

Richardson Center Corporation / Richardson Center Development Corporation

\$55,153,782 INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - **53 Real Estate**
- **Adaptive Reuse**

COMPANY INCENTIVES

- A mortgage recording tax savings equal to 1% of the final mortgage amount which is undetermined at this time.
- Approximately \$5,755,000 in real property tax benefits
- Approximately \$2,200,000 in sales tax benefits



Project Title: Richardson Center Corp./ Richardson Center Development Corp.

Project Address: 400 Forest Avenue
Buffalo, New York
(Buffalo City School District)

NAICS: 5311110

Agency Request

A real property tax, sales tax and mortgage tax exemption in connection with the adaptive reuse of the former Buffalo Psychiatric Center

Building Renovation and Reuse	\$41,160,539
New Building Addition	1,150,243
Equipment	2,000,000
Soft Costs	6,750,000
Other (site improvements & FFE)	4,093,000
Total Project Cost	\$55,153,782

Company Description

Richardson Center Corporation (RCC) is a not-for-profit corporation established for the purpose of owning and redeveloping the Richardson Olmsted Complex. Richardson Center Development Corporation (RCDC) is a wholly-owned for profit subsidiary of RCC which will be responsible for the development of the Richardson Complex.

Richardson Center Corporation was formed in 2006 for the express purpose of owning and redeveloping the Richardson Complex. RCDC was formed to develop the Richardson Complex on behalf of RCC and to act as a conduit for partially financing the cost of the project through historic and new market tax credits.

Project Description

The Richardson Olmsted Complex is the site of the former Buffalo Psychiatric Center, also known as Buffalo State Hospital. It consists of 42 acres of vacant, substandard and underutilized land and 14 historic buildings that, in most instances, have been vacant for 40 years.

The building, constructed in the late 1800's, was designed by Henry Hobson Richardson and the grounds were designed by Frederick Law Olmsted. It is registered with the National Park Service as a National Historic Landmark and is listed on the National Register of Historic Sites.

Since 2006 a sound planning process has been undertaken and a Master Plan and GEIS were completed, all with an active public process.

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The project represents the long-awaited reuse of one of Buffalo's most iconic structures. Buffalo State Asylum for the Insane was the largest building of Richardson's career and the first to display his characteristic style. The complex was also the first of many projects on which he worked with Frederic Law Olmsted.

In January, 1973 the building was added to the National Register of Historic Places and in 1986 was designated as a National Historic Landmark.

The Architecture Center, planned for a portion of the building, will act as a portal for visitors to learn of local architecture, heritage and urban design. It will also be a place which supports the economic activity at other local architectural sites in Buffalo such as the Darwin Martin House and the grain elevators to name just a few.

In discussions with the hotel operator and RCC the hotel property is acting not as an accommodator but an attractor for visitors from outside the area based on the fact that the facility has the acclaim of being a Richardson/Olmsted collaboration.

The proposed project involves the total rehabilitation of the Towers Administrative Building and the two adjacent former ward buildings to the east and west, for use as an upscale boutique hotel, conference and event space and an architecture center for Buffalo. The hotel will contain approximately 90+/- rooms with the potential to add an additional 30 rooms. The hospitality center will be leased to a private operator who will be responsible for all aspects of the operation. This redevelopment represents 1/3 of the total historic buildings or approximately 150,000 sq. ft. The remaining buildings have been stabilized pending future opportunities.

The anticipated lessee and hotel operator is Dennis Murphy who is the owner of the Mansion on Delaware. Mr. Murphy has many years of experience in the hotel and hospitality industry. The hotel will offer global conference center amenities.

Because of its unique architecture and historic nature, redevelopment and operation of the facility has been considered cost prohibitive. The layout of the building for a psychiatric hospital presents unusual challenges for its adaptive reuse into an efficient and competitive hotel property.

It should be noted that this property has been off the tax rolls for over 100 years and is presently owned by the State of New York.

Approximately \$5M has already been expended on reuse studies, architect's fees, consultants, legal and accounting and some preliminary construction and development of roadways, development of green space, building stabilization and environmental remediation.

The facility will be constructed to LEED Silver Standards.

RETAIL RESTRICTION/RETAIL IN A HIGHLY DISTRESSED AREA FINDING:

The project represents a retail project in a highly distressed area and according to state law, the ECIDA Board of Directors must make one of the following findings 1) A location or facility which is likely to attract a significant number of visitors from outside the economic development region or 2) the project is located in a highly distressed area.

Based on the census data the Policy Committee recommends this project be approved as a retail project in a highly distressed area.

Project Incentives

- A mortgage recording tax savings equal to 1% of the final mortgage amount which is undetermined at this time.
- Approximately \$5,755,000 in real property tax benefits*
- Approximately \$2,200,000 in sales tax benefits

* Real property tax payments over the 10 year PILOT period was determined by taking 50% of the construction budget and applying the tax rate for the County and City.

Project Benefits

Redevelopment & reuse of a important historic structure.

The facility will be constructed using LEED Silver standards.

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Impact on Taxes

Current Assessment per County records	Current Yearly Taxes	PILOT Revenues over 10 Years to the County	PILOT Revenues over 10 Years to the City
\$51,000,000	\$0	\$243,000	\$1,286,000
Combined Tax Rate: \$34.41			

Employment

Current:	Year 2 (after completion of Project)
0	45 FT 22 PT

Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount = \$46,880,714
Employment	To coincide with PILOT Term	100% of base and 85% of projected = 47 jobs
Local Labor	Construction period	Adherence to policy including quarterly reporting
PILOT	PILOT Term - 10 Years	Up to 100% recapture at Agency discretion
Recapture Period	To coincide with PILOT Term	Recapture of state and local sales taxes and mortgage recording tax

Recapture applies to:

- State and local sales taxes
- Mortgage recording taxes
- PILOT

Recapture

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales and use tax exemption benefits taken by the company that are in violation of the GML.

In addition it is the recommendation of the ECIDA's Policy Committee to recapture the local share of sales tax, mortgage tax & PILOT.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) for the 10-year PILOT term confirm that company has met 85% of its projected FTE employment while maintaining 100% of its base and iii) confirm adherence to ECIDA local labor hiring policy.

Retail Component

	Sq. ft.	Cost	% of Total
Hotel/Architectural Center	150,000	\$42,310,782	100%

Project History

5/23/2011	NYSESD adopts a Negative Declaration in accordance with SEQRA
06/04/2013	Public hearing conducted. Transcript attached
06/11/2013	Public hearing conducted. Transcript on file at ECIDA.
06/17/2013	Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
06/17/2013	Inducement Resolution presented to Board of Directors.