

-

**SUTTONS BAY TOWNSHIP**  
**Leelanau County, Michigan**

**ORDINANCE NO. 20~~20~~<sup>21</sup>-3**

**PAYMENT IN LIEU OF TAXES TAX EXEMPTION ORDINANCE**  
**VINEYARD VIEW APARTMENTS**

An Ordinance to provide for a service charge in lieu of taxes for a housing project for persons and families with an income equal to or less than workforce income levels as related to annual medium income 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").

THE TOWNSHIP OF SUTTONS BAY ORDAINS:

**SECTION 1.** This Ordinance shall be known and cited as the "Suttons Bay Township Tax Exemption Ordinance – Vineyard View 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 persons and families earning workforce housing or less income levels, as compared to annual medium income ("AMI") and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the Act.

That Suttons Bay Township is authorized by the Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing projects 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 persons and families earning workforce housing or less income levels, as compared to MCI, is a public necessity, and as Suttons Bay 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 is constructed or rehabilitated with financing extended in reliance on such tax exemption.

Suttons Bay Township acknowledges that the Sponsor (as defined below) has offered, subject to receipt of a Affordable Housing Project (AHP) Mortgage Loan from the Federal Home Loan Bank of Indianapolis, FHLBI, to construct, own and operate a housing project identified as Vineyard View Apartments on certain property located at 525 North Marek Road in Suttons Bay Township, encompassing Parcel Nos. 45-11-011-020-004-13 to serve the qualified persons and families, and that the Sponsor has offered to pay Suttons Bay Township on account of this housing project an annual service charge for public services in lieu of all *ad valorem* property taxes.

Suttons Bay Township concurs that in granting applications for occupancy in the Housing Development, the Sponsor shall give first priority to those qualified applicants who are Leelanau County Residents. This paragraph is subject to the Sponsor's compliance with all Fair Housing laws and regulations.

### **SECTION 3. Definitions.**

A. 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.

B. Authority means the Michigan state housing development authority developed under the Act.

C. 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 a housing project during an agreed annual period, exclusive of Utilities.

D. FHLBI means the Federal Home Loan Bank of Indianapolis.

E. Housing Project means the Vineyard View Apartments located at

525 North Marek Road Tax Parcel Nos. 45-11-011-020-004-13.

F. Mortgage Loan means a loan or grant made or to be made by the FHLBI to the Sponsor for the construction, rehabilitation, acquisition and/or permanent financing of the housing project and secured by a mortgage on the housing project.\_

G. Qualified Persons and Families means persons and families eligible to move into a housing project because of earnings equal to or less than the workforce income levels as compared to annual median income (or “AMI”) published annually for Leelanau County by HUD.

H. Sponsor means Homestretch Nonprofit Housing Corporation and any entity that receives or assumes a Mortgage Loan.

I. Township means the Suttons Bay Township.\_

J. 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 project to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes shall be the housing project for qualified persons and families financed with a Mortgage Loan by the FHLBI identified as the Vineyard View Apartments .

#### **SECTION 5. Establishment of Annual Service Charge.**

The housing project identified as Vineyard View Apartments and the property on which they are or will be located shall be exempt from all *ad valorem* property taxes from and after the commencement of construction or rehabilitation. Suttons Bay Township acknowledges that the Sponsor and the FHLBI 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 *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 construct 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. Subject to receipt of an AHP Mortgage Loan, the annual service charge shall be equal to 6 % of the Annual Shelter Rents/Contract Rents actually collected by the housing project during each operating year.

**SECTION 6.      Contractual Effect of Ordinance.**

Notwithstanding the provisions of section 15a(5) of the Act to the contrary, a contract between the Suttons Bay Township and the Sponsor with the FHLBI 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 persons or families who are - not qualified persons and families under the terms of this Ordinance - 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.      Annual Shelter Rent Reports and Review**

The Sponsor shall report the annual shelter rent for the housing project to the Township within 45 days of the end of the prior calendar year. The Township shall have the right to inspect the Sponsor's records for the housing project and the right to audit and re-compute any amounts determined to be annual shelter rents.

**SECTION 9.      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 April 1<sup>st</sup> 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 10.     Annual Audit Review**

Annually the Sponsor shall provide the Township Assessor with a copy of any independent audit furnished to the Authority that covers the prior year's operation of the housing project within 30 days of the Sponsor's receipt of the Audit. If the audit

discloses that the service charge paid in the prior year for the portion of the housing development occupied by qualified persons and families was greater or less than the percent of annual shelter rent to be paid under this Ordinance, the Sponsor shall pay any shortfall or receive a credit against the current years' service charge as appropriate.

**SECTION 11. Compliance and Collection**

Notwithstanding anything contained herein to the contrary, should the Sponsor fail to pay the final adjusted service charge in lieu of taxes granted hereunder, or fail to provide the verification of the calculations used to make a payment, the Township may determine that the Sponsor has violated the Ordinance and may then follow the collection procedures pursuant to the provisions of the General Property Tax Act (1893 PA 206, as amended; MCL 211.1, et seq) in order to collect the service charge.

**SECTION 12. Assignment**

In the event the Sponsor sells the housing project to a new owner, that new owner shall agree to abide by the terms of this Ordinance. Otherwise, the tax-exempt status of the housing project under the Act shall terminate.

**SECTION 13. Duration.**

This Ordinance shall remain in effect for 15 years and shall not terminate so long as the AHP Grant from the FHLBI remains outstanding and unpaid.

**SECTION 14. 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 15. 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 16: Publication And Effective Date**

Within 30 days of the passage of this Ordinance, it shall be published and/or posted in accordance with the Michigan Townships Act, and this Ordinance shall take effect 30 days after its publication.

Date Approved: \_\_\_\_\_

Those Voting in Favor: \_\_\_\_\_

Those Voting Against: \_\_\_\_\_

Those Absent or Abstaining: \_\_\_\_\_

**CERTIFICATION**

I, \_\_\_\_\_, Clerk of the Suttons Bay Township, Leelanau County, Michigan, do hereby certify that the above is a true and correct copy of the Suttons Bay Township PILOT Tax Exemption Ordinance - Vineyard View Apartments” as adopted by the Suttons Bay Township Township Board at a meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2020, at which a quorum was present.

Date: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_, Clerk  
Suttons Bay Township

Published: \_\_\_\_\_

Filed with the County Clerk: \_\_\_\_\_

## Vineyard View Apartments

### PILOT TERM AND 6% PERCENTAGE CALCULATION

Year	PILOT Amount
2020	\$ 4,160.00
2021	\$ 4,198.00
2022	\$ 4,236.00
2023	\$ 4,274.00
2024	\$ 4,312.00
2025	\$ 4,396.00
2026	\$ 4,482.00
2027	\$ 4,569.00
2028	\$ 4,658.00
2029	\$ 4,749.00
2030	\$ 4,842.00
2031	\$ 4,936.00
2032	\$ 5,032.00
2033	\$ 5,130.00
2034	\$ 5,229.00
TOTAL	\$ 69,203.00

Based on projected Shelter Rent and inflation factor of 2% annually