

Referrals
3/7/19

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



CITY OF DETROIT
 OFFICE OF THE CHIEF FINANCIAL OFFICER
 OFFICE OF THE ASSESSOR



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April 24, 2019

Honorable City Council

CITY CLERK 2019 APR 30 4:40:03 PM

**RE: Parkview II/MHT Limited Dividend Housing Association Limited Liability Company –
 Payment in Lieu of Taxes (PILOT)**

MHT Housing, Inc. has formed Parkview II/MHT Limited Dividend Housing Association Limited Liability Company in order to develop the Project known as Parkview II. The Project is an existing one hundred ninety-nine (199) senior units located in a single, fifteen-story building in an area bounded by Antietam on the north, Chene on the east, Lafayette on the south and St. Aubin on the west.

The rehabilitation Project will include one hundred seventy-one (171) 1 bedroom/1 bath and twenty-eight (28) studio apartments of four hundred thirty-one (431) square feet each. Twenty (20) units will be converted to meet “Barrier Free” standards. Except for the conversion of the Barrier Free units, no tenant will be displaced during the renovation.

A construction loan in the amount of \$13,600,000 will be provided by JPMorgan Chase Bank N.A. and a permanent mortgage loan in the amount of \$5,551,578 will be provided by Cinnaire Investment Corporation. City Real Estate Advisors, LLC will make Capital Contributions of \$11,584,163 which includes the purchase of Low Income Housing Tax Credits. Additionally, the Sponsor has agreed to defer \$708,020 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. Additionally, forty-two (42) units are covered by a Section 8 contract where rents are structured so that residents contribute only thirty percent (30%) of their adjusted gross income minus a utility allowance towards the rent amount. All one hundred ninety-nine (199) 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 seven percent (7%) 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 an existing housing project to be known as Parkview II consisting of the rehabilitation of one hundred ninety-nine (199) 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 all one hundred ninety-nine (199) 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 Parkview II as described above is entitled to be exempt from taxation but subject to the provisions of a service charge of seven percent (7%) 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

Parkview II/MHT Limited Dividend Housing Association Limited Liability Company

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

Being part of Private Claim 91 and also known as being a part of Lot 11 of Elmwood Park Urban Renewal Plat No. 1 of part of Private claim 14, 90 and 91, City of Detroit, Wayne County, Michigan, as recorded in Liber 89, Pages 47 through 49 of Plats, Wayne County Records and more fully described as follows: Commencing at the Northwest corner of Lafayette Avenue (50 feet wide, now widened to the width of 120 feet) and Chene Street, 120 feet wide; thence North 26 degrees 07 minutes 10 seconds West along the Westerly line of Chene Street, a distance of 839.53 feet to the Southeasterly corner of said Lot 11 and to the true place of beginning for the land herein described: thence along the Southerly line of Lot 11, South 59 degrees 52 minutes 13 seconds West, a distance of 267.00 feet to a point; thence North 30 degrees 07 minutes 47 seconds West, a distance of 270.00 feet to a point; thence North 59 degrees 52 minutes 13 seconds East, a distance of 346.05 feet to a point on the Westerly line of Chene Street; thence South 26 degrees 07 minutes 10 seconds East along the Westerly line of Chene Street, a distance of 34.12 feet to a point; thence in a Southeasterly direction along the arc of a circular curve to the left a distance of 242.53 feet, a central angle of 28 degrees 56 minutes 58 seconds, radius of 480.00 feet, chord of 239.95 feet and whose bearing is South 11 degrees 38 minutes 41 seconds East to a point; thence continuing along the Westerly line of Chene Street South 26 degrees 07 minutes 10 seconds East, a distance of 8.41 feet to the true place of beginning.

Tax Parcel No. Ward 09, item 003937

Property Address: 1401 Chene



CITY OF DETROIT
 OFFICE OF THE CHIEF FINANCIAL OFFICER
 OFFICE OF BUDGET
 BUDGET ADMINISTRATION

#2738
 MAY 01 2019

Coleman A. Young Municipal Center
 2 Woodward Avenue, Suite 1106
 Detroit, MI 48226
 Phone: (313) 224-6260
 Fax: (313) 224-2827



April 29, 2019

Detroit City Council
 1340 Coleman A. Young Municipal Center
 Detroit, MI 48226

RE: Request To Amend the Detroit Police Department's Fiscal Year 2018-2019 Budget

Honorable City Council:

Pursuant to a September 20, 2018 joint directive of the Mayor and Chief of Police and resolution of the Board of Police Commissioners, the Detroit Police Department (DPD) established its own towing and storage operations. These operations will provide substantial benefits to the citizens of the City of Detroit including:

- Enhanced monitoring and oversight of the DPD towing activities.
- Assistance via fee waivers for individuals that qualify.
- Potential excess revenues to support DPD towing and other DPD operational needs.

The Fiscal Year 2019-2020 budget restricts use of revenue from the DPD's towing and storage operation consistent with the Resolution, and it is intended that future revenues from such operations be likewise restricted. In order to ensure that all revenues from the DPD's towing and storage operations are used exclusively for DPD purposes, we respectfully request authorization to establish Appropriation 20599 – Towing Operations in the Special Revenue Fund.

This appropriation will be used to capture all revenues generated by DPD operations including all towing, storage and administrative fees. These revenues will be appropriated, restricted and used exclusively to support the DPD towing and storage operations or other uses that directly support DPD's public safety operations.

A waiver of reconsideration is requested.

Sincerely,

Tanya Stoudemire, J.D.
 Deputy CFO/Budget Director

Cc: David Massaron, Acting Chief Financial Officer
 Stephanie Washington, City Council Liaison

CITY CLERK 2019 MAY 1 PM2:45



RESOLUTION

By Council Member _____

WHEREAS, pursuant to a September 20, 2018 joint directive of the Mayor and Chief of Police and resolution of the Board of Police Commissioners, the Detroit Police Department (DPD) established its own towing and storage operations; and

WHEREAS, these operations will provide substantial benefits to the citizens of the City of Detroit including:

- Enhanced monitoring and oversight of the DPD towing activities.
- Assistance via fee waivers for individuals that qualify.
- Potential excess revenues to support DPD towing and other operational needs; and

WHEREAS, the Fiscal Year 2019-2020 budget restricts use of revenue from the DPD's towing and storage operation consistent with this Resolution, and it is intended that future revenues from such operations be likewise restricted; and

WHEREAS, this resolution will ensure that all revenues from the DPD's towing and storage operation are used exclusively for DPD purposes.

NOW, THEREFORE, BE IT

RESOLVED, that the Budget Director is hereby authorized to amend the 2018-2019 Budget to establish Appropriation #20599 – Towing Operations and appropriate revenues in the Special Revenue Fund; AND BE IT FURTHER

RESOLVED, that this appropriation will be used to capture all revenues generated by DPD operations including towing, storage and administrative fees; AND BE IT FURTHER

RESOLVED, that these revenues will be appropriated, restricted and used exclusively to support the DPD towing and storage operations or other uses that directly support DPD's public safety operations; AND BE IT FURTHER

RESOLVED, that the Finance Director be and is hereby authorized to increase the necessary accounts and honor vouchers in accordance with the foregoing communication and regulations of the City of Detroit.



MEMORANDUM

TO: Lawrence Garcia, Law Department
Mr. Whittaker, Legislative Policy Division

CC: Honorable Colleagues
Louise Jones, Senior City Clerk

FROM: Council President Brenda Jones *BJ*

DATE: May 7, 2019

RE: Income Tax Ordinance

The City of Detroit does not collect income taxes owed by Detroit residents that are employed with businesses outside the city at the maximum rate. Therefore, the City of Detroit does not capture crucial income tax dollars to support city operations, neighborhood investments, and debt obligations. Therefore, the office of City Council President Brenda Jones requests that the Law Department draft an ordinance implementing the following:

1. The establishment of an Income Tax Outreach coordinator to track, inform, and enhance income tax collection for residents that are employed outside of the City of Detroit.
2. Requirements for quarterly updates on collection efforts and collection enhancement strategies for residents that are employed outside of the City of Detroit.
3. The establishment, with the input of the City of Detroit Income Tax Division, of an outreach strategy including but not limited to yearly mailings and outreach events to encourage businesses outside of the City of Detroit to withhold income taxes from Detroit residents and to enhance the collection of income taxes from Detroit residents that are employed with businesses outside of the City.