

**AN ORDINANCE TO AMEND THE CODE OF ORDINANCES OF THE CITY OF PORTAGE,
MI MICHIGAN BY AMENDING ARTICLE 2 OF CHAPTER 70, TAXATION, SELINON PARK
PROVIDING FOR A SERVICE CHARGE IN LIEU OF TAXES**

THE CITY OF PORTAGE ORDAINS:

That Article 2 of Chapter 70, Taxation, Division 12, Selinon Park is hereby amended as follows:

Sec. 70-300. - Preamble and intent. No change.

Sec. 70-301. - Definitions. The following definitions are changed:

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

1. *"Act" remains the same.*

2. *"Contract" remains the same.*

3. *"Authority" remains the same.*

4. *"Housing development" remains the same.*

5. *LIHTC program* means the low income housing tax credit program administered by the authority under Section 42 of the Internal Revenue Code of 1986, as amended.

6. *"Mortgage Loan" remains the same.*

7. *Persons of low income or families* shall mean households which are at or below 60 percent of area median income ("AMI") eligible to move into a housing development. With respect to this housing development 66 units will be reserved for persons or families of low income, in all instances adjusted for household size.

8. *"Property" remains the same.*

9. *"Sponsor" remains the same.*

10. *"Utilities" remains the same.*

Sec. 70-302. - Exemption of low income housing developments only.

It is hereby 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 for persons and families of low income, which are financed or assisted pursuant to the Act. With respect to the property, a total of 66 units will be reserved for low income persons or households at or below 60 percent of AMI, in all instances adjusted for household size. It is further determined that Selinon Park is of this class.

Sec. 70-303. - Amount of service charge.

The housing project identified as Selinon Park and the property on which it will be located shall be exempt from all ad valorem property taxes from and after the commencement of construction. The city acknowledges 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 division and the qualification of the housing development for exemption from all property taxes and a payment in lieu of taxes as established in this division. In consideration of the sponsor's acquisition of the property and offer to construct and operate the housing development, the city hereby agrees to accept the payment of an annual service charge for public services in lieu of all property taxes. The annual service charge shall be equal to six and one-half percent of the annual contract rents for 15 years of operation after the acquisition of the property, its receipt of an allocation of low income housing tax credits from the authority and its commencement of its proposed construction but in any event not less \$35,484. Thereafter, for the 16th through 35th year, the annual service charge and minimum payment stated in this section shall be reviewed, and if the mortgage loan is still in effect and the housing development remains subject to income and rent restrictions under the LIHTC program, the annual service charge and minimum payment stated in this section shall not change.

Sec. 70-304. - Payment of service charge.

The service charge in lieu of taxes, as determined according to this division, shall be payable, enforceable and, if not paid timely, collectible in the same manner as general property taxes are payable to the city, except that the annual payment for each operating year shall be made as follows:

- (1) The minimum payment of \$35,484 is due on or before December 31 of each year.
- (2) All additional amounts owing from the December 31 payment of the previous year, as determined to be owing based on an audit, is due on or before by July 1 of each year.

Sec. 70-305. - Verification of contract rent. No change.

Sec. 70-306. - Effective period of division.

This division shall:

- (1) Become effective only after Sponsor acquires the property and receives and closes a mortgage loan or receives an allocation from the LITHC Program administered by the Authority; and
- (2) Shall remain in effect and shall not terminate so long as a mortgage loan remains outstanding and unpaid, and the housing development remains subject to income and rent restrictions under the LIHTC program, but not to exceed thirty-five (35) years.

Sec. 70-307. - Contractual effect of division. No change.

Sec. 70-308. – Limitation on the Payment of Annual Service Charge

Notwithstanding Section 70-303, the service charge to be paid each year in lieu of taxes for the part of the housing 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 housing project if the housing project were not tax exempt.

Sec. 70-309. - Severability. No change.

Sec. 70-310. – Inconsistent ordinances. No change.

PLEASE TAKE NOTICE that a copy of the Ordinance as amended may be purchased or inspected at City Hall on any business day except public and legal holidays from and after publication of this Notice from 8:00 a.m. to 5:00 p.m. local time.

Dated: September 12, 2017

Peter J. Strazdas, Mayor

FIRST READING: August 22, 2017
SECOND READING: September 12, 2017
ORDINANCE #: 17-04
EFFECTIVE DATE: August 31, 2017