



OFFICE OF THE CHIEF FINANCIAL OFFICER
Office of the Assessor

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October 9, 2024

Honorable City Council

**RE: GRDC 4 Limited Dividend Housing Association Limited Partnership – Payment in Lieu of Taxes
(PILOT)**

Grandmont Rosedale Development Corporation has formed GRDC 4 Limited Dividend Housing Association (“LDHA”) Limited Partnership in order to develop the Project known as Minock Park Place. The LDHA will own Unit 1 of the Minock Park Place Condominium, a mixed-use new construction development structured as two (2) separate condominium units in one four-story building. Unit 1 will consist of forty-two (42) senior apartments with common space for tenants and classroom space for the community in an area bounded by Grand River on the north, Minock on the east, Midland on the south and Auburn on the west. The Project will include thirty-six (36) 1-bed, 1-bath and six (6) 2/bed, 1-bath apartments. The site will also include 5,400 square feet of ground floor commercial space in Unit 2.

A construction loan in the amount of \$11,600,684, a permanent loan in the amount of \$1,101,482 and a CERA loan in the amount of \$1,250,000 will be provided by Michigan State Housing Development Authority (“MSHDA”). A sponsor loan in the amount of up to \$1,367,000 will also be provided. Cinnaire will provide Capital Contributions of \$7,294,215 which includes the purchase of Low Income Housing Tax Credits. HUD has awarded the project a grant in the amount of \$2,500,000. The City of Detroit will provide a HOME loan in the amount of \$1,938,552 and a loan in the amount of \$3,061,448 using American Rescue Plan Act (ARPA) funds. Additionally, the Sponsor has agreed to defer \$258,434 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. All forty-two (42) 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.

Approval of exempt status will be held in abeyance until the Condominium Master Deed is recorded and processed.

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 Grandmont Rosedale Development 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 construction of a mixed-use 4-story building to be known as Minock Park Place consisting of forty-two (42) units located on two 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-two (42) 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 Minock Park Place 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

GRDC 4 Limited Dividend Housing Association Limited Partnership

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

PARCEL 1:

E AUBURN THAT PT OF LOTS 36 THRU 39 DESC AS FOLS BEG AT A PTE ON E LINE OF AUBURN AVE SD PTE
BG DIST N 1D 24M W 195.50 FT N OF S W COR OF SD LOT 36 TH N 1D 24M W 94.39 FT TH S 60D 44M
40S E 140 FT TH S 1D 24M E 24.04 FT TH S 89D 05M 30S W 120.44 FT TO PTE OF BEG EDWARD J
MINOCKS SUB L28 P94 PLATS, W C R 22/449 94.39 IRREG

Tax Parcel No. Ward 22, item 092572

Property Address: 15844 Auburn Street

PARCEL 2:

Lots 41 and 40, the East 40 feet of Lot 39, Except triangular part of South 25 feet on East line, and East
50.16 feet on the South line, Except Grand River Ave., as widened, Edward J. Minock's Subdivision, as
recorded in Liber 28, Page 94 of Plats, Wayne County Records.

Tax Parcel No. Ward 22, item 007297-9

Property Address: 19505 Grand River Avenue