



OFFICE OF THE CHIEF FINANCIAL OFFICER
Office of the Assessor

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June 27, 2023

Honorable City Council

RE: Lexington Village Preservation II Limited Dividend Housing Association, LLC – Payment in Lieu of Taxes (PILOT)

Ginosko Development Company and L + M Development Partners LLC have formed Lexington Village Preservation II Limited Dividend Housing Association, LLC in order to develop the Project known as Lexington Village Apartments. The Project is an existing three hundred fifty-one (351) unit mixed-use complex comprised of a 12-story senior-targeted building and multiple 2-story garden apartments and townhomes for families in an area bounded by West Euclid on the north, John C. Lodge Freeway on the east, West Grand Boulevard on the south and 14th Street on the west.

The preservation and rehabilitation Project will include two hundred seven (207) 1 bedroom/1 bath, sixty (60) 2 bedroom/1 bath, sixty-four (64) 2 bedroom/1 ½ bath and twenty (20) 3 bedroom/1 ½ bath units. Community amenities include a clubhouse, six (6) courtyards, two (2) playgrounds, laundry facilities, gated access and parking.

Michigan State Housing Development Authority (MSHDA) will issue bonds through its 'Pass Through' that will be converted to Freddie Mac loans serviced by CPC Mortgage Company LLC. The TEL and GAP loans total \$43,584,000. Cinnaire will make Capital Contributions of \$30,159,558 with the allocation of Low Income Housing Tax Credits. A Seller's Promissory Note from Lexington Village Preservation LDHA, LLC in the amount of \$11,322,104 will be provided. Additionally, the Sponsors have agreed to defer \$3,736,402 of the developer fee.

Ten percent (10%) or thirty-six (36) of the units will be occupied by households with incomes no greater than forty percent (40%) of the area median income (AMI) adjusted for family size. Ninety percent (90%) or three hundred fifteen (315) of the units will be occupied by households with incomes no greater than sixty percent (60%) of AMI. All three hundred fifty-one (351) 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 four percent (4%) 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 Ginosko Development Company and L + M Development Partners LLC, (the “Sponsors”); 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 Sponsors are proposing to undertake the preservation of an existing housing complex known as Lexington Village Apartments consisting of three hundred fifty-one (351) units located on six (6) parcels of property owned or to be acquired by the Sponsors as described by street address and tax parcel in Exhibit A to this resolution, with all three hundred fifty-one (351) 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 Sponsors that it intends to approve federal-aided financing 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 Lexington Village 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 Sponsors 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

Lexington Village Preservation II Limited Dividend Housing Association, LLC

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

Parcel 1:

Lots 24 through 31, inclusive of Austin's Subdivision of part of $\frac{1}{4}$ Section 47 10,000 AT, as recorded in Liber 30 of Plats, Page 45, Wayne County Records.

Tax Parcel No. Ward 08, item 002082-6

Property Address: 2053 W. Euclid

Parcel 2:

Lots 9 through 19, inclusive, Lot 8 except the Easterly 9 feet thereof and the East 29.37 feet of Lot 20, Austin's Subdivision, as recorded in Liber 30 of Plats, Page 45, Wayne County Records.

Tax Parcel No. Ward 08, item 002072-9

Property Address: 1941 W. Euclid

Parcel 3:

Lots 40 through 44, inclusive, the East 1.5 feet of Lot 39 and also the 20 foot vacated alley first South of Bethune Avenue, 60 feet wide, Whitney's Subdivision of Lots 1, 2 and South part of Lots 3, 6 and 11 $\frac{1}{4}$ Section 54 and Lots 16, 18, 38 and 40 of T.A. Anderson's Subdivision of Lots 7 and 8 of $\frac{1}{4}$ Section 54 10,000 acres tract as recorded in Liber 27 of Plats, Page 78, Wayne County Records, and the West 46 feet of vacated 12th Street, 66 feet wide, between Lamothe Avenue, 60 feet wide and Bethune Avenue, 60 feet wide.

Tax Parcel No. Ward 08, item 007992.001

Property Address: 7507 Rosa Parks Blvd.

Parcel 4:

Lots 23 through 26, inclusive and also the 20 foot vacated alley first South of Lamothe Avenue, 60 feet wide, Whitney's Subdivision of Lots 1, 2 and South part of Lots 3, 6 and 11 $\frac{1}{4}$ Section 54 and Lots 16, 18, 38 and 40 of T.A. Anderson's Subdivision of Lots 7 and 8 of $\frac{1}{4}$ Section 54 10,000 acres tract as recorded in Liber 27 of Plats, Page 78, Wayne County Records, and the West 46 feet of vacated 12th Street, 66 feet wide, between Lamothe Avenue, 60 feet wide and Bethune Avenue, 60 feet wide.

Tax Parcel No. Ward 08, item 007992.002L

Property Address: 7407 Rosa Parks Blvd.



EXHIBIT A (cont)

Lexington Village Preservation II Limited Dividend Housing Association, LLC

Parcel 5:

Lots 20 through 24, inclusive, the East 28 feet of Lot 19, Block 15, Beck's Subdivision of part of ¼ Section 55 and 56 10,000 acres tract, as recorded in Liber 4 of Plats, Page 59, Wayne County Records and the vacated 16 foot alley first South of Seward Avenue, 80 feet wide. Lots 1 through 12, inclusive and the East 30 feet of Lots 13 and 14, Block 11, Irving Place Subdivision on ¼ Section 55 of 10,000 acres tract in Town 1 South, Range 11 East, as recorded in Liber 11 of Plats, Page 5, Wayne County Records, Lots 1 through 6, inclusive and the East 30 feet of Lot 7, Block 12 Irvington Place Subdivision, according to the plat thereof recorded in Liber 11 of Plats, Page 5, Wayne County Records and vacated 20 foot alley first South of Delaware Avenue, 60 feet wide and vacated Delaware Avenue.

Tax Parcel No. Ward 08, item 001789-94

Property Address: 1500 Pallister

Parcel 6:

Lots 9 through 14, inclusive and the West 27 feet of Lot 8, Block 4, Lots 1 through 15, inclusive, Block 5, Lots 17 through 28, inclusive and the West 27 feet of Lots 15 and 16, Block 3, Lots 1 through 30, inclusive, Block 6, Irving Place Subdivision on Section 55 of 10,000 acres tract in Town 1 South, Range 11 East, as recorded in Liber 11 of Plats, Page 5, Wayne County Records and vacated Delaware Avenue, 60 feet wide, and vacated 20 foot public alley first South of Delaware East of Poe and vacated Merrill Avenue, 60 feet wide North of Pallister.

Tax Parcel No. Ward 06, item 001624-43

Property Address: 7868 Poe