



COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

April 3, 2017

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

**Re: Payment in Lieu of Taxes (PILOT) Agreement for Pilgrim Village Associates
III, L.P. – Condominium Unit A – 903 Ellicott Street – 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 Pilgrim Village Development/Campus Square – Condominium Unit A Project located at 903 Ellicott Street in the City of Buffalo. The resolution authorizes the County Executive to execute an agreement with Pilgrim Village Associates III, L.P., the City of Buffalo, and any other organizations necessary to conclude this PILOT agreement.

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,

A handwritten signature in black ink, reading "Mark C. Poloncarz".

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: The Department of Environment and Planning
Re: Payment in Lieu of Taxes (PILOT) Agreement for Pilgrim Village Associates III, L.P. – Condominium Unit A – 903 Ellicott Street – Affordable Housing Development
Date: April 3, 2017

SUMMARY

The Department of Environment and Planning is requesting authorization for the County Executive to execute a PILOT agreement with Pilgrim Village Associates III, L.P., the City of Buffalo, and any other organizations necessary to conclude this PILOT Agreement.

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 Payment in Lieu of Taxes (PILOT) Agreement for Pilgrim Redevelopment/Campus Square – Condominium Unit A, located at 903 Ellicott Street in the City of Buffalo shall be based on a payment of \$39,132.00 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 March 21, 2017 the Common Council of the City of Buffalo passed a resolution approving a Payment in Lieu of Taxes (PILOT) Agreement for Pilgrim Redevelopment/Campus Square – Condominium Unit A located at 903 Ellicott Street in the City of Buffalo. The project conforms to the provisions of Article XI of the New York Private Finance Law.

BACKGROUND INFORMATION

The project site is currently a 12-acre development built in 1980 comprised of 90 townhomes within 18 buildings. The project will be redeveloped into 3 distinct real estate ownership interests in which two parcels are requesting a PILOT request and one parcel will be requesting annually at 581-A request.

Condominium Unit A at 903 Ellicott Street will contain 92 affordable apartments and 50% of the parking will be owned by Campus Square Housing Development Fund Company, Inc. whose beneficial owner will be Pilgrim Village Associates III, L.P. ("Condominium Unit A). The tenants in this building will qualify as low income in which 60% of the units are affordable to persons earning no greater than 60% of the area medium income adjusted for family size.

The total development cost for Condo A is \$51,002,200. Construction financing will consist of: deferred developer fees of \$1,268,422; a construction loan of \$5,620,000 by bank to be determined; LIHC equity of \$20,964,943; Brownfield Tax Credit equity of \$12,250,000; Soft Permanent Financing of \$10,898,835.

CONSEQUENCES OF NEGATIVE ACTION

Without the PILOT, it would not be economically feasible for Pilgrim Village Associates III, L.P. 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 Pilgrim Village Associates III, L.P. – Condominium Unit A – 903 Ellicott Street – Affordable Housing Development

WHEREAS, the project site located at 903 Ellicott Street in the City of Buffalo – Condominium Unit A, contains 92 affordable apartments; and

WHEREAS, Pilgrim Village Associates III, L.P., a New York limited partnership with offices at 91 Nora Lane, Buffalo, New York 14202 (the “Company”) and Campus Square Housing Development Fund Company, Inc., a New York not-for-profit corporation organized pursuant to Article XI of the New York State Private Housing Finance Law (the “PHFL”) with offices at 91 Nora Lane, Buffalo, New York 14202 (the “Taxpayer”) want to redevelop said site; and

WHEREAS, Pilgrim Village Associates III, L.P. is developing 92 affordable apartments and 50% of the parking will be owned by Campus Square Housing Development Fund Company, Inc., whose beneficial owner will be Pilgrim Village Associates III, L.P. (“Condominium Unit A”). The tenants in this building will qualify as low income in which 60% of the units are affordable to persons earning no greater than 60% of the area medium income adjusted for family size; 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 Pilgrim Village Associates III, L.P. 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 Pilgrim Village Associates III, L.P., 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 County Comptroller; the County Attorney; the Commissioner of the Department of Environment and Planning; and Paul D’Orlando, Department of Environment and Planning.

SCHEDULE A

Condominium Unit A – 903 Ellicott Street

Year	Total	City	County
1	39,132.00	29,349.00	9,783.00
2	40,305.96	30,229.47	10,076.49
3	41,515.14	31,136.35	10,378.78
4	42,760.59	32,070.44	10,690.15
5	44,043.41	33,032.56	11,010.85
6	45,364.71	34,023.53	11,341.18
7	46,725.65	35,044.24	11,681.41
8	48,127.42	36,095.57	12,031.86
9	49,571.25	37,178.44	12,392.81
10	51,058.38	38,293.79	12,764.60
11	52,590.14	39,442.60	13,147.53
12	54,167.84	40,625.88	13,541.96
13	55,792.88	41,844.66	13,948.22
14	57,466.66	43,100.00	14,366.67
15	59,190.66	44,393.00	14,797.67