

Fedder Lofts, LLC
\$25,725,000
INDUCEMENT RESOLUTION

ELIGIBILITY
<ul style="list-style-type: none"> • NAICS Section - 531110
COMPANY INCENTIVES
<ul style="list-style-type: none"> • Approximately \$875,000 in sales tax savings • Up to 3/4 of 1% of the final in mortgage amount estimated at \$97,500
EMPLOYMENT
<ul style="list-style-type: none"> • Current Jobs - 0 • Projected New Jobs - 2 • Total Jobs 2 Years After Project Completion - 2 • Annual payroll: \$85,000 • Estimated salary of jobs to be created: \$42,500
PROJECT HISTORY
<ul style="list-style-type: none"> • 5/13/2019 - Public hearing held. Transcript attached. • 6/26/2019 - Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA. • 6/26/2019 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Fedder Lofts, LLC

Project Address: 57 & 71 Tonawanda Street
 Buffalo, New York 14207
 (Buffalo City School District)

Agency Request

A sales tax and mortgage recording tax exemption in connection with the adaptive reuse of a 130,000 sq. ft. facility.

Building Acquisition	\$ 750,000
Infrastructure	\$ 1,780,000
Renovation	\$18,000,000
Non-Manufacturing Equipment	\$ 20,000
Soft Costs/Other	\$ 5,175,000
Total Project Cost	\$25,725,000
85%	\$21,866,250

Company Description

Fedder Lofts, LLC is a joint venture between Eran Epstein and Colorado-based Chris Jacobs. The owners have been redeveloping properties for the past 20 years. Examples of projects undertaken have been the Washington Apartments at 501 Washington Street, the de-commissioned YWCA building at 245 North Street and the abandoned Mautner Jewelry Display Building at 937 Broadway. Jacobs has been active in the Boulder, CO community with ownership interests in both market rate and affordable units.

Project Description

The project represents both a historic renovation and a brownfield cleanup project. The developers propose to adaptively re-use this 130,000 sq. ft. structure to provide a mixed use project consisting of 85 “naturally occurring” affordable living units and 20,000 sq. ft. devoted to a mini storage complex.

The developers are proposing offering rents at approximately 80% of the average median income. Historic and brownfield tax credits along with ECIDA sales tax and mortgage tax savings will assist in this endeavor. 50 1-BR units (950-1,100 sq. ft.) will be in the \$950 - \$1,200/month range and the 35 2-BR units (1,050 - 1,500 sq. ft.) will have a rent range of \$1,100-\$1,400/month.

The structure is over 100 years old and the facility, once home to the Fedco Corporation, has been vacant or significantly underutilized for the past 50 years.

The current owner of the building is delinquent on taxes and as part of the purchase contract, the seller will pay all full back taxes on the day of closing.

The building will be restored to historic standards and the site will be cleared of all contaminants. Sixty-five parking spaces are included in the reuse plan along with bike storage and parking.

The project has been accepted into the NYSDEC Brownfield Cleanup Program and will be restored to historic standards.

Retail Determination

Use	Sq. Ft.	Cost	% of Project Costs
Residential	110,000	\$16,500,000	92%
Commercial	20,000	\$1,500,000	8%
Total	130,000	\$18,000,000	100%

Sine the retail component of the project represents 8% of the project cost, a signoff by the County is not required.

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 485-a abatement period	Additional Local Revenue Over 485-a abatement period	New Yearly Taxes Upon Expiration of Abatement Period
\$5,250	\$12,000,000	\$1,055,000	\$677,000	\$426,000
Combined Tax Rate: \$35.50				

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 = \$25,725,000 85% = \$21,866,250
Employment	Same as recapture period	Create 85% of Projected Projected = 2 Recapture Employment = 2
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
Recapture Period	2 years after project completion	State and Local Sales Taxes, Mortgage 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) company has created 2 FTE jobs, iii) adherence to local labor policy during construction and iv) adherence to unpaid tax/pay equity policies for recapture term.