

# NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**RECEIVED**

**JUL 28 2020**

**NCIDA**

## APPLICATION FOR FINANCIAL ASSISTANCE

Iskalo 1 East Avenue LLC

(Applicant Name)

6311 Inducon Corporate Drive, Suite One  
Sanborn, New York 14132  
Phone: 716-278-8760 Fax: 716-278-8769  
<http://niagaracountybusiness.com>

Updated 2020

- I. Subject to the applicable statute, information provided by applicant will be treated as confidential until such time as the Agency takes action on the request. However, in accordance with Article 6 of the Public Officers Law, all records in possession of the Agency are open to public inspection and copy.
- II. The Niagara County Industrial Development Agency has a one thousand dollar (\$1000.00) non-refundable application fee that must accompany the application submission.
- III. At the time of the project closing, project applicant is required to pay certain costs associated with the project. The applicant shall be responsible for the payment of an Agency fee in the amount of one percent (1.00%) of the total value of the project, together with Agency counsel fees as set forth in the Agency fee policy schedule, together with various related costs, including but not limited to public hearing expenses. Upon request, a fee summary will be provided to each applicant.
- IV. One (1) original signed copy of the Application and Environmental Assessment form should be submitted with the Application for Assistance.

*The Niagara County Industrial Development Agency does not discriminate on the basis of race, color, religion, sex, sexual orientation, marital status, age, national origin, disability or status as a disabled or Vietnam Veteran or any other characteristic protected by law.*

6311 Inducon Corporate Drive ■ Sanborn, NY 14132-9099 ■ 716-278-8760  
Fax 716-278-8769 ■ [www.niagaracountybusiness.com](http://www.niagaracountybusiness.com)

**NIAGARA COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**

APPLICATION FOR FINANCIAL ASSISTANCE

I. **APPLICANT INFORMATION**

Company Name: Iskalo 1 East Avenue LLC

Mailing Address: c/o Iskalo Development Corp., 5166 Main Street, Williamsville, NY

City/Town/Village & Zip code: 14221

Phone: (716) 633-2096

Website: www.iskalo.com

Fed Id. No.: 47-4340193

Contact Person, and Title: David Chiazza, Executive Vice President, Iskalo Development Corp.

Principal Owners/Officers/Directors (list owners with 15% or more in equity holdings with percentage ownership):

Paul B. Iskalo – 95%

Corporate Structure (*attach schematic if applicant is a subsidiary or otherwise affiliated with another entity*)

Form of Entity

**Corporation**

Date of Incorporation: \_\_\_\_\_

State of Incorporation: \_\_\_\_\_

**Partnership**

General \_\_\_\_\_ or Limited \_\_\_\_\_

Number of general partners \_\_\_\_\_

If applicable, number of limited partners \_\_\_\_\_

Date of formation \_\_\_\_\_

Jurisdiction of Formation \_\_\_\_\_

**Limited Liability Company/Partnership** (number of members \_\_\_\_\_)

Date of organization: June 12, 2015

State of Organization: NY

**Sole Proprietorship**

If a foreign organization, is the applicant authorized to do business in the State of New York?

\_\_\_\_\_

**APPLICANT'S COUNSEL**

Company Name: Terrence M. Gilbride, Hodgson Russ LLP

Contact Person, and Title: \_\_\_\_\_

Mailing Address: 140 Pearl Street, Suite #100

City/Town/Village & Zip code: Buffalo NY 14202

Email: TGilbrid@hodgsonruss.com>

Phone: (716) 856-4000

Fax No.: (716) 819-4625

II. **PROJECT INFORMATION**

A) Project Address: 1 East Avenue, Lockport, NY 14094

Tax Map Number (SBL) 109.14-1-10  
(Section/Block/Lot)

Swiss Number \_\_\_\_\_

Located in City of Lockport

Located in Town of \_\_\_\_\_

Located in Village of \_\_\_\_\_

School District of Lockport City Schools

B) Current Assessment of Property:

Land \$30,900

Total \$335,700

C) Present legal owner of the site Iskalo 1 East Avenue LLC

If other than from applicant, by what means will the site be acquired for this project?

Applicant presently owns the site

D) Furnish a copy of any environmental application presently in process of completion concerning this project, providing name and address of the agency, and copy all pending or completed documentation and determinations. N/A

E) Describe the project:

The former Lockport Post Office has fallen into disrepair and functional obsolescence resulting in it to suffer from significant vacancy for many years, particularly, the lower level and upper two floors which are not presently suitable for occupancy. Applicant seeks to return the building to full productive use as a mixed-use building. To do so, a comprehensive restoration and renovation of the building is proposed to be undertaken to include: (1) extensive repairs and historic restoration of the exterior of the building, including the site; (2) upgrade of existing building systems to modern standards including installation of new mechanical, electrical and plumbing/sprinkler systems; (3) improvement of pedestrian circulation and accessibility of the building via repair of existing stairs, relocation of other existing stairs and installation of an elevator, (4) installation of new and modern restroom facilities sufficient for the planned occupancy load of the building, and (5) renovation and refinishing of all building interiors. Upon completion, all four levels of the building will be restored and renovated with modern building systems.

F) *Estimated Project Costs:*

Property Acquisition	\$300,000
Construction (Improvements)	\$4,100,000
Equipment Purchases/Fixtures/Furnishings	
Soft costs (i.e., engineering, architectural)	\$1,207,760
Other (Loan and HTC Closing, Interest during construction, leasing commissions)	\$450,000
TOTAL USES OF FUNDS	\$6,057,760

G) *Sources of Funds for Project Costs (Must match Total uses of Funds):*

Bank Financing (Initial Construction Loan will be paid down with DRI funds upon completion of project and convert to a Permanent Loan)	\$2,500,000 (Permanent Loan)
Equity	\$33,510
Grants/Tax Credits	\$3,524,250
Tax Exempt Bond	\$0
Taxable Bond	\$0
TOTAL SOURCES OF FUNDS	\$6,057,760

Identify each state and federal grant/credit:

Downtown Revitalization Initiative Grant	\$1,795,000
Federal and State Historic Tax Credits	\$1,729,250
	\$
TOTAL PUBLIC FUNDS	\$3,524,250

H) Inter-Municipal Move Determination

Will the project result in the removal of a plant or facility of the applicant from one area of the State of New York to another?

Yes or  No

Will the project result in the removal of a plant or facility of another proposed occupant of the project from one area of the State of New York to another area of the State of New York?

Yes or  No

Will the project result in the abandonment of one or more plants or facilities located in the State of New York?

Yes or  No

If Yes to any of the questions above, explain how, notwithstanding the aforementioned closing or activity reduction, the Agency's Financial Assistance is required to prevent the Project from relocating out of the State, or is reasonably necessary to preserve the Project occupant's competitive position in its respective industry:

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Project Data

1. Project site (land)

(a) Indicate approximate size (In acres or square feet) of project site.

The 1 East Avenue property is approximately .58 acres and the building and contains approximately 21,600 square feet of above-ground gross building area and approximately 11,000 square feet of lower level/basement area.

- (b) Indicate the present use of the project site.

The upper two floors and lower level are vacant. A portion of the main floor of the building has several tenants including Lockport Main Street Inc., a music studio, hair and nail salon, and an antique shop.

2. Indicate number, size (in square feet) and approximate age of existing buildings on site

One (1) building constructed in 1904 with an addition built in 1932s. Gross building area is approximately 31,600 square feet

3. Does the project consist of the construction of a new building or buildings? If yes, indicate number and size (in square feet) of new buildings.

No

4. Does the project consist of additions and/or renovations to existing buildings? If yes, indicate nature of expansion and/or renovation.

Scope of Work includes: (1) Complete the extensive repairs and historic restoration of the exterior of the building, including the site; (2) upgrade of existing building systems to modern standards including installation of new mechanical, electrical and plumbing/sprinkler systems; (3) improve pedestrian circulation and accessibility through repair of existing stairs, relocation of other existing stairs and installation of an elevator, (4) installation of new and modern restroom facilities sufficient for the planned occupancy load of the building, and (5) renovation and refinishing of all building interiors.

5. If any space in the project is to be leased to third parties, indicate total square footage of the project amount to be leased to each tenant and proposed use by each tenant.

All space in the building is leased, or will be leased, to third parties. Other than the existing tenants previously noted that are located on a portion of the main floor, we will seek to lease the balance of the space in the building boutique shops, commercial studios, office and a possible restaurant.

6. List principal items/categories of equipment to be acquired as part of the project.

Generally, none. There may incidental equipment purchases such as park-like benches to be placed on the property.

8. Has construction work on this project begun?

Initial stabilization of elements of the building exterior were undertaken shortly after acquisition of the property in 2015. No further restoration or rehabilitation work has been commenced. The costs associated with this earlier work are not reflected in this application.

### III. FINANCIAL ASSISTANCE REQUESTED

- A) Benefits Requested:

Sales Tax Exemption

Mortgage Recording Tax Exemption

Real Property Tax Abatement (PILOT)

B.) Value of Incentives:

Property Tax Exemption (To be estimated by NCIDA Staff. See Page 14)

Estimated duration of Property Tax exemption: 10 year

Sales and Use Tax

Estimated value of Sales Tax exemption for facility construction: \$ 164,000

Estimated value of Sales Tax exemption for fixtures and equipment: \$ 0

Estimated duration of Sales Tax exemption: 1 year

Mortgage Recording Tax Exemption Benefit

Estimated value of Mortgage Recording Tax exemption: \$35,250

C.) Likelihood of Undertaking Project without Receiving Financial Assistance:

Please confirm by checking the box, below, if there is likelihood that the Project would not be undertaken but for the Financial Assistance provided by the Agency?

Yes or  No

If the Project could be undertaken without Financial Assistance provided by the Agency, then provide a statement in the space provided below indicating why the Project should be undertaken by the Agency:

Lender's commitment letter for project financing and syndication of historic tax credits is conditioned upon the NCIDA's approval of an application for incentives.

IV. EMPLOYMENT PLAN

	Current # of jobs at proposed project location or to be relocated to project location	If financial assistance is granted, what is the number of Full Time Equivalent (FTE) jobs to be RETAINED	If financial assistance is granted, what is the number of Full Time Equivalent (FTE) jobs to be CREATED upon three years after project completion	Estimate number of residents of the Labor Market Area in which the Project is located that will fill the FTE and PTE jobs to be created upon THREE Years after Project Completion **
Full time (FTE)	Less than 10	All existing	27 est. (based on 18,000 sf of vacant space @ 1.5 FTE/1,000 SF)	90 to 100% (we anticipate all tenants to be local to the market area)
Part Time (PTE)				



Total Payroll	Unknown			Unknown. See note below.
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\*\* For purposes of this question, please estimate the number of FTE and PTE jobs that will be filled, as indicated in the third column, by residents of the Local Labor Marker Area, in the fourth column. The Local Labor Marker Area includes Niagara County, Erie County, Chautauqua County, Cattaraugus County, Allegany County, Wyoming County, Genesee County, and Orleans County.

Salary and Fringe Benefits for Jobs to be Retained and Created:

\*We do not have this information from existing tenants. If application is approved by NCIDA, all future leases will require tenants to report employment information to Landlord for provision to the NCIDA.

Category of Jobs to be Retained and Created	Number of Jobs Per Category	Average Salary or Range of Salary	Average Fringe Benefits or Range of Fringe Benefits
Management	3	\$40,000 – \$60,000	20% – 30% of wage/salary
Professional	4	\$50,000 – \$100,000	20% – 30% of wage/salary 1.25
Administrative	4	\$30,000 – \$40,000	20% – 30% of wage/salary.25
Production	4	\$30,000 – \$50,000	20% – 30% of wage/salary
Other	12	\$30,000 – \$50,000	20% – 30% of wage/salary

III. REPRESENTATIONS BY THE APPLICANT

The Applicant understands and agrees with the Agency as follows:

- A. Job Listings: In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the proposed project must be listed with the New York State Department of Labor Community Services Division (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entitle") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JPTA") in which the project is located.
- B. First Consideration for Employment: In accordance with Section 858-b(2) of the General Municipal Law, the applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, except as otherwise provided by collective bargaining agreements, where practicable, the applicant must first consider persons eligible to participate

in JTPA programs who shall be referred by the JPTA Entities for new employment opportunities created as a result of the proposed project.

- C. A liability and contract liability policy for a minimum of three million dollars will be furnished by the Applicant insuring the Agency.
- D. Annual Sales Tax Filings: In accordance with Section 874(8) of the General Municipal Law, the Applicant understands and agrees that, if the proposed project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the Applicant.
- E. Annual Employment Reports: The applicant understands and agrees that, if the proposed project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.
- F. Compliance with N.Y. GML Sec. 862(1): Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if Financial Assistance is provided for the proposed Project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

- G. Compliance with Applicable Laws: The Applicant confirms and acknowledges that the owner, occupant, or operator receiving Financial Assistance for the proposed Project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.
- H. False and Misleading Information: The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any Financial Assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.
- I. Recapture: Should the Applicant not expend or hire as presented, the Agency may view such information/status as failing to meet the established standards of economic performance. In such events, some or all of the benefits taken by the Applicant will be subject to recapture.
- J. Absence of Conflicts of Interest: The applicant has received from the Agency a list of the members, officers, and employees of the Agency. No member, officers or employee of the

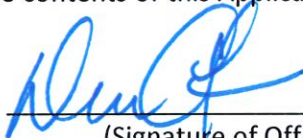
Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as herein described.

The Applicant and the individual executing this Application on behalf of applicant acknowledge that the Agency and its counsel will rely on the representations made in this Application when acting hereon and hereby represents that the statements made herein do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements contained herein not misleading.

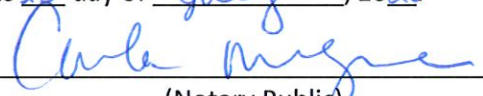
STATE OF NEW YORK )  
COUNTY OF Niagara ) ss.:

David Chiazza, being first duly sworn, deposes and says:

1. That I am the Executive Vice President (Corporate Office) of Iskalo Development Corp. (Applicant) and that I am duly authorized on behalf of the Applicant to bind the Applicant.
2. That I have read the attached Application, I know the contents thereof, and that to the best of my knowledge and belief, this Application and the contents of this Application are true, accurate and complete.

  
\_\_\_\_\_  
(Signature of Officer)

Subscribed and affirmed to me under penalties of perjury  
this 23 day of July, 2020

  
\_\_\_\_\_  
(Notary Public)

**CARLA MANGONE**  
No. 01MA6149032  
Notary Public, State of New York  
Qualified in Erie County  
My Commission Expires July 3, 2022

This Application should be submitted to the Niagara County Industrial Development Agency, 6311 Inducon Corporate Drive, Suite One, Sanborn, New York 14132.

Attach copies of preliminary plans or sketches of proposed construction or rehabilitation or both.

HOLD HARMLESS AGREEMENT

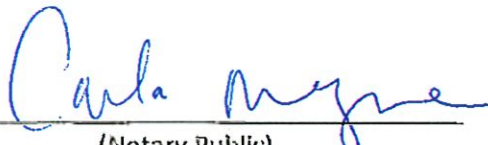
Applicant hereby releases the NIAGARA COUNTY INDUSTRIAL DEVELOPMENT AGENCY and the members, officers, servants, agents and employees thereof (the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or the Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and/or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final agreement with respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in processing of the Application, including attorneys' fees, if any.

  
\_\_\_\_\_  
(Applicant Signature)

By: \_\_\_\_\_

Name: David Chizzza

Title: Executive Vice President

  
\_\_\_\_\_  
(Notary Public)

Sworn to before me this 4<sup>th</sup> day  
of August, 2020

[stamp]

CARLA MANGONE  
No. 01MA8149032  
Notary Public, State of New York  
Qualified in Erie County  
My Commission Expires July 3, 2022

**Real Property Tax Benefits (Detailed):**

\*\* This section of this Application will be: (i) completed by IDA Staff based upon information contained within the Application, and (ii) provided to the Applicant for ultimate inclusion as part of this completed Application.

PILOT Estimate Table Worksheet

Dollar Value of New Construction and Renovation Costs	Estimated New Assessed Value of Property Subject to IDA*	County Tax Rate/1000	Local Tax Rate (Town/City/Village)/1000	School Tax Rate/1000
\$4,100,000	\$3,000,000	8.677701	18.6676	27.9342

\*Apply equalization rate to value

PILOT Year	% Payment	County PILOT Amount	Local PILOT Amount	School PILOT Amount	Total PILOT	Full Tax Payment w/o PILOT	Net Exemption
1	20	\$5,207	\$11,201	\$16,761	\$33,168	\$165,838	\$132,671
2	25	\$6,508	\$14,001	\$20,951	\$41,460	\$165,838	\$124,379
3	30	\$7,810	\$16,801	\$25,141	\$49,752	\$165,838	\$116,087
4	35	\$9,112	\$19,601	\$29,331	\$58,044	\$165,838	\$107,795
5	40	\$10,413	\$22,401	\$33,521	\$66,335	\$165,838	\$99,503
6	45	\$11,715	\$25,201	\$37,711	\$74,627	\$165,838	\$91,211
7	50	\$13,017	\$28,001	\$41,901	\$82,919	\$165,838	\$82,919
8	55	\$14,318	\$30,802	\$46,091	\$91,211	\$165,838	\$74,627
9	60	\$15,620	\$33,602	\$50,282	\$99,503	\$165,838	\$66,335
10	65	\$16,922	\$36,402	\$54,472	\$107,795	\$165,838	\$58,044
TOTAL		\$110,641	\$238,012	\$356,162	\$704,814	\$1,658,386	\$953,572

\*Estimates provided are based on current property tax rates and assessment value

**Cost Benefit Analysis:**

***To be completed/calculated by AGENCY***

Costs =  
Financial Assistance

Benefits =  
Economic Development

\*Estimated Sales Tax Exemption \$ 164,000

New Jobs Created  
Permanent 27  
Temporary \_\_\_\_\_

Existing Jobs Retained  
Permanent 5  
Temporary \_\_\_\_\_

Estimated Mortgage Tax Exemption \$ 35,250

Expected Yearly Payroll \$ 1,070,000

Estimated Property Tax Abatement \$ 953,572

Additional Revenues to School Districts  
\$356,162

Additional Revenues to Municipalities

County: \$110,641  
City: \$238,012

Other Benefits \_\_\_\_\_

Estimated Interest Savings IRB Issue \$ \_\_\_\_\_

Private Funds invested \$ 2,533,510

Likelihood of accomplishing proposed project within three (3) years

Likely or  Unlikely

\* Estimated Value of Goods and Services to be exempt from sales and use tax as a result of the Agency's involvement in the Project. PLEASE NOTE: These amounts will be verified and there is a potential for a recapture of sales tax exemptions (see "Recapture" on page 11).

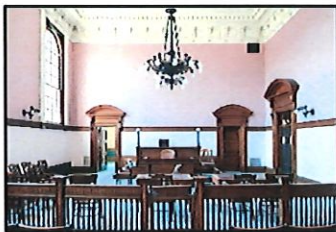
\$2,050,000 (to be used on the NYS ST-60)

**UPDATED 2020**

**Narrative Supplement to NCIDA Application for the  
Historic Former United States Post Office Building  
1 East Avenue, Lockport, N.Y.**

**I) Building History and Introduction**

The building at 1 East Avenue was constructed as the City of Lockport's main U.S. Post Office. Designed by James Knox Taylor, Supervising Architect of the Treasury Department, and completed in 1904, the Lockport Post Office building is an outstanding example of early 20<sup>th</sup> century public architecture in New York State. The three-story (plus finished lower level), red brick and terra cotta building combines Beaux Arts massing with sculptural detail inspired by classic Renaissance and Neo-Georgian sources<sup>1</sup>. No expense was spared on building materials in an era before austerity budgeting and standardized design were adopted by the US Treasury for public buildings after 1915. In 1932, a 3,800 square foot one-story addition was constructed on the north side (i.e. rear) of the building near the brick loading dock. The building was listed on the National Register of Historic Places in 1989.



Of special interest in the Historic Post Office is the second-floor federal courtroom which retains its original architectural detail, furnishings and light fixtures. Postal facilities of this era were often combined with federal courts. The courtroom on the second floor of 1 East Avenue was utilized until the 1930's, after which it was closed.

Post Office activities in the building ceased in March 1991, at which time the building was put up for sale. It was purchased in 1992 by Lockport couple Michael and Patricia George, who spent the next fifteen years refurbishing portions of the building for lease to commercial tenants. Following the death of Michael George, the building was sold in 2006 to a former Lockport native, Steven Talarico. An affiliate of Iskalo Development Corp. ("Iskalo") purchased the building from Mr. Talarico in 2015.

At the time of acquisition by Iskalo, the building was largely vacant but for a few tenants on the first floor. The lower level and upper floors were (and remain) unoccupied

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<sup>1</sup> Text sourced from U.S. National Register of Historic Places

and untenable. The building exterior, while still beautiful, had not been well maintained and was suffering from neglect. Shortly after acquisition, Iskalo Development's proceeded to stabilize the worst elements of the building's exterior, including reconstruction of the sandstone entry stairway on Elm Street. Iskalo has continued to market the first floor (with limited success) with the intent of undertaking a more comprehensive renovation of the building once a financially feasible plan was evolved. A grant commitment made possible through New York State's Downtown Revitalization Initiative was entered into earlier this year with Empire State Development that, together with a commitment from a lender for financing and syndication of historic tax credits, has catalyzed this effort. Approval by the NCIDA of an incentive application will complete the financial plan and enable the renovation project to proceed.

## II) 1 East Avenue - Present Use and Challenges

Since its sale by the Postal Service in 1992, the historic former U.S. Post Office Building has generally been marketed as a multi-tenant building for office and retail uses. Leasing activity has mostly been limited to the first floor. The renovation and repositioning

of the building has been beset by several challenges. (1) There is an accumulation of deferred maintenance that must be addressed, both inside and out. Due to the historic nature of the building and its intricate detailing, this remedial work will be very expensive; (2) The building suffers from functional obsolescence that must be addressed including installation of an elevator so the building is fully accessible and a sprinkler system. The lack of a sprinkler system is a limiting factor in leasing of the building. Retrofitting a historic building for an elevator and sprinkler system will be challenging (and expensive), and placement of the elevator will be disruptive to the rentable space in the building; (3) The building contains a disproportionately high



percentage of common area and/or unusable space (referred to as a "loss factor"). Of the 31,600 +/- square feet of gross building area, only about 22,000 +/- square feet is usable/revenue generating (69%)<sup>2</sup>; (4) The building's listing on the National Register of Historic Place, while significant, also presents challenges in executing rehabilitation plans. Historic tax credits are intended to off-set the higher costs associated with these challenges however, tax credits

alone are not always sufficient, as is the case here; (5) Rental rates in the local market area for commercial space, even at full occupancy of the building, does not produce a Net Operating Income that, when capitalized, supports the anticipated restoration and renovation cost for the building, even when factoring in a syndication of state and federal historic tax credits and the Downtown Revitalization Initiative ("DRI") award. This explains why the building has not undergone a comprehensive renovation since its sale by the Postal Service in 1992.

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<sup>2</sup> An efficient multi-tenant building would have 80-85% rentable space.



### **III) Building Repositioning Strategy**

At present, the 1 East Avenue building has a handful of small tenants occupying approximately 4,000 square feet of space in aggregate (20% occupancy). Given the building's current condition and limitations, it has been difficult to lease. However, the property has positive characteristics including a central downtown location, a stunning street presence, and desirable interior features including impeccable architectural detailing and impressive ceiling heights. The renovation plan would involve improved pedestrian circulation and an upgrade of all building systems and finishes. Key to the success of the project will be our ability to create a desirable and vibrant lower level which space comprises one third of the potential rentable area of the building. Significant investment will be made in improving the accessibility and "feel" of the lower level space in order to have it serve as an extension of the main floor of the building. Once completed, we envision a mix of uses including boutique retail on the main floor, commercial studios (e.g. artists, craftsmen, etc.) on the lower level and office suites on the upper two floors. We also envision a possible restaurant use in the single-story, circa 1930s building annex which is ideally suited for this use architecturally as well as geographically given its proximity to the Cornerstone Ice Arena and Palace Theater.



### **IV) Renovation Scope & Schedule**

The renovation scope for the 1 East Avenue property can be summarized as follows: (1) Complete the extensive repairs/restoration necessary to the exterior of the building, including the site; (2) upgrade existing building systems to modern standards including installation of new mechanical, electrical and plumbing/sprinkler systems; (3) improve pedestrian circulation in the building through repair of existing stairs, relocation of other existing stairs and installation of an elevator, (4) install new and modern restroom facilities sufficient for the planned occupancy load of the building, and (5) renovation and refinishing of all building interiors.

Architecture plans for the completion of the exterior repairs and restoration were recently completed. Work on the exterior is anticipated to begin in late summer. Design for the interior is scheduled for completion later this summary. Once complete, the Part 2 submission will be made to obtain approval from NYSHPO and NPS which is anticipated in late fall. Work on the interior of the building would commence shortly thereafter with completion targeted by mid-year 2021.