



OFFICE OF THE CHIEF FINANCIAL OFFICER  
**Office of the Assessor**

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May 10, 2023

Honorable City Council

**RE: Benjamin O. Davis Veterans Village Limited Dividend Housing Association LP – Payment in Lieu of Taxes (PILOT)**

Communities of Hope, Inc. has formed Benjamin O. Davis Veterans Village Limited Dividend Housing Association Limited Partnership in order to develop the Project known as the Benjamin O. Davis Veterans Village Apartments. The Project is a new construction two-story apartment building that will consist of fifty (50) apartments for homeless veterans located in an area bounded by Savage Avenue on the north, Conner Avenue on the east, East Outer Drive on the south and Van Dyke Street on the west.

The Project will include fifty (50) 1 bedroom/1 bath apartments of six hundred fifty-four (654) square feet each with available parking. Central City Integrated Health will commit to providing case management on-site and supportive services to all formerly homeless tenants.

Citizens Bank will provide a construction loan in the amount of \$10,000,000 and Churchill Stateside Mortgage Group will provide a mortgage loan in the amount of \$2,960,000. Alliant Capital will make Capital Contributions of \$11,084,535 which includes the purchase of Low Income Housing Tax Credits. The City of Detroit will provide a HOME-ARP loan in the amount of \$300,000 and American Rescue Plan Act funds in the amount of \$1,425,000. In addition, the Sponsor has agreed to defer \$436,935 of the developer fee.

Rents for all units have been set at or below 60 percent (60%) of the area median income, adjusted for family size through rent subsidies provided by the Detroit Housing Commission and Michigan State Housing Development Authority (MSHDA).

All fifty (50) 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 make this development 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 six percent (6%) of the annual net shelter rent obtained from this housing project.

Respectfully submitted,

Alvin Horhn  
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 Communities of Hope, Inc. (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 is constructing a housing project to be known as the Benjamin O. Davis Veterans Village Apartments, consisting of fifty (50) units in a two-story building with supportive parking located on one (1) parcel of property owned or to be acquired by the Sponsor as described by street address and tax parcel in Exhibit A to this resolution, with all fifty (50) 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 intends to approve federal-aided financing for the Project in the form of Low Income Housing Tax Credits, 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 the Benjamin O. Davis Veterans Village Apartments as described above is entitled to be exempt from taxation but subject to the provisions of a service charge of six percent (6%) 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

### **Benjamin O. Davis Veterans Village Limited Dividend Housing Association Limited Partnership**

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

PART OF THE NORTHWEST  $\frac{1}{4}$  OF SECTION 3, T.1S., R.12E., CITY OF DETROIT, WAYNE COUNTY, MICHIGAN, DESCRIBED AS: BEGINNING AT THE INTERSECTION OF THE NORTH LINE OF OUTER DRIVE (150 FEET WIDE), WITH THE SOUTHWESTERLY LINE OF CONNER AVENUE (66 FEET WIDE); THENCE SOUTH 89 DEGREES 39 MINUTES 44 SECONDS WEST 990.69 FEET MEASURED ALONG THE NORTH LINE OF SAID OUTER DRIVE; THENCE NORTH 00 DEGREES 15 MINUTES 06 SECONDS WEST 859.33 FEET CALCULATED (859.42 FEET RECORD) TO THE SOUTH LINE OF MILBANK ROAD (60 FEET WIDE); THENCE NORTH 89 DEGREES 20 MINUTES 03 SECONDS EAST 632.21 FEET CALCULATED (632.11 FEET RECORD); THENCE SOUTH 22 DEGREES 49 MINUTES 26 SECONDS EAST 933.96 FEET CALCULATED (934.18 FEET RECORD) ALONG THE SOUTHWESTERLY LINE OF SAID CONNER AVENUE TO THE POINT OF BEGINNING. SAID DESCRIPTION CONTAINS 707,661 SQUARE FEET, OR 16.246 ACRES, MORE OR LESS.

Tax Parcel No. Ward 17, item 016350.003L

Property Address: 4777 East Outer Drive