

TO: City of Albany Industrial Development Finance Committee
FROM: City of Albany Industrial Development Agency Staff
RE: Freedom Springs Albany, LLC - IDA Application Summary
DATE: March 8, 2023

Applicant: Freedom Springs Albany, LLC

Managing Members (% of Voting Interest): J. Matthew Miller (50.0%) and Richard Manzardo (50.0%); please see application addendum for a full breakdown of the ownership interests.

Project Location: 64 Colvin Avenue, Albany, NY

Project Description: The Project proposes to construct an approx. 112,000 SF 3-story multi-fam affordable housing complex containing 120 residential units and approx. 3,600 SF of commercial space and +/- 86 parking spaces. The project will be funded in part through 4% low-income housing tax credits. Of the total residential units on site, thirty (30) will be reserved for veterans at risk of homelessness and an additional thirty (30) units will be reserved for Seniors at risk of homelessness. The remaining units will serve income qualifying residents that fall between 50% and 80% of the area median income. Support services on site will be provided .by Gateway Hudson Valley.

Estimated Project Real Property Benefit Summary (30 Years):

	Status Quo Taxes (no project) Non-Homestead Rate	Project Impact (PILOT Payments)	Net Benefit
Revenue Gain to Taxing Jurisdictions	\$1,449,176	\$6,220,068	\$4,770,892

	Current Value	Anticipated Future Value*	Net Increase
Property Value Increase	\$659,000	\$7,068,300	\$6,409,300

**Project Impact Assessed Value based on letter from the City of Albany Assessor dated 10-30-23*

At the end of the PILOT period, the project is anticipated to make annual tax payments to the taxing jurisdictions of \$694,019 based on an assessed value of **\$7,068,300** at an annual tax rate of \$98.19.

Estimated Investment: \$46,331,841 (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 fact that the project involves purpose built affordable housing, the project was evaluated outside of the Project Evaluation and Assistance Framework.

- *Revitalization*: The project is located within the boundaries of the Central Avenue BID; the project is also located in a high vacancy census tract.
- *Identified Priority*: The project supports multiple initiatives within the Albany 2030 Plan; the project also includes the redevelopment of a tax exempt/vacant property.
- *Identified Growth Area*: The project involves the conversion of existing commercial property to residential use.
- *Job Creation*: The project is committing to the creation of nine (9) full-time equivalent and one hundred (100) construction jobs.
- *Investment*: The project is anticipating a project cost exceeding \$46 million.

Employment Impact Analysis:

Temporary (Construction 2024-2025) Impact

Impact Type	Average Annual Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Direct Effect	55.73	\$16,660,618	\$21,605,694	\$26,788,916
Indirect Effect	9.88	\$1,464,326	\$2,473,504	\$4,052,404
Induced Effect	22.94	\$2,972,526	\$5,335,498	\$8,372,226
Total Effect	88.55	\$21,097,469	\$29,414,695	\$39,213,545

Permanent (Operations 2025) Impact

Impact Type	Employment	Labor Income (\$)	Value Added (\$)	Output (\$)
Direct Effect	9.72	\$665,832.19	\$237,312.51	\$545,681.89
Indirect Effect	1.56	\$119,490.76	\$176,695.39	\$295,414.45
Induced Effect	1.69	\$109,876.39	\$197,318.26	\$309,663.06
Total Effect	12.97	\$895,199.33	\$611,326.16	\$1,150,759.40

**IMPLAN Economic Impact Analysis conducted by the Capital District Regional Planning Commission as at 11-09-2023.*

Employment Impact:

- Projected Permanent: 9 jobs
- Projected Retained: 0 jobs
- Projected Construction: 100 jobs

Type of Financing: Straight Lease

Amount of Bonds Requested: None

Estimated Total Purchases Exempt from Sales Tax: N/A

Estimated Total Mortgage Amount: N/A

Requested PILOT: The proposal entails the Applicant entering into a 30-year PILOT agreement with the IDA including shelter rent payments of ten percent (10.0%) for the term of the agreement, which aligns with CAIDA policy. 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: \$1,304,000
- Mortgage Recording Taxes: \$0
- Real Property Taxes: \$9,323,504
- 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 expected in April 2024
- 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: \$463,318.41

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.