

Councilman Browning moved that an ordinance introduced May 3, 2010, entitled and reading as follows, be taken up and enacted, seconded by Councilman Wendt:

O-99

AN ORDINANCE TO ADD "LOW INCOME HOUSING TAX EXEMPTION FOR ST. PAUL SAGINAW 2009 LDHA LIMITED PARTNERSHIP," TO THE TABLE OF SPECIAL ORDINANCES, VIII.

The City of Saginaw ordains:

Section 1. "Low Income Housing Tax Exemption for St. Paul Saginaw 2009 LDHA Limited Partnership," is hereby added to the Table of Special Ordinances VIII, of the City Of Saginaw Code Of Ordinances, O-1, and shall read as follows:

LOW INCOME HOUSING TAX EXEMPTION

This ordinance shall provide for a service charge in lieu of taxes for an existing multiple-family dwelling project for persons of low income to be financed or assisted pursuant to the provisions of the State Housing Development Authority Act of 1966, as amended.

(A) *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 citizens of low income and to encourage the development of such housing by providing for a service charge to be paid in lieu of property taxes in accordance with the State Housing Development Authority Act of 1966 (1966 PA 346, as amended; MCL Section 125.1401 et seq.). The City 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 persons of low income is a public necessity, and as the City will be benefited and improved by such housing, the encouragement of the same by providing certain real estate tax exemption for such housing is a valid public purpose; further, that the continuance of the provisions of this Ordinance for tax exemption and the service charge in lieu of taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of housing developments which are constructed or renovated and financed in reliance on such tax exemption.

The City acknowledges that St. Paul Saginaw 2009 LDHA Limited Partnership ("Sponsor") has offered, subject to receipt of a Mortgage Loan from the Michigan State Housing Development Authority, to repair and renovate, and to acquire, own and operate a housing development to be identified as Bridgton Place Townhomes on certain property located in the City of Saginaw, County of Saginaw, State of Michigan described on Exhibit A which is kept on file with the City Clerk, the keeper of records for the City of Saginaw, and is incorporated herein by reference to serve persons of low income; and Sponsor has offered to pay the City on account of this housing development an annual service charge for public services in lieu of all taxes.

(B) *Definitions.*

(1) Act means the State Housing Development Authority Act, being Public Act 346 of 1966 of the State of Michigan, as amended.

(2) Annual Shelter Rents means the total collections during an agreed annual period from or paid on behalf of all occupants of a Housing Development representing rent or occupancy charges, exclusive of charges for gas, electricity, water and sanitary sewer service, or other utilities furnished to the occupants.

(3) Authority means the Michigan State Housing Development Authority.

(4) 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.

(5) 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.

(6) Mortgage Loan means a loan to be made by the Authority to the Sponsor for the acquisition, renovation and/or permanent financing of the Housing Development.

(7) Sponsor means person(s) or entities, which have applied to the Authority for a Mortgage Loan to finance a Housing Development.

(8) Utilities mean fuel, water, sanitary sewer service and/or electrical service which are paid by the Housing Development.

(C) *Class of Housing Developments.*

It is determined that the class of Housing Development to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such real taxes pursuant to this Ordinance shall be multiple family units, which are financed or assisted pursuant to the Act. It is further determined that Bridgton Place Townhomes is of this class.

(D) *Establishment of Annual Service Charge.*

The Housing Development identified as Bridgton Place Townhomes and the property on which it has been constructed shall be exempt from all property taxes from and after the date hereof. 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 as established in this Ordinance, and in consideration of the Sponsor's offer, subject to receipt of a Mortgage Loan from the Authority to acquire, renovate, own, and operate the 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 shall be equal to six (6%) percent of the difference between the Annual Shelter Rents actually collected and Utilities.

(E) *Limitation on the Payment of Annual Service Charge.*

Notwithstanding Section D, the service charge to be paid each year in lieu of taxes for the part of the Housing Development which is tax exempt and 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 Housing Development if the Housing Development were not tax exempt.

The term "low income persons or families" as used herein shall be the same meaning as found in 15(a)(7) of the Act.

(F) *Contractual Effect of Ordinance.*

Notwithstanding the provisions of Section 15(a)(5) of the Act to the contrary, a contract between the City and the Sponsor with the Authority as a 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.

(G) *Payment of Service Charge.*

The annual service charge in lieu of taxes as determined under the Ordinance shall be payable in the same manner as general property taxes are payable to the City except that the annual payment shall be paid on or before the first (1st) day of August of each year. Such annual service charge shall be first payable on or before August 1, 2012 based upon the Annual Shelter rents and Utilities for the 2011 calendar year.

(H) *Duration.*

This Ordinance 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 if renovation of the Housing Development commences within eighteen months from the effective date of this Ordinance.

(I) *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 the 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 2. This ordinance shall become effective June 3, 2010.

Enacted: May 24, 2010.

Adopted unanimously.

Gregory L. Branch
Mayor

Diane M. Herman
City Clerk

(Exhibit Attached)

EXHIBIT A

LOW INCOME HOUSING TAX EXEMPTION FOR
ST. PAUL SAGINAW 2009 LDHA LIMITED PARTNERSHIP

TABLE OF SPECIAL ORDINANCES, VIII

Land in the City of Saginaw, Saginaw County, Michigan, described as: A parcel of land in the Southeast 1/4 of Section 1, Town 11 North, Range 4 East, described as follows: Commencing North 89°33'45" West, 188.00 feet from the Southeast corner of said Section 1 as the point of beginning; thence North 89°33'45" West 1560.56 feet, along the South line of Section 1 and the South City limit of the City of Saginaw, to the centerline of South Washington Road; thence North 40°14'15" West, 159.41 feet along the centerline of South Washington Road, to the Easterly boundary of "Bloomfield Acres Subdivision No. Two", a recorded plat; thence North 45°44'45" East 33.08 feet, to the Easterly right-of-way of Bridgton Road; thence continuing North 45°44'45" East 565.28 feet, along the Easterly boundary of Bloomfield Acres Plat and Easterly right-of-way of Bridgton Road, to the beginning of a curve; thence Northerly along this curve to the left which has a radius of 420.00 feet, a delta angle of 47°15'30", an arc length of 346.42 feet, a tangent distance of 183.75 feet, whose chord bears North 23°38'00" West 336.68 feet, to the point of tangency; thence North 00° 00'15" East 8.83 feet; thence departing the boundary of Bloomfield Acres Plat and the Easterly right-of-way of Bridgton Road South 89°33'45" East 1100.03 feet along a line which is 860.03 feet North of and parallel to the South line of Section 1 and the South City limit of the City of Saginaw; thence South 00°00'15" West 860.03 feet, along the East City limit of the City of Saginaw and parallel to the East line of Section 1, to the point of beginning.