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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 Riverside Apartments – 238 Ontario 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 Riverside Apartments. The resolution authorizes the County Executive to execute an agreement with DePaul Properties, Inc., Riverside SN Housing Development Fund Company, Inc. and the City of Buffalo.

Should your Honorable Body require 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: Commissioner Maria R. Whyte
Ms. Diane A. Cadle, Senior Housing Specialist

To:	Honorable Members of the Erie County Legislature
From:	Department of Environment and Planning
Re:	Payment In Lieu Of Taxes (PILOT) Agreement For Riverside Apartments – 238 Ontario 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 DePaul Properties, Inc., Riverside SN 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.

FISCAL IMPLICATIONS

In accordance with the PILOT policy, the proposed PILOT payments would be based on a payment of $631,880 and would escalate by 3% each year for a fifteen-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 fifteen years of the Agreement.

REASON FOR RECOMMENDATION

The City of Buffalo supports the project and on May 15, 2012 the Common Council of the City Buffalo passed a resolution approving a PILOT for Riverside Apartments. The project conforms with the provisions of Article XI of the New York Private Housing Finance Law.

BACKGROUND INFORMATION

Riverside Apartments will be an adaptive reuse of 238 Ontario Street, Buffalo, New York, a significant existing building once used as Buffalo Public School 60. The project will consist of 68 residential units, ten (10) studio units, fifty-seven (57) one-bedroom units, and one (1) two-bedroom unit. 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 DePaul Properties, 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 Riverside Apartments – 238 Ontario Street, City of Buffalo – Affordable Housing Development

WHEREAS, DePaul Properties, Inc. and Riverside SN 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 the former Buffalo Public School 60 located at 238 Ontario Street in the City of Buffalo, New York, and will contain 68 housing units, ten (10) studio units, fifty-seven (57) one bedroom units and one (1) two-bedroom unit. The housing units 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; and

WHEREAS, in order to make the Project economically feasible DePaul Properties, 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 DePaul Properties, Inc., Riverside SN Housing Development Fund Company, Inc. and the City of Buffalo relating to the Riverside Apartments and all other agreements necessary to conclude this Project; and be it further

RESOLVED, that 100% of the units remain affordable to and occupied by households earning no greater than 50% 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 fifteen (15) 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

Year	Total	City	County
1	18,956.40	14,217.30	4,739.10
2	19,525.09	14,643.82	4,881.27
3	20,110.84	15,083.13	5,027.71
4	20,714.17	15,535.63	5,178.54
5	21,335.60	16,001.70	5,333.90
6	21,975.68	16,481.76	5,493.92
7	22,634.93	16,976.20	5,658.73
8	23,313.98	17,485.48	5,828.50
9	24,013.40	18,010.05	6,003.35
10	24,733.80	18,550.36	6,183.45
11	25,475.82	19,106.86	6,368.95
12	26,240.09	19,680.07	6,560.02
13	27,027.29	20,270.47	6,756.82
14	27,838.11	20,878.58	6,959.53
15	28,673.26	21,504.94	7,168.31