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**ANALYSIS OF
THE SHERIDAN
HOLLOW BOA**



Market Trends Analysis

JOB MARKET

The job market in Sheridan Hollow is relatively weak, as evidenced by the BOA's 10% unemployment rate, lack of businesses, and prevalence of low-paying jobs.

Projected Change in Employment

During the period from 2012 through 2022, the Capital Region is expected to experience growth in the following occupations:

- Food preparation and serving;
- Healthcare and technical practitioners;
- Office and administrative support;
- Sales; and
- Education, training, and library.

While the above-stated occupations are expected to experience growth, a decline in the government and utilities industries is also expected.

In the study area specifically, there is demand for tradespeople (plumbers, electricians, carpenters, etc.) to do rehabilitation work on vacant homes. Partnerships should be pursued with Home Leasing and other developers to match residents to jobs in these areas.

Challenges

Job skills readiness and job placements are challenges for neighborhood residents. Some of the growing sectors in the region, such as healthcare and education, require special training, which is generally not available to BOA residents. Many residents do not have college degrees, which limits their job prospects and creates a mismatch between residents' skills and those required by available jobs. This mismatch was identified by business owners as one of the principal hindrances preventing ready employment. Available jobs in the BOA are also relatively low-paying and wages in some of the expected-growth occupations (like food preparation and sales) are not particularly high-paying either.

Potential Solutions

Workforce Training Programs: Supporting and promoting existing workforce training programs, like those at BOCES, ACAP, and the Trinity Alliance South Campus, would help residents elevate their skill levels, better match them to available jobs at neighborhood businesses, and potentially make them competitive for higher-paying jobs.

Live/Work Spaces: Given the small footprint of available spaces in the BOA, live/work spaces that can support small businesses, entrepreneurs, and artists are the preferred model, as opposed to one large employer. The BOA's supply of vacant housing lends itself to rehabilitation as live/work spaces.

KEY FINDINGS: JOB MARKET

1. High unemployment in Sheridan Hollow suggests a lack of available, desirable, or skills-matched jobs in the area. Employment opportunities do exist in labor and the specialized trades, especially as they relate to home rehabilitation in Sheridan Hollow.
2. A mismatch between residents' skills and those required by employers was noted by local business owners as a primary barrier to hiring. Promotion of existing workforce training programs could help elevate residents' skills and better match them to available jobs.

CAPITAL REGION EMPLOYMENT PROJECTIONS

Occupation	Net Change 2012 - 2022	Percent Change 2012 - 2022	Median Wage 2015
Food Preparation and Serving	9,870	24 %	\$ 19,910
Healthcare and Technical Practitioners	6,270	17.9 %	\$ 59,300
Office and Administrative Support	5,220	5.4 %	\$ 34,830
Sales and Related Occupations	4,430	8.6 %	\$ 25,950
Education, Training, and Library	4,090	9.5 %	\$ 48,320

Source: Labor Department

Market Trends Analysis

HOUSING MARKET

Despite some recent development activity, Sheridan Hollow does not compare favorably to other neighborhoods in the city given its higher number of vacant units, the perception of crime, and the presence of unattractive streets. Although rents are not that much more affordable than in other areas of the city, housing conditions are much worse. As a residential area, Sheridan Hollow is perceived as providing housing of last resort.

Development Challenges

Much of Sheridan Hollow's housing stock is severely deteriorated and the neighborhood struggles with many vacant lots and structures as well as little demand for private market-priced housing. Development and redevelopment in the area are complicated by the following factors:

Financing Gap: *The costs to rehabilitate much of the housing in Sheridan Hollow is more than can be recouped by charging market rate prices for the rehabilitated homes.*

The financing gap in Sheridan Hollow discourages rehabilitation, contributes to disinvestment, and fuels a cycle of deferred maintenance that plagues the area's housing stock. Deferred maintenance is a self-reinforcing situation in which degraded properties are unable to be renovated and continue to exert downward pressure on pricing and valuation, thus reducing the value of higher-quality properties over time.

Additional Development Costs: *Several factors create additional costs for developers, such as a relatively demanding City Code, poor soils, an aging housing stock, and the likelihood of environmental contamination.*

Multiple developers noted the City's requirement to hire City-licensed plumbers and electricians as a huge cost increase over nearby cities like Syracuse and Troy. The City is also presently under a stormwater management consent decree which adds further complexity to the permitting process and additional related costs. Developers also described the soil in Sheridan Hollow as "Class E," meaning that it is very difficult, and therefore more expensive, to build on. Redevelopment of Sheridan Hollow's aging housing stock also involves contending with the environmental issues of older homes – including the possibility for lead, asbestos, mold, and radon – which adds additional costs not incurred in new construction.

Economies of Scale: *The prevalence of small lots and varied ownership throughout the neighborhood make large-scale development challenging.*

It is much easier to achieve economic viability in the development and management of a large property than it is with small properties. However, given the footprint of available spaces in Sheridan Hollow, development of scale in the BOA must involve scattered sites, which adds complexity and cost.

Low Market Rents (I): *Market rents in the BOA are too low for property owners to support normal operating costs.*

This negative return is a large reason for disinvestment and often prompts property owners to use their buildings as "cash cows" – pulling rental income out of the building without paying for ongoing maintenance and capital improvements.

Low Market Rents (II): *Market rents in the BOA are significantly lower than the rents deemed "affordable" by programs like LIHTC, making it difficult for developers to break even.*

While the maximum LIHTC rent that could be charged for a 2-bedroom apartment in Albany is \$1,107, this threshold is artificially high and – with the exception of the new luxury developments in the area – market rents in Sheridan Hollow are much lower. For example, Housing Visions, the non-profit developer that recently completed a LIHTC development in Sheridan Hollow, is charging average rents of \$639 – far lower than the regulatory maximum, yet any higher would bring prices too close to market rate.

Opportunities

The existing life cycle of housing in Sheridan Hollow is not serving the community. The cycle of deferred maintenance is self-reinforcing, preventing poor properties from being renovated and allowing them to continue to exert downward pressure on pricing and valuation, while simultaneously reducing the value of good properties over time. To alleviate this cycle, new opportunities need to be created that will attract new residents and new investment.

The ideal goal is to create a vibrant, healthy, private market, with a mix of rental and homeownership opportunities for households with a range of income levels. It is particularly important to create a balance between price-restricted and market-rate units. While subsidized affordable housing may be a promising way to jump start a neighborhood turnaround, the ultimate goal should include creating an environment that can attract buyers and renters with other options, and provide a reasonable return for private, unsubsidized developers.

In Sheridan Hollow, creating a healthy private market will involve diversifying the existing housing stock to attract and accommodate a more diverse population of incomes and ages and providing strategies to help close the financing gap for rehabilitation and redevelopment.

HOW MUCH DOES IT COST TO FIX A BUILDING?

Many of the buildings in Sheridan Hollow are in overwhelming disrepair. It is difficult to make the numbers work in order to rehabilitate these buildings for housing or other uses. Often, the costs to rehabilitate these structures are beyond that which could be recouped on the back-end of investment.

For example, the cost to rehabilitate (including foundation repairs, a new roof, heating, woodwork, and windows) a three-unit structure for habitation would cost, on average, \$280,000. The typical selling rate in Sheridan Hollow is approximately \$125,000, meaning a loss if the units are sold outright. On the other hand, new construction of the same scale would be only marginally cheaper and probably more expensive if demolition is involved.

There are some funding sources that can help close the gap on redevelopment costs. Buildings within a historic district or individually listed on the National Register of Historic Places may be eligible for Historic Preservation Tax Credits. Often, preservation grants or funding assistance differs for private owners and non-profits. Non-profits and municipalities that wish to rehabilitate a historic structure can look into preservation assistance from the New York State Parks, Recreation and Historic Preservation office.



Market Trends Analysis

Potential Solutions

In order to transform Sheridan Hollow into a community of choice with a healthy private market, a variety of initiatives will need to be implemented to promote both affordable and market-rate housing development. Potential solutions include:

Drive Down Development Costs: Both non-profit and for-profit developers point to a regulatory environment that makes Albany a much more expensive municipality in which to build housing than other nearby cities and towns. Such conditions run counter to the City's best interests of developing a stock of high quality affordable and market-rate housing. The City should be encouraged to undertake a critical review of its development processes and policies and to revise those that add unnecessary costs to development, while ensuring that building quality is maintained and public safety is not impacted.

Scattered Site Rehabilitation through LIHTC: If sufficient properties can be assembled, the LIHTC program can be utilized to rehabilitate these properties as permanently affordable rental housing. Where applicable, LIHTC can be combined with both federal and state historic tax credits to further support the preservation of buildings of historic interest.

Rental Rehabilitation: Given the nature of Sheridan Hollow's housing stock, smaller-scale rehabilitation projects will continue to be necessary to make such projects viable. There are a number of State programs (including HOME and the Housing Trust Fund) that could support such projects. Lead abatement funds and City programs like ACDA Rehab Assistance Program are also helpful in bridging the gap between costs and market sources.

Homeowner Rehabilitation Program: Pairing favorable loans with subsidies for existing and new owner-occupants to repair their properties is an effective way to encourage both homeownership and rehabilitation.

Infill Development: Opportunities exist for infill development throughout the BOA. Currently, such projects may require alternate financing to overcome the issue of valuation but the non-profit organizations already working in the neighborhood can provide some assistance. New infill will raise valuations and, over time, will allow financing for renovation and additional new units.

Mixed-Use Development: Compared to strictly residential developments, mixed-use developments provide multiple sources of income for a building owner which can help cover the costs of construction.

KEY FINDINGS: HOUSING MARKET

1. The home purchase market for existing homes in the neighborhood remains weak. A primary issue is the need for investment in excess of the market value of homes in order to update and modernize them for owner occupancy. Similarly, in the rental market, low rents do not cover costs to maintain or improve properties, leading to a cycle of deferred maintenance. A variety of financing strategies should be considered to bridge the gap for homeowner and rental rehabilitation.
2. To create a healthy private market in Sheridan Hollow, it will be important to diversify the available housing types, create a balance between ownership and rental units, and provide options that are attractive to a larger population of ages and income ranges.



SURVEY SAYS...

If you had money to invest in the neighborhood, what would you make your priorities?

“ Fix up vacant housing and provide affordable housing.”

Market Trends Analysis

RETAIL MARKET

At present, there is a lack of business and service offerings in the BOA. Feedback from residents consistently reported a need for more retail establishments throughout the neighborhood. While the retail gap analysis suggests potential for businesses in some industries to open in Sheridan Hollow, business creation in the neighborhood is complicated by a lack of disposable income for area residents and the availability of retail space in more attractive locations like Downtown Albany.

SURVEY SAYS...

What type of businesses are missing from the community that you would support?

“ Food service (restaurants or catering), health-related businesses (fitness centers, spas, doctor's offices, pharmacy), and food retail (grocery store) or food production businesses (baker, butcher).”

Retail Gap Analysis

The following retail gap analysis provides insight into the types of retail businesses that might be a good fit for the Sheridan Hollow BOA. A positive retail gap exists when demand for goods and services cannot be met by businesses in the BOA. As a result, consumers make purchases at businesses located outside the study area and sales "leakage" occurs. Generally, leakage indicates an opportunity to capture unmet demand in the study area by opening new or expanding existing businesses. A negative retail gap exists when the supply of goods sold exceeds the demand in the trade area. Under this condition, it is assumed that non-residents are coming into the trade area to spend money, thereby creating a sales surplus. Sales surpluses are often an indication of a saturated retail market, where supply exceeds demand and new business creation or expansion is not economically feasible.

Retail Potential in Sheridan Hollow

For new businesses to be economically-viable in Sheridan Hollow, it is important for unmet demand to exist both in the local and the regional trade area. If unmet demand exists only in the local trade area, then this local unmet demand can be met by the surplus in the regional trade area, which makes new businesses in the local trade area less competitive overall. If unmet demand exists both in the local and regional trade areas, then new businesses in the local trade area can capture more of the market.

Within a 1-mile radius (used in this analysis as the "local trade area") and a 10-mile radius (used in this analysis as the "regional trade area") from the center of the BOA, the following industry groups experience unmet demand in both trade areas:

- Motor vehicle dealers (other than automobile dealers)
- Gasoline stations
- Electronics and appliance stores
- Specialty food stores
- Clothing stores
- Jewelry, leather, and luggage goods
- General merchandise stores

Potential exists for businesses that offer the above goods and services to open or expand in the BOA. Residents and local stakeholders also expressed interest in new businesses such as:

- Convenience / grocery stores
- Childcare facilities
- Construction trades such as HVAC, plumbing, and electrical
- Counseling centers

SHERIDAN HOLLOW RETAIL MARKET

Industry Group	Demand local trade area	Supply local trade area	Retail Gap local trade area	Retail Gap regional trade area
Electronics and Appliance Stores	\$ 20,749,993	\$ 11,555,044	\$ 9,194,949	\$ 73,940,052
General Merchandise Stores	\$ 11,415,816	\$ 3,065,059	\$ 8,350,757	\$ 37,670,228
Other Motor Vehicle Dealers	\$ 4,988,020	\$ 0	\$ 4,988,020	\$ 83,513,488
Gasoline Stations	\$ 18,768,308	\$ 15,690,341	\$ 3,077,967	\$ 72,729,759
Jewelry, Luggage, and Leather Goods	\$ 4,040,963	\$ 1,206,668	\$ 2,834,295	\$ 45,999,364
Auto Parts, Accessories, and Tire Stores	\$ 3,699,228	\$ 1,889,010	\$ 1,810,218	\$ 9,153,305
Clothing Stores	\$ 16,112,390	\$ 15,045,899	\$ 1,066,491	\$ 50,293,606
Specialty Food Stores	\$ 6,583,999	\$ 5,829,052	\$ 754,947	\$ 73,664,228
Automobile Dealers	\$ 52,011,720	\$ 10,066,815	\$ 41,944,905	-\$ 708,170,401
Florists	\$ 776,023	\$ 599,642	\$ 176,381	-\$ 28,021,775
Lawn and Garden Equipment Stores	\$ 1,217,999	\$ 0	\$ 1,217,999	-\$ 3,357,868

Source: ESRI, Infogroup

Market Trends Analysis

Retail Strengths

A survey of business owners in the neighborhood found that many considered the low commercial rents in the neighborhood as a benefit, allowing them to keep fixed costs lower. Business owners also indicated that Sheridan Hollow's close proximity to Capitol Hill and downtown allowed them to tap into the market of State employees.

Retail Challenges

Location: Retail space is presently available downtown and may present a more attractive location for some businesses, like specialty food, clothing, and jewelry stores. Foot traffic in Sheridan Hollow is also more limited than it is downtown.

Footprint Sizes: Most available real estate in Sheridan Hollow has a small footprint, which makes it challenging for large employers to locate in the BOA. Live/work spaces, small business start-ups, and micro-retail ventures are better suited models for business in the BOA.

Access to Capital: Access to start-up or working capital is a barrier for businesses in the BOA. Low-interest loans exist through the Community Loan Fund for small businesses owned by minorities, women, and people of low-income.

Spending Patterns: Sheridan Hollow residents have little disposable income to support neighborhood businesses, which means that these businesses must be able to draw demand from both the local and regional trade areas to survive.

Potential Solutions

A healthy retail market in Sheridan Hollow depends on successful business attraction and retention to bring new businesses into the neighborhood and to ensure that existing businesses can thrive as well.

Business Attraction Program: To encourage businesses to locate in Sheridan Hollow, a business attraction program could be established to promote the neighborhood and to actively recruit interested business owners. This program could involve:

- Creating an inventory of larger commercially- or industrially-zoned sites in Sheridan Hollow which would be suitable for interested businesses;
- Providing small storefront retail spaces (e.g., 236 Clinton Avenue) for entrepreneurs that do not have the resources to staff, purchase, and maintain a large space;
- Creating an economic development website to promote the BOA;
- Issuing a quarterly newsletter that highlights positive economic development related activities and opportunities in Sheridan Hollow and the larger region; and
- Inviting site selectors and major commercial brokerage firms to the neighborhood.

Merchant's Association: A Sheridan Hollow Merchant's Association would encourage business retention by helping to identify and address issues faced by neighborhood businesses and by providing a network for sharing resources.

KEY FINDINGS: RETAIL MARKET

1. Market potential exists for businesses in certain industry groups – including electronics, specialty food, clothing, general merchandise stores, and motor vehicle dealers – to open or expand in the BOA. However, limited access to capital makes it difficult for small businesses to get off the ground. Low-interest loan programs, like those offered by the Community Loan Fund to minority- and women-owned businesses, should be promoted and expanded in the BOA.
2. Most available retail space in the BOA has a small footprint, making it challenging for larger employers to locate in the BOA. However, these sites are well-suited to live/work spaces, local entrepreneurs, and small business start-ups.
3. Unless they can capture demand outside of the BOA, neighborhood businesses may struggle because area residents have little disposable income. Existing business owners also noted limited foot traffic and a lack of day-time parking availability as constraints to business.
4. To diversify business offerings in the neighborhood, it is important to actively recruit new retailers as well as support existing businesses and encourage the growth of retail entrepreneurs in neighborhood (e.g., small batch food production and commercial catering). Surveyed business owners also expressed interest in the creation of a merchant's association.



Market Trends Analysis

BUILDING REUSE ANALYSIS

The conditions of the built environment have significant ramifications for the social, physical, and economic vitality of neighborhoods. In Sheridan Hollow, vacant storefronts disrupt the urban fabric, cause blight, and contribute to a sense of disinvestment and lack of safety. Redeveloping and reusing existing buildings can help to transform the appearance and reputation of and to revitalize Sheridan Hollow.

The following building reuse analysis presents general reuse scenarios for existing, vacant, multi-use buildings throughout the neighborhood as well as targeted reuse scenarios for two key buildings: the former Freihofer factory and the former Hungry Hollow space. Detailed reuse studies for these two buildings are also included as Appendix 3.3 (Freihofer Reuse Study) and Appendix 3.4 (Hungry Hollow Reuse Study).

REUSE OF MIXED-USE BUILDINGS



Artist Live/Work Spaces

Given the availability of buildings with storefronts that could be converted into gallery or studio space as well as the growing arts district in Downtown Albany, Sheridan Hollow is a prime location for the creation of affordable live/work spaces for artists. In fact, Albany Barn – which operates a live/work space in nearby Arbor Hill – has a waiting list of over 100 individuals who are interested in renting a live/work space. Based on a survey of artists, Albany Barn recommends keeping prices affordable (\$10 to \$12.50 per square foot for workspaces), allowing for flexibility in lease options, and providing both

private as well as shared workspaces. Demand also exists for some specialty uses including event space, photography space, a sound stage, and a culinary arts kitchen. The Barn also noted that successful spaces have diversified income streams, and recommended additional uses like a barber shop or a laundry mat to supplement revenue.

For Albany Barn's full report on creative placemaking and cottage industry opportunities in Sheridan Hollow, please see Appendix 3.5.



Pop-up Galleries

Pop-up galleries can be short-term solutions to reduce the appearance of vacancy in the neighborhood and highlight the work of local artists. A similar approach to reduce the appearance of vacancy and improve streetscape aesthetics is to use vacant storefronts as canvases for murals.

Pop-up Shops

Pop-up shops, or temporary retail rentals, can also provide short-term solutions for vacant storefronts. Rentals are often under-market rates to encourage tenant occupancy, but can be effective solutions for introducing street-level retail, especially for seasonal or special occasion retailers.

BENEFITS OF MIXED-USE

Sheridan Hollow's stock of available mixed-use buildings offers great potential for reuse, with far-reaching benefits that could positively impact the neighborhood at large including:

- Promoting a "complete neighborhood" where access to all the goods and services needed for daily life can be found in the neighborhood;
- Increasing pedestrian traffic and eyes on the street;
- Reducing the spatial and visual mismatch of residences and places of employment;
- Contributing to place-making; and
- Promoting new opportunities for investment and clustering business activity.

Market Trends Analysis

HUNGRY HOLLOW REUSE



Former Use

The former Hungry Hollow sandwich and deli shop used to operate in the mixed-use building at 203 Sheridan Avenue, which is the cornerstone of the newly-constructed Sheridan Hollow Village development. The restaurant served breakfast and lunch Monday through Friday. It likely failed due to a combination of factors including: limited hours of operation, limited daytime parking availability on-site, and a surplus of food service establishments in the regional trade area.

POTENTIAL REUSE SCENARIOS



Daycare Center

At present, there are no daycare centers in Sheridan Hollow and residents have expressed interest in bringing more childcare facilities into the neighborhood. The closest daycare center is in the Department of Education Building Annex and costs \$221 per child per week. On average, however, Sheridan Hollow residents only spend \$342 on childcare per year. Further investigation is necessary to determine whether this lack of spending on childcare is due to limited disposable income or due to a lack of need for daycare (which may be supplemented, for instance, by a family-member or informal care).

If viable need for a daycare is confirmed, depending on the number of enrolled students, the facility could employ: 1 to 2 teachers, 1 to 3 supporting staff, 2 cooks, and 1 to 2 maintenance workers.

Community partnerships could be explored to subsidize daycare costs for neighborhood residents. Affordable daycare could be an economic stimulus in the neighborhood, allowing parents who gave up work to care for their children an opportunity to seek employment.

Opportunities also exist to potentially create an intergenerational care facility that serves both children and the elderly. Intergenerational facilities provide mutual benefits for children and the elderly including allowing children to learn from seniors and providing seniors with meaningful activities. Partnerships could also be explored with Albany Medical College to bring in students to provide daytime care for infirm elderly residents in exchange for pay and hands-on experience.



Commercial Kitchen

This space's previous use as a restaurant positions it well to support a commercial kitchen. There are several emerging food businesses looking for temporary incubation space in Sheridan Hollow, and space in the commercial kitchen could be rented out to these businesses to generate revenue for the site.



Community Center

The space could also be converted into a community center with a variety of educational and service offerings including: culinary classes, financial literacy classes, and new parent support groups among others. The space could also flex as a flea market where people sell or donate items they no longer need or as a repair cafe, where people bring in broken items for handy community members to fix.

OTHER CONSIDERATIONS

Parking: Any suggested use that requires retail traffic turnover or high employment density will require a solution for the daytime parking shortage in Sheridan Hollow presently caused by the influx of State employees.

Flex Space: While daytime parking is still an issue at the site, it could be used as a flexible or multi-use space, with different uses throughout the day that can be supported by limited parking during the day and more parking during the evening hours.

For instance, the building could operate as a daycare facility during the day, but access to the commercial kitchen space could be rented out during evenings and weekends, as many caterers are operating during these times anyways for events. On evenings and weekends when the kitchen space has not been rented out, the facility could be used as a community center. In combination, the rent-generating activities of the commercial kitchen can help to support the non-profit services offered by the daycare and community centers.

Market Trends Analysis

FREIHOFFER BUILDINGS REUSE



Former Uses

The Freihofer buildings at 222-268 Spruce Street were formerly home to the Freihofer Baking Company, as well as other uses including: a blacksmith, auto parts repair, manufacturing, carpenter's shop, brewery, and restaurant among others. The 1.55-acre site includes a complex of 3 buildings and an attached garage for a total of 101,460 square-feet. The buildings are presently vacant, in various states of disrepair, and likely require rehabilitation and remediation. The Phase I site assessment indicated a costly and potentially lengthy clean-up due to the presence of human and animal waste, lead, asbestos, and PCBs at the site.

BUILDING ANALYSIS



Henry Johnson Boulevard Elevation

This side of the building is bordered by the elevated Henry Johnson Boulevard overpass which effectively separates the building from the community and limits access for truck staging and parking. As a result, this side of the building is suitable only for periodic, low traffic uses such as:

- Dry or climate-controlled storage; or
- Indoor recreation.



Elk Street Elevation

This side of the building is most accessible to the community and has the highest potential for foot-traffic. It will be important to improve this facade as it is community-facing. Daytime street parking is still limited on this side of the building, meaning that potential uses should not require high traffic turnover. Suitable uses for this side of the building include:

- A public market with food service and retail; or
- A commissary kitchen with last-mile delivery like a bakery or catering service.



Spruce Street Elevation

This side of the building is most accessible to truck traffic, and includes on- and off-street docks as well as off-street parking. This side of the building is most suited to:

- Dry, climate-controlled, or repack warehousing; or
- Some sort of light manufacturing such as metal work, wood, food, or beverage production.

Market Trends Analysis

POTENTIAL REUSE SCENARIOS

Multi-Use Facility

Because of its large footprint and multiple buildings, the Freihofer site is positioned well to become a multi-use facility. The existing structures can be used to naturally separate different spaces and the complex can be integrated with a variety of commercial, for-profit and community uses. Identified potential uses include:

- Fruit processing
- Uber-style kitchen
- Year-round market
- Manufacturing space
- Makerspace
- Retail space
- Community space
- Storage
- Wholesale
- Offices

For-Profit Uses

Fruit Processing: A fruit processing company would likely be private and operated by the building owner. It could collaborate with non-profits to provide job opportunities for area residents.

Flex Manufacturing: Flex manufacturing space should use the accelerator approach, providing equipment, technical support, and space to start-ups, entrepreneurs, and small businesses. The company could also collaborate with non-profits to provide job and skills training.

Commissary Kitchen Space: A commissary kitchen space could host growing businesses with available long-term (5 years) and short-term (1 day to 6 months) leases. Long-term leases would likely be used by caterers and meal-prep services while short-term leases could be used for culinary competitions or short-term catering events.

Uber-Style Kitchen: Uber-style kitchens provide preparation and packaging space for delivery-only restaurants. The daytime State employee population in Sheridan Hollow is a prime demographic for such delivery-only restaurants.

Food Service: Food service could include an in-house hot and cold food bar. Targeted employees should be youths and transitional populations.

Non-Profit Uses

Job Training: In collaboration with the for-profit businesses on-site, job training could include culinary skills development and certification in the areas of food preparation, food safety, and sales. Training should be targeted towards Sheridan Hollow's unemployed population.

Business Incubation: Technical and financial resources could be provided to growing businesses, especially those involved in the food processing or light manufacturing industries.

Management

As a multi-use facility with many different uses and companies, reuse at the Freihofer site will require collaboration between non-profit, real estate management, and independent operators. A non-profit entity should manage the community space and job training programs, while the for-profit tenants should be managed by a real estate entity. This entity will also manage rent, coordinate tenant usage and time-of-day operations, and regulate building permitting, licensing, and building safety. The for-profit operators will manage their own operations and must be responsible for food safety certification compliance.

GENERAL REUSE BUDGET MAGNITUDE OF COST +/- 50%

Use	Area square feet	Cost per square foot	Total
Facility Rehabilitation	101,460	\$ 17.00	\$ 1,724,820.00
Warehouse / Flex Manufacturing Space	10,800	\$ 33.90	\$ 366,120.00
Restaurant / Kitchen Space	12,760	\$ 130.99	\$ 1,671,432.40
Food Retail Space	8,330	\$ 101.45	\$ 845,078.50
General Retail Space	7,000	\$ 91.97	\$ 643,790.00
Office and Community Space	3,500	\$ 70.69	\$ 247,415.00
			Total \$5,498,655.90

POTENTIAL JOB CREATION

Job Category	Employment	Total Wages
Management	8	\$ 500,960.00
Production	55	\$ 1,720,640.00
Retail	26	\$ 660,120.00
Operations and Maintenance	13	\$ 422,740.00
Warehousing	41	\$ 1,549,110.00
	Total 143	Total \$ 4,853,570.00

Source: ACDS, LLC Internal Studies

Market Trends Analysis

POTENTIAL REUSE SCENARIOS

Opportunities

Growing Food Industry: Sales leakage exists in a variety of food-related industries in Sheridan Hollow including: \$3 million in grocery store leakage, \$2 million in food and beverage store leakage, and \$400,000 in specialty food store leakage. Market potential exists to capture this leakage through the opening of new businesses in these industries. Food service could target State employees who work on Capitol Hill as well as low-income residents who need affordable groceries and better access to fresh foods. Food service industry jobs also match well with many residents' existing level of skills.

Job Creation: Full build-out of the Freihofer facility could result in the creation of 143 full-time jobs, which would generate \$4.8 million in payroll.

Better Comparables: The Freihofer site is unique in that it allows for multiple uses and multiple tenants. Comparable locations in Downtown Albany are primarily single-use structures with much smaller square footage.

Challenges

Limited Daytime Parking: Limited on-street parking during the day may limit customer flow from outside the community and may impact the mobility of tractor trailers and food delivery vehicles.

Accessibility from Henry Johnson Boulevard: Safe pedestrian access along Henry Johnson Boulevard is limited by the overpass. A bridge or walkway may be necessary to improve accessibility on this side of the building.

Lack of Surrounding Development: Because there is a lack of development surrounding the site at present, rent will have to be substantially lower to encourage further investment.

Contamination: Past uses have left the site contaminated and in need of remediation.

OTHER CONSIDERATIONS

In lieu of full build-out, a variety of options exist for immediate occupancy with few facility upgrades including:

- Self storage;
- Dry storage of non-perishable items;
- Indoor parking;
- Office rental;
- Pet daycare;
- Pop-up retail;
- Light manufacturing of wood and metal products;
- Construction staging and assembly;
- Recycled metal sorting;
- Continuing education;
- Entrepreneurship center;
- Tutoring center;
- Gymnastics center
- Martial arts center; and
- Indoor commercial recreation such as urban golf and dodgeball.

SUMMARY

Market Trends Analysis

The local economy in Sheridan Hollow is struggling. Unemployment is high, the home purchase market is weak, and local businesses have trouble capturing demand. A lack of available, desirable, or skills-matched jobs limits employment opportunities for local residents while market conditions and a stagnant workforce discourage businesses from locating in the neighborhood. Poor comparables in the housing market also make it difficult to encourage investment and rehabilitation. As a result, new construction is prohibitively costly and deferred maintenance has left many homes in the neighborhood in disrepair.

Economic conditions in Sheridan Hollow could be improved by promoting workforce training programs, establishing a merchant's association for local

businesses, and by offering financing strategies that make rehabilitation financially feasible. Potential also exists to repurpose existing vacant structures for new uses. The former Hungry Hollow restaurant, for instance, could be used as a daycare or community center while the former Freihofer plant is uniquely positioned to be a multi-use, multi-tenant space. By diversifying the skills of the local workforce, varying the types of retail offerings, and increasing the viability of rehabilitation and reuse, it is possible to transform Sheridan Hollow's local economy and to make it more vibrant and more robust.