

ORDINANCE NO. 2023-02

An ordinance providing for the approval of an exemption from ad valorem property taxes for housing being developed or rehabilitated for workforce housing under the authority of the State Housing Development Authority Act of 1966, Public Act 346 of 1966, as amended

WORKFORCE HOUSING PILOT ORDINANCE

THE CITY OF WHITE CLOUD, COUNTY OF NEWAYGO, STATE OF MICHIGAN, ORDAINS:

SECTION 1. Title. This Ordinance shall be known and cited as the "White Cloud Workforce Housing PILOT Ordinance."

SECTION 2. Preamble.

It is a proper public purpose for the City of White Cloud to provide for and encourage the development or rehabilitation of such housing by exempting workforce housing from all ad valorem property taxes imposed by any taxing jurisdiction and providing for payment of an annual service charge for public services in lieu of all such taxes. A PILOT, or service charge payment in lieu of taxes, is an effective means of incentivizing the construction of workforce house. The City of White Cloud is authorized by section 15a of Public Act 346 of 1966, as amended, MCL 125.1415a, to establish a service charge to be paid in lieu of taxes with respect to new or rehabilitated workforce housing in an amount it chooses, but not an amount that exceeds the taxes that would be paid but for this section. Workforce housing is also a public necessity, and as the City of White Cloud will be benefited and improved by such housing, encouraging the same through ad valorem property tax exemption is a valid public purpose. Additionally, the stability and predictability of the service charge paid in lieu of all ad valorem property taxes during the periods as contemplated by this ordinance is essential to the determination of economic feasibility of workforce housing projects that are developed or rehabilitated in reliance on such tax exemption.

SECTION 3. Definitions.

(A) "Area median income" means the median income for the area as determined under section 8 of the United States housing act of 1937, 42 USC 1437F, adjusted for family size.

(B) "Authority" means the Michigan State Housing Development Authority.

(C) "Shelter Rent" means the rental or carrying charges established for occupancy in housing projects, exclusive of payments for taxes and charges for heat, light, water, cooking fuel, and other necessary utilities.

(D) "Taxable value" means taxable value as calculated under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

SECTION 4. Authorization and Establishment of Workforce Housing PILOT.

(A) The class of housing projects to which the tax exemption shall apply and for which a service charge may be paid in lieu of all ad valorem property taxes are housing projects being developed or rehabilitated for workforce housing. "Workforce housing" means rental units or other housing options that are reasonably affordable to, and occupied by, a household whose total household income is not greater than 120% of the area median income published by the United States Department of Housing and Urban Development.

(B) Workforce housing and the property on which such housing is or will be located shall be exempt from all ad valorem property taxes from and after the commencement of construction or rehabilitation. Construction must start within one year of the date of the Authority's notification of exemption.

(C) In lieu of payment of ad valorem property taxes, City of White Cloud will accept payment of an annual service charge in lieu of all ad valorem property taxes for public services from the owner of a housing project having a certified notification of exemption in accordance with the following:

(1) Subject to subsections (D), (E) and (F), for a new construction project, an amount that is the greater of the tax on the property on which the project is located for the tax year proceeding the date on which the construction is commenced or 10% of the annual Shelter Rents obtained from the project.

(2) Subject to subsections (D), (E) and (F), for a rehabilitation project, an amount that is the lesser of the tax on the property on which the project is located for the tax year proceeding the date on which rehabilitation is commenced or 10% of the annual Shelter Rents obtained from the project.

(3) The service charge paid in lieu of taxes shall not exceed the amount in ad valorem taxes that an owner would have otherwise paid if the workforce housing project were not tax exempt.

(D) Notwithstanding the provisions of MCL 125.1415a(3)(b) and 125.1415a(7) to the contrary, a contract shall be deemed effected between the City of White Cloud and the owner of the workforce housing to provide a tax exemption and accept service charge payments in lieu of taxes as previously described by this section upon the adoption of a project-specific resolution by the City Council of the City of White Cloud.

(E) Notwithstanding subsection (C), the service charge paid each year in lieu of taxes for that part of a Workforce housing project that is tax exempt under this Ordinance but not used for workforce housing must be equal to the full amount of the taxes that would be paid on that portion of the project as if the project were not tax exempt. The owner of the project shall allocate the benefits of any tax exemption granted pursuant to this Ordinance exclusively to workforce housing or to the maintenance and preservation of the housing project as a safe, decent, and sanitary workforce housing.

(F) The annual service charge under subsection (C) for a workforce housing project that is tax exempt under this Ordinance must be increased by the additional amount if both of the following requirements are met:

(1) Not later than 45 days after the county treasurer's receipt of the certified notification of the exemption, the Newaygo County Board of Commissioners passes a resolution, by majority vote, that provides that the additional amount must be paid.

(2) The approval of the resolution described in subparagraph (1) is in accordance with an ordinance or resolution adopted by the Newaygo County Board of Commissioners concerning the factors to be considered when assessing whether the additional amount must be paid.

(3) "Additional amount" means an amount equal to the difference between the following:

(a) the millage rate levied for operating purposes by the county in which the housing project is located multiplied by the current taxable value of that housing project.

(b) The amount of the annual service charge paid in lieu of ad valorem property taxes by the housing project under subsection (4)(C) that is distributed to the county in which the housing project is located pursuant to MCL 125.1415a(5).

SECTION 5. Workforce Housing PILOT Application, Review and Approval Process.

(A) An applicant for a workforce PILOT must own the property that is the subject of the application or must be the purchaser under a purchaser or option agreement. The property that is the subject of the application must be zoned for the use at the time of applicant.

(B) Prior to applying for a workforce housing PILOT, the applicant is encouraged to meet with the City Manager, Zoning Administrator, and Assessor and any other person as may be designated by the City Manager and present the proposed workforce housing project. The presentation may include a description of the applicant's organizational structure, describe the applicant's development experience, describe the scope of the workforce housing project, including location, number of units and types of units, and typical floor plans and exterior elevations, schedule with projected milestones, and estimated shelter rents.

(C) The applicant shall submit its request using for a PILOT using the form provided by City Assessor and include the information identified in subsection (B) above together with a zoning compliance permit.

(D) If a complete application is received no less than 20 days prior to the next regularly scheduled City Council meeting, the city clerk will place the request on the agenda of the next regularly scheduled meeting. If the application is received less than 20 days prior to the next regularly scheduled City Council meeting, the application shall be placed on the agenda of the regular meeting that follows the next regularly scheduled meeting or the agenda for a special meeting scheduled by the City Council at the request of the applicant.

(E) When reviewing an application for a workforce housing PILOT, the decision to approve or deny the request shall be guided by the City Council consideration of the following factors:

- (1) Whether the PILOT will increase the number of available workforce housing units in the city.
- (2) Whether the PILOT will reduce the functional obsolescence of an existing building or housing unit(s).
- (3) Whether the PILOT is likely to encourage expansion of the population of city.
- (4) Whether the location of the workforce housing is consistent with the goals and objectives of the city's Master Plan.
- (5) Whether the development or rehabilitation of the workforce housing requires zoning variances and results in the continuation of a nonconforming use.
- (6) Whether the PILOT will result in the provision of housing amenities.
- (7) Whether the PILOT will facilitate provision of an attractive, viable housing units

(F) Approval of a PILOT for workforce housing requires passage of a resolution of approval by a majority vote of the City Council that includes the findings with respect to the standards of subsection (E) above.

(G) If the PILOT application is approved, the city clerk will deliver to the applicant a certified copy of the resolution approving the application.

(H) To defray the administrative cost of processing an applicant for a workforce housing PILOT, the City Council may include a workforce housing application fee in its annually adopted fee schedule.

SECTION 6. Authority Affidavit and Assessor Notification.

(A) Upon receipt of the certified PILOT approval resolution, the applicant must submit an affidavit to the Authority in the form required by the Authority for certification by the Authority that the project is eligible for a PILOT.

(B) Upon receipt of notification from the Authority that the project is eligible for a PILOT, the applicant must file the notification of exemption with the city assessor before November 1 of the year preceding the tax year in which the exemption is to begin.

(C) Not later than 5 business days after receipt of the certified notification of the exemption, the assessor shall provide a copy of the certified notification of the exemption to the county treasurer.

SECTION 7. Payment of PILOT.

(A) The owner of the workforce housing shall remit the annual PILOT payment to the city treasurer no later than February 15th. Any PILOT payment or portion of PILOT payment remaining unpaid as of the due date shall bear interest at [1]% per month and require payment of a [3]% penalty fee. The PILOT payment shall be accompanied by an estimate of shelter rents for the current calendar year and a certified roll of shelter rents for the preceding calendar year.

(B) Except as otherwise provided in this section and section 4, any payments for public services under this Ordinance shall be distributed to the governmental units levying the general property tax in the same proportion as prevailed with the general property tax in the previous calendar year. The distribution to those governmental units shall be made as if the number of mills levied for local school district operating purposes were equal to the number of mills levied for the purposes in 1993 minus the number of mills levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, for the year for which the distribution is calculated. The amount of payments in lieu of taxes to be distributed to a local school district for operating purposes under this subsection must not be distributed to the local school district but instead must be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

SECTION 8. Duration.

The tax-exempt status of a housing project approved as workforce housing by resolution of the City Council shall be encumbered by a covenant running with the land that restricts the use of the housing project to workforce housing for a period not to exceed 15 years or such greater or lesser period of time as may be authorized by state law and as may be approved by the PILOT resolution passed by majority vote of the City Council.

SECTION 9. Severability.

The provisions of this Ordinance shall be deemed to be severable, and should any provision be declared by any court of competent jurisdiction to be unconstitutional or invalid, the same shall not affect the validity of this Ordinance as a whole or provision of this Ordinance, other than the provision so declared to be unconstitutional or invalid.

SECTION 10. Inconsistent Ordinances.


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

SECTION 11. Effective Date.

This Ordinance shall become effective upon its publication to the extent authorized by law.

YEAS: Dault, Anucci, Shears, Barnhard, Murchison, Becker, Miller
NAYS: None ABSENT/ABSTAIN: None

ORDINANCE 2023-02 DECLARED ADOPTED.


Brian J. Miller, Mayor

CERTIFICATION

It is hereby certified that the foregoing Ordinance was adopted by the City Council of White Cloud, Newaygo County, Michigan, at a meeting of the Council duly called and held on June 6, 2023.

First Reading: May 2, 2023

Public Hearing: June 6, 2023

Adopted: June 6, 2023

Published and Effective: _____

By: 
Kelli Arnold, Clerk

workforce housing
 80-120% AMI -
 Area
 Median
 Income

04/18/2022 INCOME AND RENT LIMITS

County: 62 Newwaygo

Effective Date: 4/18/2022

Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
20%	10,020	11,440	12,880	14,300	15,460	16,600	17,740	18,880
25%	12,525	14,300	16,100	17,875	19,325	20,750	22,175	23,600
30%	15,030	17,160	19,320	21,450	23,190	24,900	26,610	28,320
35%	17,535	20,020	22,540	25,025	27,055	29,050	31,045	33,040
40%	20,040	22,880	25,760	28,600	30,320	33,200	35,480	37,760
45%	22,545	25,740	28,980	32,175	34,785	37,350	39,915	42,480
50%	25,050	28,600	32,200	35,750	38,650	41,500	44,350	47,200
55%	27,555	31,460	35,420	39,325	42,515	45,650	48,785	51,920
60%	30,060	34,320	38,640	42,900	46,380	49,800	53,220	56,640
70%	35,070	40,040	45,080	50,050	54,110	58,100	62,090	66,080
80%	40,080	45,760	51,520	57,200	61,840	66,400	70,960	75,520
100%	50,100	57,200	64,400	71,500	77,300	83,000	88,700	94,400
120%	60,120	68,640	77,280	85,800	92,760	99,600	106,440	113,280
125%	62,625	71,500	80,500	89,375	96,625	103,750	110,875	118,000
140%	70,140	80,080	90,160	100,100	108,220	116,200	124,180	132,160
150%	75,150	85,800	96,600	107,250	115,950	124,500	133,050	141,600

Rent By Person	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
20%	250	286	322	357	386	415	443	472
25%	313	357	402	446	483	518	554	590
30%	375	429	483	536	579	622	665	708
35%	438	500	563	625	676	726	776	826
40%	501	572	644	715	773	830	887	944
45%	563	643	724	804	869	933	997	1,062
50%	626	715	805	893	966	1,037	1,108	1,180
55%	688	786	885	983	1,062	1,141	1,219	1,298
60%	751	858	966	1,072	1,159	1,245	1,330	1,416
80%	1,002	1,144	1,288	1,430	1,546	1,660	1,774	1,888
100%	1,252	1,430	1,610	1,787	1,932	2,075	2,217	2,360
120%	1,503	1,716	1,932	2,145	2,319	2,490	2,661	2,832
125%	1,565	1,787	2,012	2,234	2,415	2,593	2,771	2,950
140%	1,753	2,002	2,254	2,502	2,705	2,905	3,104	3,304
150%	1,878	2,145	2,415	2,681	2,898	3,112	3,326	3,540

Rent By Bedroom	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
20%	250	268	322	372	415	457
25%	313	335	402	465	518	572
30%	375	402	483	558	622	686
35%	438	469	563	651	726	801
40%	501	536	644	744	830	915
45%	563	603	724	837	933	1,029
50%	626	670	805	930	1,037	1,144
55%	688	737	885	1,023	1,141	1,258
60%	751	804	966	1,116	1,245	1,373
70%	876	938	1,127	1,302	1,452	1,602
80%	1,002	1,073	1,288	1,488	1,660	1,831
100%	1,252	1,341	1,610	1,860	2,075	2,288
120%	1,503	1,609	1,932	2,232	2,490	2,746
125%	1,565	1,676	2,012	2,325	2,593	2,860
140%	1,753	1,877	2,254	2,604	2,905	3,204
150%	1,878	2,011	2,415	2,790	3,112	3,433