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COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

August 26, 2016

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

Re: Payment in Lieu of Taxes (PILOT) Agreement for the Lofts at University Heights Project, City of Buffalo – Affordable Housing Development

Dear Honorable Members:

Please find enclosed a proposed resolution and accompanying memorandum regarding a Payment in Lieu of Taxes (PILOT) Agreement for The Lofts at University Heights Project. The resolution authorizes the County Executive to execute an agreement with UH Lofts Housing Development Fund Corporation and the City of Buffalo.

Should your Honorable Body require further information, I encourage you to contact Thomas R. Hersey, Jr., 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: Thomas R. Hersey, Jr., Commissioner

MEMORANDUM

To: Honorable Members of the Erie County Legislature
From: Environment and Planning
Re: Payment in Lieu of Taxes (PILOT) Agreement for the Lofts at University Heights Project, City of Buffalo – Affordable Housing Project
Date: August 26, 2016

SUMMARY

The resolution authorizes the County Executive to execute a PILOT agreement with UH Lofts Housing Development Fund Corporation and the City of Buffalo.

The owner is seeking a PILOT from the City of Buffalo and Erie County consistent with the PILOT Policy adopted by the Erie County Legislature on December 16, 1999.

FISCAL IMPLICATIONS

In accordance with the PILOT policy, the proposed PILOT payment for the Lofts at University Heights Project shall be based on a payment of \$2,422.75 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 this Agreement.

REASONS FOR RECOMMENDATION

The City of Buffalo supports the project and on July 19, 2016 the Common Council of the City of Buffalo passed a resolution approving a PILOT for the Lofts at University Heights Project. The project conforms to the provisions of Article XI of the New York Private Finance Law.

BACKGROUND INFORMATION

The project site consists of historic preservation and adaptive reuse of the old school #63 building located at 91 Lisbon Avenue in the City of Buffalo. Upon completion, this project will provide 45 high quality low-to moderate-income apartments. Eight (8) units will be targeted to residents with incomes up to 50% area median income (AMI), 30 units targeted to residents with incomes up to 60% AMI, and seven (7) units targeted to residents with incomes up to 90% AMI.

The total development cost for the Lofts at University Heights Project is \$16,567,351. The sources for funding include NYS Housing Finance Agency tax exempt bonds and subsidy loans, 4% as-of-right LIHTC, state low income housing tax credits, deferral and state historic tax credits, investor equity through the purchase of said tax credits, Better Buffalo funds, Buffalo HOME funds, and deferred development fee.

CONSEQUENCES OF NEGATIVE ACTION

Without the PILOT, it would not be economically feasible for UH Lofts Housing Development Fund Corporation to operate the project as it is currently structured.

STEPS FOLLOWING APPROVAL

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

A RESOLUTION SUBMITTED BY:
ENVIRONMENT AND PLANNING

RE: Payment in Lieu of Taxes (PILOT)
Agreement for the Lofts at University
Heights Project, City of Buffalo –
Affordable Housing

WHEREAS, the Lofts at University Heights Project consists of a 45-unit affordable housing development in the City of Buffalo at 91 Lisbon; and

WHEREAS, UH Lofts Housing Development Fund Corporation is developing eight (8) units of affordable housing for households below 50% of the area median income and 30 units of affordable housing for households below 60% of the area median income and seven (7) units of affordable housing for households with incomes up to 90% 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 UH Lofts 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 PILOT Agreement with UH Lofts Housing Development Fund Corporation, the City of Buffalo, and any other organizations necessary to conclude this PILOT 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; 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
The Lofts at University Heights Project PILOT

Year	Total	City	County
1	9,691.00	7,268.25	2,422.75
2	9,981.73	7,486.30	2,495.43
3	10,281.18	7,710.89	2,570.30
4	10,589.62	7,942.21	2,647.40
5	10,907.31	8,180.48	2,726.83
6	11,234.53	8,425.89	2,808.63
7	11,571.56	8,678.67	2,892.89
8	11,918.71	8,939.03	2,979.68
9	12,276.27	9,207.20	3,069.07
10	12,644.56	9,483.42	3,161.14
11	13,023.89	9,767.92	3,255.97
12	13,414.61	10,060.96	3,353.65
13	13,817.05	10,362.79	3,454.26
14	14,231.56	10,673.67	3,557.89
15	14,658.51	10,993.88	3,664.63