

Patel company acquires 74 State hotel in Albany

New management firm decides to discontinue food, beverage service

By Larry Rullison

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Albany

74 State, the boutique hotel that opened in 2007 to great fanfare as a sign of the resurgence of downtown Albany, has new owners after years of limbo.

It will be run as a "limited service" hotel — without food or beverage service. The hotel's restaurant, Bistro/Bar at 74, has closed.

"It's under new management, and unfortunately, they phased that out," one employee said Friday.

Visions Hotels, a hotel management and development company based in Corning that owns about 20 upstate hotels, will manage 74 State, which has been acquired by an affiliate company called Albany Lodging Group LLC.

Rakesh Patel, vice president of operations for Visions Hotels, said the company does not operate bars or restaurants in the "majority" of its properties.

"That's the model that we use," Patel said. He said the food and beverage employees were let go this week.

Visions Hotels, owned by Southern Tier businessmen Hemant Patel and Andy Patel, operates hotels in Buffalo, Rochester, Elmira, Utica and Watertown.

74 State is the first Capital Region hotel that the company has acquired, said Rakesh Patel.

He said the company decided to buy 74 State because of its location and its place in a market "that we believe has good growth potential."

Just a few years after opening, 74 State ran into financial problems from its connection with several investment funds operated by McGinn, Smith & Co., the Albany-based brokerage firm whose founders are now serving lengthy federal prison sentences for securities fraud.

The hotel's major lender, CIT Lending Services Corp., foreclosed on the property and eventually acquired it for \$5 million.

The property was recently sold to Albany Lodging Group after being held for more than a year, although the purchase price has not yet been publicly disclosed.

All the hotels operated by Visions Hotels are "branded" hotels under Comfort Inn, Best Western, Candlewood Inn or other names, and Rakesh Patel says that it's possible that 74 State will be re-branded in a similar fashion. It's currently considered part of the Ascend Collection by Choice Hotels

"We're looking to upgrade the hotel," Patel said.

He said that Visions Hotels recently moved into Pennsylvania — its first foray outside New York state — with a hotel in Sayre, Pa.

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74 State boutique hotel sold for \$3.8M, records reveal

About \$11M poured into site before seizure

By Larry Rulison

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Albany

The Corning hotel management company that purchased the downtown boutique hotel 74 State paid \$3.8 million for the property, property records show.

Officials with Visions Hotels of Corning, which owns hotels across upstate, had declined to reveal the purchase price last week when the transaction became public.

The price is relatively cheap after investors and lenders poured more than \$10 million into the hotel, which opened in 2007 to great fanfare as a sign of renewed vitality of downtown.

Although the building itself appears to have been purchased in 2002 for under \$1 million, Berkshire Bank provided investors with a \$8 million loan in 2005. Another \$3 million was loaned to the company in later years, bringing the total invested in the venture — mostly through loans — to about \$11 million.

Among the original group of investors was McGinn, Smith & Co., the Albany-based brokerage firm that collapsed several years ago amid federal investigations into securities fraud. The company's founders were later convicted of federal securities fraud and are now serving prison sentences. 74 State was just one prominent area real estate project that had been backed by McGinn, Smith, only to suffer when its investment funds soured.

The property was foreclosed on in 2012 and sold at auction by CIT Lending Services Corp., which had taken over the hotel's mortgage from Berkshire Bank.

An affiliate of CIT that was created to hold the property, Ittleson Albany Hotel LLC. It sold the property on Jan. 29. to Albany Lodging Group LLC, which is an affiliate of Visions Hotels.

Visions Hotels will operate 74 State as a limited service hotel, meaning it doesn't intend to run a bar and restaurant as had been done under the previous owners. The Corning-based management company owns hotels across upstate and recently built one in Pennsylvania.

"We're looking to upgrade the hotel," Rakesh Patel, vice president of operations for Visions Hotels, told the Times Union last week. He said that could include rebranding the hotel under a popular national hotel chain name.

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