

CITY OF HARTFORD
COUNTY OF VAN BUREN
STATE OF MICHIGAN

ORDINANCE NO. 319-19

TAX EXEMPTION ORDINANCE

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 or assisted, 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*"

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 State Housing Development Authority Act of 1966 (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 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 taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of the housing developments which are constructed and financed in reliance on such tax exemption.

SECTION 3. Definitions.

- A. Authority means the Michigan State Housing Development Authority.
- B. Act means the State Housing Development Authority Act, being Public Act 346 of 1966 of the State of Michigan, as amended.
- C. Annual Shelter Rent means the total collections during an agreed annual period from all occupants of a housing development representing rent or occupancy charges, exclusive of charges for gas, electricity, heat, or other utilities furnished to the occupants.

D. Contract Rents are defined by the U.S. Department of Housing and Urban Development in regulations promulgated pursuant to the U.S. Housing Act of 1937, as amended.

E. Class of Housing Development means a class of housing projects occupied by persons of low or moderate income as defined by Section 11(g) of the Act.

F. 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 education facilities as the Mortgagee determines improves the quality of the development as it relates to housing for persons of low income.

G. Mortgagee Any entity that receives or assumes a Mortgage Loan.

H. Mortgage Loan means a loan to be made by the Mortgagee to the Sponsor for the construction, rehabilitation and/or permanent financing of the Housing project.

I. Ordinance means this document as approved by the City Council and effective as recorded herein.

J. Persons of Low Income means persons or a household which meet the eligibility criteria set by the Authority and/or federal government.

K. Sponsor means a person or entity which has applied to the Mortgagee for, or received, a Mortgage Loan to finance a Housing project, and has submitted a proposal for a payment in lieu of taxes.

L. Utilities means fuel, water, sanitary sewer and/or electrical service which are paid for the Housing project.

SECTION 4. Class of Housing Projects.

The Development must be of 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. Sponsor must be of this class.

SECTION 5. Establishment of Annual Service Charge.

The Sponsor's Housing Project to be identified in a Sponsor's offer of payment in lieu of tax and the property on which it is occupied shall be exempt from all property taxes for all calendar years commencing the first day of the calendar year after the City approves the payment in lieu of tax. The City must determine that the Sponsor and the Mortgagee 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 property taxes and a payment in lieu of taxes as established in this Ordinance, and in consideration of the Sponsor's

offer, the entity would accept payment of an annual service charge for public services in lieu of all property taxes. The annual service charge shall be determined by the City upon acceptance of Sponsor's application and execution of a Municipal Services Agreement.

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 compliance with 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. The annual payment for each operating year shall be paid on or before July 30 of each 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 thirty (30) years.

Should the Sponsor default in payment of the annual service charge in lieu of taxes by more than thirty (30) days, the City may give notice to the Sponsor that the Agreement will become null and void within sixty (60) days. Other terms and conditions related to the duration of this ordinance may be established by mutual agreement between the Sponsor and the City. Terms and Conditions so established shall be binding.

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 upon publication, as provided in the City Charter.

ADOPTED: AUGUST 26, 2019

PUBLISHED IN THE TRI-CITY RECORD ON: SEPTEMBER 5, 2019