

945 West Ferry, LLC \$1,615,000 INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - 53
- Real Estate

COMPANY INCENTIVES

- Approximately \$12,000 mortgage recording tax benefit
- Approximately \$52,500 in sales tax benefits
- It is anticipated the company will apply to the City of Buffalo for a 485-a exemption



Project Title: 945 West Ferry, LLC

Project Address: 1526 Main Street
Buffalo, New York 14209
(Buffalo City School District)

NAICS: 531110

Agency Request

A sales tax and mortgage tax exemption in connection with the adaptive reuse of 1526 Main Street.

Building Acquisition	\$ 380,000
Building Renovations	\$ 1,200,000
Soft Costs	<u>\$ 35,000</u>
 Total Project Cost	 \$ 1,615,000
85% of Project Cost	\$ 1,372,750
 Est. Mortgage Amount	 \$ 1,200,000

Company Description

945 West Ferry, LLC was formed by Sinatra and Company. Sinatra and Company is a full service real estate property management and consulting firm.

The most recent project undertaken by the developer was the Village Square Plaza on Delaware Avenue in the Village of Kenmore. This project sought to restore several older, historic buildings to their original form.

Project Description

Within the past year the company has fully developed the property located at 945 West Ferry into a mixed use commercial/residential structure. The current project for which a sales tax and mortgage tax exemption is being requested includes the adaptive reuse of an adjacent structure located at 1526 Main Street. The facility which is 30,000 sq. ft. will have a commercial component - approximately 7,000 sq. ft. for lease to one or more tenants - along with 8 market rate apartments. The apartment rental units will average \$1,200 to \$1,350 per month. The 135 year old building at 1526 Main Street which has been virtually empty for a decade and has a leaking roof has already been gutted to its original brick interior.

The company hopes to replicate what they accomplished in the Village of Kenmore by taking these older, historic structures and returning them to their original beauty.

Real Estate Tax Impact

Current Yearly Taxes	Estimated new as-assessed value (50% of construction budget)	New County Revenue over 12 Years	New City Revenue over 12-Year 485-a abatement period
\$4,300	\$600,000	\$39,000	\$35,000
Assessment: \$125,000 Combined Tax Rate: \$34.41			

Project Incentives

- Approximately \$12,000 mortgage recording tax benefit
- Approximately \$52,500 in sales tax benefits
- It is anticipated the company will apply to the City of Buffalo for a 485-a exemption

IDA benefits for the commercial/retail portion will be limited to the core and shell buildout only.

Any future benefits for FFE buildout for the commercial/retail tenants would be subject to a separate application by either the developer or the tenant.

Employment

Tenant employment will be based on the type of tenants utilizing the commercial space. At this point, we cannot estimate the impact. A property manager will be responsible for building oversight but that position will be part-time as that person will also be responsible for the oversight of other buildings the developer owns.

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount Project Amount = \$1,615,000 85%=\$1,372,750
Employment	Construction period	85% of projected construction jobs- Estimated Construction Jobs = 58 85% = 49
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	The greater of 2 years or termination of Agent and Financial Assistance Agreement	Recapture of state & local sales tax & mortgage recording tax.

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 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 tax.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) 85% of construction jobs, estimated construction jobs = (58) 85% = (49) iii) adherence of ECIDA local labor policy and iv) a monitoring/recapture period the greater of two years or the date of termination of the Agent and Financial Assistance Agreement.

Retail Determination

Tenant	Sq. Ft.	Cost	% of Project Cost
Vacant Commercial/Retail	7,000 sq. ft.	\$ 150,000	12%
Residential	23,000 sq. ft.	\$1,050,000	88%
Total	30,000 sq. ft.	\$1,200,000	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.

Project History

01/08/2014	Public Hearing Held. Transcript attached.
05/21/2014	Inducement Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
05/21/2014	Inducement Resolution presented to Board of Directors.