

The Hamister Hospitality Wake, LLC

\$39,937,902

INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - **65 Real Estate Adaptive Reuse**

COMPANY INCENTIVES

- Approximately \$1,367,000 in sales tax savings
- Approximately \$200,000 in mortgage recording tax savings. This amount will increase should the amount of mortgage financing increase.



Project Title: The Hamister Hospitality Wake, LLC

Project Address: 10 Lafayette Square
Buffalo, New York 14203
(Buffalo City School District)

SIC/NAICS: 6513/531110

Agency Request

A sales tax exemption and mortgage recording tax exemption in connection with the redevelopment and adaptive reuse of the Tischman Building.

Land/Building Acquisition	\$ 2,531,215
Building Re-Construction	24,646,297
Equipment	3,309,960
Soft Costs	3,006,522
Other Costs (financing costs & developer fee)	6,443,907
Total Project Cost	\$39,937,901

Company Description

The Hamister Hospitality Wake, LLC is solely a real estate holding company formed to purchase the property. Hamister Apartments, LLC was formed to manage the apartment components of the Tischman Building operation.

The Hamister Group has 35 years of experience in owning, operating and managing real-estate based operations, including over-night sleeping accommodations. Mark Hamister, the founder and CEO of the Hamister Group developed his first senior living company in 1977. This company evolved into National Health Care Affiliates, Inc. (NHCA) which became one of the top 20 long term care and sub acute providers in the United States.

During the 80's NHCA made the Inc. 500 list five times, earning it a spot in the Inc. Hall of Fame.

In 2004 Hamister Hospitality Group, LLC was founded. Hamister Hospitality Hotels include: The Smyrna Nashville Fairfield Inn & Suite by Marriott, The Smyrna Nashville Sleep Inn & Suites, The Knoxville Airport Mainstay Suites, The Louisville Sleep Inn & Suites, The Lebanon Nashville Sleep Inn & Suites, The Pittsburgh Cranberry Township Residence Inn, The Pittsburgh Cranberry Township Hampton Inn, The Pittsburgh Airport Hampton Inn, The Pittsburgh Greentree Hampton Inn, The Pittsburgh Cranberry Township Holiday Inn Express.

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Project Description

This project involves the adaptive reuse of the Tischman Building. The facility is 174,400 sq. ft. and is predominately vacant. The facility was constructed in 1959 and has been vacant for 8 years. The facility will be converted into a mixed use development consisting of an approximately 123 room hotel, up to 18 market rate apartments and 21,000 sq. ft. of office space which will serve as the new corporate headquarters of the Hamister Group. The Tischman Building is the final property located in the historic Lafayette Square which is in need of redevelopment.

In accordance with ECIDA's Inter-Municipal Move Policy, Supervisor Weinstein was informed of the company's intention to relocate their corporate headquarters from Amherst to the City of Buffalo and has offered no objection.

Additional Cost of Renovating Existing Building as Opposed to New Build

The cost "per key" (per room) to building the hotel portion of this project is \$202,000, as compared to approximately \$150,000 per key for ground up construction of a similar facility; this cost differential equates to a \$6.4M add to the overall construction budget for this project. Additionally, \$420,000 will need to be spent on asbestos removal.

Project Incentives

- Approximately \$1,367,000 in sales tax savings
- Approximately \$200,000 in mortgage recording tax savings. This amount will increase should the amount of mortgage financing increase.

It is contemplated the company will receive a real property tax abatement offered by the City through its 485-a program.

The county which does not participate in the 485-a program will receive full taxes once the project is finished and fully assessed. Based on an estimated \$16 million of assessed value the county will receive almost \$88,000 per year.

Assessment after project completion	County Taxes	New County Taxes after project completion	New County Taxes over 10-years
\$16,000,000	Rate: \$5.486	\$87,776	\$877,760

During the City's 485-a abatement program, the City will receive \$926,400.

Assessment after project completion	City Tax Rate	New City Taxes during 485-a abatement (yrs. 9-12)
\$16,000,000	Rate: \$28.95	\$926,400

Project Benefit

*Revitalization and repositioning of a primarily vacant, historic building in the Central Business District.

*A \$40 million investment in downtown Buffalo.

*Creation of approximately 35 new, permanent jobs, 27 relocated from Amherst.

*Creation of approximately 400 construction jobs.

*Apartments will bring more people with disposable income to the downtown area.

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*Implementation of a training program at the hotel which would essentially develop and train interns from local colleges, to become Asst. GM's or other mid-level type of employees, for hospitality business. Implementaiton of this program will keep Hamsiter connected to local schools of hospitality and offer an inside view of current best practices for the industry thereby preserving the competitive position within its industry and strenghten the partner schools' program.

*Location of Hamister corporate headquarters in Buffalo.

Employment

Current:

28 Hamister

Projected (2 Years)

35 Hamister and 62 full time equivalents for hotel

Project History

5/08/2012 City of Buffalo Planning acting as lead agency issues Negative Declaration in accordance with SEQRA. ECIDA ratifies and affirms City of Buffalo's Negative Declaration.

7/30/2012 Public Hearing held. Transcript attached.

8/20/2012 Lease/Leaseback Inducement Resolution presented to Board of Directors.