

**Exhibit 1 - NARRATIVE PROVIDING JUSTIFICATION FOR
REQUESTED AMHERST IDA ASSISTANCE FOR
CONVERSION OF THE ABANDONED BUILDING LOCATED
AT 1265 SWEET HOME ROAD TO MARKET RATE HOUSING**

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I. Description of the Proposed Mixed Use Project:

The proposed project consists of the conversion and extension of an uncompleted building, located at 1265 Sweet Home Road (SBL No. 54.12-1-23.11) (the "Project Site"), that was intended for hospitality use with 99 keys to 154 market rate apartments and related site improvements as depicted on the project plans prepared by Tredo Engineers, attached as Exhibit "1".

The Applicant has entered into a Purchase and Sale Agreement in August 2020, to purchase the Project Site from Sweet Home Hotels LLC, which has been the owner of the existing building since construction ceased in 2017. The Project Site consists of approximately 2.4 acres with one uncompleted structure and parking areas.

In connection with the proposed redevelopment project, it was necessary to seek zone change, subject to approval by the Amherst Town Board, from the existing GB zoning district to the CTR-8 Center zoning district to permit the proposed 6-story building. The Project Site was constrained by the GB zoning and a deed restriction. At the suggestion of the Town of Amherst, the zone change was desirable because it would revitalize the abandoned hotel project and allow multi-story, multi-family housing, provide flexibility with the limited parking areas available and encourage an orderly and beneficial development that further opens the borders of the University of Buffalo (UB) to strengthen the symbiotic relationship between UB and the Town.

The Town Board held a public hearing in connection with the rezoning during its meeting on March 22, 2021. Following the public hearing, the Town Board voted unanimously to issue a negative declaration pursuant to the State Environmental Quality Review Act ("SEQRA") based on its determination that the proposed project will not result in any potentially significant adverse environmental impacts. The Town Board also adopted a resolution by a unanimous vote granting the zone change. A copy of the negative declaration

issued by the Town Board pursuant to SEQRA is provided at Exhibit "2" and a copy of the resolution granting the zone change and meeting minutes are provided at Exhibit "3".

II. **The Redevelopment Project is Eligible Pursuant to Countywide Industrial Development Agency Uniform Tax Exemption Policy and the Benefits being Sought from the AIDA are Needed to Successfully Complete the Project:**

The redevelopment project consisting of market rate multifamily units is eligible for IDA incentives pursuant to the Countywide Industrial Development Agency Uniform Tax Exemption Policy ("UTEF"). The project qualifies as an Adaptive Reuse Project that involves adapting old structures or sites for new purposes including market rate housing.¹ The Applicant is seeking benefits from the AIDA to ensure the redevelopment project is financially feasible.

There are numerous challenges associated with converting the uncompleted building into market rate housing including necessary upgrades to the units for the purpose of compliance with current building and fire code standards as well as the fact that obtaining necessary financing for the redevelopment project has become more difficult as a result of the ongoing Covid-19 pandemic. Additionally, the cost of construction materials to be utilized in connection with necessary renovations have increased dramatically since the redevelopment project planning process first began many months ago.

But for the AIDA's grant of financial assistance, the developer will not be able to obtain financing and the property will continue to sit vacant. In particular, the proposed development faces financial challenges because: 1) the proposed development has 85% of studios and 1-bedroom units which limits the potential rental income; and 2) the renovation for multifamily development from an uncompleted structure intended for hospitality use requires significantly higher construction cost. If the project return is substantially below market return because of the facts stated above, the Applicant will be unable to secure debt and equity financing for the adaptive reuse project.

¹ The Town's adopted Bicentennial Comprehensive Plan as most recently amended on June of 2019 defines "Adaptive Reuse" as the process of converting or adapting older structures for purposes other than those initially intended.

The Applicant is making a very substantial investment in connection with the proposed redevelopment of the abandoned, partially completed hotel into 154 market rate units. The total investment including the purchase price and renovations is anticipated to be approximately \$21,340,000.00. The assistance being sought from the AIDA is essential to the redevelopment project being financially feasible. Without real property tax certainty, the project cannot be financed, and it is unlikely the Applicant will proceed with the project.

III. **The Proposed Project Will Revitalize the Project Site Which Has Been Abandoned and Vacant Since 2017.**

In connection with its review of the pending application, it is important AIDA to consider that it is highly likely that the Project Site will stay unutilized on a long-term basis if the proposed redevelopment project does not occur. The former hotel that was proposed at the Project Site has been abandoned since 2017. The uncompleted building has laid vacant, unoccupied and property taxes have not been paid. Given the impacts on the hotel industry due to the ongoing Covid-19 pandemic, and for the reasons set forth below that the housing project is consistent with the Town's goals, it is unlikely the Project Site would ever be developed as a hotel. The longer the structure is left undeveloped, the more the property value will decrease. In addition, a vacant building poses public safety risks such as attracting rodents, squatters and the lack of maintenance may cause falling debris.

In addition, the existing owner has failed to pay property taxes since 2017. To date, outstanding real property taxes amount to \$104,576.00. There are also outstanding mechanic liens on the property. Proceeds from the purchase of the property will be used to pay off the delinquent taxes and liens at the time of acquisition. Without the proposed redevelopment, it is likely the site will remain unutilized and overdue property tax payments will continue to accumulate.

Accordingly, the project will revitalize the dormant hotel and make current any outstanding taxes.

IV. **The Project is Consistent with the Town's Planning Objectives.**

The Property is located proximate to State University of New York at Buffalo's North Campus ("UB") and within the Town's "University Focal Planning Area" ("UFPA"). In discussing the UFPA, the Town of Amherst Bicentennial Comprehensive Plan Amended September 2019 ("Comprehensive Plan"), attached hereto as Exhibit "4", sets forth a list of opportunities and priorities to enhance certain corridors, which includes "[a]long Sweet Home Road abutting UB, as a critical north-south collector road and potential location of university-related housing, commercial and research activities." See Comprehensive Plan at 10-3 – 10-4, Figure 13.

Additionally, the rezoning was a significant step towards a substantive redevelopment of the Project Site that breathes fresh life in to the dormant hotel development and adds residential units that "enhance[] housing diversity and affordability [resulting in] the creation of such mixed-use 'University-Related Centers.'" See Comprehensive Plan at 8-5. The zoning and its "new housing opportunities" focused on Sweet Home Road south of the older neighborhood along Sweet Home Road and in Northern Amherst like Bucyrus Heights and Creekwoods; therefore, the rezoning results in traffic increases close to UB and away from the Northern Corridor of Sweet Home Road, as well as a "reduction[] in pressure on these older neighborhoods where students seek affordable off-campus rental housing." See Comprehensive Plan at 3-49, 10-5 – 10-6. Ultimately, as UB implements its own "UB Build" Comprehensive Plan and expands its "once insular campus . . . to its edges" (see Comprehensive Plan at 10-12), the rezoning furthers an important goal of the Comprehensive Plan to develop off-campus university-related housing, soften the "hard edge" borders of UB, provide higher density housing, and take advantage of a "real opportunity to integrate Town and University [UB] planning efforts to a create a second University related mixed use activity center." See Comprehensive Plan at 3-49, 5-11 – 5-12. Simply, the rezoning and redevelopment of the Project Site is exactly what the Comprehensive Plan envisions.

V. Conclusion

The Applicant respectfully requests that the AIDA Board of Directors to approve the requested incentives for the eligible redevelopment project for the reasons described within the Application including this supporting narrative.