

Chapter 14A

EASTSIDE MANOR TAX EXEMPTION ORDINANCE

1.00.00 Title

This Ordinance shall be known and cited as the “City of Sandusky East Side Manor Tax Exemption Ordinance.”

2.00.00 Preamble

- 2.01.00** 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 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).
- 2.02.00** The City of Sandusky (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.
- 2.03.00** 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 and financed in reliance on such tax exemption.
- 2.04.00** The City of Sandusky acknowledges that East Side Manor Limited Dividend Housing Association Limited Partnership (the “Sponsor”) has offered, subject to receipt of a mortgage loan from the Michigan State Housing Development Authority, to erect, own and operate a housing development identified as “East Side Manor” on certain property located at:

in the City of Sandusky to serve elderly persons of low income, and that the Sponsor has offered pay the City on account of this housing development an annual service charge for public services in lieu of all taxes.

3.00.00 Definitions

- 3.01.00** “Authority” means the Michigan State Housing Development Authority.
- 3.02.00** “Act” means the State Housing Development Authority Act, being Public Act 346 of 1966 of the State of Michigan, as amended.
- 3.03.00** “Annual Shelter Rents” means the total collections during an agreed annual period from all occupants of a housing development representing rent or occupancy charges, exclusive of charges for gas, electricity, heat, or other utilities furnished to the occupants.

- 3.04.00** “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.
- 3.05.00** “Housing Development” means a development which contains a significant element of housing for person 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.
- 3.06.00** Housing Classification. This ordinance shall apply to low income housing for East Side Manor.
- 3.07.00** “Mortgage Loan” means a loan that is federally-aided as defined in the Act or is to be made by the Authority to the Sponsor for the construction and/or permanent financing of the Housing Development.
- 3.08.00** “Utilities” mean fuel, water, and sanitary sewer service, which are paid by the Housing Development.
- 3.09.00** “Sponsor” means person(s) or entities, which have applied, to the Authority for an allocation of tax credits or a mortgage loan to finance the housing development. For the purposes of this Ordinance, the Sponsor is East Side Manor Limited Dividend Housing Association Limited Partnership.

4.00.00 Class of Housing Developments

It is 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 a housing development for elderly persons and families of low income which are financed or assisted pursuant to the Act. It is further determined that Eastside Manor is of this class.

5.00.00 Establishment of Annual Service Charge

- 5.01.00** The Housing Development identified as East Side Manor and the property on which it shall be constructed shall be exempt from all property taxes from and after the commencement of construction.
- 5.02.00** The City of Sandusky, acknowledging that the Sponsor and the Authority have established the economic feasibility of the East Side Manor 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 an allocation of tax credits or a Mortgage Loan from the Authority, to construct, own and operate the Housing Development, agrees to accept payment of an annual service charge for public services in lieu of all property taxes.
- 5.03.00** Effective upon the adoption of this Ordinance and subject to the receipt by the city of the “Notification of Exemption” (or such other similar notification) by the Sponsor and/or the Authority, the annual service charge shall be equal of 0% of the difference between the Annual Shelter Rents actually collected and Utilities.

6.00.00 Limitation on Payment of Annual Service Charge

6.01.00 Notwithstanding Section 5.00.00, 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.

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

7.00.00 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 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.

8.00.00 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 August 31st of each year.

9.00.00 DURATION

This Ordinance shall remain in effect and shall not terminate so long as the development remains subject to income rent restrictions under Section 42 of the Internal Revenue Code, 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 twenty-four (24) months from the effective date of this Ordinance.

10.00.00 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.

11.00.00 Effective Date

This Ordinance shall become effective on December 28, 2011 or as otherwise provided in the Charter. All ordinances or parts of ordinances in conflict with this Ordinance are repealed to the extent of such conflict.