

TO: City of Albany Industrial Development Finance Committee

FROM: City of Albany Industrial Development Agency Staff

RE: TMG-NY Albany I, LP – REVISED IDA Application Summary

DATE: June 10, 2013

Applicant: TMG-NY Albany I, LP

Managing Members (% of Ownership): TMG-Parkview, LLC (.01%), with Noelle Affordable Housing Corporation as its sole member, will serve as General Partner. Stratford Capital or a designee will serve as Special Limited Partner (.01%). An investment partnership will serve as Limited Partner (99.98%).

Project Location: 400 Hudson Avenue

Project Description: The building currently offers 179 units of affordable housing for seniors and special needs persons. The property was constructed in 1972 and has been operated by Gideon Lodge #140 B’Nai B’Rith Housing Development Fund (B’Nai B’Rith) since its completion. The Applicant will acquire the property from B’Nai B’Rith (currently has an option agreement) with the intent of continuing current operations. In doing so the Applicant proposes adding an additional three units along with renovating the property in order to bring the structure in line with today’s codes and standards. Renovations will include new kitchens and bathrooms, upgrading the buildings systems, updating the lobby, etc.

Estimated Project Cost: \$19,023,331

Type of Financing: Tax Exempt Bond and Straight Lease

Amount of Bonds Requested: Currently estimated at \$10,720,000 (Not to exceed \$11,500,000 million)

Estimated Total Purchases Exempt from Sales Tax: \$4,100,000

Total Mortgage Amount: Currently estimated at \$11,920,000 (Not to exceed \$12,700,000)

Current Assessment: \$8,020,200 (Current status – tax exempt)

Requested PILOT: As the current PILOT (a flat \$17,000 payment per year) with the City would end upon sale of property to the Applicant, the Applicant proposes entering into a new PILOT agreement with the IDA. The Applicant proposes a 40 year PILOT agreement with a fixed annual payment starting at \$43,000 in Year 1 with an annual 3% increase thereafter. Please note certain restrictions, such as future use, will be attached to the requested PILOT.

Estimated Value of Total PILOT Payments:

- Total PILOT Payments: \$3,242,254 over 40 year PILOT period (which is \$2,562,254 more than if current PILOT schedule continued under certain assumptions).

Estimated Value of Tax Exemptions:

- NYS Sales and Compensating Use Tax: \$328,000
- Mortgage Recording Taxes: \$0 (*Recommendation of denial of \$158,750 exemption per May Finance Committee*)
- Real Property Taxes: \$0 (The property, through a PILOT with the City, has been tax-exempt since 1973. The current owner pays a fixed annual PILOT payment of \$17,000 that runs for perpetuity so long as certain conditions are met. Please see Project application.)
- Other: N/A

Employment Impact:

- Projected Permanent: (5 +/-) retained jobs and (0+/-) new jobs
- Projected Construction: (60 +/-) jobs

Strategic Initiatives:

- Albany 2030
 - 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.
 - Encourage non-profit and for-profit developers to design senior housing that is integrated into the neighborhood.

Planning Board Actions:

- N/A

Estimated IDA Fee

- Fee amount: Currently estimated at \$107,200 (Possible max. \$115,000)

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.