

CHARTER TOWNSHIP OF IRONWOOD

ADOPTED ORDINANCE NO. 55

AN ORDINANCE TO AUTHORIZE THE PAYMENT OF AN ANNUAL SERVICE CHARGE IN LIEU OF TAXES FOR RESIDENTIAL UNITS SERVING LOW INCOME OR MODERATE INCOME PERSONS IN ACCORDANCE WITH THE STATE HOUSING DEVELOPMENT AUTHORITY, ACT 346 OF THE PUBLIC ACTS OF MICHIGAN OF 1966, AS AMENDED, AND MATTERS RELATED THERETO:

THE CHARTER TOWNSHIP OF IRONWOOD ORDAINS:

Section 1. PURPOSE. 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 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").

Section 2. TITLE. This Ordinance number 55 shall be known and cited as the:

"Charter Township of Ironwood Tax Exemption Ordinance- Mill Trace Apartments"

Section 3. 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 citizens and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with Act 346. The Township is authorized by Act 346 and this Ordinance to establish or change the annual service charge to be paid in lieu of taxes by any and all classes of housing exempt from taxation under Act 346 at any amount it chooses, not to exceed the taxes that would be paid but for Act 346. It is further acknowledged that 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 certain real estate tax exemptions for such housing is a valid public purpose; further, that the continuance of the provisions of this Ordinance for tax exemption 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 developments which are constructed and financed in reliance on such tax exemption.

The Township acknowledges that the Sponsor (as defined below) has offered, to rehabilitate, own and operate a housing project identified as "Mill Trace Apartments" on certain property located E5117 MacDonald Lane within the Charter Township of Ironwood, Michigan, which is legally described in Section 4. G. of this Ordinance, to serve Low Income or Moderate Income Persons, and that the Sponsor has offered to pay and will pay to the Township on accounts of the housing apartments, a \$2,500.00 annual service charge for public services in lieu of all *ad valorem* property taxes.

Section 4. DEFINITIONS. The terms used within this Ordinance shall have the following meanings:

A. "Act" means the State Housing Development Authority Act, being Act 346 of the Public Acts of Michigan of 1966, as amended.

B. **"Annual Shelter Rents"** means the total actual collections during each calendar year from all occupants of a housing development representing rents or occupancy charges which rental amounts shall be exclusive of charges for gas, electricity, heat, or other utilities furnished to the occupants.

C. **"Authority"** means the Michigan State Housing Development Authority.

D. **"Class"** means the Housing Development known as Mill Trace Apartments for Low Income or Moderate Income Persons.

E. **"Annual Shelter Rents"** 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.

F. **"Authority-Aided Mortgage"** as defined in the Act means any of the following:

- (i) 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 the Housing Development;
- (ii) A Housing Development to which the Authority allocates low income housing tax credits under Section 22b of the Act; or
- (iii) A mortgage receiving special benefits under other federal law designated specifically to develop low and moderate-income housing, consistent with the Act.

G. **"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 to improve the quality of the development as it relates to housing for persons of low income. For the purposes of this Ordinance, "Housing Development" means Mill Trace Apartments located on the property legally described as:

SEC. 11 T47N R47W MAP NO. 202B BEG 572.50 FT SOUTH AND 40 FT EAST OF SECTION COR COM TO 2, 3, 10,11; THENCE SOUTH 89 DEG 03'00" EAST 507.91 ft.; THENCE SOUTH 28 DEG 10'22" EAST 153.9 FT; THENCE SOUTH 89 DEG 03'00" EAST 40 FT; THENCE SOUTH 00 DEG 57'00" WEST 306.38 FT; THENCE NORTH 89 DEG 03'00" WEST 620.26 FT; THENCE NORTH 00 DEG 39'00 " EAST 440.38 FT TO P.O.B. 5.99 ACRES 217/755

H. **"Low Income or Moderate Income Persons"** shall be as defined in the Act, as amended.

I. **"Sponsor"** means person(s) or entities which have applied to the Authority for the Tax Credits to finance a Housing Development. For the purposes of this Ordinance, the Sponsor is MILL TRACE LIMITED DIVIDEND HOUSING ASSOCIATION LIMITED PARTNERSHIP. The partnership's General Partners are Upper Peninsula Housing, LLC (51%) and TJ Acquisitions (49%). Upper Peninsula Housing, LLC is an affiliate of UPCAP Services,

Inc., a local Michigan non-profit corporation, a tax exempt entity under IRS code section 501c3.

J. **"Tax Credits"** means the low income housing tax credits made available by the Authority to the Sponsor for rehabilitation of the Housing Development by the Sponsor in accordance with the Low Income Housing Tax Credit Program administered by the Authority under Section 42 of the Internal Revenue Code of 1986, as amended.

K. **"USDA-RD"** means the United States Department of Agriculture, Rural Services Division.

L. **"Utilities"** means fuel, water, sanitary sewer service and/or electrical service, which are paid by the Housing Development.

M. **"Renovation and Time Line"** means: The renovation at Mill Trace will be completed over a 9-month period. The timeline is included in the construction contract between the owner and the contractor. The renovations are expected to start in June 2018. To satisfy MSHDA and IRS requirements, the renovations must start no later than October 2018, and be complete by December 31, 2019. We expect the work will be completed as soon as the end of March 2019 and as late as July 2019.

Based upon the work scope, the expected schedule is as follows:

JUNE 2018

- Mobilization and materials deliveries

JULY 2018

- Start construction of office addition
- Sidewalk and site concrete work
- Start window, sliding glass door and door replacement

AUGUST 2018

- Start balcony and railing replacement
- Start thru-wall A/C installation/replacement
- Start siding replacement
- Start boiler and water heater replacement

SEPTEMBER 2018

- Replace parking lot
- Install new site sign
- Install playground equipment
- Replace site lighting
- Landscape maintenance
- Fencing or landscape screwing between building and baseball field

OCTOBER 2018

- Start cabinet replacement
- Start tub and plumbing fixture replacement
- Start exhaust fan venting
- Start electrical device/fixture replacement

NOVEMBER 2018

- Start baseboard heat cover replacement
- Start painting
- Augment attic insulation

DECEMBER 2018

- Interior door replacement

JANUARY 2019

- Flooring replacement

FEBRUARY 2019

- Appliance installation
- Blind replacement

MARCH 2019

- Project closeout

Section 5. CLASS OF DEVELOPMENT. This Ordinance shall apply only to the Housing Development to the extent that the Housing Development provides housing for Low Income and Moderate Income Persons and is financed or assisted by USDA-RD or the Authority-Aided Mortgage pursuant to the Act.

Section 6. ESTABLISHMENT OF ANNUAL SERVICE CHARGE. The Township acknowledges 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 payment of an annual service charge in lieu of taxes in an amount established in accordance with this Section. In consideration of the Sponsor's offer to rehabilitate, own and operate the Housing Development, the Township agrees to accept \$2,500.00 annual service charge, in lieu of all *ad valorem* property taxes that would otherwise be assessed to the Housing Development under Michigan law. The Housing Development is required to pay all public utilities, including but not limited to water, sanitary service and/or electrical related to said Housing Development.

(1) Effective upon the adoption of this ordinance the annual service charge shall be \$2,500.00.

B. The Housing Development, and the property on which it shall be constructed, shall be exempt from all ad valorem property taxes from the effective date hereof.

Section 7. LIMITATION ON THE PAYMENT OF ANNUAL SERVICE CHARGE. Notwithstanding Section 6, if any portion of the Housing Development is occupied by other than Low Income and Moderate Income Persons, the full amount of the taxes that would be paid on those units of the Housing Development if the Housing Development were not tax exempt shall be added to the service charge in lieu of taxes.

Section 8. CONTRACTUAL EFFECT OF ORDINANCE. Notwithstanding the provisions of Section 11 S (a) (S) of the Act to the contrary, and subject to the terms of this Ordinance including, but not limited to Section 11 herein, this Ordinance constitutes a contract between the Township, the

Sponsor and the Authority to provide an exemption from ad valorem property taxes and to accept the payment of a \$2,500.00 annual service charge in lieu of such taxes, as previously described in this Ordinance. It is expressly recognized that the Authority is a third party beneficiary to this Ordinance.

Section 9. PAYMENT OF SERVICE CHARGE. The service charge in lieu of taxes shall be payable to the Township in the same manner as ad valorem property taxes are payable, except the annual payment shall be paid on or before March 1 of each year for the previous calendar year. 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 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 10. DURATION. This Ordinance shall remain in effect for a term of fifteen (15) Years so long as the Housing Development remains subject to a Authority-Aided Mortgage. The Ordinance shall automatically terminate if rehabilitation of the Housing Development does not commence within two (2) years from the effective date of this Ordinance. The sponsor shall file semi-annual reports with the Township with an update of all improvements/rehabilitations to the Housing Development, prior to June 1st and December 1st each year this agreement is in force, beginning with 2018. This would revert to an annual report to be submitted to the township each year once all renovations listed are complete. The annual audit will suffice for this purpose.

Section 11. FILING OF ANNUAL AUDIT. The Sponsor, or its successor, shall file a copy of any and all annual audits required to be provided to USDA-RD, the State of Michigan, and/or the Authority simultaneously with the Township. The audit shall include detail with respect to occupancy of the Housing Development, Annual Shelter Rents received from the Housing Development, and the cost for utilities during the audit period.

Section 12. PUBLICATION; EFFECTIVE DATE. This Ordinance shall become effective the day following its publication or the day following publication of a summary of its provisions in a newspaper of general circulation in the Township.

Section 13. 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 14. 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.

AYES: Members: Brunello, Saari, Graser, Segalin, Boyd

NAYS: Members: Lyons & Michaels

Passed and adopted by the Township Board of the Charter Township of Ironwood on December 5, 2017.

State of Michigan)
) ss.
County of Gogebic)

I, the undersigned, the duly qualified and clerk of the Charter Township of Ironwood, Gogebic County, Michigan, do hereby certify the foregoing Ordinance was adopted by the Charter Township of Ironwood at a regular Township Board meeting held on the 5th day of December, 2017.

I hereby certify that:

1. The above is a true copy of an Ordinance introduced for publication and final adoption by the Charter Township of Ironwood Board a duly scheduled and noticed meeting of the Township Board held on December 5, 2017 pursuant to the required statutory procedures.
2. The complete text of the proposed Ordinance was posted at the Township Clerk's office and on the website on November 27, 2017.
3. The attached Notice of Posting of the Ordinance was duly Posted within the Charter Township of Ironwood, on November 28, 2017 at the following places;

Forslund's Building Supply - Lake Road
Gogebic Community College - Jackson Road
Pat O'Donnell Civic Center - Jackson Road
Hautala's Bar - Lake Road
Rick's Muffler Center - Lake Road
Charter Township of Ironwood Hall - Lake Road

ATTESTED:

SIGNED: _____
Mary Segalin, Charter Township of Ironwood Clerk