

City of Detroit

Janice M. Winfrey
City Clerk

OFFICE OF THE CITY CLERK

Andre P. Gilbert II
Deputy City Clerk

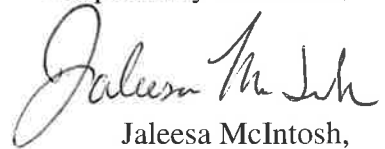
August 4, 2022

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 to Establish Obsolete Property Rehabilitation Abatement Certificate
for 1001 E Jefferson

Please find attached an application for Request to Establish Obsolete Property
Rehabilitation Abatement Certificate for 1001 E Jefferson

Respectfully submitted,



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

Application for Obsolete Property Rehabilitation Exemption Certificate

Issued under authority of 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 completed application 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.) 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) 81001 E Jefferson LLC		
Company Mailing Address (Number and Street, P.O. Box, City, State, ZIP Code) 6001 Cass Ave		
Location of obsolete facility (Number and Street, City, State, ZIP Code) 1001 E Jefferson Ave, Detroit, MI 48207		
City, Township, Village (indicate which) Detroit	County Wayne	
Date of Commencement of Rehabilitation (mm/dd/yyyy) 11/23/2022	Planned date of Completion of Rehabilitation (mm/dd/yyyy) 01/17/2024	School District where facility is located (include school code) DPSCD
Estimated Cost of Rehabilitation \$11,400,000.00	Number of years exemption requested 12	
Attach legal description of obsolete property on separate sheet.		
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 type="checkbox"/> Create employment	<input type="checkbox"/> Prevent a loss of employment	<input checked="" 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 _____		
<input checked="" type="checkbox"/> 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 box at left if you wish to be considered for this exclusion.		
APPLICANT 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) John Howbert	Telephone Number (313) 942-2002	Fax Number
Mailing Address 6001 Cass Ave	E-mail Address klittleton@greatwater.us	
Signature of Company Officer (no authorized agents) 	Title Authorized Signatory	
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 31 of the year approved by the STC)		
Building Taxable Value		Building State Equalized Value
\$		\$
Name of Government Unit	Date of Action 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 of 2000 may be in jeopardy.		
Name of Clerk	Telephone Number	
Clerk Mailing Address		
Mailing Address		
Telephone Number	Fax Number	E-mail Address
Clerk Signature	Date	

For faster service, email completed application and attachments to PTE@michigan.gov. An additional submission option is to mail the completed application and attachments to Michigan Department of Treasury, State Tax Commission, PO Box 30471, Lansing, MI 48909. If you have any questions, call 517-335-7491.

August 2, 2022

Detroit City Council
C/o City Clerk
Coleman A. Young Municipal Building
2 Woodward Ave, Room 200
Detroit MI 48226

Request to Establish Obsolete Property Rehabilitation Abatement Certificate for 1001 E Jefferson

Honorable City Council:

On behalf of 81001 Jefferson LLC, please accept this letter as a request to establish an Obsolete Property Rehabilitation Certificate (OPRA) for the structure with an address of 1001 East Jefferson Avenue in Detroit (Wayne County), Michigan (the Property) located on the north side of East Jefferson between Chrysler Service Drive and Rivard Street in the Lafayette Park neighborhood and described on **Attachment A**.

This multi-family building has been modified since initial construction into a six-story 61 unit building totaling approximately 47,000 square feet with a 2,000 square foot commercial space.

This project will result in the renovation of a historic structure that needs major upgrades and repairs to ensure the safety for residents. The Palms Building presently has a faulty wiring knob and tube wiring system that is a fire hazard. In addition, the division of units over time, resulted in apartments units being built that block access to the emergency exits. The Palms Project will include a \$11.4 million investment to complete the following work:

- Upgraded plumbing and electrical systems
- New kitchens with appliances
- New bathrooms with updated tiles and fixtures
- Exterior façade repair including new windows and restoration of historic elements
- Reconfiguration of units to provide mandatory second emergency egress access for all residents
- Assessment and abatement of all asbestos and lead where required and necessary

The building was occupied upon acquisition, but the construction cannot safely be completed while occupied. A relocation plan has been developed with the Housing and Revitalization Department for the City of Detroit. The plan will be enforced through the affordability agreement for the property tax abatement. Under this plan, all residents will be able to return to the building. Low-income residents will have the opportunity to return to the Palms

Apartments in similar units at comparable rental rates as their current rate. These costs are being paid for by the Project. A partnership has been formed with Central City Integrated Health (CCH) to lead these efforts and to ensure every resident regardless of income level receives the proper attention to their needs throughout this process.

The cost to correct the issues at the Palms building are significant. Without this OPRA, the property taxes would increase operating costs and make the project infeasible, especially as revenues are decreased with return of low-income residents paying significantly reduced rental rates. The OPRA tax incentive is necessary to reduce operating costs and provide sufficient revenue to pay for the necessary debt to complete the project.

Renovation of the property is planned to commence in late Fall 2022 to Winter 2023 and is expected to be completed in March 2024. The OPRA is being requested for 12 years. Thank you for your time and consideration of this request. Should you require any additional information in order to proceed, please feel free to contact the development team: Kizzmet Littleton, 313.942.2002; klittleton@greatwater.us

Sincerely,



Kizzmet Littleton

[Attachment A: Site Map that includes the parcel\(s\) of property / Legal Description](#)

[Attachment B: Paid Receipt of Current Taxes](#)

Distribution: Veronica Farley, HRD
Justus Cook, HRD
Catherine Frazier, DEGC
Deonte Agee, City Clerk's Office

Attachment A: Site Map that includes the parcel(s) of property / Legal Description

Property Images



Taxpayer Information:

81001 Jefferson LLC
6001 Cass Ave, Detroit, MI 48202

Property Information:

Parcel ID: 05000077.

LEGAL DESCRIPTION: 1001 East Jefferson: N E JEFFERSON 4-5 REAR 11-10 PLAT OF PT OF P C 181 ANTOINE RIVARD L12 P348-51 CITY RECORDS, W C R 5/8 92 X 200.48

Year Built: 1910

Square Footage: 47,000 square feet plus 8,400 square foot parking lot

Taxable Value: \$354,766

Building Status: Partially Occupied

Current Use: Mixed-Use Residential and Commercial

Proposed Improvements:

- Upgraded plumbing and electrical systems
- New kitchens with appliances
- New bathrooms with updated tiles and fixtures
- Exterior façade repair including new windows and restoration of historic elements
- Reconfiguration of units to provide mandatory second emergency egress access for all residents
- Assessment and abatement of all asbestos and lead where required and necessary

Construction Timeline: November 2022 – March 2024

Attachment B: Paid Receipt of Current Taxes

1001 E JEFFERSON 48207 (Property Address)

Parcel Number: 05000077.



Item 1 of 3 2 Images / 1 Sketch

Property Owner: 81001 JEFERSON LLC**Summary Information**

- > Commercial/Industrial Building Summary
 - Yr Built: 1910 - # of Buildings: 1
 - Total Sq.Ft.: 44,814
- > Property Tax information found

> Assessed Value: \$2,193,900 | Taxable Value: \$366,473

Owner and Taxpayer Information

Owner	81001 JEFERSON LLC 6001 CASS AVENUE DETROIT, MI 48202	Taxpayer	SEE OWNER INFORMATION
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Amount Due

Current Taxes: **\$28,683.16**
[Pay Now](#)

Legal Description

N E JEFFERSON 4-5 REAR 11-10 PLAT OF PT OF P C 181 ANTOINE RIVARD L12 P348-51 CITY RECORDS, W C R 5/8 92 X 200.48

Other Information**Recalculate amounts using a different Payment Date**

You can change your anticipated payment date in order to recalculate amounts due as of the specified date for this property.

Enter a Payment Date

Tax History

Year	Season	Total Amount	Total Paid	Last Paid	Total Due
2022	Summer	\$28,683.16	\$0.00		\$28,683.16 Pay Now
2021	Winter	\$3,357.41	\$3,357.41	01/07/2022	\$0.00
2021	Summer	\$27,715.72	\$27,715.72	01/07/2022	\$0.00
2020	Winter	\$3,317.79	\$3,317.79	04/22/2021	\$0.00

****Disclaimer:** BS&A Software provides BS&A Online as a way for municipalities to display information online and is not responsible for the content or accuracy of the data herein. This data is provided for reference only and WITHOUT WARRANTY of any kind, expressed or inferred. Please contact your local municipality if you believe there are errors in the data.



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 23, 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 – 81001 Jefferson LLC**
Addresses: 1001 E Jefferson
Parcel Number: 05000077.

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 **1001 E Jefferson** located in the **East Riverfront** 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
05000077.	1001 E Jefferson	\$ 2,037,800	\$ 340,398	\$ 156,100	\$ 26,075

The project as proposed by the **81001 Jefferson LLC** consists of one six-story historic apartment building known as The Palms, consisting of 44,814 square feet and built in 1910, with 61 units. The building will undergo major renovations including layout reconfiguration to ensure compliance with egress codes, plumbing and electrical systems replacement, new windows, new kitchens and bathrooms with new appliances, structural repairs, contamination abatement, and façade improvements.



Obsolete Property Rehabilitation Certificate
81001 Jefferson 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 **1001 E Jefferson** 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
81001 Jefferson LLC
Page 3

Property Address: 1001 E JEFFERSON

Parcel Number: 05000077.

Property Owner: 81001 JEFFERSON LLC

Legal Description: N E JEFFERSON 4-5 REAR 11-10 PLAT OF PT OF P C 181 ANTOINE RIVARD L12 P348-51 CITY RECORDS, W C R 5/8 92 X 200.48





TO: Justus Cook, Housing and Revitalization
FROM: Shelby Holmes, Planning and Development
RE: Master Plan Interpretation for **Obsolete Property District** (PA 146) at 1001 E. Jefferson
Detroit, MI 48207(Associated to Petition # 2022-257)
DATE: August 9, 2022
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 issuance of a certificate for 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 125.2784), the Planning and Development Department submits the following interpretation. The Petitioner is 81001 E Jefferson LLC.

Location and Project Proposal: 1001 E. Jefferson Ave Detroit, MI 48207. The proposed project is renovation of historic structure. The building is a six story 61 units with 2,000 square feet of commercial space.

Current Master Plan (MP) & Zoning: MP Classification – Mixed Residential-Commercial (MRC). Zoning – General Business District (B4)

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 Lower East Central neighborhood describe the following recommendations:

- GOAL 3: Increase residential density
- Policy 3.1: Develop medium density residential northwest of Joseph Campau and Vernor, and along Mt. Elliott.

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 7th day of October, 2022 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 **81001 Jefferson, LLC** an (“Applicant”) with an office at **6001 Cass Ave, Detroit, MI 48202.**

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: **1001 E Jefferson Ave, Detroit, MI 48207** (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 **January 17, 2024**.

c. The Applicant shall create, or cause to be created, at least **Zero (0)** (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.

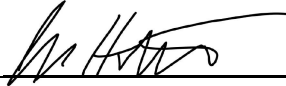
This Agreement may not be amended or modified except by a written instrument executed by each of the parties hereto.

[Remainder of Page Intentionally Left Blank]

**[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:
81001 JEFFERSON LLC**

By:  _____

Print: JOHN HOWBERT

Its: AUTHORIZED SIGNATORY

**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**

ADDENDUM 1
Requirements

ADDENDUM 2
Affordability Requirements

[SEE ATTACHED]

EXHIBIT A

Application for Obsolete Property Rehabilitation Exemption Certificate

EXHIBIT B
Detroit City Council Resolution
Granting the Obsolete Property Rehabilitation Exemption Certificate

AFFORDABLE HOUSING AGREEMENT

THIS AFFORDABLE HOUSING AGREEMENT (“Agreement”) is made as of September 30, 2022 (the “Effective Date”), by and between the City of Detroit (“City”), a Michigan public body corporate, acting by and through its Housing and Revitalization Department (“HRD”) with an address of 2 Woodward Avenue, Suite 908, Detroit, Michigan 48226, and 81001 Jefferson LLC, a Delaware limited liability company, (“Developer”), with an address of 6001 Cass Ave, Detroit, MI 48202.

WITNESSETH:

WHEREAS, the City has a vested interest to: (1) promote the health, safety and general welfare of the citizens of the City through the implementation of housing goals, objectives and policies that support economically integrated housing opportunities in the development or rehabilitation of housing; (2) stimulate the production of rental housing available to low income individuals or families; (3) optimize benefits available to low and moderate income residents by incentivizing affordable residential housing projects; and (4) promote the development of residential housing projects that include residential dwelling units within a project that are affordable for households with incomes of eighty percent (80%) or less of Area Median Income; and

WHEREAS, Developer owns certain real property commonly known as 1001 East Jefferson Avenue, and more specifically described on Exhibit A attached hereto and incorporated herein by reference (“the Project”), to which it wishes to make significant renovations; and

WHEREAS, the Project may be economically impracticable without receipt of tax abatements from the City (referred to herein as the “Financial Incentives”); and

WHEREAS, the City is willing to support the Developer’s Financial Incentives for the Project, provided that Developer preserves a certain number of residential dwelling units within the Project as affordable for certain low-income households as further described herein; and

WHEREAS, Developer desires to make available apartments which will be affordable for households with incomes of eighty percent (80%) or less of Area Median Income.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the City and Developer agree as follows:

1. **Definitions.** The following terms used throughout this Agreement shall be defined as follows:

a. “Affordable” shall mean housing for which occupants earning eighty percent (80%) of AMI would be paying no more than thirty percent (30%) of their income for gross housing costs, including a utility allowance consistent with the annual rate established by the applicable funding resources for the Project, and only pertaining to the Affordable Housing Requirement. If there is no utility allowance rate that can be utilized from such applicable funding resources, the utility allowance shall be consistent with an annual rate established by the Detroit Housing Commission.

b. “Affordable Housing Requirement” shall mean the covenants set forth in Section 3.a of this Agreement.

c. “Affordable Units” shall mean residential dwelling rental units at the project that are leased at Affordable rates to tenants whose annual gross incomes are equal to or less than eighty percent (80%) of the AMI. Affordable Units shall not include any units where rents exceed market rents in unrestricted units. If an Affordable Unit is leased to a qualified tenant whose household income increases above eighty percent (80%) of the AMI for any reason during the term of such lease, including but not limited to a change in the number of occupants of such unit, such unit shall continue to be considered the lease of an Affordable Unit for the duration of the term of such lease, including any renewals thereof, provided that such Affordable Unit continues to be leased to such tenant at an Affordable rate.

d. “Area Median Income” or “AMI” shall mean the median family income for the Detroit-Warren-Livonia Metropolitan Statistical Area as published by HUD, based on household size.

e. “Casualty Event” shall mean a fire, storm or other event not caused by Developer which results in the damage or destruction of all or a portion of the Project.

f. “CRIO” shall mean the City of Detroit Civil Rights, Inclusion, and Opportunity Department.

g. “Current Rents” shall mean monthly rents paid by Current Low Income Residents at the Project as of March 11, 2022.

h. “Current Residents” shall mean all residents residing at the Project as of March 11, 2022.

i. “Current Low Income Residents” shall mean those Current Residents who are residing in units identified in the Temporary Relocation Plan section of the Tenant Retention Plan, whose household income is at or below eighty percent (80%) of the AMI as identified by Developer and HRD, and who have expressed a desire to return to the Project after renovations.

j. “Event of Default” shall mean a breach of this Agreement by Developer which is not remedied to the City’s satisfaction within sixty (60) days of delivery of notice of such breach by the City to Developer.

k. “Housing Portal” shall mean City of Detroit's central online affordable housing portal.

l. “HUD” shall mean the United States Department of Housing and Urban Development.

m. “OPRE Agreement” shall mean that certain Obsolete Property Rehabilitation Exemption Certificate Agreement dated on or about the date hereof between Developer and the City.

n. “OPREC” shall mean the Obsolete Property Rehabilitation Exemption Certificate issued for the Project.

o. “Rent Differential Payment” shall mean the amount by which the tenant’s monthly rent obligation at an interim housing location (including a utility allowance for those utilities paid by the tenant consistent with the monthly rate established by the Detroit Housing Commission) exceeds the Current Rents (including utility allowances as described in this definition).

2. **Term of Agreement.** This Agreement shall be effective upon the later of (a) the Effective Date and (b) the date upon which this Agreement has been authorized by a resolution of the Detroit City Council. This Agreement shall expire upon the expiration of the term of the OPRE Agreement.

3. **Obligations of Developer.** Developer shall comply with the following covenants during the term of this Agreement:

a. Subject to the terms of this Agreement, twenty percent (20%) of the occupied residential dwelling units renovated by Developer at the Project shall be Affordable Units and shall be leased at Affordable rates to tenants with household incomes of eighty percent (80%) of AMI or less for the duration of the term of this Agreement. Units rented by Current Low Income Residents shall be counted towards the Affordable Housing Requirement.

b. If Developer intends to renovate any units occupied by Current Residents, then Developer shall provide written notice of such intended renovation to such Current Residents and shall provide such Current Residents with the opportunity to lease the same unit when renovations are completed, or a unit at the Project of comparable size and number of bedrooms as such Current Resident’s original unit. If a Current Resident elects to lease the same unit upon completion of the renovations or a comparable unit at the Project, then Developer shall pay the reasonable moving expenses to relocate such Current Residents from the Project to replacement housing during the period of renovations, and back to the Project following completion of the renovations, or to a comparable unit within the Project. If a Current Resident elects not to lease a unit at the Project then Developer shall pay for the reasonable moving expenses to relocate such Current Resident to a new location of such Current Resident’s choosing. “Reasonable moving expenses” as used

herein shall not exceed the costs to relocate such Current Resident within Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, or Wayne County.

c. Following completion of renovations of the Project, and prior to marketing any Affordable Units to persons who are not Current Low Income Residents, Developer shall offer Affordable Units that have undergone renovation to Current Low Income Residents until each Current Low Income Resident has had the opportunity to lease an Affordable Unit at the project, which Affordable Units shall be comparable in size and number of bedrooms to the Current Low Income Resident's original unit. Developer's lease with Current Low Income Residents shall be for a term of a least 1-year lease beginning when the Current Low Income Resident moves into a renovated unit in the Project and rent payable by such Current Low Income Resident shall not exceed the greater of (a) thirty percent (30%) of such Current Low Income Resident's income, as verified by HRD *or* (b) such Current Low Income Resident's Current Rent. Annual rent increases for Current Low Income Residents following the execution of new lease agreements for rehabilitated units shall not exceed two percent (2%) of the monthly rent payable by such Current Low Income Resident for the immediately preceding year.

d. Developer shall use commercially reasonable efforts to offer all Current Residents the opportunity to lease market rate units at the Project and Affordable Units provided such Current Residents qualify to lease Affordable Units. Such leases to Current Residents shall be on the same terms and conditions as which such market rate units or Affordable Units are offered to prospective tenants who are not Current Residents. Developer shall not unreasonably refuse, as determined by HRD, to lease a unit to a Current Resident who qualifies for such unit.

e. Developer shall adhere to the Tenant Retention Plan attached as Exhibit B incorporated herein by reference.

f. The Affordable Units and units subject to the Affordable Housing Requirement shall be generally comparable in design, unit type, size, and overall quality of construction to the market-rate rental units in the Project. Affordable Units shall be distributed throughout the buildings and not concentrated on specific floors or wings.

g. Developer shall use and participate in the Housing Portal to advertise available rental units at the Project, so long as the Housing Portal exists. Developer shall work with City staff to create a property listing for the Project within the Housing Portal and shall coordinate marketing efforts for available units at the Project with the City. Developer 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 Project has immediate vacancies and the Developer has exhausted its waitlist (if any) for the Project, Developer shall use the Housing Portal to market those vacancies. Developer shall update its listing within the Housing Portal when Developer waitlists (if any) for the Project opens or closes. Developer shall provide the City with such information as the City may reasonably request to maintain accurate information about the Project on the Housing Portal. Communications to the City regarding the property listing for the Project, vacancies, waitlist openings, or other information required to be provided pursuant to this Section 3.g may be sent to detroithomeconnect@detroitmi.gov.

h. Within sixty (60) days after the end of each calendar year of this Agreement, Developer shall provide to HRD and CRIO with a status report that includes the following for the previous calendar year: (1) progress of rehabilitation of the Project; (2) the applicable income and/or rent restriction for the Affordable Units; (3) the actual rent charged for each of the Affordable Units and market rate units; (4) the actual income reported to Developer of each household that leased an Affordable Unit at the Project, on an anonymized basis; and (5) tenant cy status of all Current Residents, and (6) such other information as HRD or CRIO may reasonably require to enforce the terms of this Agreement. Such status report shall be submitted in such format as HRD may reasonably require.

i. The Developer shall comply with the City's Ordinance 22-2-1 through 22-2-6, being Chapter 22 of the 2019 Detroit City Code, Article II, Affordable Housing Notification Requirements.

j. Developer shall not unreasonably refuse to lease a dwelling unit offered for rent, refuse to offer or sell cooperative stock, or otherwise discriminate in the terms of tenancy or cooperative purchase and sale because any tenant or purchaser is the holder of a Certificate of Family Participation or a Voucher under Section 8 of the United States Housing Act of 1937 (42 USC §1437f), or any successor legislation hereinafter referred to as "Section 8". This provision is limited in application, for tenants or applicants with Section 8 Certificates or Vouchers, to those units, which rent for an amount not greater than one-hundred and twenty percent (120%) of the Section 8 fair market rent for a comparable unit in the Detroit-Warren-Livonia Metropolitan Statistical Area.

4. **Recording of Agreement.** This Agreement may be recorded by the City with the Wayne County Register of Deeds as a restriction encumbering the Property. The covenants of Developer hereunder shall run with the land and shall be binding upon Developer and its successors and/or assigns for the term of this Agreement. Following the expiration of this Agreement and the OPRE Agreement, upon request of Developer, the City shall deliver to Developer an acknowledgment, in a form which is recordable and otherwise acceptable to the City, acknowledging satisfaction and expiration of this Agreement.

5. **Casualty Events.** If any of the Affordable Units are damaged or destroyed as the result of a Casualty Event, Developer shall provide prompt written notice of such Casualty Event to the City, including the Developer's plan to replace any such Affordable Units in the Project. Provided that (a) Developer is using commercially reasonable efforts to (i) restore such units affected by the Casualty Event and (ii) temporarily relocate any affected residents, and (b) Developer repairs or restores such Affordable Units within a reasonable time period following such Casualty Event, which period shall not exceed one hundred eighty (180) days, Developer's failure to satisfy the Affordable Housing Requirement due to such damaged Affordable Units causing a shortfall in the number of Affordable Units at the Project shall not be considered a breach of this Agreement.

6. **Default and Remedies.** Upon the occurrence of an Event of Default, the City shall be entitled to the following remedies:

a. If Developer has failed to satisfy the Affordable Housing Requirement as required hereunder, the Developer shall pay to the City of the following:

(1) the excess of actual rent received by Developer for any Affordable Unit which exceeds the Affordable rate that is required hereunder; plus

(2) a penalty for each Affordable Unit not in compliance with this Agreement in the amount of twenty-five percent (25%) of the monthly rent for such unit, multiplied by the number of months for which such Affordable Unit is not in compliance; plus

(3) The difference for any year of non-compliance between the amount of ad valorem tax otherwise due on the Project without the OPREC applicable to the Project and the amount of the Obsolete Properties Tax due on the Project 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 the total number of Affordable Units required hereunder; plus

(4) The reasonable enforcement costs of the City.

b. If the Developer has failed to comply with any other terms of this Agreement, the City shall have the right to obtain injunctive relief to enforce the terms of this Agreement or pursue and obtain such other relief as may be available in law or in equity.

c. The remedies of the City hereunder shall be in addition to, and not in replacement of, any sanctions, penalties, rights, or remedies to which the City may be entitled in law or in equity.

7. **Notices.** All notices, requests, demands or other communications required to be provided by any party under this Agreement shall be in writing and shall be deemed given hereunder upon personal delivery, upon depositing any such notice with postage prepaid in a United States mailbox if sent via certified mail, return receipt requested, upon depositing any such notice in the custody of a nationally recognized overnight delivery service or upon delivery via electronic mail if the recipient of such communication acknowledges receipt thereof. Notices may be given by and/or to counsel for the parties. Notices shall be deemed properly addressed if sent to the following addresses:

To the City: City of Detroit, Housing and Revitalization Department
2 Woodward Avenue, Suite 908
Detroit, Michigan 48226
Attn: Director

With a copy to: City of Detroit, Law Department
2 Woodward Avenue, Suite 500
Detroit, Michigan 48226
Attn: Chief Legal Counsel of Property

To Developer: _____

8. **Miscellaneous Provisions.**

a. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

b. All actions arising under this Agreement shall be governed by, subject to, and construed according to the laws of the State of Michigan. Developer and the City agree, consent and submit to the jurisdiction of any competent court in Wayne County, Michigan, for any action brought against it arising out of this Agreement. Developer also agrees that it will 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 courts other than those in Wayne County, Michigan.

c. This Agreement may be executed by the parties in counterparts which shall be considered as one fully executed agreement. Executed copies of this Agreement may be delivered between the parties via electronic means including electronic mail. The parties intend that this Agreement may be executed by either or both of the parties by means of the affixing of a digital signature or by other electronic means, in accordance with the Michigan Uniform Electronic Transactions Act (MCL 450.831 et seq.).

d. The title and headings of this Agreement are for purposes of reference only and shall not limit or define the meaning of any provisions of this Agreement.

e. The City reserves and shall have the exclusive right to waive, at the sole discretion of the City, and to the extent permitted by law, any requirement or provision applicable to Developer under this Agreement. No act by or on behalf of the City shall be, or be deemed or construed to be, any waiver of any such requirement or provision, unless the same be in writing, signed by the authorized representative of the City and expressly stated to constitute such waiver.

f. No failure by the City or Developer to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement or to exercise any right, term or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or such covenant, agreement, term and condition. No waiver of any breach shall affect or alter this Agreement, but each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

g. Nothing contained herein shall be construed or permitted to operate as any restriction upon the power granted by law to the City of Detroit or the Detroit City Council.

h. Neither the City nor the City's agents have made any representations or warranties to Developer, and no rights or remedies are or shall be acquired by Developer by implication or otherwise unless expressly set forth herein. This Agreement constitutes the entire agreement and understanding between the parties hereto relating to subject matter hereof. Any change in, addition to, or amendment or modification of the terms hereof shall be of no effect unless reduced to writing and executed by both parties and approved by the City of Detroit in accordance with Section 8.j hereof.

i. This Agreement shall be binding upon successors and assigns of either party to this Agreement, and all rights, obligations, benefits and advantages of this Agreement and shall inure to such successors and assigns.

j. Notwithstanding anything in this Agreement, in law or in equity, or otherwise to the contrary, this Agreement shall be of no force or effect and may not in any way be enforced against the City until this Agreement has been fully executed by the duly authorized representative of the City pursuant to the resolution of the Detroit City Council as approved by the Mayor of the City of Detroit, and approved by the City of Detroit Law Department. Any material amendments or modifications must likewise be duly authorized by resolution of the City Council as approved by the Mayor, and be approved by the Law Department.

[Signature pages follow.]

[SIGNATURE PAGE TO AFFORDABLE HOUSING AGREEMENT]

CITY OF DETROIT,
a Michigan municipal corporation

By: _____

Print: _____

Its: Director, Housing and Revitalization
Department

STATE OF MICHIGAN)
) ss
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me on this ____ day of _____, 20__ by _____, as Director of the Housing and Revitalization Department of the City of Detroit, a Michigan public body corporate, on behalf of the City.

_____, Notary Public
_____ County, Michigan
Acting in Wayne County, Michigan
My Commission Expires:

THIS AGREEMENT WAS APPROVED BY
THE CITY COUNCIL ON:

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

Date

Corporation Counsel Date

Prepared By:
Bryan L. Coe, Esq.
City of Detroit, Law Department
2 Woodward Avenue, Suite 500
Detroit, Michigan 48226

When Recorded Return To:
City of Detroit
Housing and Revitalization Department
2 Woodward Avenue, Suite 908
Detroit, Michigan 48226
Attention: Director

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT B

TENANT RETENTION PLAN

Tenant Retention Plan

Redevelopment Strategy & Displacement Prevention Overview

The Palms is an apartment building at 1001 E Jefferson Avenue, Detroit with 61 units. The property has substantial deferred maintenance and requires extensive renovations to make it safe for occupancy. Renovation work will include major investments in the electrical, plumbing and heating systems; replacements of kitchens and bathrooms; new windows, reconfiguration of certain units to restore the secondary means of egress to the exterior back staircase, asbestos abatement and demolition work.

The extent of the required work means there is no safe and comfortable way for residents to remain in the buildings during construction. Construction will take approximately 18 months. After the renovation, all tenants (as of March 11, 2022) in good standing (meaning having a \$0 balance on their rent at the time of relocation) will have the right to return to renovated units.

As used herein, the term “Low Income Tenant” shall mean any resident of the property as of March 11, 2022 whose household income is at or below eighty percent (80%) of median family income for the Detroit-Warren-Livonia Metropolitan Statistical Area as published by the U.S. Department of Housing and Urban Development based on household size.

81001 Jefferson, LLC, the Owner, has procured the services of Detroit Central City/Central City Integrated Health (CCIH) to work with tenants to facilitate their relocation. Tenants will receive support for their moving expenses to an alternative location and return moving expenses for those that express a desire to return to the building.

The owner is committing that all Low-Income tenants in good standing will be eligible to return to a comparable unit. It is the intent of the Owner to seek a property tax abatement.

Affordability Plan

Current rents at the property range from \$635 to \$835 for Studio, \$670 - \$1,270 for 1-BR and \$1,100 to \$1,335 for 2-BR. 42 tenants live at the property as of March 11, 2022. CCIH will complete a tenant survey as part of the tenant outreach process for all those who were willing to determine and verify incomes.

CCIH will provide information on available housing and administer the assistance being provided to all tenants. Further assistance will be provided to Low-Income Tenants in identifying temporary housing with affordable rents based on their incomes. If affordable housing cannot be found, a differential in rent will be provided as needed where new rents exceed existing rents.

Market rents are expected to be approximately as follows:

- Studios: \$1,100
- 1-BR: \$1,575 – \$1,925
- 2-BR: \$2,050

Affordable units at 80% AMI not leased by returning residents will have rents set at rates in accordance with the MSHDA's annual rent limits or market rate rents for comparable units in the building, whichever are less.

12 residential units will be preserved for low-income residents.

- 4 Studios – 374 sf
- 7 1-BR – 545 – 801sf
- 1 2-BR – 801 – 813 sf

Final unit layouts and types have not been determined at this time.

See attached the rent roll for detailed information on occupancy and current rents by unit.

Utilities

Tenants currently pay no utilities. Following renovations, units will be individually metered. Low-Income Tenants will receive a utility allowance credit. All other utilities are included in rent.

Tenant Communication Plan

Initial outreach and income verification

Central City Integrated Health is managing tenant communications. CCIH began contact with residents in March of 2022. Initial assessments and income verification for all residents will be completed after the initial notices are sent out.

Communication & meetings

Though tenant meetings are not required as part of this plan at the date of its confirmation, they may be necessary to facilitate communication with residents about relocation plans. Meetings can be held via ZOOM or in person safely (which could include a mask mandate).

Representatives from CCIH, Building Owner, Modern City (current property manager) and the City of Detroit would be present at these meetings. Meetings would be publicized with fliers displayed prominently within the building and individual letters/notices to tenants.

Sample communications

The following letters/notifications will be provided to all tenants. A draft meeting notice for a Tenant Information Meeting, Relocation Process outline and tenant survey are included for City review. All outgoing communications to residents regarding relocation, construction and affordability agreement will be reviewed by the City, Detroit Central City, the Owner and property management before being distributed.

- Overview of the Relocation process: Letter describing the relocation process, providing contact information for Detroit Central City and management. Informs them of construction plans, affordability agreement to help them return to the property, and assistance that will be provided during the transition.
- Tenant Survey: Request for information to verify income status and qualification for types of relocation support being offered.
- Notification of temporary relocation and assistance being offered: Individual notices that provides residents with specific move-out dates, information on how to connect with moving supports, anticipated return date, and contact information. As the specific support offered to each tenant will be based on their income, these will be provided after assessments are completed.
- Tenant Relocation Process FAQ: Letter further explaining the temporary relocation process, how to determine if one is low income, clearly explaining the relocation benefits by income level, how to receive the set aside benefits, further explanation of common questions to date.
- Additional notices as needed.

Tenant Assessment

Central City Integrated Health will conduct door to door outreach to each tenant to ensure the Tenant Survey is completed. They will assist tenants, as needed, in filling out the survey and collecting the necessary income documentation. This outreach will be conducted during the day and evening hours to ensure tenants are contacted based on their availability. Follow-up may occur in person, phone or email based on the tenant's preferences.

Tenant Habitability Plan

Relocation Schedule

- *Architecture and Engineering*: January 5, 2022 – July 8, 2022
- *Permitting*: December 19, 2022 – February 21, 2023
- *Resident Relocation*: March 11, 2022 – September 30, 2022 (intent is that the majority of tenants have relocated as of May 31, with only those remaining with existing leases.)
- *Construction*: February 22, 2023 – April 18, 2024
- *Resident Permanent Move to Palms*: April, 2024

Logistics: Temporary Relocation

Due to the nature of the renovation, there is no safe and comfortable way for residents to remain in the buildings during construction. Therefore, all work will take place after residents are relocated out of the building.

All services will be maintained until existing tenants are temporarily relocated out during construction. When construction commences, the only services active will be those necessary for

the safe execution of the construction work. All tenants will be relocated before service interruptions.

Temporary relocation plan

After intake, Central City Integrated Health will provide available housing options to all tenants. Low-Income Tenants will be provided additional assistance to start the housing search. CCIH is working with the network of landlords that they know to find vacancies, beginning with nearby properties, but also including other proximate neighborhoods. This initial outreach to landlords will be complete by the end of March.

CCIH will endeavor to work with each tenant based on their specific needs. However, if after repeated outreach a tenant refuses to work with CCIH to collect and provide the necessary documentation, they will not be eligible for assistance since they cannot qualify as a low-income tenant.

Special Needs

The tenant intake process will identify tenant demographics and any special needs of the tenants. For example, the tenant intake will identify income, disability, age, and any background issues that may impair ability to find housing, such as eviction history, credit, criminal background, and mental health.

Packing, storage and/or moving assistance

All tenants may choose between a moving subsidy of \$300 or utilize the mover procured by Detroit Central City for the move out of the building. The subsidy will be paid to the provider procured by Detroit Central City or upon receipt of payment and final move. Boxes can be supplied as needed. Seniors or residents with disabilities who require packing support will be provided with assistance.

Moving expenses back to the Palms will be paid in a similar manner for all Low-Income Tenants who wish to return to the building.

Replacement Housing Support

All tenants will be provided with reimbursement of up to \$150 in application fees upon proof of payment and the Security Deposit for their housing. Their current Security Deposit on file will be credited to this payment and the Owner will cover the difference. The Security deposit will be paid to the Landlord for all tenants once a tenant has completed a file with Central City Integrated Health and the landlord has returned all the necessary documents including a signed lease.

Low-Income Tenants in good standing who indicate a desire to return to the building after renovation will receive several elements of support:

- CCIH will provide support to tenants to identify suitable housing, inspect the units, and negotiate with landlords for the housing cost and lease term.
- Payment of relocation expenses into temporary housing during renovation as outlined above.
- First month's rent along with the Security Deposit paid directly to the Landlord as outlined above.
- "Rent Differential" Payment – the excess in rent over the greater of what they are paying today or 30% of their income – in their temporary housing.
 - A differential payment will be delivered to the landlord on a monthly or quarterly basis depending on terms of the agreement.
- Payment of relocation expenses to return to buildings after renovation is complete.

Rent differential payments will be discontinued 90 days after a tenant has been notified that they can move back to the Palms.

The unit numbers of those certain twelve (12) households of Current Low Income Residents, as referenced in the Affordable Housing Agreement, are as follows:

Unit 106
 Unit 108
 Unit 109
 Unit 217
 Unit 309
 Unit 310
 Unit 401
 Unit 407
 Unit 506
 Unit 604
 Unit 605
 Unit 608

Residents intending to return will be provided written, telephone, and email communication (wherever possible) that they are eligible to return and should respond to the letter of their intent to return to the Project within thirty days of notice. Households who have expressed their intent to return, must then verify that their household income is less than eighty percent (80%) of AMI by December 31, 2022.

Contact information in case of emergency

Property Management Agent: Jade Sanders, jade@moderncity.us, (313) 338-8829

Central City Integrated Health (for Residents): Michelle Monette, mmonette@centralcityhealth.com, (313) 833-6670

All construction-related questions will be directed to Greatwater.