

**CHARTER TOWNSHIP OF MONROE
MONROE COUNTY, MICHIGAN**

ORDINANCE NO. 138

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, an 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”). This Ordinance amends and replaces Monroe Charter Township Ordinance No. 60.

THE MONROE CHARTER TOWNSHIP ORDAINS:

SECTION 1. This Ordinance shall be known and cited as the “Monroe Charter Township Tax Exemption Ordinance – Mable H. Kehres Apartments.”

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 constructed or rehabilitated with financing extended in reliance on such tax exemption.

The Township acknowledges that the Sponsor (as defined below) has offered, subject to the existence of a Mortgage Loan from the Michigan State Housing Development Authority, to rehabilitate, own and operate a housing project identified as Mable H. Kehres Apartments on certain property located at 15275 S. Dixie Highway in the Township (the “Project”) to serve low income elderly persons and families, and that the Sponsor has offered to pay the Township on account of the 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. Contract Rents means the total Contract Rents (as defined by 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 the Project during an agreed annual period, exclusive of Utilities.

C. Low Income Persons and Families means persons and families eligible to move into the Project.

D. 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 rehabilitation and/or permanent financing of the Project, and secured by a mortgage on the Project.

E. Sponsor means Monroe Township Associates Limited Dividend Housing Association Limited Partnership and any entity that receives or assumes the Mortgage Loan for the Project.

F. Utilities means charges for gas, electric, water, sanitary sewer and other utilities furnished to the occupants that are paid by the Project.

SECTION 4. Class of Housing Projects.

It is determined that the Project is a housing projects for Low Income Persons and Families that are financed with a Mortgage Loan and is of a 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.

SECTION 5. Establishment of Annual Service Charge.

The Project and the property on which it is located shall be exempt from all *ad valorem* property taxes from and after the Effective Date. The Township 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 the Sponsor receiving a Federally-aided Mortgage Loan, have established the economic feasibility of the Project in reliance upon the enactment and continuing effect of this Ordinance, and the qualification of the 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 Project, the Township 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 two percent (2%) of the Contract Rents actually collected by the Project during each operating year for the first ten (10) years of the Project beginning as of the Effective Date, and three percent (3%) of the Contract Rents actually collected by the Project the remaining years of the Project.

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 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 Project if the 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 July 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 shall terminate upon the earlier of (i) the date upon which no Mortgage Loan balance is outstanding and unpaid with respect to the Project, or (ii) thirty-five (35) years from the effective date of this Ordinance.

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 will become effective thirty (30) days after its publication, or publication of a summary thereof, in a newspaper in general circulation within Monroe Charter Township.

This Ordinance was adopted at a Regular Meeting of the Monroe Charter Township Board of Trustees held on December 17, 2019 with 7 Board Members being present and 7 voting in favor.

**MONROE CHARTER TOWNSHIP BOARD OF TRUSTEES,
MONROE COUNTY, MICHIGAN**

By: Christina Smith,
Christina Smith, Monroe Charter Township Clerk

ATTESTED:

By: Alan Barron
Alan Barron, Monroe Charter Township Supervisor