



OFFICE OF THE CHIEF FINANCIAL OFFICER
Office of the Assessor

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July 11, 2023

Honorable City Council

RE: Orchard Village Limited Dividend Housing Association Limited Partnership – Payment in Lieu of Taxes (PILOT)

CHN Housing Partners and Detroit Blight Busters, Inc. have formed Orchard Village Limited Dividend Housing Association Limited Partnership in order to develop the Project known as Orchard Village Apartments. The Project is four (4) newly constructed 2&3-story buildings configured in clusters in an area bounded by Santa Clara Avenue on the north, Bentler Street on the east, Orchard Street on the south and Lahser Road on the west.

The Project will feature forty-eight (48) two-bed/one-bath eight hundred twenty-five (825) square foot units along with community space and fifty-two (52) free parking spaces.

Financing for the Project consists of a City of Detroit HOME Loan of up to \$2,100,000 and a Churchill Stateside Group permanent loan in the amount of \$1,000,000. Cinnaire will make an equity contribution of \$10,771,923 which includes the purchase of Low Income Housing Tax Credits. FHL Bank Indianapolis has awarded the Project an AHP Subsidy in the amount of \$500,000. Additionally, the Sponsors have agreed to defer \$300,000 of the developer fee.

Rents for all units have been set at or below sixty percent (60%) of the area median income, adjusted for family size. All forty-eight (48) 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 CHN Housing Partners and Detroit Blight Busters, Inc. (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 construction of a building to be known as Orchard Village Apartments consisting of forty-eight (48) units located on nine (9) parcels of property owned or to be acquired by the Sponsors as described by street addresses and tax parcels in Exhibit A to this resolution, with forty-eight (48) 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 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 Orchard 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 Sponsors be established upon occupancy for future years with respect to the same be prepared by the Finance Department; 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 Finance Department – Assessment Division one (1) certified copy of this resolution; and be it further

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



EXHIBIT A

Orchard Village Limited Dividend Housing Association LP

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

PARCEL 1:

N ORCHARD LOT 72 WILLMARTH PLACE SUB L21 P41 PLATS, W C R 22/397 66 X 132

Tax Parcel No. Ward 22, item 014271

Property Address: 21556 Orchard

PARCEL 2:

N ORCHARD E 33 FT OF LOT 71 WILLMARTH PLACE SUB L21 P41 PLATS, W C R 22/397 33 X 132

Tax Parcel No. Ward 22, item 014270

Property Address: 21566 Orchard

PARCEL 3:

N ORCHARD E 16 FT OF LOT 70 W 33 FT OF LOT 71 WILLMARTH PLACE SUB L21 P41 PLATS, W C R 22/397 49 X 132

Tax Parcel No. Ward 22, item 014269

Property Address: 21604 Orchard

PARCEL 4:

N ORCHARD W 50 FT OF LOT 70 WILLMARTH PLACE SUB L21 P41 PLATS, W C R 22/397 50 X 132

Tax Parcel No. Ward 22, item 014268

Property Address: 21610 Orchard

PARCEL 5:

N ORCHARD LOT 69 WILLMARTH PLACE SUB L21 P41 PLATS, W C R 22/397 66 X 132

Tax Parcel No. Ward 22, item 014267

Property Address: 21624 Orchard

PARCEL 6:

N ORCHARD LOT 68 WILLMARTH PLACE SUB L21 P41 PLATS, W C R 22/397 66 X 132

Tax Parcel No. Ward 22, item 014266

Property Address: 21636 Orchard



EXHIBIT A

Orchard Village Limited Dividend Housing Association LP (cont'd)

PARCEL 7:

N ORCHARD LOT 67 WILLMARTH PLACE SUB L21 P41 PLATS, W C R 22/397 66 X 132

Tax Parcel No. Ward 22, item 014265

Property Address: 21652 Orchard

PARCEL 8:

S SANTA CLARA LOT 88 ELM AVE SUB L34 P21 PLATS, W C R 22/396 53 X 106

Tax Parcel No. Ward 22, item 014362

Property Address: 21525 Santa Clara

PARCEL 9:

S SANTA CLARA LOT 89 ELM AVE SUB L34 P21 PLATS, W C R 22/396 40 X 106

Tax Parcel No. Ward 22, item 014363

Property Address: 21535 Santa Clara