

CITY OF HARTFORD  
COUNTY OF VAN BUREN  
STATE OF MICHIGAN

ORDINANCE NO. 311 - 16  
TAX EXEMPTION ORDINANCE  
ADOPTION DATE: MARCH 21, 2016

An Ordinance to provide for a service charge in lieu of taxes for housing project for low income persons and families to be financed with a federally –aided Mortgage Loan pursuant to the provisions of the State Housing Development Authority Act of 1966(1966 PA 346,as amended; MCL 125.1401,et seq) (the “Act”).

THE CITY OF HARTFORD ORDAINS:

**SECTION 1.** This Ordinance shall be known and cited as THE “City of Hartford Tax Exemption Ordinance-“South Center Street Apartments” Parcel # 80-52-816-013-00.

**SECTION 2.           PREAMBLE.**

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivision to provide housing for its low income persons and families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the Act. The City is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from taxation under this Act at any amount it chooses, not to exceed the taxes that would be paid but for this Act. It is further acknowledged that such housing for low income persons and families is a public necessity, and as the City will be benefited and improved by such housing, the encouragement of the same by providing real estate tax exemption for such housing is a valid public purpose. It is further acknowledged that the continuance of the provisions of this Ordinance for tax exemption and the service charge in lieu of all ad valorem taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of the housing projects that is constructed or rehabilitated with financing extended in reliance on such tax exemption.

The City acknowledges that the Sponsor(as defined below) has offered, subject to receipt of an allocation under the LIHTC Program by the Michigan State Housing Development Authority, to rehabilitate , a housing project identified as Center Street Apartments on certain property located at 520/530 South Center Street, Parcel # 80-52-816-013-00, in the City to serve low income persons and families, and that the Sponsor has offered to pay the City on account of this housing project an annual service charge for public services in lieu of all ad valorem property taxes.

**SECTION 3.           Definitions.**

- A. Authority means the Michigan State Housing Development Authority.
- B. Annual Shelter Rent means the total collections during an agreed annual period from or paid on behalf of all occupants of a housing project representing rent or occupancy charges exclusive of Utilities.
- C. Contract Rents means Rents (as defined by the U.S. the U.S. Department of Housing and Urban Development in regulations promulgated pursuant to Section 8 of the U.S. Housing Act of 1937,

as amended) received in connection with the operation of a housing project during an agreed annual period, exclusive of Utilities.

- D. LIHTC Program means the Low Income Housing Tax Credit program administered by the Authority under Section 42 of the Internal Revenue Code of 1986, as amended.
- E. Low Income Persons and Families means persons and Families eligible to move into a housing project.
- F. Mortgage Loan means a loan that is Federally –Aided (as defined in Section 11 of the Act) or a loan or grant made or to be made by the Authority to the Sponsor for the construction, rehabilitation, acquisition and/or permanent financing of a housing project, and secured by a mortgage on the housing project.
- G. Sponsor means PK Housing & Management and any entity that assumes a Mortgage Loan.
- H. Utilities means charges for gas, electric water, sanitary sewer and other utilities furnished to the occupants that are paid by the housing project.

#### **SECTION 4. Class of Housing Projects.**

It is determined that the class of housing projects to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes shall be housing projects for Low Income Persons and Families that are financed with a Mortgage Loan. It is further determined that Center Street Apartments is of this class.

#### **SECTION 5. Establishment of Annual Service Charge.**

The housing project identifies as Center Street Apartments and the property on which it is located shall be exempt from all ad valorem property taxes from and after the commencement of rehabilitation. The City acknowledges that the sponsor and the Authority have established the economic feasibility of the housing project in reliance upon the enactment and continuing effect of this Ordinance, and the qualification of the housing project for exemption from all ad valorem property taxes and a payment in lieu of taxes as established in this Ordinance. Therefore, in consideration of the Sponsor's offer to rehabilitate and operate the housing project, the City agrees to accept payment of an annual service charge for public services in lieu of all ad valorem taxes. Subject to receipt of a Mortgage Loan, the annual service charge shall be equal to 5% of the Annual Shelter Rents actually collected by the housing project during each operating year.

#### **SECTION 6. Contractual Effect of Ordinance.**

Notwithstanding the provisions of section 15(a)(5) of the Act to the contrary, a contract between the City and the Sponsor with the Authority as third party beneficiary under the contract, to provide tax exemption and accept payments in lieu of taxes, as previously described, is effectuated by the enactment of this Ordinance.

#### **SECTION 7. Limitation on the Payment of Annual Service Charge.**

Notwithstanding Section 5, the service charge to be paid each year in lieu of taxes for the part of the housing project that is tax exempt but 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 that portion of the housing project if the housing project were not tax exempt.

#### **SECTION 8. Payment of Service Charge.**

The annual service charge in lieu of taxes as determined under this Ordinance shall be payable in the same manner as general property taxes are payable to the City and distributed to the several units levying the

general property tax in the same proportion as prevailed with the general tax in the previous calendar year. The annual payment for each operating year shall be paid on or before September 30, of the following year. Collection procedures shall be in accordance with the provisions of the General Property Tax Act (1893 PA 206, as amended; MCL211.1, et seq).

**SECTION 9.**            **Duration.**

This ordinance shall remain in effect and shall not terminate so long as Mortgage Loan remains outstanding and unpaid and the housing project remains subject to income and rent restrictions under LIHTC Program.

**SECTION 10.**        **Severability**

The various sections and provisions of this ordinance shall be deemed to be severable and should any section or provision 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 unconstitutional or invalid the same shall not affect the validity of this Ordinance as a whole or any section or provision of this Ordinance, other than the section or provision so declared to be unconstitutional or invalid.

**SECTION 11.**        **Inconsistent Ordinances.**

All ordinances or parts of ordinances inconsistent or in conflict with the provisions of this Ordinance are repealed to the extent of such inconsistency or conflict.

**SECTION 12.**        **Effective Date.**

This Ordinance shall become effective after publication in the newspaper of general circulation, as provided in the City Charter.

**CERTIFICATE**

I hereby certify that the foregoing is a true copy of Ordinance 311-16 duly adopted by the City Commission of the City of Hartford, County of Van Buren, State of Michigan, at a regular meeting held on March 21,2016, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance to and in full compliance with Open meetings Act, being Act 267, Public Acts of Michigan, 1976,as amended, and the minutes of said meeting were kept and will be or have been made available as required by such Act.

I further certify that the following Members of the City Commission were present at said meeting:

Motion by Frank Dockter, supported by John Miller to adopt Ordinance 311 – 16. .

Yeas: Frank Dockter; Rick Hall; Dennis Goss; John Miller; and Ted Johnson    Nays: None

Absent: Ron Burleson; Terry Tibbs

Ordinance Declared Adopted.

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RoxAnn Rodney –Isbrecht, City Clerk