

**Pilgrim Village Associates, LLC**  
**\$94,778,000**  
**INDUCEMENT RESOLUTION**

**ELIGIBILITY**

- NAICS Section - 53110

**COMPANY INCENTIVES**

- Approximately \$1,388,281 in sales tax savings
- \$525,000 in mortgage tax savings

**EMPLOYMENT**

- Current Jobs = 4
- Projected Jobs = 35

**PROJECT HISTORY**

- 11/15/14 -City of Buffalo adopts a Negative Declaration in accordance with SEQRA.
- 12/2/15 - TEFRA Public hearing held. Transcript attached
- 12/16/2015 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Pilgrim Villages Associates, LLC

Project Address: 903 Ellicott Street  
Buffalo, New York 14209

**Agency Request**

Issuance of a tax exempt bond, a sales tax exemption and a mortgage recording tax exemption in connection with the redevelopment of a subsidized housing complex.

Land and Building Acquisition	\$16,100,000
New Building Construction	\$57,300,000 (housing an parking ramp)
Renovation	\$ 2,150,000
Soft Costs	\$19,228,000

Total Project Cost	\$94,778,000
IDA Bond Amount	\$52,500,000
Mortgage Amount	\$52,500,000
85%	\$80,561,300

**Company Description**

Pilgrim Village Associates, LLC is a limited partnership formed by Mark H. Trammell as the general partner and McGuire Campus Square, LLC as the special limited partner.

**Project Description**

Pilgrim Village was built in 1980 and consists of a 90-unit subsidized housing complex located in the City of Buffalo and bounded by Michigan, Best, North and Ellicott Streets. The redevelopment of Pilgrim Village is a carefully planned urban redevelopment strategy which will reposition one of Buffalo's private Section 8 housing developments into a multi-use, mixed-income, multigenerational living center.

Phase I of the redevelopment proposal, known as Campus Square, involves the demolition of five buildings which currently house 25 units. An investment of \$90M is planned and will include a six story, 152 unit apartment complex and parking structure. When complete, the development will contain 90 affordable units and 62 market rate units. Sixty-five (65) existing apartments will remain and be rehabbed resulting in a total of 217 total apartments of which 67% will be made available to low income and student low income individuals. It should be noted that no tenants will be displaced by the project.

The location of the project is near the Buffalo Niagara Medical Campus - within walking distance from Buffalo General and Roswell Park. Public transportation, including bus and light rail are located nearby.

Offered below is a breakdown of the project's housing components:

Type of Unit	Monthly Rent
Low Income (60% of median income) Studios, 1, 2 & 32 bedroom's	\$650-\$906
Student Affordable (90% of median income) Studios, 2, 3 & 4 bedroom's	\$517-\$711 per student
Market Rate - Studios, 1,2, 3 & 4 bedroom's	\$969-\$3,591

\* Income limits & rental rates are regulated through HUD's Section 8 guidelines

Offered below is the project budget broken out by the affordable and market rate components of the project.

**CAMPUS SQUARE/PILGRIM VILLAGE  
CONSTRUCTION COST BREAKDOWN**

	Affordable	Market	Tenant Improvements For Commercial Space	Total
Main Building & Garage	\$37,515,175	\$18,414,560	\$ 1,265,503	\$57,195,238
Garden Apartments	\$ 2,150,000			\$ 2,150,000
Total	\$39,665,175	\$18,414,560	\$ 1,265,503	\$59,345,238
Est. Taxable Goods & Services	\$15,866,070	\$ 7,365,824	\$ 506,201	\$23,738,095
Sales Tax	\$ 1,388,281*	\$ 644,510	\$ 44,293	\$ 2,077,083

\*ECIDA's sales tax exemption is limited to the buildout of the affordable units and associated parking. The estimated amount of the savings is \$1,388,281.

While this project covers only Phase I of the redevelopment, it is possible that 3 additional phases will be constructed in pace with the absorption rate. Should all four phases be completed, as estimated \$200M will have been invested.

**COMMERCIAL SPACE:**

In connection with the development of Campus Square - Phase I, approximately 37,000 sq. ft. of commercial space will be made available which will house a small grocery store, barber shop, dental office and coffee shop.

In addition to the commercial tenants, two cultural institutions central to the African American community in Buffalo will relocate to the Campus Square. They are the Muhammad School of Music and Miss Barbara's School of Dance.

**PRIVATE ACTIVITY BOND ALLOCATION:**

Each year, the ECIDA receives from the State of New York an allocation that can be used in the issuance of tax exempt bonds. For for profit affordable housing projects. ECIDA's initial allocation in 2015 was \$26,266,105. Since the tax exempt bond required in connection with this project is \$52,500,000 the IDA needed to request additional allocation from the State which allocation was approved. An additional \$21,000,000 from the Statewide Bond Reserve which, when combined with ECIDA's initial allocation of \$26,266,105, will permit the issuance of tax exempt private activity bonds to finance the project. Up to \$47,000.000 of tax exempt and \$5,500,000 taxable bonds will be issued for the project.

The issuance of these bonds is not an obligation of the ECIDA or the County of Erie.

### 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 = \$94,778,000 85% = \$80,561,300
Employment	See Recapture Period	Maintain Base = 4 31 Projected 85% of Projected = 26 Recapture Jobs = 30
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	See Recapture Period	Adherence to pay equity policy
Recapture Period	2 Years after Project Completion	Recapture of state and local sales taxes and mortgage recording taxes

**Recapture applies to:**

State and Local Sales Taxes

Mortgage Recording Taxes

### Recapture

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales tax 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 share of 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 the company has maintained base jobs and created 85% of projected jobs iii) adherence to local labor policy iv) adherence to pay equity policy.