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November 18, 2005

OUR FILE NO.

BY HAND DELIVERY

Supervisor Jill Way and
Members of the Town Board
Town of Dover
126 East Duncan Hill Road
Dover Plains, New York 12522

Re: The Knolls of Dover:
Zoning Amendment Application

Dear Supervisor Way and Members of the Town Board:

As you know, our firm represents Dover Knolls Development Company II, LLC (“Dover Knolls”), in relation to its application for approval of its development of the former Harlem Valley Psychiatric Center (“HVPC”) site (the “Development”). Dover Knolls is pleased to present a revised proposal for the Development, which addresses the comments of the Town Board, the Town’s consultants and the public regarding the original plans for the Development.¹ It is our hope that the revised Development proposal is responsive to the input of the community, is consistent with the intent of the MC Overlay District, and will result in a viable, transit-oriented mixed-use development in the Town of Dover that will create jobs and re-use the existing HVPC buildings to the maximum extent feasible.

¹ In addition to the discussions at the January 31, 2005 and March 16, 2005 Town Board meetings, we are responding to the following documents: (i) Memorandum from Joel Russell to the Town Board, dated January 31, 2005 (“Russell Memo”); (ii) Rail-Centered Redevelopment Illustrative Sketch Plan, dated March, 2005, prepared by the Dutchess County Planning Department (“Dutchess County Plan”), which was presented by John Clarke at the March 16, 2005 public meeting; (iii) May 12, 2005 letter from the Town Board to Alvin Benjamin and Paul Pearson (“Town Board Letter”); (iv) Letters from Town Attorney Shannon Martin LaFrance to Frank McCullough regarding the Application, focusing on those letters dated February 3, 2005 and February 15, 2005 (“LaFrance Letters”); and (v) June 2, 2005 letter from Barbara Clay, Esq. of Friends of Harlem Valley Psychiatric Center to Alvin Benjamin (“Clay Letter”).

Introduction/Executive Summary

As detailed in the enclosed materials, the proposed Development has been redesigned, such that 830 of the proposed 1,338 residential units (or 62%) will now be within a ½ mile radius (or an approximately 10 minute walk) of the train station. In addition, development on the hillside on the east side of Route 22 has been reduced by over 200 units, and residential development on the west side of Route 22 has been concentrated closer to the train station, all as requested by the Town. Civic and recreational resources, including space for governmental uses, such as a library and post office, and retention of the existing running track, are also now incorporated in the latest Master Site Plan. The location of the proposed supermarket and ancillary commercial space, on the east side of Route 22, is also now shown on the Master Site Plan as requested by the Town.

With respect to phasing, as described in greater detail in the enclosed documents, Dover Knolls is committed to a three-step Phase 1 process, during which approximately \$30 million will be spent on infrastructure for the overall Development, including a stormwater management system; a sanitary plant and sewers; water supply facilities; electric, gas and telephone/cable service; landscaping; and re-building the bridge over the Swamp River. Specifically, during Phase 1, among other things, the following will take place: the storehouse and Administration Building will be rehabilitated and re-used for retail/commercial purposes, and an existing four-story building along Wheeler Road (east of Route 22) will be re-used for mixed use purposes; a boat launch and related facilities will be constructed along the Swamp River; workforce housing will be created by restoring eight (8) Carmel Lane houses; the existing running track will be restored; the golf course will be upgraded by constructing four (4) new golf holes and a driving range; 25,700 square feet of new retail use will be created east of Route 22; and 275 residential units will be constructed, many of which will be in proximity to the train station.

Phase 2 of the Development will include the construction of the supermarket along with ancillary commercial space; commercial buildings in the Village Center; restoration and reuse of the "I" buildings; and approximately 245 units of Village Center housing. Phase 3 of the Development will include the golf course clubhouse and the rehabilitation of four existing golf holes; the northerly Village Center housing; and single family homes on the east side of Route 22. Finally, in Phase 4, the hillside housing, the hotel conference center and the power plant reuse will be completed.

With respect to the golf course and the Dykeman parcel, Dover Knolls is committed to upgrading the quality of the existing 9-hole course, while respecting the wetlands and other significant environmental features on the west side of the Development, as delineated by the Town's consultant, Dr. Michael Klemens. In order to accomplish these goals, the rezoning of the Dykeman parcel to MC is paramount. Doing so will allow Dover Knolls to expand the layout of the golf course and balance the proposed housing between the train station area and the Dykeman parcel, while providing the "natural greenbelt" recommended by the Town and the County. The reconstructed 9-

hole facility will also be accompanied by a state of the art practice and teaching facility, which will be available for public use.

Response to Specific Town Comments

Kindly note that the revised proposal addresses the Town's comments set forth in the documents noted above, as follows, keeping in mind that much of the information requested by the Town and its consultants can be most appropriately addressed in the context of the Draft Environmental Impact Statement, which Dover Knolls has agreed to prepare:

- 1) **Comment:** Provide dimensional standards for entire development parcel, as required by § 145-16.C(2) of the Zoning Code (Russell Memo p. 5, Item #1).

Response: A table of proposed dimensional standards that will apply to the newly created planned development district is set forth in the enclosed report prepared by Saccardi & Schiff, the applicant's land planning experts, last revised November, 2005 (the "Saccardi Report").

- 2) **Comment:** Submit five (5) copies of a Zoning Amendment Application Form and corresponding map showing all properties within a 500' radius of land to be rezoned, as required by Article X, § 145-69.A. (Russell Memo p. 5, Item #2).

Response: As noted below, five (5) copies of the Application Form and corresponding maps are enclosed.

- 3) **Comment:** Clarification of the meaning of "age targeted/age restricted." The Zoning Law only provides incentives for "age-restricted" housing that do not apply to "age-targeted" housing. (Russell Memo p. 6, Item #3).

Response: The enclosed revised Master Site Plan and the Saccardi Report clarify which proposed residences will be "age restricted", and which will be "age-targeted". In addition, the Saccardi Report applies the incentives for "age-restricted" housing accordingly.

- 4) **Comment:** Provide detailed density calculations broken down by underlying zoning districts and by phase, in order to determine compliance with the 50% residential/non-residential split, and the 30% maximum for residential with 3+ bedrooms. For the land with underlying CO zoning, Mr. Russell suggests it should be considered as applying toward the allowed non-residential development, since residential use requires a special permit in the CO zone. (Russell Memo p. 6, Items #4 & 6).

Response: It must first be noted that there is no requirement whatsoever in the Zoning Code for density calculations to be broken down by phase. The overall Development will meet the applicable requirements of § 145-16.E of the Zoning Code. With respect to land with the underlying zoning designation of CO, it must be noted that §145-16.C clearly states that within the MC district, “all uses listed on the Use Table as requiring a special permit shall be permitted by right subject to site plan approval only.” Therefore, residential uses on land zoned CO are permitted by right and that land should be considered as part of the underlying permitted residential density.

As far as the request that the density calculations be broken down by zoning district, as demonstrated by the revised chart included in the Saccardi Report, the Development is well within the permitted maximum density, regardless of how the density is calculated.

- 5) Comment: Provide a separate density calculation for the Dykeman parcel, since it has not been rezoned MC. This calculation should be done both with and without the MC designation (Russell Memo p. 6, Item #5).

Response: The separate density calculations requested for the Dykeman parcel are included in the Saccardi Report. These calculations demonstrate that the proposed density on the Dykeman parcel will comply with the maximum permitted.

- 6) Comment: Demonstration of compliance with the 50% balance between residential and non-residential use in each phase. (Russell Memo p. 6, Item #6). In addition, with respect to calculating the 50% balance in each phase, Mr. Russell states that the age-restricted square footage needs to be subtracted from the total development square footage (not just the residential square footage).

Response: As previously noted, the Zoning Code does not require that the 50% balance of residential and commercial space be achieved in each phase of development. As required, the overall Development will more than satisfy this balance. Moreover, the unilateral imposition of this requirement by Mr. Russell is unrealistic given site conditions, the location of various uses, and the realities of the marketplace.

In addition, Mr. Russell’s argument that age-restricted square footage should be subtracted from the total development square footage, as opposed to just the residential square footage, would actually penalize the applicant for providing age-restricted housing, instead of providing the incentive intended by the Zoning Code. The text of § 145-16.E is clear and has been followed by the applicant in this calculation.

- 7) Comment: Provide a phasing plan for the entire project, with a projected schedule of construction and demolition for each phase (Russell Memo p. 6, Item #7; Town Board Letter p. 2, Item #6).

Response: As a threshold matter, it must be noted that the Zoning Law does not require the submission of a phasing plan with the submission of the Zoning Amendment Application, nor was any such requirement discussed in the applicant's extensive discussions with the Town's representatives prior to the filing of the initial application in November, 2004.

In any event, we have included the requested Phasing Plan that sets forth 4 phases for the Development, including a 3-step Phase 1 with a significant up front infrastructure investment by Dover Knolls. This Phasing Plan is economically realistic and balances the Town's need for a commitment to complete the entire Development, with the realities of the marketplace with which the applicant must contend, while demonstrating Dover Knolls' commitment to the project.

- 8) Comment: Provide more detail on location of proposed uses, building heights, scale, and character of the Village Center, especially the civic, recreational, and "other" commercial uses besides retail. (Russell Memo p. 6, Item #8).

Response: This information has been included on the enclosed revised Master Site Plan and architectural renderings of the various proposed commercial and residential buildings.

- 9) Comment: Provide more detail on which of the existing buildings will be preserved and reused, and the rationale and justification for demolition of those that will not be preserved. ((Russell Memo p. 6, Item #9).

Response: This information is set forth in the enclosed Phasing Plan and accompanying drawings.

- 10) Comment: Clarification as to whether the proposed supermarket and "adjacent residential area" (specifying what that means) are going to be included in Phase I (Russell Memo p. 6, Item #10; Town Letter p. 1-2, Item #2).

Response: This clarification is set forth in the Phasing Plan.

- 11) Comment: Clarification as to whether the Village Center will have 340,000 square feet of commercial space as indicated in several places, or 610,000 square feet as indicated on Page 6 of Part 2 of the application. ((Russell Memo p. 6, Item #11).

Response: This has been clarified on the enclosed revised Master Site Plan.

- 12) Comment: Provide more information on proposed use of former power plant and storehouse in Phase I. (Russell Memo p. 6, Item #12).

Response: Additional information has been provided in the enclosed Phasing Plan.

- 13) Comment: Provide market studies or other information that would support the applicant's contention that the Village Center is not economically feasible as part of Phase 1 (this is only necessary if the Village Center is not part of Phase 1). (Russell Memo p. 6, Item #13).

Response: The requested information is not only far beyond the scope of the application process, but is not required or contemplated anywhere in the Zoning Code. Moreover, as set forth in the Phasing Plan, Dover Knolls has committed to a \$30 million infrastructure investment in Phase 1, including substantial work in and around the Village Center. Thus, rather than spend time and money on such a report, Dover Knolls would prefer to start work on the Draft Environmental Impact Statement (which may necessarily address economic issues), so that the review and approval process can proceed in a timely fashion.

The Phasing Plan²

The Knolls at Dover Phasing Plan is enclosed as an attachment to the Saccardi Report. As noted above, the Phasing Plan includes a substantial infrastructure investment by Dover Knolls in the first phase, as well as intensive marketing efforts to potential commercial and retail tenants to ensure job creation and economic development early in the process. Construction of model homes will also be part of this initial marketing outreach program.

The Phasing Plan also balances commercial and residential development, on both sides of Route 22, while respecting the environmental constraints identified by the Town's consultant. Finally, the Phasing Plan demonstrates Dover Knolls' financial commitment to the Development, while recognizing the economic realities requiring a

² Although the Zoning Law does not require the submission of a phasing plan in connection with an application pursuant to § 145-16.C(2) for a comprehensive development plan in the MC Overlay District, the Applicant is providing such a plan solely for the convenience of the Town Board in reviewing the Development. The Applicant does not concede that the phasing plan is required by the Zoning Law or that the phasing plan may be relied upon by the Town Board as a basis for rendering a decision on the zoning amendment application.

population base for the long-term viability of the commercial and retail components of the Development.

The Dykeman Parcel Rezoning Application

As you know, the Town Board (through Ms. LaFrance) indicated that it was not inclined to entertain application for zoning amendment to Dykeman parcel as it currently exists (2/4/05 LaFrance Letter). In addition, Mr. Russell opined that there was “no justification” for adding the Dykeman parcel to the MC overlay district.

However, as noted above, the addition of the Dykeman parcel to the MC overlay is required by the applicant to make the Development economically feasible within the significant environmental constraints on the property. Without the rezoning, the development potential on the west side of Route 22 is reduced by approximately 90 units, and the 100% density bonus provided for by § 145-16.C of the Zoning Code is rendered virtually meaningless. Moreover, without the rezoning, the Dykeman parcel is left zoned for a conventional subdivision of 60 units, which the Town has indicated it would like to definitely avoid. Furthermore, expanding the golf course to 18 holes would consume the majority of the land otherwise available for phased residential development on the west side of Route 22 that will provide the required revenue stream for redevelopment on the east side of Route 22.

Based on the foregoing, and as detailed in the enclosed Statement in Support of the Zoning Amendments, rezoning the Dykeman parcel to MC will allow Dover Knolls to expand the layout of the golf course and balance the proposed housing between the train station area and the Dykeman parcel, while providing the “natural greenbelt” recommended by the Town and the County and respecting the environmental constraints delineated by the Town’s consultant, Dr. Klemens.

Documents in Support of Zoning Amendment Application

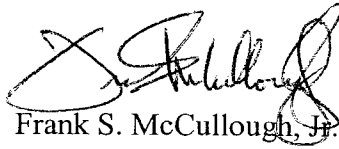
In support of this application, I am including copies of the following documents, together with the applicable fees: (1) the Zoning Amendment Application for the former Harlem Valley Psychiatric Center; (2) a map illustrating the Development site and all properties within 500 feet of the perimeter of the Development site; (3) the Zoning Amendment Application for the Dykeman Property, together with a letter from Beth Dykeman, the current owner of the Dykeman Property, stating that Dover Knolls is to act as her authorized agent with regard to the zoning amendment application; (4) a map illustrating the Dykeman Property and all properties within 500 feet of the perimeter of the Dykeman Property; (5) a Statement in Support of the Zoning Amendment Applications for both the former Harlem Valley Psychiatric Center and Dykeman properties; (6) the Saccardi Report and the Phasing Plan for the Development requested by the Town; and (7) the revised Master Site Plan, prepared by Sullivan Architecture, PC, last revised October 1, 2005.

As required by § 145-69 of the Dover Town Code, I am including three complete sets of these materials for the Town Board and two complete sets for the Planning Board.

Conclusion

We look forward to meeting with you to discuss this project, at which time we respectfully request that the Town Board deem the application complete, declare its intent to be lead agency under SEQRA, circulate the SEQRA Notice of Intent to be Lead Agency, and schedule a public hearing and SEQRA scoping session. In addition, the application should also be referred to the Town of Dover Planning Board and Dutchess County Planning Department, as required by § 145-69.B of the Zoning Code. Doing so will follow both the spirit and the letter of § 145-16.A of the Zoning Code, which states that the intent of the MC overlay district is “to streamline permitting and allow greater use flexibility” for a mixed-used community on the former Harlem Valley Psychiatric Center property.

Very truly yours,



Frank S. McCullough, Jr.

Enc.

cc: Town of Dover Planning Board (2 copies)
Shannon Martin LaFrance, Esq. (2 copies)
Dover Knolls Development Team