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COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

September 17, 2012

Erie County Legislature
92 Franklin Street, 4th Floor
Buffalo, New York 14202

**RE: Payment in Lieu of Taxes (PILOT) Agreement for Mariner Apartments –
186 Efner Street, City of Buffalo – Affordable Housing Development**

Dear Honorable Members:

Enclosed please find a proposed resolution and accompanying memorandum regarding a Payment in Lieu of Taxes (PILOT) agreement for Mariner Apartments. The resolution authorizes the County Executive to execute an agreement with Liberty Affordable Housing Inc., Mariner Towers Associates LLC, Mariner Housing Development Fund Company, Inc. and the City of Buffalo.

Should your honorable body require any further information, I encourage you to contact Diane Cadle at the Department of Environment and Planning. Thank you for your consideration on this matter.

Sincerely yours,

Mark C. Poloncarz, Esq.
Erie County Executive

MCP/dc
Enclosures

cc: Maria Whyte
Thomas J. Dearing
Diane Cadle

MEMORANDUM

To: Honorable Members of the Erie County Legislature
From: Department of Environment and Planning
Re: Payment in Lieu of Taxes (PILOT) Agreement For Mariner Apartments – 186
Efner Street, City of Buffalo – Affordable Housing Development
Date: September 6, 2012

SUMMARY

It is recommended that the Erie County Legislature approve the attached resolution authorizing the County Executive to enter into a PILOT Agreement with Liberty Affordable Housing Inc., Mariner Towers Associates LLC, Mariner Housing Development Fund Company, Inc., and the City of Buffalo. The PILOT payments are based on the PILOT policy that was adopted by the Erie County Legislature on December 16, 1999 excepting that the first PILOT payment is higher than required under the County policy and the City of Buffalo is proposing a PILOT for 32 years.

A 32-year PILOT is needed due to the financing terms set by the New York State Homes and Community Renewal and New York State Housing Finance Agency. It is also needed to insure that the units are affordable to very low income persons for the period of financing. The PILOT will also cover a construction period of approximately 18 months.

Mariner Apartments is located at 186 Efner Street in the City of Buffalo, New York and will contain 292 apartment units.

FISCAL IMPLICATIONS

In accordance with the PILOT policy, the proposed PILOT payments would be based on a payment of \$100,000 and would escalate by 3% each year for a thirty-two year term. The County would receive twenty-five percent (25%) of each annual payment, and the City of Buffalo would receive seventy-five percent (75%) of each annual payment. The attached payment schedule lists the complete payments over the thirty-two years of the Agreement.

REASON FOR RECOMMENDATION

The City of Buffalo supports the project and on September 4, 2012 the Common Council of the City of Buffalo referred the PILOT to its Community Development Committee for review and approval. The project conforms with the provisions of Article XI of the New York Private Housing Finance Law.

BACKGROUND INFORMATION

Mariner Apartments is a forty year old affordable multifamily apartment complex located at 186 Efner Street, Buffalo, New York. The project will consist of substantial rehabilitation of the property's 292 apartment units consisting of four (4) high-rise buildings and seventeen (17) two-story townhome buildings. The high-rise contains 84 one-bedroom apartment units, 114 two-bedroom apartment units and 8 three-bedroom apartment units. The townhome buildings contain 86 three-bedroom units. Ninety-nine percent of the housing will be affordable for households with incomes at or below 50% of the area median income.

CONSEQUENCES OF NEGATIVE ACTION

Without the PILOT, it would not be economically feasible for Liberty Affordable Housing Inc. to operate the project.

STEPS FOLLOWING APPROVAL

The County Executive will enter into a PILOT agreement with the noted parties.

**A RESOLUTION SUBMITTED BY:
DEPARTMENT OF ENVIRONMENT AND PLANNING**

**RE: Payment in Lieu of Taxes (PILOT)
Agreement for Mariner Apartments –
186 Efner Street, City of Buffalo –
Affordable Housing Development**

WHEREAS, Liberty Affordable Housing Inc., Mariner Towers Associates LLC and Mariner Housing Development Fund Company, Inc. are developing housing for low and very low income households (Project), pursuant to Article XI of the New York Private Housing Finance; and

WHEREAS, the Project will substantially rehabilitate Mariner Apartments located at 186 Efner Street, Buffalo, New York. The Project will consist of 292 apartment units in four (4) high-rise buildings and seventeen (17) two-story townhome buildings. Ninety-nine percent of the housing will be affordable to households with income at or below 50% of the median income for Erie County; and

WHEREAS, the Erie County Legislature adopted a policy on Payment in Lieu of Taxes (PILOT) on December 16, 1999, and this PILOT is consistent with said policy except that the first PILOT payment is higher than the first PILOT payment under the County Policy and the PILOT is for thirty-two years; and

WHEREAS, in order to make the Project economically feasible for Liberty Affordable Housing Inc. to operate the apartment complex it is necessary to obtain tax relief from the County of Erie and the City of Buffalo.

NOW, THEREFORE, BE IT

RESOLVED, that the County Executive is hereby authorized to execute a Payment in Lieu of Taxes (PILOT) Agreement with Liberty Affordable Housing Inc., Mariner Towers Associates LLC, Mariner Housing Development Fund Company, Inc. and the City of Buffalo relating to the Mariner Apartments and all other agreements necessary to conclude this Project; and be it further

RESOLVED, that 99% of the units remain affordable to and occupied by households earning no greater than 60% of the area median income, adjusted for family size, as determined by the Department of Housing and Urban Development for the period of the Agreement; and be it further

RESOLVED, that said Agreement shall include an annual PILOT in the amount of taxes due as set forth on Schedule A attached hereto. Payment under the Agreement will be for thirty-two (32) years with the County share of each annual payment being twenty-five (25) percent of the total amount; and be it further

RESOLVED, that certified copies of this resolution shall be forwarded to the County Executive; the Director of the Division of Budget and Management; the Director of Real Property Tax Services; the Commissioner of the Department of Environment and Planning; the County Comptroller; and the County Attorney.

Schedule A

**PILOT Payments
Liberty Affordable Housing Inc.
Mariner Towers Associates LLC
Mariner Housing Development Fund Company, Inc.**

Year	Total	City	County
1	100,000.00	75,000.00	25,000.00
2	103,000.00	77,250.00	25,750.00
3	106,050.00	79,567.50	26,482.50
4	109,272.70	81,954.53	27,318.18
5	112,550.88	84,413.16	28,137.72
6	115,927.41	86,945.55	28,981.85
7	119,405.23	89,553.82	29,851.31
8	122,987.38	92,240.54	30,746.85
9	126,677.01	95,007.78	31,669.25
10	130,477.32	97,857.89	32,619.33
11	134,381.84	100,793.73	33,587.91
12	138,423.39	103,817.84	34,605.85
13	142,576.09	106,932.07	35,644.02
14	146,853.37	110,140.03	36,713.34
15	151,258.97	113,444.23	37,814.74
16	155,798.74	116,847.56	38,949.19
17	160,470.84	120,352.98	40,117.86
18	165,284.78	123,963.57	41,321.19
19	170,243.31	127,682.46	42,560.83
20	175,350.81	131,512.85	43,837.66
21	180,611.12	135,458.34	45,152.78
22	186,029.48	139,522.08	46,507.38
23	191,610.34	143,707.76	47,902.59
24	197,358.65	148,018.99	49,339.66
25	203,279.41	152,459.56	50,819.85
26	209,377.79	157,033.34	52,344.45
27	215,659.13	161,744.35	53,914.78
28	222,128.80	166,596.68	55,532.23
29	228,792.77	171,594.68	57,198.18
30	235,656.55	176,742.41	58,914.14
31	242,728.25	182,044.68	60,681.56
32	250,008.03	187,506.02	62,502.01