

5182 Group, LLC (The Graystone) \$5,290,000 INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - **53 Real Estate**

COMPANY INCENTIVES

- Approximately \$160,000 in sales tax savings
- Up to \$52,900 in mortgage recording tax savings.



Project Title: 5182 Group, LLC
(The Graystone)

Project Address: 24 South Johnson Park
Buffalo, New York 14202
(Buffalo City School District)

SIC/NAICS: 6513/531110

Agency Request

Mortgage and sales tax savings in connection with the adaptive reuse of the facility.

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| Land/Building Acquisition: | \$1,290,000 |
| Building Reconstruction | 3,640,000 |
| Soft Costs | 360,000 |
| Total Project Cost | \$5,290,000 |

Company Description

Ellicott Development Company 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, loft style apartments and more.

Project Description

Ellicott Development purchased the Graystone in late 2003 after sitting vacant since 1990's. Plans to redevelop the property into a luxury apartment building were halted in late 2003 after a large section of the roof collapsed during interior demolition work. For that reason along with a weak residential market in downtown Buffalo the redevelopment effort was on hold until now. The current plans are for the redevelopment of the property into approx. 42 market-rate apartment units in one-and two-bedroom configurations along with commercial space on the ground floor.

The building is over 100 years old and was constructed between 1894 and 1897 and is architecturally significant as one of the earliest examples of the use of reinforced concrete technology in the construction of large scale multi-story building in the United States.

5182 Group, LLC (The Graystone)

National Register Status:

In 1987, prior to Ellicott Development's ownership, the building was placed on the National Register of Historic Places. Given the historic nature of the property, the developer is working in concert with the NYS Historic Preservation Office and the National Parks Service to ensure that the rehab efforts conform to the Secretary of the Interior's Standard for Treatment of Historic Properties. In doing so, upfront rehab costs increase substantially in order to recreate historic architectural features that have deteriorated or been misplaced over time. Historic Tax Credits in an estimated amount of \$1.2M will be applied for upon project completion which will help to offset the cost of rehabilitation.

IMPEDIMENTS TO REDEVELOPMENT:

The structural condition of the building creates a difficult and costly adaptive rehabilitation. This is one of the reasons why the building has sat vacant for so long. The structure is primarily cast-in-place concrete with most interior walls having load-bearing purpose. The divisions are frequent resulting in interior spaces and hallways much smaller than buildings constructed later on. Several structural engineers over the past several years have recommended demolishing this historic structure. One of the main reasons involves the gaping holes which have been chopped through load bearing walls, floor beams and floor slabs for the distribution of rough mechanicals through the building. This damage occurred several decades ago prior to Ellicott Development's purchase of the property. Results of an asbestos survey show the presence of asbestos containing materials in the building that will need to be remediated prior to renovation.

Building Code Interpretation:

Several building code considerations may also result in additional costs such as: The intended use of existing stairwells. They are too narrow and do not meet current code requirements. Due to the structural conditions noted above, reconstructing the current stairwells or adding new ones significantly adds to the costs of redevelopment. In addition, by constructing a new staircase in the facility would not only add to the cost but would reduce the rentable square footage. A new sprinkler system, if required, would add an additional \$45,000 to the cost of the project due to the above discussed space division and load bearing concrete walls.

Project Benefit

The project is anticipated to create approximately 30 construction jobs.

Project Incentives

- Approximately \$160,000 in sales tax savings
- Up to \$52,900 in mortgage recording tax savings.

Project History

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| 04/09/12 | Public Hearing held. Transcript on file at ECIDA. |
| 02/14/12 | City of Buffalo Planning Board, as lead agency adopts a negative declaration in accordance with SEQRA. Ratified and confirmed by ECIDA. |
| 04/16/12 | Inducement Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA. |
| 04/16/12 | Lease/Leaseback Inducement Resolution presented to Board of Directors. |