

Trautman Associates / 130 Pearl LLC

\$ 5,477,047

PRIVATE INVESTMENT INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 541300

COMPANY INCENTIVES

- Approximately \$ in sales tax savings: \$ 131,250
- Up to 3/4 of 1% of the final mortgage amount estimated at \$ 22,500

JOBS & ANNUAL PAYROLL

- Current / Retained Jobs: 0 FTE
- Projected new jobs: 2 PT
- Est. salary/yr. of jobs created: \$12,500
- Total jobs after project completion: 1 FTE
- Construction Jobs: 36

PROJECTED COMMUNITY BENEFITS*

- Term: 2 yrs from project completion
- NET Community Benefits: \$ 3,207,792
- Spillover Jobs: 19
- Total Payroll: \$ 3,018,254

INCENTIVE COST / COMMUNITY BENEFIT RATIO (discounted at 2%)*

Incentives: \$ 153,750
 Community Benefit: \$3,202,139
 Cost: Benefit Ratio
 • 1: 21

Project Title: 130 Pearl
 Project Address: 130 – 132 Pearl St, Buffalo, NY 14202
 Buffalo School District

Agency Request

A sales tax and mortgage recording tax abatement in connection with the adaptive reuse of a 21,000 sq ft commercial building located in the City of Buffalo’s Central Business District.

Building Acquisition	\$ 660,000
Building Renovation	\$ 3,100,000
Soft Costs/Other	\$ 1,717,047
 Total Project Cost	 \$ 5,477,047
 85%	 \$ 4,655,489

Company Description

Trautman Associates provides professional architect and engineering services. The firm was founded in 1956 and has been in Buffalo since its founding. Trautman Associates strive to understand their client’s needs, opportunities and goals. Client types include: commercial, schools, residential, community, cultural, government and municipal. Owners with greater than 20% ownership include: John Daly (31.5%) and Robert Stelianou (29.6%).

Project Description

The Underwood Building at 130 Pearl was constructed in 1916 and has served as a commercial building downtown since its inception. The Buffalo society architect, Henry Osgood Holland, was responsible for its design. The building was first listed on the Register of Historic Places in 2002 and sits adjacent to Louis Sullivan’s Guaranty Building and across from St. Paul’s Episcopal Cathedral designed by Richard Upjohn. The redevelopment of this 21,000 sq ft 3 story building will result in 18 apartments with a mix of one- and two-bedroom units. Commercial / retail space will occupy the remaining 3,200 sq ft. Two of the mid-sized one-bedroom units (500+ sq ft) will be designated as workforce housing and will be at or below 80% AMI. Units will feature premium finishes, high ceilings and in-unit laundry.

# of Units	Sq Ft	Rent Range
14 one-bedroom	426 – 696	\$1,100 - \$1,675
4 two-bedroom	863 – 1,056	\$2,025 - \$2,475

The company is pursuing property tax savings through the NYS 485-A or 444 programs.

* Cost Benefit Analysis Tool powered by MRB Group

Economic Impact: Inform Analytics Cost-Benefit Analysis

The Erie County Industrial Development Agency uses the Cost Benefit Analysis Tool powered by MRB Group to assess the economic impact of a project applying for incentives. A Cost-Benefit Analysis is required by Section 859-a (5)(b) of General Municipal Law. For the complete Cost Benefit Analysis – please see the attached MRB Cost Benefit Calculator.

Cost: Incentives

COSTS	Tax Exemption	Amount
	Sales	131,250
	Mortgage Recording	22,500
	Total	153,750
	Discounted at 2%	153,750

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount**
	Erie County	Individuals	Payroll Construction	2,910,645
			Payroll Permanent	107,609
		Public	Property Taxes	0
			Sales Taxes	25,089
			Other - NFTA	7,500
	New York State	Public	Income Taxes	135,821
			Sales Taxes	21,128
			Total Benefits to EC + NYS***	3,207,792
			Discounted at 2%	3,202,139

* Cost Benefit Analysis Tool powered by MRB Group *includes direct & indirect \$ over project period *** may not sum to total due to rounding

Discounted Cost \$ 153,750
 Discounted Benefit \$ 3,202,139
 Ratio 1:21

Conclusion: The Cost Benefit for this project is: 1:21. For every \$1 in costs (incentives), this project provides \$ 21 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$ 39 in benefits to the community.**

New Tax Revenue Estimated – City of Buffalo 485 A Program

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 12 yr abatement period*	Additional Local Revenue Over 12 yr abatement period	New Yearly Taxes Upon Expiration of Abatement Period
\$25, 106	\$3,619,000	\$218,877	\$322,288	\$83,995
Combined Tax Rate: \$ 23.21				
*no county property tax benefit over abatement period for 485a program. Program only applies to City portion.				

Retail Determination

Project Use	Sq Ft	Cost	% Project Cost
Retail / Commercial	3,195	\$155,000	5%
Other: residential housing + building amenities	18,105	\$2,945,000	95%
	21,300	3,100,000	100%

The retail component of the project is less than 30% of the project costs and therefore no sign off is required.

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 = \$ 5,477,047 85% = \$ 4,655,489
Employment	Coincides with recapture period	Maintain Base = 0 Projected = 2 PT (1 FTE) Create 85% of Projected = 0 Recapture Employment = n/a
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
<u>Recapture Period</u>	2 years after project completion	Recapture of Mortgage recording tax, state and local sales taxes

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 maintained jobs (FTE) and created jobs (FTE), iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.

Project ECIDA History

- 6/28/23: Public hearing held.
- 7/26/23: Minor Site Plan Review City of Buffalo Planning Board Approval – No SEQRA compliance required.
- 7/26/23: Lease/Leaseback Inducement Resolution presented to the Board of Directors