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State awards low-income housing tax credits to 5 Detroit projects

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- Low-income housing tax credits award for 235 new units
- 318 existing affordable housing units to preserved for 45 years
- 150-unit project planned for East Jefferson



Ombra Architects

The Brush + Watson development is expected to include about 180 apartments, with half of those being for those making less than the area median income.

The Michigan State Housing Development Authority has awarded low-income housing tax credits to five projects in Detroit that would attract more than \$100 million in new investment and create or preserve 536 housing units.

The 9 percent low-income housing tax credits (LIHTC) will subsidize the construction of 235 housing units in Detroit, 218 of which will be reserved for individuals earning between \$16,050 and \$42,800 annually, according to a news release from Mayor Mike Duggan's office. The other 318 are already classified as affordable, but will have their comparatively low rents extended for another 45 years.

The tax credits will go toward subsidizing housing projects in areas of the city where rents have been steadily rising in market-rate apartments and condos: Midtown, East Jefferson's Riverfront, Milwaukee Junction and Brush Park.

"We are making sure that people of all incomes can live in all areas of the city," Duggan said.

The mayor and Gov. Gretchen Whitmer announced the low-income housing tax credit awards Monday outside of the Orchestra Place Place Apartments, an 82-unit senior housing apartment building in Midtown that is getting a \$887,876 low-income housing tax credit. Southfield-based Larc Community Development Group recently purchased the building for an undisclosed amount and is planning a \$21 million renovation, company CEO Larry Tisdale said.

Among selected projects is a \$27.3 million, 150-unit building planned for vacant, east-side riverfront land by Novi-based Ginosko Development Co. It is receiving approximately \$1.78 million through the state program. The unnamed development at 7850 E. Jefferson Ave. will have two phases of 75 units each built in tandem on a slice of land between the River Tower Apartments and the United Auto Workers' federal credit union, said Amin Irving, owner of Ginosko Development Co.

Irving said the project "wouldn't be done" without the tax credits to bridge construction financing.

Construction is expected to begin in the first quarter of 2020 and take 15 months to complete, Irving said.

Ginosko is [also leading redevelopment](#) of the former Shapero Hall site in Lafayette Park for condos and apartments.

Other Detroit recipients are:

- \$7.2 million project led by Bingham Farms-based MHT Housing Inc. and the Detroit Catholic Pastoral Alliance to build 25 units in the Milwaukee Junction neighborhood. Twenty of the units would be designated affordable, costing between \$573 per month and \$1,146 per month. The LIHTC award was \$570,203.
- A \$19.1 million [American Community Developers-led project](#) at Brush and Watson streets in Brush Park, with 48 out of 60 of the units reserved for residents with an annual income of \$16,050 to \$42,800 or 30 percent to 80 percent of the area median income.

- The 236-unit Cathedral Tower Apartments on East Hancock Street in Midtown will be preserved as affordable housing for residents earning between \$21,400 and \$42,800 annually. The building's 236 units will be renovated at a cost of \$27 million, with the project receiving a \$1.5 million low-income housing tax credit.

Detroit projects got five out of 14 low-income housing tax credit awards given in this round. The federal LIHTC program is administered by the Michigan State Housing Development Authority biannually to financially support renovation or construction projects that would maintain existing affordable housing or build new. The credits are generally sold to investors or financial institutions in exchange for equity to help finance the projects.

Affordability is based on federal area median income guidelines for Wayne County. As calculated for 2019, 30 percent of area median income for a one-person household is \$16,050, 50 percent is \$26,750 and 80 percent is \$42,800. The rent limits for those incomes, respectively, are \$429 per month, \$716 per month and \$1,146 per month. The Detroit projects vary in affordability.

Some have questioned the applicability of the regional figures in Detroit. Lansing-based nonprofit Michigan League for Public Policy found in a report released in early May that Detroit's median household income is \$27,838 (a figure that includes households of more than one person, unlike the above AMI calculations).

The city of Detroit said last year there were approximately 22,000 affordable housing units in its 139 square miles and that the affordable status on 10,000 of them was set to expire by 2023 when low-income housing tax credits run out. The city announced then that it was **creating a \$250 million fund** in hopes of preserving the status of those homes and creating another 2,000.

Inline Play

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