

MCG Real Estate Holdings, LLC
\$8,258,268
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 531110

COMPANY INCENTIVES

- Approximately \$323,000 in real property tax savings.
- Approximately \$262,500 in sales tax savings
- Up to 3/4 of 1% of the final mortgage amount estimated at \$33,750

EMPLOYMENT

- New Jobs Projected: 1 PT
- Annual payroll: \$20,000
- Estimated salary of jobs to be created: \$20,000

PROJECT HISTORY

- 04/26/2021 - Public hearing held.
- 05/26/2021 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: MCG Real Estate Holdings, LLC

Project Address: 293 Grote Street
 Buffalo, New York 14207
 (Buffalo City School District)

Agency Request

A sales tax, mortgage recording tax and real property tax abatement in connection with the adaptive reuse of a 31,665 sq. ft. building.

Building Acquisition	\$ 794,054
Renovations	\$6,164,214
Soft Costs	\$1,300,000
Total Project Cost	\$8,258,268
85%	\$7,019,527

Company Description

MCG Real Estate Holdings, LLC was formed to undertake the project. It is owned by members of McGuire, Gurney and Dentinger families.

McGuire Development will oversee the project. Most recently McGuire worked with the Buffalo School District on the successful completion of the Emerson School of Hospitality and Management as well as the Buffalo City Mission.

Project Description

The project consists of the adaptive reuse of the former Buerk Tool facility on Grote Street in the City of Buffalo. The building has been vacant for 2 years and underutilized a total of 18 years.

The building, once redeveloped, will house 33 apartments. The developer has indicated 12 of the 1-bedroom units will be offered at 80% of the adjusted median income ("AMI")

The following table offers the unit mix, square feet and rent ranges:

Units	Square Feet	Rent Range
24-1 bedroom	496-838	\$925-\$1,400
9-2 bedroom	903-1,131	\$1,100-\$1,800

Since 100% of the project is devoted to housing, there is no employment impact other than a part time building manager.

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
\$6,900	\$2,700,000	\$20,000	\$68,000	\$59,000
Combined Tax Rate: \$22				

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 = \$8,258,268 85% = \$7,019,527
Employment	Coincides with 7-year PILOT	Create 85% of Projected Projected = 1 PT 85% = 1 PT Recapture Employment = 1PT
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	7-year PILOT term	Real Property Taxes State and Local Sales Taxes Mortgage Recording Taxes

Recapture applies to:
State and Local Sales Taxes
Real Property Tax
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 1 PT job, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.