

## **Town of Hamburg Industrial Development Agency**

2014 Annual Report

### **Description of the Agency**

The Town of Hamburg Industrial Development Agency is a not-for-profit, public benefit corporation that provides tax incentives and other economic development services to the Town of Hamburg and businesses located in the Town. In accomplishing its mission, the HIDA does not receive any operational funding from the federal, state, or county sources. The HIDA relies primarily upon administrative fees charged to those companies that utilize products and services.

### **Operations and Accomplishments**

#### **Operations**

The Hamburg IDA is managed by a nine member Board of Directors appointed by the Hamburg Town Board. Included on the nine member Board are representatives from the Town of Hamburg, Village of Hamburg, Village of Blasdell, the Frontier School District and the Hamburg School District.

The mission of the Hamburg IDA is to stimulate economic development within the Town of Hamburg by providing financial incentives for new facility construction and existing business expansion.

To accomplish our mission, the HIDA offers programs to help companies succeed in Hamburg. These include:

#### **Industrial Revenue Bonds**

The HIDA is authorized to issue Industrial Revenue Bonds to assist with our goal of stimulating economic growth in Hamburg. Industrial Revenue Bonds are available to finance the purchase and improvements of land, buildings, property and equipment for firms engaged in light manufacturing, office construction, warehousing/distribution, research and development and some commercial activities.

Similar to conventional mortgages, local banks, insurance companies and/or pension funds purchase the bonds issued by the HIDA. The rates, terms and conditions are all set by the purchaser and are backed by the full faith and credit of the borrower, not the HIDA.

#### **Tax Exemptions and Tax Abatements**

The HIDA provides real property tax abatements for 7 to 10 years on increased valuation in addition to state and local sales tax exemptions on equipment and materials for qualified projects.

#### **Enhancement Area Program**

A project submitted to the Town of Hamburg Industrial Development Agency for consideration under this program will be considered an enhancement project if it meets the following criteria as determined by the Agency Board of Directors:

1. The project is located in a designated enhancement area.
2. The project as proposed would not be feasible without Agency assistance.
3. If the project involves retail sales of goods or services to customers who personally visit the site of the business, the project must offer goods or services not readily accessible to residents living in the vicinity of the site.

It is the goal of this program to encourage small locally owned businesses to invest in their physical assets such as building and modern equipment allowing them to be more productive and competitive. This will be accomplished by offering tax incentives through the Hamburg Industrial Development Agency at a cost that is not prohibitive to local businesses. The Hamburg Industrial Development Agency will review each project application on an individual basis and determine eligibility based on the goal of the program. The tax incentive available through this program is a sales tax exemption on any eligible items purchased for the project.

### **Adaptive Reuse Program**

The Adaptive Reuse Program aims to encourage the process of adapting old structure or sites for new purposes.

Adaptive Reuse Project present unique challenges to development by private market activity, among these are:

Higher costs associated with development of sites and structures

- Environmental Remediation Issues
- Building Code Issues
- Physical Development Costs
- Local real estate values that do not support increased upfront development costs

These structures also present many governmental and regional growth issues for the county.

- Public safety concerns from abandoned and deteriorating structures
- Significant costs to local governments for demolition or remediation of sites and buildings that end up in public ownership through abandonment or tax delinquency
- Increased public infrastructure costs associated with new site and building development

The adoption of proactive adaptive Reuse Policy and strategy will create many benefits to the region, including:

- Redevelopment of blighted sites and or structures
- Promoting infill development that utilizes existing public infrastructure, controlling costs for local government support of infrastructure
- Supporting the Framework for Regional Growth Plan
- Creating new economic activity at difficult sites and buildings, helping to eliminate neighborhood slum and blight

- Promoting a green development strategy, recycling existing buildings and sites
- Helping maintain neighborhood fabric and historic nature of area structures

The tax incentives available through this program are (1) Exemption from real property taxes (2) Exemption from sales tax (3) Exemption from mortgage taxes

### 2014 Accomplishments

The Hamburg IDA approved the following 2 projects in 2014 totaling \$50,800,000 in investment

<u>Project</u>	<u>Dollar Amount</u>
JDC Hamburg LLC	\$30,800,000
FedEx Ground Package System Inc	\$20,000

In addition, the Hamburg IDA granted extensions to the following projects previously approved:

<u>Project</u>	<u>Length of Extension</u>	<u>Reason for Extension</u>
1) K+H Industries	1 Year	Delays in financing and extremely wet weather
2) Mission Hills Phase I	6 Months	Delays in the completion of the final two buildings in Phase I
3) Mission Hills Phase II	1 Year	Delays in the completion of Phase I
4) RHLAP, LLC	1 Year	Longer anticipated lease negotiations with the major tenant for the project
5) EMK Holdings, LLC	1 Year	Delays in renovation caused by the delay in closing on a former Walmart building
6) 5793 South Park Holding, LLC	1 Year	Loss of original tenant

- The HIDA worked with the Hamburg NY Land Development Corporation (HNYLDC) and Wendel Engineering in obtaining a Break-In-Access from the NYSDOT for Route 5 for use as access and egress to the FedEx site.
- The HIDA continues to work with the other IDA's in Erie County on revisions to the Countywide Eligibility Policy.
- The HIDA continues to work with other groups in the Coalition for Community Building. The goal of the members of the coalition is to educate the public about policies that affect economic development in New York State.

- The HIDA serves on the Village of Hamburg Economic Development Committee. The mission of the committee is to foster private development, increase the financial stability of the community and limit tax increases.
- The HIDA has worked to purchase a residential home adjacent to the FedEx site. An agreement was reached with the homeowner with the sale to be closed first quarter 2015.
- Working with the HNYLDC, the HIDA signed a contract with I-Evolve Technology Services to redesign its website including a responsive build option.
- The HIDA is working to formulate a local labor policy and a market rate senior housing policy.