

Barcalo Living & Commerce/Barcalo Buffalo, LLC
\$34,727,449
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 531110

COMPANY INCENTIVES

- Approximately \$857,500 in sales tax savings
- Up to 3/4 of 1% of the final mortgage amount estimated at \$146,250

EMPLOYMENT

- Current Jobs = 9 FTE
- Projected New Jobs = 25 FT
10 PT
- Total Jobs 2 Years After Project Completion = 34 FT
10 PT
- Annual payroll: \$1,640,000
- Estimated salary of jobs to be created: \$41,000
- Estimated salary of jobs to be retained: \$45,000

PROJECT HISTORY

- 01/23/2020 - Public hearing held. Transcript attached.
- 02/26/2020 - Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA.
- 02/26/2020 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Barcalo Living & Commerce/Barcalo Buffalo, LLC

Project Address: 225 Louisiana Street
Buffalo, New York 14204
(Buffalo School District)

Agency Request

A sales tax and mortgage recording tax exemption in connection with the adaptive reuse of the former Barcalo manufacturing plant.

Building Acquisition	\$ 2,100,000
Renovation	\$25,975,000
Soft Costs/Other	\$ 6,652,449
Total Project Cost	\$34,727,449
85%	\$29,518,331

Company Description

The applicant - Barcalo Buffalo, LLC is a real estate development partnership with substantial experience in redeveloping historic buildings and returning them to a productive mix of uses. The applicant has experience developing both housing and commercial projects. Barcalo Buffalo, LLC is managed by the Frizlen Group (Karl Frizlen) and BRD Construction (Mike and Dennis Masters).

Project Description

The project entails the adaptive re-use of the former 175,000 sq. ft. Barcalo Manufacturing plant in the Old First Ward into a mixed-use structure containing approximately 30,000 sq. ft. of commercial and light industrial space and 118 residential units.

The project site is largely vacant with a small number of artists and other users renting space at well below market rate.

The project will involve the replacement of major portions of the existing roof, replacement of 600 windows with units that both comply with historic design guidelines and provide modern insulation, the replacement/reconstruction of the second floor that was severely damaged by fire and installation of new utilities and mechanical systems. Significant environmental and asbestos remediation is also required.

The developer anticipates a variety of tenants for the planned commercial space including a restaurant, brewery, fitness operator, artists, start-ups, small retail operations and a laundromat accessible to both tenants and the surrounding community; the latter which was developed in response to neighborhood outreach conducted by the development team.

The Frizlen Development Group intends to relocate both their development and property management staff of 9 to the building once the redevelopment is complete.

The project will also include 46 units (roughly 25,000 sq. ft.) of indoor parking to be made available to tenants.

The development team intends for this project to complement the public transit operations (including bus service on Louisiana and Ohio Streets and bicycle infrastructure on Ohio Street) that already exists near the project.

The residential units will be priced with a mix of rents some at between 70-90% of AMI affordability. Rental rates and square footages are listed below:

# of Units	Sq. Ft.	Rent Range
55	610-800	\$921 - \$1,200
56	818-1,250	\$1,227 - \$1,880
7	1,460 - 1,511	\$2,190 - \$2,267

Retail Determination

Project Use	Sq. Ft.	Cost	% of Project Cost
Commercial/Retail	30,000	\$2,250,000	9%
Residential	145,000	\$23,725,000	91%
Total	175,000	\$25,975,000	100%

***Since the retail component of the project represents 9% of the project costs no sign off is required.**

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue Over 485-a abatement period	Additional Local Revenue Over 485-a abatement period	New Yearly Taxes Upon Expiration of Abatement Period
\$6,346	\$9,600,000	\$844,400	\$541,800	\$271,000
Combined Tax Rate: \$35.50				

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 = \$32,727,449 85% = \$29,518,331
Employment	Same as recapture period	Maintain Base: 9 Create 85% of Projected Projected =30 FTE 85% = 25 Recapture Employment = 34
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with Recapture Period	Adherence to Policy
Unpaid Tax	Coincides with Recapture Period	Adherence to Policy
Recapture Period	2 years after project completion	State and Local Sales Taxes, Mortgage Tax

Recapture applies to:
State and Local Sales Taxes
Mortgage Recording Tax

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 the project company must certify i) total investment amount is equal to or greater than 85% of the anticipated project amount; ii) Company has maintained base of 9 FTE and created 30 FTE jobs, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.