

**SUPERIOR CHARTER TOWNSHIP
WASHTENAW COUNTY, MICHIGAN
ORDINANCE NO. 159**

TAX EXEMPTION ORDINANCE

An Ordinance to provide for a service charge in lieu of taxes for a 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.

THE SUPERIOR CHARTER TOWNSHIP ORDAINS:

Section 159.01 Short Title

This Ordinance shall be known and cited as the “Danbury Park Manor Tax Exemption Ordinance.”

Section 159.02. 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 Section 125.1401 et. seq.). Superior Charter 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 persons of low income is a public necessity, and as Superior Charter Township 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.

The Charter Township of Superior acknowledges that Danbury-Superior 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 Danbury Park Manor on certain property located at 9412 MacArthur Boulevard, Superior Charter Township, Washtenaw County, Michigan to serve persons of low income, and that the Sponsor has offered to pay Superior Charter Township on account of this housing development an annual service charge for public services in lieu of all taxes.

Section 159.03. Definitions.

- A. Authority means the Michigan State Housing Development Authority.
- B. Act means the State Housing Development Authority Act, being 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. 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.
- E. Low Income Persons or Families means low income persons or families as defined in Section 15(a)(7) of the Act.
- F. Mortgage Loan means a loan to be made by the Authority to the Sponsor for the construction and/or permanent financing of the Housing Development.
- G. Utilities means fuel, water, sanitary sewer service and/or electrical service which are paid by the Housing Development.
- H. Sponsor means person(s) or entities which have applied to the Authority for a Mortgage Loan to finance a Housing Development.

Section 159.04. 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 housing developments, which are financed or assisted pursuant to the Act. It is further determined that Danbury Park Manor is of this class.

Section 159.05. Establishment of Annual Service Charge.

The Housing Development identified as Danbury Park Manor and the property on which it is constructed shall be exempt from all property taxes from and after January 1, 2004. The Superior Charter Township, acknowledging that the Sponsor has established the continuing 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, agrees to accept payment of an annual service charge for public services in lieu of all property taxes. The service charge for the first year of the PILOT shall be equal to the greater of \$100,000 or 7.5% of the difference between the Annual Shelter Rents actually collected and utilities. For each successive year, the service charge shall be equal to the greater of the following:

- a. 7.5% of the difference between the annual shelter rents actually collected and utilities; or
- b. The amount of the previous year's service charge plus 2% of that amount.

Additionally, Sponsor shall pay the administrative costs and attorney fees of the Township for establishment of the PILOT.

Section 159.06. 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 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" as used herein shall be the same as found in Section 15(a)(7) of the Act.

Section 159.07. Contractual Effect of Ordinance.

Notwithstanding the provisions of Section 15(a)(5) of the Act, to the contrary, a contract between Superior Charter Township and the Sponsor to provide tax exemption and accept payments in lieu of taxes is effectuated by enactment of this Ordinance.

Section 159.08. Payment of Service Charge.

The 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 Superior Charter Township except that the annual payment shall be paid on or before May 1 of each year.

Section 159.09. Duration.

It is the intent of Superior Charter Township and Sponsor that this Ordinance shall remain in effect and shall not terminate so long as the Township and Sponsor, or Sponsor's assigns, continue their contractual relationship and obligations with regard to the purchasing of additional security services for Danbury Park Manor and Sycamore Meadows Apartments. At such time as the Security Service Agreement is terminated for whatever reason, an amendment or repeal of this Ordinance shall be made, and Sponsors tax exemption will no longer be recognized and the PILOT shall be terminated. The

Township further reserves the right to repeal this Ordinance in accordance with MCL §1415(a)(5), and if such a repeal is made, Sponsor shall have the right to terminate any security services agreement which may be effective at the time of such repeal.

Section 159.10. 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 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 159.11. Effective Date.

The Township Clerk shall cause this Ordinance to be published in the manner required by law. This Ordinance shall be effective as of the date of final publication of the Ordinance and shall apply commencing with the 2004 tax year.

This Ordinance was duly adopted by the Superior Charter Township Board at its regular meeting called and held for first reading on the 2nd day of February, 2004, and was ordered given publication in the manner required by law.

Kay Williams, Clerk
Superior Charter Township

William A. McFarlane, Supervisor
Superior Charter Township

CERTIFICATE

I, Kay Williams, Clerk of the Charter Township of Superior, Washtenaw County, Michigan, hereby certify that the foregoing constitutes a true and complete copy of Superior Charter Township Ordinance No. 159, which was duly adopted by the Township Board of Superior Charter Township at a Regular Meeting of said Board, held on February 17, 2004, after said Ordinance had previously been introduced at a Regular Meeting of the Board held February 2, 2004, and published in the form it was introduced in accordance with P.A. 359 of 1947, as amended.

I further certify that Member Williams moved for adoption of said Ordinance, and that Member McKinney supported said motion. I further certify that it was adopted unanimously.

Dated: February 17, 2004

Kay Williams, Clerk
Charter Township of Superior