

Detroit & Northern LLC

401 S Washington Square, Suite 102, Lansing, MI 48933
(1133 Griswold Street, Detroit, Michigan 48226)

This PA210 Exemption Certificate for 1133 Griswold, Detroit MI 48226 and all attachments are hereby received by the Detroit City Clerk's Office on the following date and time August 15 12:05 PM by See below (affix date stamp and signature).

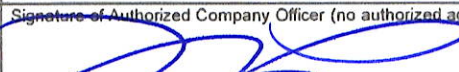
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CITY CLERK 2022 AUG 15 PM12:05

Application for Commercial Rehabilitation Exemption Certificate

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

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

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

PART 1: OWNER / APPLICANT INFORMATION (applicant must complete all fields)			
Applicant (Company) Name (applicant must be the owner of the facility) Detroit & Northern LLC			NAICS or SIC Code
Facility's Street Address 1133 Griswold Street		City Detroit	State MI ZIP Code 48226
Name of City, Township or Village (taxing authority) City of Detroit		County Wayne	School District Where Facility is Located Detroit City (82010)
<input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village			
Date of Rehabilitation Commencement (mm/dd/yyyy) 03/01/2023		Planned Date of Rehabilitation Completion (mm/dd/yyyy) 03/01/2025	
Estimated Cost of Rehabilitation \$13,554,813		Number of Years Exemption Requested (1-10) 2 year construction period followed by 10 year exemption	
Expected Project Outcomes (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 Loss of Employment <input checked="" type="checkbox"/> Increase Number of Residents in Facility's Community			
No. of jobs to be created due to facility's rehabilitation 65	No. of jobs to be retained due to facility's rehabilitation	No. of construction jobs to be created during rehabilitation 60	
PART 2: APPLICATION DOCUMENTS			
Prepare and attach the following items:			
<input checked="" type="checkbox"/> General description of the facility (year built, original use, most recent use, number of stories, square footage)		<input checked="" type="checkbox"/> Statement of the economic advantages expected from the exemption	
<input checked="" type="checkbox"/> Description of the qualified facility's proposed use		<input checked="" type="checkbox"/> Legal description	
<input checked="" type="checkbox"/> Description of the general nature and extent of the rehabilitation to be undertaken		<input type="checkbox"/> Description of the "underserved area" (Qualified Retail Food Establishments only)	
<input checked="" type="checkbox"/> Descriptive list of the fixed building equipment that will be a part of the qualified facility		<input type="checkbox"/> Commercial Rehabilitation Exemption Certificate for Qualified Retail Food Establishments (Form 4753) (Qualified Retail Food Establishments only)	
<input checked="" type="checkbox"/> Time schedule for undertaking and completing the facility's rehabilitation			
PART 3: APPLICANT CERTIFICATION			
Name of Authorized Company Officer (no authorized agents) Richard Karp		Telephone Number (517) 708-3003	
Fax Number (517) 485-1104		E-mail Address rk@buildtech.com	
Street Address 401 S Washington Square, Suite 102		City Lansing	State MI ZIP Code 48933
<p><i>I certify that, to the best of my knowledge, the information contained herein and in the attachments is truly descriptive of the property for which this application is being submitted. Further, I am familiar with the provisions of Public Act 210 of 2005, as amended, and to the best of my knowledge the company has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local governmental unit and the issuance of a Commercial Rehabilitation Exemption Certificate by the State Tax Commission.</i></p> <p><i>I further certify that this rehabilitation program, when completed, will constitute a rehabilitated facility, as defined by Public Act 210 of 2005, as amended, and that the rehabilitation of this facility would not have been undertaken without my receipt of the exemption certificate.</i></p>			
Signature of Authorized Company Officer (no authorized agents) 		Title Managing Member	Date AUG 15, 2022

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

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

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

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

Instructions for Completing Form 4507

Application for Commercial Rehabilitation Exemption Certificate

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

Owner / Applicant Instructions

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

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

LGU Assessor Instructions

Complete and sign Part 4 of the application.

LGU Clerk Instructions

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

Application Deadline

The State Tax Commission must receive complete applications on or before October 31 to ensure processing and certificate issuance for the following tax year. Applications received after October 31 may not be processed in time for certificate issuance for the following tax year. If you have questions or need additional information or sample documents, visit www.michigan.gov/propertytaxexemptions or call 517-335-7491.

Detroit & Northern LLC

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(1133 Griswold Street, Detroit, Michigan 48226)

August 15, 2022

City Clerk's Office
Coleman A. Young Municipal Center
2 Woodward Avenue
Suite 200
Detroit, Michigan 48226

RE: Request for Commercial Rehabilitation Exemption Certificate at
1133 Griswold Street
Detroit, MI 48226
Detroit & Northern LLC

Please accept this letter as a request for a Commercial Rehabilitation Exemption Certificate at the property located at 1133 Griswold Street.

Legal Description: Parcel 02-002011 described as follows: W GRISWOLD S 42.12 FT ON W LINE BG S 63.49 FT ON E LINE OF 79 PLAT OF SEC 8 GOVERNOR & JUDGES PLAN L34 P543 DEEDS, W C R 2/1 63.49 IRREGP

General Description of Facility

The subject property is located at 1133 Griswold Street, Detroit, Michigan 48226 and is currently vacant, abandoned and blighted. The property sits on .626 total acreage and consists of one single 7-story building comprised of approximately 17,000 Gross square feet. Built in 1921 as part of the United Savings Bank of Detroit, it was used then, and has been used throughout its operable period, as office space. The building underwent interior and exterior renovation that was completed in the 1970's and included the destruction/removal of its original historic façade, concrete blocking in of most of the Griswold façade window openings and subsequent attachment of metal supporting structure for solid granite slab cladding. The building has since sat vacant for decades. The building is precluded from listing on the National Register of Historic Places due to its lack of historic façade. Although it is within the boundaries of a local historic district, it is not a contributing resource.

Facility's Proposed Use

The 1133 Griswold Street project will completely remediate and rehabilitate the long-abandoned building to create 6,110 rentable square feet of commercial space and 25 class A multifamily units. 20% of the residential units will be designated as affordable based on the HOME Program and will be income verified, monitored, and priced accordingly. The first floor, mezzanine, and lower level will consist of commercial tenants and existing floors 3 through 7 will be multifamily apartments, while floors 8-11 will be newly constructed and also contain multifamily apartments.

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Rehabilitation Overview

The building requires full rehabilitation at an estimated cost of \$ \$13.56MM. Due to decades of abandonment, extensive architectural and engineering is required to properly reuse the existing structure, to remove environmental containments/demolition of deteriorated elements, for the replacement of windows, walls, and floors, and to create a new, contemporary but compatible façade. By doing so, this will turn this functionally obsolete and blighted structure into a modern, energy efficient development. The increased costs due to the building's current state make this project economically unfeasible without the abatement of property taxes.

All non-structural partitions, ceilings, utility systems, etc. are to be removed and the building cleaned out to its structural shell. New utility services shall be brought in and all interior mechanical, plumbing, electrical, fire suppression systems will be distributed through the new interior layout. The exterior facade will undergo a thorough rehabilitation scope and modifications to the façade will be done to accommodate new windows and modern updates. Modern finishes shall be incorporated throughout the building in apartments and common areas. All necessary architects and engineers and a General Contractor have been engaged and development/hard cost estimates are attached as Exhibit A.

Fixed Building Equipment

- Air Conditioning Units
- Fan Coil Units
- Make Up Air Unit
- Commercial HVAC System to be Designed for the Commercial Space
- Domestic Water Booster Pump
- Generator
- Electrical Panels
- Electrical Switchgear
- Fire Pump

Rehabilitation Time Schedule

24-month construction period from the approval of Exemption Certificate issuance which shall be followed by a 10-year property tax exemption period.

Economic Advantages

Given the dramatic shift to remote and hybrid work that COVID-19 has set in motion, there is one essential strategy to reposition downtown Detroit for long-term health: growing the “live-play” economy. With the loss of office workers, there is no substitute or strategy other than growing the residential population and creating vibrant public spaces and destinations to draw

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more people downtown. Only by doing this can we generate new demand for small businesses, stimulate new businesses to replace shuttered ones, and generate new tax revenue for the City. This project is specifically intended to grow the tax base and make Downtown Detroit more economically resilient and sustainable.

In addition to the 1133 Griswold project playing its part in the coordinated “live-play” strategy that includes the Capitol Park placemaking improvements, the project is entirely consistent with the City of Detroit’s Master Plan of Policies. The Master Plan for the CBD includes increasing residential density, converting obsolete commercial buildings to residential uses, and creating vibrant retail districts. This project does all three.

Counter Community Deterioration

This project will eliminate some of the blighting influences found within the neighborhood through the renovation of this obsolete and underutilized building. Currently, the abandoned and dilapidated appearance of the building give the impression of a depressed, undesirable area that is unsafe for residents and visitors alike. Completing this project will continue to help reverse the decline of residential and commercial infrastructure in this neighborhood with the introduction of modern residential units and revitalized commercial space.

Promote Community Revitalization in the Area

The project will promote community revitalization on economic, physical, and social levels.

Economic

- Once redeveloped, it will increase the taxable value of the surrounding properties, add to the income tax base of the City of Detroit and increase the area’s economic base.
- This project will spur additional development in the area and benefit the economic investments already made by other projects in the area.
- With the creation of residential space, there will be an increase in population and foot traffic throughout the neighborhood and will thus increase the demand for entertainment, restaurants, retail as well as other commercial services.
- With the creation of commercial space, there will be an increase in the employment base as well as enhanced tax dollars as a direct result. An anticipated 65 new jobs will be created as a result of this facilities rehabilitation with an additional 60-70 jobs created during the rehabilitation process.

This project will not only increase the tax base generated from the property itself by increasing the taxable value, but also increase the tax revenue from those who come to live and work within our property. The findings of a study posted by Multifamilyexecutive.com showed that multifamily residents spend more of their income locally than homeowners. Based on average spending and after-tax earnings, these residents had spent nearly three-quarters of that income on

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consumer goods and services produced in the United States and roughly 70% of the dollars these residents spent stayed within the local economy. When the indirect effects of that spending are factored in, billions of dollars in economic contributions are made from multifamily renters nationally.

Physical

- A City of Detroit Parks and Recreation Department survey (October 2020 – February 2021) concluded that 51% of survey respondents indicated that blight along their walking route prevented them from visiting public space and the businesses within. The revitalized building will become a desirable structure and reverse the decline in aesthetic appeal and safety that is currently being fostered by the blight and abandonment of this building. Activation of 1133 Griswold and the overall quality and quantity of public lighting including an alley that will be well-lit and made more attractive will improve the sense of security. Due to its current state, a scaffolding along the front façade of 1133 Griswold is required. While this is not only an eye sore to the public, it also provides shelter for unhoused individuals and the side walls of the scaffolding are regularly dislodged allowing access behind the scaffolding where various illicit activities take place and individuals can hide. As a result of this project, there will be less of a demand on the public servants serving downtown.
- The project will set forth high quality standards on all levels, from design to construction and will set a precedent for all future development in the area.

Social

- The development will provide quality residential space to serve the community.
- The project will attract a varied demographic of potential residents and will increase the vitality and diversity of the neighborhood.
- The project will increase the number of people living in and visiting the West District and create increased demand for services that will help continue to revitalize the community.

Ripple Effect

The 1133 Griswold project is specifically intended to have a catalytic effect on the West District, grow the tax base, and activate the vacant and underutilized space in the surrounding area. Not only will the project itself activate an eyesore that has sat vacant and blighted for decades, but it is part of a coordinated strategy to reignite development momentum in the Capitol Park area overall. There continues to be significant vacant and underutilized space in and immediately around Capitol Park. The project will grow the population and increase density by delivering 25 multi-family units, three stories of commercial space, and generating momentum for other mixed-use redevelopments in the district. It will contribute to the success of nearby businesses by generating demand from new residents, delivering new retail/food and beverage options for those who work or live downtown, and by replacing an eyesore with a vibrant new development. Finally, by diversifying the downtown economy and land use away from an office population to a new

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emphasis focused on multi-family mixed with commercial space, as previously outlined, this project is specifically intended to grow the tax base and make Downtown Detroit more economically resilient and sustainable.

Detroit & Northern LLC would like to thank you for your time and consideration in review of this application.

Sincerely,



Richard Karp
Partner, Detroit & Northern LLC

EXHIBIT A

DEVELOPMENT BUDGET

Development Name: Detroit & Northern LLC


Development Address: 1133 Griswold Street

City/Township/Village: Detroit

County: Wayne

Construction Type: Mixed Use Rehabilitation + New Construction

TOTAL DEVELOPMENT COSTS	AMOUNT
Acquisition	-
Land	\$850,000
Building(s)	-
Other:	
Hard Costs	
Buildtech Budget - See Page 7	\$11,857,425
Soft Costs	
Architectural & Engineering	\$215,000
Other Professional Fees	\$150,000
Loan Fees	\$43,900
Construction Interest	\$197,550
Construction Taxes	\$92,299
Title Work	\$61,730
Preconstruction	\$8,000
Leasing Commissions	\$38,525
Contingency	\$40,384
TOTAL DEVELOPMENT COSTS	\$13,554,813

	
Detroit & Northern Hard Cost Budget	
8/15/2022	
Site Improvements	136,687
Hazmat Abatement/Interior Selective Demolition	845,800
Concrete and Masonry	940,247
Carpentry	1,366,873
Roofing/Metal Siding/Insulation/Caulking	182,250
Doors/Windows/Glass	1,093,498
Drywall/Acoustical	364,499
Flooring	182,250
Cabinets/Countertops/Appliances	273,375
Painting/Decorating	182,250
Plumbing/Electrical/Fire Protection	2,369,246
HVAC	546,749
Tenant Upgrades	400,000
Builder OH/General Requirements	951,536
Construction Contingency	950,000
Construction Management	449,464
Other/Miscellaneous	622,701
Total	11,857,425



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

September 15, 2022

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

RE: Commercial Rehabilitation Certificate – **Detroit & Northern LLC**
 Property Address: **1133 Griswold**
 Parcel Number: 02002011.

Dear Ms. Trudeau:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the Commercial Rehabilitation certificate application for the properties located at **1133 Griswold** in the **Central Business District** area in the City of Detroit.

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

The project as proposed by the **Detroit & Northern LLC** consists of a 7-story vacant office building with 15,498 square feet of building area, built in 1930, on 0.059 acres of land. The proposed project consists of rehabilitating the existing structure and adding four additional floors to create 27 apartment units with commercial space on the first and second floors.. The building will undergo major renovations including window replacement, floor replacement, roof replacement, all major mechanical, plumbing and electrical systems replacement, and environmental remediation.

The 2022 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
02002011.	1133 Griswold	\$ 338,300	\$ 74,992	\$ 153,500	\$ 34,027

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

A review of the general plans, along with the criteria set forth under the Commercial Rehabilitation Act, indicated that the proposed project located at **1133 Griswold** is eligible as it pertains to the Commercial Rehabilitation certificate criteria under P.A. 210 of 2005, as amended.

Sincerely,

Charles Ericson, MMAO
 Assessor



Commercial Rehabilitation Certificate
Detroit & Northern LLC
Page 2

Property Address: 1133 GRISWOLD

Parcel Number: 02002011.

Property Owner: DETROIT & NORTHERN LLC

Legal Description: W GRISWOLD S 42.12 FT ON W LINE BG S 63.49 FT ON E LINE OF 79 PLAT OF SEC 8 GOVERNOR & JUDGES PLAN L34 P543 DEEDS, W C R 2/1 63.49 IRREGP





TO: Justus Cook, Housing and Revitalization
FROM: Shelby Holmes, Planning and Development
RE: Master Plan Interpretation for **Commercial Rehabilitation District** (PA 210) for a 1489 Winder St Detroit, MI 48207 (Associated to Petition # 2022-244)
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 and transfer of a certificate for a Commercial Rehabilitation District is consistent 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 210 of 2005 (section 207.853), the Planning and Development Department's Planning Division submits the following interpretation. The Petitioner is Butchers Real Estate, LLC.

Location and Project Proposal: 1489 Winder St. Detroit, MI 48207. The proposed project is a rehabilitation of vacant commercial two-story, approximately 2,600 square foot building into a cigar bar and lounge.

Current Master Plan (MP) & Zoning: MP Classification – Distribution / Port Industrial (IDP).
Zoning – General Services District (B6)
This project is located in a local historic district

Master Plan Interpretation

The subject site area is designated Distribution / Port Industrial (IDP). Distribution / Port Industrial areas should generally consist of areas for uses concerned with the handling, storage, and movement of goods and materials. Goods distribution areas require access to freeways, rails, water (i.e. wharves, docks and piers) on major thoroughfares. Typical uses are transportation terminals, wholesale and warehouse facilities, maintenance and service use, goods packing, and processing use, and supporting office and service use.

The following policies of the Middle East Central neighborhood describe the following recommendations:

- GOAL 4: Increase the vitality of neighborhood commercial areas
- Policy 4.1: In conjunction with residential redevelopment, develop neighborhood commercial nodes along Chene, with a compatible mix of locally serving, small-scale businesses and medium density residential uses.

The proposed development does not conform to the Future General Land Use characteristics of the area, but the proposed use does not significantly change the character of the area. A zoning update/Master Plan Amendment is anticipated in September 2022 for this area.

**COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE
AGREEMENT**

THIS COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE AGREEMENT (this "Agreement") is made this 20th day of September, 2022 by and between the City of Detroit, a Michigan municipal corporation ("City"), acting by and through its Planning & Development Department, with an office at 2 Woodward Avenue, Suite 808, Detroit, Michigan 48226 and Detroit & Northern, LLC ("Applicant") with an office at 401 S Washington Square, Suite 102, Lansing MI 48933.

WITNESSETH:

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

WHEREAS, the Applicant has submitted an Application for Commercial Rehabilitation Exemption Certificate ("Application") for the property located at: 1133 Griswold Street ("Property"). A copy of the Application is attached hereto as Exhibit A and made a part hereof; and

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

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

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

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

1. General.

a. Unless earlier revoked as provided for in Section 12 of the Act, being MCL 207.852, or as provided for in this Agreement, the CREC term and the term of this Agreement (collectively, the "Term") will be for a period of Ten (10) years, beginning on the certificate beginning date stated in the CREC issued by the Michigan State Tax Commission. Such date shall be a minimum of Two (2) years from the date of this agreement.

b. The Applicant will complete the Rehabilitation of the Property (the “Project”), as defined in the Act and as set forth in the Application, no later than **December 1, 2025**.

c. The Applicant shall encourage its commercial tenants to create, at least **Thirty (30)** (the “Endeavored Employee Commitment Number”) full-time employees at the Property within one (1) year of completing, leasing and occupying the commercial portion of the Rehabilitation of the Property.

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

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

2. Applicant Representations and Warranties.

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

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

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

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

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

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

f. The Project did not start earlier than six (6) months before the Applicant filed the Application.

g. There are no delinquent taxes owed on the Property.

h. The Applicant will pay any applicable taxes on the Property as they become due.

i. The Project and the Applicant's current and planned future operation of the Property are in compliance with the City of Detroit Zoning Ordinance and Master Plan.

j. If the Project will include the provision of housing at the Property, the Applicant agrees: (i) to comply with Fair Housing Practices that meet the guidelines set forth by the U.S. Fair Housing Act (42 U.S.C. 3601 through 3619); and (ii) to comply with the Affordability Requirements set forth on Addendum 2, attached hereto.

3. Community Benefits Requirements.

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

a. Partner with the City, and, when appropriate, a workforce development agency to promote the hiring, training and employability of Detroit residents consistent with State and Federal Law.

b. Partner with the Director of the Planning & Development Department to address and mitigate negative impacts that the Tier 2 Development Project may have on the community and local residents. The Applicant will adhere to the mitigation requirements, if any, stated in the attached Addendum 1 – Requirements, which is incorporated herein by reference.

4. Reporting to the City by the Applicant.

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

a. Upon request, the Applicant shall provide the Planning & Development Department copies of all construction plans, building permits and certificates of occupancy related to the Rehabilitation of the Property.

b. Applicant shall permit the City to perform periodic site visits to the Property by the City to establish whether the Applicant is completing the Rehabilitation to the Property as required by the Act and this Agreement.

c. Annually, within two (2) weeks after each anniversary of the commencement of the Term, Applicant shall submit to the Planning & Development Department a certified status report ("Status Report") signed by an authorized officer of the Applicant. The Status Report shall set forth

for the previous year: (i) the Rehabilitation work completed at the Property and the Applicant's financial investment in the Property for that year and (ii) the number of full-time employees at the Property for that year.

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

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

5. Revocation of CREC and Termination of this Agreement.

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

As used in this Section 5, "good faith" includes, but is not limited to, the following: (i) Applicant is actively working with an agency or City Department to encourage its tenants 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.

As the Applicant is proposing to redevelop the Property primarily for rental housing, and the commercial spaces shall be rented to third parties, Applicant commits to encouraging its commercial tenants to maximize the number of its employees who are Detroit residents. Ultimately, Applicant does not have control over whom its commercial tenants hire.

7. Notice to City of Discontinuance of Operations.

If during the Term the Applicant intends to discontinue operations at the Property, the

Applicant will provide thirty (30) days' prior written notice of such shutdown of operations to the Director of the Planning & Development Department.

8. Reservation of Remedies.

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

9. Transfer.

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

10. Headings.

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

11. Capitalized Terms.

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

12. Governing Law; Venue.

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

13. Amendment.

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

[Remainder of Page Intentionally Left Blank]

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

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

APPLICANT:

DETROIT & NORTHEAST LLC

By: 

Print: RICHARD KARP

Its: AUTHORIZED AGENT

CITY OF DETROIT

PLANNING & DEVELOPMENT DEPT.

By: _____

Print: _____

Its: _____

THIS AGREEMENT WAS APPROVED BY
THE CITY COUNCIL ON:

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

Date

Corporation Counsel

Date

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

ADDENDUM 1
Requirements

ADDENDUM 2
Affordability Requirements

1. Affordable Housing Undertaking. The Applicant, as developer of the **Detroit & Northern, LLC** mixed-use project (the “Project”) on the Property, will implement during the Term the following affordable housing plan for the planned 25 residential apartments to be included within the Project:

a. The Applicant will offer for lease 5 apartment units (“Affordable Units”) to those earning not more than 80% of the Detroit SMSA area median income (“AMI”), based on the income limits most recently published by the United States Department of Housing and Urban Development (“HUD”).¹ Rental rates will be based upon occupancy of 1 person in a studio and 1.5 people per bedroom for all other rental unit sizes.

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

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

d. Applicant currently intends to offer 0 studios, 4 one-bedroom units, 1 two-bedroom units and 0 three-bedroom units as Affordable Units. Applicant may alter this unit mix in its discretion.

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

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

2. Payment for Exempted Taxes for Violation of Undertaking. If Applicant is not in compliance with its obligations under paragraph 1 of this Addendum and fails to cure its non-compliance within 60 days of written notice from the City, the Applicant shall pay to the City, in addition to the Commercial Rehabilitation Tax due under the CREC on the Property, an amount equal to the difference for the year of non-compliance between the amount of ad valorem tax otherwise due on the Property without the CREC and the amount of the Commercial Rehabilitation Tax due on the Property with the CREC, multiplied by a fraction, the numerator of which is shortfall of the number of units that are not in compliance and the denominator of which is 5. Prior to taking any action to require the Applicant to pay any amount to the City pursuant to this paragraph 2, the City shall afford the Applicant an opportunity to present at a public hearing reasons for the shortfall by the Applicant in its compliance with this Addendum.

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

EXHIBIT A
Application for Commercial Rehabilitation Exemption Certificate

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



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

Decision Regarding Employment Clearance for Tax Abatement Employment Commitment 5-50 Full-time Employees

Date: September 27, 2022

Tax Abatement Type: PA 210

New Renewal

Duration of Abatement: 10 years

Development: Detroit & Northern LLC will rehab the 7 story building into an 11 story building with 27 apartments on floors 3-11 and 6,110 sq ft of commercial space on lower level floors 1-2.

Parcel/Facility Address: 1133 Griswold St

Applicant/Recipient: Richard Karp

Applicant Contact: rk@buildtech.com 517-708-3002

Post-Construction Employment Commitments

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

Developer Occupied Tenant Occupied

Total Employment: 30

Developer commits to

- 1) Report to CRIO annually;
 - a. Developer's efforts regarding tenants
 - b. Tenant's compliance with commitments stated below (3)
 - c. Total number of employees at the facility
 - d. Number of employees at the facility who are Detroit residents
- 2) Provide Detroit at Work (DAW) information to any/all tenant(s) for life of abatement
- 3) Work with Commercial Tenant(s) with 5-50 full-time employees to do the following;
 - a. **Use DAW as the company's priority staffing partner** for all openings in Detroit for the life of the local incentive;
 - b. **Develop and implement a DAW Staffing Plan** in partnership with the company's DAW Staffing Consultant to include a regular meeting schedule of at least every 30 days and agreed-upon data-sharing related to program criteria and candidate submissions;
 - c. **Post all Detroit job openings through the DAW website;**
 - d. **Ban the Box:** To the extent possible according to law and job requirements, commits to removing the felony and/or misdemeanor question from the employment application, and agrees to using a background-friendly approach to hiring new employees in Detroit; and,
 - e. **Modify pre-employment screening and testing** so that an applicant who tests positive for a legalized substance in the State of Michigan are not disqualified from the hiring process, to the extent permissible under applicable laws, regulations, and other legal requirements.
 - f. **Commit to one consultation with DAW staffing consultant** on strategies for upskilling of new employees, including offerings in adult basic education, State-



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Decision Regarding Employment Clearance for Tax Abatement Employment Commitment 5-50 Full-time Employees

provided training funds and incentives, apprenticeship programs development, and post-secondary educational attainment.

- g. **Commit to attending a New Employer Introduction meeting for Grow Detroit's Young Talent (GDYT)**, Detroit's summer youth employment program, in the first 90 days following approval;
- h. **Report to Developer annually;**
 - i. Tenant's compliance with requirements
 - ii. The number of individuals employed by Tenant
 - iii. The number of employees who are Detroit residents

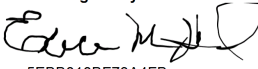
4) Work with Commercial Tenant(s) who have **less than 5 full-time employees** to do **3-c and 3-h**

The Applicant/Recipient has provided CRIO required information in accordance with specific current and future employment data and commitments as part of a tax abatement agreement with the City of Detroit.

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

Erica Hill _____

CRIO Deputy Director Name

DocuSigned by:

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CRIO Deputy Director Signature

9/28/2022

Date