



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

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May 7, 2024

Honorable City Council

**RE: Calumet 2024 MHT Limited Dividend Housing Association, LLC – Payment in Lieu of Taxes (PILOT)**

MHT Housing Inc. has formed Calumet 2024 MHT Limited Dividend Housing Association, LLC in order to develop an existing 20-building apartment and townhome complex in Mid-town Detroit near Wayne State's Campus. The Project property includes twenty-six (26) apartments and seventy-eight (78) townhomes known as Calumet Apartments and Townhomes. The area is bounded by West Forest Avenue on the north, Third Street on the east, Calumet Street on the south and John C. Lodge Freeway on the west.

The preservation and rehabilitation Project will include twelve (12) one-bedroom, one-bath and fourteen (14) two-bedroom, one bath apartments in addition to fifty-seven (57) two-bedroom, one and one-half bath and twenty-one (21) three-bedroom, one and one-half bath townhomes with supportive available free parking. No resident will be permanently displaced as a result of the rehabilitation. Existing tenants will not experience a rent increase.

A construction loan in the amount of \$19,617,824 and a permanent loan in the amount of \$11,383,779 will be provided by the Michigan State Housing Development Authority ("MSHDA"). National Equity Fund Inc. will make Capital Contributions of \$10,599,478 which includes the purchase of Low Income Housing Tax Credits. Additionally, the Sponsor is providing a loan in the amount of \$5,797,091 and a Deferred Developer fee in the amount of \$1,360,152.

Rents for all units have been set at or below sixty percent (60%) of the area median income, adjusted for family size. All one hundred four (104) 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 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 MHT Housing, 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 proposing to undertake the rehabilitation of one hundred four (104) townhome and apartment units with supportive parking located on three (3) parcels 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 one hundred four (104) 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 Sponsor first obtains 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 Calumet Apartments and Townhomes 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

### Calumet 2024 MHT Limited Dividend Housing Association, LLC

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

**PARCEL 1:**

W THIRD PT OF 8 AND 9 BLK 16 1 THRU 6 PT 7 AND 8 BLK 13 PT 1 THRU 3 AND PT 15 BLK 12 CRANE FARM SUB L 60 P 58 W C R 4/103 PT 21 DUNCAN & MOORES SUB L8 P20 W C R 4/42 AND PT OF VAC PRENTIS, LEOTA, CANFIELD, LYSANDER, & FOURTH AVES ALSO PT OF VAC ALLEYS ADJ ALL DESC AS BEG AT INTSEC W LINE THIRD AVE 70 FT WD AND S LINE PRENTIS AVE 50 FT WD TH S 22D 12M 43S E 464.85 FT TH S 74D 52M 10S W 111.89 FT TH S 67D 27M W 389.82FT TH N 22D 21M 35S W 35 FT TH N 67D 27M E 334.14 FT TH N 74D 29M 27S E 86.02 FT TH N 22D 23M W 168.94 FT TH S 67D 27M W 35.9 FT TH N 22D 33M W 260 FT TH S 67D 27M W 120 FT TH S 22D 33M E 147 FT TH S 67D 27M W 236.68 FT TH S 23D 05M 31S E 148 FT TH S 74D 25M 44S W 20 FT TH N 27D 11M 05S W 10.02 FT TH N 18D 43M 23S W 113.23 FT TH N 21D 19M 53S W 50 FT TH N 67D 37M E 222.15 FT TH N 22D 10M 43S W 203.89 TH N 67D 47M 17S E 242.46 FT TH S 35D 28M 19S E 84.15 FT TO POB BEING 80,464 SQFT

Tax Parcel No. Ward 04, item 003520.002L

Property Address: 4387 Third

**PARCEL 2:**

W THIRD S 20 FT OF W 19 FT 7 W 19 FT 8 9 THRU 16 BLK 13 W 19 FT 1&2 15&16 BLK 12 E 1/2 VAC 4TH, VAC LEOTA & ALLEY ADJ EXC CANFIELD AS OP CRANE FARM L60 P58 DEEDS, W C R 4/108 1 THRU 6 AND W 1/2 VAC 4TH & S 1/2 VAC LYSANDER ADJ CRANE FARM L1 P226 PLATS, W C R 4/113 1 THRU 4 22 THRU 24 AND S 1/2 VAC LYSANDER & VAC ALLEYS ADJ EXC FWY AS OP DUNCAN & MOORES SUB L8 P30 PLATS, W C R 4/42 121 983 SQ FT

Tax Parcel No. Ward 04, item 003520.001

Property Address: 4415 Third

**PARCEL 3:**

N CALUMET E 12 FT ON N LINE BG E 20.10 FT ON S LINE OF 5 4 THRU 1 26 THRU 23 TRIANG PT OF 22 BG S 113.25 FT ON E LINE AND E 10 FT ON S LINE ALSO W 1/2 VAC N-S ALLEY ADJ AND VAC E-W ALLEY ADJ FORSYTH FARM SUB L1 P77 PLATS, W C R 4/41 N 40 FT ON W LINE BG N 24 FT ON E LINE OF 1 2 THRU 6 ALSO E 1/2 VAC ALLEY & W 1/2 VAC FOURTH AVE ADJ BLK 14 CRANE FARM SUB L1 P226 PLATS, W C R 4/113 9 THRU 13 S 24.89 FT OF 14 AND E 1/2 VAC FOURTH AVE ADJ BLK 12 CRANE FARM SUB L60 P58 DEEDS W C R 4/108 94,065 SQ FT

Tax Parcel No. Ward 04, item 000887-91

Property Address: 4310 Fourth