



OFFICE OF THE CHIEF FINANCIAL OFFICER
Office of the Assessor

Coleman A. Young Municipal Center Phone 313•224•3011
2 Woodward Avenue, Suite 824 Fax 313•224•9400
Detroit, [Michigan 48226](http://Michigan.48226) www.detroitmi.gov

March 8, 2022

Honorable City Council

RE: Morningside Commons II Limited Dividend Housing Association, LLC – Payment in Lieu of Taxes (PILOT)

U-SNAP-BAC, Inc. has formed Morningside Commons II Limited Dividend Housing Association, LLC in order to develop the Project known as Morningside. The Project is an existing sixty-four (64) unit detached family apartment community in an area bounded by Waveney on the north, Maryland on the east, Mack on the south and Alter on the west. The preservation and rehabilitation Project will include eight (8) 2 bedroom/1 bath, thirty-eight (38) 3 bedroom/1 ½ bath and eighteen (18) 4 bedroom/2 bath affordable family townhomes.

A tax-exempt bond construction loan in the amount of \$6,159,742 and a permanent mortgage loan in the amount of \$3,075,878 will be provided by the Michigan State Housing Development Authority (“MSHDA”). Cinnaire will make capital contributions of \$4,240,411 which includes the purchase of Low Income Housing Tax Credits. A Seller’s Note is being provided in the amount of \$2,750,00. The City of Detroit will allow the assumption of an existing HOME loan in the amount of \$500,000. Additionally, the Sponsor has agreed to defer \$394,000 of the developer fee.

Rents for twenty-five (25) units are presently set at or below sixty percent (60%), thirty-two (32) units are at or below fifty percent (50%) and seven (7) units at or below forty-five percent (45%) of the area median income (“AMI”). The preservation and rehabilitation of the properties will result in a rent increase for many existing tenants. With new MSHDA financing, the Sponsor has elected to move fifty-one (51) of the affordable units to be restricted to sixty percent (60%) AMI. A rent subsidy reserve is being established to protect these tenants against an increase in rent for an estimate four-year period following the date of closing; thereafter, the tenants will be responsible for their full rent payment. All sixty-four (64) 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 U-SNAP-BAC, Inc. (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 an existing detached apartment community known as Morningside consisting of sixty-four (64) townhome units located on thirty-two (32) 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 sixty-four (64) 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 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 Morningside 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

Morningside Commons II Limited Dividend Housing Association, LLC

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

PARCEL 1:

Lots 85 and 86, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 062819-20

Property Address: 3676 Alter

PARCEL 2:

Lots 87 and 88, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 062821-2

Property Address: 3680 Alter

PARCEL 3:

Lots 92 and 93, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 062826-7

Property Address: 3720 Alter

PARCEL 4:

Lots 94 and 95, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 062828-9

Property Address: 3726 Alter

PARCEL 5:

Lots 97 and 98, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 062831-2

Property Address: 3748 Alter

PARCEL 6:

Lots 100 and 101, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 062834-5

Property Address: 3766 Alter



EXHIBIT A

Morningside Commons II Limited Dividend Housing Association, LLC (cont)

PARCEL 7:

Lots 102 and 103, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 062836-7

Property Address: 3772 Alter

PARCEL 8:

Lots 12 and 13 and South 10 feet of Lot 11, Abbott & Beymers Cloverdale Subdivision, according to the recorded plat thereof as recorded in Liber 29, Page 97 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 062840-2

Property Address: 4118 Alter

PARCEL 9:

North 20 feet of Lot 11, Lot 10 and South 20 feet of Lot 9, Abbott & Beymers Cloverdale Subdivision, according to the recorded plat thereof as recorded in Liber 29, Page 97 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 062843-4

Property Address: 4124 Alter

PARCEL 10:

North 10 feet of Lot 9 and Lots 8 and 7, Abbott & Beymers Cloverdale Subdivision, according to the recorded plat thereof as recorded in Liber 29, Page 97 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 062845-6

Property Address: 4130 Alter

PARCEL 11:

Lots 3 and 2 and South 5 feet of Lot 1, Abbott & Beymers Cloverdale Subdivision, according to the recorded plat thereof as recorded in Liber 29, Page 97 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 062850-1

Property Address: 4180 Alter

PARCEL 12:

Lots 112 and 113, Rosemary Park Subdivision No. 1, according to the recorded plat thereof as recorded in Liber 38, Page 2 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 062861-2

Property Address: 4242 Alter



EXHIBIT A

Morningside Commons II Limited Dividend Housing Association, LLC (cont)

PARCEL 13:

Lots 114 and 115, Rosemary Park Subdivision No. 1, according to the recorded plat thereof as recorded in Liber 38, Page 2 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 062863-4

Property Address: 4248 Alter

PARCEL 14:

Lots 6 and 7, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 063332-3

Property Address: 3530 Wayburn

PARCEL 15:

Lots 8 and 9, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 063334-5

Property Address: 3536 Wayburn

PARCEL 16:

Lots 12 and 13 and South 10 feet of Lot 14, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 063338-40

Property Address: 3560 Wayburn

PARCEL 17:

North 20 feet of Lot 14, Lot 15 and South 20 feet of Lot 16, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 063341-3

Property Address: 3566 Wayburn

PARCEL 18:

North 10 feet of Lot 16, Lots 17 and 18, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 063344

Property Address: 3572 Wayburn



EXHIBIT A

Morningside Commons II Limited Dividend Housing Association, LLC (cont)

PARCEL 19:

Lots 21 and 22, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 063347-8

Property Address: 3618 Wayburn

PARCEL 20:

Lots 23 and 24, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 063349-50

Property Address: 3624 Wayburn

PARCEL 21:

Lots 25 and 26, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 063351-2

Property Address: 3630 Wayburn

PARCEL 22:

Lots 36 and 37, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 063996-7

Property Address: 3683 Wayburn

PARCEL 23:

Lots 38 and 39, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 063998-9

Property Address: 3677 Wayburn

PARCEL 24:

Lots 43 and 44, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 064003-4

Property Address: 3635 Wayburn

PARCEL 25:

Lots 45 and 46, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 064005-6

Property Address: 3629 Wayburn



EXHIBIT A

Morningside Commons II Limited Dividend Housing Association, LLC (cont)

PARCEL 26:

Lots 47 and 48, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 064007-8

Property Address: 3623 Wayburn

PARCEL 27:

Lots 51 and 52 and North 10 feet of Lot 53, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 064011-3

Property Address: 3573 Wayburn

PARCEL 28:

South 20 feet of Lot 53, Lot 54 and North 10 feet of Lot 55, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 064014-5

Property Address: 3567 Wayburn

PARCEL 29:

South 20 feet of Lot 55, Lot 56 and North 20 feet of Lot 57, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 064016-7

Property Address: 3561 Wayburn

PARCEL 30:

South 10 feet of Lot 57, Lot 58 and North 20 feet of Lot 59, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 064018-9

Property Address: 3555 Wayburn

PARCEL 31:

South 10 feet of Lot 59, Lots 60 and 61, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 064020-1

Property Address: 3549 Wayburn



EXHIBIT A

Morningside Commons II Limited Dividend Housing Association, LLC (cont)

PARCEL 32:

Lots 63 and 64, Rosemary Park Subdivision, according to the recorded plat thereof as recorded in Liber 36, Page 31 of Plats, Wayne County Records.

Tax Parcel No. Ward 21, item 064024

Property Address: 3531 Wayburn