

Albany Industrial Development Agency

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Tracy Metzger, *Chair*
Darius Shahinfar, *Treasurer*
Susan Pedo, *Vice Chair*
C. Anthony Owens *Secretary*
Lee Eck
Dominick Calsolaro
Robert Schofield

Sarah Reginelli, *Chief Executive Officer*
Mark Opalka, *Chief Financial Officer*
John Reilly, *Agency Counsel*

To:	Tracy Metzger	Sarah Reginelli
	Darius Shahinfar	John Reilly
	Susan Pedo	Joe Scott
	Anthony Owens	Mark Opalka
	Lee Eck	Brad Chevalier
	Dominick Calsolaro	Andy Corcione
	Robert Schofield	Chantel Burnash

Date: March 6, 2015

AGENDA

PLEASE NOTE THAT A PUBLIC HEARING CONCERNING THE FOLLOWING PROJECT(S) WILL BE HELD AT
12:00pm on Wednesday, March 11th, 2015 at 21 Lodge St, Albany, NY 12207

Kenwood Apartments, LLC
One Columbia Place Realty, LLC

A meeting of the Finance Committee of the City of Albany Industrial Development Agency will be held on **Wednesday, March 11th at 12:15 PM** at 21 Lodge Street, Albany, NY 12207 (Conference Room)

Roll Call

Approval of Minutes of the Finance Committee Meeting of February 11, 2015

Approval of Minutes of the Finance Committee Meeting of February 11, 2015

Unfinished Business

- One Columbia Place Realty, LLC
 - Update and Discussion
- Kenwood Apartments, LLC
 - Update and Discussion
- SUNY Associates, LLC
 - Economic Benefit Analysis
 - Update on Legal Entity
- CDP Holland, LLC
 - Economic Benefit Analysis

New Business

- 40-48 S Pearl Street, LLC
 - Project Introduction

Other Business

Adjournment

*The next regularly scheduled Finance Committee meeting will be held
Wednesday, April 8th at 21 Lodge Street, Albany, NY

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Robert Schofield

Sarah Reginelli, *Chief Executive Officer*
Mark Opalka, *Interim Chief Financial Officer*
John Reilly, *Agency Counsel*

IDA MINUTES OF FINANCE COMMITTEE MEETING

Wednesday, February 11, 2015

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

Also Present: Dominick Calsolaro, Robert Schofield, Joseph Scott, John Reilly, Sarah Reginelli, Brad Chevalier, Mark Opalka, Andy Corcione, Amy Gardner and Chantel Burnash

Chair C. Anthony Owens, called the Finance Committee meeting of the IDA to order at 12:15 PM.

Roll Call

Chair C. Anthony Owens reported that all Committee members were present.

Reading of Minutes of the January 22, 2015 Special Finance Committee Meeting

Since the minutes of the previous meeting had been distributed to Committee members in advance for review, Chair C. Anthony Owens made a proposal to dispense with the reading of the minutes.

Approval of Minutes of the January 22, 2015 Special Finance Committee Meeting

Chair C. Anthony Owens made a proposal to approve the minutes of the Special Finance Committee Meeting of January 22, 2015 as presented. A motion to accept the minutes, as presented, was made by Darius Shahinfar and seconded by Tracy Metzger. A vote being taken, the minutes were accepted unanimously.

Unfinished Business

SUNY Associates, LLC – Project Update and Discussion

Staff advised Committee of the Applicant's proposal that the total assessment value be fixed for the term of the PILOT. The Board discussed the short duration of the term as well as the assessor's recent analysis that led to setting the fixed base. Since the student housing would need to be ready for the start of classes in the Fall, the timeframe for the Applicant to start construction is April. Applicant is currently working on an economic impact analysis and the results should be back by the next Finance Committee meeting. Staff asked the Committee to consider if a fixed assessment value is acceptable, so that a full decision can be made by the Board.

A motion to move the project to the next Board meeting with positive recommendation was made by Tracy Metzger and seconded by Darius Shahinfar. Susan Pedo and Lee Eck abstained from the vote. A vote being taken, the motion passed unanimously.

CDP Holland, LLC – Project Update and Discussion

Staff informed Committee that they are still waiting on an economic impact analysis from the Applicant. Once the analysis is received, the project will be moved to the next Board meeting.

New Business

Kenwood, LLC – Project Update and Discussion

Staff stated that the recent tours of the former Kenwood Convent property helped the Board understand the scope of the project and the Applicant's request for significant financial assistance. Staff explained that the size and deteriorated condition of the property will require careful restoration and rehabilitation of the current structures. Staff indicated Applicant had an initial meeting with the New York State Historic Preservation Office (SHPO) to discuss the requirements for eligibility of historic tax credits. SHPO offered Applicant a pre-screening, which has not happened yet. The Committee requested that Staff work with the applicant to discuss a greater than scenario, the duration of the PILOT and the amount of estimated abatement. Staff advised Committee that they will reach out to the Applicant with these questions, as well as to obtain the results of the economic impact analysis and ask them to have a pre-screening with SHPO to determine eligibility for historic tax credits.

Other Business

None.

There being no further business, Chair C. Anthony Owens adjourned the meeting at 1:45 PM.

Respectfully submitted,

C. Anthony Owens, Secretary

TO: City of Albany Industrial Development Finance Committee

FROM: City of Albany Industrial Development Agency Staff

RE: One Columbia Place Realty, LLC - IDA Application Summary

DATE: March 6, 2015

Applicant: One Columbia Place Realty, LLC

Managing Members (% of Ownership): Marc H. Paquin (100%)

Project Location: 1 Columbia Place and 48 Sheridan Ave

Project Description: The project is the revitalization of a historic structure built in 1840 (25,368 SF). The project Proposed conversion of a vacant 25,368 sq.ft. commercial office building into market-rate residential rental. The Applicant is proposing 21 residential rental units with one and two bedroom units. A portion of the property (nearly 25%) collapsed in August 2014. As such, the Applicant invested \$170,000 in shoring and stabilizing the structure in addition to \$25,000 in architectural and engineering fees. The project will require the removal and replacement of many of the existing partition walls, plumbing, electrical wiring, HVAC, windows, etc.. The residential units will be serviced by an elevator with parking located next door. Each residential unit will be finished with carpet/tile floors, granite countertops, stainless steel appliances, etc..

Estimated Project Cost: \$2,557,000 (est. amount spent to date: \$355,000)

Type of Financing: Straight Lease

Amount of Bonds Requested: None

Estimated Total Purchases Exempt from Sales Tax: \$864,276

Estimated Total Mortgage Amount: \$2,400,000

Current Total Assessment: \$145,000

Estimated Improved Total Assessment: \$2,100,000 (*Staff is awaiting a letter from the City of Albany Assessor. The amount is expected to be lower.*)

Requested PILOT: The proposal entails the Applicant entering into a 20 year PILOT agreement with the IDA. Staff is working through the specifics of the PILOT request with the Applicant.

Estimated Value of Total PILOT Payments:

- Total PILOT Payments: \$549,309 (vs. \$179,199 in estimated taxes if left status quo)

Estimated Value of Tax Exemptions:

- NYS Sales and Compensating Use Tax: \$69,142

- Mortgage Recording Taxes: \$30,000
- Real Property Taxes: \$2,045,985
- Other: N/A

Employment Impact:

- Projected Permanent: 1 new FTE
- Projected Construction: 25 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.
- Revitalization and diversification of downtown - adaptive reuse of underutilized or vacant buildings

Planning Board Actions:

- Applicant is working to get before the Planning Board for site plan approval.

Estimated IDA Fee

- Fee amount: \$25,570

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.

TO: City of Albany Industrial Development Finance Committee

FROM: City of Albany Industrial Development Agency Staff

RE: Kenwood, LLC - IDA Application Summary

DATE: February 11, 2015

Applicant: Kenwood, LLC

Managing Members (% of Ownership): Hampstead America LLC (percentages TBD).

Project Location: 451 Southern Blvd

Project Description: The project is the revitalization of a deteriorating 73 acre property, the vacant former Doane Stuart School campus. The Applicant plans a full renovation of the entire existing main building (137,000 SF) and school (62,500 SF) into 125 market rate apartments. Additionally, the project will preserve the Chapel and renovate both the Vicarage (2,800 SF) and Priest's House (1,100 SF) for commercial uses. The Applicant currently has a \$150,000 deposit to purchase the property for \$2.9 M.

Estimated Project Cost: \$30,295,350 (estimated amount spent to date \$165,000)

Type of Financing: Straight Lease

Amount of Bonds Requested: None

Estimated Total Purchases Exempt from Sales Tax: \$11,402,050

Estimated Total Mortgage Amount: \$24,236,280

Current Total Assessment: \$9,000,000 (Note: Currently tax-exempt property)

- Assessor would lower the assessment value to purchase price (est. at \$2,900,000 million)

Estimated Improved Total Assessment: \$7,500,000

Requested PILOT: Applicant proposes entering into a PILOT agreement with the IDA. The Applicant has requested that the PILOT payments be fixed for the term of the PILOT. The abatement schedule provided by the Applicant is as follows:

Year	Assessment	Abatement	Tax Revenue
1	\$ 515,000	Land only/100% Bldg	\$ 24,638
2	\$ 515,000	Land only/100% Bldg	\$ 24,638
3	\$ 515,000	Land only/100% Bldg	\$ 24,638
4	\$ 515,000	Land only/100% Bldg	\$ 24,638
5	\$ 515,000	Land only/100% Bldg	\$ 24,638
6	\$ 515,000	Land only/100% Bldg	\$ 24,638
7	\$ 6,985,000	99.0%	\$ 27,980
8	\$ 6,985,000	98.0%	\$ 31,321
9	\$ 6,985,000	97.0%	\$ 34,663
10	\$ 6,985,000	96.0%	\$ 38,004
11	\$ 6,985,000	95.0%	\$ 41,346
12	\$ 6,985,000	90.0%	\$ 58,054
13	\$ 6,985,000	85.0%	\$ 74,762
14	\$ 6,985,000	85.0%	\$ 74,762
15	\$ 6,985,000	80.0%	\$ 91,470
16	\$ 6,985,000	80.0%	\$ 91,470
17	\$ 6,985,000	80.0%	\$ 91,470
18	\$ 6,985,000	80.0%	\$ 91,470
19	\$ 6,985,000	80.0%	\$ 91,470
20	\$ 6,985,000	80.0%	\$ 91,470
21	\$ 6,985,000	75.0%	\$ 108,179
22	\$ 6,985,000	75.0%	\$ 108,179
			\$ 1,293,899

Assumes a tax rate of \$47.84 for the duration of the PILOT.

Estimated Value of Total PILOT Payments:

- Total PILOT Payments: \$1,293,899

Estimated Value of Tax Exemptions:

- NYS Sales and Compensating Use Tax: \$912,164
- Mortgage Recording Taxes: \$302,954
- Real Property Taxes: \$8,915,866
- Other: N/A

Employment Impact:

- Projected Permanent: (5) new FTEs
- Projected Construction: (130) 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 has yet to appear before the Planning Board.
- Applicant has yet to seek site plan approval.

Estimated IDA Fee

- Fee amount: \$302,953.50

Mission

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Kenwood, LLC - Analysis of Applicant's Revised Proposed PILOT

PILOT Year	City and County Tax Year	School Tax Year	Tax Rate ⁽³⁾	Status Quo		Proposed Project							
						Normal Tax			PILOT				
				Estimated Total Assessment ⁽⁴⁾	Estimated Total Taxes ⁽⁵⁾	Estimated Total Improved Assessment ⁽⁶⁾	Estimated Total Taxes w/o PILOT ⁽⁷⁾	Estimated Total Taxes w/o PILOT Per Unit ⁽⁸⁾	Estimated PILOT Payments ⁽⁹⁾	Estimated Abatement ⁽¹⁰⁾	Estimated PILOT Payments Per Unit ⁽¹¹⁾	Estimated Abatement Per Unit ⁽¹²⁾	% Abatement on Total Assessment ⁽¹³⁾
Construction	2016	2015/2016	\$48.89	\$2,900,000	\$0	-	-	-	-	-	-	-	-
1 ⁽¹⁾	2017	2016/2017	\$49.87	\$2,900,000	\$0	\$7,500,000	\$373,998	\$2,992	\$24,638	\$349,360	\$197	\$2,795	93.41%
2	2018	2017/2018	\$50.86	\$2,900,000	\$0	\$7,500,000	\$381,478	\$3,052	\$24,638	\$356,840	\$197	\$2,855	93.54%
3	2019	2018/2019	\$51.88	\$2,900,000	\$0	\$7,500,000	\$389,107	\$3,113	\$24,638	\$364,469	\$197	\$2,916	93.67%
4	2020	2019/2020	\$52.92	\$2,900,000	\$0	\$7,500,000	\$396,889	\$3,175	\$24,638	\$372,251	\$197	\$2,978	93.79%
5	2021	2020/2021	\$53.98	\$2,900,000	\$0	\$7,500,000	\$404,827	\$3,239	\$24,638	\$380,189	\$197	\$3,042	93.91%
6	2022	2021/2022	\$55.06	\$2,900,000	\$0	\$7,500,000	\$412,924	\$3,303	\$24,638	\$388,286	\$197	\$3,106	94.03%
7	2023	2022/2023	\$56.16	\$2,900,000	\$0	\$7,500,000	\$421,182	\$3,369	\$27,979	\$393,203	\$224	\$3,146	93.36%
8	2024	2023/2024	\$57.28	\$2,900,000	\$0	\$7,500,000	\$429,606	\$3,437	\$31,321	\$398,285	\$251	\$3,186	92.71%
9	2025	2024/2025	\$58.43	\$2,900,000	\$0	\$7,500,000	\$438,198	\$3,506	\$34,662	\$403,536	\$277	\$3,228	92.09%
10	2026	2025/2026	\$59.59	\$2,900,000	\$0	\$7,500,000	\$446,962	\$3,576	\$38,004	\$408,958	\$304	\$3,272	91.50%
11	2027	2026/2027	\$60.79	\$2,900,000	\$0	\$7,500,000	\$455,901	\$3,647	\$41,346	\$414,555	\$331	\$3,316	90.93%
12	2028	2027/2028	\$62.00	\$2,900,000	\$0	\$7,500,000	\$465,019	\$3,720	\$58,054	\$406,965	\$464	\$3,256	87.52%
13	2029	2028/2029	\$63.24	\$2,900,000	\$0	\$7,500,000	\$474,320	\$3,795	\$74,762	\$399,558	\$598	\$3,196	84.24%
14	2030	2029/2030	\$64.51	\$2,900,000	\$0	\$7,500,000	\$483,806	\$3,870	\$74,762	\$409,044	\$598	\$3,272	84.55%
15	2031	2030/2031	\$65.80	\$2,900,000	\$0	\$7,500,000	\$493,482	\$3,948	\$91,470	\$402,012	\$732	\$3,216	81.46%
16	2032	2031/2032	\$67.11	\$2,900,000	\$0	\$7,500,000	\$503,352	\$4,027	\$91,470	\$411,882	\$732	\$3,295	81.83%
17	2033	2032/2033	\$68.46	\$2,900,000	\$0	\$7,500,000	\$513,419	\$4,107	\$91,470	\$421,949	\$732	\$3,376	82.18%
18	2034	2033/2034	\$69.82	\$2,900,000	\$0	\$7,500,000	\$523,687	\$4,189	\$91,470	\$432,217	\$732	\$3,458	82.53%
19	2035	2034/2035	\$71.22	\$2,900,000	\$0	\$7,500,000	\$534,161	\$4,273	\$91,470	\$442,691	\$732	\$3,542	82.88%
20	2036	2035/2036	\$72.65	\$2,900,000	\$0	\$7,500,000	\$544,844	\$4,359	\$91,470	\$453,374	\$732	\$3,627	83.21%
21	2037	2036/2037	\$74.10	\$2,900,000	\$0	\$7,500,000	\$555,741	\$4,446	\$108,178	\$447,563	\$865	\$3,581	80.53%
22	2038	2037/2038	\$75.58	\$2,900,000	\$0	\$7,500,000	\$566,856	\$4,535	\$108,178	\$458,678	\$865	\$3,669	80.92%
Permanent ⁽¹⁴⁾	2039	2038/2039	\$77.09	\$2,900,000	\$0	\$7,500,000	\$578,187	\$4,625	-	-	-	-	-
Estimated Total ⁽¹⁴⁾					\$0		\$10,209,760		\$1,293,894	\$8,915,866			

Notes:

(1) Estimated start of PILOT payments.

(2) Property returns to taxable status.

(3) Estimated tax rate (does not include any special ad valorem taxes that are still payable under PILOT) based on City and County 2015 tax year and School 2014/2015 tax year with estimated escalation of 2.0% thereafter. DOES NOT INCLUDE LIBRARY TAX RATES THAT ARE STILL PAYABLE. Note: Applicant has assumed a static tax rate for the entire term of the PILOT.

(4) Per Commissioner of Department of Assessment & Taxation would lower current total assessment value to purchase price.

(5) Estimated taxes if proposed project did not occur (i.e. left status quo). DOES NOT INCLUDE LIBRARY TAXES THAT ARE STILL PAYABLE.

(6) Per Commissioner of Department of Assessment & Taxation based on estimate of \$60,000 per unit (inc. land and improvement assessment value). Assessment value is not fixed.

(7) 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

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

(9) Estimated PILOT Payments assuming Applicant PILOT request. DOES NOT INCLUDE LIBRARY TAXES THAT ARE STILL PAYABLE.

(10) Difference of Estimated PILOT Payments from Estimated Total Taxes w/o PILOT assuming Applicant PILOT request.

(11) Estimated PILOT Payments Per Unit assuming Applicant PILOT request. DOES NOT INCLUDE LIBRARY TAXES THAT ARE STILL PAYABLE.

(12) Difference of Estimated PILOT Payments Per Unit from Estimated Total Taxes w/o PILOT Per Unit assuming Applicant PILOT request.

(13) Percent Abatement on Total Assessment via PILOT assuming Applicant PILOT request.

(14) Totals for comparison and analysis during PILOT agreement period only.

Analysis is ONLY an estimate

The Economic and Fiscal Impacts of the 1475 Washington Avenue Student Housing Project in Albany, NY

Submitted by:
Sage Policy Group, Inc.

Prepared For:

Grant Architects &
the Greater Albany Community

March 2015

Table of Contents

Executive Summary	3
Introduction	4
Construction Phase	5
Operational Phase	6
Fiscal Impacts	7
Income Taxes	8
Sales Taxes	8
Property Taxes	9
Current Economic Situation in Albany	10
Conclusion	11
Appendix	12
Corporate Capabilities	1
Economic/Fiscal/Legislative Analysis	21
Program Development & Evaluation	21
Organizational Development	21

List of Exhibits

Exhibit 1: Construction Phase Employment Impacts, Albany Region	5
Exhibit 2: Construction Phase Economic Impacts (2015 Dollars), Albany Region	5
Exhibit 3: 1475 Washington Avenue Direct Employment Associated with the Property's Operations	6
Exhibit 4: Employment Impacts Stemming for Enhanced Local Spending	7
Exhibit 5: Income Tax Revenues, State of New York	8
Exhibit 6: Sales Tax Revenues	9
Exhibit 7: Property Taxes and PILOT Payment Assessment	9
Exhibit 8: Albany MSA Labor Force Statistical Overview	10
Exhibit 9: Total Fiscal Impacts	12
Exhibit 10: Direct Fiscal Impacts	14
Exhibit 11: Indirect Fiscal Impacts	16
Exhibit 12: Induced Fiscal Impacts	18

The Economic and Fiscal Impacts of the 1475 Washington Avenue Student Housing Project in Albany, NY

Executive Summary

SUNY Albany's 2020 Master Plan proposes to increase the university's enrollment to 20,000 students (it was 17,347 in the fall of 2013). This report estimates the economic and fiscal impacts associated with the proposed 1475 Washington Avenue student-housing complex to be constructed in Albany, New York. The complex will consist of 277+ beds sitting atop a parking podium of approximately 145 parking spaces. In order to conduct the analysis, the Sage Policy Group, Inc. (Sage) study team used IMPLAN modeling software, which embodies economic and fiscal multipliers specific to the regional economies of the State of New York and Albany.

- **Principal Analytical Findings**

The Albany regional economy is already in decent shape, with regional unemployment presently below statewide and national averages. Additionally, the pace of job growth recently has exceeded the statewide level. Labor force growth, however, has been slow, in part because of overall slow population growth.

The proposed new housing would accommodate additional population while triggering positive economic and fiscal impacts. Our model has determined that the project:

- Will support 235 jobs during its construction phase and 38 permanent jobs once the project is tenanted;
- Is \$27.5 million in size, but once multiplier effects are fully considered, total Albany regional business sales will be augmented by more than \$45.6 million during the development/construction period;
- Will support a mix of incomes ranging from middle-level managerial positions to entry-level retail jobs;
- Will contribute to local business sales during both construction and post-construction phases, expanding local business profitability;
- Will generate an estimated \$587,109 in sales tax revenue during its construction phase for State and local governments, all of which comes from indirect and induced impacts due to a sales tax exemption;
- Will produce \$36,297 annually in State income taxes once the property is tenanted;
- Will supply more than \$2.7 million in property tax receipts over its original 10 years of operations even with a PILOT agreement in place, greatly exceeding the \$5,000/year the local governments presently collects at the site.

In the final analysis, the proposed 1475 Washington Avenue project will: 1) address emerging housing needs; 2) expand local spending power and support for employment; and 3) generate positive net fiscal impacts. Societal costs of accommodating the project are low. The project requires no roadways be built, garbage removal will be privately contracted, and owners of the housing complex, as opposed to the City of Albany, will pay for water/sewer infrastructure. Additionally, student tenants are unlikely to utilize the services of the local school district.

Introduction

This report addresses the economic and fiscal impacts associated with the proposed 1475 Washington Avenue student-housing complex to be constructed in Albany, NY. The complex will consist of 277+ beds sitting atop a parking podium with approximately 145 parking spaces. In addition to the economic benefits of the new housing complex and associated construction, the complex will generate significant net fiscal benefits for State and local governments.

The Monthly Bed Rates will be as follows:

Beds	Baths	Monthly Rates	Per Unit Monthly Rates
1	1	\$1,250	\$1,250
2	2	\$1,150	\$2,300
3	3	\$1,000	\$3,000
4	4	\$900	\$3,600

SUNY Albany's 2020 Master Plan proposes to increase the university's enrollment to 20,000 students (it was 17,347 in the fall of 2013). Discussions with University administrators indicate that an increase to enrollment of 18,000 may be more likely given current demographic and other relevant trends. In either circumstance, the proposed housing complex would help to augment the supply of student housing while increasing average housing quality.

Measuring Economic Impacts

- Study Team Utilized IMPLAN Modeling Software Incorporating Multipliers Specific to the Albany Area

IMPLAN is an economic impact assessment software system. The system was originally developed and is now maintained by the Minnesota IMPLAN Group (MIG). It combines a set of extensive databases concerning economic factors, multipliers, and demographic statistics with a highly refined and detailed system of modeling software. IMPLAN allows the user to develop local-level input-output models that can estimate the economic impact of construction projects and new residential developments as well as other new firms moving into an area, the impacts of professional sports teams, and recreation and tourism. The model accomplishes this by identifying direct impacts by sector, then developing a set of indirect and induced impacts by sector through the use of region (in this case, Albany) and industry-specific multipliers, local purchase coefficients, income-to-output ratios, and other factors and relationships.

In addition to the jobs, income, and business sales supported directly by the 1475 Washington Avenue project, there is other economic activity supported through multiplier effects. Secondary benefits can be segmented into two types of impacts, indirect and induced. Indirect benefits stem from the input purchases required to run and maintain (or

build) the housing project. Induced impacts emerge from enhanced consumer spending power (i.e., household spending).

Construction Phase

The 1475 Washington Avenue student housing construction project will generate significant employment impacts. In total, the construction phase will support 235 jobs measured in job-years. More specifically, the construction phase will generate 90 direct jobs, 95 indirect jobs, and 50 induced jobs. Those 235 new jobs will be associated with more than \$11 million in employee compensation, or nearly \$47,000 per position. See Exhibit 1 for a detailed breakdown of construction phase employment impacts.

Exhibit 1: Construction Phase Employment Impacts, Albany Region

	Employment	Employee Compensation
Direct	90	\$5,775,000
Indirect	95	\$3,141,958
Induced	50	\$2,110,814
Total	235	\$11,027,771

Source: Sage

In addition to employment impacts, the construction phase will generate significant economic value for the surrounding community. The total value added—a measure of an industry's or event's value of production above and beyond the cost of its purchasing necessary materials—is approximately \$21 million. The construction project is \$27.5 million in size, but once multiplier effects are fully considered, total Albany region business sales will be augmented by more than \$45.6 million.

Exhibit 2: Construction Phase Economic Impacts (2015 Dollars), Albany Region

	Value Added	Output
Direct	\$9,637,718	\$27,500,000
Indirect	\$6,957,342	\$11,143,724
Induced	\$4,439,855	\$7,013,202
Total	\$21,034,915	\$45,656,928

Source: Sage, IMPLAN, Grant Architects

Operational Phase

Once construction is complete and the project becomes operational/tenanted, there will be a set of ongoing, essentially permanent impacts generated. Not all benefits of the project can be fully modeled. For instance, students that would have lived in inferior housing will be able to live in more modern accommodations. While some of that additional benefit will be captured in rent, some will not be. The value that is not captured in any transaction is termed consumer surplus.

As shown in Exhibit 3, the project will directly support nearly 9 jobs once tenanted. These jobs vary from mid-level (i.e., property manager, accounting staff) to entry level. Based on Albany regional wages, the study team estimates that these positions will support \$275,000 in total employee compensation, or about \$32,350/employee measured in 2015 dollars.

Exhibit 3: 1475 Washington Avenue Direct Employment Associated with the Property's Operations (excluding benefits)

	Employment	Compensation/ Employee
Property Manager	1	\$50,000
Leasing Representatives	1.5	\$30,000
Accounting Staff	1	\$30,000
Concierge and Security	3	\$25,000
Building Engineer	1	\$50,000
Grounds Staff	1	\$25,000
Total	8.5	\$275,000

Source: Sage, IMPLAN

While the 1475 Washington Avenue will directly support 8.5 jobs, additional employment will be generated by resident spending power. Intuitively, these induced impacts will be larger. Of course, in the absence of the proposed project, some students will end up living on campus. One might therefore think that there is no additional spending taking place because of the addition of 1475 Washington Avenue. This is not true for two reasons. First, additional housing is needed to accommodate a growing student body. Secondly, students living off-campus tend to spend more in the regional economy than students living on-campus.

A 2011 study by Brown University estimated that their off-campus students spend \$8,100 *more* in the local economy per year.¹ Adjusting this figure for the difference in the cost of living between Providence, RI and Albany, we estimate that off-campus students at the University of Albany-SUNY will spend approximately \$9,952 in the local economy while on-campus students will spend \$2,880, a net difference of \$7,072

Exhibit 4 provides summary detail regarding the analytical findings attached to this portion of the analysis. Nearly 30 additional permanent jobs would be created. These jobs would be associated with approximately \$1.17 million in annual employee compensation, which translates into slightly more than \$40,000/position (in 2015 dollars). Parenthetically, local business profits will expand by nearly \$200,000/year. Total regional value-added would be augmented by nearly \$2.5 million/year. Additionally disaggregation of the economic impact estimates can be found in the appendices at the end of this report.

Exhibit 4: Employment Impacts Stemming for Enhanced Local Spending

	Employment	Employee Compensation	Proprietor Income	Value Added
Direct	21.5	\$843,189	\$145,790	\$1,727,888
Indirect	4	\$162,991	\$29,288	\$382,556
Induced	4	\$166,439	\$24,312	\$350,443
Total	29.5	\$1,172,619	\$199,390	\$2,460,887

Source: Sage, IMPLAN

Fiscal Impacts

In addition to support for local employment, incomes, and business sales, the proposed investment would also create new streams of tax revenue. Importantly, upfront and ongoing societal costs are low. The project requires no roadways to be built, garbage removal will be privately contracted (a positive economic impact), and owners of the housing complex, as opposed to the City of Albany, will pay for water/sewer infrastructure. Additionally, because this is student housing, residents are unlikely to utilize the services of local school districts.

The sections that follow specifically address the income, sales, and property tax implications of the proposed investment. These estimated fiscal impacts were generated using a customized IMPLAN model that makes use of government published tax rates and local fiscal multipliers. Note that the property tax revenue estimates presented below do not reflect any PILOT (payment in lieu of taxes) agreements that may ultimately be forged.

¹ Building Rhode Island's Knowledge Economy: The Economic Impact of Brown University. Brown University, November 2012.

Income Taxes

New York State-level income tax collections resulting from the construction phase of the 1475 Washington Avenue student housing project will total \$467,014. This translates into an effective State income tax rate of 4.2 percent. Albany County is one of a handful of New York communities that does not charge an income tax. Sage calculated New York State's effective income tax rate using 2013 data sourced from the U.S. Bureau of Economic Analysis (2014 data are not yet available). In 2013, the most recent year for which data is available, the effective state-level income tax rate within New York was 3.9 percent. Given estimated incomes associated with the construction phase, the 4.2 percent effective tax rate calculated using IMPLAN software appears robust.

For the occupancy/operational phase of the proposed 1475 Washington Avenue project, State-level income tax collections will total \$36,297 annually. This equates to an effective tax rate of 3.1 percent, lower than that attached to the construction phase due to differences in compensation. For instance, many of the induced jobs associated with the operational phase will fall within the retail sales category. Exhibit 5 provides relevant statistical detail.

Exhibit 5: Income Tax Revenues, State of New York

	Employee Compensation	Income Tax Revenue	Effective Tax Rate
Construction Phase	\$11,027,771	\$467,014	4.2%
Operational Phase	\$1,172,619	\$36,297	3.1%

Source: Sage, IMPLAN, U.S. Bureau of Economic Analysis

Sales Taxes

Purchases in Albany County are subject to an 8 percent sales tax, half of which goes to the State. The County receives the other half and, in turn, distributes 40 percent of those revenues to local governments within the County. This 40 percent is distributed to cities based on their population as recorded in the 2010 census. Accordingly, the City of Albany receives roughly one-third of the County's sales tax revenue.

The 1475 Washington Avenue project will generate an estimated \$587,109 in sales tax revenue during its construction phase. Note that the construction phase will be exempt from sales tax under the PILOT agreement. Thus, the stated sales tax data for the construction phase reflect only indirect and induced impacts, which are \$409,618 and \$177,492, respectively. Once operational, the complex will produce \$100,845 in sales taxes per year. The distribution of taxes between the State, the County, and the City of Albany is presented in Exhibit 6.

Exhibit 6: Phase Sales Tax Revenues

	Sales Tax Revenue	State	Albany County	City of Albany
Construction Phase	\$587,109	\$293,555	\$176,133	\$58,711
Operational Phase	\$100,845	\$50,423	\$30,254	\$10,074

Source: Sage, IMPLAN, U.S. Bureau of Economic Analysis

Property Taxes

An application for a Payment In Lieu of Taxes (PILOT) agreement has been issued to the City of Albany Industrial Development Agency. The structure of the PILOT consists of an initial payment equal to existing property taxes at the location (\$5,000/year) for the construction period and during the initial two years of operations. Tax payments will begin to incrementally edge higher thereafter. Exhibit 7 provides estimates of the project's fiscal impacts both in terms of PILOT payments and on real property taxes. Over its initial 10 years, the complex will account for more than \$2.7 million in property tax receipts, far greater than the \$5,000/year the City currently collects. Additional fiscal impact disaggregation can be viewed in the appendices at the end of this report.

Exhibit 7: Property Taxes and PILOT Payment Assessment

	Full Real Property Taxes (Without IDA Involvement)	Structure	Abatement	New Pilot Payments (With IDA)	Incremental Tax Receipts
Year 1	\$379,400	100%	\$374,400	\$5,000	\$0
Year 2	\$386,988	100%	\$381,988	\$5,000	\$0
Year 3	\$394,728	50%	\$194,864	\$199,864	\$194,864
Year 4	\$402,622	40%	\$159,049	\$243,573	\$238,573
Year 5	\$410,675	30%	\$121,702	\$288,972	\$283,972
Year 6	\$418,888	20%	\$82,778	\$336,111	\$331,111
Year 7	\$427,266	10%	\$42,227	\$385,039	\$380,039
Year 8	\$435,811	0%	\$0		\$430,811
Year 9	\$444,528		\$0		\$439,528
Year 10	\$453,418		\$0		\$448,418

Source: Suny Associates, LLC

Current Economic Situation in Albany

- Project Would Contribute to an Already Expanding Regional Economy

Albany's economy is already stable. The project above would simply improve existing economic and fiscal circumstances. As of December 2014, the Albany metropolitan area recorded an unemployment rate of 4.6 percent, second only to Ithaca among New York's eleven metropolitan areas.² As of this writing, Albany's regional unemployment rate is significantly better than the statewide average (5.6 percent) and the national average (5.7 percent). The current rate of unemployment is also the region's lowest since April 2008.

The Albany area also ranks among New York's best metropolitan areas in terms of job growth. Albany's employment level increased 1.5 percent on a year-over-year basis in December 2014, better than the statewide average of 2.1 percent. Albany has posted year-over-year employment gains in each of the previous nine months. Albany's largest growth sectors over the past year are education and health services (+2,500 jobs), construction (+2,400 jobs), and leisure and hospitality (+1,400 jobs).

One area of potential concern, however, and one of the explanations for the region's low unemployment rate is slow civilian labor force growth. As of December 2014, the civilian labor force in the Albany area had shrunk for five consecutive months. Currently, it is 8.7 percent smaller than its July 2008 peak level. This pattern is common to many communities across the nation where population growth is relatively slow.

Exhibit 8: Albany MSA Labor Force Statistical Overview

	Labor Force	Employment	Unemployment	Unemployment Rate
2003	445,232	425,825	19,407	4.4%
2004	451,006	431,682	19,324	4.3%
2005	454,736	436,431	18,305	4.0%
2006	454,665	436,603	18,062	4.0%
2007	452,902	434,462	18,440	4.1%
2008	458,058	435,402	22,656	4.9%
2009	455,856	423,866	31,990	7.0%
2010	449,129	415,957	33,172	7.4%

² United States Bureau of Labor Statistics, Local Area Unemployment Statistics survey, accessed 2/25/2015.

2011	442,827	410,701	32,126	7.3%
2012	447,301	414,078	33,223	7.4%
2013	446,603	417,863	28,740	6.4%

Source: United States Bureau of Labor Statistics

Conclusion

In accordance with its 2020 Master Plan, SUNY-Albany continues to expand its student population. Correspondingly, the demand for student housing continues to expand. The proposed student housing project at 1475 Washington Avenue would help address this need while producing significant positive economic and fiscal impacts for the community. Additionally, the expanding student population means that the new housing complex will not have adverse effects on existing property owners.

Based on our analysis, we conclude that the project would support 235 jobs during its construction phase and 38 permanent jobs once the project is tenanted. The construction project is \$27.5 million in size, but once multiplier effects are fully considered, total Albany region business sales will be augmented by more than \$45.6 million during the development/construction period.

After construction, the project will support a mix of incomes ranging from middle-level managerial positions to entry-level retail jobs. Local business sales would be augmented during both construction and post-construction phases, expanding local business profitability.

Fiscal impacts would also be positive. The 1475 Washington Avenue project will generate an estimated \$608,830 in sales tax revenue during its construction phase for State and local governments. State-level income tax collections will total \$36,297/year once the property is tenanted. Over its initial 20 years of operations, the complex will account for more than \$10 million in property tax receipts, far greater than the \$5,000/year the City currently collects.

Appendix

Exhibit 9: Total Fiscal Impacts

Construction Phase	Employee Compensation	Tax on Production and Imports	Households	Corporations
Dividends				\$3,388
Social Ins Tax- Employee Contribution	\$17,775			
Social Ins Tax- Employer Contribution	\$34,365			
Tax on Production and Imports: Sales Tax		\$587,109		
Tax on Production and Imports: Property Tax		\$698,417		
Tax on Production and Imports: Motor Vehicle		\$9,137		
Tax on Production and Imports: Other Taxes		\$81,988		
Tax on Production and Imports: S/L NonTaxes		\$3,422		
Corporate Profits Tax				\$107,220
Personal Tax: Income Tax			\$467,014	
Personal Tax: Property Taxes			\$7,193	
Personal Tax: Other			\$79,710	
Total State and Local Tax	\$52,140	\$1,401,794	\$553,916	\$110,608
Operational Phase	Employee Compensation	Tax on Production and Imports	Households	Corporations
Dividends				\$776
Social Ins Tax- Employee Contribution	\$1,890			
Social Ins Tax- Employer Contribution	\$3,654			
Tax on Production and Imports: Sales Tax		\$100,845		
Tax on Production and Imports: Property Tax		\$115,684		
Tax on Production and Imports: Motor Vehicle Lic		\$1,513		
Tax on Production and Imports: Other Taxes		\$13,580		
Tax on Production and Imports: S/L NonTaxes		\$567		
Corporate Profits Tax				\$24,574
Personal Tax: Income Tax			\$36,297	

Personal Tax: Property Taxes			\$559	
Personal Tax: Other			\$6,195	
Total State and Local Tax	\$5,544	\$232,189	\$43,052	\$25,350

Source: Sage, IMPLAN

Exhibit 10: Direct Fiscal Impacts

Construction Phase	Employee Compensation	Tax on Production and Imports	Households	Corporations
Dividends				\$6
Social Ins Tax- Employee Contribution	\$9,308			
Social Ins Tax- Employer Contribution	\$17,996			
Tax on Production and Imports: Sales Tax				
Tax on Production and Imports: Property Tax		\$24,917		
Tax on Production and Imports: Motor Vehicle Lic		\$326		
Tax on Production and Imports: Other Taxes		\$2,925		
Tax on Production and Imports: S/L NonTaxes		\$122		
Corporate Profits Tax				\$180
Personal Tax: Income Tax			\$299,570	
Personal Tax: Property Taxes			\$4,614	
Personal Tax: Other			\$100,369	
Total State and Local Tax	\$27,305	\$50,011	\$355,315	\$185

Operational Phase	Employee Compensation	Tax on Production and Imports	Households	Corporations
Dividends				\$511
Social Ins Tax- Employee Contribution	\$1,359			
Social Ins Tax- Employer Contribution	\$2,628			
Tax on Production and Imports: Sales Tax		\$74,650		
Tax on Production and Imports: Property Tax		\$85,635		
Tax on Production and Imports: Motor Vehicle		\$1,120		
Tax on Production and Imports: Other Taxes		\$10,053		
Tax on Production and Imports: S/L NonTaxes		\$420		
Corporate Profits Tax				\$16,177
Personal Tax: Income Tax			\$26,204	

Personal Tax: Property Taxes			\$404	
Personal Tax: Other			\$4,473	
Total State and Local Tax	\$3,987	\$171,877	\$31,080	\$16,688

Source: Sage, IMPLAN

Exhibit 11: Indirect Fiscal Impacts

Construction Phase	Employee Compensation	Tax on Production and Imports	Households	Corporations
Dividends				\$1,916
Social Ins Tax- Employee Contribution	\$5,064			
Social Ins Tax- Employer Contribution	\$9,791			
Tax on Production and Imports: Sales Tax		\$409,618		
Tax on Production and Imports: Property Tax		\$469,891		
Tax on Production and Imports: Motor Vehicle		\$6,147		
Tax on Production and Imports: Other Taxes		\$55,161		
Tax on Production and Imports: S/L NonTaxes		\$2,302		
Corporate Profits Tax				\$60,637
Personal Tax: Income Tax			\$104,312	
Personal Tax: Property Taxes			\$1,607	
Personal Tax: Other			\$17,803	
Total State and Local Tax	\$14,855	\$943,119	\$123,723	\$62,553

Operational Phase	Employee Compensation	Tax on Production and Imports	Households	Corporations
Dividends				\$149
Social Ins Tax- Employee Contribution	\$263			
Social Ins Tax- Employer Contribution	\$508			
Tax on Production and Imports: Sales Tax		\$12,203		
Tax on Production and Imports: Property Tax		\$13,999		
Tax on Production and Imports: Motor Vehicle		\$183		
Tax on Production and Imports: Other Taxes		\$1,643		
Tax on Production and Imports: S/L NonTaxes		\$69		
Corporate Profits Tax				\$4,729
Personal Tax: Income Tax			\$5,113	
Personal Tax: Property Taxes			\$79	

Personal Tax: Other			\$873	
Total State and Local Tax	\$771	\$28,097	\$6,064	\$4,878

Source: Sage, IMPLAN

Exhibit 12: Induced Fiscal Impacts

Construction Phase	Employee Compensation	Tax on Production and Imports	Households	Corporations
Dividends				\$1,466
Social Ins Tax- Employee Contribution	\$3,402			
Social Ins Tax- Employer Contribution	\$6,578			
Tax on Production and Imports: Sales Tax		\$177,492		
Tax on Production and Imports: Property Tax		\$203,609		
Tax on Production and Imports: Motor Vehicle		\$2,664		
Tax on Production and Imports: Other Taxes		\$23,902		
Tax on Production and Imports: S/L NonTaxes		\$998		
Corporate Profits Tax				\$46,403
Personal Tax: Income Tax			\$63,131	
Personal Tax: Property Taxes			\$972	
Personal Tax: Other			\$10,755	
Total State and Local Tax	\$9,980	\$408,664	\$74,879	\$47,869

Operational Phase	Employee Compensation	Tax on Production and Imports	Households	Corporations
Dividends				\$116
Social Ins Tax- Employee Contribution	\$268			
Social Ins Tax- Employer Contribution	\$519			
Tax on Production and Imports: Sales Tax		\$13,991		
Tax on Production and Imports: Property Tax		\$16,050		
Tax on Production and Imports: Motor Vehicle		\$210		
Tax on Production and Imports: Other Taxes		\$1,884		
Tax on Production and Imports: S/L NonTaxes		\$79		
Corporate Profits Tax				\$3,668
Personal Tax: Income Tax			\$4,981	
Personal Tax: Property Taxes			\$77	

Personal Tax: Other			\$850	
Total State and Local Tax	\$787	\$32,214	\$5,908	\$3,784

Source: Sage, IMPLAN

Corporate Capabilities

Sage Policy Group, Inc. is an economic and policy consulting firm specializing in economic, fiscal and legislative analysis, program evaluation, and organizational and strategic development. The firm's clients include public agencies, private corporations, and nonprofit organizations.

Anirban Basu, the company's Chairman and CEO, is trained as an economist, educator, and attorney with extensive experience in economic and community development. His clients have included Fortune 500 companies such as BGE, the St. Paul Companies, and BP, as well as numerous public and nonprofit agencies. Mr. Basu holds a J.D. from the University of Maryland School of Law, an M.S. in mathematical economics from the University of Maryland, and a Master of Public Policy (M.P.P.) from Harvard.

We conceived **Sage Policy Group, Inc.** in 2004 because of our collective fascination with and commitment to our democracy. Our staff commits itself to the development and refinement of public policies and strategies that strengthen our communities and unite our people. The firm is committed to supporting the organizational objectives of our clients while pursuing the betterment of our society.

Business Status

Sage Policy Group, Inc. is a minority-owned, certified small business operating in a historically underutilized business zone (HUBZone) in Baltimore, Maryland, near The Johns Hopkins University Medical Center and the Kennedy Krieger Institute for pediatric care. The company is located in Federal Hill, Baltimore.

Our Philosophy

Sage Policy Group, Inc. is passionate about supporting our clients' needs and objectives, and we have established a reputation for satisfying our clients with high-quality products delivered on time and within budget. Our core philosophy:

- We operate to have a positive impact on people, communities, and organizations.
- We strive to generate objective and impartial information and analysis.
- We choose to work with clients in whose missions and objectives we believe.
- We labor tirelessly to ensure the success of each and every opportunity bestowed to us.

As experts in research methods, our corporate focus is to utilize sound, widely accepted analytical techniques that provide our clients and their stakeholders with valid and reliable knowledge and information to support critical organization and decision-making requirements.

Core Practice Areas

The firm specializes in the following core practice areas: Economic, Fiscal and Legislative Analysis, Program Development and Evaluation, Organizational Development, and Research Methods.

Economic/Fiscal/Legislative Analysis

- Forecasting
- Expert Witness Testimony
- Fiscal Policy/Budgeting
- Bill/Policy Analysis
- Community Development
- Market Analysis
- Strategic Economic Development
- Workforce/Skills Analysis
- Regulatory Analysis

Program Development & Evaluation

- Evaluation Design
- Implementation/Process Analysis
- Impact/Outcome Analysis
- Cost-Effectiveness/Benefit-Cost Analysis

Organizational Development

- Benchmarking
- Performance Measurement
- Site Selection
- Business Process Reengineering
- Needs Assessment
- Strategic Planning

Research Methods

- Data Collection
- Instrument Design
- Survey Research
- Large Database Analysis/SAS
- Econometric Modeling
- Microsimulation
- Operations Research
- Management Information Systems

Public Policy Experience

Over the course of his lengthy careers, Mr. Basu has worked on numerous projects encompassing a broad spectrum of social and economic policy issues and concerns. These include:

Economic Development

- Strategic Development for States, Regions and Cities
- Employment, Income, Gross Regional Product Forecasting
- Workforce Development
- Land-Use Analysis

Health & Human Services

- Health Workforce Analysis
- Medical Liability Insurance Analysis
- Welfare to Work
- Child Support Enforcement
- Child Abuse/Domestic Violence
- Aging/Gerontology
- Food Assistance/Income Support
- Substance Abuse
- Criminal/Juvenile Justice

Housing

- Fiscal Impacts
- Economic Impacts
- Workforce Housing
- Housing Assistance

Education

- Enrollment Forecasting
- Curriculum Development Support
- Performance Measurement
- Education Finance

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March 3, 2015

City of Albany Industrial Development Agency
21 Lodge Street
Albany, New York 12207

Re: 1475 Washington Avenue Associates, LLC f/k/a ✓
SUNY Associates, LLC

To Whom It May Concern:

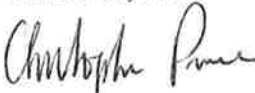
Our firm represents 1475 Washington Avenue Associates, LLC formerly known as SUNY Associates, LLC ("applicant") with regard to their development project at 1475 Washington Avenue, Albany, New York. This letter is to inform you the applicant will modify all future correspondences or application(s) to reflect the name change and in addition the removal of the University at Albany logo which may have been contained within submitted project renderings or application(s). Applicant also makes the following disclosure statement:

1475 Washington Avenue Associates, LLC is an independent, for-profit company with a principal place of business in Blue Bell, Pennsylvania. There is no relationship between 1475 Washington Avenue Associates, LLC and the State University of New York or the University at Albany, and neither 1475 Washington Avenue Associates nor its student housing development project at 1475 Washington Avenue, Albany, New York has been authorized, sponsored, or otherwise approved by State University of New York or the University of Albany.

If you have any questions about the foregoing please contact my office.

Very Truly Yours,

Donald Zee, P.C.

By: 

Christopher A. Priore

Economic and Fiscal Impact of the Gallery on Holland Project on the City of Albany

FINAL REPORT

March 2015

Prepared for:

CDP Holland



518.899.2608

www.camoinassociates.com

About Camoin Associates

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. We specialize in real estate market analysis to evaluate the feasibility and impacts of proposed projects. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to Texas; corporations and organizations that include Lowe's Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$600 million. Our reputation for detailed, place-specific, and accurate analysis has led to projects in twenty states and garnered attention from national media outlets including *Marketplace (NPR)*, *Forbes* magazine, and *The Wall Street Journal*. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. The firm currently has offices in Saratoga Springs, NY, Portland, ME, and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter @camoinassociate and on Facebook.

The Project Team

Michael N'dolo
Vice President, Project Principal

Dan Stevens
Economic Development Analyst, Project Manager



Executive Summary

CDP Holland (the “Company”) is proposing a major residential development in the City of Albany near Albany Medical Center at the intersection of Holland Avenue and Delaware Avenue (the “Project”). The Project will consist of a single building with high-end residential apartment units and garage parking. The Company has submitted an application for financial assistance to the City of Albany IDA and commissioned Camoin Associates to conduct an economic and fiscal impact analysis of the construction and occupation of the Project on the City of Albany (“City”) and surrounding area.

The results of the analysis are presented in the table below. **The results of the study found that the Project will generate an annual economic impact of 29 jobs, \$1.1 million in earnings, and \$2.8 million in sales in the City of Albany. There will be an additional one-time economic benefit of 249 jobs, \$10.8 million in wages and earnings, and \$27.3 million in sales.** The fiscal benefits include new sales tax revenues and PILOT payments collected by the City of Albany IDA as detailed in the table below.

Summary of Economic and Fiscal Benefits	
One Time Benefits During Construction	
Construction Phase Jobs	249
Construction Phase Earnings	\$ 10,827,590
Construction Phase Sales (Economic Output)	\$ 27,262,225
One Time Sales Tax Revenue to City	\$9,751
Total One Time IDA Fees	\$229,736
Annual Benefit to City of Albany	
Annual Jobs	29
Annual Earnings	\$1,079,430
Annual Sales (Economic Output)	\$2,844,046
Annual Sales Tax Revenue for County	\$13,982
Annual Sales Tax Revenue Distributed to City	\$2,984
Average Annual PILOT Payment*	\$270,012

*Based on Draft PILOT Schedule

Contents

Introduction	4
Current Economic Conditions	4
Residential Market Conditions	5
Market Overview	5
Rental Unit Supply	6
Rental Unit Demand	7
Net New Residents	8
Economic Impact Analysis	8
Construction Phase Impacts	8
Operation Phase Impacts	9
Fiscal Impact Analysis	13
Sales Tax Revenue	13
Payment in Lieu of Taxes (PILOT)	14
Appendix A: What is an Economic Impact Analysis?	18

Introduction

CDP Holland (the “Company”) is proposing a major residential development in the City of Albany near Albany Medical Center at the intersection of Holland Avenue and Delaware Avenue (the “Project”). The Project will consist of a single building with high-end residential apartment units and garage parking. The Company has submitted an application for financial assistance to the City of Albany IDA and has commissioned Camoin Associates to conduct an economic and fiscal impact analysis of the construction and occupation of the Project on the City of Albany (“City”) and surrounding area.

The details of the project are as follows:

- The project will include 125 market rate apartments consisting of 1 and 2 bedroom units ranging from approximately 700 to over 1,000 square feet
- The development will feature two levels of garage parking and five levels of rental units
- Amenities of the project include a roof deck, swimming pool, billiards room, private movie theatre screening room, yoga/exercise studio, and an on-site fitness center
- Rents are expected to range from \$1,200 to \$1,800 per month

Current Economic Conditions

The Albany area had a relatively healthy unemployment rate of 4.4% as of December 2014. There are nearly 114,000 jobs within the City of Albany, an increase of 3 percent from 10 years prior as the City recovers from the recession.

The Table below shows the five industries with the largest gain in jobs in the City of Albany. Notably “Hospitals” was the largest growing industry between 2004 and 2014 adding 1,647 jobs representing a 23% increase. “Ambulatory Health Care Services” ranked fourth. This is significant given that the Project’s target market includes health care professionals working at Albany Medical Center.

Top 5 Fastest Growing Industries in Albany Metro Area					
NAICS	Description	2004 Jobs	2014 Jobs	2004 - 2014 Change	2004 - 2014 % Change
622	Hospitals	7,217	8,864	1,647	23%
611	Educational Services	6,230	7,612	1,382	22%
531	Real Estate	2,841	3,889	1,048	37%
621	Ambulatory Health Care Services	4,119	4,985	866	21%
541	Professional, Scientific, and Technical Services	6,983	7,826	843	12%

Source: EMSI

Similarly, “Healthcare Practitioners and Technical Occupations” have seen the greatest growth in terms of jobs between 2004 and 2014. The table below breaks down the five occupation categories with the greatest job growth over the past ten years. Healthcare Practitioner and Technical Occupation workers is not only the fastest growing job category, but these types of workers have among the highest hourly earnings rate. Therefore, the data indicate a growing need for higher end housing that would cater to professionals in this field.

Top 5 Fastest Growing Occupations in City of Albany						
SOC	Description	2004 Jobs	2014 Jobs	2004 - 2014 Change	2004 - 2014 % Change	2013 Avg. Hourly Earnings
29-0000	Healthcare Practitioners and Technical Occupations	8,660	10,011	1,351	16%	\$35
99-0000	Unclassified Occupation	634	1,648	1,014	160%	\$11
25-0000	Education, Training, and Library Occupations	5,818	6,373	555	10%	\$29
11-0000	Management Occupations	6,199	6,655	456	7%	\$45
39-0000	Personal Care and Service Occupations	3,500	3,891	391	11%	\$12

Source: EMSI

Residential Market Conditions

Below, Camoin Associates estimates the number of tenants of the Project that are expected to be “net new” to the City. This is because the subsequent economic impact analysis of tenant spending considers only the “new” spending to the City: tenants already living elsewhere in the City are ostensibly already spending money in the City. To determine the number of new tenants, 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 net new to the City of Albany.

Market Overview

The City currently has significantly more rental units than owner-occupied units. Approximately 56% of all units are renter-occupied. Looking at occupied units only, rental units account for 63% of all units. Overall, the City of Albany has a residential vacancy rate of about 12% representing 5,880 vacant units. In 2019 the residential vacancy rate is expected to tick up slightly to 13% or just over 6,200 residential units.

Residential Unit Status: City of Albany						
	2010		2014		2019	
Total Housing Units	46,362		47,087		47,676	
Status						
Status	2010		2014		2019	
	Number	Percent	Number	Percent	Number	Percent
Owner Occupied	15,083	33%	14,761	31%	14,535	30%
Renter Occupied	26,074	56%	26,446	56%	26,911	56%
Vacant	5,205	11%	5,880	12%	6,230	13%

Source: ESRI

The rental vacancy rate in Albany, however, tends to be lower than the overall vacancy rate. Census data indicated a rental vacancy rate of only 6.5% in 2010. More recent data shows that the City of Albany metro area had an apartment vacancy rate of 4.6% at the end of 2013, up from 3.8% a year earlier due to new multifamily construction activity adding to the supply of rental units. The vacancy rate stayed below 5% during 3 years prior to March 2014.¹ A vacancy rate below 5% indicates a strong market for rental units and below 10% is typically considered a healthy market. The data, therefore, indicate a tight supply of rental units in the City of Albany.

¹ HUD PD&R Housing Market Profiles: Albany-Schenectady-Troy, New York (2014).

Rental Unit Supply

Between January 2010 and March 2014 approximately 3,200 apartments were built through nonresidential conversions and in the year ending in February 2014, 590 apartments were permitted for new construction in the Albany metro area.² In March 2014, the Albany area had 14 new apartment construction projects valued at \$80 million underway.³ While market-rate apartments have been coming online in the metro area, downtown Albany has lagged the rest of the area.

The City of Albany and the Project area currently lag the entire metro area in the availability of the type of housing proposed by the Project. As shown in the chart below, higher-end rental units with between \$1,000 and \$1,499 in gross monthly rent account for 28% of rental units in the region. However, in the City of Albany that distribution falls to 25% and in the one-mile area around the project site only 9.4% of rental units fall within this rent range. The \$1,500+ rental range shows a similar difference. This data indicates that there is a relatively smaller supply of high end units in the City of Albany and in the downtown Project area particularly.

Gross Rents: Occupied Rental Units						
	Project Area*		City		Region**	
	Number	Percent	Number	Percent	Number	Percent
Less than \$200	354	3.9%	255	1.1%	1,768	1.5%
\$200 to \$299	483	5.3%	1,558	6.5%	4,411	3.9%
\$300 to \$499	734	8.0%	1,706	7.1%	6,515	5.7%
\$500 to \$749	4,069	44.4%	5,567	23.1%	23,563	20.6%
\$750 to \$999	2,251	24.5%	7,857	32.6%	37,675	32.9%
\$1,000 to \$1,499	862	9.4%	6,069	25.2%	31,859	27.9%
\$1,500 or more	83	0.9%	1,059	4.4%	8,600	7.5%

* Project Area defined as within 1 mile radius of Project Site

** Region defined as Albany-Schenectady-Troy, NY Metro Area

Source: 2013 5-Year American Community Survey

In the Albany Medical Center Area there is no new luxury multi-family rental housing available. The Park South redevelopment project has a multi-family component consisting of approximately 268 market rate apartments, the first phase of that project is expected to open in 2016. It is anticipated that the facility will absorb some of the housing demand by hospital employees. (As noted in the previous section, the health care industry and related jobs are among the fastest growing segments of the City's economy.)

Generally, the multi-family housing stock in the area is targeted to students enrolled at institutions such as The State University at Albany, Albany Medical College, Albany Law School and the Albany College of Pharmacy. These units tend to be found in older large houses that have been divided into 2 to 4 dwelling units. Larger multifamily buildings are dated and lack the modern amenities currently in-demand. As shown in the table below, just over 2% of the City's housing units were built in 2000 or later.

² HUD PD&R Housing Market Profiles: Albany-Schenectady-Troy, New York (2014).

³ HUD PD&R Housing Market Profiles: Albany-Schenectady-Troy, New York (2014).

City of Albany Housing Stock Age		
Year Structure Built	Units	Percent
2010 or later	58	0.1%
2000 to 2009	974	2%
1990 to 1999	1,779	4%
1980 to 1989	2,465	5%
1970 to 1979	4,481	9%
1960 to 1969	3,897	8%
1950 to 1959	4,184	9%
1940 to 1949	4,076	9%
1939 or earlier	25,550	54%

Source: 2013 American Community Survey (5-yr Estimate)

The only two new luxury rental apartment developments in the City of Albany are found at The Alexander at Patroon Creek, a 300-unit development with quality finishes and amenities similar to that of the Project, and the Monroe on Sheridan Avenue. Patroon Creek, however, is a suburban style multi-family project and does not provide an urban living experience. Therefore, someone looking for a new luxury apartment in the City of Albany in an urban environment has very limited options.

Rental Unit Demand

Potential demand for high-end rental units appears to be relatively strong in downtown Albany. As noted previously, high wage earners in the health industry are a significantly growing population segment in the City and represent one of the target markets of the Project. A recent market analysis found that by 2016, the downtown Albany market should be able to support up to 287 new market-rate housing units per year (198 rental multi-family units). The primary household groups that comprise the potential market for new Downtown Albany housing units are younger singles and childless couples that prefer urban style apartments.⁴ This potential market aligns well with the Project's targeted resident base:

- Young professionals seeking a luxury apartment within walking distance to their office in downtown Albany during the day or a luxury apartment within walking distance to the evening entertainment in the area such as the Spectrum movie theater and various restaurants – or both.
- Health care employees of Albany Medical Center, the Stratton VA Hospital and St. Peter's Hospital looking for a luxury apartment within walking distance to their job.
- Professors and employees at Albany Medical College, Albany Law School and the Albany College of Pharmacy pursuing a luxury apartment within walking distance to their job.
- People relocated from an urban center in another part of the country (primarily in connection with the technology sector of the region's economy) looking for the same lifestyle in the Capital Region.
- Empty nesters seeking a return to a quality convenient urban lifestyle.

The Project, therefore, provides a housing product in-line with expected demand. The market is only just beginning to respond to this demand. The Monroe on Sheridan Avenue was the first large scale luxury rental apartment project in downtown Albany. The 44-unit building provides quality fit and finishes with rents ranging from approximately \$1,100 to over \$1,600 per month. Yet this project is much smaller than the proposed Project and do not offer the same quality fit-up and amenity package.

⁴ Zimmerman/Volk Associates, Inc. *An Update of Residential Market Potential for the Downtown Albany Study Area* (2011).

Net New Residents

Based on the existing market conditions described previously, Camoin Associates believes there will be strong demand for the Project's luxury apartment units and that the Project will fulfill latent (unmet) demand for downtown luxury apartment units. Furthermore, because similar alternatives to the project are lacking in the City of Albany, it is reasonable to expect that the Project will draw a significant portion of its tenants from outside of the City of Albany.

According to the aforementioned downtown market analysis, the City of Albany makes up 27% of the downtown Albany draw area households. This means that about 73% of households moving into the downtown market are anticipated to be relocating from outside of the City.⁵ Camoin Associates considers this a reasonable estimate for the Project given the lack of similar housing alternatives within the City.

Economic Impact Analysis

To determine the economic impact of the Project, Camoin Associates relied on information provided by the Company including construction cost and direct (on-site) jobs. Separately, Camoin Associates calculated the new spending by future tenants of the Project.

Camoin Associates used these three data points as the inputs in the input-output model designed by Economic Modeling Specialists, Inc. (EMS). 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 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.

Camoin Associates considered only the activity considered **net new** to the project. This is the activity that would not occur, *but for* the project. For example, some tenants of the new development would likely live elsewhere in the City of Albany if not for the project and therefore their spending would not be considered net new to the City.

The Project will generate an economic impact on the City through three different ways:

- 1) **Temporary construction phase impacts:** The one-time economic impact as workers are hired to construct the Project and materials are purchased for construction.
- 2) **Property operations impacts:** The annual economic impact of running the building including the impact from property management and maintenance workers who spend their wages in the city, as well as other local goods and services purchased for day-to-day operations.
- 3) **Spending impacts by the new tenant households:** A portion of the new tenants will be moving from outside of Albany. As a result, their local spending will be new to the City and will generate an economic impact as they support local businesses and jobs.

The impacts of each of these categories are detailed below.

Construction Phase Impacts

The Company anticipates that construction of the Project will cost \$20.9 million, excluding the cost of land acquisition. We assume that 100% of this activity (labor and materials) would be sourced from Albany County including the City of Albany. Based on the \$20.9 million in sales associated with the

⁵ Zimmerman/Volk Associates, Inc. *An Update of Residential Market Potential for the Downtown Albany Study Area* (2011).

construction phase of the Project, there will be a one-time impact of \$27.3 million in sales, 249 jobs, and \$10.8 million in wages generated in and around the City of Albany.⁶

Economic Impact - Construction			
	Direct	Indirect	Total
Jobs	198	51	249
Sales	\$ 20,929,698	\$ 6,332,527	\$ 27,262,225
Earnings	\$ 8,525,661	\$ 2,301,929	\$ 10,827,590

Source: EMSI, Camoin Associates

Operation Phase Impacts

Property Operations Impact

As shown in the table below, the Project is expected to employ four full-time employees on-site. The total annual earnings of these workers is expected to be approximately \$231,000, including benefits. An economic impact is derived from the wages that these employees spend at businesses in the City of Albany. It should be noted that the Project will support two off-site employees that will devote part of their time to the Project, however, these are not included in the analysis.

On-Site Employment and Annual Earnings				
On-Site Employment	Positions	Salary	Benefits*	Total Annual Earnings
Property Manager	1	\$55,000	\$13,750	\$68,750
Leasing Agent	1	\$40,000	\$10,000	\$50,000
Maintenance Supervisor	1	\$50,000	\$12,500	\$62,500
Maintenance Staff	1	\$40,000	\$10,000	\$50,000
Total	4	\$185,000	\$46,250	\$231,250

* Assuming total benefits are distributed to each employee proportional to their salary

Source: Company

Camoin Associates used the EMSI model to calculate the economic impact of the on-site employment and annual earnings on the City of Albany using the following industry codes:

NAICS Industry Codes	
Code	Title
531311	Residential Property Managers
561790	Other Services to Buildings and Dwellings
531110	Lessors of Residential Buildings and Dwellings

As discussed previously, Camoin Associates estimates that 73% of tenants will be new to the City of Albany. Therefore, it is assumed that 73% of the economic impact of operations can be attributed to the new tenants. In other words, 73% of the economic impact of operations will be new to the City of Albany. The table below details the net new impact of operations on the City of Albany in terms of direct, indirect, and total impacts on employment, wages, and sales.

⁶ 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.

Economic Impact - Operations			
	Direct	Indirect	Total
Jobs	3	0.4	3.4
Sales	\$622,306	\$110,447	\$732,752
Earnings	\$168,813	\$38,827	\$207,639

Source: EMSI, Camoin Associates

Tenant Spending Impact

The Project consists of 125 total apartment units. As noted above, Camoin Associates assumes that 73%, or 91 of the total units would be occupied by new households.

Net New Residential Units	
Total Residential Units	125
Percent Net New Units	73%
Total Net New Residential Units*	91

Source: Camoin Associates

* Rounded to nearest whole number

New households will 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. The spending basket estimates that households earning this would have average annual expenditures of approximately \$50,637 based on the most recent data available.

It is assumed that a portion of tenant 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 below, 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 significant portion of the spending would occur within Albany, 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	\$ 7,168	75%	\$ 5,376	91	\$ 490,560
Apparel and Services	\$ 1,551	50%	\$ 776	91	\$ 70,764
Transportation	\$ 9,666	75%	\$ 7,250	91	\$ 661,517
Personal Care Services	\$ 590	50%	\$ 295	91	\$ 26,919
Healthcare	\$ 3,994	75%	\$ 2,996	91	\$ 273,339
Entertainment	\$ 2,414	50%	\$ 1,207	91	\$ 110,139
Education	\$ 797	25%	\$ 199	91	\$ 18,182
House Keeping Supplies	\$ 640	50%	\$ 320	91	\$ 29,200
Household Furnishings & Equipment	\$ 1,536	50%	\$ 768	91	\$ 70,080
Total Net New City Spending	\$ 28,356		\$ 19,186		\$ 1,750,700

Source: Bureau of Labor Statistics, 2013

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 \$1.75 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.

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 \$1.75 million as the new sales input, Camoin Associates employed EMSI to determine the indirect and total impact of the Project. The following table details the findings of this analysis. New tenant spending in the City of Albany will generate 26 jobs, \$872,000 in annual earnings, and \$2.11 million in annual sales (economic output).

Economic Impact - Tenant Spending			
	Direct	Indirect	Total
Jobs	23	3	26
Sales	\$1,750,700	\$360,594	\$2,111,294
Earnings	\$751,544	\$120,247	\$871,791

Source: EMSI, Camoin Associates

Total Annual Economic Impact

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

Economic Impact - Operations			
	Direct	Indirect	Total
Jobs	3	0.4	3.4
Sales	\$ 622,306	\$ 110,447	\$ 732,752
Earnings	\$ 168,813	\$ 30,333	\$ 199,145
Economic Impact - Tenant Spending			
	Direct	Indirect	Total
Jobs	23	3	26
Sales	\$ 1,750,700	\$ 360,594	\$ 2,111,294
Earnings	\$ 751,544	\$ 120,247	\$ 871,791
Economic Impact - Combined Annual Impact			
	Direct	Indirect	Total
Jobs	26	3	29
Sales	\$ 2,373,005	\$ 471,041	\$ 2,844,046
Earnings	\$ 920,356	\$ 150,580	\$ 1,070,936

Source: EMSI, Camoin Associates

Overall the Project is expected to generate an economic impact of 29 jobs, \$1.07 million in annual earnings, and \$2.8 million in annual sales in the City of Albany.

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. 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 providing public services.

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 to 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 municipalities in the county. 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 previously) will 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.

One Time City Sales Tax Revenue - Construction		
Total New Earnings	\$	2,867,786
Amount Spent in County (70%)	\$	2,007,450
Amount Taxable (25%)	\$	501,863
County Sales Tax Rate		4%
New County Tax Revenue	\$	20,075
County Portion (60%)	\$	12,045
Amount Distributed to Municipalities (40%)	\$	8,030
City of Albany's Portion		32%
New City Tax Revenue	\$	2,583

Source: Albany County, Camoin Associates

As a result of the construction phase employment, the County would receive approximately \$12,000 and the City would receive \$2,600 in sales tax revenue.

Sales Tax Revenue – Operations

The new earnings described in the economic impacts section related to onsite jobs 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 - Operations	
Total New Earnings	\$ 319,392
Amount Spent in County (70%)	\$ 223,575
Amount Taxable (25%)	\$ 55,894
County Sales Tax Rate	4%
New County Tax Revenue	\$ 2,236
County Portion (60%)	\$ 1,341
Amount Distributed to Municipalities (40%)	\$ 894
City of Albany's Portion	32%
New City Tax Revenue	\$ 288

Source: Albany County, Camoin Associates

Under these assumptions, the County would receive \$1,300 per year and the City would receive \$300.

Sales Tax Revenue – Tenant Spending

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 \$12,600 annually in sales tax revenue and the City would receive \$2,700.

Annual City Sales Tax Revenue - Household Spending	
Total New Spending	\$ 1,750,700
Amount Taxable (30%)	\$ 525,210
County Sales Tax Rate	4%
New County Tax Revenue	\$ 21,008
County Portion (60%)	\$ 12,605
Amount Distributed to Municipalities (40%)	\$ 8,403
City of Albany's Portion	32%
New City Tax Revenue	\$ 2,689

Source: Albany County, Camoin Associates

Total Annual Sales Tax Revenue

The table below adds together the sales tax revenue from onsite jobs and 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	\$ 288
Household Spending	\$ 2,689
Total New City Revenue	\$ 2,977
County Revenue	
Operation Phase Earnings	\$ 1,341
Household Spending	\$ 12,605
Total New County Revenue	\$ 13,946

Source: Camoin Associates

Payment in Lieu of Taxes (PILOT)

The Company has applied to the City of Albany Industrial Development Agency (the "IDA") for a Payment In Lieu of Taxes (PILOT) agreement. The Company is currently in negotiations with the IDA on the terms of that agreement. The PILOT schedule in this section represents the most recent draft PILOT

schedule. **It is expected that the terms of this schedule will change. The purpose of this analysis is to demonstrate the type and general magnitude of the fiscal impact that can be reasonably expected to occur as a result of the Project's final PILOT schedule.** The following table shows the draft PILOT payment schedule.

Draft PILOT Schedule: PILOT Payments			
Year	Tax year	Estimated Total Improved Assessment	Estimated PILOT Payments
Interim	2015	\$0	
Interim	2016	\$0	
1	2017	\$12,500,000	\$82,978
2	2018	\$12,500,000	\$84,638
3	2019	\$12,500,000	\$86,331
4	2020	\$12,500,000	\$88,057
5	2021	\$12,500,000	\$101,167
6	2022	\$12,500,000	\$103,191
7	2023	\$12,500,000	\$140,363
8	2024	\$12,500,000	\$164,631
9	2025	\$12,500,000	\$204,450
10	2026	\$12,500,000	\$223,469
11	2027	\$12,500,000	\$243,166
12	2028	\$12,500,000	\$263,562
13	2029	\$12,500,000	\$284,606
14	2030	\$12,500,000	\$305,809
15	2031	\$12,500,000	\$320,756
16	2032	\$12,500,000	\$352,391
17	2033	\$12,500,000	\$359,438
18	2034	\$12,500,000	\$366,627
19	2035	\$12,500,000	\$373,960
20	2036	\$12,500,000	\$408,656
21	2037	\$12,500,000	\$416,829
22	2038	\$12,500,000	\$425,166
Total			\$5,400,243
Average			\$270,012

Source: Company; City of Albany IDA

Tax Policy Comparison

Camoin Associates assumes the Company will not undertake the Project without financial assistance from the IDA. Based on the current taxes paid on the property and the IDA's assessment of the "Status Quo" property tax revenues without the Project, the following table shows the estimated tax payments made by the owner of the property without the Project.

Property Tax Payment Without Project				
Year	Tax year	Tax Rate	Existing Assessed Value	Tax Payment
Interim	2015	\$47.93	\$ 1,316,000	\$ 63,076
Interim	2016	\$48.89	\$ 1,316,200	\$ 64,347
1	2017	\$49.87	\$ 1,316,200	\$ 65,634
2	2018	\$50.86	\$ 1,316,200	\$ 66,947
3	2019	\$51.88	\$ 1,316,200	\$ 68,286
4	2020	\$52.92	\$ 1,316,200	\$ 69,651
5	2021	\$53.98	\$ 1,316,200	\$ 71,044
6	2022	\$55.06	\$ 1,316,200	\$ 72,465
7	2023	\$56.16	\$ 1,316,200	\$ 73,915
8	2024	\$57.28	\$ 1,316,200	\$ 75,393
9	2025	\$58.43	\$ 1,316,200	\$ 76,901
10	2026	\$59.59	\$ 1,316,200	\$ 78,439
11	2027	\$60.79	\$ 1,316,200	\$ 80,008
12	2028	\$62.00	\$ 1,316,200	\$ 81,608
13	2029	\$63.24	\$ 1,316,200	\$ 83,240
14	2030	\$64.51	\$ 1,316,200	\$ 84,905
15	2031	\$65.80	\$ 1,316,200	\$ 86,603
16	2032	\$67.11	\$ 1,316,200	\$ 88,335
17	2033	\$68.46	\$ 1,316,200	\$ 90,102
18	2034	\$69.82	\$ 1,316,200	\$ 91,904
19	2035	\$71.22	\$ 1,316,200	\$ 93,742
20	2036	\$72.65	\$ 1,316,200	\$ 95,617
21	2037	\$74.10	\$ 1,316,200	\$ 97,529
22	2038	\$75.58	\$ 1,316,200	\$ 99,480
Total	\$1,791,745			
Average	\$81,443			

Note: Tax rate assumes escalation of 2.5% per Albany IDA Pilot Schedule

Source: Company; City of Albany IDA

To estimate the net benefit (or cost) to the City of Albany, Camoin Associates compared the estimated status quo property tax revenues to the PILOT payments associated with the most recent draft PILOT schedule. As shown in the following table, the total benefit to the affected taxing jurisdictions over the term of the draft PILOT schedule is approximately \$3.6 million, with an average benefit of \$164,000 annually.

Tax Policy Comparison			
	A	B	C
Year	Property Tax Payment Without the Project	PILOT Payments (Draft Schedule)	Benefit (Cost) to City of Project (Col B -Col. A)
1	\$ 65,634	\$ 82,978	\$ 17,344
2	\$ 66,947	\$ 84,638	\$ 17,691
3	\$ 68,286	\$ 86,331	\$ 18,045
4	\$ 69,651	\$ 88,057	\$ 18,406
5	\$ 71,044	\$ 101,167	\$ 30,123
6	\$ 72,465	\$ 103,191	\$ 30,726
7	\$ 73,915	\$ 140,363	\$ 66,448
8	\$ 75,393	\$ 164,631	\$ 89,238
9	\$ 76,901	\$ 204,450	\$ 127,549
10	\$ 78,439	\$ 223,469	\$ 145,030
11	\$ 80,008	\$ 243,166	\$ 163,158
12	\$ 81,608	\$ 263,562	\$ 181,954
13	\$ 83,240	\$ 284,606	\$ 201,366
14	\$ 84,905	\$ 305,809	\$ 220,904
15	\$ 86,603	\$ 320,756	\$ 234,153
16	\$ 88,335	\$ 352,391	\$ 264,056
17	\$ 90,102	\$ 359,438	\$ 269,336
18	\$ 91,904	\$ 366,627	\$ 274,723
19	\$ 93,742	\$ 373,960	\$ 280,218
20	\$ 95,617	\$ 408,656	\$ 313,039
21	\$ 97,529	\$ 416,829	\$ 319,300
22	\$ 99,480	\$ 425,166	\$ 325,686
Total	\$ 1,791,745	\$ 5,400,243	\$ 3,608,498
Average	\$ 81,443	\$ 270,012	\$ 164,022

Source: Camoin Associates

Appendix A: What is an 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.

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