

**570 Associates VI, LLC (Garden Village Plaza)**

**\$20,745,000**

**INDUCEMENT RESOLUTION**

<b>ELIGIBILITY</b>
<ul style="list-style-type: none"> <li>• NAICS Section - 531110</li> </ul>
<b>COMPANY INCENTIVES</b>
<ul style="list-style-type: none"> <li>• Approximately \$1,760,000 in real property tax savings</li> <li>• Approximately \$787,303 in sales tax savings</li> </ul>
<b>PROJECT BENEFITS</b>
<ul style="list-style-type: none"> <li>• The project will generate approximately \$480,660 of revenue to the local taxing jurisdictions over the abatement period representing \$79,140 to the County of Erie, \$142,560 to the Town of Cheektowaga \$258,960 to the West Seneca School District</li> </ul>
<b>EMPLOYMENT</b>
<ul style="list-style-type: none"> <li>• The project is anticipated to create 124 (two years after project completion)</li> </ul>
<b>PROJECT HISTORY</b>
<ul style="list-style-type: none"> <li>• 1/24/2017 - Public hearing held. Transcript attached</li> <li>• 02/22/2017 - Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA.</li> <li>• 02/22/2017 - Lease/Leaseback Inducement Resolution presented to the Board of Directors</li> </ul>

Project Title: 570 Associates VI, LLC (Garden Village Plaza)

Project Address: Union & French Roads  
Cheektowaga, New York 14224  
( West Seneca Central School District)

**Agency Request**

A sales tax and real property tax abatement in connection with the demolition, renovation and reuse of the former Garden Village Plaza.

New Building Construction	\$11,395,000
Infrastructure/Renovation	\$ 5,900,000
Renovation	\$ 2,700,000
Soft Costs	\$ 750,000
Total Project Cost	\$20,745,000
85%	\$17,633,250

**Company Description**

Benderson Development is a commercial real estate developer with over 60 years experience. A portion of the applicant’s portfolio consists of office, warehouse and industrial space. The most recent IDA project finalized by the developer was the successful conversion of the former Donovan Building in the City of Buffalo into a mixed use development. They are also in the process of constructing two spec buildings in the Town of Cheektowaga.

**Project Description**

The Garden Village Plaza was constructed in the 1970’s as a retail facility and encompasses 178,000 sq. ft. The developer plans to demolish 88,000 sq. ft. of the plaza and renovate the remaining 90,000 sq. ft. When complete, the entire complex will consist of 355,000 sq. ft., spread among 4 buildings, which will be used as a warehouse and distribution complex. Since no tenants have yet been identified, the building should be considered a “spec” project. The site has been vacant for over a decade and recently rezoned for warehouse/light manufacturing uses.

According to the developer there is an ever increasing demand for more manufacturing and warehouse space in the metro Buffalo area. According to a 2016 Buffalo Business First article, “vacant office, industrial and retail space continues to decrease in Buffalo”.

**New Tax Revenue Estimated**

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 7-Year Abatement Period	Additional City Revenue over 7-Year Abatement Period	New Yearly Taxes Upon Expiration of Abatement Period
\$58,000	\$10,000,000	\$79,000	\$400,000	\$320,440
Combined Tax Rate: \$32				

## Employment Impact

As a spec building, it is difficult to identify specific new employment figures for the proposed development. However, based on the project use and the developer's projections, they estimate and are committing the following number of employees to be located in the facility.

Projected Jobs = 124 (two years after project completion).

## PILOT Table

The project will generate approximately \$480,660 of revenue to the local taxing jurisdictions over the abatement period representing \$79,140 to the County of Erie, \$142,560 to the Town of Cheektowaga \$258,960 to the West Seneca School District

Year	% payment under PI-LOT	Est. County PILOT	Est. Town PILOT	Est. School PILOT	Est. Total PILOT	Full Taxes with-out PILOT	Net Exemption
1	10%	\$5,276	\$9,504	\$17,264	\$32,044	\$320,440	\$288,396
2	10%	\$5,276	\$9,504	\$17,264	\$32,044	\$320,440	\$288,396
3	20%	\$10,552	\$19,008	\$34,528	\$64,088	\$320,440	\$256,352
4	20%	\$10,552	\$19,008	\$34,528	\$64,088	\$320,440	\$256,352
5	30%	\$15,828	\$28,512	\$51,792	\$96,132	\$320,440	\$224,308
6	30%	\$15,828	\$28,512	\$51,972	\$96,132	\$320,440	\$224,308
7	30%	\$15,828	\$28,512	\$51,792	\$96,132	\$320,440	\$224,308
<b>TOTAL PAYMENTS</b>		\$79,140	\$142,560	\$258,960	\$480,660	\$2,243,080	\$1,762,420

## 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 = \$20,745,000 85% = 17,633,250
Employment	Coincides with 7-Year PI-LOT	Maintain Base = Create 85% of Projected Projected = 124 85% = 105
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 7-Year PI-LOT	Adherence to Policy
Unpaid Tax	Coincides with 7-Year PI-LOT	Adherence to Policy
Recapture Period	Coincides with 7-Year PI-LOT	Recapture of state and local sales taxes and real property taxes

Recapture applies to:

- State and local sales taxes
- Real property taxes

## **Recapture**

Pursuant to New York State General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that is in violation of the GML.

At completion of project company must certify i) total investment amount equal to or greater than 85% of the anticipated project amount proposed ii) confirm that company has 105 employees at the facility iii) confirm adherence to ECIDA unpaid taxes, pay equity and local labor hiring policy for the recapture term.