

B. Buffalo-RESTORE III-Commercial & Mixed Use Urban Center-Jeremiah Partnership (W898)
June 28, 2011

General Project Plan

Grantee: City of Buffalo (“Buffalo” or the “City”)

Beneficiary

Organization: Bethel Community Development Corporation

ESD Investment: A grant of up to \$763,576 to be used for demolition, construction and renovation costs.

Project Location: 1461 Main Street, Buffalo, Erie County

Project Completion: December 2011

Grantee Contact: Mr. Michael Breen, Communications Manager
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Beneficiary Contact: Reverend Richard Stenhouse
1535 Michigan Avenue
Buffalo, NY 14209
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Project Team:

Project Management	Jean Bly
Affirmative Action	Helen Daniels
Design & Construction	Dennis Conroy
Environmental	Soo Kang

Project Description:

Background

The City, incorporated in 1832, is located in Erie County in Western New York State. The City is approximately 41 square miles in area and has a current population of about 280,000 people. At the turn of the twentieth century, Buffalo was the eighth most populous city and hosted the fifth largest economy in the United States. The City, which is located at the western terminus of the Erie Barge Canal, became known as the “Queen City” of the Great Lakes. It developed as a major transportation hub and contained a vibrant industrial base, which produced innovations in energy, chemicals and aeronautics. Today, as a result of shifts in transportation trends and a decline of its industrial base, Buffalo is one of the poorest of the largest 100 cities in the United States based on

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June 28, 2011

household income, unemployment and percentage of population on public assistance. In the 1990's more jobs were lost in Buffalo than any other urban community of comparable size in the country. The City has lost over 50% of its population since the 1950's. The current poverty rate in the City is 27%. Buffalo's 22,000 vacant housing properties ranks the City's vacancies among five of the highest in the country.

In January 2006, the City adopted a Comprehensive Plan (the "Plan"), which addressed the revitalization of the City's neighborhoods. The Plan, consisting of five Strategic Investment Areas in the City, includes the demolition and/or redevelopment of blighted properties to enable Buffalo to use these spaces for housing development, commercial development and land banking for future use.

The Jeremiah Partnership ("JP"), formed in 2004, is an association of seven faith-based organizations located predominantly on the City's east side that collaborate on initiatives to effect positive change in the areas where member churches are located. Participating members include Bethel African Methodist Episcopal Church, Greater Refuge Temple of Christ, New Mount Ararat Temple of Prayer, Mount Olive Baptist Church, Pentecostal Temple Church of God in Christ, Saint John Baptist Church and Bethesda World Harvest International Church. JP initiatives involve credit unions; the Buffalo Micro-Enterprise Coalition, which provides services to promote small business start-up; a Head Start facility; a new retail business center; and various housing projects. As part of its strategic plan to redevelop the City's east side community, JP identified the opportunity renovate three vacant structures into sustainable mixed-use facilities, providing for economic growth and private investment in the City. However, the City and JP lacked sufficient funds to complete the building renovations. ESD responded with a \$2,047,576 RESTORE III grant, allowing for the renovation projects to proceed, revitalizing three blighted structures in the City.

Previously, on November 15, 2006, ESD Directors approved a \$1.1 million grant to JP for the construction of a new state-of-the art head start/day care facility at 1424 Jefferson Avenue and for the renovation of 550 Genesee Street and 1365 Main Street into mixed-use facilities. JP is in compliance with the terms of the previous grant.

Additionally, ESD Directors also approved:

- a \$3 million RESTORE I grant to Buffalo in March 2007, which assisted the City with the demolition and site clearing of at least 208 single-family homes and one commercial property;
- a \$5,072,000 RESTORE II grant in April 2008, to assist the City with the demolition and site clearing of up to 725 single-family homes;
- a \$4,500,000 RESTORE II grant in July 2008, to assist with interior and exterior building renovations to the former Trico Building on the Buffalo Niagara Medical Campus.
- a \$2 million RESTORE III grant in December 2009 for the renovation of the former

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 June 28, 2011

- Thaddeus J. Dulski Federal Office Building into a mixed-use facility
- a \$1.35 million RESTORE III grant in February 2010 for the renovation of the Curtiss Building into a boutique hotel.

The City is in compliance with the terms of all its previous RESTORE NY grants. This request is for \$763,576 of the Commercial allocation for the renovation of one of the three JP-owned structures. The remaining JP-owned structures as well as the remainder of RESTORE III funding will be brought before Directors at a later date.

The Project

The project involves the renovation of a vacant 8,000-square-foot, one-story structure adjacent to an existing Bethel Head Start operated by Bethel Community Development Corporation. Additionally, an existing 900-square-foot dilapidated garage will be demolished; a new 1,024-square-foot garage will be constructed; and an existing asphalt parking lot will be repaved. The Project Location is owned by 1461 Main Street LLC, a subsidiary of Bethel Community Development Corporation. The project, which began in May 2011 and is scheduled for completion in December 2011, will facilitate Bethel Head Start’s efforts to expand its educational and family support services.

Financing Uses	Amount	Financing Sources	Amount	Percent
Demolition, Construction & Renovations	\$ 820,075	ESD Grant	\$ 763,576	85%
Soft Costs	76,000	City Equity*	132,499	15%
Total:	\$ 896,075	Total:	\$ 896,075	100%

**Source of equity is funds from the building’s owner.*

Financial Terms and Conditions:

1. At the time of disbursement, the City will reimburse ESD for all out-of-pocket expenses incurred in connection with the project.
2. The City will be obligated to advise ESD of a materially adverse change in its financial condition prior to disbursement.
3. The City will ensure the contribution of at least a 10% match of the grant amount to the Project.
4. Up to \$763,576 will be disbursed to Grantee during the course of construction, in no more than three quarterly payments, in proportion to ESD’s funding share and in compliance with the Design & Construction Requirements, assuming that all project approvals have been completed and funds are available. The final disbursement, which

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June 28, 2011

shall be at least 10% of the grant amount, shall be disbursed to the Grantee upon completion of the project as evidenced by a certificate of occupancy.

Payments will be made upon presentation to ESD of an invoice and such other documentation as ESD may reasonably require. Expenditures must be incurred on or after May 4, 2009 to be considered reimbursable project costs. Previously expended funds may be applied toward match requirements retroactive to June 23, 2006, when the Restore New York Legislation was enacted.

5. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$763,576 for this project if ESD determines that the reallocation of the assistance would better serve the needs of the City and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.
6. If the Grantee is not the owner of the Project, then the Grantee shall prohibit, for five years from the date of the initial disbursement of Grant funds, any transfer of the Project in whole or in part, by sale, lease, or conveyance of any interest in or with respect to the Project except (a) transfers of minor interests in the Project site, such as utility easements and limited rights-of-way, and (b)(i) the arms-length basis sale or lease of individual condominium units in the ordinary course of business for a condominium development and (ii) the arms-length basis residential or commercial lease in the ordinary course of business for a commercial, residential, or mixed-use rental development. In the event that such a prohibited transfer occurs within such five-year period, the Grantee shall pay to ESD, promptly upon ESD's written demand therefore, the applicable amount indicated below.

The Recapture Amount is based on the time that has lapsed between when the Grant funds were disbursed and when the transfer occurred. The Recapture Amount shall be calculated by aggregating the Recapture Amount for each disbursement of the Grant, which in each instance shall be equal to:

- (i) 100% of the disbursed amount if the transfer occurred in the calendar year that the disbursement was made, or in the first full calendar year after the disbursement was made;
- (ii) 80% of the disbursed amount if the transfer occurred in the second full calendar year after the disbursement was made;
- (iii) 60% of the disbursed amount if the transfer occurred in the third full calendar year after the disbursement was made;
- (iv) 40% of the disbursed amount if the transfer occurred in the fourth full calendar year after the disbursement was made;
- (v) 20% of the disbursed amount if the transfer occurred in the fifth full calendar

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June 28, 2011

year after the disbursement was made.

Affirmative Action Policy:

ESD's Non-discrimination and Affirmative Action policy will apply. The City of Buffalo is encouraged to use its best efforts to achieve a Minority Business Enterprise participation goal of 7% and a Women Business Enterprise participation goal of 3% of the total dollar value of work performed pursuant to contracts or purchase orders entered into in connection with the construction work related to the project and to include minorities and women in any job opportunities created by the project.

Design & Construction:

Design & Construction staff will review project plans, scope, budget and schedule. D&C will visit the site at its option, review requisitions and recommend payment when its requirements have been met.

Environmental Review:

The City of Buffalo, as lead agency, has completed an environmental review of the proposed project, pursuant to the requirements of the State Environmental Quality Review Act ("SEQRA") and the implementing regulations of the New York State Department of Environmental Conservation. This review found the project would not have a significant effect on the environment. ESD staff reviewed the supporting materials and concurs. It is recommended that the Directors make a Determination of No Significant Effect on the Environment.

Statutory Basis – Restore NY Communities:

Land Use Improvement Project Findings

1. The area in which the project is to be located is a substandard or insanitary area, or is in danger of becoming a substandard or insanitary area and tends to impair or arrest sound growth and development of the municipality.
The project is located in a blighted neighborhood and involves the renovation of a significantly vacant commercial structure, which has been deemed by the City to arrest sound growth and development in the area.
2. The project consists of a plan or undertaking for the clearance, replanning, reconstruction and rehabilitation of such area and for recreational and other facilities incidental or appurtenant thereto.
The Plan includes the rehabilitation of commercial areas in the City's neighborhoods for re-use, allowing for a potential increase in the local tax base.

B. Buffalo-RESTORE III-Commercial & Mixed Use Urban Center-Jeremiah Partnership (W898)

June 28, 2011

3. The plan or undertaking affords maximum opportunity for participation by private enterprise, consistent with the sound needs of the municipality as a whole.
The City published a property assessment list and held a public hearing on the project at the time of application.

4. The requirements of Section 10(g) of the Act are satisfied.
There are no families or individuals displaced from the project area.

June 28, 2011

Buffalo (Erie County) – Buffalo – RESTORE III – Commercial and Mixed Use Urban Center – Jeremiah Partnership – Restore NY Communities 08-09 – Determination of No Significant Effect on the Environment

RESOLVED, that based on the material submitted to the Directors with respect to the Buffalo-RESTORE III – Commercial and Mixed Use Urban Center – Jeremiah Partnership Project, the Corporation hereby determines that the proposed action will not have a significant effect on the environment.

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