



CITY OF DETROIT
HOUSING AND REVITALIZATION DEPARTMENT



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July 10, 2017

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

RE: Affordable Housing Agreement with Bedrock Management Services LLC

Honorable City Council:

The City of Detroit Housing & Revitalization Department (HRD) requests that this Honorable Body authorize the City to enter into the attached agreement with Bedrock Real Estate Services. Bedrock has a goal to develop up to 3,500 residential rental units that rely on tax abatements or tax increment financing.

To help secure those incentives as they are presented, Bedrock is committing that at least 20% of those units will be affordable at or below 80% Area Median Income (AMI) for 30 years. Meaning that one (1) out of every five (5) units of residential rental housing will be developed or preserved as affordable housing. The Agreement can be extended to more units if the 3,500 unit cap is or will be reached. This means that, of the proposed 3,500 unit portfolio, at least 700 will be affordable housing units.

Bedrock proposes to meet the obligation to provide 20% affordable units in two ways:

- a. New Affordable Housing Units: Developing new affordable units to expand affordable housing options at the same time as new market-rate housing is being developed.
- b. Preservation Projects: Preserving existing affordable housing at the end of its affordability period, so that it stays affordable and does not convert to market rate, displace existing residents, and reduce the affordable housing stock. This kind of housing usually serves households between 30-60% of AMI.

All of the affordable units will be provided within the "Affordable Housing Priority Area," defined as the Downtown, Midtown, New Center, and Corktown areas, where affordable housing needs to be developed and preserved.



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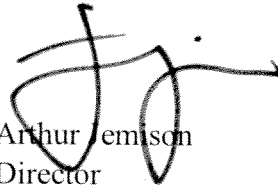
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Bedrock may create or preserve affordable housing directly as the developer or through strategic alliances with affordable housing developers where Bedrock enters into a joint venture, is an equity partner in a project.

Importantly, Bedrock is agreeing to an option where it will provide minimum per-unit financing for the preservation units on largely the same terms as the HUD HOME Partnership program, supplementing the City's limited supply of these critical affordable housing funds.

We look forward to the discussion of this agreement in the coming weeks.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Arthur Jemison". The signature is stylized with a large, looped "A" and a long, sweeping horizontal stroke at the end.

Arthur Jemison
Director

Attachments

Cc: S. Washington, Mayor Office
V. Upshaw, HRD



BY COUNCIL MEMBER: _____

WHEREAS, the City of Detroit, acting by and through its Housing and Revitalization Department, requests approval of that certain affordable housing agreement with Bedrock Management Services LLC (“Affordable Housing Agreement”) which is attached hereto as Exhibit A; and

RESOLVED, that Detroit City Council hereby approves the Affordable Housing Agreement.



EXHIBIT A

Affordable Housing Agreement

**AFFORDABLE HOUSING AGREEMENT
CITY OF DETROIT**

THIS AFFORDABLE HOUSING AGREEMENT ("Agreement") is entered into as of the Effective Date (as hereinafter defined) 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 Bedrock Management Services LLC ("Developer"), a Michigan limited liability company, with an address of 630 Woodward Avenue, Detroit, Michigan 48226.

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, and (3) optimize benefits available to low and moderate income residents by incentivizing affordable residential housing projects;

WHEREAS, the City's current policy for granting Financial Incentives (as hereinafter defined) for a residential or mixed-use housing development project seeks commitments that at least 20% of the total residential dwelling units within the project be Affordable (as hereinafter defined) for households with incomes of 80% or less of AMI; and

WHEREAS, Developer (through Developer Affiliates, as hereinafter defined) has a goal of developing up to 3,500 residential dwelling units across multiple residential and mixed-use developments within the City that may require the receipt of Financial Incentives;

WHEREAS, to encourage such multiple residential housing development projects and promote the development of inclusive, mixed-income communities, the City and Developer are entering into this agreement to ensure and provide for affordable housing on a portfolio-wide basis;

WHEREAS, this Agreement will ensure that at least 20% of the total residential rental dwelling units developed in connection with Developer's receipt of Financial Incentives will be Affordable Units (as hereinafter defined) located within the Affordable Housing Priority Area (as hereinafter defined).

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" means, as generally defined by the U.S. Department of Housing and Urban Development ("HUD"), housing for which the occupants are 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 respective project. In 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 Priority Area” means that certain boundary area within the City of Detroit as further defined in the attached Exhibit A, which is incorporated herein by reference. The Affordable Housing Priority Area may be amended from time to time by an amendment to this Agreement, which amendment shall be subject to approval by Developer and HRD.
- c. “Affordable Housing Requirement” means that if Developer (or a Developer Affiliate) obtains a Financial Incentive for a Project, Developer (or Developer Affiliates) must provide Affordable Units (or cause Affordable Units to be provided) either at the Project that has obtained such Financial Incentive or at any location within the Affordable Housing Priority Area such that the Affordable Units comprise twenty percent (20%) of the total number of residential rental dwelling units to be developed or provided in connection with the Project that has obtained such Financial Incentive. For example, if Developer obtains a Financial Incentive for a Project with eighty (80) market-rate residential rental units, Developer (or Developer Affiliates) must provide twenty (20) Affordable Units (or cause such units to be provided) (resulting in a total of one hundred (100) residential rental units) either in the Project that has obtained the Financial Incentive or at any location within the Affordable Housing Priority Area.
- d. “Affordability Period” means the specific time period for which residential rental dwelling units must be maintained as Affordable Units. The Affordability Period for a respective project shall begin once that project has satisfied all requirements for the issuance of a temporary certificate of occupancy or its equivalent from the City and shall expire thirty (30) years thereafter.
- e. “Affordable Units” mean residential rental dwelling units within the Affordable Housing Priority Area that are (i) leased to households whose annual gross incomes are equal to or less than 80% of the AMI; (ii) rented for an amount that does not exceed the Affordable rent for a household whose annual gross income is equal to or less than 80% AMI, as adjusted for household size and published by HUD; and (iii) restricted only to such income-qualifying tenants and to the Affordable rent for the Affordability Period.
- f. “AMI” means the median family income for the Detroit-Warren-Livonia Metropolitan Statistical Area as published by the U.S. Bureau of Census and HUD.
- g. “Cap” means a total of three thousand five hundred (3,500) residential rental dwelling units to which this Agreement applies, which shall consist of all residential rental dwelling units developed by Developer (or a Developer Affiliate) and receiving a Financial Incentive from and after the Effective Date of this Agreement, as well as all corresponding Affordable Units designated to meet an Affordable Housing

Requirement under this Agreement. Developer may, by notice to HRD, increase the Cap (“Extended Cap”), in which case this Agreement shall apply to the Extended Cap. Any residential rental dwelling units developed, acquired, owned, or controlled by Developer (or a Developer Affiliate) in excess of the Cap or Extended Cap (as applicable) shall not be subject to this Agreement.

- h. “Developer” means Bedrock Management Services LLC.
- i. “Developer Affiliate” means an entity controlling, controlled by, or under common control with Developer.
- j. “Financial Incentive” means any real property tax abatement, PILOT, tax increment financing, grant (including federal grant funds provided by the City for the benefit of Developer or a Developer Affiliate where the City has discretion over the disbursement or allocation of the federal grant funds), or discounted sale of real property, in all events only if provided directly by the City or an instrumentality of the City for a Project.
- k. “Preservation Project” means a project that preserves existing units that are subject to an expiring affordability restriction by (i) acquiring or rehabilitating such units (to the extent rehabilitation is necessary), and (ii) extending the affordability commitment such that the units will remain Affordable Units for the Affordability Period, which Affordability Period shall commence either (x) on the date that all requirements have been satisfied for the issuance of a temporary certificate of occupancy or its equivalent if the project is being rehabilitated; or (y) on the date of acquisition if the project is not being rehabilitated. A Preservation Project may be accomplished by a Third Party Developer being involved in a Third Party Project.
- l. “Project” means a residential rental development project for which Developer (or a Developer Affiliate) has secured a Financial Incentive.
- m. “Qualified Affordable Housing Financing” means debt financing that, similar to the features of the HUD HOME Investment Partnership Program as in existence on the Effective Date, provides subordinate (to a first lien mortgage), low-interest, long-term financing for the acquisition, development, or rehabilitation of Affordable Units. Financing provided by Developer (or a Developer Affiliate) that meets the following criteria shall qualify as Qualified Affordable Housing Financing: the financing (i) is subordinate to a first lien mortgage; (ii) is offered at an interest rate that does not exceed the applicable federal rate in effect pursuant to Section 1274(d) of the Internal Revenue Code of 1986 (the “AFR”); and (iii) is for a term of at least fifteen (15) years. Financing provided at a rate of interest that exceeds the AFR shall qualify as Qualified Affordable Housing Financing if (x) Developer (or the applicable Developer Affiliate) reinvests that portion of the interest payments it receives that is in excess of the AFR in the acquisition, development, rehabilitation, preservation, maintenance, repair, operation, or replacement of Affordable Units either at the project that has received Qualified Affordable Housing Financing or at another project within the Affordable Housing Priority Area (or donates such additional interest to the City for the provision of

affordable housing); and (y) the financing otherwise meets the requirements of this Section.

- n. “Third Party Developer” means the owner of record for a project designed to provide Affordable Units that is not owned by Developer (or a Developer Affiliate).
- o. “Third Party Project” means a project by a Third Party Developer to provide Affordable Units (which may be provided through a Preservation Project) and which involves (i) a joint venture with Developer (or a Developer Affiliate); (ii) an equity investment by Developer (or a Developer Affiliate); (iii) Developer (or a Developer Affiliate) making a loan in the form of Qualified Affordable Housing Financing; or (iv) any combination of the foregoing; provided, however, in a Third Party Project that is also a Preservation Project, before making an equity investment in such Third Party Project that is also a Preservation Project, Developer (or a Developer Affiliate) must first provide Qualified Affordable Housing Financing for such Third Party Project that is also a Preservation Project in an amount that is at least equal to \$7,500 per Affordable Unit in such Third Party Project that is also a Preservation Project. Developer’s (or a Developer Affiliate’s) involvement in a Third Party Project may be directly with a Third Party Developer, or indirectly through an affiliate of a Third Party Developer or a direct or indirect owner of a Third Party Project or Third Party Developer.

- 2. **Term of Agreement.** This Agreement shall be effective upon approval of the Agreement by the Detroit City Council, which occurred on _____, 2017 (the “Effective Date”) and shall expire at the end of the latest applicable Affordability Period.

- 3. **Obligations of Developer.**

- a. Provision of Affordable Units. Subject to the Cap, Developer shall meet the Affordable Housing Requirement, and may do so by any combination of the following, subject to the limitations herein:
 - 1) Developing New Affordable Units. Developer may satisfy the Affordable Housing Requirement by acquiring, constructing, or developing new Affordable Units (either directly, through a Developer Affiliate, or through Developer’s or a Developer Affiliate’s involvement in a Third Party Project).
 - 2) Preserving Existing Affordable Units. Developer may also satisfy the Affordable Housing Requirement through a Preservation Project (either directly, through a Developer Affiliate, or through Developer’s or a Developer Affiliate’s involvement in a Third Party Project); provided, that: (i) Affordable Units preserved under a Preservation Project extend the expiring affordability restriction for an additional thirty (30) years beginning either (x) on the date that all requirements have been satisfied for the issuance of a temporary certificate of occupancy or its equivalent if the project is being rehabilitated or (y) on the date of acquisition if the project is not being rehabilitated; and (ii) Developer (or a Developer Affiliate) will have invested at least \$7,500 per

Affordable Unit in the acquisition and/or rehabilitation of the Preservation Project (which investment may be made by making a loan in the form of Qualified Affordable Housing Financing or by otherwise participating in a Third Party Project).

Developer and the Director of HRD may, within sixty (60) days after the Effective Date, agree on procedures relating to designation of Affordable Units under this Agreement and other items agreed to in connection with the implementation of this Agreement.

- b. Credit for Units Developed in Advance. Notwithstanding anything to the contrary contained in this Agreement, if Developer, a Developer Affiliate, or Third Party Project provides Affordable Units within the Affordable Housing Priority Area in advance of a corresponding Affordable Housing Requirement, those Affordable Units will be credited against a subsequent Affordable Housing Requirement.
- c. Compliance and Completion Periods. If a Financial Incentive is approved by the City for a certain Project based on Affordable Units being available within another project within the Affordable Housing Priority Area (each, a “Qualifying Project”), and the Financial Incentive is approved by the City before development has commenced on the Qualifying Project, Developer (or the applicable Developer Affiliate) must cause the entity that is developing the Qualifying Project, subject to force majeure and delays caused by City or an instrumentality thereof, to:
 - 1) Commence construction or rehabilitation within a two (2) year period (“Compliance Period”), which Compliance Period shall start on the date of the final approval of the Financial Incentive that is approved in reliance on a Qualifying Project; provided, however, that Developer (or the applicable Developer Affiliate) may extend the Compliance Period for up to six (6) months if Developer (or the applicable Developer Affiliate) has identified a specific Qualifying Project to the City’s HRD Director, has proceeded in good faith with the development of the Qualifying Project, and additional time is required to commence construction or rehabilitation of the Qualifying Project; and
 - 2) Substantially complete construction or rehabilitation within a thirty (30) month period from the date of actual commencement of construction or rehabilitation of the Qualifying Project (“Completion Period”); provided, however, that Developer (or the applicable Developer Affiliate) may extend the Completion Period for up to twelve (12) months if Developer (or the applicable Developer Affiliate) has proceeded in good faith with the construction or rehabilitation of the Qualifying Project and additional time is required to substantially complete the Qualifying Project.

If a Qualifying Project is a Preservation Project that does not involve rehabilitation or other construction, Developer (or the applicable Developer Affiliate) must cause the Qualifying Project to be acquired and the affordability commitments extended (so as to satisfy the

definition of a Preservation Project) within two (2) years from the date of the final approval of the Financial Incentive that is approved in reliance on such Qualifying Project.

4. **Credit for BPDC Project.** The City and Developer recognize that the City and Brush Park Development Company Phase I LLC (“BPDC”), a Developer Affiliate, have entered into that certain Agreement on Use Restrictions and Executive Orders (the “Use Agreement”) dated as of August 29, 2016 and recorded at the Wayne County Register of Deeds in Liber 53194, Page 306-325 regarding a certain proposed residential housing development project in the Brush Park neighborhood to be developed by BPDC (the “BPDC Project”). Notwithstanding anything to the contrary that may be contained in this Agreement, City and Developer agree that all Affordable Units created by the BPDC Project shall be counted towards the Affordable Units required pursuant to this Agreement.
5. **Credit for 28 Grand Project.** The City and Developer recognize that a Developer Affiliate is developing eighty-five (85) Low Income Housing Tax Credit units in the micro-loft development at 28 W. Grand River, Detroit, MI (“28 Grand Project”). Notwithstanding anything to the contrary that may be contained in this Agreement, City and Developer agree that (a) all Affordable Units created by the 28 Grand Project shall be counted towards the Affordable Units required pursuant to this Agreement; and (b) further agree that the one hundred and thirty-three (133) units that are not Low Income Housing Tax Credit (“LIHTC”) units in the 28 Grand Project do not create an Affordable Housing Requirement requiring offsetting Affordable Units and do not count against the Cap.
6. **Consideration of For-Sale Units.** The award or approval of a Financial Incentive for a residential dwelling unit that will initially be offered for sale by Developer or a Developer Affiliate (“For Sale Units”) shall not be subject to this Agreement or counted against the Cap; provided, however, that if Developer or a Developer Affiliate develops and is awarded Financial Incentives on more than seven hundred (700) For Sale Units prior to the Cap being reached, then each additional For Sale unit beyond the initial seven hundred (700) For Sale units shall be subject to this Agreement and shall be treated as a residential rental unit creating a corresponding Affordable Housing Requirement. For example, if Developer or Developer Affiliates have received Financial Incentives on seven hundred (700) For Sale Units, and subsequently secure Financial Incentives on another two hundred (200) For Sale Units, the additional two hundred (200) For Sale units shall be treated as residential rental units creating a corresponding Affordable Housing Requirement and shall count as two hundred (200) units against the Cap. If there is an Extended Cap, the allowance for For Sale Units shall be extended proportionately with the increase under the Extended Cap.
7. **Allocation of Affordable Units.** Developer may allocate Affordable Units either at a Project that has obtained a Financial Incentive or at any location within the Affordable Housing Priority Area as determined by Developer, and may reallocate units over time. Except following a casualty event under Section 13, any reallocation of Affordable Units from an existing project containing such units to an alternative project within the Affordable Housing Priority Area shall be subject to the approval of the HRD Director, which approval shall not be unreasonably withheld, conditioned, or delayed.

8. **Affordable Unit Specifications.** For each respective project containing Affordable Units, the Affordable Units shall be comparable in overall quality of construction to the typical and similarly-situated market-rate units contained in that project.
9. **Reporting to City.** Within sixty (60) days after the end of each calendar year of this Agreement, Developer (or the applicable Developer Affiliate) shall provide the City's HRD Director and Detroit City Council with a status report that includes the following for the previous calendar year for all projects and Affordable Units subject to this Agreement: (i) the total number of units developed or in development in the Affordable Housing Priority Area; (ii) the number of units that are Affordable Units per project; (iii) the applicable income and/or rent restriction for the Affordable Units; (iv) the actual rent charged for each of the Affordable Units; (v) the actual income of each household that leased an Affordable Unit in each project; (vi) the market rental rate that would apply to each Affordable Unit absent the affordability restriction; and (vii) if applicable, the information used to establish compliance with LIHTC income qualification requirements. If Affordable Units are located in a Third Party Project, the sole obligation under this Section 9 of Developer (or the applicable Developer Affiliate) shall be to use commercially reasonable efforts to cause the applicable Third Party Developer to provide the foregoing information. Developer (or the applicable Developer Affiliate) shall have a two (2) week cure period commencing after receipt of notice from the City of failure to satisfy the terms of this Section 9 before the City may exercise its remedies with respect to a breach of this Section 9. The City's sole remedies for Developer's (or the applicable Developer Affiliate's) failure to satisfy the reporting requirements under this Section 9 shall be as set forth in Section 14.d below.
10. **Notification of End of Affordability Period.** At least three (3) years prior to the end of the required Affordability Period, Developer (or the applicable Developer Affiliate) shall submit notice to the tenants of the Affordable Units, the City's HRD Director, and Detroit City Council indicating the end date of the Affordability Period and the Developer's (or the applicable Developer Affiliate's) plan for the expiring Affordable Units after the end of the Affordability Period. After this initial notification, the Developer (or the applicable Developer Affiliate) shall submit similar notices at eighteen (18) months prior to the end of the required Affordability Period and every six (6) months thereafter with such notices to the same parties listed above, indicating the Affordability Period remaining on the Affordable Units and notification of the plan for the Affordable Units after the end of the Affordability Period.

Developer (or the applicable Developer Affiliate) shall, while negotiating its agreement with a Third Party Developer with respect to a Third Party Project, use commercially reasonable efforts to include in such agreement an obligation by the Third Party Developer to satisfy the notification requirements under this Section 10 (however the failure to obtain such an obligation from a Third Party Developer shall not be considered a default by Developer or the applicable Developer Affiliate under this Agreement).

Notwithstanding anything to the contrary contained in this Agreement, (a) in the event that Affordable Units exist at a Third Party Project, and Developer (or the applicable Developer

Affiliate) remains involved in the Third Party Project at such time as the foregoing notices are required to be provided, then Developer's (or the applicable Developer Affiliate's) sole obligation under this Section 10 shall be to utilize commercially reasonable efforts to cause the applicable Third Party Developer to provide the foregoing notices; and (b) in the event that Affordable Units exist at a Third Party Project, and Developer (or the applicable Developer Affiliate) is no longer involved in the Third Party Project at such time as that the foregoing notices are required to be provided, then Developer (or the applicable Developer Affiliate) shall have no obligation under this Section 10 to send any such notices.

Developer (or the applicable Developer Affiliate) shall have a two (2) week cure period commencing after receipt of notice from the City of failure to satisfy the terms of this Section 10 before the City may exercise its remedies with respect to a breach of this Section 10. Notwithstanding anything to the contrary contained in this Agreement, in the event that Developer (or the applicable Developer Affiliate) fails to provide the notices required under this Section 10, Developer (or the applicable Developer Affiliate) shall not be considered in default under this Agreement (and such failure shall not give rise to any of the City's remedies under this Agreement); provided, however, in the event of any such failure (beyond all applicable notice and cure periods), the City may extend the Affordability Period for the project for which Developer (or the applicable Developer Affiliate) has failed to provide such notices for an additional three (3) months for each failure to provide such a notice, up to a total maximum additional period of six (6) months. Such extension shall be in addition to any extension of an Affordability Period under Section 14.d below.

11. **Obligations of City.**

- a. In the event that Developer (or a Developer Affiliate) pursues an application for an allocation of Low Income Housing Tax Credits for any Project within the Affordable Housing Priority Area ("Application"), the City shall support Developer (or the applicable Developer Affiliate) in such Application by providing Developer (or the applicable Developer Affiliate) a letter of support that satisfies the requirements of the Michigan State Housing Development Authority.
- b. The City shall make commercially reasonable efforts to assist Developer and Developer Affiliates through City permitting, site plan approval, financing applications and other City processes. Notwithstanding the foregoing obligation, the City's efforts do not guarantee final City approvals or Detroit City Council approval.

12. **Recording & Subordination.** Developer (or the applicable Developer Affiliate) shall cause the owner of a project that includes Affordable Units to execute and record a restriction encumbering the project in a manner consistent with this Agreement for the duration of the applicable Affordability Period ("Recorded Restriction"). Once recorded, Developer (or the applicable Developer Affiliate) shall provide a copy of each Recorded Restriction to the HRD Director. Any such Recorded Restriction shall be subordinate in all respects, notwithstanding order of recording, to the following: (a) the rights and

remedies provided by Developer or the project owner(s) to Michigan State Housing Development Authority under each and every regulatory agreement when recorded against the project in connection with an allocation of LIHTC; (b) all other regulatory or similar agreements when recorded against the project benefitting a governmental or quasi-governmental agency; and (c) all rights and remedies imposed against Developer and/or the project owner(s) arising under all current or future mortgages, assignments of leases and rents, UCC fixture filing and financing statements, easements, liens, leases, licenses and/or restrictions when recorded against the Project.

A Recorded Restriction recorded against a project shall be immediately and automatically discharged and of no further force or effect at the end of the applicable Affordability Period, or shall be discharged at an earlier time if alternate Affordable Units are provided at another project within the Affordable Housing Priority Area. At such time as a Recorded Restriction is to be discharged, Developer (or the applicable Developer Affiliate) may unilaterally cause the Recorded Restriction to be discharged by recording an affidavit of discharge signed exclusively by Developer (or the applicable Developer Affiliate), or, if a project is a Third Party Project, the applicable Third Party Developer may, together with Developer (or the applicable Developer Affiliate) unilaterally sign such affidavit of discharge.

13. **Casualty Events.** If the Affordable Units cease to be available as the result of fire, damage, or other casualty ("Casualty Event"), Developer (or the applicable Developer Affiliate) shall provide prompt written notice of such Casualty Event to the City, and Developer (or the applicable Developer Affiliate) shall proceed with one of the following options, which Developer (or the applicable Developer Affiliate) may elect in its sole discretion:
 - a. Developer (or the applicable Developer Affiliate or Third Party Developer) may use the insurance proceeds that are actually made available to it to restore the Affordable Units that have been damaged as a result of the Casualty Event. If Developer (or the applicable Developer Affiliate) elects this option, then the same time periods (and extension rights) set forth in Section 3.c. shall apply with respect to the commencement and substantial completion of the restoration of the damaged Affordable Units, which time periods shall initially run from the date of the Casualty Event. If commencement and substantial completion of the restoration does not occur within the applicable time periods, the City may impose the remedies provided for in Section 14 (a) and (b); provided, however, Developer (or the applicable Developer Affiliate or Third Party Developer) shall not be required to spend any money to restore the damaged Affordable Units in an amount over and above the insurance proceeds that are actually made available to such entity for the restoration of the Affordable Units damaged as a result of a Casualty Event, and in the event that such insurance proceeds are only sufficient to restore some but not all of the Affordable Units that existed prior to the occurrence of the Casualty Event, then, so long as all such insurance proceeds have been spent on the restoration of such Affordable Units, Developer (or the applicable Developer Affiliate or Third Party Developer) will be deemed to have restored all of the Affordable Units that were damaged as a result of the Casualty Event for all purposes under this Agreement.

- b. Developer (or the applicable Developer Affiliate) may replace the Affordable Units that have been damaged as a result of the Casualty Event with additional existing or planned Affordable Units within the Affordable Housing Priority Area. If such units do not yet exist, then the same time periods (and extension rights) set forth in Section 3.c. above shall apply with respect to the commencement and substantial completion of the construction or rehabilitation of the damaged Affordable Units, which time periods shall initially run from the date of the Casualty Event. If commencement and substantial completion of the replacement does not occur with the applicable time periods, the City may impose the remedies provided for in Section 14 (a) and (b).
- c. Developer may elect to pay liquidated damages as set forth in Section 14 (b) for the remainder of the Affordability Period; provided, however, that (a) Developer shall have a period of time equivalent to the Commencement Period before any liquidated damages are to be paid, which time period shall initially run from the date of the Casualty Event, unless Developer elects to commence paying such liquidated damages earlier; and (b) if Developer elects to pay such liquidated damages but thereafter provides Affordable Units to satisfy its Affordable Housing Requirement under this Agreement, such liquidated damages shall no longer be due with respect to the Affordable Units that Developer has thereafter provided.

The Affordability Period for the Affordable Units which are the subject of the Casualty Event shall be tolled during the period of time such units do not exist in the Qualifying Project or other Project in the Affordable Housing Priority Area; provided, however, that if Developer elects to pay liquidated damages, the tolling period shall terminate as of the date that such liquidated damages commence being paid.

14. **Default and Remedies.** Any failure to satisfy the obligations in this Agreement shall solely be a breach of this Agreement (and not a breach of any other agreement or contract pertaining to either a Qualifying Project or a Project that is relying on the Qualifying Project to satisfy the terms of this Agreement). The City's sole remedies under this Agreement are as follows:

- a. **Failure to Commence Construction.** If construction or rehabilitation does not commence on the required number of Affordable Units within the applicable Compliance Period or any extension thereof, the Affordability Period shall be extended for a period equal to the amount of time between when construction or rehabilitation was required to commence in satisfaction of the Compliance Period and when construction or rehabilitation actually commenced; provided, however, that if the Affordable Units are ultimately completed within the Completion Period, such extension of the Affordability Period shall not occur.
- b. **Failure to Complete Construction.** If the Affordable Units are not substantially completed within the Completion Period or any extension thereof, the City may require that Developer pay or cause to be paid to the City as liquidated damages (and not as a penalty) an amount equal to Two Thousand Five Hundred Dollars (\$2,500.00) per year

for each Affordable Unit that is in violation of this Agreement (pro-rated for any time periods that any such Affordable Unit is brought into compliance with this Agreement). Upon the payment of any such liquidated damages, Developer (and the applicable Developer Affiliate(s)) shall be deemed to be in compliance under this Agreement with respect to each Affordable Unit for the time period to which the liquidated damages that have been paid pertain.

- c. Violation of Agreement With Respect to Existing Affordable Units. If Affordable Units physically exist but Developer or an applicable Developer Affiliate or Third Party Developer markets or charges rent for such Affordable Units in a manner that is inconsistent with the definition of Affordable Units under this Agreement, the City may declare an event of default by providing notice to the Developer. Upon Developer's receipt of such notice, the Developer (or the applicable Developer Affiliate) shall have sixty (60) calendar days to cure the default by either: (1) marketing or charging rent for such Affordable Units in a manner that is consistent with the definition of Affordable Units under this Agreement, (2) providing the Affordable Units within the respective project or an alternative project; or (3) Developer (and not a Developer Affiliate) paying damages in the following amount:
- (i) the excess of actual rent received by Developer (or the applicable Developer Affiliate or Third Party Developer) over the Affordable rent that would otherwise apply for each unit not in compliance; plus
 - (ii) a penalty for each unit not in compliance in the amount of 25% of the Affordable monthly rent for each month or part of a month of noncompliance; plus
 - (iii) the enforcement costs of the City with respect to the Affordable Units that are subject to such damages.

If the City is entitled to pursue its remedies under this Section 14.c, then Developer shall provide the City an accounting of the actual rent received by Developer (or the applicable Developer Affiliate or Third Party Developer) as referenced in Section 14.c.i above. If Developer fails to do so within thirty (30) days after Developer's receipt of a request for such information, then, with respect to the units that Developer has failed to provide such information only, (i) the City may calculate the damages under Section 14.c.1 using the applicable market rental rate that would apply to each Affordable Unit absent the affordability restriction that Developer has reported to the City pursuant to Section 9.vi above (in lieu of the actual rent received); and (ii) the penalty under Section 14.c.ii. shall increase to 30% of the Affordable monthly rent (in lieu of 25%); provided, however, no such increase shall be applicable with respect to Affordable Units in a Third Party Project if Developer, after using commercially reasonable efforts, has been unable to obtain (or has been delayed in obtaining) information from a Third Party Developer regarding the actual rent received by such Third Party Developer.

Upon the payment of any such liquidated damages, Developer (and the applicable Developer Affiliate(s)) shall be deemed to be in compliance under this Agreement with

respect to each Affordable Unit for the time period to which the liquidated damages that have been paid pertain.

Notwithstanding anything to the contrary that may be contained in this Agreement, only Developer (and not any Developer Affiliates) shall be obligated to pay any damages that may be owed under this Agreement as a result of a default by Developer or a Developer Affiliate beyond applicable notice and cure periods, and under no circumstances shall any Developer Affiliate ever have any such obligation.

- d. Failure to Satisfy Reporting Obligations to City: If Developer (or the applicable Developer Affiliate) fails to provide the information to the City required under Section 9 above (after the passage of all applicable notice and cure periods), then the City's sole remedy shall be to extend the Affordability Period for the project for which Developer (or the applicable Developer Affiliate) has failed to provide such information for an additional three (3) months for each breach of Section 9, up to a total maximum additional period of six (6) months. Such extension shall be in addition to any extension of an Affordability Period under Section 10 above.
 - e. Third Party Defaults. Notwithstanding anything to the contrary contained in this Agreement, if a default under this Agreement by Developer or a Developer Affiliate results from a Third Party Project, then, prior to the City exercising its remedies under Sections 14(a), 14(b), and 14(c) above, Developer (or the applicable Developer Affiliate) shall have a period of twelve (12) months after receipt of written notice from the City of a violation of this Agreement to cure or cause the applicable Third Party Developer to cure such violation. If, after the expiration of such cure period, some or all of the Affordable Units at the Third Party Project are still not in compliance with this Agreement, then the City may pursue its applicable remedies under this Agreement with respect to such Affordable Units (which shall only be considered to be in violation of this Agreement from and after the expiration of such cure period).
 - f. Payment into Affordable Housing Preservation Fund: Any amounts required to be paid to the City under this Agreement may be utilized by the City for its affordable housing preservation fund, if such City fund exists. As of the Effective Date, such fund is currently contemplated as the "Detroit affordable housing development and preservation fund" (which has not yet been formed). Developer is still obligated to pay the City such amounts under this Agreement regardless of whether or not such City fund exists.
15. **Other Financial Incentive Agreements.** Nothing contained in this Agreement shall limit the exercise of any remedy contained in any other agreement or law relating to a Financial Incentive as long as any such remedy: (i) does not relate to a breach of any affordable housing requirement, and (ii) relates to a breach by the owner of the Project to whom the Financial Incentive was awarded.
16. **Notices.** All notices, consents, approvals, requests and other communications, herein collectively called "Notices", required or permitted under this Agreement shall be given in

writing, signed by an authorized representative of City, Developer or the owner of a Project, as the case may be, and either mailed by certified or registered mail return receipt requested; or sent by recognized overnight delivery service for next day delivery, and addressed as follows:

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: Corporation Counsel

To Developer: Bedrock Management Services LLC
630 Woodward Avenue
Detroit, Michigan 48226
Attn: James A. Ketai

With a copy to: Bedrock Management Services LLC
630 Woodward Avenue
Detroit, Michigan 48226
Attn: Howard N. Luckoff

All Notices shall be deemed given on the third business day after the date of mailing; or the second business day after delivery to recognized overnight delivery service for transmission to the other party (and sent for next day delivery). Any party to this Agreement may change its address for the receipt of Notices to an address in the United States or designate additional addresses to whom copies of Notices shall be sent at any time by giving Notice thereof to the others as herein provided.

17. **Effect of Reduced Financial Incentives.** Notwithstanding anything to the contrary contained in this Agreement, if, taking into consideration Section 19 below, any Financial Incentive granted for a Project does not include the maximum benefits otherwise permitted pursuant to standard underwriting criteria for a project with such characteristics (e.g., a Financial Incentive is for a shorter duration than the duration that the Project is qualified for based on standard underwriting criteria for a project with such characteristics and taking into consideration Section 19 below), the number of Affordable Units that are required by the Affordable Housing Requirement resulting from such Project will be proportionately reduced. For example, if a Project that is to include eighty (80) market-rate residential units is qualified based on standard underwriting criteria (taking into consideration Section 19 below) for a ten (10) year tax abatement, but is only approved for a seven (7) year tax abatement, then the number of Affordable Units required by the Affordable Housing Requirement that results from such Project will be reduced by thirty percent (30%) (i.e., fourteen (14) Affordable Units would be required instead of the twenty (20) Affordable

Units that would have been required had a ten (10) year tax abatement been granted). For purposes of this Section, a qualified historic building shall be treated in the same manner as a non-historic building in determining the maximum benefit permitted by law.

18. **Continuing Ability of Developer to Satisfy Affordable Housing Requirements within the Affordable Housing Priority Area.** The City and Developer acknowledge and agree that Developer and Developer Affiliates have and will continue to place material reliance on the terms and conditions of this Agreement in making development plans, investments, and financial commitments, including in particular, but not limited to, Developer's and Developer Affiliates' ability under this Agreement to satisfy Affordable Housing Requirements within any portion of the Affordable Housing Priority Area (in lieu of being required to satisfy such requirements solely within a Project that has received a Financial Incentive). Given Developer's and Developer Affiliates' existing and continuing material reliance on this Agreement (and particularly upon such ability under this Agreement to satisfy Affordable Housing Requirements within any portion of the Affordable Housing Priority Area), the City agrees that, notwithstanding the future implementation by the City (or an instrumentality thereof) of an ordinance, regulation, practice, or procedure related to affordable housing, Developer and Developer Affiliates will continue to have the ability under this Agreement to satisfy Affordable Housing Requirements within any portion of the Affordable Housing Priority Area. In the event that either (a) an ordinance or executive order related to affordable housing enacted by the City after the Effective Date imposes requirements that are less stringent than the requirements under this Agreement, or (b) despite the existence of this Agreement, it is determined that Developer and Developer Affiliates no longer benefit from the ability under this Agreement to satisfy Affordable Housing Requirements within any portion of the Affordable Housing Priority Area, then, in either such event, Developer may elect to continue the effectiveness of this Agreement with respect to the satisfaction by Developer and Developer Affiliates of all Affordable Housing Requirements in existence as of the date of such determination, but terminate this Agreement with respect to any future Affordable Housing Requirements that accrue after such date. The City will also be bound by such election by Developer.
19. **Underwriting Process for Financial Incentives.** For purposes of the underwriting process to determine the qualification for Financial Incentives of any project that is proposed by Developer or a Developer Affiliate and that is subject to this Agreement, (i) any such project that does not actually include Affordable Units equal to 20% of all residential rental dwelling units located or to be located at such project shall be deemed for purposes of such underwriting process to include Affordable Units at such 20% level (even if no Affordable Units actually exist or are planned to exist at such project); and (ii) any such project that actually includes Affordable Units in excess of such 20% level shall be underwritten based on the actual number of Affordable Units located or to be located at such project. This provision is in recognition of the Developer's obligation and ability under this Agreement to satisfy the Affordable Housing Requirement either at a Project receiving a Financial Incentive or at any other location within the Affordable Housing Priority Area. This provision shall be binding on the City and any other instrumentality, body, or other person or entity that conducts underwriting with respect to Financial Incentives or otherwise determines the qualifications of a project for Financial Incentives,

and the City shall take such steps as are necessary to ensure that any such body, instrumentality, person, or entity complies with the terms of this Section 19.

20. **Confirmatory Certificate.** At the request of Developer or a Developer Affiliate, the HRD Director, on behalf of the City, shall execute and deliver, within twenty-one (21) days of its receipt of a written request, a certificate addressed as requested stating that: (a) this Agreement is in full force and effect; (b) there is no default under this Agreement, or if there is any default, the extent and nature thereof; (c) this Agreement has not been modified or amended in any way, or if it has been modified or amended, the subject matter and dates of any such modifications or amendments; (d) confirming how many Affordable Units must be provided at a given Project pursuant to this Project and for what duration, or, if a Project is relying on Affordable Units at a Qualifying Project to satisfy its applicable Affordable Housing Requirement, confirming that no Affordable Units must be provided at such Project; and (e) such other information relating to the subject matter of this Agreement as Developer or the applicable Developer Affiliate may reasonably require. Such certificate may be relied upon by the party to whom it is addressed and its mortgagees, successors, and assigns.

21. **Miscellaneous Provisions.**

- a. All obligations of Developer and Developer Affiliates under this Agreement shall be subject to force majeure. For purposes of this Agreement, force majeure means an event beyond the control of Developer (or a Developer Affiliate or Third Party Developer) which prevents or impairs Developer (or a Developer Affiliate or Third Party Developer) from complying with its obligations under this Agreement, including but not limited to delays caused by the City or any instrumentality of the City; a natural disaster; fire; flood (whether natural or man-made); failure in essential water, sewer, power, or other infrastructure (such as a sewer or storm water failure); act or threat of terrorism; environmental hazard; or other casualty event causing substantial damage to the property or project or preventing completion of the project.
- b. This Agreement shall be binding upon the successors and assigns of a Developer Affiliate owning a Project or Qualifying Project. Upon the sale of a Project or Qualifying Project, (i) the purchaser of a Project or Qualifying Project shall be subject to the terms of this Agreement with respect to such Project or Qualifying Project, (ii) the purchaser of the Project or Qualifying Project shall comply with the provisions of this Agreement with respect to such Project or Qualifying Project from and after the purchaser's acquisition of the Project or Qualifying Project, and (iii) Developer (and the applicable Developer Affiliate) shall be released from all obligations under this Agreement with respect to such Project or Qualifying Project.

- c. Nothing contained in this Agreement, nor any act of Developer, a Developer Affiliate, Third Party Developer, or the City shall be deemed or construed by any of the parties hereto or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, or joint venture, or of any association or relationship other than that of contracting parties.
 - d. Notwithstanding any other provisions of this Agreement, any required permitting, licensing or other regulatory approvals by any governmental authority shall be subject to and undertaken in accordance with the established procedures and requirements of such authority, as may be applicable, with respect to similar projects and in no event shall the governmental authority by virtue of any provision of this Agreement be obligated to take any actions concerning regulatory approvals.
 - e. If this Agreement contains any unlawful provisions not an essential part of this Agreement and which shall not appear to have a controlling or material inducement to the making thereof, such provisions shall be deemed of no effect and shall be deemed stricken from this Agreement without affecting the binding force of the remainder. In the event any provision of this Agreement is capable of more than one interpretation, one which would render the provision invalid and one which would render the provision valid, the provision shall be interpreted so as to render it valid.
 - f. The laws of the State of Michigan shall govern the validity, performance and enforcement of this Agreement. This Agreement has been negotiated by Developer and the City, and the Agreement, including, without limitation, the Exhibits, shall not be deemed to have been negotiated and prepared by Developer or the City, but by both of them.
 - g. This Agreement, and all the documents and agreements described or referred to herein, including, without limitation, the Exhibits hereto, constitute the full and complete agreement between the parties hereto with respect to the subject matter hereof, and supersedes and controls in its entirety over any and all prior agreements, understandings, representations and statements whether written or oral by each of the parties hereto.
 - h. The headings used in connection with the Sections and paragraphs of this Agreement are for convenience only and shall not be deemed to construe or to limit the meaning of the language of this Agreement.
 - i. This Agreement may be executed in counterparts, each of which shall be deemed to be an original document and together shall constitute one instrument.
22. **Authority of City.** Notwithstanding anything in this Agreement or otherwise to the contrary, this Agreement shall not be effective until it has been fully executed by the duly authorized representatives of the City, as well as approved by the Detroit City Council, the Mayor of the City of Detroit, the City of Detroit Law Department and any other City financial review board or commission as required by law. Except as otherwise expressly

provided in this Agreement, any amendments or modifications must likewise be duly approved by the City Council, the Mayor, and the Law Department.

[SIGNATURE PAGE FOLLOWS.]

The City and Developer, by and through their duly authorized officers and representatives, have executed this Agreement as follows:

CITY OF DETROIT

HOUSING & REVITALIZATION DEPARTMENT

BY: _____

Print: _____

ITS: _____

DEVELOPER:

BEDROCK MANAGEMENT SERVICES LLC

BY: _____

Print: _____

ITS: _____

THIS AGREEMENT WAS APPROVED
BY DETROIT CITY COUNCIL ON:

CHIEF PROCUREMENT OFFICER

APPROVED AS TO FORM IN ACCORDANCE
WITH §7.5-206 OF THE 2012 CITY OF
DETROIT CHARTER.

SUPERVISING ASSISTANT CORPORATION COUNSEL

**THIS AGREEMENT IS NOT VALID OR AUTHORIZED UNTIL APPROVED BY THE
DETROIT CITY COUNCIL, THE FRC (IF APPLICABLE), AND SIGNED BY THE
CHIEF PROCUREMENT OFFICER.**

EXHIBIT A
AFFORDABLE HOUSING PRIORITY AREA

The Affordable Housing Priority Area shall include the following areas within the City of Detroit: the area known as the Downtown/Central Business District (bounded to the north by I-75, to the west by M-10, to the east by I-75/I-375 and subsequently Rivard St., and to the south by the Detroit River); the area known as Midtown (bounded to the south by I-75, to the west by M-10, to the east by I-75, and to the north by W. Grand Boulevard); the area known as New Center (bounded to the south by W. Grand Boulevard, to the west by M-10, to the east by John R. Street, and to the north by Virginia Park Street); and the area known as Corktown (bounded to the east by M-10, to the north by I-75, to the west by Rosa Parks Boulevard, and to the south by Bagley Street running easterly until Trumbull St., at which point the southern boundary becomes Porter Street). Additional areas may be designated as Affordable Housing Priority Areas in the manner provided for in this Agreement.



CITY OF DETROIT
HOUSING AND REVITALIZATION DEPARTMENT



COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 908
DETROIT, MICHIGAN 48226
(313) 224-6380 • TTY: 711
(313) 224-1629
WWW.DETROITMI.GOV

July 7, 2017

Detroit City Council
Coleman A. Young Municipal Center
Detroit, Michigan 48226

RE: Housing & Revitalization Department Request to Amend the 2015-2019 HUD Consolidated Plan & 2016-2017 Annual Action Plan to Add and Reprogram Funds to the CDBG Relocation Activity

Honorable City Council:

The Housing and Revitalization Department (H&RD) hereby respectfully requests the Detroit City Council to act on the attached resolution authorizing to amend the 2015-2019 HUD Consolidated Plan and the 2016-2017 Annual Action Plan by adding a Relocation activity to both plans. The additional Relocation activity is necessary to assist with the 40 Davenport St. project in the purchase and rehabilitation of a 93 unit multi-family building.

In addition, H&RD is requesting to reprogram funds in the amount of \$243,000 from Housing Pre-Development Construction to the CDBG Relocation activity, in order to provide temporary relocation service costs to eligible residents during the renovation period of the 40 Davenport St. project.

We respectfully request the authorization of this change for the stated purpose by approval of the attached resolution. This proposed amendment was posted on the City's website and advertised in the Detroit News/Free Press.

Respectfully submitted,


Arthur Jemison
Director

cc: S. Washington, Mayor's Office



BY COUNCIL MEMBER _____

WHEREAS, the Detroit City Council hereby approves amending the 2015-2019 HUD Consolidated Plan and the 2016-2017 Action Plan to reflect the additional Relocation activity and the reprogramming of Community Development Block Grant (CDBG) funds in accordance with the foregoing communication; and

WHEREAS, the Mayor of the City of Detroit, Michael E. Duggan, is hereby authorized to amend the HUD Consolidated Plan, including all understandings and assurances contained therein to the U.S. Department of Housing and Urban Development (HUD) in accordance with the foregoing communication; and

RESOLVED, that the Budget Director be and is hereby authorized to increase Appropriation #20414 CDBG Relocation by \$243,000.00; and

RESOLVED, that the Budget Director be and is hereby authorized to decrease Appropriation #20343 Housing Pre-Development Construction by \$243,000.00; and

BE IT FINALLY RESOLVED, that the Finance Director be and is hereby authorized to accept and process all documents reflecting these changes.



CITY OF DETROIT
HOUSING AND REVITALIZATION DEPARTMENT



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July 10, 2017

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

RE: Request for Approval of July 2017 HOME Loan Modification and NSP Contract Amendment with General Fund Allocation

Honorable City Council:

The Housing and Revitalization Department (H&RD) is working to extend affordability periods with existing HOME developers/borrowers and is recommending modification of loans to conditional loans for developers of two HOME projects. These projects are nearing the end of their respective affordability periods and are no longer able to keep pace with increasing overhead costs and make required repairs. HRD has negotiated a partial loan payoff and debt forgiveness for one project, Petoskey Place, and debt forgiveness of principal and interest payments for the second project, Pilgrim Meadows. Petoskey Place LDHA LP will make a onetime principal payment of \$84,000 in order to convert the unpaid balance of its HOME loan to a self-amortizing loan (conditional) over 14 years with no additional debt payments. College Park Manor is requesting to convert an existing HOME loan to a self-amortizing loan (conditional) over 15 years with no additional loan payments. Both loan modifications will extend the affordability period for tenants for the balance of the new conditional loan term, 14 and 15 years respectively.

H&RD has also been working with the Villages CDC (an NSP3 developer) to facilitate the rehabilitation of two remaining homes in their inventory for middle income purchasers (market rate). To accomplish this objective, H&RD will reimburse construction and prorated soft costs expenditures made on these properties prior to the end of the NSP 3 program. The sum of these expenditures totals \$252,217, and an additional sum of \$7,500 will be used to discharge mortgages, remove NSP3 restrictions from NSP 3 contracts and agreements and record new documents.

The properties were originally “mothballed” for completion with program income after the NSP3 program close-out. Now, repair costs have substantially increased, but, the neighborhood housing market has strengthened. H&RD has approved the developer’s request to remove NSP3 income limits, affordability, and other NSP3 program restrictions from 1450 and 1813 Seyburn. This action will allow the developer and purchasers of the homes to take advantage of other private financing tools, to complete the rehabilitation of the homes (without additional City Assistance).



Detroit City Council

RE: Request for Approval of July 2017 HOME Loan Modifications and NSP Contract Amendment with General Fund Allocation

July 10, 2017

Page 2

The proceeds of the project buyout will be returned to the City's NSP program account and will be available to assist other NSP3 housing activities that include homebuyer assistance and or repairs to rental developments occupied by income eligible tenants. H&RD has identified General Funds to be carryover from the 2016-17 budget to fund the reimbursement.

Consistent with the new process adopted by City Council in 2012 for approving HOME, NSP and other Development awards and development partners, the Department is requesting your Honorable Body's approval of the attached resolution with the list of developers and borrowers with appropriate allocation actions and HOME Loan modification requests. A Waiver of Reconsideration is requested.

Respectfully submitted,

Darwin L. Heard
Multi-Family Housing Director
Housing & Revitalization Department

Attachments

cc: S. Washington, Mayor's Office
A. Jemison, Director – H&RD
D. Rencher, H&RD



BY COUNCIL MEMBER: _____

WHEREAS, the City of Detroit receives an annual allocation of HOME, NSP and Other Development funds from the U.S. Department of Housing and Urban Development ("HUD"), through the Housing and Revitalization Department ("H&RD"), for the purpose of creating affordable housing opportunities in Detroit neighborhoods; and

WHEREAS, the City Council authorized the Housing and Revitalization Department's Director to accept and utilize Housing and Urban Development HOME and NSP funds according to HUD regulations during the City's annual Budgeting process; and

WHEREAS, the City Council also authorized the Budget Director to appropriate General Funds, and the Department will use the following appropriations numbers 364110 – DBA Demo GF, \$251,954.00 and 365080 – RE City, \$7,763.00 to reimburse development expenditures for 1450 Seyburn and 1813 Seyburn of the Villages CDC project; and

WHEREAS, the Finance Director was also authorized to establish necessary accounts, and honor vouchers and payrolls in accordance with H&RD requests and HUD regulations; and

RESOLVED, that the City Council approves a General Fund allocation to reimburse NSP3 expenditures for the Villages CDC project in the amounts indicated on the attached list, provided that allocated amount may vary by not more or less than 10%; and

RESOLVED, that the Housing and Revitalization Department Director or his designee, is authorized to process, prepare and execute all loan and grant documents required to close, secure, and use General Funds according to City and HUD regulations for the approved the Villages CDC, and amend Mortgages, Loans and Grants to remove 1450 Seyburn and 1813 Seyburn from contracts, agreements and recorded restrictions; and

BE IT FINALLY RESOLVED, that the Housing & Revitalization Department Director or his designee, is authorized to process, prepare, and execute all loan and grant documents to modify HOME Loans and Grants and/or Mortgages and amend development and loan agreements the same according to HUD regulations for the approved list of developers and borrowers.

Waiver of Reconsideration per motions before adjournment.

JULY 2017 HOME Loan Modifications and NSP Contract Amendment with General Fund Allocation

New Award, Loan Modifications and/or Loan Subordinations (Various Developers)

DEVELOPER OR BORROWER	PROJECT DESCRIPTION	PROJECT ACTION	TOTAL DEVELOPMENT COST	ORIGINAL ALLOCATION	NEW General Fund Allocation	COMMENTS
Villages Community Development Corporation, 300 River Place, Suite 2800 Detroit, MI 48207	1449-51 Van Dyke, 1536-40 Van Dyke, 1762 Seyburn, 1813 Seyburn, and 1450 Seyburn Detroit, MI (Reduce from 7 to 5 Affordable Units) (Rehabilitation: 4 Rental Units, and 1 "For Sale")	Reimburse NSP3 Program with total of \$252,217 in General Funds, to remove 1450 Seyburn and 1813 Seyburn from the City's NSP 3 Program. Modify City agreements to Discharge these two properties from NSP Development Agreement, and any remaining NSP mortgages and Restrictions.	\$2,384,823.00	\$2,384,823.00	\$259,717.00	Provide \$252,217 in General Funds to reimburse City NSP 3 program expenditures on 1450 and 1813 Seyburn, and also provide \$7,500 to cover legal, title, and recording costs to modify contracts, affordability restrictions, and mortgages to remove the properties.
Petoskey Place LDHA LP (Phoenix Communities and Petoskey Place Inc.) 1150 Petoskey Detroit, MI 48204	Petoskey Place 11501 Petoskey, Detroit, MI 48204 96 Unit New Construction 100% Affordable	Buydown loan with onetime payment of \$84,000 in principal, and Convert loan balance to a Self Amortizing conditional loan with 14 year term and no required debt payments.	\$9,506,022.00	\$2,727,217.00	N/A	Buydown loan with onetime payment of \$84,000 in principal, and Convert loan balance to a Self Amortizing Loan over 14 years with no required debt payments.
College Park Manor LDHA LP (Michigan Elderly Living Corp. and Northstar Inc. Non-Profit Housing Corporation) 3843 Puritan Ave. Detroit, MI 48238	Pilgrim Meadows 3843 Puritan Ave. Detroit, MI 48238 30 Unit New Construction 100% Affordable	Convert Existing HOME Loan to Self Amortizing Conditional Note with a term of 15 years and no required debt payments.	\$3,098,599.00	\$1,191,046.00	N/A	Convert Existing HOME Loans to a Self Amortizing Loan over 15 years with no required debt payments.
Total Investments:			\$12,604,621.00	Net Allocations:	\$259,717.00	



CITY OF DETROIT
HOUSING AND REVITALIZATION DEPARTMENT



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WWW.DETROITMI.GOV

July 7, 2017

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

Re: Request for Public Hearing to Approve a Commercial Rehabilitation Certificate on behalf of Lear Corporation, in the area of 230 East Grand River, Detroit, Michigan, in accordance with Public Act 210 of 2005 (Petition #1467).

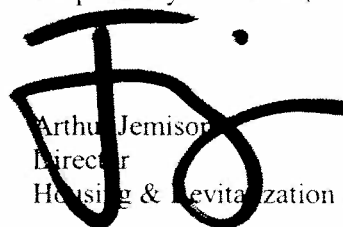
Honorable City Council:

The Housing and Revitalization Department, Planning & Development Department and Finance Department have reviewed the application of Lear Corporation, and find that it satisfies the criteria set forth by P.A. 210 of 2005 and would be consistent with development and economic goals of the Master Plan.

Public Act of 210 of 2005 states that the legislative body of the qualified local governmental unit, shall by resolution either approve or disapprove the application for a Commercial Rehabilitation Exemption Certificate in accordance with Section 3 and other provisions of this act. Prior to acting upon a resolution to recommend approval, a public hearing must be held, and the City Clerk must provide written notice of the public hearing to the assessor and to the governing body of each taxing unit that levies an ad valorem tax within the eligible district.

We request that a Public Hearing be scheduled on the issue of approving the application for the Commercial Rehabilitation Certificate. Attached for your consideration, please find a resolution establishing a date and time for the public hearing.

Respectfully submitted,



Arthur Jemison
Director
Housing & Revitalization Department

AJ/vf

Cc: S. Washington, Mayor's Office
M. Cox, PDD
A. Jemison, HRD
V. Farley, HRD



BY COUNCIL MEMBER _____

WHEREAS, pursuant to Public Act 210 of 2005 (“the Act”) this City Council may adopt a resolution approving the application of a Commercial Rehabilitation Exemption Certificate within the boundaries of the City of Detroit; and

WHEREAS, **Lear Corporation** has made application for a Commercial Rehabilitation Exemption Certificate whose boundaries are particularly described in the map and legal description attached hereto; and

WHEREAS, prior to such approval, the City Council shall provide an opportunity for a Public Hearing, at which a Public Hearing on such adoption of a resolution providing such tax exemption, at which Public Hearing representatives of any taxing authority levying *ad valorem* taxes within the City, or any other resident or taxpayer of the City of Detroit may appear and be heard on the matter.

NOW THEREFORE BE IT

RESOLVED, that on the _____, 2017 in the City Council Committee Room, 13th floor, Coleman A. Young Municipal Center, a Public Hearing be held on the above described application and be it finally

RESOLVED, that the City Clerk shall give notice of the Public Hearing to the general public and shall give written notice of the Public Hearing by certified mail to all taxing authorities levying an *ad valorem* tax within the City of Detroit.

Janice M. Winfrey
City Clerk

City of Detroit
OFFICE OF THE CITY CLERK

Victor A. Hudson
Deputy City Clerk

DEPARTMENTAL REFERENCE COMMUNICATION

Monday, March 06, 2017

To: The Department or Commission Listed Below

From: Janice M. Winfrey, Detroit City Clerk

The following petition is herewith referred to you for report and recommendation to the City Council.

In accordance with that body's directive, kindly return the same with your report in duplicate within four (4) weeks.

PLANNING AND DEVELOPMENT DEPARTMENT FINANCE DEPARTMENT
LEGISLATIVE POLICY DIVISION LAW DEPARTMENT

1467 *Lear Corporation, request for the establishment of a Commercial Rehabilitation Exemption Certificate for property located at 230 E Grand River.*


PER ASSESSORS

STATE USE ONLY		
Application Number	Date Received	LUCI Code

Application for Commercial Rehabilitation Exemption Certificate

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

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

PART 1: OWNER / APPLICANT INFORMATION (applicant must complete all fields)			
Applicant (Company) Name (applicant must be the owner of the facility) Lear Corporation		NAICS or SIC Code 336300	
Facility's Street Address 230 E. Grand River (1465 Centre Street)	City Detroit	State MI	ZIP Code 48226
Name of City, Township or Village (taxing authority) Detroit	County Wayne	School District Where Facility is Located 82010 / Detroit Public	
<input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village			
Date of Rehabilitation Commencement (mm/dd/yyyy) 12/13/2016	Planned Date of Rehabilitation Completion (mm/dd/yyyy) 12/31/2017		
Estimated Cost of Rehabilitation \$7,620,000	Number of Years Exemption Requested (1-10) 10		
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 25	No. of jobs to be retained due to facility's rehabilitation 0	No. of construction jobs to be created during rehabilitation 150	
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) Steven Gardon		Telephone Number (248) 447-1500	
Fax Number (248) 447-1788		E-mail Address sgardon@lear.com	
Street Address 21557 Telegraph Road	City Southfield	State MI	ZIP Code 48033
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 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.			
Signature of Authorized Company Officer (no authorized agents) 		Title VP - Indirect Taxes & Customs	Date 02/20/2017

PART 4: ASSESSOR RECOMMENDATIONS (assessor of LGU must complete Part 4)

Provide the Taxable Value and State Equalized Value of Commercial Property, as provided in Public Act 210 of 2005, as amended, for the tax year immediately preceding the effective date of the certificate (December 31 of the year approved by the STC).

	Taxable Value	State Equalized Value (SEV)
Land		
Building(s)		

The property to be covered by this exemption may not be included on any other specific tax roll while receiving the Commercial Rehabilitation Exemption. For example, property on the Eligible Tax Reverted Property (Land Bank) specific tax roll cannot be granted a Commercial Rehabilitation Exemption that would also put the same property on the Commercial Rehabilitation specific tax roll.

☐

By checking this box I certify that, if approved, the property to be covered by this exemption will be on the Commercial Rehabilitation Exemption specific tax roll and not on any other specific tax roll.

Name of Local Government Body

Name of Assessor (first and last name)

Telephone Number

Fax Number

E-mail Address

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

Assessor's Signature

Date

PART 5: LOCAL GOVERNMENT ACTION (clerk of LGU must complete Part 5)

Action Taken By LGU (attach a certified copy of the resolution):

☐

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

☐

Exemption Denied

Date District Established (attach resolution for district)

Local Unit Classification Identification (LUCI) Code

School Code

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

Clerk's Name (first and last)

Telephone Number

Fax Number

E-mail Address

Mailing Address

City

State

ZIP Code

LGU Contact Person for Additional Information

LGU Contact Person Telephone Number

Fax Number

I certify that, to the best of my knowledge, the information contained in this application and attachments is complete and accurate and hereby request the State Tax Commission issue a Commercial Rehabilitation Exemption Certificate, as provided by Public Act 210 of 2005, as amended.

Clerk's Signature

Date

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

State Tax Commission
P.O. Box 30471
Lansing, MI 48909

Part 2: Application Documents

Richard E. Raseman was issued a building permit in 1911 to construct a seven story brick factory measuring 71 feet wide by 100 feet long by 104 feet high to be located at 230 E. Grand River in Detroit, Michigan. Hemmeter Cigar Factory was the original occupant of this building. This 50,000 square foot building was formerly owned by Dennis Kefallinos and the most recent tenants prior to Lear's purchase of the facility in late 2015 included Wolverine Fur Company, Spectacles Clothing and Boutique and Coach's Corner Bar. Although the building was not zoned for residential occupancy, 12 residential apartments, which were not fully occupied, were located in the upper floors of the building. Spectacles Clothing and Boutique continues to occupy the building and it is Lear's intention to update and renovate their current space so that they can continue their business operations as we proceed with the overall rehabilitation of the remainder of the building.

Lear will complete a full rehabilitation of the building located at 230 E. Grand River in Detroit, MI. Upon completion of the rehabilitation, public retail, dining, and/or market space will occupy the ground floor which will include the current tenant, Spectacles Clothing and Boutique. Additional office space will be constructed on floors two through five, to be utilized by Lear vendors and various other business tenants. We are currently marketing the additional space and have had preliminary conversations with legal firms inquiring about satellite office space, professional sport and entertainment franchises interested in administrative expansion space, potential restaurateurs, market operators and other various business operations. Floors six and seven are anticipated to be utilized by Lear and will contain office space, conference rooms and other areas to accommodate Lear employees and guests.

Lear will update, to code, all major systems including heating & cooling, exit stairways, fire suppression, elevator, security system, flooring, ceilings, insulation, utilities and windows.

The following fixed building equipment will be a part of the facility:

- Furnaces and AC Condensers – (2) 10 ton Carrier split systems per floor / (4) twinned furnaces per floor and two in the basement (make and model TBD)
- Elevator – Otis – Electric traction elevator with 9 stops from the basement to the roof
- Fire Pump – AC Systems electric fire pump with fire pump control panel
- Electric fire suppression jockey pump
- Water Heater – (1) 50 gallon electric water heater with booster pump
- (1) 200 Amp electrical panel per floor for lighting and power
- (1) 400 Amp electrical panel for AC condensers on roof
- New restrooms – set per floor
- Interior wall and ceiling boarding
- Emergency lighting
- Exterior window replacement on floors 2-7
- New street storefront entrance
- Restored exterior façade

The construction permit for this project was issued December 13, 2016. Phase 1 of the project is currently under way which includes securing the structural integrity of the building, ensuring all major systems are updated to code and addressing all other safety concerns. Phase 1 will also include shell and core or "white box" construction and is anticipated to be completed by June 2017. Phase 2 of the project is anticipated to take place throughout the summer and fall of 2017. Phase 2 is to include the following:

- Spectacles Clothing and Boutique tenant space renovation
- Electrical distribution to all floors
- Expansion of HVAC (ducting) to all floors
- Restroom finishes (partitions, hand driers, paper dispensers)
- IT Data (low voltage) installation and distribution
- Access control and CCTV systems
- Interior finishes (paint, walls, floors)
- Interior lighting (finished condition)
- Finished entrances and primary lobby
- Coffee/kitchenette areas – (1) per floor
- Interior hardware (doors, window treatments, ect.)
- Roof deck
- Identification and directional building signage

We are currently marketing the tenant space and anticipate completion of the project and tenant occupancy by the end of 2017.

Lear's rehabilitation of the building located at 230 E. Grand River in Detroit, MI will create numerous jobs in the city of Detroit. In addition to an estimated 150 temporary construction jobs created during the rehabilitation phases of the project, the retail, restaurant/market, and office space will also bring jobs into the City. At this time, we estimate 20-30 direct Lear employees will be situated in the facility. In addition to job creation, other economic advantages include, but are not limited to, pre abatement real property taxes and unabated personal property taxes, municipal income taxes derived from direct and indirect workers filling jobs created throughout the construction phase and in the leased retail/office spaces, sales tax revenues, and revenue gained from business permits and related fees.

Lear plans to invest \$7.6 million in real property to upgrade and modernize the building, creating an attractive space for businesses and patrons in the City of Detroit. Lear has a proven history of taking part in the communities where it does business and this project is another example of Lear's commitment to the City of Detroit.

Lear's recent investments include:

- Completion of a 10 year, \$5 million commitment to the Parks and Recreation Department for Brennan Pools restoration, splash pad at Williams and Palmer Parks, Messmer Park, Hope Playfield and Riordin Park

- 3 year, \$1.5 million commitment to a tutoring program between East English Village Preparatory Academy and JE Clark Preparatory Academy
- \$500,000 commitment in renovations to Pershing High School for facility upgrades
- \$150,000 contribution to Jalen Rose Leadership Academy for facility renovations
- \$400,000 contribution to Boggs School for renovations
- \$7.2 million for the restoration of the building located at 119 State Street, Detroit, MI which was completed in 2016
- 5 year, \$2.5 million capital commitment to Wayne State University Mike Ilitch School of Business
- Completion of 5 year \$1.0 million pledge to Michigan Educational Excellence Foundation for the Detroit Promise Scholarship Fund
- 4 year, \$500,000 pledge to support Focus Hope Workforce Development Program
- 5 year \$250,000 pledge to The Greenlight Fund to launch Detroit program that will address innovative solutions for pressing community needs
- 5 year \$1.0 million contribution to Michigan Opera Theatre comprehensive campaign for community and education programming and operating support.
- \$2.0 million pledge to the Detroit Institute of Arts Grand Bargain
- \$1.0 million to Habitat for Humanity as part of Leaders to Build Detroit campaign
- \$3.0 million contribution to United Way since 2013 (does not include employee giving)
- \$500,000 contribution to Music Hall for community and education programming and operating support

Legal Description of Property

Parcel 01004050. – SW CENTRE 62 N 5.35 FT 61 PLAT OF SEC 9 GOVERNOR & JUDGES PLAN L34 P552
PLATS, W C R 1/56 71 X 100

2017-03-06

1467

1467 *Petition of Lear Corporation, request
for the establishment of a Commercial
Rehabilitation Exemption Certificate
for property located at 230 E. Grand
River.*

REFERRED TO THE FOLLOWING DEPARTMENT(S)

PLANNING AND DEVELOPMENT DEPARTMENT
FINANCE DEPARTMENT
LEGISLATIVE POLICY DIVISION LAW DEPARTMENT



CITY OF DETROIT
FINANCE DEPARTMENT
BOARD OF ASSESSORS

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 824
DETROIT, MICHIGAN 48226
PHONE 313•224•6989 TTY:311
FAX 313•224•9400
WWW.DETROITMI.GOV

May 15, 2017

Maurice Cox, Director
City of Detroit
Planning & Development
2 Woodward Ave, Suite 808
Detroit, MI 48226

RE: Commercial Rehabilitation Certificate
Lear Corporation – 230 E. Grand River (1465 Centre St.)
Parcel Number: 01004050.

Dear Mr. Cox:

The Office of the Chief Financial Officer, Assessors Office, has reviewed the Commercial Rehabilitation District certificate application for the property located at **230 E. Grand River (1465 Centre St.)**.

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 proposed project by **Lear Corporation** consists of a full rehabilitation of a 7-story mixed use building with 49,700 square feet built in 1913 to include public retail, dining and/or market place on the ground floor along with office spaces for Lear vendors and various other business tenants. Floors six and seven are anticipated to be utilized by Lear for office spaces, conference rooms and other areas to accommodate employees and guests. The building updates will include all major systems including heating and cooling, exit stairways, fire suppression, elevator, security system, flooring, ceilings, utilities and windows.

The 2017 values are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value	Land Assessed Value (SEV)	Land Taxable Value
01004050	1465 Centre St.	\$ 97,800	\$ 97,220	\$ 355,000	\$ 352,894

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 **230 E. Grand River (1465 Centre St.)** is eligible as it pertains to the Commercial Rehabilitation certificate criteria under P.A. 210 of 2005, as amended.

Sincerely,

Charles Ericson, MMAO
Assessor, Board of Assessors

mmp



Commercial Rehabilitation Certificate
Lear Corporation
Page 2

Parcel Number: 01004050.

Property Address: 230 E. Grand River (1465 Centre Street)

Legal Description: SW CENTRE 62 N 5.35 FT 61 PLAT OF SEC 9 GOVERNOR & JUDGES PLAN L34 P552 PLATS, W C R 1/56 71 X 100





CITY OF DETROIT
PLANNING AND DEVELOPMENT DEPARTMENT

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE SUITE 808
DETROIT, MICHIGAN 48226
(313) 224-1339 • TTY: 711
(313) 224-1310
WWW.DETROITMI.GOV

TO: Dinah Bolton, Development Division
FROM: John Baran, Planning Division
RE: Master Plan Interpretation for Commercial Rehabilitation District at 1465 Centre Street.
DATE: July 11, 2016
CC: Maurice Cox, Director

In order to ensure that the issuance 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 207.841), the Planning and Development Department's Planning Division submits the following interpretation.

The proposed Commercial Rehabilitation District is being requested by Lear Corporation to support capital investment to rehabilitate the building and include elements that align with the proposed vision for the Paradise Valley District. Further details regarding the project will be forthcoming.

Location

1465 Centre Street

Existing Site Information

The subject site is zoned B5 (Major Business District). The subject site is approximately .25 acres with a seven story vacant building. The Master Plan Future General Land Use designation for the site is MRC (Mixed-Residential/Commercial).

Surrounding Site Information

The surrounding area is also zoned B5. The surrounding land uses include Harmony Park across Centre Street; to the south, towards Gratiot is a surface parking lot and an office/commercial building; behind the building, across the alley, is another office/commercial building; across John R is a parking structure with ground floor office; to the northeast, at the corner of John R and Centre is a mixed use commercial/entertainment building. The Master Plan Future General Land Use for the surrounding area is the same as the subject site: MRC (Mixed Residential/Commercial).

Project Proposal

The proposed project is to rehabilitate the building and include elements that align with the proposed vision for the Paradise Valley District.



Interpretation

Impact on Surrounding Land Use

The development of the building will contribute to a comprehensive plan for the immediate area.

Impact on Transportation

The building is just east of Woodward Avenue which includes multiple bus routes and the M-1 Rail (which is currently under construction). There are also multiple bus routes along Gratiot to the south.

Master Plan Interpretation

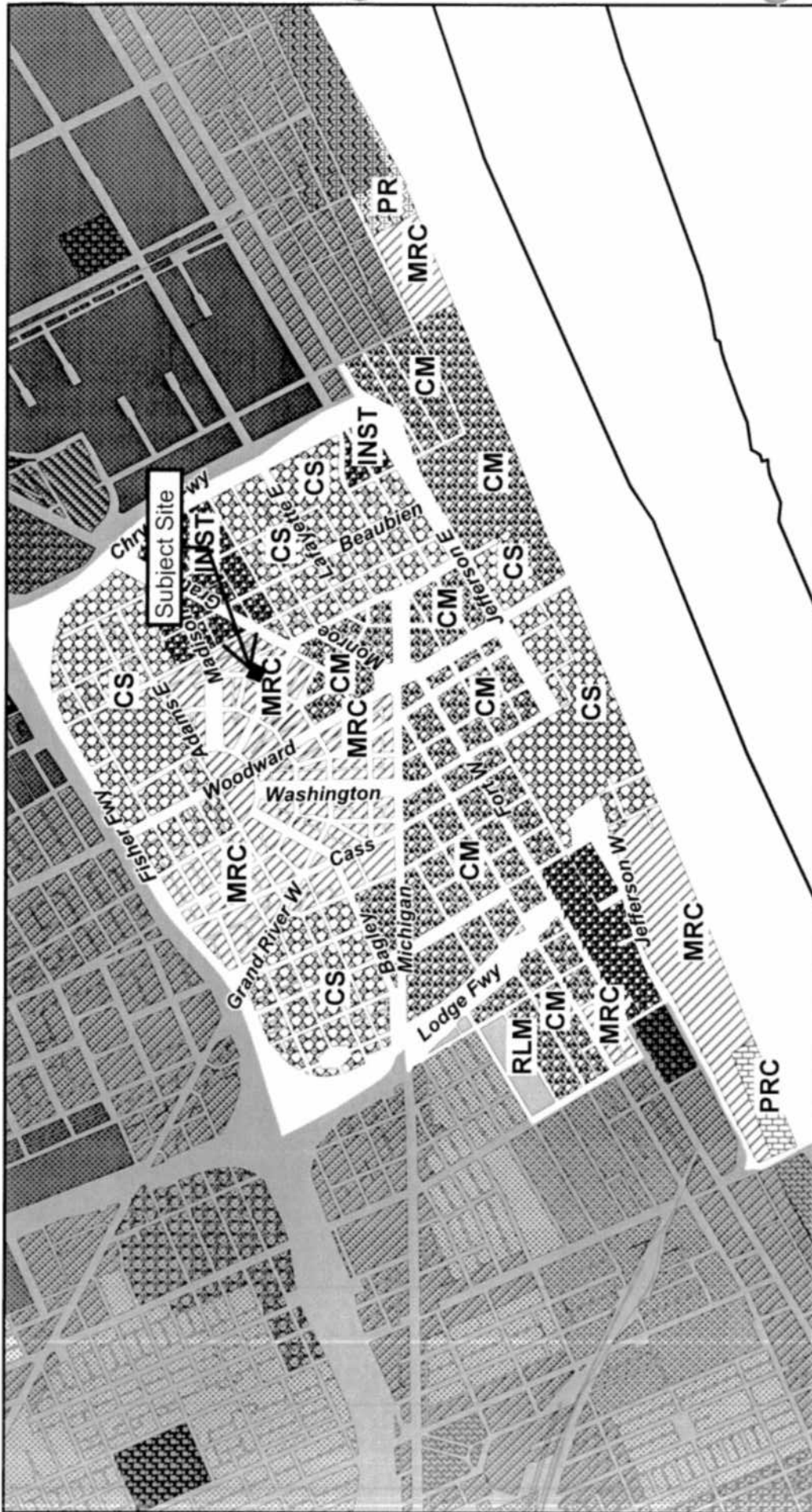
The Master Plan Future General Land Use Designation for the site is MRC (Mixed Residential/Commercial). These "...areas consist predominantly of medium-to-high density housing developed compatibly with commercial...uses. This classification is well suited to areas proximal to existing centers of major commercial activity, major thoroughfares, transportation nodes..." The comprehensive plan for the area will include hotel, residential, retail and office with parking.

Policy 11.1 of the Central Business District neighborhood recommends that high priority be given "...to the preservation of historic buildings, especially the restoration, rehabilitation, and reuse of building facades." And, policy 12.2 recommends the need to "[a]ttract complimentary entertainment venues in proximity to the casino, stadia and theatre districts."

The proposed development conforms to the Future General Land Use of the area and therefore is compatible.

Attachments

Future General Land Use Map: Map 4-1B, Neighborhood Cluster 4, Central Business District.



Amended: xx/xx/xx (CS to INST)

Future Land Use -

Low Density Residential (RL)	Light Industrial (IL)
Low-Medium Density Residential (RLM)	Distribution/Port Industrial (IDP)
Medium Density Residential (RM)	Mixed-Residential/Commercial (MRC)
High Density Residential (RH)	Mixed-Residential/Industrial (MRI)
Major Commercial (CM)	Mixed-Town Center (MTC)
Retail Center (CRC)	Recreation (PRC)
Neighborhood Commercial (CN)	Regional Park (PR)
Thoroughfare Commercial (CT)	Private Marina (PMR)
Special Commercial (CS)	Airport (AP)
General Industrial (IG)	Cemetery (CEM)
	Institutional (INST)

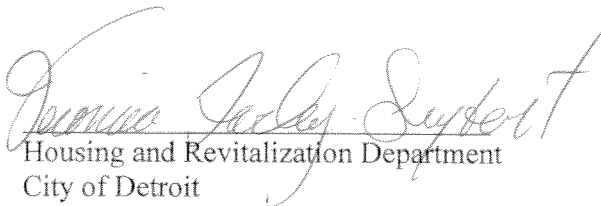
Map 4-1B
City of Detroit
Master Plan of
Policies

**Neighborhood Cluster 4
Central Business District**

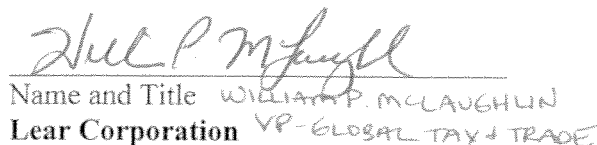
AFFIDAVIT

The undersigned swear, affirm and attest the following:

1. That we understand that the local governmental unit's fee for applications for tax abatement shall not exceed the actual cost incurred by the local governmental unit in processing the application, or 2% of total property tax abated under this act for the term that the obsolete property rehabilitation certificate is in effect, whichever is less. A local government unit shall not charge an applicant any other fee under this act.
2. That the cost to the City of Detroit in processing an average tax abatement application under the Public Act 210 is approximately \$1800.
3. That 2% of the estimated total taxes abated, if **Lear Corporation** current tax abatement application is approved, will be greater than \$1800.00
4. That **Lear Corporation** was charged by the City of Detroit, and paid, a filing fee of \$1800.00 in connection with its application for tax abatement under Public Act 210. No other fee or charge was made, or will be made, by the City of Detroit in connection with the application.
5. That no payment of any kind in excess of the fee allowed by the Act, as amended, has been made or promised in exchange for favorable consideration of an exemption certificate.


Housing and Revitalization Department
City of Detroit

07-10-17
Date


Name and Title WILLIAM P. MCLAUGHLIN
Lear Corporation VP-GLOBAL TAX + TRADE

07-07-17
Date

ANNUAL EMPLOYMENT REPORT

Current Daily Employment Before Abatement and Upon/After Abatement's Anniversary

Reporting Date: 07-07-17

Applicant complete columns A thru D or E by job types for workers located only at facility/parcel under tax abatement. Detroit workers must have verifiable ID & addresses on file with employer for review. This report evidences your commitment or achievement to overall full time employment as stated in tax abatement agreement.

<u>Job # & Types</u> If a job below is not appropriate for abated location put NA in Column A	<u>A</u> Total # All Employees Currently	<u>B</u> Total # Detroit Residents Employed	<u>C</u> Percent of DR Employed	<u>D</u> Total # Employees Employer Committed To	<u>E</u> Annual Deficit or Surplus
1) Executives	0	0		0	
2) Managers/Supervisors	0	0		5	
3) Professionals	0	0		13	
4) Technicians	0	0		2	
5) Sales Workers	0	0		2	
6) Office/Clerical	0	0		1	
7) Craft Workers/Skilled	0	0		1	
8) Operatives Semi Skilled	0	0		0	
9) Laborers Unskilled	0	0		0	
10) Service Workers	0	0		1	
11) Apprentices	0	0		0	
12) Trainees	0	0		0	
Overall	0	0		25	

The Annual # of Voluntary + Involuntary Separations = N/A

Company: LEAR CORPORATION

Parcel/Facility

Address 230 E. GRAND RIVER (1465 CENTRE STREET) / PARCEL 01004050

Authorized Representative Print WILLIAM P. MCLAUGHLIN

Title VP- GLOBAL TAX + TRADE Phone: 248-447-1500

Signature William P. McLaughlin, Date 07-07-17

HRD Below

Employer met or did not meet full time employee goals of agreement for the previous year.

Yes

No

HRD Staff: _____

JOB DESCRIPTIONS WITH NUMBERS FOR COMPLETING EMPLOYMENT & HIRING REPORTS

<p>1. Executives, Owners, Officials, & Agents set and approve broad policies, exercise overall responsibility for policies or special phases of a firms operations and oversight.</p> <p>2. Managers – Occupations requiring administrative and managerial personnel who direct individual departments, operations, personnel Includes, middle management, plant managers, department managers, and superintendents, salaried supervisors who are members of management, purchasing agents and buyers, railroad conductors and yard masters, ship captains, mates and other officers, farm operators and managers, and kindred workers.</p> <p>3. Professionals – Occupations requiring either college graduation or experience of such kind and amount as to provide a comparable background. Includes: accountants and auditors, airplane pilots and navigators, architects, artists, chemists, designers, dietitians, editors, engineers, lawyers, librarians, mathematicians, natural scientists, registered professional nurses, personnel and labor relations specialists, physical scientists, physicians, social scientists, teachers, surveyors and kindred workers.</p> <p>4. Technicians – Occupations requiring a combination of basic scientific knowledge and manual skill, which can be obtained through 2 years of post high school education, such as, is offered in many technical institutes and junior colleges, or through equivalent on-the-job training. Includes: computer programmers, drafters, engineering aides, junior engineers, mathematical aides, licensed, practical or vocational nurses,</p>	<p>photographers, radio operators, scientific assistants, technical illustrators, technicians (medical, dental, electronic, physical, science,) and kindred workers.</p> <p>5. Sales – Occupations engaging wholly or primarily in direct selling. Includes; advertising agents ad sales workers, insurance agents and brokers, real estate agents and brokers, stock and bond sales workers, demonstrators, sales workers and sales clerks, grocery clerks, and cashiers checkers, and kindred workers.</p> <p>6. Office and Clerical - Includes all clerical type work regardless of level of difficulty, where the activities are predominantly non-manual though some manual work not directly involved with altering or transporting the products is included. Includes: bookkeepers, collectors (bills and accounts), messengers and office helpers, office machine operators (including computers), shipping and receiving clerks, stenographers, typists and secretaries, telegraph and telephone operators, legal assistants, and kindred workers.</p> <p>7. Craft Workers (Skilled) - Manual workers of relatively high skill level having a thorough and comprehensive knowledge of the processes involved in their work. Exercise considerable independent judgment and usually receive an extensive period of training. Includes: the building trades, hourly paid supervisors, and lead operators who are not members of management, mechanics and repairers, skilled machining occupations, compositors and typesetters, electricians, engravers, painters (construction and</p>	<p>maintenance), motion picture projectionists.</p> <p>8. Operatives (Semi Skilled) – Workers who operate machine or processing equipment or perform other factory type duties of intermediate skill level which can be mastered in a few weeks and require only limited training. Includes: apprentices (auto mechanics, plumbers, bricklayers, carpenters, electricians, machinists, mechanics, building trades, metalworking trades, printing trades, etc.), operatives, attendants (auto service and parking), blasters, chauffeurs, delivery workers, sewers and stitches, dryers, furnace workers, heaters, laundry and dry cleaning operatives, milliners, mine operatives and laborers, motor operators, boilers and greasers (except auto), painters (manufactured articles), photographic process workers, truck and tractor drivers, knitting, looping, taping and weaving machine operators, welders and flame cutters, electrical and electronic equipment assemblers, butchers and meat cutters, inspectors, testers and graders, hand packers and packagers, and kindred workers.</p> <p>9. Laborers (Unskilled) – Workers in manual occupations which generally require no special training who perform elementary duties that may be learned in a few days and require the application of little or no independent judgment. Includes; garage laborers, car washers and greasers, groundskeepers and gardeners, farm workers, stevedores, wood choppers, laborers performing lifting, digging, mixing, loading and pulling operations, and kindred workers.</p>	<p>10. Service Workers - Workers in both protective and non-protective service occupations. Include: attendants (hospitals and other institutions, professional and personal service, including nurses aides, and orderlies), barbers, caseworkers and cleaners, cooks, counter and fountain workers, elevators operators, firefighters, and the protection, guards, door-keepers, stewards, janitors, police officers and detectives, porters, waiters and waitresses, amusement and recreation facilities attendants, guides, ushers, public transportation attendants, and kindred workers.</p> <p>11. Apprentices</p> <p>12. Trainees</p>
--	--	--	--

DETROIT RESIDENT ANNUAL HIRING REPORT

This Report Is Prior to Abatement Approval Dated: _____ or
Is for an Annual Anniversary Report Period From: _____ To: _____

Applicant complete columns A only or A thru D by job types for new hires located only at facility/parcel under tax abatement. Detroit resident employees must have verifiable ID & addresses on file with employer for review. This report evidences your commitment or achievement in new Detroit resident (DR) hiring.

<u>Job # & Types</u> If job below is not appropriate for location put NA in Column A	<u>A</u> # of DR's Employer Is Committed To Employing	<u>B</u> Total # New Employees Hired	<u>C</u> Total # New Detroit Residents Hired	<u>D</u> Actual New DR Hiring Percentage Achieved C/B	<u>HRD</u> Only
1) Executives					
2) Managers/Supervisors					
3) Professionals					
4) Technicians					
5) Sales Workers					
6) Office/Clerical					
7) Craft Workers/Skilled					
8) Operatives Semi Skilled					
9) Laborers Unskilled					
10) Service Workers					
11) Apprentices					
12) Trainees					
Overall					

* SEE ATTACHED NARRATIVE FOR DETAIL ON DR HIRING

Applicant agrees to use Good Faith Efforts to fulfill the initial New DR Hiring Goals (Column A) above throughout the term of tax abatement. Further it is agreed that any change in DR Hiring Goals must be agreed too and approved in advance by HRD to take effect.

Company: LEAR CORPORATION

Parcel/Facility

Address 230 GRAND RIVER (1465 CENTRE STREET) / PARCEL 01004050

Authorized Representative Print WILLIAM P. McLAUGHLIN

Title VP-GLOBAL TAX + TRADE Phone: 248-447-1500

Signature Will P. McLaughlin, Date 07-07-17

HRD Below

Approved

Further Explanation/Changes Needed Note Attached

HRD Director _____

Detroit Residents' Annual Employment Verification Report
(If No Detroit Residents write none)

Company: _____ Page 1 of ____
 List each DR currently employed these should equal total DR number given in the Annual Employment Report. Skip Hires/Separations Column Data
Or
 If an annual anniversary year is completed include each DR Hired/Separated & column data during past twelve months must be listed
 Hire Sources: Indicate Only: Detroit Workforce Development (DWD), Trade Union (U) or Other (OT)
 This report is used to verify Detroit resident ID & address during the annual site visit

Employee's Name (First Initial & Last Name)	Job #	Detroit Street Address	Zip	Hire Date	Hire Source	Separ. Date
Answer All Columns as per Instructions & Maintain Copies for Your Records						

For organization's convenience a similar form can be made as long as the info is consistent with above!

Authorized By: _____, Title: _____ Phone: _____

N/A
FOR APPLICATION

City of Detroit

CITY COUNCIL

COUNCIL PRESIDENT BRENDA JONES

INCENTIVE INFORMATION CHART:

Project Type	Incentive Type	Investment Amount	District
MULTI-USE COMMERCIAL FACILITY	PA 210	7,620,000	5

Jobs Available							
Construction				Post Construction			
Professional	Non-Professional	Skilled Labor	Non-Skilled Labor	Professional	Non-Professional	Skilled Labor	Non-Skilled Labor
3		120	27	21		3	1

1. What is the plan for hiring Detroiters? SEE ATTACHED
2. Please give a detailed description of the jobs available as listed in the above chart, i.e: job type, job qualifications, etc. SEE ATTACHED
3. Will this development cause any relocation that will create new Detroit residents? SEE ATTACHED
4. Has the developer reached out to any community groups to discuss the project and/or any potential jobs? SEE ATTACHED
5. When is construction slated to begin? 12/13/2016
6. What is the expected completion date of construction? 12/31/2017

*Please contact Linda Wesley at (313) 628-2993 or wesleyl@detroitmi.gov to schedule a date to attend the Skilled Trades Task Force.

Narrative – Lear Corporation – 230 Grand River

Detroit Resident Annual Hiring Report:

Number of Detroit Residents we are committed to hiring:

Although we do believe that this project will create jobs for Detroit residents, it is difficult for us to commit to an exact number at this time. Most of the Lear jobs at this location will require specific skill sets and we cannot be certain as to where those individuals will reside. Lear will work with the appropriate workforce programs to attempt to hire Detroiters as we realize that putting Detroiters to work is just a piece of the City's revitalization effort, which Lear is committed to being a part of.

In addition, our tenants will likely hire Detroiters, but until we have the lease agreements finalized we do not feel as though we can indicate how many of their employees will be Detroit residents. We are currently negotiating a lease agreement with a business that is not currently located in the City of Detroit and upon execution of that lease, we anticipate some of the employees could relocate.

Incentive Information Chart:

What is the plan for hiring Detroiters?

The City of Detroit is a community that Lear is dedicated to investing in and being a part of its growth and bright future. Our workforce development activities within the City have been both direct and indirect. Our 49% owned joint venture, Integrated Manufacturing & Assembly, has three locations in Detroit and one in Highland Park, all of which maintain jobs for the local community.

In addition, Lear finished the rehabilitation of the building located at 119 State Street in 2016 which houses our Design and Innovation Center and currently employs Detroiters. The Innovation and Design Center is partnering with Detroit-based institutions Wayne State University and the College for Creative Studies to utilize their students and faculty in developing new and innovative technologies in our business. Although exact numbers cannot be anticipated, we believe that this program provides an opportunity for students to become potential permanent Detroit residents. Lear also supported a sewing certification program at Henry Ford College through funding, equipment and time.

We have worked with various workforce development programs such as Focus Hope and are always willing to explore other partnerships with workforce development programs to identify local talent that meets our hiring needs. We are currently having conversations to lease space to two current Detroit businesses that require more room and better space as well as one business that is not presently located in Detroit but will be relocating upon the closure of the leasing deal. We are trying to ensure that we offer competitive lease pricing to assist us in attracting new business into the City.

Please give a detailed description of the jobs available as listed in the above chart, i.e: job type, job qualifications, ect.

The jobs available at 230 Grand River will be in the following areas:

- Managers/Supervisors
- Professionals
- Technicians
- Sales Workers
- Office/Clerical
- Service Workers

We would likely contract out any maintenance or receptionist positions. This could be from a Detroit location; it is unknown at this time. Most of the Lear jobs to be created at this location will require individuals with college degrees, specific certifications, and/or years of specialized experience. We will look to Wayne State University and the College of Creative Studies to seek out recruits.

If we do recruit outside of the City of Detroit, we would include in our recruitment efforts details on living in Detroit in hopes of increasing the likelihood that out of City/State recruits would choose to live in the City, near where they work.

The rehabilitation of this building will create office, retail, dining and/or market space for a number of businesses. We believe that the upgrades and modernization of the building will attract new business to the area that will also provide additional job opportunities for Detroit residents.

Will this development cause any relocation that will create new Detroit residents?

Although we are unable to predict the number of new residents the rehabilitation of this building will create, we believe that the opportunity does exist. Since we may lease space to businesses that are currently outside of the City, we assume that this could create some relocation. Lear will commit to providing information to employees about living in the City and encourage employees to live in the City.

Has the developer reached out to any community groups to discuss the project and/or any potential jobs?

Due to the specialized nature of these jobs, we have not reached out to community groups in general. As mentioned above, we will reach out to appropriate workforce development organizations that could supply qualified individuals for these positions.

When is construction slated to begin?

12/13/2016

What is the expected completion date for construction?

On or about 12/31/2017

LEAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In millions, except share data)

December 31,	2016	2015
Assets		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 1,271.6	\$ 1,196.6
Accounts receivable	2,746.5	2,590.0
Inventories	1,020.6	947.6
Other	610.6	552.4
Total current assets	5,649.3	5,286.6
<i>Long-Term Assets:</i>		
Property, plant and equipment, net	2,019.3	1,826.5
Goodwill	1,121.3	1,053.8
Other	1,110.7	1,238.9
Total long-term assets	4,251.3	4,119.2
Total assets	\$ 9,900.6	\$ 9,405.8
Liabilities and Equity		
<i>Current Liabilities:</i>		
Short-term borrowings	\$ 8.6	\$ —
Accounts payable and drafts	2,640.5	2,504.4
Accrued liabilities	1,497.6	1,312.1
Current portion of long-term debt	35.6	23.1
Total current liabilities	4,182.3	3,839.6
<i>Long-Term Liabilities:</i>		
Long-term debt	1,898.0	1,931.7
Other	627.4	616.8
Total long-term liabilities	2,525.4	2,548.5
<i>Equity:</i>		
Preferred stock, 100,000,000 shares authorized (including 10,896,250 shares of Series A convertible preferred stock authorized); no shares outstanding	—	—
Common stock, \$0.01 par value, 300,000,000 shares authorized; 80,563,291 shares issued as of December 31, 2016 and 2015, respectively	0.8	0.8
Additional paid-in capital	1,385.3	1,451.9
Common stock held in treasury, 11,131,648 and 6,099,078 shares as of December 31, 2016 and 2015, respectively, at cost	(1,200.2)	(623.0)
Retained earnings	3,706.9	2,827.8
Accumulated other comprehensive loss	(835.6)	(730.1)
Lear Corporation stockholders' equity	3,057.2	2,927.4
Noncontrolling interests	135.7	90.3
Equity	3,192.9	3,017.7
Total liabilities and equity	\$ 9,900.6	\$ 9,405.8

The accompanying notes are an integral part of these consolidated balance sheets.

LEAR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(In millions, except share and per share data)

For the year ended December 31,	2016	2015	2014
Net sales	\$ 18,557.6	\$ 18,211.4	\$ 17,727.3
Cost of sales	16,455.5	16,391.6	16,234.5
Selling, general and administrative expenses	621.9	580.5	529.9
Amortization of intangible assets	53.0	52.5	33.7
Interest expense	82.5	86.7	67.5
Other expense, net	6.4	68.6	74.3
Consolidated income before provision for income taxes and equity in net income of affiliates	1,338.3	1,031.5	787.4
Provision for income taxes	370.2	285.5	121.4
Equity in net income of affiliates	(72.4)	(49.8)	(36.3)
Consolidated net income	1,040.5	795.8	702.3
Less: Net income attributable to noncontrolling interests	65.4	50.3	29.9
Net income attributable to Lear	\$ 975.1	\$ 745.5	\$ 672.4
Basic net income per share attributable to Lear	\$ 13.48	\$ 9.71	\$ 8.39
Diluted net income per share attributable to Lear	\$ 13.33	\$ 9.59	\$ 8.23
Average common shares outstanding	72,345,436	76,754,270	80,187,516
Average diluted shares outstanding	73,124,949	77,767,017	81,728,479

The accompanying notes are an integral part of these consolidated financial statements.



CITY OF DETROIT
HOUSING AND REVITALIZATION DEPARTMENT



COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 908
DETROIT, MICHIGAN 48226
(313) 224-6380 • TTY: 711
(313) 224-1629
WWW.DETROITMI.GOV

July 7, 2017

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

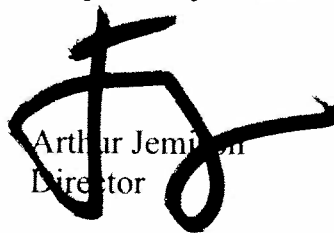
RE: Submission of the 2017-2018 HUD Annual Action Plan

Honorable City Council:

In conformance with the requirements of the U.S. Department of Housing and Urban Development (HUD), the Housing & Revitalization Department respectfully requests that Your Honorable Body authorize the submission of the 2017-2018 HUD Annual Action Plan. It is also requested that you designate the Mayor, or his designee, to be the authorized representative to act in connection with the Plan. The Plan reflects the 2017-2018 CDBG/NOF Narrative and Request for Proposal's final recommendations.

It is respectfully requested that you approve the attached resolution with a Waiver of Reconsideration, to ensure HUD's approval and funding availability in a timely manner.

Respectfully submitted,



Arthur Jemison
Director

AJ:wd

Attachment

cc S. Washington, Mayor's Office



BY COUNCIL MEMBER _____

WHEREAS, the Detroit City Council hereby authorized the submission of the 2017-2018 HUD Annual Action Plan in accordance with the foregoing communication; and

RESOLVED, that the Mayor of the City of Detroit, Michael E. Duggan or his designee, is hereby authorized to submit the 2017-2018 Annual Action Plan including all understandings and assurances contained therein, to the U.S. Department of Housing and Urban Development (HUD) in accordance with the foregoing communication; and,

RESOLVED, that the Mayor of the City of Detroit, Michael E. Duggan, or his designee, is hereby designated to act in connection with the aforesaid submission, and provide HUD such additional information as may be required.



CITY OF DETROIT
HOUSING AND REVITALIZATION DEPARTMENT



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July 7, 2017

Detroit City Council
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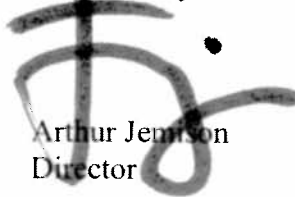
**RE: Authorization to Amend the 2017-2018 Budget
Appropriation No. 20413 – Bridging Neighborhoods Fund**

Honorable City Council:

The Housing & Revitalization Department (“HRD”) is hereby requesting the authorization of your Honorable Body to amend the 2017-2018 Budget to add Appropriation No. 20413 titled the “Bridging Neighborhoods Fund” for the purposes of accepting, appropriating and expending certain revenue received from certain agreements related to the Gordie Howe International Bridge Project as further described in the attached resolution.

We respectfully request your approval to accept, appropriate and expend the aforementioned revenue within Appropriation No. 20413 by adopting the attached resolution with a Waiver of Reconsideration.

Respectfully submitted,



Arthur Jenison
Director

cc: E. Savit (Mayor's Office)
S. Washington (Mayor's Office)
S. Brinkmann (Law)



BY COUNCIL MEMBER: _____

WHEREAS, the City of Detroit (“City”) has entered into those certain agreements related to the Gordie Howe International Bridge Project (“Agreements”) as follows: (1) the “Agreement – Transfers of Properties, Assets, Interests, and Jurisdiction” between the City, the Detroit Land Bank Authority (“DLBA”); the Public Lighting Authority (“PLA”), the Economic Development Corporation of the City of Detroit (“EDC”) and the Michigan Department of Transportation (“MDOT”); (2) the “Agreement – Leases and Services” between the City, the DLBA, the EDC, and the Windsor-Detroit Bridge Authority; and (3) the “Agreement: Joint State/City Initiatives for Health, Job Training, and Neighborhood Development” between the City, the State of Michigan, and EDC; and

WHEREAS, the Agreements require certain payments to be made to the City totaling approximately \$45,021,630 more or less (“Revenue Payments”); and

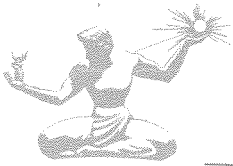
WHEREAS, the “Agreement: Joint State/City Initiatives for Health, Job Training, and Neighborhood Development” specifies that \$10,000,000 of the Revenue Payments shall be used to provide workforce development to Detroiters, and \$2,400,000 of the Revenue Payments shall be used to implement a health and emissions monitoring program; and

WHEREAS, the City wishes to establish Appropriation No. 20413 in the Housing & Revitalization Department’s budget and titled “Bridging Neighborhoods Fund” (the “Fund”) for the purposes of accepting and allocating the Revenue Payments not contractually allocated for workforce development or health and emissions monitoring (a total of approximately \$32,621,630 more or less), accepting such other revenue as later identified by the City and to allow for the expenditure of said Revenue Payments by the Housing & Revitalization Department (“HRD”) as further identified herein; and

WHEREAS, the City has regularly consulted with the Gordie Howe Bridge Community Advocacy Group (“CAG”), and has worked closely with the CAG on issues related to the Gordie Howe International Bridge Project and its impact on neighborhoods; now therefore be it

RESOLVED, that a total of \$10,000,000 of the Revenue Payments shall be appropriated to Detroit Employment Solutions Corporation in accordance with Article II of the “Agreement: Joint State/City Initiatives for Health, Job Training, and Neighborhood Development,” and shall be appropriated in accordance with the timeline provided therein; and be it further

RESOLVED, that a total of \$2,400,000 of the Revenue Payments shall be appropriated to the City of Detroit’s Health Department to implement a health and emissions monitoring program, in accordance with Article I of the “Agreement: Joint State/City Initiatives for Health, Job Training, and Neighborhood Development,” and be it further



RESOLVED, that the 2017-2018 Budget is amended for the HRD, who is hereby authorized to accept, appropriate and establish Appropriation No. 20413 into which all Revenue Payments not allocated to workforce development or health and emissions monitoring shall be accepted pursuant to the Agreements, and be it further

RESOLVED, that Appropriation No. 20413 shall be titled the "Bridging Neighborhoods Fund"; and be it further

RESOLVED, that Appropriation No. 20413 shall be a revolving fund with remaining balances carrying forward each fiscal year until such time as all monies in the Fund have been expended; and be it further

RESOLVED, that nothing in this resolution prohibits additional revenue from being appropriated to the Fund in addition to the Revenue Payments received by the City from the Agreements; and be it further

RESOLVED, that expenditures from the Fund by the Housing & Revitalization Department are hereby authorized, providing that such expenditures adhere to the restrictions contained in the attached Exhibit A that is incorporated herein by reference; and be it further

RESOLVED, that before the Detroit City Council approves any change, modification or amendment to this resolution, Detroit City Council shall first hold a minimum one public hearing on any such change, modification, or amendment north of I-75, and a minimum of one public hearing on any such change, modification, or amendment south of I-75, and such hearings shall be held at a location in the community surrounding the Gordie Howe Bridge, in the evening; and be it further

RESOLVED, that the Finance Director be and is hereby authorized to increase the necessary accounts and honor expenditures, vouchers and payrolls when presented in accordance with the foregoing communication and standard City procedures; and be it further

RESOLVED, that the City will continue to consult and work closely with the CAG on issues related to the Gordie Howe International Bridge Project, including implementation of the Bridging Neighborhoods Program described in Exhibit A.



EXHIBIT A

Bridging Neighborhoods Fund, Appropriation 20413 (the “Fund”) Expenditure Restrictions

The Bridging Neighborhoods Fund shall be spent on the Bridging Neighborhoods Program (“Program”) as further defined and outlined as follows:

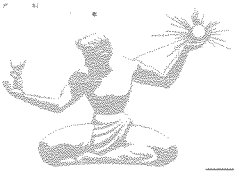
- a. Program Objective. The Program is intended to provide for the renovation of blighted residential properties and increase population density in neighborhoods across the City of Detroit. Homeowners who are directly affected by the Gordie Howe International Bridge will be given the opportunity to move to renovated homes in neighborhoods throughout the City. In addition, residents who will live near freeway overpasses and expanded highway service drives that are to be constructed in connection with the Gordie Howe International Bridge will be provided an opportunity to have their home environmentally retrofitted and soundproofed.
- b. Administration. The Program shall be administered by the Housing & Revitalization Department (“HRD”) and HRD may contract with such other entities as required to further the Program and Program Objective.
- c. Exchange-Eligible Home, Defined:
 1. An Exchange-Eligible Home, for purposes of this section, is a home which was owner-occupied as of June 23, 2017, which will not be acquired by the Michigan Department of Transportation to facilitate construction of the Gordie Howe International Bridge, and is within the following boundaries:
 - (i) South of Fort Street, between the Rouge River and Clark Street; and
 - (ii) West of Clark Street, north of Fort Street and south of I-75.

In addition, the Housing and Revitalization Director shall designate, as Exchange-Eligible Homes, certain homes which were owner-occupied as of June 23, 2017, will not be acquired by the Michigan Department of Transportation to facilitate construction of the Gordie Howe International Bridge, and are within the following boundaries:

- (i) Between Clark Street and Govin Street, north of I-75, and within approximately 150 feet of the I-75 Service Drive once planned expansion of the Service Drive for the Gordie Howe International Bridge Project is complete; and



- (ii) South of Amherst Street, north of I-75, and between Cavalry and Junction Streets.
2. A home qualifies as “owner-occupied,” for purposes of this section, if it qualified for the State of Michigan’s Principal Residence Exemption as of December 31, 2016, and the owner as of that date held title to the home on June 23, 2017. In addition, the Housing and Revitalization Director may, but need not, promulgate standards under which homes that did not receive the Principal Residence Exception as of December 31, 2016 may nevertheless qualify as “owner-occupied,” so long as the home’s owner as of June 23, 2017 can demonstrate that he or she used the home as his or her primary residence as of June 23, 2017.
- d. Select Land Bank Home, Defined: A Select Land Bank Home, for the purposes of this section, is a home owned by the Detroit Land Bank Authority, and designated by the Detroit Land Bank Authority for use in the Bridging Neighborhoods Program.
- e. Retrofit-Eligible Home, Defined: A Retrofit-Eligible Home, for purposes of this section, is any residential property that is between Clark Street and Govin Street, is north of I-75, will not be acquired by the Michigan Department of Transportation to facilitate construction of the Gordie Howe International Bridge, and will be within 300 feet of the I-75 Service Drive once planned expansion of the Service Drive for the Gordie Howe International Bridge Project is complete. Final determination as to which homes north of I-75 fall within the foregoing boundaries will be made by the Housing and Revitalization Director. Any Exchange-Eligible Home between Clark Street and Govin Street that is designated as an Exchange-Eligible Home by the Housing and Revitalization Director pursuant to Paragraph c.2 of this Exhibit, and whose owner opts not to participate in the Title Exchange pursuant to Paragraph f, shall be a Retrofit-Eligible Home.
- f. Title Exchange: Bridging Neighborhoods Program funds shall be used for the purposes of offering persons who owned an Exchange-Eligible Home on June 23, 2017 the opportunity to move into, and obtain title to, a renovated Select Land Bank Home, in exchange for title to that person’s Exchange-Eligible Home. Program funds may be used to fund renovation of the Select Land Bank Home; to fund reasonable moving expenses for any person who opts to participate in the Title Exchange pursuant to this paragraph; to fund demolition of the Exchange-Eligible home following title exchange, in compliance with applicable environmental regulations; for administrative costs associated with rehabilitation, moving expenses, and demolition; and for general implementation of the Program.



-
- g. Implementation Schedule: The Housing and Revitalization Director shall promulgate a schedule and timeline for implementation of the Bridging Neighborhoods Program by October 1, 2017. Prior to promulgating a schedule and timeline, the Housing and Revitalization Director shall consult with the Gordie Howe Bridge Community Advocacy Group. The Housing and Revitalization Director may amend the schedule and timeline for implementation at any time, so long as the Gordie Howe Bridge Community Advocacy Group, if in existence, is consulted prior to any such amendment.
- h. Retrofitting and Soundproofing: All Retrofit-Eligible Homes shall be entitled to receive a retrofit package designed to protect occupants of the Retrofit-Eligible Home from air pollution and noise pollution, and Program Funds may be spent on such retrofits. Retrofit packages may include new windows; air filters; insulation; and/or heating, ventilation, and air conditioning systems. The Housing and Revitalization Director shall, in consultation with the Health Director, promulgate appropriate retrofitting and soundproofing standards that are in accordance with established public health and environmental practices.



David Whitaker, Esq.
Director
Irvin Corley, Jr.
Executive Policy Manager
Marcell R. Todd, Jr.
Senior City Planner

LaKisha Barclift, Esq.
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City of Detroit CITY COUNCIL

LEGISLATIVE POLICY DIVISION

208 Coleman A. Young Municipal Center
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David Teeter
Theresa Thomas
Kathryn Lynch Underwood

TO: The Honorable Detroit City Council

FROM: David Whitaker, Director
Legislative Policy Division (LPD) Staff

DATE: July 7, 2017

RE: **Land Sales Agreements for Gordie Howe International Bridge**

The Legislative Policy Division (LPD) was asked to review the proposed agreements submitted for City Council approval by the Administration relative to the Gordie Howe International Bridge. The four agreements transfer the requisite City-owned land contemplated by the State of Michigan and Canada, as well as provide the means to fund significant remediation for the Detroit community most impacted by the project. A summary of the agreements as well as discussion of anticipated community benefits/improvements follows. /

BACKGROUND

The planned Gordie Howe International Bridge (GHIB) is the result of a cross-border effort, involving more than a decade of research, planning, litigation and negotiation to build a new bridge across the Detroit River between Detroit and Windsor, Ontario, Canada. The Canada-Michigan Crossing Agreement between Michigan and Canada, signed in June 2012, includes the following agreements, summarized on the Windsor-Detroit Bridge Authority (WDBA) website:

- all iron and steel for any bridge component in Canada and for any component of the project in the United States, will be sourced in either Canada or the United States
- the Government of Canada will pay all costs of the **required land acquisition** in Canada and Michigan and for the construction of an interchange to provide connections to I-75

- tolls for both Canada-bound and US-bound traffic will be collected on the Canadian side of the crossing and used to reimburse the Canadian government for the funds it advances related to the project
- the public-private partnership agreement must contain **provisions for community benefit plan and for the involvement of the host communities** in Canada and Michigan
- the crossing will be publicly-owned, jointly by Canada and Michigan
- the International Authority will be comprised of equal representation by Canada and Michigan.

See, www.wdbridge.com/en/the-canada-michigan-crossing-agreement, emphasis added.

The Crossing Agreement requires Michigan, through the Michigan Department of Transportation (MDOT), to acquire the necessary Detroit property and interests to proceed with the bridge project. In furtherance of the project, the City of Detroit seeks to enter into four agreements with various parties having relevant interest, now before this Body for approval. The agreements are as follows: 1) *Transfers of Properties, Assets, Interests and Jurisdiction*, between the City, various other “Detroit parties”, and MDOT; 2) *Jurisdictional Transfer*, between the City and MDOT; 3) *Leases and Services*, between the City, Detroit parties, and the WDBA; and 4) *Agreement: Joint State/City Initiatives for Health, Job Training, and Neighborhood Development*, between the City, the State, and the Detroit Economic Development Corporation. The proposed agreements accomplish the requisite land transfer and will allow the City to administer and fund substantial remediation for the host community in Southwest Detroit.

The agreements are described in detail below. Briefly, the proposed agreements, following approval by City Council, will yield approximately \$48.4 million, as follows:

- | | |
|--|-----------------------------|
| 1. Transfer of Property: | \$22.9 million |
| 2. Jurisdictional Transfer: | |
| 3. Leases and Services | \$10.1 million |
| 4. State/City Initiatives for Health, Jobs | \$15.4 million ¹ |

THE AGREEMENTS

1. Agreement for the Transfer of Properties, Assets, Interest and Jurisdiction

This Agreement is with regard to the Gordie Howe International Bridge (GHIB) and is entered by and between the City of Detroit, its agents officers and departments including but not limited to the Assessor, Office of the Chief Financial Officer, Treasurer, Water and Sewerage Department (DWSD), Department of Public Works, and the Public Lighting Department - collectively, the City; The Detroit Land Bank Authority (DLBA); Public Lighting Authority (PLA); Economic Development Corporation of the City of Detroit (EDC), collectively the Detroit Parties, and individually, a Detroit Party; and the Michigan Department of Transportation.

The stated purpose of this agreement is to effectuate the transfer of properties, assets and/or interests that are owned, and transfer jurisdiction that is exercised by any Detroit Party and

¹ To the degree that these funds are derived from State sources, LPD has been advised that Legislative approval is not required in order to effectuate the City’s receipt of these funds.

located within the boundaries of the GHIB project. All amounts to be paid pursuant to the Agreement are initially being paid by MDOT, but fully reimbursed by the WDBA. The compensation for the property and other rights, title, interests and encumbrances conveyed, transferred, discharged, terminated or released is the consideration creating a binding contractual agreement and is to be paid by MDOT in accordance with Exhibit A² to the Agreement.

Article III of the Agreement addresses the jurisdictional transfer of segments to MDOT. The City and MDOT agree to execute the Agreement -- Jurisdictional Transfer (AJT) identified as Exhibit E, which transfers full temporary jurisdictional control over certain roads listed in the AJT and gives MDOT jurisdictional control over roads and alleys listed in the AJT, identified as Temporary Road Segments and Permanent Road Segments.

Article IV sets forth the conveyance of any and all personal property, improvements, fixtures and other assets the City owns that are in the Permanent Road Segments to MDOT along with a bill of sale from the City attached to the Agreement as Exhibit F.³ The personal property does not include DWSD personal property or DWSD utility-related personal property. In addition, each Detroit Party, upon request from MDOT, shall execute and deliver a bill of sale identified in the form of Exhibit F, permanently conveying to MDOT any and all personal property, improvements, fixtures and other assets owned by any Detroit Party that is within the GHIB project boundaries, except PLA and DWSD personal property, as well as DWSD owned utility related property located within the utility easements.

Article V provides that upon request by MDOT, the Detroit Parties shall release, discharge, and terminate any of the encumbrances, liens, restrictions, lis pendens, and other interest specified in Exhibit G (the Encumbrances)⁴, identified by and in the form acceptable to MDOT and MDOT's title company. The Detroit Parties shall also release any "Interest" not listed on Exhibit G with regard to any land, including but not limited to any streets, alleys, sidewalks, parkways or other public area contained within the GHIB project boundaries.

Article VI requires the City to execute and deliver permanent "Transverse Crossing Easements" (TCE) attached as Exhibit H.⁵ The attached TCE agreement provides the City is to grant to MDOT easements in, on, over, under and upon the property for the purpose of constructing, repairing, replacing, inspecting, maintaining, improving, operating and using the GHIB project and all activities incidental thereto, including but not limited to utility facilities (Permitted Uses) as well as, the imposition in, on, over, under and upon the Property of noise and other effects

² Exhibit A outlines the property right or interest being conveyed and the amount MDOT is to pay each owner over a term of years at designated intervals. The total amount of the payments to the various entities equals approximately \$23 million.

³ The personal property, improvements and fixtures include, but are not limited to bridges, culverts, pavement, curbs, trees, street lights, conduits and signs, collectively the Permanent Road Segments Personal Property.

⁴ Exhibit G is a list of known encumbrances by MDOT No.; Street No.; Street Name. The release of encumbrances does not include any utility easements.

⁵ The TCE Agreement provides Under Section 5, *Limitation of Liability*: MDOT waives any and all damage claims; demands it may have or acquire at any time against the City arising under or relating to the Agreement. It retains only the right to seek injunctive relief, specific performance or other equitable remedies for breach of the agreement. No monetary damages are available.

incidental to the Permitted Uses. The TCE is binding and permanently runs with the land in perpetuity.

Article VII contains provisions that are specific to public lighting, water, sanitary sewers and storm water sewers. Subsections A, B, and C provide that the PLA, PLD and DWSD, respectively, shall deliver a bill of sale for the conveyance of all personal property, improvements, fixtures and other assets it owns in the Permanent Road Segments. PLA and DWSD shall continue to maintain their personal property, improvements, fixtures and other assets that are located in the Temporary Road Segments. PLA shall also, without charge, grant all necessary permits and approvals to disconnect, terminate and reconnect the public lighting system of PLA to separate the lighting of the GHIB project from the remainder of the public lighting system. PLD shall provide all labor, materials to disconnect, terminate and reconnect PLD's high voltage power lines necessary to separate the power lines from the remainder of PLD's system. DWSD shall also grant all necessary permits and approvals to disconnect, terminate and reconnect the water, sanitary sewer, and storm sewer systems from those to be abandoned or removed as part of the GHIB project.

Subsection D provides that DWSD shall execute easement agreements allowing DWSD to maintain utilities in the Permanent Road Segments on terms and conditions in Exhibit I, (Utility Easements)⁶.

Subsections E and F provide that MDOT and the City may enter into a storm water connection agreement that will allow MDOT to connect the storm water collection system for the GHIB to the existing combined storm and sanitary sewer system and/or to the outfall structures that outlet to the Detroit River, as shown in Exhibit J, at no cost to the City or DWSD. DWSD agree that it and any tenant will move out of 303 South Livernois and tender exclusive possession to MDOT by January 1, 2019, provided MDOT has fully funded all relocation cost to DWSD and the relocated operations are up and running.

2. Jurisdictional Transfer Agreement

This Agreement is by and between the City and MDOT to transfer jurisdictional control of certain road and alley segments in the City to MDOT for the proposed construction of the GHIB. The road and alley segments are identified in the attached Exhibit A. The road and alley segments identified as Exhibits A-1, A-2 and B are permanently transferred to MDOT (Permanent Road Segments). Other road segments identified in Exhibits A-3 and B shall be temporarily transferred (Temporary Road Segments). The Agreement is conditioned on approval by City Council of the Agreement for the Transfer of Properties, Assets, Interest and Jurisdiction and the Agreement for Leases and Services and the full execution of those agreements.

⁶ Exhibit I, Utility Easements sets forth the terms and conditions under the Parties agree MDOT's grant of utility easements within the GHIB Project Boundaries and outside the U.S. Federal Plaza sued by the General Services Administration (GSA), U.S. Customs and Border Protection (CBP) and other U.S. Federal Agencies for U.S. Federal Inspection Services (Federal Plaza). Approval of utility easements by DWSD are subject to approval of the entities in the Federal Plaza regarding the utility easements within the Federal Plaza. MDOT may unilaterally terminate the Utility Easements in whole or in part pursuant to the terms set forth in the Agreement. The use of the Utility Easements by DWSD shall be at its sole cost and without cost or expense to MDOT or the Federal Agencies listed. DWSD shall maintain all utility facilities in good safe condition as provide by law standards or specifications.

Article I, MDOT Obligations, provides that MDOT accepts full jurisdiction and control of the Permanent Road Segments and Temporary Road Segments on the effective date of the agreement. MDOT will return the Temporary Road Segments at such time that they are no longer needed for the construction of GHIB project subject to reasonable wear and tear. In addition, MDOT will improve certain Temporary Road Segments identified in Exhibit I.E. and will, upon request of the City, resurface any remaining Temporary Road Segment with two inches of hot mix asphalt. MDOT will also acquire and dedicate to the City the right-of-way (ROW) for specific purposes at Livernois and Cavalry, Campbell and Green, West End at Fort, West End at Jefferson, Gould at Harrington, Clark at Fort, Clark at Jefferson, and Jefferson between Green and Campbell.

MDOT is also obligated to direct construction traffic accessing the Facility construction site along specific routes.⁷ MDOT is obligated to provide infrastructure improvements at its cost and without any cost or match from the City.⁸

Article II, the City's obligations under the Agreement include the processing of vacation petition number 947 from a property owner to vacate Post, from Fort to Norfolk Southern Railroad ROW and Waterman; Transfer jurisdictional control of the Road Segments to MDOT; provide all maintenance, including snow removal, on each Road Segment until MDOT closes such Road Segment.⁹ The City agrees to provide the cooperation needed to effectuate the terms of the Agreement including the dedication of public roads, all ROW identified in Section I.C., and cooperate in all ROW vacation proceedings required for the Facility. The City agrees to accept full jurisdictional control of Temporary Road Segments back from MDOT. The City shall provide access to City property and improvements necessary or desirable for all infrastructure work required of MDOT, subject to applicable laws and permit requirements; and the City shall maintain all landscaping installed under the Agreement except the landscaping installed in I-75 right-of-way (except the roads and bridges that cross I-75).

Article III addresses the miscellaneous provisions, which further clarifies "All Assets" that are included in the transfer of jurisdictional control of the Road Segments; the ability of MDOT to lease Road Segments; any modifications to the Agreement must be in writing and signed by the

⁷ The construction traffic is required to take the following routes: M-85 Fort St; Green, from Fort to the Norfolk Southern Railroad ROW (and south through the proposed realigned Green ROW to Jefferson); Livernois, from I-75 to the Norfolk Southern Railroad ROW; Dragoon, from I-75 to the Norfolk Southern Railroad ROW; Campbell, from Fort to Jefferson; Jefferson from Campbell to the west City Limits; and/or any Permanent Road Segment or Temporary Road Segment after being closed by MDOT.

⁸ A list of the specific infrastructure improvements are provided which include but are not limited to: EB and WB I-75 HMA Resurfacing from West end to Clark; Reconstruction and Reconfiguration of the West End & Fort St intersection and Jefferson intersection, Dearborn and Jefferson intersection, Clark and Fort intersection, Clark and Jefferson intersection; Reconstruction and Realignment of Green from I-75 south to Jefferson, Campbell from I-75 south to Jefferson; Installation of Decorative Security Fencing around the perimeter of the GHIB plaza; Installation of Decorative Security Fencing around the perimeter of the northern property line of the City's Historic Fort Wayne; and Installation of an irrigation system along the boulevard of Campbell and Green.

⁹ The City is currently responsible for maintaining these roads and will remain responsible for the maintenance even though jurisdiction has been transferred to the State. The City remains subject to any liability from the maintenance or lack thereof until MDOT closes the Road Segments.

Parties; and the terms and conditions of the Agreement also binds any successor and assigns of the Parties.

3. Leases and Services Agreement

The Leases and Services Agreement is between the City of Detroit (City), Detroit Economic Development Corporation (EDC), Detroit Land Bank Authority (DLBA), (collectively the Detroit Parties and Individually a Detroit Party) and the Windsor-Detroit Bridge Authority, a Canadian Crown corporation (WDBA).

The purpose of the Agreement is to effectuate the leasing of properties by the Detroit Parties and the providing of services by the City to facilitate the construction of the Gordie Howe International Bridge (GHIB). The Agreement is conditioned upon the approval of the Transfer of Properties, Assets, Interest, and Jurisdiction; and the Jurisdictional Transfer Agreement being approved by all the parties including the Detroit City Council.

Article I of the Agreement addresses the lease of property to the WDBA including the land, buildings, improvements and fixtures thereon. The properties are identified in Exhibit A to the Agreement, and depicted on Exhibit B. The Lease term is seven (7) years, commencing on the date selected by the WDBA but no earlier than June 1, 2018 and no later than December 1, 2018. The use of the lease property is for any lawful use including but not limited to staging construction for the GHIB project. The fixed rent for the lease term is a sum total of \$4,100,002.00 to be paid in seven (7) annual installments of \$820,000.00 for the first five years of the lease term and \$1.00 for each of the last two (2) years. The total of the annual installment of lease payments that will be disbursed to the Parties are as follows:

City of Detroit	\$1,100,000.00
DLBA	\$1.00
EDC	\$3,000,000.00

The respective owners shall maintain the properties subject to normal wear and tear until the commencement date. Upon completion of the lease term, the WDBA will return the property to its respective owner subject to normal wear and tear. The WDBA may terminate the tenancy early, however the total amount of rent under the Agreement remains unchanged. The Parties acknowledge and agree that the Leased Property which consists of approximately 34.04 acres may be increased to approximately 60 acres by the WDBA with additional or substitute property in the vicinity of the GHIB project at no additional rent to WDBA. The additional or substitute property must be owned by a Detroit Party, unless the property at the time of notice leased or under a contract of sale to a third party, and the City determines the additional property is appropriate for use as a construction staging area.

The Agreement provides under Subsection D that no use of the leased property by WDBA, an assignee, subtenant or contractor, may utilize the property until the Detroit Party owner of the leased parcel is provided liability protection as a third-party beneficiary of insurance indemnity with respect to all liabilities, obligations, damages, penalties, claims, costs, charges, and expenses that occur on the leased property.¹⁰

¹⁰ The insurance indemnification covers: (1) any work, act, error, omission, or thing done on the leased parcel by contractors for whose acts they might be liable, (2) any use, nonuse, possession, occupation, condition, operation,

Article II addresses the services that will be provided under the Agreement. The City and WDBA shall enter into a separate Services Agreement wherein the City shall provide assistance for the prompt issuance of licenses, easements and permits, provide advice and attend meetings and provide liaison services to facilitate and expedite the GHIB project. The Services Agreement shall commence on a date identified by the WDBA but no later than August 1, 2017 and shall continue for a term of six (6) years thereafter. In return for the City services, the WDBA will pay a sum of \$6,000,000.00 to the City in monthly installments of \$83,333.33 per month. The monthly payment will be paid upon receipt of the end-of-month receipt submitted by the City to WDBA. The services amount does not include payment of standard application or permit related fees charged by the City or services otherwise provided for free by the City. The City shall use good faith and best efforts to facilitate and assist on all matters related to the acquisition and/or relocation of the Great Lakes Water Authority's real and personal property interest, as well as any necessary rezoning or permitting relating to the relocation of residents and/or businesses due to the GHIB project.

Article III addresses miscellaneous provisions including but not limited to the authority of each Party to enter into the Agreement, the delegation of authority by the Parties of persons who can carry out the intent of the Agreement; the application of the terms of the Agreement to any successor or assigns.

4. Joint State/City Initiative for Health, Job Training, and Neighborhood Development

This Agreement is between the City of Detroit (City), the State of Michigan (State) and the Detroit Economic Development Corporation (EDC). It is conditioned upon approval by City Council as well as the EDC's Board of Directors.

Article I indicates that the State will provide the City \$2,400,000.00 which shall be used by the City to implement a health and emissions monitoring program in conjunction with the Michigan Department of Environmental Quality (MDEQ) and a university partner selected by the City's Health Department and MDEQ. The City agrees to conduct a Health Impact Assessment for residents in Southwest Detroit in at least three phases, in at least three separate years. The City will install at least two permanent air-quality monitors.¹¹ The City will purchase and install a mobile emission monitoring unit; purchase indoor air-quality monitors and monitor air pollution in Southwest Detroit over the course of at least ten years.

Article II provides that the City shall create and administer through its Detroit at Work program a Job-Training Initiative (JTI) to provide workforce development to Detroiters. The City shall provide 50% of the JTI in the skilled construction trades and for jobs related to intermodal logistics and/or bridge operations. Funding for the JTI will come from the City in the amount of at least \$1,500,000.00 before September 1, 2017. The State will contribute \$8,500,000.00 which is to be provided in two installments: \$5,500,000.00 to the JTI before December 31, 2017 and \$3,000,000.00 to the JTI between December 31, 2017 and December 31, 2018.

maintenance or management of a leased parcel including any street, alley, sidewalk, curb, passageway or space adjacent thereto, (3) any accident, injury, or damage to any person or property occurring on the leased premises.

¹¹ The two permanent air-quality monitors will be capable of monitoring carbon dioxide, nitrogen oxides, and black carbon.

Article III provides for the creation of a Neighborhood Improvement Fund (Fund). The monies are to be expended on neighborhood improvements as determined by the City. The City will dedicate resources to the fund obtained from, (a) land sales, transfer of assets on land, transfer of ownership of, control, or interest in land; (b) leases of land, including buildings, improvements, and fixtures on the land; and (c) agreements in which the City provides services to third parties and receives compensation. The City will set aside at least \$28,000,000.00 for the Fund by December 31, 2023. The Michigan State Housing Development Authority (MSHDA) agrees to provide the Fund at least \$4,500,000.00 for eligible neighborhood improvement expenses between the date of this Agreement and September 1, 2019, in the following manner:

MSHDA shall provide at least:

\$1.5 Million to the Fund before September 1, 2017;

\$1 Million to the Fund between September 1, 2017 and June 30, 2018;

\$1 Million to the Fund between July 1, 2018 and June 30, 2019;

\$1 Million to the Fund between July 1, 2019 and September 1, 2019.

In addition, EDC agrees to provide the Fund with no less than \$3,000,000.00 payable over a period of not more than five years beginning no later than December 31, 2018.

Article IV addresses miscellaneous provisions including but not limited to the authority of each Party to enter into the Agreement, that any alteration or amendment to the Agreement must be in writing and signed by all the Parties, and the application of the terms of the Agreement to any successor or assigns.

PROPOSED BENEFITS TO THE COMMUNITY

In recognition of the size, scope, and immense impact on the local community in Southwest Detroit, which will be host to the U.S. landing site of a new international bridge, residents and other neighborhood stakeholders formed the Southwest Detroit Community Benefits Coalition (SDCBC) in 2008, with the stated purpose “to advocate for guaranteed mitigations and quality of life benefits for the City and affected communities of Southwest Detroit, primarily Delray, in exchange for hosting this project.” See, Resolution to Establish a Citizens Advisory Group (CAG) and Allocate Community Benefits for the New International Trade Crossing (NITC) to the Impact Area Within the Host Community, adopted by City Council on November 18, 2014.

In 2014, by its *Resolution to Establish a Citizens Advisory Group*, City Council acknowledged and expressed its support for the establishment of the CAG to represent the “host community”, i.e., “the neighborhoods in which the construction of the international bridge crossing project occurs, including bridge, plaza and direct access to roads, and where residences and businesses are displaced due to the . . . project or will co-exist in proximity with the completed development.” The role of the 13 to 15 member CAG¹² is to guide and advise with respect to the use of funds obtained by the City for the sale of City-owned land necessary for construction and operation of the bridge project. The CAG has advocated for, among other requests, relocations for residents, home repairs and retrofits, demolition where necessary, health monitoring,

¹² The CAG is appointed by the SDCBC board and includes a City Council and a Mayoral appointee.

employment training and opportunities, and street access/connectivity to maintain neighborhood access – as well as a seat at the planning table.

In response to the SDCBC/CAG's ongoing efforts, the Administration outlined the following proposed uses of the proceeds from the above four agreements. Although the specifics of the benefits are, for the most part, not incorporated into the agreements with the State and the WDBA, the Administration anticipates presenting both a budget amendment and a resolution to effectuate and memorialize these programs. The details described below were gleaned through meetings with various members of the Administration.

- **Relocation Opportunities for Delray Residents**

Owner/residents in Delray, south of Interstate 75 (I-75) and adjacent to the footprint (*i.e.*, the “take” area) of the project, will be offered the opportunity to swap their property from a pool of approximately 1000 rehab-able Landbank houses, plus up to \$60,000 in renovations for the chosen house. An additional \$10,000 will be made available where foundations need repair. It should be emphasized that participants in the swap program will receive a rehabilitated home, not a house and \$60,000 to use for rehabilitation. The Landbank will take possession of the resident's Delray house and assume responsibility for its demolition. The City estimates that approximately 260 owner occupied homes would qualify for this option. The relocation must be within the City to a Detroit Landbank house.

The relocation option is restricted to owner occupants. However, current estimates are that as many as 30-50 percent of residents in the area are renters, and therefore not eligible for relocation expenses. Likewise, landlords are not eligible for compensation of any kind. Among the yet to be answered questions is, will churches and area businesses be compensated or accommodated in any way?

Below please find images of residential properties both within and outside of the “take-area” for the proposed bridge.



Campbell Ave. south of Diggs Ave. (in the take-area)



Campbell Ave. and Harvey Ave. (in the take-area)



Green Ave. and Gould Ave. (outside of the take-area)



S. Solvey Ave. and South Ave. (outside of the take-area)



Casgrain Ave. and I-75 Service Drive (outside of the take-area)



Rademacher Ave. and I-75 Service Drive (outside of the take-area)

The homeowner relocation program is being launched now. An administrator of the program, to be known as “Bridging Neighborhoods”, has been hired. More staff will be added as needed. A “real estate office” will be opened in Southwest Detroit to serve the residents, with a model renovated home nearby. Landbank houses offered for the swap will be in areas already in development. Additionally, neighborhoods with clusters of available housing will be offered to allow neighbors who wish to remain together the opportunity to move in groups. An effort will also be made to identify areas with unused NEZ capacity to assist with the increased property tax liability resulting from a move to a newly renovated home, thus keeping Landbank properties affordable. With respect to the rehabilitation of the houses, the Housing Department (HRD) will competitively bid each rehab package from a list of prequalified contractors. It is anticipated that HRD will be able to move households at the rate of approximately ten per month over a two to three year period.

An opt-in (open enrollment) time period has not yet been determined. Although there are many details yet to be addressed, the Mayor has indicated his willingness and expectation that the Administration will continue to work with the CAG to address the community’s needs.

- **Noise/Pollution Abatement**

In the area *north* of I-75, homeowners within 150 feet of the bridge project¹³ will also be offered the Delray relocation option, or alternatively, if they wish to remain in the neighborhood, homeowners in this area can have their homes retrofitted -- including new laminated windows and new heating, ventilation, and air conditioning (HVAC) systems – to meet the noise/pollution

¹³ The Administration estimates there are approximately 90 owner occupied homes in this area.

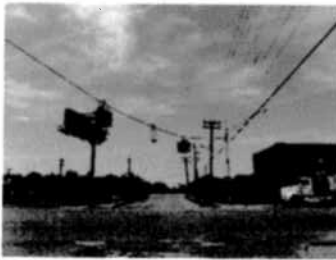
standards¹⁴ for homes near airports. Landlords¹⁵ in this area will not be offered a buyout/swap, but will get the retrofit. The retrofit is estimated to cost \$35,000 to \$45,000 per house.

For homes north of I-75 and between 150 and 300 feet of the project (approximately 134 houses), all houses are eligible to be retrofitted. This is in contrast to homeowners and owners of income property south of I-75 who are ineligible for retrofitting of their houses.

- **Connectivity across I-75**

The bridge project will be designed to address community concerns that the neighborhood would be permanently damaged by the division resulting from the bridge location, making the area south of I-75 inaccessible, particularly to pedestrians. To address this concern, MDOT will build new pedestrian bridges at Beard, Waterman, Solvay, Lansing, and Junction. Additionally, for the new vehicular bridges over I-75 at Springwells, Green, Livernois, and Clark Streets, MDOT will provide enhancements to better accommodate pedestrian traffic, including landscaping, shared-use paths, bike paths, and/or sidewalks.

Below are images of various vehicular/pedestrian overpasses which will be affected as a result of the proposed right-of-way improvements.



Green Street looking north to I-75



Springwells Street looking south to I-75



Livernois Ave. looking south to I-75



Junction Avenue looking south to I-75



Clark Avenue looking south to I-75

- **Job Training – Host Community and Citywide**

The Agreement entitled “Joint State/City Initiative for Health, Job Training, and Neighborhood Development” specifically provides a total of \$10 million for job training, with \$8.5 million restricted to citywide training. The remaining \$1.5 million will be made immediately available in the Neighborhood Improvement Fund (NIF) to fund skills programs to prepare Detroiters for bridge-related job opportunities.

¹⁴ These standards were developed by Dr. Stuart Batterman of the University of Michigan, School of Public Health.

¹⁵ The Administration estimates 54 rented houses in the area north of I-75, within 150 feet of the bridge project.

- **Health Assessment and Monitoring**

The Joint State/City Initiative is also specific with respect to air quality monitoring. As discussed above, it specifies that the Detroit Health Department with the assistance of a university partner will provide a three-step assessment process, including a baseline assessment and pre and post-opening of the bridge. In addition, three permanent monitors will be installed – two fixed and one mobile unit. In addition, indoor air quality monitors will be provided to seventy residents. Monitoring will continue for ten years.

- **Additional Community Benefits**

An additional community benefits component will be contained in the winning general contractor's bid, as required by the Request for Proposals, and as specifically required by the Canada-Michigan Crossing Agreement. When the contract is awarded, the community will be able to directly engage with the contractor.

- **Additional Issues Not Yet Addressed**

Several issues of importance to the CAG and the host community are not addressed by the funding provided by these agreements. Among these are truck routing and traffic needs, noise and related zoning issues, continued city services including street sweeping enhancement, illegal dumping, safety, and availability of home repair grants. The CAG has concerns about the quality of life of residents who choose to remain in the area south of I-75.

- **Zoning**

Despite the existence of the Ambassador Bridge and the Detroit Windsor Tunnel, the City's zoning ordinance lacked a corresponding land use and definition. In light of this and the initial stages of identifying a new border crossing in Metro Detroit, the zoning ordinance was amended to provide for the use, *Tunnel Plaza and Terminal* and *Bridge Plaza and Terminal*, allowing it in the B6 (General Services District), PCA (Public Center Adjacent District), and PD (Planned Development District) zoning classifications. At present, the Detroit Windsor Tunnel sits within a PCA district and portions of the Ambassador Bridge fall within B6 zoning districts, and the remainder in B4 (General Commercial District) and M3 (General Industrial District) zoning districts.

The Gordie Howe International Bridge properties will be owned by MDOT and leased to the WDBA to operate and manage. Since, as with the Interstate Highway system, the bridge will be a government facility it is not subject to zoning in order to be constructed or to operate. However, it is the position of the City Planning Commission staff that rezoning to the most appropriate zoning district classification, likely B6, is warranted in order for there to be consistency with the City's zoning scheme but to also ensure that adjacent and nearby properties are appropriately regulated in light of what will take place on the bridge plaza. Again, the bridge plaza would not be limited by said zoning district, but having a void in zoned land of this size in the City may present problems in the future for other properties in the area, or for potential disposition of any portion of the plaza for non-bridge related activities.

- **Roadway Improvements**

This project also includes certain infrastructure improvements to area roadways. As the diagrams indicate under Exhibit C to the Jurisdictional Transfer Agreement, these improvements include dedicated and buffered pedestrian walkways and bike lanes and in some cases shared bike and pedestrian pathways. Buffers are provided via medians and in some cases, medians with raised planters. The improvements also include irrigation to support the growth and health of the area to receive plantings. The construction cost associated with these improvements are covered as part of the project cost. However those roadways remaining under the City's jurisdiction will be the City's responsibility to maintain upon completion of construction. The administration is presently reviewing these preliminary designs in order to project the additional resultant cost to the City. The final design and implementation of these improvements should exercise context sensitivity given the current and near future conditions of this area.

Please see attached map for additional graphic reference.

BUDGET AMENDMENT

The \$48.4 million to be received by the City from the described transactions should be designated for a special revenue fund since the monies will be used for specific purposes in accordance with the Administration's proposed summary information. Thus, any appropriations used in a budget amendment to reflect these monies should have the same special revenue fund code in the account strings.

Following is a discussion of proposed departments to be considered for a forthcoming budget amendment. Regarding the \$18.4 million total allocation, designated for specific purposes:

1. Mayor's office-workforce development (could go into Non-Departmental as pass through to the Detroit Employment Services Corporation, if this is the organization that would be responsible for the job training) (\$8.5 million);
2. Health, for assessment and monitoring funds (\$2.4 million);
3. Housing and Revitalization Department (HRD) for neighborhood redevelopment funds (\$4.5 million);
4. Non-Departmental for pass through to Public Lighting Authority for payment of land (\$0.2 million);
5. Non-Departmental for pass through to DWSD for payment of land (\$2.8 million).

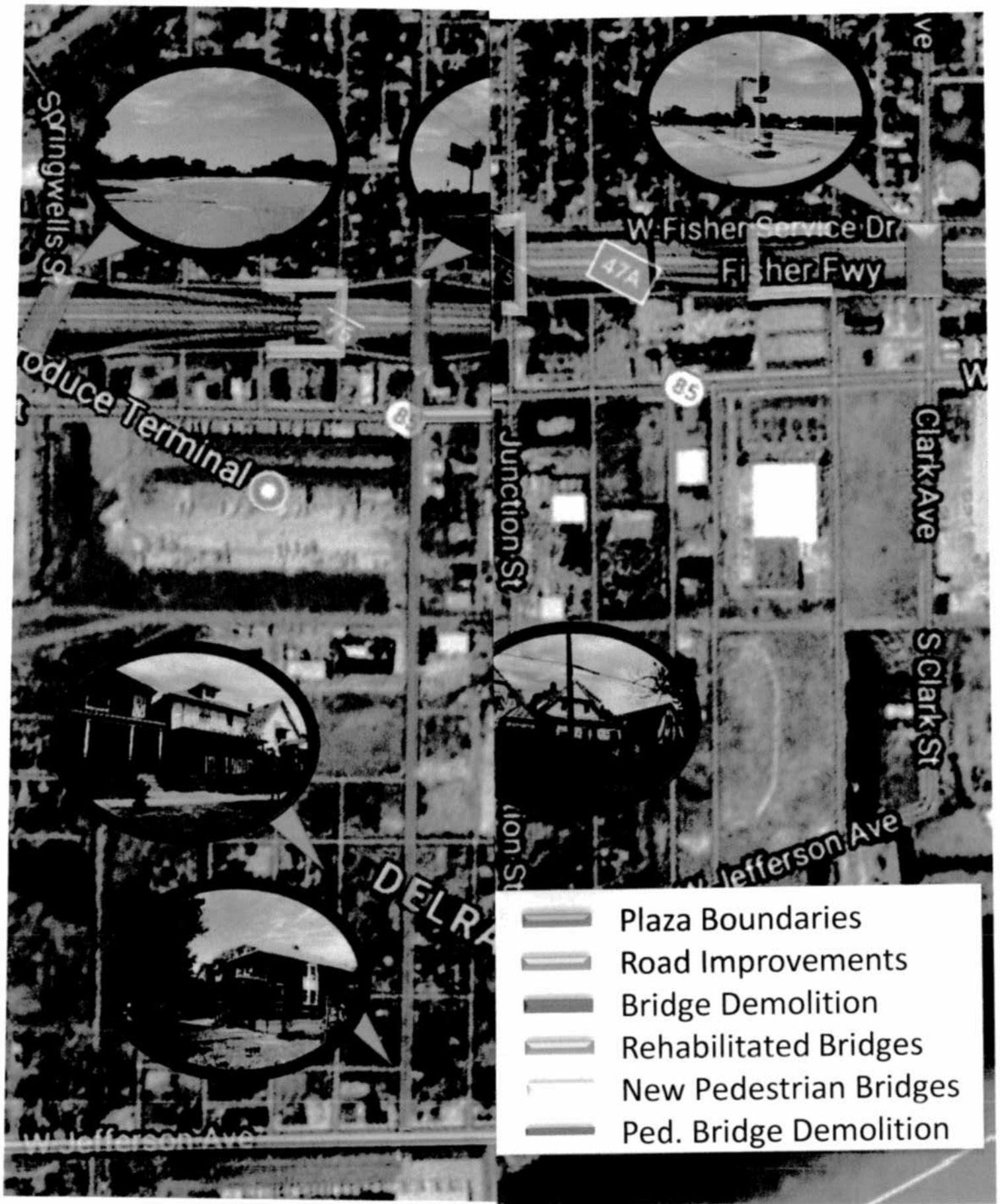
If the pass through money goes directly to the non-City agency, any contract with them should reflect the monies coming from the designated special revenue fund. By using Non-Departmental as the pass through agency, the transaction is transparent in the budget, similar to the manner in which an appropriation in Non-Departmental for blight remediation conducted by the Detroit Land Bank Authority is reflected. This allows the expenditure of the funds to be readily tracked.

Regarding the \$30 million allocation to the General Fund, a budget amendment reflecting these funds in HRD's budget with separate cost centers for specific uses (job training, pollution control and relocation for homeowners) is most appropriate.

The OCFO-Budget will be consulted for any budget amendment, with the suggestions above considered. Ideally, the budget amendment would accompany any agreements coming before City Council for approval. Council may also wish to adopt a resolution indicating how the funds are to be used when voting on the entire package. It is LPD's understanding that both a budget amendment and a specific resolution are forthcoming.

If this Body has further questions, please advise.

Attachment





CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER
GRANTS MANAGEMENT



COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 1026
DETROIT, MICHIGAN 48226
PHONE: 313 • 628-2158
FAX: 313 • 224 • 0542
WWW.DETROITMI.GOV

7/7/2017

The Honorable Detroit City Council
ATTN: City Clerk Office
200 Coleman A. Young Municipal Center
Detroit MI 48226

RE: Request to Accept and Appropriate Historic Preservation Fund Certified Local Government Grant

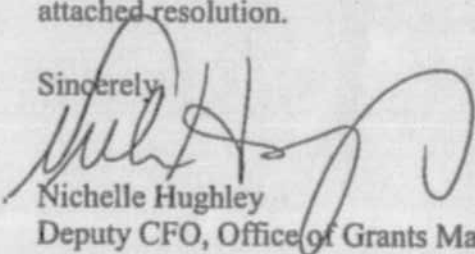
The Michigan State Housing Development Authority State Historic Preservation Office has awarded the City of Detroit Historic Designation Advisory Board FY 2017 with the Historic Preservation Fund Certified Local Government Grant for a total of \$41,295. The state share is \$25,100 of the approved amount, Herman Miller Cares, Inc. will contribute \$10,000 in cash match, and the Historic Designation Advisory Board will contribute \$6,195 for in-kind labor. The grant period is July 1, 2017 to September 30, 2018.

The objective of the grant is to prepare a National Register nomination for the Hart Plaza in Detroit. The funding allotted to the department will be utilized to get an inventory of the resources of the Plaza, including buildings, structures, objects, open space and features. This is a reimbursement grant.

If approval is granted to accept and appropriate this funding, the appropriation number is 20415.

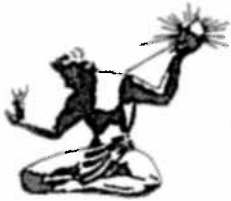
I respectfully ask your approval to accept and appropriate funding in accordance with the attached resolution.

Sincerely,


Nichelle Hughley
Deputy CFO, Office of Grants Management

Enclosure

CC: Kennedy Shannon – NCED, Program Analysis Officer, Office of Grants Management



CITY OF DETROIT
OFFICE OF THE CHIEF FINANCIAL OFFICER
GRANTS MANAGEMENT

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 1026
DETROIT, MICHIGAN 48226
PHONE: 313 • 628-2158
FAX: 313 • 224 • 0542
WWW.DETROITMI.GOV

RESOLUTION

Council Member _____

WHEREAS, the Historic Designation Advisory Board is requesting authorization to accept a grant of reimbursement from Michigan State Housing Development Authority/ State Historic Preservation Office in the amount of \$41,295 to be used to prepare a National Register nomination for Hart Plaza in Detroit,

THEREFORE, BE IT RESOLVED that the Director for the Office of Grants Management is hereby authorized to sign the grant agreement on behalf of the City of Detroit, and that the Director or Head of the Department is authorized to execute the grant agreement on behalf of the City of Detroit, and

BE IT FURTHER RESOLVED, that the Budget Director is authorized to establish Appropriation number **20415** in the amount of \$41,295 from Michigan State Housing Development Authority/ State Historic Preservation Office to be used to prepare a National Register nomination for Hart Plaza in Detroit.



STATE OF MICHIGAN

RICK SNYDER
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

EARL J. POLESKI
EXECUTIVE DIRECTOR

June 27, 2017

Ms. Janese Chapman
Senior Historic Planner
City of Detroit, Legislative Policy Division
Historic Designation Advisory Board
218 Coleman A. Young Municipal Center
Detroit, MI 48226

Ms. Deborah Goldstein
Historic Preservation Planner
Historic Designation Advisory Board
Detroit City Council Center
218 Coleman A. Young Municipal
Detroit, MI 48226

RE: Match Requirement for 2017 Certified Local Government grant project- Prepare a National Register of Historic Places Nomination for the Phillip A. Hart Plaza (CG17-437)

Dear Ms. Chapman and Ms. Goldstein:

The State Historic Preservation Office (SHPO) sent the City of Detroit (City) a 2017 Certified Local Government (CLG) grant letter of intent in March 2017 to fund the hiring of a 36 CFR 61-qualified consultant to prepare a new National Register of Historic Places Nomination for the Phillip A. Hart Plaza.

The CLG grant program is funded with passthrough dollars from the National Park Service, Historic Preservation Fund (HPF). Due to HPF funding requirements the SHPO awarded the City \$25,100 rather than the amount of \$24,000 requested in the City's grant application.

As you know, the SHPO requires CLG recipients to provide a forty percent (40%) match of the total project cost for awarded projects. The City's original grant application reflected this 40% match requirement. Since the SHPO has elected to offer CLG funding in excess of the City's original grant request, rather than requiring that the City to provide additional match in proportion to the intended award, the SHPO is allowing a one-time exception to the 40% match requirement. The City will be responsible for providing a minimum match amount equal to \$18,195 the total included in the original application. The CLG recipient is required to cover 100% of the total project cost equaling \$41,295 and will be reimbursed for the grant amount stipulated in the executed CLG grant agreement.

As a reminder, funds for the 2017 CLG grant are only committed and awarded after the execution of a grant agreement. Federal or matching share expenditures made prior to the execution of a grant agreement are not eligible project costs and will not be reimbursed. The grant agreement will be executed following the release of HPF funds to the SHPO.

If you require additional information or have questions regarding this letter, please contact Joelle Letts, Grants Manager/Budget Analyst, at 517-373-1904 or LettsJ1@michigan.gov.

Sincerely,



Brian Conway
State Historic Preservation Officer

BDC/JL
cc: Grant File

STATE HISTORIC PRESERVATION OFFICE
735 EAST MICHIGAN AVENUE • P.O. BOX 30044 • LANSING, MICHIGAN 48909



October 3, 2016

Joelle Letts
Grants Manager / Budget Analyst
Michigan State Housing Development Authority
State Historic Preservation Office
PO Box 30740
702 West Kalamazoo Street
Lansing, MI 48909-8240

Dear Ms. Letts

Herman Miller Cares is committed to making a donation of \$10,000 as a cash match to ensure that Hart Plaza in Detroit is designated on the state's Historic Registry. A total of \$10,000 has been set aside from Herman Miller Cares funds, and has been earmarked for Preservation Detroit acting as the third-party fiduciary. Funds will be transferred to Preservation Detroit at the time that the contract is signed between MSHDA/SHPO, Preservation Detroit, and the City of Detroit.

Sincerely

Linda R. Brand
Executive Director