

500 Seneca, LLC
\$35,675,400
AMENDATORY INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - 53 - Real Estate

COMPANY INCENTIVES

- Approximately 1,400,000 in sales tax savings
- Approximately \$150,000 in mortgage tax savings
- Both the City and the County will receive full real property tax payments yearly. It is anticipated that the full county taxes that annually will equal \$65,000 and the City taxes will equal \$347,000.



Project Title: 500 Seneca, LLC
Project Address: 500 Seneca Street
Buffalo, New York 14204
(Buffalo City School District)

Agency Request

An exemption from sales taxes and mortgage recording tax in connection with the adaptive reuse of 500 Seneca Street. Sales tax abatement on materials and equipment incorporated into the project will be limited to (a) building shell and core and (b) building materials and equipment incorporated for the tenant finishes - for non-retail tenants only. Future tenant buildouts would be subject to IDA eligibility and a new application.

	<u>Previous</u>	<u>Current</u>
Building Renovation (building shell & core) soft costs	\$30,669,760	\$30,669,760
Tenant fitout (FFZ/BCOME)	\$1,067,864	\$1,067,864
Residential Buildout	\$0	\$3,937,776
 Total Project Cost	 \$31,737,624	 \$35,675,400
85%	\$26,976,980	\$30,324,090

Company Description

500 Seneca, LLC is a commercial property holding company and real estate developer. The partners are FFZ Holdings, LLC and Savarino Development Corp. Similar projects undertaken by the partners include adaptive reuse projects at 26 and 30 Mississippi Street, 95 Perry Street (ECIDA Offices), White’s Livery Apartments on Jersey Street and Buffalo Iron Works at 49 Illinois Street.

Project Description

The basis for the amendment is a change in the project description to add 110 +/- residential units within the oldest and most historically significant portion of the building which encompasses approximately 32,000 sq. ft. Other than the exterior being rehabbed to meet the minimum requirements for historic tax credits, this portion of the project would otherwise have remained vacant.

The developers are undertaking the brownfield cleanup, adaptive reuse and historic renovation of the former F.N. Burt Company factory into a mixed use development. The new building will feature 300,000 sq. ft. of space for Class A offices and a nonprofit job training center.

The intention of the project is to bridge the downtown core and developing Larkin District with goal of spurring future development along the Seneca Street corridor. The developers will also extend streetscape improvements for the historic Larkin District further towards the downtown core.

The building has demonstrable historical, architectural and cultural significance for the region and the country as supported by the State Historic Preservation Office (SHPO) and National Park Service (NPS). If not for the efforts of the developers, the structure would most likely be demolished. The site is listed on the National Register of Historic Places.

An important component of the project will be the plentiful amount of floor space dedicated to local cultural institutions at below market rates. The building will house BCOME Buffalo job training program. Job training is identified as a regional priority of the Economic Development Council. It will also provide a location for the Management Services Organization (MSO) Center which will provide collaborative office administration and support for not for profit organizations throughout Erie County. Both programs are sponsored and operated in a collaborative partnership of The Matt Urban Center, The Old First Ward Community Association and the University District CDC and will occupy 5,000 sq. ft. of space.

FFZ Holdings will be occupying approximately 20,000 sq. ft. of the 60,000 sq. ft. they plan to lease The remaining space will be available for sub lease to both affiliated and non-affiliated companies.

Project Benefits

The cleanup of a contaminated brownfield site

The historic renovation of over 300,000 sq. ft. of space in a highly distressed area in the City of Buffalo (Census Tract 165)

The linking of the developing Larkin District with the Seneca Street corridor

The facility will provide a location for the BCOME Buffalo job training program.

Both the City and the County will receive full real property tax payments. The company will be utilizing the Environmental Zone tax refund through the NYS brownfield program. It is anticipated that annually the full county taxes will equal \$65,000 and the City taxes will equal \$347,000.

Project Incentives

Approximately \$1,400,000 in sales tax savings

Approximately \$150,000 in mortgage tax savings

Environmental Zone tax refund program

Employment

Previous Approval		Amended Request	
Current	20 (FFZ/ BECOME)	Current	20 (FFZ/BECOME)
Projected	31 FT/3 PT	Projected	34 FT/3 PT

*See attached sheet for additional tenant employment

It is anticipated BCOME Buffalo will have 1 full time and 3 part time people working at the site and FFZ’s employment will increase to 30 full time employees. As the project has expanded to add a residential component, Savarino has committed to hire an additional 3 people for building oversight.

Retail Determination

Since the original project approval contained a substantial amount of vacant space which the Board considers to be retail in nature, we received a sign off letter from the County Executive dated March 13, 2014.

Impact on Taxes

Current Yearly Taxes	Estimated New Assessed Value	New Yearly County Revenue	New Yearly City Revenue
\$11,100	\$12,000,000	\$65,000	\$347,000
Combined Tax Rate: \$34.44			

Over a 10-year period it is estimated that the County will receive \$650,000 and the City will be receiving \$3,470,000 in new tax revenue

Draft 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 = \$35,675,400 85% = \$30,324,090
Employment	See Recapture Period	100% current tenant employment = 20 Projected employment = 15.5 85% of projected employment = 13 Total employment = 33
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	The later of either two years following the construction completion date, or the termination of the Agent or Financial Assistance Agreement	Recapture of state and local sales tax and mortgage recording tax

Recapture applies to:

State and Local Sales Taxes
Mortgage Recording Taxes

Recapture

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales tax 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 and mortgage tax.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) confirm adherence to ECIDA local labor hiring policy.

Project History

- 01/08/2014 Public Hearing conducted. Transcript attached.
- 02/26/2014 Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
- 02/26/2014 Lease/Leaseback Inducement Resolution presented to Board.
- 04/28/2015 Public Hearing conducted. Transcript attached.
- 05/20/2015 Amendatory Inducement Resolution presented to Board.