

TO: City of Albany Industrial Development Finance Committee
FROM: City of Albany Industrial Development Agency Staff
RE: Forty-Eightcc, LLC - IDA Application Summary
DATE: March 9, 2024

Applicant: Forty-Eightcc, LLC

Managing Members (% of Voting Interest): Owned and operated by members of Hoffman Enterprises; please see application addendum for a full organizational chart.

Project Location: 48 Corporate Circle, Albany, NY

Project Description: The proposed project involves the construction of an approximate 93,000 SF warehouse/distribution facility on what is currently 8.29 acres of vacant land.

Estimated Project Real Property Benefit Summary (15 Years):

	Status Quo Taxes (no project) Non-Homestead Rate	Project Impact (PILOT Payments)	Net Benefit
Revenue Gain to Taxing Jurisdictions	\$612,690	\$2,393,600	\$1,780,910

	Current Value	Anticipated Future Value*	Net Increase
Property Value Increase	\$680,000	\$3,868,000	\$3,188,000

**Project Impact Assessed Value based on letter from the City of Albany Assessor dated December 7, 2023.*

At the end of the PILOT period, the project is anticipated to make annual tax payments to the taxing jurisdictions of \$271,224 based on an assessed value of \$3,868,000 and an annual tax rate of \$70.12.

Estimated Investment: \$10,591,197 (est.)

Community Benefits: For comparative purposes, please see the attached CAIDA Project Evaluation and Assistance Framework Staff Analysis for more detail on the Community Benefits metrics below. Please note that due to the nature of the request, the project has been evaluated outside of the Project Evaluation and Assistance Framework.

- *Identified Priority:* The project incorporates the redevelopment of existing tax exempt/vacant property;
- *Identified Growth Area:* The proposed project results in the creation of manufacturing or distribution facilities as well as the creation and/or retention of permanent jobs;

the 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; the project is expected to result in the creation, retention or expansion of tech sector facilities; the project supports multiple initiatives within the Albany 2030 Plan;

- *Job Creation:* The project is committed to the creation of ten (10) permanent jobs and forty-eight (48) construction jobs.
- *Investment:* The project is anticipating a project cost exceeding \$10.5 million.
- *Community Commitment:* The project commits to utilizing Regional Labor and City of Albany Labor.

Employment Impact Analysis:

Temporary (Construction 2024) Impact

Impact Type	Average Annual Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Direct Effect	50.31	\$3,418,933	\$3,799,836	\$6,303,029
Indirect Effect	6.37	\$577,819	\$965,531	\$1,677,744
Induced Effect	10.09	\$657,644	\$1,194,858	\$1,882,620
Total Effect	66.77	\$4,654,396	\$5,960,225	\$9,863,393

Permanent (Operations 2028) Impact

Impact Type	Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Direct Effect	10.65	\$719,835	\$757,759	\$1,300,793
Indirect Effect	2.12	\$145,991	\$256,614	\$477,947
Induced Effect	1.81	\$118,231	\$214,881	\$338,606
Total Effect	14.58	\$984,057	\$1,229,254	\$2,117,347

**IMPLAN Economic Impact Analysis conducted by the Capital District Regional Planning Commission as at March 6, 2024. Of note: IMPLAN represents average annual construction jobs over the duration of construction.*

Employment Impact:

- Projected Permanent: 10 jobs
- Projected Retained: 0 jobs
- Projected Construction: 48 jobs

Type of Financing: Straight Lease

Amount of Bonds Requested: None

Estimated Total Purchases Exempt from Sales Tax: \$5,700,000

Estimated Total Mortgage Amount: N/A

Requested PILOT: The Applicant proposes the commercial space portion of the project enter into a 15-year PILOT Agreement which is a deviation from the Project Evaluation and Assistance Framework 10-year commercial abatement schedule typically applied to a project’s commercial space.

Third Party Review: Due to the special nature of the requested deviation in assistance from the Agency Policy Manual, a third-party evaluation of the appropriateness of the applicant's PILOT request has been commissioned. The third party determined that the assumptions included within the application in addition to the abatements requested were 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: \$456,000
- Mortgage Recording Taxes: \$0
- Real Property Taxes: \$1,091,632
- 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: Planning Board approval received in August 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: \$105,911.97

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.