

PUBLIC HEARING SCRIPT

**St. Paul Group, LLC and/or Individual(s) or
Affiliate(s), Subsidiary(ies), or Entity(ies)
formed or to be formed on its behalf Project**

Public Hearing to be held on December 1, 2017 at 9:00 a.m.,
at the Erie County Industrial Development Agency's office located
at 95 Perry Street, Suite 403, Buffalo, New York 14203

ATTENDANCE

Tom Fox, EDC

Kirk Laubenstein, Coalition for Economic Justice

Anthony Baney, Erie County Green Party

John Washington, PUSH Buffalo

Robert Murphy, PUSH Buffalo

Brian Nowak, Councilmember Elect, Town of Cheektowaga

Dennice Barr, F.B.A.C.

Members of the General Public

1. WELCOME: Call to Order and Identity of Hearing Officer.

Hearing Officer: *Welcome. This public hearing is now open; it is 9:00 a.m. My name is Grant Lesswing. I am the Business Development Officer of the Erie County Industrial Development Agency, and I have been designated by the Agency to be the hearing officer to conduct this public hearing.*

2. PURPOSE: Purpose of the Hearing.

Hearing Officer: *We are here to hold the public hearing on the St. Paul Group, LLC and/or Individual(s) or Affiliate(s), Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf project. The transcript of this hearing will be reviewed and considered by the Agency in determination of this project. Notice of this hearing appeared in The Buffalo News on Tuesday, November 21, 2017.*

3. PROJECT SUMMARY: Description of Project and Contemplated Agency Benefits.

Hearing Officer: *The proposed project (the "Project") consists of: (i) a .57+/- acre parcel of land located at 1115 Main Street, City of Buffalo, Erie County, New York (the "Land") improved with the vacant Our Lady of Lourdes Church (the "Existing*

Improvements”); (ii) the renovation, upgrading and equipping of the Existing Improvements and the construction and equipping of two (2) additional floors to the Existing Improvements (the “Improvements”) to consist of 5,550+/- SF of retail space on the first floor, 5,703+/- SF of professional office space on the second floor, and 11,200+/- SF of on the third floor to consist of 3 apartments; and (iii) the acquisition and installation by the Company of certain items of machinery, equipment and other tangible personal property (the “Equipment,”) and collectively with the Land, the Existing Improvements and the Improvements (the “Facility”).

The proposed financial assistance contemplated by the Agency includes New York State and local sales and use tax exemption benefits and mortgage recording tax exemption benefits (in compliance with Agency's uniform tax exemption policy).

☒ 4. FORMAT OF HEARING: Review rules and manner in which the hearing will proceed.

Hearing Officer: *All those in attendance are required to register by signing the sign-in sheet at the front of the room; you will not be permitted to speak unless you have registered. If you have a written comment to submit for the record, you may do so. Written comments may also be delivered to the Agency at 95 Perry Street, Suite 403, Buffalo, New York 14203 until the comment period closes on December 19, 2017. There are no limitations on written comments.*

☒ 5. PUBLIC COMMENT: Hearing Officer gives the Public an opportunity to speak.

Hearing Officer: *If anyone is interested in making a comment, please raise your hand, state your name and address; if you are representing a company, please identify the company. I request that speakers keep comments to 5 minutes, and if possible, 3 minutes.*

The Hearing Officer calls on those who raise their hand.

Tom Fox, Ellicott Development Company, Director of Development: Here today regarding our proposed adaptive reuse of the former Our Lady of Lourdes Church at 1115 Main Street near Best. The church was constructed in 1898, currently 119-year-old, vacant and neglected for over 25 years. The building was stripped to its bones by the previous owner. The proposed renovation includes the construction of two new floors within the open cathedral as you mentioned. The first floor will be retail and restaurant space

approximately 5,500 sq. ft., second floor would be commercial office space at approximately 5,700 sq. ft. and the third floor will include three market-rate apartments in 1 and 2-bedroom configurations approximately 900-1,800 sq. ft. in size. It's our objective to fit-out the 1st and 2nd floors as innovative "incubator" space. While we are considering several potential users that have shown interest in the 1st floor space, including a small brewery, we ultimately see the floor containing multiple small users as a "pop-up" concept providing different services such as a food outlet, a small shop for snacks, clothing and other items that would change from time-to-time. The 2nd floor would contain a co-work space geared to medical and tech start-ups. While permanent full-time job counts for incubator space are typically on the low end up-front, the concept will ultimately cultivate many new and successful business concepts and related jobs. At 1115 Main Street, we anticipate the creation of at least 18 new jobs within 2 years of completing the project. The completed project will also create a significant jump in real estate taxes given the current total assessment is \$90k with the building valued at \$5k. So, it will be a big jump for the city and county. The total project costs are estimated at approximately \$3,785,000. Like other adaptive reuse projects that we have undertaken, the viability of 1115 Main Street is plagued in many ways requiring a need for every available resource to finance and yield a modest return. In this case, we projected under 5%. Redeveloping a long-vacant and dilapidated structure results in a series of extraordinary costs that are not confronted in new ground-up development. These costs include, but are not limited to, bringing the building into code compliance, all new utility infrastructures, and significant structural repairs in this case. While construction costs in our area are generally in line with and in some cases higher than in other major American cities, our rental market significantly lags behind in the rates it can bare. These low market rates result in unwillingness by lenders to commit to the projected need for project financing resulting in a loan-to-value shortfall. The requested funding is further challenged when our lenders rely on further discounted rental rates than those we feel we can comfortably achieve in the project area. With the ECIDA's assistance, we are able to tighten the gap in securing project financing and ultimately breathe new life into a long-underutilized structure. As Grant mentioned, the requested inducement is for construction sales tax abatement and mortgage recording tax credit. Thank you.

Kirk Laubenstein: I am the director of the Coalition for Economic Justice. We have long been interested in reform at the Erie County Industrial Development Authority. I guess my thinking is the County Executive has said "but for". We need a but for test in every inducement that the IDA gives out and as I was looking over this package in front of me it looks like everything is in line right so the entire project is ready to go, all the permits are given, financing seems to be in order, and so the question that I have I guess is but for. They are asking for about \$200,000 worth of tax breaks. Some of that is mortgage recording tax, so about \$26,000 of that is mortgage recording tax. Mortgage recording tax takes away from public transit. We also know, I mean you are talking about a derelict building, it's been owned by Ellicott Development for a long time now, so I guess the question is who let it go derelict. The crucial component really is that the adaptive reuse policy when it was put in place was put in place to make sure that derelict old buildings could be put back online. At this point, we are in a whole different place than when the adaptive reuse policy started. The adaptive reuse policy started I don't know a while ago now and our city is in a whole different place. We have incredible gentrification, we have rents \$1,500, \$2,000, and everything has changed. It is our firm belief that there should be no new inducements of residential properties before a new adaptive reuse policy is formed that can actually make sure that people who make minimum wage, people that make very little money can actually be taken into account. Today we would like to request a moratorium on all residential adaptive reuses inducements because it's just not okay that huge developers that have millions and millions and millions and millions of dollars are here at the ECIDA with their hand out asking for the cherry on top of their millions. Again, I will reiterate, we want a moratorium on all adaptive reuse inducements until a new adaptive reuse policy can be put in place.

Anthony Baney from the Erie County Green Party: I just want to make a very urgent request that the ECIDA hold these meetings in a more public fashion. I believe that going about this does not allow people that work during the day to be able to speak to these projects. I wasn't able to in my previous job

working third shift talk to the proposal for the Great Arrow building project. That's not relevant to this project but while I look over this project I don't really know what market rate means to be honest with you and I don't really see what that range would be specifically to the apartments that are being proposed in this project. I don't think that is a justification for the exemption they are asking from the city and I really believe that there should be more public oversight of these proposals especially because as previously talked about the developers do have millions of dollars and we continue to give out these inducements and these tax exemptions and I understand that it is under the guise of industrial development but I think if the ECIDA were to actually put focus towards projects of public importance such as the Huntley Plant in Tonawanda, there is still not much that is being put into that. I think that should be more of a focus as opposed to these small projects that go to developers. There needs to be more of a change on the focus of what the projects are tackling and I also believe like I said before there needs to be more public oversight, so I think that there needs to be some type of claw back reform in these projects that if they don't fulfill all of the project requirements, that all of the money comes back to the public taxpayers in any form that was given out so that is all I have to say to this project. Thank you.

John Washington. I'm with PUSH Buffalo. I want to start by first reiterating what everybody else said that this needs to be a public process. I know that I would not know about this if it wasn't for the Deputy County Executive Maria Whyte and my relationship with Paul Vukelic and Dick Lipsitz who are on the board but if you go on the website it is extremely difficult to find out about public hearings. Also, public hearings should be held in public forums and there should be public notice. And public notice is not the six pages of City and Region in the Buffalo News. Public notices putting things on social media. It being the first thing that you see, the public sees on their website is how they can get involved in the process. It has been difficult to find and figure out where we can insert ourselves in this process without having relationships with people on the board of the ECIDA. I think that is what is fundamentally wrong. As far as this project goes, I have a series of fundamental problems with how the ECIDA operates. If you look at the percentage of money that is being allocated for these tax breaks in relationship to the overall cost of the project, not receiving these inducements is not going to stop this project. This is gravy and this gravy money that Nick Sinatra, William Paladino and others get takes away from the resources that people desperately need in this city. We live in the third poorest and sixth most segregated city in the country. That is not getting any better. In fact, the ECIDA, BUDC and every institution in this building is making this worse. Statistically any quality in Erie County has grown over the past ten years and its grown partly because of the adaptive reuse policy that has created rising rents, created virtually no jobs and I know your statistics will say that these corporations are reporting jobs but when you go out into the communities of this city, people are starving for jobs. Unemployment is ridiculously high, and this is an industrial development agency. This is not developing industry. It is developing an industry of gentrification that is pushing rents higher and making it harder for working people to live in the city of Buffalo. Until the ECIDA can create a policy that mirrors the Department of Social Services policy that the rest of us have to abide by in which we have to certify our income, how much assets do we have. If I want to go get food stamps they would ask me how much money is in my bank account, they would ask where I lived before, who I lived with, how much those people make. We have people that are multi-millionaires that are asking for assistance and there is no consideration for how much money they already have in figuring out should we actually give them assistance; do they deserve assistance. While there are single mothers who are being denied and cut a couple hundred dollars a month to buy food for their families. To me that is disgusting and I don't understand how anyone can sit in this building, around this table, and know that is happening and still continue to give these giveaways to multi-millionaires who are supporting an administration that wants to eviscerate the social safety net that is the only thing that is holding cities like Buffalo together. We have an extremely poor city, we have a struggling and starving city, and instead of investing in affordable housing, instead of investing in education, we are taking away from the pool of resources that is used to invest in our people and we are handing it to the richest people in our county. The only thing that is going to result in that is continued poverty and inequality. I think that the ECIDA needs to get much more strict and stringent in how it identifies who it is investing in and this but for test because I have no question that the majority of projects that the ECIDA has invested in

could have been done through any other form of financing. Why aren't these companies going to their shareholders, going to the banks and when they come, they've already secured all of the financing, everything is already done, so it is ridiculous to me to assume this narrative that oh, well if they didn't get this extra \$200,000 suddenly the building that they bought and owned for years and all the money that they have already invested in it, they are going to just through that away. Buffalo is a changing market. Buffalo is one of the most popular real estate markets in the country and that is only going to get better for developers so why do we continue to invest the resources we so desperately need in our neighborhoods to support people to multi-millionaires who frankly express in every single way possible their disdain for people of color, their disdain for people on public assistance and their disdain for women, families and children in Erie County. To me it is disgusting, despicable and it has to stop. Thank you.

Brian Nowak, Councilmember Elect, Town of Cheektowaga. Good morning everybody. I didn't plan on speaking but I just wanted to be very brief. Every time we give one of these breaks to developers that doesn't need it we erode trust with the public who already has a distain for the political system and for people with wealth, power and prestige that's just growing. Whoever has to vote on this, whoever has the power to go to Sinatra, William Palladino, pull them aside, have a private conversation, and the question they need to ask themselves is at what point is it enough for them and do they want to take the personal responsibility on their shoulders of eroding public trust even more than it already is and destabilizing a system that is on its way to being in tatters. I have nothing else to say. These guys covered everything else beautifully. Thank you.

Robert Murphy with PUSH: I wasn't going to say anything today but there is an article that appeared on my Facebook page, I think it is from the Buffalo News that says that Buffalo has the worst survival rate, I'm not sure what word they used because I didn't read the article, but life span is lowest of any of the major cities in New York state so that's news today. Thank you.

Grant Lesswing: As there are no further comments, there are no other people who have signed in.

John Washington: There is one person who is on a bus here. I just want to see how far away she is if you wouldn't mind.

Grant Lesswing: That's fine.

Dennice Barr: My statement is that again I've travelled 4.9 miles to get here today because it is just that important to me. I am living in a community that has been pushed back and redlined for generations, not receiving anything and I'm at a point where I am so frustrated because when are we going to stand up and do right by the communities that are suffering and have managed to pay their taxes and hang on throughout the generations. You know we are consistently handing out these tax breaks and all of these lovely gifts to wealthy developers who have millions of dollars. When I think about what \$15 million dollars could do for my community, it's outrageous and we consistently keep handing these things out. I understand that this is the week of giving and it's close to Christmas but enough. In 2017 this is December and we are closing out the end of the year and people are standing up all around the nation and all around the city saying, listen we've seen the numbers, they've already come into the city about the disparity, about the inequity that is going on around the city about the housing crisis, all of this, and yet we're still not paying attention. We have a major housing crisis in this city. Our homeless population is growing. All of these numbers have been crunched, they've already been handed over. So why is it that at a time when we are at this point even at the end of the year when we ought to be sitting back and looking at how we are going to fix some of this mess that we got ourselves into. Instead we're looking at how we are going to continue to build these beautiful glass and steel structures that people can't afford to live in and my community doesn't want. It's not right and it needs to stop. I need for two things to

happen. Here is my Christmas list as leadership of the Fruit Belt Community. The first thing is that you know that somebody owes us some money. Somebody owes my community some money like not even this year or last year but we are talking about years that this has been going on and we've received nothing. In the shadow of the medical corridor and all these lovely buildings and I don't fault anybody for wanting to do well in this life. I want my sons to do well but I don't want them to do well on the backs of poor people. If that's how you make your living I have a problem with you so that's my first issue. My second issue is when are we going to get our community benefits agreement? We have been asking for it now for 8-9 years. We've been talking about it. We need partnership. This business of coming in and prancing around us and waving at us from across the street and acting like we're not supposed to be a part of the conversation is so past done. It's time for somebody to put their big boy pants on and get into a situation of responsibility and deal with my community the way that they need to. This conversation is long overdue to the point of what I had to go through just to get here today because I represent my community. Somebody's privilege is showing in this situation. I'm not saying, I'm just saying somebody's privilege is showing that we can continue to hand out this money like it's just candy to people who already have abundance in the face of communities that are suffering and are being pushed back and homeless populations are growing, and we just act like it's okay. This is not business as usual. The day for that is done. It's over, it's finished. They had their party. Great for them. It's done but now it's time to build some partnerships. I want to remind some people that yes the fruit belt looks like a small community but we have developed some partnerships and grown some alliances and we are not small anymore. Our voice is very large, and we are growing. People better wake up and pay attention to the fact that just because there was a time when there were a few people that you had to deal with and that was okay because you could get around them and it didn't matter. They are just poor black people. That is done. I can guarantee you that when you deal with me, you're going to deal with a whole lot of other entities now because we need for people to be responsible and to get in position of partnership. If you don't want to partner with us, then you are going to continue feel us pinch. We are not asking anymore. We are demanding at this point. I have seniors that are aging out and I'm not going to see these people die before they get what they deserve. It's not right. They have done what they are supposed to do. They have invested in the city. They have maintained their properties. They have pride in their community. When are we going to see people step up and recognize that. Aside from the fact that we are a historic community and we have to keep reminding other communities of that. People in some other areas of the city don't have to do that. They are well recognized. But for some reason when it comes to the fruit belt, we don't get recognized for that, but we know it so we gotta keep coming out here to tell you because for some reason people don't understand it and if I seem like I'm angry, you're damn right I'm angry. This is my community and I'm tired of seeing them get pushed back and pushed aside and being told to wait. We have waited more than one generation. Now it's time for some responsible conversation. You want to give somebody some money, invest in my community. Start with a community center. We need a community center. Start with that. Come and help us. Do something for us instead of always looking to get something for free. It's done and that's what I'm going to say about that. Thank you. I appreciate you waiting for me.

☒ 6. ADJOURNMENT.

As there were no further comments, the Hearing Officer closed the public hearing at 9:40 a.m.

**SIGN IN SHEET
PUBLIC HEARING**

December 1, 2017, at 9:00 a.m.
at the Erie County Industrial Development Agency's office located
at 95 Perry Street, Suite 403, Buffalo, New York 14203
regarding:

St. Paul Group, LLC and/or Individual(s) or Affiliate(s), Subsidiary(ies), or Entity(ies) formed or to be formed on its behalf

Project Location: 1115 Main Street, Buffalo, NY 14209

Name	Company and/or Address	X box to speak/ comment
Tom Fox	EDC, 295 Main Street, Buffalo, NY	X
Kirk Loubenstein	Coalition for Economic Justice 2495 Main Street, Suite 547 Buffalo, NY 14214	X
Anthony Baney	Erie County Green Party	X
John Washington	PUSH Buffalo	X
Robert Murphy	PUSH Buffalo	X
Brian Nowak	4 Pendennis Place Buffalo, NY	X
Dennice Barr	F.B.A.C.	X