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# COUNTY OF ERIE

**MARK C. POLONCARZ**

COUNTY EXECUTIVE

August 10, 2012

Erie County Legislature  
92 Franklin Street – 4<sup>th</sup> Floor  
Buffalo, New York 14202

**RE: Payment in Lieu of Taxes (PILOT) Agreement for St. John Townhomes II and Massachusetts Avenue Sustainable Neighborhoods Project – Affordable Housing Developments – City of Buffalo**

Dear Honorable Members:

Enclosed please find a proposed resolution and accompanying memorandum regarding Payment in Lieu of Taxes (PILOT) agreements for St. John Townhomes II and Massachusetts Avenue Sustainable Neighborhoods Project. The two projects are located in the City of Buffalo. The resolution authorizes the County Executive to execute an agreement with (1) St. John Townhomes II Housing Development Fund Company, St. John Townhomes II, L.P., and the City of Buffalo; and (2) People United for Sustainable Housing, Inc., Massachusetts Avenue Sustainable Homes Housing Development Fund Company, Inc., and the City of Buffalo.

Should your honorable body require any further information, I encourage you to contact Thomas J. Dearing in the Department of Environment and Planning. Thank you for your consideration on this matter.

Sincerely yours,

Mark C. Poloncarz, Esq.  
Erie County Executive

MCP/cw  
Enclosure

Cc: Maria R. Whyte  
Thomas J. Dearing

## **MEMORANDUM**

**To:** Honorable Members of the Erie County Legislature  
**From:** Department of Environment and Planning  
**Re:** Payment in Lieu of Taxes (PILOT) Agreement for St. John Townhomes II and Massachusetts Avenue Sustainable Neighborhoods Project – Affordable Housing Developments – City of Buffalo  
**Date:** July 23, 2012

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### **SUMMARY**

The resolution authorizes the County Executive to execute PILOT agreements with the following:

1. St. John Townhomes II, L.P., St. John Townhomes II Housing Development Fund Company, Inc. and the City of Buffalo
2. People United for Sustainable Housing, Inc. (PUSH), Massachusetts Avenue Sustainable Homes 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 the following:

1. The PILOT for St. John Townhomes II shall be a payment of \$9,165.60 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 A lists the complete payments over the fifteen years of the Agreement.
2. The PILOT for PUSH shall be a payment of \$957.01 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 B lists the complete payments over the fifteen years of the Agreement.

### **REASONS FOR RECOMMENDATION**

The City of Buffalo is providing funding for both projects. The projects conform with the provisions of Article XI of the New York Private Housing Finance Law.

### **BACKGROUND INFORMATION**

St. John Townhomes II will be a new construction family rental project consisting of 49 townhome units and a community building to be located in the Fruit Belt area of the City of Buffalo, New York. The project will consist of nine (9) two bedroom units, thirty-four (34) three

bedroom units and six (6) four bedroom units. The housing will be affordable for households with incomes at or below 50% of the area median income.

PUSH's Massachusetts Avenue Sustainable Neighborhoods Project will consist of the development of three properties on the West Side of Buffalo, New York. Two of the properties are existing buildings located at 99 Chenago Avenue and 562 West Utica. The properties will be substantially rehabilitated into three residential rental units. The third property will be new construction, two residential rental units located at 335-339 Massachusetts Avenue. The housing will be affordable for households with incomes at or below 60% of the area median income.

#### **CONSEQUENCES OF NEGATIVE ACTION**

Without the PILOT, it would not be economically feasible for St. John Townhomes II, L.P. and Push to operate the projects.

#### **STEPS FOLLOWING APPROVAL**

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

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

**RE: Payment in Lieu of Taxes (PILOT)  
Agreement for St. John Townhomes II  
and Massachusetts Avenue Sustainable  
Neighborhoods Project – Affordable  
Housing Developments – City of Buffalo**

**WHEREAS, St. John Townhomes II, L.P. and People United for Sustainable Housing, Inc. (PUSH) are developing housing for low and very low income households pursuant to Article XI of the New York Private Housing Finance; and**

**WHEREAS, St. John Townhomes II will be a new construction multi family housing development located in the Fruit Belt neighborhood in the City of Buffalo, New York, and will contain 49 housing units, nine (9) two-bedroom units, thirty-four (34) three bedroom units and six (6) four bedroom units. The housing units will be affordable to households with income at or below 50% of the median income for Erie County; and**

**WHEREAS, Massachusetts Avenue Sustainable Neighborhoods Project will consist of the development of 5 rental residential units on the West Side of Buffalo, New York. Two of the properties are existing buildings and are located at 99 Chenago Avenue and 562 West Utica Both properties will be substantially rehabilitated. The third property will be new construction and located at 335-339 Massachusetts Avenue. The housing will be affordable for households with incomes at or below 60% of the area median income; and**

**WHEREAS, the Erie County Legislature adopted a policy on Payment in Lieu of Taxes (PILOT) on December 16, 1999, and these PILOTs are consistent with said policy; and**

**WHEREAS, in order to make the Project economically feasible for St. John Townhomes II, L.P. and PUSH to operate the housing projects 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 St. John Townhomes II, L.P., St John Townhomes II Housing Development Fund Company, Inc. and the City of Buffalo relating to the St. John Townhomes II and all other agreements necessary to conclude this housing project; and be it further**

**RESOLVED, that the County Executive is hereby authorized to execute a Payment in Lieu of Taxes (PILOT) Agreement with People United for Sustainable Housing, Inc., Massachusetts Avenue Sustainable Homes Housing Development Fund Company, Inc. and the City of Buffalo relating to the Massachusetts Avenue Sustainable Neighborhoods Project and all other agreements necessary to conclude this housing project; and be it further**

**RESOLVED**, that said Agreements shall include annual PILOTs in the amount of taxes due as set forth on Schedule A for St. John Townhomes II and attached hereto and Schedule B for Massachusetts Avenue Sustainable Neighborhoods Project and attached hereto; 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.

**St. John Townhomes II**  
**PILOT Payments**

**Schedule A**

<b>Year</b>	<b>Total</b>	<b>City</b>	<b>County</b>
<b>1</b>	<b>9,165.60</b>	<b>6,874.20</b>	<b>2,291.40</b>
<b>2</b>	<b>9,440.57</b>	<b>7,080.43</b>	<b>2,360.14</b>
<b>3</b>	<b>9,723.79</b>	<b>7,292.84</b>	<b>2,430.95</b>
<b>4</b>	<b>10,015.50</b>	<b>7,511.62</b>	<b>2,503.87</b>
<b>5</b>	<b>10,315.96</b>	<b>7,736.97</b>	<b>2,578.99</b>
<b>6</b>	<b>10,625.44</b>	<b>7,969.08</b>	<b>2,656.36</b>
<b>7</b>	<b>10,944.21</b>	<b>8,208.15</b>	<b>2,736.05</b>
<b>8</b>	<b>11,272.53</b>	<b>8,454.40</b>	<b>2,818.13</b>
<b>9</b>	<b>11,610.71</b>	<b>8,708.03</b>	<b>2,902.68</b>
<b>10</b>	<b>11,959.03</b>	<b>8,969.27</b>	<b>2,989.76</b>
<b>11</b>	<b>12,317.80</b>	<b>9,238.35</b>	<b>3,079.45</b>
<b>12</b>	<b>12,687.33</b>	<b>9,515.50</b>	<b>3,171.83</b>
<b>13</b>	<b>13,067.95</b>	<b>9,800.97</b>	<b>3,266.99</b>
<b>14</b>	<b>13,459.99</b>	<b>10,094.99</b>	<b>3,365.00</b>
<b>15</b>	<b>13,863.79</b>	<b>10,397.84</b>	<b>3,465.95</b>

**Massachusetts Avenue  
Sustainable Neighborhoods  
Project**

**Schedule B**

<b>Year</b>	<b>Total</b>	<b>City</b>	<b>County</b>
1	957.60	718.20	239.40
2	986.33	739.75	246.58
3	1,015.92	761.94	253.98
4	1,046.40	784.80	261.60
5	1,077.79	808.34	269.45
6	1,110.12	832.59	277.53
7	1,143.42	857.57	285.86
8	1,177.73	883.30	294.43
9	1,213.06	909.79	303.26
10	1,249.45	937.09	312.36
11	1,286.93	965.20	321.73
12	1,325.54	994.16	331.39
13	1,365.31	1,023.98	341.33
14	1,406.27	1,054.70	351.57
15	1,448.46	1,086.34	362.11