



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

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October 10, 2024

Honorable City Council

**RE: Henry Street 4% Limited Dividend Housing Association, LLC – Payment in Lieu of Taxes (PILOT)**

Cinnaire Solutions Corporation and Olympia Development of Michigan, L.L.C. have formed Henry Street 4% Limited Dividend Housing Association, LLC in order to develop the Project known as the Claridge Apartments and HUB Community Building. The site is bounded by Henry Street on the north, Cass Avenue on the east, Fisher Drive West on the south and Second Avenue on the west. The rehabilitation Project will include four (4) 1-bed/1-bath and forty (40) studio apartments of three hundred sixty-six (366) square feet each with ample free parking. The HUB Community Building will provide services such as employment readiness, physical and mental health support, financial literacy training, art/cultural classes and community events.

A construction loan in the amount of \$12,970,066, a permanent mortgage loan in the amount of \$1,210,308, a permanent HOME loan in the amount of \$848,999 and a permanent PA5 loan in the amount of \$2,640,000 will be provided by the Michigan State Housing Development Authority (“MSHDA”). Cinnaire Solutions will make Capital Contributions of up to \$1,378,921. Cinnaire Corporation will make Capital Contributions of \$10,787,450 which includes the purchase of Low Income Housing Tax Credits with additional equity support from the sale of Federal Historic Tax Credits. The City of Detroit will provide a \$500,000 HOME loan and a loan in the amount of \$990,000 using American Rescue Plan Act (ARPA) funds. A seller’s note in the amount of \$3,100,000 has been executed. The Project is also the recipient of a \$1,000,000 Michigan Community Center and Neighborhood Initiative Grant. Additionally, the Sponsors have agreed to defer \$250,670 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-four (44) 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 Cinnaire Solutions Corporation and Olympia Development of Michigan, L.L.C. (the “Sponsors”); 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 Sponsors are rehabilitating a housing project to be known as The Claridge Apartments and HUB Community Building as consisting of forty-four (44) units located on four (4) 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-four (44) 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 Sponsors 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 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 Claridge Apartments and HUB Community Building 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

### Henry Street 4% Limited Dividend Housing Association, LLC

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

Parcel 1 – The HUB Community Building:

Lot 9, Block 77, Cass Farm subdivision, as recorded in Liber 1, Page 74 of Plats, Wayne County Records.

Tax Parcel No. Ward 02, item 000557

Address: 447 Henry

Parcel 2 – Claridge Apartments:

Lot 10, Block 77 Subdivision of Part of Cass Farm as recorded in Liber 1, Page 74 of Plats, Wayne County Records.

Tax Parcel No. Ward 02, item 000558

Address: 459 Henry

Parcel 3 – Parking lot:

Lot 11, Block 77 Subdivision of Part of Cass Farm as recorded in Liber 1, Page 74 of Plats, Wayne County Records.

Tax Parcel No. Ward 02, item 000559

Address: 467 Henry

Parcel 4 – Parking lot:

Lot 12, Block 77 Subdivision of Part of Cass Farm as recorded in Liber 1, Page 74 of Plats, Wayne County Records.

Tax Parcel No. Ward 02, item 000560

Address: 481 Henry