

TO: City of Albany Industrial Development Finance Committee

FROM: City of Albany Industrial Development Agency Staff

RE: 1385 Washington Avenue Properties, LLC - IDA Application Summary

DATE: April 8, 2016

Staff Notes:

This project summary is in response to the request for financial assistance which was formally introduced at the March 9th, 2016 Finance Committee meeting. The Agency Board considered and approved a public hearing resolution on March 17th 2016. The public hearing is scheduled for April 13th, 2016. Please note this project summary will continue to be updated as the project progresses through staff review and Agency consideration.

Applicant: 1385 Washington Avenue Properties, LLC

Managing Members (% of Ownership): Jon Grant 45.0%; Harvey Blonder 27.5%; Clifford Mendelson 13.75%; Gregg Wallace 13.75%

Project Location: 1385 Washington Avenue

Project Description: The project consists of the demolition of the existing Red Carpet Inn (+/- 50,000 SF) and the construction of an approximate 101-unit (322 bed) for-profit student housing complex. The +/- 142,000 SF building will be constructed over a partially-underground parking garage of approximately +/- 48,000 SF with approximately 146 parking spaces directly across from the SUNY Albany campus. Inclusive of surface parking, there will be +/- 180 spaces. The rooms will be configured between 1 and 4 BDRM/BA combinations and will share common room space and a kitchen area. The units will be fully furnished and marketed to students, staff and faculty attending local universities. Further amenities include an office area, fitness center, clubhouse and courtyard area.

Estimated Project Cost: \$30,535,000 (estimated amount spent \$357,000)

Type of Financing: Straight Lease

Amount of Bonds Requested: None

Estimated Total Purchases Exempt from Sales Tax: \$10,250,000

Estimated Total Mortgage Amount: \$21,375,000

Current Total Assessment: \$1,000,000 (Per City of Albany Commissioner of Assessment and Taxation and on the 2016 Tentative Assessment Roll). The PILOT base assessment will remain at the 2015 Final Assessment Roll value of \$1,500,000.

Estimated Improved Total Assessment: \$9,402,400 (Per City of Albany Commissioner of Assessment and Taxation)

Requested PILOT: The proposal entails the Applicant entering into a 7 year PILOT agreement with the IDA. Under the terms of the Proposed Pilot Agreement, the Applicant will pay (A) a base payment in lieu of tax payment equal to one hundred percent (100%) of the normal taxes due on the Land and the Facility (fixed at a base amount equal to \$1,500,000), and (B) an additional amount based on the increase in assessed value of the Project Facility (such increase in the assessed value due to the undertaking of the Project shall be referred to as the “Improvements”), such increased amount to be adjusted by the abatement schedule as described as follows:

Years After Project Completion	Amount of Abatement on Increased Assessment
1 - 2	100%
3	50%
4	40%
5	30%
6	20%
7	10%
8 and thereafter	0%

The Applicant has requested that the PILOT total assessment value be fixed for the term of the PILOT.

Estimated Value of Total PILOT Payments:

- Total PILOT Payments: \$1,996,201

Estimated Value of Tax Exemptions:

- NYS Sales and Compensating Use Tax: \$820,000
- Mortgage Recording Taxes: \$267,187
- Real Property Taxes: \$1,384,741 (Not a net present value)
- Other: N/A

Employment Impact:

- Projected Permanent: 7 jobs (full-time equivalents)
- Projected Retained: 0 jobs
- Projected Construction: 90 jobs

Strategic Initiatives:

- Albany 2030
 - Increase job opportunities for all residents.
 - Encourage investment in urban land and historic 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:

- Applicant appeared before the City of Albany Planning Board on March 24, 2016 and received Site Plan Approval (§375-33C) and Demolition Approval (§375-40).

Estimated IDA Fee

- Fee amount: \$305,350

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.