



○ CITY OF ALBANY, NY



Local Advisory Report

Prepared For: Capital Region Economic Development Council

October 2011

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New York's Capital City is poised to continue its role as the region's economic engine. For Albany is much more than just this great State's seat of government, it is home to the future innovation economy. Over the past three centuries Albany has grown into the region's most diverse urban center, providing the essential infrastructure that has borne the fruits of the world class opportunities that exist here today.



NY State Regional Economic Development Councils

The mission of the Regional Economic Development Councils is to create a new operating model for New York State government that will stimulate economic development in every region and improve the business climate statewide. The Regional Council approach will be community-driven, comprehensive, and holistic. The Councils will partner with stakeholders from higher education to the private sector, align our State funding with regionally developed growth strategies, build synergies across regions, eliminate unnecessary barriers to growth, and streamline the delivery of State government services and programs.

The Capital Region Economic Ecosystem

Locally collaborative. Globally competitive. Economically vibrant.

In the heartland of the Empire State, an area blessed by environmental beauty, cultural richness, and a tradition of extraordinary human endeavor, our vision is to foster an ecosystem in which the private sector, academia, and government work in harmony to stimulate economic growth.

To this end, we will:

Lower the costs of doing business, facilitate multi-sector partnerships, and strengthen the supportive infrastructure, to make the Capital Region a destination of choice for new and existing businesses enterprises, foreign investment, and world class talent;

Drive leading edge research and invention in biotechnology, nanotechnology, information technology and web science, advanced manufacturing, advanced materials, and all forms of green-tech in our world class universities, in collaboration with commercial enterprises;

Provide the enabling vehicles for entrepreneurship and business incubation that translate these research results into innovative startup businesses, the enhancement of existing enterprises, and high-tech, high-income job opportunities;

Create a 21st century workforce, matching the creation of new jobs, across sectors and at all levels, to the development of a talent pool in our educational institutions; and

This balanced and self-sustaining ecosystem will create a mutually supportive sense of community, in which economic growth reaches all economic sectors - from agribusiness to manufacturing to service to entertainment - revitalizing our downtown streetscapes and rural communities while preserving the beauty and sustainability of our natural landscapes.

From its days as a 17th century trading post, to its rise as the Empire State's Capital City, to its newest role as home to the world-renowned Albany NanoTech, Albany and its citizens have always stood ready to lead New York's evolving economy. The City has already experienced the need to break down silos and to adapt to maximize and leverage limited resources, and to create and support an environment for sustainable economic prosperity. Faced with the

same urban challenges many cities must confront, Albany has worked from the ground up to develop plans that meet these challenges head on.

Under the leadership of Mayor Gerald D. Jennings, the City has capitalized on opportunities for growth, and developed resources to seed the reversal of disinvestment in distressed neighborhoods. Each and every time it has

been based on sound planning principals, citizen engagement and sustained implementation.

Capitalize Albany Corporation drives this effort - bringing together, under one cohesive team, strategic organizations and resources available to assist with business, economic and community development. These same principles apply to its local effort to inform the Capital Region Economic Development Council.

● City of Albany as an Economic Driver

Leveraging NYS & Federal Funding with Local Programs

The professional staff at Capitalize Albany Corporation and the City of Albany Department of Development and Planning have developed a system that maximizes and leverages its public resources over the past 30 years. Their projects and programs have been a driving force behind why the City of Albany consistently ranks high as a mid-market urban area. The City consistently carries a premium bond rating in part due to its role as the regional employment center and pro-business programming. Government, Higher Education, Health Care, Banking and Finance are sectors with high concentrations in Albany. By leveraging these and others in the business community, Albany has been able to achieve transformational change in each and every neighborhood.

Capitalize Albany at Work

CDBG manages \$5 million annual Federal allocation... Supports job creation, infrastructure, affordable housing and public services... Divided between in-house programming & community non-profits.

Empire Zone Bucked statewide trend with efficient & effective use of incentives... 5,000+ people were employed by zone businesses when the program ended June 2010... \$700 million investment in new and expanded facilities & equipment.

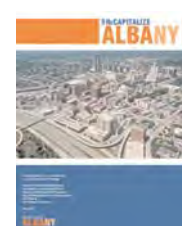
Restore NY Successful projects moving forward from each of the three rounds... \$10+ million received for development projects... Neighborhood revitalization, downtown redevelopment, institutional partnership.

New York Main Street \$200,000 State investment has already leveraged \$2.9 million in private investment... 22 new units of Downtown Residential... Additional \$500,000 will assist another 60 units downtown with private investments of \$5.5 million.

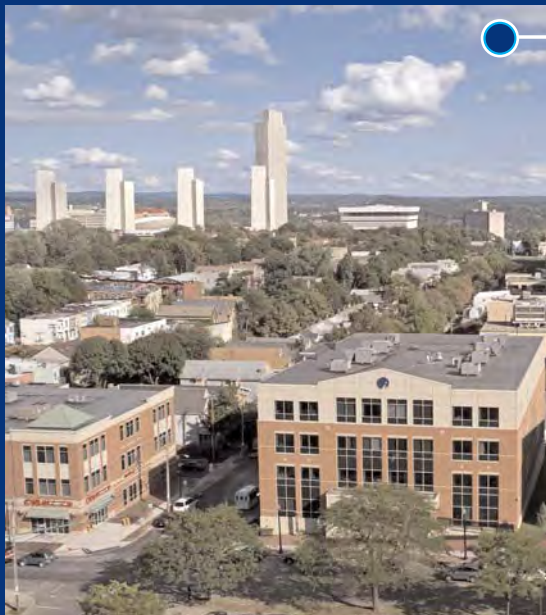
NSP \$5.2 million leveraged from Federal program... Blight removal... 42 units of affordable housing... 15 historic buildings rehabilitated... Dozens of construction jobs created.

DOT/CDTC Successfully managed transportation funding from Capital District Transportation Authority (MPO) and NYSDOT... Dozens of local plans and projects... leveraged private investment & community revitalization.

IDA/CRC Powerful economic development tools... Used to leverage nearly \$1 billion in large-scale developments... Since 2003, 3,500 permanent jobs have been created & retained.



Record of Achievement: Case Studies



Albany Medical Center - Park South Plan

Over half a billion invested since 2006... 600,000 SF of new & rehabbed construction... New historic district... Rehabilitated housing, new medical office space, new retail & dining establishments, 1,500 space parking garage, & significant hospital expansion... Result has been a completely transformed neighborhood bustling with activity & continued private investment.



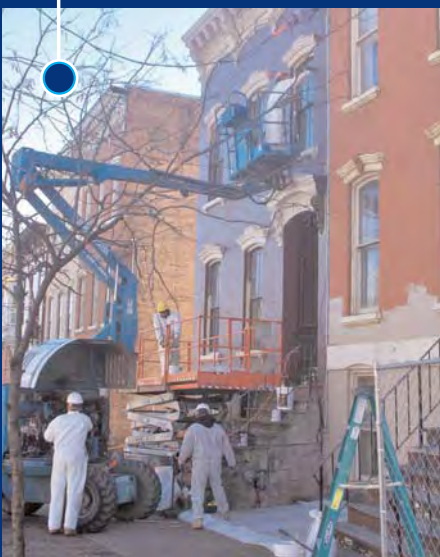
Arbor Hill Neighborhood Investment

Over \$63 million invested in the neighborhood since 2003 completion of the Arbor Hill Neighborhood Plan... The Arbor Hill neighborhood has seen more than 100 new or renovated housing units... Construction of a new state-of-the-art public library, as well as significant road infrastructure improvements & small business development.



South End Neighborhood Investment

\$72 million invested since completion of the Capital South Plan... Investment in historic & new structures... New housing units, an updated & expanded library branch & renovated elementary school... Future developments include education campus at Lincoln Square, Radix Ecological Sustainability Center, Habitat for Humanity Homes & additional Albany Housing Authority housing units.



Albany NanoTech

The complex has rapidly grown to 800,000 square feet... Currently undergoing further construction for expansion... Investments for the complex are nearly \$12 billion... This complex is a fully-integrated research, development, prototyping & educational facility... More than 2,600 R&D jobs on site... Attracting new residents, businesses & global attention.

Neighborhood Stabilization Program

Over \$5.2 million invested in Arbor Hill & West Hill from NSP I... City partnering with Albany Housing Authority on targeted purchase of neglected, foreclosed &/or abandoned properties... Total rehabilitation... Operation as quality affordable apartments.



Stimulus Roadway & Infrastructure Improvements

Albany responded swiftly to the Federal Stimulus Initiative... As a result, Albany had the first stimulus funded project in the State... \$15 million Delaware Ave. reconstruction including streetscape treatment... Total \$30 million in infrastructure, housing and sustainability investments with additional projects like Central Ave. & Washington Ave... Dramatically improved local quality of life.

Project Prioritization

Albany's project priorities have been developed through rigorous planning efforts and input from thousands of local stakeholders. The City of Albany is committed to representing the needs, goals, concerns and desires of the community in its decisions and investments.

Albany's preparation for Governor Cuomo's Regional Economic Development Council initiative started with reaching out to the business community and local residents through an online survey. Two hundred respondents weighed in on business and economic development; quality of life and neighborhood revitalization; education; arts, culture, recreation and tourism; workforce

training; infrastructure; and potential projects. More than 50 local business owners, local elected officials, non-profit representatives and real estate/development professionals followed up the survey with an intensive, interactive workshop session. At this meeting, participants built consensus on where economic and business development funding is most critical and projects that would create the most sustainable regional benefits.

These efforts have built from the acclaimed Albany 2030 plan, currently being completed by the City. This initiative, Albany's first Comprehensive Plan, has engaged nearly 2,000 local stakeholders over the past two

years with the goals of establishing a collective vision for the City and recommending a series of projects, strategies and actions that will allow Albany to reach that goal by 2030.

The results of this preparation, combined with projects identified by active neighborhood plans, are found in the following pages. This report presents a collection of projects and programs that have been identified by the Albany community and reviewed by the economic development team. The projects and programs found here have partners, momentum and initial funding in place that will enable the City to move forward swiftly once full funding and/or regulatory facilitation is secured.

Business & Economic Development

Opportunities for new and expanded jobs, job training, investment growth and building local wealth are priorities in the City of Albany. This is evident in all public engagement forums, where citizens overwhelmingly call for projects and programs that develop abundant, quality job opportunities.

Highlighted here are strategic projects that are development ready and would provide high impact, exciting results in the City of Albany and Capital Region.

Local Feedback

Investment Priorities Of the survey respondents, 95.4% recognize economic development as crucial to neighborhood quality of life. Access to both capital and a quality workforce was cited as the largest priorities for local business development. Participants frequently commented that the tax structure and regulations should be more business-friendly.



Leveraging Workforce & Business Development

Workforce Readiness

Preparing and connecting the local workforce with quality, well-paying job opportunities, is the highest priority indicated during public engagement forums in the City of Albany. Harnessing the power and resources of employment training, recruitment and placement programs is at the forefront for driving the local economy.



Business Retention/Attraction Programs

Offering assistance to start-up, expanding or relocating businesses is the single most powerful way to stimulate the local economy. In addition to project specific assistance, state support in local administration of business assistance has proven to be extremely effective in drawing and encouraging investment.



Projects



Port of Albany

Economic engine and major conduit for regional business... Redevelopment of an 18 acre site... Waste to energy project with potential to convert hundreds of tons of waste daily to electricity... Brownfield cleanup assistance & other grants... Continue the dramatic transformation that has occurred over the past decade.



Dewitt Clinton

Redevelopment opportunity of a former hotel... Prime location just a block from the State Capitol... Project will bring this underutilized building online... Create much needed jobs & bring activity to downtown... Requires continued State support and the security of previously allocated \$4 million in Blue Print funding.



50/60 State St.: Downtown Residential 50 State Street: Proposes converting 20,000 sq.ft. of underutilized office space to 22 residential units... 60 State Street: Will redevelop this vacant historic bank into 14 residential units with a restaurant/ banquet facility on the ground floor... Tax credits & other financial assistance necessary... Continues revitalization of historic State Street.

Convention Center State of the art, \$220 million project... Encompasses approx. six acres... 296,550 sq.ft. of exhibition, meeting, & ballroom space... Additional funding necessary... Estimated to create more than 1,000 construction & permanent jobs... Produce approx. \$3.4 million for City, County, & State in combined annual tax revenue... Economic impact estimated at over \$50 million.



Downtown Residential

Recent market study by Zimmerman/Volk Assoc. indicates downtown can absorb approx. 200 units per year for the next 10 years... Converting underutilized & vacant commercial buildings into residential units... Steuben, Arcade, 733 Broadway, & Capital Repertory block... The City's newest living destination... A truly revitalized urban core.



Tech Valley Communications

Leading provider of voice, data, high speed internet, and collection services for the Upstate... 75+ employees & growing... Looking for new office space to consolidate current operations as well as room to grow... Potential assistance might include tax credits to encourage further investment & job creation.

Wellington Place Combines historic preservation with new construction... \$65 million, 405,000 sq.ft. project... 14 story building with office space, apartments, & retail space... Various grants to be part of assistance sought... Transform and restore a pivotal block on historic State Street... Will attract new investment & add vibrancy to downtown.

Arcade Building: Downtown Residential

80,000 square foot vacant building... Downtown's gateway to the Hudson Riverfront amphitheater & festival space... Residential redevelopment opportunity... Will leverage private funding with state support for acquisition & construction cost assistance.



Harriman Campus 330

acre former State office campus... A premier large-scale redevelopment opportunity... Attract new investment & development... R&D facilities, administrative offices, technology focused industries... Assistance requested will include various grants & tax credits... Transform campus into a regional growth engine... Job creation, new residents, & increased tax base.

Steuben: Downtown Residential

Proposes converting the upper floors of this historic building into 34 residential units... Kenmore... Will convert underutilized office space into 40 residential units with ground floor commercial... Assistance will focus mainly on historic tax credits... Revitalizes two historically significant buildings in the heart of downtown.

Capital Repertory Block Redevelopment opportunity for a square city block in downtown pivoting around the treasured regional theatre company... Replace underutilized three acre landscape with mixed-use multi-tenant facility... Would be centerpiece to major downtown revitalization effort... Tremendous direct & indirect economic impact.

Peter Kiernan Plaza

Former train station converted into office space in the mid 1980's... 118,000 sq.ft. historic building vacant since 2010... Multi-tenant building with a mix of uses... Tax credits and grants as potential avenues for assistance... Will retain or create over 100 jobs... Will revitalize an iconic downtown structure.



Quackenbush Square

Primed for redevelopment... Proposes three buildings on approx. 1.80 acres... Consists of market rate apartments, commercial office space, retail space, 125 room hotel, & 253 space parking lot... Significant infrastructure needs... Assistance requested to include grants... Serve as a stimulus to investment in Warehouse District.

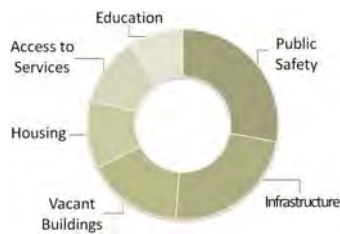
Quality of Life

Choosing where to live has become a primary factor for where people decide to pursue employment. This reversal of historical trends influences how critical it is to support quality of life issues in stimulating a local economy. Access to job opportunities is surely the primary factor, however reinforcing desirable, quality living is closely prioritized in public engagement feedback in the City of Albany.

Highlighted here are initiatives that will enhance Albany and the region as a destination for living.

Local Feedback

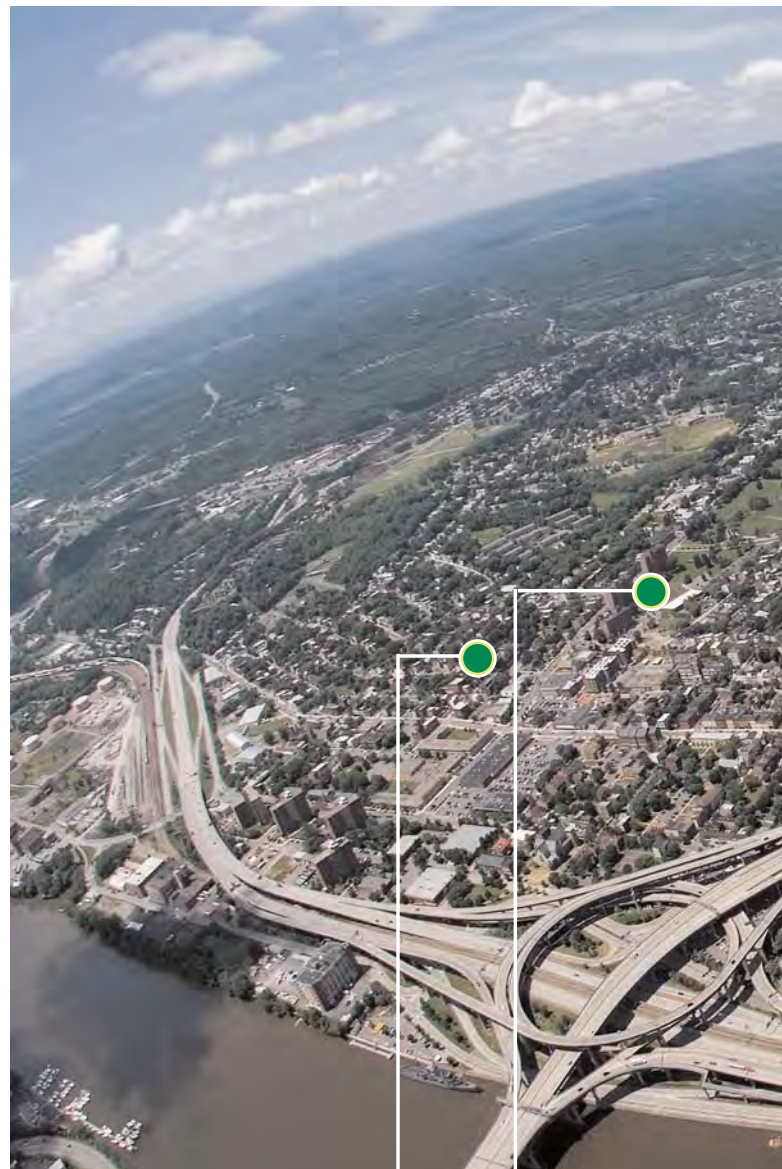
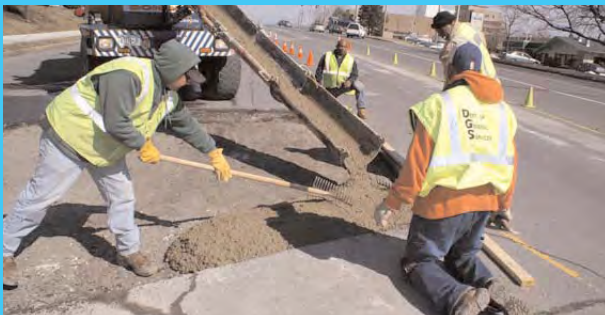
Investment Priorities Public safety rose to the top with 98.2% of survey respondents citing investments in this area as essential. Addressing vacant buildings and local infrastructure needs were consistent themes for priority projects. School and property taxes seen as an underlying cause of disinvestment.



Leveraging Infrastructure Improvements

Investing in infrastructure systems and improvements is the starting point for building economic revitalization. Investments made by federal, state and local sources are proven leveraging tools for further private, public and institutional investment. Empowering private resources with a fraction of the overall project costs is a smart and efficient use of funds.

Urban areas, like the City of Albany and surrounding metropolitan centers utilize infrastructure funding at the highest return since it is often recycling or reinvesting in existing systems. Investing in existing infrastructure, systems and development patterns reinforces previous investments, targets resources - typically lowering investment needs and increases return on investment. Public engagement responses indicate the high correlation between quality of life and investing in infrastructure. At a local scale, street, sidewalk, water and sewer infrastructure investments are prioritized.



Projects & Plans



Capital South Neighborhood Plan

Historic neighborhood south of the Empire State Plaza... Close to 787 and the Hudson River... Significant disinvestment and abandonment... Funding needed for reuse/development for structures as well as creating access to the Hudson River and downtown... Goal to make the South End a community of choice.

Homeownership Driving force for stabilizing neighborhoods in the City of Albany... New programs announced in September... Funding is limited... Financial assistance to continue these programs is necessary to continue to offer these programs to homebuyers.



Lincoln Square 4.5 acre superblock redevelopment site in the South End ... Project would transform public housing towers into a mixed-use education center... Would host training, education and community functions, while incorporating child and youth programming to stabilize disadvantaged families and prepare for employment... Funding needed for demolition and redevelopment.

Capitalize Albany Plan

Over \$9 billion in investment since initial plan was released in 1996... Areas of focus include development, education & neighborhoods... Several projects & initiatives remain a focus... Creative & easily accessible funding mechanisms & incentives remain critical to projects moving forward.



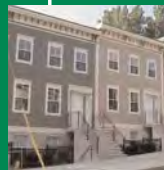


Park South Residential Infill

Recent success of residential development projects includes Knox Street & 70 Morris Street... Demand for increased market rate units as well as homeownership opportunities is rising... Will serve 7,000 employees at Albany Medical Center... Acquisition, demolition & development funding is necessary.

Education District Plan

Enhancement study completed... Heart of off-campus housing area in Albany's Midtown... 1,000+ students... Major lighting, infrastructure & pedestrian safety improvement projects recommended... New mixed-use facility proposed... Financial assistance needed to move projects forward... Will improve local quality of life by reducing crime & attracting investment.



Arbor Hill Neighborhood Plan

Active gateways to the City of Albany & Capitol... Low-income, high-minority neighborhood... Dedicated neighborhood association & implementation team... Concentrations of vacant/blighted buildings & lots... Funding needed for gateway & road rehabilitation, business incentives & stabilization, rehabilitation & demolition for vacant/blighted properties.



Delaware Gateway Redevelopment

Development opportunity adjacent to the transformed Park South neighborhood... Two acre development site... Ideal location for mixed use development to include parking... Redevelopment of this site will bring construction jobs to the area... Development project will need financial assistance, including tax break incentives to be completed.

Park South Urban Renewal Plan

\$500 million invested in neighborhood since plan was adopted in 2006... AMC funding & projects leveraging private investment on major corridor, but interior blocks are lagging... Streetscape & infrastructure improvements are needed... Acquisition/renovation funding is vital to removing blight & facilitating new projects.



Manning Square Redevelopment

Three acre development site on bustling Central Avenue... Prime redevelopment opportunity that would result in job creation for the area... Project will need financial assistance, including tax break incentives.

Sheridan Hollow Redevelopment

Adjacent to Downtown residential district, & situated between vibrant Center Square & revitalizing Arbor Hill neighborhoods... Significant vacant & underutilized property... Potential brownfields... Acquisition, demolition & development funding is necessary.

Ida Yarbrough Affordable Housing

11.5 acre site... 12 existing buildings with 129 residential units & community room... 40-year-old complex is functionally obsolete... Units vital to the low/moderate income community... \$11.8 million funding needed to demolish and redevelop 80 units on the site... Remainder units will be scattered throughout the Arbor Hill neighborhood.



Vacant / Abandoned Properties

Block by Block code enforcement, dedicated vacant building court, other targeted approaches are producing results, yet high concentrations of vacant/blighted properties remain in City's most distressed neighborhoods... Funding needed for stabilization, rehabilitation & demolition... Acquisition funding & local land-banking is critical... Jobs to be created through stabilization/rehabilitation construction



Philip Livingston School Re-Use Major historic redevelopment initiative... 14 acre site with 246,810 square foot 1933 structure... Revitalized building will serve as gateway to City of Albany... Will provide senior housing, care & services for region's growing senior population... Adjacent to Tivoli Preserve, New York State's second-largest urban wildlife preserve.

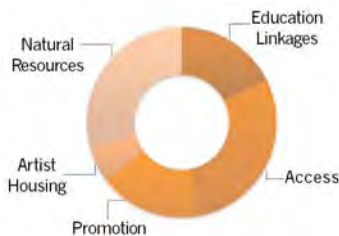
Arts, Culture, Recreation & Tourism

Empowering an area as a destination is all about empowering the arts, culture, recreation and tourism. The Capital Region is rich with these amenities and the City of Albany is prominent to the region's draw. Public engagement indicates strong pride in local amenities. It also reinforces the succession effect: a thriving business and residential community leads to a healthy arts, culture, recreation and tourism industry.

Understanding that resources are not infinite, highlighted here are regionally significant projects requiring state support.

Local Feedback

Investment Priorities When polled, 94% of respondents recognized this area as integral to quality of life and neighborhood revitalization. Respondents agreed improvements are necessary across the board, but access to opportunities and natural resources/green spaces emerged as high-priority.



Creating Educational Linkages

Governor Cuomo's announcement of the Regional Council Initiative stressed how the endeavor strives to retain and attract people, of all ages to live, work, learn and raise their families in New York State. Interweaving investments and support of arts, culture, recreation and tourism activities together with stimulating the economy and job growth, will have the highest and most exciting results for Albany and the Capital Region. Linking this with educational programming - early childhood, k-12, higher ed and continuing education - will greatly benefit Albany's youth.



Projects



Downtown Market Creation of a public market in Downtown Albany... Brings underutilized building online and offers new concept to the public... Will require several organizations working together as well as funding assistance... Market would be a regional draw and vibrant tourism destination.

Central BID Cultural District

Organic, partnership driven approach to support mixed use development & neighborhood growth... Distinctive mix of international citizens, small & mid-sized businesses that results in a highly unique, global village market place that cannot be found anywhere else in the Capital Region... Acquisition & development funding needed.





Capital Repertory

Theatre Only resident professional theatre company in New York's Capital District... Significant economic driver in downtown Albany... Aging and obsolete facility... New 400 seat theatre, backstage and services would be centerpiece to major downtown revitalization effort... Tremendous direct and indirect economic impact.



Hudson Riverfront A regional destination for recreation and community and cultural events... Partial funding secured for expansion of multi-use festival space, but additional funds and policy support are needed to complete the project... Local ownership/deed reverter clause for Corning Preserve is critical to allow for the commercial development as a vibrant, revenue generating mixed-use waterfront.



Palace Theatre & Symphony

A grand cultural & entertainment facility in the heart of Downtown... Local landmark... Gateway to Arbor Hill neighborhood... Improvements & expansion will allow facility to bring more diverse attractions as well as create a home for Albany Symphony... Assistance with acquisition of land, equipment and fixtures is necessary.



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