

TO: City of Albany Industrial Development Finance Committee

FROM: City of Albany Industrial Development Agency Staff

RE: 67 Howard Street LLC – Revised Project Summary

DATE: January 10, 2014

Staff Notes:

This project summary is in response to the request for financial assistance by the Applicant which was introduced at the September 19th Finance Committee meeting. The project was subsequently discussed at the October 9th and November 13th Finance Committee meetings. As the result of the November 13th Finance Committee meeting the Applicant submitted a revised PILOT request for consideration at the December, 11th Finance Committee meeting. The revised PILOT request included the reduction of the duration of the PILOT from 20 to 15 years and modified the percentage abatement amounts. The project was subsequently discussed at the December 11th Finance Committee meeting. This project summary is the result of the work staff has performed per the direction of the Finance Committee at the December 11th meeting. The Applicant has submitted a revised PILOT request for Finance Committee review. Staff sought to further modify the revised PILOT request. The result of this work can be found within the Project Summary below. Staff seeks feedback from the Committee. The Applicant respectfully requests that the Finance Committee make a positive recommendation for consideration by the Board for project approvals at the January Board meeting. Please note this project summary will continue to be updated as the project progresses through staff review and Agency consideration.

Applicant: 67 Howard Street LLC

Managing Members (% of Ownership): Joseph R. Nicolla (51%) and Richard A. Rosen (49%)

Project Location: 67 Howard Street

Project Description: Proposed acquisition of a parcel of land along with the construction of a 200 space parking garage with the potential for expansion of the garage by an additional 100 spaces. The project includes the installation personal property, fixtures, machinery and equipment. Construction of the project is associated with the hotel being proposed at 142 State Street.

Estimated Project Cost: \$6,503,500

Type of Financing: Straight Lease

Amount of Bonds Requested: None

Estimated Total Purchases Exempt from Sales Tax: \$5,250,000

Estimated Total Mortgage Amount: \$5,500,000

Current Total Assessment: \$250,000 (per Commissioner of Department of Assessment & Taxation)

Estimated Improved Total Assessment: \$2,550,000 (per Commissioner of Department of Assessment & Taxation)

PILOT: The proposal entails the Applicant entering into a 15 year PILOT agreement with the IDA. The PILOT will include two scenarios, Scenario #1 and Scenario #2.

- For Years 1-10, 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 proposed total land assessment (i.e. the “base” assessment) of approximately \$250,000 and B) an amount equal to a percentage of the Normal Tax due with respect to the additional improved assessment from completion of the project.
- For Years 11-15, 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 proposed total land assessment (i.e. the “base” assessment) of approximately \$250,000 and B) an amount equal to a percentage of the Normal Tax due with respect to the additional improved assessment from completion of the project.
 - For Scenario #2, multiplying fifteen percent (15%) of gross sales/revenues.

Please see attached Revised PILOT Analysis for specifics.

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

% of Abatement Comparison Chart			
PILOT Year	Original Proposed % of Abatement on Improved Assessment	First Revised Proposed % of Abatement on Improved Assessment	Second Revised Proposed % of Abatement on Improved Assessment
1	100%	100%	100%
2	100%	100%	100%
3	100%	100%	100%
4	100%	100%	100%
5	100%	100%	100%
6	100%	100%	75%
7	100%	100%	50%
8	85.71%	100%	50%
9	85.71%	87.50%	50%
10	71.43%	75.00%	50%
11	71.43%	62.50%	50%
12	57.14%	50.00%	50%
13	57.14%	37.50%	50%
14	42.86%	25.00%	50%
15	42.86%	12.50%	50%
16	28.57%	Taxable Status	Taxable Status
17	28.57%	Taxable Status	Taxable Status
18	14.29%	Taxable Status	Taxable Status
19	14.29%	Taxable Status	Taxable Status
20	7.14%	Taxable Status	Taxable Status

Estimated Value of Total PILOT Payments:

- Total PILOT Payments: \$927,386
 - As compared to \$415,790 over first 15 years of previously proposed 20 year PILOT (difference of +511,596). If a comparison is made over 20 years, where the original proposed 20 year PILOT is compared to the proposed revised 15 year PILOT and an additional 5 years of full taxes, the total estimated PILOT payments during the original proposed 20 year PILOT would be \$1,144,505 while the total estimated PILOT payments and taxes during the proposed revised 15 year PILOT and an additional 5 years of full taxes would be \$1,942,659 (difference of +\$798,154 with the project listed as taxable 5 years earlier).

Estimated Value of Tax Exemptions:

- NYS Sales and Compensating Use Tax: \$420,000
- Mortgage Recording Taxes: \$68,750

- Real Property Taxes: \$1,335,520 (*Not a Net Present Value*)
- Other: N/A

Employment Impact:

- Projected Permanent: (2) new jobs
- Projected Construction: (25) jobs

Other Economic Impacts:

- Increases parking options
- 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 through development, redevelopment, rehabilitation and adaptive reuse.

Planning Board Actions:

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

Estimated IDA Fee

- Fee amount: \$65,035

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.