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# COUNTY OF ERIE

**MARK C. POLONCARZ**

COUNTY EXECUTIVE

November 26, 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 Massachusetts Avenue  
Development Plan Project – 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 the Massachusetts Avenue Development Plan Project. The resolution authorizes the County Executive to execute an agreement with Massachusetts Avenue Housing Development Fund Corporation and the City of Buffalo.

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

Sincerely,

A handwritten signature in blue ink that reads "Mark C. Poloncarz".

Mark C. Poloncarz, Esq.  
Erie County Executive

MCP/cw  
Enclosure

cc: Thomas J. Dearing, Department of Environment and Planning

## **MEMORANDUM**

**To:** Honorable Members of the Erie County Legislature  
**From:** Department of Environment and Planning  
**Re:** Payment in Lieu of Taxes (PILOT) Agreement for Massachusetts Avenue  
Development Plan Project – Affordable Housing Development  
**Date:** November 15, 2012

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### **SUMMARY**

The resolution authorizes the County Executive to execute a PILOT agreement with Massachusetts Avenue Housing Development Fund Corporation 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 payment for the Massachusetts Avenue Development Plan Project shall be based on a payment of \$1,638.84 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.

### **REASON FOR RECOMMENDATION**

The City of Buffalo supports the project and on November 16, 2010 the Common Council of the City passed a resolution approving a PILOT for 387, 398 and 460 Massachusetts Avenue. The project conforms with the provisions of Article XI of the New York Private Housing Finance Law.

### **BACKGROUND INFORMATION**

Massachusetts Avenue Development Plan Project will consist of the development of three properties on the West Side of Buffalo, New York. The three properties are existing buildings located at 397, 398 and 460 Massachusetts Avenue. The properties will be substantially rehabilitated into eleven residential rental units. Sixty percent of the housing units will remain affordable for households earning no greater than 50% of the area median income.

### **CONSEQUENCES OF NEGATIVE ACTION**

Without the PILOT, it would not be economically feasible for the Massachusetts Avenue Housing Development Fund Corporation 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 Massachusetts Avenue  
Development Plan Project  
– Affordable Housing Development**

**WHEREAS, Massachusetts Avenue Housing Development Fund Corporation is developing housing for low and very low income households pursuant to Article XI of the New York Private Housing Finance; and**

**WHEREAS, the Massachusetts Avenue Development Plan Project will consist of the development of 3 rental residential properties on the West Side of Buffalo, New York. The three properties are located at 397, 398, and 460 Massachusetts Avenue and the three properties will be substantially rehabilitated. The housing will be affordable for households with incomes at or below 60% of the area median income.**

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

**WHEREAS, in order to make the Project economically feasible for Massachusetts Avenue Housing Development Fund Corporation to operate the housing project 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 the Massachusetts Avenue Housing Development Fund Corporation, the City of Buffalo, and all other involved organizations relating to the Massachusetts Avenue Development Plan Project and all other agreements necessary to conclude this housing project; and be it further**

**RESOLVED, that at least 60% 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 Agreements 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

### Massachusetts Avenue Development Plan

**PILOT                      City                      County**

<b>Year 1</b>	<b>1638.84</b>	<b>1229.13</b>	<b>409.71</b>
<b>Year 2</b>	<b>1688.00</b>	<b>1266.00</b>	<b>422.00</b>
<b>Year 3</b>	<b>1738.64</b>	<b>1303.98</b>	<b>434.65</b>
<b>Year 4</b>	<b>1790.79</b>	<b>1343.09</b>	<b>447.69</b>
<b>Year 5</b>	<b>1844.51</b>	<b>1383.38</b>	<b>461.12</b>
<b>Year 6</b>	<b>1899.84</b>	<b>1424.88</b>	<b>474.96</b>
<b>Year 7</b>	<b>1956.83</b>	<b>1467.62</b>	<b>489.20</b>
<b>Year 8</b>	<b>2015.53</b>	<b>1511.64</b>	<b>503.88</b>
<b>Year 9</b>	<b>2075.99</b>	<b>1556.99</b>	<b>518.99</b>
<b>Year 10</b>	<b>2138.26</b>	<b>1603.69</b>	<b>534.56</b>
<b>Year 11</b>	<b>2202.40</b>	<b>1651.80</b>	<b>550.60</b>
<b>Year 12</b>	<b>2268.47</b>	<b>1701.35</b>	<b>567.11</b>
<b>Year 13</b>	<b>2336.52</b>	<b>1752.39</b>	<b>584.13</b>
<b>Year 14</b>	<b>2406.61</b>	<b>1804.95</b>	<b>601.65</b>
<b>Year 15</b>	<b>2478.80</b>	<b>1859.10</b>	<b>619.70</b>