

Main & Cathedral Development,, LLC

\$6,000,000

INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - **53 Adaptive Reuse**
- The project will generate approximately \$456,000 additional revenue to the local taxing jurisdictions over the abatement period representing \$243,000 to the County of Erie and \$213,000 to the City of Buffalo. In the first year after the abatement period has expired, additional taxes should equal approximately \$127,000.

COMPANY INCENTIVES

- Approximately \$42,000 in mortgage tax savings
- Approximately \$260,000 in sales tax savings



Project Title: Main & Cathedral Development, LLC

Project Address: 298 Main Street
Buffalo, New York 14202
(Buffalo City School District)

SIC/NAICS: 6513/5311110

Agency Request

Sales tax and mortgage tax exemption in connection with the renovation and adaptive re-use of 298 Main Street.

Building Renovation	\$ 4,929,000
Equipment	500,000
Soft Costs	<u>571,000</u>
 Total Project Cost	 \$ 6,000,000

Company Description

Main & Cathedral Development was formed by Mr. Kissling to undertake the project. Kissling is a New York City based real estate developer and has shown particular interest in architecturally significant buildings. Some recent deals include the National Casket Company renovation project done on Virginia Street and Remington Lofts located in North Tonawanda.

Project Description

This project consists of the renovation and adaptive reuse of 298 Main Street. The building was constructed in 1905 and is formerly known as the White Building.

For the past 3 years, over 70% of the building has been vacant due to Damon & Morey's relocation to the Avant. Since then additional tenants have relocated.

Mr. Kissling's vision is to redefine the building by renovating it to historic standards, with a LEED Silver certification. Plans call for the conversion from predominantly a commercial office building to a mixed-use office/residential complex.

298 Main consists of approximately 110,000 sq. ft. over 11 floors. The commercial tenants occupying floors 1-4 currently include Globe Market, Liquid Energy, Kissling Interests, Tronlone Law Firm, Masiello, Martucci and Zdarski Law Firm. Floors 3 and 4 are currently 50% vacant.

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Work/live loft style apartments will occupy floors 7 through 11 and floors 4 through 6 will be renovated for future commercial tenants. The 11th floor will house two roof top apartments with outdoor roof gardens. The project is located in the City's Central Business District and is part of the Buffalo Building Reuse Plan and Queen City Hub.

Kissling has discovered that individuals from outside of the immediate area (Toronto, Boston, New York City and Chicago) are interested in these types of rental units based on our reasonable rents. In addition, work/live lofts are appealing to new and established entrepreneurs because of the financial feasibility. It allows businesses to operate and have living quarters along with a work environment that can accommodate employees if required. It eliminates additional office expense and allows startup companies a cost effective alternative to entering into long term leases.

The pursuit of LEED Silver Certification for the redevelopment project will increase the project cost in two areas: construction cost will likely increase by 10% for more energy efficient HVAC equipment, lighting, electrical and plumbing systems: soft costs increase by \$160,000 for engineering, LEED monitoring/processing and building commissioning.

Project Benefits

The project is anticipated to create 21 additional jobs between Kissling and Globe Market employment. Additional employment in the work/live lofts may be generated as well.

Impact on Taxes

Current Assessment per County records	Current Yearly Taxes	Additional taxes to the County and City over 485-a abatement period based on an increase in value of approximately \$3,696,000*
\$850,000	\$29,000	\$457,000
Combined Tax Rate: \$34.43		

*The increase in assessment was determined by taking 75% of the construction budget.

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Employment

<u>Current:</u>	<u>Year 2</u>
60	81

Project History

- 10/9/2012 City of Buffalo Planning Board approves project.
- 11/26/2012 Public hearing conducted. Transcript attached.
- 12/17/2012 Inducement Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
- 12/17/2012 Lease/Leaseback Inducement Resolution presented to Board of Directors.