

The following Amendment Ordinance was introduced and a first reading completed at the Holland Charter Township Board Meeting held on August 3, 2023.

ORDINANCE NO.: _____

THE TRADITIONS OF HOLLAND APARTMENTS TAX EXEMPTION ORDINANCE

AN ORDINANCE to provide for a service charge in lieu of taxes for the multiple family dwelling housing project known as the Traditions of Holland Apartments (the “Housing Project”) for Low Income Persons and Families to be financed with a Michigan State Housing Development Authority-aided Mortgage Loan or an advance or grant from the Authority pursuant to the provisions of the State Housing Development Authority Act of 1966 (1966 PA 346, as amended; MCL 125.1401, *et seq.*) (the “Act”).

THE CHARTER TOWNSHIP OF HOLLAND, COUNTY OF OTTAWA, AND STATE OF MICHIGAN ORDAINS:

SECTION 1. Title

This Ordinance shall be known and cited as the “Traditions of Holland Apartments Tax Exemption Ordinance of Holland Charter Township.”

SECTION 2. Definitions

- A. Act means the State Housing Development Authority Act, being Public Act 346 of 1966, MCL 125.1401, *et seq.*, of the State of Michigan, as amended.
- B. 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.
- C. Authority means the Michigan State Housing Development Authority.
- 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, communal and educational facilities as the Authority has determined improves the quality of the development as it relates to housing for persons of low income.
- E. Housing Project means the Traditions of Holland Apartments, a 120-unit multiple family Housing Development located at 13828 N Traditions Way, Holland, Michigan 49424 and is described more specifically in Exhibit A.
- F. Low Income Persons and Families means persons and families eligible to move into a housing project.

- G. **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 to the Sponsor for the construction, rehabilitation, acquisition and/or permanent financing of a Housing Project, and secured by a mortgage on the Housing Project.
- H. **Sponsor** means the Traditions of Holland Preservation, LLC and any entity that receives or assumes a Mortgage Loan.
- I. **Township** means Holland Charter Township, Ottawa County, Michigan.
- J. **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. Purpose

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its Low Income Persons and Families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the Act. The 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 Low Income Persons and Families is a public necessity, and as the Township will be benefited and improved by such housing, the encouragement of the same by providing real estate tax exemption for such housing is a valid public purpose. It is further acknowledged that the continuance of the provisions of this Ordinance for tax exemption and the service charge in lieu of all *ad valorem* taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of the Housing Project.

The Township acknowledges that the Sponsor has offered, subject to receipt of a Mortgage Loan from the Authority, to rehabilitate, own, and operate the Housing Project identified as the Traditions of Holland Apartments on certain property located at 13828 N Traditions Way in the Township to serve Low Income Persons and Families, and that the Sponsor has offered to pay the Township, on account of this Housing Project, an annual service charge for public services in lieu of all *ad valorem* property taxes.

SECTION 4. Traditions of Holland Apartments

It is determined that the class of housing projects to which the tax exemption shall apply and for which a service charge shall be paid in lieu of taxes shall be housing projects for Low Income Persons and Families that are financed with a Mortgage Loan by the Authority. Based on the representations and warranties of the Sponsor, it is determined that the Traditions of Holland Apartments is a Housing Development eligible for tax exemption as provided by Section 15a of the Act.

SECTION 5. Establishment of Annual Service Charge

The Housing Project and the property on which it is located shall be exempt from all *ad valorem* property taxes commencing on December 31, 2022 subject to compliance by the Sponsor with all requirements imposed in Section 15a(1) of the Act.

The Township acknowledges that the Sponsor and the Authority have established the economic feasibility of the Housing Project in reliance upon the enactment and continuing effect of this Ordinance, and the qualification of the Housing Project for exemption from all *ad valorem* property taxes and a payment in lieu of taxes as established in this Ordinance.

Therefore, in consideration of the Sponsor’s offer to construct, own, and operate the Housing Project as described in the Project Narrative in Exhibit B, the Township agrees to accept payment of an annual service charge for public services in lieu of all *ad valorem* property taxes. Subject to a receipt of a Mortgage Loan, annual service charge shall be equal to 50 percent of the *ad valorem* property taxes that would normally be paid during each calendar year by the Sponsor for the Housing Project.

SECTION 6. Contractual Effect of Ordinance

Notwithstanding the provisions of Section 15a(5) of the Act to the contrary, a contract between the Township and the Sponsor with the Authority as a 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.

The Township and the Sponsor are not precluded from having a side agreement which places additional enforceable obligations upon the Sponsor.

SECTION 7. Limitation on the Payment of Annual Service Charge

Notwithstanding Section 5 of this Ordinance, 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 and Families shall be equal to the full amount of taxes which would be paid on that portion of the Housing Project if the Housing Project were not tax exempt. All 120 of the units will be rented to Low Income persons and families. If any units are rented to any who do not qualify, then for that portion of the project the annual service charge will be increased to the amount of taxes that would be due from that portion of the project if the project was not entitled to a tax exemption.

SECTION 8. Payment of Service Charge

The annual service charge in lieu of property taxes as determined under this Ordinance, shall be payable to the Township in two payments, with the summer portion (first of two tax bills for the year) being billed by July 15th of each year, equal to 50 percent of the amount of *ad valorem* property taxes that would be billed in the Township's first tax bill of the year if the Housing Project was not exempt, and payable within 30 days of the invoice date; and the winter portion (second of two tax bills for the year) being billed by December 15th of each

year, equal to 50 percent of the amount of ad valorem property taxes that would be billed in the Township's second tax bill of the year if the Housing Project was not exempt, and payable within 30 days of the invoice date. Collection procedures shall be in accordance with the provisions of the General Property Tax Act (193 PA 206, as amended; MCL 211.1, et seq.).

SECTION 9. Preference to Township Residents

In considering applications for occupancy in the Housing Project, and for vacancies of said units, the Sponsor shall give preference to qualified applicants who are Township residents. However, implementation and enforcement of the Sponsor's obligation to comply with federal, state, or local fair housing laws, ordinances, and regulations relating to Low Income Persons and Families shall not be deemed a violation of this Section.

SECTION 10. Benefits

The benefits of the property tax exemption granted pursuant to this Ordinance shall be allocated by the Sponsor exclusively to occupants of the Housing Project in the form of reduced Annual Shelter Rent. The Sponsor shall, at the request of the Township, submit to the Township such evidence and documentation as may be reasonably necessary to ensure the Sponsor's compliance with this requirement.

SECTION 11. Duration and Compliance Measures

The Ordinance shall remain in effect and shall not terminate from its effective date so long as the Mortgage Loan remains outstanding. When the Mortgage Loan is paid, this Ordinance will terminate, the annual service charges are eliminated, and the full property taxes are reinstated. While the Ordinance is in effect, the Sponsor shall meet the following compliance measures.

- A. The Housing Project remains subject to income and rent restrictions pursuant to the Act.
- B. The Housing Project is rehabilitated as described in the attached Exhibit B. Rehabilitation activities shall be completed in a manner that is in conformance with all federal, state, and local codes and laws; specifically, without limitation, all applicable building, electrical, mechanical, and plumbing permits must be obtained from the Township's Department of Building Safety.
- C. The Sponsor shall actively participate in and become certified on an annual basis under the Crime Free Multi Housing Program for as long as the program or a replacement program is offered by the Ottawa County Sheriff's Department.

SECTION 12. Audits, Inspection of Records

Subject to any limitations imposed by law, the Sponsor shall provide to the Township such accounting records, audits, and financial reports as the Township shall reasonably require to verify compliance with this Ordinance and to verify compliance with the Act, and all other applicable laws.

The Sponsor shall maintain such records of rent or occupancy charges received and the occupancy of units in the Housing Project as will permit the Township to verify which of the units in the Housing Project have been occupied by qualified Low Income Persons or Families. Subject to any limitations imposed by law, the records of the Sponsor pertaining to the Housing Project shall be available for review and audit by the Township at all reasonable times.

SECTION 13. Lien

Annual service charge payments pursuant to this Ordinance shall be a lien on the property of the Housing Project and enforced in the same manner as general property taxes.

SECTION 14. Severability

The various Sections and provisions of this Ordinance shall be deemed to be severable. Should any Section or provisions of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid, that shall not affect the validity of this Ordinance as a whole or any other Section or provision of this Ordinance.

SECTION 15. Inconsistent Ordinances

All ordinances or parts of ordinances that are inconsistent or in conflict with the provisions of this Ordinance are repealed to the extent of such inconsistency or conflict.

SECTION 16. Effective Date

This Ordinance was approved and adopted by the Township Board of Holland Charter Township, Ottawa County, Michigan on _____, 2023, after introduction and first reading on August 3, 2023, and publication after first ready as required by Act 359 of the Michigan Public Acts of 1947, as amended. This Ordinance shall be effective on _____, 2023.

Terry Nienhuis, Township Supervisor

Michael Dalman, Township Clerk

EXHIBIT A

Legal Description of Property

Lands located in the State of Michigan, County of Ottawa and Charter Township of Holland specifically described as follows:

The Northeast 1/4 of the Southwest 1/4 of the Northeast 1/4 of Section 7, Town 5 North, Range 15 West, described as:

Beginning at a point distant South 01 degrees 10 minutes 35 seconds East 1317.68 feet along the North and South 1/4 line and North 89 degrees 57 minutes 11 seconds East 662.03 feet from the North 1/4 corner of Section 7 and proceeding thence North 89 degrees 57 minutes 11 seconds East 662.03 feet, thence South 01 degrees 16 minutes 50 seconds East 660.03 feet along the East 1/8 line, thence North 89 degrees 59 minutes 48 seconds West 662.64 feet, thence North 01 degrees 13 minutes 42 seconds West 659.44 feet to the point of beginning.

Together with a perpetual easement for ingress and egress over the following described parcel:

Part of the Southwest 1/4 of the Northeast 1/4 of Section 7, Town 5 North, Range 15 West, described as:

Beginning at a point on the Northerly right of way of 140th Avenue (66.0 feet wide) distant North 01 degrees 10 minutes 35 seconds West 597.90 feet and South 48 degrees 03 minutes 43 seconds East 46.84 feet from the central 1/4 corner of Section 7 and proceeding thence North 01 degrees 10 minutes 35 seconds West 126.40 feet: thence South 89 degrees 59 minutes 48 seconds East 629.61 feet; thence South 01 degrees 13 minutes 42 seconds East 33.01 feet, thence North 89 degrees 59 minutes 48 seconds West 596.64 feet, thence South 01 degrees 10 minutes 35 seconds East 148.34 feet to the Northeasterly right of way line of 140th Avenue, thence along the right of way on curve to the left, an arc distance of 64.90 feet, central angle 6 degrees 30 minutes 50 seconds radius 225.19 feet, and chord bears North 31 degrees 50 minutes 47 seconds West 64.68 feet to the point of beginning.

NE 1/4 OF SW 1/4 OF NE 1/4 SEC 7 T5N R15W 10 A

Said lands are generally described as 13828 N Traditions Way, described more specifically as Parcel Number: 70-16-07-200-023.

EXHIBIT B

General Information:

A mixed-use planned unit development project known as Traditions of Holland Apartments consisting of 24 one-bedroom units, 32 two-bedroom units, and 64 three-bedroom units for 120 total units across twelve town home buildings. Common area amenities include clubhouse, on-site laundry, courtyard, barbecue and picnic area, playground and leasing office. Unit amenities include a patio, self-cleaning oven, dishwasher, garbage disposal, air conditioning, in-unit wash and dryer (in select units) and in-unit washer and dryer connections.

Holland Charter Township Land Use Plan:

The 2020 Holland Charter Township Comprehensive Plan indicates the future land use preferred for this parcel is high density residential.

Type of Project:

The housing project has twelve town home buildings housing 120 apartments. This project includes planned renovation costs of \$60,000 per unit, before contractor fees. The units at the property currently operate under the Section 42 Low Housing Tax Credit (LIHTC) Program.

Location:

13828 N Traditions Way, Holland, Michigan

The project is within the boundaries of Holland Charter Township, which had a population of 38,276 per the 2020 census.

Type of Financing:

Traditions of Holland Preservation, LLC intends to apply for tax-exempt bonds and 4% Low Income Housing Tax Credits through MSHDA to facilitate the rehabilitation of the property. The intended long-term financing is a HUD 221D4 loan serviced by Regions Bank with tax credit equity to also be provided by Regions Bank.

Tenants Served:

The project will not be age restricted. There will be rental rates available for 12 units at 40% Area Median Income (AMI) and 60% AMI (108 units).