

**TO:** City of Albany Industrial Development Finance Committee  
**FROM:** City of Albany Industrial Development Agency Staff  
**RE:** 102 Hackett Boulevard - IDA Application Summary  
**DATE:** November 3, 2023

**Applicant:** Midtown Albany LLC

**Managing Members (% of Ownership):** Antonio Manfredi (100%)

**Project Location:** 102 Hackett Boulevard, Albany, NY

**Project Description:** The project involves the redevelopment of an existing +/-28,000 SF commercial office building into approx. 25 market rate apartment units.

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

The subject property at 102 Hackett has been partially vacant since 2021, at which point the owners engaged a realtor to find new tenants. After failing to attract a new tenant, the property was put up for sale and fully vacated in 2Q 2023. The current value and status quo taxes are based on the 2023 assessed value (\$1.51 M) as commercial office property. The City of Albany Assessor advised IDA staff that, given a sale, the assessment is anticipated to be revalued at 70.83% of the sale price. This project includes a sale price of \$800,000, resulting in an anticipated revalue of \$566,640. Also, per the Assessor, a lower anticipated future assessed value (\$1.32 M) is expected once the multi-fam conversion is complete.

	Status Quo Taxes (no project in occupied building) Non-Homestead Rate	Anticipated Taxes (no project in vacant building) Non-Homestead Rate*	Project Impact (PILOT Payments for new project)	Net Benefit (new project in occupied building)	Net Benefit (new project in vacant building)
Revenue Gain to Taxing Jurisdictions	\$1,916,494	\$717,328	\$969,050	(\$947,444)	\$251,722

	Current Value (no project in occupied building)	Anticipated Revalue (no project in vacant building)*	Anticipated Future Value (new project)**	Net Increase (no project in vacant building)	Net Increase (new project in vacant building)
Property Value Increase	\$1,513,900	\$566,640	\$1,329,000	(\$947,260)	\$762,360

\*Project Anticipated Revalue based on letter from the City of Albany Assessor dated 7-24-23.

\*\*Project Impact Assessed Value based on letter from the City of Albany Assessor dated 6-12-23.

At the end of the PILOT period, the project is anticipated to make annual tax payments to the taxing jurisdictions of \$102,891 based on an assessed value of **\$1,329,000** and an annual tax rate of \$77.42.

**Estimated Investment:** \$4,300,000

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

- *Target Geography:* The proposed project is located within the boundaries of a neighborhood plan.
- *Identified Priority:* The proposed property is currently vacant.
- *Identified Growth Area:* The proposed project consists of the creation, retention or expansion of facilities in an existing City of Albany industry cluster and the conversion of commercial property to residential units.
- *Job Creation:* The proposed project is committing to the creation of forty (40) construction jobs.
- *Investment:* The project is anticipating a project cost of \$4.3 million.
- *Community Commitment:* The project commits to utilizing Regional Labor.

**Employment Impact Analysis:**

**Temporary (Construction 2024) Impact**

Impact Type	Avg. Annual Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Direct Effect	40	\$1,975,444	\$2,588,002	\$3,156,692
Indirect Effect	2	\$160,342	\$274,395	\$448,782
Induced Effect	5	\$351,920	\$631,666	\$991,179
<b>Total Effect</b>	<b>47</b>	<b>\$2,487,706</b>	<b>\$3,494,063</b>	<b>\$4,596,653</b>

*\*IMPLAN Economic Impact Analysis conducted by the Capital District Regional Planning Commission as at 9-28-2023. Of note: IMPLAN represents average annual construction jobs over the duration of construction.*

**Employment Impact:**

- Projected Permanent: 0 jobs
- Projected Retained: 0 jobs
- Projected Construction: 40 jobs

**Type of Financing:** Straight Lease

**Amount of Bonds Requested:** None

**Estimated Total Purchases Exempt from Sales Tax:** \$2,750,000

**Estimated Total Mortgage Amount:** \$3,500,000

**Requested PILOT:** The proposal entails the Applicant entering into a PILOT agreement with the IDA which deviates from the Project Evaluation and Assistance Framework abatement guidelines for commercial/retail space. Please see staff PILOT analysis for further details.

**Third Party Review:** Due to the deviation in requested assistance from the Project Evaluation & Assistance Framework, a third-party evaluation of the appropriateness of the applicant’s PILOT request has been

received and reviewed by staff. The third party determined that the assumptions included within the application in addition to the abatements requested were necessary and within reasonable parameters.

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: \$220,000
- Mortgage Recording Taxes: \$35,000
- Real Property Taxes: \$713,373
- Other: N/A

**Baseline Requirements:**

- Application: Complete
- Meets NYS/CAIDA Requirements: Yes
- Albany 2030 Alignment:
  - Encourage investment in urban land and buildings for employment and housing.
- Planning Approval Status: Approved in May 2023
- 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: \$43,000.00

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**CAIDA Mission:** Assist in the enhancement and diversity of the economy of the City of Albany (the “City”) by acting in support of projects in the City that create and/or retain jobs and/or promote private sector investment utilizing the statutory powers of the Agency as set forth under the provisions of the laws of the State of New York.