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# COUNTY OF ERIE

**MARK C. POLONCARZ**

COUNTY EXECUTIVE

January 3, 2022

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

**RE: Payment in Lieu of Taxes (PILOT) Agreement for McCarley Gardens Project, City of Buffalo – Affordable Housing Development**

Dear Honorable Members:

Please find an enclosed resolution from the Department of Environment and Planning regarding a Payment in Lieu of Taxes (PILOT) Agreement for McCarley Garden's Project. The resolution authorizes the County Executive to execute an agreement with McCarley Gardens LLC, Oak Michigan Housing Development Fund Company, Inc., and the City of Buffalo.

Should your Honorable Body require further information, I encourage you to contact Deputy Commissioner Daniel Castle. Thank you for your consideration on this matter.

Sincerely yours,

Mark C. Poloncarz, Esq.  
Erie County Executive

MCP/mw  
Enclosure

cc: Daniel R. Castle, Commissioner

## MEMORANDUM

**To:** Honorable Members of the Erie County Legislature  
**From:** Department of Environment and Planning  
**Re:** Payment in Lieu of Taxes (PILOT) Agreement McCarley Gardens Project, City of Buffalo – Affordable Housing Project  
**Date:** January 3, 2022

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### **SUMMARY**

The resolution authorizes the County Executive to execute a PILOT Agreement with McCarley Gardens LLC, Oak Michigan 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 McCarley Gardens Project shall be based on a payment of \$52,119.43 in year 1 and would escalate by 3% each year for an additional 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 payment Schedule A lists the payments for the 15 years of the Agreement.

### **REASONS FOR RECOMMENDATION**

The City of Buffalo supports the PILOT and on December 28, 2021, the Common Council of the City of Buffalo approved McCarley Gardens project PILOT Agreement. The project conforms to the provisions of Article XI of the New York Private Housing Finance Law.

### **BACKGROUND INFORMATION**

The residential project is located at 818 Michigan Avenue in the City of Buffalo, zip code 14203. The project consists of the redevelopment of an existing 150-unit 2 story townhome complex. All units in the project will provide affordable housing to households whose income is 60% or below Area Median Income (AMI). Additionally, 60% of the units will be for households whose income is no more than 50% AMI. The total development cost is projected to be \$33,000,000.

### **CONSEQUENCES OF NEGATIVE ACTION**

Without the PILOT, it would not be economically feasible for McCarley Gardens LLC and/or Oak Michigan 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 McCarley Gardens Project, City of Buffalo – Affordable Housing Project

WHEREAS, McCarley Gardens Project consists of the redevelopment of an existing affordable housing development located in the City of Buffalo into one hundred and fifty (150) affordable rental units for multi-family housing located at 818 Michigan Avenue, Buffalo, New York 14203; 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 McCarley Gardens LLC, Oak Michigan Housing Development Fund Company, Inc. to operate the housing project it is necessary to extend 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 McCarley Gardens LLC, Oak Michigan Housing Development Fund Company, Inc., Inc., and 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**  
**PILOT Payments**

	<b>YEAR</b>	<b>Total</b>	<b>CITY</b>	<b>COUNTY</b>
<b>2023-2024</b>	<b>1</b>	\$ 52,119.43	\$ 39,089.57	\$ 13,029.86
<b>2024-2025</b>	<b>2</b>	\$ 53,683.01	\$ 40,262.26	\$ 13,420.75
<b>2025-2026</b>	<b>3</b>	\$ 55,293.51	\$ 41,470.13	\$ 13,823.38
<b>2026-2027</b>	<b>4</b>	\$ 56,952.31	\$ 42,714.23	\$ 14,238.08
<b>2027-2028</b>	<b>5</b>	\$ 58,660.88	\$ 43,995.66	\$ 14,665.22
<b>2028-2029</b>	<b>6</b>	\$ 60,420.71	\$ 45,315.53	\$ 15,105.18
<b>2029-2030</b>	<b>7</b>	\$ 62,233.33	\$ 46,675.00	\$ 15,558.33
<b>2030-2031</b>	<b>8</b>	\$ 64,100.33	\$ 48,075.25	\$ 16,025.08
<b>2031-2032</b>	<b>9</b>	\$ 66,023.34	\$ 49,517.50	\$ 16,505.83
<b>2032-2033</b>	<b>10</b>	\$ 68,004.04	\$ 51,003.03	\$ 17,001.01
<b>2033-2034</b>	<b>11</b>	\$ 70,044.16	\$ 52,533.12	\$ 17,511.04
<b>2034-2035</b>	<b>12</b>	\$ 72,145.48	\$ 54,109.11	\$ 18,036.37
<b>2035-2036</b>	<b>13</b>	\$ 74,309.85	\$ 55,732.39	\$ 18,577.46
<b>2036-2037</b>	<b>14</b>	\$ 76,539.14	\$ 57,404.36	\$ 19,134.79
<b>2037-2038</b>	<b>15</b>	\$ 78,835.32	\$ 59,126.49	\$ 19,708.83