



OFFICE OF THE CHIEF FINANCIAL OFFICER
Office of the Assessor

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July 10, 2024

Honorable City Council

RE: Buersmeyer Limited Dividend Housing Association LLC – Payment in Lieu of Taxes (PILOT)

Coalition on Temporary Shelter (COTS) has formed Buersmeyer Limited Dividend Housing Association LLC in order to develop the Project known as Buersmeyer Manor. The Project consists of thirty-five (35) existing housing units located in a 7-building apartment complex for families in an area bounded by Joy Road on the north, Kentucky Avenue on the east, Mackenzie Street on the south and Wyoming Street on the west.

The acquisition and in-place rehabilitation Project will include ten (10) 1-bed/1-bath, nine (9) 2-bed/1-bath and twelve (12) 3-bed/2-bath apartments. There are also four (4) efficiency apartments of five hundred two (502) square feet each. Permanent tenant displacement will not be a factor given the plan for hospitality spaces during renovation as it is anticipated that residents will return to their unit each evening.

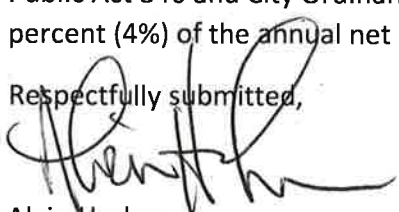
A construction loan in the amount of \$6,066,342, a permanent loan in the amount of \$87,142 and a HOME/CERA loan in the amount of \$3,305,335 will be provided by Michigan State Housing Development Authority ("MSHDA"). The City of Detroit will provide a \$3,000,000 HOME loan. Walker Dunlop will make Capital Contributions of \$4,209,179 which includes the purchase of Low Income Housing Tax Credits. Additionally, the Sponsor has agreed to defer \$581,668 of the developer fee.

Rents for all units have been set at or below sixty percent (60%) of the area median income ("AMI"), adjusted for family size. Additionally, twenty-three (23) units will be covered by Project Based Vouchers provided by MSHDA's Housing Choice voucher program.

All thirty-five (35) 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 COTS (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 an existing housing project to be known as Buersmeyer Manor consisting of thirty-five (35) units in a building complex located on six (6) 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 thirty-five (35) 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 Buersmeyer Manor 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

Buersmeyer Limited Dividend Housing Association LLC

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

PARCEL 1:

E Wyoming 116 Thru 123 Robert Oakman Land Cos Bonaparte Blvd Sub L43 P95 Plats, W C R 18/421 160 X 100

Tax Parcel No. Ward 18, item 015901-8

Property Address: 8520 Wyoming

PARCEL 2:

E Wyoming 124 Thru 126 S 18 Ft 127 Robert Oakman Land Cos Bonaparte Blvd Sub L43 P95 Plats, W C R 18/421 78 X 100

Tax Parcel No. Ward 18, item 015909-12

Property Address: 8534 Wyoming

PARCEL 3:

E Wyoming N 2 Ft 127 128 Thru 133 Robert Oakman Land Cos Bonaparte Blvd Sub L43 P95 Plats, W C R 18/421 122 X 100

Tax Parcel No. Ward 18, item 015913-8

Property Address: 8550 Wyoming

PARCEL 4:

E Wyoming 136 Thru 143 Robert Oakman Land Cos Bonaparte Blvd Sub L43 P95 Plats, W C R 18/421 160 X 100

Tax Parcel No. Ward 18, item 015921-8

Property Address: 8580 Wyoming

PARCEL 5:

E Wyoming 135 Robert Oakman Land Cos Bonaparte Blvd Sub L43 P95 Plats, W C R 18/421 20 X 100

Tax Parcel No. Ward 18, item 015920

Property Address: 85085 Wyoming

PARCEL 6:

E Wyoming 134 Robert Oakman Land Cos Bonaparte Blvd Sub L43 P95 Plats, W C R 18/421 20 X 100

Tax Parcel No. Ward 18, item 015919

Property Address: 8564 Wyoming