

## WHY RENSSELAER. WHY NOW.

Developers say job growth, location and renewed interest have the city primed for redevelopment.



By Michael DeMasi – Reporter, Albany Business Review

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**Aaron Harbeck, left, and Joshua Wainman on the roof of the former high school in Rensselaer that they're converting to apartments.**

**DONNA ABBOTT-VLAHOS | ALBANY BUSINESS REVIEW**

If you don't live or work in Rensselaer, chances are the only sense you have of the small city is the few minutes driving between the off-ramp of the Dunn Memorial Bridge and pulling into the parking lot of the Amtrak train station.

The short route takes drivers past some modest homes and a few small businesses in what was once a thriving industrial city that — like so many other upstate communities — suffered from population declines and abandoned buildings after major employers cut back and factories closed.

“Driving into Rensselaer, the look and feel isn't as inviting aesthetically,” said Tim Bayly, 51, who has invested in commercial and residential properties and takes pride in his hometown.

“There may be an aesthetic look that isn't so appetizing but there's a heart that other municipalities would be yearning for and just don't have,” Bayly added. “I will take heart over brick and mortar any day.”

Beyond the limited view of many visitors, new real estate development and business investments are happening or are on the horizon — pumping millions of dollars into old commercial buildings and lifting the market for new and existing homes in the city of 9,200 people.

“The real estate market in the city in the last few years has really taken off,” said John Mooney, an associate broker at Howard Hanna Real Estate Services who has lived in Rensselaer his entire life and been in the business for 33 years. “There are multiple offers, increased prices, and a shortage of inventory because everyone is

buying.”

Many of the large commercial projects are still in the early phases or on drawing boards, but developers, property owners and Rensselaer officials attribute the activity to various factors, including:

- Explosive growth in neighboring East Greenbush at drug manufacturer Regeneron Pharmaceuticals, which now has 3,100 employees
- The reinstatement in 2021 of the city industrial development agency’s ability to provide tax incentives to businesses
- A lower median housing price compared to the Albany region as a whole
- Developable land along the waterfront, just across the Hudson River from the state capital
- As has been the case for decades, proximity to thousands of state government jobs in Albany

“The city of Rensselaer has certainly had its challenges over the years,” said Josh Wainman. “In our opinion it’s primed for redevelopment.”

Wainman is president of Wainschaf Associates, a general contractor in Rensselaer. He grew up in the city, as did a business partner, Aaron Harbeck, an attorney and a partner in Upstate Electric in Albany.

They’ve invested in some apartment buildings but have never taken on a redevelopment project in their hometown until now.

Last September, through McManus Partners LLC, they paid \$360,000 for the former St. John’s high school at 20 Herrick St.

Known locally as the McManus building, the low-slung, red-brick structure is across the street from the front entrance to the railroad station.

The 42,000-square-foot building is mostly vacant except for the Rensselaer Senior Citizen Center and Concerns-U, a Catholic Charities organization. Both are moving out.

Wainman and Harbeck want to convert the property into 49 market-rate apartments and 8,000 square feet of ground-floor commercial space. Rents would be around \$1,250 for a one-bedroom and \$1,650 for two-bedrooms.

“It’s in excellent condition,” Wainman said. “It needs a new roof and windows, but beyond that it’s in fantastic shape.”

The city of Rensselaer has applied for up to \$2 million from Empire State Development’s Restore New York program to offset the estimated \$8.9 million renovation.

And, the Rensselaer Industrial Development Agency is considering exemptions in property taxes, sales taxes and mortgage recording tax worth a combined \$1.66 million for the project.

Given the construction costs, Wainman said the investment isn’t viable without the tax exemptions.



Wainman and Harbeck are encouraged by the strong demand for apartments at DeLaet's Landing, a 180-unit development on the riverfront owned by U.W. Marx Construction Co. of Troy.

The fully occupied apartments rent for \$1,400 to \$2,000-plus.

They are the first two phases in what has been a nearly 20-year plan to construct up to 1.3 million square feet of mixed-use commercial buildings.

A third phase, with about 85 apartments, is being designed but construction will depend on financing and other market factors, said Jeff West, vice president at U.W. Marx.



A riverfront project moving forward this summer is at the former William Barnet & Sons Shoddy Mills on Forbes Avenue on the north end of the city. The dilapidated buildings will be preserved and converted into 72 market-rate apartments and 20,000 square feet of commercial space.

BBL, one of the region's largest commercial builders, is partnering with the property owners to rescue and renovate the longstanding eyesore and public safety hazard. Financing includes historic tax credits, a \$1.8 million Restore New York grant and tax exemptions worth a combined \$3.4 million.

There are also promising signs on a much smaller scale.

The city's planning director, Ketura Vics, said someone who bought a vacant building downtown wants to gut the interior for a new bar and renovate the upper floor into two apartments.

Someone else who bought a former bakery wants to make improvements. There are also examples of newly opened businesses or people making similar plans.

"We're finally starting to see those niche businesses you see in thriving urban communities," Vics said.

Certainly, there are big challenges ahead for Rensselaer, whose history was shaped by the 19th century industrial revolution that brought jobs at companies such as Huyck Mills, the Hudson River Aniline Color Works and Bayer Pharmaceuticals. (The Bayer site was purchased in 1978 by BASF Corp., which was a large employer for 22 years until moving out of New York.)

Vestiges of the industrial past include abandoned or polluted properties. Per-capita and median household incomes are lower than in surrounding suburban towns — a common dynamic in upstate cities.

"While Rensselaer has developed a name for itself as an affordable bedroom community, the loss of tax revenues from former factories and major tax-exempt facilities in the city ... have created an increasing financial burden on long-time homeowners and businesses," according to a plan the city submitted to the state in January 2022

to be part of the New York Brownfield Opportunity Area program.

The city was selected for the program and awarded about \$95,000 to study the environmental conditions and development potential of 192 acres that include the downtown business core, the parking lots at the Amtrak train station, a long swath of the riverfront and the dense neighborhoods along North Broadway.

"The whole point is to alleviate the impact that industry has had on cities," Vics said.

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To learn more about the exciting redevelopment progress and momentum in Rensselaer, read the full article from Albany Business Review: <https://www.bizjournals.com/albany/news/2023/02/09/rensselaer-development-apartments-retail.html>