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# COUNTY OF ERIE

**MARK C. POLONCARZ**

COUNTY EXECUTIVE

August 27, 2014

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

**RE: Payment in Lieu of Taxes (Pilot) Agreement for Lackawanna Homes Project  
IMMEDIATE CONSIDERATION REQUESTED**

Dear Honorable Members:

Enclosed please find a proposed resolution and accompanying memorandum regarding a Payment in Lieu of Taxes (PILOT) agreement for Lackawanna Homes Project (Project). The resolution seeks authorization for the County Executive to execute an agreement with the City of Lackawanna, Lackawanna Homes LLC and Lackawanna Homes Housing Development Fund Corporation.

Should your Honorable Body require any further information, I encourage you to contact Commissioner Maria Whyte 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/jb  
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 Lackawanna Homes Project  
**Date:** August 27, 2014

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### **SUMMARY**

The Department of Environment and Planning is seeking authorization for the County Executive to enter into a PILOT Agreement with the City of Lackawanna, Lackawanna Homes LLC and Lackawanna Homes Housing Development Fund Corporation. The PILOT payments are based on the PILOT policy that was adopted by the Erie County Legislature on December 16, 1999.

Lackawanna Homes Project consists of forty-seven (47) new built single family homes and a community clubhouse. The housing units will be built on scattered sites throughout the First Ward of the City of Lackawanna, New York. The project will serve low and very low income persons.

### **FISCAL IMPACT**

In accordance with the PILOT policy, the proposed PILOT payments would be based on a payment of \$9,314 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 Lackawanna 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 Erie County Legislature approved a resolution on May 8, 2014 authorizing the County Executive to enter into a PILOT Agreement for Lackawanna Homes Project. Since the approval of the May 8, 2014 resolution, Schedule A of the resolution was revised to reflect a change in the payment schedule due to a reduction in the number of housing units that will be built. The Project will go from forty-eight (48) housing units to forty-seven (47) housing units. The new payment schedule is attached.

### **CONSEQUENCES OF NEGATIVE ACTION**

Without the PILOT, it would not be economically feasible for Lackawanna Homes LLC and Lackawanna Homes Housing Development Fund Corporation to operate the project.

### **STEPS FOLLOWING APPROVAL OF RESOLUTION**

The County Executive will enter into a PILOT agreement with the City of Lackawanna, Lackawanna Homes LLC and Lackawanna Homes Housing Development Fund Corporation

A RESOLUTION BY SUBMITTED BY:  
DEPARTMENT OF ENVIRONMENT AND PLANNING

RE:           Payment in Lieu of Taxes (PILOT)  
              Agreement for Lackawanna  
              Homes Project

WHEREAS, Lackawanna Homes Housing Development Fund Corporation and Lackawanna Homes LLC 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 is located on scattered sites throughout the First Ward of the City of Lackawanna, New York and will serve low and very low income households and will include 47 new built single family homes and a community clubhouse; and

WHEREAS, the Erie County Legislature previously authorized the County Executive to execute a PILOT agreement for Lackawanna Homes on May 8, 2014 based on a 48 unit project; and

WHEREAS, the total number of units has since been reduced to 47 necessitating a revised PILOT Payment Schedule; 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 for Lackawanna Homes LLC and Lackawanna Homes Housing Development Fund Corporation to operate the housing complex it is necessary to obtain tax relief from the County of Erie and the City of Lackawanna.

NOW, THEREFORE, BE IT

RESOLVED, that the County Executive is hereby authorized to execute a Payment in Lieu of Taxes (PILOT) Agreement with the City of Lackawanna, Lackawanna Homes Housing Development Fund Corporation and Lackawanna Homes LLC and appropriate other organizations necessary to carry out the Agreement relating to Lackawanna Homes Project and all other contracts necessary to conclude this Project; 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 the first year of said fifteen (15) year PILOT shall begin with the County's tax year immediately following the City's final assessment roll, as so established after project completion; and be it further

RESOLVED, that certified copies of this resolution shall be forwarded to the County Executive; the Director 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.

Project Entity: Lackawanna Homes LLC  
 Sole Member of the General Partner: Lackawanna Housing Development Corp.  
 Project Description: A development of 47 single family homes and 1 community clubhouse in Lackawanna, NY

**SCHEDULE A**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Allocation to County	\$ 2,329	\$ 2,398	\$ 2,470	\$ 2,544	\$ 2,621	\$ 2,699	\$ 2,780	\$ 2,864	\$ 2,950	\$ 3,038	\$ 3,129	\$ 3,223	\$ 3,320	\$ 3,420	\$ 3,522
Allocation to City	\$ 6,986	\$ 7,195	\$ 7,411	\$ 7,633	\$ 7,862	\$ 8,098	\$ 8,341	\$ 8,592	\$ 8,849	\$ 9,115	\$ 9,388	\$ 9,670	\$ 9,960	\$ 10,259	\$ 10,567
Total (increasing by 3% each yr.)	\$ 9,314	\$ 9,594	\$ 9,882	\$ 10,178	\$ 10,483	\$ 10,798	\$ 11,122	\$ 11,455	\$ 11,799	\$ 12,153	\$ 12,518	\$ 12,893	\$ 13,280	\$ 13,678	\$ 14,089

PILOT Calculation Summary	Per Unit	All Units	Comments
Gross Potential Rent	\$ 6,853	\$ 322,068	
Less: 5% Vacancy	\$ 343	\$ 16,103	
Plus: Ancillary Income	\$ 96	\$ 4,512	
Equals: Revenue	\$ 6,606	\$ 310,477	47 units
<b>County PILOT B ("Very Low Income")</b>			
Payment (Year 1)	\$ 198	\$ 9,314	3% of Revenue, but increases by 3% each yr.
PILOT B Allocation to County	\$ 50	\$ 2,329	25% of Payment
PILOT B Allocation to City	\$ 149	\$ 6,986	75% of Payment