

**City of Mechanicville – Town of Stillwater
Industrial Development Agency**

MEETING MINUTES

October 28, 2022

MEMBERS PRESENT: Chair Sally Herrick, Patrick Hildreth, John Amodeo, Barbara Corsale, Judy Wood Zeno, Marilyn Erano, John Bove Jr. CEO, Sal Iavarone CFO.

ALSO PRESENT: SEDC President Dennis Brobston, Tori Riley SEDC, Attorney James Carminucci, Gina Kenyon Administrative Assistant Consultant, Mayor Mike Butler, Commissioner Mark Seber, Brian Donato (Dakota Partners), Darren Scott (NYS Homes and Community Renewal), Ronald Cooper (Albany Review).

ABSENT: Maria Morris, John Fusco.

Chairperson Sally Herrick called the meeting to order at 2:04 pm.

REVIEW AND APPROVAL OF PREVIOUS MEETING MINUTES: Chairperson Sally Herrick asked if everyone had a chance to review the minutes and asked if anyone would like to make a motion. A motion to accept the minutes of the meeting was made by Pat Hildreth seconded by John Amodeo, there was a unanimous vote and the motion carried.

TREASURER’S REPORT: Marilyn Erano gave the treasurer’s report which is attached to the minutes. A motion was made by Barbara Corsale to accept the minutes, seconded by John Amodeo, there was a unanimous vote and the motion carried.

NYS HOMES AND COMMUNITY RENEWAL OVERVIEW: Dennis Brobston stated there is a project that has come before the IDA and it makes sense for the IDA to understand the processes that the applicant will be utilizing the State through Homes and Community Renewal; he added the project is workforce housing in the Town of Stillwater off of Brickyard Road. He went on to say the project is being proposed by Dakota Partners. He asked Brian Donato, Vice President of Dakota Partners, to give an overview of the project and how it fits into the State’s plan.

Brian Donato stated the project is 120 multi-family apartments with a combination of 1, 2, and 3 bedrooms, there will be a total of 10 buildings plus a community building on Brickyard Road which will serve incomes between 30% and 90% of the median income. He went on to say this project is fully approved by the Town of Stillwater. He added their projects are a partnership between them and New York State Homes and Community Renewal and Dakota Partner stated they rely heavily on the funding from the State.

Chairperson Sally Herrick added this project was discussed at the September meeting and she did request that Dakota Partners see if they could get a letter from the State informing the IDA of their backing for the funding and he did one better and brought Darren from the Homes and Community Renewal to discuss this particular project and any other projects around the State that HCR is

funding that have IDA involvement. Chairperson Sally Herrick added that at this time the Board does not have an application from Dakota Partners but this is an educational opportunity to hear about both HCR, the State process, and Dakota Partner's concept. She added they have a copy of the market research report. She added the IDA is not here to represent any other entities and the Town of Stillwater has approved the project. Now as the IDA the Board needs to make their decisions as to what they can do it, should they do it, what is involved, and what is the State's responsibility or partnership for workforce housing projects.

Darren Scott introduced himself and stated the State is the financing agency for affordable housing which means they try and incentivize the development of affordable and supportive housing across the State. He went on to say there is a need for it everywhere and they try to provide a menu of financing tools that will allow each locality tailor that financing to the need of their community. He stated they fund very low-income housing, middle income housing, everything from 30% of the median income up to 100% of the median income, and market rate housing takes care of the rest. Darren stated they like to work in communities similar to Mechanicville-Stillwater which has a high-performance school district and a lot of other positive things going for them. He added there is a need for them and they try to provide the financing and work through the developers like Dakota Partners who came and identified the need here and it is the project they like to fund because it is needed. Darren stated they will provide 100% of the funding in order to develop the project and this project is close to \$30 million. He went on to say this is a partnership between the State and Dakota Partners but it is also a partnership with the locality because the State is going to provide all of this funding to bring down the costs it brings makes the project affordable, and added affordable housing does not generate a lot of income for the project. Darren Scott stated that with little revenue coming in the project cannot support large overhead which means they can't pay their full freight of the local taxes and they need the IDA as a partner to give some tax abatement to the project in order for it to continue to operate in the black. He went on to say that he will encourage Dakota Partners to pay as much of the local tax as possible because the project can afford to pay some of the taxes. He stated projects like this need to be looked at as a joint investment, the State has identified it as something they would like to invest in and they are asking the IDA to consider providing the project a tax abatement as an investment in the future of the residents who will live there. He went on to say that sometimes there is a notion that affordable housing is for poor people, and people who will relocate to an area from elsewhere, but as a rule of thumb 75% of the occupants will come right from the area.

Dennis Brobston asked if other IDA's in this region have worked with projects similar to this one and if so, could he give examples.

Darren Scott stated you can point in any direction and there have been affordable housing developments, Albany, Troy, Watervliet, Cohoes, Malta, Saratoga Springs, there is a proposal now for Victory, and Ballston Spa.

Chairperson Sally Herrick asked when he mentioned 75% of the eventual occupants will come from right here, does that mean the Capital District?

Darren Scott stated the primary market is secluded to school districts so it would be the Stillwater and Mechanicville school districts is what market study identifies.

Marilyn Erano stated that when she was reading the market proposal there were quite a few that did not respond and was wondering if there was any follow up to that.

Darren Scott stated part of that is because there is not a lot directly around here.

Dennis Brobston stated the particular financing that is being proposed is 4% tax credit which is less competitive than the 9% and asked for an explanation.

Darren Scott explained in certain markets the 4% works better because the program relies on service and debt. He added there will be a first mortgage with the State that will be serviced with these rents and then the tax credits and capital subsidies that round out the development budget.

Marilyn Erano stated that Mechanicville has an aging population so she is wondering why there was not something carved out for the aging population.

Darren Scott stated this is a non-age restricted project, he added it is possible to amend the project to some age restricted units the emphasis is that this is a great opportunity for families.

Chairperson Sally Herrick asked if they have seen where these projects have enhanced the employment opportunities down the road?

Darren Scott stated they do not have any specific examples but is sure they do occur on a small scale. He added affordable housing does tends to retain people more than it does to attract people.

Marilyn Erano stated that the residents of Saratoga County do not get preference over other residents from other areas. She asked if it is a first come first serve basis as the places become available.

Brian Donato stated there is a lottery, he explained that typically six (6) months before an apartment is available, they would begin advertising and collect names of people who would like to live there and then there is a lottery to choose who will live there. He added the project managers spend a lot of time canvassing the local area to understand where people are coming from and to determine the people that need this housing and then target that.

Judy Wood Zeno stated she was at a seminar and the people that were described to want affordable housing are; teachers, police officers, and nurses. She asked if that is the trend that they are seeing.

Darren Scott stated everyone needs affordable housing at different price points in the market, and this is why this type of housing is being proposed here. He added in his experience 80%-85% are employed and then 10%-15% are seniors who are not employed and on a fixed income and then maybe 5% who are disabled and not employed and then the average rate of unemployment.

Judy Wood Zeno asked if they research the people during the application process?

Brian Donato stated the application process for market rate housing is very detailed because in order to get the tax credits and financing they need to certify that these residents qualify. He added they do a criminal background check, they check referencing, etc. and people go two (2) to three (3) times to fill out paperwork before they sign the lease.

Chairperson Sally Herrick asked at what circumstance would the State not stay in its investment for this project?

Darren Scott stated there are not, it is a snapshot in time, the resources are pledged and when the project closes, they are all in at that point. He added there are certain milestones they need to achieve in order to receive all the financing, but essentially all the resources are committed at the construction closing. He went on to say it is then up to them to use the resources to construct the property, lease it up, and operate it effectively so that is a self-sufficient development at that point, then twenty (20) to thirty (30) years down the road when it needs to be up graded, they will go back to the State for re-financing and will get more money to modernizing the property.

Brian Donato added this model is one of the most risk-free areas of real estate that there is because it has been such a successful model.

Chairperson Sally Herrick asked if there were any other questions or anything else the IDA should know about?

Darren Scott stated they should be asking him why they are not doing more of this.

Commissioner Mark Seber asked how long of a PILOT are they looking for.

Brian DiNato stated they do look for a term that coincides with the first mortgage which is thirty (30) years.

Commissioner Mark Seber asked if there is section eight (8) subsidies in this or can there be?

Brian Donato stated they do not have project-based section eight (8), the rents are not subsidized through a contract, he added they do have to accept residents if they bring tenant-based validation.

Chairperson Sally Herrick thanked Darren and Brian for coming.

SEDC UPDATES:

Chairperson Sally Herrick stated that unfortunately Dennis is retiring at the end of December and thanked him for all he has done over the years to assist the IDA.

Dennis Brobston introduced Tori Riley who is his second in command at SEDC and will be handling all the IDA projects and will be the Mechanicville-Stillwater IDA's contact in the future.

Chairperson Sally Herrick thanked Tori for her willingness to continue working with the IDA.

Dennis Brobston added there are a few projects that are being talked about for warehousing and manufacturing. He added the Mackey family on Cold Spring Road has had a business park section of property that has been approved for about 45,000 square feet through the planning board for warehousing. He added it is smaller warehousing in which there is real need for at this time. He went on to say there is another 300,000 square feet of buildings that could be built up in the Town of Stillwater off of Cold Spring Road therefore, the IDA will see some project come forward because of it.

OTHER/NEW BUSINESS: None

NEXT MEETING: The next scheduled meeting is set for December 12, 2022 located at the XO Tower in the City of Mechanicville.

ADJOURNMENT: Meeting adjourned at 4:12 pm.
Motion by: Marilyn Erano
Seconded by: Pat Hildreth

Respectfully submitted,

Gina Kenyon
Administrative Assistant Consultant