

240 Kensington, LLC
\$5,781,000
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 53110

COMPANY INCENTIVES

- Approximately \$218,750 in sales tax savings
- 1% of the final mortgage amount. At this time, the estimated amount of the mortgage is \$4,000,000 for a savings of \$40,000.

PROJECT BENEFITS

- The company will be under PILOT which is equivalent to the County and City 485-b exemption program. It is estimated that the savings is \$220,000.
- Construction of new senior housing on the east side of Buffalo

EMPLOYMENT

- Current = 0
- New Jobs Projected = 1

PROJECT HISTORY

- 8/27/2015 - Public hearing held. Transcript attached
- 10/21/2015 - ECIDA adopts a Negative Declaration in accordance with SEQRA.
- 10/21/2015 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: 240 Kensington, LLC

Project Address: 240 Kensington
 Buffalo, New York 14214
 (Buffalo City School District)

Agency Request

A sales and mortgage recording tax exemption in connection with the construction of a 40 unit senior housing complex.

Land and Building Acquisition	\$ 134,000
Building	4,944,413
Soft Costs	702,587
 Total Project Cost	 \$5,781,000
 85%	 \$4,913,850

Company Description

240 Kensington, LLC is a corporation formed for the purpose of the project. The LLC is comprised of David Pawlik - 20% (Creative Structures Inc.), Russ Kyte - 20%, Craig Slater - 10%, Nick Sinatra - 22%, Mark Campanelli - 3% and KLP Enterprises - 25%.

Project Description

The proposed project entails the construction of a 40 unit senior apartment complex on Buffalo's East side. The facility will be 41,250 sq. ft., consist of three floors. The site is considered a brownfield and will be remediated to residential DEC standards. The complex will be made available to seniors at 50-80% of the median income as defined by the City of Buffalo Housing Programs CDBG & HOME Household Income and HUD HOME Rent Limits 2015. In accordance with HUD HOME requirements, the developer must certify on an annual basis resident incomes at 50% - 60% of median income. In addition on an annual basis the developer has agreed to certify to the ECIDA the resident incomes for the 29 units at the 80% median income level.

According to the senior housing policy adopted on June 17, 2015, attached is a worksheet highlighting the nine criteria this board will be considering when determining its support.

485-b Calculation Table

According to the Senior Housing Policy the approved PILOT schedule is equivalent to the County & City’s 485-b abatement schedule. The project will generate approximately \$581,210 of revenue to the local taxing jurisdictions over the abatement period representing \$97,496 to the County of Erie and \$483,715 to the City of Buffalo.

485-b Years	% payment for 485-b	County Payment with 485-b	City Payment with 485-b	Total 485-b Payment	As If Owned	Net Exemption
1	50%	\$6,724	\$33,360	\$40,083	\$80,167	\$40,083
2	55%	\$7,396	\$36,696	\$44,092	\$80,167	\$36,075
3	60%	\$8,069	\$40,032	\$48,100	\$80,167	\$32,067
4	65%	\$8,741	\$43,368	\$52,109	\$80,167	\$28,058
5	70%	\$9,413	\$46,703	\$56,117	\$80,167	\$24,050
6	75%	\$10,086	\$50,039	\$60,125	\$80,167	\$20,042
7	80%	\$10,758	\$53,375	\$64,134	\$80,167	\$16,033
8	85%	\$11,431	\$56,711	\$68,142	\$80,167	\$12,025
9	90%	\$12,103	\$60,047	\$72,150	\$80,167	\$8,017
10	95%	\$12,775	\$63,383	\$76,159	\$80,167	\$4,008
TOTAL PAYMENTS		\$97,496	\$483,715	\$581,210	\$801,670	\$220,459

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 = \$5,781,000 85% of total project amount = \$4,913,850
Employment	See recapture period	Creation of 1 new job
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	See recapture period	Adherence to pay equity policy
PILOT	PILOT Term 10-years	Up to 100% recapture at Agency discretion
Recapture Period	Coincides with 10-year PILOT term	Recapture of state and local sales taxes and real property taxes
Income & Rental Verification	Coincides with the 10-year P ILOT term	Senior Tenant Income and rental rates to be maintained at 50%, 60% and 80% of the Average Median Income

Recapture applies to:

- State and local sales taxes
- Payment in Lieu of Taxes
- Mortgage recording 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 recording tax.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) confirm that company has created 1 new job iii) adherence to local labor policy and pay equity policy.