



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

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July 11, 2024

Honorable City Council


**RE: Cambridge Towers Preservation Limited Dividend Housing Association, Limited Liability Company – Payment in Lieu of Taxes (PILOT)**

Cambridge Towers Preservation GP, an affiliate of Jonathan Rose Companies has formed Cambridge Towers Preservation Limited Dividend Housing Association, Limited Liability Company in order to rehabilitate an existing low income housing Section 8 facility for the elderly known as Cambridge Towers. The 12-story two hundred fifty (250) unit high rise building with a shared first floor community room is located in an area bounded by Vassar on the north, Evergreen on the east, West 7 Mile on the south and Fielding on the west.

The rehabilitation project will include two hundred twenty-six (226) one-bed/one-bath and twenty-four (24) two-bed/one-bath apartments. Building amenities include a community room/community kitchen, a library, an exercise room and a service coordinator's office. There is ample free parking. Residents will not be present during asbestos control processes as a temporary unit relocation process will be in place. The Project includes a 20-year renewal of the project-based Section 8 rental assistance contract, as well as deed-restricting affordability for a minimum of 30 years. The renovation will not result in a rent increase or permanent displacement for existing tenants.

The Project has been financed through a Michigan State Housing Development Authority ("MSHDA") Pass-Through FHA 223(f) Short Term Bond program for \$20,000,000 provided by Capital One. Huntington National Bank will make Capital Contributions of \$12,264,690 which includes the purchase of Low Income Housing Tax Credits. Additionally, the Sponsor has agreed to defer \$883,609 of the developer fee. On average, rents for all units have been set at or below sixty percent (60%) of the area median income (AMI), adjusted for family size, with 10% of units further restricted to 40% of AMI. All two hundred forty-eight (248) tenant 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 Cambridge Towers Preservation PG, an affiliate of Jonathan Rose Companies (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 rehabilitate an existing housing project known as Cambridge Towers consisting of two hundred fifty (250) units in a building located on a 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 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 PILOT eligibility through the existence of 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 Cambridge Towers 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**

**Cambridge Towers Preservation Limited Dividend Housing Association,  
Limited Liability Company**

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

Part of the Southeast  $\frac{1}{4}$  of Section 3, Town 1 South, Range 10 East, City of Detroit, Wayne County, Michigan, described as follows: Beginning at a point, said point being distant South 88 degrees 16 minutes 48 seconds West, 52.00 feet and North 01 degrees 34 minutes 00 seconds West, 60.00 feet from the Southeast corner of said Section 3; thence from said point of beginning; South 88 degrees 16 minutes 48 seconds West, 303.00 feet along the North line of Seven Mile Road; thence North 01 degrees 34 minutes 00 seconds West, 469.85 feet; thence North 88 degrees 19 minutes 30 seconds East, 303.00 feet to a point on the West line of Evergreen Road; thence along the West line of Evergreen Road South 01 degrees 34 minutes 00 seconds East, 469.61 feet to the point of beginning.

Tax Parcel No. Ward 22, item 016922.003L

Property Address: 19101 Evergreen