



Michael E. Stammel  
Chairman

**CITY OF RENSSELAER**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
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John J. Bonesteel  
CEO/Treasurer

May 11, 2021

Steven F. McLaughlin  
Rensselaer County Executive  
Rensselaer County Office Building  
1600 Seventh Avenue  
Troy, NY 12180

Hon. Michael Stammel  
Mayor, City of Rensselaer  
62 Washington Street  
Rensselaer, NY 12144

Joseph Kardash, Superintendent  
Rensselaer City School District  
25 Van Rensselaer Drive  
Rensselaer, New York 12144

Re: Proposed Deviation from Uniform Tax Exemption Policy City of  
Rensselaer Industrial Development Agency  
Franciscan Heights, LP

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") received an application (the "Application"), a copy of which is on file at the office of the Agency, from Franciscan Heights, LP through its Management Agent, DePaul Housing Management, having a mailing address of 20-51 St. Anthony Lane, Rensselaer, NY 12144 (the "Company"). The Application requested that the Agency consider undertaking the provision of financial assistance in the form of a payment in lieu of tax agreement for the following project owned and operated by the Company (the "Project") consisting of the following: (A) (1) a leasehold interest in an approximately 9.8 acre parcel of land located at 20-51 St. Anthony Lane, City of Rensselaer, New York (SBL No.: 133.-3-3.112) (the "Land"), (2) a certain 85 unit senior housing complex known as Franciscan Heights Senior Community (the "Facility"), (3) related fixtures, machinery, equipment and other tangible personal property (the "Equipment" and collectively with the Land and the Facility are hereinafter called the "Project Facility") and (4) the Agency's acquisition of an interest in the Project Facility; (B) the granting of certain "financial assistance" (within meaning of Section 854(14) of the Act) with respect to the Project Facility consisting of an exemption from real property taxes (the "Financial Assistance"); (C) the execution and delivery of a certain payment in lieu of tax agreement (the "PILOT Agreement"); and (D) the lease (with an obligation to purchase) or sale of the Project to the Company or such other person as may be designated by the Company, and agreed upon by the Agency.

The Agency's Amended and Restated Uniform Tax Exemption Policy and Guidelines (the "Uniform Tax Policy") provides a standardized method for the determination of payment in lieu of taxes for facilities in the City. The Company has existing RPTL Article 7 assessment review litigation challenging the 2020 assessment of the Project Facility and asserting that the Project Facility is exempt from taxation pursuant to RPTL Section 420-a. The Company and Counsel for the City have engaged in settlement negotiations of such litigation pursuant to which the parties have determined that it is mutually beneficial to have that the Company request that the Agency enter into a certain payment in lieu of tax agreement which ensures that the Project Facility will continue to provide revenue to the County of Rensselaer (the "County"), the City of Rensselaer (the "City") and the Rensselaer Central School District (the "School District") (collectively, the County, Town and School District are hereinafter called the "Affected Taxing Jurisdiction") rather than risk a judicial determination that the Project Facility is exempt from taxation pursuant to RPTL Section 420-a, and that a payment in lieu of tax agreement will provide the Company with the certainty of obligation for real estate taxes and/or payments in lieu thereof which it needs for certainty of its operations.

In connection with the Project and in accordance with the provisions of the General Municipal Law, the Company has requested that the Agency enter into a payment-in-lieu-of-tax agreement (the "Proposed PILOT Agreement") whereby the Company will agree to make certain payments in lieu of taxes as described below (the "PILOT Request"), which terms would deviate from the Agency's Uniform Tax Exemption Policy (the "Policy"). Capitalized terms not otherwise defined herein shall have the meaning specified 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 10 years and would provide for fixed annual PILOT payments, with the Company making the following payments in each year to the Agency with such payments being distributed by the Agency on a pro rata basis to each Affected Tax Jurisdiction. Annual PILOT payments shall be remitted in each year as follows:

Year 1:	\$101,917.00
Year 2:	\$104,715.76
Year 3:	\$107,556.50
Year 4:	\$110,439.85
Year 5:	\$113,366.45
Year 6:	\$116,336.95
Year 7:	\$119,352.00
Year 8:	\$122,412.28
Year 9:	\$125,518.46
Year 10:	\$128,671.24

The Agency's Uniform Tax Policy provides for no specific PILOT schedule for the type of project operated by the Company. 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, as described herein, at a meeting scheduled for May 24, 2021 at 4:00 P.M. local time (the "Meeting"), which meeting shall be held pursuant to Executive Order 202.1, as amended and extended, permitting public hearings to be held remotely, this Public Hearing will be held remotely, live, via the Agency's Facebook page found at City of Rensselaer IDA. Those preferring to participate via telephone conference call may do so and may also provide comments on the Project and the benefits requested by the Company from the Agency during the Public Hearing by dialing 1-929-205-6099 access code: 6201988206#.

This letter is forwarded to you for the purpose of complying with Section 874 of the General Municipal Law of the State of New York, which requires that the Agency notify you prior to taking final action with respect to the Proposed PILOT Agreement. Additional information can be obtained from, and written comments may be addressed to: John J. Bonesteel, Chief Executive Officer, City of Rensselaer Industrial Development Agency, P. O. Box 243, Rensselaer, NY 12144; telephone: (518) 462-2036

The Agency will consider the following factors in considering the proposed deviation:

**The nature of the proposed project:** The Project Facility consists of a 9.8 acre parcel on which is situated an 85-unit housing complex known as Franciscan Heights Senior Community with all related fixtures, machinery, equipment and other tangible personal property. The Project Facility was opened in 2005; it includes affordable as well as market-rate units.

**The nature of the property before the project begins:** Same as described in item 1 above.

**The economic condition of the area at the time of the application:**

The economic condition of the City of Rensselaer is mixed. To the south, from Partition Street and below, lies an Opportunity Zone-eligible census tract. To the north, above Partition Street, economic conditions are more affluent, although that census tract qualifies as a contiguous tract (though not designated as eligible by New York State) with regard to the Opportunity Zone Program, having a median income not in excess of 1.25 times that of the contiguous Opportunity Zone-eligible census tract. The Project Facility is located in the north end of the City.

**The extent to which the project will create or retain permanent, private sector jobs:**

The Project Facility currently employs four workers; all of those jobs will remain post-closing.

**The estimated value of the tax exemptions to be provided:** Sales and Use Tax Exemption: \$0. Mortgage Recording Tax Exemption: \$0. Real Property Tax Exemption: up to \$99,104 per year for 10 years, based on current assessment and tax rates.

**The impact of the project and proposed tax exemptions on affected tax jurisdictions:** The Company and legal counsel for the City IDA have engaged in settlement negotiations of such litigation pursuant to which those parties have determined that it is mutually beneficial to have the Company

request that the Agency enter into a certain payment in lieu of tax agreement to ensure that the Project Facility will continue to provide revenue to the County of Rensselaer (the "County"), the City of Rensselaer (the "City") and the Rensselaer Central School District (the "School District") (collectively, the County, Town and School District are hereinafter called the "Affected Taxing Jurisdictions") rather than risk a judicial determination that the Project Facility is exempt from taxation pursuant to RPTL Section 420-a, and that a payment in lieu of tax agreement will provide the Company with the certainty of obligation for real estate taxes and/or payments in lieu thereof which it needs for certainty of its operations.

**The impact of the proposed project on existing and proposed businesses and economic development projects in the vicinity:** The Project Facility offers high quality, affordable and market rate housing for the City's senior population. As such, it helps to fulfill a senior housing need within the City and within the greater Rensselaer County area (the "County").

**The amount of private sector investment generated or likely to be generated by the proposed project:** No additional private sector investment in the Project Facility is anticipated.

**The demonstrated public support for the proposed project:** The proposed project has received the support of the Mayor and the City of Rensselaer Common Council.

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 wish to express about this proposed deviation from the Agency's Uniform Tax Exemption Policy. Prior to taking final action at the Meeting, the Agency will review and respond to any written comments received from the leaders of all affected tax jurisdictions with respect to 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.

Very truly yours,



John J. Bonesteel  
Chief Executive Officer