

**Orchard Heights, Inc.**  
**\$28,600,000**  
**INDUCEMENT RESOLUTION**

**HIGHLIGHTS**

- Eligibility: NAICS Section - 53-

**COMPANY INCENTIVES**

- Approximately \$1,104,000 in sales tax benefits
- Approximately \$286,000 mortgage tax savings
- Approximately \$2,400,000 in real property tax savings



**ORCHARD HEIGHTS, INC.**  
 Affiliated with The Hamister Group, Inc.

Project Title: Orchard Heights, Inc.  
 Project Address: 5200 Chestnut Ridge Road  
 Orchard Park, New York 14127  
 (Orchard Park Central School District)  
 NAICS: 531110

**Agency Request**

A sales tax, mortgage recording tax and real property tax exemption in connection with the expansion of an existing assisted living and memory care residence.

Building Addition	\$23,677,500
Renovation	569,100
Non-Manufacturing Equipment	503,400
Soft Costs	2,870,000
Other (Financing fees)	980,000
<b>Total Project Cost</b>	<b>\$28,600,000</b>
<b>85% of Investment</b>	<b>\$24,310,000</b>
<b>Estimated Mortgage Amount</b>	<b>\$28,600,000</b>

**Company Description**

Orchard Heights is owned by Mark Hamister and is a one-story Assisted Living and Memory Care Residence located in the Town of Orchard Park. Options for residence include assisted living, memory care and respite care. The facility consists of 120 assisted living beds, 22 and memory care beds.

Amenities and services include: nursing care 24/7, recreation programs, outings and day trips, fine dining, respite care for short term stays, fully furnished residences with private in-suite bathrooms, personalized care plans, medication management, diabetic care, oxygen licensed, special diets, daily housekeeping, ice cream parlor, activities room, beauty salon and computer and internet access, assistance with aide and attendance, benefit paperwork for veterans and widows/widowers of veterans, wander prevention system and emergency call bell system.

**Project Description**

The project consists of the following: 1) expansion of the current assisted living facility to include a new wing of 41 assisted living units; 2) addition of two (2) 32-unit independent living apartment buildings; and 3) addition to the existing facility common area and dining areas to accommodate the increased capacity generated by the assisted living and independent additions and 4) updating and refreshing the existing facilities' resident rooms, hallways and activity spaces.

**ELIGIBILITY:**

Long-Term Care Facilities - For profit facilities including elderly housing, nursing homes, adult homes and assisted and/or assistive living centers. To be determined eligible for assistance, projects must prove a demonstrable need for such facilities within Erie County. Additionally, an application for assistance must be accompanied by a certificate of need, if required by State law, and must be in compliance with any and all other requirements mandated by state or local law. This project under State law does not require a Certificate of Need.

Orchard Heights has submitted 1<sup>st</sup> quarter market data reports generated by the National Investment Center for the Senior Housing and Care Industry covering the Buffalo Metro area and Orchard Park.

The data contained in the reports indicates there has been modest growth in the number of independent living apartments in the market, 180, during a time period where the population utilizing such facilities has grown by approximately 939 persons, or 17.1%, and shows projected growth of the senior population aged 75+ by 409 persons, or 6.4% over the next five year. The report also indicates a steadily increasing occupancy rate over the last five years and is currently 95.1%; well above the national average of 90.5%.

In addition, further analysis shows there are approximately 2,447 income qualified seniors located within a five mile radius of the project site, and that within the same radius there are only 358 independent living apartments. When determining the market potential for certain development sites, it is common practice to determine a market penetration rate. This is calculated by dividing the number of available units, 358 by the total number of income qualified residents, 2447, to obtain the market penetration rate. The current penetration rate for the Orchard Park market is 14.6%. With the addition of the 64 units the company is proposing, the market penetration rate of independent living apartments would increase to 17.25%. A general rule of thumb within the industry states that markets with a penetration rate of 25% or less have a high need to add units.

### Employment Impact

	Current Jobs at Application	Projected Year Two Jobs
Full Time	42	49
Part Time	61	77

### Project Incentives

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### Real Estate Tax Impact

Tax Rate	Estimated new assessed value (70% of construction budget) *EQ rate of 57%	Estimated New County Revenue over 7-year abatement period	Estimated New Local Revenue over 7-year abatement period	Total Revenue in year 1 after PILOT expires
\$44/1,000	\$9,447,000	\$128,000	\$542,000	\$446,000

# Orchard Heights, Inc.

## 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 = \$28,600,000 85% = \$24,310,000
Employment	See PILOT Term	Maintain 100% of base: 42 FT      61 PT  85% of projected  5 FT      13 PT  Total Recapture Employment:  47 FT      74 PT
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	Coincides with a 7-PILOT Term	Recapture of State and Local Sales Taxes, Mortgage Tax and PILOT

### Recapture applies to:

- State and local sales taxes
- Mortgage recording taxes
- PILOT

### 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, mortgage recording tax and PILOT benefits.

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 met 85% of its projected employment and iii) confirm adherence to ECIDA local labor hiring policy.

### Project History

- 06/27/2014      Public hearing conducted.
- 7/16/2014      ECIDA adopts a Negative Declaration in accordance with SEQRA.
- 7/16/2014      Lease/Leaseback Inducement Resolution presented to Board of Directors