

Janice M. Winfrey
City Clerk

City of Detroit
OFFICE OF THE CITY CLERK

Andre P. Gilbert II
Deputy City Clerk

September 29, 2022

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

Re: Request for the Establishment of an Obsolete Property Rehabilitation
Certificate at 206 E Grand River Ave, Detroit, MI 48226

Please find attached an Request for the Establishment of an Obsolete Property
Rehabilitation Certificate at 206 E Grand River Ave, Detroit, MI 48226
(Amendment to Petition 2022-254).

Respectfully submitted,



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

Method River LLC
1510 Surria Court
Bloomfield Hills, MI 48304

July 29, 2022

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

**RE: Request for the Establishment of an Obsolete Property Rehabilitation
Certificate at 206 E Grand River Ave, Detroit, MI 48226**

Honorable City Council:

Please accept this letter as a request to establish an Obsolete Property Rehabilitation Certificate for the property located at **206 E Grand River Ave, Detroit, MI 48226**.

Based on records, the building was originally constructed in 1921. From our research, the building housed office suites on the upper floors and various retail spaces on the ground floor. Including the basement level, the building is approximately 66,000 SF and is 9 stories. It is currently ~95% vacant with three small retail tenants on the ground floor.

The development plan is to rehab building into a hotel consisting of approximately 135 guestrooms, ground floor lobby and food and beverage spaces, meeting/event space, and a rooftop bar.

The building is currently ~95% vacant and not functional aside from the occupied spaces. The building has been largely vacant and in disrepair for over 10 years and needs all new mechanicals, plumbing, electrical, roof, windows, significant façade restoration, elevators, fire and life safety systems, and interior buildout/finishes.

Fixed Building Equipment:

- Elevators
- Electrical transformers and panels
- HVAC equipment
- Plumbing equipment
- Water Heaters
- Light fixtures

- Kitchens

Once fully approved and permitted, the project will take 24 months to complete the rehabilitation of the building.

Parcel ID: 01004010.

Legal Description: NE BROADWAY 10 AND VAC 10 FT OF LAND IN FRONT
PLAT OF SEC 9 GOVERNOR & JUDGES PLAN L34 P552 DEEDS, W C R 1/56 65.65
X 110

The developer of the project is Method Development. Method Development has been in business since 2015 solely focused on the City of Detroit. Method has eight other projects in various phases in Brush Park, Milwaukee Junction and Jefferson Chalmers, University District, and Corktown neighborhoods.

206 E Grand River Ave is being asked for consideration to establish an OPRA certificate as the property is already in an established OPRA district. The intended use of 206 E Grand River Ave is a hotel with approximately 135 guestrooms, ground floor lobby and food and beverage spaces, meeting/event space, and a rooftop bar. Including the basement level, the building is approximately 66,000 SF and is 9 stories. The project will entail all new MEP's, roof, windows, façade restoration, elevators, fire and life safety systems, and interior buildout/finishes.

The appropriate MCL# is 207.844 which pertains to the commercial rehabilitation exemption certificate; filing application by owner of qualified facility; notice and hearing.

The tax relief is a necessity in order to proceed with the project in Detroit. The development will not be undertaken without the receipt of an OPRA certificate. Due to rising construction costs, the development is not economically feasible without an exemption certificate.

Currently, the developer has two full time employees. There is a possibility that the developer will hire one additional FTE after the project. The project will create approximately 90 construction jobs. The project will not have any physical expansion except for the rooftop bar which will be in compliance with historic district regulations. The total capital investment of the project is approximately \$44.0MM. This includes acquisition, hard, and soft costs. Hard costs include demolition, site remediation, new building equipment and systems, façade restoration, roof, elevators, interior buildout/finishes etc.

This project will be going for the maximum number of years

Some of the Economic Advantages from the Exemption are:

- Increased commercial activity

- Create employment
- Revitalizing an urban area
- Increase foot traffic and economic support for the neighborhood
- Increase hotel room inventory in downtown Detroit, helping to attract more conventions and large groups to the city

The OPRA abatement will positively impact the surrounding area and the city as a whole. The building sits within the CBD of Detroit and redeveloping this obsolete property into a hotel will help bring life to the building and the immediate neighborhood. It will also help attract other developments to the block which will lead to more commercial activity. Our development plan will increase employment as the hotel will require 50 FTE's for its operation. This is a dense area of Detroit and the project will help revitalize this part of the city by increasing foot traffic.

The short-term effect of this development is activating vacant space in the Downtown area. Downtown has a rich vibrant history and has experienced tremendous growth over the last 10 years. This development will add to the highly visible and vibrant commercial corridor. Currently, the asset is doing a disservice to the area. This project has the opportunity to be a catalyst for the revitalization of the Broadway and E Grand River corridor. It will increase commercial density and show economic support to other local businesses causing a positive ripple effect. Redeveloping the site will also create many construction jobs.

Long term, this redevelopment will further support Detroit's convention and tourism demand by providing hotel room inventory in a highly desirable and central downtown location. Additionally, the hotel will attract locals and visitors to its range of food and beverage outlets. This highly visible building should not be sitting vacant and has the opportunity to bring in additional tax dollars to the city.

All taxes are current.

Method is very excited about this project and being part of the Downtown neighborhood. We take pride in restoring buildings while retaining the historical integrity of the neighborhood. This is a core value of both of our companies.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Rocky Lala', with a stylized flourish extending to the right.

Rocky Lala
rocky@methodevelop.com
248-421-5809

Attachment A: Legal Description

Attachment B: Paid receipt of current taxes

cc: K. Bridges, DEGC
N. Marsh, DEGC
V. Farley, HRD

EXHIBIT A

Parcel ID: 01004010.

Legal Description: NE BROADWAY 10 AND VAC 10 FT OF LAND IN FRONT
PLAT OF SEC 9 GOVERNOR & JUDGES PLAN L34 P552 DEEDS, W C R 1/56 65.65
X 110



Application for Obsolete Property Rehabilitation Exemption Certificate

This form is issued as provided by Public Act 146 of 2000, as amended. This application should be filed after the district is established. This project will not receive tax benefits until approved by the State Tax Commission. Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the State Tax Commission.

INSTRUCTIONS: File the original and two copies of this form and the required attachments with the clerk of the local government unit. (The State Tax Commission requires two copies of the Application and attachments. The original is retained by the clerk.) Please see State Tax Commission Bulletin 9 of 2000 for more information about the Obsolete Property Rehabilitation Exemption. The following must be provided to the local government unit as attachments to this application: (a) General description of the obsolete facility (year built, original use, most recent use, number of stories, square footage); (b) General description of the proposed use of the rehabilitated facility, (c) Description of the general nature and extent of the rehabilitation to be undertaken, (d) A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility, (e) A time schedule for undertaking and completing the rehabilitation of the facility, (f) A statement of the economic advantages expected from the exemption. A statement from the assessor of the local unit of government, describing the required obsolescence has been met for this building, is required with each application. Rehabilitation may commence after establishment of district.


| | | |
|---|--|--|
| Applicant (Company) Name (applicant must be the OWNER of the facility) Method River LLC | | |
| Company Mailing address (No. and street, P.O. Box, City, State, ZIP Code) 1510 Surria Ct, Bloomfield Hills, MI 48304 | | |
| Location of obsolete facility (No. and street, City, State, ZIP Code) 206 E Grand River Ave, Detroit, MI 48226 | | |
| City, Township, Village (indicate which) City | | County Wayne |
| Date of Commencement of Rehabilitation (mm/dd/yyyy) 12/12/2022 | Planned date of Completion of Rehabilitation (mm/dd/yyyy) 12/31/2024 | School District where facility is located (include school code) Detroit Public Schools (2601103) |
| Estimated Cost of Rehabilitation | Number of years exemption requested | Attach Legal description of Obsolete Property on separate sheet |
| Expected project likelihood (check all that apply): <input checked="" 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 a loss of employment <input type="checkbox"/> Increase number of residents in the community in which the facility is situated Indicate the number of jobs to be retained or created as a result of rehabilitating the facility, including expected construction employment _____ | | |
| Each year, the State Treasurer may approve 25 additional reductions of half the school operating and state education taxes for a period not to exceed six years. Check the following box if you wish to be considered for this exclusion. <input type="checkbox"/> | | |

APPLICANT'S CERTIFICATION

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all of the information is truly descriptive of the property for which this application is being submitted. Further, the undersigned is aware that, if any statement or information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.

The applicant certifies that this application relates to a rehabilitation program that, when completed, constitutes a rehabilitated facility, as defined by Public Act 146 of 2000, as amended, and that the rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.

It is further certified that the undersigned is familiar with the provisions of Public Act 146 of 2000, as amended, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he 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 unit of government and the issuance of an Obsolete Property Rehabilitation Exemption Certificate by the State Tax Commission.

| | | |
|--|--|------------|
| Name of Company Officer (no authorized agents) Method River LLC | Telephone Number 248-421-5809 | Fax Number |
| Mailing Address 1510 Surria Ct, Bloomfield Hills, Mi 48304 | Email Address Rocky@methodevelop.com | |
| Signature of Company Officer (no authorized agents)  | Title Manager | |

LOCAL GOVERNMENT UNIT CLERK CERTIFICATION

The Clerk must also complete Parts 1, 2 and 4 on Page 2. Part 3 is to be completed by the Assessor.

| | |
|-----------|---------------------------|
| Signature | Date application received |
|-----------|---------------------------|

FOR STATE TAX COMMISSION USE

| | | |
|--------------------|---------------|-----------|
| Application Number | Date Received | LUCI Code |
|--------------------|---------------|-----------|

LOCAL GOVERNMENT ACTION

This section is to be completed by the clerk of the local governing unit before submitting the application to the State Tax Commission. Include a copy of the resolution which approves the application and instruction items (a) through (f) on page 1, and a separate statement of obsolescence from the assessor of record with the State Assessor's Board. All sections must be completed in order to process.

PART 1: ACTION TAKEN

| | | |
|---|-----------|-------------|
| Action Date: _____ | | |
| <input type="checkbox"/> Exemption Approved for _____ Years, ending December 30, _____ (not to exceed 12 years) | | |
| <input type="checkbox"/> Denied | | |
| Date District Established | LUCI Code | School Code |

PART 2: RESOLUTIONS (the following statements must be included in resolutions approving)

| | |
|--|---|
| <p>A statement that the local unit is a Qualified Local Governmental Unit.</p> <p>A statement that the Obsolete Property Rehabilitation District was legally established including the date established and the date of hearing as provided by section 3 of Public Act 146 of 2000.</p> <p>A statement indicating whether the taxable value of the property proposed to be exempt plus the aggregate taxable value of property already exempt under Public Act 146 of 2000 and under Public Act 198 of 1974 (IFT's) exceeds 5% of the total taxable value of the unit.</p> <p>A statement of the factors, criteria and objectives, if any, necessary for extending the exemption, when the certificate is for less than 12 years.</p> <p>A statement that a public hearing was held on the application as provided by section 4(2) of Public Act 146 of 2000 including the date of the hearing.</p> <p>A statement that the applicant is not delinquent in any taxes related to the facility.</p> <p>If it exceeds 5% (see above), a statement that exceeding 5% will not have the effect of substantially impeding the operation of the Qualified Local Governmental Unit or of impairing the financial soundness of an affected taxing unit.</p> <p>A statement that all of the items described under "Instructions" (a) through (f) of the Application for Obsolete Property Rehabilitation Exemption Certificate have been provided to the Qualified Local Governmental Unit by the applicant.</p> | <p>A statement that the application is for obsolete property as defined in section 2(h) of Public Act 146 of 2000.</p> <p>A statement that the commencement of the rehabilitation of the facility did not occur before the establishment of the Obsolete Property Rehabilitation District.</p> <p>A statement that the application relates to a rehabilitation program that when completed constitutes a rehabilitated facility within the meaning of Public Act 146 of 2000 and that is situated within an Obsolete Property Rehabilitation District established in a Qualified Local Governmental Unit eligible under Public Act 146 of 2000 to establish such a district.</p> <p>A statement that completion of the rehabilitated facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situated. The statement should indicate which of these the rehabilitation is likely to result in.</p> <p>A statement that the rehabilitation includes improvements aggregating 10% or more of the true cash value of the property at commencement of the rehabilitation as provided by section 2(l) of Public Act 146 of 2000.</p> <p>A statement of the period of time authorized by the Qualified Local Governmental Unit for completion of the rehabilitation.</p> |
|--|---|

PART 3: ASSESSOR RECOMMENDATIONS

Provide the Taxable Value and State Equalized Value of the Obsolete Property, as provided in Public Act 146 of 2000, as amended, for the tax year immediately preceding the effective date of the certificate (December 31st of the year approved by the STC).

| Taxable Value | | State Equalized Value (SEV) | |
|---------------------------|-------------------------------|-----------------------------------|--|
| Building(s) | | | |
| Name of Governmental Unit | Date of Action on application | Date of Statement of Obsolescence | |

PART 4: CLERK CERTIFICATION

The undersigned clerk certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way. Further, the undersigned is aware that if any information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.

| | | | |
|-------------------------|------------------|------------|---------------|
| Name of Clerk | Clerk Signature | Date | |
| Clerk's Mailing Address | City | State | ZIP Code |
| | Telephone Number | Fax Number | Email Address |

Mail completed application and attachments to: Michigan Department of Treasury
State Tax Commission
P.O. Box 30471
Lansing, Michigan 48909-7971

If you have any questions, call (517) 373-2408.

For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.



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

August 24, 2022

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

Re: **Obsolete Property Rehabilitation Certificate – Method River LLC**

Addresses: 206 E Grand River

Parcel Number: 01004010.

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Obsolete Property Rehabilitation Certificate for the property located at **206 E Grand River** located in the **Paradise Valley** area of the City of Detroit.

The rationale for Obsolete Property Rehabilitation Certificates under PA 146 of 2000, 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 2022 values are as follows:

| Parcel # | Address | Building Assessed Value (SEV) | Building Taxable Value | Land Assessed Value (SEV) | Land Taxable Value |
|-----------|-------------------|-------------------------------|------------------------|---------------------------|--------------------|
| 01004010. | 206 E Grand River | \$ 2,584,500 | \$ 141,792 | \$ 377,500 | \$ 20,711 |
| | | | | | |

The project as proposed by the **Method River LLC** consists of an eight-story office building with first floor retail, with of 53,861 square feet and built in 1921. The building will be converted to a hotel with 135 guest rooms, ground floor lobby and food and beverages spaces, meeting and event space, and a rooftop bar. The property will undergo major renovations including layout reconfigurations, HVAC, plumbing and electrical systems replacement, new windows and roof, elevator replacement, fire and safety systems, and significant façade improvements.



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

Obsolete Property Rehabilitation Certificate
Method River LLC
Page 2

This property meets the criteria set forth under PA 146 of 2000, as amended. It applies to blighted, functionally obsolete and contaminated properties. "Rehabilitation," meaning that changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. Rehabilitation also includes major renovation and modification including, but not necessarily limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to 1 or 2 stories, adding additional stories to a facility or adding additional space on the same floor level not to exceed 100% of the existing floor space on that floor level, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the obsolete property to an economically efficient condition.

A review of the project plan and related statutes indicated that the proposed Obsolete Property Rehabilitation Certificate for the property located at **206 E Grand River** is eligible as it pertains to the Obsolete Property Rehabilitation Act under P.A. 146 of 2000, as amended.

Sincerely,

Charles Ericson, MMAO
Assessor/Board of Assessors



Obsolete Property Rehabilitation Certificate
Method River LLC
Page 3

Property Address: 206 E GRAND RIVER

Parcel Number: 01004010.

Property Owner: METHOD RIVER LLC

Legal Description: NE BROADWAY 10 AND VAC 10 FT OF LAND IN FRONT PLAT OF SEC 9 GOVERNOR & JUDGES PLAN
L34 P552 DEEDS, W C R 1/56 65.65 X 110





TO: Justus Cook, Housing and Revitalization
FROM: Shelby Holmes, Planning and Development
RE: Master Plan Interpretation for **Obsolete Property District** (PA 146) at 206 E. Grand River
Detroit, MI 48226 (Associated to Petition # 2022-254)
CC: Katharine Trudeau, Deputy Director, Planning and Development
Kevin Schronce, PDD Central, Planning and Development
Karen Gage, PDD Zoning, Planning and Development
Garrick Landsberg, PDD Historic, Planning and Development

In order to ensure that the creation of an Obsolete Property District is in conformance with the City's Master Plan of Policies and will have the reasonable likelihood to increase commercial activity; create, retain or prevent a loss of employment; revitalize an urban area; or increase the number of residents in a community, pursuant to State of Michigan, Public Act 146 of 2000 (section 125.2788), the Planning and Development Department submits the following interpretation. The Petitioner is Method River LLC.

Location and Project Proposal: 206 E. Grand River Detroit, MI 48226. The proposed project is a rehab of current building into a hotel with 135 guestrooms with ground Floor lobby and food and beverages spaces, meeting/event space.

Current Master Plan (MP) & Zoning: MP Classification – Mixed Residential-Commercial (MRC).
Zoning – Major Business District (B5)

This project is located in a local historic district

Master Plan Interpretation

The subject site area is designated Mixed Residential-Commercial (MRC). Mixed Residential-Commercial areas consist primarily of high density housing developed compatibly with commercial and/or institutional uses. This classification is well suited to areas proximal to existing centers of major commercial activity, major thoroughfares, transportation nodes, or gateways into the city.

The following policies of the Central Business District neighborhood describe the following recommendations:

- GOAL 3: Increase the vitality of commercial thoroughfares
- Policy 3.1: Promote the conservation and revitalization of retail nodes through business improvement and retention programs in Greektown, Renaissance Center/Millender Center, Broadway-Randolph and Washington Boulevard.

The proposed development conforms to the Future General Land Use characteristics of the area.

**OBsolete PROPERTY REHABILITATION EXEMPTION CERTIFICATE
AGREEMENT**

THIS OBSOLETE PROPERTY REHABILITATION EXEMPTION CERTIFICATE AGREEMENT (this "Agreement") is made this _____ day of _____, 20____, by and between the City of Detroit, a Michigan municipal corporation (the "City"), acting by and through its Planning & Development Department, with an office at 2 Woodward Avenue, Suite 808, Detroit, Michigan 48226, and Method River, LLC an ("Applicant") with an office at 1510 Surria Ct. Bloomfield Hills, MI 48304.

WITNESSETH:

WHEREAS, Public Act 146 of 2000, as amended, also known as the Obsolete Property Rehabilitation Act (the "Act"), (1) provides for the establishment of obsolete property rehabilitation districts by local governmental units, (2) provides for the abatement or exemption from certain taxes for qualified obsolete property owners, and (3) allows local governmental units to levy and collect a specific tax from the owners of an obsolete property, among other provisions; and

WHEREAS, the Applicant has submitted an application (the "Application") for an Obsolete Property Rehabilitation Exemption Certificate ("OPREC") for the property located at: 206 E Grand River Ave. Detroit, MI 48226 (the "Property"). A copy of the Application is attached hereto as Exhibit A and made a part hereof; and

WHEREAS, the City has previously approved an obsolete property 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 OPREC to the Applicant, 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 OPREC 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 125.2792, or as provided for in this Agreement, the term of the OPREC and the term of this Agreement (collectively, the "Term") will be for a period of Twelve (12) years, beginning on the certificate beginning date stated in the OPREC issued by the Michigan State Tax Commission.

b. The Applicant will complete the Property Rehabilitation, as defined in the Act and as set forth in the Application, no later than December 31, 2024.

c. The Applicant shall create, or cause to be created, at least

(50) (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 the OPREC 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 an "Obsolete Property" 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. The Applicant would not have considered accomplishing Rehabilitation of the Property without an OPREC.

f. Rehabilitation of the Property did not start prior to establishment of the obsolete property rehabilitation district in which the Property is located.

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 Rehabilitation and 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 Rehabilitation of the Property 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, also known as the Community Benefits Ordinance (the "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 for the City to determine the Applicant's 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; (ii) Applicant's financial investment in the Property for that year; and (iii) 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 OPREC and Termination of this Agreement.

The City may, in its sole discretion and by resolution of Detroit City Council, revoke the OPREC 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 Obsolete Properties Tax due under the OPREC, an amount equal to the difference between the amount of ad valorem tax that would be due on the Property without the OPREC, and the amount of Obsolete Properties Tax due on the Property under the OPREC, 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 OPREC 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]

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**[SIGNATURE PAGE TO OBSOLETE PROPERTY 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:

By: 

Print: Rakesh Lala

Its: Manager

**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
AN OBSOLETE PROPERTY REHABILITATION CERTIFICATE IS APPROVED BY
THE MICHIGAN STATE TAX COMMISSION

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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"). 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 Obsolete Properties Tax due under the OPREC 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 OPREC and the amount of the Obsolete Properties Tax due on the

Property with the OPREC, 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.

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EXHIBIT A

Application for Obsolete Property Rehabilitation Exemption Certificate

EXHIBIT B

Detroit City Council Resolution

Granting the Obsolete Property Rehabilitation Exemption Certificate

