

**TO:** City of Albany Industrial Development Finance Committee  
**FROM:** City of Albany Industrial Development Agency Staff  
**RE:** The Lofts at Pine Hills, LLC - IDA Application Summary  
**DATE:** March 5, 2021

**Applicant:** The Lofts at Pine Hills, LLC

**Managing Members (% of Ownership):** Patrick Rafferty (95%) and Heather Rafferty (5%)

**Project Location:** 237 Western Avenue, Albany, NY

**Project Description:** The Project proposes to construct a +/- 124,300 SF, 5-story mixed-use residential commercial retail structure containing approximately 97 residential market rate apartment units and 6,000 SF of commercial retail space on the ground floor intended for two tenants. The 1.62 acre project site, which currently has 11 vacant structures that will be demolished, will also include approx. 99 off-street parking spaces.

**Estimated Project Real Property Benefit Summary (20 Years):**

	Status Quo Taxes (no project) Non-Homestead Rate	Project Impact (PILOT Payments)	Net Benefit
Revenue Gain to Taxing Jurisdictions	\$1,549,497	\$4,492,446	\$2,942,949

	Current Value	Anticipated Future Value*	Net Increase
Property Value Increase	\$1,179,500	\$10,120,000	\$8,940,500

\*Project Impact Assessed Value based on letter from the City of Albany Assessor dated 01-15-20

At the end of the PILOT period, the project is anticipated to make annual tax payments to the taxing jurisdictions of \$752,888 based on an assessed value of **\$10,120,000** and annual tax rate of \$74.40.

**Estimated Investment:** \$27,353,220

**Community Benefits:** Please see the attached CAIDA Project Evaluation and Assistance Framework Staff Analysis for more detail on the Community Benefits metrics below.

- *Revitalization:* The project is located in an area included within a Neighborhood Plan. The project is also located in both a high vacancy census tract and a distressed census tract.
- *Identified Priority:* The project is an identified opportunity per the Midtown Colleges and Universities Study Plan. The project supports multiple initiatives in the Albany 2030 Plan.
- *Identified Growth Area:* The proposed project supports the creation, retention or expansion of facilities or the creation and/or retention of permanent private sector jobs in an existing City of Albany industry cluster.

- *Community Commitment:* The proposed project has committed to utilizing MWBE, Regional Labor and EEO Workforce Utilization.
- *Job Creation:* The project is committing to the creation of five (5) full-time equivalent and one hundred and fifty (150) construction jobs.
- *Investment:* The project is anticipating a project cost of more than \$26 million.

**Employment Impact Analysis:**

Temporary (Construction 2021-2022) Impact

Impact Type	Average Annual Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Direct Effect	90.44	\$16,462,154.41	\$18,719,225.25	\$22,244,919.00
Indirect Effect	7.77	\$1,029,413.68	\$1,693,493.46	\$2,828,538.90
Induced Effect	25.87	\$2,951,522.22	\$5,359,469.52	\$8,526,693.06
<b>Total Effect</b>	<b>124.08</b>	<b>\$20,443,090.31</b>	<b>\$25,772,188.23</b>	<b>\$33,600,150.96</b>

Permanent (Operations 2022) Impact

Impact Type	Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Direct Effect	5.58	\$260,536.46	\$1,053,392.60	\$1,574,639.83
Indirect Effect	2.22	\$141,526.89	\$265,008.15	\$463,534.29
Induced Effect	1.29	\$73,634.99	\$133,660.45	\$212,654.52
<b>Total Effect</b>	<b>9.09</b>	<b>\$475,698.35</b>	<b>\$1,452,061.20</b>	<b>\$2,250,828.64</b>

*\*IMPLAN Economic Impact Analysis conducted by the Capital District Regional Planning Commission as at 2-5-2021.*

**Employment Impact:**

- Projected Permanent: 5 jobs
- Projected Retained: 0 jobs
- Projected Construction: 150 jobs

**Type of Financing:** Straight Lease

**Amount of Bonds Requested:** None

**Estimated Total Purchases Exempt from Sales Tax:** \$7,800,000

**Estimated Total Mortgage Amount:** \$20,514,800

**Requested PILOT:** The Applicant is seeking a real property tax exemption schedule that deviates from what is provided for within the Project Evaluation and Assistance Framework for projects assessed over \$100,000 per unit by requesting a modification to the calculation of base PILOT assessment value.

**Third Party Review:** In response to the Board’s request, a third party evaluation of the appropriateness of the applicant’s PILOT assumptions and request for assistance has been commissioned by staff. *It is anticipated that the third party review will be completed in advance of the public hearing.*

Cash on cash return is a simple and straightforward method to calculate return on investments that involve long-term debt borrowing. We use this as our baseline analysis metric to keep comparisons consistent and variables limited across projects. The third-party analysis relies on the internal rate of return method due to its advantage of including the time value of money and property appreciation. Calculating the internal rate of return is more complicated because it requires the projection future of cash flows of the investment, including the sale of the investment at the end of the holding period. This analysis provides a more in-depth and project-specific measurement of anticipated return to review in conjunction with the straightforward cash-on-cash method.

**Estimated Value of Tax Exemptions:**

- NYS Sales and Compensating Use Tax: \$624,000
- Mortgage Recording Taxes: \$205,148
- Real Property Taxes: \$7,818,377
- Other: N/A

**Baseline Requirements:**

- Application: Complete
- Meets NYS/CAIDA Requirements: Yes
- Albany 2030 Alignment:
  - Increase job opportunities for all residents.
  - Encourage investment in urban land and buildings for employment and housing.
- Planning Approval Status: Full Planning Board approval
- Meets Project Use Definition: Yes
- Meets “But For” Requirement: Yes, affidavit signed.

**Cost Benefit Analysis:** See attached Exhibit A: Description of The Project Evaluation and Expected Public Benefits.

**Estimated IDA Fee**

- Fee amount: \$273,532

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**CAIDA 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.