



Legislation Text

File #: 2016-322, Version: 1

TITLE

MEMORANDUM OF UNDERSTANDING BETWEEN GUILFORD COUNTY AND CITY OF GREENSBORO HOUSING AUTHORITY - ANNUAL PAYMENT IN LIEU OF TAXES FOR NON-ROUTINE MAINTENANCE, UPGRADING AND MODERNIZATION OF EXISTING HOUSING UNITS

SPONSOR

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BACKGROUND

The City of Greensboro Housing Authority (GHA) is requesting Guilford County enter into a Memorandum of Understanding (MOU) regarding the annual Payment in Lieu of Taxes (PILOT). Guilford County and the Housing Authority have operated under a previous Memorandum of Understanding that was approved in June 1987. The GHA PILOT is used to perform non-routine maintenance, upgrade and modernize housing units, and to pay debt service for such purposes. GHA had a similar agreement with the City of Greensboro.

PILOT is paid by housing authorities in lieu of ad valorem property taxes in accordance with 42 USCA 1437(d) and N.C.G.S. 157-31. The PILOT is equal to the total rent revenue collected by the authority net of all utility costs multiplied by (ten) 10 percent. The estimated total payment in lieu of taxes for FY 2016 for the Greensboro Housing Authority is \$233,000, with \$126,000 allocated to Guilford County and \$107,000 allocated to the City of Greensboro. The PILOT is pro-rated and distributed based upon local government tax rates. Prior to FY 2016, the PILOT was forwarded to the City of Greensboro to repay \$1,500,000 tax-exempt variable rate general obligation bonds issued by the City on March 3, 1998, on behalf of GHA, for facility improvements. These bonds were retired in June 2015.

The Housing Authority has entered into Cooperation Agreements with the City of Greensboro dating back to 1949, to allow the PILOT to be used exclusively for facility maintenance and upgrades. The City of Greensboro and GHA entered into a new MOU on October 20, 2015. The Cooperation Agreements and the proposed MOU would pertain to twenty (20) existing communities owned by the Housing Authority.

The Greensboro Housing Authority is working on a plan to convert their entire public housing portfolio to the Rental Assistance Demonstration (RAD) program established by the United

States Department of Housing and Urban Development. This will allow the conversion of public housing funding to long-term, project-based Section 8 housing assistance contracts. This will help GHA leverage private funds to help pay for major renovations, capital needs and other long-term improvements to its housing initiatives. GHA currently owns a total of 2,209 public housing units and project-based voucher housing units, and administers 3,700 housing choice vouchers that allows the leasing of homes throughout the County. GHA has a current waiting list of over 12,000 families in need of affordable housing, and has a twenty (20) year capital improvement plan totaling \$63,654,954.

GHA is requesting Guilford County approve a new PILOT Memorandum of Understanding to continue the existing Cooperation Agreement (dated June 25, 1987) and to refund an amount equal to the County's portion of 10% of the shelter rent to GHA to perform non-routine maintenance, upgrading and modernization of its housing communities. GHA will maintain a separate account for these funds and provide annually a report on the progress it has made in the use of these funds and provide the county with a copy of the annual audit of this account. A long-term agreement that includes an initial five-year term and three automatic five-year renewals has been proposed. This MOU is subject to termination by either party upon notice to the other party at least sixty (60) days prior to the adoption of the fiscal year budget of the County.

BUDGET IMPACT

NO ADDITIONAL COUNTY FUNDS REQUIRED

REQUESTED ACTION

Approve a new Payment in Lieu of Taxes (PILOT) Memorandum of Understanding between the City of Greensboro Housing Authority (GHA) and Guilford County to continue the existing Cooperation Agreement (dated June 25, 1987); refund an amount equal to the County's portion of 10% of the shelter rent revenue to GHA for the performance of non-routine maintenance, upgrading and modernization of its housing communities; and authorize staff to take any and all actions necessary to enter into a new long-term Cooperation Agreement with GHA, that includes an initial five (5) year term, with three (3) automatic five-year renewals.