



- **One Monument Square**
- **Roadmap to Redevelopment**

Prepared for:
City of Troy, New York

Prepared by:
Council of Development Finance Agencies

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About the Roadmap to Redevelopment Report

The *Roadmap to Redevelopment Report* is a product of the [CDFA Brownfields Technical Assistance Program](#), which is funded through a grant from the U.S. Environmental Protection Agency. The program provides technical assistance to brownfield communities on redevelopment finance. For communities that require detailed, hands-on assistance for their redevelopment efforts, CDFA Brownfields Project Response Teams comprised of CDFA staff and technical assistance partners are available to conduct site visits and provide recommendations. The goal of these visits is to offer communities specific, actionable advice that can transform brownfields into economically-productive sites in accordance with the goals and plans of the community. CDFA will coordinate 36 Brownfields Project Response Teams over the life of the program.

The *Roadmap to Redevelopment Report* was developed through a 2-day process that included interviews with numerous stakeholders from the government, agriculture, business, and non-profit sectors. The plan provides a framework for the financing of the redevelopment of One Monument Square in Troy, New York.

The *Roadmap to Redevelopment Report's* recommendations combine the input of development finance experts, CDFA staff, and the interests of stakeholder groups gathered during the Project Response Team site visit.

Background & History

The rich history and cultural renaissance of Troy, New York make the city of 50,000 a fascinating place. Elaborate Victorian architecture, beautiful churches, and brick façades hearken back to the way things once were when the city was formally founded in 1789. Its position along the Hudson River in Northeastern New York sits approximately 3 hours from both New York City and Montreal, Canada. Due to its advantageous location, Troy became very prosperous during the 19th century as a shipping center for goods that were headed to New York City. Rensselaer Polytechnic Institute was founded in 1824, and along with two other institutions keeps residents of the area intellectually stimulated. Troy was a leader in manufacturing for a variety of products until the 1920s when steel production moved closer to natural resources. A stroll through the interwoven downtown streets highlights Troy's remarkable preservation of its old-time atmosphere and architecture. Despite being located only eight miles from the capital of Albany, Troy truly is a unique community of its own.



Currently, Troy's economy is built around three pillars: education, healthcare, and government affairs, with a growing gaming cluster, tech entrepreneurship, and startups. Although this diversification helps reinforce the economy against a recession, the median income for the whole city is \$36,000 per year. Considering that the city's median income is much lower than the state's, the community recognizes the need for an economic development catalyst. The community believes the redevelopment of One Monument Square could be the start of a new era in Troy's revitalization.



One Monument Square is a downtown waterfront property which was formerly the site of the city hall. The full site includes 1.6 acres with a 0.4-acre esplanade along the waterfront, leaving 1.2 acres available for development. It is in a 100-year floodplain, so a 50-foot deep river setback must be maintained. Even though Troy has 7 miles of riverfront, One Monument Square is one of the few waterfront

properties that is currently vacant. One Monument Square is easily accessible from other

parts of downtown and sits along a trail following the river. The property is near an established bus hub and could also be a public access point to the river, making it a valuable location for redevelopment. Since the city hall was demolished in 2011, there have been 4 attempts to redevelop the site.

During the summer of 2018, the City of Troy invited the public to participate in a multi-day planning workshop for One Monument Square. With help from the City's Planning Department and consultants from Place Alliance NY and River Street Planning, Troy residents, business owners, visitors, and other interested persons crafted a vision for the site. The resulting concept was a large, mixed-use project, with an all-season civic plaza that includes two levels of parking with an open-air public space that spills onto River Street and One Monument Square. It would feature expansive views of the Hudson River and a Grand Staircase connection through a series of distinct outdoor spaces down to William D. Chamberlain Riverfront Park with elevator access and ramps.¹



Place Alliance NY and River Street Planning worked with an Advisory Committee and the City's Planning Department to refine the concept based on feedback from developers, residents, and various stakeholders. The final concept was presented back to a largely approving public on November 5, 2018. Immediately following the presentation, the City began analyzing project feasibility and identifying key components and partnerships to assist in developing a project plan that best reflects our shared vision for the site. In April 2019, the City released a Request for Qualifications for a Development Partner with whom the City and/or Troy Local Development Corporation will enter into a public-private partnership.

¹ <http://www.troyny.gov/departments/planning-department/city-projects/monument-square-redevelopment/>
Monument Square – Roadmap to Redevelopment
Prepared by the Council of Development Finance Agencies (CDFA)

One Monument Square Roadmap to Redevelopment

Recommendations: Develop a Comprehensive Economic Development Plan for the Community

Stakeholder meetings made it clear that community members have grown weary of previous attempts at redevelopment. Despite this, the community has a deep desire to see One Monument Square's redevelopment completed. In order to take the first steps toward a successful redevelopment of One Monument Square, Troy should develop a Comprehensive Economic Development Plan for the whole community. These plans are crucial since they provide clear direction and purpose for the entire city and not just One Monument Square.

Financing development requires a rational, thoughtful, and strategic response to economic needs and challenges. Many communities struggle with sudden economic adjustments such as plant closings, corporate relocations, or business expansions. Community leaders are placed under considerable pressure to address these challenges quickly. To present a thoughtful response to such challenges, financing development must involve long-term, strategic thinking.² Creating a comprehensive economic development plan will be invaluable for Troy as the community moves forward with its many projects, including the redevelopment of One Monument Square.

Part I: Timing Considerations

The Consolidated Funding Application (CFA) is New York's single form to access funding for economic development. Governor Cuomo instituted the CFA in 2011 as part of an effort to streamline the economic development model in the state. With the CFA model, there are important timing considerations that Troy must be aware of. The CFA has one application deadline per year (Round X has yet to be determined). Troy must plan for the annual funding cycle since funds are awarded only once every year. A comprehensive economic development plan for the city would consider the timing of Troy's many initiatives by factoring in the annual funding cycle.

² Practitioner's Guide to Economic Development Finance, 2nd Edition by Toby Rittner.
<https://www.cdfa.net/cdfa/store2.nsf/browse.html?open&so=popularity>

Recommendations: Determine Ownership of One Monument Square

After Troy has authored a comprehensive economic development plan, the next step would be to determine an ownership structure for the projects at One Monument Square. Throughout stakeholder meetings, important conversations centered on potential options for site control and what various ownership models may entail. Community members have seen several iterations of plans at this site over the last few years. In order for the project to move forward, an ownership structure must be determined for the site. There are two basic options for the ownership of One Monument Square: 1) public ownership and 2) public-private partnership.

The ownership structure of a development project can play a major role in its success. Public agencies, such as the Troy Planning Department, provide one approach. In larger communities, these agencies are often directed by municipal employees, while in smaller communities, they are often managed by mayors or city managers. These agencies provide a set of conventional public financing tools that are both tested and reliable. Yet public agencies, by their legal structure, are limited from more innovative financing programs and can be hindered by budget constraints or changes in political leadership.

Development finance agencies (DFAs) can be either public or quasi-public/private authorities that provide or otherwise support economic development through various direct and indirect financing programs. DFAs may issue tax-exempt and taxable bonds, provide credit enhancement programs, and offer direct lending, equity investments, or a broad range of access to capital financing mechanisms. DFAs can be formed at the state, county, township, borough or municipal level and often times have the authority to provide development finance programs across multi-jurisdictional boundaries.

The DFA model may provide another approach to financing the One Monument Square project. These agencies, authorized and created by the government, are typically governed by a board of appointed members that represent various stakeholder groups in the community. Through statute, ordinance or other legal means, DFAs can enter into public/private partnership agreements on behalf of local governments.

DFAs are most active in the issuance of conduit bonds that are commonly issued as non-recourse financing, meaning the bond investor takes on the risk rather than the issuer.

Besides bond financing, development finance agencies provide a myriad of financing options including tax increment and special assessment financing, revolving loan funds for small businesses, and engagement of investment tools like New Markets Tax Credits and Opportunity Zone Funds. They are often supported by local communities with direct

funding, and also through fees for services, bond issuances, and development agreements. In Troy, such agencies include the Troy IDA and the Troy LDC.

However, there is an argument to be made for the effectiveness of both public and public/private agencies. CDFA research shows public/private agencies tend to provide a greater breadth and depth of financing resources at the local level. In a CDFA survey of hundreds of agencies, only 19% of the public agencies indicated they allocated more than 20% of their budget directly to development finance, whereas 33% of public/private agencies allocate over 50% of their budget to development finance. This disparity indicates that public/private agencies may be better equipped to provide development finance options.³

³ Practitioner's Guide to Economic Development Finance, 2nd Edition by Toby Rittner.
<https://www.cdfa.net/cdfa/store2.nsf/browse.html?open&so=popularity>

Option I: Public Ownership of the Site

Part I: Overview of Public Ownership

Public ownership of the site would mean no outside developer would be engaged to develop One Monument Square. The City of Troy would retain full and complete ownership of the site and the project, including fully funding of the redevelopment of One Monument Square. In this scenario, the City of Troy would be responsible for all aspects of the project and go through typical state-mandated procurement procedures to design, build, finance, operate and maintain the site.

Stakeholders indicated public ownership would mean the site would likely be two levels of public parking with a park on top of the garage, and would not include any housing. Through this ownership structure, there are several avenues of financing and funding available for the project which would otherwise be unavailable if the site were a public-private partnership or privately-financed.

Part II: Financing Recommendations

If One Monument Square were owned entirely by a government entity, a few unique public finance tools would be available. These tools must spearhead a public entity and are typically financed through either general obligation or revenues collected.

i. **General Obligation (G.O.) Bonds**

General Obligation (G.O.) Bonds are bonds used to finance projects that serve a public purpose. Private entities may not significantly use, operate, control, or own the facilities that are being financed by G.O. Bonds. In New York, G.O. Bonds are voter-approved and are backed by the town's full faith and credit.⁴ If the project is principally owned by the public, then G.O. Bonds may be an option.

ii. **Environmental Protection Fund Grants Program for Parks, Preservation, and Heritage**

Grants of up to \$600,000 are available for municipalities or non-profits for planning, development, and improvement of parks, historic properties, and heritage areas.⁵ Plans indicated that the site will likely see continued use as a park in addition to public parking. If the site is publicly-owned, then this funding opportunity may be available to Troy.

⁴ <https://bonds.ny.gov/bonds/BYNB-bondsTypes.html>

⁵ <https://parks.ny.gov/grants/>

iii. Recreational Trails Program

Trail-related projects may be eligible for up to \$250,000 awards from the Recreational Trails Program. Eligible uses of funds include restoration, development, property acquisition, and equipment purchase. Stakeholders indicated an interest in extending the waterfront trail through the One Monument Square site, so this funding source may be worth investigating.⁶

iv. Local Waterfront Revitalization Program

The New York Department of State makes funding available through its Local Waterfront Revitalization Program (LWRP). Communities wishing to participate must be located along a designated inland waterway and voluntarily adopt an LWRP, which must then be approved by the Secretary of State. In Troy, the Hudson River to the north of the Federal Dam is deemed eligible, so pursuing another grant from this program of funding may be worth consideration.⁷

v. Brownfield Opportunity Area (BOA)

Up to 90% of total eligible project costs may be eligible for funding through the Brownfield Opportunity Areas Program. Administered by the New York Department of State's Office of Planning and Development, the BOA program provides financing, technical assistance, and revitalization strategies to turn a blighted brownfield site into a vibrant community asset.⁸ Currently, the BOA study in Troy does not stretch up to this site.

vi. Restore New York Grant

Empire State Development administers the Restore New York grant program. Restore New York grants are awarded for projects that revitalize residential and commercial properties. Projects located in Brownfield Opportunity Areas and economically distressed communities are given preference. A 10% match is required, and the municipality of Troy must initiate the project.⁹ In order for this program to become an option however, the state would have to issue a new round of funding.

⁶ <https://parks.ny.gov/grants/recreational-trails/default.aspx>

⁷ <https://www.dos.ny.gov/opd/programs/lwrp.html>

⁸ <https://www.dos.ny.gov/opd/programs/brownFieldOpp/boasummary.html>

⁹ <https://esd.ny.gov/restore-new-york>

Option II: Public-Private Partnership (P3)

Part I: Overview of a Public-Private Partnership

A public-private partnership, generally speaking, is a contractual arrangement where a government agency contracts with a private partner to renovate, construct, operate, maintain, and/or manage a facility or system that provides a public service. The government agency may retain ownership of the public facility or system but the private party generally invests its capital to design and develop the facility or system. Typically, each partner shares in income resulting from the partnership.

Such a venture can differ from typical service contracting in that the private sector partner may make a substantial cash, at-risk, equity investment in the project. The public sector also gains access to new revenue or service delivery capacity without having to pay the private-sector partner. The underlying strength of the P3 model is the private sector has sufficient P3 capacity (expertise and availability) to successfully deliver project objectives.¹⁰

In most cases, there must be a legal statutory authority provided by the government to enter into P3 transactions. Over the past 5 years, over half of the states have explicitly approved formal P3 laws allowing for these types of transactions. New York has legislation authorizing the “design-build” method, in which a private entity is selected by an RFP process to design and build the project. In a design-build P3, the government cedes some authority to the private entity but still retains control over certain aspects of the project.

A design-build P3 in Troy may include a developer, the Troy Downtown Business Improvement District (BID), the Troy Industrial Development Authority (IDA), the Troy Local Development Corporation (LDC), the Troy Capital Resource Corporation (CRC), and other local stakeholders. Local anchor institutions such as Rensselaer Polytechnic Institute, Hudson Valley Community College, and Russell Sage College may also be interested in partnering. A P3 may also entice community organizations like the Troy Waterfront Farmers’ Market to become more involved, as such entities stand to benefit from a redeveloped and prosperous One Monument Square.

Part II: Financing Recommendations for the P3 Site

As a financing tool, a P3 is a complex yet useful agreement between a public agency and a private-sector entity. Public agencies such as municipalities, states, or authorities, are able to transfer some of the inherent risks of project development by collaborating with private developers, construction and engineering firms, or infrastructure investors who have the

¹⁰ Practitioner’s Guide to Economic Development Finance, 2nd Edition by Toby Rittner.

<https://www.cdfa.net/cdfa/store2.nsf/browse.html?open&so=popularity>

private resources and expertise which the agency lacks. There are 2 common types of P3 involving asset monetization; the first occurs when a public asset is transferred to a private entity for a one-time fee or future revenue, and the other is infrastructure investment constructed by a public entity is then given to the private business for operation. This section will list several financing recommendations for a potential P3 structure.

i. Expand Role of Special Assessment Districts in Downtown Troy

Special Assessments Districts are a common and often underutilized financing mechanism available to communities across the U.S. Every state provides some form of special assessment district financing. Most states offer more than one option. In New York, special improvement districts are typically tied to a geographic area that is established by the City and is built to address the needs of the local property owners.¹¹ These tools are known by a variety of names and can be structured in a variety of ways, but there are two predominant methods.

The first method is the assembly of business and neighborhood groups into a district to generate funding for projects and programs. The Troy Downtown Business Improvement District (BID) is an assessment district working to improve quality of life and enhance commerce within its downtown boundaries. The Troy BID has four primary areas of focus: marketing, business development and retention, public services and beautification, and family-friendly special events. To further these goals, the BID hosts events, operates a community billboard, provides members with resources to acquire funding, and training.¹²

The second approach is a directly targeted assessment program organized by the local government. Government districts levy an assessment on top of property or sales taxes within the district, creating a pool of tax revenue. The additional tax revenue is then used to finance infrastructure improvements within the district.

While the current Downtown BID's levy is capped, Troy could consider adding another assessment district of either type. This could be done in order to assist with financing the redevelopment of One Monument Square.

ii. Financial Assistance from the Troy Industrial Development Authority (Troy IDA)

In New York State, Industrial Development Agencies (IDAs) are established as public benefit corporations with powers to provide financial assistance for qualifying commercial, manufacturing, and industrial projects. Available forms

¹¹ <https://osc.state.ny.us/localgov/pubs/research/townspecialdistricts.pdf>

¹² <http://www.downtowntroy.org/mission>

of financial assistance include: (i) a mortgage recording tax exemption, (ii) a sales and use tax exemption, (iii) real property tax abatement, and (iv) interest rate savings via qualified tax-exempt financings.

In the instant case, and based upon community input, the most likely end-use for the redevelopment of One Monument Square would entail a mixed-use building or buildings providing both commercial space and for-rent residential apartments, which would generally qualify for assistance through the Troy IDA.

a. Payment in Lieu of Tax Agreements (PILOT Agreements)

IDA financial assistance is provided through what are commonly referred to as “Straight-lease transactions,” where the subject property is leased to the IDA and immediately leased by the IDA back to the private owner for a period of time that generally matches the term of the tax benefits to be conferred. The term of straight-lease transactions can vary from just a few months to allow for mortgage tax benefits, or for several decades to allow for long-term real property tax abatements, which are memorialized through PILOT Agreements. When an IDA acquires a leasehold interest in real estate, the property may be deemed exempt from real property taxes. The IDA then has the ability to negotiate a PILOT Agreement for a set term, which requires the private owner to make PILOT Payments to the IDA for the benefit of the affected tax jurisdictions – which in this case include the City, County, and School District. The IDA may not retain any PILOT Payments for its own use without the express approval and consent of the affected taxing jurisdictions. PILOT Agreements most often provide a discount from full taxes which is gradually reduced over time such that the project pays the equivalent of almost full taxes as the agreement reaches the end of its term.

Importantly, for-sale housing (condominiums) generally do not qualify as a “commercial” project under the IDA Act. At the forefront of many reasons for this is the fact that condominiums and other multi-unit developments result in a large number of non-commercial end-users. Notwithstanding this policy's reasoning, the administration of a PILOT Agreement by an IDA for potentially hundreds of owners for a condominium would be extremely difficult to administer.

b. Pilot Increment Financing (PIF) Bonds

PIF provides a unique revenue stream that can be incorporated within standard IDA straight-lease and bond finance transactions. With the consent of affected tax jurisdictions, an IDA and Company may negotiate a payment in lieu of tax (PILOT) equal to full taxes and allow the

increment (the difference between full taxes and otherwise negotiated amount) to be used to repay debt service related to certain infrastructure improvements. Elements of PIF have been incorporated into IDA PILOTs associated with industrial parks and other economic development projects as means by which to finance public infrastructure and improvements, including roadway, water, sewer, utility and environmental remediation purposes.

Historically, PIF was utilized where a company qualified for a 100% refund of real property taxes through New York State's former Empire Zone Program. PIF can also be utilized without the benefit of the Empire Zone Program as long as an IDA has the support of at least one of the local tax jurisdictions. Pursuant to the IDA Act, unless otherwise agreed by the "affected tax jurisdictions," all PILOT agreements must provide that PILOT payments be allocated among affected tax jurisdictions in proportion to the amount of real property tax and other taxes which would have been received by each affected tax jurisdiction had the project not been tax-exempt due to the status of the agency involved in the project. Simply put, any non-pro-rata PILOT payment allocation requires the consent of the affected tax jurisdictions. For obvious reasons, the consent of affected tax jurisdictions (such as school districts) is viewed as a crucial element in establishing a sufficient PIF revenue stream. In sum, to the extent that an IDA is able to secure the consent of affected taxing jurisdictions for the allocation of PILOT payments toward debt incurred for project improvements, a stream of PILOT revenue can be established to assist with project development.

The deployment of PIF financing can nonetheless be difficult to accomplish given the need for 3 or 4 elected board to agree on a PILOT structure and consent to diverting PILOT payments to a specific private sector driven project need or purpose. However, the equivalent of PIF financing can be accomplished through requiring rental payments through the IDA Straight-lease transaction that are in turn pledged to project development needs. The addition of rental requirements will always have the impact of reducing funds available for distribution under a PILOT Agreement. Therefore, an IDA could consider including a diverted rental revenue stream in the early years of a project with the understanding that the rentals available will be diminished as PILOT Payment requirements increase over time.

iii. Sale of Air Rights and Reservation of Property Rights

Selling the rights to the air at the One Monument Square site to a private partner may be another option for Troy. Essentially, Troy can sell the rights to the unused development space above One Monument Square to a developer, allowing the buyer to build in that space. Doing so could enable Troy to build and operate a 2-level public parking garage on the ground below street level, and sell the rights to build on top of the garage at street level to a private developer. Revenue gained from such a sale could also help finance the garage.

Another model for consideration by the City would be the sale of portions of the land, with reserved permanent easements or other rights to defined portions of the property allowing continued ownership of public spaces, including promenades, access areas, and other public amenities.

iv. Examine the Use of Property Assessed Clean Energy (PACE)

Property Assessed Clean Energy (PACE) financing is a mechanism for achieving energy retrofit or energy generation of existing privately-owned buildings by utilizing special assessment district financing techniques to finance projects, with private capital, via property owners' property tax bills. Practically speaking, a PACE program can be established to address a single piece of property, a district, a region or an entire state. This makes PACE a very flexible and easily implementable financing tool. In essence, the property owner can access affordable capital in the form of a loan for energy efficiency upgrades, retrofit and/or generation to their home or business. In turn, the municipality places a special assessment on that property's tax bill. This assessment is collected during the regular property tax payment process with payments made to the private lender. Over time, the loan is paid off and the property sees measurable energy savings creating a more sustainable energy solution and community.¹³ New York has legislation enabling Commercial-PACE, which allows commercial entities and multifamily rental properties to take advantage of this energy program. PACE could reduce the cost of energy upgrades on new development, and would also help Troy meet some of its conservation and climate goals. Troy has not yet joined the state-wide PACE financing provider Energize New York. It would be beneficial for Troy to consider joining to access this new, flexible financing tool and make it a viable financing option for a potential developer.¹⁴

¹³ <https://www.cdfa.net/cdfa/cdfaweb.nsf/resourcecenters/pace.html>

¹⁴ <https://www.nyserda.ny.gov/All-Programs/Programs/Commercial-Property-Assessed-Clean-Energy>

v. State Programs

The State of New York offers several financing opportunities for revitalization projects such as One Monument Square. State agencies such as Empire State Development, the Department of State, and the Department of Homes and Community Renewal have funding programs that Troy may consider for One Monument Square.

a. Downtown Revitalization Initiative (DRI)

The Downtown Revitalization Initiative (DRI) is an annual, highly-competitive grant administered by each of New York's 10 Regional Economic Development Councils (REDCs). DRI Grants are awarded for bottom-up community planning processes and implementation efforts for downtown revitalization. Governor Andrew Cuomo introduced the DRI in 2016, and the program is now in its fourth round. Each DRI award is \$10 million, and only 10 grants are made each funding round.

b. Upstate Revitalization Initiative (URI)

The Upstate Revitalization Initiative (URI) is a program similar to the DRI but specific to Upstate New York. Established in 2015, the URI is a \$500 million, ultra-competitive award to 3 REDCs for communities to implement their economic development strategies. If the Capital Region REDC receives a URI award in 2020, the redevelopment of One Monument Square may be a part of the Capital Region REDC's revitalization plan. Strong partnerships with the Capital Region REDC and with Empire State Development would facilitate this opportunity.¹⁵

c. Rural and Urban Community Investment Fund (CIF)

Up to \$2 million per project may be available for affordable housing through the CIF program operated by the New York Department of Homes and Community Renewal (HCR). The CIF can fund commercial, retail, or community facilities that serve as the mixed-use components of affordable housing developments.¹⁶

d. Local Government Efficiency (LGE) Grant Program

LGE grants are made to streamline service delivery and improve municipal operations by encouraging local government agencies to work together. For every additional county, municipality, special improvement

¹⁵ <https://esd.ny.gov/about-us/signature-projects/upstate-revitalization-initiative/uri-faq>

¹⁶ <https://shnny.org/fundingguide/rural-and-urban-community-investment-fund-cif/>

district, development board, water authority, sewer authority, and regional planning commission that partners on a single project, the more funding the project can receive in LGE grants. The program awards funds to two categories of projects: Planning projects and Implementation projects. For planning projects, each local government entity involved in the effort can receive up to \$12,500, with total awards capped at \$100,000 and 50% matching funds required. Implementation projects can receive up to \$200,000 per government entity involved in the project, with the maximum award capped at \$1 million and only a 10% match required. LGE grants can be used for expenses such as capital costs, equipment necessary for implementation, contractual services, and personnel costs necessary for a project.¹⁷

vi. Examine the Use of Federal Incentives and Financing Programs

The federal government has some financing opportunities that may be available to Troy. Several of these are statutes – meaning they are not appropriated. Others have funds appropriated by Congress or the agency that operates the program. As a note, the programs below were authorized at the time of writing, and may or may not be available in the future.

a. Utilize New Markets Tax Credits (NMTC)

The project site is located in an NMTC eligible census tract. The NMTC program incentivizes economic growth through the use of tax credits that attract private investment to distressed communities that provides significant direct benefit to low-income people. The NMTC Program can potentially generate a substantial amount of private equity (approximately 20-25% of project costs) for eligible projects depending on the fee structures of the Community Development Entity (CDE) providing the credits and investors.

However, to be competitive projects must have a strong commercial or retail component providing direct benefit to low-income persons. NMTC is intended to fill financing gaps on a project and requires that 80% of the total project cost be funded through other sources, including conventional lending or certain bond financing, equity from the project owner or investors, other government or public subsidy (grants/loans, etc.), and private donations and/or fundraising. The average minimum size of most NMTC projects is around \$8M (generating under \$2M in actual funds). Projects requiring more than \$10 million may require

¹⁷ <https://www.dos.ny.gov/funding/rfa-19-lge-18/2019-2020%20LGE%20CFA%20RFA%20Final.pdf>

multiple grant allocations over several years. The tax credits are highly competitive and are awarded by the CDE according to the criteria described above, and the specific mission of the CDE.¹⁸ In order for One Monument Square to make use of NMTCs, a qualified low-income business would need to move onto the site and receive an allocation from a CDE. CDFA can assist in identifying CDEs working in New York whose mission may align with the project.

b. Opportunity Zones

The 2017 Tax Cuts and Jobs Act created a new tax incentive to attract capital to low-income census tract areas. The Opportunity Zone incentive allows investors to defer tax on capital gains if the proceeds are invested in a Qualified Opportunity Fund which is used to support new or existing business activities within a zone. The capital gains invested in a Qualified Opportunity Fund are eligible for partial tax forgiveness if the investment is held in a Qualified Opportunity Fund for at least 5 years, and if an investment is held for 10 years, any tax on the appreciation of that investment is forgiven. One Monument Square was listed as an Opportunity Zone in 2018. Troy should include in its Comprehensive Plan a strategy for leveraging this incentive, and market this incentive to potential investors.¹⁹ It would be up to a developer whether to seek financing from an Opportunity Fund.

c. U.S. Environmental Protection Agency (EPA) - Environmental Justice Small Grants

The U.S. EPA's Environmental Justice Small Grant program makes available \$1.5 million annually for community-driven projects that help communities solve public health and local environmental issues. In the past, the program has funded green infrastructure, healthy homes, storm water infrastructure, environmental job training, cleanup of toxic substances and lead, and more. Grants of up to \$30,000 are made to non-profit organizations for 1-year projects.²⁰

d. U.S. Environmental Protection Agency (EPA) - Urban Waters Small Grants

EPA awards grants to projects enhancing water quality to help foster recreational, social, and job opportunities along urban waterfronts. Since

¹⁸ <https://www.cdfa.net/cdfa/cdfaweb.nsf/resourcecenters/taxcredits.html>

¹⁹ <https://www.cdfa.net/cdfa/cdfaweb.nsf/resourcecenters/OZ.html>

²⁰ <https://www.epa.gov/environmentaljustice/environmental-justice-small-grants-program>

its creation in 2012, around \$6.6 million have been awarded, with single awards capped at \$60,000. Funds can be used to restore urban water quality, promote the revitalization of underserved areas, foster partnerships, and address related community needs.²¹

e. U.S. Economic Development Administration (EDA) - Public Works Program

EDA's Public Works program helps distressed communities revitalize, expand, and upgrade their physical infrastructure. EDA grant funding is targeted for distressed areas and is tied to job creation. These grants are highly competitive, but the City of Troy has a compelling story in the revitalization and recreation of Troy as a point of interest in the area. As a property that sat blighted and vacant, the site now has the potential to become an economic generator for downtown and public space to continue to promote and develop community identity.

f. Northern Border Regional Commission (NBRC) – Economic Infrastructure Development Program

The NBRC offers grants of up to \$250,000 to public bodies and non-profit 501(c)(3) entities for certain economic infrastructure projects that improve the vitality of the northern border region. Such projects include business entrepreneurial developments that support regional economic, cultural, and natural assets, workforce development, build capacity for economic development, reduce thermal and electric energy costs, and essential community infrastructure like parking. Depending on the award amount, NBRC funds can be used as matching funds for other grants.²²

Recommendations: Next Steps

Since CDFA's site visit, the City of Troy has selected a developer to partner with for the redevelopment of One Monument Square. At this point, Troy and the developer are now ready to secure financing and encourage public involvement in the project.

Part I: Secure Capital

Once Troy has finalized the ownership structure for One Monument Square it can then secure available capital sources. The ownership structure will not only define what funding

²¹ <https://www.epa.gov/urbanwaters/urban-waters-small-grants>

²² <http://www.nbrc.gov/content/economic-infrastructure-development-investments>

sources will be accessible but also dictate an approximate timeline for completion of the project. Troy's Comprehensive Economic Development Plan should also outline a rough timeline of One Monument Square's redevelopment, which must be taken into account when considering the scheduling of all funding sources. Federal funding processes can be lengthy and some are subject to appropriations, and when factoring in state funding sources, Troy should be cognizant of New York's yearly CFA deadline. Therefore, creating a comprehensive economic development plan will be invaluable for Troy as it moves forward with, and secures capital for, its many projects – especially the redevelopment of One Monument Square.

Part II: Confirm Community Consensus

At this phase, Troy can conduct community outreach surrounding the financing and capital stack of the project. These civic engagement efforts should be coordinated with all partners and stakeholders involved in the redevelopment; public supportiveness of the project is imperative to the success of the overall plan.

Once these recommendations are complete, the community's vision will become a reality; One Monument Square will take finally its place as the waterfront landmark desired by many in Troy.

One Monument Square Roadmap to Redevelopment

Additional Resources

CDFA Brownfields Financing Toolkit |

<https://www.cdfabrownfields.org/cdfa/cdfaweb.nsf/pages/brownfields-resources.html>

CDFA Online Resource Database |

<http://www.cdfa.net/cdfa/cdfaweb.nsf/ordsearch.html>

CDFA Federal Financing Clearinghouse |

<https://www.cdfa.net/cdfa/cdfaweb.nsf/ffcsearch.html>

Types of Brownfields Grant Funding (Environmental Protection Agency) |

<http://www.epa.gov/brownfields/types-brownfields-grant-funding#tab-1>

One Monument Square Redevelopment |

<http://www.troyny.gov/departments/planning-department/city-projects/monument-square-redevelopment/>

City of Troy Planning Department |

<http://www.troyny.gov/departments/planning-department/>

City of Troy Economic Development |

<http://www.troyny.gov/departments/planning-department/economic-development/>

Troy Capital Resource Corporation (CRC) |

<http://www.troyny.gov/departments/planning-department/economic-development/troy-crc/>

Troy Industrial Development Authority (IDA) |

<http://www.troyny.gov/departments/planning-department/economic-development/troy-ida/>

Troy Local Development Corporation (TLDC) |

<http://www.troyny.gov/departments/planning-department/economic-development/troy-ldc/>

Downtown Troy Business Improvement District (BID) |

<http://www.downtowntroy.org/home/>

Energize New York |

<https://energizeny.org/commercial>

Troy Waterfront Farmers' Market |
<https://www.troymarket.org/>

River Street Planning & Development |
<https://riverstreet.org/>

PLACE Alliance New York |
<https://placealliance.com/>

Capital District Regional Planning Commission (CDRPC) |
<https://cdrpc.org/programs/economic-development/funding-resources>

Capital Region Chamber of Commerce |
<https://capitalregionchamber.com/>

Community Loan Fund of the Capital Region |
<http://mycommunityloanfund.org/>

New York Department of State |
<https://www.dos.ny.gov/funding/>

Empire State Development Capital Region |
<https://esd.ny.gov/regions/capital>

Northern Border Regional Commission (NBRC) |
<http://www.nbrc.gov/content/new-york>

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Organizations

- City of Troy
- City of Troy
- City of Troy
- Troy Capital Resource Corporation
- Troy Downtown Business Improvement District
- Troy City Council
- Troy City Council
- Troy City Council
- Center for Creative Land Recycling
- Center for Creative Land Recycling
- Empire State Development Corporation
- New York State Energy Research and Development Authority
- River King Development
- Harris Beach PLLC

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