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FOCUS ON

Focus On: Albany, New York

TERESA GARCIA, SENIOR MARKETING MANAGER, NOVOGRADAC

Affordable housing providers and supporters in Albany, New York, are turning obstacles into solutions. Namely, redeveloping vacant or blighted properties into quality affordable rental housing and homeownership opportunities to supplement new construction developments.

“Albany has a beautiful, historic architectural character,” said Timothy O’Byrne, director of planning and development for the Albany Housing Authority. “The challenge is modernizing some of those existing buildings and bringing them up to meet current codes.”

Adam Zaranko, executive director of the Albany County Land Bank Corporation, agrees. “Albany has a lot of rental units, but what we don’t have a lot of is *quality* rental units,” said Zaranko. The land bank and

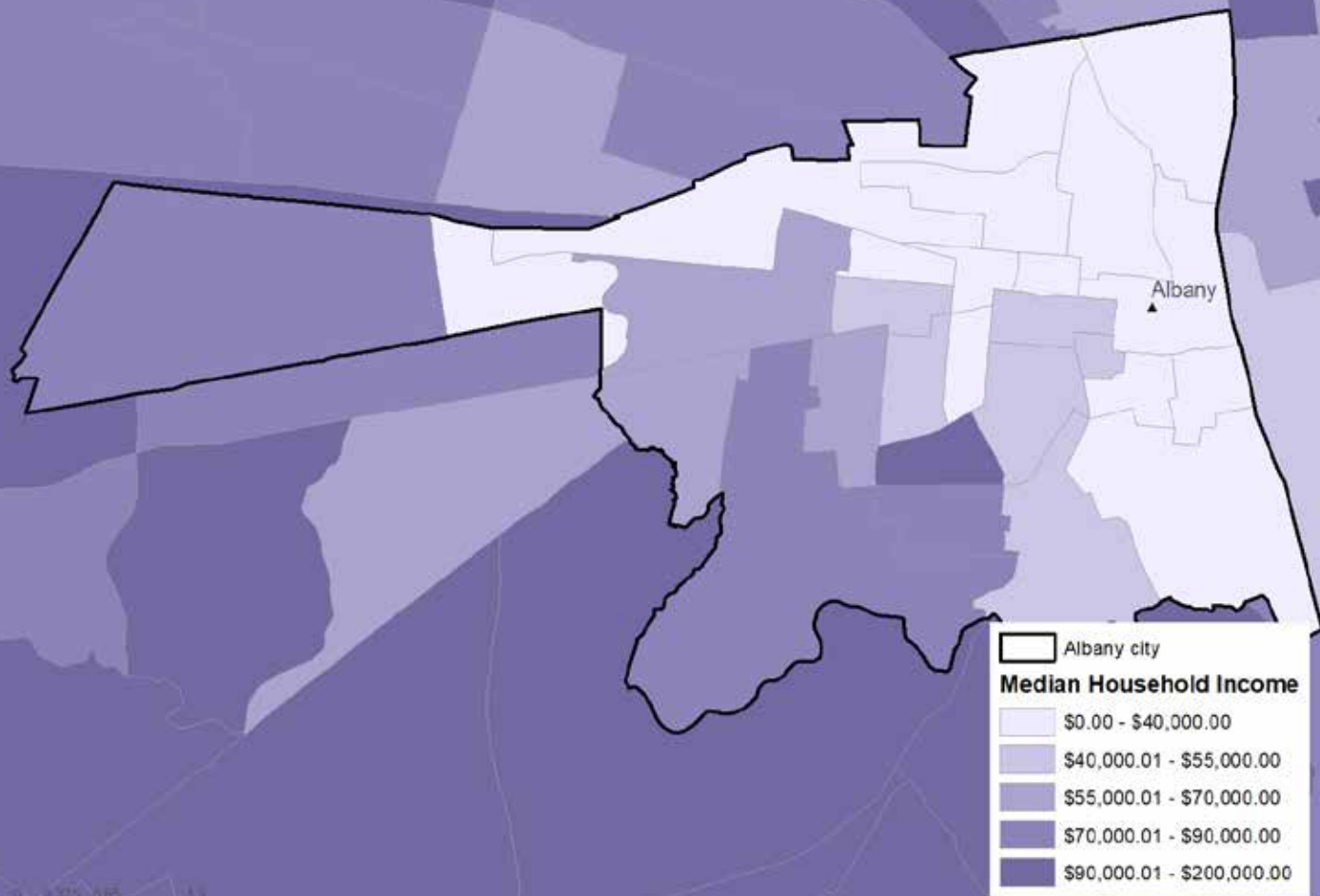
its partners aim to change that. Over the past eight years, the land bank has acquired 1,250 properties for redevelopment in the New York state capital and surrounding municipalities in Albany County.

Redefining Housing Opportunities

The Albany County Land Bank was among the first 10 authorized land banks in the state of New York to facilitate the acquisition, improvement and redistribution of tax-foreclosed, vacant or abandoned properties in Albany County. Zaranko said most of the county land bank’s properties are concentrated in historically redlined neighborhoods in Albany with 40% poverty rates and many out-of-town landlords.

Image: Courtesy of Regan Development Corporation

Regan Development Corporation built Swinburne Apartments in Albany, New York, which has 72 units financed by tax-exempt bonds and equity from the 4% low-income housing tax credit.



Median Household Income in Albany, New York



Individually, the properties had little to no upside value for developers. Buying and rehabilitating buildings on their own would often cost more than the property is worth. There is also little incentive to redevelop a single property when it's surrounded by vacant or disinvested buildings.

The land bank began talking to developers to see how it could help eliminate barriers to the development of affordable housing. "People need financing, real estate and expertise," said Zaranko. "We could come up with the real estate. It's valuable to have preassembled properties clear of liens and back taxes."

The land bank is working on a multiyear, three-phase development in Albany. Phase one is a partnership with co-developer Metropolitan Development Group

and entails rehabilitating 70 scattered-site buildings in southern Albany into affordable homeownership opportunities. Funding sources include the New York State Homeownership Opportunity Program, which is being leveraged up to \$200,000 per unit.

For phase two, the land bank partnered with the city of Albany to focus on reinvigorating Henry Johnson Boulevard and Clinton Avenue, a blighted area that serves as the major gateway from the interstate highway into Albany.

"Right now, you're greeted with vacant buildings with big red X's," said Zaranko. "It's the confluence of two historically redlined neighborhoods that sees a lot of vehicle trips. It's a hub that doesn't represent how Albany should greet visitors or existing residents."

Phase three will be a nearly two-acre, mixed-use community hub that will include affordable rental housing, a community center and space for nonprofit organizations.

All three phases have the same goals: returning vacant properties into productive use and providing residents with safe, quality housing.



Image: Courtesy of Regan Development Corporation
Swinburne Apartments has space for a health care facility, nonprofit services, a blood lab, grocery store and other retail businesses.

Public Housing and LIHTC Development

There's certainly no shortage of demand for affordable housing in Albany. The Albany Housing Authority serves 2,183 households across its public housing, project-based voucher, low-income housing tax credit (LIHTC) and mixed-finance units. The wait list for public housing has more than 9,000 households, about a fifth of the city's 41,614 total households.

"It's not only about creating units, but also about preserving the affordable units we already have," said O'Byrne. "In the public housing world, it's a struggle to maintain and have the resources to do the substantial renovations and improvements that are sometimes required."

That's where the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration (RAD) program comes in. The Albany Housing Authority is converting its public housing stock to project-based vouchers through the RAD program. Its first RAD conversion was Ida Yarbrough Apartments in 2020. The \$106 million redevelopment

encompasses 384 units across two properties and was financed with tax-exempt bonds and the 4% LIHTC. Construction on Ida Yarbrough Apartments is scheduled for completion in late spring 2023. The housing authority's second RAD conversion is Steamboat Square, an 88-unit 9% LIHTC transaction that is expected to close financing on its first phase in November.

There are several other recently completed and planned LIHTC developments in Albany. Regan Development Corporation in 2020 completed Swinburne Apartments, which has 72 units financed by tax-exempt bonds and the 4% LIHTC. The ground floor has an 8,000-square-foot health care facility run by Whitney Young Health. Equinox Inc., a local nonprofit, offers supportive services to the building's tenants with intellectual disabilities. The building also includes a blood lab, a grocery store and other neighborhood businesses.

"We have strong waiting lists on our deals in Albany," said Larry Regan. "We think the market continues to be strong in that 50-80 area median income range."

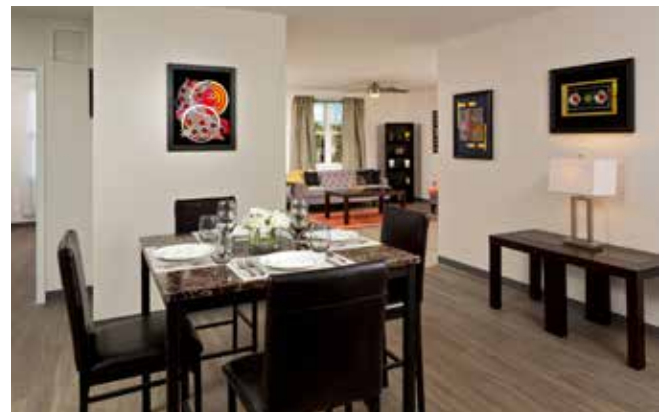


Image: Courtesy of Regan Development Corporation
Swinburne Apartments was completed in 2020.

Another LIHTC developer active in Albany is Home Leasing, a family-owned development, construction and property management company that specializes in pairing LIHTC with historic tax credits (HTCs).

Home Leasing's first development in Albany was Clinton Ave. Phase I, a portfolio of 210 units across 70 dilapidated and mostly vacant townhomes. Phase

I included tax-exempt bonds, 4% LIHTCs, federal and state HTCs and several subordinate debt sources.

On a parcel across the street from Phase I, Clinton Ave. Phase II was recently awarded a 9% LIHTC allocation and construction is expected to begin in November. Phase II includes renovating four vacant townhomes and a historic school, plus constructing a new mixed-use affordable housing building on the parcel for 55 total residential units.

“We certainly aren’t keeping up with demand for housing and we won’t have any trouble leasing up,” said Bret Garwood, Home Leasing’s CEO.

Development Opportunities

Developers interested in Albany will find strong demand for quality workforce and affordable housing, say local experts. As the state capital, Albany has many government and agency workers who need housing. Albany also has medical centers and several institutions of higher learning. “Even with work from home, there are opportunities where people want to live in the city or be in a walkable area and not have a car,” said Zaranko.

Garwood agreed: “As [market] rents increase, there’s only going to be an increase in demand. Big picture: We need to do even more.” ❖

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