

Developers concerned about downtown projects

By **MARY STONE**

State legislative leaders are mulling a proposal to withhold half of business tax credits claimed over the next three years, deferring them to January 2013.

Among the tax credits targeted are those related to the rehabilitation of commercial properties, historic homeowner rehabilitation, brownfield redevelopment, environmental remediation insurance, green building and low-income housing.

Rochester redevelopment projects in the pipeline would be affected by deferrals, said Heidi Zimmer-Meyer, president of Rochester Downtown Development Corp. The projects include:

■ The Academy Building, a \$6 million rehabilitation project on South Fitzhugh Street, is relying on federal and state credits, without which financing is expected to dry up, RDDC states. The tax credits were part of the proceeds meant to reduce the construction loan for the project to a smaller permanent

loan, developer George Traikos reported to RDDC.

■ Traikos is working on another \$6 million project on Litchfield Street at the Carriage Factory. Design for the building's residential conversion project was slated to start next spring. The project relies on tax credit incentives.

■ Estimated at \$4 million to \$5 million, the Josh Lofton Building rehab project in the Cascade District could lose a potential residential conversion without the New York State Rehabilitation Tax Credit program. Owned by the city of Rochester, the former 52,000-square-foot school district building was released for private development through city request for proposals in May.

■ At a \$6.5 million redevelopment project at 44 Exchange St., developers look to redevelop the 55,400-square-foot former Central Trust Co. bank. The project was looking for designation as a historic site to apply for the NYS Rehabilitation Tax Credit programs. Without the tax credits, developers say the feasi-

bility of a residential conversion is in serious doubt, building owner and attorney James Philippone reported to RDDC.

■ At St. Paul Place in the St. Paul Quarter, a \$3.5 million residential loft conversion cannot move forward without the tax credit programs, developers say.

■ Also threatened is a onetime manufacturing facility at the corner of Dewey and Lyell avenues, which formerly housed sporting goods store Tent City. Estimated at \$23 million, the rehab project will come to a halt without state historic and affordable housing credits.

■ Under the same developer, Massachusetts-based WinnCompanies LLC, the 1.1 million-square-foot Sibley Centre project is affected by tax deferrals.

The tax deferral would not necessarily kill its deal for the Sibley complex, but it would hurt the potential of its redevelopment. The reduced cost effectiveness will inhibit the project's redevelopment potential, company officials reported to RDDC.

mstone@rbj.net / 585-546-8303