



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
Development/Campus Square – Rehabilitation Parcel – 1100 Michigan
Avenue – 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 – Rehabilitation Parcel, located at 1100 Michigan Avenue in the City of Buffalo. The resolution authorizes the County Executive to execute an agreement with Pilgrim Village Associates IV, L.P., Campus Square Housing Development Fund Company, Inc. 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: Department of Environment and Planning
Re: Payment in Lieu of Taxes (PILOT) Agreement for Pilgrim Village Development/Campus Square – Rehabilitation Parcel – 1100 Michigan Avenue – 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 IV, 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 PILOT payment for Payment in Lieu of Taxes (PILOT) Agreement for Pilgrim Redevelopment/Campus Square – Rehabilitation Parcel shall be based on a payment of \$15,693 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 PILOT for Payment in Lieu of Taxes (PILOT) Agreement for Pilgrim Redevelopment/Campus Square – Rehabilitation Parcel, located at 1100 Michigan Avenue 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.

The Rehabilitation Parcel will contain approximately 7 acres of real estate containing 57 affordable townhouses which will all be rehabilitated on the balance of the parcel located at 1100 Michigan Avenue, surrounded by Best and Michigan and Ellicott Streets, in the City of Buffalo. The owner will be Campus Square Housing Development Fund Company, Inc. whose beneficial owner will be Pilgrim Village Associates IV, L.P. These units will qualify as very low income households in that 60% units are affordable to persons earning no greater than 50% of the area medium income adjusted for family size.

The total development cost for Rehab Parcel is \$10,958,061. Construction financing will consist of: deferred developer fees of \$102,646; a construction loan of \$3,500,000, from bank to be determined; LIHC equity of \$2,075,415; Soft Permanent Financing of \$5,280,000.

CONSEQUENCES OF NEGATIVE ACTION

Without the PILOT, it would not be economically feasible for Pilgrim Village Associates IV, 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 Development/Campus Square – Rehabilitation Parcel – 1100 Michigan Avenue – Affordable Housing Development

WHEREAS, the Pilgrim Village Development/Campus Square – Rehabilitation Parcel – 1100 Michigan Avenue project site is currently in a 12-acre development built in 1980, comprised of 90 townhomes within 18 buildings; and

WHEREAS, the project will be redeveloped by Pilgrim Village Associates IV, 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”); and

WHEREAS, Pilgrim Village Associates IV, L.P. is developing approximately 7 acres of real estate at this site, containing 57 affordable townhomes which will all be rehabilitated on the balance of the parcel at 1100 Michigan Avenue, surrounded by Best and Michigan and Ellicott Streets. These units will qualify as very low income households in that 60% units are affordable to persons earning no greater than 50% 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 IV, 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 IV, 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

Rehabilitation Parcel at 1100 Michigan Avenue

Year	Total	City	County
1	15,693.00	11,769.75	3,923.25
2	16,163.79	12,122.84	4,040.95
3	16,648.70	12,486.53	4,162.18
4	17,148.16	12,861.12	4,287.04
5	17,662.61	13,246.96	4,415.65
6	18,192.49	13,644.37	4,548.12
7	18,738.26	14,053.70	4,684.57
8	19,300.41	14,475.31	4,825.10
9	19,879.42	14,909.57	4,969.86
10	20,475.81	15,356.85	5,118.95
11	21,090.08	15,817.56	5,272.52
12	21,722.78	16,292.09	5,430.70
13	22,374.47	16,780.85	5,593.62
14	23,045.70	17,284.27	5,761.42
15	23,737.07	17,802.80	5,934.27