



In the News

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ECIDA Board approves first step in creating new policy limiting tax incentives for market-rate senior housing

Board also approved \$2 million loan to help manufacturer stay in WNY, saving 124 jobs

Buffalo, NY— The Erie County Industrial Development Agency’s Board of Directors approved the first step Wednesday in implementing a restrictive new policy that limits tax incentives on market-rate senior housing. The new policy outlines nine criteria designed to encourage a focus on lower-income housing when developers apply for tax breaks on senior housing developments, .

“Affordable housing is a critical need for all, and is especially so for our seniors who may be living on a fixed income and stretching every dollar,” said County Executive Mark Poloncarz, who sits on the ECIDA Board and appoints five of its 19 members. “This policy will responsibly incentivize appropriate developments and projects that benefit low income seniors, aiding in the diversification of our senior housing stock and also expanding the areas in which seniors live. Not all seniors can afford to live in high-end apartments or lofts, and those of more modest means can take heart in the approval of this policy, which balances the needs of the community with the plans of developers,” said Poloncarz.

Among the nine criteria used to evaluate projects are the location of the development in relation to the municipality’s master plan, efforts to advance the creation of walkable neighborhoods, a “significant unmet need” in the community for senior housing, and whether the project will be at least 50% occupied by seniors with an income at or below 60% of the median income in Erie County.

“Our goal is to be a responsible corporate citizen,” said ECIDA President and CEO Steve Weathers. “We want to encourage the development of housing for the senior population in Erie County, but we want to make sure that tax incentives are reserved for well-thought out projects that will benefit lower income seniors and the community in general, not projects that the private market can bear,” Weathers said.

The policy changes were brought about when the ECIDA and the Amherst IDA commissioned the UB Regional Institute in 2011 to study the senior housing market in Erie County. The results, released in 2012, found that the availability of market rate housing was not a major factor in seniors deciding to leave the area or stay in Erie County. Consequently, providing

incentives to the broad category of “senior housing” would not significantly and positively impact the wealth or economy of the region.

In accordance with State Law, the Policy will now be sent to the 76 taxing authorities in Erie County for a thirty-day comment period (the ECIDA is not a taxing authority). When all comments have been collected, the Board will then review and hold a final vote to officially add the amendment to its Uniform Tax Exemption Policy (UTEP).

At Wednesday’s meeting the Board unanimously approved additional tax incentives for the North American Salt Company. The road salt manufacturer originally was approved for \$400,000 in future property tax savings, and \$205,000 in sales tax savings for their current facility under construction at the former Bethlehem Steel plant site. Unexpected wet and unfavorable ground conditions, including frozen underground water, increased the costs of the project by nearly \$800,000.

The Board approved an additional \$83,000 in sales tax savings, for a total of \$288,000 in savings on the purchase of construction materials.

The facility will be an import, packaging and distribution site for parent company Compass Minerals. The Kansas-based company is North America’s largest salt manufacturer.

“This type of business is perfect for the former Bethlehem Steel site, with the canal adjacent to receive shipments of raw salt, and North American Salt chose this site over other possibilities partly for the proximity to the waterways,” said ECIDA President and CEO Steve Weathers. “Many issues can arise during the construction phase, and it’s not uncommon for an applicant to amend their original incentive request for sales tax abatement on construction materials,” Weathers said.

The ECIDA’s Regional Development Corporation lending arm approved a \$2 million gap financing loan to Buffalo’s TMP Acquisitions, Inc.

The “Magic Eraser” cleaning product manufacturer was facing a possible buyout by a competitor, which would have moved the company out of the area and taken its 124 jobs with it. The loan allows TMP’s owners to stave off any outsider buyout, and keep the company operating here in Western New York.

“When we talk about job retention, it’s just as important as job creation,” said ECIDA Vice President John Cappelino. “If this company shut its doors and relocated, 124 people would be unemployed. By using our loan funds to help TMP leverage their financing and stay fiscally viable, we are effectively helping 124 households and all the community businesses they support,” Cappelino said.

The Erie County Industrial Development Agency is an independent, public benefit corporation sanctioned by the State of New York to offer tax incentives to qualified businesses, and is dedicated to furthering economic development, adaptive reuse of qualified properties, job creation and ensuring a thriving business environment in Erie County. The staff of the ECIDA are not employees of the City of Buffalo, the County of Erie, or the State of New York. The ECIDA does not receive operating funds from taxpayer revenues. The ECIDA receives its operating funds by collecting fees from businesses that enter into contracts with the Agency, from investments, and from loan fees. For more information, visit www.ecidany.com

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