

The Phoenix Brewery Apartments, LLC
\$7,565,000
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 53110

COMPANY INCENTIVES

- Approximately \$251,000 in sales tax savings
- Approximately \$65,000 in mortgage tax savings

PROJECT BENEFITS

- Adaptive reuse of a vacant structure

EMPLOYMENT

- Current = 0
- New Jobs Projected = 1 (building manager)

PROJECT HISTORY

- 11/5/2014 - City of Buffalo as lead agency, adopts a Negative Declaration in accordance with SEQRA.
- 1/29/2015 - Public hearing held. Transcript attached.
- 4/22/2015 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Phoenix Brewery Apartments, LLC

Project Address: 835-847 Washington Street
 Buffalo, New York 14203
 (Buffalo City School District)

Agency Request

A sales and mortgage recording tax exemption in connection with the adaptive reuse of an existing facility.

Land and Building Acquisition	\$ 1,785,000
Renovation	5,738,000
Soft Costs	42,000
Total Project Cost	\$7,565,000
85%	\$6,430,250
Mortgage Amount	\$6,500,000

Company Description

Phoenix Brewery Apartments, LLC was formed by Sinatra and Company (52% owner) and is a full service real estate development, property management and consulting firm. Additional members of the LLC include MDC Retail and Daniel Lewis each accounting for 24% of the LLC.

The most recent projects undertaken by Sinatra and Company were the adaptive reuse of 945 West Ferry Street as well as Village Square Plaza on Delaware Avenue in the Village of Kenmore. These projects sought to restore several older buildings to their original form.

Project Description

835 Washington is the former Phoenix Brewery and consists of 55,000 sq. ft. The sole tenant in the building is a hair salon which occupies 400 sq. ft. The developer plans to adaptively reuse the building and convert the vacant space into approximately 30 luxury apartments. A drive-in parking garage will supply approximately 24 car parks. Apartments will be in the range of 750 and 1,250 sq. ft. with an average rent of \$1,500/month.

Retail Determination

Tenant/Use	Sq. Ft.	Cost	% of Projected Cost
Residential	52,000	\$7,565,000	100%
Commercial	3,000	0	0%
Total	55,000	\$7,565,000	100%

The project includes approximately 3,000 sq. ft. of space devoted to future commercial tenants. No project funds are expected to be utilized for the buildout of the commercial space.

Impact on Taxes

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue Over 12 Years	Additional City Revenue Over City 485-a Abatement Period	New Yearly Taxes Upon Expiration of Abatement Period
\$5,900	\$2,689,000	\$173,000	\$148,000	\$88,000
Combined Rate: \$33.00 Current Assessment: \$180,000				

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount Total Project Amount = \$7,565,000 85% of total project amount = \$6,430,250
Employment	See recapture period	New job creation of 1 employee (building manager)
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Recapture Period	2 years after project completion	Recapture of state and local sales taxes and mortgage recording tax

Recapture applies to:

- State and local sales taxes
- Mortgage recording taxes

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 portion of the sales tax and mortgage taxes.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) confirm that company has created 1 job and iii) confirm adherence to ECIDA local labor hiring policy.