

RESOLUTION NO.

AUTHORIZING FIRST READING & SETTING A PUBLIC HEARING FOR THE PROPOSED ADDITION OF DIVISION 2, WATER STREET EXCHANGE, TO CHAPTER 32, TAXATION, OF THE CODE OF ORDINANCES TO ESTABLISH A PILOT AGREEMENT FOR THE WATER STREET EXCHANGE DEVELOPMENT

WHEREAS, the Owosso Public Schools have recently agreed to sell the former middle school building to Community Network Housing, Inc. of Troy, Michigan; and

WHEREAS, Community Network Housing, Inc. plans to convert the building into a mixed use development with residential spaces catering to people with low incomes funded in part by low-income housing tax credits; and

WHEREAS, the City of Owosso agrees to forego property tax payments on the property to assist in the financial feasibility of the project; and

WHEREAS, the City of Owosso is authorized to establish a service charge in lieu of property taxes for such developments; and

WHEREAS, said service charges are instituted by the adoption of an ordinance; and

WHEREAS, it is a long-standing practice of the City Council to hold a public hearing to receive citizen comment regarding any and all proposed ordinance amendments.

NOW, THEREFORE, BE IT RESOLVED, THAT THE CITY OF OWOSSO ORDAINS THAT:

SECTION 1. ADDITION. That Division 2, Water Street Exchange, be added to Article III, *Service Charge in Lieu of Taxes for Certain Housing Developments*, of Chapter 32, Taxation, of the Code of Ordinances of the City of Owosso as follows:

ARTICLE III. - SERVICE CHARGE IN LIEU OF TAXES FOR CERTAIN HOUSING DEVELOPMENTS

Secs. 32-44—32-49.-Reserved.

DIVISION 2. – WATER STREET EXCHANGE

Sec. 32-50. - 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 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.). 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 article for tax exemption and the service charge in lieu of taxes during the periods contemplated in this article are essential to the determination of economic feasibility of housing developments which are constructed and financed in reliance on such ordinance and service charge.

The City further acknowledges that Community Housing Network, a nonprofit corporation (a sponsor), has offered subject to receipt of a mortgage loan from the authority, to erect and/or reuse an existing structure, own and operate a housing development identified as Water Street Exchange on certain property located at (see legal description on file with the City Clerk) in the City to serve persons of

low income, and that the sponsor has offered to pay the City on account of the development an annual service charge for public services in lieu of all taxes.

The City further acknowledges that Community Housing Network, a nonprofit corporation, has offered subject to receipt of low income housing tax credits from the authority, to erect, own and operate a housing development to the required standards of SHPO, identified as the Water Street Exchange on certain property located at 219 N. Water Street in the City, hereinafter referred to as the "Site" and further described as:

COM 70' S OF NE CORNER BLK 38 TH W 143.8' TH S 62' TH W 334.7' TH S TO SHIA RIVER TH SE'LY TO PT 6" N OF THE PT WHERE N LN OF EXCHANGE ST IF EXT'D W'LY WOULD INTERSECT E BANK OF SD RIVER TH ON A LN PAR'L WITH N LN OF EXCHANGE ST SO EXT'D TO A PT 126' W OF W LN OF WATER ST TH N 2' TH E'LY ON A LN PAR'L WITH THE N LN OF EXCHANGE ST SO EXT'D 38' TH S 2'6" TO N LN EXCHANGE ST SO EXT'D TH E ON LINE OF EXCHANGE ST SO EXT'D 88' TO THE W LN OF WATER ST TH N TO BEG BLK 38 ORIGINAL PLAT

Parcel Number: 050-470-038-002-00

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

Sec. 32-51. - Definitions.

[The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:]

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

Annual shelter rents means the total collections during an agreed annual period from all occupants of a housing development representing rents or occupancy charges exclusive of charges for gas, electricity, heat or other utilities furnished to the occupants.

Authority means the Michigan State Housing Development Authority.

Contract rents are as defined by the U.S. Department of Housing and Urban Development in regulations promulgated pursuant to Section 8 of the U.S. Housing Act of 1937, as amended.

Housing development means a development which contains a significant element of housing for elderly persons of low income or 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.

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

Mortgage loan means a loan to be made by the authority or Farmers Home Administration or the Department of Housing and Urban Development to a sponsor for the construction and permanent financing of a housing development or a mortgage loan insured by HUD or a federally aided mortgage as otherwise defined by the Act.

Persons of low income means persons and families eligible to move into a housing development; families and persons who cannot afford to pay the amounts at which private enterprise, without federally-aided mortgages or loans from the authority, is providing a substantial supply of decent, safe, and sanitary housing and who fall within income limitations set in this act or by the authority in its rules. Among low income or moderate income persons, preference shall be given to the elderly and those displaced by urban renewal, slum clearance, or other governmental action.

Sponsor means persons or entities which have applied to either the authority for a mortgage loan to finance a housing development or to another governmental entity or is a federally-aided mortgage, as otherwise defined by the Act.

State Historic Preservation Office means The Michigan State Historic Preservation Office (SHPO) helps property owners, developers, and local and state agencies recognize and seize opportunities to maintain and rehabilitate structures that define communities and define Michigan. The SHPO encourages the rehabilitation of historic buildings so they can continue to enrich communities where people want to

live and visit. Through the protection of historic and archaeological sites and other cultural resources, preservation provides a record of Michigan's history and creates a link between Michigan's residents: past, present and future.

Utilities means fuel, water, sanitary sewer service and/or electrical service which are paid by the housing development.

Sec. 32-52. - 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 multiple dwellings for persons of low income which are financed or assisted by the authority or which have a federally aided mortgage, as defined in the Act. It is determined that Water Street Exchange is of this class.

Sec. 32-53. - Establishment of annual service charge for Water Street Exchange.

The housing development identified as Water Street Exchange and the property on which it shall be constructed shall be exempt from all property taxes from and after the commencement of construction. 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 article 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 mortgage loan from the authority, to construct, 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 charges shall be equal to four (4) percent of the difference between contract rents actually collected and utilities.

Sec. 32-54. - Payment of service charge.

The service charge in lieu of taxes as determined under this article 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 March 31 of each year.

Sec. 32-55. - Duration.

The tax exempt status of a housing development approved for such status by the City council shall remain in effect and shall not terminate so long as the mortgage loan for such housing development remains outstanding and unpaid, as long as the property is subject to restrictive rents in compliance with the low income housing tax credit program administered by MSHDA, or for such period as the authority or other governmental entity has any interest in the property; provided, the construction of such housing development commences within two (2) years from the effective date the City council approves the housing development for tax exempt status as provided in this article.

Sec. 32-56. - Contractual effect.

Notwithstanding the provisions of section 15a(5) of the Act (MCL 125.1415a(5)), to the contrary, a contract between the City and the sponsor with the authority as third part beneficiary thereunder, to provide tax exemption and accept payments in lieu thereof as previously described is effected by enactment of this article.

SECTION 2. PUBLIC HEARING. A public hearing is set for Monday, July 19, 2021 at 7:30 p.m. for the purpose of hearing citizen comment regarding the proposed addition to the Code of Ordinances.

SECTION 3. EFFECTIVE DATE. This amendment shall become effective twenty days after passage.

SECTION 4. AVAILABILITY. This ordinance may be purchased or inspected in the city clerk's office, Monday through Friday between the hours of 9:00 a.m. and 5:00 p.m.