

City of Detroit

Janice M. Winfrey
City Clerk

OFFICE OF THE CITY CLERK

Andre P. Gilbert II
Deputy City Clerk

April 10, 2023

To: Katharine G. Trudeau, Deputy Director
Planning and Development Department
Coleman A. Young Municipal Center
2 Woodward Ave. Suite 808
Detroit, MI. 48226

Re: Petition 2023-100 G. Application for Commercial Rehabilitation Certificate for a portion of the North End Landing Project, 501, 511, 519, 525, 529, 535, 545, 555 and 561 E. Bethune, Detroit, Michigan (P.A. 210 of 2005, as amended) (application 7 of 7)

Please find attached Petition Request for Commercial Rehabilitation Certificate for a portion of the North End Landing Project, 501, 511, 519, 525, 529, 535, 545, 555 and 561 E. Bethune, Detroit, Michigan (P.A. 210 of 2005, as amended) (application 7 of 7) (In reference to petition 2023-100).

Respectfully submitted,



Jaleesa McIntosh,
Jr. Assistant City Council Committee Clerk
Office of the City Clerk

By Email

April 7, 2023

Office of Detroit City Clerk
2 Woodward Avenue
Coleman A. Young Municipal Center
Suite 200
Detroit, MI 48226

Re: *Application for Commercial Rehabilitation Certificate for a portion of the North End Landing Project, 501, 511, 519, 525, 529, 535, 545, 555 and 561 E. Bethune, Detroit, Michigan (P.A. 210 of 2005, as amended) (application 7 of 7)*


Ladies and Gentlemen:

Enclosed please find an Application for Commercial Rehabilitation Certificate from Avanath North End Multifamily, LLC pursuant to P.A. 210 of 2005 as amended, with respect to a portion of the proposed North End Landing project located at 501, 511, 519, 525, 529, 535, 545, 555 and 561 E. Bethune, Detroit, Michigan. The Application is related to six other applications filed by Avanath North End Parcel Owner I, LLC for proposed buildings in the proposed North End Landing project.

Thank you for your assistance.

Very truly yours,

HONIGMAN LLP



By: _____
Richard A. Barr

Enc.
cc (w/enc.): DEGC, HRD

Application for Commercial Rehabilitation Exemption Certificate

Issued under authority of Public Act 210 of 2005, as amended.

LOCAL GOVERNMENT UNIT USE ONLY	
Application No.	Date Received
STATE USE ONLY	
Application No.	Date Received

Read the instructions page before completing the form. This application should be filed after the commercial rehabilitation district is established. The applicant must complete Parts 1, 2 and 3 and file the application form (with required attachments) with the clerk of the local governmental unit (LGU). Attach the legal description of property on a separate sheet. This project will not receive tax benefits until approved by the State Tax Commission (STC). Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the STC.

PART 1: OWNER / APPLICANT INFORMATION (applicant must complete all fields)			
Applicant (Company) Name (applicant must be the owner of the facility) Avanath North End Multifamily, LLC			NAICS or SIC Code 531110
Facility's Street Address 501, 511, 519, 525, 529, 535, 545, 555, 561 E. Bethune (subject to change)	City Detroit	State MI	ZIP Code 48202
Name of City, Township or Village (taxing authority) Detroit	County Wayne	School District Where Facility is Located Detroit P.S. Community	
<input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village			
Date of Rehabilitation Commencement (mm/dd/yyyy) 04/30/2026	Planned Date of Rehabilitation Completion (mm/dd/yyyy) 03/31/2027		
Estimated Cost of Rehabilitation \$7,435,901	Number of Years Exemption Requested (1-10) 10 after completion		


Expected Project Outcomes (check all that apply)		
<input type="checkbox"/> Increase Commercial Activity	<input type="checkbox"/> Retain Employment	<input checked="" type="checkbox"/> Revitalize Urban Areas
<input checked="" type="checkbox"/> Create Employment	<input type="checkbox"/> Prevent Loss of Employment	<input checked="" type="checkbox"/> Increase Number of Residents in Facility's Community
No. of jobs to be created due to facility's rehabilitation 0	No. of jobs to be retained due to facility's rehabilitation 0	No. of construction jobs to be created during rehabilitation 31

PART 2: APPLICATION DOCUMENTS	
Prepare and attach the following items:	
<input checked="" type="checkbox"/> General description of the facility (year built, original use, most recent use, number of stories, square footage)	<input checked="" type="checkbox"/> Statement of the economic advantages expected from the exemption
<input checked="" type="checkbox"/> Description of the qualified facility's proposed use	<input checked="" type="checkbox"/> Legal description
<input checked="" type="checkbox"/> Description of the general nature and extent of the rehabilitation to be undertaken	<input type="checkbox"/> Description of the "underserved area" (Qualified Retail Food Establishments only)
<input checked="" type="checkbox"/> Descriptive list of the fixed building equipment that will be a part of the qualified facility	<input type="checkbox"/> Commercial Rehabilitation Exemption Certificate for Qualified Retail Food Establishments (Form 4753) (Qualified Retail Food Establishments only)
<input checked="" type="checkbox"/> Time schedule for undertaking and completing the facility's rehabilitation	

PART 3: APPLICANT CERTIFICATION			
Name of Authorized Company Officer (no authorized agents) Jun Sakumoto		Telephone Number (313) 465-7308	
Fax Number		E-mail Address rbarr@honigman.com	
Street Address c/o Richard Barr, Honigman LLP 660 Woodward Ave, Ste 2290	City Detroit	State MI	ZIP Code 48226

I certify that, to the best of my knowledge, the information contained herein and in the attachments is truly descriptive of the property for which this application is being submitted. Further, I am familiar with the provisions of Public Act 210 of 2005, as amended, and to the best of my knowledge the company has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local governmental unit and the issuance of a Commercial Rehabilitation Exemption Certificate by the State Tax Commission.

I further certify that this rehabilitation program, when completed, will constitute a rehabilitated facility, as defined by Public Act 210 of 2005, as amended, and that the rehabilitation of this facility would not have been undertaken without my receipt of the exemption certificate.

Signature of Authorized Company Officer (no authorized agents) 	Title Chief Compliance Officer	Date 4/17/23
---	--	------------------------

PART 4: ASSESSOR RECOMMENDATIONS (assessor of LGU must complete Part 4)			
Provide the Taxable Value and State Equalized Value of Commercial Property, as provided in Public Act 210 of 2005, as amended, for the tax year immediately preceding the effective date of the certificate (December 31 of the year approved by the STC).			
	Taxable Value	State Equalized Value (SEV)	
Land			
Building(s)			
The property to be covered by this exemption may not be included on any other specific tax roll while receiving the Commercial Rehabilitation Exemption. For example, property on the Eligible Tax Reverted Property (Land Bank) specific tax roll cannot be granted a Commercial Rehabilitation Exemption that would also put the same property on the Commercial Rehabilitation specific tax roll.			
<input type="checkbox"/> By checking this box I certify that, if approved, the property to be covered by this exemption will be on the Commercial Rehabilitation Exemption specific tax roll and not on any other specific tax roll.			
Name of Local Government Body City of Detroit			
Name of Assessor (first and last name) Charles Ericson		Telephone Number (313) 224-4832	
Fax Number		E-mail Address ericsonc@detroitmi.gov	
<i>I certify that, to the best of my knowledge, the information contained in Part 4 of this application is complete and accurate.</i>			
Assessor's Signature			Date
PART 5: LOCAL GOVERNMENT ACTION (clerk of LGU must complete Part 5)			
Action Taken By LGU (attach a certified copy of the resolution):			
<input checked="" type="checkbox"/> Exemption approved for _____ years, ending December 30, _____ (not to exceed 10 years)			
<input type="checkbox"/> Exemption Denied			
Date District Established (attach resolution for district)	Local Unit Classification Identification (LUCI) Code	School Code	
	82205	82010	
PART 6: LOCAL GOVERNMENT CLERK CERTIFICATION (clerk of LGU must complete Part 6)			
Clerk's Name (first and last) Janice M. Winfrey		Telephone Number (313) 224-3262	
Fax Number (313) 224-2075		E-mail Address	
Mailing Address 2 Woodward Avenue, Ste. 200	City Detroit	State MI	ZIP Code 48226
LGU Contact Person for Additional Information	LGU Contact Person Telephone Number	Fax Number	
<i>I certify that, to the best of my knowledge, the information contained in this application and attachments is complete and accurate and hereby request the State Tax Commission issue a Commercial Rehabilitation Exemption Certificate, as provided by Public Act 210 of 2005, as amended.</i>			
Clerk's Signature			Date

For faster service, the LGU should email the completed application and required documents to PTE@michigan.gov.

An additional submission option is to mail the completed application and required documents to:

Michigan Department of Treasury, State Tax Commission
 P.O. Box 30471
 Lansing, MI 48909

Instructions for Completing Form 4507

Application for Commercial Rehabilitation Exemption Certificate

The Commercial Rehabilitation Exemption Certificate was created by Public Act 210 of 2005, as amended. The application is initially filed, reviewed, and approved by the LGU and then reviewed and approved by the State Tax Commission. According to Section 3 of Public Act 210 of 2005, as amended, the LGU must establish a Commercial Rehabilitation District. **Rehabilitation may commence after establishment of the Commercial Rehabilitation District.**

Owner / Applicant Instructions

1. Complete Parts 1, 2 and 3 of application
2. Prepare and attach all documents required under Part 2 of the application:
 - a. General description of the facility (year built, original use, most recent use, number of stories, square footage)
 - b. Description of the qualified facility's proposed use
 - c. Description of the general nature and extent of the rehabilitation to be undertaken
 - d. Descriptive list of the fixed building equipment that will be a part of the qualified facility
 - e. Time schedule for undertaking and completing the facility's rehabilitation
 - f. Statement of the economic advantages expected from the exemption
 - g. Legal description of the facility
 - h. Description of the "underserved area" (Qualified Retail Food Establishments only)
3. Qualified Retail Food Establishments:
 - a. Complete Part 1 of the *Commercial Rehabilitation Exemption Certification for Qualified Retail Food Establishments* (Form 4753). Submit to LGU clerk along with application.
 - b. Describe the "underserved area" and provide supporting documentation to show how the project area meets one or more of the following requirements:
 - i. An area that contains a low to moderate income census tract(s) which, based on per capita income, are tracts below the 66.67 percentile (\$23,643 in 1999 dollars) and a below average supermarket density
 - ii. An area that has a supermarket customer base with more than 50% living in a low income census tract(s) which based on the per capita income, are tracts below the 66.67 percentile (\$23,643 in 1999 dollars)
 - iii. An area that has demonstrated significant access limitations due to travel distance and has no Qualified Retail Food Establishments within two miles of the geo-center for an urban area or has no Qualified Retail Food Establishments within nine miles of the geo-center for a rural area.

For assistance in determining the project area's eligibility, visit www.michigan.gov/propertytaxexemptions and click on Commercial Rehabilitation Act.
4. Submit the application and all attachments to the clerk of the LGU where the property is located.

LGU Assessor Instructions

Complete and sign Part 4 of the application.

LGU Clerk Instructions

1. After LGU action, complete Part 5 of the application.
2. After reviewing the application for complete and accurate information, complete Part 6 and sign the application to certify the application meets the requirements as outlined by Public Act 210 of 2005, as amended.
3. Assemble the following for a complete application:
 - a. Completed *Application for Commercial Rehabilitation Exemption Certificate* (Form 4507)
 - b. All required attachments listed under Part 2
 - c. A copy of the resolution by the LGU establishing the district
 - d. A certified copy of the resolution by the LGU approving the application
 - e. Complete Form 4753 (Qualified Retail Food Establishments only)
4. **For faster service, email the completed application and additional required documentation to PTE@michigan.gov.** An additional submission option is to mail the completed application and required documents to: Michigan Department of Treasury, State Tax Commission, P.O. Box 30471, Lansing, MI 48909

Application Deadline

The State Tax Commission must receive complete applications on or before October 31 to ensure processing and certificate issuance for the following tax year. Applications received after October 31 may not be processed in time for certificate issuance for the following tax year.

If you have questions or need additional information or sample documents, visit www.michigan.gov/propertytaxexemptions or call 517-335-7491.

Attachment to PA 210 Commercial Rehabilitation Exemption Certificate Application
North End Landing

Avanath North End Multifamily, LLC, Owner
April 6, 2023

1. General Description of Facility and Description of the Qualified Facility's Proposed Use.

Avanath North End Multifamily, LLC is the owner of the parcels more fully described below (legal descriptions provided in paragraph 6), intends to rehabilitate property in the North End neighborhood to be known as North End Landing.

The facility sits on one parcel of land (pending completion of a parcel combination approved by the City of Detroit), containing approximately 37,948 square feet. The project will be a qualified facility as the parcel consisted of commercial property within the immediately preceding 15 years.

The facility subject to this application will consist of two separate buildings. The first building will consist of fourteen (14) flats made up of ten (10) with one-bedroom approximately 608 to 688 square feet and four with two-bedrooms approximately 860 to 936 square feet. The second building will consist of ten (10) flats made up of eight with one-bedroom approximately 608 to 688 square feet and two with two-bedroom approximately 860 to 936 square feet.

North End Landing is being developed along with an affiliate, Avanath North End Parcel Owner I, LLC, consisting of twenty-three (23) tax parcels of land, together containing approximately 4.476 acres of land. The project is a residential development expected to create a total of approximately one hundred seventy-seven (177) new rental apartments including flats. Upon completion of the development, the property will have forty-one (41) studio apartments with approximately 363 square feet each, one hundred-eight (108) one-bedroom apartments with approximately 600 to 608 square feet, and twenty-eight (28) two-bedroom apartments with approximately 825 to 898 square feet.

Twenty percent (20%) of the apartments in the overall North End Landing development will be available at rental rates considered affordable for those with income not greater than 80% of the area median income (AMI), as will be specified in an agreement between the developers and the City of Detroit.

2. Description of the General Nature and Extent of the Rehabilitation to be Undertaken.

The proposed rehabilitation includes the new development of vacant land, including razing one vacant, dilapidated structure.

3. Descriptive List of the Fixed Building Equipment That Will Be Part of the Qualified Facility.

The buildings will contain customary building systems as well as dishwashers, oven/stoves and refrigerators.

4. Time Schedule for Undertaking and Completing the Facility's Rehabilitation.

The project is expected to commence in April 2026 and to be completed by March 2027.

5. Statement of the Economic Advantages Expected from the Exemption.

The exemption will temporarily mitigate the very high real property tax rates in the City of Detroit (approx. 87.4795 mills) and facilitate the offering of affordable housing units. Temporary construction jobs will be created. New city income taxes will be generated from new residents of the apartments as well as from temporary construction jobs created by the proposed investment.

6. Legal Description.

<u>Address (Eligibility)</u>	<u>Parcel ID</u>	<u>Legal Description</u>
<p>Currently, 501, 511, 519, 525, 529, 535, 545, 555, and 561 E. Bethune; Permanent address designation pending</p>	<p>Currently, 3001900, 3001901, 3001902, 3001903, 3001904, 3001905.001, 03001905.002L, 3001906, and 3001907 Permanent parcel designation pending</p>	<p>A PARCEL OF LAND SITUATED IN THE CITY OF DETROIT, WAYNE COUNTY, MICHIGAN BEING MORE PARTICULARLY DESCRIBED AS: LOTS 201 THROUGH 211 INCLUSIVE, "WM. Y. HAMLIN AND S.J. BROWN'S SUBDIVISION OF LOTS NO. 3 AND QUARTER SECTION 57, 10,000 ACRE TRACT" AS RECORDED IN LIBER 8, PAGE 12, WAYNE COUNTY RECORDS.</p>



May 10, 2023

Katharine G. Trudeau, Deputy Director
 Planning & Development Department
 Coleman A. Young Municipal Center
 2 Woodward Ave, Suite 808
 Detroit, MI 48226

RE: Commercial Rehabilitation Certificate – **Avanath North End Parcel Owner I, LLC**

Property Address: 501, 511, 519, 525, 529, 535, 545, 555 & 561 E. Bethune

Parcel Number: 03001900, 03001901, 03001902, 03001903, 03001904, 03001905.001, 03001905.002L, 03001906, 03001907

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the Commercial Rehabilitation certificate application for the properties located at **501, 511, 519, 525, 529, 535, 545, 555 & 561 E. Bethune** in the **North End** area in the City of Detroit.

The rationale for issuing Commercial Rehabilitation certificates under PA 210 of 2005, as amended, is based on the anticipation of increased market value upon completion of new construction and /or significant rehabilitation of existing commercial property and commercial housing property. Normal repair and maintenance are not assessed and do not necessarily generate additional market value.

The developer intends to redevelop the site, currently consisting of a 2 story retail/apartment mixed-use building and adjacent vacant lots together covering a 0.870 acre area, into 2 multi-family buildings, made up of 14 and 10 apartment units respectively, including 20% of the units available at affordable rental rates.

The 2023 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
03001900	501 E. Bethune	\$0	\$0	\$24,000	\$24,000
03001901	511 E. Bethune	\$21,500	\$21,500	\$13,100	\$13,100
03001902	519 E. Bethune	\$0	\$0	\$300	\$300
03001903	525 E. Bethune	\$0	\$0	\$13,100	\$13,100
03001904	529 E. Bethune	\$0	\$0	\$13,200	\$13,200
03001905.001	535 E. Bethune	\$0	\$0	\$18,800	\$18,800
03001905.002L	545 E. Bethune	\$0	\$0	\$18,800	\$18,800
03001906	555 E. Bethune	\$0	\$0	\$13,100	\$13,100
03001907	561 E. Bethune	\$0	\$0	\$13,200	\$13,200

This property meets the criteria set forth under PA 210 of 2005, as amended. It applies to a building or a group of contiguous buildings, a portion of a building or group of contiguous buildings previously used for commercial or industrial purposes, obsolete industrial property, and vacant property which, within the immediately preceding 15 years, was operating as a commercial business enterprise.

The property is currently owned by Avanath North End Parcel Owner I, LLC. The State Tax Commission (STC) has determined that applicants may proceed with obtaining local approval of the issuance of the certificate prior to acquiring title to the property, but that the certificate would be held in abeyance by the STC pending submission of proof of ownership.



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

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 824
DETROIT, MI 48226
PHONE: 313•224•3011
FAX: 313•224•9400

Commercial Rehabilitation Certificate
Avanath North End Parcel Owner I, LLC
Page 2

A review of the general plans, along with the criteria set forth under the Commercial Rehabilitation Act, indicated that the proposed project located at **501, 511, 519, 525, 529, 535, 545, 555 & 561 E. Bethune** is eligible as it pertains to the Commercial Rehabilitation certificate criteria under P.A. 210 of 2005, as amended.

Sincerely,

Charles Ericson, MMAO
Assessor, Board of Assessors



Commercial Rehabilitation Certificate
Avanath North End Parcel Owner I, LLC
Page 3

Parcel: 03001900

Owner: Avanath North End Landing Parcel Owner I, LLC

Property Address: 501 E. Bethune

Legal Description: N BETHUNE E 201-202 WM Y HAMLIN & S J BROWNS L8 P72 PLATS, W C R 3/91 59.5 X 115

Parcel: 03001901

Owner: Avanath North End Landing Parcel Owner I, LLC

Property Address: 511 E. Bethune

Legal Description: N BETHUNE E 203 WM Y HAMLIN & S J BROWNS L8 P72 PLATS, W C R 3/91 30 X 115

Parcel: 03001902

Owner: Avanath North End Landing Parcel Owner I, LLC

Property Address: 519 E. Bethune

Legal Description: N BETHUNE E 204 WM Y HAMLIN & S J BROWNS L8 P72 PLATS, W C R 3/91 30 X 115

Parcel: 03001903

Owner: Avanath North End Landing Parcel Owner I, LLC

Property Address: 525 E. Bethune

Legal Description: N BETHUNE E 205 WM Y HAMLIN & S J BROWNS L8 P72 PLATS, W C R 3/91 30 X 115

Parcel: 03001904

Owner: Avanath North End Landing Parcel Owner I, LLC

Property Address: 529 E. Bethune

Legal Description: N BETHUNE E 206 WM Y HAMLIN & S J BROWNS L8 P72 PLATS, W C R 3/91 30 X 115

Parcel: 03001905.001

Owner: Avanath North End Landing Parcel Owner I, LLC

Property Address: 535 E. Bethune

Legal Description: N BETHUNE E 207 W 1/2 208 WM Y HAMLIN & S J BROWNS L8 P72 PLATS, W C R 3/91 45 X 115

Parcel: 03001905.002L

Owner: Avanath North End Landing Parcel Owner I, LLC

Property Address: 545 E. Bethune

Legal Description: N BETHUNE E E 1/2 208 209 WM Y HAMLIN & S J BROWNS L8 P72 PLATS, W C R 3/91 45 X 115

Parcel: 03001906

Owner: Avanath North End Landing Parcel Owner I, LLC

Property Address: 555 E. Bethune

Legal Description: N BETHUNE E 210 WM Y HAMLIN & S J BROWNS L8 P72 PLATS, W C R 3/91 30 X 115

Parcel: 03001907

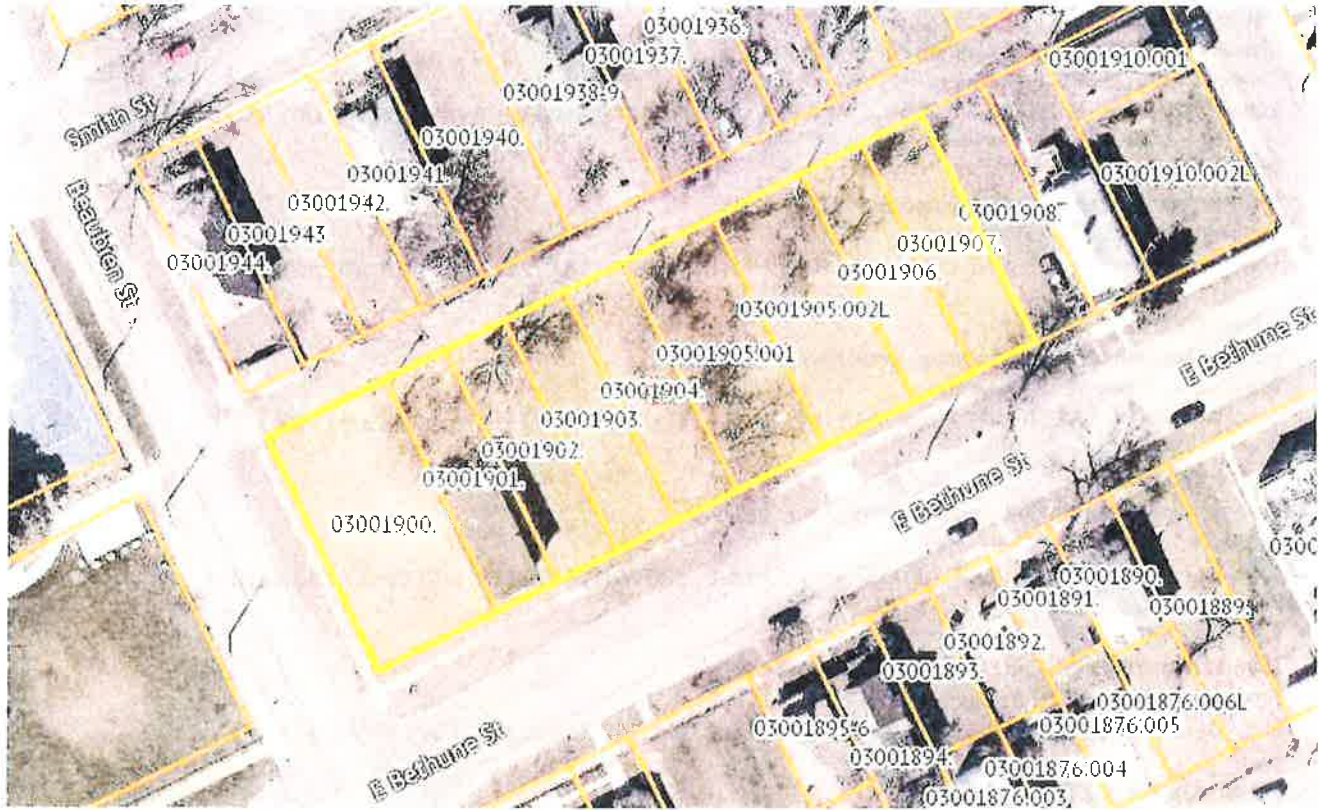
Owner: Avanath North End Landing Parcel Owner I, LLC

Property Address: 561 E. Bethune

Legal Description: N BETHUNE E 211 WM Y HAMLIN & S J BROWNS L8 P72 PLATS, W C R 3/91 30 X 115



Commercial Rehabilitation Certificate
Avanath North End Parcel Owner I, LLC
Page 4



**COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE
AGREEMENT**

THIS COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE AGREEMENT (this "Agreement") is made this _____ day of _____, 2023 by and between the City of Detroit, a Michigan municipal corporation ("City"), acting by and through its Planning & Development Department, with an office at 2 Woodward Avenue, Suite 808, Detroit, Michigan 48226 and Avanath North End Multifamily, LLC, a Delaware limited liability company ("Applicant"), with an office at 1920 Main Street, Ste. 150, Irvine, California 92614.

WITNESSETH:

WHEREAS, Public Act 210 of 2005 as amended, also known as the Commercial Rehabilitation Act ("Act"), (1) provides for the establishment of commercial rehabilitation districts by local governmental units, (2) provides for the abatement or exemption from certain taxes for qualified facility owners, and (3) allows local governmental units to levy and collect a specific tax from the owners of certain qualified facilities, among other provisions; and

WHEREAS, the Applicant has submitted an Application for Commercial Rehabilitation Exemption Certificate ("Application") for the property located at: 501, 511, 519, 525, 529, 535, 545, 555 and 561 E. Bethune, Detroit, Michigan ("Property"). A copy of the Application is attached hereto as **Exhibit A** and made a part hereof; and

WHEREAS, the City has previously approved a commercial rehabilitation district pursuant to the Act and the Property is located in such district; and

WHEREAS, the Applicant has committed to complete a Rehabilitation of the Property, as defined in the Act, and to hire or retain a certain amount of full-time employees at the Property during the Term (as defined below); and

WHEREAS, the City has approved the Application by adopting a resolution granting the Commercial Rehabilitation Exemption Certificate ("CREC"), contingent upon the covenants and representations contained herein and pending approval by the Michigan State Tax Commission. A copy of the City resolution granting the CREC is attached hereto as **Exhibit B** and made a part hereof; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **General.**

a. Unless earlier revoked as provided for in Section 12 of the Act, being MCL 207.852, or as provided for in this Agreement, the CREC term and the term of this Agreement (collectively, the "Term") will be for a period commencing on the certificate beginning date stated in the CREC issued by the Michigan State Tax Commission and concluding on the ending date stated in the CREC issued by the Michigan State Tax Commission, said ending date being December 30th of the

year ten (10) years following the Rehabilitation Completion Date (as defined herein).

b. The Applicant will complete the Rehabilitation of the Property (the "Project"), as defined in the Act and as set forth in the Application, no later than March 31, 2027 (the "Rehabilitation Completion Date").

c. The Applicant shall create, or cause to be created, no (the "Employee Commitment Number") full-time employees at the Property within one (1) year of the Rehabilitation Completion Date.

d. The Applicant will recruit and hire City of Detroit residents in accordance with specified targets as set forth in the City of Detroit Resident Employment Plan ("Employment Plan") submitted by the Applicant to the City as part of the Application and approved by the City of Detroit Civil Rights, Inclusion and Opportunity Department ("CRIO"). Throughout the Term, the Employment Plan may not be modified without CRIO's prior written approval, which approval may be granted or withheld in CRIO's sole discretion. CRIO will monitor the Applicant's compliance with the Employment Plan on an annual basis throughout the Term. Upon notice from CRIO of a discrepancy between the Applicant's commitment in the Employment Plan and the actual number of City of Detroit residents employed at the Property, Applicant shall submit a correction plan setting forth the Applicant's plan to bring the number of City of Detroit residents employed at the Property back up to the specified targets as set forth in the Employment Plan. Applicant's correction plan must be approved by CRIO. Applicant shall be required to fulfill the terms of such correction plan in the timeline set forth in the correction plan.

e. For purposes of this Agreement, a "full-time employee" is defined as a person: (i) who is employed by the Applicant or its affiliates on a salary, wage, commission, or other basis, for a minimum period of forty (40) hours a week and (ii) from whose compensation the Applicant or its affiliates, including a staffing agency, are required by law to withhold City of Detroit income taxes. Affiliates may include Applicant's tenant(s) that lease space at the Property.

2. Applicant Representations and Warranties.

In compliance with the Act and in order to induce the City to grant a CREC to the Applicant, the Applicant represents and warrants that:

a. The Applicant was the owner of the Property at the time of Applicant's submission of the Application and is the owner of the Property as of the date of this Agreement.

b. The Property is a "Qualified Facility" as defined under the Act.

c. During the Term, no portion of the Property will be used as a professional sports stadium.

d. During the Term, no portion of the Property will be used, owned or operated by a casino or affiliated company as defined in the Act.

e. Applicant would not have considered undertaking the Project without a CREC.

- f. The Project did not start earlier than six (6) months before the Applicant filed the Application.
- g. There are no delinquent taxes owed on the Property.
- h. The Applicant will pay any applicable taxes on the Property as they become due.
- i. The Project and the Applicant's current and planned future operation of the Property are in compliance with the City of Detroit Zoning Ordinance and Master Plan.
- j. If the Project will include the provision of housing at the Property, the Applicant agrees: (i) to comply with Fair Housing Practices that meet the guidelines set forth by the U.S. Fair Housing Act (42 U.S.C. 3601 through 3619); and (ii) to comply with the Affordability Requirements set forth on Addendum 2, attached hereto.

3. Community Benefits Requirements.

Pursuant to City of Detroit Ordinance 35-16 (the "Ordinance"), also known as the Community Benefits Ordinance, if the Property involves a Tier 2 Development Project (as defined by the Ordinance), then the Applicant will:

- a. Partner with the City, and, when appropriate, a workforce development agency to promote the hiring, training and employability of Detroit residents consistent with State and Federal Law.
- b. Partner with the Director of the Planning & Development Department to address and mitigate negative impacts that the Tier 2 Development Project may have on the community and local residents. The Applicant will adhere to the mitigation requirements, if any, stated in the attached Addendum 1 – Requirements, which is incorporated herein by reference.

4. Reporting to the City by the Applicant.

Applicant agrees to provide the City with sufficient information, subject to review and audit by the City, in order to determine compliance with this Agreement. At a minimum, the Applicant shall comply with the following covenants during the Term:

- a. Upon request, the Applicant shall provide the Planning & Development Department copies of all construction plans, building permits and certificates of occupancy related to the Rehabilitation of the Property.
- b. Applicant shall permit the City to perform periodic site visits to the Property by the City to establish whether the Applicant is completing the Rehabilitation to the Property as required by the Act and this Agreement.
- c. Annually, within two (2) weeks after each anniversary of the commencement of the Term, Applicant shall submit to the Planning & Development Department a certified status report

("Status Report") signed by an authorized officer of the Applicant. The Status Report shall set forth for the previous year: (i) the Rehabilitation work completed at the Property and the Applicant's financial investment in the Property for that year and (ii) the number of full-time employees at the Property for that year.

d. Annually, within two (2) weeks after each anniversary of the commencement of the Term, the Applicant shall submit to CRIO the Annual Employment Report for Tax Abatements (the "Status Report"), including copies of proofs of residency that have been accepted by CRIO.

e. Applicant shall use and participate in the City of Detroit's central affordable housing portal (the "Housing Portal") to advertise available rental units at the Property, so long as the Housing Portal exists. Applicants shall work with City staff to create a property listing for the Property within the Housing Portal and shall coordinate marketing efforts for available units at the Property with the City. Applicant shall review its listing on the Housing Portal and shall make updates to any listings, if necessary, on at least an annual basis. When the Property has immediate vacancies and the Applicant has exhausted its waitlist (if any) for the Property, Applicant shall use the Housing Portal to market those vacancies. Applicant shall update its listing within the Housing Portal when Applicants waitlists (if any) for the Property opens or closes. Applicant shall provide the City with such information as the City may reasonably request to maintain accurate information about the Property on the Housing Portal. Communications to the City regarding the property listing for the Property, vacancies, waitlist openings, or other information required to be provided pursuant to this Section 4.e may be sent to detroithomeconnect@detroitmi.gov.

5. Revocation of CREC and Termination of this Agreement.

The City may, in its sole discretion and by resolution of Detroit City Council, revoke the CREC if the City finds that: (a) the completion of Rehabilitation of the Property has not occurred in the time or manner authorized by this Agreement; or (b) that the Applicant has not proceeded in good faith with the Rehabilitation of the Property in a manner consistent with the purposes of the Act, taking into account any circumstances that are beyond the control of the Applicant.

As used in this Section 5, "good faith" includes, but is not limited to, the following: (i) Applicant is actively working with an agency or City Department to hire and ascertain methods of recruiting and employing Detroit residents at the Property, and (ii) Applicant is actively working with the Detroit Economic Growth Corporation, the City's Planning & Development Department, and CRIO to ascertain methods of obtaining resources to improve Applicant's business in a manner that will allow for compliance with this Agreement.

6. Payment of Exempted Taxes for Shortfall of Employment.

If the average number of full-time employees at the Property for any given year of the Term is less than the Employee Commitment Number, the Applicant agrees to pay to the City, in addition to the Commercial Rehabilitation Tax due under the CREC, an amount equal to the difference between the amount of ad valorem tax that would be due on the Property without the CREC, and the amount of Commercial Rehabilitation Tax due on the Property under the CREC, for that given year, multiplied by a fraction, the numerator of which is the shortfall in the number of full-time employees indicated in the Status Report, and the denominator of which is the Employee Commitment Number.

Prior to taking any action to require the Applicant to pay an amount to the City pursuant to this Section, the City must afford the Applicant an opportunity to present reasons for the employment shortfall at a public hearing.

In the event that the Applicant fails to report in the Status Report the number of full-time employees at the Property for a given year of the Term, the number of full-time employees at the Property for purposes of this Section shall be deemed to be zero (0).

7. Notice to City of Discontinuance of Operations.

If during the Term the Applicant intends to discontinue operations at the Property, the Applicant will provide thirty (30) days' prior written notice of such shutdown of operations to the Director of the Planning & Development Department.

8. Reservation of Remedies.

The City and the Applicant agree that each of the rights and remedies provided by this Agreement may be exercised separately or cumulatively, and shall not be exclusive of any other rights and remedies provided by law. Invalidation of any of the provisions contained in this Agreement by operation of law, judgment, court order or otherwise shall not invalidate any of the other provisions of this Agreement.

9. Transfer.

Neither the CREC nor this Agreement may be transferred or assigned by the Applicant to a new owner of the Property unless the City, in its sole discretion, approves such transfer or assignment upon application by the new owner.

10. Headings.

The headings contained in this Agreement are for descriptive purposes only, and do not alter or govern the substantive content of the provisions of the Agreement.

11. Capitalized Terms.

Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Act.

12. Governing Law; Venue.

This Agreement and all actions arising under it shall be governed by, subject to, and construed according to the law of the State of Michigan. Applicant agrees, consents and submits to the exclusive personal jurisdiction of any state or federal court of competent jurisdiction in Wayne County, Michigan, for any action arising out of this Agreement. Applicant also agrees that it shall not commence any action against the City because of any matter whatsoever arising out of or relating to the validity, construction, interpretation and enforcement of this Agreement in any state or federal court of competent jurisdiction other than one in Wayne County, Michigan.

13. Amendment.

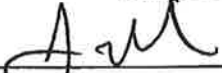
This Agreement may not be amended or modified except by a written instrument executed by each of the parties hereto.

[Remainder of Page Intentionally Left Blank]

**[SIGNATURE PAGE TO COMMERCIAL REHABILITATION EXEMPTION
CERTIFICATE AGREEMENT]**

IN WITNESS WHEREOF, the City and the Applicant, by and through their authorized officers and representatives, have executed this Agreement as follows:

APPLICANT:
AVANATH NORTH END MULTIFAMILY,
LLC, a Delaware limited liability company

By: 

Print: Jun Sakamoto

Its: Chief Compliance Officer

CITY OF DETROIT
PLANNING & DEVELOPMENT DEPT.

By: _____

Print: _____

Its: _____

THIS AGREEMENT WAS APPROVED BY
THE CITY COUNCIL ON:

APPROVED BY LAW DEPARTMENT
PURSUANT TO § 7.5-206 OF THE CHARTER
OF THE CITY OF DETROIT

Date

Corporation Counsel Date

**THIS AGREEMENT IS NOT EFFECTIVE OR VALID UNTIL APPROVED BY
RESOLUTION OF THE CITY COUNCIL, SIGNED BY ALL PARTIES HERETO, AND A
COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE IS APPROVED BY
THE MICHIGAN STATE TAX COMMISSION.**

ADDENDUM 1
Requirements

None.

ADDENDUM 2
Affordability Requirements

1. Affordable Housing Undertaking. The Applicant, as developer of the 501, 511, 519, 525, 529, 535, 545, 555 and 561 E. Bethune -North End Landing project (the "Project") on the Property, will implement during the Term the following affordable housing plan for the planned twenty-four (24) residential apartments to be included within the Project:

a. The Applicant will offer for lease six (6) apartment units ("Affordable Units") to those earning not more than 80% of the Detroit SMSA area median income ("AMI"), based on the income limits most recently published by the United States Department of Housing and Urban Development ("HUD")¹. Rental rates will be based upon occupancy of 1 person in a studio and 1.5 people per bedroom for all other rental unit sizes.

b. Applicant will verify the income of any individual(s) who apply to lease an Affordable Unit.

c. In the event that the income of a tenant of an Affordable Unit becomes more than 80% of AMI, such tenant's unit shall be considered to comply with paragraph 1 above until the termination of the lease such unit, including during any extensions thereof.

d. Applicant currently intends to offer no studios, four (4) one-bedroom units, two (2) two-bedroom units and no three-bedroom units as Affordable Units. Applicant may alter this unit mix in its discretion.

e. A vacant unit offered for rent pursuant to this paragraph counts toward satisfaction of Section 1a above.

f. The commitments set forth herein may be terminated in the event an arms-length lender forecloses on a mortgage secured by the Project.

2. Payment for Exempted Taxes for Violation of Undertaking. If Applicant is not in compliance with its obligations under paragraph 1 of this Addendum and fails to cure its non-compliance within 60 days of written notice from the City, the Applicant shall pay to the City, in addition to the Commercial Rehabilitation Tax due under the CREC on the Property, an amount equal to the difference for the year of non-compliance between the amount of ad valorem tax otherwise due on the Property without the CREC and the amount of the Commercial Rehabilitation Tax due on the Property with the CREC, multiplied by a fraction, the numerator of which is shortfall of the number of units that are not in compliance and the denominator of which is four (4). Prior to taking any action to require the Applicant to pay any amount to the City pursuant to this paragraph 2, the City shall afford the Applicant an opportunity to present at a public hearing reasons for the shortfall by the Applicant in its compliance with this Addendum.

¹ In the event that the AMI decreases in a subsequent year, the prior year AMI shall continue in effect for the Project until and to the extent the AMI level later increases.

EXHIBIT A

Application for Commercial Rehabilitation Exemption Certificate

EXHIBIT B
Detroit City Council Resolution
Granting the Commercial Rehabilitation Exemption Certificate



**Civil Rights, Inclusion
and Opportunity**

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 1240
DETROIT, MICHIGAN 48226
PHONE: 313.224.4950
FAX: 313.224.3434

Decision Regarding Employment Clearance for Tax Abatement Employment Commitment <5 Full-time Employees

Date: May 23, 2023

Tax Abatement Type: PA 210

New Renewal

Duration of Abatement: 10 years

Development Name: North End Landing

Development: A total of 177 new apartments in multiple buildings on adjacent or nearby vacant parcels on several blocks in the North End Neighborhood

Parcel/Facility Address: 36 parcels in area of 202 – 325 Smith, 309-331 and 501-561 E. Bethune

Applicant/Recipient: Richard Barr

Applicant Contact: rbarr@honigman.com 248-465-7308

Post-Construction Employment Commitments

If Developer Occupied is selected, the Developer will be responsible for both Developer and Tenant requirements listed below.

Developer Occupied Tenant Occupied

Total Employment: 4

Developer commits to

- 1) Report to CRIO annually;
 - a. Developer’s efforts regarding tenants
 - b. Tenant’s compliance with commitments stated below (3)
 - c. Total number of employees at the facility
 - d. Number of employees at the facility who are Detroit residents
- 2) Provide Detroit at Work (DAW) information to any/all tenant(s) for life of abatement
- 3) Work with Commercial Tenant(s) to do the following;
 - a. **Post all Detroit job openings through the DAW website;**
 - b. **Report to Developer annually;**
 - i. Tenant’s compliance with requirements
 - ii. The number of individuals employed by Tenant
 - iii. The number of employees who are Detroit residents

The Applicant/Recipient has provided the Civil Rights, Inclusion and Opportunity Department (CRIO) required information in accordance with specific current and future employment data and commitments as part of a tax abatement agreement with the City of Detroit.

Therefore my signature below grants **Approval** of the above tax abatement application/renewal based upon annual reports to and appraisals by this agency of the recipient’s employment measures projected and achieved for the duration of the abatement.



**Civil Rights, Inclusion
and Opportunity**

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 1240
DETROIT, MICHIGAN 48226
PHONE: 313.224.4950
FAX: 313.224.3434

**Decision Regarding Employment Clearance for Tax Abatement
Employment Commitment <5 Full-time Employees**

Tenika R. Griggs, Esq.

CRIO Deputy Director Name

DocuSigned by:

Tenika R. Griggs, Esq.

FF584CD898E941A

CRIO Deputy Director Signature

5/24/2023

Date