



# HUD NOTIFICATION

U.S. Department of Housing and Urban Development  
Washington, D.C. 20410

**ACTION:** Brownfields Economic Development Initiative (BEDI)  
Grant Award

Fiscal Year 2000

**DESCRIPTION:** BEDI assistance for the following recipient:

<u>Recipient</u>	<u>Congressional Districts</u>	<u>Amount</u>
Buffalo, New York	29,30	\$240,000

This information is eligible for release to the recipient on

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## PROJECT HIGHLIGHTS:

**The City of Buffalo, NY** will receive \$240,000 in Brownfields Economic Development Initiative grant funds and \$3,030,000 in Section 108 loan funds to be used on a project known as the Union Ship Canal which is located in South Buffalo. The BEDI grant will be used to establish a debt service reserve to enhance the security of the Section 108 Loan. The Section 108 funds will be used for site remediation and site preparation and will meet the national objective requirement of benefit to low and moderate income through the creation of approximately 900 new jobs.

**Recipient Contact:** Anthony M. Masiello, Mayor, City of Buffalo (716) 851-4841.

**HUD Contact** - Tony Johnston, EDI Program, Office of Economic Development (202) 708-0614 ext. 4560.

**DESCRIPTION** - City will target 69 acres for redevelopment as Phase I of the Canal Project. City will undertake:

- remediation of site in preparation of private development
- site clearance: and
- construction and installation of roads and utility services on the site.

Upon completion of these activities, the City will sell the property to the designated Phase I developer (Ciminelli Development) at an estimated price of \$50,000 acre. The City anticipates that the developer will purchase the property in 7 acre parcels. Land sales proceeds will be used to retire the Section 108 debt. The developer expects a mix of manufacturing, warehouse/distribution, and flex (office/light manufacturing) space users. There will be no spec development - construction to be on build-to-suit basis.

**JOBS PROJECTION** - The City estimates that 275 new jobs will be created over a five year period as a result of the development activities. Upon complete buildout (estimated 12 year timeframe), the City projects 900 jobs for the site. The BEDI application states that at least 51 percent of the newly created positions will be held by low- and moderate-income persons.

**FINANCING STRUCTURE** - The BEDI application proposes a 12 year term for the Section 108 loan, with interest only payments for the first three years. The Section 108 loan will be repaid from the land sales proceeds. The BEDI grant funds will be employed as a debt service reserve/interest subsidy for the Section 108 loan during the initial three years of the loan term. Other financing available for the project includes a \$10 million infrastructure grant from the State of New York, \$2 million from Erie County, and \$500,000 from the City's Capital Budget.

**OTHER ISSUES** - The City requested \$1 million in BEDI funds for this project but this was the lowest scoring funded project (with a score of 45)and received the balance of funds available after funding all higher rated projects. Though the proposal scored relatively high on capacity (13 of 15 points), it was particularly weak regarding soundness of approach (7 of 25 points), as it related to overall rationale and business approach for developing the project. Though the BEDI award is only 25% of that requested, this funding represents only a small portion of the overall financing package for the project. In addition, the developer could also scale down the project from 69 acres in Phase 1 to something smaller, as divided into 7 acre subdivisions.

**CONTACTS** - Honorable Anthony M. Masiello - Mayor of Buffalo and Chairman,  
Buffalo Urban Renewal Authority (716) 851-4841  
David A. Stebbins, Buffalo Urban Renewal Agency (716) 842-6923  
Room 201, City Hall  
68 Niagara Square  
Buffalo, NY 14202



# HUD NOTIFICATION

U.S. Department of Housing and Urban Development  
Washington, D.C. 20410

**ACTION**      Brownfields Economic Development Initiative (EDI) Grant  
Award

Fiscal Year 2000

**DESCRIPTION:**      BEDI assistance for the following recipient:

<u>Recipient</u>	<u>Congressional Districts</u>	<u>Amount</u>
Rochester, NY	28, 29	\$425,000

This information is eligible for release to the recipient on

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## PROJECT HIGHLIGHTS:

**The City of Rochester, New York** will receive \$425,000 in Brownfields Economic Development Initiative grant funds and \$1,700,000 in Section 108 guaranteed loan funds to acquire 2 parcels of property, and cleanup a pollution problem which will allow a private plant to expand and retain 241 jobs while possibly adding an additional 30 at some time in the future. The BEDI grant will be used for environmental remediation costing \$200,000, and another \$225,000 for working capital, while the \$1,700,000 of 108 funds will be used for acquisition of real property, site remediation, demolish of a portion of the existing facility, rebuild a modern manufacturing facility, and add 40,000 square feet of production and warehouse space.

**Recipient Contact:** James Anderson, Economic Development  
Department, 716-428-6929.

**HUD Contact** - Tony Johnston, EDI Program, Office of Economic  
Development (202) 708-0614 ext. 4560.

**DESCRIPTION** - The City will make an economic development loan to Rochester Midland Corporation who will update and expand existing facility to improve efficiency and increase production. The Rochester Midland Corporation manufactures a wide variety of specialty chemicals, cleaners and household products at multiple locations in the United States

and Canada. The company was established as Rochester Germicide in 1888. The Company will use the funds to undertake the following:

- acquisition of property, (2.119 acres)
- remediation of environmental problems
- demolition
- construction of 40,000 square foot addition to existing facility

Upon completion of these activities, the company will be able to retain its Rochester location as the company's headquarters. Environmental assessments revealed buried metals, but no underground storage tanks. However, soil surveys detected elevated readings of fuel oil present within 170 feet of the building.

**JOBS PROJECTION** - The company will be able to retain all of the 241 existing jobs and create a potential for increased employment as sales and margins improve. The project meets the national objective of low/mod-income area benefit.

**FINANCING STRUCTURE** - The project will rely, in part, on private funding. The uses of the funds are as follows:

\$ 25,000	acquisition of 2.119 acre parcel
200,000	environmental remediation
180,000	infrastructure improvements
2,247,000	demolition, rebuild, new construction
398,000	construction contingency
<u>350,000</u>	soft costs and professional fees
\$3,400,000	total

The City proposes to use project revenue to repay the Section 108 Loan Guarantee with a twenty-year term.

**CONTACTS** - Honorable William A. Johnson, Jr., Mayor, City of Rochester  
(716) 428-7045

James Anderson, Economic Development Department  
(716) 428-6929



# HUD NOTIFICATION

U.S. Department of Housing and Urban Development  
Washington, D.C. 20410

**ACTION**      Brownfields Economic Development Initiative (EDI) Grant  
Award

Fiscal Year 2000

**DESCRIPTION:**      BEDI assistance for the following recipient in the  
stated amount:

<u>Recipient</u>	<u>Congr. Districts</u>	<u>Amount</u>
City of Troy, NY	21	\$2,000,000

This information is eligible for release to the recipient on

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## PROJECT HIGHLIGHTS:

**The City of Troy** receive \$2 million in Brownfields Economic Development Initiative grant funds along with \$3 million of Section 108 guaranteed loan funds to capitalize a Brownfields Economic Development Loan Fund. The Fund will aid in financing the completion of the South Troy Working Waterfront Revitalization Plan project, to remediate site conditions in preparation for new businesses and assist in relocating businesses to newly remediated sites putting idle, vacant and underutilized land areas into productive use. Working in coordination with other city projects, the Fund administrators will place a priority focus on sites in South Troy, the City's historically industrial neighborhood which faces significant poverty and underemployment. Some sites are the beneficiaries of assistance from the U.S. Environmental Protection Agency. The Fund will be central to and a catalyst for the remediation and redevelopment of contaminated sites in Troy complementing several ongoing activities to address brownfields economic development issues in the community.

**(Recipient Contact:** Mark P. Pattison, Mayor, City of Troy (518) 270-4401)

**HUD Contact** - Tony Johnston, EDI Program, Office of Economic Development (202) 708-0614 ext. 4560.

**DESCRIPTION** - Section 108 loan funds will be available to businesses and developers to “remediate site conditions, prepare for new businesses, and relocate existing companies” to the redevelopment sites as well as providing business financing. The minimum and maximum amounts for the Section 108 loan will be \$50,000 and \$3 million, respectively. BEDI funds will be available to support a range of eligible activities including acquisition, demolition and clearance, site preparation, economic development activities, and infrastructure. The application does not indicate that any firm deals are in place nor does it target any particular types of businesses.

**JOBS PROJECTION** - The City estimates that at least 350 new jobs will be created as a result of the development activities (see page 6 of application). The City also cites a study claiming that complete redevelopment of South Troy area could create up to 1,743 new jobs over the long term.

**FINANCING STRUCTURE** - The BEDI application indicates that BEDI funds will primarily be used for acquisition activities. Section 108 funds are fully allocated to eligible economic development activities. The application does not indicate the desired term of the Section 108 loan nor does it indicate sources for repayment of the loan. It can be assumed that the City will be making economic development loans and, thus, the repayment revenue stream should cover most debt service costs. The city also intends to contribute \$2 million in CDBG funds to the overall South Troy redevelopment project. Other redevelopment investments (projected, but not confirmed) could total as much as \$28.7 million.

**OTHER ISSUES** - Included in the application is a letter from the Rensselaer County Executive stating that the County would seek \$3 million in Section 108 funding to contribute to this project. The County is a CDBG nonentitlement community and would have to obtain the State of New York’s permission to apply for a Section 108 commitment, assuming completion of the transfer of the CDBG nonentitlement program to the State. For purposes of rating the application, the BEDI panel did not assume the availability of the County Section 108 funds.

**CONTACTS** - Honorable Mark Pattison - Mayor of Troy (518) 270-4401  
James Conroy, Deputy Mayor, (518) 270-4464  
City Hall, Monument Square  
Troy, NY 12180