



Yolo County Housing

Lisa A. Baker, Executive Director

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BOARD OF COMMISSIONERS

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DATE: April 2, 2009

TO: YCH Board of Commissioners

FROM: Lisa A. Baker, Executive Director

PREPARED BY: Mark Stern, Finance Director

SUBJECT: **Review and Approve Agreement between Yolo County Housing and the County of Yolo regarding PILOT Payments and Authorize the Chair to Execute the Agreement**

RECOMMENDED ACTION:

That the Board of Commissioners:

1. Review and approve the Agreement between Yolo County Housing and the County of Yolo for PILOT payments; and
2. That the Board authorizes the Chair to execute the Agreement on behalf of Yolo County Housing.

BACKGROUND/DISCUSSION:

"Payment In Lieu of Taxes" (PILOT) are payments that the YCH makes on behalf of its public housing properties, which, like other non-profit properties, are otherwise tax exempt. PILOT only applies to YCH properties in its public housing portfolio. Other properties, unless market rate, are not subject to property tax or PILOT.

The payment of PILOT has been one of the outstanding issues between the YCH and the County and resolution of this issue has been part of the long term improvement plan for the YCH and an issue in the 2006-2007 YCH single audit.

Staff has worked diligently with the County to come to a mutually beneficial agreement that would resolve the outstanding issue and help ensure that the issue does not recur. The attached agreement represents the proposed settlement and resolution of the issue. Staff would like to take this opportunity to thank the County and its staff for their assistance in working together with us to successfully resolve this matter.

FISCAL IMPACT:

There are sufficient funds budgeted and available to make the required PILOT payments. Execution of the Agreement and payment of funds would resolve an outstanding financial issue.

RECOMMENDATION

That the Board should approve the agreement and authorize the Chair to execute on behalf of the YCH.

Attachments: Proposed PILOT Agreement

YOLO COUNTY HOUSING

AGREEMENT NO. _____

(Agreement between the Yolo County Housing and the County of Yolo regarding PILOT Payments for Fiscal Years Ending 2003, 2005, 2006, 2007, and 2008)

This Agreement is made and entered into this _____ day of April, 2009, by and between the Housing Authority of the County of Yolo, a public body corporate and politic ("YCH"), and the County of Yolo, a political subdivision of the State of California ("County").

RECITALS

WHEREAS, on August 25, 1981, YCH and County entered into Agreement No. 81-189 ("PILOT Agreement"), whereby YCH agreed to make annual payments in lieu of taxes ("PILOT") to the County for the public services and facilities furnished by the County to YCH; and

WHEREAS, Section 3(b) of the PILOT Agreement provides that the annual PILOT payment shall be in an amount equal to either: (1) ten percent (10%) of the Shelter Rent actually collected, or (2) the amount permitted to be paid by applicable State law in effect on the date such payment is made, whichever amount is lower; and

WHEREAS, YCH and County wish to resolve the issue of the outstanding PILOT payment for fiscal years ending 2003, 2005, 2006, 2007, and 2008 and agree that the terms contained in this Agreement are appropriate and in the best interest of YCH and County.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is agreed by and between YCH and County as follows:

TERMS

1. YCH and County agree that the County does not have the data to determine the valuation required by Section 3(b)(ii) of the PILOT Agreement, and as such, current property tax assessments cannot be determined. Therefore, the Parties agree that the ten percent (10%) of Shelter Rent method provided in Section 3(b)(i) of the PILOT Agreement is the proper method to be used to establish the PILOT payments for fiscal years ending 2003, 2005, 2006, 2007, and 2008;

2. YCH shall continue to accrue PILOT expenses based solely on the ten percent (10%) of Shelter Rent method without the comparison required by Section 3(b) of the PILOT Agreement for a period of up to three (3) years from the date of execution of this Agreement. This will permit the County a reasonable period of time to conduct the valuation required by Section 3(b)(ii) of the PILOT Agreement.

3. The County forgives PILOT payments owed by YCH for fiscal years ending 2003 (in amount of \$129,294.00) and 2005 (in amount of \$151,534.00).

4. YCH shall pay the County PILOT payments in the total amount of Four Hundred Fifty-Eight Thousand Eighteen Dollars and No Cents (\$458,018.00) for fiscal years ending 2006, 2007, and 2008 on the following schedule:

- a. Two Hundred Twenty-Nine Thousand Nine Dollars and No Cents (\$229,009.00) within fifteen (15) days of execution of this Agreement.
- b. Two Hundred Twenty-Nine Thousand Nine Dollars and No Cents (\$229,009.00) on July 1, 2009.

5. YCH shall continue to make PILOT payments to the County for fiscal year ending 2009 and all subsequent years in the manner provided by the PILOT Agreement.

6. This Agreement may only be amended in writing signed by both YCH and County, and any other purported amendment shall be of no force or effect.

7. This Agreement constitutes the entire agreement between YCH and County regarding outstanding PILOT payments for fiscal years ending 2003, 2005, 2006, 2007, and 2008 and the use of the ten percent (10 %) Shelter Rent method for fiscal years ending 2009, 2010, and 2011. This Agreement supersedes all prior negotiations, representations, or agreements, whether written or oral. In the event of a dispute between the parties as to the language of this Agreement or the construction or meaning of any term hereof, this Agreement shall be deemed to have been drafted by the parties in equal parts so that no presumptions or inferences concerning its terms or interpretation may be construed against any party to this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first set forth above.

YCH:
HOUSING AUTHORITY
OF THE COUNTY OF YOLO

COUNTY:
COUNTY OF YOLO

Helen M. Thomson, Chair
Board of Commissioners

Michael H. McGowan, Chair
Yolo County Board of Supervisors

Approved as to Form:

Approved as to Form:
Robyn Truitt Drivon, County Counsel

Sonia Cortés, Agency Counsel

By _____
Daniel Cederborg, Assistant