

CITY OF IMLAY CITY

LAPEER COUNTY, MICHIGAN

ORDINANCE NO. 27

**TAX EXEMPTION ORDINANCE – TOWNSEND II LIMITED DIVIDEND
HOUSING ASSOCIATION LIMITED PARTNERSHIP**

AN ORDINANCE to provide for a service charge in lieu of taxes for a 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*) ("Act").

THE CITY COMMISSION OF THE CITY OF IMLAY CITY, LAPEER COUNTY, MICHIGAN ORDAINS:

SECTION 1. IMLAY CITY TAX EXEMPTION ORDINANCE.

This Ordinance shall be known and cited as the Imlay City Tax Exemption Ordinance – Townsend II Limited Dividend Housing Association Limited Partnership. Title III: Administration, Chapter 37: City Tax Exemption

SECTION 2. PREAMBLE.

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 Act. The City of Imlay 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 of Imlay 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 the economic feasibility of the housing projects that are constructed or rehabilitated with financing extended in reliance on such tax exemption.

The City of Imlay 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 construct, own and operate a

housing project identified as Townsend Manor II on certain property located at 365 W. Capac Road, City of Imlay 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. 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.
- D. Low-Income Persons and Families means persons and families eligible to move into a housing project.
- E. 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.
- F. Sponsor means DeShano Development Corporation and any entity that receives or assumes a Mortgage Loan or is subject to the LIHTC Program.
- G. 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 Townsend Manor II is of this class.

SECTION 5. ESTABLISHMENT OF ANNUAL SERVICE CHARGE.

The housing project identified as Townsend Manor II, and the property on which it is located shall be exempt from all *ad valorem* property taxes from and after the commencement of construction. The City acknowledges that the Sponsor and the Authority have established the economic feasibility of the housing project

in reliance upon the enactment and the 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* property taxes. Subject to receipt of a Mortgage Loan, the annual service charge shall be equal to 11% of the Annual Shelter Rent 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 property tax in the previous calendar year. The annual payment for each operating year shall be paid on or before February 1 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*).

SECTION 9. DURATION.

This Ordinance shall remain in effect for a period of 15 years after completion of construction, so long as a Mortgage Loan remains outstanding and unpaid and the housing project remains subject to income and rent restrictions under the 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 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 immediately upon final adoption and publication as provided in Section 7.3 of the Imlay City Charter.

CERTIFICATE OF MAYOR AND CITY CLERK

We hereby certify that the foregoing constitutes a true and complete copy of an Ordinance duly adopted by the City Commission of the City of Imlay City, Lapeer County, Michigan, at a meeting held on the 30th day of September, 2024.

We hereby further certify that the following City Commission Members were present at the meeting: Mayor Kempf, Mayor Pro Tem Sadler, Commissioner Collison, Commissioner Ramirez, Commissioner Yockey and the following City Commission Members were absent: Commissioner DeLuca, Commissioner Tanis.

We further certify that Commissioner Yockey moved for the adoption of the Ordinance, and that motion was supported by Commissioner Ramirez.

We further certify that the following City Commission Members voted for the adoption of the Ordinance:

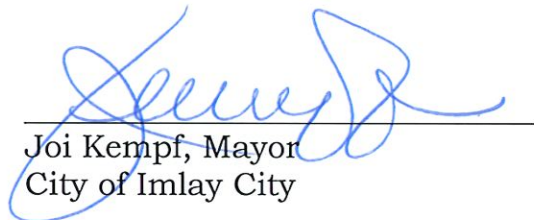
ROLL CALL VOTE

Ayes: Yockey, Collison, Ramirez, Kempf

Nays: Sadler

Absent: DeLuca, Tanis

MOTION CARRIED



Joi Kempf, Mayor
City of Imlay City



Dawn Sawicki-Franz, Clerk
City of Imlay City

First Reading: September 17, 2024
Second Reading: September 30, 2024
Date of Publication: October 02, 2024

CERTIFICATE OF PUBLICATION

I, Dawn Sawicki-Franz, the Clerk of the City of Imlay City do hereby certify that this Ordinance or a summary thereof was published in the Tri-City Times on October 02, 2024.


Dawn Sawicki-Franz, Clerk
City of Imlay City