



# MEMORANDUM

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**To:** Mayor and City Councilors  
**From:** Rich Olson, City Manager  
**Date:** January 24, 2013  
**Re:** Consideration – Housing Authority PILOT Funds

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***BACKGROUND:***

In a letter from the Elizabeth City Housing Authority dated February 9, 2011, they requested that the City waive their Payment in Lieu of Taxes (PILOT) from February 2010 to February 2015. During the City Council meeting held on May 9, 2011, the City Council granted a five-year waiver of the PILOT amount paid by the Housing Authority. It was the intent when the Council granted the waiver that the funds would be used for capital improvements to the 330 units they own. I received the attached letter from Robert Pfeiffer, Chairman of the Authority, requesting that they be allowed to utilize \$1,182.67 to pay overspent funds through the ABCDE Grant.

***ANALYSIS:***

The Housing Authority receives almost all its funding from HUD. Over the years, the Authority has had problems paying certain obligations if HUD ruled that the payment was ineligible under their guidelines. They have used PILOT funds to cover some of their ineligible expenses in the past.

The Council's intent was that the Authority use PILOT funding for improvements to their housing units. The Authority has been very successful in receiving supplemental funds from HUD and Stimulus Funding to improve their units. Positive progress has been made on several rehabilitation projects since the Council issued the waiver in 2011.

The City does not account for how the Housing Authority spends these funds. We trust the Authority will utilize the funds for the intended purpose. The Authority's request will not have an adverse impact on the City.

The Finance Committee discussed this matter during their meeting of January 24, 2013 and recommends approval.

***STAFF RECOMMENDATION:***

By motion, authorize the Housing Authority to utilize \$1,182.67 in PILOT funds to repay money owed to the ABCDE Grant.

RCO/vdw

# Elizabeth City Housing Authority

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January 23, 2013

Mr. Richard C. Olson  
City Manager  
City of Elizabeth City  
306 E. Colonial Avenue  
Elizabeth City, NC 27907

Re: Payment In Lieu of Taxes (PILOT) Grant

Dear Rich:

On Monday, May 11, 2011 the City of Elizabeth City approved a request from the Elizabeth City Housing Authority (ECHA) to extend for an additional five years the PILOT Grant. I may be mistaken but I believe this "grant" originated in 2001 for an initial five year period for the purpose of assisting ECHA with our capital improvement program. This grant was renewed for another five year period in 2006 and again in 2011 with the stipulation, and our commitment, that the funds would be used for capital improvements to our housing units.

As you are aware ECHA is responsible for providing low rent housing for qualified individuals per rules and regulations as prescribed by the Department of Housing and Urban Development (HUD) and other Federal Agencies. We do this via 330 housing units which were built between the 1965 and 1973. Most of our funding is through HUD and as you can imagine we are very restricted in how we use the funds and we seem to be constantly facing the threat of reduced funding which makes operation more challenging. Maintaining and updating these units, as we are committed to doing, is very expensive and we appreciate the consideration the City has provided to allow us to extend as many dollars as we can to continue to improve the quality of our housing inventory through the PILOT grant.

Several years ago ECHA overspent an approved budget for a program designed for low to moderate income household children through an ABCDE Grant. While we have "repaid" most of these funds back but we still owe \$1,182.67 that needs to be repaid via non-federalized dollars. We were hoping to use NCDOT funds we received last year from easements related to

the Elizabeth St. project but that request was denied by HUD. We are presently waiting on direction from HUD as to how those proceeds may be used but they have indicated we cannot use them to repay the grant funds.

Given that we have committed to the City of Elizabeth City that the PILOT funds will be used specifically for capital improvements, we would appreciate the City granting a "waiver" and approving use of \$1,182.67 of 2012-13 PILOT funds to repay the balance of our obligation to HUD and clear this matter up. We really do not have any other source of non-federalized funding and this will clear up an issue that has been hanging over our organization for too long.

The Board and employees of ECHA remain committed to continuing to provide the best level of living conditions available in as safe as an environment as we can. We will continue to modernize our units as funding becomes available. Additionally, we will continue to add security cameras, when we can, in areas that are of concern which hopefully is a mutually beneficial investment as it reduces crime in our neighborhoods and hopefully provides the City with additional surveillance resources.

If you would like more information regarding this request please do not hesitate to contact me at 335-0848. I am hopeful this request will meet with your approval and Council's support, if necessary.

Sincerely,



Robert C. Pfeiffer

Chair

Elizabeth Housing Authority Board of Commissioners