

May 20, 2025

# Factory Town Project

## Factory Town Apartments, LLC

FINANCIAL ASSISTANCE AND BENEFIT/COST ANALYSIS  
FOR THE VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY  
GREEN ISLAND, NEW YORK



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# EXECUTIVE SUMMARY

## THE FACTORY TOWN PROJECT

The Village of Green Island Industrial Development Agency (Agency) is evaluating financial assistance to Factory Town Apartments, LLC (Applicant), which proposes to construct a rental apartment complex on vacant land on Cannon Street. Storrs Associates, LLC has been engaged by the Agency to conduct an objective, third-party analysis to assist the Agency with its evaluation of the application. The Project includes:

- ◆ 139 market-rate rental apartments.
- ◆ \$36,118,400 total project costs, funded with a mortgage and owner equity.
- ◆ An estimated 3 permanent full-time jobs at the site, generating approximately \$130,000 annual wages by Year 2.
- ◆ Approximately 100 construction jobs to build the facility, based on estimates from the application submitted to the Agency.

### Financial Assistance Requested

- ◆ Deviation PILOT similar to one awarded to the Starbuck Island project, exempting a portion of taxes otherwise due to the Village/Town, Albany County, and Green Island Union Free School District for a period of 2 years of construction plus 15 years of operations, with a savings to the Project of \$5,050,907, a 57% abatement. (See Exemption Schedule on page 7 for detail.)
- ◆ Sales tax exemption for construction materials, estimated at \$1,372,370.
- ◆ Mortgage Recording Tax exemption of \$290,560.

This Project is subject to the NYS prevailing wage policy for IDA projects. Certain projects over \$5 million are expected to use project labor or union wage agreements during construction, if the cost of public benefits exceeds 30% of project costs. Public benefits provided to the Factory Town project are estimated to be 18.59% of the project costs in current dollars, and 15.56% on a present value basis, both below the prevailing wage threshold.

### Estimated Benefit/Cost Ratio for Total Project

- ◆ Benefit/cost ratio of \$1.57/ \$1.00
- ◆ Net fiscal benefit of \$3,795,158 PILOT Term

### Estimated Benefit/Cost Ratio for the Village of Green Island and Green Island Union Free School District

- ◆ Benefit/cost ratio of \$1.72/ \$1.00
- ◆ Net fiscal benefit of \$3,398,521 over PILOT Term

### Estimated Fiscal Benefits and Costs of Financial Assistance

<u>Fiscal Benefits</u>	<u>Total Project</u>
Sales Tax Revenue from Construction Materials	\$1,372,370
Sales Tax Revenue from Construction Worker Spending	2,718
Ongoing Sales Taxes from Employee Spending	16,404
Mortgage Recording Tax	290,560
<u>Property Tax Revenue from Project without PILOT</u>	<u>8,826,943</u>
Total Fiscal Benefits	\$10,508,996
 <u>Fiscal Costs (Foregone Revenue)</u>	
Exempted Sales Tax on Construction Materials	\$1,372,370
Exempted Mortgage Recording Tax	290,560
<u>Exempted Property Tax Revenue</u>	<u>5,050,907</u>
Total Costs of Financial Assistance	\$6,713,837
 Benefit to Cost Ratio	
Net Fiscal Benefit	1.57
	\$3,795,158

### Contents of This Report

Financial Assistance Requested .....	2
Fiscal Benefit / Cost Analysis.....	3
PILOT Analysis.....	4
Sales Tax Estimates .....	5
Financing Plan.....	6
Exemption Schedule .....	7
About this Report .....	8
Storrs Associates .....	9

# FINANCIAL ASSISTANCE REQUESTED

Storrs Associates calculated the estimated dollar value of the requested financial assistance. Actual assistance may differ after Project completion and final assessment, including if the Project is completed earlier or later than anticipated.

- ◆ \$17,154,625 of construction materials are estimated to be needed, for a \$1,372,370 exemption at 8.00%. All purchases are assumed to be made in Albany County, but actual purchases may be in jurisdictions with higher or lower rates, which would affect the total taxes, and taxes retained by Albany County or shared with the Village.
- ◆ The Project has requested a \$290,560 mortgage recording tax (MRT) exemption. Neither the 0.25% MRT owed by the lender, nor the 0.25% owed to the Capital District Transportation Authority (CDTA) are exempted or included in these calculations.
- ◆ Based on the current assessed value, estimated completed assessed value, and current tax rates escalated over time, the PILOT is expected to deliver real property tax savings to the Project of \$5,057,907 over the PILOT term.

Table 1

Estimated Financial Assistance: Sales Tax, Mortgage Tax, and PILOT Payments	Village of Green Island Union Free				
	<u>Total Project</u>	<u>Island</u>	<u>School District</u>	<u>Albany County</u>	<u>State and CDTA</u>
<u>Sales Tax Exemption on Construction Materials</u>					
Construction Materials Costs, per Applicant	\$17,154,625	\$0	\$0	\$17,154,625	\$17,154,625
Sales Tax Rate Subject to Exemption	<u>8.000%</u>	<u>See Note 1</u>	<u>n/a</u>	<u>See Note 1</u>	<u>4.000%</u>
Estimated Sales Tax Exemption (1)	\$1,372,370	\$6,176	\$0	\$680,009	\$686,185
<u>Mortgage Recording Tax Exemption (2)</u>					
Estimated Mortgage Amount	\$31,052,100	\$31,052,100	\$31,052,100	\$31,052,100	\$31,052,100
Mortgage Recording Tax Benefit, Percent of Mortgage	<u>Custom</u>	<u>Custom</u>	<u>Custom</u>	<u>Custom</u>	<u>Custom</u>
Estimated Mortgage Recording Tax Exemption	\$290,560	\$145,280	\$0	\$145,280	\$0
<u>Real Property Tax Exemption, Present Value</u>					
Estimated Real Property Taxes without PILOT	\$8,826,943	\$3,089,430	\$4,854,819	\$882,694	n/a
Less: Estimated Tax Payments after PILOT	<u>(3,776,036)</u>	<u>(1,321,613)</u>	<u>(2,076,820)</u>	<u>(377,604)</u>	<u>n/a</u>
Real Property Tax Exemption	\$5,050,907	\$1,767,818	\$2,777,999	\$505,091	\$0
Estimated Financial Assistance Requested, Total	\$6,713,837	\$1,919,273	\$2,777,999	\$1,330,380	\$686,185

(1) Total assumes all materials purchases are made in Albany County and owe 8.00%. Actual exemption will vary depending on sales tax rates at the location of purchase. Albany County sales tax rate is 4% and 0.9% of collections are estimated to be shared with Green Island based on population.

(2) Applicant has requested exemption of \$290,560, which excludes exemption for any CDTA portion or the portion paid by the mortgage lender. Exemption is assumed to be distributed evenly between the Village and Albany County for the purposes of this analysis, and final distribution may be different but exemption will not exceed \$290,560.

# FISCAL BENEFIT/COST ANALYSIS

## Calculation of the Ratio

A ratio of tax benefits to foregone tax revenue, or savings to the Project, can help evaluate the effects of both the Project and the financial assistance. Gross benefits are divided by foregone revenue.

## Purpose and Use of this Ratio

New York State requires that Industrial Development Agencies conduct a cost/benefit analysis but does not establish a ratio or benchmark. Storrs Associates calculates a benefit/cost ratio that the Agency can use to compare similar projects over time, and to understand how the Project affects different jurisdictions.

While NYS does not establish evaluation criteria, Storrs Associates recommends confirming that benefits exceed costs, showing a ratio of greater than \$1/ \$1. A dollar-valued net fiscal benefit should also be evaluated to determine whether the new revenue is meaningful for the community.

Certain projects may have marginal ratios or dollar benefits, but still represent significant progress toward community goals, and should be reviewed for these qualitative benefits as well.

Table 2

Estimated Fiscal Benefits and Costs of Financial Assistance

<u>Fiscal Benefits</u>	<u>Total Project</u>	<u>Village of Green Island</u>	<u>Village of Green Island Union Free School District</u>	<u>Albany County</u>	<u>State and CDTA</u>	<u>Green Island, Village and School</u>
Sales Tax Revenue from Construction Materials	\$1,372,370	\$6,176	\$0	\$680,009	\$686,185	\$6,176
Sales Tax Revenue from Construction Worker Spending (1)	2,718	13	0	1,346	1,359	13
Ongoing Sales Taxes from Employee Spending (2)	16,404	76	0	8,126	8,202	76
Mortgage Recording Tax (3)	290,560	145,280	0	145,280	0	145,280
<u>Property Tax Revenue from Project without PILOT</u>	<u>8,826,943</u>	<u>3,089,430</u>	<u>4,854,819</u>	<u>882,694</u>	<u>n/a</u>	<u>7,944,249</u>
Total Fiscal Benefits	\$10,508,996	\$3,240,975	\$4,854,819	\$1,717,456	\$695,746	\$8,095,794
<u>Fiscal Costs (Foregone Revenue)</u>						
Exempted Sales Tax on Construction Materials	\$1,372,370	\$6,176	\$0	\$680,009	\$686,185	\$6,176
Exempted Mortgage Recording Tax	290,560	145,280	0	145,280	0	145,280
<u>Exempted Property Tax Revenue</u>	<u>5,050,907</u>	<u>1,767,818</u>	<u>2,777,999</u>	<u>505,091</u>	<u>0</u>	<u>4,545,817</u>
Total Costs of Financial Assistance	\$6,713,837	\$1,919,273	\$2,777,999	\$1,330,380	\$686,185	\$4,697,272
Benefit to Cost Ratio	1.57	1.69	1.75	1.29	1.01	1.72
Net Fiscal Benefit	\$3,795,158	\$1,321,702	\$2,076,820	\$387,076	\$9,561	\$3,398,521

(1) 100 workers on site per day, spending \$40 per day, the state's per diem for Albany County. This accounts for meals, gas, and incidentals, 75% of which is taxable. (2) 3 workers on site per day, spending \$20 per day, 75% of which is taxable, over 30 years and discounted by 3%. (3) Applicant has requested exemption of \$290,560, which excludes exemption for any CDTA portion or the portion paid by the mortgage lender. Exemption is assumed to be distributed evenly between the Village and Albany County for the purposes of this analysis, and final distribution may be different but exemption will not exceed \$290,560.

# PILOT ANALYSIS

## Notes and Disclaimers

This analysis is an estimate based on currently available information, and the actual assessed value, tax rates, and tax obligations over time may be different. The Village Assessor has provided an estimated completion value solely for the purposes of this analysis and the final completion value may be different.

## Role of Agency Assistance:

- ◆ The Project will promote diversification of housing in Green Island by providing quality apartment rentals.
- ◆ Without the Project, the parcel is estimated to generate \$490,979 of real property taxes over the 2 years of construction and the 15 years PILOT payments.
- ◆ With the Project and PILOT, a net gain of \$3,285,057 of real property tax revenue is estimated, compared with no Project.

## Methodology

1. Calculate the taxes on current value and escalate by 1% annually.
2. Receive an estimated completed value from the Village Assessor, and estimate future taxes after Project completion, escalating by 1.5% annually.
3. Apply the Applicant's requested deviation PILOT schedule, which is structured as fixed payments, to the estimated full taxes.
4. Calculate the savings to the Project from the exemption, annually and over the 2 years of construction and the 15-year PILOT. Calculate the total percent exemption.

## Information Sources

- ◆ Expected school tax rates for fiscal 2025-26 from the Green Island Union Free School District, provided by the Village of Green Island Assessor.
- ◆ County and Village tax rates and current (pre-Project) market and assessed values from the Village of Green Island Assessor. Current values confirmed with the Albany County "Imaginate" online property database.

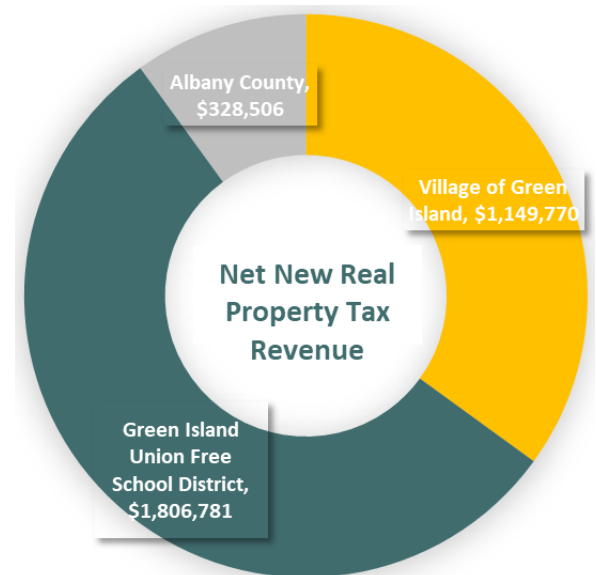
Table 3

### Real Property Tax Comparisons and New Revenue from Project

Comparison of Taxes on Full Value of Project, and Project with PILOT

	Village of Green Island	Green Island Union Free School District	Albany County	All Jurisdictions
Taxes without PILOT	\$3,089,430	\$4,854,819	\$882,694	\$8,826,943
Less: PILOT Payments	(1,321,613)	(2,076,820)	(377,604)	(3,776,036)
Value of Exempted Revenue	\$1,767,818	\$2,777,999	\$505,091	\$5,050,907
Exemption Percent	57%	57%	57%	57%
<b>Net New Taxes Compared with No Project</b>				
Payments after PILOT	\$1,321,613	\$2,076,820	\$377,604	\$3,776,036
Less: Taxes without Project	(171,843)	(270,038)	(49,098)	(490,979)
Net New Tax Revenue	\$1,149,770	\$1,806,781	\$328,506	\$3,285,057

Figure 1



# SALES TAX ESTIMATES

## Sales Tax Estimates over the Construction Period and Project Operations

The economic activity from the Project generates new sales taxes on a portion of the goods and services purchased during construction and operation. Sales tax revenue generated by this new and continuing activity is estimated as follows, and shown in Table 4.

### Construction Period

- ◆ Each worker purchases meals, gas, and workday incidentals for each day worked. Although project construction is anticipated to take more than one year, construction effects are estimated as if they took place within one year.
- ◆ 1,133 days of on-site “construction worker” activity is estimated, based on the Applicant’s estimate of 100 workers. NYS sets a per diem of \$40 per day in Albany County and this is used to estimate local purchases by the workers, regardless of where they live. 75% of purchases are expected to be taxable.
- ◆ Both NYS and Albany County charge a 4.0% sales tax, which is applied to the taxable worker purchases to estimate taxes collected. Green Island receives a portion of county taxes.

### Project Operations over 15 Years

- ◆ The Applicant estimates that 3 workers will be employed on site. These permanent full time workers are expected to purchase meals, gas, and incidentals, but to spend only \$20 per day because of the ongoing nature of the job. 75% of purchases are expected to be taxable.
- ◆ 245 annual workdays for each on-site worker generates an estimated \$11,025 of taxable spending in the first year, with sales taxes allocated among jurisdictions as described above.
- ◆ Over the exemption period of 15 years, worker spending of the per diem is estimated to generate \$205,053, with sales taxes allocated among jurisdictions.

Table 4

## Sales Tax Revenue from Project Construction and Operation

### On-Site Construction Worker Spending, Construction Period Only

Construction Worker Per Diem, \$40 for 1,133 workdays	\$45,300
Taxable Spending by Construction Workers (75% of Per Diem)	\$33,975
Estimated Sales Taxes from Worker Per Diem, 4% NYS Rate	\$1,359
Estimated <u>Collected and Retained</u> by Albany County and Other Municipalities	\$1,346
<b>Estimated Allocated to Green Island Based on Population</b>	<b>\$13</b>

### On-Site Worker Spending and Sales Tax Collections, First Year of Operation

On-Site Worker Per Diem, \$20 for 245 Workdays	\$14,700
Taxable Spending by Project Workers (75% of Per Diem)	\$11,025
Estimated Sales Taxes from Worker Per Diem, 4% NYS Rate	\$441
Estimated <u>Collected and Retained</u> by Albany County and Other Municipalities	\$437
<b>Estimated Allocated to Green Island Based on Population</b>	<b>\$4</b>

### On-Site Worker Spending and Sales Tax, 15 Years of Operation

On-Site Worker Per Diem	\$273,404
Taxable Spending by Project Workers (75% of Per Diem)	\$205,053
Estimated Sales Taxes from Worker Per Diem, 4% NYS Rate	\$8,202
Estimated Sales Taxes from Worker Per Diem, 4% Albany County Rate	\$8,202
Estimated <u>Collected and Retained</u> by Albany County and Other Municipalities	\$8,126
<b>Estimated Allocated to Green Island Based on Population</b>	<b>\$76</b>

As of 2023, Albany County population is 315,038, and Green Island's is 2,935, or 0.9%. Albany County allocates sales tax revenue to Green Island based on its share of county population. Sources of data: 2023 American Community Survey.

## Note on NYS Income Tax

Certain benefit/cost analyses include NYS income taxes as a benefit of a project. This can greatly increase the benefits and therefore the ratio.

### Storrs Associates does not include NYS Income Tax:

1. Salary levels alone are insufficient to calculate worker household income and tax liability, which vary so greatly that estimates would be unreliable.
2. There is no consistent connection between local income tax collection and spending. Income taxes collected from a local worker may be spent hundreds of miles away and not benefit the municipality assisting the project.

# FINANCING PLAN

## Capital Structure

The Applicant expects to fund Project construction with a combination of a mortgage on the property, and private funding or equity.

Table 5

### Sources and Uses of Funds

Sources of Funds	<u>Amount</u>	<u>Percent</u>
<u>Debt</u>		
Bank Loan (Mortgage)	\$31,052,100	86%
<u>Equity</u>		
Project Owner Funds	<u>\$5,066,300</u>	<u>14%</u>
Total Sources	\$36,118,400	100%
<u>Uses of Funds</u>		
Property Acquisition	\$5,347,240	15%
Hard Costs	28,635,287	79%
Soft Costs	<u>2,135,873</u>	6%
Total Uses	\$36,118,400	100%

Source: Applicant



# EXEMPTION SCHEDULE

## APPLIED TO REAL PROPERTY TAXES FOR ALL AFFECTED JURISDICTIONS

Table 6

### ESTIMATED PILOT and Foregone Revenue, All Jurisdictions

PILOT Year	Total Estimated Taxes without PILOT	Fixed PILOT Payments	Foregone Revenue, all Jurisdictions	Estimated Abatement from full Taxes
1	25,570	\$97,429	\$71,859	Unimproved
2	25,954	97,429	71,475	Unimproved
3	316,978	180,700	(136,278)	68%
4	547,458	180,700	(366,758)	68%
5	555,670	180,700	(374,970)	68%
6	564,005	180,700	(383,305)	68%
7	572,465	180,700	(391,765)	68%
8	581,052	250,200	(330,852)	58%
9	589,768	253,935	(335,833)	58%
10	598,615	257,706	(340,909)	58%
11	607,594	261,598	(345,996)	58%
12	616,708	265,490	(351,218)	58%
13	625,959	269,521	(356,438)	58%
14	635,348	273,552	(361,796)	55%
15	644,878	277,722	(367,156)	55%
16	654,551	281,892	(372,659)	55%
17	664,370	286,062	(378,308)	55%
Total	\$8,826,943	\$3,776,036	(\$5,050,907)	57%
Present Value	\$6,540,583	\$2,816,935	(\$3,723,648)	n/a

Source: Applicant, Storrs Associates. Present Value discount rate is 3.0%.

### Abatement Schedule Notes

The Agency's Uniform Tax Exemption Policy (UTEP) of February 20, 2008 provides for the application of the tax abatement provisions set forth in NYS Real Property Tax Law Section 485-b (485-b). This section has been adopted by the Village of Green Island, its school district, and Albany County, with respect to parcels within the Village of Green Island.

The UTEP also enables the Green Island IDA to consider alternate PILOT schedules as deviations from the standard assistance.

The Applicant has requested a deviation, and a longer PILOT with a deeper tax abatement than provided by the UTEP schedule, similar to that awarded the Starbuck Island project. The Applicant requested a series of fixed payments, which included payments during the first two (construction) years that are expected to be higher than the taxes estimated on the value of the unimproved land before project completion. By PILOT year 3, an assessment that includes the value of the completed Project is expected, and the PILOT abatement provides savings to the Project.

Table 6 calculates an annual exemption percentage from full taxes by dividing estimated full taxes by the requested fixed payments. Actual exemption percentages will differ, because full taxes on the completed project are likely to be different even as the PILOT payments will be fixed.

# ABOUT THIS REPORT

## SCOPE OF SERVICES - INDUSTRIAL DEVELOPMENT AGENCY PROJECT ANALYSIS

The purpose of the report is to provide a consistent, accurate, and reliable analysis of a proposed project that has asked the Agency for financial assistance. This provides the Board with an objective, third-party analysis to support its decision-making. The three components are described below:

1. Calculate Tax Revenue Estimates and Confirm Capital Structure. This includes obtaining current, and reasonably estimated future, assessed values and real property tax rates for all jurisdictions affected by the requested tax abatement. Storrs Associates evaluates taxes without a project, with a project but no PILOT exemption, and with the project and exemption, and estimates savings to the project and net new tax revenue accruing to all affected jurisdictions because of the increased value of the parcel. We also confirm that the Applicant has provided information showing that all project costs will be covered, usually by a combination of debt and equity.
2. Estimate Mortgage Recording Tax and Construction Materials Sales Taxes and requested exemptions, using information from the Applicant and confirming calculations based on the project budget. Storrs Associates also estimates local spending by construction workers and ongoing project employees and calculates sales taxes.
3. Create a Benefit/cost ratio that compares total fiscal benefits to the foregone revenue, or costs, of the requested financial assistance. Real property, mortgage recording, and sales taxes on construction materials and worker spending are included.
4. Submit a Report presenting results of these analyses and, upon request, be available for a public hearing and meeting.

## DATA SOURCES



CoStar is an industry leader in commercial real estate information, analytics, and news. It provides clients both data and research tools to understand transactions, trends, assets, and market players down to individual community levels. Data ranges from market overviews of rents, Market Capitalization, occupancy, and net income, to fine-grained data on individual buildings, including loan performance and tax assessments.



Esri is an internationally-recognized provider of Geographic Information Systems (GIS) and demographic data and visualization tools. Esri's demographic data is gathered from the U.S. Census, the Bureau of Labor Statistics, and Bureau of Economic Analysis. Esri uses current and historical data to create estimates of future demographic characteristics.



The US Census "QuickFacts" tool provides statistics for all states and counties, and for cities and towns with a population of 5,000 or more. Quickfacts does not report on the Village of Green Island.

# STORRS ASSOCIATES

Storrs Associates, LLC is a partner and advisor to public and private entities seeking to encourage economic growth and to make direct public and private investments. We deliver client-driven, high quality advice, customized analyses and reports, public speaking and learning sessions, and transaction management.

Victoria Storrs, the company President, founded the firm in 2021 to provide direct, responsive service to municipal governments and the public and private organizations who work with and for them. She has worked with municipal governments for more than 20 years, beginning as an investment banker at First Albany Corporation and managing debt financings for state public authorities. She taught money and capital markets at the State University of New York at Albany School of Business, and has been a development finance and economic development consultant since 2014.

Storrs Associates, LLC is located in Albany County, NY, and serves clients throughout New York and the Northeast. Learn more at [www.storrsassociates.com](http://www.storrsassociates.com) and on [LinkedIn](#).

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THE VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY  
GREEN ISLAND, NY

