

**TO:** City of Albany Industrial Development Finance Committee

**FROM:** City of Albany Industrial Development Agency Staff

**RE:** Park South Partners LLC – Revised Project Summary

**DATE:** August 15, 2014

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*Staff Notes:*

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

**Applicant:** Park South Partners LLC

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

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

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

**Estimated Project Cost:** \$52,583,536

**Type of Financing:** Straight Lease

**Amount of Bonds Requested:** None

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

**Estimated Total Mortgage Amount:** \$40,000,000

**Current Total Assessment:**

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

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

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

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

Please see attached PILOT Analysis for specifics.

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

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

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

**Estimated Value of Total PILOT Payments:**

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

**Estimated Value of Tax Exemptions:**

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

**Employment Impact:**

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

**Other Economic Impacts:**

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

**Strategic Initiatives:**

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

**Planning Board Actions:**

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

**Estimated IDA Fee**

- Fee amount: \$525,835.36

**Mission**

- The purpose of the Industrial Development Agency is to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities. The Agency aims to protect and promote the health of the inhabitants of the City of Albany by the conservation, protection and improvement of the natural and cultural or historic resources and environment and to control land, sewer, water, air, noise or general environmental pollution derived from the operation of industrial development.