OFFICE OF THE CHIEF FINANCIAL OFFICER
Office of the Assessor
CITY OF DETROIT

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December 20, 2022

Honorable City Council

RE: 10201 Woodward 4% Limited Dividend Housing Association, LLC – Payment in Lieu of Taxes (PILOT)

MHT Housing, Inc. and Mooney Real Estate Holdings have formed 10201 Woodward 4% Limited Dividend Housing Association, LLC (the "LDHA") in order to develop the Project known as Cathedral Arts Apartments. The LDHA owns Unit 2 of the Cathedral Arts Apartments Condominium, a mixed-use new construction development structured as three (3) separate condominium units in one four-story building. Unit 2 consists of twenty-seven (27) apartments in an area bounded by Calvert on the north, Woodward on the east, Glynn Court on the south and Second on the west. The Project will include twenty-seven (27) 2-bed, 1-bath seven hundred eighty-five (785) square foot apartments. The site will also include first-floor Woodward-facing 6,700 square feet of commercial space half of which will be a sacred art museum and exhibit space.

A construction loan in the amount of $5,141,037, a permanent loan in the amount of $1,918,179 and an HTF loan in the amount of $2,440,103 will be provided by Michigan State Housing Development Authority ("MSHDA"). City Real Estate Advisors, LLC will make Capital Contributions of $3,152,573 which includes the purchase of Low Income Housing Tax Credits. MHT Housing, Inc. will provide a sponsor loan in the amount of $225,000. The Sponsors have agreed to defer $163,278 of the developer fee.

Rents for all units have been set at or below sixty percent (60%) of the area median income ("AMI"), adjusted for family size. Additionally, eight (8) units will be covered by a Section 8 Project Based Rental assistance provided by the Detroit Housing Commission. All twenty-seven (27) 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. **Approval of exempt status will be held in abeyance until the Condominium Master Deed is recorded and processed.**

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. and Mooney Real Estate Holdings (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 constructing a housing project to be known as Unit 2 of the Cathedral Arts Apartments Condominium, consisting of twenty-seven (27) units in an apartment building located on condo property owned, processed and recorded by the Sponsor as described by street address and tax parcels in Exhibit A to this resolution, with all twenty-seven (27) 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 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 Unit 2 of the Cathedral Arts 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 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

10201 Woodward 4% Limited Dividend Housing Association, LLC

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

PARCEL 1:
W WOODWARD E 100 FT OF S 2.5 FT 120 VOIGT PARK SUB L22 P94 PLATS, W C R 2/129 E 100 FT 47 ATKINSONS SUB L10 P82 PLATS, W C R 2/3 129.2 X 100

Tax Parcel No. Ward 02, item 001689
Property Address: 10201 Woodward

PARCEL 2:
W WOODWARD E 100 FT OF N 40 FT OF S 42.50 FT 120 VOIGT PARK SUB L22 P94 PLATS, W C R 2/129 40 X 100

Tax Parcel No. Ward 02, item 001688
Property Address: 10227 Woodward

PARCEL 3:
W WOODWARD E 100 FT 119 E 100 FT OF N 24 FT 120 VOIGT PARK SUB L22 P94 PLATS, W C R 2/129 91 X 100

Tax Parcel No. Ward 02, item 001687
Property Address: 10235 Woodward

PARCEL 4:
N GLYNN CT GS 117.50 FT OF W 100 FT OF 47ATKINSONS SUB L10 P82 PLATS , W C R 2/3 120 IRREG

Tax Parcel No. Ward 02, item 001536.001
Property Address: 30 Glynn Ct.

PARCEL 5:
S CALVERT W 100 FT OF LOTS 119 & 120 VOIGT PARK SUB L22 P94 PLATS WCR 2/129 N 9.17 FT OF W 100 FT OF 47 ATKINSONS SUB L10 P82 PLATS WCR 2/3 100 X 142.67

Tax Parcel No. Ward 02, item 001536.002L
Property Address: 39 Calvert