



**PLANNING AND
DEVELOPMENT DEPARTMENT**

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October 30, 2024

Detroit City Council
1340 Coleman A. Young Municipal Center
Detroit, MI 48226

RE: Cancellation of Development Agreement and reconveyance of 5841 & 5847 Second Ave. from Midtown Detroit, Inc.

Honorable City Council:

On November 14, 2017, your Honorable Body approved the Sale by Development Agreement of 5841 and 5847 Second Avenue, Detroit, Michigan 48201 (the “Properties”) to Midtown Detroit, Inc. (the “Developer”) for the purchase price of Six Hundred Thousand and 00/100 Dollars (\$600,000.00) to construct a mixed-use micro-unit-residential and hotel development with retail (the “Project”).

Following the closing of the sale on October 9, 2018, the Developer has faced various impediments to being able to rehabilitate the Properties. The COVID-19 pandemic brought financial challenges. Most detrimentally, the Michigan Department of Transportation (“MDOT”) commenced construction on the Second Avenue bridge directly adjacent to the Properties over I-94. MDOT’s rebuild of the Second Avenue Bridge made the Properties inaccessible for four years removed the former highway sound barrier along I-94, and shrunk the developable area for the Project. The combination of these changes have made the Project unable to be developed by Developer.

The Development Agreement included a provision whereby if Developer was unable to obtain financing to redevelop the Project then Developer had the right to cancel the Agreement. In the event of such cancellation, the City was required to refund the purchase price to Developer, less any costs incurred by the City, including (1) any damages the City sustained to return the Property to the condition before Developer's entry upon the Property and (2) any closing costs, broker commissions, transactions fees and maintenance fees outlined in the Detroit City Council resolution approving the sale of the Property to the Developer, and Developer will deed the property back to the City. This was a unique provision that was agreed to by the City and Developer given history of unlawful activity at the site and the need to have a capable developer move quickly to secure the site before being able to verify a certain avenue towards rehabilitating and restoring the property.

The Developer is unable to proceed with the Project and has notified the City of its exercise of its option to cancel the Agreement. The City of Detroit Planning and Development Department (“P&DD”) is requesting your Honorable Body approve the Developer’s cancellation request and approve the repayment of a portion of the original purchase price of Three Hundred One Thousand and 00/100 Dollars (\$301,000.00) in exchange for the reconveyance of the Properties to the City.

We, therefore, respectfully request that your Honorable Body approve the acquisition of the Properties by adopting the following resolution.

Respectfully submitted,

Antoine Bryant
Director

cc: Malik Washington, Mayor’s Office

RESOLUTION

BY COUNCIL MEMBER: _____

WHEREAS, on October 9, 2018, the City of Detroit, through its Planning and Development Department (“P&DD”), closed on the conveyance of certain properties at 5841 and 5847 Second Avenue (the “Properties”) as more particularly described in the attached Exhibit A, to Midtown Detroit, Inc., subject to that certain Development Agreement dated September 25, 2018 (“Development Agreement”), the terms of which were approved by this Honorable Body on November 14, 2017; and

WHEREAS, Developer now wishes to cancel the Agreement and reconvey the Properties to P&DD per Section 14.03 of the Development Agreement and receive a refund of its original purchase price in the amount of Three Hundred One Thousand and 00/100 Dollars (\$301,000.00); and

WHEREAS, in accordance with Chapter 2, Article 6, Section 3 of the 2019 Detroit City Code, except as otherwise provided in the 2019 Detroit City Code, the City of Detroit is required to receive an environmental inquiry and, where necessary, an environmental assessment prior to the purchase of real property; and

WHEREAS, the City obtained a Phase I Environmental Site Assessment for the Properties dated April 18, 2024 (the “Environmental Assessment”)

WHEREAS, the Building Safety Engineering and Environmental Department (“BSEED”) has reviewed and approved the Environmental Assessment and concluded that, based on the Environmental Assessment, there are no recognized environmental conditions at the site; and

RESOLVED, in accordance with Chapter 2, Article I, Division 2 of the Detroit City Code: (1) the City Council finds that the Properties have received appropriate environmental inquiry and assessment in accordance with the review referred to in the recitals hereof; and be it further

RESOLVED, that the City Council hereby approves acquisition of the Properties from Midtown Detroit, Inc, and payment to Midtown Detroit, Inc. of Three Hundred One Thousand and 00/100 Dollars (\$301,000.00) as the purchase price for the Properties and the payment of customary closing costs of up to Five Thousand and 00/100 Dollars (\$5,000.00) from Account 4533-20507-360131-651100-000000-00000-000000; and be it further

RESOLVED, that the P&DD Director, or his/her authorized designee, be and is hereby authorized (1) to accept and record a deed to the City of Detroit for the Properties, (2) to accept, execute, and/or deliver any such other documents as may be necessary to effectuate the acquisition of the Properties by the City of Detroit, and (3) to pay the cost of an owner’s policy of title insurance, recording any deeds granting title to the Properties to the City of Detroit, and such other necessary and customary closing costs payable in connection with the acquisition of the Properties; and be it further

RESOLVED, that upon acquisition of the Properties from Midtown Detroit, Inc., the Properties shall be placed under the jurisdiction of P&DD for use, operation, and future development; and be it further

RESOLVED, that the P&DD Director, or his/her authorized designee, is authorized to execute any required instruments to make and incorporate technical amendments or changes to the deed (including but not limited to corrections to or confirmations of legal descriptions, or timing of tender of possession of particular parcels) in the event that changes are required to correct minor inaccuracies or are required due to unforeseen circumstances or technical matters that may arise prior to the transfer of the Properties, provided that the changes do not materially alter the substance or terms of the transfer.

EXHIBIT A

LEGAL DESCRIPTIONS

Land in the City of Detroit, County of Wayne and State of Michigan being

WEST SECOND Lots 12-13, Block 17, Cass Farm Company Limited Subdivision, as recorded in Liber 19, Page 35 of Plats, Wayne County Records 4/58 88 X 140.

a/k/a 5841 Second Avenue
Tax Parcel ID 04003210.

Land in the City of Detroit, County of Wayne and State of Michigan being

WEST SECOND Lot 11, Block 17, Cass Farm Company Limited Subdivision, as recorded in Liber 19, Page 35 of Plats, Wayne County Records 4/58 44 X 140.

a/k/a 5847 Second Avenue
Tax Parcel ID 04003209.