

**BUFFALO
BUILDING
reuse
PROJECT**

Buffalo Building Reuse Loan Program **APPLICATION GUIDE** For Downtown Development Projects



Quarter 4 Funding

Date of Issue: October 13, 2017

Application Deadline: December 29, 2017



Buffalo Urban Development Corporation

Hon. Byron W. Brown, Chairman

Program Administered By:

Buffalo Urban Development Corporation (BUDC)

95 Perry Street, Suite 404

Buffalo, New York 14203

www.BuffaloUrbanDevelopment.com

716.856.6525



Andrew M. Cuomo, Governor
Howard Zensky, President & CEO



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**Downtown Development Application Introduction
and Submission Requirements**

Introduction

The Buffalo Building Reuse Loan Program is a financial incentive designed to encourage the adaptive reuse of underutilized properties in Downtown Buffalo. The program provides gap financing for downtown development projects of up to \$750,000 at a maximum 54 months. The loan program is a key strategy of the Buffalo Building Reuse Project (BBRP), which was formed by the Buffalo Niagara Partnership at the request of Mayor Byron W. Brown in 2012.

Loans are offered for redevelopment projects within the BBRP boundary based on established project evaluation criteria. The BBRP boundary includes the key investment areas of the Buffalo Central Business District (CBD) as well as the Buffalo Niagara Medical Campus, Canalside and Larkinvile (see Exhibits A & B).

Applications are accepted year round and reviewed quarterly. The fourth quarterly round will close on **December 29, 2017.**

Original program funds were provided by Empire State Development Corporation's City-by-City Program. The program's funding availability has since been expanded thanks to contributions from Evans Bank, First Niagara, HSBC, KeyBank, M&T Bank and the New York Business Development Corporation following a collaborative effort between BUDC, the Buffalo Niagara Partnership and the City of Buffalo.

Downtown Buffalo Development

Over the past several years, Downtown Buffalo has seen a major increase in development and investment. Currently, over \$6.1 billion in economic development activity is underway throughout the City of Buffalo. The majority of this development is occurring due to major developments like the Buffalo Niagara Medical Campus, Canalside, HarborCenter, Catholic Health's Headquarters and IBM. These new developments are bringing over 12,000 new jobs to the downtown area over the next few years.

BUDC is looking capture this new influx of downtown workers and make them downtown residents. Last year, Mayor Byron W. Brown announced his goal to add 2,000 new residential housing units to the downtown area by 2018. Downtown's vast supply of buildings with high development potential paired with downtown's 97% apartment occupancy rate create a great opportunity for the development of additional downtown residential units.

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With dozens of restaurants, nearby theaters, entertainment and nightlife, downtown Buffalo is the fastest growing residential area in the City. Close proximity to major employers and access to public transit make downtown attractive to new employees and further solidify downtown Buffalo as an emerging neighborhood ripe with opportunities for further development.

About the Buffalo Building Reuse Project

The Buffalo Building Reuse Project (BBRP) is our strategic plan for the revitalization of downtown and looks to reduce the number of vacant and underutilized properties through mixed use development, boost residential infill and improve downtown infrastructure and the public realm. The BBRP target area encompasses investment areas integral to greater downtown investment. As outlined in Exhibit A, the BBRP boundary includes the Buffalo Central Business District (CBD) as well as Buffalo Niagara Medical Campus, Canalside and Larkinville. The Buffalo Building Reuse Loan Program is designed to provide gap financing for adaptive reuse projects that further the development of downtown Buffalo.

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Background

The City of Buffalo (City) and BUDC have expanded the program's reach following a collaborative effort with the Buffalo Niagara Partnership and contributions from area banks. Low interest gap financing is available to projects that meet the guidelines and criteria contained in the Buffalo Building Reuse Project (BBRP) report and boundaries map (Exhibits A & B) with a particular focus on:

- Adaptive reuse of vacant or underutilized Class B & C commercial structures or new construction on vacant lots in strategic locations;
- Mixed-use projects with a significant proportion of residential units, and that include a storefront or first-floor retail use;
- Target investment areas within downtown that will leverage existing residential developments or other anchor economic drivers to begin to create the critical mass necessary to support new retail and other neighborhood services and amenities;
- Projects that are proximate or linked to public transit facilities and/or that provide opportunities for other sustainable transportation modes.

This Funding will generally be offered as one of two loan types:

1. Short-term bridge (Construction) financing, \$750,000 maximum loan, 54 month maximum loan term; for financing grants, tax credit equity or other take-out financing through construction;
2. Interim Financing ("Mini-Perm"), \$750,000 maximum loan, 54 month maximum loan term; for financing projects through a lease-up and stabilization period.

Loans are priced at Prime + 2%, can be subordinated to a primary lender and can also be structured as interest-only loans.

In order to receive funding through the BBRP Loan Fund, applicants must complete a two stage process:

1. Applications are initially evaluated by BUDC based on the application's alignment with the goals and objectives of the Buffalo Building Reuse Project.
2. Applications recommended by BUDC will then advance to the formal financial evaluation and loan underwriting process. During this phase of the process applicants must complete the BBRP Loan Program Application.
3. **Please note that applicants must successfully complete BUDC's underwriting process prior to being awarded funding. In order to complete the underwriting process, BUDC will require a copy of the**

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commitment letter and term sheet from primary bank lender as well as collateral. BUDC may also require an assignment of life insurance as a condition of closing.

- 4. BUDC Loan Policy Guidelines Available upon request. Also see BBRP Loan Approval Process (Attached).**

Application Rules

Reservations

1. BUDC and the City reserve the right to accept or reject any or all applications received;
2. BUDC and the City reserve the right to seek additional information from Applicants and related entities, especially those not previously funded by BUDC and/or the City;
3. All funding decisions related to this RFP are subject to all applicable federal, state and local laws and regulations, and the policies and procedures of the City of Buffalo and Buffalo Urban Development Corporation for the administration of state funds.
4. All costs associated with the preparation of this application are the responsibility of the applicant.

Eligible Applicants

1. Applicants must demonstrate the development and financial management expertise to successfully develop, design, construct, manage and implement the project. This expertise is demonstrated through previous experience in successfully developing projects similar to the one proposed, either by partners or key staff within the business or organization.
2. Applicants must demonstrate ownership or site control of all real estate considered part of the proposed project. Although final acquisition costs may be considered as part of the application, applicant must show a clear intent and agreement to purchase, such as a Purchase Option Agreement or comparable legal instrument.
3. Applicants must be able to meet other City and New York State requirements, specifically those concerning equal opportunity, affirmative marketing, environmental review, and acquisition, labor, lead-based paint, conflict of interest, debarment and suspension, and flood insurance.

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4. It is the policy of BUDC, the City of Buffalo and Empire State Development Corporation that all local Minority/Women Business Enterprises (M/WBE's) be encouraged to submit applications. BUDC continues to ensure that all locally owned M/WBE's are afforded the maximum opportunity to participate in the provision of goods and services for BUDC. BUDC encourages the award of at least twenty percent (20%) MBE and at least five percent (5%) WBE of the total dollar value of a project directly or indirectly to M/WBE's. BUDC also encourages the utilization of a construction workforce of twenty percent (20%) minority and five percent (5%) female.
5. Any person or subcontractor undertaking a part of the work under the terms of the Contract, by virtue of any agreement with the Respondent, must receive approval of the President or Vice President of BUDC or his designee prior to any such undertaking. In the event the Respondent desires to subcontract some part of the work specified herein, the Respondent shall furnish with their application the names, qualifications, and experience of his/her proposed subcontractors. Subcontractors shall conform, in all respects to the provisions specified for the Respondent. The Respondent shall, however, remain fully liable and responsible for the work done by their subcontractors. BUDC may terminate the Contract if the subcontracting is done without the Vice-President's prior approval.
6. Applicants must demonstrate compliance with the BUDC's Procurement Lobbying policy.
7. Applicants shall be required to disclose the identities of their officers, directors and owners/principals, as well as any business or employment relationships that the Applicant or its officers, directors and owners/principals have with BUDC or the City of Buffalo. **BUDC officers and directors and City employees are ineligible applicants. Corporations and other business entities in which a BUDC officer or director or City employee holds a substantial financial interest or serves as an officer, director or equivalent position are also ineligible.**

Evaluation Criteria

Funds will be awarded to those applicants whose applications best meet the following selection criteria and offer the greatest prospects of successful completion.

1. Completeness of the Application

All required documents have been submitted and the project is presented in a clear and concise manner

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2. Experience and Qualifications

Applicant and any affiliated partners and team members must demonstrate that they have successfully completed project(s) similar in size and scope

3. Consistency with Buffalo Building Reuse Project criteria

Proximity to existing residential clusters and economic drivers

Proximity to light rail and public transportation

Existing vacant space, adaptive reuse opportunity

An adaptive reuse of an historic structure

4. Consistency with Queen City Hub Plan and Green Code

Concentrating residential development in existing focal areas to create critical mass.

Incorporation of affordable housing

5. Creative Adaptive Reuse

Application provides for the creative and architecturally appropriate adaptive reuse of a significant structure or problem property

6. MBE/WBE/DBE Participation

Application includes participation of certified Minority and Women Business Enterprises

7. Project Budget and Demonstration of Need

Project budget is complete, and all sources and uses of funds are clearly defined and documented.

Project budget demonstrates a need for this funding that cannot be obtained through equity or conventional financing

Evidence or commitments for the balance of project financing are included.

Cost estimates prepared by a responsible source

8. Leveraging

BUDC funding is maximized relative to the total project cost

Applicant is committing a minimum of Ten Percent (10%) cash equity into the project.

9. Project Readiness

Applicant is prepared to begin construction of the project within a reasonable period (24 months) following notice of award.

Applicant can demonstrate site control and the ability to close on all properties included in the project within a reasonable period of time following notice of award.

Each application will undergo a comprehensive review by BUDC to ensure that all required documents have been completed and submitted. Complete applications will go on to an Eligibility Review. If BUDC finds it necessary, they may request any missing documentation in writing. The Applicant has ten (10) business days from the date of the receipt of the BUDC request to provide such

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documents. No documents other than those requested will be accepted. If the Respondent fails to supply BUDC with any of the itemized documents within the ten day period, BUDC will not review the application any further. The applicant will receive an Application Review Letter from BUDC stating that the application was incomplete, and not selected for funding.

Please note projects selected must complete BUDC's formal loan application and underwriting process before being awarded funding.

Public Domain

Respondents are advised that New York law provides that, upon the award of a contract subsequent to a Request for Applications, the contents of all applications received pursuant to said request may be placed in the public domain and become public records subject to examination by any interested parties pursuant to the New York State Freedom of Information Law (FOIL). Trade secrets and proprietary information, recognized by BUDC as such, may be protected from public disclosure if respondents clearly identify, in writing, any part of their applications which they claim to be proprietary information, trade secrets or other commercial information, or non-individual financial information that may be protected under FOIL. After the recommendation of the Selection Committee to the BUDC Board and a contract is awarded, all applications are considered public documents, except those items specifically identified as proprietary. Applications in total will not be considered proprietary. All materials submitted by a respondent in response to this RFP will become the property of BUDC.

Submit completed applications by **4:00pm on Friday, December 29, 2017** to:

Brandye Merriweather, Vice President—Downtown Development
Buffalo Urban Development Corporation
95 Perry Street, Suite 404
Buffalo, N.Y. 14203
bmerriweather@buffalourbandevelopment.com
RE: BUDC Downtown Development Project Submission

Applicants are asked to submit an original and five (5) complete copies of a Letter of Intent, Application and attachments to the above address. Applicants should also send a digital copy of the original to: bmerriweather@buffalourbandevelopment.com

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**BUDC Downtown Development Project Application Award Process
Tentative Schedule and Subject to Change**

October 13, 2017	Notice of Funds Availability
December 29, 2017	Quarter 4 Submission Deadline
January 9, 2018	Anticipated Date that Applicants will be notified of conditional funding decisions

Questions should be submitted in writing to Brandye Merriweather, BUDC Vice President—Downtown Development at bmerriweather@buffalourbandevelopment.com. BUDC will respond to all questions in writing.

The BUDC Selection Committee will review the submitted Applications. The applicants selected through this process will be contacted by BUDC to submit a formal loan application and additional financial information prior to being awarded funding.

Projects submitted for the BBRP Loan Program may also be considered for Community Development Block Grant (CDBG) loan funding through the Buffalo Urban Renewal Agency, if eligible.

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Submission Form

BUDC DOWNTOWN DEVELOPMENT PROJECT SUBMISSION

Applicant Name:

Federal Tax ID Number:

Private Corporation/Individual:

Non-Profit Corporation:

Other:

Project Description – Please attach a detailed description of the proposed project that includes the following information:

- ❖ Location of the project(s);
- ❖ General redevelopment strategy & details regarding real estate product types proposed;
- ❖ If project is to be completed in phases, please include phasing strategy
- ❖ Residential: rental vs. ownership, number bedrooms/unit, square footage, unit amenities, common area features, incorporation of affordable housing, and amenities, if any;
- ❖ Discuss any public space and/or *public art components of the project;
- ❖ Commercial: office, retail, food & beverage, hospitality, other;
- ❖ If project is mixed use, describe who the commercial space will be marketed to and/or documentation of lease commitment;
- ❖ Parking availability;
- ❖ Age of the building, years vacant or current occupancy level;
- ❖ Any local and national historic preservation designation, current or pending;
- ❖ Particular redevelopment challenges encountered by the project: environmental contamination, building deterioration, building code issues, etc.;
- ❖ Demonstration of Site Control;
- ❖ Discuss developer's history and describe previous experience or involvement in the development of similar projects and/or partners participating in the development of the project.

*The City Of Buffalo has recently partnered with the Albright-Knox Art Gallery's Public Art Initiative to integrate artwork into publicly accessible spaces to enhance our shared sense of place, cultural identity in the urban landscapes of Western New York. For more info contact:

**Aaron Ott, Curator of Public Art
Albright-Knox Art Gallery, 1285 Elmwood Avenue, Buffalo, NY 14222
(716) 270-8246**

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aott@albrightknox.org

Limit description to no more than three (3) pages.

Approximate Number of Residential Units:

Current Status of Project:

Estimated Completion Date:

Total Project Cost:

BBRP Loan Funds Requested:

Chief official of applicant

Name:

Title:

Mailing Address:

City, State, Zip:

Phone:

Email Address:

Designated contact person for this application

Name:

Title:

Mailing Address:

City, State, Zip

Phone:

Email Address:

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DEVELOPMENT COSTS

Proposed Acquisition Cost: \$ _____

Land \$ _____
Buildings \$ _____

Subtotal \$ _____

Constructions Costs:

Hard Costs

Site Work \$ _____
Fixtures, Furnishings & Equipment \$ _____
Plumbing, Electrical, Security System \$ _____
HVAC \$ _____
Foundation, Framing, Roofing, etc. \$ _____
Landscaping \$ _____

Subtotal \$ _____

Soft Costs:

Architectural/ Engineering Fees \$ _____
Legal Fees \$ _____
Accounting Fees \$ _____
Administrative/ Development Fees \$ _____
Survey \$ _____
Title Work \$ _____
Taxes \$ _____
Insurance \$ _____
Relocation \$ _____
Other \$ _____

Miscellaneous Costs:

Developer Fee \$ _____
Project Reserve \$ _____

Contingency:

\$ _____

Other Fees not mentioned (please list) \$ _____

TOTAL COSTS \$ _____

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PROPOSED DEVELOPMENT FINANCING

SOURCES OF FUNDS

<u>Source of Funds</u>	<u>Amount</u>	<u>Use of Funds</u>	<u>Status</u>
1. _____	_____	_____	Secured/ Pending
2. _____	_____	_____	Secured/ Pending
3. _____	_____	_____	Secured/ Pending
4. _____	_____	_____	Secured/ Pending

1. Total Financing

Total Private Sources	\$ _____
Developer Equity	\$ _____
Other	\$ _____
TOTAL ALL SOURCES	\$ _____

2. Total Funding Gap \$ _____

3. Amount requested through
BBRP Loan Program \$ _____

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I HEREBY SUBMIT THIS APPLICATION FOR THE CONSIDERATION OF FINANCIAL ASSISTANCE IN SUPPORT OF THE PROJECT HEREWITHIN DESCRIBED. I CERTIFY THAT ALL INFORMATION IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE. IF SELECTED FOR FUNDING, I WILL COOPERATE FULLY WITH THE CITY OF BUFFALO TO COMPLY WITH LOCAL AND FEDERAL CDBG PROGRAM GUIDELINES, AS APPLICABLE.

The undersigned certifies that to his/her knowledge as of the date hereof, no principal, officer, board member, employee responsible for managing finances, consultant or contractor acting as a fiscal agent of or to the Applicant, has been convicted of a local, state or federal criminal offense involving moral turpitude or dishonesty in the last 10 years or, if sooner, since reaching the age of eighteen (18). (If the Applicant cannot certify to this statement, please submit a signed statement explaining the related facts and circumstances). To the extent required by BUDC, the undersigned agrees to reaffirm this certification on prior written notice from BUDC.

Authorized Signature: _____

Date: _____

Printed Name: _____

Title: _____

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Procurement Lobbying Restrictions

1. Restrictions on Bidder Communications with BUDC

Pursuant to State Finance Law §§139-j and 139-k, this Request for Applications imposes certain restrictions on communications between Applicants and BUDC during the procurement process. Applicants are prohibited from making contacts (whether oral, written or electronic) with any BUDC personnel or BUDC Board member other than the designated BUDC staff member (unless the contact is otherwise permitted under State Finance Law §139-j (3) (a)). In addition, Applicants are hereby notified that any contact with any BUDC personnel, BUDC Board member or the designated BUDC staff member which a reasonable person would infer is intended to influence the award of the contract under this Request for Applications is prohibited. These prohibitions apply from the Bidder's earliest notice of BUDC's intent to solicit applications through the final award and approval of the procurement contract ("Restricted Period"). For purposes of this Request for Applications, the designated BUDC staff member is Brandye Merriweather (bmerriweather@buffalourbandevelopment.com).

Applicants are hereby notified that BUDC is required to collect certain information when contacted by a Bidder during the Restricted Period and make a determination of the responsibility of the Bidder pursuant to State Finance Law §§139-j and 139-k. Certain findings of non-responsibility can result in rejection of a contract award, and in the event of two findings within a four (4) year period, the Bidder may be barred from obtaining governmental procurement contracts.

2. Bidder's Affirmation of Understanding of and Agreement pursuant to State Finance Law §139-j (3) and §139-j (6)(b)

BUDC is required to obtain written affirmations from all Applicants as to the Respondent's understanding of, and agreement to comply with BUDC's procedures relating to permissible contacts (described in paragraph 1 above). The affirmation must be provided to BUDC when the Bidder submits its application. The form of affirmation to be completed and submitted by the Bidder is included herein as Attachment A.

3. Bidder's Certification of Compliance with State Finance Law §139-k(5)

State Finance Law §139-k (5) requires Applicants to provide written certification that all information provided to BUDC with respect to State Finance Law §139-k is complete, true and accurate. The certification must be provided to BUDC when Bidder submits its application. The form of certification to be completed and submitted by the Bidder is included herein as Attachment B.

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Procurement Lobbying Restrictions

4. Bidder Disclosure of Prior Non-Responsibility Determinations

State Finance Law §139-k (2) obligates BUDC to obtain specific information regarding prior non-responsibility determinations with respect to State Finance Law §139-j. In accordance with State Finance Law §139-k, each Bidder must disclose whether there has been a finding of non-responsibility made within the previous four (4) years by any Governmental Entity due to: (a) a violation of State Finance Law §139-j or (b) the intentional provision of false or incomplete information to a Governmental Entity. State Finance Law §139-j sets forth detailed requirements about the restrictions on contacts during the procurement process. A violation of State Finance Law §139-j includes, but is not limited to, an impermissible contact during the Restricted Period (for example, contacting a person or entity other than the designated contact person, when such contact does not fall within one of the exemptions).

As part of its responsibility determination, State Finance Law §139-k(3) mandates consideration of whether a Bidder fails to timely disclose accurate or complete information regarding the above non-responsibility determination. In accordance with the law, no procurement contract shall be awarded to any Bidder that fails to timely disclose accurate or complete information under this section, unless a finding is made that the award of the procurement contract to the Bidder is necessary to protect public property or public health and safety, and that the Bidder is the only source capable of supplying the required article of procurement within the necessary timeframe. Attachment C entitled “Offerer Disclosure of Prior Non-Responsibility Determinations” must be completed by the Bidder and submitted to BUDC at the time of Bidder’s submission of its application.

5. Contract Termination Provision

New York State Finance Law §139-k (5) provides that every procurement contract award subject to the provisions of State Finance Law §§139-k and 139-j shall contain a provision authorizing termination of the contract in the event that the certification provided by the Bidder that is awarded the contract is found to be intentionally false or intentionally incomplete. The following provision is hereby incorporated by reference and included in the contract that is awarded (if one is awarded) pursuant to this Request for Applications:

BUDC Termination Provision

Pursuant to New York State Finance Law §139-k (5), BUDC reserves the right to terminate this contract in the event it is found that the certification filed by the Contractor in accordance with New York State Finance Law §139-k was intentionally false or intentionally incomplete. Upon such finding, BUDC may exercise its termination rights by providing written notification to the Contractor in accordance with the written notification terms of this contract.

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ATTACHMENT A

**Affirmation of Understanding & Agreement pursuant to State Finance Law §139-j (3) and §139-j (6)
(b)**

I affirm that I understand and agree to comply with the procedures of BUDC relative to permissible contacts as required by State Finance Law §139-j (3) and §139-j (6) (b).

By: _____ Date: _____

Name: _____ Title: _____

Contractor Name: _____

Contractor Address: _____

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ATTACHMENT B

Offerer/Bidder Certification:

I certify that all information provided to BUDC with respect to State Finance Law §139-k is complete, true and accurate.

By: _____ Date: _____

Name: _____ Title: _____

Contractor Name:

Contractor Address:

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Procurement Lobbying Restrictions

ATTACHMENT C

Offerer Disclosure of Prior Non-Responsibility Determinations

Name of Individual or Entity Seeking to Enter into the Procurement Contract:

Address: _____

Name and Title of Person Submitting this Form: _____

Contract Procurement Number: _____

Date: _____

1. Has any Governmental Entity made a finding of non-responsibility regarding the individual or entity seeking to enter into the Procurement Contract in the previous four years? (Please circle):

No

Yes

If yes, please answer the next questions:

2. Was the basis for the finding of non-responsibility due to a violation of State Finance Law §139-j (Please circle):

No

Yes

3. Was the basis for the finding of non-responsibility due to the intentional provision of false or incomplete information to a Governmental Entity? (Please circle):

No

Yes

4. If you answered yes to any of the above questions, please provide details regarding the finding of non-responsibility below.

Governmental Entity:

Date of Finding of Non-responsibility:

Basis of Finding of Non-Responsibility:

(Add additional pages as necessary)

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5. Has any Governmental Entity or other governmental agency terminated or withheld a Procurement Contract with the above-named individual or entity due to the intentional provision of false or incomplete information?

(Please circle):

No

Yes

6. If yes, please provide details below.

Governmental Entity: _____

Date of Termination or Withholding of Contract: _____

Basis of Termination or Withholding: _____

(Add additional pages as necessary)

Offerer certifies that all information provided to BUDC with respect to State Finance Law §139-k is complete, true and accurate.

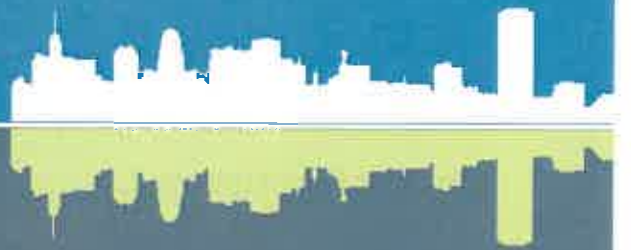
By: _____ Date: _____

Signature

Name: _____ Title: _____



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Developed at the request of Mayor Byron Brown

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National Fuel

Thank you to National Fuel for their
generous support on this project

EXECUTIVE SUMMARY

Mayor Brown calls for recommendations to revitalize downtown and encourage investment.

Downtown Buffalo has an oversupply of office space, and the majority of it is from a stock of class B and C buildings encumbered with a number of factors limiting their potential for redevelopment: Small floor plates, outdated building systems, environmental problems, and lack of parking. Moreover, they are surrounded by public infrastructure which needs improvement.

Recognizing a need to address this situation in a responsible and systematic fashion, Mayor Byron Brown requested the Buffalo Niagara Partnership develop recommendations to improve the competitiveness of Downtown Buffalo in capturing new job and investment decisions in the near term, as well as to establish a process and management capacity for long-term downtown sustainable development. In response, the Partnership formed the Buffalo Building Reuse Project comprised of experienced business leaders and economic development professionals to develop these recommendations.

Buffalo Niagara has become increasingly committed to smart growth. This has led to a public policy focus on the urban core, of which downtown Buffalo is the most

visible part. However, redeveloping downtown's class B and C buildings entails a difficult and complicated process, which requires a multi-year dedicated investment of resources (staff, tools and funding), which should come from a combination of public and private sources and be managed by the Buffalo Urban Development Corporation where existing capacity and expertise can be leveraged.

Allocating project funding through a competitive RFP process utilizing explicit criteria is recommended as well as adhering to the City's MWBE policies and goals.

A redevelopment strategy that focuses on residential infill (targeted to class B & C buildings) is recommended to bring vacant space off the market in the short run while enhancing downtown neighborhoods. A 2011 downtown residential market demand study concluded that 4,225 households comprise the potential downtown residential market - significantly higher than the 1,315 households identified in the 2004 study. Additionally, 25% of this demand comes from outside of Erie and Niagara Counties.

Over time, additional downtown residents will increase the demand for retail services which in turn fills storefronts removing still more vacant space from the market while increasing vibrancy. This added vibrancy also will assist in improving the perception of downtown as a safe, secure place to live, work and visit.

To stimulate near-term investments in this type of redevelopment, it is recommended programs and incentives be targeted to strategic mixed use and residential opportunities. These programs (funded through both public and private resources) should be accompanied by robust investments in public infrastructure and amenities, with public spaces thoughtfully developed and maintained to connect the neighborhoods abutting downtown to the downtown core which will further increase demand for retail and a mix of residential options.

\$5 million annually for at least three years from a combination of public and private sources is needed for infrastructure improvements, project gap financing and staff expertise. Therefore, a downtown redevelopment fund should be established to create a long-term continuing resource for downtown development.

Over the next five years, assuming the recommendations are implemented, absorption of 425,000-809,000 square feet of office space, an additional 500,000-1,000,000 square feet of residential space and the improvement of 10 city blocks can be expected, with an estimated direct economic impact of 700-1,500 jobs and \$39-\$78 million of investment.

Project participants all recognize that the outcome of this would require adequate resources and strong political and civic leadership to be successful.

PROJECT RECOMMENDATIONS OVERVIEW

► *Make downtown more attractive to existing and future potential tenants with appropriate space and amenities*

- Focus resources within the BBRP target area (Queen City Hub strategic investment areas and Larkin District) for public infrastructure and amenity investments, housing and mixed use developments.
- Implement a housing infill strategy.
- Increase knowledge and data on industry, commercial real estate, and economic development trends as well as on existing tenant needs to better plan for and meet demand.
- Develop a comprehensive approach to downtown access (transit, parking ramps and lots, on-street parking, light rail, pedestrian, bicycle, and other multi modal opportunities).
- Develop a downtown master plan for public infrastructure and amenities, which is context sensitive and captures the unique attributes of each downtown district (Theatre, Chippewa, Lower Delaware, etc.).

► *Establish a "smart" development process and management structure*

- House downtown specific resources (dedicated staff, development programs, loans and grants, etc.) in the Buffalo Urban Development Corporation to leverage its existing expertise and capacity.
- Utilize existing, and add dedicated BUDC staff to stimulate and facilitate development downtown; coordinate between existing economic development entities and downtown stakeholders.
- Utilize clearly defined criteria for allocating resources for public infrastructure and amenities and for project gap financing.

PROJECT RECOMMENDATIONS OVERVIEW

► *Develop effective tools that encourage investment and redevelopment (improve existing tools; develop new)*

- Eliminate residential parking stall zoning requirements to encourage mixed use.
- Amend NYS Brownfield Clean-Up program legislation to include asbestos as a qualifying contaminant.
- Use data and criteria to guide decision making regarding creating and allocating development incentives (financial and non financial).
- Increase code compliance by dedicating an enforcement officer to the target area and apply a more uniform, rigorous approach.
- Apply new tools for redevelopment including New Market Tax Credits, Tax Increment Financing, condominium incentive, vacant property registration ordinance, and fast tracking permits, etc.
- Create a continuous funding source(s) for downtown development from public and private sources for low interest loans, “soft second loans,” and a revolving loan fund for residential project gap financing.

► *Communicate the benefits of downtown for live, work, play activities to attract more private investment into downtown*

- Utilize BUDC staff capacity to advocate for downtown projects, funding and programs.
- Communicate benefits and “lifestyle” of downtown living and working; i.e. no property tax or assessment increase, live-work environment, transit access, etc.
- Provide web based “concierge-like” service for prospective tenants and developers to assist them through incentives, identifying available space and development opportunities, and market downtown.
- Partner and collaborate with other downtown interests and stakeholders for marketing and promotion.
- Increase the visibility of City of Buffalo economic development programs and efforts.

BACKGROUND

In December 2010, given vacancy rates, economic conditions, and the desire to leverage potential and existing downtown investments, City of Buffalo Mayor Byron Brown formally asked the Buffalo Niagara Partnership to organize and manage a group of experienced business leaders and economic development professionals to make recommendations to improve the competitiveness of downtown Buffalo.

In direct response, The Partnership formed the Buffalo Building Reuse Project (BBRP) with representation from a variety of stakeholders including architects, appraisers, marketing professionals, developers, tenants, real estate brokers, building owners, bankers and policy development officials. These individuals worked in two respective project teams to drive the process - a Tools Team and Planning Team. In addition, a number of subject matter experts as well as individuals who expressed interest in reviving downtown participated in the development of the report. The Partnership and these BBRP participants all share a fundamental belief that a thriving downtown core is critical to not only the success of the City, but to the health and growth of the overall Buffalo Niagara region.



PROJECT PARTICIPANTS

Oversight Committee

Byron Brown - Mayor, City of Buffalo

Brendan Mehaffy - Executive Director, City of Buffalo, Mayor's Office of Strategic Planning

Andrew J. Rudnick - President and CEO, Buffalo Niagara Partnership

Laura St. Pierre Smith - Vice President, Buffalo Niagara Partnership

Planning Team

Co-Chairs:

James Morrell - Director of Route Planning, Niagara Frontier Transportation Authority; Chairman, City of Buffalo Planning Board

Robert Shibley - Dean, University at Buffalo School of Architecture and Planning

Members:

Walter Allen - President, GAR Associates, Inc.

Jonathan Dandes - President, Rich Baseball Operations

John Fell - Senior Planner, City of Buffalo, Mayor's Office of Strategic Planning

Al Grabowski - Director, Greater Buffalo Building Owners & Management Association

Kevin Heller - City of Buffalo Parking Commissioner, Niagara Frontier Transportation Authority Commissioner

Joe Kunkemoeller - Preservation Buffalo Niagara

Jim Militello - President, J.R. Militello Realty, Inc.

Carolyn Murray - President, Working for Downtown, Ellicott Development

Alphonso O'Neil-White - President and CEO, HealthNow New York Inc.

Steve Ricca - Partner, Jaecle Fleishmann & Mugal, LLP

Mike Schmand - Executive Director, Buffalo Place, Inc.

Tools Team

Co-Chairs:

Ben Obletz - President, First Amherst Development Group, LLC

Christina Orsi - Regional Director, Empire State Development Corporation

Members:

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Debra Chernoff - Buffalo Place, Inc.

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Chris Finn - Buffalo Niagara Enterprise

Steve Fitzmaurice - Seneca One Realty, LLC

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Dennis Harkawick - Jaecle Fleishmann & Mugal, LLP

Therese Hickok - Uniland Development Corporation

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Donna Koszrewski - Larkin Development Group

Scott LaCasse - The Kissing Interests, LLC

Paul Murret - Prentice Office Environments

Chris Romano - University at Buffalo School of Architecture and Planning

Dave Stebbins - Buffalo Urban Development Corporation

Paul Tokasz - Patricia Lynch Associates

Kelly Tyler - New York State Energy and Research and Development Authority

Ellen Warner - Uniland Development Corporation

PROJECT SCOPE & FOCUS: TWO TEAMS

Planning Team

Defined downtown area of focus

Examined tenant needs (commercial, residential, retail) and identified market potential

Assessed building stock and market potential against the Queen City Hub strategic investment areas

The **Planning Team** defined Buffalo's downtown target area; surveyed tenant (residential, commercial/office, retail, etc.) space and amenity needs (interior space, amenities, infrastructure, "environment", police, parking, security, etc); assessed downtown building/space stock against the Queen City Hub Plan to identify the best uses for buildings and the potential encumbrances/obstacles for redeveloping them. The team also conducted a downtown residential demand market study and considered the best mix of uses that would encourage residential infill of vacant and underutilized commercial structures in the near term to help jump start demand.

The Queen City Hub Plan (QHUB), the adopted master plan for Buffalo's downtown, was utilized as a basis for the team's recommendations to target resources to its strategic investment areas and to use specific criteria to guide incentives in order to facilitate retail, residential and office development with the greatest impact. These recommendations do consider the adverse economic conditions and weak macroeconomic prospects for significant local and national economic recovery (jobs, wealth creation, investments, etc.) in the near term. However, they do not include solutions to any individual building's redevelopment obstacles.

The Queen City Hub Plan

Buffalo's adopted master plan was utilized as a basis for the project's strategies and recommendations.



Downtown Market Overview

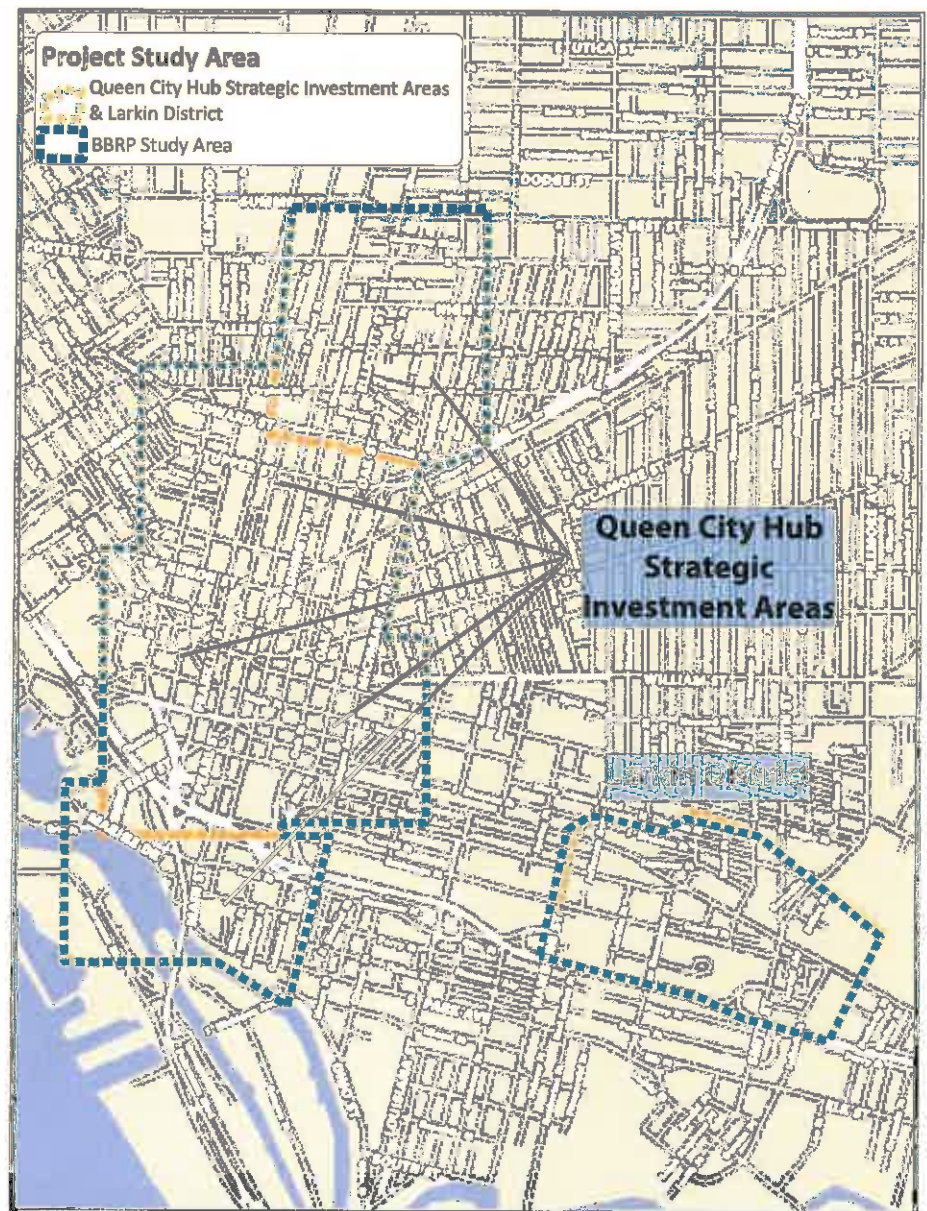
Downtown has approximately two million square feet of vacant office space - within that, ten buildings are completely empty. This figure does not include the expected vacancies in HSBC Center at the end of 2013, or the approximate 800,000 square feet of vacant space in the Statler (3 of the 19 floors have been recently rehabilitated). Current demand for office space is limited (locally and nationally) - the average office lease in Buffalo's market is approximately 6,500 square feet and the 10 year average for office space absorption is approximately 160,000 square feet per year. If annual absorption figures remain constant, and no tenants depart or downsize and no new space is developed, it would take more than 10 years of positive absorption for vacancy levels to reach a healthier 10% rate.

Supply/Demand

Many of the buildings in the target area are older, have small floor plates and few windows (narrow buildings), environmental remediation concerns, outdated building systems, are less energy efficient, and have limited access (if any) to parking. As discussions with property owners has indicated and a tenant needs study of over 65 businesses confirmed, these conditions do not provide an attractive product. Many potential and existing tenants desire large/flexible floor plates, as well as dedicated and secure parking.

Yet numerous entrepreneurs and small-to-mid size tenants have become increasingly attracted to some of these spaces given their unique character, urban context and proximity to multi-modal transportation. Employers such as Carmina Wood Morris, and TVGA Consultants are examples.

An updated downtown residential market demand study prompted by the Planning Team verified their assertion that substantial downtown residential demand exists. Supporting the targeted development of residential units downtown was therefore identified as a strategic measure to more aptly match building supply/stock with demand, create critical mass to support service retail, enhance the downtown neighborhood, and foster a 24/7 environment.





Tools Team

The **Tools Team** was charged with refining and suggesting tools (monetary and non-monetary) to encourage redevelopment; identifying areas of the development process that work and those to be improved; and identifying best practice models that can be applied to Downtown Buffalo.

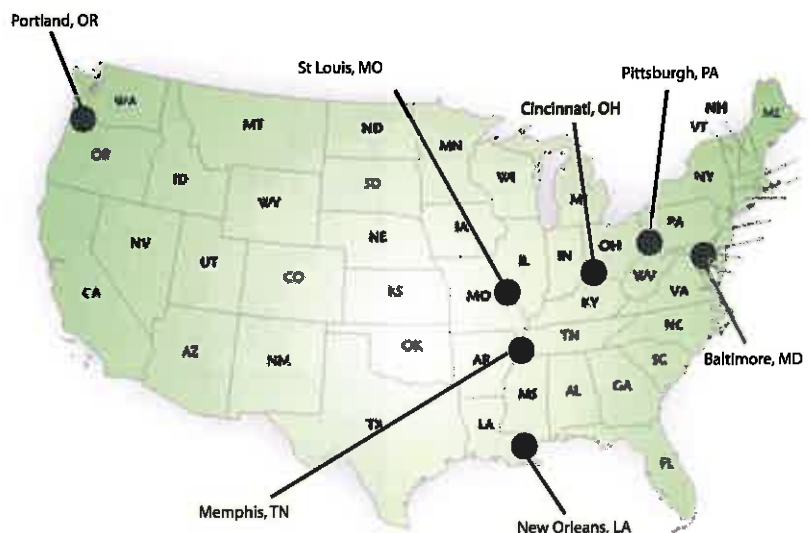
Made suggestions to refine existing tools and establish/pursue new tools (both monetary & non monetary)

Identified areas of the development process that work and those that need to be improved

Identified best practice models that can be applied to downtown Buffalo

Financing downtown projects - given current economic conditions, building character, and the cost of renovations- is complex and usually requires a challenging combination of public and private funding. Thus, this team reviewed the available tools for development, researched new tools and policies, and studied the process and resources available for economic development within the core. The team concluded development resources need to be predictable and dedicated over a multi-year period, tied to a particular geography and guided by specific and clearly communicated criteria. The resources include staff, public infrastructure investments, and funding (such as a 1-to-1 matching grant for feasibility studies and the creation of a revolving loan fund) to assist in the redevelopment of structures.

The team reviewed best practice examples of other cities which faced similar oversupply issues and subsequently improved their downtowns.



Best Practice Downtowns Analyzed

Commonalities Among Best Practice Downtown Redevelopment Initiatives:

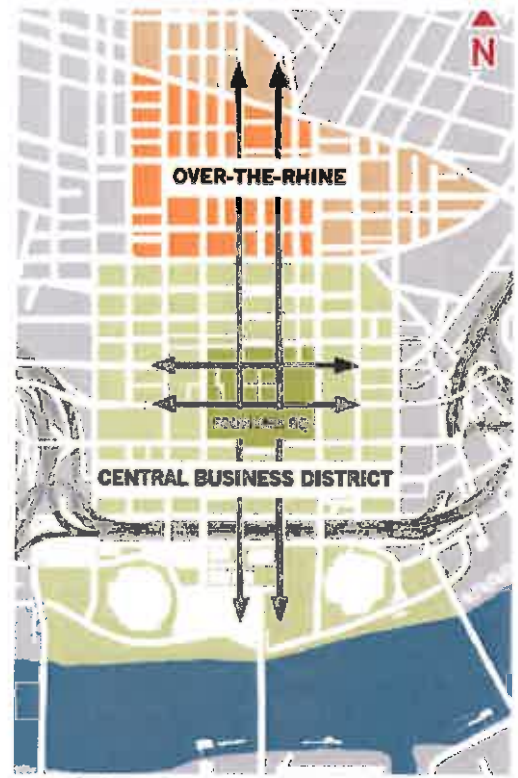
Management Capacity

Successful downtowns have dedicated management entities, with a wide range of structures, directly charged with driving development initiatives. Cincinnati's 3CDC, Baltimore's Downtown Partnership of Baltimore, and Philadelphia's Center City Philadelphia, and virtually all other best practice downtowns have dedicated public/private resources and expertise.

Proactive Approach to Development

Dedicated management and resources for downtown development have allowed cities to proactively address roadblocks for investment and make their downtowns attractive and competitive for long-term growth and development. Cincinnati's 3CDC (a non-profit real estate development and finance organization), and Portland, Oregon's PDC (The City's Urban Renewal Agency) proactively acquire vacant or underutilized property, undertake predevelopment work, engage developers and contractors, and provide strategically tailored finance tools for downtown redevelopment – all connected to a strategic plan.

These entities have brought stability to the market and served as the driving catalyst for private investment. All of the other best practice cities incorporate some or all of these proactive development functions at varying levels.



3CDC's Proactive approach to development is strategic and clearly defined. (Source: 3CDC)

Cincinnati, OH



Before & After

Abandoned buildings in Over-the-Rhine were converted into 25 condos and 9,000 sq ft of commercial retail space. The buildings are currently at full occupancy. (Source: 3CDC)

Since 2004, 3CDC has stabilized, rehabbed and restored 74 buildings into over 160 condos, 68 rental units and more than 91,000 square feet of commercial space. All of the other best practice cities incorporate some or all of these proactive development functions at varying levels

Public Space and Infrastructure

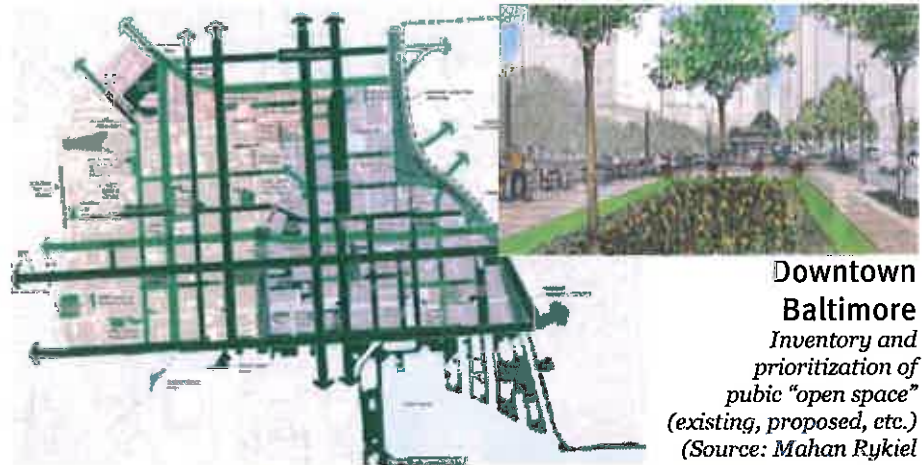
Great cities have attractive, well-defined public space that establishes critical linkages between key areas and developments, supports a walkable mixed-use environment, and provides an atmosphere that attracts and retains residents, businesses, and visitors. New and renovated parks and public spaces such as Fountain Square in Cincinnati and Citygarden in St. Louis have sparked dramatic private investment, increasing property values, and enhancing the vibrancy and image of their downtowns.

The Downtown Partnership of Baltimore and the Downtown Memphis Commission have established detailed streetscape master plans and work plans as part of their larger comprehensive Downtown plans in order to prioritize where public infrastructure investments will occur, the character and nature of these investments, and establish guidelines for budgets and implementation. Having a strategic, clearly communicated plan for public infrastructure development guides and attracts private investment and development decisions in order to effectively leverage them for maximum return on investment. This gives developers and property owners a needed level of clarity and certainty when it comes to making multi-million dollar investment decisions.



Before & After *St. Louis Citygarden, a public/private collaboration (Source: Citygarden)*

St. Louis, MO



Downtown Baltimore

Inventory and prioritization of public "open space" (existing, proposed, etc.) (Source: Mahan Rykiel Associates)

Baltimore, MD

Resources

Cities across the country have formed innovative public/private partnerships and brought together progressive funding tools in order to leverage resources and collectively reposition their downtowns. The best practice cities studied had a significant portion of the dedicated funding for downtown redevelopment committed from other sources including the corporate community, county, state and federal government, and a wide array of foundation grants.

As beneficiaries of downtown's success and their region's ability to attract talent, private sector corporations, foundations, etc. have invested in development funds to drive downtown growth and development. Cincinnati's corporate community has put in place a \$90 million dollar equity fund that has been the primary driving force behind 3CDC's ability

to progressively revitalize downtown and attract the 24-35 year olds that will provide the workforce for local employers. The work of the Partnership for Downtown Baltimore, the Partnership for Downtown St. Louis, and the Pittsburgh Downtown Partnership are all sustained through corporate support and financing, coupled with city staff support and funds.

Community Development Block Grants, TIF districts, New Markets Tax Credits, Pilot Increment Financing, flexible equity funds, Business Improvement District assessments, and developer service fees are some of the primary capital and financing that have driven and maintained long-term, and self-sustaining downtown development activity.

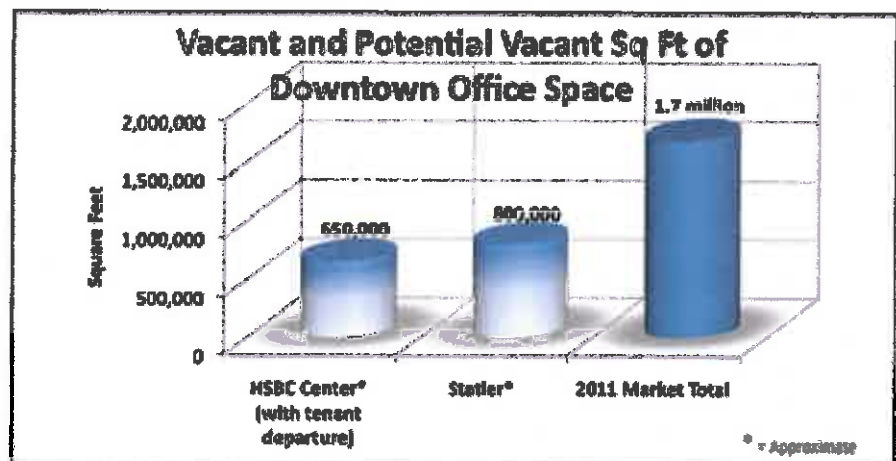
DOWNTOWN CHALLENGES & OPPORTUNITIES

Challenges Facing Downtown

At the time of Mayor Brown's request to the Partnership, there was significant anxiety among downtown stakeholders regarding two primary dynamics:

1) Unsustainable market saturation and continuing depression of market rate rents:

The significant volume of additional vacant space that will come online (with the anticipated vacancies in HSBC Center and the partial renovation of the Statler) has the potential to overwhelm an already over-saturated downtown office market and further depress downtown market rents, therefore limiting building owners' capacity to make necessary upgrades to be competitive.



2) Lack of strategic, clearly articulated criteria for public incentives

Sufficient public incentives do not exist to redevelop downtown properties and there are not clear criteria available to developers that communicate how to obtain those incentives which do exist. Moreover, the absence of a strategic and clearly articulated plan and criteria for investment led to a perception of an unlevel playing field that has deterred prospective new developers from attempting difficult redevelopment projects.

Building Stock

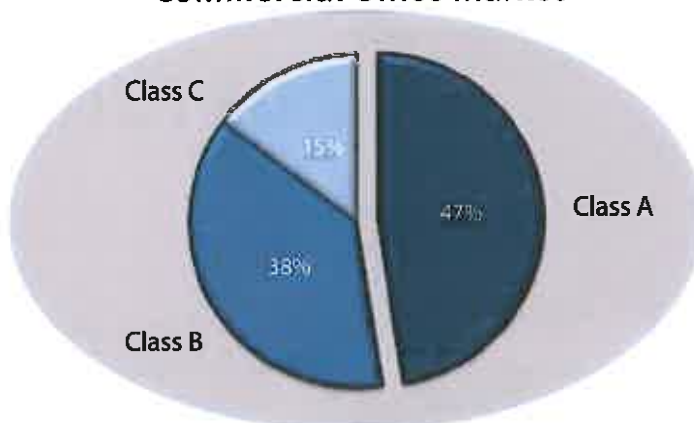
While these dynamics are characteristic of real estate markets nationally and especially in older industrial cities, they have translated into particular issues for downtown's building stock. A declining revenue base, decades of flat rent, and rising carrying costs have impacted the ability of some downtown property owners to invest, repair and upgrade their properties. The results can be seen in the volume of class B and C buildings that comprise more than half of the downtown office market.

Much of the growth and absorption has come from existing tenant growth, or from occasional larger transactions that "shuffle the deck" between existing companies in the region.

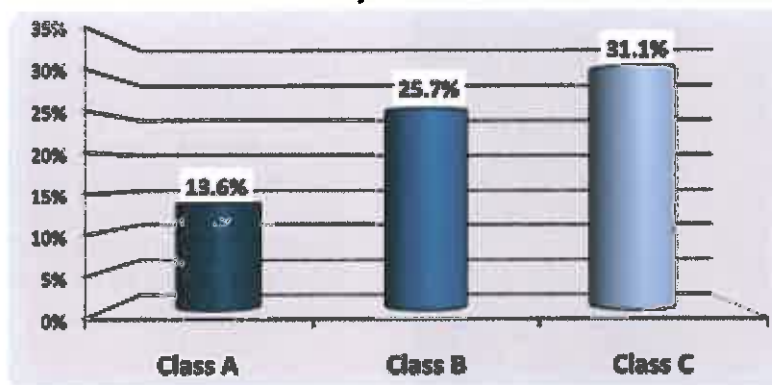
Vacancy and Absorption

10-year average office absorption figures give an overview of the health and condition of the market. 2.3 million sq. ft. of downtown's 11 million sq. ft. of office inventory has been vacant; an average vacancy rate of 21%. During this same time period, the average absorption rate for downtown office space was approximately 161,000 sq. ft. per year. A substantial portion of recent absorption has been from existing tenant expansion and strong growth in the northern end of downtown on the Buffalo Niagara Medical Campus.

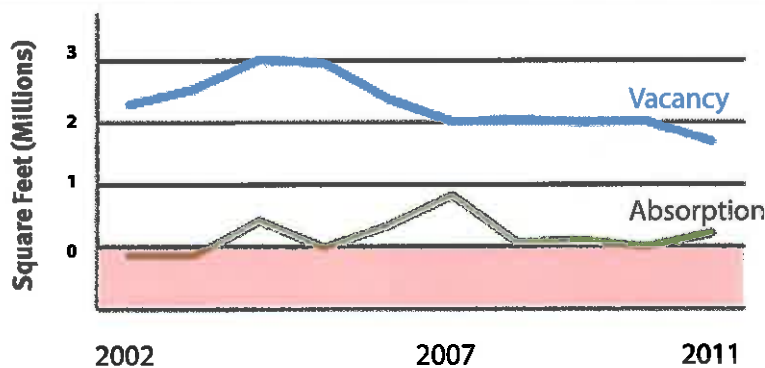
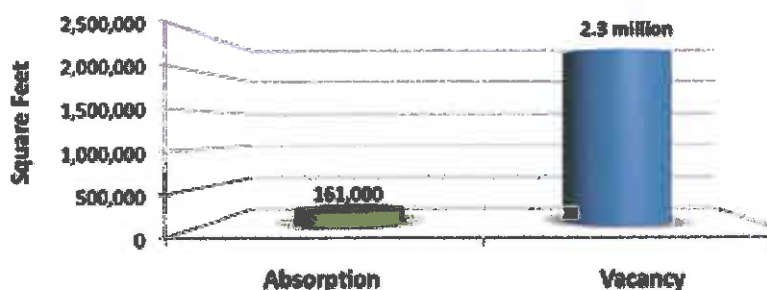
10-Year Average, Class as % of Total Downtown Commercial Office Market



10-Year Average, Commercial Office Market Vacancy as % of Class



10-Year Downtown Commercial Vacancy & Absorption Averages (2002-2011)





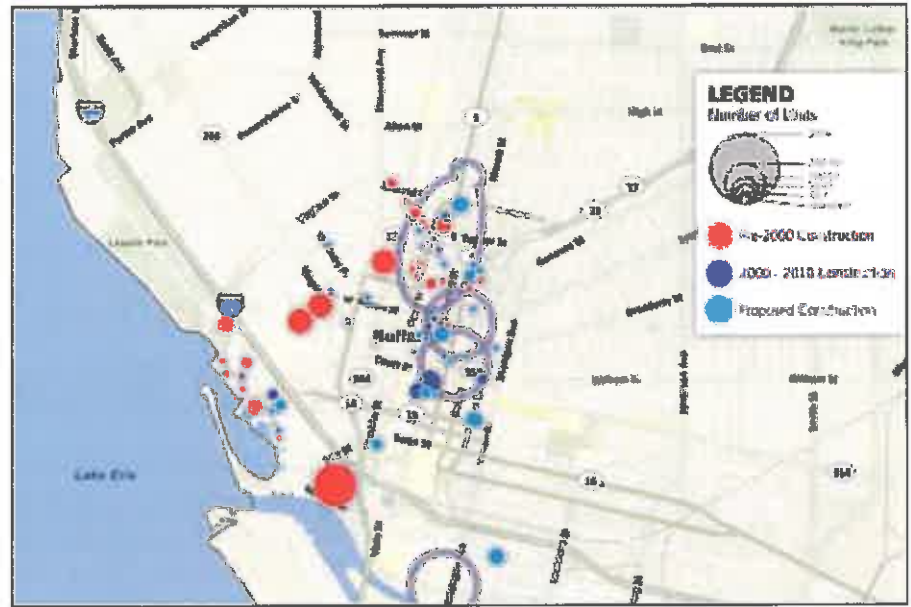
Over the past five years, more than \$1 billion in private and public investment has been made in downtown, with more than \$1 billion more in proposed projects. In 2010, the City of Buffalo invested approximately \$5 million in tax incentives and approximately \$340,000 in downtown infrastructure. Between 2011-2013 approximately \$34 million will be invested in downtown infrastructure, primarily along Ellicott Street on the Buffalo Niagara Medical Campus, and to return automotive traffic to the 500 and 600 blocks of Main Street, as well as to lower Main Street at Canalside.

Recent Downtown Buffalo Development Projects



Recent Residential Growth Downtown

Residential growth and development has been gaining traction, as approximately 1,000 new residential units have come online within the past 5 years. These projects have been adaptive reuse projects in the traditional Central Business District, plus a few new-build residential projects at Erie Basin Marina. Nearly all of the rental units in downtown are at or near full occupancy, while the majority of multi-family for purchase units (condos, etc.) are selling well.

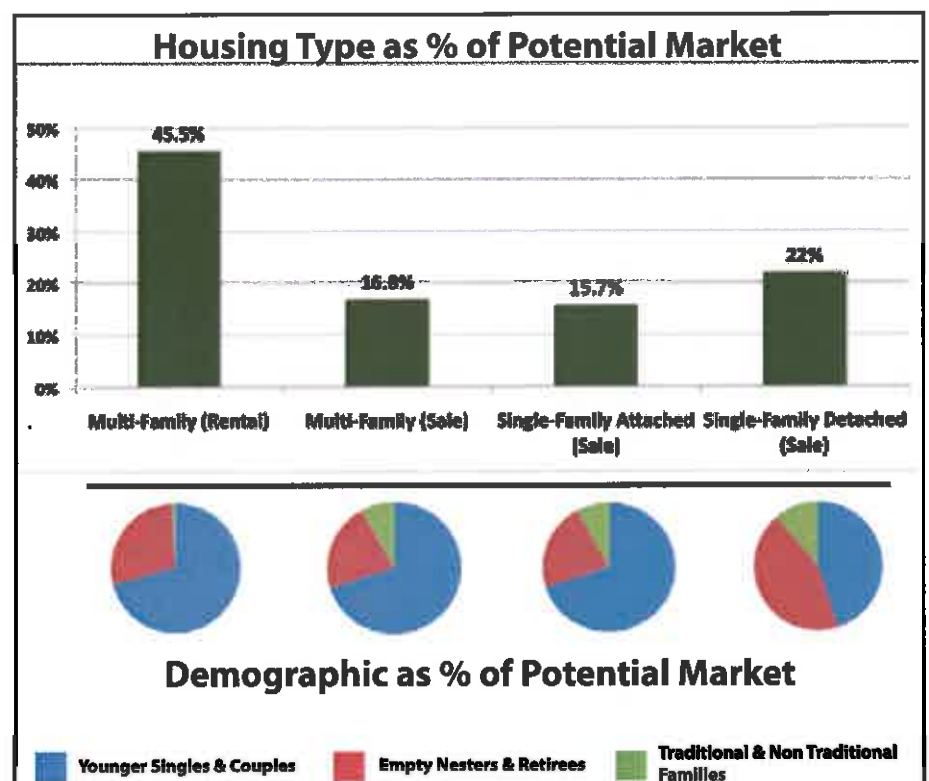


Local & National Trends Driving Downtown Growth

National demographic trends and lifestyle preferences are driving the growth and revitalization of cities and downtowns across the country. Baby boomers born between 1946-1964 (approx. 77 million), and Millennials born between 1977-1996 (approx. 78 million), represent the two largest demographic groups in the country's history. As Baby Boomers retire and downsize and Millennials seek out vibrant urban areas, both groups are looking to relocate to dense, walkable areas that are in close proximity to entertainment and services. National real estate forecasts such as the Urban Land Institute's (ULI) Emerging Trends reports reflect this dynamic, asserting that downtown residential markets will continue to gain strength into the foreseeable future.

Residential Demand & Potential

An updated 2011 Downtown Buffalo Residential Market Demand study supports these trends locally and asserts the potential market for downtown living has grown from 1,315 households since 2004 when the last market demand study was completed, to 4,225 households today. Additionally, 25% of this potential market comes from outside Erie and Niagara counties. Assuming normal capture rates (between 2.5%-10% depending on residential type), the study states downtown has the potential to absorb between 161-323 new units each year over the next five years. 76% of this market is estimated to be younger singles and couples, while 19% is estimated to be comprised of empty-nesters and retirees.



Growth in Regional Target Industries

Additionally, a handful of large and mid-size employers have relocated or continue to expand in downtown Buffalo. Growth on the Buffalo Niagara Medical Campus and in the Larkin District reflects job growth in regional target cluster industries of life science and professional services, facilitating both state-of-the-art new construction such as UB/Kaleida's \$291 million Gates Vascular Institute, and the rehabilitation of older and underutilized buildings such as Larkin Development's \$12 million rehabilitation of the 600,000 sq foot Larkin at Exchange Building and the neighboring Schaeffer Building that houses First Niagara Bank's headquarters.

Small Business and Entrepreneurs

Small-to-mid-sized businesses and entrepreneurs also have begun to redevelop portions of downtown; incubator space is now available at Main Washington Exchange and Main Street Studios on the 500 block of Main Street, while firms such as Carmina Wood Morris, TVGA Consultants, and Ricotta & Visco have or are in the process of rehabilitating smaller, 3-6 story buildings along Main Street.

Retail and Restaurants

New restaurants and retail establishments also have slowly appeared as part of larger, mixed-use residential projects scattered throughout downtown. These include Della Terra Restaurant in the Avant, Just Vino in the Granite Works, and the cluster of retail establishments in the Ellicott Street Commons on Washington Street. The completion of the Hotel Lafayette in the spring and the first floors of the Statler will add additional new retail downtown.

"LARKINVILLE"

- With over 2,500 jobs in WNY, First Niagara Bank expects to add up to 500 new jobs in the next few years, mostly in the Larkin District
- Large floor plates and an emerging neighborhood have attracted growing back office and professional service companies



Schaeffer Building and Larkin @ Exchange Building.
(Source: Larkin Development)

BUFFALO NIAGARA MEDICAL CAMPUS (BNMC)

- SUNY 2020 will enable UB to relocate the medical school to the BNMC, bringing 8,500 students downtown and facilitating public/private partnerships
- Roswell Park anticipates a growth of 4,000 jobs, while Kaleida anticipates bringing approximately 2,000 jobs to the medical campus



Gates Vascular Unit. A public private partnership between UB and Kaleida Health
(Source: BNMC)



Carmina Wood Morris.



TVGA Consultants.



Ricotta & Visco.



Granite Works.



Ellicott Commons.

First floor retail and restaurants have been slowly emerging as part of larger mixed-use developments.

PROJECT RECOMMENDATIONS IN DETAIL

Make downtown more attractive to existing and future potential tenants (residential, commercial/office retail, etc.) with appropriate space and amenities

Focus resources within the BBRP strategic investment areas

Keep resources focused/limited to the strategic investment areas defined in the BBRP target areas (Bounded by North Street on the north, a few blocks east of Michigan Avenue on the east, the waterfront on the south, and Delaware Avenue on the west) as well as “Larkinville.” Within this geography, invest in priority, strategic sites for appropriate, highest impact uses.

Implement a housing infill strategy

Office leasing cannot revitalize downtown; especially when the average individual commercial lease is 6,500 sq ft and the average annual office space absorption is 161,000 sq ft. Implementing a residential infill strategy (including assessing a marketing campaign for residential development) which focuses on redeveloping existing space (or new construction when it occurs as part of a demolition plan or is infill development on a vacant lot in one of the target areas for residential use) is recommended as the best opportunity for absorbing existing vacant and underutilized space and can assist in improving demand for new office and retail uses.

- o Target investments for residential development in areas as identified in the Queen City Hub in order to create critical mass that supports neighborhood service retail
- o Encourage a mix of development types (live work, loft, condo, etc.) and developer models (not for profit, public/private partnerships, etc.) to provide urban living opportunities for the full range of prospective tenants
- o Focus resources toward repurposing outdated class B and C space
- o Work with downtown employers to develop employer assisted housing programs
- o Consider developing a “Housing Campaign”



Genesee Gateway

Rendering of potential streetscape improvements
(Source: Wendel -Duchschere)

Invest in public infrastructure and amenities

There should be an increase in investments for public infrastructure and amenities; a master plan for infrastructure improvements that captures the particular attributes of each district downtown (Theatre District, Chippewa, etc.); a “class A” environment to retain and attract class A office, residential and retail; a streetscape/improvement plan that builds a sense of place and consistency across downtown which connects downtown residents and workers to green space, existing public (pocket) parks and abutting neighborhoods.

Increased collaboration is recommended with existing entities managing specific areas of downtown: the Buffalo Niagara Medical Campus, the Erie Canal Harbor Development Corporation, and those in the Larkin District. Dedicated, downtown focused development staff can best leverage existing expertise and obtain additional resources for infrastructure improvements to connect those areas to the downtown core. Improving the infrastructure and streetscape will encourage housing, mixed-use and retail opportunities in the core. BUDC should engage Buffalo Place for infrastructure maintenance as redevelopment projects and streetscape improvements are planned.

Improve data and tracking of real estate and economic development trends, as well as existing and future tenant needs, specifically within targeted regional clusters and among entrepreneurs

Planning for and implementing the right tenant mix is critical to long term sustainability and neighborhood building. Maintaining current data on downtown building uses and tenant needs is essential to creating the necessary tenant mix, density, place-making, and incentives for catalytic projects that will yield desired outcomes. These efforts should be done by BUDC, in collaboration with the Mayor’s Office of Strategic Planning, and downtown stakeholders such as Buffalo Place and the Building Owners and Managers Association.

- o Develop and maintain a database of current tenant mix and regularly survey employers and residents to obtain an understanding of tenant needs
- o Coordinate with regional economic development practitioners and real estate professionals to understand space demands and trends
- o Create a database of development activity and real estate indicators
- o Compile information into an annual Downtown Buffalo Market Trends Analysis to inform opportunities and strategic responses

Develop a comprehensive approach to address downtown access - transit, parking ramps and lots, on-street parking, light rail, pedestrian, bicycle and other multimodal opportunities

- o Define a “Transit Oriented District” (i.e. a defined geography within a specified distance from transit/light rail) incentives to encourage mixed use development to occur at or near metro rail stations

- o Build and expand parking capacity in critical areas downtown as identified by the 2008 Desman Comprehensive Parking Assessment completed for the City. The report notes the existing financial capability to construct up to four new ramps before 2020

- o Increase monthly parking rates in City managed ramps to be comparable to those for private facilities

- o Work with the NYSDOT on traffic calming the Oak/Elm corridor in order to encourage pedestrian access between downtown and abutting neighborhoods

- o Focus on developing walkability of downtown and multi-modal connections to surrounding neighborhoods (Allentown, Canalside under the I-90, Ellicott Park and the Michigan Street corridor, Fruitbelt, West Village, etc.)

- o Establish a moratorium on permits for new surface parking lots and establish regulations to improve the appearance of existing parking lots



Transit Oriented Development

Transit oriented development incorporates and encourages high density mixed-use development (residential, commercial, first floor retail) around transit stops. Development incentives should promote mixed-use development around, and reinforce relative proximity to the light rail and compliment the City of Buffalo Green Code.

- Residential units within a quarter mile of light-rail transit tend to have twice the absorption rate of other units.

- 30% of Buffalo's Households do not own an automobile, and 44% only own 1 vehicle.

- 14.2% of employed residents in Buffalo take public transportation to work (compared to 4.8% nationally).

- The “train to nowhere” actually carries approximately 6.7 million riders annually making it the most heavily utilized NFTA route.

Complete Streets

Complete streets are designed with all ages and transportation modes in mind such as automotive, pedestrian, transit and bicycle.

Complete Streets Legislation:

- City of Buffalo: Enacted in May 2008
- New York State: Enacted in August, 2011



Restoring Pedestrian and Multi-Modal Between Downtown and Surrounding Neighborhoods

Elm Street

3 lanes of one-way traffic promote high travel speeds and serve as barrier between downtown and adjacent neighborhoods to the east.



Canalside

The I-90 and HSBC Center serve as physical and mental barriers between large investments at Canalside and downtown.

Establish a “smart” development process and management capacity

Strategically Leverage Public /Private Financing and Development

Plans prepared for downtown development over the past decade, including the national award winning Queen City Hub, have identified key opportunity areas and stressed the need to strategically leverage investments and resources (both public and private) to facilitate development.

The Buffalo Niagara Medical Campus, Canalside, and the Larkin District have demonstrated that development success can occur through the implementation of a strategic and coordinated development vision overseen by a dedicated management organization. The results have been predictable and clearly communicated opportunities for investment, development, and a regionally recognizable brand competitiveness.

House downtown specific resources (staff, programs and funding) in the Buffalo Urban Development Corporation (BUDC)

- o Also, expand the expertise at BUDC with assistance from economic development consultants such as the National Development Council to include equity/project financing counsel (both public infrastructure and project gap financing)



Utilize existing, and add dedicated BUDC staff with specific development expertise to focus on stimulating and facilitating development downtown

A total of two: (2) full-time positions are recommended with a specific focus on the target area:

- o 1 FTE: Staff/Project Director (existing position)
- o 1 FTE: Infrastructure Planning & Implementation project manager (new position)

Allocate \$1,000,000 over a three year period. The additional management capacity should become self-supporting from fees associated with the loan and grant programs as well as from potential dedicated revenue from the increase in tax base.

Add or dedicate code enforcement officer to downtown target area

- o Allow greater code variances for development projects that utilize energy efficient systems and/or LEED buildings
- o Strengthen code requirements for boarding up vacant buildings

Develop clearly defined criteria for allocating resources for public infrastructure and amenities and for project funding/gap financing

Investments in projects and public infrastructure and amenities should be based on how they perform against accomplishing specific outcomes and upon clear, logical criteria to achieve the long-term goals.

The project recommends the following criteria be utilized to facilitate local, as well as outside investment in downtown.

Residential in-fill criteria:



- o Proximity to:
 - Existing residential clusters and office tenant and retail density
 - Light rail and public transportation
 - Existing market drivers (Allentown & BNMC)
- o Existing vacant space
- o Adaptive reuse opportunities
- o Adaptive reuse of historic structures
- o Vacant lot/infill opportunities

Retail criteria:



- o Builds critical mass and neighborhood fabric
- o Focuses on gateway/high visibility locations
- o Utilizes urban scale, context, and design features compatible with the Green Code
- o Reuses and/or develops existing, 1st floor retail space
- o Locates in areas with high pedestrian volume
- o Serves residential, visitor and employment needs
- o Considers local, unique, and diverse establishments

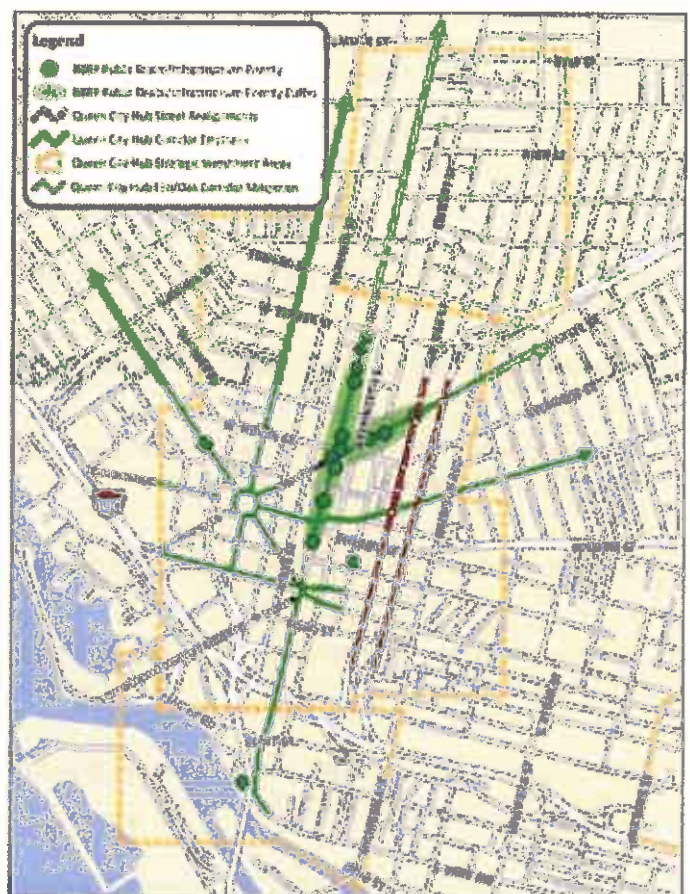
o Allocate funds through a competitive RFP process utilizing explicit criteria recommended herein, and adhering to the City's MWBE and workforce policies and goals (minority owned business must perform 25% of the work and an additional goal that a woman owned business must perform 5% of the work)

Commercial office criteria:



- o Deals with gaps in the urban fabric; parking lots and vacant parcels (ie. lower Delaware)
- o Builds on recent investments
- o Projects that utilize lots that provide new construction infill opportunities for larger floor plates
- o Provides parking with new construction
- o Adaptive reuse - upgrades existing buildings
- o Reduces surface parking
- o Considers net new downtown tenant growth

Public infrastructure and amenity criteria:

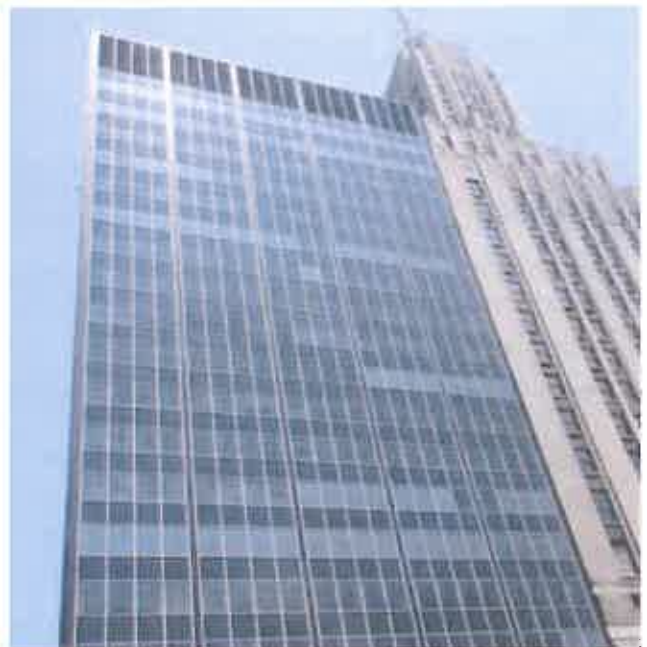


- o Builds on strengths and private investment
- o Attracts additional development
- o Gateway location
- o Maintains consistency in design/image
- o Addresses security/police need
- o Provides "Class A" infrastructure
- o Provides connectivity of infrastructure

Develop effective tools that encourage investment and redevelopment

Improve existing programs and create new funding mechanisms to facilitate downtown development

- o Amend NYS Brownfield Clean-Up Program enabling legislation to include asbestos as an eligible *Qualifying Contaminant* & reauthorize the Program or develop a stand-alone program for asbestos remediation tax credits. Cap credit allocations and tie eligibility to distressed census tracts
- o Eliminate two stall minimum residential zoning parking requirement to be the maximum, or remove altogether
- o Push for passage of improved Tax Increment Financing legislation through the New York State Assembly (A05296), and establish a TIF district around downtown target area
- o Pursue New Markets Tax Credit application with an agency such as ECIDA
- o Create a grant program with public and private funds to support a match for feasibility and pre-development costs
- o Develop a low-interest Downtown Revolving Loan Fund, from public and private resources, to serve as a soft-second for project debt finance
- o Create condominium incentive to encourage this residential alternative
- o Work with utility companies to create low cost programs for target district and help fund development projects
- o Aggressively pursue flexible transit oriented development dollars from federal transportation funds
- o Raise or remove the \$5 million NYS Historic Tax Credit cap
- o Create a tenant improvement loan program (from public and private sources) for capital expenditures at a low interest rate to attract start-up companies and small businesses that have less access to private capital
- o Establish a State definition of Urban Core/Village Center project(s) to be used to amend Industrial Development Agency statute, and other State programs, that allows for broader program eligibility to encourage mixed use and residential redevelopment



Tishman Building *Currently being considered for mixed-use development opportunities.*

Create a dedicated revenue stream to fund downtown development

project financing and public infrastructure and amenities

Although market demand exists for residential development, noted high cost structural issues require large upfront investments that are difficult to finance, as they are not financially feasible with current market rental rates. A 2001 study by the American Institute of Architects indicated a \$50,000 - \$70,000 financing gap per residential unit in downtown Buffalo - resulting from low rental rates and the high cost of redevelopment.

Most successful projects have had, and will continue to depend on complex financing solutions that include a blend of conventional financing and some level of public assistance (tax credits, abatements, low-interests loans, grants, etc.) to bring them to fruition.

- Establish a multi-year dedicated annual fund of \$5 million (public and private resources) to fund project gap financing, grants and public infrastructure investments

Most of the best practice cities studied utilized a dedicated source of funding for sustainable, long term redevelopment. Options used in other best practice cities and identified by project volunteers that should be considered for and applied to downtown Buffalo include:

- o Redirect a percentage of Erie County PILOT fees received by the City/County into a Downtown Redevelopment Fund
- o Dedicate and bond a portion of BCAR's surplus to public infrastructure and amenity projects within the target area
- o Utilize a portion of the Class I and Class II 3% Utility Service Tax to fund redevelopment downtown
- o Allocate a percentage of the increase in tax revenue from the target area to a Downtown Redevelopment Fund, as a "pay-as-you-go" TIF
- o Allocate resources from the sale of City owned properties (such as Market Arcade) to downtown redevelopment fund
- o Approach other downtown stakeholders (banks, foundations, employers, utility companies, etc.) for additional support to implement recommendations; personnel and overhead costs, revolving loan fund contributions, one to one matching grants, etc

Institute Vacant Property Registration Ordinance

Over 549 municipalities in the U.S. have implemented or proposed some form of a vacant property registration ordinance in order to discourage blight and neglect that significantly contribute to negative perceptions of downtown.

Thirteen municipalities in New York State have implemented the ordinance, including New York City and numerous upstate cities. Property owners must submit a vacant building plan within certain time frames with benchmarks to either: Demolish the building, leave vacant (and reasons why), rehabilitate the building. The ordinance requires building owners to meet with the proper development entity to assess available programs and incentives.

Communicate the benefits of downtown for live, work, play activities to attract more private investment

Cities across the country have identified ways to connect and market their assets in order to effectively promote sustained growth and development of their downtown cores. Cities such as Pittsburgh (Golden Triangle) and Philadelphia (Center City) have established a strong brand to define their downtowns, and to create context for place-based promotions and marketing.

In Buffalo, various organizations and employers are undertaking marketing initiatives that are either geared towards promoting downtown or their business/service in downtown. A marketing meeting and subsequent discussions with a wide range of marketing professionals representing downtown-centric organizations, businesses, real estate brokers, and tourism specialists identified three primary perceptions that resonate across the spectrum of potential tenants, residents, visitors and shoppers. A survey of over 65 businesses in the region revealed the same top perceptions of downtown:

- 1) Downtown is not safe
- 2) Accessing and navigating downtown is an issue and a hassle
- 3) Downtown is “dead,” it’s worn and not vibrant

Downtown employers and other organizations alike must overcome these perceptions for their continued growth and success.

Partner and collaborate with other downtown interests and stakeholders for joint downtown marketing and promotions

- o Convene a downtown marketing committee in coordination with other downtown stakeholders (ie. Buffalo Place, BNMC, ECHDC, BNE, etc.) to develop a marketing plan and oversee marketing efforts
- o Implement an umbrella marketing effort that brands downtown as one community with a common vision and leverages the collective efforts and resources of anchor institutions and organizations
 - Promote and highlight progress and accomplishments downtown
 - Comprehensively market and promote downtown’s assets, attributes, and quality of life
 - Counters negative perceptions
- o Dedicate BUDC staff to advocate for downtown projects, funding and programs

Coordinate with existing entities and stakeholders to establish a comprehensive web portal to serve as the “go-to” point for everything downtown

- o Collectively promote downtown live/work/play lifestyle
- o Catalogue and develop a search engine for real estate and space listings (residential, commercial, retail)
- o Market information on available tax programs, incentives, etc. for developers, businesses, and residents

For example, the City of Buffalo has a predictable tax rate which should be promoted (16.2% for commercial and 15.3% for residential). Beginning in 2011, both property tax and assessment rates have been frozen for a three year period.

ANTICIPATED OUTCOMES

Over initial five year period

Assuming resources from a variety of sources are leveraged and utilized within the project target areas: City, County, State, Federal, foundations and private sector sources.

5 Year, Low Impact Figures

Residential* - Assumes absorption of 100 units annually, averaged at 1,000 sq ft/unit = **500,000 sq ft**

Commercial - Assumes absorption of 85,000 sq ft annually = **425,000 sq ft**

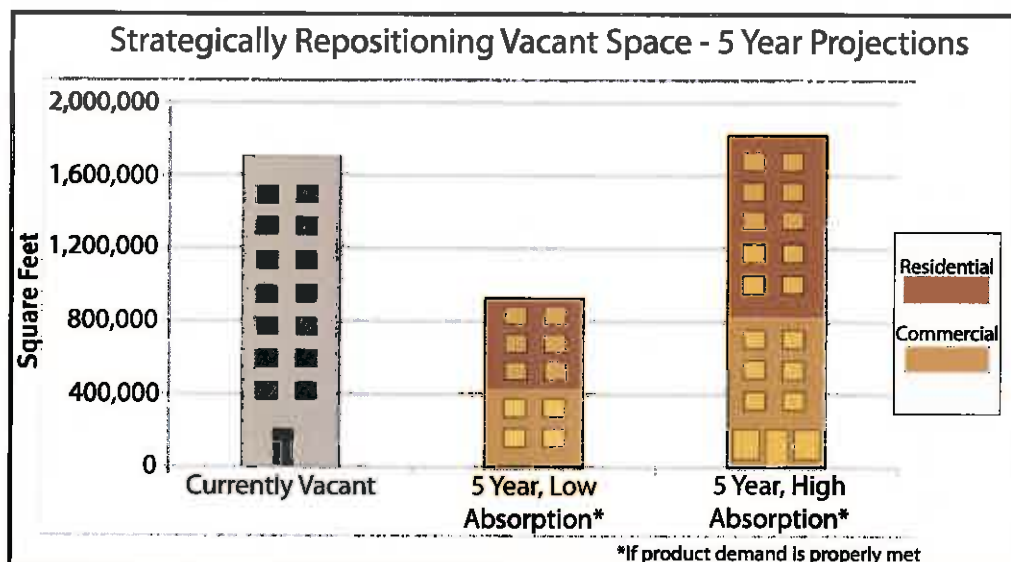
5 Year High Impact Figures

Residential* - Assumes absorption of 200 units annually, average at 1,000 sq ft/unit = **1,000,000 sq ft**

Commercial - Assumes absorption of 161,000 sq ft annually (10-year downtown annual average) = **809,000 sq ft**

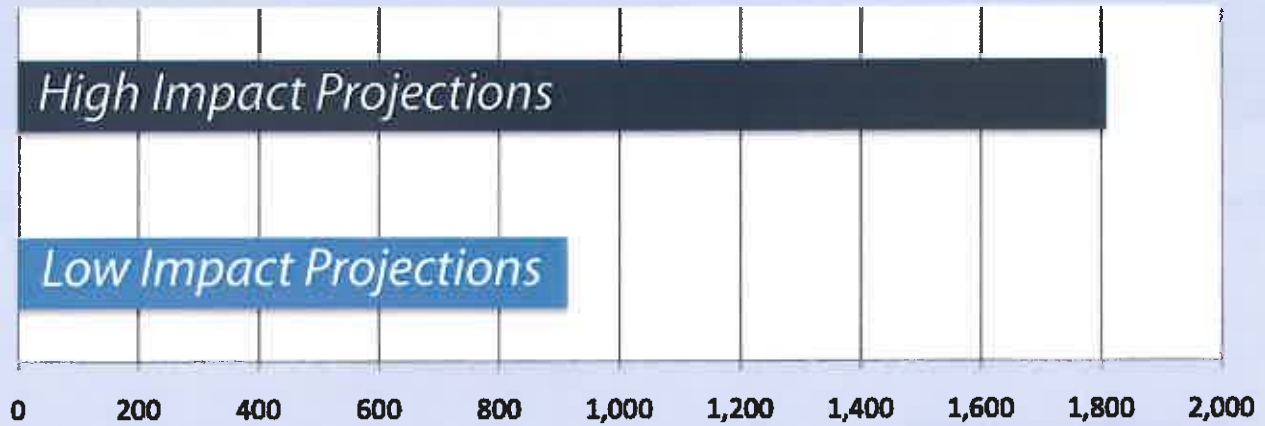
For this to occur, adequate resources to be successful as well as strong political and civic leadership are required. These recommendations are created to build on the recent development momentum in a strategic manner that leverages the impact of additional investment; returning underutilized properties to the tax roll, creating exciting public spaces and bringing vibrancy to downtown that in turn, attracts additional investment.

Public infrastructure and amenity improvements are assumed to cost approximately \$1,000,000 per block, with a total of 10 blocks to be improved over the initial 5 years. It is recommended the investments occur in the target area and adhere to the specific criteria delineated above.

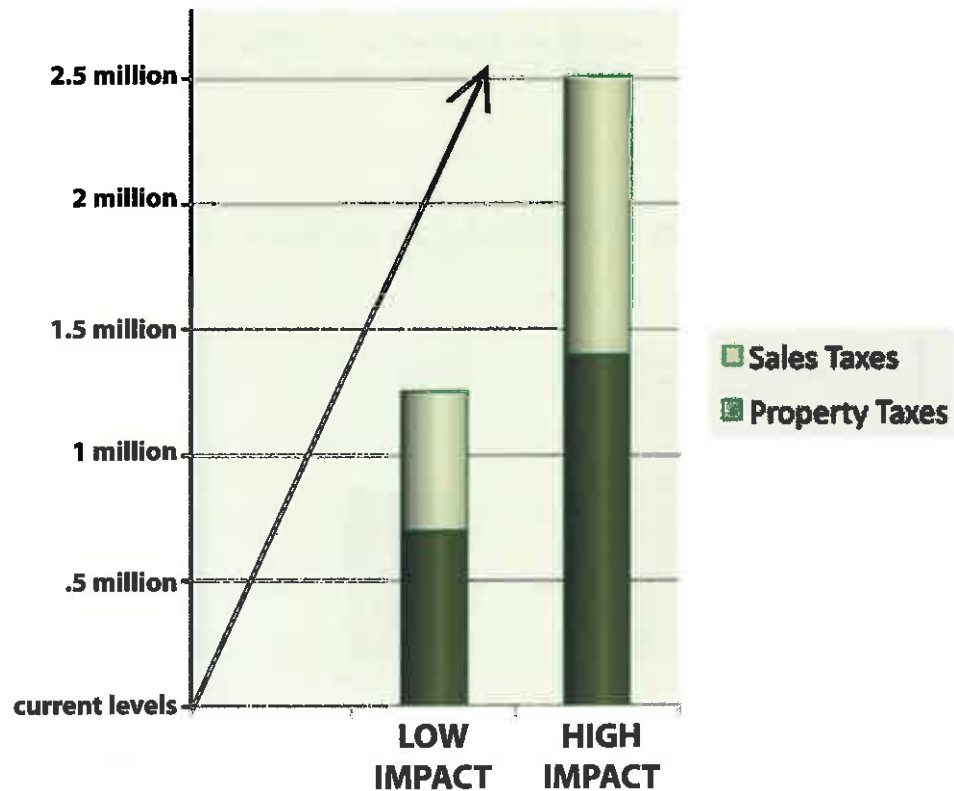


*A recently completed downtown residential market demand study noted the ability to absorb between 160-323 more units annually over the next 5 years.

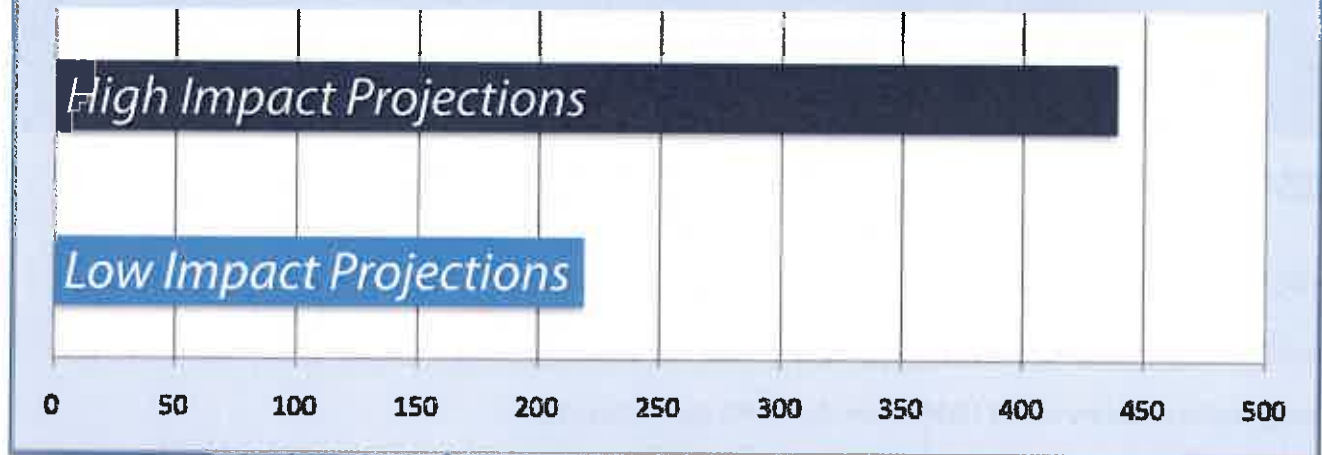
Construction Related Jobs and Employment (Over 5 Years)



Projected Increase in Property and Sales Tax from New Residents Downtown



Indirect Jobs and Employment Resulting from 500-1,000 New Residential Units Downtown

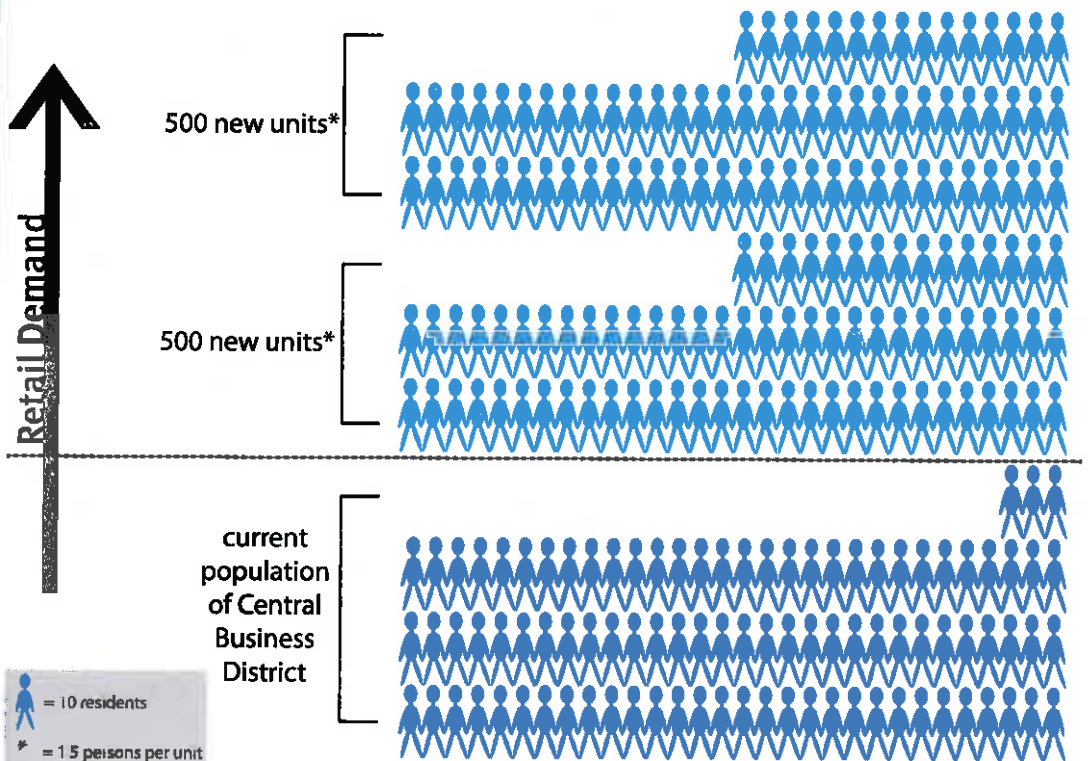


Strategic development of residential units in a manner that builds and supports critical mass will drive and support service retail demand.

The total Buffalo Building Reuse target area has close to 9,000 residents, as it extends into surrounding residential neighborhoods. However, the traditional CBD, where the majority of vacant and underutilized commercial space exists, represents approximately 930 of these residents.

Retail Demand

Potential Population Increase in BBRP Target Area with the Addition of 500-1000 New Residential Units



RESOURCES AND REFERENCES

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For additional information:

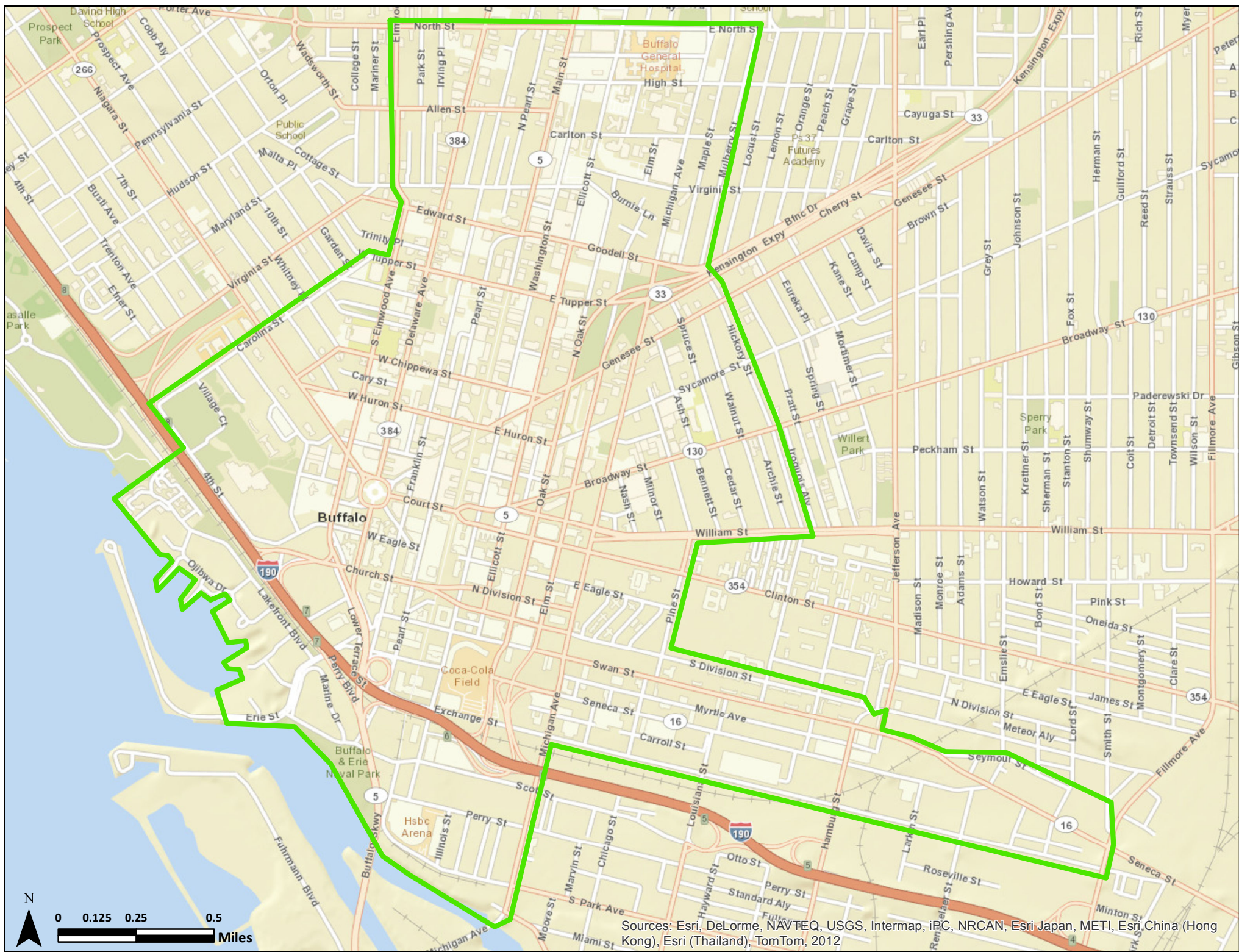
visit: thepartnership.org/bbrp

or

e-mail: downtown@thepartnership.org

**BUFFALO
BUILDING
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PROJECT**





Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, iPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2012

Request for Proposals Issued Quarterly by BUDC



Proposals Reviewed by BUDC Selection Team for
Consistency with BUDC Loan Policy & Goals



BUDC Downtown Committee Makes Consistency
Determinations to Advance Proposals to Underwriting



Formal Loan Application and Underwriting Analysis
Conducted by NYBDC



Projects Presented to BUDC Loan Committee for Review



Projects Presented to BUDC Board for Final
Funding Approval