Albany Industrial Development Agency

21 Lodge Street
Albany, New York 12207
Telephone: (518) 434-2532
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To: Tracy Metzger, Darius Shahinfar, Susan Pedo, Anthony Owens, Lee Eck, Dominck Calsolaro, Sarah Reginelli, John Reilly, Joe Scott, Mark Opalka, Brad Chevalier, Andy Corcione

Date: August 15, 2014

AGENDA

A meeting of the Finance Committee of the City of Albany Industrial Development Agency will be held on **Thursday, August 21st at 11:00 AM** at 21 Lodge Street, Albany, NY 12207 (Conference Room)

Roll Call

Reading of Minutes of the Finance Committee Meeting of July 17th, 2014

Approval of Minutes of the Finance Committee Meeting of July 17th, 2014

Unfinished Business

- AMC - 391 Myrtle Avenue (MOB)
- Park South Partners LLC

New Business

- None

Other Business

Adjournment

***The next regularly scheduled Finance Committee meeting will be held Wednesday, September 10th at 21 Lodge Street, Albany, NY**

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IDA MINUTES OF FINANCE COMMITTEE MEETING
Thursday, July 17th, 2014

Attending: Tracy Metzger, Darius Shahinfar, Susan Pedo, C. Anthony Owens, Lee Eck and Dominick Calsolaro

Absent:

Also Present: Sarah Reginelli, Mark Opalka, Joe Scott, Brad Chevalier, Andy Corcione, Katie Newcombe & Amy Gardner

Acting Chairperson, C. Anthony Owens, called the Finance Committee meeting of the IDA to order at 12:16 PM.

Roll Call

Acting Chairperson, C. Anthony Owens, reported that all Committee members were present.

Reading of Minutes of the Finance Committee Meeting of February 12th, 2014

Since the minutes of the February 12th, 2014 meeting had been distributed to the Committee members in advance for review, acting Chairperson, C. Anthony Owens made a proposal to dispense with the reading of the minutes.

Approval of Minutes of the Finance Committee Meeting of February 12th, 2014

Acting Chairperson C. Anthony Owens made a proposal to approve the minutes of the Finance Committee meeting of February 12, 2014 as presented. A motion to accept the minutes, as presented, was made by Tracy Metzger and seconded by Darius Shahinfar. A vote being taken, the minutes were accepted unanimously.

Unfinished Business

None

New Business

None

Other Business

IDA Fee Discussion
Staff introduced for discussion possible changes to the fee schedule in the Agency's Policy Manual. As this topic would be a similar discussion at the CRC Finance Committee meeting, Staff asked to handle the conversations together. Staff indicated that the topic was for discussion purposes and was looking for feedback from the Committee. Staff noted that, if eventually moved by the Committees, would be considered and voted by the Boards. The discussion revolved around a tiered fee schedule based on the amount requested for conduit bond deals instead of a flat fee schedule. Counsel indicated that other IDAs/CRCs in the State following a tiered fee schedule structure. The effect that this policy change would have on projects currently under review and the fees collected was discussed at length. No action or recommendation to the Board was taken as the Committee sought further information from Staff and desired further discussions on the matter at a future Finance Committee.

Legal Fees Associated with Columbia 677 LLC Project
Counsel advised the Committee that per discussions at previous meetings the agency would be paying the legal fees associated with the PILOT litigation for the Columbia 677 LLC Project. The fees would appear on the financial statements.

There being no further business, Acting Chairperson C. Anthony Owens adjourned the meeting at 12:40PM.

Respectfully submitted,

____
(Assistant) Secretary

TO: City of Albany Industrial Development /Capital Resource Corporation Finance Committees

FROM: Staff

RE: Park South Projects

DATE: August 15, 2014

The following information is an appropriate summary representative of the conception, evolution, and proposed implementation of the proposed Park South projects by Albany Medical Center and Tri City Rentals as well as an update on the status of the projects as it pertains to the IDA and CRC.

Please note that the intent of the August meeting is to: 1) provide an update to the Committees on the status of the proposed projects 2) allow the Applicants to make their case for revised financial assistance requests and 3) review, discuss, and obtain feedback on the revised financial assistance requests. No official action is being sought from the Committees.

The PSURP Plan

The Park South Urban Renewal Plan (PSURP), the City's only Council-adopted Urban Renewal Zone, recognizes the importance of New Scotland Avenue as a mixed use commercial/residential corridor and seeks to reinforce the street as a vibrant neighborhood connector. It calls for a medical office building to be shared by AMC and private physicians, multifamily housing and an associated parking structure on the interior of the two blocks proposed – a vision met by the current proposal. The PSURP was designed by intensive engagement of local residents and ratified in 2006. The PSURP outlines the detailed revitalization of the Park South Neighborhood through a specific program of redevelopment. The Plan's success relies heavily on Albany Medical Center's (AMC) investment in the two blocks in question, effectively prioritizing their development to act as a catalyst for reinvestment in the remaining seven blocks.

The Proposed Projects

Albany Medical Center and Tri City Rentals, have proposed projects that comprise two of the nine city blocks covered by the PSURP. Albany Medical Center projects involve the construction of 135,000 square foot medical office building [AMC – 391 Myrtle Avenue (MOB)] and 816 space parking garage [AMC – 405 Myrtle Avenue (Garage)]. TriCity Rentals [Park South Partners LLC] project involves the construction of approximately 268 market rate apartments, 21,000 square feet of retail space, and 103 surface parking spaces. Total investment in these projects is expected to be approximately $110 million. The proposed projects represent AMC's fulfillment of the community's vision in partnership with Tri City Rentals.

The Common Council and Land-Use Boards

Throughout the past year, the Applicants have been working through approval processes at the City of Albany Common Council and Albany Planning Board/Board of Zoning Appeals. These bodies have publicly vetted the projects. The Applicants have made amendments to their projects based on the feedback solicited from the public through these hearings. The Council, Planning

Board/Board of Zoning Appeals and the Applicants all have agreed that the public process has resulted in improved plans that meet the intentions of the PSURP. The Applicants have received all necessary approvals from these bodies with the Planning Board approvals provided in June.

The Industrial Development Agency and Capital Resource Corporation

The PSURP calls for the City and its various development agencies to partner with developers and incentivize redevelopment, specifically encouraging the use of real property tax abatement.

As the Committee will recall the Applicants began the IDA and CRC process with the introduction of the projects at the November 13th, 2013 Finance Committee meetings. The projects were subsequently discussed at the November 21st, 2013 Board meetings where the Boards approved public hearing resolutions and preliminary inducement resolutions. Public hearings on the projects were held on December 19th, 2013. The projects were subsequently discussed at the January 16th, 2014 Finance Committee meetings.

Since the last Finance Committee meetings, staff has been working with the Applicants on revising their financial assistance requests, specifically as it pertains to the PILOT requests made to the IDA, while the Applicants worked through the approval process of the land-use boards. Significant strides have been made on revising the PILOT requests in this timeframe.

- AMC 391 Myrtle Avenue (MOB) – Changes encompass the modification of the framework, duration, and abatement schedule. Highlights include: reduction of eight years from the abatement schedule; removal of fixed payments; larger PILOT payments; and addition of tenant restrictions

- Park South Partners LLC – Changes encompass the modification of the framework and abatement schedule. Highlights include: larger PILOT payments. *Please note that staff and the Applicant have been continuing to have discussions as most recently as last week. As such, both staff and the Applicant seek for the IDA Finance Committee to weigh in on specific items as it reviews the other changes to the revised PILOT.*

More information of these changes can be found in the project summaries completed by staff. Staff will spend time reviewing these changes in detail at the Committee meeting.

TO: City of Albany Industrial Development/ Capital Resource Corporation Finance Committees

FROM: City of Albany Industrial Development/ Capital Resource Corporation Agency Staff

RE: Albany Medical Center - 391 Myrtle Avenue (MOB) – Revised Application Summary

DATE: August 15, 2014

Staff Notes:
This project summary is in response to the request for financial assistance by the Applicant which was introduced at the November 13th, 2013 Finance Committee meetings. The project was subsequently discussed at the November 21st, 2013 Board meetings. Public hearings on this project were held on December 19th, 2013. The project was subsequently discussed at the January 16th, 2014 Finance Committee meetings. This revised project summary is the result of the work staff has performed per the direction of the IDA Finance Committee to modify the PILOT request. A revised PILOT request that modifies the framework, duration, and abatement schedules has been submitted for IDA Finance Committee for review and consideration. Staff seeks feedback and direction from the IDA Finance Committee. Please note this project summary will continue to be updated as the project progresses through staff review and Agency consideration.

Applicant: Albany Medical Center

Managing Members: Board of Directors (See Applicant's "Attachment B")

Project Location: 391 Myrtle Avenue

Project Description: The proposed redevelopment of approximately .81 acres of land that will include the demolition of existing buildings and the construction thereon of an approximately 5 story, 135,000 square foot medical office building. The building will be occupied 50% by Albany Medical College physicians and 50% by private physicians. The project includes the installation of related tenant finishes, personal property, fixtures, furniture and machinery/equipment.

Estimated Project Cost: $32,121,146

Type of Financing: Straight Lease (PILOT) as well as Conduit Tax-Exempt and Taxable Bonds

Amount of Bonds Requested (CRC as vehicle for transaction): $28,521,000 (not to exceed $30,000,000)

Estimated Total Purchases Exempt from Sales Tax: N/A

Estimated Total Mortgage Amount (CRC as vehicle for transaction): $28,521,000 (not to exceed $30,000,000)

Current Total Assessment:

- Total (for entire two blocks) based on 2014 tax roll: $9,459,900
  - Taxable: $5,324,900 (of which $4,382,400 is homestead and $942,500 is non homestead)
  - Tax exempt: $4,135,000 (of which $1,685,900 is homestead and $2,449,100 is non homestead)

Estimated Improved Total Assessment:

- $16,875,000 (per discussion with Commissioner of Assessment & Taxation)
  - $8,437,500 will be taxable

Revised PILOT (IDA as vehicle for transaction): Great strides have been made between Staff and the Applicant as it pertains to the revised PILOT request. The revised PILOT request modifies the framework, duration, and abatement amounts as well as imposing tenant restrictions. The Applicant is now seeking a PILOT with a 12 year abatement schedule (down from 20 years).

Generally, the revised PILOT will include two PILOT scenarios. The general framework for process and procedures will be discussed at the meeting.

- Scenario #1: Annual payments in lieu of taxes during the abatement schedule will be calculated by adding A) an amount equal to one hundred percent (100%) of the Normal Tax due with respect to the assigned fixed "base" assessment value of $2,100,000 and B) an amount equal to a percentage of the Normal Tax due with respect to the additional improved assessment from completion of the project.
- Scenario #2: Annual payments in lieu of taxes during the abatement schedule will be calculated by adding A) an amount equal to one hundred percent (100%) of the Normal Tax due with respect to the assigned fixed "base" assessment value of $2,100,000 and B) an amount equal to a percentage of the Normal Tax due with respect to the additional improved assessment from completion of the project.

Please see attached PILOT Analysis and Memo from Special Counsel for specifics on abatement schedules and tenant restrictions.

Below is a comparison of original proposed payment schedule versus the revised payment schedule.

Estimated Payment Schedule Comparison Chart			
Year	Original Estimated Payment Schedule	Revised Estimated Payment Schedule IF Scenario #1	Revised Estimated Payment Schedule IF Scenario #2
1	$94,200	$107,554	$269,845
2	$94,200	$110,780	$294,656
3	$94,200	$114,104	$320,713
4	$94,200	$117,527	$348,069
5	$94,200	$121,053	$376,777
6	$94,200	$124,684	$406,894
7	$94,200	$128,425	$438,479
8	$94,200	$132,278	$471,593
9	$94,200	$218,480	$506,300
10	$162,771	$309,736	$542,664
11	$167,654	$406,270	$580,755
12	$250,067	$508,318	$598,177
13	$257,569	Taxable Status	Taxable Status
14	$347,392	Taxable Status	Taxable Status
15	$357,814	Taxable Status	Taxable Status
16	$455,644	Taxable Status	Taxable Status
17	$469,313	Taxable Status	Taxable Status
18	$575,793	Taxable Status	Taxable Status
19	$593,066	Taxable Status	Taxable Status
20	$659,872	Taxable Status	Taxable Status

Note: There are some minor discrepancies between the original payment schedule and the revised payment schedule as the assumptions are a little different. Due to the changes in the framework a comparison of the abatement schedules is not possible as has been the case with other projects.

Estimated Value of Total PILOT Payments:

- Total PILOT Payments during abatement schedule (IDA as vehicle for transaction):
  - Scenario #1: $2,399,209 (*Not a Net Present Value*)
  - Scenario #2: Greater than Scenario #1

Estimated Value of Tax Exemptions:

- NYS Sales and Compensating Use Tax: N/A
- Mortgage Recording Taxes (CRC as vehicle for transaction): $356,513 (not to exceed $375,000)

- Real Property Taxes (IDA as vehicle for transaction):
  - Scenario #1: $3,733,678 (*Not a Net Present Value*)
  - Scenario #2: Less than Scenario #1
- Other: N/A

Employment Impact:
- Projected Permanent: (6) jobs
- Projected Construction: (200) jobs

Other Economic Impacts:
- Increases consumer base to support Park South and Center Square businesses
- Infrastructure improvements at no cost to the taxpayer (i.e. burying of utilities)

Strategic Initiatives:
- Albany 2030
  - Increase job opportunities.
  - Encourage investment in urban land and buildings for employment and housing.
- Park South Urban Renewal Plan

Planning Board Actions:
- Issued a Negative Declaration for this Type 1 Action as per the provisions of SEQR on 5/15/14.
- Approved the site plan on 6/19/14.

Estimated IDA/CRC Fee
- Fee amount: $321,212
  - Fee split between IDA and CRC to be determined

Mission(s)
- Assist in the enhancement and diversity of the economy of the City of Albany (the "City") by acting in support of projects in the City that create and/or retain jobs and/or promote private sector investment utilizing the statutory powers of the Agency as set forth under the provisions of the laws of the State of New York.

AMC - 391 Myrtle Avenue (MOB): PILOT Analysis

				Status Quo		Proposed Project										
									Applicable PILOT Scenario per Future Tenants[11]							
							Normal Tax		Scenario #1				Scenario #2			
PILOT Year	City and County Tax Year	School Tax Year	Tax Rate[5]	Current Allocated Taxable Assessment[6]	Estimated Allocated Total Taxes[7]	Assigned Base Assessment[8]	Estimated Total Improved Assessment[9]	Estimated Total Taxes w/o PILOT[10]	Estimated PILOT Payments[12]	Estimated Abatement Savings[13]	% Abatement on Total Assessment[14]	% of Abatement on Improved Assessment[15]	Estimated PILOT Payments[16]	Estimated Abatement Savings[17]	% Abatement on Total Assessment[18]	% of Abatement on Improved Assessment[19]
Interim[1]	2016	2015/2016	$49.72	$2,085,481	$92,264		-	-	-	-	-	-	-	-	-	-
1[2]	2017	2016/2017	$51.22	$2,085,481	$95,032	$2,100,000	$8,437,500	$432,136	$107,554	$324,582	75.11%	100%	$269,845	$162,291	37.56%	50%
2	2018	2017/2018	$52.75	$2,085,481	$97,883	$2,100,000	$8,437,500	$445,100	$110,780	$334,320	75.11%	100%	$294,656	$150,444	33.80%	45%
3	2019	2018/2019	$54.34	$2,085,481	$100,820	$2,100,000	$8,437,500	$458,453	$114,104	$344,349	75.11%	100%	$320,713	$137,740	30.04%	40%
4	2020	2019/2020	$55.97	$2,085,481	$103,844	$2,100,000	$8,437,500	$472,207	$117,527	$354,680	75.11%	100%	$348,069	$124,138	26.29%	35%
5	2021	2020/2021	$57.64	$2,085,481	$106,960	$2,100,000	$8,437,500	$486,373	$121,053	$365,320	75.11%	100%	$376,777	$109,596	22.53%	30%
6	2022	2021/2022	$59.37	$2,085,481	$110,168	$2,100,000	$8,437,500	$500,964	$124,684	$376,280	75.11%	100%	$406,894	$94,070	18.78%	25%
7	2023	2022/2023	$61.15	$2,085,481	$113,474	$2,100,000	$8,437,500	$515,993	$128,425	$387,568	75.11%	100%	$438,479	$77,514	15.02%	20%
8	2024	2023/2024	$62.99	$2,085,481	$116,878	$2,100,000	$8,437,500	$531,473	$132,278	$399,195	75.11%	100%	$471,593	$59,879	11.27%	15%
9	2025	2024/2025	$64.88	$2,085,481	$120,384	$2,100,000	$8,437,500	$547,417	$218,480	$328,937	60.09%	80%	$506,300	$41,117	7.51%	10%
10	2026	2025/2026	$66.83	$2,085,481	$123,996	$2,100,000	$8,437,500	$563,839	$309,736	$254,104	45.07%	60%	$542,664	$21,175	3.76%	5%
11	2027	2026/2027	$68.83	$2,085,481	$127,715	$2,100,000	$8,437,500	$580,755	$406,270	$174,484	30.04%	40%	$580,755	$0	0.00%	0%
12[3]	2028	2027/2028	$70.90	$2,085,481	$131,547	$2,100,000	$8,437,500	$598,177	$508,318	$89,860	15.02%	20%	$598,177	$0	0.00%	0%
Permanent[4]	2029	2028/2029	$73.02	$2,085,481	$135,493	-	$8,437,500	$616,123	-	-		-	-	-		-
Estimated Total[20]					$1,348,701			$6,132,886	$2,399,209	$3,733,678			$5,154,923	$977,964		

Notes:

(1) Property will likely be taxable until March 1st, 2015. Interim represents the construction period of the project.

(2) Estimated start of PILOT abatement schedule.

(3) Estimated end of PILOT abatement schedule.

(4) Property returns to taxable status anticipated.

(5) Estimated non homestead tax rate (does not include any special ad volereum taxes that are still payable under PILOT) based on City and County 2014 tax year and School 2013/2014 tax with estimated escalation, similar to Applicant, of 3.0% thereafter. DOES NOT INCLUDE LIBRARY TAX RATES THAT ARE STILL PAYABLE.

(6) Allocated taxable assessment by staff calculated based on 2013 tax roll. Includes properties taxed at homestead and non-homestead tax rates. Park South Partners LLC has remaining allocated taxable assessment.

(7) Estimated taxes if proposed project did not occur (i.e. left status quo) based on 2014 property taxes. Includes properties taxed at homestead non-homestead tax rates. DOES NOT INCLUDE LIBRARY TAXES THAT ARE STILL PAYABLE.

(8) Assigned base assessment by Staff. Park South Partners LLC has remaining assigned base assessment.

(9) Per Commissioner of Department of Assessment & Taxation based on estimate of $125 per square foot (Inc. land and improvement assessment value). Assessment value shown is for taxable office space only. Assessment value is not fixed.

(10) Estimated taxes if proposed project occurred without PILOT assistance. DOES NOT INCLUDE LIBRARY TAXES THAT ARE STILL PAYABLE.

(11) PILOT Scenario, which is dependent on future tenants and whether they meet or do not meet certain qualifying requirements as provided in the Project Summary.

(12) Estimated PILOT Payments assuming Scenario #1 PILOT. DOES NOT INCLUDE LIBRARY TAXES THAT ARE STILL PAYABLE.

(13) Difference of Estimated PILOT Payments from Estimated Total Taxes w/o PILOT assuming Scenario #1 PILOT.

(14) Percent Abatement on Total Assessment via PILOT assuming revised Scenario #1 PILOT.

(15) Percent abatement on increased assessment via PILOT assuming Scenario #1 PILOT.

(16) Estimated PILOT Payments assuming Scenario #2 PILOT.

(17) Difference of Estimated PILOT Payments from Estimated Total Taxes w/o PILOT assuming Scenario #2 PILOT. DOES NOT INCLUDE LIBRARY TAXES THAT ARE STILL PAYABLE.

(18) Percent Abatement on Total Assessment via PILOT assuming revised Scenario #2 PILOT.

(19) Percent abatement on increased assessment via PILOT assuming Scenario #2 PILOT.

(20) Totals for comparison and analysis during PILOT agreement period only. NOT NET PRESENT VALUE.

Analysis is ONLY an estimate

M E M O R A N D U M   F R O M

A. Joseph Scott III
Direct Dial: 518.433.2419
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To: Members of the City Albany Industrial Development Agency

Date: August 15, 2014

Subject: City of Albany Industrial Development Agency
IDA PILOT Agreements – Bifurcation – AMC – MOB Project

The purpose of the guidelines shown below is to eliminate the cycling of tenants in the City of Albany. The Agency has previously applied these guidelines for the 132 State Street Properties LLC and 136 State Street Properties LLC projects. We plan on applying the same guidelines for the AMC Medical Office Building ("AMC MOB") project. The guidelines are summarized as follows:

1. A bifurcated PILOT abatement schedule would be offered to the AMC MOB project: Abatement Schedule Option #1 and Abatement Schedule Option #2.
2. The default PILOT abatement schedule upon execution of the PILOT Agreement is Abatement Schedule Option #1.
3. Prior to execution of a lease agreement with a tenant for occupancy in the project, the project applicant shall deliver affidavits from such tenant evidencing satisfaction of at least one of the following conditions:

   i. tenant would otherwise move outside the City of Albany
   ii. tenant is moving into the City of Albany (need IDA anti-pirating certification)
   iii. tenant is increasing the size of its occupancy and creating jobs
   iv. tenant is simply moving within the City of Albany, but the vacated space is being back-filled (and back-filled tenant meets the tests in i., ii., or iii)

4. During the term of the PILOT Agreement, the project applicant would need to provide certificates on September 1 of each year confirming that: (i) there is no change in tenants, or (ii) if there is a change in tenants in the project, the new tenant meets the conditions described in paragraph 3. above as evidenced by submittal of affidavits as described in paragraph 3. above. As part of the annual certificate the project applicant shall include, among other things, (i) the total leasable building space and (ii) the total leasable space occupied by and associated with each tenant
5. The project applicant would have to show that at least 75% of the total leasable square feet of the building is leased to tenants that meet at least one of the conditions as described in paragraph 3. above in order to maintain the benefits associated with Abatement Schedule Option #1 (Note: vacancy of leasable building space does not disqualify project applicant from Abatement Schedule Option #1).
6. Failure to provide the certificates (or failure to maintain the conditions) and the PILOT will default to Abatement Schedule Option #2

Applicant

PILOT Projection

20 YEAR PILOT

Square Foot 67,500 (1/2 of Bldg)

Proj Increase 3.00%

Year	Land	Building	Total Value	Abatement Savings	Taxable Value	Rate per $1,000	Taxes	psf
Year 1	Current Taxes only					$ 47.96	$ 94,200	$ 1.40
Year 2	Current Taxes only					$ 49.39	$ 94,200	$ 1.40
Year 3	Current Taxes only					$ 50.88	$ 94,200	$ 1.40
Year 4	Current Taxes only					$ 52.40	$ 94,200	$ 1.40
Year 5	Current Taxes only					$ 53.97	$ 94,200	$ 1.40
Year 6	Current Taxes only					$ 55.59	$ 94,200	$ 1.40
Year 7	Current Taxes only					$ 57.26	$ 94,200	$ 1.40
Year 8	$ 269,913	$8,160,157	$8,430,069	85.71%	$ 1,435,649	$ 58.98	$ 94,200	$ 1.40
Year 9	$ 269,913	$8,160,157	$8,430,069	85.71%	$ 1,435,649	$ 60.75	$ 94,200	$ 1.40
Year 10	$ 269,913	$8,160,157	$8,430,069	71.43%	$ 2,601,386	$ 62.57	$ 162,771	$ 2.41
Year 11	$ 269,913	$8,160,157	$8,430,069	71.43%	$ 2,601,386	$ 64.45	$ 167,654	$ 2.48
Year 12	$ 269,913	$8,160,157	$8,430,069	57.14%	$ 3,767,123	$ 66.38	$ 250,067	$ 3.70
Year 13	$ 269,913	$8,160,157	$8,430,069	57.14%	$ 3,767,123	$ 68.37	$ 257,569	$ 3.82
Year 14	$ 269,913	$8,160,157	$8,430,069	42.86%	$ 4,932,859	$ 70.42	$ 347,392	$ 5.15
Year 15	$ 269,913	$8,160,157	$8,430,069	42.86%	$ 4,932,859	$ 72.54	$ 357,814	$ 5.30
Year 16	$ 269,913	$8,160,157	$8,430,069	28.57%	$ 6,098,596	$ 74.71	$ 455,644	$ 6.75
Year 17	$ 269,913	$8,160,157	$8,430,069	28.57%	$ 6,098,596	$ 76.95	$ 469,313	$ 6.95
Year 18	$ 269,913	$8,160,157	$8,430,069	14.29%	$ 7,264,333	$ 79.26	$ 575,793	$ 8.53
Year 19	$ 269,913	$8,160,157	$8,430,069	14.29%	$ 7,264,333	$ 81.64	$ 593,066	$ 8.79
Year 20	$ 269,913	$8,160,157	$8,430,069	7.14%	$ 7,847,201	$ 84.09	$ 659,872	$ 9.78
							$ 5,144,756	

Taxes without savings

	Land	Building		Abatement Savings	Taxable Value	Rate per $1,000	Taxes	psf
Year 1	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 47.96	$ 404,267	$ 5.99
Year 2	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 49.39	$ 416,395	$ 6.17
Year 3	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 50.88	$ 428,887	$ 6.35
Year 4	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 52.40	$ 441,754	$ 6.54
Year 5	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 53.97	$ 455,006	$ 6.74
Year 6	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 55.59	$ 468,657	$ 6.94
Year 7	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 57.26	$ 482,716	$ 7.15
Year 8	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 58.98	$ 497,198	$ 7.37
Year 9	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 60.75	$ 512,114	$ 7.59
Year 10	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 62.57	$ 527,477	$ 7.81
Year 11	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 64.45	$ 543,301	$ 8.05
Year 12	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 66.38	$ 559,601	$ 8.29
Year 13	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 68.37	$ 576,389	$ 8.54
Year 14	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 70.42	$ 593,680	$ 8.80
Year 15	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 72.54	$ 611,491	$ 9.06
Year 16	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 74.71	$ 629,835	$ 9.33
Year 17	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 76.95	$ 648,730	$ 9.61
Year 18	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 79.26	$ 668,192	$ 9.90
Year 19	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 81.64	$ 688,238	$ 10.20
Year 20	$ 269,913	$8,160,157	$8,430,069	0.00%	$ 8,430,069	$ 84.09	$ 708,885	$ 10.50
							$ 10,862,815	

Projected Savings $ 5,718,058

Assumptions

1 Assumed Value for Land and Building, as per comparative medical buildings on New Scotland Ave

		Land		Building	
	Sqr Ft	Assessed Valu	Land psf	Assessed Value	Building psf
16 NSA	53,299	$ 375,000	$ 7.04	$ 6,425,000	$ 121
22 NSA	77,730	$ 159,200	$ 2.05	$ 9,497,050	$ 122
50 NSA	68,676	$ 200,000	$ 2.91	$ 8,237,500	$ 120
Average of 3			$ 4.00		$ 121

2 Assumed Tax Rate/$1,000

County Tax	3.78
City Tax	14.17
School	28.61
Library	-
	46.56
one year escalation	1.03
	$ 47.96

3 No Library tax considered in the above.

TO: City of Albany Industrial Development Finance Committee

FROM: City of Albany Industrial Development Agency Staff

RE: Park South Partners LLC – Revised Project Summary

DATE: August 15, 2014

Staff Notes:
This project summary is in response to the request for financial assistance by the Applicant which was introduced at the November 13th, 2013 Finance Committee meeting. The project was subsequently discussed at the November 21st, 2013 Board meeting. A public hearing on this project was held on December 19th, 2013. The project was subsequently discussed at the January 16th, 2014 Finance Committee meeting. This revised project summary is the result of the work staff has performed per the direction of the Finance Committee to modify the PILOT request. A revised PILOT request that modifies the framework and abatement schedules has been submitted for Finance Committee for review and consideration. The Applicant is requesting that the Finance Committee review and consider additional requests – which for some deviate from recent Finance Committee actions - due to the nature of the project. Staff seeks feedback and direction from the Finance Committee. Please note this project summary will continue to be updated as the project progresses through staff review and Agency consideration.

Applicant: Park South Partners LLC

Managing Members (% of Ownership): Norman Massry (49.5%), Morris Massry (49.5%), MRP Associates LLC (1.0%)

Project Location: Land encompassed by New Scotland Avenue, Dana Avenue, Robin Street, and Morris Street as well as a portion of land encompassed by New Scotland Avenue, Morris Street, Robin Street, and Myrtle Avenue.

Project Description: The Applicant proposes acquiring a leasehold interest in land encompassed by New Scotland Avenue, Dana Avenue, Robin Street, and Morris Street as well as a portion of land encompassed by New Scotland Avenue, Morris Street, Robin Street, and Myrtle Avenue. The Applicant will demolish existing buildings and construct approximately 268 market rate apartments, 21,000 square feet of retail space, 103 surface parking spaces, and tenant amenities as well as make appropriate public infrastructure and site improvements. The project will include 6 buildings, of which the two buildings along New Scotland Avenue will be mixed-use. The unit mix will include a mix of studio apartments, one bedroom apartments, one bedroom apartments with den, two bedroom apartments, and two bedroom apartments with den.

Estimated Project Cost: $52,583,536

Type of Financing: Straight Lease

Amount of Bonds Requested: None

Estimated Total Purchases Exempt from Sales Tax: $19,739,014

Estimated Total Mortgage Amount: $40,000,000

Current Total Assessment:

- Total (for entire two blocks) based on 2014 tax roll: $9,459,900
  - Taxable: $5,324,900 (of which $4,382,400 is homestead and $942,500 is non homestead)
  - Tax exempt: $4,135,000 (of which $1,685,900 is homestead and $2,449,100 is non homestead)

Estimated Improved Total Assessment: $27,800,000 (per discussion with Commissioner of Assessment & Taxation and minor adjustment by Staff)

Revised PILOT: Strides have been made between Staff and the Applicant as it pertains to the revised PILOT request. The revised PILOT modifies the framework and abatement amounts. The proposal entails the Applicant entering into a PILOT with a 22 year abatement schedule with a fixed "base" assessment of $3,700,000.

- The Applicant is seeking additional requests of the Finance Committee that will be discussed at the meeting, including but not limited to: 1) reconsideration of the assigned "base" assessment provided by staff, 2) waive "the greater than scenario" in the latter years of the PILOT seen in recently approved projects *Note: Staff has informed the Applicant of recent actions of the Finance Committee as it pertains to financial assistance provided to mixed-use residential projects. The Applicant would like the Committee to weigh in on specific items.*

Please see attached PILOT Analysis for specifics.

Below is a comparison of original proposed payment schedule versus the revised payment schedule.

Estimated Payment Schedule Comparison Chart		
Year	Original Estimated Payment Schedule	Revised Estimated Payment Schedule
1	$163,000	$183,994
2	$163,000	$187,674
3	$163,000	$191,428
4	$163,000	$195,256
5	$163,000	$199,161
6	$163,000	$203,145
7	$163,000	$274,690
8	$163,000	$349,016
9	$163,000	$426,205
10	$163,000	$470,536
11	$163,000	$516,469
12	$163,000	$564,051
13	$292,775	$613,330
14	$298,631	$664,355
15	$304,603	$717,175
16	$310,695	$731,519
17	$443,673	$746,149
18	$452,547	$761,072
19	$527,540	$776,294
20	$538,091	$791,820
21	$617,459	$807,656
22	$629,808	$823,809

Note: There are some minor discrepancies between the original payment schedule and the revised payment schedule as the assumptions are a little different. Due to the changes in the framework a comparison of the abatement schedules is not possible as has been the case with other projects.

Estimated Value of Total PILOT Payments:

- Total PILOT Payments during abatement schedule: $11,194,805 (*Not a Net Present Value*)

Estimated Value of Tax Exemptions:

- NYS Sales and Compensating Use Tax: $1,579,121
- Mortgage Recording Taxes: $500,000
- Real Property Taxes: $26,544,516 (*Not a Net Present Value*)
- Other: N/A

Employment Impact:

- Projected Permanent: (11) new jobs
- Projected Construction: (200) jobs

Other Economic Impacts:

- Increases retail options
- Increases consumer base to support Park South and Center Square businesses
- Increases local sales tax revenues
- Infrastructure improvements at no cost to the City

Strategic Initiatives:

- Albany 2030
  - Increase job opportunities for all residents.
  - Encourage investment in urban land and buildings for employment and housing.
  - Provide a variety of housing types to meet the varied needs of Albany's households, including market, moderate and low income housing.
  - Encourage diverse intergenerational housing. Diverse housing includes options for residents throughout different stages of life (e.g. students, couples, families with children, seniors) in the same neighborhood.

Planning Board Actions:

- Issued a <u>Negative Declaration</u> for this <u>Type 1 Action</u> as per the provisions of SEQR on 5/15/14.
- Approved the site plan on 6/19/14.

Estimated IDA Fee

- Fee amount: $525,835.36

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.

Park South Partners LLC - PILOT Analysis

				Status Quo		Proposed Project									
							Normal Tax			Revised PILOT					
PILOT Year	City and County Tax Year	School Tax Year	Tax Rate[5]	Current Allocated Taxable Assessment[6]	Estimated Allocated Total Taxes[7]	Assigned Base Assessment[8]	Estimated Total Improved Assessment[9]	Estimated Total Taxes w/o PILOT[10]	Estimated Total Taxes w/o PILOT Per Unit[11]	Estimated PILOT Payments[12]	Estimated Abatement[13]	Estimated PILOT Payments Per Unit[14]	Estimated Abatement Per Unit[15]	% Abatement on Total Assessment[16]	% of Abatement on Improved Assessment[17]
Interim[1]	2016	2015/2016	$48.75	$3,674,418	$159,420	-	-	-	-	-	-	-	-	-	-
1[2]	2017	2016/2017	$49.73	$3,674,418	$162,609	$3,700,000	$27,800,000	$1,382,444	$4,973	$183,994	$1,198,450	$662	$4,311	86.69%	100.00%
2	2018	2017/2018	$50.72	$3,674,418	$165,861	$3,700,000	$27,800,000	$1,410,093	$5,072	$187,674	$1,222,419	$675	$4,397	86.69%	100.00%
3	2019	2018/2019	$51.74	$3,674,418	$169,178	$3,700,000	$27,800,000	$1,438,295	$5,174	$191,428	$1,246,867	$689	$4,485	86.69%	100.00%
4	2020	2019/2020	$52.77	$3,674,418	$172,562	$3,700,000	$27,800,000	$1,467,061	$5,277	$195,256	$1,271,805	$702	$4,575	86.69%	100.00%
5	2021	2020/2021	$53.83	$3,674,418	$176,013	$3,700,000	$27,800,000	$1,496,402	$5,383	$199,161	$1,297,241	$716	$4,666	86.69%	100.00%
6	2022	2021/2022	$54.90	$3,674,418	$179,533	$3,700,000	$27,800,000	$1,526,330	$5,490	$203,145	$1,323,185	$731	$4,760	86.69%	100.00%
7	2023	2022/2023	$56.00	$3,674,418	$183,124	$3,700,000	$27,800,000	$1,556,857	$5,600	$274,690	$1,282,167	$988	$4,612	82.36%	95.00%
8	2024	2023/2024	$57.12	$3,674,418	$186,787	$3,700,000	$27,800,000	$1,587,994	$5,712	$349,016	$1,238,978	$1,255	$4,457	78.02%	90.00%
9	2025	2024/2025	$58.26	$3,674,418	$190,522	$3,700,000	$27,800,000	$1,619,754	$5,826	$426,205	$1,193,549	$1,533	$4,293	73.69%	85.00%
10	2026	2025/2026	$59.43	$3,674,418	$194,333	$3,700,000	$27,800,000	$1,652,149	$5,943	$470,536	$1,181,613	$1,693	$4,250	71.52%	82.50%
11	2027	2026/2027	$60.62	$3,674,418	$198,219	$3,700,000	$27,800,000	$1,685,192	$6,062	$516,469	$1,168,723	$1,858	$4,204	69.35%	80.00%
12	2028	2027/2028	$61.83	$3,674,418	$202,184	$3,700,000	$27,800,000	$1,718,896	$6,183	$564,051	$1,154,844	$2,029	$4,154	67.19%	77.50%
13	2029	2028/2029	$63.07	$3,674,418	$206,227	$3,700,000	$27,800,000	$1,753,273	$6,307	$613,330	$1,139,943	$2,206	$4,101	65.02%	75.00%
14	2030	2029/2030	$64.33	$3,674,418	$210,352	$3,700,000	$27,800,000	$1,788,339	$6,433	$664,355	$1,123,984	$2,390	$4,043	62.85%	72.50%
15	2031	2030/2031	$65.62	$3,674,418	$214,559	$3,700,000	$27,800,000	$1,824,106	$6,562	$717,175	$1,106,930	$2,580	$3,982	60.68%	70.00%
16	2032	2031/2032	$66.93	$3,674,418	$218,850	$3,700,000	$27,800,000	$1,860,588	$6,693	$731,519	$1,129,069	$2,631	$4,061	60.68%	70.00%
17	2033	2032/2033	$68.27	$3,674,418	$223,227	$3,700,000	$27,800,000	$1,897,800	$6,827	$746,149	$1,151,650	$2,684	$4,143	60.68%	70.00%
18	2034	2033/2034	$69.63	$3,674,418	$227,692	$3,700,000	$27,800,000	$1,935,756	$6,963	$761,072	$1,174,683	$2,738	$4,225	60.68%	70.00%
19	2035	2034/2035	$71.02	$3,674,418	$232,246	$3,700,000	$27,800,000	$1,974,471	$7,102	$776,294	$1,198,177	$2,792	$4,310	60.68%	70.00%
20	2036	2035/2036	$72.44	$3,674,418	$236,890	$3,700,000	$27,800,000	$2,013,960	$7,244	$791,820	$1,222,141	$2,848	$4,396	60.68%	70.00%
21	2037	2036/2037	$73.89	$3,674,418	$241,628	$3,700,000	$27,800,000	$2,054,239	$7,389	$807,656	$1,246,583	$2,905	$4,484	60.68%	70.00%
22[3]	2038	2037/2038	$75.37	$3,674,418	$246,461	$3,700,000	$27,800,000	$2,095,324	$7,537	$823,809	$1,271,515	$2,963	$4,574	60.68%	70.00%
Permanent[4]	2039	2038/2039	$76.88	$3,674,418	$251,390	-	$27,800,000	$2,137,231	$7,688	-	-	-	-	-	-
			Estimated Total[18]		$4,439,058			$37,739,320		$11,194,805	$26,544,516				

Notes:

(1) Property will likely be taxable until March 1st, 2016 per Applicant's request. Interim represents the start of the construction period of the project.

(2) Estimated start of PILOT abatement schedule.

(3) Estimated end of PILOT abatement schedule.

(4) Property returns to taxable status anticipated.

(5) Estimated non homestead tax rate (does not include any special ad volereum taxes that are still payable under PILOT) based on City and County 2014 tax year and School 2013/2014 tax year with, per Applicant, estimated escalation of 2.0% thereafter. DOES NOT INCLUDE UNABATED LIBRARY TAX

(6) Allocated taxable assessment by staff calculated based on 2013 tax roll. Includes properties taxed at homestead and non-homestead tax rates. AMC 391 Myrtle Avenue has remaining allocated taxable assessment.

(7) Estimated taxes if proposed project did not occur (i.e. left status quo) based on 2014 property taxes. Includes properties taxed at homestead non-homestead tax rates. DOES NOT INCLUDE LIBRARY TAXES THAT ARE STILL PAYABLE.

(8) Assigned base assessment by Staff. AMC 391 Myrtle Avenue has remaining assigned base assessment.

(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. DOES NOT INCLUDE LIBRARY TAXES THAT ARE STILL PAYABLE. PLEASE NOTE THAT AS SHOWN VIA RESEARCH, TAXES (INC. BID AND LIBRARY) ARE 2X OR HIGHER WHAT MULTIFAMILY PROJECTS CAN SUPPORT.

(11) Estimated taxes Per Unit if proposed project occurred without PILOT assistance. DOES NOT INCLUDE LIBRARY TAXES THAT ARE STILL PAYABLE.

(12) Estimated PILOT Payments assuming revised PILOT. DOES NOT INCLUDE UNABATED LIBRARY TAXES THAT ARE STILL PAYABLE.

(13) Difference of Estimated PILOT Payments from Estimated Total Taxes w/o PILOT assuming revised PILOT.

(14) Estimated PILOT Payments Per Unit assuming revised PILOT. DOES NOT INCLUDE UNABATED LIBRARY TAXES THAT ARE STILL PAYABLE.

(15) Difference of Estimated PILOT Payments Per Unit from Estimated Total Taxes w/o PILOT Per Unit assuming revised PILOT.

(16) Percent Abatement on Total Assessment via PILOT assuming revised PILOT.

(17) Percent Abatement on Improved Assessment via PILOT assuming revised PILOT.

(18) Totals for comparison and analysis during PILOT agreement period only. NOT NET PRESENT VALUE.

Analysis is ONLY an estimate

Applicant

Real Estate Taxes Saved

# of Apartments 268

Taxes with savings

	Year	Assessment Floor	Assessment Ceiling	Exemption Factor	Value after Exemption	Proj increase 2.00% Rate per $1,000	Projected Taxes	Taxes Per Apt
CP	2014	15,374,239	$ 18,569,040	Fixed at Current		$ 46.45	$ 163,000	$ 608
CP	2015	15,374,239	$ 18,569,040	Fixed at Current		$ 47.37	$ 163,000	$ 608
Year 1	2016	15,374,239	$ 18,569,040	Fixed at Current		$ 48.32	$ 163,000	$ 608
Year 2	2017	15,374,239	$ 18,569,040	Fixed at Current		$ 49.29	$ 163,000	$ 608
Year 3	2018	15,374,239	$ 18,569,040	Fixed at Current		$ 50.27	$ 163,000	$ 608
Year 4	2019	15,374,239	$ 18,569,040	Fixed at Current		$ 51.28	$ 163,000	$ 608
Year 5	2020	15,374,239	$ 18,569,040	Fixed at Current		$ 52.31	$ 163,000	$ 608
Year 6	2021	15,374,239	$ 18,569,040	Fixed at Current		$ 53.35	$ 163,000	$ 608
Year 7	2022	15,374,239	$ 18,569,040	Fixed at Current		$ 54.42	$ 163,000	$ 608
Year 8	2023	15,374,239	$ 18,569,040	Fixed at Current		$ 55.51	$ 163,000	$ 608
Year 9	2024	15,374,239	$ 18,569,040	Fixed at Current		$ 56.62	$ 163,000	$ 608
Year 10	2025	15,374,239	$ 18,569,040	Fixed at Current		$ 57.75	$ 163,000	$ 608
Year 11	2026	15,374,239	$ 18,569,040	75.00%	$ 4,642,260	$ 58.90	$ 273,450	$ 1,020
Year 12	2027	15,374,239	$ 18,569,040	75.00%	$ 4,642,260	$ 60.08	$ 278,919	$ 1,041
Year 13	2028	15,374,239	$ 18,569,040	75.00%	$ 4,642,260	$ 61.28	$ 284,497	$ 1,062
Year 14	2029	15,374,239	$ 18,569,040	75.00%	$ 4,642,260	$ 62.51	$ 290,187	$ 1,083
Year 15	2030	15,374,239	$ 18,569,040	65.00%	$ 6,499,164	$ 63.76	$ 414,387	$ 1,546
Year 16	2031	15,374,239	$ 18,569,040	65.00%	$ 6,499,164	$ 65.04	$ 422,675	$ 1,577
Year 17	2032	15,374,239	$ 18,569,040	60.00%	$ 7,427,616	$ 66.34	$ 492,718	$ 1,839
Year 18	2033	15,374,239	$ 18,569,040	60.00%	$ 7,427,616	$ 67.66	$ 502,573	$ 1,875
Year 19	2034	15,374,239	$ 18,569,040	55.00%	$ 8,356,068	$ 69.02	$ 576,702	$ 2,152
Year 20	2035	15,374,239	$ 18,569,040	55.00%	$ 8,356,068	$ 70.40	$ 588,236	$ 2,195
				Total Estimated Taxes with abatement			$ 6,080,345	

Taxes with savings

Projected Taxes	Taxes Per Apt	Projected Taxes	Taxes Per Apt	Projected Taxes	Proj increase 2.00% Taxes Per Apt	Projected Taxes	Taxes Per Apt
Year 1	2014	Construction period - current taxes			$ 46.45	$ 163,000	$ 608
Year 2	2015	Construction period - current taxes			$ 47.37	$ 163,000	$ 608
Year 3	2016	$ 18,569,040	0%		$ 48.32	$ 897,296	$ 3,348
Year 4	2017	$ 18,569,040	0%		$ 49.29	$ 915,242	$ 3,415
Year 5	2018	$ 18,569,040	0%		$ 50.27	$ 933,547	$ 3,483
Year 6	2019	$ 18,569,040	0%		$ 51.28	$ 952,218	$ 3,553
Year 7	2020	$ 18,569,040	0%		$ 52.31	$ 971,263	$ 3,624
Year 8	2021	$ 18,569,040	0%		$ 53.35	$ 990,688	$ 3,697
Year 9	2022	$ 18,569,040	0%		$ 54.42	$ 1,010,502	$ 3,771
Year 10	2023	$ 18,569,040	0%		$ 55.51	$ 1,030,712	$ 3,846
Year 11	2024	$ 18,569,040	0%		$ 56.62	$ 1,051,326	$ 3,923
Year 12	2025	$ 18,569,040	0%		$ 57.75	$ 1,072,352	$ 4,001
Year 13	2026	$ 18,569,040	0%		$ 58.90	$ 1,093,799	$ 4,081
Year 14	2027	$ 18,569,040	0%		$ 60.08	$ 1,115,675	$ 4,163
Year 15	2028	$ 18,569,040	0%		$ 61.28	$ 1,137,989	$ 4,246
Year 16	2029	$ 18,569,040	0%		$ 62.51	$ 1,160,749	$ 4,331
Year 17	2030	$ 18,569,040	0%		$ 63.76	$ 1,183,964	$ 4,418
Year 18	2031	$ 18,569,040	0%		$ 65.04	$ 1,207,643	$ 4,506
Year 19	2032	$ 18,569,040	0%		$ 66.34	$ 1,231,796	$ 4,596
Year 20	2033	$ 18,569,040	0%		$ 67.66	$ 1,256,432	$ 4,688
Year 21	2034	$ 18,569,040	0%		$ 69.02	$ 1,281,560	$ 4,782
Year 22	2035	$ 18,569,040	0%		$ 70.40	$ 1,307,192	$ 4,878
			Total Estimated Taxes without abatement			$ 22,127,944	

Projected Savings $ 16,047,599

TO: Industrial Development Agency/Capital Resource Corporation Finance Committee

FROM: City of Albany Industrial Development Agency Staff

RE: Project Information

DATE: August 15, 2014

Hereafter is additional information recently submitted by the Applicant: 1) Brief on changes in the projects; 2) Notes from PSURP as it relates to the projects; 3) List of additional costs building in PSURP; 4) List of physical benefits to the neighborhood; and 5) Report on economic benefits

DIFFERENCES BETWEEN PARK SOUTH 2013 VS. 2014

2013 Plan	2014 Plan
1. New Scotland Ave Retail/Residential	
• 2 each 6 story buildings	2 each 6 story buildings – no change
2. Myrtle Ave MOB	
• 5 story 135,000 sf MOB	5 story 135,000 sf MOB – no change
• We proposed a connector bridge	Connector bridge received approval
3. Myrtle Ave Parking Structure	
• 875 spaces proposed	816 car spaces approved
4. Residential	
• 272 units proposed	286 units proposed

Park South Urban Renewal Plan Notes:

The Park South Urban Renewal Plan addresses Real Property Tax Abatement and public improvements. Here are a few sections of the PSURP and details explaining how this project is proposed.

- "To encourage capital improvements in properties by existing or new property owners, the City of Albany may enable partial exemptions or abatements from increases in real property taxes related to capital improvements." (pg. 16)
- "Streets and Sidewalks – The City, in support of the Plan and after review of proposed projects and subsequent agreements with the developers to support a portion of the fees associated with the development, is requested to direct available funds to improve sidewalks, curbs and pedestrian ramps in areas where rehabilitation or infill housing is to take place, on a time schedule consistent with the Plan." (pg. 19) (For this project, the owner is paying for all street and sidewalk improvements) "When specific New Development projects and the street improvements necessary to effectuate these projects are identified throughout the implementation and phasing of the Plan, such improvements shall be coordinated among the City of Albany, ACDA, and the developer(s) and fiscal responsibility for those improvements shall be ascertained. When determined necessary or feasible, such improvements may be incorporated into annual City budgets and planning processes to effect implementation of the Plan." (pg.20) (The owner is taking all fiscal responsibility for improvements)

Also, the PSURP calls for the City to participate in providing improvements to water mains, sewer mains, stormwater management, sidewalks, curbs, repaving, traffic improvements, street trees and street lights. These improvements are all being completed at the sole cost of the owner.

Anticipated Project Costs
Park South Neighborhood Renewal
August 14, 2014

Building in Park South has additional costs and added expenses. Listed below is a list of non-typical construction costs and added expenses budgeted for this project:

1. Environmental inspection and mitigation of hazardous materials existing in structures (asbestos etc.). *Added cost included in item 2 below.*

2. Demolition of existing structures including subsurface removals (foundations). *Anticipated cost: $2,000,000.*

3. Utility disconnections for electric, gas, water and sewer of existing structures. *Added cost included in item 2 above.*

4. Total sidewalk removal and replacement. This includes required Park South streetscape consisting of stamped concrete, sidewalks, lighting, landscaping and curb repair. *Estimated at $500,000.00.*

5. City of Albany soil conditions consisting of clay, debris and existing non-structural soil. *Anticipated added cost: $77,000.00.*

6. Offsite traffic improvements. This includes pedestrian cross walks, signage and traffic light modification. *Anticipated added cost: +/- $750,000.00.*

7. Repairing of existing streets. This includes Myrtle Avenue, Morris Street, Dana and Robin Avenue. *Anticipated added cost: +/- $275,000.00.*

8. Cost associated with utility hook ups for old and antiquated water and sewer lines. *Added cost +/-$760,000.00.*

9. Relocate existing National Grid overhead lines underground. *Anticipated added cost: 3.9 million dollars.*

10. Urban construction. Zero lot line, delivery coordination, pedestrian and traffic safety. Lack of staging, parking, required security for site, fencing of perimeter. *Added premium of +/-$50,000.*

11. Lack of property for storm water system. All treatment and retainage has to be sub surface. *Anticipated added cost: $175,000 per system.*

12. Parking structure for residential units. *Anticipated added cost: 190 spaces at $25,000/space.*

13. Parking structure for medical office building. *Anticipated added cost: 675 spaces at $25,000/space.*

Physical Neighborhood
<u>Benefits of Parking Structure and MOB</u>

1. Resurfacing Myrtle Avenue.
2. Making Myrtle Avenue a 2-way street.
3. Partial overhead line relocation.
4. New sidewalks.
5. New street trees.
6. Pedestrian crosswalks at Myrtle Avenue & Robin Street.
7. Removal of hazardous materials in structures located on street.
8. Decompress on street parking.
9. Indoor bike storage.
10. Added green space.
11. Storm water filtration.

Physical Neighborhood
<u>Benefits of 2 Story Mixed Use Buildings on New Scotland Avenue</u>

1. Partial overhead line relocation.
2. New sidewalks.
3. New street lights.
4. New street trees.
5. Pedestrian crosswalks at New Scotland Avenue & Morris Street and New Scotland Avenue & Dana Avenue.
6. Storm water filtration.
7. New retail providers on ground level to provide services to neighborhood.
8. Buildings replacing vacant lots used for parking.

Physical Neighborhood
<u>Benefits of Residential Units</u>

1. Resurfacing Morris Street and Dana Avenue.
2. Partial overhead line.
3. New sidewalks.
4. New street lights.
5. New street trees.
6. Red crossings at Morris Street & Robin Street and Dana Avenue & Robin Street.
7. New water lines on Morris Street and Dana Avenue.
8. Removal of hazardous materials in structures.
9. Added green space.
10. Storm water filtration.

Park South Redevelopment Economic Impact Analysis

November 4, 2013

Prepared For:

Albany Medical Center and Tri City Rentals

Prepared By:

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ECONOMIC DEVELOPMENT

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SUMMARY OF FINDINGS

Albany Medical Center and Tri City Rentals (together considered the "Sponsor") are proposing a major redevelopment project in the Park South neighborhood of the City of Albany (the "Project"). The Project will consist of a series of residential, retail and medical office buildings in proximity to the Albany Medical Center. The Sponsor has submitted an application for financial assistance to the City of Albany and has commissioned Camoin Associates to conduct an economic and limited fiscal impact analysis[1] of the construction and occupation of the Project on the City of Albany ("City") and surrounding area.

The following is a summary of our findings from this study.

Economic Activity	
Total Households	256
Total Jobs	95
Residential Management Employees	10
Retail Space Employees (full time and part time)*	37
Medical Office Space**	48

Source: Sponsor, Camoin Associates

* 25 full time employees and 12 part time employees

** Based on information provided by the Sponsor

- The Project will include 256 apartment units requiring 10 on-site property management employees.
- There will be 28,000 square feet of retail space with 25 full time employees and 12 part time employees.
- 135,000 square feet of medical office space will be developed and occupied by tenants. It is expected that the medical office space will result in 420 total employees, including 48 that are net new to the City and would not exist but for the Project.

Summary of Benefits		
One Time Benefits During Construction		
Construction Phase Job-Years		859
Construction Phase Earnings	$	67,285,212
One Time Sales Tax Revenue to City	$	60,597
Total One Time IDA Fees	$	1,174,666
Total Community Benefit Investment	$	3,375,000
Annual Benefits Throughout Operation		
Annual Jobs		137
Annual Earnings	$	7,546,712
Average Annual Sales Tax Collected by County	$	105,532
Average Annual Sales Tax Revenue Distributed to City	$	13,508
Average Annual PILOT Payment	$	543,461

[1] Note that Camoin Associates conducted only a limited fiscal impact analysis, namely, determining the effects of the Project on municipal revenue sources. We did not conduct an analysis of the public service expenditure impacts of the Project (for example, the impact of the Project on local schools and municipal services).

For this analysis, Camoin Associates must first determine what portions of the project generate new economic activity that but for the Project would not occur in the City. In order to do this, Camoin Associates reviewed City vacancy rates, market analysis documents, and information on existing and planned residential projects in the immediate vicinity of the Project to determine the extent to which any of the Project would create "new" activity and, therefore, new spending in the City. Based on our analysis, we determined that 70% of the residential units could be considered "net new" households to the City (i.e. households in the City that otherwise would locate elsewhere). We then extrapolated the total amount of new spending by these new households to derive job and wage creation resulting from the Project.

Camoin Associates considered the extent to which any of medical space would bring new jobs to the City. It is our understanding that tenants who eventually locate at the Project will be drawn to the City as a result of the Project and they otherwise would go elsewhere. Therefore, we consider 100% of the medical office employees to be net new to the City.

Finally, due to the generic nature of the retail space and the availability of retail space throughout the City, none of the retail sales/jobs would be "net new" to the city of Albany. Therefore, while we report the jobs and wages in the economic activity section of this report, we do not include it in the economic impact section.

- The construction of the Project would result in approximately 859 net new construction job-years in and around the City (including Albany County). These jobs would generate roughly $67 million in earnings.
- The Project would support 137 net new jobs in and around the City with $7.5 million in associated earnings. Those figures are composed of new jobs occurring onsite, new jobs resulting from new household spending, and jobs created indirectly through the economic "multiplier" effect. Likewise with the earnings figures shown in the table.
- The Sponsor has proposed terms of a draft PILOT agreement with the City of Albany Industrial Development Agency (the "Agency"). Under this draft PILOT agreement, the Sponsor would pay over $10.8 million to the taxing jurisdictions over the PILOT term, or an average of $543,461 each year.
- The Sponsor will pay fees to the IDA totaling $1,174,666.
- The Sponsor will be performing work totaling approximately $3,375,000 in the vicinity of the Project, such work being a benefit the community and non-essential to the Project. As such, we treat this as a general public benefit received at no cost to tax payers.

ECONOMIC ACTIVITY ANALYSIS

As described above, the proposed Project will include residential units, retail, and medical office space as well as a parking structure. The economic activity associated with the Project includes the new apartment units, staff associated with property management, full time and part time employees associated with the retail aspect, plus additional employees at the medical buildings connected to Albany Medical Center. In total, these employees are considered the "economic activity" related to the Project. The table below outlines all of the economic activity related to the Project.

Economic Activity	
Total Households	256
Total Jobs	95
Residential Management Employees	10
Retail Space Employees (full time and part time)*	37
Medical Office Space**	48

Source: Sponsor, Camoin Associates

* 25 full time employees and 12 part time employees

** Based on information provided by the Sponsor

As shown in the table above, the Project will include 256 apartment units in the Park South neighborhood of the city of Albany. The Sponsor estimates that there will be 10 new full time positions generated as a result of the new apartment units associated with property management. The Project will also include 28,000 square feet of retail space for currently unidentified tenants. Based on similar retail spaces in the area, the Sponsor is estimating 25 full time positions and 12 part time positions being created as part of the retail space. Finally, the Project will include the development of 135,000 square feet of medical office space associated with Albany Medical Center. Based on information provided by the Sponsor, we estimate that the medical office space will house hundreds of employees, including 48 employees that are new to the City of Albany.

It is important to note here that not all economic activity will have an economic impact on the City. The following analysis focuses on the economic activity that but for the Project, would not occur in the City of Albany. In the case of this Project, the economic impact analysis is focused on the new households, housing-related employment, and the medical office space because it is assumed that the retail space would locate in the City with or without the Project and therefore we cannot attribute spin off jobs, sales, and earnings to the Project.

ECONOMIC IMPACT ANALYSIS

The estimates of direct economic activity generated during the construction phase and building occupation phase as provided by the Sponsor were used, with certain modifications described below, as the direct inputs for the economic impact model. Camoin Associates used these direct inputs in the input-output model designed by Economic Modeling Specialists, Inc. (EMSI). EMSI allows the analyst to input the amount of new direct economic activity (spending or jobs) occurring within the City to estimate the spillover effects that the net new spending or jobs have as these new dollars circulate through the City economy. This is captured in the indirect impacts and is commonly referred to as the "multiplier effect." See Attachment A for more information on economic impact analysis.

The Project would have economic impacts upon the City in three main categories: 1) temporary construction phase impacts, 2) onsite jobs impacts, and 3) spending impacts by the new tenant households. The impacts of each of these categories are detailed below.

Construction Phase Impacts

The Sponsor anticipates that construction of the Project would cost $110 million. We assume that 100% of this activity would be sourced from around Albany County, including the City, which allows us to project the amount of net new spending associated with the construction phase. Based on the $110 million in sales associated with the construction phase of the Project, Camoin Associates is able to determine that there would be $149 million in sales, 859 jobs, and $67 million in wages generated in and around the city of Albany including Albany County.[2]

Economic Impact - Construction			
	Direct	Indirect	Total
Jobs	537	322	859
Sales	$ 110,000,000	$ 39,739,228	$ 149,739,228
Earnings	$ 52,566,572	$ 14,718,640	$ 67,285,212

Source: EMSI, Camoin Associates

Operation Phase Impacts

Residential Impact

In order to determine the annual economic impact of the Project on the City, the first step was to calculate the number of onsite employees and residents that can be considered "net new" to the City's economy. In other words, the number of employment positions and residents that, but for the Project, would not exist in Albany. For this study, we analyzed the existing supply and demand of market-rate apartments. The following summarizes the research conducted to determine the percentage of market-rate units that could be considered new to the city of Albany.

[2] Indirect impacts represent money spent by businesses on purchases of goods and services within the local economy, creating additional employment and earnings. It also includes the expenditures of new household income from wages and payments made to employees.

The first step was to analyze the City's average rental vacancy rate over the last twenty years. As reported by the 2010 Census, 63% of all occupied housing units in the City are rentals and the rental vacancy rate in the City is 7% (vacant rental units divided by total rental units). True current (i.e. 2013) rental vacancy in the City is most likely lower than this figure for the following reasons:

- As the housing crisis has forced people into foreclosure and out of their homes, many are looking to rent, adding to the pool of demand.
- It has become more difficult to secure a mortgage for less credit worthy borrowers, meaning that fewer households are transitioning from a rental housing situation to an owner-occupied housing situation, again inflating demand for rental units.
- Other regional and national development trends related to increased interest in walkability and urban lifestyles by young professionals and baby boomers looking to live in a walkable community rich with culture, recreation, retail, food services, and other amenities.

Furthermore, as shown below, the City's rental vacancy rate is lower than the City's overall vacancy rate, indicating a relatively tight rental market. Markets with up to 10% vacancy are considered healthy. The low vacancy rates suggest that there is demand for rental units in the City and that even if Project units are filled by current City residents, those vacated units are likely to be re-rented and will not sit vacant (this is known as the back-fill effect).

City of Albany Residential Vacancy Trends			
Year	Total Households	Total Vacancy Rate	Rental Vacancy Rate
1990	46,207	9%	7%
2000	45,288	10%	7%
2010	46,362	11%	7%

Source: Census 2010, ESRI, Camoin Associates

A 2011 study conducted by Zimmerman/Volk Associates for the city of Albany examined where potential renters and buyers of new and existing housing units in the City are likely to come from. The findings of this research suggests 30% will come from the local market (the City), with the remaining coming from the rest of Albany County, Hudson Valley, New York City, and other areas of the United States. This report also indicates that rental lofts and apartments are an attractive type of housing for Downtown Albany.

In addition to the above factors, we considered households displaced by the Project. We noted that 43 existing units are being removed and 256 are being added, for a net gain of 213 units (or 83%). Therefore, in consideration of all these factors, Camoin Associates hereafter assumes that 70% of the tenant households should be considered net new to the City. Therefore, Camoin Associates assumes that 70% of both the tenant households and the on-site residential related jobs are new to the City economy.

Onsite Jobs Impacts

As mentioned above, Camoin Associates assumes that 70% of the onsite residential related jobs would be new. The Sponsor has reported that there will be 10 full time jobs created as a result of the new residential units, therefore 70% of those are considered net new to the Albany economy. The table below details the impact these new jobs would have on the city of Albany in terms of direct, indirect and total impacts on employment and wages. The 7 net new onsite jobs would create a total of 10 jobs, resulting in annual earnings of $306,000 and sales of $1.5 million.

Economic Impact - Residential Property Management			
	Direct	Indirect	Total
Jobs	7	3	10
Sales	$1,051,021	$378,227	$1,429,248
Earnings	$182,211	$123,903	$306,114

Source: EMSI, Camoin Associates

In addition to the impact of the residential property managers, the new medical office space will also result in new jobs, sales, and earnings for the City. It is our understanding that without the Project, the 48 jobs being created by the tenants of the medical office space would not occur. The table below calculates the impact of the 48 employees that would not exist in the City without the Project. The 48 new employees would result in 25 indirect jobs, $9.8 million in new sales (not including any sales occurring in the retail space), and $5.4 million in new earnings.

Economic Impact - Medical Office Space			
	Direct	Indirect	Total
Jobs	48	25	73
Sales	$ 7,021,239	$ 2,819,844	$ 9,841,083
Earnings	$ 4,357,663	$ 1,089,416	$ 5,447,079

Source: Sponsor, EMSI, Camoin Associates

Tenant Impact

The Project consists of 256 total apartment units. As noted above, Camoin Associates assumes that 70%, or 179 of the total units would be occupied by new households.

Net New Residential Units	
Total Residential Units	256
Percent Net New Units	70%
Total Net New Residential Units*	179

Source: Camoin Associates

* Rounded down to nearest whole number

New households would make purchases in the City, thereby adding new dollars to the economy. For this analysis, Camoin Associates researched spending patterns by household income. Using a spending basket, developed by the United States Bureau of Labor Statistics, which details household spending in individual consumer categories by income level, Camoin Associates analyzed the likely spending by tenants. The spending basket is based on a consumer unit (household) earning between $50,000 and $69,999 per year.[3]

[3] The Zimmerman/Volk Market Analysis is based on capturing households with incomes above $50,000.

The regional spending basket estimates that households earning this would have average annual expenditures of approximately $49,982 (including housing costs and utilities).[4]

For total expenditures, it is assumed that some portion of the spending would occur within the City and, therefore, have an impact on the City's economy. The percent spent within the City, as shown in the table on the next page, is based on the current supply and demand of retail goods and services in the City. A surplus/leakage analysis was conducted on the City to identify retail sectors where the tenants would have to (or be likely to) leave the City in order to make their purchases. Many goods and services are available within the City, which makes it reasonable to assume that a good portion of the spending would occur within the City, particularly goods and services that are closely tied to convenience such as food, transportation spending, and healthcare. Tenants may not spend as much in the City on apparel and services and other larger purchases as there is a wide variety of shopping destinations in the region. The fourth column in the following table shows the total amount spent in the City per unit.

Tenant Spending Baskets					
Spending Baskets for Households Earning Between $50,000 and $69,999					
Category	Annual Spending Basket	% Spent in the City*	Amount Spent in City Annually	Number of Net New Units	Total Annual Net New City Spending
Food	$ 6,938	75%	$ 5,204	179	$ 931,427
Apparel and Services	$ 1,559	50%	$ 780	179	$ 139,531
Transportation	$ 7,827	75%	$ 5,870	179	$ 1,050,775
Personal Care Services	$ 606	50%	$ 303	179	$ 54,237
Healthcare	$ 3,689	75%	$ 2,767	179	$ 495,248
Entertainment	$ 2,438	50%	$ 1,219	179	$ 218,201
Education	$ 647	25%	$ 162	179	$ 28,953
House Keeping Supplies	$ 1,113	50%	$ 557	179	$ 99,614
Household Furnishings & Equipment	$ 1,425	50%	$ 713	179	$ 127,538
Total Net New City Spending	**$ 26,242**		**$ 17,573**		**$ 3,145,522**

Source: Bureau of Labor Statistics

* Based on the retail leakage analysis as described earlier in the report. Information from the leakage analysis was combined with an understanding of the current local and regional retail and services market.

The total net new spending in the City was calculated by multiplying the amount spent in the City by the number of net new units. As shown in the table above, spending in the City by all new households would total $3.1 million. Camoin Associates used the above spending basket amounts to calculate the direct, indirect and total impact of the Project on the City. To do this, we attributed the various spending categories to the NAICS codes found in the table below.

[4] Bureau of Labor Statistics: Consumer Expenditure Survey 2012.

Spending Basket Breakdown by NAICS Code		
NAICS Code	Industry	Spending Basket Category
445110	Supermarkets and Other Grocery (except Convenience) Stores	Food
722110	Full-Service Restaurants	Food
722211	Limited-Service Restaurants	Food
448140	Family Clothing Stores	Apparel and Services
446110	Pharmacies and Drug Stores	Personal Care Products and Services
447110	Gasoline Stations with Convenience Stores	Transportation
811111	General Automotive Repair	Transportation
621111	Offices of Physicians (except Mental Health Specialists)	Healthcare
621210	Offices of Dentists	Healthcare
621340	Offices of Physical, Occupational and Speech Therapists	Healthcare
621330	Offices of Mental Health Practitioners	Healthcare
622110	General Medical and Surgical Hospitals	Healthcare
711110	Theater Companies and Dinner Theater	Entertainment
711130	Musical Groups and Artists	Entertainment
713940	Fitness and Recreational Sports Centers	Entertainment
712110	Museums	Entertainment
711190	Other Performing Arts Companies	Entertainment
611310	Colleges, Universities, and Professional Schools	Education
452990	All Other General Merchandise Stores	House Keeping Supplies
442299	All Other Home Furnishings Stores	Household Furnishings & Equipment

Source: EMSI, Camoin Associates

Using $3.1 million as the new sales input, Camoin Associates employed EMSI to determine the indirect and total impact of the Project. The following table outlines the findings of this analysis.

Economic Impact - Tenant Spending			
	Direct	Indirect	Total
Jobs	44	10	54
Sales	$3,145,522	$1,246,586	$4,392,108
Earnings	$1,348,511	$445,008	$1,793,519

Source: EMSI, Camoin Associates

The annual combined jobs and earnings impact of the Project on the City is shown in the table below:

Economic Impact - On Site Jobs			
	Direct	Indirect	Total
Jobs	7	3	10
Sales	$ 1,051,021	$ 378,227	$ 1,429,248
Earnings	$ 182,211	$ 123,903	$ 306,114
Economic Impact - Medical Office Space			
	Direct	Indirect	Total
Jobs	48	25	73
Sales	$ 7,021,239	$ 2,819,844	$ 9,841,083
Earnings	$ 4,357,663	$ 1,089,416	$ 5,447,079
Economic Impact - Tenant Spending			
	Direct	Indirect	Total
Jobs	44	10	54
Sales	$ 3,145,522	$ 1,246,586	$ 4,392,108
Earnings	$ 1,348,511	$ 445,008	$ 1,793,519
Economic Impact - Combined Annual Impact			
	Direct	Indirect	Total
Jobs	99	38	137
Sales	$ 11,217,782	$ 4,444,657	$ 15,662,439
Earnings	$ 5,888,384	$ 1,658,328	$ 7,546,712

Source: EMSI, Camoin Associates

FISCAL IMPACT ANALYSIS

In addition to the economic impact of the Project on the local economy outlined above, there would also be a fiscal impact in terms of annual property tax and sales tax generation. The following section of the analysis outlines the impact of the completion of the Project on the local taxing jurisdictions' revenue sources. As noted in the Executive Summary, this analysis is limited in that it focuses exclusively on increases and decreases to local municipal revenues and does not include projections related to the costs of public service provision.

Payment in Lieu of Taxes (PILOT)

The Sponsor has applied to the City of Albany Industrial Development Agency (the "Agency") for a Payment In Lieu of Taxes (PILOT) agreement. The Sponsor has proposed a twenty-year payment schedule for the medical office building, residential, and commercial portions of the Project based on the estimated final assessed value. The table below shows the proposed payment schedule.

PILOT Payments			
Year	Medical Office Building	Residential and Commercial	Total
1	$ 94,200	$163,000	$ 257,200
2	$ 94,200	$163,000	$ 257,200
3	$ 94,200	$163,000	$ 257,200
4	$ 94,200	$163,000	$ 257,200
5	$ 94,200	$163,000	$ 257,200
6	$ 94,200	$163,000	$ 257,200
7	$ 94,200	$163,000	$ 257,200
8	$ 94,200	$163,000	$ 257,200
9	$ 94,200	$163,000	$ 257,200
10	$ 162,771	$163,000	$ 325,771
11	$ 167,554	$271,475	$ 439,029
12	$ 250,067	$276,904	$ 526,971
13	$ 257,569	$282,443	$ 540,012
14	$ 347,392	$288,091	$ 635,483
15	$ 357,814	$411,394	$ 769,208
16	$ 455,644	$419,622	$ 875,266
17	$ 469,313	$489,160	$ 958,473
18	$ 575,793	$498,943	$ 1,074,736
19	$ 593,066	$572,537	$ 1,165,603
20	$ 659,872	$583,988	$ 1,243,860
Total	$ 5,144,655	$ 5,724,557	$ 10,869,212
Average	$ 257,233	$ 286,228	$ 543,461

Source: Sponsor, Camoin Associates

* Assumes a 3% annual increase on full taxable value.

Tax Policy Comparison

Without financial assistance from the Agency, Camoin Associates assumes the Sponsor would not undertake the Project. Based on the current taxes paid on the property and an assumed 3% increase in the tax rate each year (holding taxable value constant), the following table outlines the estimated tax payments made by the owner of the property without the Project.

Property Tax Payment Without Project*						
Year	Medical Building		Residential and Commercial		Payment	
1	$	94,200	$	163,000	$	257,200
2	$	97,026	$	167,890	$	264,916
3	$	99,937	$	172,927	$	272,863
4	$	102,935	$	178,115	$	281,049
5	$	106,023	$	183,458	$	289,481
6	$	109,204	$	188,962	$	298,165
7	$	112,480	$	194,631	$	307,110
8	$	115,854	$	200,469	$	316,324
9	$	119,330	$	206,484	$	325,813
10	$	122,910	$	212,678	$	335,588
11	$	126,597	$	219,058	$	345,655
12	$	130,395	$	225,630	$	356,025
13	$	134,307	$	232,399	$	366,706
14	$	138,336	$	239,371	$	377,707
15	$	142,486	$	246,552	$	389,038
16	$	146,761	$	253,949	$	400,709
17	$	151,163	$	261,567	$	412,730
18	$	155,698	$	269,414	$	425,112
19	$	160,369	$	277,497	$	437,866
20	$	165,180	$	285,821	$	451,002
Total	$	2,531,189	$	4,379,871	$	6,911,060
Average	$	126,559	$	218,994	$	345,553

Source: Sponsor, Camoin Associates

* Assumes a 3% annual increase

The table below calculates the benefit (or cost) to the affected taxing jurisdictions as the difference between the PILOT payments associated with the Project and the property tax payments without the Project. The total benefit to the affected taxing jurisdictions over the 20-year term is nearly $4 million, with an average benefit to the affected taxing jurisdictions of $197,908 per year.

Tax Policy Comparison			
	A	B	C
Year	Property Tax Payment Without the Project	PILOT Payments	Benefit (Cost) to City of Project (Col B -Col. A)
1	$ 257,200	$ 257,200	$ -
2	$ 264,916	$ 257,200	$ (7,716)
3	$ 272,863	$ 257,200	$ (15,663)
4	$ 281,049	$ 257,200	$ (23,849)
5	$ 289,481	$ 257,200	$ (32,281)
6	$ 298,165	$ 257,200	$ (40,965)
7	$ 307,110	$ 257,200	$ (49,910)
8	$ 316,324	$ 257,200	$ (59,124)
9	$ 325,813	$ 257,200	$ (68,613)
10	$ 335,588	$ 325,771	$ (9,817)
11	$ 345,655	$ 439,029	$ 93,374
12	$ 356,025	$ 526,971	$ 170,946
13	$ 366,706	$ 540,012	$ 173,306
14	$ 377,707	$ 635,483	$ 257,776
15	$ 389,038	$ 769,208	$ 380,170
16	$ 400,709	$ 875,266	$ 474,557
17	$ 412,730	$ 958,473	$ 545,743
18	$ 425,112	$ 1,074,736	$ 649,624
19	$ 437,866	$ 1,165,603	$ 727,737
20	$ 451,002	$ 1,243,860	$ 792,858
Total	$ 6,911,060	$ 10,869,212	$ 3,958,152
Average	$ 345,553	$ 543,461	$ 197,908

Source: Camoin Associates

Additional Benefits

In addition to the fiscal impacts listed above, there will be other benefits to the City. The Sponsor will make payments to the Agency for fees related to their application equaling approximately $1,175,000. The Sponsor is also committed to making improvements to the neighborhood that are non-essential to the Project. For example they will be putting utilities underground, paving the road, replacing sidewalk, and installing decorative streetlights. Total non-essential work will total $3,375,000.

Additional Benefits		
Total IDA Fees	**$**	**1,174,666**
Medical Office PILOT	$	240,909
Medical Office Bonds	$	285,210
Parking Garage	$	268,140
TriCity	$	380,408
Community Enhancements	**$**	**3,375,000**

Source: Sponsor

Sales Tax Revenue

Purchases made in Albany County are subject to an 8% sales tax, of which 4% goes to New York State and 4% goes to the County. Of the County portion, 60% is kept by the County and the remaining 40% is distributed throughout the cities, towns, and villages in the County based on population. This distribution formula is based on the population reported in the Census and is therefore revised once every ten years. As of the 2010 Census, the City of Albany's population was approximately 1/3 of all Albany County population, and therefore it receives 1/3 of the 40% in sales tax revenue that is distributed to the cities, towns, and villages.[5] The following section calculates the impact of the Project on the City's sales tax revenue.

Sales Tax Revenue - Construction Phase

The one-time construction phase earnings (described in a previous section) would lead to additional sales tax revenue for Albany County that would then increase the amount distributed to the City (and all other municipalities in Albany County). It is assumed that 70% of the construction phase earnings would be spent within Albany County and that 25% of those purchases would be taxable.

[5] Since the distribution formula is only revised every ten years the Project will not have an immediate impact on the size of the City's portion.

One Time City Sales Tax Revenue - Construction Phase		
Total New Earnings	$	67,285,212
Amount Spent in County (70%)	$	47,099,648
Amount Taxable (25%)	$	11,774,912
County Sales Tax Rate		4%
New County Tax Revenue	$	470,996
County Portion (60%)	$	282,598
Amount Distributed to Municipalities (40%)	$	188,399
City of Albany's Portion		32%
New City Tax Revenue	$	60,597

Source: Albany County, Camoin Associates

As a result of the construction phase employment, the County would receive nearly $282,600 and the City would receive $60,597.

Sales Tax Revenue - Ongoing Building Occupation

The additional earnings described in the economic impacts section related to building occupation would lead to additional annual sales tax revenue for the County. It is assumed that 70% of the earnings would be spent within Albany County and that 25% of those purchases would be taxable.

Annual City Sales Tax Revenue - Operation Phase		
Total New Earnings	$	7,546,712
Amount Spent in County (70%)	$	5,282,698
Amount Taxable (25%)	$	1,320,675
County Sales Tax Rate		4%
New County Tax Revenue	$	52,827
County Portion (60%)	$	31,696
Amount Distributed to Municipalities (40%)	$	21,131
City of Albany's Portion		32%
New City Tax Revenue	$	6,762

Source: Albany County, Camoin Associates

Under these assumptions, the County would receive $31,696 per year and the City would receive $6,762.

In addition to sales tax generated by the earnings of new employees, the County would also receive sales tax revenue from the purchases made by the new households. Based on sales by new households, Albany County would receive $31,623 annually in sales tax revenue and the City would receive $6,746.[6]

[6] Note that the household spending figure has already been adjusted to account for the percent of total spending occurring within the City (see page 7, table entitled "Net New Spending by Household Type"). Also note that we have used a higher value for "Amount Taxable" as compared to the previous tables (30% rather than 25%) since certain non-taxable items (related to housing expenses) have been removed from the total spending line, thus increasing the remaining portion taxable.

Annual City Sales Tax Revenue - Household Spending		
Total New Spending	$	4,392,108
Amount Taxable (30%)	$	1,317,632
County Sales Tax Rate		4%
New County Tax Revenue	$	52,705
County Portion (60%)	$	31,623
Amount Distributed to Municipalities (40%)	$	21,082
City of Albany's Portion		32%
New City Tax Revenue	$	6,746

Source: Albany County, Camoin Associates

The table below adds together the sales tax revenue from the operation phase earnings and the household spending to calculate the annual sales tax revenue to the City and County.

Combined Annual City and County Sales Tax Revenue		
City Revenue		
Operation Phase Earnings	$	6,762
Household Spending	$	6,746
Total New City Revenue	$	13,508
County Revenue		
Operation Phase Earnings	$	31,696
Household Spending	$	31,623
Total New County Revenue	$	63,319

ATTACHMENT A

What is economic impact analysis?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial "change in final demand". To understand the meaning of "change in final demand", consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells $1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is $1 million because dollars are flowing in from outside the United States and are therefore "new" dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the "Direct Effects" of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer's vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will "leak out". What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of spending. These sets of industry-to-industry purchases are referred to as the "Indirect Effects" of the change in final demand.

Finally, the widget manufacturer has employees who will naturally spend their wages. As with the Indirect Effects, the wages spent will either be for local goods and services or will "leak" out of the economy. The purchases of local goods and services will then stimulate other local economic activity; such effects are referred to as the "Induced Effects" of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial $1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects and the Induced Effects. The ratio between Direct Effects and Total Effects (the sum of Indirect and Induced Effects) is called the "multiplier effect" and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar ($1) of change in final demand, an additional $1.40 of indirect and induced economic activity occurs for a total of $2.40.

Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the "local economy" is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the $1 million of widgets being purchased by Canadians is not causing total North American demand to increase by $1 million. Presumably, those Canadian purchasers will have $1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many "new" dollars the producer would be causing to occur domestically.

Fact Sheet: Economic Benefits of the MOB

- It is expected that the medical office space will result in 420 total employees, including 48 that are net new to the City and would not exist but for the Project.

- Total IDA fees relating to MOB is $526,119

- The 48 MOB new employees would result in 25 indirect jobs, $9.8 million in new sales (not including any sales occurring in the retail space), and $5.4 million in new earnings:

Economic Impact - Medical Office Space			
	Direct	Indirect	Total
Jobs	48	25	73
Sales	$ 7,021,239	$ 2,819,844	$ 9,841,083
Earnings	$ 4,357,663	$ 1,089,416	$ 5,447,079

Source: Sponsor, EMSI, Camoin Associates

August 14, 2014

Park South Revitalization:

$110,000,000 Total Project Investment – 2 Blocks

3 Major Categories:

1. Project Impacts
2. One Time Benefits/Construction/On Site Jobs
3. New Jobs and Households

1. Project Impacts

One Time Economic Benefits:

Construction Earning	$67,285,212 (direct /indirect)
Estimated IDA Fees	$1.174 Million
Community Benefit Investment	$3.375 Million
Roads, Utility Upgrades, Traffic Improvements	(see breakdowns contained in packages)

One Time Jobs:

859 (direct / indirect) net new construction jobs	$67 Million in earnings (construction)

2. On Site Jobs

Annual Benefits Through Operation:

New Jobs	137 – 95 direct, 42 indirect
New Job Earnings	$7.5 Million (Average $55K/year)
County Sales Tax per year	$105K
City Sales Tax per year	$13.5K
Avg. PILOT Payment	$543,461

3. New Jobs and Households

Total Households	268 households (187 net new)
New Jobs	+/- 95 new jobs (directly) +/-42 (indirectly)
Retained Jobs	+/-400 retained

* All data from Economic Impact Report dated November 4, 2013 by Camoin Associates