

# CHAPTER 880

## Tax Exemptions

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### CROSS REFERENCES

Tax limit - see CHTR. Sec. 80

Exemptions - see MCL Secs. 141.632, 141.642, 141.652, 141.654, 141.655

Assessment of taxes - see ADM. 230.05

Low Income Housing Tax Exemption - Ch. 881

#### **880.01 TITLE.**

This chapter shall be known and may be cited as the Special Needs Housing Tax Exemption Ordinance

(Ord. 22. Passed 6-20-77. Ord. 615. Passed 12-01-03.)

#### **880.02 FINDINGS; PURPOSE.**

It is acknowledged that it is a proper public purpose of the State and its political subdivisions to provide housing for its citizens of low income 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.; MSA 116.114(1) et seq.). The City is authorized by such 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 the Act at any amount it chooses not to exceed the taxes that would be paid but for the Act. It is further acknowledged that such housing for persons of low income is a public necessity, and as the City will be benefitted and improved by such housing, the encouragement of the same by providing certain real estate tax exemptions therefor is a valid public purpose; further, that the continuance of the provisions of this chapter for tax exemption and the service charge in lieu of taxes during the periods hereinafter contemplated are essential to the determination of economic feasibility of housing developments which are constructed and financed in reliance thereon.

(Ord. 22. Passed 6-20-77. Ord. 615. Passed 12-01-03.)

#### **880.03 DEFINITIONS.**

As used in this chapter:

- (a) **"Act"** means the State Housing Development Authority Act, being Act 346 of the Public Acts of 1966, as amended.
- (b) **"Authority"** means the Michigan State Housing Development Authority.
- (c) **"Contract rents"** are as 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 by the Housing and Community Development Act of 1974, and as further amended.

- (d) **"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 educational facilities as the Authority determines improve the quality of the development as it relates to housing for persons of low income.
  - (e) **"Mortgage loan"** means a loan to be made by the Authority to the sponsor for the construction and permanent financing of the housing development.
  - (f) **"Persons of low income"** means households in which the total income of the occupants, as determined by rules of the United States Department of Housing and Urban Development, does not exceed sixty percent (60%) of the median income of Grand Traverse County.
  - (g) **"Persons with Special Needs"** means Persons of Low Income with a mental illness, disability as defined by the Persons with Disabilities Civil Rights Act, MCL 37.252 et seq., being 2000 PA 1 & 2, HIV/AIDS, substance abuse dependence, long term health disorders, and victims of domestic violence and sexual abuse and such other similar special needs as the City Commission may determine.
  - (h) **"Sponsor"** means persons or entities which have applied to the Authority for a mortgage loan to finance a housing development.
  - (i) **"Utilities"** means fuel, water, sanitary sewer service and/or electrical service.
- (Ord. 22. Passed 6-20-77. Ord. 615. Passed 12-01-03.)

**880.04 CLASS OF HOUSING DEVELOPMENTS TO WHICH CHAPTER IS APPLICABLE.**

It is hereby determined that 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 shall be non-profit housing corporations that exclusively provide housing for persons with Special Needs of the Grand Traverse Area constructed after the effective date of this Chapter, which developments are financed or assisted pursuant to the Act.

(Ord. 22. Passed 6-20-77. Ord. 513. Passed 10-16-00. Ord. 615. Passed 12-01-03.)

**880.05 ESTABLISHMENT OF ANNUAL SERVICE CHARGE.**

Housing Developments for Persons with Special Needs and the property on which they shall be constructed shall be exempt from all property taxes commencing on the thirty-first day of December in the year in which the notice required under §15a(1) of the Act is filed with the City Assessor. The City, acknowledging that the Sponsor and the Authority have established the economic feasibility of the Housing Development, in reliance upon the enactment and continuing effect of this ordinance and the qualification of the Housing Development for exemption from all property taxes and a payment in lieu of taxes will accept payment of an annual service charge in lieu of all property taxes in an amount equal to four percent of the difference between contract rents actually collected and utilities.

(Ord. 22. Passed 6-20-77. Ord. 615. Passed 12-01-03.)

**880.06 RESOLUTION; CONTRACTUAL EFFECT.**

A Resolution of the City Commission granting tax exempt status, as herein provided, (hereafter called the "Resolution") shall be adopted for each Housing Development qualified under the terms and provisions of this Chapter, except the Housing Developments identified in Section 880.11 of this Chapter. Notwithstanding the provisions of Section 15(a)(5) of the Act to the

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contrary, a contract to provide tax exemption and accept payments in lieu of taxes as previously described will be effectuated by and between the City and the Sponsor, with the Authority as third party beneficiary thereunder, by adoption of such a Resolution by the City Commission and the filing of notice required under §15a(1) of the Act with the City Assessor.  
(Ord. 22. Passed 6-20-77. Ord. 615. Passed 12-01-03.)

### **880.07 PAYMENT OF SERVICE CHARGE.**

The service charge in lieu of taxes as determined in this chapter and the Resolution described in Section 880.06, shall be payable in the same manner as general property taxes are payable to the City. The service charge shall be delinquent if not paid by the date after which property taxes incur interest and penalty. If delinquent, the service charge shall be subject to the same collection proceedings, liens, and remedies by the City, County, and State Treasurers as are delinquent real property taxes.

(Ord. 22. Passed 6-20-77. Ord. 615. Passed 12-01-03.)

### **880.08 DURATION**

Unless terminated as herein provided, or as may be provided in the Resolution, the tax exempt status of a Housing Development approved for such status by Resolution of the City Commission and by this chapter shall remain in effect and shall not terminate so long as the mortgage loan remains outstanding and unpaid or the Authority has any interest in the property, provided that construction of the housing development commences within one year from the effective date of the contract effectuated by this chapter or the effective date of the Resolution of the City Commission approving the Housing Development for tax exempt status, or the Resolution shall be void and of no effect.

(Ord. 22. Passed 6-20-77. Ord. 615. Passed 12-01-03)

### **880.09 TERMINATION.**

(Ord. 615. Passed 12-01-03. Repealed Ord. 617. Passed 1-5-04.)

### **880.10 SEVERABILITY.**

The various sections and provisions of this chapter shall be deemed to be severable, and should any section or provision of this chapter 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.

(Ord. 615. Passed 12-01-03.)

### **880.11 RETENTION OF TAX EXEMPT STATUS OF CERTAIN HOUSING DEVELOPMENTS PREVIOUSLY GRANTED SUCH STATUS.**

Notwithstanding the provisions of this Chapter to the contrary, the following Housing Developments are of the class of Housing Developments to which this Chapter applies:

- (a) **Fern Street Living Center**. The housing development identified as the Fern Street Living Center Non-Profit Housing Corporation, as sponsor, in connection with said sponsor's mortgage loan from the Authority to erect, own and operate a housing development identified as the "Fern Street Living Center" on certain property located at 803, 805, 809 and 811 Fern Street (property tax code identification number 28-51-111-111-10 and 28-51-111-111-20). To serve persons of low income, it is determined that the Fern Street Living Center is of the class of

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housing developments to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes pursuant to this Chapter. All other provisions of this Chapter shall apply to the Fern Street Living Center and its sponsor. Notwithstanding the provisions of Section 880.06 to the contrary, the provisions of this Chapter constitute a contract between the City and the Sponsor, with the Authority as third party beneficiary thereunder, and the effective date of the contract is March 21, 1994.

(b) **Kelley Street Living Center.** The housing development identified as the Kelley Street Living Center Non-Profit Housing Corporation, as sponsor, in connection with said sponsor's mortgage loan from the Authority to erect, own and operate a housing development identified as the "Kelley Street Living Center" on certain property located at 924 Kelley Street (property tax code identification number 28-51-474-023-00). To serve persons of low income, it is determined that the Kelley Street Living Center is 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 pursuant to this Chapter. All other provisions of this Chapter shall apply to the Kelley Street Living Center and its sponsor. Notwithstanding the provisions of Section 880.06 to the contrary, the provisions of this Chapter constitute a contract between the City and the Sponsor, with the Authority as third party beneficiary thereunder, and the effective date of the contract is December 21, 1998.

(c) **Foundation for Mental Health.** The housing development identified as the Foundation for Mental Health Grand Traverse/Leelanau, as sponsor, in connection with said sponsor's mortgage loan from the Authority to erect, own, and operate a housing development identified as the Twelfth Street Non-Profit Housing Corporation on certain property located at 318/320 West Twelfth Street (property tax code identification number 28-51-830-010-00). To serve persons of low income, it is determined that the Twelfth Street Non-Profit Housing Corporation is 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 taxes pursuant to this chapter. All other provisions of this chapter shall apply to the Twelfth Street Non-Profit Housing Corporation and its sponsor. Notwithstanding the provisions of Section 880.06 to the contrary, the provisions of this chapter constitute a contract between the City and the Sponsor, with the Authority as third party beneficiary thereunder, and the effective date of the contract is October 16, 2000. (Ord. 381. Passed 3-21-94. Ord. 470. Passed 12-21-98. Ord. 514. Passed 10-16-00. Ord. 615. Passed 12-1-03. Ord. 616. Passed 1-5-04.)