

OAHS Tonawanda TC LLC / Tonawanda Towers
\$ 25,040,720
INDUCEMENT RESOLUTION/TAX EXEMPT BOND
ANTICIPATED BOND AMOUNT UP TO \$ 13,000,000

ELIGIBILITY

- NAICS Section – 53

COMPANY INCENTIVES

- Anticipated Bond Amount – up to \$13,000,000
- Up to 3/4 of 1% of the final mortgage amount estimated at \$89,003

JOBS & ANNUAL PAYROLL

- Current Jobs: 3 FT, 1 PT
- Annual Payroll: \$ 180,000
- Projected new jobs: 1 PT
- Est. salary/yr. of jobs created: \$20,000 (PT)
- Est. salary/yr. of jobs retained: \$46,000 (FT)
- Total jobs after project completion: 3 FTE
- Construction Jobs: 59

PROJECTED COMMUNITY BENEFITS*

- Term: 2 years after project completion
 - NET Community Benefits: \$ 8,751,828
 - Spillover Jobs: 47
- Total Payroll: \$ 8,226,028

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

Incentives: \$ 89,003
 Community Benefit: \$ 8,704,549
 Cost: Benefit Ratio
 • 1:98

Project Title: Tonawanda Towers
 Project Address: 5 Main St, Tonawanda, NY 14150
 City of Tonawanda School District

Agency Request

Issuance of a federally tax-exempt bond and a mortgage recording tax exemption in connection with the acquisition, renovation and upgrading of the Tonawanda Towers.

Building Acquisition	\$ 14,000,000
Renovation	\$ 6,332,700
Soft Costs	\$ 2,282,351
Other	\$ 2,425,669
Total Project Cost	\$ 25,040,720
 85%	 \$ 21,284,612

Company Description

Orbach Affordable Housing Solutions ("OAHS") was established in June 2016 to build and preserve affordable housing throughout the United States through the use of tax-exempt debt, low income housing tax credits and other financial vehicles. OAHS is a wholly owned subsidiary of the Orbach Group which is owned and managed by Meyer Orbach. The OAHS team is comprised of industry professionals who are experienced in leasing, building management, operations, compliance and supervision. OAHS provides approximately 3,100 families with affordable housing through its ownership of HUD buildings across four states. No individual owns more than 20% of the applicant entity, OAHS Tonawanda TC, LLC.

Project Description

Tonawanda Towers is a 100% affordable housing facility consisting of 100 units (plus one super's unit) targeting senior households earning 60% AMI or less. The project consists of the acquisition and renovation of the building. The extensive rehabilitation includes: renovating the interiors of all units and the common areas, upgrading all electrical equipment to energy efficient equipment, updating the building envelope and improving various site features. The upgrades to the units will be done as "rehab in place" with efforts made to minimize tenant impact during renovations. All units are one bedroom with rent ranges = \$ 1,205 - \$1,230.

The building also has an existing Housing Assistance Payments (HAP) contract for 100% of the units, which will be extended for another 20 years. The applicant is currently working with the City of Tonawanda on a PILOT for the property.

* 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
	Property	\$0
	Sales	\$0
	Mortgage Recording	\$ 89,003
	Total	\$ 89,003
	Discounted at 2%	\$ 89,003

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount **	
	Erie County	Individuals	Payroll Construction	\$7,137,029	
			Payroll Permanent	\$1,089,000	
		Public	Property Taxes	\$0	
			Sales Taxes	\$ 68,379	
			Other Revenue (muni)	\$ 29,668	
	New York State	Public	Income Taxes	\$ 370,171	
			Sales Taxes	\$ 57,582	
				Total Benefits to EC + NYS***	\$ 8,751,828
				Discounted at 2%	\$8,704,549

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

Discounted Cost	\$ 89,003
Discounted Benefit	\$ 8,704,549
Ratio	1:98

Conclusion: The Cost Benefit for this project is: 1:98. For every \$1 in costs (incentives), this project provides \$ 98 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$ 279 in benefits to the community.**

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 = \$ 25,040,720 85% = \$ 21,284,612
Employment	Same as recapture period	Maintain Base = 3 FT, 1 PT Create 85% of Projected Projected = 1 PT 85% = 0 Recapture Employment = 3 FTE
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
<u>Recapture Period</u>	2 years after project completion	Recapture of Mortgage recording tax

Recapture applies to:

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 3 FTE 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

- 10/13/22 Public hearing held.
- 10/26/22 – Type 2 Action not subject to SEQRA review
- 10/26/22: Inducement and Bond Sale Resolution presented to the Board of Directors