COUNTY OF ERIE

MARK C. POLONCARZ
COUNTY EXECUTIVE

June 10, 2014

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

RE: Payment in Lieu of Taxes (PILOT) Agreement for Braco and Linwood 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 Braco and Linwood Apartments. The resolution authorizes the County Executive to execute an agreement with Linwood Preservation Housing Development Fund Company, Inc., Linwood-Allentown Preservation LLC and the City of Buffalo.

Should your Honorable Body require any further information, I encourage you to contact 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
Enclosures

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 Braco & Linwood Apartments – Affordable Housing Development
Date:	**June 10, 2014**

SUMMARY

The Department of Environment and Planning is seeking authorization for the County Executive to execute a PILOT agreement with Linwood Preservation Housing Development Fund Company, Inc., Linwood-Allentown Preservation LLC, 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 Braco and Linwood Apartments shall be based on a payment of $95,938.95 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.

REASONS FOR RECOMMENDATION

The City of Buffalo supports the project and on May 13, 2014 the Common Council of the City of Buffalo passed a resolution approving a PILOT for Braco and Linwood Apartments. The project conforms to the provisions of Article XI of the New York Private Housing Finance Law.

BACKGROUND INFORMATION

Braco and Linwood Apartments consists 295 affordable apartment units for low income households located in thirteen (13) existing buildings on ten (10) separated sites in the City of Buffalo, New York. The sites include: 12 Allen Street, 87 Mariner Street, 87 Whitney Place, 231 West Avenue, 361-377 Busti Avenue, 105-109 Hudson Street, 279-281 Niagara Street, 76 Grant Street, 346 Franklin Street, 354 Franklin Street, and 333 Linwood Avenue. The property is being sold to new ownership, Linwood-Allentown Preservation LLC. The new owners will acquire the property and substantially renovate the apartments. The housing is currently and will continue to be under two separate Project Based Section 8 contracts and 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 Linwood-Allentown Preservation 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)
Agreement for Braco & Linwood
Apartments – Affordable Housing Project

WHEREAS, Linwood-Allentown Preservation LLC is developing housing for low and very low income households pursuant to Article XI of the New York Private Housing Finance; and

WHEREAS, Braco and Linwood Apartments will consist of the development of 295 rental residential units. The Project is located in the City of Buffalo, New York in thirteen (13) existing buildings on ten (10) separated sites. The sites include: 12 Allen Street, 87 Mariner Street, 87 Whitney Place, 231 West Avenue, 361-377 Busti Avenue, 105-109 Hudson Street, 279-281 Niagara Street, 76 Grant Street, 346 Franklin Street, 354 Franklin Street, and 333 Linwood Avenue. The 295 units will be substantially rehabilitated. The housing is currently, and will continue to be, under two separate Project Based Section 8 contracts and 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 Linwood-Allentown Preservation LLC 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 Linwood-Allentown Preservation LLC, Linwood Preservation Housing Development Fund Company, Inc. and the City of Buffalo relating to Braco and Linwood Apartments 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 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 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

Braco & Linwood Apartments – Affordable Housing Project

	PILOT	City	County
Year 1	95,938.95	71,954.21	23,984.74
Year 2	98,817.12	74,112.84	24,704.28
Year 3	101,781.63	76,336.22	25,445.41
Year 4	104,835.08	78,626.31	26,208.77
Year 5	107,980.13	80,985.10	26,995.03
Year 6	111,219.54	83,414.65	27,804.88
Year 7	114,556.12	85,917.09	28,639.03
Year 8	117,992.81	88,494.61	29,498.20
Year 9	121,532.59	91,149.44	30,383.15
Year 10	125,178.57	93,883.93	31,294.64
Year 11	128,933.93	96,700.44	32,233.48
Year 12	132.801.94	99,601.46	33,200.49
Year 13	136,786.00	102,589.50	34,196.50
Year 14	140,889.58	105,667.19	35,222.40
Year 15	145,116.27	108,837.20	36,279.07