

Related Affordable, LLC/Marina Vista Apartments
\$23,599,613
INDUCEMENT RESOLUTION/TAX EXEMPT BOND
ANTICIPATED BOND AMOUNT UP TO \$13,300,000

ELIGIBILITY

- NAICS Section - 531110

COMPANY INCENTIVES

- Approximately \$380,835 in sales tax savings
- Approximately \$100,000 in mortgage tax exemption

EMPLOYMENT

- Current - FT: 5
- Total Jobs 2 Years After Project Completion: FT - 5

PROJECT HISTORY

- 02/04/2019 - Public hearing held. Transcript attached.
- 02/27/2019 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Related Affordable, LLC/Marina Vista Apartments

Project Address: 32 Hertel Avenue (aka 10 and 12 Hertel)
 Buffalo, New York 14207
 (Buffalo City School District)

Agency Request

Issuance of federally tax exempt bond, a sales and mortgage recording tax exemption in connection with the acquisition, renovation and upgrading of the complex.

| | |
|------------------------|------------------|
| Acquisition | \$10,000,000 |
| Renovation | \$ 8,704,800 |
| Soft Costs | \$ 4,894,813 |
| Total Project Cost | \$23,599,613 |
| 85% | \$20,059,671 |

Company Description

The applicant will be a single-asset entity formed for the purpose of acquiring, rehabbing, owning, financing, leasing and operating Marina Vista Apartments, a multi-family rental property. The proposed owner will engage a related-to-be-formed entity as developer to carry out the rehabilitation activities and a related company - Related Management Company, LP to manage the property.

Project Description

Marina Vista (formerly know as Watergate II Apartments) is a 195-unit affordable apartment community built in 1973. The proposed project entails the acquisition and renovation of the complex in order to preserve and improve an important affordable housing resource in the City of Buffalo. The property consists of an approximately 4.5 acre lot with two 13-story towers containing 97 one-bedroom units, 97 two-bedroom units and a non-revenue producing employee unit as well as a management office, community room, two laundry rooms, and outdoor barbecue area.

The property is transit-accessible with views of the Niagara River. This property was originally financed with a HUD-insured loan assisted by interest reduction payments in connection with the National Housing Act.

In 2004, the property was refinanced with NYS Housing Finance Agency bonds and underwent a low income housing tax credit rehabilitation. In connection with the Low-Income Housing Tax Credit ("LIHTC") rehab, the project received a 15-Term PILOT agreement with the City of Buffalo and County of Erie that is expected to expire on July, 2019.

The applicant proposes to invest approximately \$36,000 per unit in direct hard costs (approximately \$45,000 in total construction costs) to complete a comprehensive rehab that will improve the property functionality and aesthetically.

In addition to physical upgrades, the proposed owner is expected to enter into regulatory agreements in connection with the LIHTC's and tax exempt bonds to ensure that 100% of the units remain affordable for residents with income at or below 60% AMI for at least another 30 years.

The developer plans to work with the County of Erie and the City of Buffalo to obtain a new 15-year affordable housing PILOT agreement.

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 = \$23,599,613 85% = \$20,059,671 |
| Employment | Coincides with Recapture Period | Maintain base: FT 5 No new jobs projected |
| Local Labor | Construction period | Adherence to policy including quarterly reporting |
| Pay Equity | Coincides with Recapture Period | Adherence to Policy |
| Unpaid Tax | Coincides with Recapture Period | Adherence to Policy |
| Recapture Period | 2 years after project completion | State and Local Sales Taxes, Mortgage Tax |

Recapture applies to:
State and Local Sales Taxes
Mortgage Recording Tax

Recapture

Pursuant to New York State General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that is in violation of the GML.

At completion of the project company must certify i) total investment amount is equal to or greater than 85% of the anticipated project amount; ii) Company has maintained 5 FT, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.