

**ORDINANCE NO. 2151  
CITY OF MADISON HEIGHTS,  
OAKLAND COUNTY, MICHIGAN  
AMENDMENT TO THE CODE OF ORDINANCES**

An Ordinance to amend Ordinance No. 571, being an Ordinance codifying and adopting a new Code of Ordinances for the City of Madison Heights by adding a new Section 25-4 to Chapter 25 of the Code of Ordinances, City of Madison Heights, Michigan, to establish and authorize an annual payment in lieu of taxes for a renovated senior citizen housing development pursuant to the State Housing Development Authority Act of 1966, MCL 125.1401 et. seq., to provide for the safe and sanitary dwelling accommodations within the financial means of low income persons and families.

**THE CITY OF MADISON HEIGHTS ORDAINS:**

**Section 1. Amendment**

That a new Section 25-4 is added to Chapter 25 of the Code of Ordinances, City of Madison Heights, Michigan, to read as follows:

**Sec. 25-4. —Purpose; definitions; property tax exemption for National Church Residences; annual service charge for public services in lieu of taxes; boundaries.**

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 persons and families to encourage the development of such housing by providing for a service charge or payment in lieu of property taxes (“PILOT”) in accordance with the State Housing Development Authority Act of 1966, MCL 125.1401 et. seq., as amended (the “Act”). The city is authorized by said 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 the act, at any amount it chooses not to exceed the taxes that would be paid but for the act. It is further acknowledged that such housing for low income persons and families is a public necessity, and as the city will be benefited and improved by such housing, the encouragement of the same by providing certain a real estate tax exemption and is therefore, a valid public purpose; further, that the continuance of the provisions of this section for tax exemption and the PILOT during the period hereinafter contemplated are essential to the determination of economic feasibility of housing developments which are constructed and financed thereon. The

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city acknowledges that National Church Residences, an Ohio non-profit corporation, on behalf of a Michigan Limited Dividend Housing Association to be formed, and any successor in title that receives or assumes a Mortgage Loan or an allocation under the LIHTC Program, referred to as the “sponsor,” has offered to renovate, own and operate a housing development including a senior citizen service area (hereinafter referred to as “service area”) on property located in the City of Madison Heights, Oakland County, Michigan, which is representative of the parcel identified as Parcel Nos. 44-25-13-426-032 to be known as Madison Manor, 27795 Dequidre Road, Madison Heights, MI, 48071, the legal description of which is described as follows:

T1N, R11E, SEC 13, PART OF SE 1/4 BEG AT PT DIST N 87-55-30 W 785.20 FT FROM E 1/4 COR, TH S 02-04-30 W 58.09 FT, TH ALG CURVE TO LEFT, RAD 179 FT, CHORD BEARS S 50-32-34 W 75.02 FT, DIST OF 75.58 FT, TH N 65-59-14 W 184.64 FT, TH S 24-00-46 W 40 FT, TH N 65-59-14 W 60 FT, TH S 24-00-46 W 110 FT, TH S 65-59-14 E 60.74 FT, TH S 24-00-46 W 60.02 FT, TH S 03-18-58 W 98.14 FT, TH S 86-41-02 E 35 FT, TH S 03-18-58 W 145 FT, TH N 86-41-02 W 255 FT, TH N 00-54-45 E 472.36 FT, TH S 87-55-30 E 540 FT TO BEG 3.09 A 9/19/91 FR 024

## **Section 2. Definitions**

“Annual Shelter Rent” means the total collections during an agreed annual period from or paid on behalf of all occupants of a housing project representing rent or occupancy charges, exclusive of Utilities.

“Authority” means the Michigan State Housing Development Authority created by the State Housing Development Authority Act of 1966, MCL 125.1401 et. seq., as amended.

“Elderly” means a single person who is 55 years of age or older or a household in which at least 1 member is 55 years of age or older and all other members. are 50 years of age or older.

“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.

“Low Income Persons and Families” means persons and families eligible to move into a housing project.

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“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 for the construction, rehabilitation, acquisition and/or permanent financing of a housing project, and secured by a mortgage on the housing project.

“Sponsor” means National Church Residences, on behalf of a Michigan Limited Dividend Housing Association to be formed, and any successor in title that receives or assumes a Mortgage Loan.

“Utilities” means charges for gas, electric, water, sanitary sewer and other utilities furnished to the occupants that are paid by the housing project.

### **Section 3. Class of Housing Projects**

In accordance with section 15a of the Act, it is determined that the housing project to be renovated by the Sponsor, and the land on which it will be located, which development shall be known as Madison Manor, shall be for Low Income Persons and Families that are Elderly and shall be financed by a Mortgage Loan or assisted by an allocation under the LIHTC Program, are hereby exempt from all *ad valorem* property taxes.

### **Section 4. Establishment of Annual Service Charge**

In consideration of the Sponsor’s offer to renovate, own, and operate a housing project within the city to be known as Madison Manor, subject to receipt of a Mortgage Loan or an allocation under the LIHTC Program, the city hereby agrees to accept payment of an annual service charge for public services, or PILOT, from the Sponsor in lieu of all *ad valorem* property taxes. Subject to receipt of a Mortgage Loan, the PILOT shall be equal to four percent (4%) of the Annual Shelter Rent actually collected during each calendar year.

### **Section 5. Payment of Service Charge**

The annual PILOT as determined hereunder shall be payable in the same manner as general property taxes are payable to the city 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 shall be paid on or before April 15th of each year for the preceding calendar year.

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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 6. Duration**

This ordinance will take effect upon receipt of a certification of exemption from the Authority, but not until at least 50% of the units in the housing project are occupied by persons or families that are Elderly and whose household income does not exceed 60% of area median income, as determined by HUD. The ordinance shall remain in effect so long as the housing project is subject to the income and rent restrictions of the LIHTC Program, or so long as a Mortgage Loan remains outstanding, whichever is longer. However, notwithstanding the duration of income and rent restrictions of the LIHTC program or any outstanding Mortgage Loan, the term of this ordinance shall not to exceed 40 years.

### **Section 7. Limitation on the Payment of Annual Service Charge**

Notwithstanding MCL 125.1415a (5), 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 that are Elderly 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.

### **Section 8. Contractual Effect of Ordinance**

Notwithstanding the provisions of MCL 125.1415a(5) to the contrary, a contract between the City 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 9. Repealer**

All ordinances, or parts of ordinances, in conflict with this ordinance are repealed only to the extent necessary to give this ordinance full force and effect.

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### **Section 10. Severability**

Should any section, subdivision, clause, or phrase of this ordinance be declared by the courts to be invalid, the validity of the ordinance as a whole, or in part, shall not be affected other than the part invalidated.

### **Section 11. Savings**

All proceedings pending and all rights and liabilities existing, acquired or incurred at the time this ordinance takes effect, are saved and may be consummated according to the law in force when they were commenced.

### **Section 12. Effective Date**

This ordinance is immediately necessary for the preservation of the public peace, health and safety and is thus determined to be an Emergency ordinance pursuant to City Charter Section 7.3. As a result, this ordinance as ordered shall take effect March 31, 2020.

### **Section 13. Inspection**

A copy of this ordinance may be inspected or purchased at the City Clerk's office between the hours of 8:00 a.m. and 11:30 a.m. and between the hours of 12:30 p.m. and 4:30 p.m. on regular business days.

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