

PUBLIC HEARING SCRIPT

Related Affordable, LLC and Marina Vista Apartments, L.P., on behalf of themselves and/or an entity or entities formed or to be formed on behalf of the foregoing Project

Public Hearing to be held **February 4, 2019** at **9:00** a.m. in the offices of the Erie County Industrial Development Agency (the “ECIDA” or the “Issuer”) at 95 Perry Street, Suite 403, Buffalo, New York 14203

ATTENDANCE

Dennis Penman, Penman Development Partners
Deep Katdare, Related Companies
Alison Carey, Related Companies
Karen Fiala, ECIDA
John Cappellino, ECIDA
Kirk Laubenstein, CEJ Buffalo
Jerome Shadwick, Buffalo Laborers’ 210
Evelyn Vossler, COB Council North District
Jonathan Fuzak, NYSLOF

1. WELCOME: Call to Order and Identity of Hearing Officer.

Hearing Officer: *Welcome. This public hearing is now open; it is 9:00 a.m. My name is Grant Lesswing. I am the Business Development Officer of the Erie County Industrial Development Agency, and I have been designated by the ECIDA to be the hearing officer to conduct this public hearing.*

2. PURPOSE: Purpose of the Hearing.

Hearing Officer: *Pursuant to and in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), the Issuer is conducting this public hearing in connection with a certain proposed project, as more fully described below (the “Project”), to be undertaken by the Issuer for the benefit of Related Affordable, LLC and Marina Vista Apartments, L.P., on behalf of themselves and/or an entity or entities formed or to be formed on behalf of the foregoing (the “Company”).*

The Issuer published a Notice of Public Hearing with respect to the Project in The Buffalo News on January 21, 2019.

☒ 3. PROJECT SUMMARY: Description of Project and Contemplated Agency Benefits.

Hearing Officer:

The proposed Project shall consist of the issuance by the Issuer of its Multifamily Housing Revenue Bonds under Section 145 of the Code (the "Bonds") to be utilized for: (i) the acquisition by the Issuer of title to or a leasehold interest in approximately 5.4 acres of land with an address of 32 Hertel Avenue, City of Buffalo, Erie County, New York, such land being more particularly described as tax map 88.24-4-1 (the "Land"), and the existing improvements located thereon, consisting principally of two (2) 13-story towers containing approximately 188,000+/- square feet in the aggregate (the "Existing Improvements"), (ii) the renovation, reconstruction and refurbishment of the Existing Improvements called "Marina Vista Apartments" and containing 97 one-bedroom units, 97 two-bedroom units, and a non-revenue employee unit, management office, community room, two laundry rooms and outdoor barbeque area (collectively, the "Improvements"); (iii) the acquisition in and around the Improvements and of certain items of equipment and other tangible personal property and equipment (the "Equipment"; and, collectively with the Land and the Improvements, the "Facility"); (iv) the issuance by the Issuer of its Multifamily Housing Revenue Bonds in a principal amount not to exceed \$13,300,000 (the "Bonds") for the purpose of financing all or a portion of the costs of the Project; (v) funding a debt service reserve fund, if any, and paying capitalized interest, if any, and certain other costs incidental to the issuance of the Bonds (the costs associated with items (i) through (v) above being hereinafter collectively referred to as the "Project Costs"); and (vi) the lease (with the obligation to purchase) or sale of the Issuer's interest in the Facility to the Company.

In addition to the Bonds, the financial assistance requested to be provided by the Issuer consists generally of an exemption from all New York State and local sales and use taxes with respect to the qualifying personal property included within the Facility or used in the acquisition, construction and equipping of the Facility and mortgage recording tax exemptions in connection with any financing or subsequent refinancing of the Project, if required.

Pursuant to the Code, interest on the Bonds will not be excluded from gross income for Federal income tax purposes unless the issuance of the Bonds is approved by the Erie County Industrial Development Agency Board of Directors. It is anticipated that the Erie County Industrial Development Agency Board of Directors will approve of the issuance of the Bonds at its meeting on February 27, 2019.

4. FORMAT OF HEARING: Review rules and manner in which the hearing will proceed.

Hearing Officer: *All those in attendance are required to register by signing the sign-in sheet at the front of the room; you will not be permitted to speak unless you have registered. If you have a written comment to submit for the record, you may do so. Written comments may also be delivered to the Issuer at 95 Perry Street, Suite 403, Buffalo, New York 14203 until the comment period closes on February 26, 2019. There are no limitations on written comments.*

5. PUBLIC COMMENT: Hearing Officer gives the Public an opportunity to speak.

Hearing Officer: *If anyone is interested in making a comment, please raise your hand, state your name and address; if you are representing a company, please identify the company. I request that speakers keep comments to 5 minutes, and if possible, 3 minutes.*

The Hearing Officer calls on those who raise their hand.

Alison Carey, Associate with Related Affordable. On the project that we have to review today is an acquisition and renovation of Marina Vista Apartments, a 195 unit apartment property of which 194 of the units are rental units, 1 supers unit. The property has historically been governed by the section 236 program and underwent a low income tax credit renovation in the early 2000's. As of the beginning of 2019 the section 236 restrictions have expired and so our proposal is to acquire and renovate the property using low income tax credits and tax exempt bond financing. The proposal is to have 100% of the rental units be tax credit units so that would result in an affordability regulatory agreement protecting 100% of the units as affordable for the next 30 plus years. So the renovation is approximately \$36,000 per unit in direct hard costs as we've currently contemplated the scope and that's looking to do renovations in 100% of the units looking at kitchens and baths, updating fixtures, appliances, lighting, etc., and also doing upgrades to common areas including the laundry facilities, the office, the common room, the community room, and then also doing significant work to the facades, roofs, updating and replacing windows and doing some site work as well.

My name is Rev. Kirk Laubenstein, I am the Director of the Coalition for Economic Justice. We are here for two reasons. One just to make sure that affordable means affordable. I think the devil is always in the details in regards to that. I mean, with these 63 units going off line last month as affordable units its really concerning that an out of town entity is coming in with you know millions and millions and millions of dollars scooping up this property which is right on our waterfront and has been affordable since the 70's. And so, I mean that's the main concern, what does affordability mean? I think

is a crucial component. Is it the same? Will the same people be in that property? Are they leaving and then having to you know, having to leave and then come back, because we know that often times what happens is when they leave they don't come back and then when that happens the folks that have bought it say "well you know, there is not a demand so we can get out of this contract". And so the real truth that I see is that we work day in and day out with poor people and the main concern is what does affordability look like? What's the time frame in which people who have moved out of their apartments if they're going to be moved out? You know, how does that all look. And the second is making sure that Related actually pays the construction workers that work on the project a living wage, good union wages. We're a union town. I mean, I don't know if you all know that, but we are, and we don't need the ECIDA to be you know, giving out tax breaks to organizations that come into our town and say "well we're going to pay subpar wages with no benefits, all those things. And so we really are interested in those two aspects. And what does affordability actually mean? What is the time frame if people are going to be moving out of their apartments, moved out of their apartments? When will they be back? How long? Where are they going to be? I mean, I think the devil definitely is in the details around all of that. And also, the other thing I was thinking about is it's a big parcel of property which does not, the current development doesn't take up all that land. So the other question is are there any plans for future development on that property? And if so, what does that look like? Will they be affordable? I mean, all of the things that I've asked, will they have a PLA? Again, we want to make sure that this development is done right and is done with poor folks in mind, especially folks that have lived there now for going on forty years. And also, making sure that the people that work at the place aren't made poor by you coming in and getting \$12 Million dollars of our money. Thanks so much.

My name is Jerome Shadwick, I'm a Business Agent for Laborers' Local 210. I've lived in that area basically all my life from the West Side to Riverside. That's my area, I live there now. I'm just basically looking that the job goes where construction workers in our area are working and you know, just make sure they get a living wage, that we are into an agreement where these guys are getting paid what they should get paid and not just take the money and leave. Most of the contractors have done that. We just want to make sure that you know, we're taken care of. Thank you.

Deep Katdare, Vice President Related Affordable. Just wanted to make a couple of observations and comments regarding the proposed project, just given some of the comments that have been made thus far. The property, as Alison my colleague mentioned earlier, was financed originally with a 236 mortgage. It was decoupled when we did a rehabilitation about 15 years ago. And the property currently is about 67% affordable under the tax credit program and 33% market rate. It's been operating under a 236 program so everybody living there has been paying 236 rents, which are very affordable rents. However, it's at risk of turning market rate for 33%, that component. So, our proposed rehabilitation currently through the tax credit program would actually convert the entire property to 100% affordable restricted at the 60% AMI level. So we're actually preserving affordability more than the affordability that currently exists at the project. That's one observation I would like to make. Secondly, the rehabilitation that we're proposing is in-place rehab. So, the tenants that are currently living there would not be displaced. Our objective, and we do understand that a lot of the tenants that live there today have been living there for a very long time. Our objective is to keep as many of them in place as possible. So, not only are we extending the affordability of the property, but we're also making every effort we can to make sure that this does not impact the day to day lives of the residents in a negative way. Furthermore, as a result of this tax credit rehabilitation, we would be under a regulatory agreement that would preserve the affordability of the property. There's a 15 year tax credit compliance period, and after that, there's a 15 year extended use period so it would guarantee affordability at this property for a 30 year period for 100% of the units, and that's really our objective here. Related Affordable currently owns about 44,000 units of affordable housing around the country. We have a lot of properties here in Buffalo as well that are 100% affordable. And we really have a commitment to, and have historically had a commitment to affordability. So that is our real objective here in seeking this bond cap allocation.

Rev. Kirk Laubenstein, Coalition for Economic Justice. What's 60% of AMI right now?

Alison Carey - I don't know that off the top of my head right now.

Deep Katdare – Off the top of my head I don't know what the AMI is.

John Cappellino – I think it's, I have the figures, I can get for you , if you want to wait a minute...

Jonathan Fuzak. NYSLOF. So I had a question about the Related response to the questions about affordability but did not respond to the questions about the contractors or the construction of the project, or the workers.

Hi, this is Deep Katdare from Related Affordable. Our objective obviously is to pay the contractors a fair wage. We are not currently in the position to speak to exactly what the plan is, but we will be able to get back to you with some proposal to show you exactly what the plan is. We're just not equipped, the two of us, to speak to that plan. Thank you.

John Cappellino, ECIDA. The NYS Affordable Housing Corporation puts out the actual calculations. This was, I believe they've updated it for 18; I grabbed the 17 one, but it's pretty close, so for 60% AMI, one person option income family \$28,680, and then two person would be \$32,760.

Rev. Kirk Laubenstein, Coalition for Economic Justice. One or two bedroom?

Representative from Related Affordable. One bedroom 50%, two bedroom 50%.

6. ADJOURNMENT.

As there were no further comments, the Hearing Officer Grant Lesswing closed the public hearing at 9:25 a.m.

**SIGN IN SHEET
PUBLIC HEARING**

February 4, 2019 at 9:00 a.m. at
95 Perry Street, Suite 403, Buffalo, NY 14203 regarding:

**Related Affordable, LLC and Marina Vista Apartments, L.P., on behalf of themselves
and/or an entity or entities formed or to be formed on behalf of the foregoing**

Project Location: 32 Hertel Avenue, City of Buffalo, Erie County, New York

| Name | Company and/or Address | X box to speak/ comment |
|------------------|---|-------------------------------|
| Dennis Penman | Penman Development Partners 172 Allen Buffalo, NY | |
| Deep Katdare | Related Companies | X |
| Alison Carey | Related Companies | X |
| Karen Fiala | ECIDA | |
| John Cappellino | ECIDA | |
| Kirk Laubenstein | CEJ Buffalo | X |
| Jerome Shadwick | Buffalo Laborers' 210 25 Tyrol Drive Cheektowaga, NY 14227 | X |
| Evelyn Vossler | COB Council North District 1502 City Hall Buffalo, NY 14202 | |
| Jonathan Fuzak | NYSLOF | X |