



Albany Local Development Corporation



Annual Report 2007

The mission of the Albany Local Development Corporation (ALDC) is to facilitate transformational projects that the City of Albany has identified as priorities. In pursuit of that mission, the ALDC plays a primary role in the implementation of the Capitalize Albany Plan.





Friends & Colleagues,

This year has brought additional hallmarks in the City of Albany's ongoing economic transformation. From the attraction of Sematech, to the redevelopment of the long vacant Wellington Row, to new neighborhood development plans breaking ground, Albany continues to set the pace for economic and community development in upstate New York.

In 2007 the City of Albany prepared for the future with an update to its economic development strategy: ReCapitalize Albany led by community and business leaders from all sectors of the City. Their excellent work yielded recommendations to refine the City's economic development priorities, and establish goals for new policies and programming in the areas of business development, neighborhood revitalization and educational partnerships. The Albany Local Development Corporation (ALDC) is the primary organization responsible for enabling the public/private partnerships that are instrumental to achieve these goals. The thirty-two recommendations set forth in ReCapitalize Albany are forward thinking and in 2007 ALDC staff, working with the City's Office of Development and Planning and the Albany Community Development Agency began formulating strategic initiatives including fostering the creation of a Division of Neighborhood Revitalization in the City of Albany.

We would like to congratulate and extend appreciation to the membership and the board of the Albany Local Development Corporation and all our partners for advancing important economic and neighborhood development initiatives in the City of Albany. We would like to extend special appreciation to the 49 members and participants of ReCapitalize Albany subcommittees. The research, forethought and recommendations put forward will have a tremendous impact on shaping the future of our great State's Capital City.

Thank you to Governor Spitzer, as well as New York's Legislature for their support in 2007. We look forward to their continued support of the Capitalize Albany strategy and future initiatives. We are honored to host them as they engage in the governance of the great State of New York and we take very seriously the important role as the custodian of the economic vibrancy of the State's Capital.

Special thanks must go to the ALDC Board of Directors and the Membership they represent. Together we have set in motion plans and strategic projects that will continue to transform Albany for the better. We sincerely thank ALDC President Michael Yevoli and his staff for their hard work and commitment to our fine City.

Best Regards,

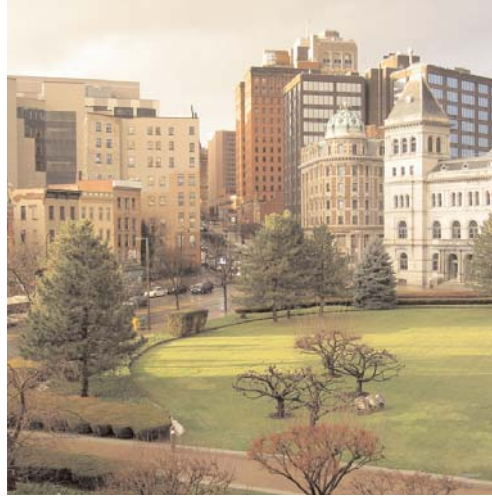
Gerald D. Jennings
Mayor, City of Albany

Kevin O'Connor
Chairman, ALDC

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Transforming Downtown

Our historic downtown is the hub of our economic vitality, and serves as a destination for visitors, students, investors and residents. As part of our mission, the ALDC promotes and assists with transformational projects that create an environment which attracts innovation and vibrancy. Through creative funding programs and cooperation with the city and regional partners a number of significant projects have been developed or are underway that will transform our downtown. By assisting with real estate transactions, spearheading major development efforts and supporting strategic incentive programs, ALDC plays a pivotal role in the renaissance of downtown.



Convention Center

Planning & Design

A new state of the art Convention Center will transform the surrounding district. The Albany Convention Center Board has made significant progress. Construction Management services, architectural firms and a hotel designer have been selected. The Authority will next select a Hotel/Convention operator, completing the pre-construction team. In 2007, the Authority began the process of assembling the project site, and completing the preliminary survey, archaeological and environmental reviews in preparation for the design phase.



Residential

New Options in the City's Heart

A truly revitalized urban core must include downtown living. The City of Albany has attracted small and large-scale residential development projects including The Capital Grand condominium project, the first of its kind in downtown Albany. The ALDC, with the Community Preservation Corporation, designed a program to encourage rehabilitation of vacant upper floors to new residential space - utilized to transform 33 North Pearl. In 2007, more than eight buildings completed feasibility studies, with four finalizing construction plans.

Transforming Downtown *Highlights*

- ◆ There are 22,350 parking spaces in both publicly and privately-operated lots and garages downtown
- ◆ The ReCapitalize Albany committee focused on attracting the next level of investment in downtown by recommending new innovative financing and incentive programs
- ◆ Downtown's retail sales potential is over \$2 billion
- ◆ There are more than 1,000 events annually in the City's downtown
- ◆ A downtown Albany market feasibility study was updated in 2007 showing a significant increase in the size of the annual potential downtown market to more than 2,400 households
- ◆ In 2007 the City of Albany enacted the Empire Zone 485-e Real Property Tax Abatement which offers significant tax incentives for new construction
- ◆ In 2007 the City of Albany was awarded over \$8 million in federal, state and other grant support for downtown projects that will leverage over \$100 million in new investment
- ◆ More than 65,000 people commute into the City daily for work





Transforming Neighborhoods

We believe in economic development through community development. Our businesses and commercial areas serve our neighborhoods but also rely on them to prosper. As part of our mission, the ALDC promotes and assists with transformative neighborhood projects through creative funding and cooperation with partners including the City's Department of Development and Planning and the Albany Community Development Agency. By assisting with acquisition, project financing and funding major planning efforts, ALDC plays a pivotal role in transforming our neighborhoods.



Capital South

SEGway to the Future

The Capital South Plan: SEGway to the Future, completed in July 2007, presents a three-phased revitalization strategy to realize the community's vision of once again becoming a community of choice.

It calls for *Stabilizing* the neighborhood to provide the foundation for market renewal, *Energizing* the neighborhood to capitalize on current projects and attract new investment, and *Growing* the neighborhood to link the Capital South area to the greater city and realize large development opportunities.

A recent award by the Division of Housing and Community Renewal bolstered implementation of the plan by supporting the development of 44 units of housing including rehabilitation and new construction. Funding for this project will be provided by the NYS Housing Trust Fund, the federal Low-Income Housing Credit Program and deferred developer fees. The tax credits will produce an equity contribution of approximately \$8,360,000. This project is Phase II of the housing strategy for the South End as envisioned by the City and the Housing Authority.

The first Phase encompasses 53 new units along Morton Avenue and at the former Jared Holt site. The \$11.9 million Phase I is currently underway and was supported by the ALDC with a \$425,000 acquisition loan for Eagle Court on Morton Avenue and the assemblage and remediation of the Jared Holt Wax Factory site. Phase II will add 44 units of affordable rental housing and bring the total to \$22.4 million.

Park South

New Scotland Avenue

Implementation of the Park South Urban Renewal Plan is underway. The Plan, adopted by the Common Council in 2006, was designed to stimulate neighborhood revitalization and improve quality of life in the nine-block area between University Heights and Washington Park. Attracting commercial development along New Scotland Avenue was one of the priorities. In 2007, the ALDC assembled sites along two blocks on the east side of New Scotland between Myrtle and Dana Avenues.

The City of Albany, in conjunction with ALDC, applied for Restore NY funding from Empire State Development to assist with project costs. The \$26 million development will expand amenities and services available, serving the 2,500 neighborhood residents, but also capitalizing on the 24-hour public of the 7,000 Albany Medical Center employees working within two blocks. The project calls for roughly 120,000 sqft of new office and retail space.

Knox Street Historic Rehabilitation

This \$12 million rehab project is the first stage of the neighborhood's Park South Urban Renewal Plan. The Knox Street Redevelopment Project has created a new historic district and will complete the historic rehabilitation of 18 buildings. The buildings, which once housed 62 sub-standard and outdated units, will be transformed into 47 spacious and affordable apartments with modern amenities. The ALDC coordinated a \$750,000 HUD loan for acquisition. Winn Development began construction in 2007, and the project is set to be completed in 2008.

Transforming Neighborhoods *Highlights*

- ◆ The City is about to embark on its first-ever Citywide Comprehensive Plan
- ◆ The City is home to 28 active and engaged neighborhood associations
- ◆ To date \$12.3 million has been invested in the Park South Urban Renewal Plan, which was adopted by the Common Council in 2006
- ◆ ReCapitalize Albany's Neighborhood Revitalization Committee developed 10 recommendations targeting site control, abandoned building abatement and increasing homeownership
- ◆ Commitment of public and private investment in Arbor Hill has exceeded \$30 million
- ◆ WAMC is investing in a significant renovation project with the support of the ALDC, the Albany Parking Authority, CDTA and the Central Avenue Business Improvement District which will result in a revitalized streetscape and increased parking and bus access
- ◆ Phase II of the Midtown Homeownership Program began this Fall, doubling the qualifying area. The program provides a \$5,000 incentive for homeownership
- ◆ The Sustainable Design Assessment Team charrettes, a grant awarded to the City by the American Institute of Architects, drew more than 250 people to 3 days of sessions led by experts from across the country

Arbor Hill

Investment

Implementation of the Arbor Hill Neighborhood Plan has resulted in significant investment in the neighborhood. Since the plan was completed in 2003, more than \$30 million has been committed to new projects. The Albany Housing Authority is investing \$2 million in the Stephen and Harriet Myers Homeownership program. North Swan Street is the focus of a mixed-use housing and commercial-retail redevelopment project. In 2007, DHCR awarded a \$200,000 Main Street grant to support first floor commercial development along the street.

The Albany Public Library has committed to constructing a new Arbor Hill/West Hill branch on Henry Johnson Blvd. As part of the Library's \$29 Million facilities plan, a new branch will be constructed on a development site facilitated by the ALDC and the ACDA.

Housing Infill

Arbor Hill Homes will consist of 77 units of new construction (infill) rental housing and seven storefronts and are part of the last phase of a 1998 US Department of Housing and Urban Development HOPE VI grant awarded to the Albany Housing Authority. The Housing Authority has already completed Phase I (\$10.6 million and 54 units) and Phase II, slated at 23 units and \$6.2 million, should begin in the Spring of 2008. The housing will be located in clusters on several blocks of Arbor Hill, primarily west of North Swan Street on First and Second Streets, and on Lark Street, including sites west of Lark Street on Second and Third Streets.





Transforming Businesses

Local businesses are a vital part of our City's economic success. Cultivating business research, development and growth is essential for the future economic expansion of our City and region. Our mission is to support businesses and promote the resources necessary to make them strong and dynamic. Through business incentive programs and partnerships with workforce development and premier academic institutions, ALDC supports a competitive business climate. An invaluable component of this includes fostering and promoting business-education partnerships that enrich and retain our youth and lead to a strong workforce. Albany remains the place to invest and grow a business.



Albany Nanotech

An Upstate Tech Boom

Albany is proudly home to this global research and development institution. The Albany NanoTech complex is a \$4.2 billion, 450,000-square-foot facility that has attracted over 250 global corporate partners and is the most advanced research complex of its kind. The ALDC is capitalizing on the momentum built by the University at Albany's College of Nanoscale Science and Engineering and the complex, attracting international development interest, and providing world-class employment and educational opportunities in Albany.

Port of Albany

A Major Asset Reinvented

This year the Port of Albany celebrated its 75th anniversary. Albany's Port has undergone a dramatic transformation in the past several years and has become a destination in world commerce. This has been a robust year, with increased volume of tonnage handled through the Port translating into record setting revenues. The ALDC's strong connection to the Port supports receiving its traditional cargo - wood pulp, grain, scrap iron, molasses, and heavy lift cargo - and fosters growth in new commodities including wind turbine blades.



Central Avenue

Infrastructure Improvements

The support of the ALDC and City investments, including the \$14 million Central Avenue reconstruction project, have set the pace for attracting new business and real estate development along the three-mile commercial corridor. Central Vet and the Gateway Diner have completed \$1 million renovation projects and Mildred Elley has announced plans to relocate to the rehabbed West Mall at 855 Central Ave. WAMC is investing in facility improvements with the support of ALDC, the Albany Parking Authority, CDTA and the Central Avenue BID.

Hilton Garden Inn

Template for New Development

This New Scotland Avenue project has provided a template for future development and a jump-start for commercial growth nearby. The 129-room hotel, across from Albany Medical Center, houses ground-floor retail. This section of the Avenue is now a walkable destination offering retail and services including a sports-themed restaurant. The \$19 million development, with assistance from the ALDC, Empire Zone and IDA, caters to employees and patrons at the medical center and universities, as well as residents of adjacent neighborhoods.

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Harriman Campus

Premier Location

Redevelopment of the W. Averell Harriman State Office Campus is a premier large-scale real estate development opportunity in the City of Albany. In 2007, with new vision and leadership, New York State - together with ALDC and the City of Albany - has aggressively marketed the site for business attraction opportunities. The site's proximity to Albany NanoTech make it an ideal location to attract new development, which will result in job creation opportunities, new residents and increased tax base for the City.



Small Business

Fostering an Entrepreneurial Spirit

Albany has witnessed great success in attracting small businesses due to our premier location, strong market and commitment to providing assistance. A number of new enterprises have started up in 2007. Twenty-four small businesses have received assistance through economic development programs administered by the ALDC, including the Albany Empire Zone and IDA. These include Antara Home, a new retailer in downtown; the Recovery Room, a new restaurant and bar adjacent to Park South; and Radiant Pools, a manufacturer in North Albany.

Transforming Businesses *Highlights*

- ◆ Fifteen businesses were certified in the Albany Empire Zone in the last year
- ◆ New Albany Empire Zone businesses certified in 2007 committed to investing over \$32 Million in new facilities, equipment and improvements and creating 220 new jobs in the next two years
- ◆ The 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 IDA provided financing assistance in 2007 that will leverage over \$460 million in investment in new and expanding facilities in the City of Albany
- ◆ ReCapitalize Albany recommends strengthening partnerships with educational institutions through business and academic collaborations
- ◆ Zone 5, a nationally renowned marketing, communications and design firm made the move to downtown Albany in 2007, bringing 28 talented professional employees downtown as well. As tenants, the business invested in a recently rehabilitated former urban loft-style warehouse building
- ◆ The Spano Company, a nationally-renowned residential developer, is building three hundred apartments in the Patron Creek Development adjacent to the Harriman Campus, bringing investment on the former state land to more than \$85 million

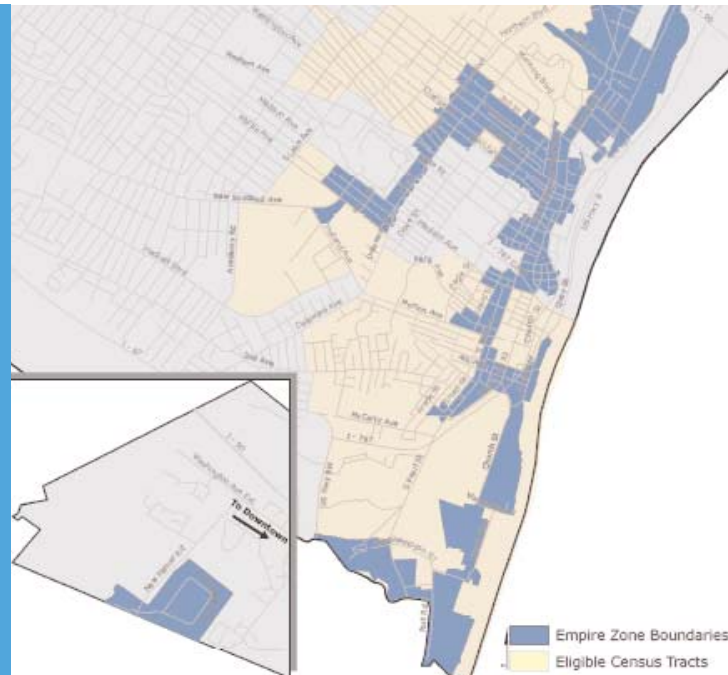
Transforming City Partnerships

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

The ALDC partners in many ways to ensure 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.



EZ

New York State Empire Zone

The City of Albany Empire Zone was established in 1994, and remains an important business retention and attraction tool. With as many as 275 businesses currently certified, which employ nearly 6,000 jobs, the program is a vital economic development program. ALDC serves as the administrative entity responsible for providing technical assistance and business outreach. The City of Albany program offers incentives to participating growing companies, both large and small.

The Albany Empire Zone program is located in two square miles across four non-contiguous zones. The boundaries include the downtown Albany sub zone which stretches from the Port of Albany North to the City line along Broadway. The Albany Empire Zone also covers distressed neighborhood areas including Park South, Arbor Hill and the South End, as well as portions of Central Avenue. One of the sub-zones covers the business attraction area at Karner Park.



IDA

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, including civic facility projects.

The IDA's mission is essentially to encourage investment and job creation/retention within the City of Albany. It was created in 1974 as a Public Benefit Corporation and offers business financial incentives in the form of tax-exempt and taxable bonds to cover the cost of construction, rehabilitation, and equipping for a wide range of civic, commercial and industrial projects.

The staff of ALDC administer the IDA program and work to shepherd projects through the process from inducement to closing. This year has been a record-setting year for project development for the Albany IDA. One of the State's largest construction projects, St. Peter's Hospital, utilized the Albany IDA for project financing assistance. The IDA is an important tool for attracting business and civic development projects.

ACDA

Albany Community Development

The Albany Community Development Agency, 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, 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.

The agency coordinates all housing activities in the City so that independent agencies such as the Albany Housing Authority and the Albany Local Development Corporation work toward the same goals and objectives. It is also responsible for administering a federally funded Lead Paint Abatement Program, which provides grants to qualified homeowners for the removal and/or containment of lead paint.

The ReCapitalize Albany report identified the ACDA as a key agency empowered to implement many of the recommendations related to neighborhood revitalization. Following the release of the report the ACDA and ALDC staff have worked, under the direction of the Mayor, to develop a plan of action to enhance neighborhood revitalization efforts city-wide. The result was the recently announced Division of Neighborhood Revitalization, whose responsibility will be addressing systemic issues related to vacant and abandoned buildings and the implementation of the City's neighborhood plans.



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Special Thanks to Caroline Mason, recently-retired Head of School for the Albany Academy for Girls, and Mike Orsino, President of Key Bank Capital Region, who completed their service to the Board in 2007 after four years and two years respectively.



In Recognition of Service

Joseph Rabito

Joe Rabito provided seven years of committed service to the City of Albany before being selected as the Director of the Governor's Office for Small Cities in 2007. His tenure included four years in the Albany Local Development Corporation, where he served as Commissioner from 2006 to May 2007. Joe's vision and tireless dedication to Albany is still providing momentum for city-wide economic development. During his tenure, Joe was pivotal to the initiation of the City's first-ever comprehensive plan, an update to the City's economic development strategy: ReCapitalize Albany, and the City receiving tremendous state and federal grant support. The City of Albany is a better place for his service and we thank him for his dedication.

ALDC and Development & Planning *Staff*

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