

City of Detroit
OFFICE OF THE CITY CLERK

Janice M. Winfrey
City Clerk

Andre P. Gilbert II
Deputy City Clerk

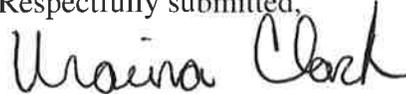
March 19, 2024

To: Antonie Bryant , Director
Planning and Development Department
Coleman A. Young Municipal Center
2 Woodward Ave. Suite 808
Detroit, MI. 48226

RE: Request for the establishment of a Commercial Rehabilitation Certificate at 16621-16653 E. Warren Ave., Detroit, Michigan.

Please find the attached request on behalf of Aria Warren Detroit, LLC to establish a Commercial Rehabilitation Certificate (“CRC”) for the mixed-use development projects known as “The Arthur Murray” (16621-16653 E. Warren) located in the East Warren Commercial District in Detroit as shown more precisely on the map in Attachment A. (**In reference to petition 2023-258**)

Respectfully submitted,



Uraina Clark
Junior Assistant City Council Committee Clerk
Office of City Clerk

CC: Andre Gilbert, Deputy City Clerk
Bryan Coe, Law Department
Charles Ericson, Assessor
Derrick Head, Legislative Policy Division
Justus Cook, Housing and Revitalization Department
Kenyetta Bridges, DEGC

STATE USE ONLY		
Application Number	Date Received	LUCI Code

Application for Commercial Rehabilitation Exemption Certificate

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

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 one original application form (with required attachments) and one additional copy 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)		NAICS or SIC Code	
Facility's Street Address	City	State	ZIP Code
Name of City, Township or Village (taxing authority)		School District Where Facility is Located	
<input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village		County	
Date of Rehabilitation Commencement (mm/dd/yyyy)		Planned Date of Rehabilitation Completion (mm/dd/yyyy)	
Estimated Cost of Rehabilitation		Number of Years Exemption Requested (1-10)	
Expected Project Outcomes (check all that apply)			
<input type="checkbox"/> Increase Commercial Activity <input type="checkbox"/> Retain Employment <input type="checkbox"/> Revitalize Urban Areas <input type="checkbox"/> Create Employment <input type="checkbox"/> Prevent Loss of Employment <input type="checkbox"/> Increase Number of Residents in Facility's Community			
No. of jobs to be created due to facility's rehabilitation	No. of jobs to be retained due to facility's rehabilitation	No. of construction jobs to be created during rehabilitation	

PART 2: APPLICATION DOCUMENTS

Prepare and attach the following items:

<input type="checkbox"/> General description of the facility (year built, original use, most recent use, number of stories, square footage) <input type="checkbox"/> Description of the qualified facility's proposed use <input type="checkbox"/> Description of the general nature and extent of the rehabilitation to be undertaken <input type="checkbox"/> Descriptive list of the fixed building equipment that will be a part of the qualified facility <input type="checkbox"/> Time schedule for undertaking and completing the facility's rehabilitation	<input type="checkbox"/> Statement of the economic advantages expected from the exemption <input type="checkbox"/> Legal description <input type="checkbox"/> Description of the "underserved area" (Qualified Retail Food Establishments only) <input type="checkbox"/> <i>Commercial Rehabilitation Exemption Certificate for Qualified Retail Food Establishments (Form 4753) (Qualified Retail Food Establishments only)</i>
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PART 3: APPLICANT CERTIFICATION

Name of Authorized Company Officer (no authorized agents)	Telephone Number		
Fax Number	E-mail Address		
Street Address	City	State	ZIP Code
<p><i>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></p> <p><i>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.</i></p>			
Signature of Authorized Company Officer (no authorized agents)	Title	Date	

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.

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

Name of Assessor (first and last name) Telephone Number

Fax Number E-mail Address

I certify that, to the best of my knowledge, the information contained in Part 4 of this application is complete and accurate.

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):

Exemption approved for _____ years, ending December 30, _____ (not to exceed 10 years)

Exemption Denied

Date District Established (attach resolution for district) Local Unit Classification Identification (LUCI) Code School Code

PART 6: LOCAL GOVERNMENT CLERK CERTIFICATION (clerk of LGU must complete Part 6)

Clerk's Name (first and last) Telephone Number

Fax Number E-mail Address

Mailing Address City State ZIP Code

LGU Contact Person for Additional Information LGU Contact Person Telephone Number Fax Number

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.

Clerk's Signature Date

The clerk must retain the original application at the local unit and mail one copy of the completed application with attachments to:

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. Submit the completed application to: 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.

For guaranteed receipt by the State Tax Commission, send applications and attachments via certified mail.

If you have questions or need additional information or sample documents, visit www.michigan.gov/propertytaxexemptions or call (517) 373-2408.



REAL ESTATE INTERESTS, LLC
660 Woodward Avenue · Suite 1500 · Detroit · Michigan 48226

January 8, 2024

Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 1340
Detroit, MI 48226

RE: Petition for the Establishment of a Commercial Rehabilitation Certificate at 16621-16653 E. Warren Ave., Detroit, Michigan.

Honorable City Council:

On behalf of Aria Warren Detroit, LLC, please accept this letter as a request to establish a Commercial Rehabilitation Certificate ("CRC") for the mixed-use development project known as "The Arthur Murray" (16621-16653 E. Warren) located in the East Warren Commercial District in Detroit as shown more precisely on the map in Attachment A.

General Description

In the second quarter of 2024, REI hopes to begin the renovation of the existing vacant 2-story structure. The building was constructed sometime in the early 1950s primarily for use as an Arthur Murray dance instruction studio. Dancing facilities were located on the 2nd floor while retail uses occupied the four dedicated suites on the ground floor. The existing structure is currently completely unoccupied and has been vacant for five (5) years or more.

The property will be renovated into 32 residential apartment units on floors two and three with approximately 7,900 square feet of ground floor commercial space. To accomplish this, a new 3rd story will be added to the existing 2-story building. The finished facility will have a total of 14 dedicated parking spaces created beneath the 2nd story by removing the rear, northern most portion of the ground floor.

Building

31,772	Total Rentable SF
35,672	Gross SF
32	Units

Parking

13 Stalls

Site Area

0.47 Acres

Residential				
	Units	Unit SF	Total RSF	Affordability
Studio A	4	449	1,796	78% AMI
Studio AA	4	449	1,796	60% AMI
Studio B	1	474	474	78% AMI
Studio BB	1	474	474	50% AMI
Studio C	2	559	1,118	80% AMI
1-bdr-D	3	601	1,803	95% AMI
1-bdr-E	4	690	2,760	99% AMI
1-bdr-F	2	605	1,210	97% AMI
1-bdr-FF	1	576	576	80% AMI
1-bdr-G	1	574	574	99% AMI
1-bdr-H	1	623	623	70% AMI
1-bdr - J	2	552	1,104	96% AMI
1-bdr - K	0	545	0	0% AMI
1-bdr - KK	2	546	1,092	59% AMI
2br - L	1	757	757	100% AMI
2br - LL	1	757	757	80% AMI
Studio M	1	419	419	72% AMI
Studio MM	1	419	419	50% AMI
Total	32	572	17,752	

Commercial	
	Total RSF
Retail A	3,900
Retail B	4,000
1st Floor Core/Lobby	864
Total	8,764

Circulation	
	Total SF
Building Common	3,900
Circulation	5,256
Total	9,156

The CRD will lead to construction of a use consistent with the city of Detroit Master Plan and the Traditional Main Street Overlay Area.

Legal Description

The parcel ID and legal description are as follows:

PARCEL ID: Ward 21 Parcel 002904-6

N E WARREN 193 THRU 191 EASTERN HEIGHTS LAND COS SUB L48 P23 PLATS, WCR 21/716 72&73 S 31.85 FT ON E LINE BG S 30.96 FT ON W LINE 74 GROSSE PTE VILLAS SUB L36 P56 PLATS, W C R 21/422 179.53 IRREG

Extent of the Rehabilitation

REI intends a complete rehabilitation of the property involving major renovation and modification of the building. Improvements include but are not limited to (1) new fixed building equipment, including heating, ventilation, and lighting; (2) improved roof structure and cover; (3) floor replacement, (4) improved wall placement; (5) improved exterior and interior appearance of buildings; and (7) other physical changes required to restore or change the property to an economically efficient condition. A detailed breakdown of the renovation scope is included in Attachment C.

The improvements will cost in excess of \$10 million, which greatly exceeds the assessed value of \$221,800.

The Arthur Murray requires significant investment and development risk and would not be possible without incentives, including the property tax abatement provided for under the establishment of a Commercial Rehabilitation District and receipt of a Commercial Rehabilitation Certificate. The Rehabilitation cannot be undertaken without receipt of the requested Certificate.

Schedule

Construction is anticipated to begin in the second quarter of 2024 and complete in the 4th quarter of 2025.

Statement of Economic Advantages

The Arthur Murray will provide vital investment in an important neighborhood commercial area and fully rehabilitate a long vacant structure. The economic activity generated by the commercial space and new residents will create additional opportunities for existing neighbors as well as enhance the neighborhood's economic base. The projected total investment of more than \$14 million will yield a development that will enhance the quality of life for the entire area.

The development is intended to be highly affordable with rental rates for 25% of the units set at 60% AMI or below, and 100% of the units below 100% AMI. This ensures that existing community residents will be able to directly benefit.

Conclusion

We are requesting that the CRC be applicable to the development project area for a period of ten (10) years. The development area is eligible for CRD designation pursuant to Section 2(a) of Public Act 210 of 2005, the Commercial Rehabilitation Act (the "Act"). The project site is a "Qualified Facility" within the meaning of MCL 207.842(h); the building is more than fifteen (15) years old and is currently vacant. The requested certificate is both compact and contiguous and is located in a business area as understood under the Act.

We respectfully request your consideration of a Commercial Rehabilitation Certificate for the project. Please do not hesitate to call me at 313-408-5384 with any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "W. Emery Matthews". The signature is fluid and cursive, with a long horizontal stroke at the end.

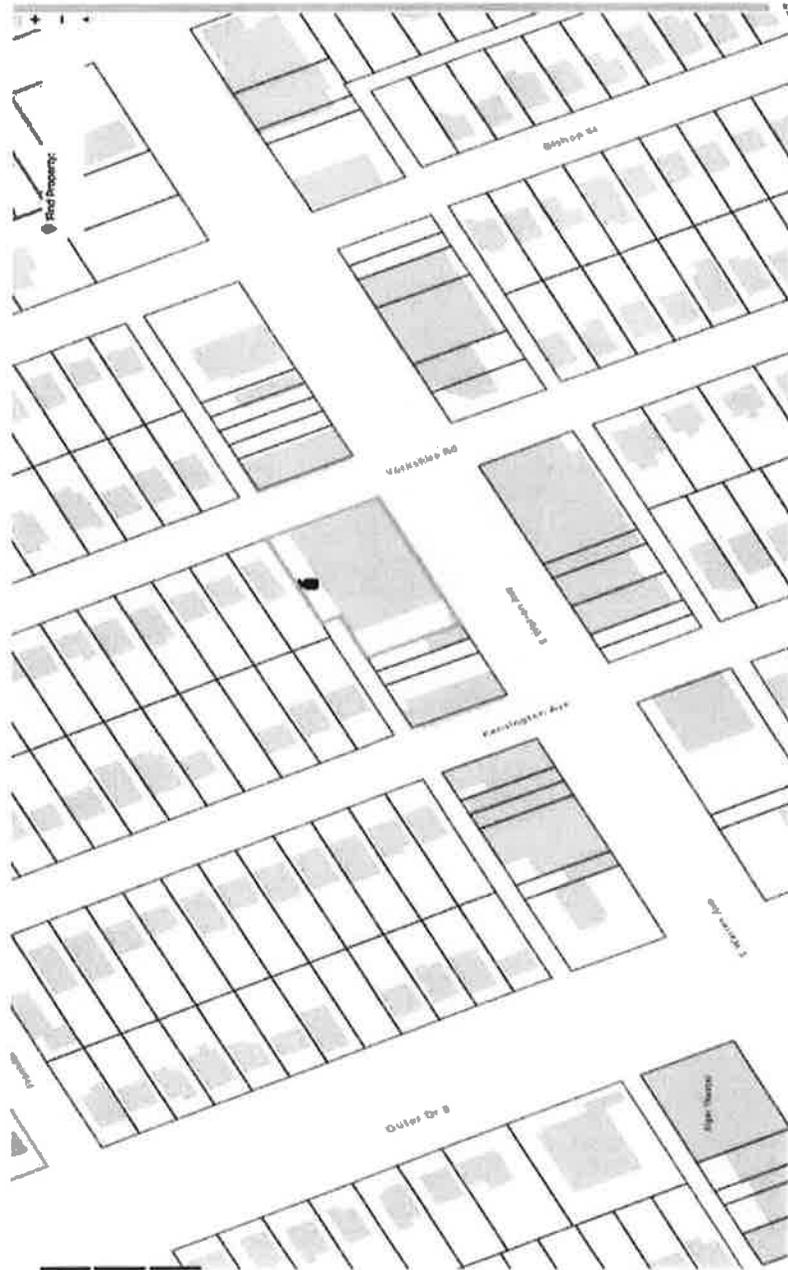
W. Emery Matthews
Managing Principal

Attachment A – General Project Description

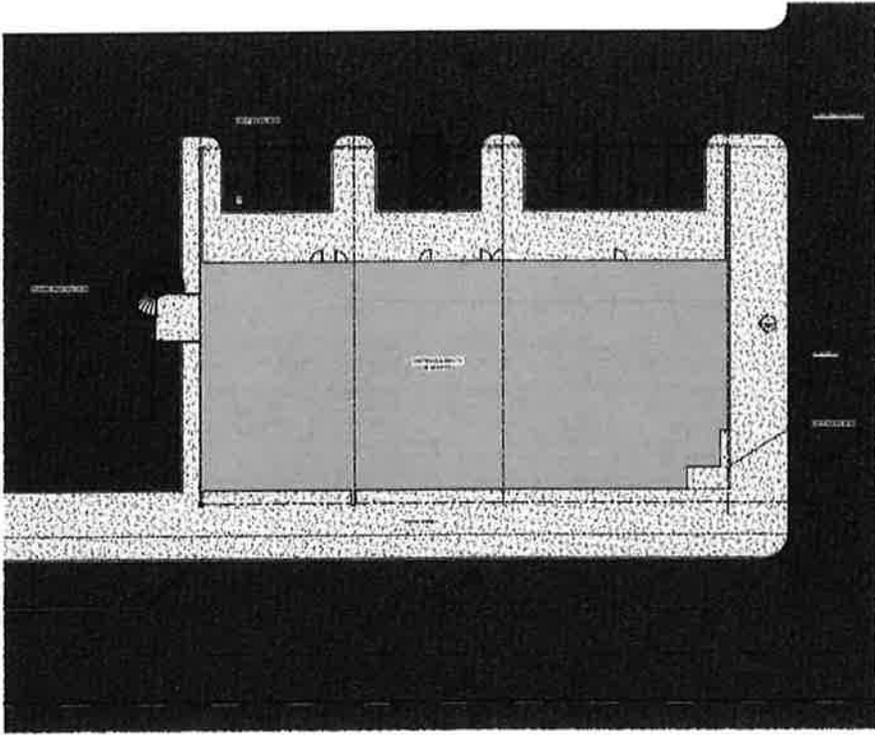
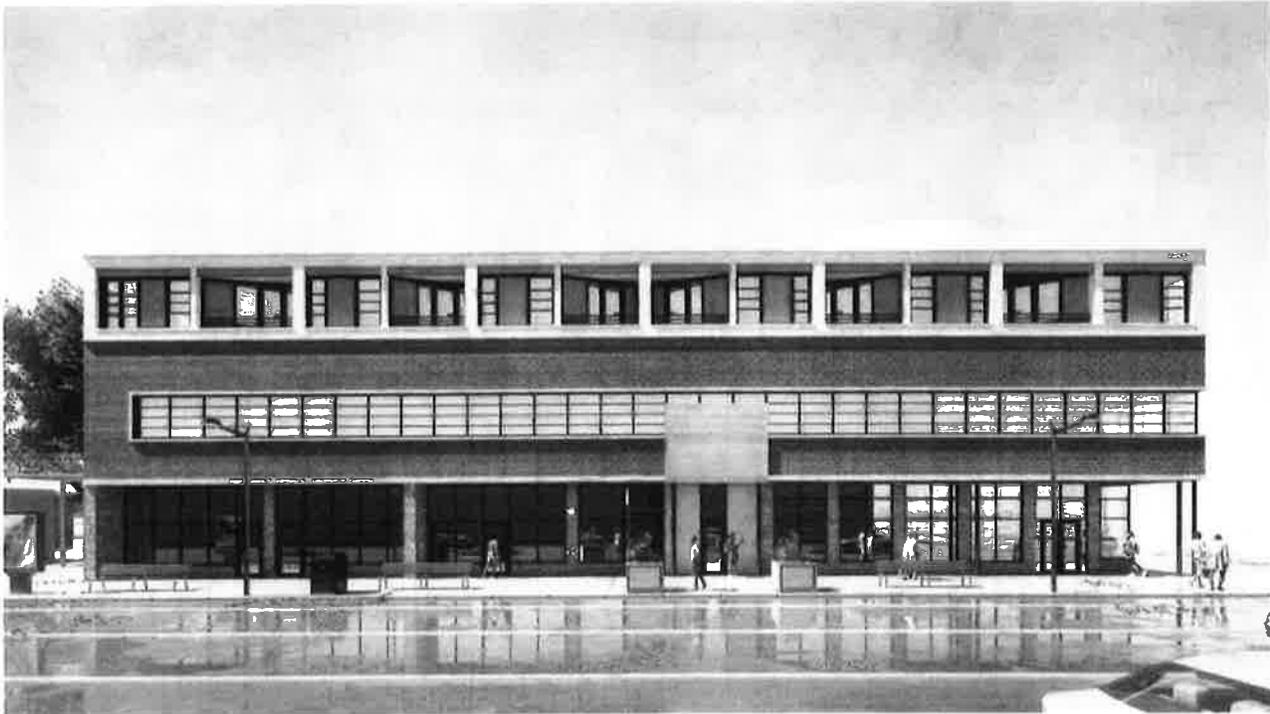
Attachment B – Previous Property Use

Attachment C – Detailed Renovation Scope

ATTACHMENT A GENERAL PROJECT DESCRIPTION

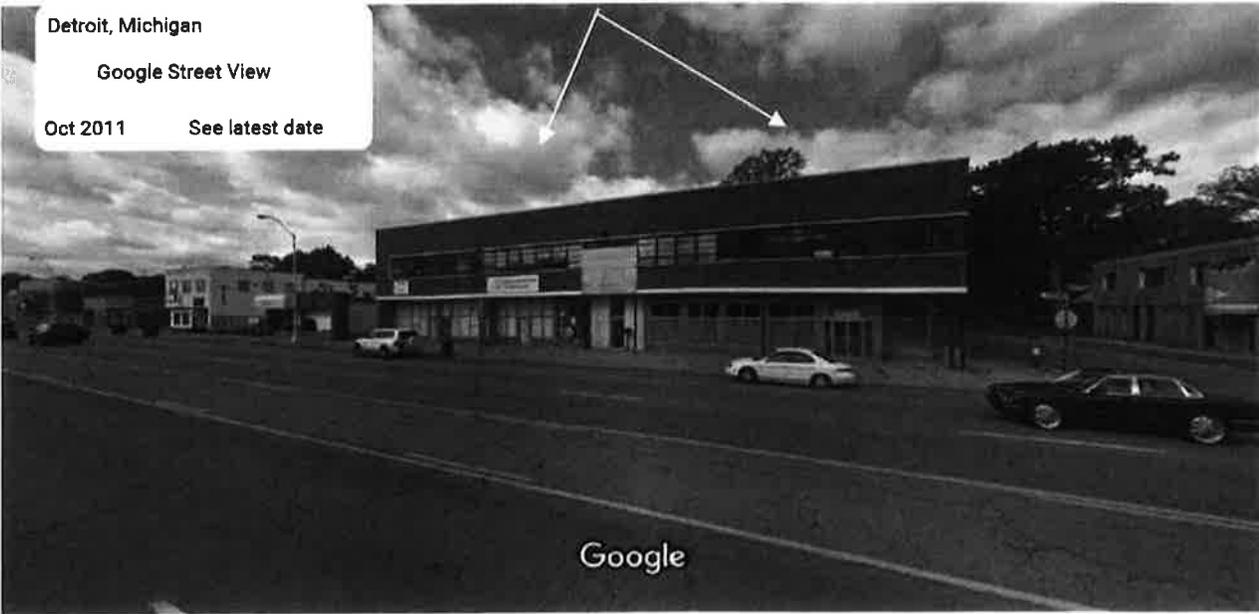


ATTACHMENT A (continued)



1 BAM

ATTACHMENT B PREVIOUS PROPERTY USE



ATTACHMENT C DETAILED SCOPE

The Arthur Murray - 16653 E. Warren, Detroit
Schematic Design
Summary
September 21, 2023

	Cost	35,672 SF Cost/SF
Division 1 - General Conditions	\$ 384,853	\$ 10.99
Division 1 - Reimbursables	\$ 45,778	\$ 1.31
Division 2 - Existing Conditions	\$ 523,589	\$ 14.95
Division 3 - Concrete	\$ 200,666	\$ 5.73
Division 4 - Masonry	\$ 232,316	\$ 6.63
Division 5 - Metals	\$ 1,569,249	\$ 44.79
Division 6 - Woods, Plastics, & Composites	\$ 421,638	\$ 12.04
Division 7 - Thermal & Moisture Protection	\$ 876,305	\$ 25.01
Division 8 - Openings	\$ 733,868	\$ 20.95
Division 9 - Finishes	\$ 900,289	\$ 25.70
Division 10 - Specialties	\$ 12,920	\$ 0.37
Division 11 - Equipment	\$ 224,000	\$ 6.39
Division 12 - Furnishings	\$ 29,376	\$ 0.84
Division 13 - Special Construction	\$ -	\$ -
Division 14 - Conveying Systems	\$ 126,000	\$ 3.60
Division 21 - Fire Suppression	\$ 261,878	\$ 7.48
Division 22 - Plumbing	\$ 550,000	\$ 15.70
Division 23 - HVAC	\$ 650,000	\$ 18.55
Division 26 - Electrical	\$ 860,770	\$ 24.57
Division 27 - Communications	\$ -	\$ -
Division 28 - Electronic Safety & Security	\$ -	\$ -
Division 31 - Earthwork	\$ 46,004	\$ 1.31
Division 32 - Exterior Improvements	\$ 331,789	\$ 9.47
Division 33 - Utilities	\$ 105,370	\$ 3.01
Construction Subtotal	\$ 9,086,657	\$ 259.37
Construction Fee	\$ 363,466	\$ 10.37
Construction Total	\$ 9,450,123	\$ 269.75
Retail TI Allowance	By Owner	\$ -
Procure Fee	\$ 14,175	\$ 0.40
General Liability Insurance	\$ 94,501	\$ 2.70
A/E & Civil Fees	By Owner	\$ -
Performance & Payment Bond	\$ 94,501	\$ 2.70
Estimating / Construction Contingency	\$ 908,666	\$ 25.94
Design Contingency	\$ -	\$ -
Building Permit Fee (Allowance)	\$ 87,711	\$ 2.50
GRAND TOTAL COST	\$ 10,649,677	\$ 303.99



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

February 28, 2024

Mr. Antoine Bryant, Director
 Planning & Development Department
 Coleman A. Young Municipal Center
 2 Woodward Ave, Suite 808
 Detroit, MI 48226

Re: **Commercial Rehabilitation Certificate – Aria Warren Detroit, LLC**
 Address: 16621 E. Warren
 Parcel Number: 21002904-6.

Dear Mr. Bryant:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the Commercial Rehabilitation certificate application for the property located at **16621 E. Warren** in the **East English Village** area of 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 2023 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
21002904-6	16621 E. Warren Ave.	\$ 63,000	\$ 34,248	\$ 5,800	\$ 3,153

The property consists of one 2 story vacant structure, originally built as an office building, consisting of 25,796 square feet, and built in 1952. The building was mainly utilized as an Arthur Murray dancing studio in the 1950s. The four designated retail spaces were on the ground floor, while the dancing facilities were on the second story. The property is presently unoccupied and has been for at least five years. The developer intends to renovate the ground floor area into approximately 7,900 square feet of commercial space. To accomplish this, a new 3rd story will be added to the existing 2-story building. The finished facility will have a total of 14 dedicated parking spaces created beneath the 2nd story by removing the rear, northern most portion of the ground floor. The building will undergo major renovations including layout reconfiguration, plumbing and electrical systems replacement, new windows, structural repairs, new walls, roof, heating & ventilation, floors, and ceilings, and façade improvements.

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.



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

Aria Warren Detroit, 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 **16621 E. Warren** 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

Aria Warren Detroit, LLC

Page 3

Property Address: 16621 E. Warren

Parcel Number: 21002904-6.

Property Owner: Aria Warren Detroit, LLC

Legal Description: N E WARREN 193 THRU 191 EASTERN HEIGHTS LAND COS SUB L48 P23 PLATS, WCR 21/716 72&73 S 31.85 FT ON E LINE BG S 30.96 FT ON W LINE 74 GROSSE PTE VILLAS SUB L36 P56 PLATS, W C R 21/422 179.53 IRREG



**COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE
AGREEMENT**

THIS COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE AGREEMENT (this "Agreement") is made this _____ day of _____, 20__ 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 **Aria Warren Detroit, LLC**, an ("Applicant") with an office at **660 Woodward Ave., STE 1500, Detroit, MI 48226**.

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: **16621-16653 E. Warren Ave Detroit MI, 48224** ("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 of **Ten (10)** years, beginning on the certificate beginning date stated in the CREC issued by the Michigan State Tax Commission.

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 **July 31, 2026**.

c. The Applicant shall create, or cause to be created, at least one (1) (the “Employee Commitment Number”) full-time employees at the Property within one (1) year of the effective date of this Agreement.

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.

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ADDENDUM 1
Requirements

ADDENDUM 2
Affordability Requirements

1. Affordable Housing Undertaking. The Applicant, as developer of the _____ mixed-use project (the “Project”) on the Property, will implement during the Term the following affordable housing plan for the planned _____ residential apartments to be included within the Project:

a. The Applicant will offer for lease _____ 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 _____ studios, _____ one-bedroom units, _____ two-bedroom units and _____ 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 _____. 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