

637 Linwood, LLC/1275 Delaware, LLC
\$12,460,993
INDUCEMENT RESOLUTION

ELIGIBILITY
<ul style="list-style-type: none"> • NAICS Section - 531110
COMPANY INCENTIVES
<ul style="list-style-type: none"> • Approximately \$335,218 in sales tax savings • Up to 3/4 of 1% of the final mortgage amount estimated at \$45,693
EMPLOYMENT
<ul style="list-style-type: none"> • Projected New Jobs = 10 FTE • Annual payroll = \$330,000 • Estimated salary of jobs to be created: FT = \$32,500 • Estimated salary of jobs to be created PT = \$17,500
PROJECT HISTORY
<ul style="list-style-type: none"> • 2/25/2020 - Public hearing held. Transcript attached. • 03/25/2020 - Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA. • 03/25/2020 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: 637 Linwood, LLC/1275 Delaware, LLC

Project Address: 1275 Delaware Avenue
Buffalo, New York 14202
(Buffalo School District)

Agency Request

A sales tax and mortgage recording tax exemption in connection with the adaptive reuse of a former medical building.

Building Acquisition	\$ 1,950,000
Building Renovation	\$ 7,662,116
Soft Costs/Other	\$ 2,848,877
 Total Project Cost	 \$12,460,993
 85%	 \$10,591,844

Company Description

The applicants - 637 Linwood, LLC and 1275 Delaware, LLC are real estate holding companies fully owned by Montante Group. Montante Group focuses on developing smart, distinctive commercial, residential and mixed use properties. Currently the Montante Group is undertaking the redevelopment of the former Millard Fillmore Gates Hospital.

Project Description

The project entails the adaptive re-use of a former medical office building located at 1275 Delaware Avenue in the City of Buffalo. The 50,000 sq. ft. building has been vacant or underutilized for over 3 years.

The project involves converting the medical office building into a mixed use structure containing approximately 10,000 sq. ft. of commercial space and 33 residential units.

The new residential units will consist of twenty-two (22) one-bedroom units and eleven (11) two-bedroom units. Rental rates and square footages are offered below:

# of Units	Sq. Ft.	Rent Range
22	659-760	\$1,100 - \$1,500
11	927-1,235	\$1,650 - \$2,500

Approximately 9,000 sq. ft. of ground floor and garden level space will be dedicated to commercial uses for a professional services or a back office user. Approximately 1,000 sq. ft. of ground floor space will be dedicated to a food service component adjacent to the lobby in the original diner/café space.

The project site is within close proximity to the ongoing Gates Circle redevelopment which will ultimately contain a mix of market rate as well as affordable units and commercial uses.

Retail Determination

Project Use	Sq. Ft.	Cost	% pf Project Cost
Residential	40,000	\$6,129,693	80%
Commercial	10,000	\$1,532,423	20%
Total	50,000	\$7,662,116	100%

***Since the retail component of the project represents 10% of the project costs, no sign off is required.**

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue Over 485-a Abatement Period	Additional Local Revenue Over 485-a Abatement Period	New Yearly Taxes Upon Expiration of Abatement Period
\$30,000	\$3,000,000	\$263,000	\$169,000	\$85,000
Combined Tax Rate: \$35.50				

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 = \$12,460,993 85% = \$10,591,844
Employment	Same as recapture period	Create 85% of Projected Projected =10 FTE 85% = 8.5 Recapture Employment = 8.5
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 created 10 FTE jobs, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.