CHARTER TOWNSHIP OF GENESEE GENESEE COUNTY, MICHIGAN

**ORDINANCE NO. 596**

AN ORDINANCE AMENDING ORDINANCE NO . 455 TO PROVIDE FOR AN EXTENSION TO THE PILOT AGREEM ENT; AMENDING THE SERVICE CHARGE IN LIEU OF TAXES FOR THE BRISTOL COURT PROJECT, A DWELLING PROJECT FOR PERSONS OF LOW INCOME, PURSUANT TO THE PROVISIONS OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966, AS AMENDED

**THE CHARTER TOWNSHIP OF GENESEE, GENESEE COUNTY, MICHIGAN, ORDAINS:**

**SECTION** I

**Preamble**

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for it s citizens of low income and to encourage the development of such housing by providing for a service charge in lieu of propert y taxes in accordance with the State Housing Development Authority Act of 1966 [1966 P.A. 346, as amended, MCLA, Section 125.1401 et seq.; MSA Section 116.114(1} et seq.] (the " Act" }. The Charter Township of Genesee (" Tow nship" } is authorized by this act to establish or charge the service charge to be paid in lieu of taxes by any or all classes of housing exempt from taxation under the Act at any amount it chooses, not to exceed the taxes that would be paid but for the Act. It is further acknowledged that such housing for person of low income is a public necessity and as the Township is benefitted and improved by such housing, the encouragement of the same by providing certain real estate tax exemption for such hou sing is a valid public purpose; further, that the continuance of the provisions of this ordinance for tax exempt ion and the service charge in lieu of taxes during the period contemplated in this Ordinance are essential to the economic feasibility of housing development s which are constructed and financed in reliance on such tax exemption.

**SECTION** II

**Service Charge in Lieu of Taxes**

The Township acknowledges that Bristol Court, LBHALP (the "Sponsor"} has applied for a mortgage loan from the State Housing Developm ent Authority (the "Authority"}, and subject to the receipt of a mortgage loan from the Authority and receipt of an allocation under the Low Income Housing Tax Credit ("LIHTC"}, will construct, own and operate a hou sin g development identified as Bristol Court in the Township to serve persons of low income, and that the Sponsor has offered to pay the Township on account of this housin g developmen t an annu al ser vice charge for public services in lieu of all taxes.

**SECTION Ill**

**Definitions**

All terms shall be defined as set forth in the State Housing Development Authority Act of 1966, being Public Act 346 of 1966, of the State of Michigan, as amended, except as follows:

1. "Act" means the State Housing Development Authority Act, being Public Act 346 of 1966, of the State of Michigan, as amended.
2. "Annual Shelter Rent" means the total collections during an agreed Annual Period from all occupants of a housing development representing rent or occupancy charges.
3. "Authority" means the Michigan State Housing Development Aut horit y.
4. "Housing Development" means a development which contains a significant element of housing for persons of low income and such elements of other housing, commercial, recreational, industrial, communal, and educational facilities as the Authority determines improves the quality of the development as it relates to housing for persons of low income.
5. "Low Income persons and families" means with respect to any housing project that is tax exempt, persons and families eligible to move into that project and pursuant to the power vested in the Authority, the Authority may promulgate rules to redefine low income persons or families for each municipality on the basis of conditions existing in that municipality.
6. "Sponsor" means person(s) or entities which have applied to the Authority for an allocation under the Low Income Housing Tax Credit Program to finance a Housing Development.
7. "Utilities" mean fuel, water, sanitary sewer service and/or electrical services which are paid by the Housing Development.

**SECTION IV**

**Class of Housing Developments**

It is determined that the class of Housing Developments to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes shall be low income persons

or families, which are financed or assisted pursuant to this Act. It is further determined that Bristol Court is of this class.

**SECTION V**

**Establishment of Annual Service Charge**

The Housing Development identified as Bristol Court and the property on which it is constructed shall be exempt from all property taxes. The Township, acknowledging that the Sponsor and the Authority have established the economic feasibility of the Housing Development in reliance upon the enactment and continuing effect of this Ordinance and the qualification of the Housing Development for exemption from all property taxes and a payment in lieu of taxes as established in this Ordinance, and in consideration of the Sponsor 's offer to own and operate the Housing Development, agrees to accept payment of an annual service charge for public services in lieu of all property taxes. The annual service charge shall be equal to eight percent (8%} for the first thirty-five (35) years of tax exemption; however, the service charge shall not exceed taxes which would have been paid absent this tax exemption .

**SECTION VI**

**Limitation on the Payment of Annual Service Charge**

NotwithstandingSection V, the service charge to be paid each year in lieu of taxes for the part of the Housing Development which is tax exempt and which is occupied by other than low income persons or families shall be equal to the full amount of the taxes which would be paid on the portion of the Housing Development if the Housing Developm ent were not tax exempt.

The term "low income" as used herein shall be th e same as found in Section 15(a}(7} of the Act. The Township acknowledges that all units of the Housing development are funded by the Authority and shall be occupied by persons and families considered to be eligible by the Authority. Therefore, all units of the Housing Development are subject to the service charge in lieu of taxes established by enactment of this Ordinance.

**SECTION VII**

**Contractual Effect of Ordinance**

Notwithstanding the provision of Section lS(a}(S} of the Act, a contract between the Township and the Sponsor with the Authority as third party beneficiary under the contract, to

provide tax exempt ion and accept payments in lieu of taxes, as previously described, is effectuated by enactment of this Ordinance.

**SECTION VIII**

**Payment of Service Charges**

The service charge in lieu of taxes as determined under the Ordinance shall be payable in the same manner as general property taxes are payable to the township, except that the annual payment shall be paid on or before March 15 of each year.

**SECTION IX**

**Duration**

This Ordinance shall remain in effect and shall not terminate so long as the Mortgage loan remains outstanding and unpaid or the Authority has any interest in the property; or the Housing Development remains subj ect to income and rent restrict ions pursuant to Section 42 of the Int ernal Revenue Code of 1986, as amended, provided that construction of the Housing Development commences within one year from the effective date of this Ordinance; However, in no event shall the exemption exceed thirty-five {35) years during which taxes would have been paid but for the exemption granted by this Ordinance.

**SECTION X**

**Severability**

The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitut ional or invalid the same shall not affect the validity of the Ordinance as a whole or any section or provision of this Ordinance other than the section or provision so declared to be unconstit ut ional or invalid.

**SECTION XI**

**Short Title**

This Ordinance shall be known and cited as the Township Tax Exemption Ordinance No.

596 for Bristol Court.

**SECTION XII**

**Effective Date**

This Ordinance shall be effective upon the date of its publication following final passage. All Ordinances or parts of Ordinances in conflict with this Ordinance are repealed to the extent of such conflict.

# ON MOTION DULY MADE BY: Bates

**AND SECONDED BY:**

**YEAS:** 5

**NAYS:** 0

Sutton

Absent: 2

We hereby certify that the foregoing Ordinance was adopted on the Second Reading by the Township Board of the Charter Township of Genesee at its meeting on December 1o \_, 2019 .

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| --- | --- | --- | --- |
| First Reading: | November | 12 | 2019 |
| Second Reading: | December | 10 | 2019 |

Published on: December 18, 2019

Steven **Fuhr,** Supervisor

Wayne G. Bates, Clerk