



Albany Local Development Corporation
Annual Report 2008



Friends & Colleagues,

As we navigate the challenging economic conditions affecting our city, state and nation, we must remain focused on the ongoing revitalization of our great Capital City. Albany maintains a competitive advantage as a destination for business, culture and learning, priorities that we have dedicated so much effort and resources to over the past 14 years. Our downtown, neighborhoods and business climate have been improved by the efforts of the Albany Local Development Corporation (ALDC). Our Capitalize Albany strategy continues to guide the City's economic development efforts and is a model of community, business and city government partnership.

With the leadership and the keen vision of our partners, we have harnessed our resources and capitalized on our assets and efficiencies to create new opportunities in Albany. This year the ALDC took on a role as catalyst in a vital neighborhood development project in the heart of Albany. ALDC's mission is to encourage transformational development in order to create an environment that attracts new investment and vibrancy. And by assembling twenty properties in Park South, a pivotal component of the Urban Renewal Plan will be realized when a 53,000 sqft mixed-use building is constructed on New Scotland Avenue. This has already led the way for other investment in this area. In addition, this year we have been a partner in announcing significant new projects like Albany Medical Center's \$360 Million expansion plans, St. Peter's major expansion which is underway; new housing construction in the South End and Arbor Hill neighborhoods; and further growth and expansion at Albany NanoTech. The details of these and many other projects are highlighted in the annual report.

We extend our gratitude to the ALDC Board of Directors and membership, whose direction and support have provided tremendous impact on our city. As ALDC continues to evolve, your partnership is especially necessary. We sincerely thank ALDC President Michael Yevoli and his staff for their hard work and commitment to our fine City.

Very Sincerely,

Gerald D. Jennings

Gerald D. Jennings, Mayor, City of Albany

Kevin O'Connor

Kevin O'Connor, Chairman, ALDC



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In Recognition of Service David F. Riker

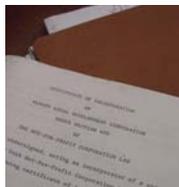
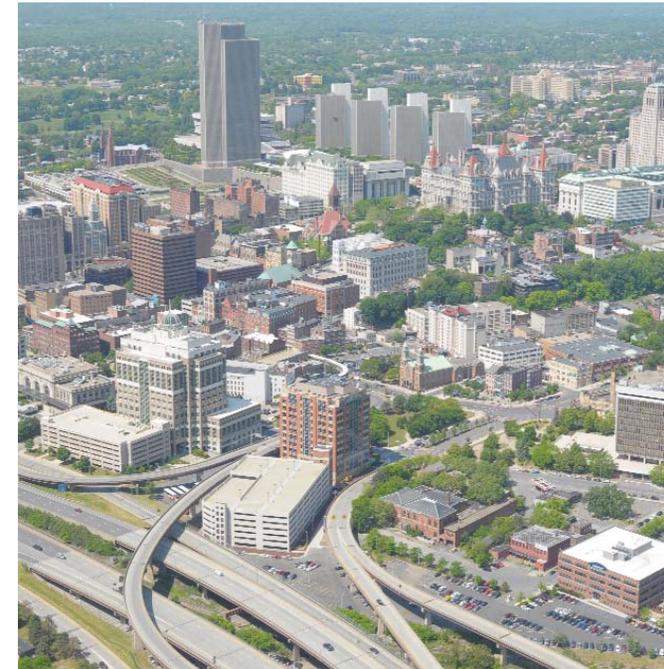
David F. Riker has contributed tremendously to local planning, housing and neighborhood revitalization efforts in the City of Albany and the Capital Region. For more than 37 years, Mr. Riker has worked in various capacities as a vociferous advocate for and implementor of programs designed to enhance the quality of life for residents in the capital area. This year, as the Albany Local Development Corporation (ALDC) recognizes monumental achievements in neighborhood development, it is especially befitting to recognize Mr. Riker's significant contributions.

To name all of the organizations Mr. Riker has worked for or has been a part of would be overwhelming. However, to fully understand his impact, we must list some highlights, including serving as a founding member of the ALDC in 1979. He is also a past President and current member of the Capital City Housing Development Corporation, an organization currently facilitating major development projects in Park South, Arbor Hill and the South End. Mr. Riker served as an initial task force member of the South End Revitalization committee. He oversaw the Housing Trust Fund for the City of Albany and was the Director of the Albany Community Development Agency for twenty years. He has previously served on the Council of Community Services of Albany and on the Albany-Colonie Regional Chamber of Commerce. This year, Mr. Riker will step down from the City of Albany Industrial Development Agency (IDA), of which he was also a founding member and has served as Secretary since 1974. Mr. Riker's work personifies commitment and dedication. We thank him for his enormous contribution, and look forward to his continued involvement.

Albany Local Development Corporation A History of Vision

In November 1979, the Albany Local Development Corporation (ALDC) was formed to facilitate economic development projects throughout the City of Albany. In its early years, the ALDC acted as a financing instrument to help provide needed capital for a wide range of business and community development projects. Throughout the 1980's, the ALDC partnered with the Albany Urban Renewal Agency and the City of Albany to coordinate the use of various state and federal grant sources to assist with the purchase, stabilization and rehabilitation of properties. Many of these projects have grown to become anchor establishments in our community. By the early 1990's, ALDC had expanded its focus to create an environment that brings more arts and culture and business investment to downtown.

In 1994, Mayor Jennings initiated the Capitalize Albany committee with the purpose of forming an economic development strategy to guide development efforts and attract significant investment. The ALDC was identified as the primary entity responsible for implementing these recommendations. As the city truly began to experience a renaissance, and with the emergence of Albany NanoTech, the work of ALDC expanded yet again. The corporation saw the need to take on more risk to elevate the development of the City by supporting large-scale transformational projects and vital infrastructure improvements. In 2001 and 2007, the ALDC supported updates to Capitalize Albany, which recommended expanding investment and development work in the City's neighborhoods. This broadened the ALDC's mission to include real estate investment and property acquisition to enable impactful neighborhood development projects. The ALDC fulfilled this mission over the past year when it stepped into assemble 20 properties in Park South to enable a mixed use construction project. This work embodies the future of the ALDC.



November 1979, the Albany Local Development Corporation was formed to facilitate economic development throughout the City of Albany. With a modest start of \$50,000 in 1979, the ALDC Balance Sheet has grown to over \$17 million in assets today.



In the 1980's, the ALDC partnered with the City of Albany to be the agent and recipient of UDAG and Community Development grants: for purchase, stabilization & rehabilitation of properties. Some recipients included: Mansions Rehab, Pastures Redevelopment, Steuben Place & Vulkan Development. This partnership enabled housing opportunities & new office space.



Throughout the 1990's, the ALDC focused on the Arts & Businesses & Development: 1992 ACDA Home Ownership Program fund; 1993 redevelopment efforts along Henry Johnson Blvd; 1993 finance & development ACES Orange Street Business Incubator; 1993 Albany Molecular Research Inc. small business loan; 1995 Huck Finn's Warehouse small business loan; 1995 Honest Weight Food Co-op small business loan; 1997 ALDC acquires & moves into 21 Lodge Street; 1999 Spectrum 8 Movie Theatre small business expansion



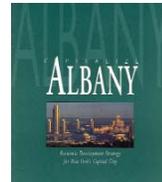
In 2008 the ALDC implemented 2007 Capitalize Albany recommendations: Park South property acquisition; IDA finances \$230 million St. Peter's expansion; Division of Neighborhood Revitalization forms; North Swan Street revitalization; Albany NanoTech announcement



1980: the ALDC held its first Annual Meeting with 40 members attending. ALDC now has over 130 members.



1993: Mayor Jennings takes office 1994: Original Capitalize Albany Committee convened to form a series of economic development recommendations – ALDC primary entity to implement



During 2000's the ALDC invested in major capital improvements & property acquisition to enable large-scale infrastructure projects: 2001 Capitalize Albany Committee reconvenes; 2002 Pedestrian Bridge opens; 'Buy a Brick' campaign; 2003 677 Broadway construction – ALDC owned property; 2004 Palace Theatre restoration; 2006 Wellington Row redevelopment; 2007 ALDC sells former Jared Holt Wax factory site to South End Associates for new construction



Vision: Capitalize Albany



CAPITALIZE ALBANY



A bold and dynamic vision for economic development, Capitalize Albany has been guiding the way the City does business since 1994 when Mayor Jennings established the initiative. From the start, the ALDC has been the driving force behind the inspired recommendations that came from Capitalize Albany. From bringing more employees back downtown, to reconnecting to the City's stunning waterfront and renovating the historic Palace Theatre, to setting the stage for the success of Albany NanoTech, the ALDC has been there every step of the way setting and supporting the agenda, creating the right environment and establishing the connections necessary to get projects moving.

Today's evolution of Capitalize Albany calls, once again, for innovation and vision in the way the business community looks at development - this time with a focus on achieving community development results through economic development initiatives. The ALDC has built its capacity over time to prepare the corporation to take on many of these recommendations and challenges directly.



While maintaining strong business support and incentive programs, the ALDC is growing and progressing to broaden its scope to take the lead on local real estate development projects that directly benefit Albany's diverse communities. The ALDC's partnership with the newly-created Division of Neighborhood Revitalization opens new horizons on the development front and allows for strategic projects throughout the City. By jump-starting local development, the ALDC generates a major impact on local plan areas and sparks continued revitalization. Following Capitalize Albany's direction, the ALDC is also concentrating on promotion and communication. While often overlooked, highlighting the City's economic and community development successes yields big dividends in business and residential attraction and retention. By driving local development and emphasizing accomplishments, the ALDC is driving the economic mission and transforming the City's development agenda.





Acquisition & Redevelopment

The ALDC has a strong tradition of adopting to meet the needs of Albany's dynamic business community. To be effective in compelling real change requires facilitating new construction and redevelopment opportunities. One of the critical needs in development, especially in urban centers, is creating buildable sites for strategic projects. Gaining site control of the real property needed to attract these projects and securing the required permits is a challenge.

Easing the development burden is a part of the ALDC's role. This includes helping to mitigate any barriers, coordinating economic development programs to assist with project costs and strengthening the market to drive the demand. As the primary entity responsible for implementing Capitalize Albany, the ALDC established a mission to "...facilitate transformational projects and create an environment that attracts investment and vitality..." To this end, the ALDC and the work done at 21 Lodge Street serves as an engine for realizing many of Albany's strategic real estate development projects.

The ALDC has seized the opportunity to increase its role in gaining site control of strategic properties to enable critical neighborhood and downtown development projects. This includes: the adaptive re-use of the oldest historic structure in downtown Albany, known as the Quakenbush House; the acquisition of multiple parcels in Albany's South End neighborhood to facilitate a new housing construction project; the acquisition of property to enable construction of a 12-story private office building downtown; and the assemblage and remediation of various properties along Henry Johnson Blvd, now part of the Albany Public Library's branch expansion plan.

The ALDC engages this work in a team approach to respond to these multifaceted endeavors. To be truly successful, the corporation plays a role in projects that range from the renovation and re-use of existing buildings, to the redevelopment of brownfield sites, capital improvement projects, and the large scale assemblage of properties. The ALDC assists in the complex process of converting ideas on paper into exciting new real estate development opportunities. As the City's needs change, the ALDC will continue to adapt and evolve to produce impactful economic development results.



Division of Neighborhood Revitalization

One of the largest roadblocks to economic and community development in any neighborhood is the blight associated with abandoned buildings. Capitalize Albany outlined areas of focus to combat the issue, and in November 2007, Mayor Jennings combined these recommendations with strategies tested in other cities to create a comprehensive program to solve abandonment.



This program takes the form of the newly created Division of Neighborhood Revitalization, whose stated mission is to redesign existing planning, community and economic development programs and resources to strategically address systemic blighting issues facing the City. The Division works in tandem with the ALDC and several of its community development partners to support reinvestment initiatives that will address abandonment from its root causes, to putting already-abandoned properties back into productive use.

An initial infusion of \$500,000 from the City of Albany Industrial Development Agency supplemented Community Development Block Grant commitments to jumpstart the Division. These funds will be utilized to administer programs such as an acquisition fund and land bank, unanimously agreed upon by experts as a first and essential step toward ending abandonment. The Division will also coordinate strategic rehabilitation and homebuyer incentives through the Albany HomeStore, and a careful analysis of both the local market environment and the physical condition of each of the abandoned properties.

The ALDC brings together planning, development partners and the financing necessary to create projects with enough critical mass to truly impact an area and act as a catalyst for revitalization. The role the ALDC plays as a partner, financier and administrator cannot be overstated in terms of realizing true development results. Teaming with the Division will open up new development opportunities that this corporation is in a unique position to undertake. The ALDC will work with the Division and its partners on large-scale ventures packaging properties for developers with the goal of producing substantial rehabilitation or new construction projects. This exciting partnership is a defining example of the ALDC's evolving role in a comprehensive vision for development in the City of Albany.





Welcome to Downtown Albany!
 A prime location for business, entertainment and recreation, Downtown Albany is the heart of the city. The area is home to a variety of businesses, including restaurants, shops, and offices. The area is also home to a variety of cultural and entertainment venues, including the Albany Theatre and the Albany Convention Center. The area is also home to a variety of parks and green spaces, including the Albany Park and the Albany Greenway. The area is also home to a variety of historic buildings and landmarks, including the Albany City Hall and the Albany Courthouse. The area is also home to a variety of public services, including the Albany Police Department and the Albany Fire Department. The area is also home to a variety of public facilities, including the Albany Public Library and the Albany Public Schools. The area is also home to a variety of public transportation options, including the Albany Trolley and the Albany Bus System. The area is also home to a variety of public housing options, including the Albany Public Housing and the Albany Affordable Housing. The area is also home to a variety of public utilities, including the Albany Water and Sewer Department and the Albany Gas Department. The area is also home to a variety of public safety services, including the Albany Police Department and the Albany Fire Department. The area is also home to a variety of public health services, including the Albany Health Department and the Albany Mental Health Center. The area is also home to a variety of public social services, including the Albany Department of Social Services and the Albany Community Center. The area is also home to a variety of public cultural services, including the Albany Department of Cultural Affairs and the Albany Museum of Art and History. The area is also home to a variety of public recreational services, including the Albany Department of Parks and Recreation and the Albany Public Golf Course. The area is also home to a variety of public transportation services, including the Albany Trolley and the Albany Bus System. The area is also home to a variety of public utility services, including the Albany Water and Sewer Department and the Albany Gas Department. The area is also home to a variety of public safety services, including the Albany Police Department and the Albany Fire Department. The area is also home to a variety of public health services, including the Albany Health Department and the Albany Mental Health Center. The area is also home to a variety of public social services, including the Albany Department of Social Services and the Albany Community Center. The area is also home to a variety of public cultural services, including the Albany Department of Cultural Affairs and the Albany Museum of Art and History. The area is also home to a variety of public recreational services, including the Albany Department of Parks and Recreation and the Albany Public Golf Course.

Promotion & Communication

Amazing things are happening in Albany every day. Local stakeholders cannot rely on traditional media sources to get the message of economic development success out to the public. All business leaders must share the responsibility of highlighting progress. Capitalize Albany recognized this and strongly recommended that better communication and promotion of Albany's many positive features occur. The ALDC has risen to this challenge, acting as a communication hub and major distributor of local development news.

Promoting local businesses is a staple of the ALDC's mission. As the economic development arm for the City, the ALDC is an essential part of celebrating its many positive attributes. The ALDC has a clear understanding of business needs and is dedicated to remaining involved, which is evident through the mission and direction of the corporation. In 2008, the ALDC was pleased to be involved with many new business initiatives that resulted in major announcements such as: Sark Wire Corporation, ProTech Systems, Mildred Elley, Marriott Towne Place Suites, and The Hollywood Brown Derby. The ALDC remains at the forefront of these endeavors, proving that its work is fundamental to the City's economic vitality. Highlighting the entrepreneurial spirit and resulting investments is a reminder to businesses that the ALDC is a part of their support network.

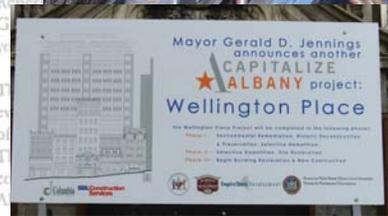
The ALDC remains involved in community development, as this is a critical component of economic development. Community development and neighborhood revitalization are essential in the City's transformation. The ALDC is committed to assisting in these efforts. Involvement in promoting community development programs like the Albany HomeStore, the Midtown Homeownership Program, and the newly established Division of Neighborhood Revitalization is one of the roles of the ALDC.

In serving the business community, it is part of the ALDC's responsibility to report aggressively on good news and accomplishments. Whether it is through the quarterly newsletter, ALDC Update, annual reports, promotional pieces or through the various press events, ALDC spreads the positive word on what is happening in the Capital City and all that it has to offer. The corporation has created the capacity to meet these needs, and these comprehensive efforts are yielding new opportunities.

- 2 Homeownership Event draws 200 interested buyers to Midtown
- 3 A trio of local businesses bring sweet treats to Albany



Continued on Page 4 - see "Destination Downtown"



Business & Project Development

Levels of investment in business and economic development have been unprecedented since Capitalize Albany began. The ALDC administers programs that offer business assistance and encourage job creation. These programs support Albany as a premier destination. This year, the ALDC has been a catalyst for change throughout Albany, assisting with a number of transformational projects. The ALDC continues to carry out the vision and recommendations of Capitalize Albany. These steps are driving Albany's progress and setting the stage for desired growth.



Wellington Place

Work under way... \$65 million project... 405,000 sqft state-of-the-art building... 14-story office tower with apartments... \$25 million from Restore NY... restoration of historic State Street



Port of Albany

Economic engine & major conduit for regional business... more manpower, labor hours & larger cargo... served \$1 billion natural gas pipeline to Southern Tier & lower Hudson Valley



Patroon Creek

\$85 million invested to date... former State land... The Alexander: 300 new upscale apartments... First Niagara Regional Headquarters: \$9 million, 200 new jobs



St. Peter's Hospital

\$300+ million project... construction under way... 75 new jobs... parking garage... renovations to existing facility... tax-exempt bonds through the Albany IDA



New Scotland Avenue

\$33.3 million from Restore NY... 16 New Scotland - 35,000 sqft Class A office space... retail on first floor... 22 New Scotland - 77,000 sqft... Albany Medical Center administrative offices



Sark Wire Corporation

Albany welcomed Turkey's largest copper wire manufacturer... first processing facility in the US... \$10 million investment... Empire Zone certified business... 50 new jobs



Hollywood Brown Derby

Downtown's newest upscale restaurant... former Salvation Army building rehab... \$1 million investment... 35 new jobs... \$21 million project... 2 floors Class A office space



Albany NanoTech

\$42 billion complex... 450,000 sqft facility... 2,500 research and development jobs on site by end of 2009... IBM joins list of more than 250 global partners



South End Revitalization

\$22 million residential development... Phase I of South End Revitalization underway... 52 units of affordable housing... driving revitalization outlined in Capital South Plan



Marriott Towne Place Suites

New 106-room extended stay hotel at 22 Holland Ave... \$10.5 million... 25 new jobs... former Eden Park Nursing Home



Midtown Homeownership

58 new homeowners in Albany's Midtown neighborhoods... 8 major institutional partners... \$650,000 investment in homeownership program



Mildred Elley & Austin Beauty

New campus for beauty & spa technology schools at 855 Central Ave... 100,000 sqft... 500 enrolled students... \$1 million investment



Massry Center for the Arts

\$14 million state-of-the-art facility... The College of Saint Rose- recital hall, art gallery, choral rehearsal room, classrooms, pedestrian plaza, & sculpture gallery... Albany IDA financing



UltePet

\$25 million to acquire & install new extrusion system at facility on Fuller Road... in operation since 1999... 70 employees... operate recycling process producing a dry resin pellet



Downtown Residential

125 new luxury condominiums coming to Downtown at 733 Broadway... 33 North Pearl... 370 Broadway... 109 State Street... 23-25 North Pearl... 33 Maiden Lane



Albany Medical Center

Planning & permitting underway... \$360 million 6-story expansion on current campus... adds 116 new beds, 1,000 jobs... 1,750 space parking garage... 2012 completion projected



Partners

Facilitating partnerships has been a core value of the ALDC since its establishment in 1979. Without effective partnerships with government, community organizations, major institutions, financial organizations and business leaders, our mission could not be achieved.

The ALDC partners in many ways to ensure that transformational projects and strategic initiatives are successfully implemented. Foremost, we are a strong partner with the City. This partnership gives us direct access to City plans, incentives and local support.

One of the most important forms of partnership is the operational and administrative support we provide to three critical components of Albany's community and economic program: The City of Albany Empire Zone, The City of Albany Industrial Development Agency and the Albany Community Development Agency.

While proud of our direct involvement with these and so many other partners, it is important to realize that each organization's individual dedication and resourcefulness make Albany a better place. We strive to be a strong partner with these organizations, fostering relationships and providing support to further our mission and enhance the future of the City of Albany.

City of Albany Empire Zone

The City of Albany Empire Zone was established in 1994, and remains an important business retention and attraction tool. The City of Albany EZ program is located in two square miles across four non-contiguous zones. Currently, 221 businesses are certified in the program and in total, over 5,000 people are currently employed by Zone businesses. Since designation, more than \$663 million has been invested in the City of Albany by Empire Zone certified companies.

In 2008, 14 businesses were certified through the program. These certifications will be responsible for the creation of 240 jobs as well as a total investment of \$20 million. The City of Albany Empire Zone Board has approved \$1.5 million in small business loans through the Statewide Zone Capital Corporation program, which will leverage \$4.4 million in expansion and improvements.

The ALDC serves as the administrative entity responsible for providing technical assistance and business outreach. Businesses that expand or startup are eligible to receive significant tax credits, refunds, exemptions and benefits to encourage economic development, business investment and job creation.

Industrial Development Agency

The City of Albany Industrial Development Agency (IDA) is a powerful economic development tool for leveraging large-scale community and business development projects. The IDA is a vehicle for delivering unique benefits to make project costs more competitive. The program serves for-profit and non-profit enterprises.

2008 was an active year for the IDA, assisting projects large and small. From the transformation and \$300+ million expansion of St. Peter's Hospital, to the \$1 million upgrade of Central Veterinary Hospital, the IDA was ready with the required support. The IDA also provided over \$2 million of financial support to a variety of economic and community development initiatives.

The staff of ALDC administer the IDA program and work to shepherd projects through the process from inducement to closing. In the past five years alone, the City of Albany IDA provided financing assistance for 37 projects that leveraged more than \$626 million in investment in new and expanding facilities in the City of Albany. These projects resulted in the creation and retention of more than 3,000 jobs in the City. The IDA is an important tool for attracting business and civic development projects.

Albany Community Development Agency

The Albany Community Development Agency (ACDA), a division of the City's Department of Development and Planning, is responsible for administering and distributing community development funds received annually from the U.S. Department of Housing and Urban Development (HUD), NYS Affordable Housing grants, City of Albany's Brownfield Program and other resources. The office also plays an active role in consolidated planning for the utilization of CDBG funds and administers the federally-funded Lead Abatement Program.

The ACDA was successful this year in securing a \$3 million grant under HUD's Lead Hazard Control Program. The money will be used to remediate 175 housing units. Since 1997, the City has received over \$24 million in Lead Abatement grants, remediating over 1,200 units citywide.

The ACDA has updated its 2008-2009 Action Plan to include the new Division of Neighborhood Revitalization. Now fully staffed, the Division is actively working to establish the Strategic Acquisition Fund, promote homeownership through the Albany HomeStore and implement neighborhood plans and strategies.



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