

PROJECT BASICS

Type:

Real Estate – Office

Total Development Cost:

\$14 million

LISC New Markets Tax Credit Allocation:

\$8.5 million

PROJECT STAKEHOLDERS

LISC Program:

Buffalo, NY

Investor:

First Niagara Bank

Lender:

First Niagara Bank, Larkin Development LLC

Developer:

Larkin Development Group

COMMUNITY NEED

- **24.4% Poverty Rate**
- **Unemployment rate 2.74 times the National Average**
- **Family income 56.1% of the area median**
- **Renewal Community**
- **Hot Zone**
- **Medically Underserved Area**

COMMUNITY IMPACT

- **54,000 sq. ft.**
- **36 Construction Jobs**
- **176 Permanent Jobs Relocated**
- **112 Permanent Jobs Created**

Project Snapshot:

- This project involves the extensive rehabilitation of the 239 Van Rensselaer building (the former site of Par-Foam Products) to provide approximately 42,000 square feet of single tenant, Class A office space, as well as approximately 12,000 square feet of basement storage and office space.
- The U Building is the latest component of the redevelopment of the Larkin District, a historic warehouse district one mile east of downtown Buffalo.
- Upon completion, the Larkin U Building will be leased to First Niagara Bank (FNB), a Fortune 500 regional bank, as a part of its recent corporate decision to make the Larkin District its corporate headquarters. This commitment by FNB will provide significant economic and social benefit and marks one of the most significant economic development achievements in recent years for the City of Buffalo and its predominate low income areas, which have suffered from slum and blight conditions.



Project Background:

- Larkin Development Group (LDG) developed and manages approximately 1 million+ square feet of Class A office space in downtown Buffalo and the vicinity. LDG concentrates their efforts on redeveloping the significant architectural buildings in Buffalo.
- In recent years, the Larkin District suffered from slum and blight conditions. The City is promoting the Larkin District Plan as a response to the work of LDG, including streetscaping and structural improvements, to enhance economic productivity, neighborhood safety and promote the vision in this region for the district. The neighborhood suffered from vacant storefronts and abandoned buildings.
- The former Larkin U Building is a 100+ year old structure that is a keystone building in the Larkin District. All of the building's infrastructure will be replaced while maintaining the interior and exterior fabric of the property.
- Environmentally sustainable features will include asbestos abatement, energy efficient mechanicals, and filtered heat and air conditioning.

Leveraging Solutions through New Markets Tax Credits (NMTC):

- The project's financial feasibility was seriously constrained by low local Buffalo Class A market rents and high construction costs due to the Sponsor's commitment to high quality rehab and efforts to preserve the building's historic features. Without NMTC financing the developer would not be prepared to move forward with the lower ROI resulting from the additional equity it would need to provide.
- \$8.5 million in NMTC allocation authority provided a custom product featuring non-traditional/favorable terms included: below-market interest rate, lower than standard origination fees, higher than standard loan-to-value ratio, longer than standard amortization period, and longer than standard interest-only payment period.