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# COUNTY OF ERIE

**MARK C. POLONCARZ**

COUNTY EXECUTIVE

May 6, 2016

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

**Re: Payment in Lieu of Taxes (PILOT) Agreement for Niagara Gateway  
Apartments, 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 Niagara Gateway Apartments Project. The resolution requests authorization for the County Executive to execute an agreement with Niagara Gateway Housing Development Fund Company, Inc. and the City of Buffalo.

Should your Honorable Body require further information, I encourage you to contact Michael J. LoCurto, Deputy Commissioner, at the Department of Environment and Planning. Thank you for your consideration on this matter.

Sincerely yours,

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

Mark C. Poloncarz, Esq.  
Erie County Executive

MCP/cw  
Enclosure

Cc: Michael J. LoCurto, 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 Niagara Gateway Apartments Project, City of Buffalo – Affordable Housing Project  
**Date:** May 6, 2016

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### **SUMMARY**

The Department of Environment and Planning is requesting authorization for the County Executive to execute a PILOT agreement with Niagara Gateway Housing Development Fund Company, Inc. 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 Niagara Gateway Apartments Project shall be based on a payment of \$9,967.56 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 April 12, 2016 the Common Council of the City of Buffalo passed a resolution approving a PILOT for Niagara Gateway Apartments Project. The project conforms to the provisions of Article XI of the New York Private Finance Law.

### **BACKGROUND INFORMATION**

The project site consists of adaptive reuse of a long vacant, historically significant building located at 885 Niagara Street. The project involves substantial rehabilitation of the existing building and will consist of 39 one-bedroom and 14 two-bedroom units, once completed. All of the units (100%) will be affordable for households with incomes at or below 50% of the area median income.

The total development cost for Niagara Gateway Apartments Project is \$15,892,960. The sources for funding include Homes and Community Renewal (HCR) Tax Credit equity (\$8,109,568), NYS Housing Trust Fund Corp. (\$1,387,000), Deferred Developer's Fee (\$156,279), Federal Historic Rehabilitation Credit (\$2,684,915), NYS Historic Rehabilitation Credit (\$1,745,198), and Better Buffalo Fund – Empire State Development (\$1,800,000).

### **CONSEQUENCES OF NEGATIVE ACTION**

Without the PILOT, it would not be economically feasible for Niagara Gateway Housing Development Fund Company, Inc. 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:  
DEPARTMENT OF ENVIRONMENT AND PLANNING**

**RE: Payment in Lieu of Taxes (PILOT) Agreement  
for Niagara Gateway Apartments Project,  
City of Buffalo – Affordable Housing**

**WHEREAS, Niagara Gateway Apartments Project consists of a 53-unit affordable housing development in the City of Buffalo at 885 Niagara Street; and**

**WHEREAS, Niagara Gateway Housing Development Fund Company, Inc. is developing all 53 units for households with incomes at or below 50% 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 Niagara Gateway Housing Development Fund Company, Inc. 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 Niagara Gateway Housing Development Fund Company, Inc., 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 Acting Commissioner of the Department of Environment and Planning; the County Comptroller; and the County Attorney.**

SCHEDULE A

Niagara Gateway Apartments Project PILOT

Year	Total	City	County
1	9,967.56	7,475.67	2,491.89
2	10,266.59	7,699.94	2,566.65
3	10,574.58	7,930.94	2,643.65
4	10,891.82	8,168.87	2,722.96
5	11,218.58	8,413.93	2,804.64
6	11,555.13	8,666.35	2,888.78
7	11,901.79	8,926.34	2,975.45
8	12,258.84	9,194.13	3,064.71
9	12,626.61	9,469.96	3,156.65
10	13,005.40	9,754.05	3,251.35
11	13,395.57	10,046.68	3,348.89
12	13,797.43	10,348.08	3,449.36
13	14,211.36	10,658.52	3,552.84
14	14,637.70	10,978.27	3,659.42
15	15,076.83	11,307.62	3,769.21