

OFFICE OF THE MAYOR  
Telephone: (716) 286-4310

July 19, 2019

The City Council  
Niagara Falls, New York

RE: Vincent Morello Senior Housing, L.P.

Council Members:

Vincent Morello Senior Housing, L.P. (the "Partnership") owns and operates the Vincent Morello complex at 400 – 95<sup>th</sup> Street (the "Property"). The Property is exempt from taxes under Article V of the Private Housing Finance Law ("PHFL"), and is subject to a Payment in Lieu of Taxes agreement ("PILOT"). Rent for this low income housing tax credit project is limited by the federal Internal Revenue Code and NYS Division of Housing and Community Renewal (DHCR). The tax exemption and PILOT are necessary for the economic feasibility of the project with the rent limitations.

On October 13, 1998 the City Council approved granting a real property tax exemption to the Property under Section 125 of the PHFL, and authorized the Mayor to enter into a PILOT agreement with the Partnership. The PILOT provided for exemption of the Property from real property taxes and payment of amounts in lieu of taxes for a period of 15 years, commencing with the 2000 taxes, as set forth therein. The Property is subject to a Low-Income Housing Tax Credit Regulatory Agreement with NYS Division of Housing and Community Renewal (DHCR), now New York Homes and Community Renewal, limiting the rent which can be charged. The regulatory agreement was for an initial period of 15 years, and an additional period of 25 years, for a total of 40 years. Section 125 of the PHFL allows for extension of the tax exemption for a total exempt period of up to 50 years.

On July 25, 2011 the City Council approved a request from the Partnership to extend the tax exemption and PILOT for an additional 10 years to facilitate refinancing for the property. The exemption also extended the PILOT agreement with the initial annual payment of \$17,833.02, which is the final payment under the original PILOT plus 2%, with 2% annual increases thereafter.

The Partnership, once again, is in the process of refinancing the existing debt on the Property. The Partnership's lender is requiring an extension of the tax exemption and PILOT agreement through the year 2040. The PILOT payments to the City will remain a constant with yearly increases of 2% thereafter.

Because the project has been very successful, providing 80 units of safe, clean, low income housing for seniors in the City at affordable prices, it is recommended that the City Council vote to approve the tax exemption and PILOT agreement extension for an additional 15 years (2026 – 2040) as set forth herein. The City Assessor supports this recommendation.

Will the Council so approve and authorize the Mayor to execute documents necessary to effectuate these approvals provided the same are satisfactory to the Corporation Counsel in form and content?

Respectfully submitted,

PAUL A. DYSTER  
Mayor

Kennedy \_\_\_\_\_ Scott \_\_\_\_\_ Tompkins \_\_\_\_\_ Voccio \_\_\_\_\_ Touma \_\_\_\_\_

