



**Berkeley Housing Authority**

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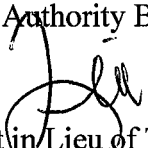
*Office of the Executive Director*

Item 6C

NEW BUSINESS

April 16, 2013

To: Honorable Chairperson and  
Members of the Berkeley Housing Authority Board

From: Tia M. Ingram, Executive Director 

Subject: Cooperation Agreement – Payment in Lieu of Taxes

RECOMMENDATION

Authorize the Executive Director to terminate the Cooperation Agreement – Payment in Lieu of Taxes with the City of Berkeley with regard to the 75 units of affordable family rental units owned by BHA concurrent with the transfer of title to the public housing units to The Related Companies of California.

BACKGROUND

The 1937 Housing Act created the Public Housing Program, and in an effort to make sure that the local government would support the development of the units (cooperate) by providing municipal services, notwithstanding the fact that the units would be exempt from payment of property taxes.

Public Housing Authorities (PHAs) would enter into a “Cooperation Agreement” with the local government, agreeing to pay a fee – in lieu of taxes, thus the acronym PILOT (Payment in Lieu of Taxes). In fact, while there are countless numbers of these agreements, with a rare exception, fees are not assessed by governments, nor paid by Housing Authorities in California. BHA and the City executed a Cooperation Agreement in September, 1984; there is no evidence any payments were ever required or paid.

STATUS

When ownership of the publicly owned units is transferred to private ownership (The Related Companies of California), they will no longer be automatically exempt from property taxes, and the Cooperation Agreement (BHA and City) will be null and void.

The Berkeley Unified School District (BUSD) is also involved in the project. They requested that we formally terminate the Cooperation Agreement with the City – to avoid any potential issues with their support of the transfer of ownership. The Board is asked to consent to the termination; we have asked, and the City has consented to do likewise.

**FISCAL IMPACTS OF RECOMMENDATIONS**

None.

**CONTACT PERSON**

Tia M. Ingram, Executive Director, (510) 981-5471  
Jesy Yturalde, Finance Manager, (510) 981-5488

Attachment: Resolution

BERKELEY HOUSING AUTHORITY  
RESOLUTION NO. 13-\_\_\_\_\_

TERMINATING THE COOPERATION AGREEMENT "PAYMENT IN LIEU OF TAXES" (PILOT) WITH THE CITY OF BERKELEY CONCURRENT WITH THE TRANSFER OF TITLE TO THE PUBLIC HOUSING UNITS TO THE RELATED COMPANIES OF CALIFORNIA.

WHEREAS, under the 1937 Housing Act Public Housing units are exempt from payment of property taxes; and

WHEREAS, in 1983 Berkeley Housing Authority developed 14 rental housing units, and later 1988, an additional 61 rental housing units; and

WHEREAS, in 1984 Berkeley Housing Authority entered into a Cooperation Agreement with the City of Berkeley, formalizing the City's commitment to provide municipal services in exchange for a payment in lieu of taxes (PILOT); and

WHEREAS, Berkeley Housing Authority intends to transfer ownership of its 75 of the rental housing units to private ownership.

NOW THEREFORE, BE IT RESOLVED, that the Authority shall terminate the Cooperation Agreement with the City of Berkeley concurrently with the transfer of title to the new ownership entity (The Related Companies of California).

FURTHER RESOLVED, that the Executive Director is authorized to execute any and all PILOT related documents as may be required by the City of Berkeley or other entities.

The Foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on April 16, 2013 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
Tia M. Ingram, Secretary

