

Formal Session Agenda

2-4-20

Referrals

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



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

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 27, 2020

Honorable City Council

RE: **Milwaukee Junction Limited Dividend Housing Association Limited Liability Company – Payment in Lieu of Taxes (PILOT)**

MHT Housing, Inc. and Detroit Catholic Pastoral Alliance have formed Milwaukee Junction Limited Dividend Housing Association Limited Liability Company in order to develop the Project known as Milwaukee Junction Apartments. The Project consists of twenty-five (25) newly constructed family units located in a building in an area bounded by East Milwaukee on the north, Brush on the east, East Baltimore on the south and John R on the west.

The Project will include twenty-five (25) 1 bedroom/1 bath apartments. Further, the site will feature first-floor commercial space with 2,000 square feet for a lobby as well as office space, a community room, mailroom and bike storage.

A construction loan in the amount of \$3,472,995 with a permanent loan conversion option will be provided by Huntington National Bank. The City of Detroit will provide a HOME Investor Loan in the amount of \$1,086,474 and Community Development Block Grant funds in the amount of \$350,000. City Real Estate Advisors, LLC will make Capital Contributions of \$5,702,030 which includes the purchase of Low Income Housing Tax Credits. Additionally, the Sponsor has agreed to defer \$89,594 of the developer fee.

Rents for twenty (20) units will be reserved for low-income families and have been set at or below sixty percent (60%) of the area median income (AMI) with twenty percent (20%) of units at fifty percent (50%) AMI. Five (5) units will be market rate units. All twenty-five (25) 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. and Detroit Catholic Pastoral Alliance (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 construction of a housing project to be known as Milwaukee Junction Apartments consisting of twenty-five (25) units in one (1) building located on one (1) 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 twenty (20) 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 Milwaukee Junction 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

Milwaukee Junction Limited Dividend Housing Association Limited Liability Company

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

Lots 27 through 31, Patrick McGinnis Subdivision, according to the recorded plat thereof, as recorded in Liber 4, page 93 of plats, Wayne County Records.

Tax Parcel No. Ward 01, item 001872-6

Property Address: 258 East Milwaukee

2

City of Detroit
CITY COUNCIL
COUNCIL PRESIDENT BRENDA JONES

MEMORANDUM

TO: Nicole Sherard-Freeman, Executive Director
Workforce Development

Boysie Jackson, Chief Procurement Officer
City of Detroit

CC: Honorable Colleagues
Janice Winfrey, City Clerk
Stephanie Washington, Legislative Liaison

FROM: Council President Brenda Jones *BG*

DATE: January 29, 2020

RE: Employment Concerns: Vehicle Maintenance and Repair Contracts

After thorough review of vehicle maintenance and repair contracts during my inner office contracting opportunities review, I have observed the lack of Detroit residents employed on vehicle maintenance and repair contracts. There is also a low number of Detroit-headquartered businesses providing vehicle maintenance and repair services.

Please provide a report on how the Administration plans to address the lack of Detroit-Based and Detroit-Headquartered inclusion within vehicle maintenance and repair contracts.



City of Detroit
CITY COUNCIL
COUNCIL PRESIDENT BRENDA JONES



MEMORANDUM

TO: Lawrence Garcia, Corporation Counsel
City of Detroit

Boysie Jackson, Chief Procurement Officer
City of Detroit

CC: Honorable Colleagues
Janice Winfrey, City Clerk
Stephanie Washington, Legislative Liaison

FROM: Council President Brenda Jones *BQ*

DATE: January 29, 2020

RE: Procurement Ordinance Amendments

Type text here

Please draft the below amendments to the City of Detroit Procurement Ordinance:

1. Creation of a procurement process for multi-contracting procurement to increase access to contracting opportunities for Detroit-Based/Headquartered small and micro businesses through joint ventures and other multi-contracting strategies.
2. Reduction in equalization credits for Detroit-Based Businesses.
3. Increase in equalization credits for Detroit-Headquartered Businesses and Detroit-Resident Businesses.



4

City of Detroit
CITY COUNCIL
COUNCIL PRESIDENT BRENDA JONES

MEMORANDUM

TO: Don Rencher, Director
Housing and Revitalization Department

CC: Honorable Colleagues
Janice Winfrey, City Clerk
Stephanie Washington, Legislative Liaison

FROM: Council President Brenda Jones *BQ*

DATE: January 29, 2020

RE: Small Business Funding Report and Appropriation

Many small businesses within the City of Detroit that desire to do business with the City of Detroit lack capacity and funding to take advantage of contracting opportunities.

Please provide a report on the feasibility of restructuring current programs and initiatives to provide funding support to small businesses in need of assistance to deliver services to successfully bid on city contracts.

If feasible, during the FY20-21 Budget, please allocate additional funding for small business assistance related to contracting opportunities within the City of Detroit.