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## Business



The former A&P warehouse, 545 Swan St., has been targeted for redevelopment. Mark Mulville/Buffalo News

### Former Larkinville warehouse to become mixed-use complex

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A proposed conversion of the giant former A&P warehouse on Swan Street in Larkinville is back on track, after an Indianapolis group picked up the building and project from the Ohio developer who initiated it.

KCG Development LLC bought the eight-story concrete block structure at 545 Swan from Mesmer Refrigeration, paying \$1.5 million for the vacant 238,000-square-foot facility once owned by Great Atlantic & Pacific Tea Co., according to broker Robert Biniszkiwicz of Colby Development.

It now takes over from Cincinnati-based Miller-Valentine Group in redeveloping the building, which sits on the edge of Larkinville, adjacent to two other former giant block warehouses that already have been converted into new mixed-use residential and commercial complexes.

"We're a big believer in community development and we're truly impressed by all the efforts, energy and resources in the Larkin District," said Anthony Ceroy, vice president of development at KCG, and former co-senior developer for the Southeast at Miller-Valentine. "This is a no-brainer in terms of development that absolutely serves a bigger plan and has a ton of momentum."

The new firm – whose three principals include Ceroy and another former Miller-Valentine executive who worked on the Swan project before – will pursue a slightly modified version of the redevelopment originally proposed by Miller-Valentine. Miller-Valentine had proposed spending \$26 million to create 120 to 140 apartments, underground parking and some commercial space.

That deal fell through last year, so Mesmer – which had owned and occupied it until relocating to its current home at 930 Bailey Ave. – put the building back on the market, allowing KCG to snap it up. "I was very pleasantly surprised that the building came back on the market," said Ceroy. "Fortunately, we were able to capitalize on that, so I'm excited to be a part of it."

KCG's \$38 million plan calls for 147 mixed-income apartments, with about 60 percent one-bedroom units and the rest with two bedrooms. Amenities include a fitness center, business center, meeting space and a mixed-media and game room, plus an outdoor "green" community space and "a tremendous focus on walkability in trying to weave into the existing fabric of what has been going on there," Ceroy said.

The building will also include 4,000 square feet of commercial space for either offices or retail, plus 125 to 130 indoor parking spaces.

Ceroy said KCG, led by founder and President R.J. Pasquesi, is pursuing a mixed-income project, with a blend of affordable housing, low-income tax credit housing and middle-income housing.

That "could provide a lot of really good housing options for a broad range of folks for people in the Buffalo area that will range all the way up to what our current market rate is in the area," he said. And it fits with a state mandate for more true mixed-income development on government-supported projects, he added.

Specifically, affordable units will be designated for those earning less than 60 percent of the area median income, while those subsidized with state Low Income Housing Tax Credits are for people earning less than 90 percent of area median income. The state's middle-income housing program, also known as "workforce housing," is for those earning less than 130 percent of the area median income. Given the lower market-rate rents in Buffalo, even with recent increases, the prices for these units will essentially make them open to almost anyone.

"That's really the effort here," he said. "We think this market really lends itself to it. It really does run a true range of housing as far as the market demographics are concerned."

The firm and its West Coast investors are pursuing state and federal historic tax credits.

"It's a pretty substantial investment into the city of Buffalo," Ceroy said.

The project was previously approved by the Buffalo Planning Board, but that approval expired Dec. 3. So KCG will bring it back for review on March 7. If approved, officials hope to start construction in July or August, and finish the project 12 to 14 months later, by fall 2017.

KCG is working with Carmina Wood Morris PC as the architect, continuing a role that firm had with Miller-Valentine, and is talking with R&P Oak Hill to manage the construction. When completed, the building will be managed and maintained by Rochester-based Landsman Management

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