

## The Distillery Lofts, LLC \$20,000,000 INDUCEMENT RESOLUTION

### HIGHLIGHTS

- Requested Deviation
- Eligibility: NAICS Section - 53 Real Estate

### COMPANY INCENTIVES

- 1% of the final mortgage amount which at present is estimated to be \$7.2M or a \$72,000 savings.
- Approximately \$ 612,000 in sales tax savings
- County will receive full real property taxes
- For City taxes, a real property tax abatement will be granted by the City of Buffalo through their 485-a exemption program.



Project Title: The Distillery Lofts, LLC

Project Address: 1738 Elmwood Avenue  
 Buffalo, New York 14216  
 (Buffalo City School District)

SIC/NAICS: 6513/5311110

### Agency Request

Sales tax and mortgage tax exemption in connection with the adaptive re-use of the former FWS Furniture Company and the former Taylor Signal Company.

|                        |                  |
|------------------------|------------------|
| Acquisition            | \$ 725,000       |
| Renovations            | \$14,275,000     |
| Soft Costs             | \$ 5,000,000     |
| Other                  |                  |
| <br>Total Project Cost | <br>\$20,000,000 |

### Company Description

Mr. Termini is the owner of Signature Development, a local development company focused on inner-city development. Some of the projects the company has been involved with include 1998 Vincent Morello Senior Housing (80 senior units built at Love Canal), 2002 & 2004 Ellicott Lofts, 2005 Oak School Lofts, 2005 IS Lofts, 2006 Webb Lofts. The Webb Lofts project included the reconstruction of a 5-story warehouse located in the Joseph Ellicott Historic District. This is a mixed use project with 32 loft apartments and the first privately owned daycare in Downtown Buffalo with a roof-top playground. Mr. Termini has also just completed the successful historic restoration of the Lafayette Hotel.

### Project Description

Up until late 2012, this building housed the FWS Furniture Company and prior to that the Taylor Signal Company. According to Gurney, Becker & Bourne, they have indicated that toward the end of FWS's tenure in the building, less than 50% of the complex was being utilized. For 3-4 years, FWS had been reducing their showroom and storage space.

The developer intends to purchase the facility and convert it into a mixed use building which will include approximately 46 market rate apartments, general office space as well as a restaurant and distillery. The building is approximately 100,000 square feet.

## The Distillery Lofts, LLC

Pursuant to General Municipal Law the agency would need to deviate from its existing uniform tax exemption policy in approving this project since the facility has been vacant or underutilized since 2012 – not the normal 3-year period as called for in the policy. Therefore, the developer is requesting that the board deviate based upon the other adaptive reuse criteria that are otherwise satisfied; namely, the significant capital investment being made by the developer and related construction and tenant based employment contemplated at the site. In addition, we feel this project will provide a positive community and neighborhood impact and is supported by local elected officials as evidenced by the attached letter from North District Council Member Joseph Golombek, Jr.

The planned historic renovation of the building will require a significant cash outlay in adhering to the standards established by the State Historic Preservation Office. Over \$14,000,000 will be spent on renovating and equipping part of which includes replacement of 130 windows which cost \$9,000 each or \$1.1M. Soft costs including architectural and engineering are in the \$700,000 range.

### Impact on Taxes

| Current Assessment per County records | Current County Taxes | Est. County Taxes over abatement period | Current City Taxes | Est. City Taxes after over 485-a abatement period* |
|---------------------------------------|----------------------|---|--------------------|--|
| \$400,000                             | \$2,178              | \$261,000                               | \$11,586           | \$231,000  |
| Combined Tax Rate: \$34.414           | \$5.447/1000         |   | \$28.967/1000      |  |

\* Post assessed value determined by utilizing \$4M as post project assessment.

### Project Incentives

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### Employment

| <u>Current:</u> | <u>Year 2 (after completion of Project)</u> |
|-----------------|---|
| 0               | 30  |

### Project History

|           |  |
|-----------|--|
| 2/15/2012 | City of Buffalo Planning adopts a Negative Declaration in accordance with SEQRA. |
| 2/08/2013 | Public hearing conducted. Transcript attached.                                   |
| 2/19/2013 | Lease/Leaseback Inducement Resolution presented to Board of Directors.           |