



OFFICE OF THE CHIEF FINANCIAL OFFICER
Office of the Assessor

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September 15, 2022

Honorable City Council

RE: Left Field 2020 Limited Dividend Housing Association L.L.C. – Payment in Lieu of Taxes (PILOT)

American Community Developers, Inc. has formed Left Field 2020 Limited Dividend Housing Association L.L.C., a Michigan Limited Liability Company in order to develop the Project known as Left Field (the "Project"). The Project is a mixed-income, new construction six-story building that will consist of sixty (60) units located in an area bounded by the West Fisher Service Drive on the north, Trumbull on the east, Michigan Avenue on the south and Cochrane on the west (the former Tigers Stadium block).

The Project consists of twenty-five (25) one-bed, one-bath units, fifteen (15) two-bed, two-bath units, six (6) three-bed, two-bath units and fourteen (14) studios apartments.

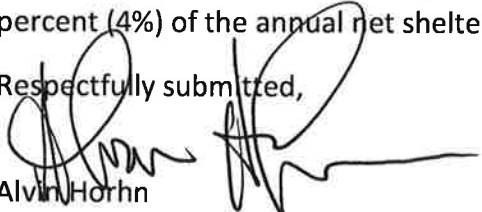
Citizens Bank, N.A. will provide a construction and permanent mortgage loan in the amount of up to \$10,000,000. CREA LLC will make Capital Contributions of \$15,650,000 which includes the purchase of Low Income Housing Tax Credits. The City of Detroit will provide a HOME loan in the amount of \$1,000,000. Additionally, the Sponsor has agreed to defer \$1,112,545 of the developer fee.

Rent and income limits will apply to forty-eight (48) of sixty (60) apartment units ranging from thirty percent (30%) to eighty percent (80%) area median income, adjusted for family size. There are also twelve (12) market rate units. All sixty (60) 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 American Community Developers, 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 constructing a housing project to be known as Left Field, consisting of sixty (60) units in an apartment building located on a parcel of property owned by the Sponsor as described by street address and tax parcel in Exhibit A to this resolution, with forty-eight (48) of sixty (60) 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 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 Left Field 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 one certified copy of this resolution; and be it further

RESOLVED, that this resolution is adopted with a waiver of reconsideration.



EXHIBIT A

Left Field 2020 Limited Dividend Housing Association L.L.C.

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

E COCHRANE PT OF 109-111, 113, 115, 116 AND ALL 112 PLAT P.C.27 L2 P5; PT OF 47-53 AND 63 THRU 69 JULIANA T ABBOTTS SUB L5 P36 INCL VAC KALINE DR, VAC CHERRY ST AND VAC ALLEYS ADJ; ALL DESC AS COMM AT N LINE MICHIGAN AVE (120 FT) AND E LINE LINE OF COCHRANE AVE (65 FT WD) TH N 23D 42M 59S W 458.48 FT TO POB TH N 23D 42M 59S W 198.31 FT TH N 68D 48M 15S E 100.84 FT TH N 66D 14M 47S E 20.00 FT TH N 66D 27M 12S E 184.76 FT TH S 23D 38M 17S E 105.68 FT TH S 66D 46M 55S W 230.62 FT TH S 23D 13M 38S E 89.89 FT TH S 66D 27M 12S W 73.98 FT TO POB 198.31 IRREG, 0.90 AC

Tax Parcel No. Ward 08, item 000580-1

Property Address: 2310 Cochrane