



ADK REI LLC Application For **Apartment Complex Expansion** At 18 Luzerne Road, Queensbury, New York For Investment Incentives From The Warren & Washington Industrial Development Agency

From: Chuck Barton, Chief Executive Officer

Date: April 22, 2025

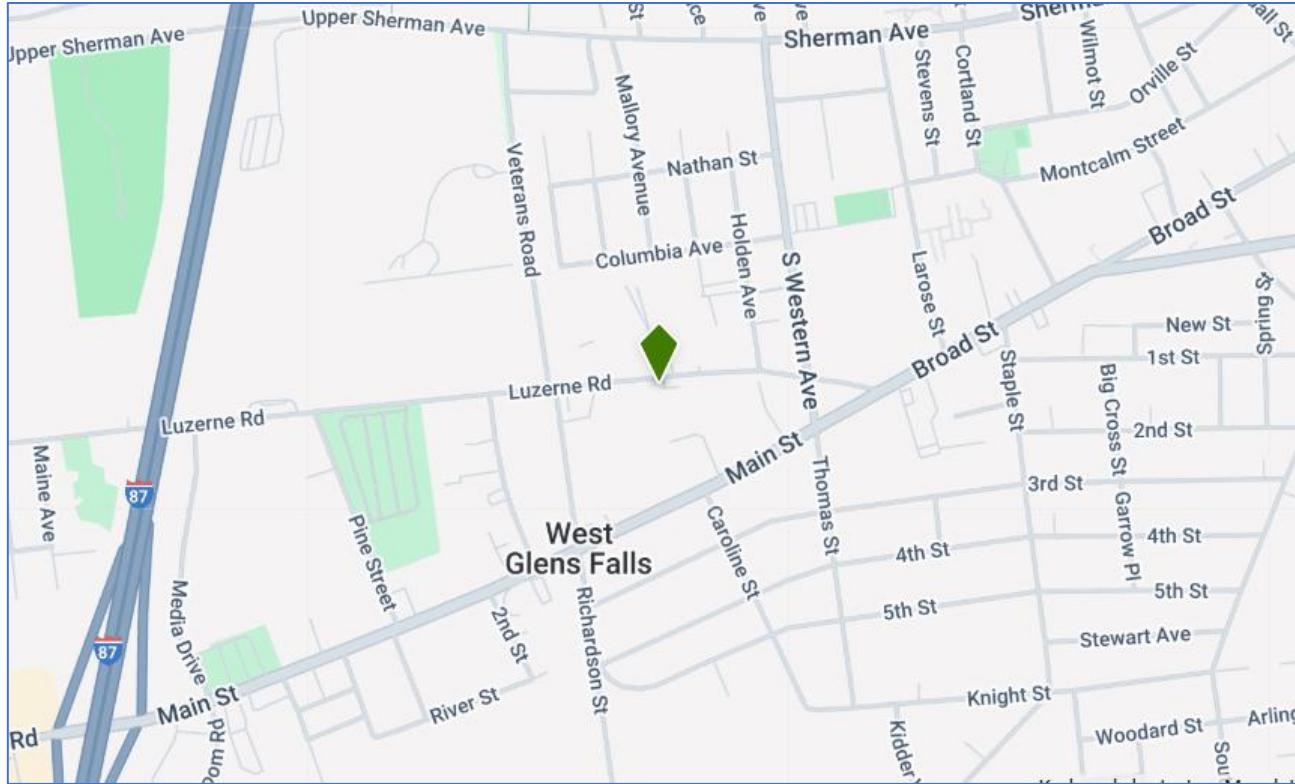
The purpose of this memorandum is to set forth the facts and considerations utilized by the Counties of Warren and Washington Industrial Development Agency (WWIDA) in rendering a decision to provide financial assistance to ADK REI LLC for the construction and expansion of a workforce housing complex located at 18 Luzerne Road in the Town of Queensbury. This document recognizes several factors considered by the WWIDA and is intended to provide a concise record of the issues considered as well as the justification for the investment incentive package, if offered by the WWIDA Board.

COMPANY DESCRIPTION

ADK REI LLC owns and operates the 18 Luzerne Road apartment complex consisting



of eight, two-bedroom apartments. These units are geared towards workforce housing and are located in a very convenient area with shopping, public transportation, schools, and employers.

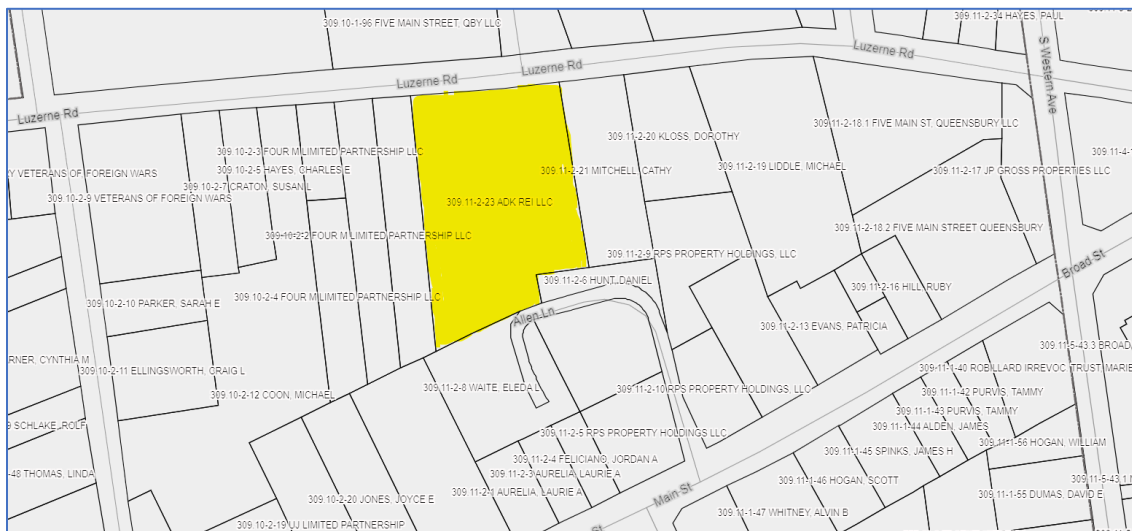


ADK REI LLC owner Kara LeBoeuf, and her husband Nick, purchased their first multi-unit property in 2014. Together, they currently own fifty apartment units in the region. The apartments are geared towards workforce housing providing clean, well maintained, and desirable housing to members of the community. Their stated goal is, “Provide workforce housing to members of the community while providing an enjoyable rental experience.” Success in their endeavor is reflected in low turnover of one to two units a year.

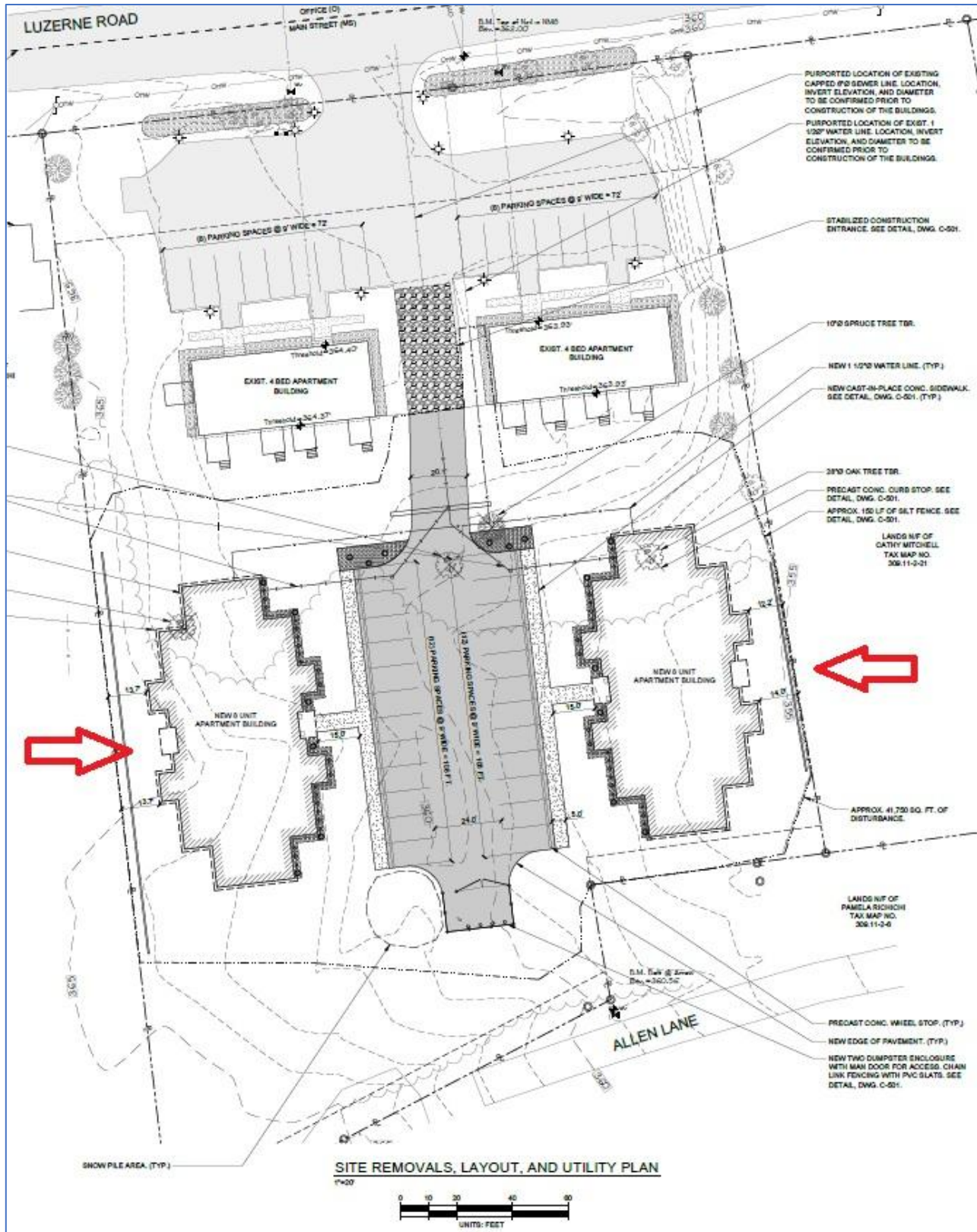
Kara and Nick grew up in South Glens Falls and have lived in Queensbury for the past six years. Nick is the owner of ADK Pressure Washing, a successful exterior cleaning company that has been voted “best of the region” for the past four years.

PROJECT DESCRIPTION

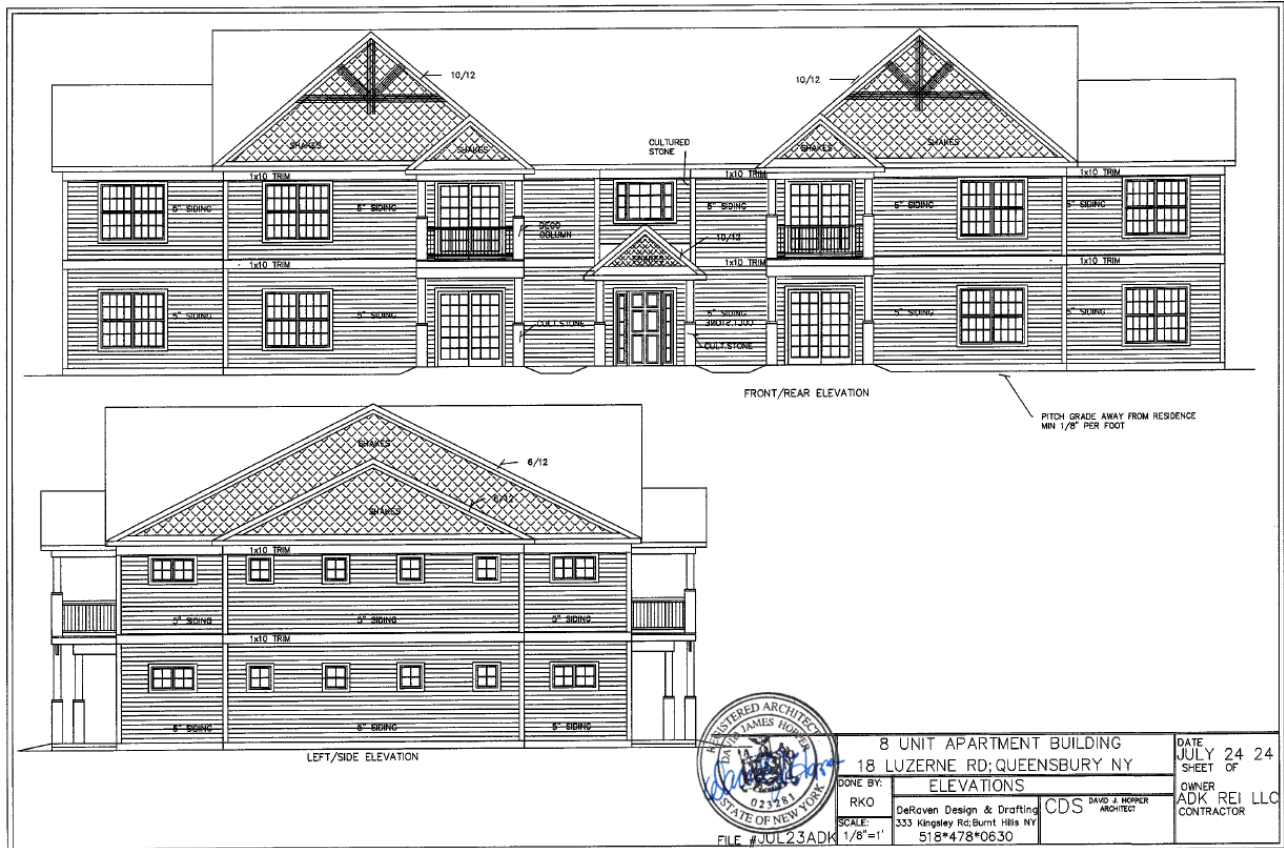
ADK REI LLC is planning to construct and operate two additional eight-unit apartment complexes in the back portion of the approximately two-acre 18 Luzerne Road property.



The two new apartment buildings are located in the SRA Engineers diagram below.



An image of each apartment building is illustrated below in the DeRaven Design & Drafting architectural drawing. Each apartment will have two bedrooms and one bath unit. The market workforce rental rate is anticipated to be \$1,500 to \$1,600 per month in June 2026. The applicant has agreed to cap base rent at 120% of HUD Annual Fair Market Rent for Two-Bedrooms in the Glens Falls MSA. For example, for FY2025, the maximum rate would be \$1,352 x 120% = \$1,622.



The project was conditionally approved by the Queensbury Planning Board on March 18, 2025.

The project total investment is expected to be \$3,044,835. The major cost elements are:

- Land \$320,000
- Building Construction \$2,246,377
- Soft Costs - Design, Fees, Insurance, & Other \$478,458

The project is expected to be financed with a \$2,500,000 NBT Bank loan. The equity investment is expected to be \$544,835.

The 2024 total assessment value of parcel number 309.11-2-23 is \$831,000. “Base” annual property taxes on the lot total \$12,572. (“Base” property taxes continue to be paid.)

REGIONAL ECONOMIC IMPACT

ADK REI LLC's proposal to build sixteen new apartment complexes will assist with the region's chronic housing shortage.

In October 2023, Warren County released the **Housing Needs Study and Market Demand Analysis** completed by Novogradac. It has some concerning observations for the regional economic ecosystem.

The Study identified the local housing shortage is undermining local economic activity. **“There is widespread recognition that there is a countywide housing shortage.** Specific gaps referenced by local stakeholders include a lack of affordable housing for households with incomes up to 150 percent of the Area Median Income and below, single-story structures more appropriate for aging in place, seasonal workforce housing, and year-round workforce housing. Further, there is fairly widespread recognition that **this housing shortage has become sufficiently extreme to now be an economic development and community development issue** as well as a housing issue....The existing housing stock at current prices is considered out of reach for the local workforce, young families, and year-round residents. Condominiums and owner-occupied duplexes, townhomes, and other types of missing middle housing structures for year-round occupancy are not common in this market, though this type of design could fill a variety of the...supply gaps. For example, higher density structures would be both more affordable and more appropriate to the changing demographics...” Furthermore, the Study states, **“Several major employers attributed staffing shortages and attrition to housing shortages.** Major employers in the tourism industry have become more involved in housing discussions, and in some instances have started to offer housing as part of their compensation package...Outside of these markets in other parts of the county, **workforce housing was more likely to refer to housing for teachers, paramedics, and police officers, as well as persons employed in the service sector.**” (Pages 50 and 51 in link below.)

The Study identified the housing shortage problem is magnified by recent higher costs. **“The cost of housing development has increased.** Material costs increased as a result of supply chain problems and inflation. Labor costs increased due to the increase in demand for specialized skills.....Though costs have reportedly decreased from the pandemic peaks, they continue to be above pre COVID levels and market participants do not expect them to return to pre COVID levels.....Land costs have also reportedly increased significantly in the past few years, a trend also attributed to the increase in demand from nonlocal buyers.” (Page 53 in link below.)

<https://public.warrencountyny.gov/gis/housingneeds/Housing%20Needs%20Study%20and%20Market%20Demand%20Analysis%20-%20Warren%20County,%20NY.pdf>

The Warren County Planning Department followed with a Housing Implementation Strategy including the establishment of the **Warren County Housing Task Force** - of which the WWIDA is a member organization. Below is the process the Task Force is following.



The Task Force is developing an Action Matrix for County approval. **The draft Action Matrix includes WWIDA investment incentives** as illustrated below.

<p>Incentivize Development of New Workforce Housing*</p>	<p>Incentivize the development of workforce units via:</p> <ul style="list-style-type: none"> • Tax incentives* • Supporting Low Income Housing Tax Credit (LIHTC) Applications* • PILOTS* • Shared/grant predevelopment costs*. • Develop sites secured by the newly created land bank in exchange for adding affordable units to otherwise market rate projects.* • LCLGRP Workforce Housing Revolving Loan Fund to renovate long-term rental stock for the region's year-round workforce (\$500,000) 	<ul style="list-style-type: none"> • Municipalities (Lead role) • County (Support/Resource role) • Developers (Support/Partner role) • LCLGRP (Support/Partner role) • Warren-Washington IDA & Warren Co EDC (Support/Partner Role) • Non-Profit Partners (Support/Partner Role)
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ADK REI LLC's project will generate over \$2.2 million in local construction activity. Construction labor will comprise twenty full-time positions for approximately 12 months valued at an estimated \$1.1 million. Northern Builders will be the general contractor. Construction materials estimated at \$1.1 million will be sourced 100% from within Warren and Washington Counties. Curtis Lumber will be a primary supplier.

The site expansion is anticipated to create one Full-Time Equivalent employment position.

ANALYSIS OF PILOT AND ABATEMENT REQUEST

ADK REI LLC's requested investment incentives for the housing project are:

1. **Property tax incentives** in the form of a Payment In Lieu of Taxes (PILOT). The project qualifies for a PILOT within WWIDA's Uniform Tax Exemption Policy. The PILOT payments will be for a term of 10 years with a 50% exemption of real property taxes on the value of the improvements for Year 1 and 5% annual increase for Years 2 to 10, after construction is completed. This totals an estimated \$295,514 in payments over ten years versus an estimated \$407,606 without the investment incentive. **The estimated property tax benefit is \$112,092 over 10 years.**
2. State and County **sales tax abatement** totaling 7% based on \$1,138,366 in purchases subject to sales tax. **The estimated benefit is \$79,686.**
3. Mortgage tax abatement of 1.00% from an estimated mortgage loan of \$2,500,000. **The estimated mortgage tax benefit is \$25,000.**

The proposed total gross investment incentive for ADK REI LLC is an estimated \$216,777 before fees. The WWIDA administrative fee is \$27,404 for servicing the incentives including the 10-year PILOT. The estimated legal fee is \$10,000. **The estimated total net investment incentive is \$179,374.** The net incentives are 6% of the total project cost. (See Appendix for details.)

ADK REI LLC plans to pass along the incentive benefits to tenants. The application states, "Without the financial assistance, the monthly [workforce] rental amount would have to be increased to make the project viable." If the incentives are not awarded, the currently defined project would "not be able to be completed."

COMMUNITY IMPACT SUMMARY and OVERALL RECOMMENATION

The community and economic benefits of the proposed ADK REI LLC project over ten years:

1. Create sixteen new two-bedroom workforce housing units to ***support the community's growing demand for workforce housing, especially for employees of local businesses, in response to the regional housing shortage.***
2. Generate an estimated twenty local full-time construction jobs valued at over \$1.1 million.
3. Generate construction materials sales with estimated value over \$1.1 million with 100% sourced in Warren and Washington Counties.
4. Create one Full-Time Equivalent employment position.

In conclusion, approving the ADK REI LLC application and supporting the construction of sixteen new apartments in Queensbury would be in the community and economic interests of the residents of Warren and Washington Counties.



5 Warren Street, Glens Falls, NY 12801

IDA Project Applicant: ADK REI LLC

Project Name: 18 Luzerne Road Apartment Complex Expansion

Project Type: Housing

Project Street Location: 18 Luzerne Road

Project Municipality: Town of Queensbury

Parcel Identification: 309.11-2-23

Project Description: Construct 16 New Two-Bedroom Apartments

Total Project Investment: \$3,044,835

Project Material Terms: Add Two 8-Unit Apartment Buildings on 1.9-Acre Site

IDA Benefits Provided: PILOT
Sales Tax Exemption
Mortgage Tax Exemption

Estimated Community Benefits Over Ten Years:

- a. Increase Local Housing by 16 Apartments
- b. Generate local \$1.1M construction labor activity
- c. Generate local \$1.1M construction supplier activity
- d. Create one FTE position

Appendix

ADK REI LLC HOUSING INCENTIVES ESTIMATION
 50% INCENTIVE YEAR 1, 5% DECREASE PER YEAR

FINAL
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309.11-2-23 Property Base Value 2024	Estimated New Construction \$ Value	Estimated New Assessed Value	2025 County Tax Rate / 1000	2025 Qby Town Tax Rate / 1000	Village Tax Rate /1000	2024-25 GF (in Qby) School Tax Rate / 1000		
\$831,000	\$2,246,377	\$3,077,377	\$3.26100	\$0.64900		\$14.235026		
PILOT YEAR	% PAYMENT	COUNTY PILOT	TOWN PILOT	VILLAGE PILOT	SCHOOL PILOT	TOTAL PILOT	FULL PAYMENT w/o PILOT	ESTIMATED NET EXEMPTION
1	50%	\$3,663	\$729	\$0	\$15,989	\$20,380	\$40,761	\$20,380
2	55%	\$4,029	\$802	\$0	\$17,587	\$22,418	\$40,761	\$18,342
3	60%	\$4,395	\$875	\$0	\$19,186	\$24,456	\$40,761	\$16,304
4	65%	\$4,762	\$948	\$0	\$20,785	\$26,494	\$40,761	\$14,266
5	70%	\$5,128	\$1,021	\$0	\$22,384	\$28,532	\$40,761	\$12,228
6	75%	\$5,494	\$1,093	\$0	\$23,983	\$30,570	\$40,761	\$10,190
7	80%	\$5,860	\$1,166	\$0	\$25,582	\$32,608	\$40,761	\$8,152
8	85%	\$6,227	\$1,239	\$0	\$27,181	\$34,646	\$40,761	\$6,114
9	90%	\$6,593	\$1,312	\$0	\$28,780	\$36,685	\$40,761	\$4,076
10	95%	\$6,959	\$1,385	\$0	\$30,378	\$38,723	\$40,761	\$2,038
Totals		\$53,109	\$10,570	\$0	\$231,835	\$295,514	\$407,606	\$112,092
FULL ANNUAL PAYMENT		\$7,325	\$1,458	\$0	\$31,977	====>	\$40,761	
Estimated Tax Exemptions:		Assumption		Estimated Cost Benefit Ratio:		I have read and reviewed the Section V information completed by the WWIDA.		
Property	\$112,092			Estimated Total Project Cost	\$3,044,835	Name:	Kara LeBoeuf	
Sales & Use 7%	\$79,686	\$1,138,366		Gross Benefit All Incentives	\$216,777	Signature:	Kara LeBoeuf	
<u>Mortgage 1.00%</u>	\$25,000	\$2,500,000		Net Benefit All Incentives	\$179,374	Date:	3/26/2025	
Gross Benefit	\$216,777			Net Benefit / Cost Ratio	5.9%			
IDA Fee	(\$27,404)	See below						
<u>IDA Legal Est.</u>	(\$10,000)							
Net Benefit	\$179,374							

WWIDA Fee	% Project \$	Project \$	Fee \$
First \$10M	0.90%	\$3,044,835	\$27,404
Next \$10M	0.65%	\$0	\$0
Next \$30M	0.40%	\$0	\$0
Over \$50M	0.25%	\$0	\$0
TOTAL		\$3,044,835	\$27,404