

Broadway Development & Management Group, LLC
\$ 12,500,000

PRIVATE INVESTMENT INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 531311

COMPANY INCENTIVES

- Approximately \$ 651,000 in sales tax savings
- Up to 3/4 of 1% of the final mortgage amount estimated at \$ 42,500

JOBS & ANNUAL PAYROLL

- Current / Retained Jobs: 2 FTE
- Est. salary/yr. of jobs retained: \$30,000
- Current Annual Payroll: \$ 60,000
- Projected new jobs: 8
- Est. salary/yr. of jobs created: \$30,000
- Total jobs after project completion: 10 FTE
- Construction Jobs: 56

PROJECTED COMMUNITY BENEFITS*

- Term: 2 yrs from project completion
 - NET Community Benefits: \$ 9,422,236
 - Spillover Jobs: 55
- Total Payroll: \$ 8,872,920

INCENTIVE COST / COMMUNITY BENEFIT RATIO (discounted at 2%)*

Incentives: \$ 693,500
 Community Benefit: \$ 9,365,578
 Cost: Benefit Ratio
 • 1: 14

Project Title: Adaptive Reuse Broadway Redevelopment Project

Project Address: 343-345 Broadway, Buffalo, NY 14204
 City of Buffalo School District

Agency Request

A sales tax and mortgage recording tax abatement in connection with the adaptive reuse of a 44,000 sq ft commercial building located in the City of Buffalo’s East Side.

Building Acquisition	\$ 250,000
Building Renovation	\$ 8,800,000
Infrastructure	\$ 1,800,000
Non- Manufacturing Equipment	\$ 500,000
Soft Costs/Other	\$ 1,150,000
 Total Project Cost	 \$ 12,500,000
 85%	 \$ 10,625,000

Company Description

The Broadway Development & Management Group, LLC was created in 2017 as a real estate development and management firm. The company is managed by lifelong east side residents and community members of the City of Buffalo Minority groups Dr. Uzo Ihenko PhD and Kelechi Chillis-Ihenko, MBA. Dr. Ihenko is the managing partner with 51% ownership.

Project Description

This adaptive use project of a historic 3 story, 44,000 sq ft commercial building is located within a distressed census tract on Buffalo’s East Side. The building is within close proximity to the Buffalo Central Business District, the Buffalo & Niagara Medical Campus, Canalside, the Larkin District and is served by NFTA transit. The first floor’s 20,000 sq ft uses include: common areas/tenant amenities as well as office, warehouse and retail space. Anchor tenants for this space include Uzo 1 International, Ltd and The UPS Store. The UPS Store will be the first and the only center to be located within the inner-city and the first in WNY to construct and implement a new UPS Store design called Blue Horizon that will offer state of the art equipment and services. The 24,000 sq ft on the 2nd and 3rd floors will be converted into workforce housing with rents based on 80% of the Area Median Income (AMI).

# of Units	Sq Ft	Rent Range
14 one-bedroom	790 – 850	\$1,000 - \$1,200/mo
6 two-bedroom	900- 1,100	\$1,300 - \$1,800/mo

The company is pursuing property tax savings through the City’s 485 A program.

* Cost Benefit Analysis Tool powered by MRB Group

Economic Impact: Inform Analytics Cost-Benefit Analysis

The Erie County Industrial Development Agency uses the Cost Benefit Analysis Tool powered by MRB Group to assess the economic impact of a project applying for incentives. A Cost-Benefit Analysis is required by Section 859-a (5)(b) of General Municipal Law. For the complete Cost Benefit Analysis – please see the attached MRB Cost Benefit Calculator.

Cost: Incentives

COSTS	Tax Exemption	Amount
	Sales	651,000
	Mortgage Recording	42,500
	Total	693,500
	Discounted at 2%	693,500

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount**
	Erie County	Individuals	Payroll Construction	7,686,076
			Payroll Permanent	1,186,844
		Public	Property Taxes	
			Sales Taxes	73,757
			Other - NFTA	14,168
	New York State	Public	Income Taxes	399,281
			Sales Taxes	62,111
			Total Benefits to EC + NYS***	9,422,236
			Discounted at 2%	9,365,578

* Cost Benefit Analysis Tool powered by MRB Group *includes direct & indirect \$ over project period *** may not sum to total due to rounding

Discounted Cost \$ 693,500
 Discounted Benefit \$9,365,578
 Ratio 1:14

Conclusion: The Cost Benefit for this project is: 1:14. For every \$1 in costs (incentives), this project provides \$14 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$24 in benefits to the community.**

New Tax Revenue Estimated – City of Buffalo 485 A Program

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over abatement period	Additional Local Revenue Over abatement period	New Yearly Taxes Upon Expiration of Abatement Period
\$ 5,000	\$ 150,000	\$ 425,779	\$ 268,180	\$ 156,662
Combined Tax Rate: \$ 22.25				

Retail Determination

Project Use	Sq Ft	Cost	% Project Cost
Warehouse	3,500	\$ 1,300,000	12%
Office	6,000	\$ 1,117,500	11%
Retail / Commercial	6,000	\$ 1,815,000	17%
Other: residential housing + building amenities	28,500	\$ 6,268,500	60%
	44,000	\$10,500,000	100%

The retail component of the project is less than 30% of the project costs and therefore no sign off is required.

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 = \$ 12,500,000 85% = \$ 10,625,000
Employment	Coincides with recapture period	Maintain Base = 2 Projected = 8 Create 85% of Projected = 7 Recapture Employment = 9
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
<u>Recapture Period</u>	2 years after project completion	Recapture of Mortgage recording tax, state and local sales taxes

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 2 jobs (FTE) and created 7 jobs (FTE), iii) confirm adherence to local labor policy during construction and iv) its adherence to unpaid tax/pay equity policies for recapture term.

Project ECIDA History

- 12/29/21: Public hearing held.
- 12/21: Minor Site Plan Review City of Buffalo Planning Board Approval – No SEQRA compliance required.
- 01/26/22: Lease/Leaseback Inducement Resolution presented to the Board of Directors