

**Ellicott Development/722 Group, LLC/School 56**  
**\$5,760,000**  
**INDUCEMENT RESOLUTION**

<b>ELIGIBILITY</b>
<ul style="list-style-type: none"> <li>• NAICS Section - 53110</li> </ul>
<b>COMPANY INCENTIVES</b>
<ul style="list-style-type: none"> <li>• Approximately \$171,500 in sales tax savings</li> <li>• 1% of the final mortgage amount. At this time, the estimated amount of the mortgage is \$4,500,000 for a savings of \$45,000.</li> <li>• The company will be utilizing the City's 485-a exemption program.</li> </ul>
<b>EMPLOYMENT</b>
<ul style="list-style-type: none"> <li>• Current - 0</li> <li>• Jobs Projected - 2</li> </ul>
<b>PROJECT HISTORY</b>
<ul style="list-style-type: none"> <li>• 8/27/2015 - Public hearing held. Transcript attached</li> <li>• 7/28/15 - City of Buffalo as lead agency, adopts Negative Declaration in accordance with SEQRA.</li> <li>• 10/21/2015 - Lease/Leaseback Inducement Resolution presented to the Board of Directors</li> </ul>

Project Title: 722 Group, LLC  
Project Address: 722 West Delavan Ave.  
Buffalo, New York 14222  
(City of Buffalo School District)

**Agency Request**

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

Land & Building Acquisition	\$1,100,000
Renovation	\$3,920,000
Soft Costs	\$ 740,000
 Total Project Cost	 \$5,760,000
85%	\$4,896,000

**Company Description**

722 Group, LLC is a corporation formed by Ellicott Development for the purpose of constructing the project.

Ellicott Development is a real estate development company and property management firm with over 30 years of experience. Ellicott Development controls a diverse portfolio of commercial and residential real estate including Class A office space, hotel construction and management and loft style apartments. The most recent project approved by the ECIDA Board was for the reconstruction and adaptive reuse of 960 Busti Avenue.

**Project Description**

The proposed project entails the adaptive reuse of the former City of Buffalo School 56 building. The building is 69,000 sq. ft. and will include a residential and commercial component. It is estimated the developer will construct 33 apartments containing studio, 1,2 and 3 bedroom configurations. In addition, there will be approximately 10,000 sq. ft. of space for lease to not-for-profit entities in the basement and 1st floor level. The apartments will range in size from 515 sq. ft. to 1,325 sq. ft. and rents will be in the \$850 to \$2,195 range.

School 56 has not been in service as a Buffalo Public School since September, 2011.

**Retail Determination**

Tenant/Use	Sq. Ft.	Cost	% of Projected Cost
Residential	59,000	\$3,728,000	80%
Retail/Tenant Office	10,000	\$932,000	20%
Total	69,000	\$4,660,000	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	\$1,960,000	\$128,113	\$105,801	\$63,576
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 = \$5,760,000 85% of total project amount = \$4,896,000
Employment	See recapture period	New job creation of 2
Pay Equity	See recapture period	Adherence to pay equity policy
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 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 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 will create of 2 new jobs iii) confirm adherence to ECIDA local labor hiring and pay equity policy.