

**AFFORDABLE HOUSING AGREEMENT FOR PROPERTY RECEIVING PAYMENT
IN LIEU OF TAXES**

THIS AFFORDABLE HOUSING AGREEMENT FOR PROPERTY RECEIVING PAYMENT IN LIEU OF TAXES (this “**Agreement**”), made _____, 20__ by and between the City of Detroit, a Michigan municipal corporation (the “**City**”), acting by and through its Housing & Revitalization Department, with an office at 2 Woodward Avenue, Suite 908, Detroit, Michigan 48226, and <<COMPANY NAME>>, a <<STATE OF FORMATION>> <<BUSINESS TYPE>> (“**Owner**”), with an office at <<ADDRESS OF Owner>>.

RECITALS:

A. The Michigan State Housing Development Authority Act of 1966 (Public Act 346 of 1966, as amended, MCL 125.1401 et seq.) (as amended, the “**Act**”) established the Michigan State Housing Development Authority (the “**Authority**”) to encourage the development of affordable housing within the State of Michigan (the “**State**”).

B. Section 15a of the Act authorizes municipalities to establish by ordinance a tax exemption or a service charge in lieu of taxes for housing developments receiving federal assistance through the Authority or other federal programs, which is commonly known as a “Payment in Lieu of Taxes” (“**PILOT**”).

C. Section 15a of the Act as amended by Public Act 239 of 2022, expanded the availability of PILOTs to include rental units or other housing options that are reasonably affordable to, and occupied by, a household whose total household income is not greater than 120% of the area median income and published by the United States Department of Housing and Urban Development.

D. Chapter 44 of the 2019 Detroit City Code, Division 6, *Payment in Lieu of Taxes for Government-aided, Fast Track, and Workforce Housing Development* (44-4-112), as amended by City of Detroit Ordinance No. 2024-51 on December 5, 2024 (as amended, the “**PILOT Ordinance**”) was enacted to, among other things, codify what types of development projects would be eligible for a PILOT in the City of Detroit, including Workforce Housing.

E. Consistent with the objectives of the PILOT Ordinance, the Owner desires to undertake certain activities, consisting of the construction or rehabilitation of rental housing in the form of <<TOTAL UNITS AT THE PROJECT (##)>> rental units (the “**Project**”) located at property commonly known as <<STREET ADDRESS>> as more specifically described on Exhibit A attached hereto (the “**Property**”), which will consist of affordable rental housing for Persons of Low Income (as defined herein) and/or Persons of Moderate Income (as defined herein).

F. The City has received the application from Owner for a PILOT affecting the Property, and requires as a condition of granting such PILOT that Owner enter into this agreement which commits to providing affordable housing at the Property in the amounts and at the affordability levels represented by Owner in its application for a PILOT.

G. The City will benefit from the Project by an increased number of decent, safe, and sanitary housing units for families and individuals who may otherwise be without reasonable and affordable housing alternatives in the private market.

NOW, THEREFORE, in consideration of the City’s issuance of the PILOT for the Property, and the mutual covenants contained herein, the sufficiency of which is hereby acknowledged, the parties to this Agreement hereby covenant and agree as follows:

1. **Definitions.** The following terms used throughout this Agreement shall be defined as follows. Any capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Act.

a. **“Area Median Income”** or **“AMI”** means the median family income for the Detroit-Warren-Livonia Metropolitan Statistical Area, as published by the Authority.

b. **“Authority”** means the Michigan State Housing Development Authority.

c. **“Effective Date”** shall mean the date on which the Property received the PILOT and was placed on a special tax roll by the City of Detroit’s Assessor’s Office.

d. **“Event of Default”** shall have the meaning set forth in Section 11 hereof.

e. **“Fast Track Housing Project”** means a Housing Project that is either (1) for persons of low income based on the average affordability of the eligible units to be rented; or (2) a rehabilitation of a vacant structure.

f. **“Housing Portal”** shall mean the City of Detroit’s central online affordable housing portal.

g. **“Housing Project”** means a residential housing project consisting of the development or rehabilitation of four or more individual living units for persons of low and moderate income, and which can also include such elements of other housing, commercial, recreational, industrial, communal, and educational facilities as the Authority determines to improve the quality or viability of the project as it relates to housing for persons of low or moderate income.

h. **“HRD”** means the City of Detroit’s Housing and Revitalization Department.

i. **“HRD’s Compliance Agent”** means a company with whom the City, acting through HRD, has a contract to monitor compliance of the City’s affordable housing programs, including Owner’s compliance with this Agreement. As of the date of this Agreement, HRD’s Compliance Agent is National Consulting Services (NCS).

j. **“HUD”** means the United States Department of Housing and Urban Development

k. **“Legacy Low Income Residents”** means Legacy Residents whose household income is determined to be at or below eighty percent (80%) of AMI, if applicable.

l. **“Legacy Moderate Income Residents”** means Legacy Residents whose household income is determined to be above eighty percent (80%) and at or below one hundred twenty percent (120%) of AMI, if applicable.

m. **“Legacy Rents”** means the monthly rents paid by Legacy Low Income Residents at the Project as of the date of this Agreement, if applicable.

n. **“Legacy Residents”** means all residents residing at the Project as of the date of this Agreement, if applicable.

o. **“Persons of Low Income”** means individual persons, a family, or unrelated persons living together, whose adjusted household income is not more than eighty percent (80%) of the area median income.

p. **“Persons of Moderate Income”** means individual persons, a family, or unrelated persons living together, whose adjusted household income is above eighty percent (80%) but not more than one-hundred twenty percent (120%) of the area median income.

q. **“PILOT Administrative Rules”** means the administrative rules issued by HRD implementing the PILOT Ordinance, as published June 2, 2025.

r. “**Restricted Units**” means units which are not designated for Permanent Supportive Housing and which Owner leases only to Persons of Low Income and Persons of Moderate Income, as provided in Section 6 hereof, consisting of a total of _____ () units at the Project, consisting of _____ () studio units, _____ () one-bedroom units, and _____ () two-bedroom units.

s. “**Utilities**” mean fuel, water, sanitary sewer service and/or electrical service which are paid by the Housing Project.

t. “**Vacant Structure**” means a structure that has been continuously uninhabited for a period of sixty (60) months or more prior to the submission of an application for a PILOT.

u. “**Standard Workforce Housing Project**” means a Housing Project that is being developed for Persons of Moderate Income that is not a Fast Track Housing Project.

2. **Purpose.** The City is willing to approve the grant of a PILOT to Owner in connection with Owner’s development of a Housing Project at the Property which is affordable to Persons of Low Income and/or Persons of Moderate Income. As a condition of such approval, Owner hereby agrees to this Agreement to assure that the Property includes affordable housing for occupancy by Persons of Low Income and/or Persons of Moderate Income.

3. **Term of Agreement.**

a. This Agreement shall commence on the Effective Date and shall expire on the date that is fifteen (15) years from the Effective Date, unless otherwise extended as provided in Section 3.b hereof.

b. Provided that Owner is in compliance with the terms of this Agreement and the requirements of the PILOT Ordinance and PILOT Administrative Rules (including, but not limited having met the per-unit minimum investment threshold of five thousand dollars during the preceding 15-year PILOT term) then Pursuant to Section 44-4-117 of the 2019 Detroit City Code, Owner shall have the right to renew the PILOT applicable to the Property for successive terms of fifteen (15) years each, up to an additional forty-five years (45) from the expiration of the original fifteen (15) year term. Owner shall provide notice to the City of its election to renew the term of the PILOT applicable to the Property at least one hundred eighty (180) days prior to the then-current expiration of the term of this Agreement. In the event of such renewal, the term of this Agreement shall be automatically extended to expire contemporaneously with the term of the PILOT.

c. If at any time during the term of this Agreement, Owner intends to discontinue operations at the Property, then Owner shall provide at least thirty (30) days’ prior written notice of such discontinuance of operations to the Director of HRD.

d. If at any time during the term of this Agreement the PILOT applicable to the Property expires, is revoked, or is terminated by the City pursuant to Section 11.e hereof, then this Agreement shall terminate contemporaneously with the expiration, revocation, or termination of the PILOT, and shall thereafter be of no further force or effect.

4. **Construction of the Project.** Owner [completed rehabilitation of the Project after December 13, 2022, but prior to December 31 of the year in which the PILOT will take effect]/[shall complete the rehabilitation and/or construction of the Project] as evidenced by Owner’s satisfaction of all conditions for and receipt of a Certificate of Compliance or a Certificate of Occupancy for the Project, on or before November 1st of the year that is three (3) years after the date of this Agreement.

5. **Representations and Warranties of Owner.** Owner represents and warrants to the City as follows:

a. Project has received a certified notification of exemption from the Authority or will have received a certified notification of exemption from the Authority no later than November 1st of the year prior to when the PILOT takes effect.

b. Owner was either the owner, ground lessee or prospective purchaser or prospective ground lessee of the Property at the time of submission of the PILOT application, and will be either the owner of the Project, or will be the ground lessee of the Project pursuant to a valid ground lease as of the Effective Date.

c. The Project is a <<“Fast Track Housing Project”; “Standard Workforce Housing Project”>> as defined under the PILOT Administrative Rules or the PILOT Ordinance.

d. Owner and each of Owner’s officers, directors, partners, managers and members have paid all income, personal and property taxes, and inspection or license fees heretofore due, payable, and owing to the City of Detroit. Owner is not in default to the City of Detroit. There are no delinquent property taxes owed on the Property.

6. **Affordability Covenants.**

a. The Restricted Units shall be leased by Owner as follows:

i. _____ () units (consisting of ___ () studio units, ___ () one-bedroom units, ___ () two-bedroom units) shall be leased to Persons of Low Income earning up to _____ percent (%) of AMI, and shall be leased at rates that do not exceed the rent limit established annually by the Authority for units renting at _____ percent (%) of AMI, adjusted by the number of bedrooms included in each unit, less the monthly allowance for Utilities to be paid by tenants as established by the Authority.

ii. _____ () units (consisting of ___ () studio units, ___ () one-bedroom units, ___ () two-bedroom units) shall be leased to Persons of Low Income earning up to _____ percent (%) of AMI, and shall be leased at rates that do not exceed the rent limit established annually by the Authority for units renting at _____ percent (%) of AMI, adjusted by the number of bedrooms included in each unit, less the monthly allowance for Utilities to be paid by tenants as established by the Authority.

iii. _____ () units (consisting of ___ () studio units, ___ () one-bedroom units, ___ () two-bedroom units) shall be leased to Persons of Low Income or Persons of Moderate Income earning up to _____ percent (%) of AMI, and shall be leased at rates that do not exceed the rent limit established annually by the Authority for units renting at _____ percent (%) of AMI, adjusted by the number of bedrooms included in each unit, less the monthly allowance for Utilities to be paid by tenants as established by the Authority.

b. If Owner is unable to find qualifying Persons of Low Income or Persons of Moderate Income to lease a Restricted Unit despite the Owner’s good faith, reasonable efforts (which shall include, but not be limited to, advertising available units through the Housing Portal as required pursuant to Section 9(g) hereof) and such unit remains vacant for more than thirty (30) days, then Owner may lease such Restricted Unit to any Persons of Low Income or Persons of Moderate Income, notwithstanding the more restrictive AMI limitations applicable to such Restricted Unit set forth in Section 6(a) hereof, provided that (i) the rental rate of such Restricted Unit shall not be greater than the maximum rental rate permitted to be charged pursuant to Section 6(a) hereof, and (ii) the average income of households in each of the Restricted Units is less than or equal to <<average restriction>>.

c. If a Restricted Unit receives Federal or State project-based rental subsidy and the household pays as a contribution toward rent not more than thirty percent (30%) of the household’s adjusted income, then the maximum rent (i.e., tenant contribution plus project-based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

d. Owner shall verify the income of each prospective tenant of a Restricted Unit prior to entering a lease, and shall require tenants to complete a Tenant Authorization Form in the form attached hereto as Exhibit B to confirm such tenant’s income eligibility. This initial income verification will be the basis for this household’s eligibility and compliance. Owner is not required to re-verify the income of tenants annually after Owner has appropriately determined such tenant is qualified to lease a Restricted Unit unless the tenants of the Restricted Unit change.

e. The Restricted Units shall be generally comparable in design, unit type, size, and overall quality of construction to the market-rate rental units in the Project, if any. Restricted Units shall be distributed throughout the building(s) and not concentrated on specific floors or wings.

f. Units shall continue to qualify as Restricted Units hereunder and be considered in compliance with the requirements of Section 6.a despite an increase in the incomes of existing tenants such that the tenant no longer qualifies as a Person of Low Income or Person of Moderate Income, provided that Owner shall not increase the rent of such tenant to be more than the rental amount required under Section 6.a.

g. Owner and the City acknowledge that Owner may be entering into leases prior to the Effective Date. Except as otherwise provided in Section 7 hereof, the lease of any Restricted Units prior to the Effective Date must comply with the requirements of Section 6.

7. **Treatment of Legacy Residents.**

a. Owner acknowledges that the Project was occupied immediately prior to Owner's submission of an application for a PILOT to the City, and as a condition of the City approving the PILOT the City requires that Owner comply with HRD's tenant retention standards. Owner has prepared that certain Tenant Retention Plan which was approved by the City on <<TRP approval date>>. Owner shall comply with all of the obligations of said Tenant Retention Plan as approved by the City.

b. If a Legacy Resident is required to be relocated to another unit at the Project in order to perform renovations of such Legacy Resident's unit, then Owner will not charge such Legacy Resident more than their Legacy Rent during any relocation period. During any month where a Legacy Resident is required to be relocated to a housing location other than the Project, Owner shall pay to such Legacy Resident an amount equal to the difference between (i) the Legacy Rent payable by such Legacy Resident (including the reasonable cost of Utilities payable by Legacy Resident), and (ii) the Legacy Resident's monthly rent obligation at an such housing location (including the reasonable cost of Utilities payable by Legacy Resident).

c. All Restricted Units occupied by Legacy Residents, will be deemed to be compliant with the AMI limitation applicable to such Restricted Unit set forth in Section 6 hereof through the term of such Legacy Resident's active lease.

d. After the current term of such Legacy Resident's active lease expires, leases of Restricted Units to Legacy Residents shall be deemed to be compliant with the requirements of this Agreement, notwithstanding the requirements of Section 6.a hereof, if such leases comply with the following:

i. Owner may lease a Restricted Unit to a Legacy Low Income Resident even if that Legacy Low Income Resident's household income is determined to exceed the income limit applicable to such Restricted Unit, and such lease shall be deemed to be in compliance with the affordability covenants applicable to such Restricted Unit for as long as it is occupied by said Legacy Low Income Resident provided that:

A. The rent payable by such Legacy Low Income Resident for the initial term of such lease following rehabilitation shall not exceed the greater of (A) thirty percent (30%) of such Legacy Low Income Resident's income, as verified by HRD, and (B) one hundred five percent (105%) of such Legacy Low Income Resident's Legacy Rent, and in no event shall exceed the rent applicable to the Restricted Unit pursuant to Section 6 of this Agreement; and

B. Annual rent increases for such Legacy Low Income Resident following the execution of new lease agreements for Restricted Units shall not exceed three percent (3%) of the monthly rent payable by such Legacy Low Income Resident for the immediately preceding year.

ii. Owner may lease a Restricted Unit to a Legacy Moderate Income Resident if the gross annual income of a Legacy Moderate Income Resident exceeds the AMI limitation of a Restricted Unit set forth in Section 6 hereof by not more than twenty percent (20%) of AMI (for example, if a Restricted Unit is required to be leased to Persons of Moderate Income earning up to ninety percent (90%) of AMI, but the Legacy Moderate Income Resident's annual gross income is equal to one hundred ten percent (110%) of AMI), and such lease shall be deemed to be in compliance with the affordability covenants applicable to such Restricted Unit for as long as it is occupied by said Legacy Moderate Income Resident provided that the rent payable by such Legacy

Moderate Income Residents for the initial term of such lease shall not exceed the rent applicable to the Restricted Unit pursuant to Section 6 of this Agreement.

e. Following completion of renovations of the Project, and prior to marketing any Restricted Units to persons who are not Legacy Low Income Residents or Legacy Moderate Income Residents, Owner shall offer Restricted Units for lease to Legacy Low Income Residents and Legacy Moderate Income Residents until each Legacy Low Income Resident and Legacy Moderate Income Resident has had the opportunity to lease a Restricted Unit at the project. To the maximum extent possible, such Units shall be comparable in size and number of bedrooms to the Legacy Resident's original unit. Owner's lease with Legacy Residents shall be for a term of at least one (1) year beginning when the Legacy Resident moves into a renovated unit in the Project or the end of the term of the previous lease.

f. Owner shall use commercially reasonable efforts to offer all Legacy Residents who are not Legacy Low Income Residents or Legacy Moderate Income Residents the opportunity to lease units at the Project which are not Restricted Units. Such leases to Legacy Residents shall be on the same terms and conditions as which such market rate units are offered to prospective tenants who are not Legacy Residents. Owner shall not unreasonably refuse to lease a unit to a Legacy Resident who qualifies for such unit.

g. For avoidance of doubt, when a Restricted Unit formerly occupied by a Legacy Resident becomes vacant, the restrictions imposed by this Section 7 shall no longer apply to such Restricted Unit, and the affordability restrictions imposed on such Restricted Unit shall be limited to those set forth in Section 6.a of this Agreement.

8. **Affordable Housing Notification Requirements.** Owner shall comply with Section 22-2-1 et. Seq. of the 2019 Detroit City Code, being the City's Affordable Housing Notification Requirements ordinance, which requires, among other things, notice to tenants at least twelve (12) months prior to the expiration or termination of affordability covenants within the City of Detroit.

9. **Additional Covenants.**

a. Owner shall pay, when due, all property taxes, blight tickets, water and sewer charges, and any other charges or assessments issued by the City on Owner or the Property.

b. Owner must maintain the Project in compliance with all applicable housing quality standards and local code requirements.

c. Owner will comply with all Fair Housing Practices that meet guidelines set forth by the U.S. Fair Housing Act (42 U.S.C. 3601 through 3619).

d. The lease between a tenant and Owner for a Restricted Unit must be for not less than one (1) year, unless by mutual agreement between the tenant and Owner.

e. Owner will pay, when due, any annual service charges applicable to the Property, and any penalty levied on the Property or the Project due to noncompliance with this Agreement.

f. Owner will register the Property as a rental property with the City of Detroit's Buildings, Safety Engineering, and Environmental Department and shall maintain a Certificate of Compliance for the Project through the term of this Agreement.

g. Owner shall use and participate in the Housing Portal to advertise available rental units at the Project during the term of this agreement, so long as the Housing Portal exists. Owner shall work with City staff to create a property listing for the Project within the Housing Portal and shall coordinate marketing efforts for available units at the Project with the City. Owner shall review its listing on the Housing Portal and shall make updates to any listings, if necessary, on at least an annual basis. When the Project has immediate vacancies, and the Owner has exhausted its waitlist (if any) for the Project, Owner shall use the Housing Portal to market those vacancies. Owner shall update its listing within the Housing Portal when Owner's waitlists (if any) for the Project opens or closes. Owner shall provide the City with such information as the City may reasonably request to maintain accurate information about the Project on the Housing Portal. Communications to the City regarding the property listing for the Project, vacancies, waitlist

openings, or other information required to be provided pursuant to this Section 7.h may be sent to detroithomeconnect@detroitmi.gov.

h. During the term of this Agreement Owner shall provide the City with at least thirty (30) days' notice prior to any sale, conveyance, or other transfer of the Property, and the proposed assignment of all of Owner's obligations hereunder to the proposed transferee. Prior to or simultaneously with the closing of the sale, conveyance, or transfer of the Property, Owner and the proposed transferee shall execute and deliver to the City a written assignment of this Agreement whereby the proposed transferee accepts all of the obligations of the "Owner" hereunder from the date of such assignment, and agrees to comply with the terms of this Agreement from and after the date of such assignment. The foregoing shall not prohibit Owner from granting a mortgage or other security interest in the Property to a mortgagee providing financing to the Property or the Project, or any assignment, conveyance or transfer as a result of a foreclosure or deed in lieu of foreclosure related to such mortgage financing (provided that no such foreclosure or deed in lieu of foreclosure shall affect the enforceability of this Agreement against such transferee for matters first arising or accruing after the date of such assignment, conveyance or transfer).

i. Owner shall not refuse to lease to a holder of a certificate or voucher under 24 CFR Part 982 (Section 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certification Program and the Section 8 Rental Voucher Program) or to the holder of a comparable document evidencing participation in a tenant-based assistance program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable tenant-based assistance document.

j. Owner shall not charge fees that are not customarily charged in rental housing, such as laundry room access fees. The foregoing shall not prohibit Owner from charging reasonable application fees to prospective tenants or parking fees to tenants, only if such fees are customary for rental housing developments in the neighborhood; or fees for services such as bus transportation or meals, as long as such services are voluntary.

k. Owner may not terminate the tenancy or refuse to renew the lease of qualified Persons of Low Income or Persons of Moderate Income occupying a Restricted Unit except for serious or repeated violation of the terms and conditions of the lease (which shall include non-payment of rent); for violation of applicable federal, state, or local law; or for other good cause. Any termination or refusal to renew must be preceded by not less than thirty (30) days' written notice from the Owner to the tenant specifying the grounds for the action.

10. **Reporting to the City; City Monitoring.**

a. The City shall have the right, upon reasonable notice to Owner, to perform periodic site visits to the Project to verify Owner's compliance with the Act and this Agreement.

b. On or before April 1st each year during the term of this Agreement, Owner shall deliver to HRD's Compliance Agent the following documentation to initially verify tenant income and annually verify Owner's compliance with the affordability covenants contained herein:

- i. a copy of Owner's form lease for the Project;
- ii. a certified rent roll for the Project as of December 31st of the prior year, which rent roll includes:
 - A. the number and type of the Restricted Units and the rental restriction applicable to each Restricted Unit,
 - B. for each occupied Restricted Unit
 - a. the actual rent charged;
 - b. the actual income of each household as certified by Owner at the time the income was certified;
 - c. the number of people in the household at the time the income was certified;
 - d. the AMI value associated with the household;
 - e. the date/year of income certification;
 - f. If the unit is occupied by Legacy Residents, if applicable; and

- g. Lease end date if the unit is occupied by Legacy Residents who have not yet income-qualified, if applicable.
- C. for each occupied non-Restricted Unit:
 - a. the number and type of each non-Restricted Unit; and
 - b. Actual rents charged.
- D. whether the units are occupied or vacant.
- iii. For each new lease entered into by Owner for Restricted Units in the prior calendar year, and for all Legacy Residents who renewed or executed a new lease with Owner and who were not previously income certified:
 - A. a copy of the executed lease agreement,
 - B. a copy of the signed Tenant Authorization Form attached hereto as Exhibit B, and
 - C. proof of income for all members of the household occupying the Restricted Unit who are earning an income, in the form of two or more paystubs, a social security statement, a retirement/pension statement, child support payments, proof of receipt of scholarship grants and student verification forms, tax filing, other documentation used to verify such persons' income such as bank statements or other asset verification, or other proof as approved by NCS and/or HRD; and
 - iv. such other information or documents as the City may reasonably request to verify the Owner's compliance with this Agreement.

c. Owner shall keep and maintain all books, records and other documents relating directly to the Project. During the term of this Agreement, any duly authorized representative of the City, after giving the Owner reasonable notice, shall have access during normal business hours to and the right to inspect, copy, audit and examine all books, records and other documents of the Owner related to the Project.

d. If Owner fails to timely provide the information required in Section 10.b to the City, then such failure shall constitute an Event of Default.

11. **Events of Default.**

a. It shall be an “**Event of Default**” hereunder if Owner breaches any term of this Agreement and such breach is not remedied to the City's satisfaction within sixty (60) days of delivery of notice of such breach by the City to Owner.

i. If the breach of this Agreement is due to Owner leasing a Restricted Unit to a person who is not a Person of Low Income or a Person of Moderate Income as required in Section 6.a hereof and the Project contains non-Restricted Units, then Owner may cure such default by leasing a similar-sized non-Restricted Unit to a Person of Low Income or a Person of Moderate Income pursuant to the requirements of Section 6.a hereof, and at the rental rate required in Section 6.a hereof within such sixty (60)-day period.

ii. If the breach of this Agreement is due to Owner leasing a Restricted Unit to a person who is not a Person of Low Income or a Person of Moderate Income as required in Section 6.a hereof, then Owner may cure such default by leasing an available Restricted Unit to a Person of Low Income or a Person of Moderate Income such that the average income of households in each of the Restricted Units is less than or equal to the average AMI limitation applicable to the Restricted Units required to be maintained pursuant to Section 6.a hereof, within such sixty (60)-day period.

b. During any period in which an Event of Default has occurred, Owner shall, upon request by HRD, (i) provide the certified rent rolls in the form required by Section 10.b.ii hereof on such schedule required by HRD, but not more than monthly, and (ii) meet monthly with HRD and HRD's Compliance Agent to inform the City of the steps Owner is undertaking to achieve compliance with this Agreement, including Owner's plan to lease available units at the Property to Persons of Low Income and Persons of Moderate Income.

c. If the Event of Default is caused by Owner's failure to deliver the materials required to be delivered pursuant to Section 8 hereof, then all Restricted Units will be deemed to be non-compliant and assumed to be leased at market rates until the required materials have been provided.

d. Upon the occurrence of an Event of Default, the City shall be entitled to the following remedies:

i. If Owner has leased one or more Restricted Units to tenants who are not qualifying Persons of Low Income and Persons of Moderate Income as required hereunder, or if Owner has charged rent for a Restricted Unit in excess of the maximum allowable rent permitted hereunder, Owner shall pay to the City (i) for the first year in which such Event of Default occurs, for each Restricted Unit not in compliance with this Agreement, an amount equal to three (3) months of rent charged by Owner for such Restricted Unit, plus (ii) for each year beyond the first in which Owner has failed to cure such Event of Default, for each Restricted Unit not in compliance with this Agreement, an amount equal six (6) months of rent charged by Owner for such Restricted Unit. Any amounts received by the City pursuant to this Section 11.d.i shall be allocated to the City's Affordable Housing Development and Preservation Trust Fund.

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

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

e. Upon the occurrence of any of the following Events of Default, the City shall have the right to revoke or terminate the PILOT applicable to the Property:

i. Following completion of the rehabilitation or construction of the Project, Owner fails to obtain and maintain a Certificate of Compliance and cure such noncompliance within ninety (90) days of receipt of notice from the City.

ii. Owner assigns, conveys, or transfers the Property without providing notice to the City and executing an assignment which complies with the requirements of Section 9.h hereof.

iii. Owner fails to maintain twenty-five percent (25%) or more of the Restricted Units at the Property as affordable and lease such units to qualifying Persons of Low Income or Persons of Moderate Income for a period longer than two (2) years, or has charged rent for a Restricted Unit in excess of the maximum allowable rent permitted hereunder for a period longer than two (2) years, and does not remedy such Event of Default within ninety (90) days of receipt of notice from the City specifying that the City will revoke or terminate the PILOT if Owner fails to cure such Event of Default within ninety (90) days.

iv. Owner fails to pay annual property taxes or service charges applicable to the Property when due.

12. **Notice.** Any notice, request or other communication that either party hereto may be required or may desire to give hereunder shall be made in writing, and shall be deemed to have been properly given if sent by United States registered or certified mail, return receipt requested, or overnight by Fed-Ex or other reputable overnight courier, addressed as follows.

If to the City: City of Detroit
Housing & Revitalization Department
2 Woodward Avenue, Suite 908
Detroit, Michigan 48226
Attention: Director

With a copy to: Corporation Counsel
City of Detroit, Law Department
2 Woodward Avenue, Suite 500
Detroit, Michigan 48226
Attention: Chief Assistant Corporation Counsel, Transactions

If to HRD's Compliance Agent: National Consulting Services
400 Renaissance Center, Suite 2600
Detroit, Michigan 48243
Attention: Rebecca Staniek
Email: rstaniek@ncsdetroit.com

If to the Owner: _____

13. **Governing Law; Venue.** This Agreement is being entered into and executed in the State of Michigan, and all questions with respect to the construction of this Agreement and the rights and liabilities of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Michigan. Owner agrees, consents and submits to the exclusive personal jurisdiction of any state or federal court of competent jurisdiction in Wayne County, Michigan, for any action arising out of this Agreement. Owner also agrees that it shall not commence any action against the City because of any matter whatsoever arising out of or relating to the validity, construction, interpretation and enforcement of this Agreement in any state or federal court of competent jurisdiction other than one in Wayne County, Michigan.

14. **Captions.** The captions and headings of this Agreement are inserted for convenience only, and shall not modify or affect the intent or operative paragraphs or provisions of this Agreement, and shall be disregarded in the construction or interpretation hereof.

15. **Integration; Amendment.** This Agreement, together with the documents attached hereto as exhibits and referred to herein, contains the whole and entire agreement by and between the parties and there are no other terms, obligations, covenants, representations, statements or conditions, oral or otherwise, with respect to this Agreement. This Agreement may not be amended, nor may any obligation hereunder be waived or released, without first obtaining the written consent of the City.

16. **Successors and Assigns; Agreement Runs with the Land.** The Owner intends, declares and covenants on behalf of itself and its successors and assigns, that the covenants and restrictions set forth in this Agreement regulating and restricting the use, occupancy and transfer of the Property shall be and are covenants running with the Property, encumbering the Property and are binding upon the Owner and its successors in title and all subsequent owners of the Property for the duration of the term of this Agreement and are not merely personal covenants of the Owner, and all benefits derived therefrom shall inure to the City. Furthermore, Owner hereby agrees that any and all requirements of the laws of the State of Michigan to be satisfied in order for this Agreement to constitute restrictions and covenants running with the land shall be deemed to be satisfied in full and that any requirements of privity of estate are intended to be satisfied, or in the alternative, that an equitable servitude has been created to insure that this Agreement runs with the land. Owner shall cause this Agreement to be recorded within thirty (30) days of the execution and delivery of this Agreement by the parties hereto, and shall deliver a copy of the recorded Agreement promptly upon Owner receipt thereof.

17. **Other Rent Restrictions.** In the event that this Agreement conflicts with another instrument recorded against the Property by either HUD or the Authority, the stricter affordable housing requirements between this Agreement or of such other documents shall govern.

[Remainder of page intentionally left blank; signature pages follow.]

[SIGNATURE PAGE TO AFFORDABLE HOUSING AGREEMENT FOR PROPERTY RECEIVING PAYMENT IN LIEU OF TAXES]

CITY OF DETROIT,
a Michigan municipal corporation,

By: _____
Name: Julie Schneider
Its: Director, Housing and Revitalization
Department

STATE OF MICHIGAN)
) ss.
COUNTY OF WAYNE)

The foregoing instrument was acknowledged before me on _____, 20__, by Julie Schneider, Director of the Housing and Revitalization Department of the City of Detroit, on behalf of the City of Detroit.

Print Name of Notary Public: _____
Notary Public, State of Michigan, County of Wayne
My commission expires: _____
Acting in the County of: Wayne

No documentary stamps are required as this Agreement is not being purchased by the City.

**DRAFTED BY AND WHEN
RECORDED RETURN TO:**

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

EXHIBIT A

Legal Description of the Property

REAL PROPERTY SITUATED IN THE CITY OF DETROIT, COUNTY OF WAYNE,
STATE OF MICHIGAN DESCRIBED AS FOLLOWS:

Common Address:

Tax Parcel No.:

EXHIBIT B

Tenant Authorization Form

I understand that the property in which I am entering a lease has restrictions related to the property receiving a property tax benefit from the City of Detroit, which limit the rent that can be charged and stipulate that restricted units may only be offered to tenants whose household income falls within restricted limits at the time the lease is entered.

I consent/authorize and allow landlord or developer to release my information (name, address, income information, household size, rent, etc.) solely for the purpose of verifying that rental restrictions are met through audit by National Consulting Services (hereafter referred to as NCS).

I authorize and direct my landlord to release to NCS any information or materials needed to complete and verify necessary information from my application for participation, and/or to maintain continued eligibility for residence in below-market rent housing. I understand and agree that this authorization of the information obtained with its use may be reviewed by entities such as City of Detroit and NCS in administering and enforcing program rules and policies. Personal Identifying Information will not be retained by the City of Detroit but may be retained by NCS as a program facilitator for the City of Detroit. I furthermore consent to the release of information from my file about rental history, personal identifying information to NCS, or program facilitators. This includes but is not limited to records on my payment history, household composition, income, lease, unit information, information (name, address, income information, household size, rent, etc.). This information will be released solely for the purpose of verifying affordability program requirements/standards by NCS are met due to the property receiving a tax abatement or other municipal subsidy and for verifying any violations of my lease or program policies.

By signing below, I am indicating I understand that, depending on program policies, and requirements, previous or current information regarding my household or myself may be needed. Verifications and inquiries that may be requested include, but are not limited to: Identity, Family, and Marital Status; Employment, Income, and Assets; Residences, and Rental Activity. I understand that this authorization cannot be used to obtain any information about my household or myself that is not pertinent to my eligibility. I agree that photocopies and facsimiles of this authorization may be used for the purpose of verifying my eligibility.

Project Name/Address

Unit #

Signatures

Tenant

Landlord

Tenant

Tenant

Date

Date
