

# CHARTER TOWNSHIP OF BROWNSTOWN WAYNE COUNTY, MICHIGAN

## ORDINANCE NO. 317

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) (THE "ACT").

THE CHARTER TOWNSHIP OF BROWNSTOWN ORDAINS:

### SECTION 1.

This Ordinance shall be known and cited as the "Charter Township of Brownstown Tax Exemption Ordinance – Baldwin House Senior Living."

### 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 Township 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 Township 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 are acquired, constructed or rehabilitated in reliance on such tax exemption.

The Township acknowledges that the Sponsor (defined below) has offered, to acquire, own, operate and maintain a housing project identified as Baldwin House Senior Living on certain property located at 21400 Dix Toledo Road in the Township to serve low income persons and families, and that the Sponsor has offered to pay the Township 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 secured by a Federally-Aided Mortgage (as defined in Section 11 of the Act) on the housing project, 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 that is secured by a mortgage on the housing project.
- F. Sponsor means Alliant Strategic Investments II, LLC ("ASI"), or a limited dividend housing association formed by ASI to acquire the housing project, or any successor or assign of any of the foregoing, or any transferee of the housing project.
- 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 Baldwin Housing Senior Living is of this class.

### SECTION 5. Establishment of Annual Service Charge

The housing project identified as Baldwin House Senior Living and the real property on which it is located (the "Property") shall be exempt from all *ad valorem* property taxes from and after the Effective Date of the Ordinance as described below. The Township acknowledges that the Sponsor has 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 acquire, own and operate the housing project, the Township agrees to 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 2% 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 Township 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 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 Township 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 March 15 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 and shall not terminate so long as a Mortgage Loan remains outstanding and unpaid and the housing project remains subject to tenant 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

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.

1<sup>st</sup> Reading Township Board approved on October 17, 2022

2<sup>nd</sup> Reading to be adopted by the Township Board on November 21, 2022

**EDWARD I. SMITH, Supervisor**

**MAUREEN BRINKER, Clerk**

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