

ORDINANCE NO. 144

**VILLAGE OF CALUMET
HOUGHTON COUNTY, MICHIGAN**

REAL ESTATE TAX EXEMPTION ORDINANCE

An Ordinance to provide for a service charge in lieu of taxes for housing developments for elderly persons of low and moderate income to be financed or assisted pursuant to the provisions of the State Housing Development Authority Act of 1966 (1966 P.A. 346, as amended, MCLA Section 125.1401 et. seq., MSA Section 116.114(1) et. seq.).

THE VILLAGE OF CALUMET ORDAINS:

Section 1. Purpose and Policy. It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its elderly citizens of low and moderate 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 P.A. 346, as amended, MCLA Section 125.1401 et. seq., MSA Section 116.114(1) et. seq.). The Village is authorized by said 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 elderly persons of low and moderate income is a public necessity, and as the Village will be benefited and improved by such housing, the encouragement of the same by providing certain real estate tax exemption therefore is a valid public purpose; further, that the continuance of the provisions of this Section 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.

Section 2. Definitions. Unless the context specifically indicates otherwise, the meanings of terms used in this Section shall be as follows:

- (1) **Authority** means the Michigan State Housing Development Authority.
- (2) **Act** means the State Housing Development Authority Act, being Public Act 346 of 1966 of the State of Michigan, as amended.
- (3) **Annual shelter rent** means the total collections during an agreed annual period from all occupants of a housing project representing rents or occupancy charges, exclusive of any charges for gas, electricity, heat or other utilities furnished to the occupants.
- (4) **Housing development** means a development which contains a significant element of housing for elderly persons of low and moderate 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 elderly persons of low or moderate income.
- (5) **Elderly** means a single person who is 55 years of age or older or a household in which at least 1 member is 55 years of age or older and all other members are 50 years of age or older.

- (6) **Mortgage loan** means a loan to be made by the Authority to the Sponsor for the construction and permanent financing of the Housing Development.
- (7) **Utilities** mean fuel, water, sanitary sewer service and/or electrical service which are paid by the Housing Development.
- (8) **Sponsor** means persons or entities which have applied to the Authority for a Mortgage Loan or for the Low Income Housing Tax Credit Program to finance a Housing Development.

Section 3. Class of Housing Developments 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 taxes, shall be Housing Developments for elderly persons of low and moderate income which are financed or assisted pursuant to the Act.

Section 4. Approval of Applicable Developments - Morrison School Apartments. The Village acknowledges that Morrison Development Limited Dividend Housing Association Limited Partnership has offered, subject to award of tax credits from the Authority, to erect, own and operate a housing development identified as the Morrison School Apartments on Lots 1, 2, 3, 4, 5, N 1/2 of Lot 6, and Lots 14, 15, 16, 17 and 18, all in Block 32 of the Village of Red Jacket (now Village of Calumet) to serve elderly persons of low and moderate income, and that the Morrison Development Limited Dividend Housing Association Limited Partnership (the Sponsor) has offered to pay the Village on account of said Development an annual service charge for public services in lieu of all taxes.

Section 5. Establishment of Annual Service Charge. The Housing Development identified above and the property on which it shall be constructed shall be exempt from all property taxes from and after the commencement of construction. The Village, 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 as established herein, and in consideration of the Sponsor's offer, subject to receipt of a tax credit allocation from the Authority, to construct, own and operate said Housing Development, hereby agrees to accept payment of an annual service charge for public services in lieu of all property taxes.

The annual service charge for Morrison Apartments shall be equal to four percent (4%) of the annual shelter rents. This provision shall remain in effect and shall not terminate so long as the Morrison Apartments are designated and serve only low income elderly persons as defined by the Authority; provided, that construction of the said Housing Development must commence within one year from the effective date of this Ordinance, otherwise said provision is null and void.

Section 6. Contractual Effect of Ordinance. Notwithstanding the provisions of Section 15a(5) of the Act to the contrary, a contract between the Village and the Sponsor with the Authority as third party beneficiary thereunder, to provide tax exemption and accept payments in lieu thereof as previously described is effected by enactment of this Ordinance.

Section 7. Payment of Service Charge. The service charge in lieu of taxes as determined hereunder shall be payable and collected in the same manner as general property taxes are payable to and collected by the Village except that the annual payment shall be paid on or before August 14th of each year.

Section 8. Duration. This ordinance shall remain in effect and shall not terminate so long as the Authority's Mortgage remains outstanding and unpaid or the Authority has any interest in the property, but not more than 45 years, or the Housing Development remains subject to income and rent restrictions pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, provided that construction of the Housing Development commence within one year from the effective date of this Ordinance.

Section 9. Repealer. All Ordinances or parts of Ordinances in conflict herewith are hereby repealed only to the extent necessary to give this Ordinance full force and effect.

Section 10. Severability. Should any section, subdivision, clause, or phrase of this Ordinance be declared by the courts to be invalid, the same shall not affect the validity of the Ordinance as a whole or any part thereof, other than the part so invalidated.

Section 11. Effective Date. The provisions of this Ordinance are hereby ordered to take effect on September 12, 2006, or as otherwise provided by law.

Section 12. Enactment. This Ordinance is hereby declared to have been enacted by the Village Council of the Village of Calumet at a meeting thereof duly called and held on the 12th day of September, 2006, and ordered to be given publication.

AYES: 6

NAYS: None

ABSTENTIONS: 1

ABSENT: None

STATE OF MICHIGAN)
) SS
COUNTY OF HOUGHTON)

I, the undersigned, the duly qualified and acting Clerk of the Village of Calumet, Houghton County, Michigan, do hereby certify that the foregoing is a true and complete copy of the Ordinance adopted by the Village Council of the Village of Calumet at a meeting held on the 12th day of September, 2006, the original of which is on file in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature this 12th day of September, 2006.



Village of Calumet