Referrals 499/19 2/1/19

BUDGET, FINANCE, AND AUDIT STANDING COMMITTEE





1301 THIRD AVE., SUITE 767 DETROIT, MICHIGAN 48226 (313) 596-1830 • TTY:711 (313) 596-1831 FAX WWW.DETROITMI.GOV

RECEIVED JAN 2 3 2019

January 22, 2019

Honorable Brenda Jones, President Detroit City Council Coleman A. Young Municipal Center 2 Woodward Avenue, 13th Floor Detroit, MI 48226 Honorable Mary Sheffield, President Pro Tem-Detroit City Council Coleman A. Young Municipal Center 2 Woodward Avenue, 13th Floor Detroit, MI 48226

Dear Council President Jones and President Pro Tem Sheffield:

This letter is to request your intervention to help resolve an important budgetary and authorization issue on behalf of the Detroit Board of Police Commissioners (BOPC). The issue centers on the amount and method of reimbursement (stipends) for the membership on the BOPC. (In BOPC's 2019-2020 budget request, we included an increase of \$167,500.00 in contract services for stipends paid to the Board of Police Commissioners. If approved by your honorable body, this increase combined with the current stipend allocation of \$53,000.00 will adjust stipends available for the Board to \$220,000.00.) This adjustment will allow the reimbursement for individual Commissioners to cap at \$20,000.00 annually. The Board of Police Commissioners request to the Detroit City Council appropriate relief designed to equalize or close the gap in the reimbursements of the police board with other boards and commissions within the city. We also request, if needed a meeting with the leadership of the Detroit City Council to explain the above request.

The 2012 Detroit City Charter enables the expansion of the Board of Police Commissioners from 5 appointed members to 11 members. Included in this expansion are 7 members elected in Districts, by the people, and 4 members appointed by the Mayor. The 2012 Charter also delineated specific added duties of the Board and mandated that the Board provide supervisory control and oversight to the Detroit Police Department. Additionally, the Charter required weekly meetings of the Board. Currently the Board of Police Commissioners meet 49 times each year. Also, on average, each Commissioner serves on three Board level subcommittees that meet apart from the Committee of the Whole and participate in a wide range of District based police-community engagements.

The Detroit City Charter (2012), Section 7-802 allows for the reimbursement of Commissioners by ordinance for parking, mileage and other reasonable expenses. It is our understanding that no such ordinance governing the reimbursement of Commissioners was enacted by the Detroit City Council, instead Commissioners were placed in the Detroit Police Department's payroll system and assigned a modest stipend. Starting in 2012 Commissioner stipends were set at \$ 4,628 annually for regular Commissioners and \$ 6,878.56 for officers of the Board. In the past, the Board has sought reimbursement for taxes and other deductions common to employees, but not applicable to elected and appointed officials who work as volunteers. The above amounts have remained the same for seven years.

The Board has petitioned the Detroit City Council and the Elected Official Compensation Commission requesting adjustments (see attachments). Neither method has produced a result, therefore in making



Detroit City Council, Jones and Sheffield Page #2 January 22, 2019

this request the Board is relying on its powers as a quasi-legislative-administrative body with powers under Section 7-803 (sub paragraph #2) that provides for the Board of Police Commissioners to "Review and approve the departmental budget before its submission to the Mayor." To make this requested change resulting in adjustments to the BOPC reimbursement, we have been advised that both an appropriate budgetary allocations must be in place funding the increase and authorization must come from the Detroit City Council by ordinance or directive to instruct the city's financial authorities to implement changes to the BOPC reimbursement amount and method.

Our request for your intervention is urgent given that the city's budget will be in front of your honorable body within the next month. Please note the attachments to this request as they reflect the many attempts that we have made to rectify this issue. Again, this letter is also a request for a meeting with the Council's leadership, if needed, to discuss the above issues. If you need any additional information on this matter, please contact Mr. Gregory Hicks, Secretary to the Board for any additional information.

Sincerely,

Willie E. Bell, District #4

Alle & Bell

Chairman

Detroit Board of Police Commissioners.

Attachments.

DETROIT ECONOMIC GROWTH CORPORATION

500 GRISWOLD STREET SUITE 2200 · DETROIT MI 48226 · 313,963,2940 FAX 313,963,8839



To:

Hon. Brenda Jones, City Council President

From: Kenyetta Hairston-Bridges, DEGC

CC:

Hon. Mary Sheffield, City Council Pro Tem, District 5

Hon. Janee Ayers, City Council At Large

Hon. James Tate, City Council District 1

Hon. Roy McCalister Jr., City Council District 2

Hon. Scott Benson, City Council District 3

Hon. Andre Spivey, City Council District 4

Hon. Raquel Castaneda-Lopez, City Council District 6

Hon. Gabe Leland, City Council District 7

RE:

TAX INCENTIVE REPORT

Please see the attached report in response to your request dated January 11, 2019.

This report addresses the four line items that were laid out in the memorandum. As a note, the requirements for these projects which received tax incentives to complete their reporting to the City is not due until the end of March, at which point more up to date data should be available. Therefore the actual investment and jobs data in this report are the records as of March 2018.

The attached report examines all of the tax incentives approved since 2015, excluding Neighborhood Enterprise Zone Certificates. Over that time period 93 projects have been approved for tax incentives. Of those 93 approved, 40 projects have been completed at this point. Of the 40 projects that have been completed, 30 of them have submitted their up to date data as of March 2018.

Should any additional questions come up, please do not hesitate to contact me personally.

Best,

Kenyetta Hairston-Bridges

Kenyetta Hairston-Bridges Vice President Real Estate & Financial Services **Detroit Economic Growth Corporation**



DETROIT ECONOMIC GROWTH CORPORATION

500 GRISWOLD STREET SUITE 2200 - DETROIT MI 48226 - 313.963.2940 FAX 313.963.883

As a follow up to the report submitted in summer 2018, and to the request dated January 11, 2019, DEGC has prepared the following responses. Additionally we have updated and prepared a line by line report of all of the tax incentive certificates that have been approved since 2015.

- 1. Updated list of all tax incentives approved since 2014 including the duration and amount of the tax incentive.
- DEGC has only been estimating the value of tax incentives since the beginning of 2015. So while the list related to the request is attached, the time period is only from 2015 to 2018.

- To summarize:

- Of the 30 projects that have reported data, the total proposed investment was \$301.4MM, but the total actual investment was \$339.4MM.
- o Of the 30 projects that have reported data, the total proposed jobs was 2,081, but the total actual jobs is 3,403.
- o Additionally, 961 of those 3,403 jobs are Detroiters.
- 2. Methods used to determine the length of tax incentives.
- DEGC does a comprehensive review of every project that requests a tax incentive in the City of Detroit. The review involves a multitude of steps and an in depth investigation of a project and its financials.

Initially DEGC examines whether a project is feasible for development and aligns with the City's policy goals. There is also consideration that the project has already exhausted all options for traditional sources of financing, and that this project would not happen but for the requested tax incentive. The "but for" analysis involves the DEGC team reviewing the project to confirm that the development costs, post construction rental assumptions, and post construction operating expenses are all in line with City and Region norms.

Once confirmed that the submitted financial data is reasonably within the established appropriate range for that specific type of project, DEGC investigates the project under several different scenarios. These scenarios are initially a review of the financials with and without the tax incentive. Upon confirmation that the project exhibits a need for the incentive to make it financially feasible, a sensitivity analysis takes place to determine the required number of years for the incentive. This sensitivity analysis primarily relates to how the incentive affects the debt service coverage ratio (DSCR) of a project.



DETROIT ECONOMIC GROWTH CORPORATION

500 GRISWOLD STREET SHITE 2200 - DETROIT ML48226 - 313 963 2940 FAX 313 963 883

The standard debt service coverage ratios that lenders are looking for is in the 1.30 to 1.50 range. Anything less than that will likely damage a project's potential of receiving lending. DEGC determines how long it takes for a project's DSCR to exceed the 1.50 threshold and makes the recommendation for number of years of incentive based on that. Due to the complex capital stacks of most projects in Detroit, the full length of the incentive is necessary most of the time.

Additionally, DEGC utilizes a fiscal and economic impact analysis to determine that after accounting for City costs (providing services to businesses and residents) the project still provides a net benefit to the City. The model used for this analysis is custom geared for Detroit and was developed in partnership with Impact Data Source, a regional economic impact consulting firm whose clients include municipalities and regions across the United States. The model takes in data from a variety of sources including, but not limited to: Bureau of Labor Statistics, US Census, American Community Survey, and the City of Detroit Comprehensive Annual Fiscal Report.

- 3. Average length of tax incentives.
- The average length of incentives awarded since 2015 is 10.8 years.
 - o However,
 - The percent of incentives reduced in time period in 2015 was 7%
 - The percent of incentives reduced in time period in 2016 was 13%
 - The percent of incentives reduced in time period in 2017 was 5%
 - The percent of incentives reduced in time period in 2018 was 22%
- Last year was the year where the largest percentage of projects were reduced in tax incentive time period.
- 4. Feasibility of reducing the maximum length of tax incentives to 6 to 9 years.
- Because each project goes through the same standard underwriting process, reducing the length of the tax incentives is always considered. However, due to a number of factors most projects do in fact necessitate the full time period provided by the incentive statutes.



City of Detroit

COUNCIL PRESIDENT BRENDA JONES

MEMORANDUM

TO:

Kevin Johnson, President and CEO

Detroit Economic Growth Corporation

Maurice Cox. Director

Planning and Development Department

FROM:

Council President Brenda Jones 3

DATE:

January 11, 2019

RE:

Tax Incentive Report

Please provide a report regarding the following:

- 1. Updated list of all tax incentives approved since 2014 including the duration and amount of the tax incentive.
- 2. Methods used to determine the length of tax incentives.
- 3. Average length of tax incentives.
- 4. Feasibility of reducing the maximum length of tax incentives to 6 to 9 years.

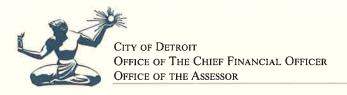
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Totals





COLEMAN A. YOUNG MUNICIPAL CENTER 2 WOODWARD AVENUE, SUITE 824 DETROIT, MICHIGAN 48226 (313) 224-3011 • TTY:711 (313) 224-9400 WWW.DETROITMI.GOV

January 23, 2019

CILL CHEEK SOVE 184 SE SHIS SE

Honorable City Council

RE: EJMS Marlborough Limited Dividend Housing Association Limited Liability Company – Payment in Lieu of Taxes (PILOT)

Shelborne Development and Jefferson East, Inc. have formed EJMS Marlborough Limited Dividend Housing Association Limited Liability Company (the "LDHA") in order to develop the Project. The Project consists of twenty-three (23) units located in two (2) three-story non-contiguous buildings in an area bounded by Kercheval on the north, Philip on the east, Freud on the south and Chalmers on the west.

The historic rehabilitation Project will include four (4) 1 bedroom/1 bath, twelve (12) 2 bedroom/1 bath and seven (7) 3 bedroom/1 ½ bath apartments. The preservation and renovation of both buildings will be extensive and consist of exterior and interior site work.

Financing for the Project consists of a City of Detroit HOME Loan of \$2,200,000 and a permanent loan in the amount of \$1,680,000 from Enterprise Community Loan Fund, Inc. Twain Financial Partners will make a capital contribution of \$746,494 utilizing Historic Tax Credit equity. A Kresge Foundation grant in the amount of \$199,800 has been awarded. The Sponsors have further agreed to defer \$233,736 of the developer fee.

Rents for twelve (12) units have been set at or below sixty percent (60%) of the area median income, adjusted for family size. All affordable housing residents will contribute no more than thirty percent (30%) of their adjusted gross income towards the rent amount. Rents for eleven (11) units will be set at market rate. All twenty-three (23) 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 ten percent (10%) 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 Shelborne Development and Jefferson East, 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 a housing project to be known as Marlborough Apartments consisting of the rehabilitation of twenty-three (23) units in two (2) buildings located on two (2) parcels 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 twelve (12) units for low and moderate income housing (the "Project"); and

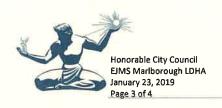
WHEREAS, the purpose of the Project is to serve low to moderate income persons as defined by Section 15a(7) of the Act, being MCL 125.1415a(7); and

WHEREAS, MSHDA has provided notice to the Sponsors that it intends to approve federal-aided financing for the Project, 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 Marlborough Apartments as described above is entitled to be exempt from taxation but subject to the provisions of a service charge of ten percent (10%) 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.

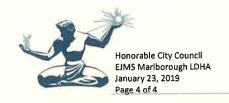


EXHIBIT A

EJMS Marlborough Limited Dividend Housing Association Limited Liability Company

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

PARCEL 1:

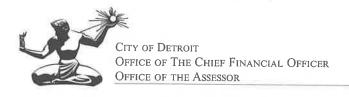
The South 74 feet of Lot 272 and the West 1.64 feet of the South 74 feet of Lot 273, Marshland Boulevard Subdivision, according to the recorded plat thereof as recorded in Liber 26 of Plats, Page 92, Wayne County Records.

Tax Parcel No. Ward 21, item 059163.002L Property Address: 910 Marlborough

PARCEL 2:

Lot 159 and the South 20 feet of Lot 160, Pointe View Jos S. Visger & Edgar J. Hitchings Subdivision, according to the recorded plat recorded in Liber 17 of Plats, Page 87, Wayne County Records.

Tax Parcel No. Ward 21, item 059780 Property Address: 1031 Marlborough





Coleman A. Young Municipal Center 2 Woodward Avenue, Suite 824 Detroit, Michigan 48226 (313) 224-3011 • TTY:711 (313) 224-9400 www.detroitmi.gov

January 23, 2019

SELA CEEK SOJO OHA SE PASISE

Honorable City Council

RE: Wellington Square I Limited Dividend Housing Association Limited Liability Company – Payment in Lieu of Taxes (PILOT)

LC Consultants, L.L.C. has formed Wellington Square I Limited Dividend Housing Association Limited Liability Company (the "LDHA"). The LDHA owns Unit 6 of the Wellington Square Condominiums. The development is structured as separate condominium units with condo Unit 6 consisting of forty-six (46) low income housing residential units located in a building in an area bounded by Seward Street on the north, Woodward Avenue on the east, Delaware Street on the south and Second Avenue on the west.

The full gut rehabilitation Project includes twenty-one (21) 1 bedroom/1 bath and twenty-five (25) 2 bedroom/2 bath apartments. The ten-story building includes two (2) first floor community rooms. Tenant parking will be located directly across Seward.

The Project will be financed by a \$14,000,000 Construction Loan converting to a Permanent Loan with JP Morgan Chase Bank. A Michigan State Housing Development Authority Low Income Housing Tax Credit award in an annual amount of \$1,310,570 has been reserved. Additionally, the Sponsor has agreed to defer \$446,856 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 residents will contribute no more than thirty percent (30%) of their adjusted gross income towards the rent amount. All forty-six (46) 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 ten percent (10%) 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 LC Consultants L.L.C. (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 full gut rehabilitation of a housing project to be known as Wellington Square I consisting of the rehabilitation of forty-six (46) units in a building located 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 forty-six (46) 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 Wellington Square I as described above is entitled to be exempt from taxation but subject to the provisions of a service charge of ten percent (10%) 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.



EXHIBIT A

Wellington Square I Limited Dividend Housing Association Limited Liability Company

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

S SEWARD UNIT 6 WAYNE COUNTY CONDO PLAN 1056 "WELLINGTON SQUARE CONDOS" MASTER DEED RECORDED 01-03-2017 L.53437 P.610 DEEDS, FIRST AMENDMENT RECORDED 11-28-18 L54744 P849, W C R 66,328 SQFT 41.23%.

Tax Parcel No. Ward 02, item 001186.006 Property Address: 59 Seward 6





Coleman A. Young Municipal Center 2 Woodward Avenue, Suite 824 Detroit, Michigan 48226 (313) 224-3011 • TTY:711 (313) 224-9400 www.detroitmi.gov

CILA CHEKK SOTA 16M SE MASKRE

January 23, 2019

Honorable City Council

RE: Wellington Square II Limited Dividend Housing Association Limited Liability Company – Payment in Lieu of Taxes (PILOT)

LC Consultants, L.L.C. has formed Wellington Square II Limited Dividend Housing Association Limited Liability Company (the "LDHA"). The LDHA will own Unit 2 of the Wellington Square Condominiums. The development is structured as separate condominium units with condo Unit 2 consisting of forty-five (45) low income housing residential units located in a building in an area bounded by Seward Street on the north, Woodward Avenue on the east, Delaware Street on the south and Second Avenue on the west.

The full gut rehabilitation Project includes fourteen (14) 1 bedroom/1 bath and thirty-one (31) 2 bedroom/2 bath apartments. The ten-story building includes two (2) first floor community rooms. Tenant parking will be located directly across Seward.

The Project will be financed by a \$14,000,000 Construction Loan converting to a Permanent Loan with JP Morgan Chase Bank. A Michigan State Housing Development Authority Low Income Housing Tax Credit award in an annual amount of \$1,310,570 has been reserved. Additionally, the Sponsor has agreed to defer \$445,856 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 residents will contribute no more than thirty percent (30%) of their adjusted gross income towards the rent amount. All forty-five (45) 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 ten percent (10%) 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, 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 full gut rehabilitation of a housing project to be known as Wellington Square II consisting of the rehabilitation of forty-five (45) units located 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 forty-five (45) 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 Wellington Square II as described above is entitled to be exempt from taxation but subject to the provisions of a service charge of ten percent (10%) 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.



EXHIBIT A

Wellington Square II Limited Dividend Housing Association Limited Liability Company

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

S SEWARD UNIT 2 WAYNE COUNTY CONDO PLAN 1056 "WELLINGTON SQUARE CONDOS" MASTER DEED RECORDED 01-03-2017 L.53437 P.610 DEEDS, FIRST AMENDMENT RECORDED 11-28-18 L54744 P849, W C R 66,029 SQFT 41.05%.

Tax Parcel No. Ward 02, item 001186.002 Property Address: 59 Seward 2

City of Detroit

COUNCIL PRESIDENT BRENDA JONES



MEMORANDUM

TO:

David Whitaker, Director

Legislative Policy Division

FROM:

Council President Brenda Jones

DATE:

January 24, 2019

RE:

Requesting Resolution Urging Governor Gretchen

Whitmer to Review the Pension Tax Policy

Several states in the country do not tax pensions as an income tax. Other states provide substantial tax exemptions for pension income. Taxing pension income places an undue burden on elderly Detroit residents, making Michigan a less competitive state for those who seek to retire.

Please draft a resolution urging Governor Gretchen Whitmer to collaborate with the Michigan Legislature to eliminate the tax on non-exempt pensions. Additionally, please provide a report which lists the states that do not tax pension income and review the policies that have been implemented in those states.

City of Detroit CITY COUNCIL COUNCIL PRESIDENT BRENDA JONES



MEMORANDUM

TO:

Joneigh Khaldun, Director

Health Department

CC:

Honorable Colleagues

Louise Jones, Senior City Clerk

FROM:

Council President Brenda Jones

DATE:

January 24, 2019

RE:

Detroit Animal Care and Control

There is a lack of awareness surrounding the requirements of owning dogs in Detroit, especially as it relates to the licensing requirements and the conditions under which dogs may be kept outside.

What is the anticipated cost for a city-wide marketing strategy for Detroit Animal Care and Control to inform residents of licensing requirements, anti-tethering requirements, the reporting of non-compliant pet-owners, and other requirements related to Detroit Animal Care and Control Department?

City of Detroit





MEMORANDUM

TO:

Lawrence Garcia, Corporation Counsel

Law Department

CC:

Honorable Colleagues

Louise Jones, Senior City Clerk

FROM:

Council President Brenda Jones &

DATE:

January 24, 2019

RE:

Reimbursement for the Board of Police

Commissioners

Per Section 7-802 in the City Charter, members on the Board of Police Commissioners "may receive by ordinance reimbursement for parking, mileage and other reasonable expenses."

Please draft an ordinance defining the process of reimbursement for the Board of Police Commissioners. This ordinance should also include types of reimbursable expenses, and a timeline to submit items for reimbursement.

City of Detroit CITY COUNCIL COUNCIL PRESIDENT BRENDA JONES



MEMORANDUM

TO:

Brad Dick, Director

General Services Department

CC:

Honorable Colleagues

Louise Jones, Senior City Clerk

FROM:

Council President Brenda Jones

DATE:

January 24, 2019

RE:

Capital Improvements for Detroit Animal Care and

Control

Please provide an update on the status of the \$1.3 million dollars that was allocated for Detroit Animal Care and Control capital improvements.