



OFFICE OF THE CHIEF FINANCIAL OFFICER
Office of the Assessor

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September 13, 2022

Honorable City Council

RE: Springwells Partners MHT Limited Dividend Housing Association, LLC – Payment in Lieu of Taxes (PILOT)

MHT Housing, Inc. has formed Springwells Partners MHT Limited Dividend Housing Association, LLC in order to develop an existing four-building scattered site Project in the Springwells neighborhood. The Project includes one 34-unit, one 15-unit, one 18-unit and one 22-unit building known as the Ferndale, Vernor, Claradale and Carson Apartments, respectively. The area is bounded by Pitt on the north, Springwells on the east, Homer on the south and Woodmere on the west.

The preservation and rehabilitation Project will include twenty-nine (29) 1 bedroom/1 bath, forty-five (45) 2 bedroom/1 bath and fifteen (15) 3 bedroom/1 bath apartments with supportive available parking. A rent subsidy reserve will be established to protect tenants against an increase in rent for a five-year period following the date of closing.

A construction loan in the amount of \$6,223,298, a permanent mortgage loan in the amount of \$3,416,998 and a permanent HOME loan in the amount of \$1,079,960 will be provided by the Michigan State Housing Development Authority ("MSHDA"). City Real Estate Advisors, LLC will make Capital Contributions of \$4,475,698 which includes the purchase of Low Income Housing Tax Credits. Additionally, the Sponsor is providing a Sellers Note in the amount of \$2,115,964 and has agreed to defer \$472,524 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 eighty-nine (89) 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 MHT Housing, 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 the Ferndale, Vernor, Claradale and Carson Apartments consisting of eighty-nine (89) units in four (4) buildings with supportive parking located on eight (8) 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 eight-nine (89) 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 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 Ferndale, Vernor, Claradale and Carson Apartments 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

Springwells Partners MHT Limited Dividend Housing Association, LLC

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

PARCEL 1 – Vernor Apartments:

N VERNOR HIGHWAY 4 AND 5, HARRAH'S TOLEDO AVENUE SUBDIVISION, AS RECORDED IN LIBER 16, PAGE 11 OF PLATS, WAYNE COUNTY RECORDS 20/191 62 X 108.36A PILOT – ACT 346 FLOORS 2 AND 3 OF STRUCTURE LOCATED ON ABOVE DESCRIPTION.

Tax Parcel No. Ward 20, item 004280.001P

Property Address: 8748 W. Vernor

PARCEL 2 – Claradale Apartments:

N VERNOR HIGHWAY 11 AND 12, HARRAH'S TOLEDO AVENUE SUBDIVISION, AS RECORDED IN LIBER 16, PAGE 11 OF PLATS, WAYNE COUNTY RECORDS 20/191 62 X 108.88A PILOT – ACT 346 FLOORS 2 AND 3 OF STRUCTURE LOCATED ON ABOVE DESCRIPTION.

Tax Parcel No. Ward 20, item 004285.001P

Property Address: 8640 W. Vernor

PARCEL 3 – Vernor Apartments parking:

LOTS 6 AND 7, HARRAH'S TOLEDO AVENUE SUBDIVISION, ACCORDING TO THE PLAT THEREOF AS RECORDED IN LIBER 16, PAGE 11 OF PLATS, WAYNE COUNTY RECORDS.

Tax Parcel No. Ward 20, item 004281-2

Property Address: 8724 W. Vernor

PARCEL 4 – Ferndale Apartments parking:

LOT 142, VAN WINKLE'S SUBDIVISION OF THE EASTERLY 17.15 ACRES OF LOT 10 SHIPYARD TRACT, AS RECORDED IN LIBER 20, PAGE 36 OF PLATS, WAYNE COUNTY RECORDS.

Tax Parcel No. Ward 20, item 007701

Property Address: 2046 Cabot

PARCEL 5 – Carson Apartments:

LOTS 31 AND 32, HARRAH'S DIX AVENUE SUBDIVISION, AS RECORDED IN LIBER 17, PAGE 81 OF PLATS, WAYNE COUNTY RECORDS.

Tax Parcel No. Ward 20, item 007177

Property Address: 2439 Carson



EXHIBIT A – CON'T

Springwells Partners MHT Limited Dividend Housing Association, LLC

PARCEL 6 – Carson Apartments green space:

LOT 30, HARRAH'S DIX AVENUE SUBDIVISION, AS RECORDED IN LIBER 17, PAGE 81 OF PLATS, WAYNE COUNTY RECORDS.

Tax Parcel No. Ward 20, item 007178

Property Address: 2429 Carson

PARCEL 7 – Ferndale Apartments:

S W VERNOR HIGHWAY W 0.063 FT ON N LINE BG W 0.48 FT ON S LINE OF 149 AND 148 THRU 144, VAN WINKLE'S SUBDIVISION, AS RECORDED IN LIBER 20, PAGE 36 OF PLATS, WAYNE COUNTY RECORDS 20/188 152.563 IRREG PILOT – ACT 346 FLOORS 2 AND 3 OF STRUCTURE LOCATED ON ABOVE DESCRIPTION.

Tax Parcel No. Ward 20, item 004242.001P

Property Address: 8715 W. Vernor

PARCEL 8 – Ferndale Apartments parking:

LOT 143, VAN WINKLE'S SUBDIVISION OF THE EASTERLY 17.15 ACRES OF LOT 10 SHIPYARD TRACT, AS RECORDED IN LIBER 20, PAGE 36 OF PLATS, WAYNE COUNTY RECORDS.

Tax Parcel No. Ward 20, item 007702

Property Address: 2052 Cabot