

CITY OF FERNDALE, OAKLAND COUNTY, MICHIGAN

RESOLUTION

**A RESOLUTION TO APPROVE TAX EXEMPTION AND
A PAYMENT IN LIEU OF TAXES
FOR A WORKFORCE HOUSING PROJECT
TO BE LOCATED AT 141 VESTER, TO BE KNOWN AS VESTER FLATS**

WHEREAS, the City of Ferndale ("City"), City Council enacted Ordinance No. 1290 (the "Workforce Housing Ordinance") pursuant to Section 15a of the State Housing Development Authority Act, Act 346 of the Public Acts of 1966, MCL 125.1401 *et seq* (the "Act");

WHEREAS Vester Propco L.L.C. (the "Sponsor"), a Michigan limited liability company, whose address is 230 East Grand River, Suite 600, Detroit, Michigan 48226, intends to construct on the vacant land located at 141 Vester, Ferndale, Michigan (tax parcel identification no. 25-27-381-028) (the "Housing Project") and to operate the Housing Project as "workforce housing," as defined in the Workforce Housing Ordinance and the Act;

WHEREAS, the Sponsor has applied to the City for tax exemption and a service charge or payment in lieu of taxes ("PILOT") as provided by the Workforce Housing Ordinance and the Act and has agreed to subject the Housing Project to a covenant running with the land that will restrict the occupancy of the Housing Project for a period of not less than fifteen (15) years to individuals and families whose household income is not greater than 120% of area median income, as published by the U.S. Department of Housing and Urban Development, adjusted for family size, and at rents that are reasonably affordable to such persons (the "Restrictive Covenant");

WHEREAS, the Housing Project will increase the supply of safe, decent and affordable housing in the City, will encourage the growth of the population of the City, and will facilitate the provision of attractive, viable housing units in locations consistent with the goals and objectives of the City's Master Plan;

WHEREAS, the City Council hereby finds that the Housing Project qualifies for an exemption from all *ad valorem* property taxes and a PILOT as contemplated by the Act and the Workforce Housing Ordinance because the Project will:

- increase the number of available workforce housing units in the City;
- encourage expansion of the population of the City;
- facilitate the addition of attractive, viable housing units in locations consistent with the goals and objectives of the City's Master Plan;
- protect and improve the health, safety, and general welfare of the City's residents, business owners, property owners, and the community as a whole;

WHEREAS, those terms not otherwise defined herein shall have the meaning set forth in the Ordinance and/or the Act;

THEREFORE, IT IS RESOLVED, that a PILOT for the Housing Project is hereby approved such that the Housing Project shall be exempt from all *ad valorem* property taxes as of December 31 of the year in which (a) the Housing Project is occupied as workforce housing, as defined in the Workforce Housing Ordinance and the Act, or (b) the construction of the Housing Project begins, whichever occurs first. Further, the Sponsor shall pay under the PILOT a service charge equal to an amount that is the greater of the *ad valorem* tax on the property on which the Housing Project is or will be located for the tax year preceding the date on which the construction begins or 4% of the Annual Shelter Rents (as defined in the Workforce Housing Ordinance), subject to the terms of the Act and the Workforce Housing Ordinance; provided, however, that the PILOT service charge paid each year in lieu of taxes for that part of the Housing Project that is tax exempt under this resolution and the 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 Housing Project were not tax exempt;

RESOLVED, that the PILOT for the Housing Project shall be for a period of fifteen (15) years beginning in year 2025. Provided, however, in the event that the Housing Project continues to provide workforce housing, as defined in Workforce Housing Ordinance, after expiration of the initial fifteen (15) years, the City shall administratively approve up to two (2) additional fifteen (15) year extensions of the PILOT for the Housing Project upon the Sponsor's recording of a new fifteen (15)-year Restrictive Covenant for each such extension in a form acceptable to the City Attorney and as executed by the City. Any such new Restrictive Covenant must be recorded with the Oakland County Register of Deeds;

RESOLVED, that units in the Housing Project will continue to qualify as workforce housing units hereunder despite a temporary noncompliance with this resolution, if the noncompliance is caused by increases in the incomes of existing tenants and if actions satisfactory to the City are being taken to ensure that all vacancies are otherwise filled in accordance with this this resolution until the noncompliance is corrected. A tenant who no longer qualifies as a household with income not greater than 120% of the area median income must pay as rent the lesser of the amount payable by the tenant under applicable state or local law or thirty percent (30%) of the tenant's adjusted monthly income.

RESOLVED, that no later than December 1 of each year after the December 31 on which tax exemption first becomes effective and every year thereafter so long as the Housing Project is tax exempt, the Sponsor shall provide the City Assessor and the City Manager with a copy of the Sponsor's operating budget showing the projected Annual Shelter Rent for the next calendar year; and no later than April 30 of each year beginning in the calendar year following the first calendar year during which the tax exemption is effective and every year thereafter, including the year after the exemption terminates, a copy of the Sponsor's audited financial statements for the preceding calendar year, prepared in accordance with generally accepted auditing standards or, if the Sponsor is not subject to an audit requirement, the Sponsor's compiled financial statements for the preceding calendar year prepared in accordance with generally accepted accounting principles and certified by the Sponsor;

RESOLVED, the PILOT payment for each calendar year shall be due no later than July 1 of the following year;

RESOLVED, that all portions of the Workforce Housing Ordinance are hereby incorporated by reference;

RESOLVED, that the effectiveness of the tax exemption approved by this resolution is subject to the following:

- a. The Sponsor shall provide documentation to the City substantiating its ownership of the Housing Project.
- b. Construction of the Housing Project must commence no later than twenty-four (24) months from the date of this resolution, or this resolution shall be void and of no effect.
- c. 100% of the dwelling units in the Housing Project must be restricted to use as Workforce Housing and will be reasonably affordable to, and occupied by, individuals and families whose total household income is not greater than 120% of area median income, as published by the U.S. Department of Housing and Urban Development, adjusted for family size.
- d. The Sponsor shall submit an affidavit to the Michigan State Housing Development Authority ("MSHDA") in the form required by MSHDA for certification that the Housing Project is eligible for the workforce housing exemption.
- e. Upon receipt of notification from MSHDA that the Housing Project is eligible for a workforce housing exemption, the Sponsor or MSHDA shall file the certified notification of exemption with the City Assessor before November 1 of the year preceding the first tax year for which the exemption is to be effective.
- f. The Sponsor shall record a Restrictive Covenant in a form acceptable to the City Attorney. The Restrictive Covenant must be recorded with the Oakland County Register of Deeds.

RESOLVED, that the City Manager is authorized to take necessary administrative actions to implement this resolution.

The above resolution was offered by Pawlica and supported by Johnson.

AYES, Council Members: Pawlica, Johnson, Kelley, Mikoiski, Leaks-May

NAYS, Council Members: Ø

ABSTAIN, Council Members: Ø

RESOLUTION DECLARED ADOPTED.

CERTIFICATE

The foregoing is a true and complete copy of a resolution adopted by the Ferndale City Council at a regular meeting held on November 13, 2024. Public notice was given and the meeting conducted in full compliance with the Michigan Open Meetings Act (Public Act 267 of 1976).



DEAN LENT, CLERK