

PAYMENT IN LIEU OF TAXES AGREEMENT

THIS AGREEMENT is made as of this ____ day of March, 2018, between HOUSING AUTHORITY OF SAVANNAH (the “Authority”) and THE MAYOR AND ALDERMEN OF THE CITY OF SAVANNAH (the “City”), a Georgia Municipal Corporation.

WITNESSETH:

WHEREAS, the Authority has entered into agreements with Atlantic Housing Foundation, Inc., a South Carolina 501 (c)(3) not for profit corporation, for the development and construction of two hundred seventy six (276) units of which all will be much needed workplace affordable housing for persons of low incomes. Two hundred seventy (270) units will be restricted to persons whose income is 60% or less of Area Median Income (“AMI”), while all 276 will be occupied by or held available for occupancy by Low and Moderate Income Families (as that term is defined in O.C.G.A. §8-3-3.1(3), as amended from time to time). The development to be known as Waters at Gateway (“the Development”);

WHEREAS, under various agreements, the Authority will, among other things, be the owner of the real property upon which the Development is constructed, will enter into a ground lease with a limited partnership in which the Authority or a subsidiary of the Authority will own a 20% interest in the general partner, will be a co-developer of the Development and will provide credit enhancement to the Development;

WHEREAS, the Authority has entered into various agreements for the Development and the operation of the Development, the provision of credit enhancement, the participation of the Authority through ownership of an interest in the Development and the participation of the Authority through ownership of the land on which the Development is located constitute a “private enterprise agreement” as per O.C.G.A. § 8-3-3 (13.1);

WHEREAS, O.C.G.A. § 8-3-3 (13.1) provides, that a “Private enterprise agreement’ means a contract between a housing authority and a person or entity operating for profit for: ... (C) The ownership or operation of a housing project by the for profit entity in which the housing authority participates, either through a wholly owned subsidiary, for purposes of facilitating the development, provision of credit enhancement, operation, or management of such housing project in accordance with” the Housing Authorities Law and “Such participation may involve ownership by the housing authority of an interest in the housing project through the for profit entity, ownership by the housing authority of the land on which the housing project is developed ...;”

WHEREAS, the limited partnership in which the Authority or its subsidiary will be participating as a member of the general partner will construct, own and operate the Development;

WHEREAS, the Authority is also a co-developer of the Development;

WHEREAS, portions of O.C.G.A. § 8-3-3 and O.C.G.A. § 8-3-8 may be applicable to the Project; and

WHEREAS, the Authority will require that 270 units of workplace affordable housing will be “persons of low income” as defined in O.C.G.A. § 8-3-3 (13), that the remaining six units be occupied by persons whose income is 80% or less of AMI and that therefore the Development will constitute a “housing project” as per O.C.G.A. § 8-3-3 (10)(A)(ii);

WHEREAS, pursuant to O.C.G.A. § 8-3-8, the property of a housing authority is deemed to be public property used for essential public and governmental purposes and that portion of any housing project that is subject to a private enterprise agreement that are occupied or reserved for occupancy by persons of low income is also declared to be public property used for essential public and governmental purposes and thus “shall be exempt from all taxes and special assessments of the city ...;”

WHEREAS, O.C.G.A. § 8-3-8 further provides, that “in lieu of such taxes or special assessments, an authority may agree to make payments to the city ... for the benefit of a housing project; but in no event shall such payments exceed the estimated cost to such city of the improvements, services or facilities to be so furnished;

WHEREAS, after completion of the Development, unlike some other housing developments, the streets and sidewalks within the Development will not be dedicated to the City and therefore the responsibility for maintenance of same will not be on the City;

WHEREAS, nothing herein precludes the Development from being subject to the City’s fire service fee schedule; and

WHEREAS, the cost of repair and maintenance of the water and sewer system within the Development shall be the responsibility of the Development and not the City, unless a separate water services agreement is entered into between the developer and the City;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the Mayor and Aldermen of the City of Savannah and the Housing Authority of Savannah agree:

1. The parties agree that the City will provide improvements, services and facilities, other than water and sewer services, sanitation services, storm water treatment services and fire services to the Development beginning in calendar year 2019,
2. In lieu of taxes and special assessments with respect to the Development, the Authority agrees to make payments to the City.
3. The parties agree that the amount of the payment in lieu of taxes (“Pilot Payment”) to be paid by the Authority to the City will be Fifty Five Thousand Two Hundred

Dollars (\$55,200) per year, beginning in the first year after the date upon which a certificate of occupancy is issued for the Development and due and payable on or before July 1st of the succeeding year.

4. The amount of the PILOT Payment shall increase each year by the lesser of the following amounts: (i) the amount equal to two percent (2%) of the previous year's PILOT Payment or (ii) the amount equal to the previous year's PILOT Payment multiplied by the percentage that the Area Median Income for Chatham County, Georgia, as established annually by HUD increases over the previous year's Area Median Income for Chatham County, Georgia as established by HUD. The PILOT Payment shall be submitted to the City Manager accompanied by an explanation by the Authority as to the calculation of the increase in the amount of the PILOT Payment over the previous year, i.e. a statement as to the HUD determination of the increase in the year's Area Median Income for Chatham County, Georgia for the year the PILOT Payment is being made and whether the percentage increase of the Area Median Income or the two percent increase is being used to calculate the PILOT Payment. The explanation of the calculation shall also be provided by the Authority to the City Attorney, the City Chief Financial Officer, and the City Housing Director.

5. Nothing herein exempts this Development from payment, in addition to the payment required herein, for Water and Sewer Services, Fire Services, Sanitation Services, and Stormwater treatment services, if and to the extent fees for these services are charged to other property owners within the City, in accordance with the City's annual revenue ordinance and not included in ad valorem taxation.

6. This agreement shall remain in effect for the lesser of (a) forty years, (b) the date the Authority no longer participates in the Development, or (c) the date upon which the property is not exempt from ad valorem taxation under Georgia law.

7. Unless otherwise agreed between the parties, the property will be subject to property taxation on the same basis as other similar properties within the City upon the termination of the agreement.

Effective as of the _____ day of March, 2018

HOUSING AUTHORITY OF SAVANNAH

MAYOR AND ALDERMEN OF THE
CITY OF SAVANNAH

BY: _____
Chairman

BY: _____
City Manager

ATTEST: _____
Secretary

ATTEST: _____
Clerk of Council

