

**500 Seneca, LLC**  
**\$31,737,624**  
**INDUCEMENT RESOLUTION**

**HIGHLIGHTS**

- Eligibility: NAICS Section - **53 - Real Estate**
- **Adaptive Re-use**

**COMPANY INCENTIVES**

- Approximately 1,030,000 in sales tax savings
- Approximately \$150,000 in mortgage tax savings
- Both the City and the County will receive full real property tax payments yearly. It is anticipated that the full county taxes that annually will equal \$65,000 and the City taxes will equal \$347,000.



Project Title: 500 Seneca, LLC  
 Project Address: 500 Seneca Street  
 Buffalo, New York 14204  
 (Buffalo City School District)  
 NAICS 5311120

**Agency Request**

An exemption from sales taxes and mortgage recording tax in connection with the adaptive reuse of 500 Seneca Street. Sales tax abatement on materials and equipment incorporated into the project will be limited to (a) building shell and core and (b) building materials and equipment incorporated for the tenant finishes - for non-retail tenants only. Future tenant buildouts would be subject to IDA eligibility and a new application.

Building Renovation (building shell & core) soft costs	\$30,669,760
Tenant fitout (FFZ/BCOME)	1,067,864
<b>Total Project Cost</b>	<b>\$31,737,624</b>

**Company Description**

500 Seneca, LLC is a commercial property holding company and real estate developer. The partners are FFZ Holdings, LLC and Savarino Development Corp. Similar projects undertaken by the partners include adaptive reuse projects at 26 and 30 Mississippi Street, 95 Perry Street (ECIDA Offices), White’s Livery Apartments on Jersey Street and Buffalo Iron Works at 49 Illinois Street.

**Project Description**

The developers are undertaking the brownfield cleanup, adaptive reuse and historic renovation of the former F.N. Burt Company factory into a mixed use development. The new building will feature 300,000 sq. ft. of space for Class A offices and a nonprofit job training center.

The intention of the project is to bridge the downtown core and developing Larkin District with goal of spurring future development along the Seneca Street corridor. The developers will also extend streetscape improvements for the historic Larkin District further towards the downtown core.

The building has demonstrable historical, architectural and cultural significance for the region and the country as supported by the State Historic Preservation Office (SHPO) and National Park Service (NPS). If not for the efforts of the developers, the structure would most likely be demolished. The site is listed on the National Register of Historic Places.

An important component of the project will be the plentiful amount of floor space dedicated to local cultural institutions at below market rates. The building will house BCOME Buffalo job training program. Job training is identified as a regional priority of the Economic Development Council. It will also provide a location for the Management Services Organization (MSO) Center which will provide collaborative office administration and support for not for profit organizations throughout Erie County. Both programs are sponsored and operated in a collaborative partnership of The Matt Urban Center, The Old First Ward Community Association and the University District CDC and will occupy 22,000 sq. ft. of space.

## 500 Seneca, LLC

FFZ Holdings will be occupying approximately 20,000 sq. ft. of the 60,000 sq. ft. they plan to lease. The remaining space will be available for sub lease to both affiliated and non-affiliated companies.

### Project Benefits

The cleanup of a contaminated brownfield site

The historic renovation of over 300,000 sq. ft. of space in a highly distressed area in the City of Buffalo (Census Tract 165)

The linking of the developing Larkin District with the Seneca Street corridor

The facility will provide a location for the BCOME Buffalo job training program.

Both the City and the County will receive full real property tax payments. The company will be utilizing the Environmental Zone tax refund through the NYS brownfield program. It is anticipated that annually the full county taxes will equal \$65,000 and the City taxes will equal \$347,000.

### Project Incentives

Approximately \$1,030,000 in sales tax savings

Approximately \$150,000 in mortgage tax savings

Environmental Zone tax refund program

### Employment

Current:  
20

Year 2 (after completion of Project)  
31 FT  
3 PT

It is anticipated BCOME Buffalo will have 1 full time and 3 part time people working at the site and FFZ's employment will increase to 30 full time employees.

### Retail Determination

TENANT	SQ. FT.	COST	% OF PROJECT COST
FFZ Office Space	15,338 sq. ft.	\$429,464	1%
BCOME Office Space	22,800 sq. ft.	\$638,400	2%
Vacant Space (deemed to be retail)	261,862 sq. ft.	\$30,669,760	97%
<b>TOTAL</b>	<b>300,000 sq. ft.</b>	<b>\$31,737,624</b>	<b>100%</b>

Since the tenants for the vacant space are unknown, we will consider this a retail project which requires a sign off by the County Executive

### Impact on Taxes

Current Yearly Taxes	Estimated New Assessed Value	New Yearly County Revenue	New Yearly City Revenue
\$11,100	\$12,000,000	\$65,000	\$347,000
Combined Tax Rate: \$34.44			

Over a 10-year period it is estimated that the County will receive \$650,000 and the City will be receiving \$3,470,000 in new tax revenue

**Draft 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 = \$31,737,624 85% = \$26,976,980
Employment	See Recapture Period	100% of current tenant employment (20) and 85% of projected (10) = 30
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	The later of either two years following the construction completion date, or the termination of the Agent or Financial Assistance Agreement	Recapture of state and local sales tax and mortgage recording 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 tax 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) confirm adherence to ECIDA local labor hiring policy.

**Project History**

- 01/08/2014      Public Hearing conducted. Transcript attached.
- 2/26/2014      Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
- 02/26/2014      Lease/Leaseback Inducement Resolution presented to Board.