

CITY OF RENSSELAER INDUSTRIAL DEVELOPMENT AGENCY

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July 14, 2022

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62 Washington Street
Rensselaer, New York 12144

Jennifer Haggerty, School Board President
Rensselaer City School District
25 Van Rensselaer Drive
Rensselaer, New York 12144

RE: Proposed Deviation from Uniform Tax Exemption Policy by
City of Rensselaer Industrial Development Agency
in connection with its Proposed Railroad Place Apartments, LLC Project

Dear Ladies and Gentlemen:

This letter is delivered to you pursuant to Section 874(4)(b) of the General Municipal Law.

The City of Rensselaer Industrial Development Agency (the "Agency") has received an application (the "Application") from Railroad Place Apartments, LLC (the "Company"), which Application requested that the Agency consider undertaking a project (the "Project") for the benefit of the Company, said Project to consist of the following: (A) (1) the acquisition of an interest in two (2) parcels of land collectively containing approximately 3.38 acres located at 2 Green Street and First Ave (Rear) (tax map nos.: 143.75-6-12 & 143.83-4-3.12) in the City of Rensselaer, Rensselaer County, New York (the "Land"), together with a pre-existing mill-building containing approximately 28,356 square feet of space located thereon (the "Existing Facility") and an associated parking lot, (2) the reconstruction and renovation of the Existing Facility, (3) the construction of two (2) additions to the Existing Facility containing approximately 1,409 square feet of space (collectively, the "Additions", the Existing Facility and the Additions being hereinafter collectively referred to as the "Facility") and associated parking and (4) the acquisition and installation therein and thereon of certain machinery, equipment and other tangible personal property (collectively, the "Equipment") (the Land, the Facility and the Equipment being collectively referred to as the "Project Facility"), all of the foregoing to be owned and operated by the Company as an approximately 32 market-rate unit residential apartment building, and any other directly and indirectly related activities; (B) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions from certain sales and use taxes, real property taxes, real estate transfer taxes and mortgage recording taxes (collectively, the "Financial Assistance"); and (C) the lease (with an obligation to purchase) or sale of the Project Facility to the Company or such other person as may be designated by the Company and agreed upon by the Agency.

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In connection with the Application, the Company has made a request to the Agency enter into a payment in lieu of tax agreement (the “Proposed Pilot Agreement”) which terms would deviate from the Agency’s Uniform Tax Exemption Policy (the “Policy”). Capitalized terms not otherwise defined herein are defined in the Policy.

The Proposed Pilot Agreement would not provide any abatements for any special assessments levied on the Project Facility. The Proposed Pilot Agreement would be for a term of 15 years, with the Company making the payments in each year as a Pilot Payment to each Affected Tax Jurisdiction as follows:

Year	Pilot Payments
1	\$15,250
2	\$15,250
3	\$15,250
4	\$15,250
5	\$15,250
6	\$15,250
7	\$15,250
8	\$21,000
9	\$21,000
10	\$21,000
11	\$21,000
12	\$21,000
13	\$42,000
14	\$42,000
15	\$42,000
16 and thereafter	Normal Taxes

The Policy provides that, for a facility similar to the Project Facility, payments in lieu of taxes will normally be determined as follows: the Company would have the benefit of a 90% abatement in real property taxes on the Facility and any portion of the Equipment assessable as real property pursuant to the New York Real Property Tax Law (collectively with the Facility, the “Improvements”) in year one of the payment in lieu of tax agreement with a percentage per year increase over the term of the fifteen year payment in lieu of tax agreement.

The purpose of this letter is to inform you of such Pilot Request and that the Agency is considering whether to grant the Pilot Request and to approve a Proposed Pilot Agreement conforming to the terms of the Pilot Request. The Agency expects to consider whether to approve the terms of the Proposed Pilot Agreement at its meeting scheduled for July 25, 2022 at 4:15 o’clock, p.m., local time in the offices of the Agency located at the Rensselaer City Hall at 62 Washington Street, in the City of Rensselaer, Rensselaer County, New York (the “Meeting”). This letter is forwarded to you for purposes of complying with Section 874 of the General Municipal Law of the State of New York, which requires a notice prior to the Agency taking final action with respect to the Proposed Pilot Agreement (if said Proposed Pilot Agreement may deviate from the provisions of the Agency’s Uniform Tax Exemption Policy).

The Agency considered the following factors in considering the proposed deviation:

1. **The nature of the Project:** Residential facility.
2. **The present use of the property:** Vacant building.
3. **The economic condition of the area at the time of the request of the Company and the economic multiplying effect that the Project will have on the area:** The property is located in census tract 515 which is contiguous to census tracts 1 and 2 which are distressed census tracts.
4. **The extent to which the Project will create or retain permanent, private sector jobs and the number of jobs to be created or retained and the salary range of such jobs:** Upon completion of the development of the Project, 1 full-time position will be created. The Project will also create approximately 80 construction jobs.
5. **The estimated value of new tax exemptions to be provided:** Sales tax exemption of \$160,000, mortgage recording tax exemption of \$45,000 and real property tax exemption of \$442,250.
6. **The economic impact of the Proposed Pilot Agreement on affected tax jurisdictions:** The Project will rehabilitate a vacant building which was previously used as a mill into market-rate housing for the community. The presence of new renters will have a positive economic impact on the community.
7. **The impact of the Proposed Pilot Agreement on existing and proposed businesses and economic development projects in the vicinity:** A project of the size and scope of this Project will result in new residents within proximity to local businesses. New community residents will play a role in helping these existing businesses remain open along with new businesses coming to the community.
8. **The amount of private sector investment generated or likely to be generated by the Proposed Pilot Agreement:** The investment by the Company in undertaking the Project is equal to approximately \$3,600,000.
9. **The effect of the Proposed Pilot Agreement on the environment:** The Proposed Pilot Agreement will not have a significant environmental impact.
10. **Project Timing:** The Project is expected to begin in September, 2023.
11. **The extent to which the Proposed Pilot Agreement will require the provision of additional services including, but not limited to, additional educational, transportation, police, emergency medical or fire services:** It is not anticipated that the Project will have a significant burden upon the educational facilities for any school district within the City of Rensselaer. After the completion of the Project, the employment at the Project is not anticipated

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to generate a substantial burden on the highways of the City of Rensselaer or the surrounding area. All necessary emergency medical and police services are available.

12. Anticipated tax Revenues: It is anticipated that there will likely be additional sales tax revenues after Project completion relating to certain future operating activities at the Project and related multiplier impacts.

13. The extent to which the Proposed Pilot Agreement will provide a benefit (economic or otherwise) not otherwise available within the municipality in which the Project Facility is located: This project will increase the number of residents living in the City of Rensselaer, New York. The increased resident base will positively affect the surrounding businesses including restaurants/bars, coffee shops/cafes, and entertainment venues. The additional residents in this neighborhood will further add to its Live/Work/Play persona while encouraging ancillary businesses such as banks, independent boutiques, and similar businesses to remain in the area.

The Agency will consider the Proposed Pilot Agreement (and the proposed deviation from the Agency's Uniform Tax Exemption Policy) at the Meeting. The Agency would welcome any written comments that you might have on this proposed deviation from the Agency's Uniform Tax Exemption Policy. In accordance with Section 874(4)(b) of the General Municipal Law, prior to taking final action at the Meeting, the Agency will review and respond to any written comments received from any affected tax jurisdiction with respect to the proposed deviation. The Agency will also allow any representative of any affected tax jurisdiction present at the Meeting to address the Agency regarding the proposed deviation.

If you have any questions or comments regarding the foregoing, please do not hesitate to contact me at the above telephone number.

Sincerely yours,

s/John J. Bonesteel

John J. Bonesteel
Chief Executive Officer