

# MID-HUDSON DOWNTOWN REVITALIZATION INITIATIVE TEMPLATE

## BASIC INFORMATION

**Regional Economic Development Council (REDC) Region:** Mid-Hudson

**Municipality Name:** City of Middletown

**Downtown Name:** Downtown Middletown

**County:** Orange County

Downtown Description - Provide an overview of the downtown and summarize the rationale behind nominating this downtown for a Downtown Revitalization Initiative (DRI) award):

Downtown Middletown is the perfect candidate for selection as the Mid-Hudson Region's Downtown Revitalization Initiative (DRI) nominee. Middletown is in the midst of a renaissance, with city government, the Business Improvement District and other non-profits, educational institutions such as SUNY Orange, Touro College, Fei-Tian College, and Fei-Tian Academy of the Arts, and the business community all working together toward transforming Middletown into a vibrant, year-round downtown that serves all residents of the City and the surrounding region. Middletown is poised for success. Much has already been accomplished; and with an infusion of state technical and financial assistance under the DRI, Downtown Middletown could serve as a model for the revitalization of small cities across New York State.

## DOWNTOWN IDENTIFICATION

This section should be filled out with reference to the criteria set forth in the DRI Guidelines. **Answers to each question are limited to one page each.**

- 1) Boundaries of the Downtown Neighborhood.** Detail the boundaries of the targeted neighborhood, keeping in mind that there is no minimum or maximum size, but that the neighborhood should be compact and well-defined. Core neighborhoods beyond a traditional downtown or central business district are eligible, if they can meet other criteria making them ripe for investment.

Middletown's Downtown neighborhood is defined by the boundaries of the Business Improvement District (BID). The Middletown BID has been in existence since 1992 and is well recognized in the community. Downtown Middletown is compact and well-defined, encompassing over 225 tax parcels on approximately 124 acres (4% of the City's 5.14 square miles) that were traditionally considered the central business district in the heart of the City. It is highly walkable and easily accessible on foot, by bicycle, by public transportation, and by car to neighborhoods and employment centers elsewhere in the City and the surrounding region.

- 2) Size.** Outline why the downtown, or its catchment area, is of a size sufficient to support a vibrant, year-round downtown, with consideration of whether there is a sizeable existing, or increasing, population within easy reach for whom this would be the primary downtown.

Downtown Middletown contains a mixture of commercial, cultural, civic, institutional, residential, and recreational uses in a compact, walkable area. It is surrounded by residential neighborhoods, and is in close proximity and is easily accessible by public transportation, by bicycle, or on foot to major commercial and institutional employers. The City of Middletown's population grew approximately 10% between 2000 and 2010, and is currently over 28,000.

Residents of the City, and many more from surrounding Towns, consider Downtown Middletown their primary downtown. As Downtown Middletown has revitalized in recent years, it has once again become a center of activity for the residents of this relatively (by NYS standards) fast growing part of Orange County and the Hudson Valley. With a growing population, diverse employment opportunities, and expanding educational institutions in and around the City, Middletown is well-positioned to support a vibrant, year-round downtown.

Importantly, the compact size of Downtown Middletown is well suited to the Governor's Downtown Revitalization Initiative. With the groundwork that has already been laid by the City and its partners (described in the responses below), an infusion of \$10 million in technical assistance and project funding from New York State can have a profound, visible, and immediate impact here in Middletown.

**3) Past Investments & Future Investment Potential.** Describe how this downtown will be able to capitalize on prior, and catalyze future, private and public investment in the neighborhood and its surrounding areas.

Downtown Middletown and the surrounding area have been the focus of a tremendous amount of public and private sector investment in recent years. The City has capitalized on these investments and continues to advance a pipeline of catalyst projects that are in the planning, pre-construction, and construction phases of development, and that will stimulate additional investment downtown in the coming years. Prominent examples include the repurposing of the former Horton Hospital Complex as the home of Touro College of Osteopathic Medicine and the Middletown Community Health Center, with additional medical tenants on the way, and the redevelopment of the 232 +/- acre former Middletown State Psychiatric Hospital property into the Middletown Community Campus (MCC). The MCC project has already benefited from MHREDC funding, investment from Fei Tian Fine Arts Academy and Fei Tian College, and is well positioned to add additional tenants in the future as roadway and infrastructure improvements are completed. The Horton Complex and MCC projects are/will be significant generators of economic activity and are located just outside of Downtown Middletown. The extension of the Orange County Heritage Trail into and through Downtown Middletown (a \$12 million catalyst project) will feature connections to Horton, MCC, and SUNY Orange ensuring safe and pleasant bicycle and pedestrian access to/from Downtown. Additional catalyst projects – some recently completed, others in various stages of development - in Downtown Middletown include: the King Street Pedestrian Walkway (\$395K), conversion of the former J.J. Newberry Department Store into the Da Tang Supermarket (\$2 million), Clemson Bros. Brewery (\$2.25 million), Equilibrium Brewery (\$1.9 million), a skateboard and recreational park & welcome center (\$665K), the Downtown Transportation Center (\$1.75 million), the Unisol indoor soccer facility (\$1.5 million), redevelopment of the former Tompkins Department Store and 11 King Street into a boutique hotel, restaurant, and specialty market (\$11 million), the conversion of the 160,000 sq. ft. Classy Leather building into 106 apartments and ground floor commercial space (cost estimate unavailable), and more. Virtually all of these projects feature partnerships between the City and other public and private sector entities.

Middletown's downtown revitalization efforts are consistent with the MHREDC's vision for the Mid-Hudson Region and the City has been a strong partner with the MHREDC in implementing that vision. Specifically, our efforts at retaining and expanding food and beverage, health care, and tourism, art, and culture offerings in Middletown echo the MHREDC Strategic Plan's focus on these industry sectors. The MHREDC Strategic Plan's goals related to supporting "the revitalization of our urban centers as engines of regional prosperity", improving "key regional infrastructure to make the region more business-ready", fostering "housing investment",

enhancing “the region’s talent pipeline through its colleges and universities”, promoting “entrepreneurship, start-ups, and small businesses”, embracing “inter-regional partnerships that leverage cross-region resources”, aligning “public-private support to ensure implementation”, and making “the Mid-Hudson region more attractive to young educated professionals” are shared by the City of Middletown and demonstrated by our efforts Downtown and elsewhere in the City and the Region.

There is still a great deal of opportunity and work to be done in Middletown. The City estimates that there is approximately 1 million square feet of existing, re-developable space Downtown available for conversion to affordable and market rate housing (upper floors) and commercial space. With the continued support, cooperation, and investment of anchor institutions in and near Downtown Middletown - such as SUNY Orange, Touro Medical College, Fei Tian Fine Arts Academy and Fei Tian College, Middletown Community Health Center, Crystal Run Healthcare and Orange Regional Medical Center – and our partnerships with non-profits such as the Business Improvement District (BID), Middletown Cares Coalition, Middletown Pride Committee, RECAP job training programs, Catholic Charities, Community Capital NY and others, the City of Middletown will be able to capitalize on these opportunities.

The City of Middletown has invested more than \$60 million over the last 10 years to maintain and upgrade its infrastructure to ensure that it can support planned development downtown. New LED streetlight fixtures (part of our Phase One Guaranteed Energy Savings Project with Energy Systems Group) and pedestrian-friendly, ADA compliant intersection improvements at signalized intersections downtown and throughout the City (an \$8 million federal and local investment) are coming this year. The City’s upgraded water and sewer infrastructure supports economic development in the City and in surrounding towns, including the Amy’s Kitchen project, a \$95 million investment that will create over 650 new jobs for residents of the City and the region.

Middletown has also invested in arts and cultural institutions and activities downtown. The City owns and operates the Paramount Theater, a 7-day a week operation featuring first run and classic movies, live music, comedy shows as well as community based dance recitals, concerts and other entertainment. The City also owns the building that is home to the Middletown Arts Center, and it partners with the BID to present the annual Summer Concert Series.

The City of Middletown’s focus on returning Downtown Middletown to its traditional role as the economic, civic, and cultural center of the community is a casebook application of Smart Growth principles. The majority of properties downtown are mixed-use buildings with first floor commercial and upper floor residential space. The city encourages the adaptive reuse of older industrial buildings and has several successful projects, most notably The Mill at Middletown and Clemson Brothers. There is a range of housing opportunities and choices within the city from loft style to traditional apartments to single and multifamily homes at a variety of price points. Compact building design and preservation of open space is evidenced by pocket parks and green spaces within the downtown and the Heritage Trail extension project. The City’s ongoing plans to increase walkability and bike-ability are evidenced by the Heritage Trail project, with its spur connections to the Horton complex, SUNY Orange, and MCC, and other improvements to promote traffic calming and pedestrian safety. Transit-oriented development, as evidenced by the Downtown Transportation Center project, is at the fore of the City’s downtown redevelopment plans. With the support of the city and the BID, retail, dining and entertainment have revitalized a once barren downtown. The City’s economic development efforts direct development toward vacant properties and buildings within the core with an eye toward continued revitalization of the downtown and creating jobs for city residents. Overall the

city has created a supportive environment for downtown development by utilizing modern zoning and planning principles, and fostering the creation of innovative, pedestrian-oriented, mixed-use projects.

- 4) **Job Growth.** Describe how recent or impending job growth within, or in close proximity to, the downtown will attract professionals to an active life in the downtown, support redevelopment, and make growth sustainable in the long-term.

There is a great deal of recent or impending job growth within, or in close proximity to Downtown Middletown. In addition to the 650 jobs associated with the Amy's Kitchen project in Goshen, there have been a number of proposed projects closer to Downtown. Touro Medical College's recent expansion at the former Horton Hospital Complex created over 150 jobs. The Middletown Community Health Center also has about 175 staff at this location. The Middletown Community Campus (MCC) project is expected to create over 900 jobs, with approximately 350 of these anticipated from Fei Tian's current relocation to the campus. Both the Touro College and MCC sites are in-close proximity to Downtown Middletown and are accessible by public transit, bike, or on foot. Just outside of the City in Walkill, Crystal Run Healthcare has over 1,000 employees and is always expanding, and the Orange County Medical Center continues to grow as well.

Frontier Communications added 60 jobs downtown in 2015 and expects to add another 20-40 jobs within the next three years. Additional projects in the pipeline in and around downtown include: King Street Business Hotel and Restaurant (approx. 50 jobs), Tompkins Specialty Market (approx. 50 jobs), and the Middletown Film Production Center (approx. 90 jobs), Clemson Brewery (12 employees with another 50 anticipated within 5 years), Equilibrium Brewery (5 brewery jobs with more to come when the restaurant opens), Da Tang Supermarket (approx. 25 jobs), and Unisol Indoor Soccer Facility (at least 10 jobs expected).

Many smaller businesses have located or are expanding in Downtown Middletown as the pace of revitalization has accelerated in recent years. The diversity of job opportunities, the potential for mobility between jobs, and the proximity of continuing educational opportunities, all bode well for making Downtown Middletown's growth sustainable in the long-term.

- 5) **Attractiveness of the Downtown.** Identify the properties or characteristics the downtown possesses that contribute or could contribute, if enhanced, to the attractiveness and livability of the downtown. Consider, for example, the presence of developable mixed-use spaces, housing at different levels of affordability and type, healthy and affordable food markets, walkability and bikeability, and public parks and gathering spaces.

Downtown Middletown already contains, or will contain soon, all of the physical properties and characteristics that make a downtown an attractive and livable community for diverse populations of all ages, including millennials and skilled workers:

- Developable, mixed-use spaces - In the late 1990s, the majority of the downtown had its zoning changed to C-3, allowing for mixed use residential and commercial buildings. The City estimates that there is approximately 1 million square feet of existing, re-developable space Downtown available for conversion to affordable and market rate housing (upper floors) and commercial space (ground floor). This zoning supports and encourages a 24/7 lifestyle.

- Housing at different levels of affordability and type - The downtown and surrounding area provide various types of housing at a range of rent levels. Recently, downtown buildings have been renovated as mixed-use (ground-floor commercial with upper-floor residential) projects oriented toward both market rate and affordable tenants. For example, the Mill at Middletown is a \$14.7 million adaptive reuse of a late 19th century wool hat factory into 42 units of workforce housing, a ground floor commercial space with a culinary arts job training program (Fresh Start Café) by RECAP. The project should be completed this summer. In addition to the multi-family housing downtown, neighborhoods immediately outside of downtown offer single-family and multi-family housing options at a variety of price points.
- Commercial and retail main street businesses, including healthy and affordable food markets - Commercial and main street retail businesses exist throughout the downtown, including a variety of restaurants, three supermarkets, and many, small retail and service oriented businesses. The selection of restaurants and stores reflects the diversity of our community – New Americans own or work in many of these establishments and some, such as the Da Tang Supermarket and Garcia’s Supermarket, are targeted to both old and new American clientele. In addition, every summer the BID hosts its Farmer’s Market, which provides affordable, locally grown produce to residents.
- Multi-modal transit – with the Downtown Transportation Center, funded through the Orange County Transportation Council, Coach USA and Shortline Bus intercity service and intra-city public transportation routes will converge at an improved central transit hub in the heart of Middletown. From the Transportation Center, riders will also be able to connect to the Metro North rail station just outside the City. Middletown’s pedestrian-friendly downtown and neighborhoods, and the Heritage Trail extension that will run alongside the transportation center, through downtown, and to employment centers nearby, will make Middletown a fully multi-modal community.
- Walkability and bikeability – Middletown’s already walkable downtown and neighborhoods will be enhanced by a couple of upcoming projects. The Intersection Improvement project will incorporate ADA compliant pedestrian lights and sidewalk ramps at signalized intersections downtown and throughout the city. The Heritage Trail extension will connect Downtown Middletown and adjoining neighborhoods to surrounding open space networks and regional destinations in Orange County. Middletown will also implement Complete Streets principles to link the Heritage Trail and downtown to some of the City’s other major employment centers – Touro College, Middletown Community Health Center, SUNY Orange and the Middletown Community Campus (MCC) property.
- Recreation amenities – the Heritage Trail extension into and through Downtown Middletown will be a tremendous transportation resource and recreational amenity. The City of Middletown already has an extensive parks system, with thirteen parks available that can accommodate baseball, basketball, bicycling, cooking, fishing, football, horse shows, outdoor concerts, movies in the park, ice skating, jogging, picnics, playground activities, soccer, swimming, tennis, walking or just relaxing with the family or friends. A large selection of recreational programming is offered by the City’s Recreation and Parks Department. A new skateboarding park is being developed downtown adjacent to the proposed Heritage Trail extension. In 2012, Kiplinger named Middletown one of “10 Great Cities to Raise Your Kids” due to factors such as great schools, safe neighborhoods, and amenities such as parks and playgrounds.

- Access to Health care facilities – the Middletown Community Health Center and numerous medical offices are located in Middletown. The Walkill Medical Corridor, anchored by Orange Regional Medical Center and Crystal Run Healthcare, is located just outside the City adjacent to I-84.
- Cultural and entertainment amenities - The restored, Art Deco era Paramount Theater, featuring first run and classic movies, live music, comedy shows as well as community based dance recitals, concerts and other entertainment, the BID's summer concert series, and the City's "Night at the Movies" summer movie series at Davidge Park are some of the cultural and entertainment amenities available in Middletown.
- Broadband accessibility - Broadband is available throughout the City and especially in Downtown. Services are provided by Time Warner Cable and Frontier Communications, both of whom provide Wi-Fi in several locations in the City. The City is planning on providing free Wi-Fi Downtown and throughout its parks and facilities in the near future. Free Wi-Fi is already provided to the public at City Hall and at the Middletown Thrall Library.

**6) Policies to Enhance Quality of Life.** Articulate the policies in place that increase the livability and quality of life of the downtown. Examples include the use of local land banks, modern zoning codes, complete streets plans, or transit-oriented development. If policies achieving this goal are not currently in place, describe the ability of the municipality to create and implement such policies.

The City of Middletown already embraces numerous policies that increase the livability and quality of life in Downtown Middletown. The City also has the ability and willingness to create and implement additional policies to achieve these ends.

The City of Middletown's December 2009 Draft Comprehensive Plan, entitled "Middletown 2030: Center City Orange County", has been the policy guide for much of the City's subsequent work in restoring the downtown to its traditional role as the center of economic, civic, and cultural life in the City. The City's Zoning Code supports these policies by allowing for mixed-use development, with commercial uses on the ground floor and residential and office space on upper floors, throughout the C-3 District that encompasses Downtown. Parking requirements also support downtown redevelopment by encouraging shared parking and allowing public parking lots to be counted as off-street parking for existing buildings. There are approximately 1,000 public parking spaces (both on and off street) in the Downtown today. The City of Middletown is planning to utilize additional, modern techniques for encouraging appropriate downtown growth, such as the use of a Form Based Code and the development of structured parking to reduce surface lots and create more room for infill development.

Middletown already has a solid management structure in place Downtown. The Downtown BID and the City of Middletown work together to beautify and maintain cleanliness, ensure safety, and market and promote Downtown. The BID and the City's Office of Economic and Community Development (OECD) work together to bring new businesses to the city and to market available properties. The OECD offers small business loans to businesses and housing rehabilitation to multi and single family properties in all areas of the city as well as guidance through city procedures for potential business owners.

Though the City has not yet adopted a formal Complete Streets policy, the City is utilizing Complete Streets principles to link the Heritage Trail and downtown to some of the City's other

major employment centers. For example, Oliver Avenue will be converted to a Complete Street linking the Heritage Trail to the Middletown Community Campus (MCC) on Monhagen Avenue.

Middletown is embracing Transit-Oriented Development (TOD) via the planned Downtown Transportation Center project being developed in partnership with Coach USA-Shortline Bus and coordinated with local public transportation and taxi service. The Transportation Center will be a regional transportation hub and is expected to be a catalyst for additional mixed-use development within our walkable downtown.

Though Middletown does not currently have a land bank, it utilizes its CDA (Community Development Agency) in a similar way. The CDA acquires abandoned/foreclosed properties through tax sales that can then be used for the City's Homeownership Opportunity Program. The City renovates the houses, ensuring that they are up to code and housing quality standards, and sells them to qualified applicants who have finished a homebuyer education/counseling course and have obtained a mortgage. This program aims to enhance homeownership within the City by requiring a 10 year residency commitment. In return, a partial grant to reduce the purchase price of the home is awarded. Middletown is also partnering with PathStone, a non-profit and the SONYMA Neighborhood Revitalization Program administered by NYSHCR to provide additional resources for home ownership.

Middletown has embraced sustainability and has instituted a number of energy efficiency measures. The City's Phase One Guaranteed Energy Savings Project includes several components to increase the efficiency of City facilities and will include the conversion of the City's streetlights to LED fixtures. The City expects to save over \$1 million annually when the project is completely implemented. The City is also working with Energize NY to explore PACE financing and other financing mechanisms available for property owners through the Energy Improvement Corporation. Middletown has started to embrace Smart Cities innovations through its expanded use of social media and projects such as the Middletown Traffic Operations project which has been funded by the Federal Highways Administration and which will, among other things, synchronize traffic signals throughout the City.

Finally, Middletown is an inclusive environment for New Americans. In particular, the Hispanic and Latino, and Asian communities are flourishing here in Middletown. Residents who identify as Hispanic and Latino accounted for 38% of the City's population in 2013 compared to just 18% in Orange County as a whole. The Asian population was just 3% of the City's population in 2013, but the relocation of Fei Tian Fine Arts Academy and Fei Tian College to the Middletown Community Campus (MCC) and the opening of the Da Tang Supermarket in Downtown Middletown earlier this year portend the increasing importance of this ethnic group in the community.

- 7) **Local Support.** Set forth the local and community support that exists for the revitalization of this downtown and the commitment among local leaders and stakeholders to building and implementing a strategic investment plan. Identify an initial local lead for the program that will work with outside experts to convene a local DRI Planning Committee to oversee the plan.

Mayor Joseph DeStefano, with the assistance of his staff at City Hall - including Maria Bruni, Director of the Office of Economic and Community Development and Jacob Tawil, P.E., Commissioner of Public Works - and John Degnan of the BID, will serve as the local lead for the Downtown Revitalization Initiative. Mayor DeStefano and the Common Council are unified in their support for the revitalization of Downtown Middletown. They have worked tirelessly to achieve the coordination and success that Downtown Middletown already enjoys, and they will

continue to do so should the City be selected to participate in the DRI. County, state, and federal representatives and officials have also been critical to our success and we expect their continued support for our efforts in the future.

Importantly, the City's commitment to the revitalization of Downtown Middletown is shared by residents, business and property owners, and all of the other organizations and institutions that have a stake in Middletown's future. The Downtown BID is an active partner with the City in virtually all of these efforts. Others – such as RECAP, SUNY Orange, Touro College, Fei Tian, Middletown Community Health Center, Community Capital NY, Orange County, and many more – have been, and will continue to be important partners with the City.

**8) Other.** Provide any other information that informed the nomination of this downtown for a DRI award.

There are two additional pieces of information that should be considered with the nomination of Downtown Middletown for a DRI award. The first is leadership. Nothing is more predictive of the potential success of community revitalization efforts than good, sustained leadership. Unlike many of its peers in the Mid-Hudson Valley, the City of Middletown has not been plagued by divisive politics or an inability to cooperate on matters of importance to the community. Smart and responsible leadership, from the Mayor's Office to the Common Council and City staff, and from organizations and institutions such as the BID, indicate that Downtown Middletown, should it be selected for a DRI award, has a strong likelihood of success. Middletown has the ability and resources to execute this program with New York State and to demonstrate how downtown revitalization can be accomplished.

A second consideration is that the City of Middletown has its financial house in order. The City has maintained its A1 rating for the past several years including a full Moody's on May 4, 2016. Financial statements for 2015 are currently in draft form, but report a General Fund Balance of \$9,014,105, with the Unassigned being \$7,840,306. The Unassigned grew \$1,054,000 in 2015. Total debt is \$78,217,744 however the General Fund is only \$17,727,649 with the balance being large water and sewer projects that are paid for by user fees. The City has consistently been within the NYS tax cap. Moreover, the City of Middletown has promoted shared services - working with the surrounding towns of Walkkill, Waywayanda, and Goshen and with Orange County to provide water and sewer infrastructure in promotion of regional economic development and job creation.

Middletown's strong financial health was confirmed by the State Comptroller's Office in its "2014 Fiscal Profile" of the City. According to the Comptroller's Office, "Improving economic conditions and positive budget trends have created a healthy outlook for the city of Middletown." The Comptroller noted that "The city has developed into the economic engine of the region and doesn't show any signs of slowing down... The proximity to New York City has enabled Middletown to develop a diverse economic base and experience a substantial increase in population. City officials have helped cultivate this environment through smart budgeting and an eye towards the future. While the city has typical urban challenges, Middletown should remain on solid financial footing as long as city officials continue to develop realistic budgets and long-term financial plans." The fact that Middletown has been able to maintain its fiscal health while investing in the community's future (infrastructure, parks and recreation, planning and economic development, etc.) is a testament to the City's leadership over time and should be a consideration as the MHREDC makes its selection for the region's DRI award.