



UNIFORM TAX EXEMPTION POLICY FOR HOUSING PROJECTS

Adopted by the Development Authority of the North Country on December 9, 2010

The Development Authority of the North Country (the "Authority") was created pursuant to Title 29 of Article 8 of the Public Authorities Law. Among the powers granted to the Authority is the power to assist in the planning, development, construction, and financing the cost of any "project", whether or not such project is to be owned or operated by the Authority, including any "project" as defined in Title 1 of Article 18-A of the General Municipal Law. The Authority is also empowered, in its discretion, to enter into agreements to pay annual sums in lieu of taxes to any taxing jurisdiction relative to any real property which is owned by the Authority. The powers of the Authority to grant financial assistance to project applicants includes the ability to provide the financial assistance that may be granted by industrial development agencies pursuant to Title 1 of Article 18-A of the General Municipal Law. The Authority deems it to be in its best interest to adopt and establish a uniform tax exemption policy to provide applicants with guidance for housing projects which will involve real property, mortgage recording, and sales tax exemptions. This uniform tax exemption policy is limited to the provision of financial assistance by the Authority for housing projects.

This uniform tax exemption policy will be used for all housing projects for which the Authority may provide financial assistance. Final determinations regarding the extent to which financial assistance, if any, will be granted are solely within the discretion of the Authority.

I. Project Eligibility Criteria

(a) General Requirements

All final determinations of eligibility rest with the Authority in its sole discretion. The Authority will consider the following general factors in determining whether a housing project is eligible for financial assistance:

- The nature of how the proposed housing project contributes to the infrastructure needs of the region in relation to the United States Army facilities at Fort Drum.
- The nature of the proposed housing project and whether it is consistent with the development plan (the "Authority's Development Plan") prepared by the Authority pursuant to Section 2705 of the Public Authorities Law.

- The condition of the property before the housing project begins (e.g., vacant land, vacant buildings).
- The economic condition of the area at the time of the application.
- The extent to which a housing project will create or retain permanent, private sector jobs.
- The estimated value of tax exemptions to be provided.
- The impact of the housing project and the proposed tax exemptions on affected tax jurisdictions.
- The impact of the proposed housing project on existing and proposed businesses and economic development projects in the three county area comprised of the counties of Jefferson, Lewis and St. Lawrence (the “Participating Counties”), and the health, safety and welfare of the people of the Participating Counties.
- The amount of private sector investment generated or likely to be generated by the proposed housing project.
- The likelihood of accomplishing the proposed housing project in a timely fashion.
- The effect of the proposed housing project upon the environment.
- The extent to which the proposed housing project will provide additional sources of revenue for municipalities and school districts in which the project is located.
- The extent to which the proposed housing project will provide a benefit (economic or otherwise) not otherwise available within the Participating Counties.

(b) *Requirements for Housing Projects*

Housing projects may qualify for financial assistance at the discretion of the Authority based upon the evaluation of the eligibility requirements set forth in Part I (a) of this Policy. The Authority confirms the following specific policies:

(i) Mixed or Multiple-Use Projects may qualify for financial assistance, only with respect to that portion of the project that is used for housing purposes that qualify for financial assistance under this Policy.

(ii) Housing projects are generally not eligible for benefits, unless they

(a) are "community facilities" (as defined in Section 2702 of the Public Authorities Law) developed as part of the Authority's Development Plan;

(b) service the elderly, low-income, assisted living or other groups with special needs; *or*

(c) promote employment opportunities and prevent economic deterioration, as confirmed by an appropriate market analysis, and such a determination is made by the Authority based upon all of the relevant facts.

II. Real Property Tax Abatements

General Policy. The Development Authority of the North Country will generally not make a real property tax exemption available unless and until a project owner or occupant reaches a payment in lieu of taxes ("PILOT") agreement with all the affected taxing jurisdictions. Such a PILOT agreement shall include terms which provide for the payment of real property taxes, in whole or in part, based upon the amount of real property taxes which would be imposed if the subject property for the project were not exempt, and upon such other terms as may be agreed to between the applicant and the relevant taxing jurisdictions.

Notwithstanding the Authority's general policy, project owners and occupants may be eligible for real property tax exemptions that may otherwise be available (i.e., § 485-b of the Real Property Tax Law).

III. Sales Tax Exemptions

If, based on the eligibility criteria described in Part I of this Policy, the Authority determines a housing project is eligible for financial assistance, the Authority's financial assistance may include exemption from sales and use tax for costs of constructing, renovating and equipping the housing project.

Sales and use tax exemption, when available, will be authorized for the duration of the acquisition, construction and equipping of the housing project as described in the application approval for financial assistance. The Authority shall deliver a sales tax exemption letter which will expire one (1) year from the date of the housing project inducement. If construction, renovation or equipping is not complete at the expiration of the original sales tax exemption letter, upon request by the Company, the sales tax exemption letter may be extended at the discretion of the Authority.

All Companies receiving sales and use tax exemption benefits will be required to supply the Authority with a list of all contractors and sub-contractors that have been authorized to use the sales tax exemption letter. This list will be appended to the sales tax exemption letter by the Authority.

The Company must keep a record of the usage of the sales tax exemption letter, and must supply the Authority with the total amount of sales and use tax exemptions claimed by the project for each calendar year. The Company must submit this report to the Authority by February 1st of each year, until the exempt period comes to a conclusion. The company shall also file all reports as may be required by applicable law, including Form ST-340 which shall be filed with the New York State Department of Taxation and Finance.

The Authority reserves the right to deviate from the sales tax exemption policy on a case by case basis at its sole discretion.

IV. Mortgage Recording Tax Exemption

If, based on the project eligibility criteria described in Part I of this Policy, and the applicable statutes, the Authority determines a housing project is eligible, the Authority will provide such confirmation of eligibility for exemption from New York State mortgage recording tax for the financing of project costs as may be required.

V. Recapture

Authority financial assistance is granted based upon the Company's representation that the project will create and/or maintain the employment levels or the public benefits described in its application for financial assistance (the "Employment/Benefits Obligation"). If a Company fails to achieve and/or maintain its Employment/Benefits Obligation, it could result in recapture of all or a portion of tax benefits granted by the Authority.

VI. Deviations

Deviations from this Policy shall be infrequent. The Authority reserves the right, at its sole discretion, to deviate from this Policy on a case by case basis. The Authority will provide written notice to the chief executive officer of each affected tax jurisdiction of any deviation from this Policy and will comply with the deviation requirements of the Public Authorities Law and, to the extent applicable, the General Municipal Law.