

**CITY OF ALBION  
ORDINANCE 2014-2**

**AN ORDINANCE TO AMEND CHAPTER 34, ARTICLE I OF THE CITY OF ALBION  
CODE OF ORDINANCES, BY ADDING SECTION 34-1, TO EXEMPT LINCOLNSHIRE  
TOWNHOMES FROM TAXATION AND PROVIDE FOR PAYMENTS IN LIEU OF  
PROPERTY TAXES**

Findings and Purpose

The City of Albion seeks to encourage the development of low income housing to provide housing for its citizens and recognizes that providing such housing is a public necessity. One such manner to further facilitate that goal is to provide for a payment in lieu of taxes for certain housing developments. The State Housing Development Authority Act of 1966, MCL 125.1401 et seq. allows for such payments in lieu of taxes. Lincolnshire Redevelopment Limited Dividend Housing Association, LLC (Sponsor) has offered, subject to receipt of financing from appropriate lenders to rehabilitate and operate a housing development known as Lincolnshire Townhomes to serve persons and families of low income within the City of Albion. The Sponsor has further offer to make annual payments to the City of Albion in lieu of all property taxes.

THE CITY OF ALBION ORDAINS:

**Section 34-1. Property Tax Exemption**

**1. Definitions**

- a. "Authority" means the Michigan State Housing Development Authority.
- b. "Act" means the State Housing Development Authority Act, Public Act 346 of 1966, of the State of Michigan, as amended.
- c. "Annual Shelter Rent" 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.
- d. "Contract Rents" are as defined by the US Department of Housing and Urban Development in regulations promulgated pursuant to the US Housing Act of 1937 as amended.

- e. "Housing Development" means a development which contains a significant element of housing for persons and families 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.
- f. "HUD" means the United States Department of Housing and Urban Development.
- g. "Mortgage Loan" means a loan made by the Authority to the Sponsor for the construction and/or permanent financing of the Housing Development.
- h. "Utilities" mean fuel, water, sanitary sewer service and/or electrical service which are paid by the Housing Development.
- i. "Sponsor" means person(s) or entities which have applied to the Authority for a Mortgage Loan to finance a Housing Development, (Lincolnshire Redevelopment Limited Dividend Housing Association, LLC).

## **2. Class of Housing Development**

- a. The tax exemption referenced in this Ordinance shall specifically apply to, and for which a payment shall be paid in lieu of property taxes, multi-family dwellings, persons or families of low income which are financed or assisted pursuant to the Act, but is not intended to include any housing developments not listed in sub-section (b).
- b. This Ordinance is specifically intended to apply to a housing development known as Lincolnshire Townhomes located at 900 Boyd Drive in the City of Albion, Calhoun County, MI.
- c. Notwithstanding sub-sections (a) and (b), this Ordinance shall not affect other housing developments with property tax exemptions already in effect as of the effective date of this Ordinance.

## **3. Establishment of Payment in Lieu of Taxes**

- a. The Housing Development identified as Lincolnshire Townhomes and the property on which it is constructed, subject to the receipt of a Mortgage Loan from the Authority and/or a mortgage loan from a private lender insured by HUD, shall be exempt from all property taxes following the enactment of this ordinance. The City of Albion, acknowledging that the Sponsor and the Authority and/or HUD have established the economic feasibility of the Housing Development in reliance upon the enactment and continuing effect of this Ordinance and in consideration of the Sponsor's offer subject to receipt of such financing, to construct, own and operate

the Housing Development, shall accept payments in lieu of property taxes from the Sponsor in an amount equal to 8.84% of the Annual Shelter Rents.

**4. Limitation on Payments in Lieu of Taxes**

- a. The payments to be made in lieu of property taxes each year 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.
- b. The term "low income" as used herein shall be the same as found in Section 15a(7) of the Act.

**5. Payments**

- a. The payments in lieu of property taxes as determined under this Ordinance shall be payable in the same manner as general property taxes are payable to the City of Albion, except that the annual payment shall be paid on or before June 15 of each year.

**6. Duration**

- a. This Ordinance shall remain in effect and shall not terminate, except as provided in sub-section (b), so long as the Mortgage Loan and/or any mortgage loan from a private lender insured by HUD, remains outstanding and unpaid or the Authority or HUD has any interest in the property; provided, that the Sponsor acquires ownership of the Housing Development within one year from the effective date of this Ordinance.
- b. This Ordinance shall automatically cease to be in effect fifty (50) years from its effective date.

7. Notwithstanding the provisions of Section 15a(5) of the Act, to the contrary, enactment of this Ordinance effectuates a contract to provide tax exemption and accept payments in lieu of taxes between the City of Albion, the Sponsor, and upon satisfaction of the requirements of the Authority's mortgage loan commitment, if any, the Authority.

**8. Severability**

- a. 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 remaining sections shall remain valid.

State Law Reference: MCL 125.1401, et seq.

This Ordinance shall take effect after publication and on August 7, 2014.

First Reading:  
June 16, 2014

Ayes 5  
Nays 0  
Absent 2

*Krause-Barnes*

*Jill A. Domingo*  
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Jill Domingo,  
City Clerk

Second Reading & Adoption:  
July 7, 2014

Ayes 7  
Nays 0  
Absent 0

*Joseph V. Domingo*  
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Joseph V. Domingo,  
Mayor