

72 East Niagara Street, LLC
\$2,836,736
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 531110

COMPANY INCENTIVES

- Approximately \$146,000 in real property tax savings

EMPLOYMENT

- Retained Jobs - 17
- Projected New Jobs - 3
- Annual payroll: \$880,000
- Estimated salary of jobs to be retained: \$40,000
- Estimated salary of jobs to be created: \$40,000

PROJECT HISTORY

- 12/30/2020 - Public hearing held.
- No SEQRA review required
- 01/27/2021 Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: 72 East Niagara Street, LLC
 Project Address: 72 East Niagara Street
 Tonawanda, New York 14150
 (City of Tonawanda School District)

Agency Request

A real property tax and mortgage tax exemption in connection with the adaptive reuse of a former school building

Acquisition	\$ 375,000
Renovation	\$2,093,113
Soft Costs	\$ 368,623
Total Project Cost	\$2,836,736
85%	\$2,411,225

Company Description

The applicant – 72 East Niagara Street, LLC was formed by Dave Pawlik, Russell Kyte and Adam DeMiglio to undertake the project. Mr. Pawlik and Mr. Kyte are also the owners of Creative Structure Services, Inc. which is the general contractor for the project. CSS is a full service general contractor, developer and property manager. The company has a history of contributing to the renovation and adaptive reuse of older, vacant structures. In the past they have redeveloped buildings located at 700 Parkside, 786 Kenmore and 1659 Amherst into facilities that contain both residential and commercial spaces.

Project Description

The project entails the adaptive re-use of a former church and school building in the City of Tonawanda. Once construction is complete, the complex will house 14- 1 and 2 bedroom apartments along with 4,000 sq. ft. of commercial space. The apartments will all be available to residents at or below 80% of the average median income (AMI).

In its efforts to assist with adaptive reuse projects which is key to revitalizing and stabilizing communities, the City of Tonawanda opted into the 485-a real estate exemption program. It was thought too that the school district would also opt in however to date that has not occurred which is the reason the developer is seeking a PILOT through the ECIDA.

AMD Environmental, owned by one of the principals of the LLC, provides environmental services including consulting, sampling and project monitoring will be a tenant in the East Niagara Street facility once the project is complete. They will be relocating from the City of Buffalo where they currently lease space. In accordance with our Inter-Municipal Move Policy, we have notified both Mayors of the company's intention.

Retail Determination

Project Use	Sq. Ft.	Cost	% of Project Costs
Residential	22,000	\$1,779,146	85%
Commercial	4,000	\$ 313,146	15%
Total	26,000	\$2,093,113	100%

Since the retail component of the project represents less than 33% of the project cost, no sign off by the County is required.

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 7-year abatement period	Additional Local Revenue Over 7-year abatement period	New Yearly Taxes Upon Expiration of Abatement Period
\$0	\$655,000	\$5,300	\$34,700	\$26,700
Combined Tax Rate: \$40				

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 = \$2,836,736 85% = \$2,411,225
Employment	Coincides with 7-year PILOT	Maintain base = 17 Create 85% of Projected Projected = 3 85% = 2 Recapture Employment = 19
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7-year PILOT	Adherence to Policy
Unpaid Tax	Coincides with 7-year PILOT	Adherence to Policy
Recapture Period	Coincides with 7-year PILOT	Recapture of Real Property Taxes

Recapture applies to:
Real Property 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 17 and created 3 jobs, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.