

*Formal Agenda*  
*9.18.18*

**BUDGET,  
FINANCE, AND  
AUDIT STANDING  
COMMITTEE**

**OFFICE OF CONTRACTING  
AND PROCUREMENT**



September 13, 2018

HONORABLE CITY COUNCIL:

The Purchasing Division of the Finance Department recommends a Contract with the following firm(s) or person(s):

6001603      100% City Funding – To Provide City-Wide Moving Services for the City of Detroit – Contractor: BDM Transport, LLC – Location: 719 Griswold Street, Suite 820-126, Detroit, MI 48226 – Contract Period: Upon City Council Approval through August 27, 2021 – Total Contract Amount: \$1,000,000.00. **CITYWIDE**

Respectfully submitted,

Boysie Jackson, Chief Procurement Officer  
Office of Contracting and Procurement

**BY COUNCIL MEMBER**           **AYERS**          

**RESOLVED**, that Contract No. 6001603 referred to in the foregoing communication dated September 13, 2018, be hereby and is approved.



September 5, 2018

CITY CLERK 2018 SEP 14 10:40 AM

Honorable City Council

**RE: Himelhoch Unit 2 2017 Limited Dividend Housing Association Limited Liability Company – Phase II, Payment in Lieu of Taxes (PILOT)**

American Community Developers, Inc. has formed Himelhoch Unit 2 Limited Dividend Housing Association, L.L.C. (the "LDHA"). The LDHA owns Unit 2 of the Himelhoch Condominiums. The building is structured as three (3) separate condominium units with condo Unit 2 consisting of thirty-six (36) units of affordable housing for low-income seniors. The nine-story building is bounded by Park on the north, Woodward on the east, Clifford on the south and Washington Boulevard on the west.

The Project consists of floors two (2), three (3) and seven (7) consisting of thirty (30) one-bed, one-bath units and three (3) two-bed, one-bath units. There will also be three (3) studio apartments. There will be no rent increase for the existing tenants.

The Project is financed by a Continuing Collateral Mortgage provided by Lakeview Assets, L.L.C. in the amount of \$250,000. The Section 8 Housing Assistance Payment contract currently operating has been extended by twenty (20) years in order to preserve the affordability of these senior units.

Rents for all units have been set at or below sixty percent (60%) of the area median income, adjusted for family size. All residents will contribute only thirty percent (30%) of their adjusted gross income towards the rent amount. All thirty-six (36) 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 proposing to undertake the rehabilitation of an existing housing project to be known as Himelhoch Unit 2 consisting of the rehabilitation of thirty-six (36) units in a nine-story building on one (1) parcel 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 thirty-six (36) units for low-income senior 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 Himelhoch Unit 2 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 Finance Department; 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 Finance Department – Assessment Division two certified copies of this resolution; and be it further

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



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**EXHIBIT A**

**Himmelhoch Unit 2 2017 Limited Dividend Housing Association Limited Liability Company**

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

Unit 2, of The Himmelhoch Condominium, according to the Master Deed thereof recorded at Liber 54252, Page 12, Wayne County Records, and designated as Wayne County Condominium Subdivision Plan No. 1088, together with rights in general common elements and limited common elements as set forth in the above Master Deed, as amended and as described in Act 59 of the Public Acts of 1978, as amended.

Tax Parcel No. Ward 02, item 001868.002

Property Address: 1545 Woodward Avenue Unit 2



September 5, 2018

CITY CLERK 2018 SEP 11 AM 11:40

Honorable City Council

**RE: Pablo Davis II Limited Dividend Housing Association Limited Partnership – Payment in Lieu of Taxes (PILOT)**

Bridging Communities, Inc. and MHT Housing, Inc. have formed Pablo Davis II Limited Dividend Housing Association Limited Partnership in order to develop the Project known as Pablo Davis II. The Project is an existing eighty (80) unit senior apartment complex bounded by Dix on the north, Woodmere on the east, Vernor on the south and Dale on the west.

The rehabilitation Project will include seventy-four (74) 1 bedroom/1 bath and six (6) 2 bedroom/1 bath apartments. The preservation and renovation of the development will not result in a rent increase for the existing tenants.

The Project will be financed by a permanent mortgage loan in the amount of \$2,177,520 provided by Cinnaire Investment Corporation. National Equity Fund (NEF) an affiliate of Local Initiatives Support Corporation (LISC) Inc. will make Capital Contributions of \$4,059,676 which includes the purchase of Low Income Housing Tax Credits. A City of Detroit HOME loan in the amount of \$870,000 has been secured in conjunction with a loan forgiveness agreement with the City of Detroit Housing and Revitalization Department. Additionally, a construction loan amount of \$4,800,000 will be provided by JP Morgan Chase Bank, N.A.

Rents for all units have been set at or below sixty percent (60%) of the area median income, adjusted for family size. All residents will contribute only thirty percent (30%) of their adjusted gross income towards the rent amount. All eighty (80) 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 five percent (5%) of the annual net shelter rent obtained from this housing project.

Respectfully submitted,

Alvin Horhn  
Deputy CFO/Assessor

Attachment  
JB/jb





## BY COUNCIL MEMBER

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**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 Bridging Communities, Inc. and MHT Housing, Inc. (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 proposing to undertake the rehabilitation of an existing housing project to be known as Pablo Davis II consisting of the rehabilitation of eighty (80) units in the apartment building located on a parcel of property owned or to be acquired by the Sponsors as described by street address and tax parcel in Exhibit A to this resolution, with eighty (80) 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 Pablo Davis II as described above is entitled to be exempt from taxation but subject to the provisions of a service charge of five percent (5%) 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 Finance Department; 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 Finance Department – Assessment Division two certified copies of this resolution; and be it further

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



## EXHIBIT A

### **Pablo Davis II Limited Dividend Housing Association, Limited Partnership**

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

Beginning at a point in the Northerly line of Vernor Highway 66 feet wide, said point being distant 380 feet on a course South 61 degrees 22 minutes 50 seconds West from the Northwest corner of Woodmere Avenue 86 feet wide, thence on the North line of Vernor Highway South 61 degrees 22 minutes 50 seconds West a distance of 620 feet to a point in said North line of Vernor Highway; thence North 28 degrees 37 minutes 10 seconds West 100.00 feet to a point; thence North 14 degrees 08 minutes 24 seconds West a distance of 160.67 feet to a point; thence on a course North 16 degrees 22 minutes 50 seconds East a distance of 300 feet to a point; thence on a course South 73 degrees 37 minutes 10 seconds East a distance of 520 feet to a point; thence on a course South 28 degrees 37 minutes 10 seconds East a distance of 100.00 feet to a place of beginning.

Tax Parcel No. Ward 20, item 4259.

Property Address: 9200 West Vernor