

9187 Group, LLC
\$1,768,000
INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - **53**
- Real Estate

COMPANY INCENTIVES

- 1% of the final mortgage amount which is at this point estimated at \$1,430,000 for a savings of \$14,300
- Approximately \$51,500 in sales tax benefits
- It is anticipated the company will apply to the City of Buffalo for a 485-a exemption



Project Title: 9187 Group, LLC
 Project Address: 173 Elm Street
 Buffalo, New York 14203
 (Buffalo City School District)
 NAICS: 531110

Agency Request

A sales tax and mortgage tax exemption in connection with the adaptive reuse of 173 Elm Street.

Building Acquisition	\$ 325,000
Building Renovations	\$ 1,178,000
Soft Costs	<u>\$ 265,000</u>
 Total Project Cost	 \$ 1,768,000
 85% of Project Cost	 \$ 1,502,800
 Est. Mortgage Amount	 \$ 1,430,000

Company Description

The LLC was formed by Ellicott Development for the purpose of undertaking this project. Ellicott Development is a real estate development company and property management firm with over 30 years of experience. Ellicott Development controls a diverse portfolio of commercial and residential real estate including Class A office space, hotel construction and management, loft style apartments and more.

Project Description

Once redeveloped, this vacant structure will house a mix of residential and commercial tenants. The building was constructed in the late 1800's. The building once housed Jansen Brothers Harness Shop.

It is made up of approximately 13,200 sq. ft. and sits on the east side of Elm Street between William and Broadway (a block away from the Planing Mill adaptive reuse project recently approved for TM Montante). The interior of the building will be redeveloped into commercial office space on the first floor and a portion of the second floor. Five market-rate apartments will occupy a portion of the second floor and the entire third and fourth floors. The developer has had preliminary conversations with SHPO regarding designating the building as a historic structure.

This adaptive reuse project will add to the momentum and vibrancy of the surrounding neighborhood by bringing new residents into downtown Buffalo.

It is contemplated the developer will be able to avail itself of historic tax credits and the building will be rehabilitated according to the standards established by the National Parks Service.

Real Estate Tax Impact

Current Yearly Taxes	Estimated new as-sessed value (50% of construction budget)	New County Revenue over 12 Years	New City Revenue over 12-Year 485-a abatement period
\$1,375	\$590,000	\$38,000	34,000
Combined Assessment: \$40,000 Combined Tax Rate: \$34.41			

Project Incentives

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- Approximately \$51,500 in sales tax benefits
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Employment

The Service Collaborative of WNY, Inc. will be leasing 3,500 sq. ft. of space (25%) of the building. The Service Collaborative of Western New York (TSCWNY) (formerly West Seneca Youth Bureau and WNY AmeriCorps) is a service organization which creates opportunities for all individuals to serve their communities. They will relocate from leased facilities at 2188 Seneca Street. The tenant is currently leasing over 12,000 sq. ft. at its present location. The decision was made to adequately size their office space to fit the operational needs of the organization.

Tenant Employment

Current	Projected
20	20

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount = \$1,768,000 85% = \$1,502,800
Employment	Construction period	85% of projected construction jobs- Estimated Construction Jobs = 70 85% = 59
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	The greater of 2 years or termination of sales tax package	Repayment of state & local sales tax & mortgage tax

Recapture applies to:

- State and local sales taxes
- Mortgage recording taxes

Recapture

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales and use tax exemption benefits taken by the company that are in violation of the GML.

In addition, it is the recommendation of the ECIDA’s Policy Committee to recapture the local share of sales tax and mortgage tax.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) 85% of construction jobs, estimated construction jobs = (70) 85% = (59) iii) adherence of ECIDA local labor policy and iv) a monitoring/recapture period the greater of two years or the date of termination of the sales tax exemption package.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) construction job creation within 15% of numbers proposed 70 (59) iii) adherence of ECIDA local labor hiring and iv) a monitoring/recapture period the greater of two years or the date of termination of the sales tax exemption package.

Project History

No public hearing required since project benefits are below \$100,000

3/26/2014 Inducement Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.

03/26/2014 Inducement Resolution presented to Board of Directors.