The historic front entrance of the Hickey Freeman factory.

Photography by Lauren Petracca

PROJECT DETAILS

94 geothermal wells, 500 feet deep to supply efficient heating and cooling

77,000 square feet of manufacturing space for Hickey Freeman and their 200 employees

2,000 square feet for a new factory store

134 new affordable apartments

$84.7 million total project cost

Estimated to complete in Fall of 2024

PROJECT TEAM & VENDORS

Home Leasing | Owner, developer and property management

Home Leasing Construction | General contractor

SWBR | Architecture and design

LaBella | Civil engineering

M/E Engineering | MEP design engineering and technology services

ACES Energy | Geothermal installer

GreenSpark Solar | Solar installer

Sustainable Comfort | Energy consulting

Preservation Studios | Historic preservation consulting

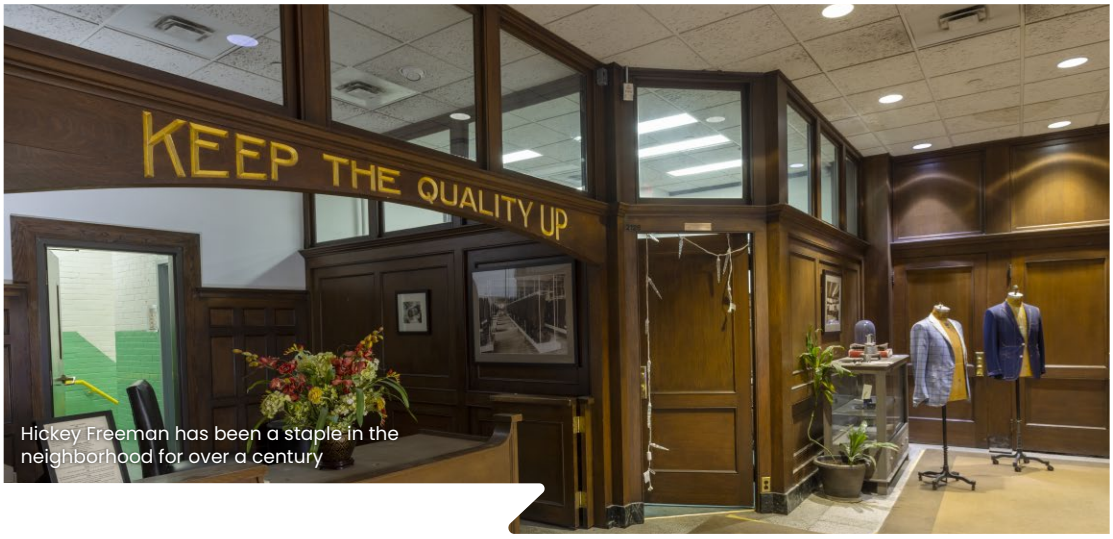
People Inc. | Non-profit service provider specializing in supportive housing

High-Quality Suits & Ultra-Efficient Housing

Ground-Source Heating and Cooling at Tailor Square

A Creative Collaboration

The northeast quadrant of the City of Rochester has a rich history as a mixed-use neighborhood, with iconic clothing manufacturer Hickey Freeman playing no small role in the local landscape. Home Leasing – a Rochester-based development firm – is collaborating with Hickey Freeman to acquire and redevelop their historic factory into a multi-purpose community that will become known as Tailor Square. Tailor Square will include manufacturing space and an updated outlet store for Hickey Freeman, while adding apartments for low-and-moderate income seniors and those needing supportive housing. The project will achieve a high standard of green building technology by using large-scale geothermal and extensive solar arrays.



Hickey Freeman has been a staple in the neighborhood for over a century

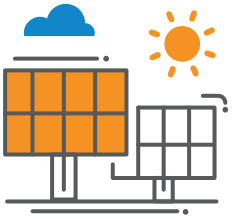
Investing in the Community

According to the Center for Urban Futures, Rochester has the highest rate of older adult poverty and the most diverse older-adult population of any city in New York State. The Tailor Square project aims to provide seniors in this historically disinvested neighborhood "an opportunity to transition to quality housing where they can age comfortably and affordably."

Tailor Square offers a model for how aging buildings can be renovated with sustainable technologies to benefit both residents and the environment. Home Leasing CEO Bret Garwood says, "Once you create a building that's this efficient, the individual tenant behavior becomes less impactful." This shouldering of corporate responsibility and desire to work alongside the consumer represents a brave shift in the way organizations like Home Leasing are taking accountability for reducing greenhouse gas emissions.

Project Highlights:

Security from volatile fossil fuels costs



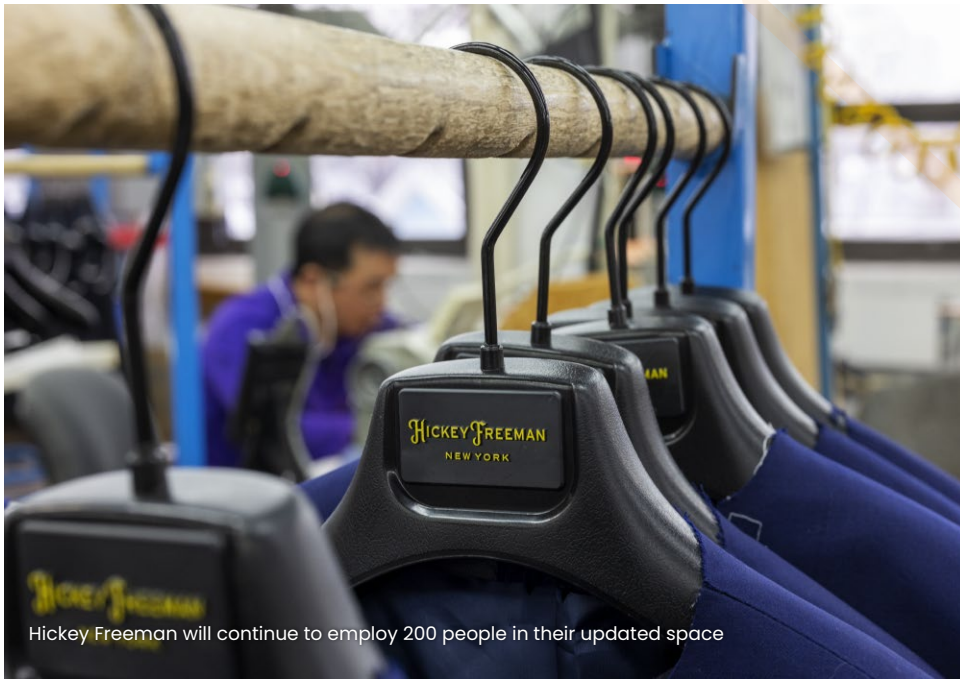
Freed up roof space for solar to meet 25% of energy costs

Tax credits covered 50% of geothermal and solar costs

Offers a model for existing buildings in distressed communities

All-Electric is Smart for Business

The Tailor Square project was originally scoped to use gas-fired furnaces, before the plans shifted to using air-source heat pumps, and then settled in their final form with ground-source heat pumps. Home Leasing's decision to pursue an all-electric building with geothermal came with a significant price tag, but ultimately best met the company's priorities and goals.



Hickey Freeman will continue to employ 200 people in their updated space

According to Garwood, "This was our only chance to make this building as energy-efficient as possible, forever." He mentions that by taking the extra step to go geothermal, "I feel like we've protected this project from increases in energy costs. It's inherently a more efficient system. We won't develop another affordable housing project that isn't all-electric, ever. That's been true for over a year."

Home Leasing will offset some of the heat pumps' higher price tag by installing a large solar array on a roof that would have traditionally been occupied with oversized condensers. This will allow them to generate 25% of their energy from solar panels, reducing their electricity bills even further and protecting against energy price fluctuations.

The Benefits of Geothermal

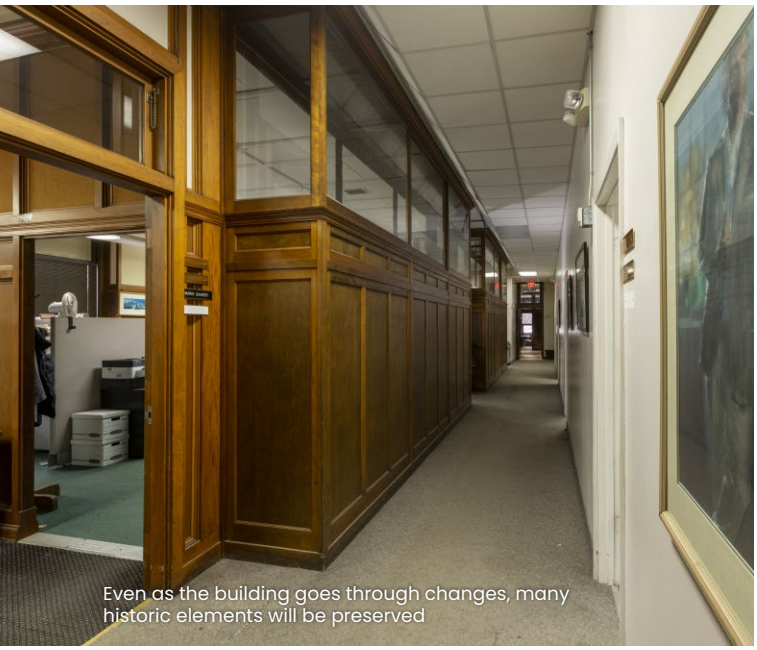
- Clean air and high-quality, affordable housing for residents
- Protection against future energy cost increases and fossil fuel taxes
- Low and predictable heating and cooling costs for operators
- Reduced maintenance costs compared to gas-powered systems
- Demonstration of a commitment to sustainability and the community

Financing for Building Efficiency

Obtaining the funds for large-scale green building projects like Tailor Square requires complex financing, and Home Leasing relies on a deeply experienced in-house team to vet and take advantage of available programs. This project secured funding from 28 sources and programs. Participating in the Low Income Housing Tax Credit and Historic Tax Credit programs covered a whopping 50% of the cost of the geothermal and solar systems.

"We won't develop another affordable housing project that isn't all-electric, ever. That's been true for over a year."

BRET GARWOOD
Home Leasing CEO



Even as the building goes through changes, many historic elements will be preserved

But the dollars flowing through these programs have strings attached, and none more so than the historic tax credits. Home Leasing faced time-consuming and expensive challenges in the attempt to balance housing quality for residents, building efficiency, and historic preservation standards. Home Leasing found that the available green energy incentives alone – without the affordable housing and historic incentives – would not have been sufficient to make the numbers pencil out.

However, the Clean Energy Incentives Program, or CEI, seems to be a bright spot within an otherwise complicated funding landscape. Bret describes it as a "fantastic partnership" between NYSERDA and HCR, going as far as to say that it's, "the best thing that has happened in clean energy incentives in a long time." The structure of this program provides the developer with a coordinated point of contact, and one loan, significantly streamlining the process.

Funding Highlights

- Federal Low Income Housing Tax Credits (LIHTC) - $26 MM, 30% of Cost
- NYS HCR Supportive Housing Opportunity Program (SHOP) - $15 MM, 18% of cost
- Federal Historic Tax Credit - $12 MM, 15% of Cost
- State Historic Tax Credit — $3.5 MM, 5% of Cost
- NYSERDA/HCR Clean Energy Incentives Program - $12.5k per housing unit
- City of Rochester, Monroe County and NYS Empire State Development Funding were also used to help make the Hickey Freeman commercial portion of the project feasible.

Embarking on a Geothermal Project

Construction began in 2022 and will continue through most of 2024

Home Leasing is tackling one of the most extensive geothermal projects in Rochester, drilling 94 geothermal wells over 45 days starting in Spring of 2023. Kevin Wuest, Senior Project Manager at Home Leasing, is looking forward to the opportunities involved in renovating this 120-year-old building with sustainable features such as geothermal wells, solar panels, insulation, new windows, and a new roof.

When asked what he would say to others thinking about their first geothermal project, Kevin said, “Find an experienced geothermal subcontractor with a proven track record, and don’t be afraid to ask questions.” He has seen first hand how having an educated team is essential to meet standards and deadlines with a project of this complexity.

Lessons Learned

- **Knowledge of Incentives and Tax Credits.** The cost of using geothermal systems is high, and the funding landscape is complex, but using a combination of programs yields big benefits.
- **Planning to protect future investments.** The price of fossil fuels is likely to rise over time. Organizations can act now to protect themselves against price volatility and potential new taxes.
- **Incorporate Geothermal Systems early.** Proper planning during the design process can prevent onsite delays and ensure smooth execution.
- **It is worth the wait.** Setbacks are expected in such projects. Yet Home Leasing feels confident in the value of making their buildings healthier and more efficient, for the long haul.

Get the tools, resources, and information you need to electrify your building at AMPEDProject.com.

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