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CHAPTER 85: TAXATION

Article

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- III. NEIGHBORHOOD IMPROVEMENT AUTHORITY
DEVELOPMENT AND TAX INCREMENT FINANCING
PLAN**

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ARTICLE I: TAX EXEMPTION

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§ 85.101 SPONSOR.

The city acknowledges that Royal Castle Development Company (“sponsor”) has offered, subject to receipt of an allocation under the low income housing tax credit (LIHTC), to erect, own, and operate a housing development identified as Roxbury Court in the city to serve persons of low income, and that the sponsor has offered to pay the city on account of this housing development an annual service charge for public services in lieu of all taxes.

(Ord. 314, passed 6-19-00)

§ 85.102 DEFINITIONS.

All terms shall be defined as set forth in the State Housing Development Authority Act of 1966, being Public Act 346 of 1966, as amended, except as follows:

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

ANNUAL SHELTER RENT. 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.

AUTHORITY. The Michigan State Housing Development Authority.

ELDERLY. A single person who is 55 years of age or older, or a household in which at least one member is 55 years of age or older, and all other members are 50 years of age or older.

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HOUSING DEVELOPMENT. 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.

HOUSING FOR THE ELDERLY. Housing occupied by a single person who is 55 years of age or older, or housing occupied by a family and/or household in which at least one member is 55 years of age or older and all other members are 50 years of age or older.

LOW INCOME PERSONS OR FAMILIES. As used herein, the same meaning as found in § 15(a)(7) of the Act.

UTILITIES. Fuel, water, sanitary sewer and/or electrical service which are paid by the housing development.
(Ord. 314, passed 6-19-00)

§ 85.103 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 for families, which are financed or assisted pursuant to the Act. It is further determined that Roxbury Court is of this class.
(Ord. 314, passed 6-19-00)

§ 85.104 ANNUAL SERVICE CHARGE.

(A) *Establishment.* The housing development identified as Roxbury Court 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 qualifications of the housing development for exemption from all property taxes and a payment in lieu of taxes as established in this article and in consideration of the sponsor's offer, subject to receipt of an allocation under the LIHTC program, to construct, run and operate the housing development, agrees to accept payment of an annual service charge for public services in lieu of all property taxes. The annual service charge shall be 5% of the annual shelter rents from the first year in which the housing development is subject to such service charge through the tenth year. The annual service charge shall be 7.5% of the annual shelter rents in the eleventh and through the twentieth year. The annual service charge shall be 10% of the annual shelter rents in the twenty-first and subsequent years. Provided, further, that the annual service charge shall not be less than 5% of the potential gross income for the first ten years, not less than 7.5% of the potential gross income for the eleventh through twentieth year and not less than 10% of the potential gross income for the twenty-first through thirtieth year. A penalty of 3% and 1% per month thereafter shall apply to any unpaid annual service charge. The

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City Assessor shall annually prepare an assessment of the premises, using the potential gross income approach for valuation of property for comparison purposes to the Pilot Plan. A report shall be filed by the Assessor with the City Administrator and the City Commission for their information and review.

(B) *Limitation.* Notwithstanding division (A) above, 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.

(C) *Payment.* 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 September 30 of each year.

(Ord. 314, passed 6-19-00, amended by Ord. 356, passed 11-3-03)

§ 85.105 CONTRACTUAL EFFECT OR ORDINANCE.

Notwithstanding the provision of § 15(a)(5) of the Act, 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 article.

(Ord. 314, passed 6-19-00)

§ 85.106 DURATION.

This article shall remain in effect and shall not terminate so long as the authority's mortgage remains outstanding and unpaid or the authority has any interest in the property; or the housing development remains subject to income and rent restrictions pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, provided that construction of the housing development commences within one year from the effective date of this article.

(Ord. 314, passed 6-19-00)

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ARTICLE II: TAX INCREMENT FINANCING PLAN

Section

- 85.201 Establishment
- 85.202 Duration of plan
- 85.203 Amendments
- 85.204 Designation of boundaries
- 85.205 Bonding

§ 85.201 ESTABLISHMENT.

Pursuant to the provisions of and under the authority of Act 197 of the Public Acts of 1975, as amended, there is hereby created and approved a City of Clio Downtown Development Authority, Genesee County, Michigan, Development and Tax Increment Financing Plan; an official copy of which shall be maintained by the City Clerk and available for copy or inspection at the Clio City Hall. The City Commission does ordain by this section that the proposed Development and Tax Increment Financing Plan is a feasible plan and that its Downtown Development Authority has the ability to implement the plan with the consent and approval of this City Commission.

(Ord. 371, passed 7-5-05; amended by Ord. 484, passed 12-21-15)

§ 85.202 DURATION OF PLAN.

The Tax Increment Financing Plan so created by this chapter shall be in effect for ten years, commencing January 1, 2006 and terminating December 31, 2006. However, the Clio City Commission may abolish the Tax Increment Financing Plan when the purposes for which it was established are accomplished.

(Ord. 371, passed 7-5-05)

§ 85.203 AMENDMENTS.

No amendment to the Tax Increment Financing Plan may be made by the Downtown Development Authority without prior approval by the Clio City Commission.

(Ord. 371, passed 7-5-05)

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§ 85.204 DESIGNATION OF BOUNDARIES.

The boundaries of the Tax Increment Financing Plan are hereby adopted by reference as determined in Ordinance 371.

(Ord. 371, passed 7-5-05)

§ 85.205 BONDING.

The Clio City Commission may, by resolution, authorize, issue and sell general obligation bonds to finance the development program of the Tax Increment Financing Plan. Before such action would be commenced, the Downtown Development Authority shall submit an estimate of the anticipated tax increment revenue to be available for payment of principal and interest on such bonds to the Clio City Commission. This estimate shall be approved or rejected by the Clio City Commission by resolution adopted by majority vote of the members of the Clio City Commission; and, if approved, the Clio City Commission shall not pledge for annual debt service requirements in any one year an amount in excess of 80% of the estimated tax increment revenue to be received from a development area for that year pursuant to M.C.L.A. § 5.3010 (16).

(Ord. 371, passed 7-5-05)

**ARTICLE III: NEIGHBORHOOD IMPROVEMENT AUTHORITY
DEVELOPMENT AND TAX INCREMENT FINANCING PLAN**

Section

85.301 Establishment

85.302 Amendments

§ 85.301 ESTABLISHMENT.

Pursuant to the provisions of and under the authority of Act 67 of the Public Acts of 2007, as amended, there is hereby created and approved a City of Clio Neighborhood Improvement Authority, Genesee County, Michigan, Development and Tax Increment Financing Plan; an official copy of which shall be maintained by the City Clerk and available for copy or inspection at the Clio City Hall. The City Commission does ordain by this section that the proposed Development and Tax Increment Financing Plan is a feasible plan and that its Neighborhood Improvement Authority has the ability to implement the plan with the consent and approval of this City Commission.

(Ord. 483, passed 12-21-15)

§ 85.302 AMENDMENTS.

No amendment to the Tax Increment Financing Plan may be made by the Neighborhood Improvement Authority without prior approval by the Clio City Commission.

(Ord. 483, passed 12-21-15)

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