

471 Elmwood Group, LLC
\$ 3,590,000
PRIVATE INVESTMENT INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 531390

COMPANY INCENTIVES

- Approximately \$ 122,500 in sales tax savings:

Project Title: 471 Elmwood Avenue Mixed Use
 Project Address: 471 Elmwood Ave. Buffalo, NY 14222
 (Buffalo City School District)

Agency Request

A sales tax exemption in connection with the adaptive reuse of a 11,000 +/- sq ft historic building for future commercial and residential use within the Elmwood Village.

JOBS & ANNUAL PAYROLL

- Current / Retained Jobs: 0 FTE
- Est. salary/yr. of jobs retained: \$0
- Current Annual Payroll: \$ 0
- Projected new jobs: 1 FTE
- Est. salary/yr. of jobs created: \$55,000
- Total jobs after project completion: 1 FTE
- Construction Jobs: 20

Building Acquisition	\$ 1,250,000
Building Renovation	\$ 2,100,000
Infrastructure	\$ 75,000
Non- Manufacturing Equipment	\$ 65,000
Soft Costs/Other	\$ 100,000
 Total Project Cost	 \$ 3,590,000
 85%	 \$ 3,051,500

Company Description

471 Elmwood Group, LLC (the applicant) is a subsidiary of Sinatra and Company Real Estate, a full-service real estate firm with over 5,500 multi-family units across 5 states. The group is the largest apartment owner in WNY and operates all properties through leasing, property management development and commercial brokerage.

PROJECTED COMMUNITY BENEFITS*

- Term: 2 yrs from project completion
- NET Community Benefits: \$ 1,791,697
- Spillover Jobs: 10
- Total Payroll: \$ 1,701,206

Project Description

Built in 1910, 471 Elmwood Ave is a historical 2-story brick building within the Elmwood Village. While the building has been vacant for 8 years, its most recent use was as a restaurant (Casa di Pizza) and previously is believed to have been the site of a dry cleaners.

The project was originally slated for demolition however a decision was made to save the structure with current attempts underway to winterize the building through various joist replacements thus preventing further damage. This project would not be financially feasible without assistance due to the excess of structural repair work not part of the project's original scope of work. Upon completion, the project will offer 5,500 sq ft of 1st floor commercial/retail space and 5,500 sq ft of 2nd floor residential units – 1 being offered at 80% of AMI. Parking will be in the rear of the building.

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

- Incentives: \$122,500
 Community Benefit: \$1,791,697
 Cost: Benefit Ratio
- 1: 15

# of Units	Sq Ft Range	Rent Range
3 one-bedroom	645 - 755	\$1,105 -\$1,650
2 two-bedroom	932 - 970	\$1,850 - \$2,200

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	122,500
	Mortgage Recording	
	Total	122,500
	Discounted at 2%	122,500

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount**	
	Erie County	Individuals	Payroll Construction	1,464,467	
			Payroll Permanent	236,739	
		Public	Property Taxes		
			Sales Taxes	14,141	
			Other - NFTA		
	New York State	Public	Income Taxes	76,554	
			Sales Taxes	11,908	
				Total Benefits to EC + NYS***	1,803,810
				Discounted at 2%	1,791,697

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

Discounted Cost \$ 122,500
 Discounted Benefit \$ 1,791,697
 Ratio 1: 15

Conclusion: The Cost Benefit for this project is: 1:15. For every \$1 in costs (incentives), this project provides \$15 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$26 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
\$16,688	\$1,750,000	\$ 60,480	\$34,418	\$ 38,938
Combined Tax Rate: \$ 22.25				

Retail Determination

Project Use	Sq Ft	Cost	% Project Cost
Residential	5,500	\$1,600,000	76%
Commercial / Retail	5,500	\$ 500,000	24%
	11,000	\$ 2,100,000	100%

The retail component of the project is less than 33% 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: \$ 3,590,000, 85%: \$3,051,500
Employment	Coincides with recapture period	Projected employment = 1 FTE Create 85% of Projected = 1 FTE Recapture Employment = 0
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 state and local sales taxes

Recapture applies to:

State and Local Sales Taxes

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; 3,051,500 ii) company has created jobs (1 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

- 2/22/22: Public hearing held.
- Minor Site Plan Review City of Buffalo Planning Board Approval – No SEQRA compliance required.
- 3/23/22: Lease/Leaseback Inducement Resolution presented to the Board of Directors