

432 Abbott, LLC
\$4,570,000
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 53110

COMPANY INCENTIVES

- Approximately \$61,250 in sales tax savings
- 1% of the final mortgage amount. At this time, the estimated amount of the mortgage is \$3,300,000 for a savings of \$33,000.
- The company will utilize the City's 485-a exemption program

PROJECT BENEFITS

- Adaptive reuse of a vacant structure
- Full tax payments to Erie County

EMPLOYMENT

- Current = 0
- New Jobs Projected = 2 FT
2 PT

PROJECT HISTORY

- No Public Hearing was required since project benefits are below \$100,000.
- 6/17/2015 - Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA.
- 6/17//2015 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: 432 Abbott, LLC

Project Address: 31 Tamarack Street
Buffalo, New York 14220
(Buffalo City School District)

Agency Request

A sales and mortgage recording tax exemption in connection with the adaptive reuse of an existing facility.

Land and Building Acquisition	\$ 340,000
Renovation	3,200,000
Infrastructure	60,000
Soft Costs	620,000
Other (loan, developer costs)	350,000

Total Project Cost \$4,570,000

85% \$3,884,500

Company Description

432 Abbott, LLC is a limited liability corporation formed for this project. Principals of the LLC include Karl Frizlen (Frizlen Group) and members of JLS, LLC (Michael Joseph, Jordon Levy and Ron Schreiber).

The Frizlen Group provides a full range of architectural services including planning, design and implementation. They have a significant portfolio in projects such as housing, retail and commercial offices, public and civic buildings, restoration and urban infill, master planning and urban revitalization.

Project Description

The proposed project entails the purchase and adaptive reuse of two school buildings which are part of the St. Thomas Aquinas Church complex. The buildings are located in South Buffalo in a predominantly residential area. The two school buildings that the developer is purchasing from the diocese are empty and have not been used since 2006. Once reconstruction is completed, the buildings will house 32 market-rate apartments with the former school gym to be made available as a fitness center for groups looking to rent it for functions. The apartments will range in size between 476 sq. ft. and 1,160 sq. ft. and the monthly rents will be in the range of \$550 - \$1,200. The restoration will follow the Department of Interior standards as mandated by the State Historic Preservation Office. The school building is in a distressed census tract and has been vacant since 2006. From inception, the building has been exempt from taxes. The purchase by the developer will return the property to the tax rolls.

Retail Determination

Tenant/Use	Sq. Ft.	Cost	% of Projected Cost
Residential	34,300	\$2,733,000	85%
Commercial/Gym/Retail	5,700	\$467,000	15%
Total	40,000	\$3,200,000	100%

Since less than 1/3 of the total project cost is associated with a potential retail tenant, a retail finding by the County Executive is not required.

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 Period
\$0	\$1,600,000	\$104,000	\$88,000	\$52,000
Combined Rate: \$33.00 Property is Exempt				

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 = \$4,570,000 85% of total project amount = \$3,884,500
Employment	See recapture period	Creation of 2 FT and 2 PT 85% = 3 FTE
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Recapture Period	2 years after project completion	Recapture of state and local sales taxes and mortgage recording tax

Recapture applies to:

- State and local sales 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 taxes.

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 3 jobs and iii) confirm adherence to ECIDA local labor hiring policy.