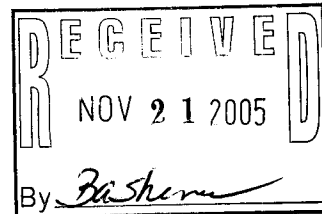


***Knolls of Dover
Master Development Plan Report***

*Town of Dover
New York*



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November 17, 2005

I. Site Location and Description

The proposed project is a comprehensive redevelopment of the former Harlem Valley Psychiatric Center (HVPC) property in the Wingdale hamlet of the Town of Dover, Dutchess County. The project site consists of approximately 850 acres straddling NYS Route 22 in the Wingdale hamlet, which is located approximately half-way between Albany and New York City. The project site is also traversed by the Metro-North Harlem line, and the Great Swamp River. The eastern portion of the property contains the bulk of the former Psychiatric Center buildings, and a reservoir. The Appalachian Trail crosses the far southeastern portion of the site. The western portion currently contains a nine-hole golf course, a sewage treatment plant, and smaller Psychiatric Center agricultural and other use buildings. The Wingdale Metro-North station and the former power plant and storehouse buildings are located in the heart of the project site at the intersection of Route 22 and Wheeler Road.

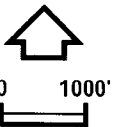
The site is situated along the Swamp River valley corridor, one of three principal valleys running through the County. The valley floor lies at an elevation of approximately 420 feet and includes the Great Swamp, Route 22, the Harlem Metro-North line, and most of the HVPC buildings. On the east side of the property, just beyond most of the still remaining Psychiatric Center buildings, the land rises sharply from the valley floor. The steepest rise, which includes slopes exceeding 30%, begins east of Hutchinson Road and eventually reaches a high point of 915 feet. Continuing east, the elevation drops about 100 feet to the reservoir, before rising again to a knoll near the eastern border of the site that is crowned by the site's high point. The west side of the project rises more gently from the valley floor, with the golf course situated on a series of terraces. Although this portion of the site does not have as dramatic an elevation gain, there are several smaller areas of sloping land with grades of 15% and greater.

II. Opportunities and Constraints

The project's location, natural features and built environment present a unique set of opportunities and constraints that will influence the shape of any potential redevelopment of this property.

Wetlands

The most significant natural feature is the Great Swamp that occupies the core of the site. The Great Swamp is a Class I DEC wetland that surrounds the Swamp River. It stretches nearly 20 miles across portions of both Dutchess and Putnam Counties, and is the second largest freshwater wetland system in the state. The location of the Great Swamp divides the property into two distinct segments and limits the potential for creating substantial new residential development on the west side within convenient walking distance of the railroad station. Several other DEC-regulated wetlands are also present on the site including an elongated corridor running along Route 22 in the northern part of the property, an area adjacent to the reservoir, and smaller wetlands near the property edge in the western portion of the site. The total acreage of these wetlands is approximately 163 acres. During site surveys undertaken by the Town's environmental consultant, it was noted that several wetland areas are in a degraded condition, including those proximate to the railroad tracks.



SITE LOCATION

THE KNOLLS OF DOVER
Town of Dover, New York

BASE MAP SOURCE: USGS - Pawling, NY and
Dover Plains, NY Quadrangles

Benjamin Development Co. - Pearson Partners, Inc.
Saccardi & Schiff, Inc. - Planning and Development Consultants

Flora and Fauna

In addition to wetland areas, several significant habitat or botanical areas of concern have been identified on the site in the detailed surveys undertaken by the Town consultants. These include vernal pools, spotted and bog turtle habitat, fens, a botanically important ravine, and marble knolls. These areas, and recommended buffer zones, are shown on the attached Environmental Assessment exhibit. In order to ensure that these environmentally sensitive areas remain viable, development within the recommended buffer areas would be limited, consistent with major recommendations from the Town's natural resources consultant.

Disturbance and Vegetation

The location of land that has already been disturbed is another significant site planning consideration. The land on the valley floor and lower slopes on the east side of Route 22 has been disturbed for the creation of the Psychiatric Center. The remainder of the east side consists largely of undeveloped, forested land, with some smaller areas of scrub or meadow. This includes portions of the hillside area that had been cut down to provide fuel for the region's iron furnaces, and which were later used as farmland.

Much of the property to the west of Route 22 has been altered or disturbed by previous activities, including the farming that historically occurred on much of the western property, as well as the grading and landscaping for the golf course. As a result, this side of the site is not heavily treed and consists primarily of scrub or meadow. The exceptions to this pattern are the Great Swamp, which is a wooded wetland, and a smaller forested area behind the sewage treatment plant.

The site also contains two closed landfills. As part of the land sale from New York State, the property owner must indemnify the State and assume any environmental risks from the closed landfills. In addition, other solid waste has been buried or dumped across the property and will need to be removed.

Topography and Steep Slopes

As described above, the core of the site has fairly level or mildly sloping terrain. However, directly east of the existing HVPC developed areas, the hill begins to rise more sharply. The upper half of the hill is heavily wooded and has slopes greater than 30%, which are generally unsuitable for development. This presents a significant barrier and essentially confines potential development to a relatively narrow band paralleling Route 22. In addition, the contours of the hill also parallel Route 22, which limits development flexibility on the moderately sloping lower portion of the hill.

Existing Buildings

The former Harlem Valley Psychiatric Center contains 83 structures totaling approximately 2.15 million square feet of floor area. At the HVPC's peak usage, the buildings provided facilities for approximately 5,000 patients and 5,000 staff persons. The majority of these buildings are vacant, although a few containing state uses are still in the process of closing. While some structures have deteriorated substantially, there are a number of architecturally handsome buildings, such as the Director's House (already restored by the Applicant), which

present attractive opportunities for adaptive reuse. These include the former administration building, the I-buildings, the hospital, church, community center, and a four story office building, each of which is located on the east side of Route 22, and the former power plant and storehouse, which are located adjacent to the Metro-North tracks on the west side of Route 22. In addition, the campus incorporates a great lawn area at a scale that complements and frames the existing larger, institutional buildings along Route 22.

The presence of lead paint and asbestos in the existing buildings will need to be addressed. The former Psychiatric Center also has an internal utility system that includes a reservoir, a water treatment and supply system, and a sewage treatment plant with a capacity of 1.2 mgd. This existing infrastructure would provide a basis for water and sewer service to support intensive reuse of the property. However, significant improvements will be required.

Transportation Access

The project site has excellent rail and highway access to major employment centers. Travel from the Wingdale station to White Plains is just over 1 hour during peak travel hours. Midtown Manhattan can be reached in 1 3/4 hours on Metro-North. Weekday rail service consists of 13 trains in each direction, including four during each peak commute period. Convenient rail access can be very attractive for both businesses and residents. The presence of a commuter rail station in the center of the site opens the possibility of creating a transit-oriented village.

Primary road access to the site is via Route 22, a heavily traveled state roadway which provides a connection to Interstate 684 and more intensely developed areas to the south. The HVPC is also served by an internal road network with private streets. Wheeler Road, which is owned by the Applicant, runs perpendicular to Route 22, providing the principal east/west access across the site and the only transportation link between the two halves of the property. It traverses the entire western half of the site, intersects with Route 22 adjacent to the train station, and terminates at Hutchinson Avenue. Hutchinson Avenue, also a privately owned road, creates a spine through the HVPC campus and links existing buildings in the north with the core of the campus in the south. While alignment changes may be warranted for design and traffic-calming reasons, these principal roads will help shape the new community. The property owner recognizes that Wheeler Road and Hutchinson Avenue are used by the community and emergency service providers as through roads and will continue to permit their use by the public.

Zoning

The project site contains land lying in five zoning districts and subject to three overlay zones. The underlying districts include SR-Suburban Residential, CO-Commercial/Industry/Office-Mixed Use, HM-Hamlet Mixed Use, HR-Hamlet Residential, and RU-Rural. The overlay districts are the FP-Floodplain, SC-Stream Corridor, and MC-Mixed Use Institutional Conversion. Essentially, the FP overlay restricts construction in the 100-year floodplain, and the SC overlay requires watercourse setbacks and additional review scrutiny within 150 feet of the Swamp River and other NYSDEC streams. Excluding an 83-acre Dykman parcel zoned SR in the northwest corner, the project site lies within the MC overlay district, which

is intended to facilitate the redevelopment of the HVPC. The MC provisions allow for great flexibility in potential uses and permit greater density than in the underlying zones. Any use listed in the zoning code is permissible by right. Total development may be 50% more than would be permitted in the underlying districts, except land zoned SR is eligible for a density bonus of 100%.

The MC also requires a balance between the amount of residential and commercial development. It stipulates that no more than 50% of the gross floor area of all development may consist of residential development, excluding age-restricted senior housing. In addition, no more than 30% of the floor area of all development may consist of residential units with three or more bedrooms.

Issues and Opportunities

The environmental conditions described above necessarily place significant constraints on the development of the site, and will ultimately direct the shape of the new community. As seen on the attached Issues and Opportunities exhibit, the Great Swamp wetland and the steep slopes of the hill behind the HVPC campus combine to compress the developable area of the project core into a relatively narrow band that has a generally linear north/south orientation.

The Great Swamp wetland and its associated flood zone surround the railroad station and limit the possibility for new, dense development immediately to the north, west or south. The protection of this valuable resource, therefore, competes with typical transit-oriented development design, which seeks to focus intense development within a five to ten minute walk from mass transit stations.

Significant environmental features will also govern the shape of potential new development on the west side of the project site beyond the railroad. The extensive wetland and significant habitat areas place fairly severe restrictions on development south of Wheeler Road. These natural features suggest that the northwest corner of the site, an area running along the north side of Wheeler Road, and a small area near the intersection of Wheeler Road and Pawling Road areas would be the most suitable locations for accommodating new development on the west side of project.

In areas that rely on individual septic systems to treat household wastewater, soil permeability and filtration characteristics may further constrain the placement of building sites. However, given the availability of central sewer on the property, these soil conditions present less of a determinant for home siting. The utility system also makes relatively dense clustering of residential units feasible, allowing for the protection of significant natural features while producing a critical mass of residents for the new hamlet center.

While the site's excellent regional rail and highway access makes redevelopment attractive, Route 22 and the railroad create a substantial barrier between the two sides of the site. Given the sensitivity of the Great Swamp, the only realistic east-west connection is along Wheeler Road. Creating a safe and comfortable linkage across Route 22 will be necessary to tie the project together, encourage pedestrian activity, and capitalize fully on the site's proximity to mass transit.

III. Conceptual Plan

The proposed redevelopment plan for the HVPC proposes a variety of uses in a layout that has been largely driven by the natural constraints and significant man-made features on the site. The plan components include a mix of residential, commercial, institutional, community, recreational and open space uses, distributed among existing HVPC buildings and new structures sited in the most buildable areas of the site. The project program is intended to create a community with components that support each other and achieve the balance of development envisioned in the Town's MC-Overlay district.

The western portion will consist of a mix of housing types, including 212 villa-style residences, 54 attached single family townhomes, and 9 single family estate homes clustered around an upgraded 9-hole golf course. The townhomes and villa units will be age-restricted and age-targeted, and are expected to attract mostly empty nesters. The proposed program offers potential purchasers four types of housing in the golf course community including attached townhomes, two-unit attached and four-unit attached villas, and single family homes. Within the western portion of the site, approximately 96 of the dwelling units will be within a ½ mile walking distance of the railroad station.

The existing Directors' Residence, which is centrally located on the west side of the site, has been restored and will be expanded to serve as a community center with social and recreational amenities. The former Psychiatric Center power plant and storehouse buildings near the train station will be adaptively re-used for commercial or other purposes. The Great Swamp and associated New York State DEC-regulated wetlands in the core of the site will remain undisturbed, with the sole exception of a degraded area proximate to the storehouse.

Following its historic pattern, the eastern side of the project site is proposed for more varied and more intensive uses. A retail center will be established across from the Metro-North station along a realigned Wheeler Road. The layout is designed to create a "Main Street" for the new hamlet and includes buildings with residential and office loft space above ground floor retail. The residential loft space will accommodate approximately 35 units. The residential component will consist of 860 units of age-restricted housing distributed in townhouses and apartments, 126 age targeted townhouses, 32 workforce housing units and 10 single-family estate homes. A breakdown of housing units by type is shown on Table I.

Age-restricted housing is permitted by the US Dept. of Housing and Urban Development under an exemption in the Fair Housing Act of 1988. Age-restrictions can be applied in different ways, such as through zoning regulations or by imposition of a Declaration recorded in the County Clerk's office, which can be enforced by the homeowner's association or individual unit owners. Many age-restricted communities operate successfully under these rules. The proposed age restriction for the Knolls of Dover is 55+.

In contrast, age targeted housing is specifically designed and marketed for families without children, including empty nesters, young professionals and single persons, who would enjoy the ambiance and amenities of the proposed development, including Main Street shops, in proximity to Metro-North.