



OFFICE OF THE CHIEF FINANCIAL OFFICER
Office of the Assessor

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August 19, 2024

Honorable City Council

**RE: 20119 Wisconsin Limited Dividend Housing Association LLC – Payment in Lieu of Taxes
(PILOT)**


URGE Development Group, LLC has formed 20119 Wisconsin Limited Dividend Housing Association LLC in order to develop a multi-family housing development Project known as Higginbotham School which will consist of two (2) newly constructed 3-story walk-up buildings and the rehabilitation of an historic school building with a new elevator totaling one hundred (100) units. The Project is in an area bounded by Norfolk Avenue on the north, Wisconsin Street on the east, Chippewa Avenue on the south and Indiana Avenue on the west.

The Project will include forty-eight (48) 1-bed/1-bath and eighteen (18) 2-bed/2-bath apartments. There will also be twenty-four (24) studio apartments that will be four hundred ninety-six (496) square feet and ten (10) studio apartments that will be five hundred twenty-five (525) square feet each. Amenities will include tenant community space, a theater and a fitness center. Free parking will be available both on and offsite.

A construction loan in the amount of \$18,748,059, a permanent loan in the amount of \$4,121,628 and a COVID Emergency Rental Assistance (CERA) loan in the amount of \$6,233,122 will be provided by Michigan State Housing Development Authority (“MSHDA”). The City of Detroit will provide ARPA funds in the amount of \$8,400,000. Cinnaire will provide Capital Contributions of \$17,027,821 which includes the purchase of Federal Historic and Low Income Housing Tax Credits. Additionally, the Sponsors have agreed to defer \$510,804 of the developer fee.

Rents for all units will range between thirty percent (30%) and eighty percent (80%) of the area median income, adjusted for family size. All one hundred (100) 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 URGE Development Group, LLC (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 develop a multi-family housing project to be known as Higginbotham School into one hundred (100) units in three (3) buildings located on one (1) 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 one hundred (100) 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, 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 Higginbotham School 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 Sponsors 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

20119 Wisconsin Limited Dividend Housing Association LLC

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

All of Lots 205 through 214, both inclusive, and Lots 275 through 284, both inclusive, Part of Lots 274, 215, and 152 through 162, both inclusive, the parts of vacated Wisconsin Avenue and the vacated alley adjacent thereto, DETROYAL GARDENS SUB., according to the plat thereof as recorded in Liber 35 of Plats, page 77, Wayne County Records; All described as: Beginning at the Southwest corner of Lot 284, DETROYAL GARDENS SUB., according to the plat thereof as recorded in Liber 35 of Plats, page 77, thence North 00 degrees 00 minutes 24 seconds East 427.78 feet; thence North 89 degrees 58 minutes 00 seconds East 324.33 feet; thence South 00 degrees 00 minutes 24 seconds West 427.78 feet; thence South 89 degrees 58 minutes 00 seconds West 324.33 feet to the point of beginning.

Tax Parcel No. Ward 16, item 035808

Property Address: 20119 Wisconsin