



COUNTY OF ERIE

MARK C. POLONCARZ
COUNTY EXECUTIVE

December 10, 2013

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

IMMEDIATE CONSIDERATION REQUESTED

**RE: Payment in Lieu of Taxes (PILOT) Agreement for AD Price – Phase III
Apartments – 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 AD Price – Phase III Apartments. The resolution authorizes the County Executive to execute an agreement with AD Price III LLC, AD Price III Housing Development Fund Corp., and the City of Buffalo.

Immediate consideration is being requested because the agreement must be signed by the County Executive and the other parties to the agreement before December 16, 2013, in order to close on the financing of the project with New York State. If this date is not met the project risks losing its tax credits.

Should your Honorable Body require any further information, I encourage you to contact the Thomas J. Dearing, Deputy Commissioner, 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/cw
Enclosure

cc: Maria R. Whyte, Commissioner
Thomas J. Dearing, Deputy Commissioner

MEMORANDUM

To: Honorable Members of the Erie County Legislature
From: Department of Environment and Planning
Re: Payment In Lieu Of Taxes (PILOT) Agreement For
AD Price – Phase III Apartments – Affordable Housing Development
Date: November 25, 2013

SUMMARY

The resolution authorizes the County Executive to execute a PILOT agreement with AD Price III LLC, AD Price III Housing Development Fund Corp., 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 AD Price III Apartments shall initially be \$9,572.31 and would escalate by 3% each year for 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 Schedule A lists the complete payments over the fifteen years of the Agreement.

REASONS FOR RECOMMENDATION

The City of Buffalo supports the project and on the 26th day of November 2013, a resolution to approve a PILOT for AD Price Phase III Apartments will be on the Buffalo Common Council agenda for approval. The project conforms with the provisions of Article XI of the New York State Private Housing Finance Law.

BACKGROUND INFORMATION

AD Price – Phase III Apartments will be built on underutilized lots on Jefferson Avenue, Madison, Spring and Peckham Streets in the Ellicott District of the City of Buffalo, New York. The Project will contain 50 rental apartment units and 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 AD Price III LLC 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) Agreements for AD Price – Phase III Apartments – Affordable Housing Development

WHEREAS, AD Price III LLC is developing housing for low and very low income households pursuant to Article XI of the New York Private Housing Finance; and

WHEREAS, AD Price Phase III Apartments will consist of the development of 50 residential rental units to be built on Jefferson Avenue, Madison, Spring and Peckham Streets in the Ellicott District in the City of Buffalo, New York. The 50 units 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 the PILOT is consistent with said policy; and

WHEREAS, in order to make the Project economically feasible for AD Price III LLC 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 AD Price III LLC, AD Price III Housing Development Fund Corp., and the City of Buffalo relating to AD Price Phase III Apartments and all other agreements necessary to conclude this housing project; and be it further

RESOLVED, that at least 60% of the AD Price Phase III Apartments 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 Agreements; and be it further

RESOLVED, that said Agreements shall include annual PILOT payments in the amount of taxes due as set forth on Schedule A attached hereto for AD Price Phase III Apartments, and 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.

AD PRICE – PHASE III APARTMENTS

SCHEDULE A

Year	Total	City	County
1	9,572.31	7,179.23	2,393.08
2	9,859.48	7,394.61	2,464.87
3	10,155.26	7,616.45	2,538.82
4	10,459.92	7,844.94	2,614.98
5	10,773.72	8,080.29	2,693.43
6	11,096.93	8,322.70	2,774.23
7	11,429.84	8,572.38	2,857.46
8	11,772.73	8,829.55	2,943.18
9	12,125.92	9,094.44	3,031.48
10	12,489.69	9,367.27	3,122.42
11	12,864.38	9,648.29	3,216.10
12	13,250.32	9,937.74	3,312.58
13	13,647.83	10,235.87	3,411.96
14	14,057.26	10,542.94	3,514.31
15	14,478.98	10,859.23	3,619.74