

TO: City of Albany Industrial Development Board

FROM: City of Albany Industrial Development Agency Staff

RE: 412 Broadway Realty, LLC – Preliminary Application Summary

DATE: December 6, 2013

Staff Notes:

This project summary is the result of the work staff performed per the direction of the Finance Committee at the November 13th meeting. The result of this work can be found within the Project Summary below. A positive recommendation was given by the Committee at the December 11th meeting for project approvals. Please note this project summary will continue to be updated as the project progresses through staff review and Agency consideration.

Applicant: 412 Broadway Realty, LLC

Managing Members (% of Ownership): Marc Paquin (50%) and Gerry Gauer (50%)

Project Location: 412 Broadway

Project Description: Proposed conversion of a vacant 5 story, 36,900 sq.ft. mixed-use retail and commercial office building into mixed-use retail and residential. The Applicant is proposing 32 residential rental units (floors 2 - 5) with one and two bedroom units. 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.. The first floor will include over 6,400 sq.ft. of rentable commercial space that could accommodate up to two potential commercial tenants. The project will require the removal and replacement of many of the existing partition walls, plumbing, electrical wiring, HVAC, windows, etc..

Estimated Project Cost: \$3,032,000 (estimated amount spent to date \$50,000)

Type of Financing: Straight Lease

Amount of Bonds Requested: None

Estimated Total Purchases Exempt from Sales Tax: \$1,094,000

Estimated Total Mortgage Amount: \$4,700,000

Current Total Assessment: \$788,632 (Based on estimated reduction in assessment challenge)

Estimated Improved Total Assessment: \$3,300,000 (per discussion with Commissioner of Assessment & Taxation)

PILOT: The proposal entails the Applicant entering into a 20 year PILOT agreement with the IDA. The PILOT will include two scenarios, Scenario #1 and Scenario #2.

- For Years 1-12, annual payments in lieu of taxes will be calculated by:
 - For Scenario #1 and Scenario #2, adding A) an amount equal to one hundred percent (100%) of the Normal Tax due with respect to the current total assessment (i.e. the “base” assessment) of \$788,632 and B) an amount equal to a percentage of the Normal Tax due with respect to the additional improved assessment from completion of the project.
- For Years 13-20, annual payments in lieu of taxes will be calculated by the greater of:
 - For Scenario #1, adding A) an amount equal to one hundred percent (100%) of the Normal Tax due with respect to the current total assessment (i.e. the “base” assessment) of \$788,632 and B) an amount equal to a percentage of the Normal Tax due with respect to the additional improved assessment from completion of the project.
 - For Scenario #2, multiplying eleven and a half (11.5%) of gross rental revenue.

Please see attached Revised PILOT Analysis for specifics.

Estimated Value of Total PILOT Payments:

- Total PILOT Payments:
 - Scenario: #1: \$1,423,816
 - Scenario: #2: Greater than Scenario #1

Estimated Value of Tax Exemptions:

- NYS Sales and Compensating Use Tax: \$88,000
- Mortgage Recording Taxes: \$58,750
- Real Property Taxes:
 - Scenario #1: \$2,844,415 (*Not a Net Present Value*)
 - Scenario #2: Less than Scenario #1
- Other: N/A

Employment Impact:

- Projected Permanent: (8) new jobs
- Projected Construction: (26) jobs

Other Economic Impacts:

- Decreases the overall commercial vacancy rate downtown
- Adds to the supply of downtown residential to help meet the demand for such living options (as stated in Zimmerman/Volk Associates downtown residential market study)
- Increases retail options
- Increases consumer base to support downtown businesses
- Increases local sales tax revenues
- Increases Downtown BID revenues that will be used to further the betterment of the district

Strategic Initiatives:

- Albany 2030
 - Increase job opportunities for all residents.
 - Encourage investment in urban land and buildings for employment and housing.
 - Provide a variety of housing types to meet the varied needs of Albany's households, including market, moderate and low income housing.
 - Encourage diverse intergenerational housing. Diverse housing includes options for residents throughout different stages of life (e.g. students, couples, families with children, seniors) in the same neighborhood.
- Revitalization and diversification of downtown - adaptive reuse of underutilized or vacant buildings
 - Eligible for the 485a Real Property Tax Abatement Program
 - Part of NYS Main Street Grant CFA application sponsored by Capitalize Albany Corporation

Planning Board Actions:

- Issued a Negative Declaration for this Unlisted Action as per the provisions of SEQR on 11/21/13.
- Approved the site plan on 11/21/13.

Estimated IDA Fee

- Fee amount: \$30,320

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.