areas.

This initiative came out of a meeting involving all local taxing entities in the county in 2009. They all agreed to support legislation that authorized the adoption of this tax abatement program by each taxing body at local option in recognition of the need to effect real investment in revitalization.

The municipalities in Livingston County recognize the need for targeted revitalization and seek authorization at the state level for this.

Tax abatements are a proven technique for local governments to attract investors for revitalization. A tax abatement, which this bill does, is different than a strict tax exemption. A tax exemption takes away existing revenue generated by a property while with a tax abatement does not change existing tax payments. with tax abatements, governments agree to take less than 100% of new revenue generated through property investment, repair and renovation.

This legislation will provide a tool for local governments in Livingston County to use to improve their communities. The Proposed tax abatement program will not impose a cost upon the State, and further, since it authorizes an optional program for the local governments to participate in it should therefore be considered by the State as a no-cost, mandate-free way for these local governments to invest in and attract outside investment to their communities.

**LEGISLATIVE HISTORY:** A.11356 of 2010 Referred to Real Property Taxation Committee/S.7904 Referred to Local Government Committee

**FISCAL IMPLICATIONS:** None.

**EFFECTIVE DATE:** Effective immediately, and shall expire and be deemed repealed twelve years after such date.



