

Related Affordable, LLC/Elmwood Square Apartments
\$15,826,891
INDUCEMENT RESOLUTION/TAX EXEMPT BOND
ANTICIPATED BOND AMOUNT UP TO \$9,000,000

ELIGIBILITY

- NAICS Section - 53110

COMPANY INCENTIVES

- Anticipated Bond Amount - Up to \$9,000,000
- Approximately \$332,500 in sales tax savings
- Up to 3/4 of 1% of the final mortgage amount estimated at \$67,500

EMPLOYMENT

- Current Jobs 4
- Jobs after 2 years - 4
- Annual payroll: \$159,000
- Estimated salary of jobs to be retained: \$43,000

PROJECT HISTORY

- 09/18/2020 - Public hearing held.
- 09/23/2020 - Type 2 Action not subject to SEQRA Review
- 09/23/2020 - Inducement and Bond Sale Resolution presented to Board of Directors.

Project Title: Related Affordable, LLC/Elmwood Square Apartments

Project Address: 505 Elmwood Avenue (A.K.A. 501-505 Elmwood and 258 West Utica)
 Buffalo, New York 14222
 (Buffalo City School District)

Agency Request

Issuance of federally tax exempt bond, a sales tax and mortgage recording tax exemption in connection with the acquisition, renovation and upgrading of the Elmwood Square Apartments

Building Acquisition	\$ 6,000,000
Renovation	\$ 4,845,171
Non-Manufacturing Equipment	\$ 1,346,880
Soft Costs/Other	\$ 3,634,840

Total Project Cost \$15,826,891

85% \$13,452,857

Company Description

The applicant will be a single-asset entity formed for the purpose of acquiring, rehabbing, owning, financing, leasing and operating Elmwood Square Apartments, a multi-family rental property. The proposed owner will engage a related to-be-formed entity as developer to carry out the rehabilitation activities and a related company – Related Management Company, LP to manage the property.

Project Description

Elmwood Square Apartments is a 138-unit affordable apartment community built in 1974. The proposed project entails acquisition and renovation of the complex in order to preserve and improve an important affordable housing resource in the City of Buffalo. The property consists of an approximately 1- acre lot with one 12-story tower containing 32 studio units, 106 one-bedroom units and a non-revenue producing employee unit. In addition, the property contains a management office, community room, gated resident parking lot, outdoor mezzanine common area, rear courtyard, multiple laundry rooms and five (5) commercial spaces. In total the building is just over 107,000 sq. ft. The property is located within Buffalo’s Bryant neighborhood which provides affordable living for singles seniors and families. It is home to many long-term residents, with over a third having lived there for 10 years or more.

In connection with the substantial rehabilitation of the property in 2004, the project entered into a PILOT Agreement with the City of Buffalo and County of Erie which PILOT has been further extended through 2034. In the 15 years since the 2004 renovation the property has been well maintained but now has physical needs that require a significant capital investment. The applicant proposes to work with New York State Housing Finance Agency (“HFA”) to obtain an allocation of 4% LIHTC’s and tax-exempt financing through the ECIDA. The acquisition closing and renovation is expected to occur in the 4th quarter of 2020 with renovation to be completed over a nine-month period and the applicant proposes to invest approximately \$36,000 per unit in direct hard costs (\$45,000 in total construction costs) to complete a comprehensive rehab that will improve the property functionality and aesthetically.

The proposed renovation is expected to include building envelope site work (roof replacement, façade repair, lighting, repaving, landscaping and concrete work), building system and common area improvement (elevator modernization, mechanical upgrades, common area

renovation and upgrades, lighting efficiency and upgrades, and storefront repairs) and updates to 100% of the apartments units (counters, cabinets, appliances, vanities, sinks & faucets, toilets, tubs, lighting, outlets, smoke detectors, range hoods, and accessibility upgrades.)

The property will remain livable throughout construction so it is not expected that any tenants will be displaced during the construction period.

In addition to the physical upgrades, the proposed owner is planning to enter into regulatory agreements in connection with the LIHTC's and tax exempt bonds to ensure that 100% of the units remain affordable for residents with incomes at or below 60% AMI for at least another 30 years.

Related Affordable most recently was approved by the ECIDA Board of Directors in connection with the rehabilitation of the Marina Vista Apartments.

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 = \$15,826,891 85% = \$13,452,857
Employment	Same as recapture period	Maintain base: 4 No new jobs projected
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	Same as recapture period	Adherence to Policy
Unpaid Tax	Same as recapture period	Adherence to Policy
Recapture Period	2 years after project completion	Recapture of Mortgage recording tax, state and local sales taxes

Recapture applies to:
State and Local 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 4 FT jobs, iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.