

Iskalo - 1391 Hertel, LLC
\$ 5,411,625
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 53110

COMPANY INCENTIVES

- Approximately \$193,000 in sales tax savings
- Approximately \$43,000 in mortgage recording tax savings

PROJECT BENEFITS

- Re-use of an underutilized building
- The return of a non-contributing property to the tax rolls
- The strengthening of St. Margaret's parish via the sale of the property as well as relief to the parish of the cost and burden of maintaining vacant buildings.

EMPLOYMENT

- The developer is committing to 4 jobs for the commercial tenant

PROJECT HISTORY

- 12/ 04/2014 - Public hearing held. Transcript attached
- 12/17/2014 - Inducement Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
- 12/17/2014 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Iskalo 1391 Hertel Avenue, LLC

Project Address: a portion of 1391-1395 Hertel Avenue Buffalo, New York (Buffalo City School District)

Agency Request

A sales tax and mortgage recording tax abatement in connection with the adaptive reuse of St. Margaret's Roman Catholic Church.

Acquisition	\$ 612,500
Renovation	4,134,360
Non-Manufacturing Equipment	130,000
Soft Costs	534,765

Total Project Cost \$5,411,625

85% \$4,599,881

Est. Mortgage \$4,300,000

Company Description

Iskalo Development Corp. is a full-service, commercial real estate development company headquartered in Williamsville. The company undertakes both ground-up as well as adaptive re-use real estate projects for its own portfolio. Iskalo serves as a the developer, architect, construction manager and property manager. Examples of Iskalo projects include the historic Electric Tower in downtown Buffalo and close to a dozen properties along the Main Street corridor in Amherst and the Village of Williamsville.

Project Description

The project consists of the acquisition of the former St. Margaret's elementary school. The developer will modify the building into a mixed use facility which will include approximately 23 1 and 2 bedroom apartments along with 2,000 sq. ft. of commercial space. The property is a 3-story, 30,000 sq. ft. former school. From 1917 to 1957 it was used as the church for the parish. Until a few years ago, the building housed an elementary school (K-8). The enrollment for the school peaked in the 1980's with approximately 600 students. Over time, however, enrollment dropped to less than 100 students and closed after the 11/12 school year. Apartments will range in size from 770 to 1,300 sq. ft. Rents will average between \$1,100 and \$1,950.

Retail Determination

Tenant/Use	Sq. Ft.	Cost	% of Projected Cost
Residential	28,227	\$3,987,085	93%
Retail/Commercial (tenants unknown)	1,963	\$277,275	7%
Total	30,190	\$4,264,360	100%

Impact on Taxes

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 12 years	Additional City Revenue over City 485-a Abatement Period	New Yearly Taxes Upon Expiration of Abatement
\$0	\$2,000,000	\$126,720	\$110,160	\$65,600
Combined Rate: \$33				

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 = \$5,411,625 85% of total project amount = \$4,599,881
Employment	See recapture period	Projected jobs = 4 85% = 3
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Recapture Period	2 years after project completion	Recapture of sales taxes and mortgage taxes

Recapture applies to:

- State and local sales taxes
- Mortgage Taxes

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales and use tax exemption benefits taken by the company that are in violation of the GML.

In addition, it is the recommendation of the ECIDA's Policy Committee to recapture the local portion of the sales tax and mortgage taxes.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) confirm adherence to ECIDA local labor hiring policy and iii) employment projection of 3 has been achieved.