



Legislation Text

File #: 23-1534, **Version:** 2

Resolution to Approve a Payment in Lieu of Taxes (PILOT) for Courthouse Square Apartments - 100 S. Fourth Avenue, Ann Arbor, MI 48104

A2 Courthouse Square Limited Dividend Housing Association, LLC ("Courthouse Square") is the property owner of Courthouse Square Apartment, a 116-unit affordable rental development for seniors located at 100 S. Fourth Avenue.

Courthouse Square currently has a PILOT in place with the City of Ann Arbor (the "City") under which it pays an annual service charge of four percent (4%) of the contract rents of the preceding calendar year. The 4% service charge is based on a stipulation within the City's original PILOT ordinance that addresses housing exclusively for elderly persons.

When the City amended its PILOT ordinance on February 21, 2023 (Enactment #ORD-23-06), it removed the reference to housing projects for the elderly, in part because all such qualifying projects in the City also qualify for a PILOT based on the income status of their residents.

Courthouse Square requests to amend their existing PILOT with the City to replace the annual service charge of 4% of contract rents with an annual service charge of one dollar (\$1) per unit.

Prepared By: Tara Cohen, OCED Housing & Infrastructure Manager

Reviewed By: Derek Delacourt, Community Services Area Administrator

Approved By: Milton Dohoney Jr., City Administrator

Whereas, A2 Courthouse Square Limited Dividend Housing Association, LLC, or "Courthouse Square," is the owner of a 116-unit affordable rental development for seniors at 100 S. Fourth Avenue in the City of Ann Arbor, referred to as the "Courthouse Square Project;"

Whereas, Courthouse Square has received Low Income Housing Tax Credits (LIHTC) from the Michigan State Housing Development Authority (MSHDA) for the Courthouse Square Project;

Whereas, City Council has approved an amendment to Chapter 19 of City Code that took effect June 7, 2023; and

Whereas, City Council has determined that, under the amended Chapter 19 of City Code, the Courthouse Square Project continues to be qualified for and should be granted a tax exemption and pay an annual service charge in lieu of taxes;

RESOLVED, That the Courthouse Square Project, located at 100 S. Fourth Street in the City of Ann Arbor, is exempted from all ad valorem property taxes and shall pay an annual service charge in lieu of taxes equal to one dollar (\$1) for each eligible housing unit in the housing project, as provided by Chapter 19 of City Code and the Michigan State Housing Development Authority Act, said housing project being the following real property:

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

Lot 1 and part of Lot 2 in Block 1 South, Range 4 East, Original Plat to the Village (now City) of Ann Arbor, as recorded in Transcript Page 152, Washtenaw County Records, described as: Beginning at the intersection of the South line of Huron Street and the West line of Fourth Avenue; thence North 89 degrees 52 minutes 46 seconds West 115.67 feet along the South line of Huron Street; thence South 01 degrees 00 minutes 26 seconds West 131.94 feet; thence South 89 degrees 49 minutes 22 seconds East 117.99 feet to the West line of Fourth Avenue; thence North 00 degrees 00 minutes 00 seconds East 132.04 along the West line of Fourth Avenue to the point of beginning

Together With:

Easement for ingress and egress as disclosed in the instrument recorded in Liber 3199, Page 764, Washtenaw County Records.

RESOLVED, That the tax exemption shall be effective on December 31st of the year in which this resolution is adopted, conditioned upon receipt by the City from the Michigan State Housing Development Authority of a "Notification to Local Assessor of Exemption" for the Courthouse Square Project;

RESOLVED, That this resolution shall remain in effect and shall not terminate so long as both (1) the Courthouse Square Project remains eligible for tax exemption under Chapter 19 of City Code and state and federal law, and (2) a state or federally-aided mortgage loan remains outstanding and unpaid on the Courthouse Square Project, as provided in Chapter 19 of City Code;

RESOLVED, That, notwithstanding the provisions of Section 15(a)(5) of the Michigan State Housing Development Act (MCL 125.1401 et seq.) to the contrary, a contract between the City of Ann Arbor and Courthouse Square, with the Michigan State Housing Development Authority as third party beneficiary under the contract, to provide this tax exemption and accept payments in lieu of taxes, is effectuated by adoption of this resolution;

RESOLVED, That Courthouse Square shall, upon request by the City, provide evidence to verify continuing eligibility for tax exemption under Chapter 19 of City Code; and

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