



# TALK OF THE Towns & Topics

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# Engineering a New Lifestyle

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Long before fears of contracting the COVID-19 coronavirus drove people inside to work remotely, we already saw a shift in Americans' behaviors during the past decade about how we work, when we work, how far we're willing to travel to work, and how important work-life balance is to each of us.

Now, more than ever, Americans want to work closer to their homes and the flexibility to work from home if needed. They sometimes don't want to leave their homes and go to the store to buy an item they need; and when they order it online, they want to have it delivered to them now. Right now.

As the perspective of working Americans has changed dramatically, so have trends in land development. As a result, there are a number of key land development trends occurring in municipalities across the State of New York to meet the needs of the changing personal and professional preferences of Americans.

## ***The Growth of Mixed-Use***

I've been involved in land development projects in the office, retail, residential, and industrial industries for 26+ years and one of the major trends that I've seen emerging over the last five years is the growth in mixed-used developments.

What's really been driving this shift is work-life balance. Endorsed strongly by millennials who are in the early years of their professional careers, millennials want to live where they work, in both urban and suburban centers. They don't want to drive an hour to their jobs; like most generation X and baby boomers have done for a majority of years. For millennials, it's not about going to a destination, but rather about being AT the destination. In fact, much of our workforce has become focused on the more traditional communities in which they can live closer to downtowns where they can walk to meet with friends, socialize in parks, or at their favorite bar or restaurant.

While the first generation of mixed-use

development included retail and residential space with all buildings and amenities in one general area, there has been a new focus on bringing office space into the mix. These types of developments promote walkability by including pedestrian and bike paths and a lot of grass and greenery. Residents living in a mixed-use development can park their car and never get back in – because most of what they need is at their fingertips. In this live/work/shop/play environment, residents can walk or bike to amenities like the gym, coffee shop, pharmacy or nearby restaurants.

According to a 2019 study by the International Council of Shopping Centers (ICSC): "Nearly four out of five (78 percent) of U.S. adults would consider residing in a 'live, work, shop, play' environment that has a variety of housing, workplaces, dining and recreational outlets for entertainment, all within a close proximity to one another."

The ICSC study also found: "General convenience and time efficiency resulting from being close to almost everything is the main reason cited by more than half (55 percent) of adults for wanting to reside in "live, work, shop, play" community environments. ...Half (50 percent) of adults also say that these developments that offer a blend of lifestyle elements, are more attractive today than they were five years ago."

This trend isn't going away as our baby boomer population retires, gen X ages, and millennials continue pursuing their professional careers.

## ***The COVID Effect***

The COVID pandemic has been a wake-up call and touched every aspect of our industry. As a result, we expect to see changes in the overall design of these centers, particularly in office space design. Due to the COVID pandemic, many industries got to test-out the remote access systems they already

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had in place for workers to work from home. With so many people equipped to work remotely, it may have an impact as to how it is configured and how much physical office space is needed in the future. Common-space building design may also look harder at the health, wellness and safety aspects of design. While we still don't know where all the details will ultimately land, speculation abounds as theories, ideas, concepts, and models are beginning to emerge.

While the full impact of design and lifestyle changes is still unclear, one recent documented response published in the New York Post written by Allison Hope on April 29, 2020 (<https://nypost.com/2020/04/29/these-new-yorkers-fleeing-coronavirus-vow-theyll-never-return/>) suggests some diehard Manhattanites have shown interest in living outside the City temporarily, permanently, or perhaps with dual residency. If the new mixed-use communities are bringing urban living to suburbia, residents potentially could have the best of both worlds.

## ***Same Day Delivery and the Growth of Online e-Commerce***

In today's fast-paced online world, Americans expect when they order something online, especially from big box store giants, that it will be shipped to them quickly. This change in behavior has caused many global companies to rethink the movement of its products and inventories, ways to maximize their supply chain, and how to ultimately get a product into a consumers' hands as quickly and safely as possible. To help large e-commerce companies meet the growing demand of online shoppers, we're starting to see the development of many "last mile" warehouse distribution facilities in the State of New York.

"Last mile" projects involve the development of smaller warehouse or industrial buildings within residential or densely populated areas. Typically,

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the buildings are 200,000 square feet or less. The last thing municipalities want is large semi-trucks driving through narrow pedestrian filled streets, so typically these “last mile” facilities are sited close to major transportation hubs with easy access on and off the Interstate, major roadways or major rail access. Deliveries are accompanied by sprinter vans.

One “last mile” adaptive re-use project in particular that my firm worked

on recently took place in Orange County, NY. The project involved the conversion of an existing, rundown big box building within a shopping center into an industrial storage space where products would be shipped in and out.

It was an important project for the town as for years this site had become rundown and vacant and didn’t generate any tax income. The town recognized that it needed to do something to improve the blighted site and bring in new tax ratables to ease the burden on existing residents and businesses and bring increased funding to its schools and public services.

Throughout the project, the town officials were very accommodating and provided us with honest feedback, a set meeting schedule for approvals from the various municipal departments – like zoning and planning – and did not put up burdensome barriers to the project getting completed.

It’s quite striking to think that yesterday’s strip mall shopping center has become today’s “last mile”



storage space, and how much the COVID pandemic has further validated the trend in increased online shopping. It’s a fact of life today though, and something municipalities throughout the State of New York can think about when it comes to repurposing and converting vacant or rundown properties into valuable 21st century tax ratable properties.

## ***PILOT Programs Encouraging New Development***

One way that municipalities can spur new development and grow tax ratables in their communities is through the implementation of a PILOT – or Payment in Lieu of Taxes program.

According to the New York State Office of the Comptroller, PILOT programs can be one way that municipalities can encourage development and obtain a cash infusion to help provide for basic services for taxpaying residents:

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“A PILOT is another mechanism for collecting revenue to support municipal services. As previously noted, PILOTs are often included as part of an IDA agreement with a commercial or industrial development that is receiving a tax benefit for the duration of a project. PILOT agreements can provide for one-time payments or payments over a number of years. ...In order to encourage economic development, industrial or commercial property is sometimes exempted from property taxes. To take advantage of the exemption offered to IDAs, title to an economic development project (such as a building or business location) is often transferred from the private owner to the IDA for the duration of the project. In these cases, the exemption may be offset by payments in lieu of taxes made by the original private owner. At the end of the project, title reverts to the original owner, who then pays taxes in a normal manner on the property.”

PILOT programs or property tax exemptions come with both pros and cons. When it comes down to it though, PILOTs can be extremely beneficial to municipalities that are looking to: entice new businesses to invest in their communities; spur new commercial and residential development; bring temporary construction jobs and permanent jobs after construction to completed; and grow tax ratables in their communities.

A new \$150 million mixed-use development in your town won't just mean construction jobs to build the project, it will mean long-term permanent jobs for local residents who will live, pay personal taxes, and presumably spend their income in town on groceries, restaurants, clothes and other household needs. A new development will mean new tax ratables, so you don't have to raise taxes on residents and businesses and have funding for schools. A new development will mean taking a property that may have been derelict and a welcoming spot for crime and turning it into useful, profitable

property and ultimately a taxpaying property owner.

## ***Development Trends Responding to 21st Century Demands***

For a good part of the early 21st century, Americans have been shifting their perspectives and preferences for their personal and professional lives both online and offline. The stay-at-home trend and having amenities, wants, and needs immediately available, have already increased e-commerce delivery. While the COVID pandemic was an unexpected element that increased this demand, it is also likely to have some effect on how we approach design to satisfy this new workforce life-balance mentality.

To meet these growing needs, municipalities throughout New York have options and are responding with: the development of mixed-use centers where people can live, work, shop, and play; “last mile” distribution centers that can help meet the growing demands of online e-commerce; and the implementation of PILOT projects to bring tax ratables back into communities. □

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