ORDINANCE NO. _____

VILLAGE OF NORTHPORT

WORKFORCE HOUSING PILOT ORDINANCE

Sec. 24-121. Title. This article shall be known and cited as the "Village of Northport Workforce Housing PILOT Ordinance."

Sec. 24-122. Purpose. It is a public purpose of the Village of Northport to provide and encourage the development or rehabilitation of workforce housing by exempting such projects from ad valorem property taxes and instead providing for a service charge in lieu of taxes. This Payment in Lieu of Taxes (PILOT) mechanism is authorized under Section 15a of Public Act 346 of 1966, as amended (MCL 125.1415a), and is intended to incentivize construction, rehabilitation, and conversion of housing affordable to those earning up to 120% of the Area Median Income (AMI). Providing stable and predictable service charges enables economic feasibility for workforce housing projects.

Sec. 24-123. 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, 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 utilities and taxes.

(d) "Taxable Value" means that term as defined under the General Property Tax Act, 1893 PA 206, MCL 211.27a.

Sec. 24-124. Authorization and Establishment.

(a) The class of housing projects eligible under this ordinance shall include those being constructed, rehabilitated, or converted for workforce housing, defined as housing affordable to households with incomes at or below 120% of AMI.

(b) Such housing and the property on which it is located shall be exempt from all ad valorem property taxes beginning at the commencement of construction or rehabilitation. Construction must commence within one year of receiving notification of exemption from the Authority.

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(c) In lieu of taxes, an annual service charge shall be paid to the Village of Northport according to the following:

(1) For new construction: the greater of the previous year's ad valorem tax or ten percent (10%) of annual shelter rents.

(2) For rehabilitation: the lesser of the previous year's ad valorem tax or ten percent (10%) of annual shelter rents.

(3) In no case shall the service charge exceed what would have been owed under full ad valorem taxation.

(d) A contract is deemed effective upon Village Council adoption of a project-specific resolution granting a PILOT.

(e) Any portion of a housing project not used for workforce housing shall pay the full ad valorem tax.

(f) A county may require an additional payment under certain conditions per MCL 125.1415a.

Sec. 24-125. Application and Approval.

(a) Applicant must own the subject property or hold a purchase/option agreement, and the property must be properly zoned.

(b) Applicants are encouraged to meet with the Village Manager and other relevant staff to present the project.

(c) Application must be submitted in a form approved by the Village, and include zoning compliance and project details.

(d) If received at least 20 days prior to a Council meeting, the request will be placed on the next regular agenda.

(e) Village Council shall consider:

(1) Whether the project increases local workforce housing supply.

(2) Whether it addresses obsolete or underutilized buildings.

(3) Whether it supports population growth.

(4) Whether it is consistent with the Village Master Plan.

(5) Whether it requires variances or extends nonconformities.

(6) Whether it includes housing amenities.

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(7) Whether it results in viable, attractive housing options.

(f) Council approval shall be by resolution, with findings based on the above factors.

(g) Upon approval, a certified resolution shall be provided to the applicant.

(h) The application fee shall be set from time to time by resolution of the Village Council.

Sec. 24-126. Affidavit and Notice.

(a) Applicant shall submit the required affidavit to the Authority for certification.

(b) Upon Authority certification, applicant shall file the exemption notice with the Village Assessor before November 1 prior to the tax year in which the exemption begins.

(c) The Assessor shall notify the County Treasurer within five business days.

Sec. 24-127. Payment.

(a) Annual PILOT payments are due by February 14 each year and must include prior year shelter rent rolls and current estimates.

(b) Late payments shall accrue interest at one percent (1%) monthly and include a three percent (3%) penalty.

(c) Distributions shall follow state law, with school operating funds allocated per constitutional mandate.

Sec. 24-128. Duration. Exemptions shall run with the land via covenant and may last up to fifteen (15) years or a lesser period as approved by the Village Council by resolution.

Sec. 24-129. Severability. If any portion of this ordinance is ruled invalid, the remaining sections shall remain in effect.

Sec. 24-130. Conflicts. Any ordinance or parts thereof in conflict with this ordinance are repealed to the extent necessary to give it full effect.

Sec. 24-131. Effective Date. This ordinance shall take effect thirty (30) days following its final adoption by the Village Council.

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