

CENTER LINE PARK TOWERS PILOT PROGRAM
ARTICLE IX – HOUSING, DIVISION 4

ORDINANCE NO. 369

An Ordinance to provide for a service charge in lieu of taxes for housing projects for low income persons and families financed with a federally-aided or Authority-aided Mortgage Loan or an advance or grant from the Authority 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").

SEC. 14-298. - Purpose.

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions 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 State Housing Development Authority Act of 1966 (PA 346, as amended, MCL 125.1401 *et seq*). 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 persons and families of low income is a public necessity, and as the City of Center Line will be benefited and improved by such housing, the encouragement of the same by providing certain real estate tax exemption for such housing is a valid public purpose. It is further acknowledged that the continuance of the provisions of this division for tax exemption and the service charge in lieu of all *ad valorem* property taxes during the periods contemplated in this division are essential to the determination of economic feasibility of housing projects that are constructed or rehabilitated with financing extended in reliance on such tax exemption and service charge.

The city acknowledges that Centerline Park Towers II/MHT Limited Dividend Housing Association, LLC (“Sponsor”) has offered, subject to receipt of a mortgage loan from the Michigan State Housing Development Authority, to rehabilitate and continue operation of a housing development identified as Center Line Park Towers on certain property located in the city to serve persons and families of low income, and that the sponsor has offered to pay the city on account of this housing development an annual service charge for public services in lieu of taxes.

SEC 14-299. Definitions.

The following words, terms and phrases, when used in this division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning.

A. Act means the State Housing Development Authority Act, being Michigan Public Act 346 of 1966, as amended; MCL 125.1401 *et seq*.

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. Authority means the Michigan State Housing Development Authority.
D. City means the City of Center Line, a Michigan Municipal Corporation
E. Housing Development means a development which contains a significant element of housing for persons and families of low income and such elements of other housing, commercial, recreational, industrial, communal, and educational facilities as the authority determines improve the quality of the development as it relates to housing for person and families of low income.

F. Housing Development Project means the rental housing project, which will be commonly referred to as Center Line Park Towers located within the City of Center Line in the northeast quadrant of Van Dyke Avenue and Ten Mile Road, excluding areas used for commercial, retail or other uses which do not meet the criteria or definition of residential housing as defined in MCLA 135.1401 et seq.

G. Low Income Persons and Families means persons and families eligible to move into a housing project as defined in Section 15(a)(7) of the Act.

H. 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, for the construction, rehabilitation, acquisition and/or permanent financing of a housing project, and secured by a mortgage on the housing development project.

C. Sponsor means any persons or entities that receive or assume a Mortgage Loan. The sponsor under the Center Line Park Towers PILOT ordinance is Centerline Park Towers II/MHT Limited Dividend Housing Association, LLC.

D. Utilities means charges for gas, electric, water, sanitary sewer and other utilities furnished to the occupants that are paid by a housing project.

SEC 14-300. Class of Housing Projects.

It is determined that the class of housing development 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.

SEC 14-301. Establishment of Annual Service Charge.

Housing projects within the eligible Class set forth in Section 4 above and the property on which they are or will be located shall be exempt from all *ad valorem* property taxes from and after the commencement of construction or rehabilitation. The City of Center Line acknowledges that the Sponsor and the Authority, in the case of a Sponsor receiving an Authority-financed Mortgage Loan, or the Sponsor and the mortgage lender, in the case of a Sponsor receiving a Federally-aided Mortgage Loan, 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 projects for exemption from all *ad valorem* property taxes and a payment in lieu of taxes as established in this Ordinance. Therefore, the City of Center Line will accept payment of an annual service charge for public services in lieu of all *ad valorem* property taxes. The annual service charge

shall be equal to eight percent (8%) of the Annual Shelter Rents or Contract Rents actually collected by the housing project exclusive of gas, electricity, heat, or other utilities furnished to the occupants including the portion of rent payable under any governmental subsidy, during each operating year, as established by a Resolution adopted by the City Council of Center Line.

SEC 14-302. Limitation on the Payment of Annual Service Charge.

Notwithstanding Section 14-301, the service charge to be paid each year in lieu of taxes for the part of a 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.

SEC 14-303. Payment of Service Charge.

The annual service charge in lieu of taxes as determined under this Ordinance or the Resolution 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 property tax in the previous calendar year. The annual payment for each operating year shall be paid on or before June 1st of the following year. Collection procedures shall be in accordance with the provisions of the General Property Tax Act (1893 PA 206, as amended; MCL 211.1, *et seq*)

SEC 14-304. Resolution: Contractual Effect.

A Resolution of the City Council of Center Line granting tax exempt status and establishing the annual service charge, as provided in this Ordinance, shall be adopted for each housing project qualified under the terms and provisions of this Ordinance. Notwithstanding the provisions of section 15(a)(5) of the Act to the contrary, in the case of a housing project receiving an Authority-financed Mortgage Loan, a contract between the City of Center Line 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, will be effectuated upon adoption of such a Resolution by the City Council of Center Line.

SEC 14-305. Duration.

The tax-exempt status of a housing development project approved for such status by Resolution of the City Council of Center Line shall remain in effect and shall not terminate so long as a Mortgage Loan for such housing project remains outstanding and unpaid, or for such period as the authority or other governmental entity has any interest in the property or the project is subject to income and rent restrictions under Section 42 of the Internal Revenue Code, as amended. If the sponsor changes the scope or purpose of the housing development project without the consent of the people of the city, by and through its representatives, and in accordance with the requirement of the law, this division shall automatically expire, terminate and be of no effect.

SEC 14-306. 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 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.

SEC 14-307. 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.