

Albany Industrial Development Agency

21 Lodge Street
Albany, New York 12207
Telephone: (518) 434-2532
Fax: (518) 434-9846

Anthony J. Ferrara, *Chairman*
John R. Vero, *Vice Chairman*
Kathy Sheehan, *Treasurer*
Susan Pedo, *Secretary*
Martin Daley
C. Anthony Owens
Tracy Metzger

Michael Yevoli, *Chief Executive Officer*
Erik J. Smith, *Chief Financial Officer*
John Reilly, *Agency Counsel*

To: Martin Daley
Kathy Sheehan
Susan Pedo
Anthony Owens
Tracy Metzger

Mike Yevoli
Erik Smith
John Reilly
Joe Scott
Sarah Reginelli
Brad Chevalier

Date: March 11, 2013

AGENDA

A meeting of the Finance Committee of the City of Albany Industrial Development Agency will be held on **Thursday, March 14th at 12:15PM** at 21 Lodge Street, Albany, NY 12207 (Conference Room)

Roll Call

Reading of Minutes of the Finance Committee Meeting of February 13th, 2013

Approval of Minutes of the Finance Committee Meeting of February 13th, 2013

Unfinished Business

New Business

— 733 Broadway

Other Business

Adjournment

* The next regularly scheduled Board meeting will be held Thursday, March 21st, at 21 Lodge Street, Albany, NY 12207

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IDA MINUTES OF FINANCE COMMITTEE MEETING Wednesday, February 13th

Attending: Martin Daley, Kathy Sheehan, Susan Pedo, Tracy Metzger & C. Anthony Owens

Absent:

Also Present: Tony Ferrara, John Vero, Mike Yevoli, Erik Smith, Joe Scott, Sarah Reginelli,
Brad Chevalier, Amanda Vitullo & Amy Gardner

Chairman Martin Daley called the Finance Committee meeting of the IDA to order at 12:15PM.

Roll Call

Chairman Martin Daley reported that all Committee members were present.

Reading of Minutes of the Finance Committee Meeting Minutes of December 13, 2012

Since the minutes of the December 13, 2012 meeting had been distributed to the Committee members in advance for review, Chairman Martin Daley made a proposal to dispense with the reading of the minutes.

Approval of Minutes of the Finance Committee Meeting Minutes of December 13, 2012

Chairman Martin Daley made a proposal to approve the minutes of the Finance Committee meeting of December 13, 2012. A motion to accept the minutes, as presented, was made by Susan Pedo and seconded by Kathy Sheehan. A vote being taken, the minutes were accepted unanimously.

Unfinished Business

New Business

Other Business

Proposed Sales & Use Tax Exemption Legislation Update

Counsel advised the Committee that Governor Cuomo had recently released the proposed 2013-2014 Budget and it included proposed legislation that would severely limit the authority of Industrial Development Agencies (IDA) to provide State sales and use tax exemptions. Staff advised the Committee that they had contacted all applicants with projects that had not yet closed to make them aware of the proposed legislation. Staff informed these applicants that if they did not close before lawmakers pass the budget on March 31st they would lose the State four percent (4%) portion of the

proposed sales tax exemption on their projects. Counsel informed the Committee that IDAs will still have the ability to waive the local sales tax.

Assessments of properties were discussed. The Committee advised staff that they would like a presentation on downtown residential properties and current assessments. Staff informed the Committee that they hoped IDA Board members would be involved in the Downtown Tactical Plan process – specifically on tax issues.

Executive Session

Staff advised the Committee that there was pending litigation that needed to be discussed. A motion to enter into executive session was made by Tracy Metzger, seconded by Susan Pedo and passed unanimously. The Committee entered into executive session at 12:26pm. The Committee recommended that staff remain in the room. The following Board members were present: Tony Ferrara, John Vero, Kathy Sheehan, Susan Pedo, Martin Daley, Anthony Owens and Tracy Metzger. The Committee left executive session at 12:50pm. No actions were taken during executive session.

There being no further business, Chairman Martin Daley adjourned the meeting at 1:15PM.

Respectfully submitted,

Susan Pedo, Secretary

TO: City of Albany Industrial Development Finance Committee

FROM: City of Albany Industrial Development Agency Staff

RE: 733 Broadway, LLC - IDA Application Summary

DATE: March 11, 2013

Applicant: 733 Broadway, LLC

Managing Members (% of Ownership): Norstar Investment USA, Inc. (80%) and Black Locust, LLC (20%)

Project Location: 733 Broadway

Project Description: The 1.3 +/- acre property was acquired by the Applicant back in 2004 with the intent of redeveloping it into a residential use. The Applicant first considered redeveloping the property into market-rate apartments, but that proved infeasible. The Applicant then proposed redeveloping the property into a new construction condominium project. The proposed condominium project, known as Capital Grand, included 122 units with supporting amenities. By late 2008, the Applicant had taken deposits on more than a third of the units when a serious contraction of the housing market and overall economic downturn occurred. Financing for projects like Capital Grand dried up as financial institutions deemed them to be riskier and less attractive in such a market. Since that time, the existing building has sat mostly empty with offices for Norstar Development USA., L.P. occupying a portion of the first floor. The Applicant continued to evaluate both the user demand and lending markets for new opportunities to redevelop the property.

The Applicant proposes demolishing the existing 45,000 sq.ft. building and constructing a new 70 unit, 81,080 sq.ft. market rate apartment building. The building will include (3) studio/ 1 bath units, (42) forty-two 1 bedroom/ 1 bath units, (19) nineteen 2 bedroom/ 2 bath units and (6) 3 bedroom/ 2 bath units. The average rent is \$1.49 per square foot with per unit month rents ranging from \$850 to \$1,850 per month. Each unit will be equipped with a washer and a dryer. In addition to the apartments, the project includes a small rental office, community room/ kitchenette, fitness room, storage, and swipe card system for security. The project also includes 70 secured surface parking spaces made possible by the proposed acquisition of the Jackson Street right-of-way.

Estimated Project Cost: \$13,977,386 (estimated amount spent to date \$875,000)

Type of Financing: Straight Lease

Amount of Bonds Requested: None

Estimated Total Purchases Exempt from Sales Tax: \$4,000,000

Estimated Total Mortgage Amount: \$11,199,600

Current Total Assessment: \$1,000,000 (will be reduced to approximately \$537,100 upon demolition of existing building per discussion with Commissioner of Assessment & Taxation)

Estimated Improved Total Assessment: \$7,000,000 (per discussion with Commissioner of Assessment & Taxation)

Requested PILOT: A 40 year a graduated fixed PILOT payment:

Years 1-10	\$25,000/year
Years 11-15	\$45,000/year
Years 16-20	\$55,000/year
Years 21-25	\$65,000/year
Years 26-30	\$75,000/year
Years 31-40	\$125,000/year

Full assessment will be paid in Year 41 and every year thereafter.

Estimated Value of Total PILOT Payments:

- Total PILOT Payments: \$2,700,000 (Over a 40 year PILOT period)

Estimated Value of Tax Exemptions:

- NYS Sales and Compensating Use Tax: \$320,000
- Mortgage Recording Taxes: \$139,995
- Real Property Taxes: \$22,823,469 (See attached PILOT analysis for more detail)
- Other: N/A

Employment Impact:

- Projected Permanent: (1.5) new FTEs
 - (1) full-time manager and (1) part-time maintenance employee
- Projected Construction: (50) jobs

Strategic Initiatives:

- Albany 2030 - The project will further the plan's vision by:
 - Targeting a blighting influence.
 - Encouraging investment in urban land for a downtown housing opportunity through the redevelopment of an underutilized property.
 - Adding to the mixed-income, market rate housing options downtown.
 - Increasing the available intergenerational/ life-cycle housing options that will help meet the needs of all age groups.
 - Providing new investment that will further the image of downtown as a safe, livable place with walkable streets, housing choices, mixed-use environment.

- Reinforcing, enhancing, and likely promoting, through marketing associated with leasing, Albany’s distinctive character and identity.
- Strengthening downtown’s attractiveness as commercial center by increasing the consumer base goods and services.

Planning Board Actions:

- Issued a Negative Declaration for this Unlisted Action as per the provisions of SEQR on 12/20/12.
- Approved the demolition on 12/20/12 with the following conditions:
 - A minimum of twenty-five percent (25%) of construction and demolition debris generated from demolition shall be diverted from disposal to landfills through recycling, reuse and diversion programs.
- Approved the site plan on 12/20/12 with the following conditions:
 - The Storm Water Pollution Prevention Plan (SWPPP) and water/ sewer service connections shall be approved by Department of Water & Water Supply.
 - The applicant shall complete the purchase of the Jackson Street right-of-way and fully incorporate this area into building site as proposed; the land should be merged into existing tax parcel #65.83-1-32.
 - An agreement shall be put into place providing for continued access to all under- and above-ground utilities or other City, County and private infrastructure within the discontinued Jackson Street right-of-way.

Estimated IDA Fee

- Fee amount: \$139,774

Mission

- The purpose of the Industrial Development Agency is to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities. The Agency aims to protect and promote the health of the inhabitants of the City of Albany by the conservation, protection and improvement of the natural and cultural or historic resources and environment and to control land, sewer, water, air, noise or general environmental pollution derived from the operation of industrial development.



Monday, March 4, 2013 11:25:03 AM
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The City of Albany Department of Development & Planning provides this figure for illustrative purposes only. Unauthorized attempts to modify or utilize this figure for other than its intended purposes are prohibited. All locations are approximate. The City makes no claims or guarantees about the accuracy or currency of the contents of the data provided and expressly disclaims liability for errors and omissions in its contents.



City of Albany
733 BROADWAY

733 Broadway, LLC: PILOT Analysis

PILOT Year	City and County Tax Year	School Tax Year	Tax Rate ⁽⁵⁾	Status Quo		Proposed Project				
				Current Tax		Normal Tax			Requested PILOT	
				Current Assessment ⁽⁶⁾	Current Tax ⁽⁷⁾	Base Assessment ⁽⁸⁾	Total Improved Assessment ⁽⁹⁾	Tax w/o PILOT ⁽¹⁰⁾	PILOT Payment ⁽¹¹⁾	Abatement ⁽¹²⁾
Interim ⁽¹⁾	2012	2011/2012	\$45.581500	\$1,000,000	\$45,582	\$537,098	\$1,000,000	\$45,582	-	-
Interim ⁽¹⁾	2013	2012/2013	\$46.948945	\$1,000,000	\$46,949	\$537,099	\$1,000,000	\$46,949	-	-
1 ⁽²⁾	2014	2013/2014	\$48.357413	\$1,000,000	\$48,357	\$537,100	\$7,000,000	\$338,502	\$25,000	\$313,502
2	2015	2014/2015	\$49.808136	\$1,000,000	\$49,808	\$537,100	\$7,000,000	\$348,657	\$25,000	\$323,657
3	2016	2015/2016	\$51.302380	\$1,000,000	\$51,302	\$537,100	\$7,000,000	\$359,117	\$25,000	\$334,117
4	2017	2016/2017	\$52.841451	\$1,000,000	\$52,841	\$537,100	\$7,000,000	\$369,890	\$25,000	\$344,890
5	2018	2017/2018	\$54.426695	\$1,000,000	\$54,427	\$537,100	\$7,000,000	\$380,987	\$25,000	\$355,987
6	2019	2018/2019	\$56.059496	\$1,000,000	\$56,059	\$537,100	\$7,000,000	\$392,416	\$25,000	\$367,416
7	2020	2019/2020	\$57.741280	\$1,000,000	\$57,741	\$537,100	\$7,000,000	\$404,189	\$25,000	\$379,189
8	2021	2200/2021	\$59.473519	\$1,000,000	\$59,474	\$537,100	\$7,000,000	\$416,315	\$25,000	\$391,315
9	2022	2021/2022	\$61.257724	\$1,000,000	\$61,258	\$537,100	\$7,000,000	\$428,804	\$25,000	\$403,804
10	2023	2022/2023	\$63.095456	\$1,000,000	\$63,095	\$537,100	\$7,000,000	\$441,668	\$25,000	\$416,668
11	2024	2023/2024	\$64.988320	\$1,000,000	\$64,988	\$537,100	\$7,000,000	\$454,918	\$45,000	\$409,918
12	2025	2024/2025	\$66.937969	\$1,000,000	\$66,938	\$537,100	\$7,000,000	\$468,566	\$45,000	\$423,566
13	2026	2025/2026	\$68.946109	\$1,000,000	\$68,946	\$537,100	\$7,000,000	\$482,623	\$45,000	\$437,623
14	2027	2026/2027	\$71.014492	\$1,000,000	\$71,014	\$537,100	\$7,000,000	\$497,101	\$45,000	\$452,101
15	2028	2027/2028	\$73.144927	\$1,000,000	\$73,145	\$537,100	\$7,000,000	\$512,014	\$45,000	\$467,014
16	2029	2028/2029	\$75.339274	\$1,000,000	\$75,339	\$537,100	\$7,000,000	\$527,375	\$55,000	\$472,375
17	2030	2029/2030	\$77.599453	\$1,000,000	\$77,599	\$537,100	\$7,000,000	\$543,196	\$55,000	\$488,196
18	2031	2030/2031	\$79.927436	\$1,000,000	\$79,927	\$537,100	\$7,000,000	\$559,492	\$55,000	\$504,492
19	2032	2031/2032	\$82.325259	\$1,000,000	\$82,325	\$537,100	\$7,000,000	\$576,277	\$55,000	\$521,277
20	2033	2032/2033	\$84.795017	\$1,000,000	\$84,795	\$537,100	\$7,000,000	\$593,565	\$55,000	\$538,565
21	2034	2033/2034	\$87.338868	\$1,000,000	\$87,339	\$537,100	\$7,000,000	\$611,372	\$65,000	\$546,372
22	2035	2034/2035	\$89.959034	\$1,000,000	\$89,959	\$537,100	\$7,000,000	\$629,713	\$65,000	\$564,713
23	2036	2035/2036	\$92.657805	\$1,000,000	\$92,658	\$537,100	\$7,000,000	\$648,605	\$65,000	\$583,605
24	2037	2036/2037	\$95.437539	\$1,000,000	\$95,438	\$537,100	\$7,000,000	\$668,063	\$65,000	\$603,063
25	2038	2037/2038	\$98.300665	\$1,000,000	\$98,301	\$537,100	\$7,000,000	\$688,105	\$65,000	\$623,105
26	2039	2038/2039	\$101.249685	\$1,000,000	\$101,250	\$537,100	\$7,000,000	\$708,748	\$75,000	\$633,748
27	2040	2039/2040	\$104.287175	\$1,000,000	\$104,287	\$537,100	\$7,000,000	\$730,010	\$75,000	\$655,010
28	2041	2040/2041	\$107.415791	\$1,000,000	\$107,416	\$537,100	\$7,000,000	\$751,911	\$75,000	\$676,911
29	2042	2041/2042	\$110.638264	\$1,000,000	\$110,638	\$537,100	\$7,000,000	\$774,468	\$75,000	\$699,468
30	2043	2042/2043	\$113.957412	\$1,000,000	\$113,957	\$537,100	\$7,000,000	\$797,702	\$75,000	\$722,702
31	2044	2043/2044	\$117.376135	\$1,000,000	\$117,376	\$537,100	\$7,000,000	\$821,633	\$125,000	\$696,633
32	2045	2044/2045	\$120.897419	\$1,000,000	\$120,897	\$537,100	\$7,000,000	\$846,282	\$125,000	\$721,282
33	2046	2045/2046	\$124.524341	\$1,000,000	\$124,524	\$537,100	\$7,000,000	\$871,670	\$125,000	\$746,670
34	2047	2046/2047	\$128.260071	\$1,000,000	\$128,260	\$537,100	\$7,000,000	\$897,821	\$125,000	\$772,821
35	2048	2047/2048	\$132.107874	\$1,000,000	\$132,108	\$537,100	\$7,000,000	\$924,755	\$125,000	\$799,755
36	2049	2048/2049	\$136.071110	\$1,000,000	\$136,071	\$537,100	\$7,000,000	\$952,498	\$125,000	\$827,498
37	2050	2049/2050	\$140.153243	\$1,000,000	\$140,153	\$537,100	\$7,000,000	\$981,073	\$125,000	\$856,073
38	2051	2050/2051	\$144.357840	\$1,000,000	\$144,358	\$537,100	\$7,000,000	\$1,010,505	\$125,000	\$885,505
39	2052	2051/2052	\$148.688576	\$1,000,000	\$148,689	\$537,100	\$7,000,000	\$1,040,820	\$125,000	\$915,820
40 ⁽³⁾	2053	2052/2053	\$153.149233	\$1,000,000	\$153,149	\$537,100	\$7,000,000	\$1,072,045	\$125,000	\$947,045
Permanent ⁽⁴⁾	2054	2053/2054	\$157.743710	\$1,000,000	\$157,744	\$537,101	\$7,000,000	\$1,104,206	-	-
Total ⁽¹³⁾					\$3,646,210			\$25,523,469	\$2,700,000	\$22,823,469

Notes:

- (1) Property remains taxable until March 1st, 2014. Assumes project closes with IDA prior to this date.
- (2) Estimated start of PILOT payments
- (3) Estimated end of PILOT payments
- (4) Property returns to taxable status.
- (5) 2012 tax rate per Department of Assessment & Taxation (does not include any ad valorem tax that is still payable under PILOT). Assumed an estimated escalation of 3% thereafter
- (6) Per Commissioner of Department of Assessment & Taxation based on 2012 tax roll. Assessment value is not fixed.
- (7) Estimated taxes if proposed project did not occur (i.e. left status quo)
- (8) Per Commissioner of Department of Assessment & Taxation based on 2012 land assessment value. Assessment value is not fixed.
- (9) Per Commissioner of Department of Assessment & Taxation based on estimate of \$100,000 per unit (inc. land and improvement assessment value). Assessment value is not fixed.
- (10) Estimated taxes if proposed project occurred without PILOT assistance.
- (11) PILOT payment schedule proposed by Applicant. PILOT payments are fixed as per schedule.
- (12) Estimated abatement if proposed project occurred with shown PILOT assistance
- (13) Totals for comparison and analysis during PILOT agreement period only that is proposed to end on December 31, 2053

Analysis is ONLY an estimate

CREATING A NEW DOWNTOWN ALBANY RESIDENTIAL DESTINATION

733 Broadway



**Request for Assistance
to the Albany Industrial Development Agency**



March 14, 2013

200 South Division Street
Buffalo, New York 14204
Tel: (716) 847-1098
Fax: (716) 847-1668



733 Broadway
Albany, New York 12207
Tel: (518) 431-1051

DEVELOPMENT USA, L.P.

March 1, 2013

Michael Yevoli
Chief Executive Officer
City of Albany Industrial Development Agency
21 Lodge Street
Albany, New York 12207

RE: Request for IDA Assistance for 733 Broadway Project

Dear Michael:

Attached is a completed application, as well as the appropriate supplementary material required by the City of Albany Industrial Development Agency for the consideration of financial assistance associated with the 733 Broadway project.

The project includes the demolition of the existing building and the construction of 70 new market-rate residential rental units. The project is seeking assistance from the Albany Industrial Development Agency including a Payment In Lieu of Taxes (PILOT) agreement, relief from mortgage recording tax, and an exemption from NYS Sales tax on building materials.

The project is seeking a HUD-insured 40 year loan for the project, and without the proposed PILOT the project will not meet the underwriting standards of the program to secure the necessary level of capital to construct the project.

As documented in the enclosed AIDA Application for Assistance, the proposed project at 733 Broadway will have numerous economic benefits to the City of Albany. Increased housing in downtown Albany means an influx of people as projects become occupied. As the area becomes more populated, the demand for more businesses and services located downtown will increase.

Additionally, the project will also result in direct construction and permanent jobs for area residents as outlined in the economic benefit analysis included in the application.

We look forward to presenting the project to the AIDA. Please do not hesitate to contact me if you should have any questions or find additional information is needed. I look forward to working with the Agency on this project. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori Harris". The signature is written in a cursive, flowing style.

Lori Harris, Vice President
Norstar Development USA, L.P.

Enclosure

AIDA APPLICATION

CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY

APPLICATION

IMPORTANT NOTICE: The answers to the questions contained in this application are necessary to determine your firm's eligibility for financing and other assistance from the City of Albany Industrial Development Agency. These answers will also be used in the preparation of papers in this transaction. Accordingly, all questions should be answered accurately and completely by an officer or other employee of your firm who is thoroughly familiar with the business and affairs of your firm and who is also thoroughly familiar with the proposed project. This application is subject to acceptance by the Agency.

TO: CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY
c/o Department of Economic Development
21 Lodge Street
Albany, New York 12207

This application by applicant respectfully states:

APPLICANT: 733 Broadway LLC

APPLICANT'S ADDRESS: 733 Broadway

CITY: Albany STATE: NY ZIP CODE: 12207

PHONE NO.: (518)431-1051 FAX NO.: (518)431-1053 E-MAIL: lharris@norstarus.com

NAME OF PERSON(S) AUTHORIZED TO SPEAK FOR APPLICANT WITH RESPECT TO THIS APPLICATION:

IF APPLICANT IS REPRESENTED BY AN ATTORNEY, COMPLETE THE FOLLOWING:

NAME OF ATTORNEY: Geoff Cannon

ATTORNEY'S ADDRESS: 54 State Street

CITY: Albany STATE: NY ZIP CODE: 12207

PHONE NO.: (518)465-1500 x130 FAX NO.: (518)465-3906 E-MAIL: gcannon@chwattys.com

NOTE: PLEASE READ THE INSTRUCTIONS ON PAGE 2 HEREOF BEFORE FILLING OUT THIS FORM.

SUMMARY OF PROJECT

Applicant: 733 Broadway LLC
Contact Person: Lori Harris
Phone Number: (518)431-1051
Occupant: Residential Rental Apartments
Project Location: 733 Broadway, Albany, NY

Approximate Size of Project Site: 1.3 acres

Description of Project:

The project includes the demolition of the existing building located at 733 Broadway, and the construction of a four-story wood frame elevator building to include seventy (70) residential rental apartments. In addition to the apartments, the project includes a small rental office, community room/kitchenette, fitness room and storage. Additionally, the project includes 70 secured surface parking spaces.

The 70-unit 81,080 s.f. building will include three (3) studio/1 bath units, forty-two (42) 1 bedroom/1 bath units, nineteen (19) 2 bedroom/2 bath units and six (6) 3 bedroom/2 bath units. All units are market and the average rent is \$1.49 per s.f. ranging from \$850 to \$1850 per month.

The project will be a loft-style design offering common entryway to the units. The units will generally have an open floor plan with the kitchens open to the living areas with a breakfast bar which separates the living and dining space. Each unit will be equipped with a washer and a dryer. Secure access to the building will be maintained through the use of a swipe card system.

Type of Project: Manufacturing Warehouse/Distribution
 Commercial Not-For-Profit
 Other-Specify

Employment Impact: Existing Jobs = 3 FTEs;
New Jobs = 1 full-time manager and 1 part-time maintenance employee

Project Cost: \$ 13,977,386

Type of Financing: Tax-Exempt Taxable Straight Lease

Amount of Bonds Requested: \$ N/A

Estimated Value of Tax-Exemptions:

N.Y.S. Sales and Compensating Use Tax:	\$ 320,000
Mortgage Recording Taxes:	\$ 139,995
Real Property Tax Exemptions:	\$ see PILOT request
Other (please specify):	\$

I. INFORMATION CONCERNING THE PROPOSED OCCUPANT OF THE PROJECT (HEREINAFTER, THE "COMPANY").

A. Identity of Company:

1. Company Name: 733 Broadway, LLC

Present Address: 733 Broadway, Albany

Zip Code: 12207

Employer's ID No.: 80-0124131

2. If the Company differs from the Applicant, give details of relationship:

3. Indicate type of business organization of Company:

a. _____ Corporation (If so, incorporated in what country? What State? Date Incorporated? Type of Corporation? _____ Authorized to do business in New York? (Yes ___; No ___).

b. ___ Partnership (if so, indicate type of partnership _____, Number of general partners ____, Number of limited partners ____).

c. x Limited liability company, Date created? 2004.

d. _____ Sole proprietorship

4. Is the Company a subsidiary or direct or indirect affiliate of any other organization(s)? If so, indicate name of related organization(s) and relationship: Yes, an affiliate of Norstar Development USA, L.P.

B. Management of Company:

1. List all owners, officers, members, directors and partners (complete all columns for each person):

NAME (First, Middle, Last) HOME ADDRESS	OFFICE HELD	OTHER PRINCIPAL BUSINESS
Norstar Investment USA, Inc.	Managing member with 80% interest in LLC	Real estate investment
Black Locust	Non-managing member with 20% in LLC	Real estate investment

2. Is the Company or management of the Company now a plaintiff or a defendant in any civil or criminal litigation? Yes ____; No x.

3. Has any person listed above ever been convicted of a criminal offense (other than a minor traffic violation)? Yes ____; No x.

4. Has any person listed above or any concern with whom such person has been connected ever been in receivership or been adjudicated a bankrupt? Yes ____; No x. (If yes to any of the foregoing, furnish details in a separate attachment).

5. If the answer to any of questions 2 through 4 is yes, please, furnish details in a separate attachment.

C. Principal Owners of Company:

1. Principal owners of Company: Is Company publicly held? Yes ____; No x. If yes, list exchanges where stock traded:

2. If no, list all stockholders having a 5% or more interest in the Company:

NAME	ADDRESS	PERCENTAGE OF HOLDING
Neil Brown	50% owner of managing member	Real estate
Gary Silver	50% owner of managing member	Real estate
Richard L. Higgins	Owner of non-managing member	Real estate

D. Company's Principal Bank(s) of account:

Bank of America

II. DATA REGARDING PROPOSED PROJECT

A. Summary: (Please provide a brief narrative description of the Project.)

The project includes the demolition of the existing building located at 733 Broadway, and the construction of a four-story wood frame elevator building to include seventy (70) residential rental apartments. In addition to the apartments, the project includes a small rental office, community room/kitchenette, fitness room and storage. Additionally, the project includes 70 secured surface parking spaces.

The 70-unit 81,080 s.f. building will include three (3) studio/1 bath units, forty-two (42) 1 bedroom/1 bath units, nineteen (19) 2 bedroom/2 bath units and six (6) 3 bedroom/2 bath units. All units are market and the average rent is \$1.49 per s.f. ranging from \$850 to \$1,850 per month.

The project will be a loft-style design offering common entryway to the units. The units will generally be an open floor plan with the kitchens open to the living areas with a breakfast bar which separates the living and dining space. Each unit will be equipped with a washer and a dryer. Secure access to the building will be maintained through the use of a swipe card system.

B. Location of Proposed Project:

1. Street Address 733 Broadway
2. City of Albany
3. Town of
4. Village of
5. County of Albany

C. Project Site:

1. Approximate size (in acres or square feet) of Project site: 1.3 acres
Is a map, survey or sketch of the project site attached? Yes ; No .
2. Are there existing buildings on project site? Yes ; No .
 - a. If yes, indicate number and approximate size (in square feet) of each existing building:

1 existing building consisting of approximately 45,000 s.f.
 - b. Are existing buildings in operation? Yes ; No .
If yes, describe present use of present buildings:

Offices of Norstar Development USA, L.P.
 - c. Are existing buildings abandoned? Yes ; No . About to be abandoned? Yes ; No . If yes, describe: To be demolished.
 - d. Attach photograph of present buildings. Attached.

3. Utilities serving project site:
 - Water-Municipal: Yes
 - Other (describe)
 - Sewer-Municipal: Yes
 - Other (describe)
 - Electric-Utility: Yes
 - Other (describe)
 - Heat-Utility: Yes
 - Other (describe)
4. Present legal owner of project site: 733 Broadway, LLC
 - a. If the Company owns project site, indicate date of purchase: September 23, 2004; Purchase price: \$ 1,475,000*.
 - b. If Company does not own the Project site, does Company have option signed with owner to purchase the Project site? Yes ___; No ___. If yes, indicate date option signed with owner: ____, 20__; and the date the option expires: ____, 20__.
 - c. If the Company does not own the project site, is there a relationship legally or by common control between the Company and the present owners of the project site? Yes ___; No ___. If yes, describe:

*It should be noted that in the HUD proforma, the land value is being carried at \$1.165M due to the HUD underwriting standards. But, the actual price paid for the land was \$1.475M.

5. a. Zoning District in which the project site is located: C-3
- b. Are there any variances or special permits affecting the site? Yes ___; No x. If yes, list below and attach copies of all such variances or special permits.

D. Buildings:

1. Does part of the project consist of a new building or buildings? Yes x; No ___. If yes, indicate number and size of new buildings: 1 new 4-story building consisting of 81,080 s.f.
2. Does part of the project consist of additions and/or renovations to the existing buildings? Yes ___; No x. If yes, indicate the buildings to be expanded or renovated, the size of any expansions and the nature of expansion and/or renovation:
3. Describe the principal uses to be made by the Company of the building or buildings to be acquired, constructed or expanded:
70 residential apartments.

E. Description of the Equipment:

1. Does a part of the Project consist of the acquisition or installation of machinery, equipment or other personal property (the "Equipment")? Yes x; No _____. If yes, describe the Equipment:

The project includes the installation of furniture, fixtures and a small amount of equipment (i.e. appliances for the apartments and the community room as well as fitness equipment for the fitness room).

2. With respect to the Equipment to be acquired, will any of the Equipment be Equipment which has previously been used? Yes ____; No x. If yes, please provided detail:
3. Describe the principal uses to be made by the Company of the Equipment to be acquired or installed: For use in the operation of the rental apartments.

F. Project Use:

1. What are the principal products to be produced at the Project? Residential rental apartments.
2. What are the principal activities to be conducted at the Project? Residential use.
3. Does the Project include facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities? Yes ____; No x. If yes, please provide detail:
4. If the answer to question 3 is yes, what percentage of the cost of the Project will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project? _____%
5. If the answer to question 3 is yes, and the answer to question 4 is more than 33.33%, indicate whether any of the following apply to the Project:
- a. Will the Project be operated by a not-for-profit corporation? Yes ____; No x. If yes, please explain:
- b. Is the Project likely to attract a significant number of visitors from outside the economic development region in which the Project will be located? Yes ____; No x. If yes, please explain:

c. Would the Project occupant, but for the contemplated financial assistance from the Agency, locate the related jobs outside the State of New York? Yes ___; No x. If yes, please explain:

d. Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonable accessible to the residents of the city, town or village within which the Project will be located, because of a lack of reasonably accessible retail trade facilities offering such goods or services? Yes x; No ___. If yes, please provide detail:

Though not good or services, the proposed project would increase the downtown residential opportunities for City residents. The increase of downtown residents will strengthen the downtown commercial market.

e. Will the Project be located in one of the following: (i) an area designed as an economic development zone pursuant to Article 18-B of the General Municipal Law; or (ii) a census tract or block numbering area (or census tract or block numbering area contiguous thereto) which, according to the most recent census data, has (x) a poverty rate of at least 20% for the year in which the data relates, or at least 20% of households receiving public assistance, and (y) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates? Yes x; No ___. If yes, please explain: The project is located in a qualified census tract (no. 36001001100)..

6. If the answers to any of subdivisions c. through e. of question 5 is yes, will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York? Yes x; No ___. If yes, please explain:

The project will have at least 1.5 FTE positions to assist in the leasing and management of the property.

7. Will the completion of the Project result in the removal of a plant or facility of the Company or another proposed occupant of the Project (a "Project Occupant") from one area of the State of New York to another area of the State of New York? Yes ___; No x. If yes, please explain:

8. Will the completion of the Project result in the abandonment of one or more plants or facilities of the Company located in the State of New York? Yes ___; No x. If yes, please provide detail:

9. If the answer to either question 7 or question 8 is yes, indicate whether any of the following apply to the Project:

- a. Is the Project reasonably necessary to preserve the competitive position of the Company on such Project Occupant in its industry? Yes ___; No x. If yes, please provide detail:

- b. Is the Project reasonably necessary to discourage the Company or such Project Occupant from removing such other plant or facility to a location outside the State of New York? Yes ___; No x. If yes, please provide detail:

G. Other Involved Agencies:

1. Please indicate all other local agencies, boards, authorities, districts, commissions or governing bodies (including any city, county and other political subdivision of the State of New York and all state departments, agencies, boards, public benefit corporations, public authorities or commissions) involved in approving or funding or directly undertaking action with respect to the Project. For example, do you need a municipal building permit to undertake the Project? Do you need a zoning approval to undertake the Project? If so, you would list the appropriate municipal building department or planning or zoning commission which would give said approvals.

The proposed project requires U.S. Department of Housing and Urban Development (HUD) approval of the 221(d)4 loan. The project will require site plan and zoning approval from the City of Albany.

2. Describe the nature of the involvement of the federal, state or local agencies described above: Financing and land use approval.

H. Construction Status:

1. Has construction work on this project begun? Yes ___; No x. If yes, please discuss in detail the approximate extent of construction and the extent of completion. Indicate in your answer whether such specific steps have been completed as site clearance and preparation; completion of foundations; installation of footings; etc.:

2. Please indicate amount of funds expended on this project by the Company in the past three (3) years and the purposes of such expenditures:

Approximately \$200,000 in A/E fees for this project design.
Land purchase -1,475,000 (approximately \$800,000 remains on mortgage)

I. Method of Construction After Agency Approval:

1. If the Agency approves the project which is the subject of this application, there are two methods that may be used to construct the project. The applicant can construct the project privately and sell the project to the Agency upon completion. Alternatively, the applicant can request to be appointed as "agent" of the Agency, in which case certain laws applicable to public construction may apply to the project. Does the applicant wish to be designated as "agent" of the Agency for purposes of constructing the project? Yes x; No ____.

2. If the answer to question 1 is yes, does the applicant desire such "agent" status prior to the closing date of the financing? Yes x; No ____.

III. INFORMATION CONCERNING LEASES OR SUBLEASES OF THE PROJECT. (PLEASE COMPLETE THE FOLLOWING SECTION IF THE COMPANY INTENDS TO LEASE OR SUBLEASE ANY PORTION OF THE PROJECT).

A. Does the Company intend to lease or sublease more than 10% (by area or fair market value) of the Project? Yes x; No _____. If yes, please complete the following for each existing or proposed tenant or subtenant:

1. Sublessee name: future residential tenants
Present Address:
City: _____ State: _____ Zip: _____
Employer's ID No.: _____
Sublessee is: _____ Corporation: _____ Partnership: _____ Sole Proprietorship
Relationship to Company:
Percentage of Project to be leased or subleased:
Use of Project intended by Sublessee:
Date of lease or sublease to Sublessee:
Term of lease or sublease to Sublessee:
Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes _____; No _____. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sublessee.

2. Sublessee name:
Present Address:
City: _____ State: _____ Zip:
Employer's ID No.:
Sublessee is:
_____ Corporation: _____ Partnership: _____ Sole Proprietorship
Relationship to Company:
Percentage of Project to be leased or subleased:
Use of Project intended by Sublessee:
Date of lease or sublease to Sublessee:
Term of lease or sublease to Sublessee: _____
Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes ___; No ___. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sublessee.

3. Sublessee name:
Present Address:
City: _____ State: _____ Zip:
Employer's ID No.:
Sublessee is: _____ Corporation: _____ Partnership: _____ Sole Proprietorship
Relationship to Company:
Percentage of Project to be leased or subleased:
Use of Project intended by Sublessee:
Date of lease or sublease to Sublessee:
Term of lease or sublease to Sublessee:
Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes ___; No ___. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(F)(4) through (6) with respect to such sublessee.

B. What percentage of the space intended to be leased or subleased is now subject to a binding written lease or sublease? none.

IV. Employment Impact

A. Indicate below the number of people presently employed at the project site and the number that will be employed at the project site at end of the first and second years after the project has been completed (Do not include construction workers). Also indicate below the number of workers employed at the project site representing newly created positions as opposed to positions relocated from other project sites of the applicant. Such information regarding relocated positions should also indicate whether such positions are relocated from other project sites financed by obligations previously issued by the Agency.

TYPE OF EMPLOYMENT					
	PROFESSIONAL MANAGERIAL	SKILLED	SEMI- SKILLED	UNSKILLED	TOTALS
Present Full Time	0	0	0	0	0
Present Part Time	0	0	0	0	0
Present Seasonal	0	0	0	0	0
First Year Full Time	1	0	0	0	1
First Year Part Time	0	0	1	0	1
First Year Seasonal	0	0	0	0	0
Second Year Full Time	1	0	0	0	0
Second Year Part Time	0	0	1	0	1
Second Year Seasonal	0	0	0	0	0

B. Please prepare a separate attachment describing in detail the types of employment at the project site. Such attachment should describe the activities or work performed for each type of employment.

V. Project Cost

A. Anticipated Project Costs. State the costs reasonably necessary for the acquisition of the project site and the construction of the proposed project including the acquisition and installation of any machinery and equipment necessary or convenient in connection therewith, and including any utilities, access roads or appurtenant facilities, using the following categories:

<u>Description of Cost</u>	<u>Amount</u>
Land	\$ <u>1,165,000</u> (purchase price was \$1.475M)
Buildings	\$ <u>9,109,531</u>
Demolition	\$ <u>325,000</u>
Working Capital	\$ <u>427,984</u>
Soft Costs/Architects and engineering fees	\$ <u>455,000</u>
Financing Costs (Includes fees/interest)	\$ <u>1,106,320</u>

Construction loan fees and interest (if applicable)	\$ <u>see above</u>
Other (specify) : taxes	\$ _____
<u>Initial Op Def</u>	\$ <u>321,466</u>
<u>BSPRA</u>	\$ <u>1,067,085</u>
_____	\$ _____
_____	\$ _____
TOTAL PROJECT COST	\$ <u>13,977,386</u>

B. Have any of the above expenditures already been made by applicant?
Yes x; No _____. (If yes, indicate particular.)

land acquisition = \$1,475,000 (approx.\$800,000 remaining on mortgage) – As indicated in previous section of the application. HUD underwriting has valued land at \$1.165M.
A/E fees and other predevelopment costs = \$200,000

V. BENEFITS EXPECTED FROM THE AGENCY

A. Financing

1. Is the applicant requesting that the Agency issue bonds to assist in financing the project? Yes ____; No x. If yes, indicate:
 - a. Amount of loan requested: _____ Dollars;
 - b. Maturity requested: _____ Years.

2. Is the interest on such bonds intended to be exempt from federal income taxation? Yes ____; No ____.

3. If the answer to question 2 is yes, will any portion of the Project be used for any of the following purposes:
 - a. retail food and beverage services: Yes ____; No ____
 - b. automobile sales or service: Yes ____; No ____
 - c. recreation or entertainment: Yes ____; No ____
 - d. golf course: Yes ____; No ____
 - e. country club: Yes ____; No ____
 - f. massage parlor: Yes ____; No ____
 - g. tennis club: Yes ____; No ____
 - h. skating facility (including roller skating, skateboard and ice skating): Yes ____; No ____
 - i. racquet sports facility (including handball and racquetball court): Yes ____; No ____
 - j. hot tub facility: Yes ____; No ____
 - l. suntan facility: Yes ____; No ____
 - m. racetrack: Yes ____; No ____

4. If the answer to any of the above questions contained in question 3 is yes, please furnish details on a separate attachment.

5. Is the Project located in the City's federally designated Enterprise Zone? Yes ___; No x.
6. Is the applicant requesting the Agency to issue federally tax-exempt Enterprise Zone bonds? Yes ___; No x.

B. Tax Benefits

1. Is the applicant requesting any real property tax exemption that would not be available to a project that did not involve the Agency? Yes ___; No x.
2. Is the applicant expecting that the financing of the Project will be secured by one or more mortgages? Yes x; No ____. If yes, what is the approximate amount of financing to be secured by mortgages? \$ 10,699,600 HUD 221(d)4 & \$500,000 CAC Loan (request).
3. Is the applicant expecting to be appointed agent of the Agency for purposes of avoiding payment of N.Y.S. Sales Tax or Compensating Use Tax? Yes x; No ____. If yes, what is the approximate amount of purchases which the applicant expects to be exempt from the N.Y.S. Sales and Compensating Use Taxes? \$ 4,000,000.
4. What is the estimated value of each type of tax-exemption being sought in connection with the Project? Please detail the type of tax-exemption and value of the exemption.

a.	N.Y.S. Sales and Compensating Use Taxes:	\$ <u>320,000</u>
b.	Mortgage Recording Taxes:	\$ <u>139,995</u>
c.	Real Property Tax Exemptions:	<u>see PILOT request</u>
d.	Other (please specify):	
	_____	\$ _____
	_____	\$ _____

5. Are any of the tax-exemptions being sought in connection with the Project inconsistent with the Agency's tax-exemption policy contained in its Rules and Regulations? Yes x; No ____. If yes, please explain.
The project is seeking a deviation from the Policy.

6. Is the Project located in the City's state designated Empire Zone? Yes ___; No x.

C. Project Cost/Benefit Information. Complete the attached Cost/Benefit Analysis so that the Agency can perform a cost/benefit analysis of undertaking the Project. Such information should consist of a list and detailed description of the benefits of the Agency undertaking the Project (e.g., number of jobs created, types of jobs created, economic development in the area, etc.). Such information should also consist of a list and detailed description of the costs of the Agency undertaking the Project (e.g., tax revenues lost, buildings abandoned, etc.).

VI. REPRESENTATIONS BY THE APPLICANT. The applicant understands and agrees with the Agency as follows:

A. Job Listings. Except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the Project will be listed with the New York State Department of Labor Community Services Division (the "DOC") and with the administrative entity (collectively with the DOC, the "JTPA Entities") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JTPA") in which the Project is located.

B. First Consideration for Employment: In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant will first consider persons eligible to participate in JTPA programs who shall be referred by the JTPA Entities for new employment opportunities created as a result of the Project.

C. City Human Rights Law. The Applicant agrees to endeavor to comply with the provisions of Article XI, Division 2 of the City Code, entitled "The Omnibus Human Rights Law". The Applicant understands that it is not subject to the provisions of The Omnibus Human Rights Law.

D. Annual Sales Tax Filings. In accordance with Section 874(8) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the applicant.

F. Annual Employment Reports: The applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.

G. Absence of Conflicts of Interest: The applicant has received from the Agency a list of the members, officers and employees of the Agency. No member, officer or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described:

(Applicant)

BY: _____



NOTE: APPLICANT MUST ALSO COMPLETE THE APPROPRIATE VERIFICATION APPEARING ON PAGES 18 THROUGH 21 HEREOF BEFORE A NOTARY PUBLIC AND MUST SIGN AND ACKNOWLEDGE THE HOLD HARMLESS AGREEMENT APPEARING ON PAGE 22


VERIFICATION

(If applicant is limited liability company)


STATE OF New York)
) SS.:
COUNTY OF Albany

Lori Harris
_____, deposes and says
(Name of Individual)

that he is one of the members of the firm of 733 Broadway LLC,
the partnership named in the attached application; that he has read the foregoing application and knows
the contents thereof; and that the same is true and complete and accurate to the best of his knowledge.
The grounds of deponent's belief relative to all matters in the said application which are not stated upon
his own personal knowledge are investigations which deponent has caused to be made concerning the
subject matter of this application as well as information acquired by deponent in the course of his duties
as a member of and from the books and papers of said partnership.



Sworn to before me this
6th day of March 2013


GEORGIA BELLA
Notary Public, State of New York
Qualified in Albany County
Reg. No. 4969552
Commission Expires July 16, 2014

NOTE: THIS APPLICATION WILL NOT BE ACCEPTED BY THE AGENCY UNLESS THE HOLD
HARMLESS AGREEMENT APPEARING ON PAGE 22 IS SIGNED BY THE APPLICANT.

HOLD HARMLESS AGREEMENT

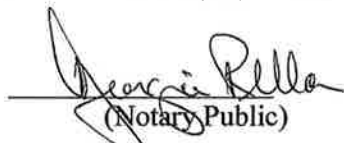
Applicant hereby releases City of Albany Industrial Development Agency and the members, officers, servants, agents and employees thereof (hereinafter collectively referred to as the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (i) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the application or the project described therein or the issue of bonds requested therein are favorably acted upon by the Agency, and (ii) the Agency's financing of the Project described therein; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to find buyers willing to purchase the total bond issue requested, then, and in that event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all actual costs incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

(Applicant)



BY: _____

Sworn to before me this
6th day of March 2013



(Notary Public)

GEORGIA RELLA
Notary Public, State of New York
Qualified in Albany County
Reg. No. 4969552
Commission Expires July 16, 2014

TO: Project Applicants
 FROM: City of Albany Industrial Development Agency
 RE: Cost/Benefit Analysis

In order for the City of Albany Industrial Development Agency (the "Agency") to prepare a Cost/Benefit Analysis for a proposed project (the "Project"), the Applicant must answer the questions contained in this Project Questionnaire (the "Questionnaire") and complete the attached Schedules. This Questionnaire and the attached Schedule will provide information regarding various aspects of the Project, and the costs and benefits associated therewith.

Since we need this Questionnaire to be completed before we can finalize the Cost/Benefit Analysis, please complete this Questionnaire and forward it to us at your earliest convenience.

PROJECT QUESTIONNAIRE

1. Name of Project Beneficiary ("Company"):	733 Broadway, LLC
2. Brief Identification of the Project:	Construction of a 70-unit residential rental project.
3. Estimated Amount of Project Benefits Sought:	
A. Amount of Bonds Sought:	\$ 0
B. Value of Sales Tax Exemption Sought	\$ 320,000
C. Value of Real Property Tax Exemption Sought	\$ See PILOT request
D. Value of Mortgage Recording Tax Exemption Sought	\$ 139,995

PROJECTED PROJECT INVESTMENT

A. Land-Related Costs	
1. Land acquisition	\$ 1,165,000
2. Site preparation	\$
3. Landscaping	\$
4. Utilities and infrastructure development	\$
5. Access roads and parking development	\$
6. Other land-related costs (describe) demolition	\$ 325,000
B. Building-Related Costs	
1. Acquisition of existing structures	\$
2. Renovation of existing structures	\$
3. New construction costs	\$ 9,109,531
4. Electrical systems	\$ incl.
5. Heating, ventilation and air conditioning	\$ incl.
6. Plumbing	\$ incl.
7. Other building-related costs (describe)	\$

C.	Machinery and Equipment Costs		Incl.
1.	Production and process equipment	\$	
2.	Packaging equipment	\$	
3.	Warehousing equipment	\$	
4.	Installation costs for various equipment	\$	
5.	Other equipment-related costs (describe) appliances	\$	
D.	Furniture and Fixture Costs		Incl.
1.	Office furniture	\$	
2.	Office equipment	\$	
3.	Computers	\$	
4.	Other furniture-related costs (describe)	\$	
E.	Working Capital Costs		
1.	Operation costs	\$	
2.	Production costs	\$	
3.	Raw materials	\$	
4.	Debt service	\$	
5.	Relocation costs	\$	
6.	Skills training	\$	
7.	Other working capital-related costs (describe)	\$	427,984
F.	Professional Service Costs		
1.	Architecture and engineering	\$	325,000
2.	Accounting/legal	\$	130,000
3.	Other service-related costs (describe)	\$	
G.	Other Costs		
1.	financing costs including interest	\$	1,106,320
2.	BSPRA	\$	1,067,085
3.	Initial Op Def	\$	321,466
H.	Summary of Expenditures		
1.	Total Land-Related Costs	\$	1,490,000
2.	Total Building-Related Costs	\$	9,109,531
3.	Total Machinery and Equipment Costs	\$	
4.	Total Furniture and Fixture Costs	\$	
5.	Total Working Capital Costs	\$	427,984
6.	Total Professional Service Costs	\$	455,000
7.	Total Other Costs	\$	2,494,871

PROJECTED PROFIT

I. Please provide projected profit as defined by earnings after income tax but before depreciation and amortization: **PLEASE SEE ROI SUMMARY & OPERATING BUDGET**

YEAR	Without IDA benefits	With IDA benefits
1	\$ project infeasible (N/A)	\$
2	\$	\$
3	\$	\$
4	\$	\$
5	\$	\$

PROJECTED CONSTRUCTION EMPLOYMENT IMPACT

I. Please provide estimates of total construction jobs and the total annual wages and benefits of construction jobs at the Project: **ALSO, See Economic Benefits Summary**

Year	Number of Construction Jobs	Total Annual Wages and Benefits	Estimated Additional NYS Income Tax
Current Year	0	\$	\$
Year 1	50-60	\$ 950,00	\$ 36,100
Year 2	50-60	\$ 770,000	\$ 29,200
Year 3		\$	\$
Year 4		\$	\$
Year 5		\$	\$

PROJECTED PERMANENT EMPLOYMENT IMPACT

I. Please provide estimates of total number of existing permanent jobs to be preserved or retained as a result of the Project: **Not Applicable**

Year	Professional	Skilled	Semi-Skilled	Unskilled
Current Year				
Year 1				
Year 2				
Year 3				
Year 4				
Year 5				

II. Please provide estimates of total new permanent jobs to be created at the Project:

Year	Professional	Skilled	Semi-Skilled	Unskilled
Current Year	0	0	0	0
Year 1	1	0	.5	0
Year 2	1	0	.5	0
Year 3	1	0	.5	0
Year 4	1	0	.5	0
Year 5	1	0	.5	0

III. Please provide estimates for the following:

A. Creation of New Job Skills relating to permanent jobs. Please complete Schedule A.

IV. Provide the projected percentage of employment that would be filled by City of Albany residents:
100%

A. Provide a brief description of how the project expects to meet this percentage:

PROJECTED OPERATING IMPACT

I. Please provide estimates for the impact of Project operating purchases and sales:

Additional Purchases (1 st year following project completion)	\$ <u>75,000</u>
Additional Sales Tax Paid on Additional Purchases	\$ <u>6,000</u>
Estimated Additional Sales (1 st full year following project completion)	\$ _____
Estimated Additional Sales Tax to be collected on additional sales (1 st full year following project completion)	\$ _____

II. Please provide estimates for the impact of Project on existing real property taxes and new payments in lieu of taxes (“Pilot Payments”):

Year	Existing Real Property Taxes (Without IDA involvement) Per Market Appraiser	New Pilot Payments (With IDA)	Total (Difference) Per Market Appraiser
Current Year	N/A		
Year 1	125,000	25,000	100,000
Year 2	128,750	25,000	103,750
Year 3	132,613	25,000	107,613
Year 4	136,591	25,000	111,591
Year 5	140,689	25,000	115,698
Year 6	144,909	25,000	119,909
Year 7	149,257	25,000	124,257
Year 8	153,734	25,000	128,734
Year 9	158,346	25,000	133,346
Year 10	163,097	25,000	138,097

SEE FULL 40 YEAR PILOT SCHEDULE; WITHOUT FIXED TERM PILOT PROJECT IS INFEASIBLE; ALSO, MARKET APPRAISER AND CITY ASSESSOR GREATLY VARY IN THE FINAL ASSESSED VALUE OF THE PROJECT.

III. Please provide a brief description for the impact of other economic benefits expected to be produced as a result of the Project:

The proposed project will create 70 new residential rental units in downtown Albany. The proposed units will be market rate and will bring additional residents to downtown which will in turn help create new vibrancy and diversity in the central business district.

A local residential population is necessary for a dynamic, economically-strong 24-hour downtown. A substantial residential base near and in the downtown has a positive effect on the retail climate, local transportation systems, and quality of life. A densely inhabited city center creates an exciting place to live, and promotes a positive pedestrian atmosphere. In turn, downtown residents enjoy the convenient availability of community services, retail goods, cultural activities, and nearby employment.

To encourage a diverse downtown population, a wide variety of housing opportunities, retail and service business, food stores and other businesses providing basic goods and services should be available. Healthy downtowns include residential development that will lead to new mixed-uses including basic retail shops and services within walking distance of the people who live there. They also offer great restaurants, theaters, and urban amenities.

Additionally, the proposed project will create fifty (50) temporary construction jobs and 1.5 permanent full time jobs to manage the facility following construction.

CERTIFICATION

I certify that I have prepared the responses provided in this Questionnaire and that, to the best of my knowledge, such responses are true, correct and complete.

I understand that the foregoing information and attached documentation will be relied upon, and constitute inducement for, the Agency in providing financial assistance to the Project. I certify that I am familiar with the Project and am authorized by the Company to provide the foregoing information, and such information is true and complete to the best of my knowledge. I further agree that I will advise the Agency of any changes in such information, and will answer any further questions regarding the Project prior to the closing.

Date Signed: 3/1, 2003

Name of Person Completing Project Questionnaire on behalf of the Company.

Name: Lori Harris

Title: Senior Project Manager

Phone Number: (518)431-1051

Address: 733 Broadway, Albany, New York 12207

Signature: 

ECONOMIC BENEFIT

Economic Benefits of 733 Broadway

History of 733 Broadway

The economic downturn that has occurred throughout the country has eroded the once robust housing market and made residential development opportunities that once seemed sure-fire into risky business. Norstar acquired 733 Broadway in 2004, at a time when demand for conveniently located housing justified investment in properties in marginal areas that could be converted into attractive housing opportunities. Norstar first considered redeveloping the building as market-rate apartments, but that proved infeasible, and then decided that an 8-story new construction condominium project would best suit the site. The Capital Grand included 122-units and supporting amenities. By late 2008, Norstar had taken deposits on more than a third of the units that had been planned for the site when a serious contraction of the housing market and the overall economic downturn occurred. Projects like the Capital Grand that had presented good chances for success became far riskier and less attractive, and construction financing dried up.

The substantial investments required to produce high quality housing in “pioneering” locations became far less feasible as the balance of risk and reward shifted unfavorably for the developer. For 733 Broadway, Norstar decided to ride out the economic downturn and re-tool a project for the site once financial conditions improved for market-rate housing development.

Current Plan

In late 2011, Norstar evaluated the current market and decided that a market-rate, four-story, new construction rental project of 70 units could be successful in the market; and, by using a HUD insured loan, would have the greatest likelihood of securing the necessary construction and permanent financing. The HUD loan will provide a 40-year fixed rate mortgage; and, with current interest rates at a historical low the project is able to raise enough debt to cover the costs of developing the project. Without a 40-year term and such favorable interest rates, it would not be feasible to construct the project because the current projected rents achievable in downtown Albany would not be sufficient to cover the debt.

The underwriting standards for the HUD-221(d)(4) loan are strict and the amounts to be financed are tied to cash flow after property expenses and taxes. As free and clear cash flow to service debt is reduced, the amount that can be borrowed also is reduced and a project of fixed cost then requires more equity. The combination of higher risk and greater investor equity undermines project feasibility and leaves potential developments unrealized.

The proposed 70-unit project at 733 Broadway will have numerous economic benefits to the City of Albany. Increased housing in downtown Albany means an influx of people as projects become occupied. As the area becomes more populated, the demand for more businesses and services located downtown will increase.

While there is not much local data available with regard to predicting the economic impact of a project like 733 Broadway, we have utilized an economic model prepared by the Housing Policy Department of the *National Association of Home Builders*. Using this model, we have attempted to estimate what the short term (one year) local impact of 733 Broadway will be as well as additional annually recurring impacts.

By pro-rating the data provided by the NAHB to account for the PILOT and sales tax exemption requests, we estimate that the one year local impact of the construction of 733 Broadway will be approximately \$5.53 million in local income and the creation or retention of 85 local jobs. This estimate includes the of direct and indirect impact construction activity, which is particularly beneficial to downtown Albany. Using the multiplier process, we can assume that much of the money earned within the area due to construction activity will undergo “responding” many times within the Albany area. Not only can the area expect additional revenue as a result of construction, a portion of that revenue will be reinvested in the downtown area and will benefit the area in the future.

The creation of 733 Broadway will have an economic impact on downtown Albany that will extend beyond the period of construction. The two markets most likely to occupy 733 Broadway are young professionals and people of retirement age, and the purchasing power of these two markets are high. This indicates that there will be an influx of spending in the surrounding downtown area once the building is occupied, creating an ongoing economic impact in the downtown Albany area. These ongoing revenues result from new residents paying taxes and otherwise participating in the area’s economy year after year. Because these effects will continue for as long as the project is occupied, the project’s overall economic contribution to the area will be significant.

Public Services and Amenities

- Existing area food service businesses will acquire a resident base to complement their day-time traffic from downtown and local businesses. This will not only strengthen their operations but also serve as an inducement to other food service and personal services businesses to locate in or near the area. Once commercial services become convenient to the property, future residential developments and compatible office space projects become more attractive and a service matrix will develop.
- The unit mix for the project, primarily studio, 1 and 2 BR units suggests there will be a very low number of children in the development with insignificant impact on school budgets. The proposed development is on a street with developed infrastructure. The net cost to the City (and County) for adding this property to its taxable rolls will be relatively small with it having a minimal impact on school enrollments and the need for new infrastructure to service the property’s location.
- Proximity to the downtown and its complement of white collar employment opportunities with government and private sector firms will appeal to young professionals and empty nesters who want to be near the downtown without being

burdened by its congestion. This will reduce vehicular traffic of commuting for downtown employees, relieving some burden on parking and traffic. Though not significant in its urban impact, a less vehicle-reliant population has some beneficial effect upon air pollution and the urban carbon footprint.

Neighborhood Development and Stabilization

- 733 Broadway is located between downtown and a large corridor of potentially developable sites extending north along Broadway and west into adjacent neighborhoods. If 733 Broadway is built and is successful, additional development can be expected to infill the street, moving real property values northward, providing additional residential options for the downtown work force and stimulating the development of neighborhood service businesses and opportunities. Some of these businesses can be expected to serve that part of the downtown work force living outside the City. (e.g. – restaurants, personal service businesses, convenience shopping, specialty shops)
- For those who want to live in the City but will work in the burgeoning high-tech industries of Albany and Rensselaer Counties, the 733 Broadway location provides easy access to I-787 and its highway links (e.g. – I-87; I-90).
- The limited availability of large neighborhood parks with playfields and schools is not a deterrent to starter families, empty nesters and singles, who are mobile enough to enjoy Albany's expanding waterfront amenities.
- A problem experienced in older northeast cities is the ability of those cities to retain young adults and newly minted graduates to fill the positions offered in the professional work force. Since this younger cohort both requires and supports the arts and entertainment sectors of the community and is a significant consumer bloc, it is important for the balance and commercial viability of a community to retain a healthy percentage of its population as young singles and young couples. 733 Broadway will offer them a convenient downtown residential location.

Potential Impact on Downtown

The 733 Broadway project has the potential to build upon the emerging revitalization/re-positioning of downtown. Over the last few years, a number buildings have achieved conversions of vacant, underutilized upper floor space into market-rate apartments; and, projects like those underway in Chapel Street area have begun to help define downtown as a new Albany neighborhood. The 733 Broadway project, with 70-market rate units and its key location between the core of downtown and the growing, hip warehouse district on the north end of Broadway, could be a pivotal project in this important transformation.

Jackson Street Purchase

The City's Common Council has approved the sale and transfer of Jackson Street. This additional property will provide the space to create necessary parking to support the project. The purchase and transfer will occur when the financing closes prior to construction.

PILOT

TO: Albany Industrial Development Agency

FROM: Lori Harris, Norstar Development USA, L.P.

RE: PILOT Request – 733 Broadway

DATE: March 5, 2013

A Vision for Downtown Albany

As outlined in the AIDA Application for Assistance, Norstar Development USA, L.P. has been earnestly trying to redevelop the property located at 733 Broadway for nearly 9 years since 2004. In addition to purchasing the 733 Broadway site in 2004 for \$1.475M, Norstar has incurred more than \$2M in predevelopment costs in trying to redevelop the site.

When the City's first residential and retail market study was completed by Zimmerman and Volk in 2005, identifying that Downtown Albany study area "should be able to support up to 338 new units per year for a period of five years". In the City-sponsored report, ZVA indicated that "the experience of other American cities has been that, once the downtown residential alternative has been established, the percentage of households that will consider downtown housing typically increases."

When the property at 733 Broadway fell into foreclosure in 2004, Norstar saw an opportunity to be a part of the City's vision to create a well-rounded, vibrant 24/7 downtown. Though Norstar still believes in the vision and importance of a revitalized and vibrant downtown, the ability to raise the necessary capital to construct the project has been the primary issue which has prevented the project from proceeding.

HUD 221(d) 4 Program

But, now due to the historically low interest rates and the HUD 221(d) 4 Program, the project has the highest likelihood to proceed since Norstar's purchase of the site. The HUD-insured mortgage provides a fixed mortgage for a term of 40 years. The fixed term and the low interest rates offer an opportunity to raise the necessary capital to construct the project and still be able to service the debt with the rental income that can be derived from the project.

Because the HUD 221 (d) 4 Program uses federal funds to provide a guarantee against any losses to the lender which would result in the failure of the project, HUD has very strict underwriting standards. HUD wants to ensure that the federal guarantee is protected for the full term of the 40 year loan.

Therefore, HUD looks for a fixed term and amount of real estate taxes which is coterminous with their loan term to ensure that the federal commitment of resources is as protected as possible against loss.

PILOT Request for 733 Broadway

To raise the necessary capital to construct the project, Norstar is seeking a 40 year fixed payment PILOT:

Years 1 – 10: \$25,000/year
Years 11 – 15: \$45,000/year
Years 16 – 20: \$55,000/year
Years 21 -25: \$65,000/year
Years 26 – 30: \$75,000/year
Years 31 – 40: \$125,000/year

Without a fixed payment PILOT for a period of 40 years, HUD will reduce the size of the loan for the project. Without the HUD loan, the project is not able to proceed. Norstar has not been able to secure a long term loan for the project through any commercial lender.

Though the proposed PILOT schedule would not be equal to that which would be payable if the project had no PILOT and was subject to full taxes, the proposed PILOT schedule is very likely to be similar to what the City would collect on the land over such period. Additionally, the proposed schedule is only \$725,000 less than what would be collected from the existing building over the same period. (Please see the attached schedule).

Taxes to be Collected on Existing Land and Building over 40 years = \$3,436,789

Taxes to be Collected on Existing Land Only over 40 years = \$1,845,556

Requested PILOT – payments over 40 years = \$2,700,000

While it is unlikely that the existing building at 733 Broadway would be torn and sit vacant for 40 years, and it is also not likely that the existing building would remain for another 40 years due to the existing condition of the building. But, Norstar believes that such exercise helps one to consider the potential cost as well as the economic benefit of creating 70 new market rate residential units in downtown Albany.

We believe that the proposed project will provide additional momentum to help realize the City's thoughtful vision for downtown Albany that was conceived more than 10 years ago and has yet to be realized.

40 Year Analysis of PILOT request vs. Real Estate Taxes on 733 Broadway

Year	Current Land & Building Value	Taxes Based Upon Existing Total Value	Existing Taxes Based upon Land only	Request Proposed PILOT Payments	NOTES
Year 1	Land = \$ 537,100	\$ 45,580	\$ 24,476	\$ 25,000	Schedule Assumes a 3% escalation of taxes in scenario without PILOT. Request for PILOT of 40 year term with a fixed payment schedule as outlined.
2		\$ 46,947	\$ 25,211	\$ 25,000	
3	Building =	\$ 48,356	\$ 25,967	\$ 25,000	
4	\$ 462,900	\$ 49,806	\$ 26,746	\$ 25,000	
5		\$ 51,301	\$ 27,548	\$ 25,000	
6		\$ 52,840	\$ 28,375	\$ 25,000	
7		\$ 54,425	\$ 29,226	\$ 25,000	
8		\$ 56,058	\$ 30,103	\$ 25,000	
9		\$ 57,739	\$ 31,006	\$ 25,000	
10		\$ 59,472	\$ 31,936	\$ 25,000	
11		\$ 61,256	\$ 32,894	\$ 45,000	
12		\$ 63,093	\$ 33,881	\$ 45,000	
13		\$ 64,986	\$ 34,898	\$ 45,000	
14		\$ 66,936	\$ 35,945	\$ 45,000	
15		\$ 68,944	\$ 37,023	\$ 45,000	
16		\$ 71,012	\$ 38,134	\$ 55,000	
17		\$ 73,143	\$ 39,278	\$ 55,000	
18		\$ 75,337	\$ 40,456	\$ 55,000	
19		\$ 77,597	\$ 41,670	\$ 55,000	
20		\$ 79,925	\$ 42,920	\$ 55,000	
21		\$ 82,323	\$ 44,207	\$ 65,000	
22		\$ 84,792	\$ 45,533	\$ 65,000	
23		\$ 87,336	\$ 46,899	\$ 65,000	
24		\$ 89,956	\$ 48,306	\$ 65,000	
25		\$ 92,655	\$ 49,756	\$ 65,000	
26		\$ 95,434	\$ 51,248	\$ 75,000	
27		\$ 98,297	\$ 52,786	\$ 75,000	
28		\$ 101,246	\$ 54,369	\$ 75,000	
29		\$ 104,284	\$ 56,000	\$ 75,000	
30		\$ 107,412	\$ 57,680	\$ 75,000	
31		\$ 110,635	\$ 59,411	\$ 125,000	
32		\$ 113,954	\$ 61,193	\$ 125,000	
33		\$ 117,372	\$ 63,029	\$ 125,000	
34		\$ 120,893	\$ 64,920	\$ 125,000	
35		\$ 124,520	\$ 66,867	\$ 125,000	
36		\$ 128,256	\$ 68,873	\$ 125,000	
37		\$ 132,104	\$ 70,940	\$ 125,000	
38		\$ 136,067	\$ 73,068	\$ 125,000	
39		\$ 140,149	\$ 75,260	\$ 125,000	
40		\$ 144,353	\$ 77,518	\$ 125,000	
TOTAL	\$1,000,000	\$ 3,436,789	\$ 1,845,556	\$ 2,700,000	

WYATT FUNDING CORP.

22 WRIGHTS MILL ROAD, ARMONK, N.Y. 10504
TELEPHONE (914) 273-5103 TELECOPIER (914) 273-5106

November 15, 2012

**Ms. Lori Harris
Norstar Development USA, L.P.
733 Broadway
Albany, New York 12207**

Dear Lori:

As you know, we are a Department of Housing and Urban Development (“HUD”) Approved Multifamily Accelerated Processing (“MAP”) Lender and we are currently processing a Section 221(d) 4 insured mortgage for your 733 Broadway project through the Buffalo HUD Office.

Enclosed please find the HUD MAP guidelines for the HUD 221(d) 4 programs offered in your request for an explanation on HUD’s underwriting approach to real property taxes. The term of the HUD- insured mortgage is 40 years, and therefore HUD has an expectation that the term of the PILOT should be also be 40 years.

Rather than a formula based upon the assessed value as set forth in the PILOT you had attached, it is best to have a single fixed amount of taxes for the full 40 year term (e.g. \$20,000 each year for 40 years) to get the maximum mortgage amount from HUD. Though the guidelines do not expressly require that the term of the agreement be 40 years, HUD’s underwriting approach penalizes terms which are not coterminous with the loan term and those which are variable over time. When HUD sizes the mortgage that each project is eligible for, it initially estimates what the project would pay at full taxes and sets forth the base mortgage; then, they take the amount of PILOT payment each year over the 40 year term of the HUD loan. An additional amount of mortgage loan proceeds are derived from their analysis of the value/benefit of such PILOT agreement over the term of the loan.

When the dollar amounts of the PILOT taxes payable each year are different or increases over time on a specific schedule, the mortgage has to be sized based upon the full amount of the property taxes as if there was no abatement at all and then the mortgage amount is adjusted (increased) based on the procedures set

Ms. Lori Harris

November 12, 2012

Page 2

forth in the attached Section 7.16 Tax Abatement Procedures from Chapter 7 of the Revised MAP Guide.

Overall, the implication here is that tax abatement dollars do not result in a dollar-for-dollar increase in the mortgage amount. In the MAP Sample Calculation, the net additional mortgage represents 69% of the abatement savings. In the Example Calculation (which may be a more *real-life* example), the net additional mortgage represents 83% of the abatement savings. This does not change the tax abatement savings; they will still be realized..... it just changes the mortgage schedule by calculating the additional amount of allowable mortgage that can be attributed to the PILOT.

Unfortunately, this is a complicated calculation and it is difficult to explain. But, the bottom line is that a variable PILOT that is less than the HUD loan term will significantly reduce the amount of mortgage proceeds that HUD will approve for the project. I have developed a couple of scenarios that will show you the implications of this issue.

Please let me know if you have any questions. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard T. Wyatt", written in a cursive style.

Richard T. Wyatt

President

Enc.

7.16

Tax Abatement Procedures

- A. **General Comments and Exceptions.** Tax Abatement is a reduction of property taxes for a specified term by the taxing authority. Properties with abatement are eligible for additional mortgage funds under certain circumstances. The abatement must run with the real estate and not with the type of sponsorship if it is to secure additional mortgage proceeds, otherwise underwriting must include an amount for property taxes in project operating expenses even if the present owner or its transferee may not pay them. The risk that a transferee of the property or an assignee of the mortgage in the future might cause the tax abatement to be lost is an unacceptable risk to the insurance fund. Exceptions to these requirements include the following:
1. If the financing includes LIHTC equity and if the tax abatement runs with the sponsorship (borrower) entity, then the Hub Director may waive the MAP Guide so that the underwriting does not have to include a provision for property taxes, during the period of the tax abatement. This exception is justified for low loan-to-value mortgages on LIHTC projects.
 2. Properties leased from a governmental body to either a non-profit or for-profit developer, where the property is exempt from taxes and the abatement flows to the leasehold improvements. There is usually a requirement for a percentage of units to be set aside as affordable housing which is imposed by a land use restriction or regulatory agreement. Hub Directors may grant a waiver, after appropriate review, to promote affordable housing.
- B. **Long Term Tax Abatement.** If the amount of the tax abatement is fixed and runs the entire term of the mortgage, the real estate tax expense reported on the HUD-92264 must be the actual amount of taxes the property will pay, if any. The full amount of the real estate taxes without the abatement must be noted in the remarks section of the HUD-92264. The property will benefit from an increased mortgage amount due to the lower pro-forma operating expenses and an increased NOI estimate. When the abatement runs for the full term of the mortgage, the NOI used for Form HUD-92264-A Criteria 5 may also be processed at the reduced tax amount. Also, if value attributable to long term tax abatement is recognized in the subject's market area, the same NOI may be capitalized and the resulting value may be used in Criterion 3.
- C. **Short Term or Variable Tax Abatement.** If the abatement is short term or variable, it may still be used to secure additional mortgage proceeds. The additional mortgage will be the amount that will amortize over the term of the tax abatement. A special amortization plan must be requested which has debt service payments that are increased by the additional net income generated during the term of the abatement. When processing a short term or variable abatement, the full amount of the property taxes must be estimated and included in the total project expenses on Form HUD-92264 as if there were no abatement. The additional debt service carry resulting from the abatement must be calculated on line I, Criteria 5 of HUD-92264-A.

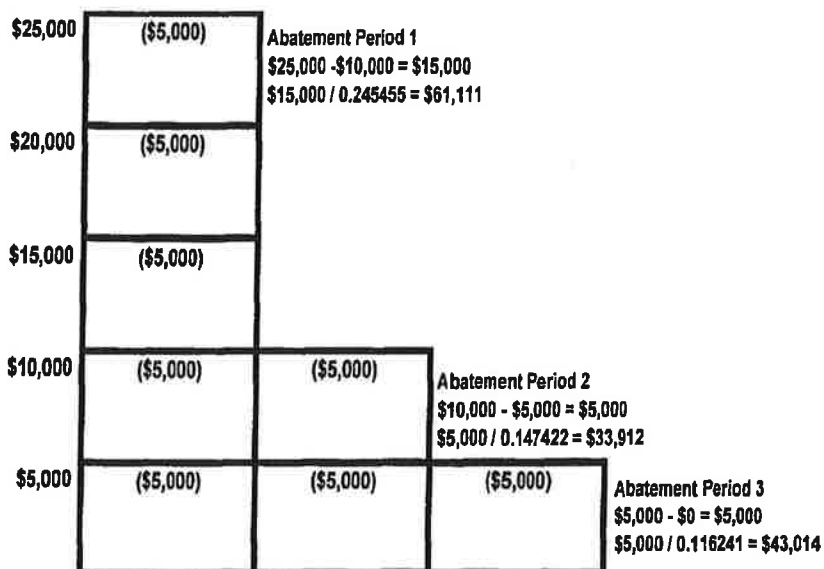
If Criteria 5, "Amount Based on Debt Service Ratio" is not the controlling criterion, short term or variable abatements cannot be used to secure additional mortgage proceeds. Also, the appraiser must not include extra value associated with short-term abatement in either the estimate of land value, the "As Is" value for substantial rehabilitation or the "As Repaired" value for existing projects, and it may not be included in Criterion 3.

1. Short Term Abatements: Assume that Property A has been awarded a 5-year tax abatement of \$5,000/year and the interest rate on the insured loan is quoted at 7.5% and the MIP is 0.5%. The amount of additional mortgage is calculated by dividing the annual abatement, \$5,000 by the applicable debt service rate (P, I, and MIP). In this example the debt service rate is 0.245455383.

$$\$5,000 / .245455383 = \$20,370$$

Additional mortgage amount. The mortgage amount based upon debt service (Criteria 5 of HUD-92264-A) would be increased by \$20,370 and a special amortization schedule would be required with a debt service payment that is \$5,000/year greater in years 1 through 5.

2. Variable Abatements: Variable tax abatements are more complex to quantify, but are essentially calculated in the same manner. Assume that Property B has been awarded 15-year tax abatement. In years 1 through 5, the abatement is \$25,000; in years 6 through 10 the abatement is \$10,000; and in years 11 through 15 the abated amount is \$5,000. The interest rate on the insured loan is quoted at 7.5% and the MIP is .5%. The amount of additional mortgage is calculated as the amount that could be fully amortized by the variable payments over the 15-year period based on the stated financing terms. The graph below illustrates the calculation.



When there are two or more abatement amounts and periods, and the amounts decline, the abatement amount for each period is found by subtracting the abatement amount of the next period. Period 1 will run for 5 years, Period 2 will run for 10 years, and Period 3 will run for 15 years. Because all three periods begin amortization at the same point in year 0, the amount of the abatement for the next period must be subtracted to avoid double counting.

- (1) Abatement Period 1
 $\$25,000$ minus $\$10,000$ (the amount of abatement in period 2) = $\$15,000$ for 5 years. The debt service rate for a 5 year term at 7.5% interest with 5% MIP is 0.245455383. Dividing $\$15,000$ by 0.245455383 indicates additional mortgage proceeds of $\$61,111$ attributable to period 1.
- (2) Abatement Period 2
 $\$10,000$ minus $\$5,000$ (the amount of abatement in period 3) = $\$5,000$ for 10 years. The debt service rate for a 10 year term at 7.5% interest with 0.5% MIP is 0.147442123. Dividing $\$5,000$ by 0.147442123 indicates additional mortgage proceeds of $\$33,912$ attributable to period 2.
- (3) Abatement Period 3
 $\$5,000$ minus $\$0$ (since there are no periods remaining) = $\$5,000$ for 15 years. The debt service rate for a 15 year term at 7.5% interest with 0.5% MIP is 0.116241483. Dividing $\$5,000$ by 0.116241483 indicates additional mortgage proceeds of $\$43,014$ attributable to period 3.
- (4) Adding the supportable mortgages from each of the abatement periods results in a total additional supportable mortgage of:

Period 1 =	\$ 61,111
Period 2 =	\$ 33,912
Period 3 =	\$ <u>43,014</u>
Total =	\$138,037

The mortgage amount based on debt service, (Criteria 5 of HUD 92264-A) would be increased by $\$138,037$ and a special amortization schedule would be required with a debt service payment that reflects $\$25,000$ per year in years 1 through 5, $\$10,000$ per year in years 6 through 10, and $\$5,000$ per year in years 11 through 15.

7.17

Project Based Section 8 and LIHTC Processing

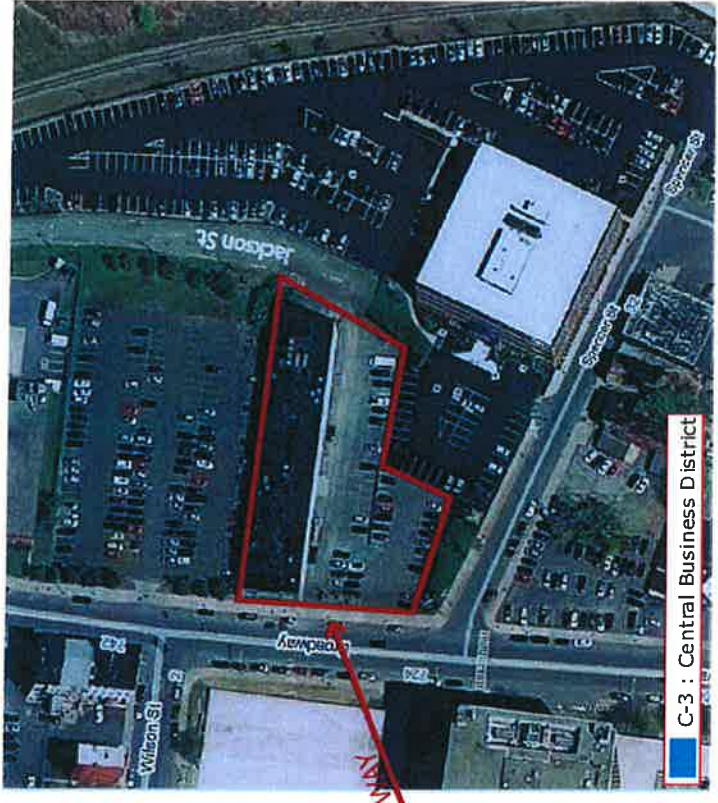
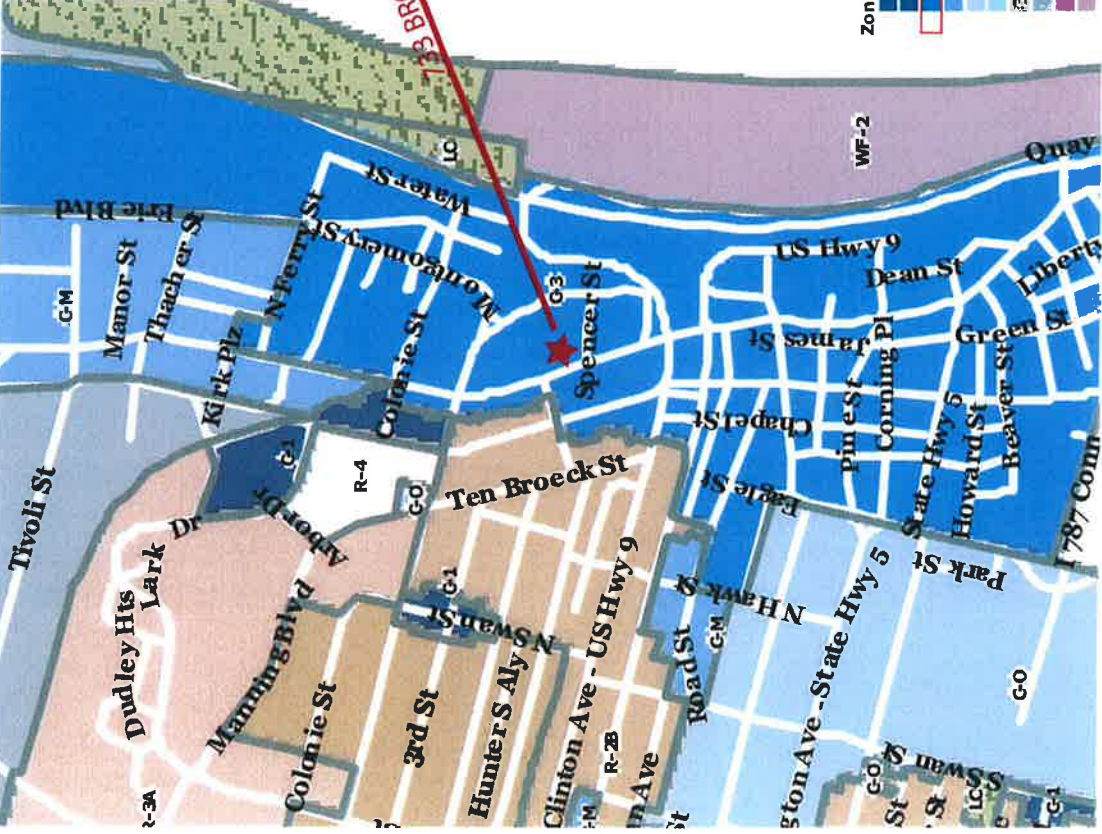
- A. For Section 223(f). The property must be evaluated under two scenarios: a) the “hypothetical market value” of the property without regard to any Section 8 project based subsidies, rent restrictions or LIHTC, and b) a debt service analysis that considers all Section 8 project based subsidies and other low income rent restrictions must be performed. Two independent Section C rent schedules must be prepared, one for a hypothetical market rent estimate and one that recognizes all rent restrictions and subsidies.
 1. Criteria 3 Market Value: The appraiser must ignore the Section 8 contract rents, tax exempt bond or LIHTC restricted rents when determining market value and the income to be capitalized for a determination of market value for the purposes of determining Section K, Form HUD-92264, and Criteria 3 Form HUD-92264-A Value. To be consistent, the appraiser must use a market capitalization rate and must assume market rents in the income approach to

EXISTING CONDITIONS

PROJECT SITE



**733 BROADWAY
ALBANY, NEW YORK**



Zoning Code

C-1	Neighborhood Commercial
C-2	Highway Commercial
C-3	Central Business District
C-M	Light Industrial
C-O	Commercial Office
C-PB	Commercial Pine Bush
LC	Land Conservation District
M-1	General Industrial
WF-1	Waterfront Residential/Commercial District
WF-2	Waterfront Recreational District

R-O	Residential Office
R-1A	Single-Family Low-Density Residential District
R-1B	Single-Family Medium-Density Residential District
R-1LL	Single Family Large Lot Residential District
R-2A	One- and Two-Family Residential District
R-2B	One- and Two-Family Medium-Density Residential District
R-2C	One- and Two-Family Row House Residential District
R-3A	Multifamily Low-Density Residential District
R-3B	Multifamily Medium-Density Residential District
R-4	Multifamily High-Rise Residential District

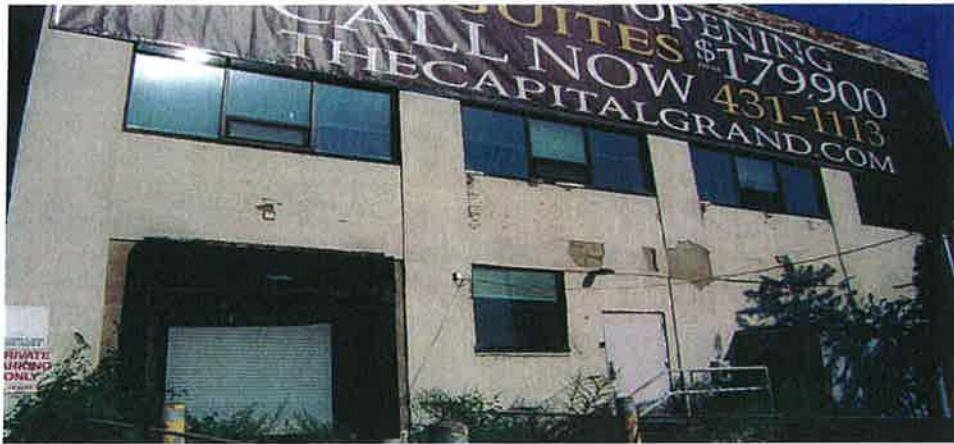
733 BROADWAY - Albany, NY

Current Zoning

04.08.11



733 BROADWAY – EXISTING CONDITIONS - EXTERIOR



Rear Elevation



North Elevation



Front Elevation



south facade (from Spencer Street)



north facade (from parking lot)

733 BROADWAY - Albany, NY

Existing Conditions Photographs

04.20.11



3tarchitects.com

EXISTING CONDITIONS – INTERIOR



SITE PLAN

FLOORPLANS & ELEVATIONS



733 BROADWAY



733 BROADWAY

SEAL

PROGRESS SET
FOR PRICING

PROJECT TITLE
733 Broadway
New Construction

733 Broadway
Albany, NY 12207

THIRD FLOOR PLAN

DATE
12/14/2012

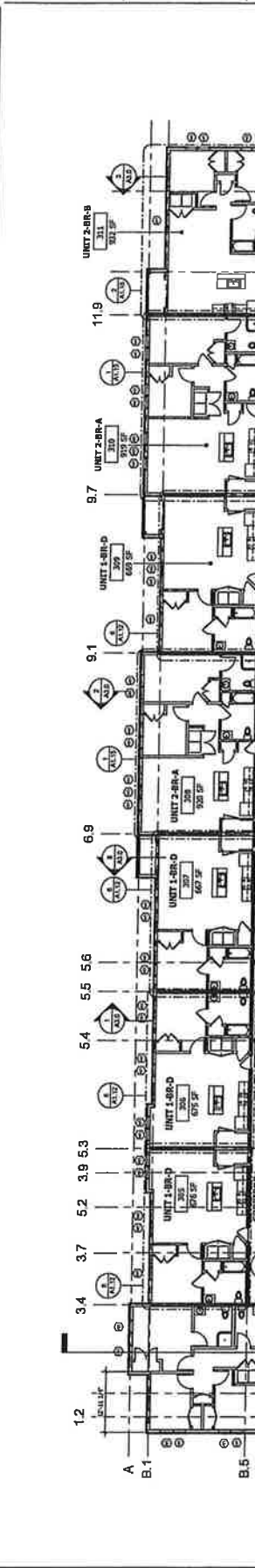
PROJECT NO.
11-CUB.02

REVISIONS

3t architects.com

3t ARCHITECTS INC. 1000 STATE ST. 10TH FLOOR ALBANY, NY 12207

SCALE



FLOOR PLAN GENERAL NOTES

1. SEE ALL DIMENSIONS.
2. CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE 2010 INTERNATIONAL RESIDENTIAL CODE BOOK (IRC) AS AMENDED BY LOCAL ORDINANCES.
3. THE ARCHITECT'S DESIGN SHALL BE SUBJECT TO THE APPROVAL OF ALL LOCAL AGENCIES AND THE ARCHITECT SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS.
4. ALL MATERIALS AND FINISHES SHALL BE AS SHOWN ON THE DRAWINGS UNLESS OTHERWISE NOTED.
5. ALL WORK SHALL BE IN ACCORDANCE WITH THE 2010 INTERNATIONAL RESIDENTIAL CODE BOOK (IRC) AS AMENDED BY LOCAL ORDINANCES.
6. ALL WORK SHALL BE IN ACCORDANCE WITH THE 2010 INTERNATIONAL RESIDENTIAL CODE BOOK (IRC) AS AMENDED BY LOCAL ORDINANCES.
7. ALL WORK SHALL BE IN ACCORDANCE WITH THE 2010 INTERNATIONAL RESIDENTIAL CODE BOOK (IRC) AS AMENDED BY LOCAL ORDINANCES.
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Number	Frame	Area
301	UNIT 2-BR-C	812 SF
302	UNIT 2-BR-D	1008 SF
303	UNIT 2-BR-E	1113 SF
304	UNIT 2-BR-F (AS)	1113 SF
305	UNIT 1-BR-C	675 SF
306	UNIT 1-BR-D	675 SF
307	UNIT 1-BR-E	695 SF
308	UNIT 2-BR-A	925 SF
309	UNIT 2-BR-B	915 SF
310	UNIT 2-BR-A	915 SF
311	UNIT 2-BR-B	915 SF
312	UNIT 2-BR-E	1025 SF
313	UNIT 2-BR-H	795 SF
314	UNIT 2-BR-I	765 SF
315	UNIT 2-BR-J	765 SF
316	STUDIO	683 SF
317	UNIT 2-BR-I	683 SF
318	UNIT 2-BR-B	615 SF

UNIT SCHEDULE - THIRD FLOOR

1. SEE ALL DIMENSIONS.

2. CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE 2010 INTERNATIONAL RESIDENTIAL CODE BOOK (IRC) AS AMENDED BY LOCAL ORDINANCES.

3. THE ARCHITECT'S DESIGN SHALL BE SUBJECT TO THE APPROVAL OF ALL LOCAL AGENCIES AND THE ARCHITECT SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS.

4. ALL MATERIALS AND FINISHES SHALL BE AS SHOWN ON THE DRAWINGS UNLESS OTHERWISE NOTED.

5. ALL WORK SHALL BE IN ACCORDANCE WITH THE 2010 INTERNATIONAL RESIDENTIAL CODE BOOK (IRC) AS AMENDED BY LOCAL ORDINANCES.

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THIRD FLOOR OVERALL PLAN

3/2" = 1'-0"

PROGRES SET FOR PRICING

PROJECT TITLE
733 Broadway
New Construction

733 Broadway
Albany, NY 12207

UNIT TITLE
FOURTH FLOOR
OVERALL PLAN

CONSULTANT

DRAWN BY
CIM/LCD

CHECKED BY
—

DATE
12/14/2012

PROJECT NO.
11-008.02

REVISIONS

UNIT TITLE: UNIT 401-428



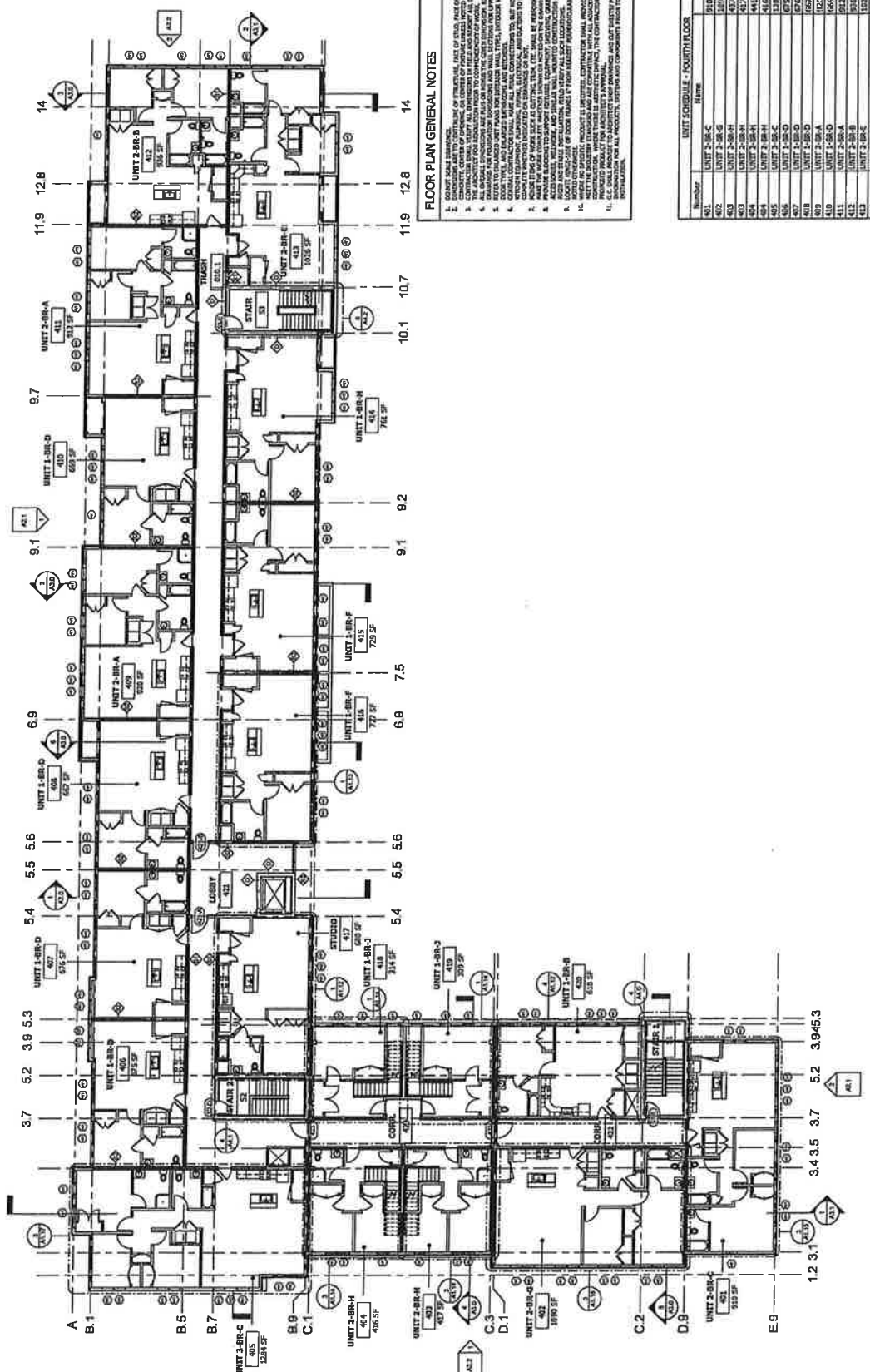
3tarchitects.com

118 BROADWAY, ALBANY, NY 12207
PH 518 648 6800 FAX 518 648 6900

SHEET NO.

A1.4

DATE: 12/14/2012



FLOOR PLAN GENERAL NOTES

1. SEE UNIT GENERAL NOTES.
2. CONTRACTOR SHALL VERIFY ALL DIMENSIONS IN FIELD AND REPORT ALL DISCREPANCIES TO ARCHITECT IMMEDIATELY UPON DISCOVERY.
3. ALL DIMENSIONS ARE TO FACE UNLESS OTHERWISE NOTED.
4. REFER TO ENCLOSED UNIT AND/OR PARTITION WALL TYPES, SECTION WALL, CONNECTIONS, AND FINISHES TO PARTITION WALLS.
5. CONTRACTOR SHALL VERIFY ALL DIMENSIONS AND FINISHES TO PARTITION WALLS.
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Number	Area
401	UNIT 2-BR-C 912 SF
402	UNIT 2-BR-G 1870 SF
403	UNIT 2-BR-H 437 SF
404	UNIT 2-BR-I 412 SF
405	UNIT 2-BR-J 412 SF
406	UNIT 2-BR-K 1384 SF
407	UNIT 2-BR-L 675 SF
408	UNIT 2-BR-M 795 SF
409	UNIT 2-BR-N 1020 SF
410	UNIT 2-BR-O 1669 SF
411	UNIT 2-BR-P 912 SF
412	UNIT 2-BR-Q 1535 SF
413	UNIT 2-BR-R 1525 SF
414	UNIT 2-BR-S 2729 SF
415	UNIT 2-BR-T 2729 SF
416	UNIT 2-BR-U 660 SF
417	STUDIO 660 SF
418	UNIT 2-BR-V 971 SF
419	UNIT 2-BR-W 314 SF
420	UNIT 2-BR-X 309 SF
421	UNIT 2-BR-Y 613 SF
422	UNIT 2-BR-Z 613 SF

FOURTH FLOOR OVERALL PLAN
3/20" = 1'0"

SCHEDULE

MILESTONES SCHEDULE

733 Broadway

Pre-Application to HUD	August, 2012
Zoning Board Approval	December, 2012
Planning Board Approval	December, 2012
HUD Invitation to Firm	March, 2013 est.
AIDA PILOT Consideration	March, 2013
Construction Bidding	April – May, 2013
HUD Firm Commitment	June, 2013
HUD Loan Closing	August, 2013
Construction Start	August, 2013
Construction Completion	December, 2014
Lease Up	December, 2014 – May, 2015

CITY APPROVALS

Status of City Land Use Approvals

In December of 2012, the City's Zoning Board of Appeals and Planning Board provided the necessary approvals for the 733 Broadway project. Additionally, Planning Board issued a Negative Declaration as per the provisions of SEQR confirming that the project's environmental impacts are negligible or non-existent. The project was deemed to be an Unlisted Action.

The Planning Board approval was contingent upon: 1.) 25% of demolition debris being diverted from the landfill, 2.) approval by the City's Water Department of the SWPPP and water/sewer connections, 3.) purchase of Jackson Street from the City; and, 4.) the establishment of all necessary easements in Jackson Street to maintain all utilities and infrastructure.

All conditions will be satisfied prior to the start of construction at the time that the financing for the project closes.

**NOTIFICATION OF LOCAL ACTION
DECISION OF THE CITY OF ALBANY PLANNING BOARD**

ADDRESS OF SUBJECT PROPERTY: 733 Broadway

IN THE MATTER OF: Site Plan Approval to allow for the construction of a four (4)-story, +/- 82,300 square feet, seventy (70)-unit apartment building and a seventy (70)-space accessory parking area. Demolition Approval is also sought for the demolition of a two (2)-story, 47,200 square foot structure at the site.

APPLICANT: Norstar Development USA c/o Hershberg and Hershberg
ADDRESS: 18 Locust St., Albany, NY 12203

CASE NUMBER: 10-12, 853

Date Received: 10/5/12
Preliminary Presentation: 10/18/12
Subsequent Presentation: 12/20/12
SEQR Classification: Unlisted Action
SEQR Determination: 12/20/12
Date of Decision: 12/20/12

Vote:	For Approval:	4	Abbott:	Y	Pryor:	Y
	Against:	0	Fox:	Y	Trant:	NIA
	Abstain:	0	Hancox:	Y		

Relevant Considerations:

Owner: 733 Broadway, LLC, 200 S. Division St., Buffalo, NY 14204

Applicant: Norstar Development USA, 200 S. Division St., Buffalo, NY 14204

Authorized Agent: Hershberg and Hershberg, 18 Locust St., Albany, NY 12203

Parcel size: 1.3 acres.

Property Valuation: \$1,000,000 +.

Location: The property is located on the east side of Broadway between Spencer Street and Livingston Avenue, and currently abuts unimproved Jackson Street at its eastern boundary.

Zoning: C-3 (Central Business). A Parking Lot Permit was approved by the Board of Zoning Appeals on December 12, 2012.

Surrounding Uses: *North:* +/- 160-space parking lot of Selected Properties of the Northeast, LLC. *West:* 171,144 sq. ft. Leo W. O'Brien Federal Office Building and

accessory parking garage. *East:* 87,616 sq. ft. office building and parking lot of Progressive Casualty Insurance Company. *South:* Vacant lands and buildings of Albany Soma Project, LLC.

Project Overview: The applicant is proposing to demolish an existing two-story, 47,200 square foot commercial structure in order to construct a +/- 82,300, 70-unit apartment building and accessory parking area. The apartment structure will be built in the shape of an "L" with primary frontage along Broadway and a perpendicular extension along the northern property boundary adjacent 737 Broadway.

Jackson Street Land Acquisition: The applicant intends to acquire a 0.34-acre strip of land from the City of Albany currently known and referenced as the Jackson Street right-of-way. This piece of land is an ill-maintained and largely unutilized segment of roadway. Acquisition of the land will allow the applicant to provide the full allocation of seventy parking spaces needed to obtain construction financing.

Parking & Traffic: The applicant proposes seventy parking spaces at the site (1.0 per dwelling unit). 45 spaces are to be located on land currently owned by the applicant, while the remaining 25 will be located on the currently unutilized Jackson Street right-of-way to be purchased from the City of Albany. Traffic is proposed to enter from Broadway via an archway built into the building façade and exit via the former Jackson Street right-of-way onto Livingston Avenue.

Transit Service: The site is most directly served by CDTA Route #22 and #116 running along the Broadway corridor, but is within proximity to numerous other transit services.

Pedestrian Accessibility: A concrete walk is proposed to lead to three distinct entrances to the building. The plan proposes no direct ingress/egress onto Broadway, the main abutting thoroughfare, with the nearest access being approximately thirty feet set back. While the general orientation of the building is sound, pedestrian access is internally oriented. The applicant was unwilling to modify proposed entrance locations.

Water/Sewer: Daily water use is estimated at 14,000 GPD. A new sanitary sewer connection will connect to a combined sewer running along the Jackson Street right-of-way. A proposed water service is as-yet-undetermined.

Storm Water: The applicant is preparing a Storm Water Pollution Prevention Plan (SWPPP) for submission to the Department of Water & Water Supply.

Archeology: Phase 1A and Phase 1B Archeological Surveys were prepared by The Louis Berger Group, Inc. for a prior iteration of this project. Trenching indicate that twentieth-century industrial development had removed any historic or prehistoric archeological deposits that may have been present in the area. These findings should hold true given the changes in the current site design.

Landscaping: The applicant proposes the planting of sixteen trees and numerous shrubs throughout the project site. There are currently no street trees located along the abutting section of Broadway and none are proposed.

Lighting: A total of sixteen pole-mounted lights and six building-mounted lights are proposed to light the interior site and parking areas. Photometric drawings do not depict any substantive impact upon adjacent properties.

Solid Waste: Two trash dumpsters are provided at the rear of the building. A private collection service will be utilized.

Signage: The number "733" appears on the building façade in several visible locations.

Demolition: The 47,200 square foot structure to be demolished is a two- to four-story structure of steel frame, brick and concrete block construction. The site slopes to the east resulting in the variation in number of floors. The building has two-story frontage along Broadway and a four-story façade inclusive of a loading area at its rear. It was constructed circa 1930 for a plumbing supply company and is currently used as commercial offices and storage space. While functionally and structurally sound, the building is not ideally suited to the highest and best use of the land.

Actions Taken:

The Board issued a **Negative Declaration** for this **Unlisted Action** as per the provisions of SEQR, as the environmental impacts are negligible or non-existent.

The Board **Approved** the demolition of 733 Broadway with the following conditions:

1. A minimum of twenty-five percent (25%) of construction and demolition debris generated from demolition shall be diverted from disposal to landfills through recycling, reuse and diversion programs.

The Board **Approved** the site plan with the following conditions:

1. The Storm Water Pollution Prevention Plan (SWPPP) and water/sewer service connections shall be approved by Department of Water & Water Supply.
2. The applicant shall complete the purchase of the Jackson Street right-of-way and fully incorporate this area into building site as proposed; the land should be merged into existing tax parcel # 65.83-1-32.
3. An easement agreement shall be put into place providing for continued access to all under- and above-ground utilities or other City, County and private infrastructure within the discontinued Jackson Street right-of-way.

I, **Edward Trant** representing the Planning Board of the City of Albany, hereby certify that the foregoing is a true copy of a decision of the Planning Board made at a meeting thereof duly called and held on the day of **December 20, 2012**.

Date: **12/20/12**

Signature: _____

Edward R. Trant

This is not a building permit. All building permits must be approved and issued by the Building Department prior to the start of any construction.

Prior to making an application for a Certificate of Occupancy, the applicant will be required to submit to the Building Department an "as built" site plan which depicts all elements shown on the approved site plan including but not limited to contours, landscaping, building locations, utilities paved and parking areas, signage, accessory structures and other related physical improvements.

NOTIFICATION OF LOCAL ACTION
DECISION OF THE CITY OF ALBANY BOARD OF ZONING APPEALS

► Important Note: This is not a building permit. All building permits must be approved and issued by the Division of Building & Codes prior to the start of any construction.

ADDRESS OF SUBJECT PROPERTY: 733 Broadway

IN THE MATTER OF: Parking Lot Permit to allow a seventy (70)-space parking area as accessory to a proposed four (4)-story, +/- 83,300 square foot, seventy (70)-unit apartment building.

APPLICANT: Norstar Development USA c/o Hershberg & Hershberg

ADDRESS: 18 Locust St., Albany, NY 12203

CASE NUMBER: 11-12, 4045

DATE APPLICATION RECEIVED: 10/5/12

DATE OF HEARING: 11/14/12

DATE OF DECISION: 12/12/12

WARD: 4

DECISION: Approved

N.A.: N/A

HISTORIC/ SPECIAL DISTRICT(S): Downtown Albany Business Improvement District

The request is Approved, by the following vote:

For: 6	Apostol: Y	Ray: Y
Against: 0	Cronin: Y	Tucker-Ross: Y
Abstain: 0	Moran: Y	Viele: Y

Site Description

The property in question is located on the east side of Broadway between Spencer Street and Livingston Avenue in a C-3 Central Business zoning district and Downtown Albany Business Improvement District. The property is improved with three-story, +/- 44,400 square foot, commercial structure and a +/- 80-space accessory parking area. The project also involves the purchase of a portion of the Jackson Street right-of-way as it abuts the rear of the subject property and extends towards its terminus at Livingston Avenue.

Relevant Considerations

The applicant is proposing to construct a 70-space parking area as accessory to the construction of a 70-unit apartment structure to be constructed at the site. The proposed apartment building is a permitted use of the site, but will require Site Plan Approval from the City Planning Board as well as an approval of the demolition of the existing building at the site. The existing site is already improved with approximately 80 parking spaces, albeit in a differing configuration.

The property is located in a C-3 zoning district and thus there is no parking requirement for the new structure. However, the applicant seeks to provide a minimum of 70 parking spaces at the site as an amenity to residents and as a requirement of the lender that is financing the project. The proposed parking will require authorization by means of a Parking Lot Permit:

§ 375-174. Development and maintenance of parking and loading areas.

Authorization of the Board shall be required for parking, storage or garaging for more than four vehicles. Every parcel of land used in whole and in part as a public or private parking area or loading area, including a commercial parking lot and automobile or trailer sales lot, shall be developed and maintained in accordance with this article.

The applicant indicates that approximately thirty of the proposed seventy parking spaces would be located upon what is now City property – the existing, largely unutilized right-of-way known as Jackson Street. It intends to purchase this land from the City, which will require approval of the Common Council as well as the enactment of easements pertaining to City infrastructure that is currently located within the right-of-way and expected to remain.

Findings

The Board hereby authorizes the Parking Lot Permit, as per §375-174.

The Board hereby issues a negative declaration under SEQR for this unlisted action, as the proposed construction will not result in any significant adverse environmental impacts.

I, G. Michael Apostol, representing the Board of Zoning Appeals of the City of Albany, hereby certify that the foregoing is a true copy of a decision of the Board made at a meeting thereof duly called and held on **December 12, 2012.**

Signed: G. Michael Apostol Date: 12/12/12

► Important Note: Unless otherwise specified by the Board, this decision shall expire and become null and void if the applicant fails to obtain any necessary zoning, building, or other permits or comply with the conditions of such decision within six (6) months of the date of signature.

EAF


SHORT ENVIRONMENTAL ASSESSMENT FORM

INSTRUCTIONS:

In order to answer the questions in this short EAF it is assumed that the preparer will use currently available information concerning the project and the likely impacts of the action. It is not expected that additional studies research or other investigations will be undertaken.

ENVIRONMENTAL ASSESSMENT

1. Will the project result in a large physical change to the project site or physically alter more than 10 acres of land?..... Yes No
2. Will there be a major change to any unique or unusual landform found on this site?..... Yes No
3. Will project alter or have a large effect on an existing body of water?..... Yes No
4. Will project have a potentially large impact on groundwater quality? Yes No
5. Will project significantly affect drainage flow or air quality?..... Yes No
6. Will project affect any threatened or endangered plant or animal species... Yes No
7. Will project result in a major adverse impact on air quality?..... Yes No
8. Will project have a major effect on visual character of the community or scenic views or vistas known to be or important to the community?... Yes No
9. Will project adversely impact any site or structure of historic, prehistoric or paleontological importance or any site designated as a critical environmental area by a local agency?..... Yes No
10. Will project have a major effect on existing or future recreational opportunities? Yes No
11. Will project result in major traffic problems or cause a major impact on existing transportation systems?..... Yes No
12. Will project regularly cause objectionable odors, noise, glare, vibration, or electrical disturbances as a result of the project's operation?..... Yes No
13. Will project have any impact on public health or safety?..... Yes No
14. Will project affect the existing community by directly causing a growth? in permanent population of more than 5% over a one-year period or have a major negative effect on the character of the community or neighborhood?..... Yes No
15. Is there any public controversy concerning the project?.....X. Unknown Yes No

PREPARER'S SIGNATURE:  TITLE: Engineer for the applicant
Daniel R. Hershberg, P.E.&L.S.

REPRESENTING: Norstar Development USA DATE: 10/3/12

