



OFFICE OF THE CHIEF FINANCIAL OFFICER
Office of the Assessor

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Detroit, Michigan 48226 www.detroitmi.gov

May 10, 2023

Honorable City Council

RE: 10 Peterboro Partners Limited Dividend Housing Association LLC – Payment in Lieu of Taxes (PILOT)

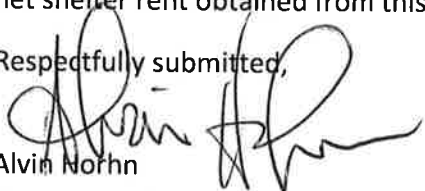
10 Peterboro Partners LLC has formed 10 Peterboro Partners Limited Dividend Housing Association LLC, in order to develop the Project known as Peterboro Place Apartments. The Project is an existing seventy (70) unit 6-story apartment community intended for formerly homeless residents located in an area bounded by Martin Luther King Boulevard on the north, Woodward Avenue on the east, Peterboro Street on the south and Cass Avenue on the west.

The Project consists of seventy (70) studio apartments of four hundred (400) square feet each. All units are designated for Permanent Supportive Housing tenants. Building amenities include an interior camera system, an administrative office and community space. Central City Integrated Health provides a complement of services and support for the benefit of the residents. Project case managers are on-site to coordinate tenant supportive services for a minimum of twenty (20) hours on-site per week. There are eighty (80) onsite parking spaces.

IRP Advancing Company II, LLC, has provided a loan in the amount of \$7,940,000 that was utilized for the acquisition and extinguishment of prior debt. Low Income Housing Tax Credit regulatory restrictions will remain in place which legally encumbers title to the Project for ninety-nine (99) years with approximately seventy-nine (79) years remaining.

Rents for all units have been set at or below sixty percent (60%) of the area median income ("AMI"), adjusted for family size. The existing Section 8 Housing Assistance Payments (HAP) Contract covering fifty-eight (58) units provided by the U.S. Department of Housing and Development (HUD) has been assumed and renewed. All seventy (70) units will be subject to the PILOT based on Section 15a of the State Housing Development Authority Act of 1966, as amended. In order to continue to make this Project economically feasible, it is necessary for it to receive the benefits of tax exemption under Section 15a of the State Housing Development Authority Act of 1966 (P.A. 346 as amended, MCL 125.1415A). Adoption of the resolution by your Honorable Body will therefore satisfy the requirements of Public Act 346 and City Ordinance 9-90, as amended, by establishing a service charge of four percent (4%) of the annual net shelter rent obtained from this housing project.

Respectfully submitted,


Alvin Nornh
Deputy CFO/Assessor

Attachment
JB/jb



BY COUNCIL MEMBER _____

WHEREAS, pursuant to the provisions of the Michigan State Housing Development Act, Act 346 of the Public Acts of 1966, as amended, being MCL 125.1401 se seq. (the “Act”), a request for exemption from property taxes has been received on behalf of 10 Peterboro Partners LLC. (the “Sponsor”); and

WHEREAS, a housing project as defined in the Act is eligible for exemption from property taxes under Section 15a of the Act (MCL 125.1415a) if the Michigan State Housing Development Authority (“MSHDA”) provides funding for the housing project, or if the housing project is funded with a federally-aided mortgage as determined by MSHDA; and

WHEREAS, Section 15a of the Act (MCL 125.1415a) provides that the local legislative body may establish by ordinance the service charge to be paid in lieu of taxes, commonly known as a PILOT; and

WHEREAS, the City of Detroit has adopted Ordinance 9-90, as amended, being Sections 18-9-10 through 18-9-16 of the Detroit City Code to provide for the exemption from property taxes of eligible housing projects and to provide for the amount of the PILOT for said housing projects to be established by resolutions of the Detroit City Council after review and report by the Board of Assessors; and

WHEREAS, the Sponsor has undertaken the preservation of an existing housing project known as Peterboro Place Apartments consisting of seventy (70) units intended for occupancy by formerly homeless residents located on a parcel of property owned by the Sponsor as described by street address and tax parcel in Exhibit A to this resolution, with seventy (70) units for low and moderate income housing (the “Project”); and

WHEREAS, the purpose of the Project is to serve low to moderate income persons as defined by Section 15a(7) of the Act, being MCL 125.1415a(7); and

WHEREAS, MSHDA has provided notice to the Sponsor that it has reviewed the Sponsor’s submission and has determined that federal-aided financing is in place for the Project, provided that the Detroit City Council adopts a resolution establishing the PILOT for the Project; and

WHEREAS, pursuant to Section 15a of the Act, being MCL 125.1415a(1), the tax exemption is not effective until the Sponsors first obtain MSHDA certification that the housing project is eligible for exemption, and files an affidavit, as so certified by MSHDA, with the Board of Assessors; and

WHEREAS, pursuant to Section 18-9-13(G) of the Detroit City Code, the tax exemption shall be effective on adoption, with the tax exemption and PILOT payment to occur only upon bona fide use and physical occupancy by persons and families eligible to move into the project, in accordance with the Act, which must occur as of December 31 of the year preceding the tax year in which the exemption is to begin;



NOW, THEREFORE, BE IT

RESOLVED, that in accordance with City Code Section 18-9-13, the Project known as Peterboro Place Apartments as described above is entitled to be exempt from taxation but subject to the provisions of a service charge of four percent (4%) for payment in lieu of taxes as set forth in Act No. 346 of the Public Acts of 1966, as amended, being MCL 125.1401, et seq.; and be it further

RESOLVED, that arrangements to have collections of a payment in lieu of taxes from the Sponsor be established upon occupancy for future years with respect to the same be prepared by the Office of the Chief Financial Officer; and be it further

RESOLVED, that specific legal description for the Project shall be as set forth in the certification from MSHDA; and be it further

RESOLVED, that in accordance with Section 15a(3) of the Act, MCL 125.1415a(3), the exemption from taxation shall remain in effect for as long as the MSHDA-aided or Federally-aided financing is in effect, but not longer than fifty (50) years, and shall terminate upon the determination by the Board of Assessors that the Project is no longer eligible for the exemptions; and be it further

RESOLVED, that the City Clerk furnish the Office of the Chief Financial Officer – Office of the Assessor two certified copies of this resolution; and be it further

RESOLVED, that this resolution is adopted with a waiver of reconsideration.



EXHIBIT A

10 Peterboro Partners Limited Dividend Housing Association LLC

The following real property situated in Detroit, Wayne County, Michigan:

**N PETERBORO UNIT 1 WAYNE COUNTY CONDOMINIUM SUB PLAN NO 486 L29948 P4026-57
AND L29980 P2671-3 DEEDS, W C R AKA PETERBORO CONDO 2/182 69%**

Tax Parcel No. Ward 02, item 000711

Property Address: 10 Peterboro Unit 1