

**FRENCHTOWN CHARTER TOWNSHIP**  
**TAX ABATEMENT ORDINANCE – FRENCHTOWN PLACE APARTMENTS**  
**Ord. No. 230; Adopted September 10, 2019**

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 a federally-aided Mortgage Loan 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 CHARTER TOWNSHIP OF FRENCHTOWN, MONROE COUNTY, MICHIGAN HEREBY ORDAINS:

**Section 1. Title.**

This Ordinance shall be known as the “Frenchtown Charter Township Tax Abatement Ordinance – Frenchtown Place 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 its low income persons and families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the Act. The Township 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 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 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 are constructed or rehabilitated with financing extended in reliance on such tax exemption.

The Township acknowledges that the Sponsor (as defined below) has offered, subject to the existence of a federally-aided Mortgage Loan and the conversion of the Sponsor entity to a limited dividend housing association within the meaning of the Act, to own and operate a housing project identified as Frenchtown Place Apartments on certain property located at 1201 North Macomb in the Township (the “Project”) to serve Low Income Persons and Families, and that the Sponsor has offered to pay the Township on account of the Project an annual service charge for public services in lieu of all *ad valorem* property taxes.

**Section 3. Definitions.**

1. **Authority** means the Michigan State Housing Development Authority.

2. Contract Rents means the total Contract Rents (as defined by HUD in regulations promulgated pursuant to Section 8 of the U.S. Housing Act of 1937, as amended), received in connection with the operation of the housing project during an agreed annual period, exclusive of Utilities.

3. HUD means the United States Department of Housing and Urban Development.

4. Low Income Persons and Families means persons and families eligible to move into the Project.

5. Mortgage Loan means a loan that is Federally-aided (as defined in Section 11 of the Act) or a loan or grant made or to be made by the Authority to the Sponsor for the construction, rehabilitation and/or permanent financing of a housing project, and secured by a mortgage on the housing project.

6. Sponsor means Frenchtown Place Associates Limited Partnership and any successor owner of the housing project that receives or assumes a Mortgage Loan.

7. 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 projects to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes shall be housing projects for Low Income Persons and Families that are financed with a Mortgage Loan. It is further determined that the Project is of this class.

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

The Project and the property on which it is located shall be exempt from all *ad valorem* property taxes from and after the commencement of rehabilitation. The Township acknowledges that the Sponsor and the Authority have established the economic feasibility of the Project in reliance upon the enactment and continuing effect of this Ordinance, and the qualification of the 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 rehabilitate and operate the 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 a Mortgage Loan, the annual service charge shall be equal to six percent (6.0%) of the Contract Rents actually collected by the Project during each operating year.

#### **Section 6. Contractual Effect of Ordinance.**

Notwithstanding the provisions of section 15(a)(5) of the Act to the contrary, a contract between the Township 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.

**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 Project that is tax exempt but 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 Project if the Project were not tax exempt.

**Section 8. 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 June 1<sup>st</sup> 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 9. Duration.**

This Ordinance shall remain in effect and shall not terminate so long as a Mortgage Loan remains outstanding and unpaid; provided, however, that in any case this Ordinance shall expire on April 30, 2052.

**Section 10. 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 11. 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 12. Effective Date.**

This Ordinance shall take effect thirty days after passage and publication in a newspaper having general circulation in the Charter Township of Frenchtown, County of Monroe.