

**NARRATIVE SUPPLEMENT TO THE AMHERST IDA APPLICATION FOR THE  
PROPOSED HYATT PLACE HOTEL**

**[5000-5010 Main Street and 42 Livingston Parkway]**

**I. PROJECT OVERVIEW:**

Project involves the development of a new Hyatt Place Hotel as part of the overall redevelopment of the Lord Amherst Hotel property. The project site is located at 5000-5010 Main Street, is zoned commercial and is designated an Enhancement Area. The proposed new hotel would be situated on an underutilized portion of the Lord Amherst property that is presently an overflow parking lot. The scope of the project includes a 137 room Hyatt Place Hotel and related site improvements and infrastructure. The new hotel would include a pool and fitness facility, limited food & beverage service and approximately 1,800 square feet of conference space.

This would be the first Hyatt Place Hotel in the Town of Amherst and Western New York. The hotel would be set back well back from Main Street and oriented towards the I-290 Expressway. The global brand recognition of the Hyatt Place will serve as an important complement to the to-be-renovated Lord Amherst Hotel, lending its global brand recognition to the hospitality campus Iskalo Development is proposing to create. Absent the inclusion of the Hyatt Place in the redevelopment of the property, the retention of the historic Lord Amherst Hotel structure (and attached restaurant) would not be possible.

Our intent with the development of the proposed Hyatt Place anchored hospitality campus is to strengthen the Main Street corridor economy extending from Snyder through the Village of Williamsville. Establishing a hospitality destination on Main Street will bring an increased number of out of town visitors to the "front door" of the mostly locally owned shops, restaurants, medical and professional services and other small businesses located along Main Street, the Town's traditional commercial corridor, helping to keep it vibrant and healthy. The proposed project will also contribute to the community in the form of an increase in sales taxes, payroll taxes and hotel occupancy taxes generated upon completion as well as an enhancement to the Town's tax base, which will be particularly beneficial to the Amherst Central School District, the smallest of the school districts located in the Town of Amherst.

This request for IDA assistance follows the inducement recently received for the planned comprehensive renovation of the historic Lord Amherst Hotel and attached restaurant. IDA assistance is being sought for the proposed Hyatt Place Hotel to help mitigate the impact of site specific cost premiums associated with this redevelopment project.

## **II. DETAILED PROJECT DESCRIPTION:**

The Lord Amherst property, formally known as 5000-5010 Main Street and 42 Livingston Parkway, is approximately 6.2 acres in size ("Campus Parcel"). Iskalo Development has made arrangements to incorporate a small parcel of contiguous, excess NYSDOT owned land as part of the project, increasing the overall site area to 6.4 acres. The Campus Parcel will be subdivided into two sub-parcels, one for the Lord Amherst and attached restaurant (2.9 acres), and the second for the Hyatt Place Hotel project (3.3 acres). The existing easterly driveway will serve as the main entrance for the Hyatt Place Hotel project. The existing westerly driveway will be relocated to align with the main lobby entrance of the to-be-renovated Lord Amherst Hotel and serve as its main entrance drive.

As shown on the attached site plan within the Information Brochure, the Hyatt Place Hotel will be located approximately 500' from (and 8' below) Main Street, oriented to face the I-290/Main Street interchange. This positioning of the new hotel allows the existing character along Main Street to be maintained. The Hyatt Place Hotel will be six stories in height and contain 87,200 square feet of space.

Hyatt Place, like the Marriott Courtyard and Hilton Garden Inn, was developed as a brand anticipated for predominantly suburban (greenfield) locations. The Hyatt Place proposed for the Campus Parcel will be the latest generation prototype developed by Hyatt for the Hyatt Place brand. As with most hotel franchise brands, Hyatt provides each franchisee with very specific plans and specifications for the building design, furniture specifications and all equipment and supplies to be installed in the hotel. Hyatt requires that these plans and specifications be strictly adhered to in order to (a) maintain brand consistency, and (b) to maximize the chances for success of each hotel. Little deviation is permitted. Major hotel companies, such as Hilton, Marriott and Hyatt, maintain a family of brands that are targeted to specific hospitality segments and related price points. These companies invest considerably in the development of brand specifications to ensure alignment between the cost of development and their price point and they monitor the planning of each franchised hotel to ensure that the specifications are being maintained, just as Hyatt has done with our advancement of the proposed Hyatt Place to be located on the Campus Parcel.

There are presently 162 Hyatt Place Hotels in operation of which 91 are franchised with the balance owned by Hyatt. The proposed Hyatt Place will be the first in WNY as well as one of the first of the latest prototype design. Hyatt maintains detailed cost information for Hyatt Place Hotels completed. The current estimate for development of the proposed hotel exceeds Hyatt's estimated cost by approximately \$7,600 per guest room. This higher cost is due to site specific circumstances.

The schedule below identifies those aspects of the project that result in added cost to this project; costs that are typical of a redevelopment project that would not generally be applicable if the project were to be developed on a greenfield site.

<u>Description of site specific costs:</u>	<u>Cost</u>
Noise Barriers and Retaining Walls along I-290/NYS DOT property	\$ 54,500
New Sanitary Sewer Line to Lakewood Drive	147,900
Subsurface storm water detention and water quality treatment chambers	195,950
New Water Line (bore across and under Main Street)	84,600
Hyatt Place prototype exterior upgrades (for context sensitivity)	311,100
New Electric Service	36,750
Other site work due to site conditions	150,400
<u>Additional Approval Costs (Reports, Studies and Legal)</u>	<u>58,000</u>
Total	\$1,039,200

As stated, the additional costs to the project set forth above cause the projected development cost per key to exceed the range Hyatt would recommend with no corresponding increase in projected room rate since none of the items listed above would relate to the guest experience at the hotel. The incentives that would accrue to the project from the IDA through the project's eligibility as an Enhancement Area site would help to offset the cost premium, allowing the hotel to perform as expected.

### **III. PROJECT BENEFITS:**

The Hyatt Place anchored hospitality campus proposed by Iskalo Development will result in the following benefits:

1. Strengthen the Main Street Corridor Economy
2. Retain the historic Lord Amherst Hotel
3. Creation of Jobs – Construction, Direct and Indirect
4. Increase in Tax Revenues and Tax Base

**Strengthen the Main Street Corridor Economy** - The proposed hospitality campus to include the renovated Lord Amherst Hotel, restaurant and Hyatt Place Hotel will result in 232 high quality guest rooms located at the gateway to the Town of Amherst. The hospitality campus will complement the Wyndham Garden Inn presently under construction and the existing Hampton Inn to create a hospitality destination which will add strength and vitality to the Main Street corridor from Snyder through the Village of Williamsville. Iskalo Development has been investing in the Main Street corridor for 25 years having undertaken many projects that house retail, medical and professional services and restaurants that will greatly benefit from the addition of high quality guest rooms.

In its Final Report & Recommendations to the Town Board dated September 2011, the Industrial and Commercial Incentive Board stated the *"AIDA and the Planning Department also recommended that hotels and motor service and sales uses that were previously excluded from the enhancement area be included. Hotels, bed and breakfasts, and boutique hotels are often cornerstones of a commercial development or district and should be encouraged at appropriate locations (as determined by zoning)."* The proposed hospitality campus is such a project. The Campus Parcel has been zoned commercial since 1969 and has been in continuous hospitality use for more than fifty years.

Some hotels are developed for the purpose of complementing a specific business driver, such as an airport or university campus located hotel. Their success is directly related to conditions related to that specific driver. Because of the outstanding location of the Campus Parcel, the to-be-renovated Lord Amherst and the Hyatt Place will be well positioned to attract visitors to the region from multiple “drivers”, depositing those visitors at the “front door” of Main Street businesses. These drivers include:

- A. Buffalo Niagara International Airport Travel
- B. Canadian Visitation
- C. Business/Conference Travel
- D. Higher Education
- E. Submarket Demographics

- A. Buffalo Niagara International Airport Travel - One of the important drivers for the hotel market in Western New York is the Buffalo Niagara International Airport (BNIA) which has been successful in accommodating the growing number of Canadians seeking the lower cost air fare options and ease of access the BNIA offers. In 1997, only 8 percent of the license plates in the BNIA parking lots were Canadian, compared with 40 percent today.<sup>1</sup> Canadians with early morning flights out of BNIA frequently stay overnight in the Buffalo area prior to departure and those with late returning flights often stay overnight in the Buffalo area prior to returning to Canada. Many Canadians also combine air travel out of Buffalo with local shopping resulting in extended stays in Buffalo area hotels. This is also true for residents of Rochester, NY, located approximately seventy miles from BNIA.

Overall, the BNIA accommodated 5.4 million passengers in 2011, a threshold reached well in advance of original projections. The Transit Authority estimates that by 2030, this figure will increase to approximately 8 million travelers per year, and has recently announced that it is finalizing a master plan that calls for \$406 million for major upgrades for the terminal, parking and airfield.<sup>2</sup> This work would be completed in stages over the next 20 years to address the expected increase in travelers. Though not located adjacent to BNIA, the proposed hospitality campus is located just ten minutes away and is therefore well positioned to capitalize from existing and future growth in activity at BNIA.

- B. Canadian Visitation – As an adjunct to the growth in Canadian travelers utilizing the BNIA, Canadians continue to come to the Buffalo Metropolitan area to shop, for leisure and to access medical services. Visit Buffalo Niagara (VBN) estimates that the area has welcomes 3.1 million Canadian visitors annually to shop Buffalo area stores. Leading shopping destinations are the Fashion Outlets in Niagara Falls, Boulevard Mall and Walden Galleria Mall. The proposed hospitality campus is situated between the latter two malls and at the door step to the Main Street corridor extending from Snyder through the Village of Williamsville which has emerged as the region’s premiere boutique shopping district that includes nationally branded fashion retailers such as Chico’s and Talbots as well as many locally renowned retailers such as the Jacqueline Shop, The Spotted Giraffe, Monarch Gifts, Blums Swimwear and Tony Walker & Company.

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<sup>1</sup> News editorial board, “Airport Looks to Future.” *Buffalo News* February 11, 2012: Online edition.

<sup>2</sup> *Ibid.* 2.

A recent study commissioned by VBN identified that the demographic for the typical Canadian Shopper is a nearly 50/50 mix of male and females, 25-44 years old with above average income. Most importantly, they are spending an average of 2.3 nights in the area per shopping excursion. The study also confirmed that Canadian shoppers are not only coming to the area due to a favorable exchange rate on the Canadian dollar but also because the area is a “fun place to shop” with a wide variety of stores that are easily accessible.

The important conclusion to be drawn from the study is that cross border shopping has become an established leisure activity for younger, well-paid Canadians. This cross border shopping activity was further bolstered last June by the change in the duty rules which increased the dollar value of allowable goods purchased in the U.S. before a duty tax is imposed. For trips to the U.S. longer than 48 hours, the duty free allowance is now double (\$800) its prior limit. The VBN commissioned survey also revealed further untapped potential given that the majority of Canadian shoppers are just beginning to explore activities in the region other than shopping. As a result, in 2011 VBN commenced a multi-phased, multi-pronged marketing and public relations outreach effort in southern Ontario to “get the word out” about the other attractions and activities the Buffalo area has to offer.

- C. Business/Conference Travel - Visit Buffalo Niagara continued to break its own records in 2011 for booking hotel room nights; conventions, meetings, amateur athletic events or group tours, and generating sales leads. New high water marks were set in 2011 for hotel room night bookings (165,644), booking conventions, meetings, amateur athletic events or group tours (441) and generating future sales leads (814). These efforts contributed to an overall improvement in the region’s hospitality performance. Erie County hotel occupancy exceeded 66% in 2011 with ADR’s surpassing \$90 for the first time ever.<sup>3</sup> The success of prestigious events such as the National Preservation Conference in 2011 and the region’s surging reputation as host for a variety of national and international amateur athletic events bodes well for the future.
  
- D. State University of New York at Buffalo Expansion – The continued growth of the University at Buffalo (UB) continues to be a major economic driver for the region, including the hospitality industry. A recent study by The Regional Institute, a UB research center, estimated that the total annual economic impact of the University of Buffalo is now approximately \$1.7 billion. Implementation of the UB2020 Master Plan is projected to increase that figure to at least \$2.6 billion. To meet its goal of academic excellence as set forth by UB2020, UB targets accommodating 10,000 additional students (above its current enrollment of 29,000), 2,000 additional staff, and 1,000 additional faculty.<sup>4</sup> The proposed hospitality campus is ideally located to benefit from the continued growth of the State University of New York at Buffalo as it is located just two (2) miles from the University’s Main Street campus, is only a five (5) minute drive to the Amherst (North) campus and less than fifteen (15) minutes to the downtown campus. Not to be overlooked, the proposed hospitality campus is located within ½ mile of Daemen College and is proximate to the graduate campus of Medaille College.

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<sup>3</sup> Visit Buffalo Niagara, 2011 Annual Business Review, page 2

<sup>4</sup> Building UB-A Comprehensive Physical Plan, link: [www.vpue.buffalo.edu/pdfs/upd/04\\_02\\_07/plan.pdf](http://www.vpue.buffalo.edu/pdfs/upd/04_02_07/plan.pdf)

- E. Submarket Demographics and Development Trending - The proposed hospitality campus is located in the Town of Amherst, the largest suburb of the City of Buffalo with a population of 122,000 people. The Town of Amherst also has the largest concentration of commercial office space next to the City of Buffalo, housing a number of the region's major employers including the University at Buffalo, Independent Health, Univera Healthcare, Geico Insurance, Citibank, Northrop Grumman, National Fuel & Tops Friendly Markets (administrative headquarters) to name a few.

The Main Street corridor running east from the Main/I-290 Interchange serves as the primary east-west spine road extending into the Town of Clarence and accommodates vehicular traffic counts in the range of 45,000 per day. The Main Street corridor, with the Village of Williamsville at its center, serves as the suburban "downtown" for communities comprising five (5) of the top ten (10) wealthiest (and largest) zip codes in Erie County and three (3) of the top four (4). It has evolved into the premier destination for high fashion shopping, dining and hospitality services including many spas and salons. The Town of Amherst is also home to Millard Fillmore Suburban Hospital, part of the Kaleida Health System, and an extensive network of healthcare and medical services (many of which are located along the Main Street corridor) that provide services to the entire Western New York region as well as to many Canadians who commute to the area for diagnostic and other medical services that are not as readily available or accessible in Canada. Property values along the Main Street corridor have risen dramatically in recent years, evidence of its desirability and increasing momentum. It is only natural that the development trending of this corridor lead to further hotel development as it has desirable proximity to the major drivers (University at Buffalo, Buffalo Niagara International Airport, Walden Galleria and Boulevard Malls) with the added benefit of being "smack" in the middle of where the action is.

#### Wealthiest Zip Codes<sup>5</sup>

Ranked by median household income

Rank	Zip Code Location	Median Household Income	2010 Population	2010 Households	2010 Average Home Value
1	14051 <i>East Amherst</i>	\$100,811	19,868	6,919	\$319,271
2	14068 <i>Getzville</i>	\$87,923	7,214	2,448	\$244,175
3	14085 <i>Lake View</i>	\$77,947	6,917	2,413	\$204,145
4	14032 <i>Clarence Center</i>	\$77,629	6,592	2,254	\$294,908
5	14026 <i>Bowmansville</i>	\$75,000	889	358	\$222,934

<sup>5</sup> "The List: Wealthiest Zip Codes." *Buffalo Business First* December 17-23, 2010: 10.

<b>6</b>	14072 <i>Grand Island</i>	\$73,660	19,099	7,287	\$225,791
<b>7</b>	14031 <i>Clarence</i>	\$71,770	9,515	3,490	\$279,332
<b>8</b>	14127 <i>Orchard Park</i>	\$71,266	28,814	11,091	\$263,355
<b>9</b>	14221 <i>Williamsville</i>	\$70,871	50,157	20,731	\$230,383
<b>10</b>	14047 <i>Derby</i>	\$69,535	6,643	2,518	\$148,054

F. Trends in Submarket Hospitality Performance (STR) – Through STR Global reporting, we have tracked the performance of a hand selected group of six hotels serving the Airport and University Submarkets. Hotel brands in the group include Hampton Inn, Hilton Garden Inn, Marriott Courtyard, and Homewood Suites representing hotel classifications ranging from “mid-scale (+)” to “select service” and “extended stay”.<sup>6</sup> This grouping of hotels has performed very strongly. Occupancy and ADR through the first six months of 2011 were 78.3%. As stated earlier, Erie County hotels overall exhibited strong performance in 2011 with occupancy exceeding 66%. The performance of the Airport and University submarkets is leading this performance and strongly signals that additional, well located hotel supply can be supported. The development community is responding to this with the proposed new hotels at the Airport, in Williamsville and the University’s North campus area as well as downtown. Whether all of these hotels are constructed or not is yet to be determined but all would have locations secondary to that of the proposed Main Street hospitality campus and would not have the cache of the Hyatt Place brand or the ideal hospitality campus setting we are proposing.

The preceding is intended to provide an understanding of what the drivers are supporting the demand for increased hospitality in the region. The proposed hospitality campus will complement the Wyndham Garden Inn under construction and the existing Hampton Inn to capture a substantial market share of this demand to further strengthen the Main Street corridor and firmly establish Main Street as the true and authentic “Town Center.”

**Retain the historically eligible Lord Amherst Hotel** – During the formative planning stages for the proposed hospitality campus project, we were encouraged by many to bring forth a bold project that would have demolished the Lord Amherst and replaced it with either one large, full service hotel or two new limited service hotels and a new restaurant. We considered these alternatives but, in the end, chose to advance a less intensive plan that would be more respectful of its context. Retaining the Lord Amherst preserves the existing fabric of this section of Main Street that has been in place for more than fifty years. Though some see the Lord Amherst as a hotel which time has passed, we have the vision to see the potential of what the hotel *can* be which is a special place we believe the community will take great pride in when its renovation is completed. The Lord Amherst is an historic facility and, whether or not it is ultimately awarded a listing on the National Register of Historic Places, the hotel has been in continuous operation for more than fifty years and therefore represents an important part of the Town of Amherst’s history. The Hyatt Place will serve as an important complement to the Lord Amherst Hotel, lending its

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<sup>6</sup> STR Report

global brand recognition to the proposed hospitality campus. As an independent hotel, even a fully renovated Lord Amherst Hotel would be challenged to succeed without the strength of an internationally branded companion hotel like the Hyatt Place.

**Jobs – Construction, Direct and Indirect** – The proposed Hyatt Place will create 47 FTE jobs, including managerial, sales and service related positions. Anticipated annual payroll for the hotel is \$1,250,000. Because of the interplay between the Hyatt Place and the to-be-renovated Lord Amherst and attached restaurant, it is important to acknowledge the overall employment and payroll projected to be generated by the hospitality campus which will consist of 116 jobs and \$2.275 million in annual payroll.

The Hyatt Place project will also result in the creation of 108 FTE construction jobs. The hospitality campus overall will generate 150 FTE construction jobs.

The hospitality campus will also result in spin-off employment, both from services required to support the hotel and restaurant operations such as suppliers, vendors, landscape contractors etc. as well as employment opportunities through business expansion along the Main Street corridor that can be expected from the increase in visitation.

**Increase in Tax Revenues and Property Tax Base** – Upon completion, the proposed hospitality campus will generate *direct* revenue to public coffers from Sale Tax, Occupancy (“Bed”) Tax and Payroll Taxes. The project will also generate beneficial *indirect* and *induced* economic impacts. Iskalo Development has commissioned a study that will be submitted to the IDA prior to the March 22<sup>nd</sup> Board meeting analyzing the anticipated economic impact that will be created by the hospitality campus.

Related thereto, there has already been a direct benefit to the Town (and other taxing jurisdictions) from a substantial increase in the Campus Parcel’s assessed value to \$3.41 million from its pre-acquisition assessment of \$1.55 million. Based upon the assessed value of comparable hotels in the Town of Amherst, the completion of the hospitality campus will result in a projected full assessment in the range of \$11.5 million, an increase of nearly \$10 million over the pre-acquisition assessed value. This increase in tax base will be especially beneficial to the Amherst Central School District which is the smallest of the Town’s school districts and which has the least amount of commercial property comprising its tax base. The proposed hospitality campus will increase the tax base within the district without creating any demand for school district services.

As the IDA Board is aware, an inducement of the Hyatt Place Hotel project, tax will not result in a lowering of the existing property assessment or abatement of any taxes currently being paid to the taxing jurisdictions. Rather, only a portion of the future increase in assessment of the property based upon the value to be added would benefit from the 485 b exemption.



#### **IV. ON THE QUESTION OF ELIGIBILITY:**

Iskalo Development has been engaged in redevelopment and adaptive re-use along the Main Street corridor between Harlem and Youngs Roads for many years and has undertaken many projects that have been induced by the IDA through eligibility under the Neighborhood Enhancement Area provisions of the UTEP. The proposed Hyatt Place Hotel that is the subject of this application is also an eligible project under the Countywide Industrial Development Agency Uniform Tax Exemption Policy (“UTEPA”) as it is located within a Neighborhood Enhancement Area established by the Town of Amherst. Many other projects along the Main Street corridor have been induced by the IDA due to their eligibility under the Neighborhood Enhancement Area provision of the UTEP, including the hospitality anchored project under construction on Main Street and South Forest Road, within eyesight of the proposed Hyatt Place Hotel which was induced approximately one year ago. The incentives for the Ellicott Development project were unanimously approved though limited to the hotel component of the project. Upon its inducement, Business First quoted Supervisor Weinstein as saying “*the project not only will create new jobs and revenues but sets the stage for other new developments along the Main Street spine running from Snyder and Williamsville out to Transit Road.*” Iskalo Development’s proposed hospitality campus will serve as a similar catalyst project for the Main Street corridor.

The Town’s policies establishing a priority for redevelopment of infill sites began more than a decade ago with the establishment of a Comprehensive Plan Advisory Committee. The Bicentennial Comprehensive Plan (“the Plan”) commissioned by the Town and adopted by the Town Board maintains a recurring theme that emphasizes reinvestment.

- The Land Use Summary states this objective as follows: “To spur reinvestment rather than new greenfield development, the Plan proposes tax and other incentives and zoning revisions focused on infill and redevelopment in older neighborhoods and commercial corridors.”
- **Section 3 C** of the Plan emphasizes that, “Spurring revitalization of and reinvestment in Amherst’s older neighborhoods and commercial areas is one of four key Comprehensive Plan Initiatives, both to reinforce health and vitality of these areas and to reduce pressures for “greenfield” development in fringe areas.
- **Section 3-8** of the Plan urges the Town to “...work with the IDA to identify and pursue opportunities to apply the new tax abatement eligibility policy to projects that will spur investment and revitalization of older parts of Amherst. Such projects should be considered a higher priority for tax abatements than “greenfield” development.”
- **Section 3.9** of the Plan recommends that the Town “Rezone and/or provide incentives for reuse of underutilized/obsolescent properties for economically viable uses.”<sup>7</sup>

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<sup>7</sup> It should be noted that Paul Iskalo, as well as the David Chiazza, participated in the development of the Plan as members of the Comprehensive Plan Advisory Committee. Chiazza was employed by a different company at the time and served as a “stand in” on the Committee for the principal of that company.

These recommendations set forth in the Plan, supplemented by affirming recommendations from the Town's Industrial and Commercial Incentive Board ("ICIB") were subsequently implemented by the Town and the IDA. In accepting the Plan and implementing its recommendations and those of the ICIB, the Town has acknowledged the critical importance of encouraging reinvestment in the older parts of the Town, and that incentivizing redevelopment is necessary due to great cost and time involved compared to greenfield projects. The principal purpose of the Town's acceptance of the Plan, subsequent designation of Enhancement Areas in the Town, and adoption of related policies by the IDA is to encourage investment in the targeted areas of the Town by communicating something of critical importance to businesses looking to invest: "Predictability".

As Iskalo Development had already been undertaking redevelopment in the Town, the Revitalization initiative set forth in the Plan, and the actions fulfilling it that followed, served as further encouragement to continue the company's pursuit of redevelopment projects in the Town...particularly along the Main Street corridor. Some of the projects Iskalo Development completed include, (i) the former Bonds Warehouse at 5454 Main (now anchored by Spotted Giraffe and Monarch Gifts), (ii) the former Amherst Senior Center on Union Road, (iii) former Stereo Advantage lifetime service center on S. Union Road, (iv) the building at 5827 Main Street that was previously home to Pitt Petri, (v) the redevelopment of the former Red Door Ski Shop at 6011 Main Street, (vi) the renovation of 4610 Main Street in Snyder (now Tabree restaurant), and (vii) most recently, the renovation of the historic Mennonite Meeting House at 5178 Main Street previously owned by the Town of Amherst. The IDA approved incentives for each of the preceding projects except for two in which Iskalo Development chose not to apply, even though the projects would have otherwise qualified.

Iskalo Development has continued to rely upon the redevelopment "road map" put in place by the Town and the IDA in its acquisition and planning of the proposed hospitality campus on the Lord Amherst property. During our due diligence prior to our acquisition of the property, we confirmed its designation as an Enhancement Area. This was critical to not only validating the acquisition price for the property but in our further evaluation of the property.<sup>8</sup> Though commercially zoned and ideally located alongside the I-290 Expressway at the interchange with Main Street, the property has development challenges. As is further explained in Section II of this Narrative, the proposed Hyatt Place project will include a scope of improvements unique and specific to this property resulting in increased cost.

The items set forth in Section II of this Narrative are not atypical for a redevelopment project which is why incentives are targeted for redevelopment. The negotiation of the purchase contract and Declaration of Restrictive Covenants and the eighteen months in evolving the redevelopment plan that followed, required many decisions to be made upon certain key assumptions deemed to be reliable. One of these key assumptions was that the project would be eligible for IDA incentives due to its location in a Neighborhood Enhancement Area. Why would we believe differently given the fact that the IDA's eligibility criteria have not changed and the fact that other, similar redevelopment projects have been recently induced for IDA incentives? Understandably, therefore, during the entire planning process of our

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<sup>8</sup> The Declaration of Restrictive Covenants is a recorded document setting forth restrictions and conditions with respect to the underutilized portion of the Lord Amherst property to mitigate potential impacts to the six homeowners along the west side of the lake from future development of this property. This document was required by the Genrich family as a condition of the sale of the property. One of the Genrich family members is one of the six lake side homeowners.

proposed hospitality campus, the financial modeling for the project assumed it would qualify for Enhancement Area incentives. Failure of the IDA to induce the Hyatt Place project would result in formidable financial challenges to this project and would cause irreparable harm to Iskalo Development.

Operating a business is not an easy task...and real estate development is no exception since (a) the product produced by developers is out there for all to see (and debate), and (b) it is highly regulated. Each project requires time and extensive resources in pre-planning before it can be constructed. The proposed Hyatt Place Hotel project, should it be completed as anticipated in the summer of 2014, will have taken three years from inception to opening, when it can finally earn its first dollar of revenue. The capital and human resources required to execute the planning for a project of this magnitude are substantial for a company of our size. Iskalo Development carefully selects the projects it pursues, only choosing those that are believed to have a reasonable predictability of outcome.

With respect to the proposed redevelopment plan for the Lord Amherst property, Iskalo Development has relied upon the laws, ordinances and policies in place, including the property's commercial zoning, its designation as an Enhancement Area property, and the IDA's eligibility criteria as set forth in the UTEP. Though there has been some neighborhood opposition to some of the physical characteristics of the proposed project, such as its proposed height, the consideration of the project for inducement by the IDA is independent of this. The property has been commercially zoned for decades which zoning expressly permits the proposed use. The record of information with respect to the project is comprehensive and extensive, including numerous reports and studies, and Town of Amherst Zoning Board of Appeals has undertaken a "hard look" at the project documentation, as required by SEQRA and issued a negative declaration on February 26<sup>th</sup>. By the time of the IDA public hearing, the Town of Amherst Planning Board will likely have completed its review of the pending Site Plan application. The land use and environmental assessment matters reviewed by the Town ZBA, Planning Board, Town Departments and the various County and State agencies are outside the purview of the IDA Board's review as is the backdrop of election year politics and current debate relative to the role of IDAs. We submit that the issue of whether this project should receive IDA benefits needs to be decided on the basis of the IDA's current eligibility policy, not on the prevailing political IDA sentiment. We believe the project's eligibility based on the IDA's promulgated policies to be evident and we look for your support.

