



Legislation Details (With Text)

**File #:** 21-0772      **Version:** 2      **Name:** 5/17/21 Resolution to Approve a Payment in Lieu of Taxes (PILOT) for Lockwood of Ann Arbor, 2195 East Ellsworth

**Type:** Resolution      **Status:** Passed

**File created:** 5/17/2021      **In control:** City Council

**On agenda:** 5/17/2021      **Final action:** 5/17/2021

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**Title:** Resolution to Approve a Payment in Lieu of Taxes (PILOT) for Lockwood of Ann Arbor, 2195 East Ellsworth

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
5/17/2021	2	City Council	Approved	Pass

Resolution to Approve a Payment in Lieu of Taxes (PILOT) for Lockwood of Ann Arbor, 2195 East Ellsworth

Lockwood Companies, LLC (or an affiliated entity as required by funding sources), will be acquiring a portion of the property at 2195 East Ellsworth as further described in the attached resolution for the purpose of building 154 senior units, of which 65 are reserved for seniors at or below 60% of the Area Median Income (AMI).

Lockwood Companies has applied for Low Income Housing Tax Credits (LIHTC) from the Michigan State Housing Development Authority (MSHDA) which would have a related mortgage apply to the entire property.

In Chapter 19 of the City’s Code of Ordinances, tax exemptions are available for both affordable units and those for seniors.

- All affordable housing units that meet the requirements of the ordinance will be taxed at the rate of \$1 per unit (65 units)
- All housing exclusively for elderly persons as described in the ordinance, are taxed at the rate of 4% of contract rents (as defined by the rules pursuant to the Housing and Community Development Act of 1974 as amended) (89 units)

City Council approved the Planned Unit Development rezoning and site plan for Lockwood of Ann Arbor on Dec. 21, 2020

City staff recommends approval of this resolution.

Prepared By: Teresa Gillotti, Director, Office of Community and Economic Development

Reviewed By: Derek Delacourt, Community Services Area Administrator

Approved By: Tom Crawford, City Administrator

WHEREAS, Lockwood Companies, LLC (or an affiliated entity as required by funding sources), will be acquiring the property and building approximately 65 units of senior affordable housing and 89 units of market rate senior housing;

WHEREAS, Lockwood Companies has applied for Low Income Housing Tax Credits (LIHTC) from the Michigan State Housing Development Authority (MSHDA) for the entire project;

WHEREAS, The Ann Arbor City Council hereby determines that Lockwood of Ann Arbor will be qualified for and should be granted a Payment in Lieu of Taxes (PILOT), the exemption from all property taxes, as provided in the State Housing Development Authority Act and pursuant to Chapter 19, 1:651 of the Code of the City of Ann Arbor;

WHEREAS, That exemption will allow for the rate of \$1 per unit of the affordable units and 4% of contract rents for senior market-rate units;

RESOLVED, Notwithstanding the provisions of Section 15(a)(5) of the State Housing Development Act to the contrary, a contract to provide tax exemption and accept payment in lieu of taxes, as previously described, between the City of Ann Arbor and Lockwood Companies, LLC, or its affiliate, with the Michigan State Housing Development Authority as third party beneficiary under this contract, is effectuated by adoption of this resolution; and its successors and assigns, on the following parcel of property:

Land situated in the City of Ann Arbor, County of Washtenaw, State of Michigan described as follows:

Commencing at the Southwest corner of Section 10, T3S, R6E, Pittsfield Township, Washtenaw County, Michigan; thence North 87 degrees 54'25" East 832.65 feet (measured North 87 degrees 54'25" East 832.26 feet) along the South line of said Section and the centerline of Ellsworth Road for a Place of Beginning; thence North 0 degrees 53'05" West 687.12 feet; thence North 87 degrees 47' East 502.23 feet (measured as North 87 degrees 47'00" East 502.50 feet); thence South 0 degrees 43'20" East 688.25 feet (measured as South 00 degrees 44'00" East 688.25 feet) along the N & S 1/4 line of the Southwest 1/4 of said Section (as monumented) and the boundary line of Arbor Oaks Subdivision No. 1 as recorded in Liber 19 of Plats, Page 67 through 71, Washtenaw County Records; thence South 87 degrees 54'25" West 500.25 feet (measured as South 87 degrees 54'25" West 500.66 feet) along the South line of said Section and the centerline of Ellsworth Road to the Place of Beginning. Being a part of the SW1/4 of Section 10, T3S, R6E, Pittsfield Township (now City of Ann Arbor), Washtenaw County, Michigan.

RESOLVED, That pursuant to Chapter 19, 1:651 of the Code of the City of Ann Arbor, the project shall pay a service charge equal to one dollar (\$1.00) for the assisted units as provided by the Michigan State Housing Development Authority Act;

RESOLVED, That pursuant to Chapter 19, 1:651 of the Code of the City of Ann Arbor the senior market rate units shall pay a service charge equal to 4% of contract rents as provided by the Michigan State Housing Development Authority Act;

RESOLVED, That the tax exemption shall be effective on December 31st of the year in which the resolution is adopted, subject to receipt from the Michigan State Housing Development Authority of the "Notification to Local Assessor of Exemption" for the property;

RESOLVED, That the resolution shall remain in effect and shall not terminate so long as a federally-aided mortgage loan remains outstanding and unpaid and the housing project remains subject to income and rent restrictions under the Low Income Housing Tax Credit program for the affordable units ;and

RESOLVED, That the resolution shall remain in effect and shall not terminate so long as a the market-rate senior units are occupied by seniors per both City and State code;

RESOLVED, That the owner shall, at the request of the city, submit to it such evidence as may be necessary to verify both low income and senior occupancy during duration of the PILOT; and

RESOLVED, That the City Administrator is authorized to take necessary administrative actions to implement this resolution.