**AGENDA**
**Committee on Development and Planning**
**Monday, February 5, 2018 @ 4:00 p.m.**
**10th Floor Conference Room, City Hall**

Councilmember Adam Hussain, Chair
Councilmember Patricia Spitzley, Vice Chair
Councilmember Jody Washington, Member

1. **Call to Order**

2. **Public Comment on Agenda Items**

3. **Minutes**
   - November 20, 2017

4. **Discussion/Action:**
   **A.)** RESOLUTION – SLU-4-2017; 735 E. Hazel Street; Residential Use in Heavy Industrial

   **B.)** RESOLUTION – Introduction and Setting of Public Hearing; PILOT; Porter Senior Apartments; 505 Townsend Street

5) **Other**

6) **Adjourn**

# PUBLIC COMMENT AND SIGN IN SHEET

COMMITTEE ON DEVELOPMENT & PLANNING

DATE Feb 5, 2018

*Please print*

| NAME | ADDRESS | Purpose for Attending | Email Address | PHONE |
|---|---|---|---|---|
| Don Kirkwood | | EDP | | |
| Brian McGrain | | E.D.P. | | |
| Sue Stachowiak | | Planning | | |
| Elaine Womboldt | | RSL | | |
| Kevin A McKinney | | Hazel St project | | |
| Thadd Gormas | | Hazel St. Project | | |
| Jeff Deehan | Urban Systems | Hazel Street | | |
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DRAFT

**MINUTES**
**Committee on Development and Planning**
**Monday, November 20, 2017 @ 4:00 p.m.**
**Council Conference Room, City Hall 10th Floor**

**CALL TO ORDER**
Called to order at 4:00 p.m.

**PRESENT**
Council Member Brown Clarke, Chair
Council Member Yorko, Vice-Chair
Council Member Houghton, Member- excused
Council Member Hussain, Member

**OTHERS PRESENT**
Sherrie Boak, Council Staff
Greg Venker, Assistant City Attorney
Bob Johnson, Planning & Neighborhood Development Director
Eric Schertzing, Ingham County Treasurer
David Wiener, Southside Community Coalition
Kathy Miles
Elaine Womboldt

**PUBLIC COMMENT**
No public comment at this time.

**MINUTES**
MOTION BY COUNCIL MEMBER YORKO TO APPROVE THE MINUTES FROM NOVEMBER 6, 2017. MOTION CARRIED 3-0.

**DISCUSSION/ACTION**
RESOLUTION – Objecting to Transfer of Unsold Tax Reverted Properties for the Ingham County Treasurer to the City of Lansing
Mr. Johnson recapped to the Committee that this was an annual review and option to reject parcels from the County. In this resolution there were 107 parcels and the Administration is recommending rejection of all 107 parcels. Mr. Johnson did confirm however that there were two (2) parcels they were considering, one on Grand River near Seymour and one on Holmes, the former Hope Academy. After review of the parcels, standing and options the Administration decided not to pursue pulling those two parcels from the list so as to obtain them.

MOTION BY COUNCIL MEMBER YORKO TO APPROVE THE RESOLUTION FOR OBJECTING TO TRANSFER OF UNSOLD TAX REVERTED PROPERTIES FOR THE INGHAM COUNTY TREASURER TO THE CITY OF LANSING. MOTION CARRED 3-0.

<u>RESOLUTION – ACT-8-2017; Acquisition of Simken Properties</u>
Dave Wiener, Southside Community Coalition was introduced by Mr. Johnson, and then Mr. Johnson outlined the area and the history on the site (reference map in packet). In 2007 there was a fire which damaged the building. In 2008 the owner informed the City he was going to disconnect the utilities, and being proactive the City contacted the utility companies to confirm, and then informed the tenants of the action. If there were no active utilities it would be a violation and uninhabitable, therefore the tenants would have to leave. In 2010 three buildings on the three parcels were demolished. Bankview Financial became the lender and mortgage holder and after time, let the three parcels go for tax foreclosure. The Southside Community Coalition abuts the properties and currently all the properties are vacant. The Southside Community Coalition has plans to install a soccer field, Beacon Field #2; trails, and utilize the other ecological features The City and the Coalition have been working with the Ingham County Land bank where they will both agree to sell the three parcels to the City for $1 per parcel. They will then go into an agreement with the City for the land to be used for a recreational property. Mr. Johnson pointed out that this is not parks property, however if the coalition chooses not to use for recreational property, it will revert back to the County Land bank. Council Member Brown Clarke asked Mr. Johnson if the area would be ever considered recreational since the City is purchasing from the Land back for $1 per parcel. Mr. Johnson clarified it would be deemed as City owned property and the City will then have an agreement with Southside Coalition to manage it. All maintenance and overseeing is the Southside Coalition. She then inquired as into when or why the Coalition cannot buy from the City. Mr. Johnson stated they have not considered it. Council Member Hussain asked what the advantage would be to having a partnership with the City and the non-profit organization of Southside Coalition. Mr. Johnson noted that one advantage would be adding a park to the City inventory. Mr. Wiener provided an answer to an earlier question on their ownership into the park, admitting that they do not feel they are ready to take ownership at this point. Currently they are partnering with the Capital Area Soccer League, Health Department, LEAP and a new organization of merchants in the southwest area of Lansing. Acquiring this property is the first step in developing the area, and someday they could be ready to purchase and own the property. Mr. Johnson added that the City is currently the conduit in terms of working towards their goal of ownership.

Council Member Yorko provided information on the role of the Ingham County Health Department in the network of Best Health Partners, and their research into the neighborhoods in the City where there were poor health outcomes and the best area to place this park.

Mr. Venker recommended a modification to resolution, in the 6th WHEREAS, eliminating the bullet points, and changing it to stated “with reverter clauses, which shall be recited in the deed of transfer”. Mr. Johnson pointed out to the Committee that the Zoning Ordinance does not allow for medical marihuana dispensaries or a casino and so they wanted it called out.

Ms. Womboldt spoke in support of the project.

Ms. Mills asked about repairs at the former Hope Academy building. Council Member Brown Clarke stated that once that property goes back to the Land bank, who ever purchases it will have the ability to make the repairs.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION FOR ACT-8-2017; ACQUISITION OF SIMKEN PROPERITES. MOTION CARRIED 3-0.

**Other**
No other comments.

**Adjourn**
Adjourn at 4:39 p.m.
Submitted by, Sherrie Boak,
Recording Secretary,
Lansing City Council
Approved by the Committee on_________________

## GENERAL INFORMATION

| | |
|---|---|
| **APPLICANT:** | Brent Forsberg<br>Funk Zone Investors, LLC<br>2422 Jolly Road, Suite 200<br>Okemos, MI 48864 |
| **STATUS OF APPLICANT:** | Owner |
| **REQUESTED ACTION:** | Special Land Use permit to allow residential use in the "I" Heavy Industrial District at 735 E. Hazel Street |
| **EXISTING LAND USE:** | Vacant building |
| **EXISTING ZONING:** | "I" Heavy Industrial District |
| **PROPERTY SIZE & SHAPE:** | rectangular lot – 130,515 square feet – 3.218 acres |
| **SURROUNDING LAND USE:** | N: Industrial<br>S: Utility<br>E: Utility<br>W: Industrial |
| **SURROUNDING ZONING:** | N: "I" Heavy Industrial District<br>S: "I" Heavy Industrial District<br>E: "H" Light Industrial District<br>W: "H" Light Industrial District |
| **MASTER PLAN DESIGNATION:** | The Design Lansing Comprehensive Plan designates the subject property for "Light Industrial Use. Hazel Street is designated as a local road. |

**APPLICANT'S PROPOSAL:**

This is a request by Funk Zone Investors, LLC for a special land use permit to permit the conversion of the building at 735 E. Hazel Street into residential apartments (maximum of 160 units). Residential use is permitted in the "I" Heavy Industrial district, which is the zoning designation of the subject property, if a special land use permit is approved by the Lansing City Council.

## AGENCY RESPONSES:

Building Safety: No objections.

Development:

Fire Marshal:

Parks & Recreation: No comments.

Public Service:

Transportation: The Transportation and Non-Motorized Section of the Public Service Department has no objections or requirements related to this proposed SLU application.

## ANALYSIS

**Section 1282.03(f)(1)-(9) sets forth the criteria which must be used to evaluate a Special Land Use permit request. The criteria and evaluation are as follows.**

1. **Is the proposed special land use designed, constructed, operated and maintained in a manner harmonious with the character of adjacent property and the surrounding area?**

   The subject property is located in an area that is zoned industrial and predominantly used for industrial purposes. The applicant is seeking a special land use permit to renovate the existing building at 735 E. Hazel Street for up to 160 residential apartment units. The applicant has stated that he may have some commercial or offices uses in the building as well, both of which would be permitted by right. The site is zoned "I" Heavy Industrial, which district permits residential use to the density of the "DM-4" Residential districts, if a special land use permit is approved by the City Council following review and recommendation by the Planning Board.

   The proposed residential use will be harmonious with and bring a renewed sense of vitality to the area in which it will be located. The proposed residential apartments will not generate conditions that would negatively impact any of the surrounding use. Correspondingly, the industrial businesses that already exist in the area are relatively low impact uses and should not have any negative impacts on the quality of life for the future residents of the building. There are residential homes currently located one block to both the east and west of the subject property and staff is not aware of any concerns from the residents with respect to the surrounding industrial uses.

2. **Will the proposed special land use change the essential character of the area?**

   The proposed special land use will change the essential character of the area to the extent that it would place a residential use on a property that is surrounded on all 4 sides by industrial uses. There are, however, other residential uses in the area. The properties along Beech Street, located one block to the west, are zoned "H" Light Industrial and are being used for single and 2-family residential dwellings. The properties along Raider Street, located one block to the east are zoned "C" Residential and are also being used for single and 2-family dwellings. The proposed 160 residential units will introduce a new level of activity to the area but that should have a positive impact as the area right now is relatively devoid of much activity outside of what is minimally generated by the industrial uses.

3. **Will the proposed special land use interfere with the enjoyment of adjacent property?**

The proposed residential use will not interfere with the enjoyment of adjacent properties, all of which are zoned and being used for industrial purposes. There are several uses that would be permitted by right on the subject property, given its 'I" Heavy Industrial zoning, that would have the propensity to generate noise, odors, vibrations, dust, heavy traffic and unsightly conditions which could impact the area and the nearby residences in particular. The proposed residential use, by contrast, will be quiet and will not generate heavy truck traffic or any other conditions that may be hazardous, unsightly or disturbing to the surrounding area.

4. **Will the proposed special land use represent an improvement to the use or character of property under consideration and the surrounding area in general, and will the use be in keeping with the natural environment of the lot?**

The proposed development represents a substantial improvement to the use and character of the property and the surrounding area in general. The site currently contains a vacant building that is in need of significant rehabilitation which detracts, rather than contributes to the surrounding area.

5. **Will the proposed special land use be hazardous to adjacent property or involve uses, activities, materials or equipment which are detrimental to the health, safety or welfare of persons or property through the excessive production of traffic, noise, smoke, odor, fumes or glare?**

The proposed residential use will not generate any hazardous conditions. No smoke, fumes, noise, odors or excessive traffic production will result from conversion of the building to residential use. In fact, unlike the proposed residential use, many of the uses that would be permitted by right under the "I" Heavy Industrial district, such as industrial scrap processing, industrial waste treatment facilities, drop forges, heavy manufacturing, and junk yards would have a strong propensity to generate noise, odors, smoke fumes and heavy truck traffic.

6. **Will the proposed special land use be adequately served by essential public facilities and services, or is it demonstrated that the person responsible for the proposed special land use is able to continually provide adequately for the services and facilities deemed essential to the special land use under consideration?**

The transportation system in the area is more than adequate to accommodate the traffic that would be generated by the proposed use. All necessary utilities are available to the site and any upgrades necessary to accommodate the proposed use would be determined during the permitting phase of the project. Such upgrades would be at the sole expense of the developer.

7. **Will the proposed special land use place demand on public services and facilities in excess of current capacity?**

See response to item 6 above.

8. **Is the proposed special land use consistent with the intent and purpose of this Zoning Code and the objectives of any currently adopted Comprehensive Plan?**

The proposed residential development will be consistent with the intent and purpose of both the Zoning Ordinance and the Design Lansing Master Plan. The Zoning Ordinance permits residential land use in the "H" Light & "I" Heavy Industrial districts, with a special land use permit, when it can be determined through an analysis of the criteria contained in Section 1282.03(f)(1)-(9) of the Zoning Ordinance, that such use is appropriate for the proposed location. In this case, the proposed development meets or exceeds all of the criteria necessary for authorization of the special land use permit.

The Design Lansing Comprehensive Plan designates the subject property for "Light Industrial" use. There has been numerous special land use permits issued over the past several years to permit new residential construction on industrially zoned properties and the conversion of existing industrial buildings to residential apartments/condominiums. These developments have all had positive outcomes. Furthermore, the special land use permits have allowed for adaptive reuse of buildings that may have otherwise remained vacant and continued to deteriorate. Reuse of the building that is the subject of this request would be difficult for anything other than warehousing, storage or as a grow facility, given its age and layout. The special land use allows for a higher and better use of the subject property but would not preclude reuse of the building for any other use permitted under the "I" Heavy Industrial district such as those previously mentioned.

9. **Will the proposed special land use meet the dimensional requirements of the district in which the property is located?**

Since the site is zoned "I" Heavy Industrial and is surrounded on all sides by industrial zoning, there are no setback requirements, other than what may be required by the Building Code based on the building design/construction type.

The allowable number of units is based on the following:

(a) For each efficiency dwelling unit there shall be 500 square feet of lot area.
(b) For each one-bedroom dwelling unit there shall be 700 square feet of lot area.
(c) For each two-bedroom dwelling unit there shall be 950 square feet of lot area.
(d) For each three-bedroom dwelling unit, or any dwelling with more than three bedrooms, there shall be 1,400 square feet of lot area.

The site is 130,515 square feet in area, the proposed building could contain 261 efficiency units, 186 1-bedroom units, 137 2-bedroom units, 93 3+ bedroom units or any combination thereof, based on the above lot area requirements. The applicant is proposing a maximum of 160 units but has not provided a breakdown of the number of units by bedroom count.

The required number of parking spaces is based on the number of units by bedroom count:

A. Dwelling units with two or more bedrooms, two spaces;
B. Dwelling units with one bedroom, one and one-half spaces; and
C. Efficiency dwelling unit, one space.

## SUMMARY

This is a request by Funk Zone Investors, LLC for a special land use permit to permit the conversion of the building at 735 E. Hazel Street into residential apartments (maximum of 160 units). Residential use is permitted in the "I" Heavy Industrial district, which is the zoning designation of the subject property, if a special land use permit is approved by the Lansing City Council.

Based on the findings contained in this staff report, the proposal complies with all of the criteria of Section 1282.03(f)(1)-(9) of the *Zoning Code* for evaluating Special Land Use permits.

1. The proposed Special Land Use will be harmonious with the character of adjacent properties and surrounding uses.
2. The proposed Special Land Use will not change the essential character of the surrounding properties.
3. The proposed Special Land Use will not interfere with the general enjoyment of adjacent properties.
4. The proposed Special Land Use does represent an improvement to the lot as it currently exists.
5. The proposed Special Land Use will not be hazardous to adjacent properties.
6. The proposed Special Land Use may be adequately served by public services and utilities or upgraded at the sole expense of the developer.
7. Should the proposed Special Land Use place any demands on public services and facilities in excess of current capacities, it will be at the sole expense of the developer to make the upgrades necessary to accommodate the proposed development.
8. The proposed Special Land Use is consistent with the designations of the Zoning Code and the Design Lansing Comprehensive Plans.
9. The proposed Special Land Use will comply with the dimensional requirements of the Zoning Ordinance.

## RECOMMENDATION

Staff recommends approval of SLU-4-2017, a special land use permit to permit the conversion of the building at 735 E. Hazel Street to multiple family residential apartments, based upon the findings of fact as outlined in this staff report.

**Respectfully Submitted,**

**Susan Stachowiak**
**Zoning Administrator**



AB design studio, inc.
architecture | interior design | urban planning

AB design studio, inc.
420 EAST HALEY STREET | SANTA BARBARA, CA 93101
P : 805.963.2100 E : INFO@ABDESIGNSTUDIOINC.COM
W W W . A B D E S I G N S T U D I O I N C . C O M




DATE : 02/16/2017 PROJECT # : 17012.00

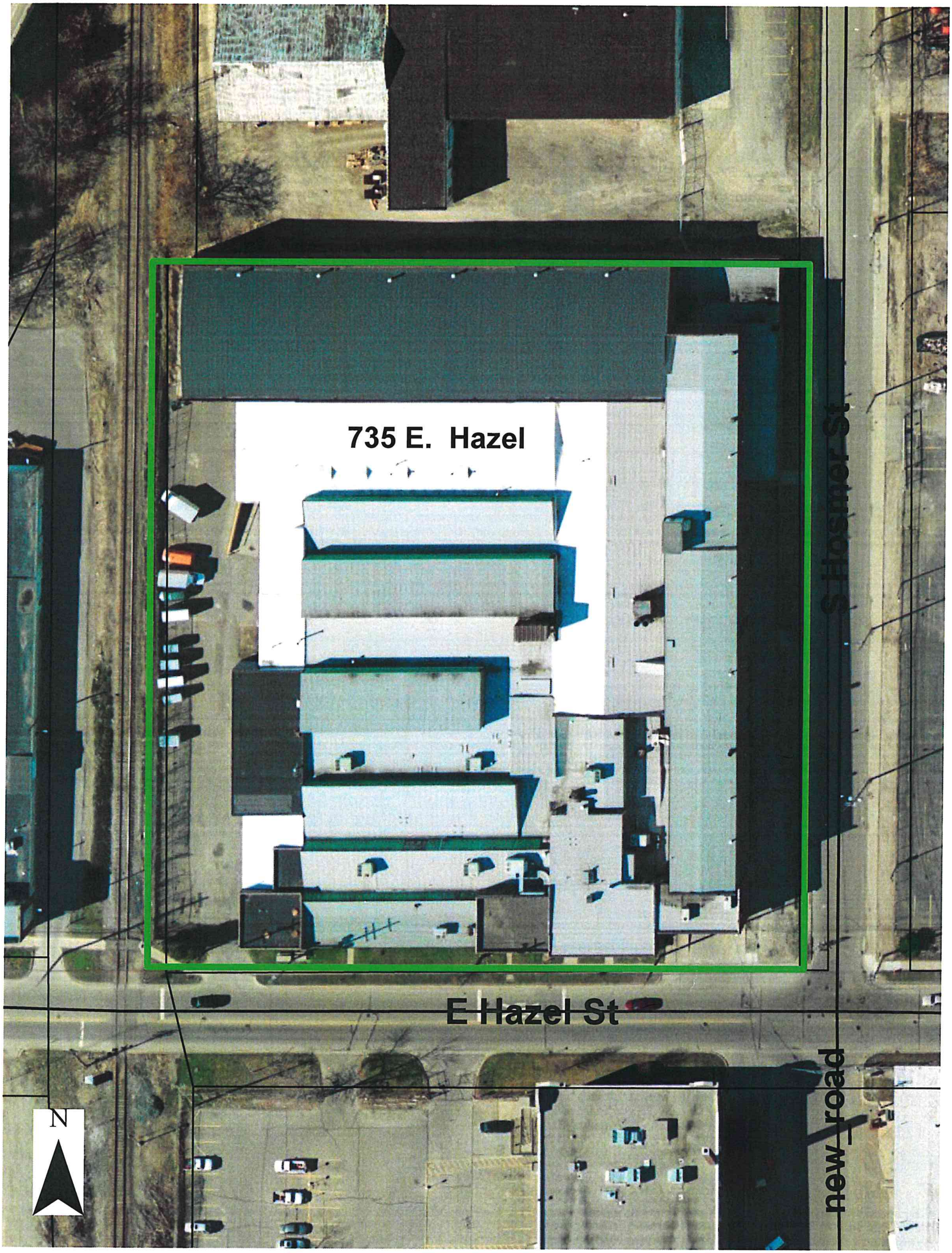
PROJECT NAME : 735 HAZEL ST. - THE WING

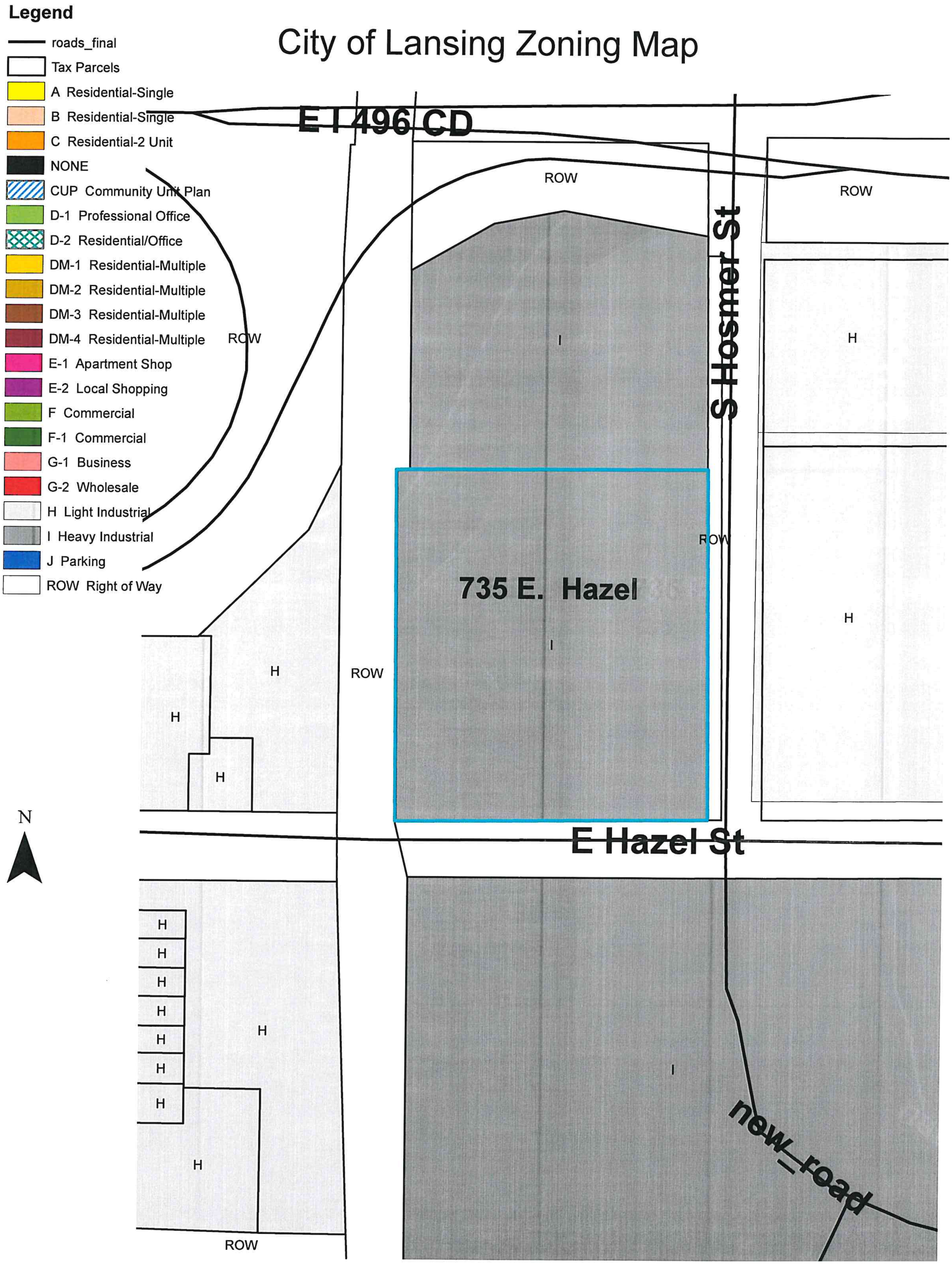
NOTES :

SHEET 1/8

**Image/Sketch for Parcel:** 33-01-01-22-105-001

**Image/Sketch for Parcel:** 33-01-01-22-105-001


735 E. Hazel
S Hosmer St
E Hazel St
new_road
N


City of Lansing Zoning Map
Legend
roads_final
Tax Parcels
A Residential-Single
B Residential-Single
C Residential-2 Unit
NONE
CUP Community Unit Plan
D-1 Professional Office
D-2 Residential/Office
DM-1 Residential-Multiple
DM-2 Residential-Multiple
DM-3 Residential-Multiple
DM-4 Residential-Multiple
E-1 Apartment Shop
E-2 Local Shopping
F Commercial
F-1 Commercial
G-1 Business
G-2 Wholesale
H Light Industrial
I Heavy Industrial
J Parking
ROW Right of Way
E I 496 CD
S Hosmer St
E Hazel St
new_road
735 E. Hazel
ROW
H
I
N

BY THE COMMITTEE OF DEVELOPMENT AND PLANNING
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

**SLU-4-2017**
**Residential Use in the "I" Heavy Industrial District**
**735 E. Hazel Street**

WHEREAS, Funk Zone Investors, LLC has requested a special land use permit to permit the conversion of the building at 735 E. Hazel Street into residential apartments, up to 160 units; and

WHEREAS, the property is zoned "I" Heavy Industrial District, where residential use is permitted subject to obtaining a special land use permit; and

WHEREAS, a review was completed by staff evaluating the character, location and impact of the proposal on the surrounding area, the environment and public services as well as its consistency with the existing zoning and land use patterns in the area and with the objectives of the Design Lansing Comprehensive Plan; and

WHEREAS, the Planning Board held a public hearing on October 3, 2017, at which the applicant's representative and three area residents spoke in favor of the request; and

WHEREAS, the Planning Board, at its October 3, 2017 meeting, voted (5-0) to recommend approval of SLU-4-2017, a special land use permit to allow the conversion of the building at 735 E. Hazel Street into residential apartments (maximum of 160 units); and

WHEREAS, the City Council held a public hearing regarding SLU-4-2017 on 2017; and

WHEREAS, the Committee on Development and Planning has reviewed the report and recommendation of the Planning Board and concurs therewith; and

NOW THEREFORE BE IT RESOLVED that the Lansing City Council hereby approves SLU-4-2017, a special land use permit to allow the conversion of the building at 735 E. Hazel Street into residential apartments (maximum of 160 units).

BE IT FURTHER RESOLVED that this special land use permit shall remain in effect only so long as the petitioner fully complies with this resolution, and if the petitioner fails to comply, the special land use permit may be terminated by City Council Resolution.

BE IT FINALLY RESOLVED that in granting this request, the City Council determines the following:

1. The proposed residential use is compatible with the essential character of the surrounding area, as designed.
2. The proposed residential use will not change the essential character of the surrounding area.

3. The proposed residential use will not interfere with the general enjoyment of adjacent properties.
4. The proposed residential use will not impact adjacent properties as it will not be detrimental to the use or character of the property under consideration.
5. The proposed residential use will not impact the health, safety and welfare of persons or property in the surrounding area.
6. The proposed Special Land Use may be adequately served by public services and utilities or upgraded at the sole expense of the developer.
7. Should the proposed Special Land Use place any demands on public services and facilities in excess of current capacities, it will be at the sole expense of the developer to make the upgrades necessary to accommodate the proposed development.
8. The proposed residential use is consistent with the intent and purposes of the Zoning Code and the Design Lansing Master Plan.
9. The proposed residential use will comply with the requirements of the “I” Heavy Industrial District.

9/14/2017

Donald J. Kulhanek
Development Manager, Development Office
Department of Planning and Neighborhood Development
316 N. Capitol Ave., Suite D-2
Lansing, MI 48933

RE: Porter Senior Apartments
PILOT Extension Request
Executive Summary

Dear Mr. Kulhanek,

Per our conversations, please find below a detailed description of the proposed Porter Senior Apartments rehab project at 505 Townsend St. Lansing, MI 48933 as it relates to our request for a maximum-allowed PILOT agreement extension.

## I. TYPE OF PROJECT:

Porter Senior Apartments is a proposed acquisition/rehab of a 6 story mid-rise building located 505 Townsend St. Lansing, Michigan 48933. The building was built 1920 on .97 acres or 42,100sqft. in the heart of Lansing. The project seeks to bring the building up to modern standards of affordable living by expending approximately $30,000/unit on new windows, flooring, roof, pull cord system, generator, appliances and fixtures, elevator upgrades, a conversion of the current steam energy system to a water radiant system and more. For a full description and pricing, please see the enclosed preliminary proposed scope of work.

## II. TENANTS SERVED:

Porter Senior Apartments provides affordable housing to the elderly and disabled communities of Lansing and the surrounding areas. Porter Senior Apartments is the beneficiary of a Section 8 HAP Contract that provides rental subsidy to all of its 98 units. The contract is currently in process of being renewed for 20 years. A recent Rent Schedule is provided for your review.

## III. PORTER'S CURRENT CONDITION:

The current condition at Porter Senior Apartments is the result of an old building with few opportunities for rehab. The last investment made into Porter was in 2005 by the previous owner who, in contemplation of a sale to the current owner, Porter Partners LDHA, LLC, spent approximately $294,000 on repairs. Prior to the 2005 sale, the previous owner installed and transitioned utilities to a steam-power system that has, over time, proven to be a very costly utility due to the high cost of steam generation and the few vendors available to maintain the unit. For these reasons and more, Porter Senior Apartments has fallen behind in maintenance and fears slipping further below the standard for affordable housing conditions. Currently, many units can be found with damaged, unsecure, or missing windows, window screens, and window seals, faulty electrical systems (GFIs), holes in or deteriorated walls, paint peeling, damaged toilets and tubs, damaged doors, damaged or inoperable appliances, and more.

## IV. REASON FOR REQUEST:

For the reasons stated above, Porter Senior Apartments is in need of a major rehabilitation. The proposed method to rehabilitate the building is to undergo a low income housing tax credit (LIHTC) acquisition and rehabilitation of the property through Michigan State Housing Development Authority (MSHDA). This transaction only works through a competitive process to obtain 9% LIHTCs and in order to obtain the maximum amount of points possible, MSHDA requests that buildings obtain a Payment in Lieu of Taxes agreement that extends beyond 15 years of their compliance period, which if we are successful in our application would begin in 2018. For this reason, we request an extension of our current rents which began which began in 1982 and ends in 2022, pursuant to Lansing City Ordinance 884.01. In order to comply with the MSHDA requirement, the PILOT would need to be extended, at a minimum, to 2033. However, for conservative purposes (in the chance that we are not awarded this year) we would like to request an extension for the longest period of time the committee would allow.

Finally, as requested, attached is a list of our proposed Development Team.

Thank you very much for your time and your consideration towards this matter. We look forward to continually serving the low-income community of Lansing and the greater Lansing area. If you have any questions or concerns, please do not hesitate to contact me at ricky@ccinvest.com or (805) 495-8400 ext. 627.

Best Regards,

Ricky Figueroa, JD
Acquisitions Project Manager
California Commercial Investment Group, Inc.

**DEVELOPMENT TEAM INFORMATION:**

**Proposed Owner:**
Porter TC Senior Apartments, LP
Ricky Figueroa
4530 Thousand Oaks Blvd., Suite 100
Westlake Village, CA 91362
805.495.8400 x 627
ricky@ccinvest.com

**Proposed Owner GP:**
Porter TC GP, LLC
Ricky Figueroa
4530 Thousand Oaks Blvd., Suite 100
Westlake Village, CA 91362
805.495.8400 x 627
ricky@ccinvest.com

**Sponsor/Developer:**
GLTC Partners, LLC
Ricky Figueroa
4530 Thousand Oaks Blvd., Suite 100
Westlake Village, CA 91362
805.495.8400 x 627
ricky@ccinvest.com

**Management Entity:**
California Commercial Investment Group, Inc.
Scott Heaton
4530 Thousand Oaks Blvd., Suite 100
Westlake Village, CA 91362
805.495.8400
scott@ccinvest.com

**Project Attorney:**
Cox, Castle, & Nicholson, LLC
Steven Ryan
555 California Street, 10th Floor
San Francisco, CA 94104
(415) 262-5150
Sryan@coxcastle.com

**Project Accountant**:
Tidwell Group
Garrick Gibson
3102 Bee Caves Road, Suite 102
Austin, TX 78746
(512) 693-2183
garrick.gibson@thefctgroup.com

**General Contractor:**
Wolverine Group
Aaron Jonker
4045 Barden SE
Grand Rapids, MI 49512
616-949-3360
ajonker@wolvgroup.com

**Architect:**
Progressive AE
Paul Weber
1811 4 Mile Rd. NE
Grand Rapids, MI 49525
616.447.3404
weberp@progressiveae.com

*(98) 1 BR UNITS* — **PORTER TAX CREDIT WISHLIST ver.3** — *Revised 01.27.2016*

| ITEM | QUANTITY | CCIG COST ESTIMATE | | MSHDA | NOTES | |
|---|---|---|---|---|---|---|
| ***Site, Exterior, Common Areas & Bldg Systems:*** | | | | | | |
| **2.** Full elevator modernizations | 2 | $275,000 | ($137,500/each) | | original traction elevators | |
| **4.** Replace all windows | 686 | $463,050 | ($675/each) ****Added back to cost estimate*** | | Replace all fixed and operationa Vinyl double-hung - fixed & operational | |
| **5.** Replace exterior doors & intercoms | 2 | $66,300 | ($33,150/each) | | Replace storefront doors w/key fob access control systems/intercoms | |
| **6.** Replace exterior fire doors/panic bars | 4 | $19,080 | ($4,770/each) | | Exterior fire doors/frames/audible alarmed panic bars | |
| **7.** Replace original generator | 1 | $34,640 | | | 50 Kw diesel fuel generator with transfer switch | |
| **8.** Replace entire roof | 1 LS | $86,308.50 | (4.89/ Sq Ft - 50 mil systyem) | | 17,650 Sq Ft (176.5 roofing squares) - DuroLast Roofing System | |
| **9.** Replace pull cord system | 1 LS | $48,500 | | | Install wirerless pullcord system (Systems Technologies) | |
| **10.** Replace fire pump/kitchen suppression system | 1 LS | $27,500 | | | Replace existing fire pump & C/A kitchen suppression system (auto club) | |
| ***Site, Exterior, Common Areas & Bldg Systems:*** | | | | | | |
| **11.** Replace all C/A flooring | 1 LS | $111,000 | $18,500/floor) | **X** | Replace all C/A flooring with LVT plank flooring - Will be Low/No Volatile Organic Compound | |
| **12.**Replace parking lot & H/C ramp | 1 LS | $60,177 | ($2.60/SqFt @ 4" depth) | | Replace parking lot @ 23,145 SqFt | |
| **15.** Common area paint | 1 LS | $21,550 | | **X** | Re-paint all common areas with Low/No VOC primer/paint | |
| **16.** New laundry equipment | 1 LS | $9,000 | | **X** | 3 washers (1 front-load) & 3 dryers (1 stackable) | All Energy Star rated |
| **17.** New water heater/storage tank | 1 | $48,000 | | **X** | Replace existing with high efficiency water heater/storage tank<br>* Cost estimate from Steam Heating Study | |
| **18.** Replacement of steam system | 1 LS | $850,000 | | **X**<br>**X** | Replace entire steam heating system with hot water radiant system<br>* Cost estimate from Steam Heating Study<br>Current system is 1,329 MBH (1,329,740 BTU's/Hour) | Energy Star rated 94 AFUE or greater |
| **21.** Indoor lighting efficiency upgrades *(Common areas & units)* | 1 LS | $39,400 | | **X** | New LED light fixtures and ceiling fans - will meet or exceed Energy Star efficiency levels in all high-use rooms (kitchen, bedrooms, dining/living rooms, bathrooms and hallways | |
| **22.** Outdoor lighting efficiency upgrades | 1 LS | $12,500 | | **X** | Install Energy Star rated LED light fixtures and install daylight sensors, motion sensors or timers on all outdoor lighting | |
| ***Dwelling Units:*** | | | | | | |
| **2.** Replace electric ranges | 98 | $60,858 | ($621/each) | X | Replace 24" electric ranges with Energy Star units<br>*All units to have forward controls* | |
| **3.** Replace refrigerators | 98 | $56,448 | ($576/each) | **X** | Replace refrigerators with Energy Star units | |
| **4.** Replace kitchen & bathroom plumbing fixtures | 294 | $37,436 | ($382/unit) | **X** | Kitchen/Bath faucets & shower valves | All 2.0 GPM or less |
| **5.** Replace kitchen cabinets/countertops and bathroom vanities | 98 | $184,240 | ($1,880/unit) | | Replace all kitchen cabinets/tops/vanities/medicine cabinets (5 ADA units) | |
| **6.** Replace flooring in units | 98 | $120,050 | ($1,225/unit) | **X** | Replace all flooring in units w/ LVT plank (extra $$ for floor prep)<br>Will be Low/No VOC flooring throughout | |
| **7.** Replace entry & interior doors | 98 | $45,178 | ($461/unit) | | Replace entry & interior doors - all solid core/raised panel | *Need door count |
| **8.** Replace toilets | 98 | $43,414 | ($443/unit) | **X** | Existing are rear flush - include pressure assist flush valves | 1.3 GPF or less |
| **10.** Visitable units requirements | 1 LS | $57,500 | | **X** | Complete Visitable Units requirements/steps a - f | *See Sheet 2 |
| **11.** Barrier --Free unit requirements | 10 | $155,000 | ($15,500/unit) | **X** | Complete 10 units (10% required) Barrier Free unit requirements | |

| ***Miscellaneous*** | | | |
|---|---|---|---|
| **1.** Lead-safe work practices | | **X** | Use lead-safe work practices, consistant with the EPA's Renovation, Repair and Painting Regulation and applicable HUD requirements |
| **2.** Recycling | | **X** | Provide one or more easily accessible, permanently dedicated area for collection of recycled materials for the entire project |
| **3.** Resident and staff manual | | **X** | Provide a guide for tenants and staff that explains the intent, benefits, use and maintenance of green building features |
| ***Total*** | **2,932,129.50 $ 29,919.69** | | |

**Cost estimates from BNI 2016 Facilities Manager's Costbook, 2016 Architect's Square Footage Costbook, HD Supply and previous CCIG property projects.*

*Foley01.27.2016*

| | | | |
|---|---|---|---|
| Development | Porter Senior Apartments | Use Revenue Page: | Section 8 |
| Financing | Tax Exempt | | |
| MSHDA No. | | **Mortgage Assumptions:** | |
| Step | Preliminary Assessment | Debt Coverage Ratio | 1.2 |
| Date | 9.14.17 | Mortgage Interest Rate | 5.000% |
| Type | Acquisition/Rehab | Pay Rate | 5.000% |
| | | Mortgage Term | 30 years |
| | | Delayed Amortization | Yes |

Instructions

| **Total Development Income Potential** | | | Per Unit | Total | Initial Inflation Factor | Beginning in Year | Future Inflation Factor |
|---|---|---|---|---|---|---|---|
| Annual Rental Income | | | 7,740 | 758,520 | 2.0% | 1 | 2.0% |
| Annual Excess Section 8 | | | 0 | 0 | | | |
| Annual IRP Income | | | 0 | | | | |
| Annual Non-Rental Income | | | 95 | 9,300 | 2.0% | 1 | 2.0% |
| Total Project Revenue | | | 7,835 | 767,820 | | | |
| **Total Development Expenses** | | | | | | | |
| | | | | | | Future Vacancy | |
| Vacancy Loss | 6.00% | of annual rent potential | 464 | 45,511 | | 1 | 5.0% |
| Management Fee | 504 | per unit per year | 504 | 49,392 | 3.0% | 1 | 3.0% |
| Administration | | | 635 | 62,264 | 3.0% | 1 | 3.0% |
| Project-paid Fuel | | | 472 | 46,300 | 3.0% | 1 | 3.0% |
| Common Electricity | | | 306 | 30,000 | 3.0% | 6 | 3.0% |
| Water and Sewer | | | 629 | 61,650 | 3.0% | 1 | 3.0% |
| Operating and Maintenance | | | 1,510 | 148,000 | 3.0% | 1 | 3.0% |
| Real Estate Taxes | | | 0 | 0 | 5.0% | 1 | 5.0% |
| Payment in Lieu of Taxes (PILOT) | 3.75% | | 220 | 21,565 | | | |
| Insurance | | | 338 | 33,130 | 3.0% | 1 | 3.0% |
| Replacement Reserve | 300 | per unit per year | 300 | 29,400 | 3.0% | 1 | 3.0% |
| Other: Payroll Taxes | | | 150 | 14,700 | 3.0% | 1 | 3.0% |
| Other: | | | 0 | | 3.0% | 1 | 3.0% |

| | % of Revenue | | | |
|---|---|---|---|---|
| **Total Expenses** | 70.58% | **5,530** | **541,912** | |
| Base Net Operating Income (excludes Excess Section 8 and IRP Income) | | 2,305 | 225,908 | Override |
| Part A Mortgage Payment | 24.52% | 1,921 | 188,257 | |
| **Part A Mortgage** | | **29,820** | **2,922,398** | |
| Non MSHDA Financing Mortgage Payment | | 0 | | |
| **Non MSHDA Financing Type:** | | **0** | | |
| Base Project Cash Flow (excludes ODR and Part B) | 4.90% | 384 | 37,651 | |

| **Level Debt Service and Part B Loan Analysis** | | | | |
|---|---|---|---|---|
| | | | | Override |
| Part B Term In Months | | | 0 | 0 |
| Part B Debt Coverage Ratio | | | 1.00 | |
| Level Debt Service Requirement | | 0 | 0 | |
| Excess Section 8 Income | 0.00% | 0 | 0 | |
| IRP Income | 0.00% | 0 | 0 | Override |
| Part B Mortgage Payment | | 0 | 0 | |
| **Part B Mortgage** | | **0** | **0** | |

| Summary | Annual Payment | | Total Loan Amount | |
|---|---|---|---|---|
| | Per Unit | Total | Per Unit | Total |
| Part A Mortgage | 1,921 | 188,257 | 29,820 | 2,922,398 |
| Part B Mortgage | 0 | 0 | 0 | 0 |
| **Total Mortgage** | **1,921** | **188,257** | **29,820** | **2,922,398** |

**Development** Porter Senior Apartments
**Financing** Tax Exempt
**MSHDA No.** 0
**Step** Preliminary Assessment
**Date** 9.14.17
**Type** Acquisition/Rehab

Instructions

## TOTAL DEVELOPMENT COSTS

| | | | Per Unit | Total | % in Basis | Included in Tax Credit Basis | Included in Historic TC Basis |
|---|---|---|---|---|---|---|---|
| **Acquisition** | | | | | | | |
| Land | | | 6,735 | 660,000 | 0% | 0 | 0 |
| Existing Buildings | | | 38,163 | 3,740,000 | 100% | 3,740,000 | 0 |
| Other: | | | 0 | | 0% | 0 | 0 |
| | | **Subtotal** | **44,898** | **4,400,000** | | | |
| **Construction/Rehabilitation** | | | | | | | |
| Off Site Improvements | | | 0 | | 100% | 0 | 0 |
| On-site Improvements | | | 30,102 | 2,950,000 | 100% | 2,950,000 | 0 |
| Landscaping and Irrigation | | | 0 | | 100% | 0 | 0 |
| Structures | | | 0 | | 100% | 0 | 0 |
| Community Building and/or Maintenance Facility | | | 0 | | 100% | 0 | 0 |
| Construction not in Tax Credit basis (i.e.Carports and Commercial Space | | | 0 | | 0% | 0 | 0 |
| General Requirements | % of Contract 5.07% | **Within Range** | 1,531 | 150,000 | 100% | 150,000 | 150,000 |
| Builder Overhead | % of Contract 1.61% | **Within Range** | 510 | 50,000 | 100% | 50,000 | 50,000 |
| Builder Profit | % of Contract 4.75% | **Within Range** | 1,531 | 150,000 | 100% | 150,000 | 150,000 |
| Permits, Bond Premium, Tap Fees, Cost Cert. | | | 102 | 10,000 | 100% | 10,000 | 10,000 |
| Other: | | | 0 | | 100% | 0 | 0 |
| | | **Subtotal** | **33,776** | **3,310,000** | | | |
| | | **15% of acquisition and $15,000/unit test:** | | **met** | | | |
| **Professional Fees** | | | | | | | |
| Architectural Fees | | | 1,327 | 130,000 | 100% | 130,000 | 130,000 |
| Engineering/Survey | | | 459 | 45,000 | 100% | 45,000 | 45,000 |
| Lender Legal | | | 1,020 | 100,000 | 75% | 75,000 | 75,000 |
| | | **Subtotal** | **2,806** | **275,000** | | | |
| **Interim Construction Costs** | | | | | | | |
| Construction Insurance | | | 543 | 53,200 | 10% | 5,320 | 5,320 |
| Construction Period Interest | 18 months | 302,858 | 3,090 | 302,858 | 10% | 30,286 | 30,286 |
| Title Work | | | 306 | 30,000 | 100% | 30,000 | 0 |
| Legal Fees (in Tax Credit Basis) | | | 1,276 | 125,000 | 60% | 75,000 | 0 |
| Construction Taxes | | | 329 | 32,250 | 10% | 3,225 | 3,225 |
| Other: Construction origination and cost (2%) | | | 1,116 | 109,368 | 100% | 109,368 | 109,368 |
| | | **Subtotal** | **6,660** | **652,676** | | | |
| **Permanent Financing** | | | | | | | |
| Loan Commitment Fee to MSHDA | | 2% | 752 | 73,715 | 0% | 0 | 0 |
| Other: | | | 0 | | 0% | 0 | 0 |
| | | **Subtotal** | **752** | **73,715** | | | |
| **Other Costs (In Basis)** | | | | | | | |
| Application Fee | | | 255 | 25,000 | 0% | 0 | 0 |
| Market Study | | | 51 | 5,000 | 100% | 5,000 | 5,000 |
| Environmental Studies | | | 138 | 13,500 | 100% | 13,500 | 13,500 |
| Cost Certification | | | 153 | 15,000 | 0% | 0 | 0 |
| Equipment and Furnishings | | | 0 | | 100% | 0 | 0 |
| Temporary Tenant Relocation | | | 510 | 50,000 | 100% | 50,000 | 50,000 |
| Construction Contingency | | | 3,904 | 382,578 | 100% | 382,578 | 382,578 |
| Other: Apprasial and PCNA | | | 122 | 12,000 | 100% | 12,000 | 12,000 |
| | | **Subtotal** | **5,133** | **503,078** | | | |
| **Other Costs (NOT In Basis)** | | | | | | | |
| Syndication Costs | | | 459 | 45,000 | 0% | 0 | 0 |
| Tax Credit Fees (based on 2015 QAP) | 46,678 | **Out of Range** | 217 | 21,306 | 0% | 0 | 0 |
| Compliance Monitoring Fee (based on 2013 QAP) | | | 475 | 46,550 | 0% | 0 | 0 |
| Marketing Expense | | | 102 | 10,000 | 0% | 0 | 0 |
| Other: Sydication Legal Fees | | | 153 | 15,000 | 0% | 0 | 0 |
| | | **Subtotal** | **1,407** | **137,856** | | | |

| **Summary of Acquisition Price** | | As of | January 19, 2016 |
|---|---|---|---|
| Attributed to Land | 660,000 | 1st Mortgage Balance | 1,206,122 |
| Attributed to Existing Structures | 3,740,000 | Subordinate Mortgage(s) | |
| Other: | 0 | | |
| Fixed Price to Seller | 4,400,000 | Premium/(Deficit) vs Existing Debt | **3,193,878** |

| **Appraised Value** | Value As of: | TBD |
|---|---|---|
| "Encumbered As-Is" value as determined by appraisal: | | 4,400,000 |
| Plus 5% of Appraised Value: | | 0 |
| LESS Fixed Price to the Seller: | | 4,400,000 |
| Surplus/(Gap) | **Within Range** | **0** |

Override

| | | | Per Unit | Total | % in Basis | Included in Tax Credit Basis | Included in Historic TC Basis |
|---|---|---|---|---|---|---|---|
| **Project Reserves** | | | | | | | |
| Rent up Allowance | months | | 0 | 0 | 0% | 0 | 0 |
| Operating Assurance Reserve | months | | 453 | 44,394 | 0% | 0 | 0 |
| Replacement Reserve | | Required | 700 | 68,600 | 0% | 0 | 0 |
| Operating Deficit Reserve | | Less than GRF | 0 | 0 | 0% | 0 | 0 |
| One Month Gross Rent Potential | | Required | 645 | 63,210 | 0% | 0 | 0 |
| Remarketing Reserve | | Not Required | 0 | 0 | 0% | 0 | 0 |
| Rent Lag Escrow | | Not Required | 0 | 0 | 0% | 0 | 0 |
| Tax and Insurance Escrows | | | 0 | | 0% | 0 | 0 |
| | | | 0 | | 0% | 0 | 0 |
| Other: | | | 0 | | 0% | 0 | 0 |
| | | **Subtotal** | **1,798** | **176,204** | | | |
| **Miscellaneous** | | | | | | | |
| Other (Not in Basis): | | | 0 | 0 | 0% | 0 | 0 |
| Other (Not in Basis): | | | 0 | 0 | 0% | 0 | 0 |
| Other (In Basis): | | | 0 | 0 | 100% | 0 | 0 |
| Other (In Basis): | | | 0 | 0 | 100% | 0 | 0 |
| | | **Subtotal** | **0** | **0** | | | |
| **Total Acquisition Costs** | | | **44,898** | **4,400,000** | | | |
| **Total Construction Hard Costs** | | | **33,776** | **3,310,000** | | | |
| **Total Non-Construction ("Soft") Costs** | | | **18,556** | **1,818,529** | | | |
| **Developer Overhead and Fee** | | | | | | | |
| Maximum 1,086,064 | | | **11,082** | **1,086,064** | 100% | 1,086,064 | 1,086,064 |
| 7.5% of Acquisition/Project Reserves | | Override | | **5% Attribution Test** | | | |
| 15% of All Other Development Costs | | | | met | | | |
| | | | | | | **LIHTC Basis** | **Historic Basis** |
| **Total Development Cost** | | | **108,312** | **10,614,593** | | **9,102,341** | **2,307,341** |

| **TOTAL DEVELOPMENT SOURCES** | % of TDC | | | |
|---|---|---|---|---|
| MSHDA Permanent Mortgage | 27.53% | 29,820 | 2,922,398 | |
| Conventional/Other Mortgage | 0.00% | 0 | 0 | |
| Equity Contribution from Tax Credit Syndication | 65.89% | 71,368 | 6,994,092 | **# of Units** |
| MSHDA NSP Funds | 0.00% | 0 | | 0.00 |
| MSHDA HOME | 0.00% | 0 | | 0.00 |
| MSHDA Preservation Fund | 0.00% | 0 | | |
| Other MSHDA: | 0.00% | 0 | | |
| Local HOME | 0.00% | 0 | | 0.00% |
| Other Equity | 0.00% | 0 | | |
| Other: Income from Operations | 3.66% | 3,962 | 388,308 | |
| Other: | 0.00% | 0 | | **Deferred** |
| Other: | 0.00% | 0 | | |
| Deferred Developer Fee | 2.92% | 3,161 | 309,795 | 28.52% |
| **Total Permanent Sources** | | | **10,614,593** | |

| **Sources Equal Uses?** | **Balanced** |
|---|---|
| Surplus/(Gap) | **0** |

| **Construction Loan** | **0.00%** | **0** |
|---|---|---|
| Construction Loan Rate | | |
| Repaid from equity prior to final closing | | **0** |

| **Eligible Basis for LIHTC/TCAP** | | | **Value of LIHTC/TCAP** | | |
|---|---|---|---|---|---|
| Acquisition | 3,960,000 | | Acquisition | 134,640 | |
| Construction | 6,685,043 | | Construction | 601,654 | Override |
| Acquisition Credit % | | 3.40% | Total Yr Credit | 736,294 | |
| Rehab/New Const Credit % | | 9.00% | Equity Price | $0.9500 | |
| Qualified Percentage | | 100.00% | Equity Effective Price | $0.9500 | Override |
| QCT/DDA Basis Boost | | 130% | Equity Contribution | 6,994,092 | |
| Historic? | | No | | | |

| **Existing Reserve Analysis** | | | |
|---|---|---|---|
| DCE Interest: | 0 | Current Owner's Reserves: | 411,995 |
| Insurance: | 0 | Reserves Captured/Transferred Into Project: | 0 |
| Taxes: | 0 | Reserves Transferred Into Project | 0 |
| Rep. Reserve | 0 | | |

**Initial Owner's Equity Calculation**
Equity Contribution from Tax Credit Sy
Brownfield Equity
Historic Tax Credit Equity
General Partner Capita Contributions
Other Equity Sources

**New Owner's Equity**

## Cash Flow Projections

| | |
|---|---|
| **Development** | Porter Senior Apartments |
| **Financing** | Tax Exempt |
| **MSHDA No.** | 0 |
| **Step** | Preliminary Assessment |
| **Date** | 9.14.17 |
| **Type** | Acquisition/Rehab |

| | Initial Inflator | Starting in Yr | Future Inflator | 2018<br>1 | 2019<br>2 | 2020<br>3 | 2021<br>4 | 2022<br>5 | 2023<br>6 | 2024<br>7 | 2025<br>8 | 2026<br>9 | 2027<br>10 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | | | | | | | |
| Annual Rental Income | 2.0% | 1 | ### | 758,520 | 773,690 | 789,164 | 804,947 | 821,046 | 837,467 | 854,217 | 871,301 | 888,727 | 906,502 |
| Annual Excess Section 8 | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual IRP Income | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual Non-Rental Income | 2.0% | 1 | ### | 9,300 | 9,486 | 9,676 | 9,869 | 10,067 | 10,268 | 10,473 | 10,683 | 10,896 | 11,114 |
| **Total Project Revenue** | | | | **767,820** | **783,176** | **798,840** | **814,817** | **831,113** | **847,735** | **864,690** | **881,984** | **899,624** | **917,616** |
| **Expenses** | | | | | | | | | | | | | |
| Vacancy Loss | 6.0% | 1 | ### | 37,926 | 38,685 | 39,458 | 40,247 | 41,052 | 41,873 | 42,711 | 43,565 | 44,436 | 45,325 |
| Management Fee | 3.0% | 1 | ### | 49,392 | 50,874 | 52,400 | 53,972 | 55,591 | 57,259 | 58,977 | 60,746 | 62,568 | 64,445 |
| Administration | 3.0% | 1 | ### | 62,264 | 64,132 | 66,056 | 68,038 | 70,079 | 72,181 | 74,346 | 76,577 | 78,874 | 81,240 |
| Project-paid Fuel | 3.0% | 1 | ### | 46,300 | 47,689 | 49,120 | 50,593 | 52,111 | 53,674 | 55,285 | 56,943 | 58,651 | 60,411 |
| Common Electricity | 3.0% | 6 | ### | 30,000 | 30,900 | 31,827 | 32,782 | 33,765 | 34,778 | 35,822 | 36,896 | 38,003 | 39,143 |
| Water and Sewer | 3.0% | 1 | ### | 61,650 | 63,500 | 65,404 | 67,367 | 69,388 | 71,469 | 73,613 | 75,822 | 78,096 | 80,439 |
| Operating and Maintenance | 3.0% | 1 | ### | 148,000 | 152,440 | 157,013 | 161,724 | 166,575 | 171,573 | 176,720 | 182,021 | 187,482 | 193,106 |
| Real Estate Taxes | 5.0% | 1 | ### | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payment in Lieu of Taxes (PILOT) | | | | 21,849 | 22,234 | 22,626 | 23,023 | 23,427 | 23,838 | 24,254 | 24,678 | 25,108 | 25,544 |
| Insurance | 3.0% | 1 | ### | 33,130 | 34,124 | 35,148 | 36,202 | 37,288 | 38,407 | 39,559 | 40,746 | 41,968 | 43,227 |
| Replacement Reserve | 3.0% | 1 | ### | 29,400 | 30,282 | 31,190 | 32,126 | 33,090 | 34,083 | 35,105 | 36,158 | 37,243 | 38,360 |
| Other: Payroll Taxes | 3.0% | 1 | ### | 14,700 | 15,141 | 15,595 | 16,063 | 16,545 | 17,041 | 17,553 | 18,079 | 18,622 | 19,180 |
| Other: | 3.0% | 1 | ### | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal: Operating Expenses | | | | 534,611 | 550,000 | 565,838 | 582,137 | 598,912 | 616,176 | 633,944 | 652,231 | 671,052 | 690,423 |
| **Debt Service** | | | | | | | | | | | | | |
| Debt Service Part A | | | | 188,257 | 188,257 | 188,257 | 188,257 | 188,257 | 188,257 | 188,257 | 188,257 | 188,257 | 188,257 |
| Debt Service Part B | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service Conventional/Other Financing | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Expenses** | | | | **722,868** | **738,257** | **754,094** | **770,394** | **787,169** | **804,433** | **822,201** | **840,488** | **859,309** | **878,679** |
| **Cash Flow/(Deficit)** | | | | **44,952** | **44,920** | **44,746** | **44,423** | **43,945** | **43,302** | **42,489** | **41,496** | **40,315** | **38,937** |
| **Cash Flow Per Unit** | | | | 459 | 458 | 457 | 453 | 448 | 442 | 434 | 423 | 411 | 397 |
| **Debt Coverage Ratio on Part A Loan** | | | | 1.24 | 1.24 | 1.24 | 1.24 | 1.23 | 1.23 | 1.23 | 1.22 | 1.21 | 1.21 |
| **Debt Coverage Ratio on Conventional/Other Financing** | | | | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

| | |
|---|---|
| Interest Rate on Reserves | 0% |

Average Cash Flow as % of Net Income

| | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Deficit Reserve (ODR) Analaysis** | | | | | | | | | | | | |
| Maintained Debt Coverage Ratio (Hard Debt) | 1.15 | | | | | | | | | | | |
| Maintained Operating Reserve (No Hard Debt) | 250 | Initial Deposit | | | | | | | | | | |
| Initial Balance | | **44,394** | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 |
| Total Annual Draw to achieve 1.0 DCR | | **Add to OAR** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Annual Deposit to achieve Maintained DCR | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total 1.0 DCR and Maintained DCR | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance at Maintained DCR | | | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 |
| **Maintained Cash Flow Per Unit** | | | 459 | 458 | 457 | 453 | 448 | 442 | 434 | 423 | 411 | 397 |
| **Maintained Debt Coverage Ratio on Part A Loan** | | | 1.24 | 1.24 | 1.24 | 1.24 | 1.23 | 1.23 | 1.23 | 1.22 | 1.21 | 1.21 |
| **Maintained Debt Coverage Ratio on Conventional/Other** | | | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| **Standard ODR** | | **0** | | | | | | | | | | |
| **Non-standard ODR** | | **44,394** | | | | | | | | | | |
| **Operating Assurance Reserve Analysis** | | 0 | | | | | | | | | | |
| Required in Year: | 1 | Initital Deposit | | | | | | | | | | |
| Initial Balance | | **0** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Income | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Deferred Developer Fee Analysis** | | | | | | | | | | | | |
| Initial Balance | | | 309,795 | 264,843 | 219,923 | 175,178 | 130,755 | 86,810 | 43,508 | 1,019 | 0 | 0 |
| Dev Fee Paid | | | 44,952 | 44,920 | 44,746 | 44,423 | 43,945 | 43,302 | 42,489 | 1,019 | 0 | 0 |
| Ending Balance | Repaid in ye 2025 | | 264,843 | 219,923 | 175,178 | 130,755 | 86,810 | 43,508 | 1,019 | 0 | 0 | 0 |
| **Subordinate MSHDA Financing** | | | | | | | | | | | | |
| Interest Rate on Subordinate Financing | 3% | Initial Balance | | | | | | | | | | |
| Principal Amount of all MSHDA Soft Funds | | **0** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Yr Int | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accrued Int | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | % of Cash Flow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual Payment Due | | **50%** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Year End Balance | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

## Cash Flow Projections

D

| | Initial Inflator | Starting in Yr | Future Inflator | 2028<br>11 | 2029<br>12 | 2030<br>13 | 2031<br>14 | 2032<br>15 | 2033<br>16 | 2034<br>17 | 2035<br>18 | 2036<br>19 | 2037<br>20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | | | | | | | |
| Annual Rental Income | 2.0% | 1 | ### | 924,632 | 943,124 | 961,987 | 981,227 | 1,000,851 | 1,020,868 | 1,041,285 | 1,062,111 | 1,083,353 | 1,105,020 |
| Annual Excess Section 8 | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual IRP Income | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual Non-Rental Income | 2.0% | 1 | ### | 11,337 | 11,563 | 11,795 | 12,031 | 12,271 | 12,517 | 12,767 | 13,022 | 13,283 | 13,548 |
| **Total Project Revenue** | | | | **935,968** | **954,688** | **973,781** | **993,257** | **1,013,122** | **1,033,385** | **1,054,052** | **1,075,133** | **1,096,636** | **1,118,569** |
| **Expenses** | | | | | | | | | | | | | |
| Vacancy Loss | 6.0% | 1 | ### | 46,232 | 47,156 | 48,099 | 49,061 | 50,043 | 51,043 | 52,064 | 53,106 | 54,168 | 55,251 |
| Management Fee | 3.0% | 1 | ### | 66,379 | 68,370 | 70,421 | 72,534 | 74,710 | 76,951 | 79,260 | 81,637 | 84,087 | 86,609 |
| Administration | 3.0% | 1 | ### | 83,678 | 86,188 | 88,774 | 91,437 | 94,180 | 97,005 | 99,915 | 102,913 | 106,000 | 109,180 |
| Project-paid Fuel | 3.0% | 1 | ### | 62,223 | 64,090 | 66,013 | 67,993 | 70,033 | 72,134 | 74,298 | 76,527 | 78,823 | 81,187 |
| Common Electricity | 3.0% | 6 | ### | 40,317 | 41,527 | 42,773 | 44,056 | 45,378 | 46,739 | 48,141 | 49,585 | 51,073 | 52,605 |
| Water and Sewer | 3.0% | 1 | ### | 82,852 | 85,338 | 87,898 | 90,535 | 93,251 | 96,049 | 98,930 | 101,898 | 104,955 | 108,104 |
| Operating and Maintenance | 3.0% | 1 | ### | 198,900 | 204,867 | 211,013 | 217,343 | 223,863 | 230,579 | 237,497 | 244,621 | 251,960 | 259,519 |
| Real Estate Taxes | 5.0% | 1 | ### | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Payment in Lieu of Taxes (PILOT) | | | | 25,988 | 26,438 | 26,895 | 27,359 | 27,831 | 28,309 | 28,794 | 29,287 | 29,788 | 30,295 |
| Insurance | 3.0% | 1 | ### | 44,524 | 45,860 | 47,235 | 48,653 | 50,112 | 51,615 | 53,164 | 54,759 | 56,402 | 58,094 |
| Replacement Reserve | 3.0% | 1 | ### | 39,511 | 40,696 | 41,917 | 43,175 | 44,470 | 45,804 | 47,178 | 48,594 | 50,052 | 51,553 |
| Other: Payroll Taxes | 3.0% | 1 | ### | 19,756 | 20,348 | 20,959 | 21,587 | 22,235 | 22,902 | 23,589 | 24,297 | 25,026 | 25,777 |
| Other: | 3.0% | 1 | ### | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal: Operating Expenses | | | | 710,359 | 730,878 | 751,997 | 773,733 | 796,105 | 819,131 | 842,831 | 867,224 | 892,332 | 918,174 |
| **Debt Service** | | | | | | | | | | | | | |
| Debt Service Part A | | | | 188,257 | 188,257 | 188,257 | 188,257 | 188,257 | 188,257 | 188,257 | 188,257 | 188,257 | 188,257 |
| Debt Service Part B | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service Conventional/Other Financing | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total Expenses** | | | | **898,616** | **919,135** | **940,254** | **961,990** | **984,362** | **1,007,388** | **1,031,088** | **1,055,481** | **1,080,588** | **1,106,431** |
| **Cash Flow/(Deficit)** | | | | **37,352** | **35,553** | **33,528** | **31,267** | **28,760** | **25,997** | **22,964** | **19,652** | **16,048** | **12,138** |
| **Cash Flow Per Unit** | | | | 381 | 363 | 342 | 319 | 293 | 265 | 234 | 201 | 164 | 124 |
| **Debt Coverage Ratio on Part A Loan** | | | | 1.20 | 1.19 | 1.18 | 1.17 | 1.15 | 1.14 | 1.12 | 1.10 | 1.09 | 1.06 |
| **Debt Coverage Ratio on Conventional/Other Financing** | | | | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

| | |
|---|---|
| Interest Rate on Reserves | 0% |

**Operating Deficit Reserve (ODR) Analaysis**

| | | | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Maintained Debt Coverage Ratio (Hard Debt) | 1.15 | | | | | | | | | | | |
| Maintained Operating Reserve (No Hard Debt) | 250 | Initial Deposit | | | | | | | | | | |
| Initial Balance | | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 42,152 | 36,878 | 28,292 | 16,101 |
| Total Annual Draw to achieve 1.0 DCR | | Add to OAR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Annual Deposit to achieve Maintained DCR | | | 0 | 0 | 0 | 0 | 0 | (2,242) | (5,274) | (8,586) | (12,191) | (16,101) |
| Total 1.0 DCR and Maintained DCR | | | 0 | 0 | 0 | 0 | 0 | (2,242) | (5,274) | (8,586) | (12,191) | (16,101) |
| Interest | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance at Maintained DCR | | | 44,394 | 44,394 | 44,394 | 44,394 | 44,394 | 42,152 | 36,878 | 28,292 | 16,101 | **0** |
| **Maintained Cash Flow Per Unit** | | | 381 | 363 | 342 | 319 | 293 | 288 | 288 | 288 | 288 | 288 |
| **Maintained Debt Coverage Ratio on Part A Loan** | | | 1.20 | 1.19 | 1.18 | 1.17 | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 |
| **Maintained Debt Coverage Ratio on Conventional/Other** | | | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| **Standard ODR** | | **0** | | | | | | | | | | |
| **Non-standard ODR** | | **44,394** | | | | | | | | | | |

**Operating Assurance Reserve Analysis**

| | | | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 0 | | | | | | | | | | |
| Required in Year: | 1 | Initital Deposit | | | | | | | | | | |
| Initial Balance | | **0** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Income | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**Deferred Developer Fee Analysis**

| | | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Initial Balance | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dev Fee Paid | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | Repaid in ye 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**Subordinate MSHDA Financing**

| | | | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Interest Rate on Subordinate Financing | 3% | Initial Balance | | | | | | | | | | |
| Principal Amount of all MSHDA Soft Funds | | **0** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Yr Int | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accrued Int | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | | % of Cash Flow | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Annual Payment Due | | **50%** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Year End Balance | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | |
|---|---|
| **Development** | Porter Senior Apartments |
| **Financing** | Tax Exempt |
| **MSHDA No.** | 0 |
| **Step** | Preliminary Assessment |
| **Date** | 9.14.17 |
| **Type** | Acquisition/Rehab |

## Replacement Reserve Analysis

| | |
|---|---|
| Cost Inflation | 103% |
| RR Period | 20 |

| | |
|---|---|
| Min. Deposit | 68,600 |
| 15 Year | 0 |
| 20 Year | 0 |

| | |
|---|---|
| Required Initial Deposit | **68,600** |
| Per Unit | **700** |

| Year | Starting Balance | RR Needs | Contribution | Net Annual Change | Interest | Ending Balance |
|---|---|---|---|---|---|---|
| 1 | 68,600 | | 29,400 | 29,400 | 0 | 98,000 |
| 2 | 98,000 | | 30,282 | 30,282 | 0 | 128,282 |
| 3 | 128,282 | | 31,190 | 31,190 | 0 | 159,472 |
| 4 | 159,472 | | 32,126 | 32,126 | 0 | 191,599 |
| 5 | 191,599 | | 33,090 | 33,090 | 0 | 224,689 |
| 6 | 224,689 | | 34,083 | 34,083 | 0 | 258,771 |
| 7 | 258,771 | | 35,105 | 35,105 | 0 | 293,876 |
| 8 | 293,876 | | 36,158 | 36,158 | 0 | 330,035 |
| 9 | 330,035 | | 37,243 | 37,243 | 0 | 367,278 |
| 10 | 367,278 | | 38,360 | 38,360 | 0 | 405,638 |
| 11 | 405,638 | | 39,511 | 39,511 | 0 | 445,149 |
| 12 | 445,149 | | 40,696 | 40,696 | 0 | 485,846 |
| 13 | 485,846 | | 41,917 | 41,917 | 0 | 527,763 |
| 14 | 527,763 | | 43,175 | 43,175 | 0 | 570,938 |
| 15 | 570,938 | | 44,470 | 44,470 | 0 | **615,408** |
| 16 | 615,408 | | 45,804 | 45,804 | 0 | 661,212 |
| 17 | 661,212 | | 47,178 | 47,178 | 0 | 708,391 |
| 18 | 708,391 | | 48,594 | 48,594 | 0 | 756,984 |
| 19 | 756,984 | | 50,052 | 50,052 | 0 | 807,036 |
| 20 | 807,036 | | 51,553 | 51,553 | 0 | **858,589** |

| | |
|---|---|
| Total Units | 98 |
| Interest Rate on Reserves | 0% |
| Year 1 RR Deposits | 300 |
| Min Initial Deposit ($700/unit) | 68600 |

BY THE COMMITTEE ON DEVELOPMENT & PLANNING

RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

Resolved by the City Council of the City of Lansing that a public hearing be set for Monday, February 26, 2018 at 7 p.m. in City Council Chambers, Tenth Floor, Lansing City Hall, 124 West Michigan Avenue, Lansing, Michigan, for the purpose of supporting and/or opposing the Ordinance amending the Payment in Lieu of Taxes (PILOT) for PORTER SENIOR APPARTMENTS.

INTRODUCTION OF ORDINANCES

The following ordinance of the City of Lansing, Michigan, providing that the Code of Ordinances be amended by providing for a Payment in Lieu of Taxes (PILOT) for PORTER SENIOR APPARTMENTS, was introduced by the Committee on Development & Planning, read a first time by its title and referred to the Committee on Development and Planning.

**ORDINANCE NO. ____________**

AN ORDINANCE OF THE CITY OF LANSING, MICHIGAN, TO AMEND THE CODE OF ORDINANCES OF THE CITY OF LANSING BY ADDING A NEW SECTION 884.___ FOR THE PURPOSES OF PROVIDING FOR AN EXTENSION OF A SERVICE CHARGE IN LIEU OF TAXES FOR NINETY-EIGHT (98) LOW INCOME ELDERLY DWELLING UNITS IN A PROJECT KNOWN AS THE PORTER SENIOR APARTMENTS, PURSUANT TO THE PROVISIONS OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966, AS AMENDED.

THE CITY OF LANSING ORDAINS:

SECTION 1. THAT CHAPTER 884 OF THE CODE OF ORDINANCES OF THE CITY OF LANSING, MICHIGAN BE AMENDED TO ADD A NEW SECTION 884.___ TO READ AS FOLLOWS:

884.___ THE PORTER SENIOR APARTMENTS

(A) *PURPOSE*. IT IS ACKNOWLEDGED THAT IT IS A PROPER PUBLIC PURPOSE OF THE STATE AND ITS POLITICAL SUBDIVISIONS TO PROVIDE HOUSING FOR ITS RESIDENTS OF LOW AND MODERATE INCOME AND TO ENCOURAGE THE DEVELOPMENT OF SUCH HOUSING BY PROVIDING FOR A SERVICE CHARGE IN LIEU OF PROPERTY TAXES IN ACCORDANCE WITH THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966, BEING PUBLIC ACT 346 OF 1966, AS AMENDED [MCL 125.1401, ET SEQ.]. THE CITY IS AUTHORIZED BY SUCH ACT TO ESTABLISH OR CHANGE THE SERVICE CHARGE TO BE PAID IN LIEU OF TAXES BY ANY OR ALL CLASSES OF HOUSING EXEMPT FROM TAXATION UNDER SUCH ACT AT ANY AMOUNT IT CHOOSES, NOT TO EXCEED THE

TAXES THAT WOULD BE PAID BUT FOR THIS ACT. IT IS FURTHER ACKNOWLEDGED THAT SUCH HOUSING FOR ELDERLY PERSONS OF LOW AND MODERATE INCOME IS A PUBLIC NECESSITY, AND AS THE CITY WILL BE BENEFITED AND IMPROVED BY SUCH HOUSING, THE ENCOURAGEMENT OF THE SAME BY PROVIDING CERTAIN REAL ESTATE TAX EXEMPTION FOR SUCH HOUSING IS A VALID PUBLIC PURPOSE.

(B) *DEFINITIONS.*

(1) "*ACT*" MEANS THE STATE HOUSING DEVELOPMENT AUTHORITY ACT, BEING PUBLIC ACT 346 OF 1966, AS AMENDED.

(2) "*ANNUAL SHELTER RENTS*" MEANS THE TOTAL COLLECTIONS DURING AN AGREED ANNUAL PERIOD FROM ALL ELDERLY PERSONS OF LOW OR MODERATE INCOME, OCCUPYING THE HOUSING DEVELOPMENT REPRESENTING RENTS FOR OCCUPANCY, WHICH RENTAL AMOUNTS SHALL BE EXCLUSIVE OF CHARGES FOR GAS, ELECTRICITY, HEAT OR OTHER UTILITIES FURNISHED TO THE OCCUPANTS.

(3) "*AUTHORITY*" MEANS THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY.

(4) "*ELDERLY PERSON(S)*" MEANS (i) A SINGLE PERSON WHO IS 55 YEARS OF AGE OR OLDER OR A HOUSEHOLD IN WHICH AT LEAST ONE MEMBER IS 55 YEARS OF AGE OR OLDER OR (ii) A PERSON WITH DISABILITIES, A DISABLED FAMILY, OR DISPLACED FAMILY ALL AS DEFINED IN 24 CFR 5.403.

(5) "*HOUSING DEVELOPMENT " OR " DEVELOPMENT*" MEANS A DEVELOPMENT WHICH CONTAINS A SIGNIFICANT ELEMENT OF HOUSING FOR ELDERLY PERSONS OF LOW AND MODERATE INCOME AND SUCH ELEMENTS OF OTHER HOUSING, COMMERCIAL, RECREATIONAL, INDUSTRIAL, COMMUNAL AND EDUCATIONAL FACILITIES AS THE AUTHORITY MAY DETERMINE WILL IMPROVE THE QUALITY OF THE DEVELOPMENT AS IT RELATES TO HOUSING FOR ELDERLY PERSONS OF LOW AND MODERATE INCOME. FOR THE PURPOSE OF THIS SECTION, THE NAME OF THIS DEVELOPMENT IS THE PORTER SENIOR APARTMENTS, AND CONSISTS OF NINETY-EIGHT (98) UNITS OF RENTAL HOUSING LOCATED WITHIN LANSING AT PART OF LOTS 8, 9, 10, 11 & 12 COM NW COR BLOCK 148, E 122 FT, S 90 FT, SW 7.1 FT, S 72 FT, E 4 FT, S 163 FT, W 121 FT, N 330 FT TO BEG, ALSO E 36 FT OF W 99 FT LOT 7 BLOCK 148 ORIG PLAT, COMMONLY KNOWN AS 505 TOWNSEND STREET, LANSING (PARCEL ID: 33-01-01-16-380-073).

(6) "*HUD*" MEANS THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT OF THE UNITED STATES GOVERNMENT.

(7) "*LOW INCOME HOUSING TAX CREDIT PROGRAM*" MEANS THE PROGRAM ESTABLISHED BY SECTION 42 OF THE UNITED STATES INTERNAL REVENUE CODE.

(8) "*LOW OR MODERATE INCOME*" MEANS LOW OR MODERATE INCOME ELIGIBILITY UNDER THE AUTHORITY ACT OR RULES.

(9) "*MORTGAGE LOAN*" MEANS A LOAN TO BE MADE BY A PRIVATE ENTITY AND INSURED BY HUD, OR A LOAN FROM THE AUTHORITY FOR THE FINANCING OF THE PURCHASE AND REHABILITATION OF THE HOUSING DEVELOPMENT.

(10) "*SPONSOR*" MEANS A PERSON OR OTHER ENTITY WITH A HOUSING DEVELOPMENT WHICH IS FINANCED OR ASSISTED PURSUANT TO THE ACT. FOR PURPOSES OF THIS SECTION, THE SPONSOR OF THE PORTER SENIOR APARTMENTS IS GLTC PARTNERS, LLC, OR ITS SUCCESSORS OR ASSIGNS.

(11) "*UTILITIES*" MEANS FUEL, WATER, HEAT, SANITARY SEWER AND/OR ELECTRICAL SERVICE, WHICH IS PAID FOR BY THE HOUSING DEVELOPMENT, AS DEFINED IN THE ACT.

(12) OTHER TERMS. ALL TERMS REFERENCING THE ACT BUT NOT DEFINED IN THIS SECTION SHALL HAVE THE SAME MEANING GIVEN IN THE ACT.

(C) *ESTABLISHMENT OF ANNUAL SERVICE CHARGE.*

(1) THE CITY ACKNOWLEDGES THAT THE SPONSOR AND THE AUTHORITY HAVE ESTABLISHED THE ECONOMIC FEASIBILITY OF THE PORTER SENIOR APARTMENTS IN RELIANCE UPON THE ENACTMENT AND CONTINUING EFFECT OF THIS SECTION AND UPON THE QUALIFICATION OF THE NINETY-EIGHT (98) UNITS OF ELDERLY HOUSING IN THE HOUSING DEVELOPMENT FOR EXEMPTION FROM ALL PROPERTY TAXES AS ESTABLISHED IN THIS SECTION.

(2) SUBJECT TO THE CONDITIONS AND REQUIREMENTS OF THIS SECTION AND THE ACT, THE NINETY-EIGHT (98) UNITS IN THE ELDERLY HOUSING DEVELOPMENT FOR PERSONS OF LOW AND MODERATE INCOME IDENTIFIED AS THE PORTER SENIOR APARTMENTS AND THE PROPERTY ON WHICH THEY ARE CONSTRUCTED SHALL BE EXEMPT FROM ALL PROPERTY TAXES FOR NOT MORE THAN FIFTEEN (15) YEARS, COMMENCING WITH AND INCLUDING TAX YEAR 2019.

(3) IN LIEU OF ALL SAID PROPERTY TAXES ON THE NINETY-EIGHT (98) UNITS IN THE ELDERLY HOUSING DEVELOPMENT, THE SPONSOR SHALL PAY, AND THE CITY WILL ACCEPT, AN ANNUAL SERVICE CHARGE FOR PUBLIC SERVICES, IN THE SUM EQUAL TO, FOUR PERCENT (4%) OF THE DIFFERENCE BETWEEN THE ANNUAL SHELTER RENTS ACTUALLY COLLECTED AND UTILITIES.

(4) THE EXEMPTION PROVIDED UNDER THIS SECTION SHALL COMMENCE WHEN THE SPONSOR COMPLIES WITH SECTION 15A(1) OF 1966 PA 346, AS AMENDED, CODIFIED AS MCL 125.1415(a)(1), WHICH PROVIDES: THE OWNER OF A HOUSING PROJECT ELIGIBLE FOR THE EXEMPTION SHALL FILE WITH THE LOCAL ASSESSING OFFICER (THE CITY ASSESSOR) A NOTIFICATION OF THE EXEMPTION, WHICH SHALL BE IN AN AFFIDAVIT FORM AS PROVIDED BY THE AUTHORITY. THE COMPLETED AFFIDAVIT FORM FIRST SHALL BE SUBMITTED TO THE AUTHORITY FOR CERTIFICATION BY THE AUTHORITY THAT THE PROJECT IS ELIGIBLE FOR THE EXEMPTION. THE OWNER THEN SHALL FILE, OR CAUSE TO BE FILED,

THE CERTIFIED NOTIFICATION OF THE EXEMPTION WITH THE LOCAL ASSESSING OFFICER BEFORE NOVEMBER 1 OF THE YEAR PRECEDING THE TAX YEAR IN WHICH THE EXEMPTION IS TO BEGIN.

(5) IN ADDITION TO THE CERTIFICATION REQUIRED PURSUANT TO SUBSECTION (C)(4), THE SPONSOR SHALL PROVIDE FOR THE HOUSING DEVELOPMENT ANNUALLY IN WRITING TO THE CITY ASSESSOR FOR THE PRECEDING YEAR IN WHICH THE PROPERTY TAX EXEMPTION WAS IN EFFECT:

A. THE ANNUAL AUDITED ACCOUNTING REPORT FOR THE PAYMENT IN LIEU OF TAXES; AND

B. A CERTIFIED STATEMENT IDENTIFYING ALL THE UNITS RENTED TO ELDERLY PERSONS OF LOW OF MODERATE INCOME; AND

C. IF REQUESTED BY THE CITY, PROOF THAT THE HOUSING DEVELOPMENT UNITS HAVE NOT INCREASED, DECREASED, OR BEEN ALTERED IN ANY FORM, UNLESS THE CITY HAS OTHERWISE AMENDED THE PROVISIONS OF THIS SECTION.

(D) *LIMITATION ON THE PAYMENT OF THE ANNUAL SERVICE CHARGE*. NOTWITHSTANDING SUBSECTION (C), THE SERVICE CHARGE TO BE PAID EACH YEAR IN LIEU OF TAXES FOR THE PART OF THE HOUSING DEVELOPMENT PROJECT THAT IS TAX EXEMPT AND OCCUPIED BY OTHER THAN LOW OR MODERATE INCOME ELDERLY PERSONS SHALL BE EQUAL TO THE FULL AMOUNT OF THE TAXES THAT WOULD OTHERWISE BE DUE AND

PAYABLE ON THAT PORTION OF THE HOUSING DEVELOPMENT PROJECT IF THE PROJECT WERE NOT TAX EXEMPT.

(E) *PAYMENT OF ANNUAL SERVICE CHARGE*. THE SERVICE CHARGE IN LIEU OF TAXES, AS ESTABLISHED UNDER THIS SECTION, SHALL BE PAYABLE IN THE SAME MANNER AS GENERAL PROPERTY TAXES ARE PAYABLE TO THE CITY, AND DISTRIBUTED TO THE SEVERAL UNITS LEVYING THE GENERAL PROPERTY TAX IN THE SAME PROPORTION AS PREVAILED WITH THE GENERAL PROPERTY TAX IN THE PREVIOUS YEAR, EXCEPT THAT THE ANNUAL PAYMENT SHALL BE MADE ON OR BEFORE JULY 1 OF THE YEAR FOLLOWING THE YEAR UPON WHICH SUCH CHARGE IS CALCULATED. COLLECTION PROCEDURE SHALL BE IN ACCORDANCE WITH THE PROVISIONS OF THE GENERAL PROPERTY TAX ACT (1893 PA 206, AS AMENDED; MCL 211.1, ET SEQ.).

(F) *CONTRACTUAL EFFECT*. NOTWITHSTANDING THE PROVISIONS OF SECTION 15(A)(5) OF THE ACT TO THE CONTRARY, A CONTRACT BETWEEN THE CITY AND THE SPONSOR WITH THE AUTHORITY AS THIRD-PARTY BENEFICIARY UNDER THE CONTRACT, TO PROVIDE TAX EXEMPTION AND ACCEPT PAYMENT IN LIEU OF TAXES AS PREVIOUSLY DESCRIBED, IS EFFECTUATED BY THE ENACTMENT OF THIS SECTION.

(G) *DURATION*. THIS SECTION SHALL REMAIN IN EFFECT AND SHALL NOT TERMINATE FOR FIFTEEN (15) YEARS, COMMENCING WITH AND INCLUDING TAX YEAR 2019, PROVIDED THAT THE SPONSOR COMPLIES WITH THE REQUIREMENTS OF THE ACT AND THIS SECTION, AND FURTHER PROVIDED

THAT THE HOUSING DEVELOPMENT CONTINUES TO BE RENTED TO LOW OR MODERATE INCOME ELDERLY PERSONS AT RENTS DETERMINED UNDER THE LOW INCOME HOUSING TAX CREDIT PROGRAM, AS THE SAME MAYBE FURTHER AMENDED OR SUPERSEDED, OR THERE IS AN AUTHORITY-AIDED OR FEDERALLY-AIDED MORTGAGE ON THE HOUSING DEVELOPMENT AS PROVIDED IN THE ACT, OR THE AUTHORITY OR HUD HAS AN INTEREST IN THE PROPERTY; BUT IN NO EVENT BEYOND DECEMBER 31, 2018. IF THE SPONSOR CHANGES THE SCOPE OR PURPOSE OF THE NINETY-EIGHT (98) UNITS OF HOUSING WITHIN THE DEVELOPMENT WITHOUT THE CONSENT OF THE CITY OF LANSING, BY AND THROUGH ITS REPRESENTATIVES, AND IN ACCORDANCE WITH THE REQUIREMENTS OF THE LANSING CITY CHARTER, THIS SECTION SHALL AUTOMATICALLY EXPIRE AND BE OF NO EFFECT.

Section 2. All ordinances, resolutions or rules, parts of ordinances, resolutions or rules inconsistent with the provisions hereof are hereby repealed as they pertain to the Porter Senior Apartments.

Section 3. Should any section, clause or phrase of this ordinance be declared to be invalid, the same shall not affect the validity of the ordinance as a whole, or any part thereof other than the part so declared to be valid.

Section 4. This ordinance shall take effect on the 30th day after enactment unless given immediate effect by the City Council.

Approved as to form:

__________________________________
James D. Smiertka, City Attorney
Dated: ________________________

file:///S:\Attorney_Staff\ORDINANCES\PILOT Ordinances\Porter Senior Apartments\Porter Senior Apartments PILOT draft