

791 Washington, LLC
\$107,950,000
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 531000

COMPANY INCENTIVES

- Approximately \$ 3,006,500 in sales tax savings
- Up to ¾ of 1% of the final mortgage amount. The estimated mortgage tax savings is \$ 712,500

JOBS & ANNUAL PAYROLL

- Projected New Jobs: 5
- Projected Annual Payroll: \$200,000
- Est. salary of jobs to be created: \$40,000
- Construction Jobs: 571

PROJECTED COMMUNITY BENEFITS*

- Term: 2 years after project completion
- NET Community Benefits: \$ 75,244,614
- Spillover Jobs: 433
- Total Payroll: \$ 70,740,573

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

- Incentives: \$ 3,719,000
- Community Benefit: \$ 75,198,038
- Cost: Benefit Ratio
 - 1:20

* Cost Benefit Analysis Tool powered by MRB Group

Project Title: Trico Redevelopment
 Project Address: 791 Washington St, Buffalo, NY 14203
 (Buffalo City School District)

Agency Request

A sales tax and mortgage recording tax abatement in connection with the adaptive reuse of the former Trico manufacturing facility.

Land Acquisition / Site Prep	\$ 100,000
Renovation	\$ 87,100,000
Equipment	\$ 725,000
Soft Costs/Other	\$ 20,025,000
Total Project Cost	\$107,950,000
85%	\$91,800,000

Company Description

791 Washington, LLC is a single purpose entity formed to hold real estate being developed. Peter Krog is the managing member of the LLC and is a real estate developer with a long track record of successful development projects in WNY.

Project Description

Prior ECIDA tax incentive applications for the redevelopment of this site were approved by the ECIDA Board in both 2016 and 2017. Prior approvals anticipated both the Buffalo Culinary School and an extended-stay hotel as project components for this nearly 500,000 sq ft facility.

The prior project was underway until NYS mandated suspension of construction work per Covid-19. During the shutdown, the lender informed the developer that they would not provide financing due to the pandemic’s impact on the hospitality and extended-stay hotel industries. As a result, the developer was forced to go through a significant redesign effort that resulted in delays and substantially higher design costs to determine how to proceed with the project.

The current project plans for substantial renovation to convert the site into mixed-use including market rate housing addressing growth demands of medical campus employees, students and those interested in the community. The developer intends to offer 243 units with 10% (25 units) committed to workforce housing at 80% AMI.

	Sq Ft Range	Mo. Rent Range
25 studio units	560-783	\$1,105 - \$1,581
146 1-bedroom units	730-990	\$1,265 - \$1,940
56 2-bedroom units	990-1,498	\$1,578 - \$2,590
16 3-bedroom units	1,563 – 1,866	\$3,150 - \$3,350

In addition, 60,000 sq. ft will be available to businesses looking to locate on the Buffalo Niagara Medical Campus.

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
	Property	
	Sales	3,006,500
	Mortgage Recording	712,500
	Total	3,719,000
	Discounted at 2%	3,719,000

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount**
	Erie County	Individuals	Payroll Temporary	69,921,282
			Payroll Permanent	819,291
		Public	Property Taxes	
			Sales Taxes	588,031
			Other Muni Revenue - NFTA	237,500
	New York State	Public	Income Taxes	3,183,326
			Sales Taxes	495,184
				Total Benefits to EC + NYS***
			Discounted at 2%	75,198,038

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

Discounted Cost	\$ 75,198,038
Discounted Benefit	\$ 3,719,000
Ratio	1:20

Conclusion: The Cost Benefit for this project is: 1:20. For every \$1 in costs (incentives), this project provides \$ 20 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$ 38 in benefits to the community.**

Retail Determination

Project Use	Sq Ft	Cost	% of Project Cost
Residential	437,000	\$ 79,400,000	91%
Commercial / Retail	61,000	\$ 7,700,000	9%
Total	498,000	\$ 87,100,000	100%

Since the retail component represents less than 33% of the total project costs, no sign off by the County is required.

New Tax Revenue Estimated – 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
67,692	49,821,200	3,013,528	1,715,155	1,108,705
Combined Tax Rate: \$ 22.25				

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount = or > than 85% of project amount. Total project amount = \$107,950,000 85% = \$ 91,800,000
Employment	2 years following project completion	Create 85% of Projected Jobs Projected Jobs = 5 85% = 4 Recapture Employment = 4
Local Labor	Construction period	Adherence to policy including quarterly reporting
Pay Equity	2 years following project completion	Adherence to Policy
Unpaid Tax	2 years following project completion	Adherence to Policy
<u>Recapture Period</u>	2 years following project completion	Recapture of State and Local Sales Taxes and Mortgage Recording 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) creation of 85% of the project jobs 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

- 12/28/21 Public hearing held.
- 1/26/22 Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA.
- 1/26/22 Lease/Leaseback Inducement Resolution presented to the Board of Directors