

1175 Delaware / Delaware Place / 1175 Delaware Capital, LLC
\$ 16,750,000

PRIVATE INVESTMENT INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section – 531390

COMPANY INCENTIVES

- Estimated Property Tax Savings of \$ 478,884
- Up to \$ 547,286 in sales tax savings
- 3/4 of 1% of the final mortgage amount up to \$ 91,698

JOBS & ANNUAL PAYROLL

- Current / Retained Jobs: 0
- Est. salary/yr. of jobs retained: \$0
- Current Annual Payroll: \$ 0
- Projected new jobs: 2 PT
- Est. salary/yr. of jobs created: \$27,500
- Total jobs after project completion: 2 PT
- Construction Jobs: 124

PROJECTED COMMUNITY BENEFITS*

- Term: 7 yrs. from project completion
- NET Community Benefits: \$10,440,516
- Spillover Jobs: 58
- Total Payroll: \$9,704,899

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

Incentives: \$1,083,934
 Community Benefit: 10,395,356
 Cost: Benefit Ratio
 • 1:10

Project Title: Delaware Place
 Project Address: 1175 Delaware Ave, Buffalo, NY 14209
 (Buffalo School District)

Agency Request

A property, sales and mortgage recording tax abatement in connection with the adaptive reuse of a 58,000 sq ft commercial building located in the Delaware / West Ferry neighborhood.

Building Acquisition	\$ 2,350,000
Building Renovation	\$ 9,700,000
Non- Manufacturing Equipment	\$ 434,700
Soft Costs/Other	<u>\$ 4,265,300</u>
Total Project Cost	\$ 16,750,000
 85%	 \$ 14,237,500

Company Description

The applicant, 1175 Delaware Capital, LLC is a limited liability company whose sole member is Dr Fadi Dagher. Dr Dagher and his son, Kevin are the founders of Cedarland Development Group, a rapidly growing new generation of real estate development companies in Buffalo, NY. For the past decade, Cedarland has focused on developing blighted properties on the City’s East and lower West sides focusing on urban renewal and sustainable development efforts. Completed projects include: Creekview Apartments (19 unit E. Amherst apartment building) and The Grid (217 unit residential project in the City of Buffalo).

Project Description

Delaware Place is located at 1175 Delaware in the City of Buffalo. Most recently, the property was a nursing home operated by Emerald South. The building is 58,000 sq ft and will incorporate 83 apartment units and 1 commercial space. The project is a gut rehab that focuses on NY’s green initiative incorporating energy efficient water usage, HVAC, appliances and sustainable building materials. A heavy focus will be on tenant quality of life with improved indoor air quality, green roof, bike storage and EV charging available. The 22 studio and 1 one-bedroom unit (28% of the total units) will be rented at rates that are within the HUD 80% Area Median Income (AMI) level. 30% of the units will be furnished to accommodate a growing demand by tenants who seek furnished units while they focus on their careers. The property is close to City highlights including Delaware Park, the Central Business District and the Buffalo Niagara Medical Campus.

# of Units	Sq Ft	Rent Range
22 studio	345 - 400	\$910 - \$1,200
57 one-bedroom	525 - 560	\$1,300 - \$1,775
4 two-bedroom	715 - 800	\$1,965 - \$2,000

* 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	\$ 478,884
	Sales	\$ 547,286
	Mortgage Recording	\$ 91,698
	Total	\$1,117,868
	Discounted at 2%	\$1,083,934

Benefit: Projected Community Benefit*

BENEFITS	Region	Recipient	Revenue Type	\$ Amount**
	Erie County	Individuals	Payroll Construction	\$ 9,337,714
			Payroll Permanent	\$ 367,185
		Public	Property Taxes	\$ 119,724
			Sales Taxes	\$ 80,672
			Other - NFTA	\$ 30,566
	New York State	Public	Income Taxes	\$ 436,720
			Sales Taxes	\$ 67,934
			Total Benefits to EC + NYS***	\$10,440,516
			Discounted at 2%	\$10,395,356

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

Discounted Cost \$ 1,083,934
 Discounted Benefit \$10,395,356
 Ratio 1:10

Conclusion: The Cost Benefit for this project is: 1:10 For every \$1 in costs (incentives), this project provides \$10 in benefits (payroll & tax revenue). **Note: For Erie County, every \$1 in costs (incentives) provides \$13 in benefits to the community.**

New Tax Revenue Estimated

PILOT Type	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
7 Year Standard PILOT (note 8 th Year at Full Taxes)	\$29,900	\$4,825,000	\$19,237	\$69,306	\$ 115,415
			<u>+\$13,741</u>	<u>+ \$49,505</u>	
			\$32,977	\$118,811	
Economic Inclusion Program PILOT: abatement period = 8 years			\$19,237	\$69,306	
Combined Tax Rate: \$ 23.92					

Retail Determination

Project Use	Sq Ft	Cost	% Project Cost
Housing	57,700	\$16,665,000	99.5%
Retail / Commercial	300	\$ 85,000	0.5%
	58,000	\$16,750,000	100.0%

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 \geq 85% of project amount. Total project amount = \$ 16,750,000 85% = \$ 14,237,500
Employment	Coincides with recapture period	Maintain Base = 0 Projected = 2 PT Create 85% of Projected = 0 Recapture Employment = n/a
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>	Coincides with 7-year PILOT	Recapture of Property Taxes, State & Local Sales Taxes and Mortgage Recording Tax

Recapture applies to: Property Taxes, State & Local Sales Taxes and 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 jobs (FTE) and created 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

- 11/15/23: Public hearing to be held.
- Minor Site Plan Review City of Buffalo Planning Board Approval – No SEQRA compliance required.
- 11/29/23: Lease/Leaseback Inducement Resolution presented to the Board of Directors

Company History

- 9/28/2022: 950 Broadway, LLC: A sales tax and mortgage recording tax abatement (up to \$ 592,040) in connection with the adaptive reuse of a 40,570 sq ft commercial building located in the City of Buffalo's East Side.