



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

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August 26, 2024

Honorable City Council

**RE: Martin Gardens of Detroit Limited Dividend Housing Association LP – Payment in Lieu of Taxes (PILOT)**

Southwest Housing Solutions Corporation has formed Martin Gardens of Detroit Limited Dividend Housing Association LP in order to develop an existing multi-building scattered site Project. The Project includes one 32-unit, one 8-unit and one 6-unit building known as the Clark Apartments, Vernor Townhomes, Martin Apartments and House, respectively. The area is bounded by Toledo Street on the north, 24<sup>th</sup> Street on the east, Fisher Freeway on the south and McKinstry Street on the west.

The preservation and rehabilitation Project will include twenty-eight (28) 2-bed/1-bath, sixteen (16) 3-bed/1-bath and two (2) 4-bed/1-bath apartments with supportive available parking.

A construction loan in the amount of \$7,875,968, a permanent mortgage loan in the amount of \$2,823,837, a permanent HOME loan in the amount of \$1,234,598 and a permanent PA5 loan in the amount of \$325,442 will be provided by the Michigan State Housing Development Authority ("MSHDA"). The City of Detroit will provide a HOME loan in the amount of \$3,300,000. R4 Capital LLC will make Capital Contributions of \$6,745,000 which includes the purchase of Low Income Housing Tax Credits with additional equity support coming from the sale of Federal Historic Tax Credits. Additionally, the Sponsor is providing a loan in the amount of \$350,000 and has agreed to defer \$877,885 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. Twenty-nine (29) project-based vouchers will be provided by MSHDA and the Taylor Housing Commission. All forty-six (46) 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 Southwest Housing Solutions Corporation (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 the Clark Apartments, Vernor Townhomes, Martin Apartments and House consisting of forty-six (46) units in four (4) buildings with parking located on eight (8) 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 forty-six (46) 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 Clark Apartments, Vernor Townhomes, Martin Apartments and House 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

### Martin Gardens of Detroit Limited Dividend Housing Association LP

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

**Parcel 1 – Martin Gardens Apartments:**

Lots 10, Block 2, Plat of B. Hubbard's Subdivision, as recorded in Liber 5, Page 49, Wayne County Records, except that part of Lot 11 taken for 25th Street right of way.

Tax Parcel No. Ward 12, item 000284

Property Address: 1739 25th Street

**Parcel 2 – Martin Gardens House:**

Lots 11, Block 2, Plat of B. Hubbard's Subdivision, as recorded in Liber 5, Page 49, Wayne County Records, except that part of Lot 11 taken for 25th Street right of way.

Tax Parcel No. Ward 12, item 000283

Address: 3559 W. Vernor

**Parcel 3 – Vernor Townhomes parking:**

Lots 45, Scottens and Lovetts Subdivision, as recorded in Liber 1, page 203 of Plats, Wayne County Records.

Tax Parcel No. Ward 12, item 009036

Address: 1925 24th Street

**Parcel 4 – Vernor Townhomes:**

Lots 47, Scottens and Lovetts Subdivision, as recorded in Liber 1, page 203 of Plats, Wayne County Records.

Tax Parcel No. Ward 12, 009037

Address: 3502 W. Vernor

**Parcel 5 – Clark Apartments:**

Lots 4 and 5, Steadley's Subdivision, according to the plat thereof recorded in Liber 12, page 65 of Plats, Wayne County Records.

Tax Parcel No. Ward 14, 010213

Address: 1185 Clark

**Parcel 6 – Martin Gardens Apartments & House parking:**

Lot 13 and the West 3.80 feet in front being West 2.64 feet in rear of Lot 12, Block 2, B. Hubbards Subdivision, as recorded in Liber 5, Page 49 of Plats, Wayne County Records.

Tax Parcel No. Ward 12, 000233-4

Address: 3608 Bagley



**EXHIBIT A (cont'd)**

**Martin Gardens of Detroit Limited Dividend Housing Association LP**

Parcel 7 – Clark Apartments parking:

E MCKINSTRY 1 STEADLEYS SUB L12 P65 PLATS, W C R 14/134; S 43 FT OF W 159.80 FT 17 SUB  
OF P C NO 47 L1 P192 PLATS, W C R 14/133 76 X 159.8.

Tax Parcel No. Ward 14, 010286-9

Address: 1184 McKinstry

Parcel 8 – Martin Gardens Apartments & House parking:

N BAGLEY 14 15 BLK 2 B HUBBARDS SUB L5 P49 PLATS, W C R 12/288 75 X 142.

Tax Parcel No. Ward 12, 000231-2

Address: 3612 Bagley