AUBURN N.Y.
INDUSTRIAL DEVELOPMENT AUTHORITY

October 12, 2026

40-42 South Street Application Amendment Overview

About the Project

A new LLC, 4042 South LLC, will acquire the property at 40-42 South Street. The new LLC includes the current owner, but also includes additional individuals. The ownership of 4042 South, LLC includes Stephen Surace, Brendan Grillo, and Drew Savino. ***The historic home on the property had previously been used as a multifamily rental property prior to a fire leading to the condemnation of the building. This application proposes rehabilitating the building and using it as 22 affordable rental units.*** The project would utilize the NYS Small Building Participation Loan Program as part of the financing stack, which would require a regulatory agreement with New York State that dictates the income levels of individuals residing in the apartments. **The property would be managed by Housing Visions, a non-profit affordable housing organization** with experience managing these types of units. The project also intends to utilize New York State historic tax credits.

Prior Authorization & Current Ask

The 40-42 South Street project was ***previously approved by AIDA for sales and use tax and mortgage recording tax abatements totaling $81,510***. The project did not request a PILOT as the owners intend to utilize the as of right RPTL 581a exemption for affordable housing. While there were concerns about some of the project owners' past performance with rental properties in Auburn, board members cited a number of reason for moving forward with approval of the financial assistance, including: The involvement of an additional development partner and nonprofit property management, the state regulatory agreement and its related requirements, the value of rehabilitating the historic home in a prime location within the historic district (rather than seeing it demolished), the limited scale of the assistance seeing as there was no PILOT requested.

Since the original approval of financial assistance, the need for financial assistance has increased for a number of reasons. First and foremost, state incorporation of state-required building elements for compliance with the NYS Small Building Participation Loan Program. Cost increases also stem from an original underestimate of the sales tax liability for the project and the lengthy time to closing on the state financing. ***The total project cost increased from $4,318,716 at the time of original application to $5,420,322 now.***

At this time, ***the project is requesting an increase in financial assistance***. The total request at this time (including the already approved amounts) are as follows:

- Sales and use tax exemption: $109,120
- Mortgage recording tax abatement: $28,043
- ***Total assistance requested: $137,163***

Total assistance over $100,000 requires a public hearing prior to the AIDA board's consideration of the request.

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Cost Benefit Analysis

Total Estimated Abatements Requested from AIDA - $137,163 (sales and use tax exemption and mortgage recording tax abatement only, no PILOT)

Investment – $5,420,322

Job Creation from Project – 1.5 by end of year 2 (1 maintenance and .5 manager)

Increase in Payroll over 3 years - $0 currently to $83,223 year 3 of operation

Local Labor Utilization – The project has agreed to comply with the Local Labor Policy as written.

Estimated New Tax to Jurisdictions – The estimated property tax payments under RPTL 581a will be based upon the net operating revenue of the facility from year to year. It is not likely that the property tax revenue under this program would bring new revenue to the taxing jurisdictions. However, the tenants of the property would bring additional people downtown and provide some sales tax benefit as they buy groceries and goods locally.

Other Benefits – Rehabilitation of a historic property on South Street damaged by afire, and reactivation of that building for affordable housing units.