



OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF THE ASSESSOR

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November 5, 2024

Honorable City Council

RE: Piety Hill 2 Limited Dividend Housing Association LP – Payment in Lieu of Taxes (PILOT)

Central Detroit Christian Community Development Corporation has formed Piety Hill 2 Limited Dividend Housing Association LP in order to develop a multi-family housing development Project which will involve the rehabilitation of the existing 3-story 11-unit Kingston Place Apartments in addition to thirty-two (32) units of newly constructed housing. The Project is in an area bounded by Hazelwood on the north, Woodward Avenue on the east, Pingree on the south and John C. Lodge on the west.

The Project will include the rehabilitation of Kingston Place Apartments which consists of three (3) 1-bed/1-bath, seven (7) 2-bed/1-bath and one 3-bed/2-bath units. There will also be twenty-eight (28) 3-bed/1.5-bath townhome units and two (2) stacked flats-style apartment buildings consisting of four (4) 2-bed/1-bath units. Free parking will be available both on and offsite.

A construction loan in the amount of \$8,347,708, a permanent loan in the amount of \$2,051,259 and a COVID Emergency Rental Assistance (CERA) loan in the amount of \$2,584,288 will be provided by Michigan State Housing Development Authority (MSHDA). The City of Detroit will provide a \$1,300,000 HOME loan, a \$1,941,367 Community Development Block Grant (CDBG) and \$350,000 in Affordable Housing Development and Preservation Funds (AHD&PF). National Equity Fund will provide Capital Contributions of \$6,790,764 which includes the purchase of Low Income Housing Tax Credits. Additionally, the Sponsor is providing a Renew Michigan Fund Grant in the amount of \$450,000 and will defer \$395,146 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-three (43) 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 Central Detroit Christian Community 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 develop a multi-family housing project consisting of an existing 11-unit apartment building, twenty-eight (28) newly constructed townhome units and four (4) stacked flats located on fifteen (15) 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-three (43) 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 Kingston Place Apartments and Piety Hill 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 (cont'd)

Piety Hill 2 Limited Dividend Housing Association LP

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

Parcel 1:

Lot 137, and West 20 feet of Lot 136, McLaughlin Brothers Subdivision, according to plat thereof, as recorded in Liber 14, Page 21 of Plats, Wayne County Records.

Tax Parcel No. Ward 04, item 002166

Property Address: 803 Blaine

Parcel 2:

Lot 20, McLaughlin Brothers Subdivision, according to plat thereof, as recorded in Liber 14, Page 21 of Plats, Wayne County Records.

Tax Parcel No. Ward 04, item 002215

Address: 656 Blaine

Parcel 3:

Lot 21, McLaughlin Brothers Subdivision, according to plat thereof, as recorded in Liber 14, Page 21 of Plats, Wayne County Records.

Tax Parcel No. Ward 04, item 002214

Address: 668 Blaine

Parcel 4:

Lot 125, McLaughlin Brothers Subdivision, according to plat thereof, as recorded in Liber 14, Page 21 of Plats, Wayne County Records.

Tax Parcel No. Ward 04, item 002155

Address: 667 Blaine

Parcel 5:

Lot 22, McLaughlin Brothers Subdivision, according to plat thereof, as recorded in Liber 14, Page 21 of Plats, Wayne County Records.

Tax Parcel No. Ward 04, item 002213

Address: 676 Blaine

Parcel 6:

Lot 19, McLaughlin Brothers Subdivision, according to plat thereof, as recorded in Liber 14, Page 21 of Plats, Wayne County Records.

Tax Parcel No. Ward 04, item 002216

Address: 646 Blaine



EXHIBIT A (cont'd)

Piety Hill 2 Limited Dividend Housing Association LP

Parcel 7:

Lot 9, McLaughlin Brothers Subdivision, according to plat thereof, as recorded in Liber 14, Page 21 of Plats, Wayne County Records.

Tax Parcel No. Ward 02, item 001324

Address: 130 Blaine

Parcel 8:

Lot 110, McLaughlin Brothers Subdivision, according to plat thereof, as recorded in Liber 14, Page 21 of Plats, Wayne County Records.

Tax Parcel No. Ward 02, item 001314

Address: 101 Blaine

Parcel 9:

Lot(s) 18, 19, 20, Fishers Subdivision, according to plat thereof, as recorded in Liber 14, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 04, item 002288

Address: 650 Gladstone

Parcel 10:

S GLADSTONE 75 AND W 6.25 FT 76 MC LAUGHLIN BROTHERS L14 P21 PLATS, W C R 4/85 43.75 X 117.5

Tax Parcel No. Ward 04, item 002229.000

Address: 679 Gladstone

Parcel 11:

S GLADSTONE 76 EXC W 6.25 FT MC LAUGHLIN BROTHERS L14 P21 PLATS, W C R 4/85 43.75 X 117.5

Tax Parcel No. Ward 04, item 002228.000

Address: 669 Gladstone

Parcel 12:

Lot 91, McLaughlin Brothers Subdivision, according to plat thereof, as recorded in Liber 14, Page 21 of Plats, Wayne County Records.

Tax Parcel No. Ward 02, item 001339

Address: 121 Gladstone

Parcel 13:

Lot 92, McLaughlin Brothers Subdivision, according to plat thereof, as recorded in Liber 14, Page 21 of Plats, Wayne County Records.

Tax Parcel No. Ward 02, item 001338

Address: 111 Gladstone



EXHIBIT A (cont'd)

Piety Hill 2 Limited Dividend Housing Association LP

Parcel 14:

S GLADSTONE 83 MC LAUGHLIN BROTHERS SUB L14 P21 PLATS, W C R 4/85 50 X 117.5

Tax Parcel No. Ward 04, item 002221

Address: 619 Gladstone

Parcel 15:

S HAZELWOOD 76 WARNERS SUB L13 P93 PLATS, W C R 2/132 36 X 125

Tax Parcel No. Ward 02, item 001371

Address: 8840 Second