



OFFICE OF THE CHIEF FINANCIAL OFFICER
Office of the Assessor

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Detroit, Michigan 48226 www.detroitmi.gov

July 11, 2023

Honorable City Council

RE: FCC AFG Burt Road Limited Dividend Housing Association Limited Partnership – Payment in Lieu of Taxes (PILOT)

Full Circle Communities, Inc. has formed FCC AFG Burt Road Limited Dividend Housing Association Limited Partnership in order to develop the Project known as the Dr. Maya Angelou Village. The Permanent Supportive Housing Project is a new construction three-story apartment building that will consist of forty-five (45) family units located in an area bounded by Grand River Avenue on the north, Burt Road on the east, Verne Avenue on the south and Trinity Street on the west.

The Project will include thirty-six (36) 1 bedroom/1 bath apartments, seven (7) 2 bedroom/1 bath and two (2) 3 bedroom/2 bath apartments with intercoms, controlled entry and available free parking. Alternatives for Girls will commit to providing case management on-site and supportive services to all tenants. Amenities will include 3,000 square feet of childcare, a computer learning center, library, activity room, a garden and patio area.

Capitol One, N.A. will provide a construction loan of up to \$11,245,000. National Equity Fund Inc will make Capital Contributions of \$14,005,599 which includes the purchase of Low Income Housing Tax Credits. The City of Detroit will provide \$1,800,000 in Community Development Block Grant CARES Act Funds (CBDG-CV) and \$950,000 in American Rescue Plan Act funds (ARPA). Full Circle Communities, Inc. has agreed to defer \$550,787 of the developer fee.

Rents for all units have been set at or below 50 percent (50%) of the area median income, adjusted for family size through rent subsidies provided by Michigan State Housing Development Authority (MSHDA) Section 8 vouchers.

All forty-five (45) 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 ten percent (10%) of the annual net shelter rent obtained from this housing project.

Respectfully submitted,

Alvin F. 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 Full Circle Communities, 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 Dr. Maya Angelou Village, consisting of forty-five (45) units in a three-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 forty-five (45) 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 Dr. Maya Angelou Village as described above is entitled to be exempt from taxation but subject to the provisions of a service charge of ten percent (10%) 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.



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EXHIBIT A

FCC AFG Burt Road Limited Dividend Housing Association Limited Partnership

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

W BURT RD THAT PT OF N W ¼ SEC 15 T 1 S R 10 E DESC AS BEG AT A PTE IN W LINE BURT RD 96.27 FT SLY FROM GRAND RIVER TH S OD 04M 29S E 257 FT TH N 89D 26M 40S W 147.80 FT TH N OD 03M 01S W 341.95 FT TH S 59D 41M 20S E 171.15 FT TO PTE OF BEG 22/--- 257 IRREG

Tax Parcel No. Ward 22, item 107870.002L

Property Address: 16711 Burt Road