

Reperals
1/8/19

**PLANNING AND
ECONOMIC
DEVELOPMENT
STANDING
COMMITTEE**



CITY OF DETROIT
HOUSING AND REVITALIZATION DEPARTMENT

12
COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 908
DETROIT, MICHIGAN 48226
(313) 224-6380 • TTY:711
(313) 224-1629
WWW.DETROITMI.GOV

January 4, 2019

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

RE: Resolution for a Partial Revocation of Obsolete Rehabilitation Property Exemption Certificate No. 3-09-0002, on behalf of Fort Shelby Hotel, LLC, in Accordance with Public Act 146 of 2000. (Related to Petition #557)

Honorable City Council:

On October 23, 2018, Fort Shelby Hotel, LLC submitted a request for the partial revocation of Obsolete Property Rehabilitation Exemption Certificate 03-09-0002 (amended) in order to remove Unit 2 from the property located at 525 West Lafayette, Unit 1 and 2, Detroit, MI. The condominium plan was amended to subdivide Unit 2 into fifty-six residential units on floors 11 to 22 and the originally constructed apartments are being converted into for-sale condominiums.

MCL 125.2792(2), as amended, stipulates that upon receipt of a request by the holder of an obsolete property rehabilitation exemption certificate to the legislative body of the qualified local governmental unit requesting revocation of the certificate, the legislative body of the qualified local governmental unit may, by resolution, revoke the certificate.

Respectfully submitted,

Kelly R. Vickers
Associate Director

KV/vf

cc: S. Washington, Mayor's Office
M. Cox, PDD
D. Rencher, HRD
V. Farley, HRD

CITY CLERK 2019 JAN 7 AM 11:05



By Council Member _____

WHEREAS, Fort Shelby Hotel, LLC has filed with the City Clerk a Request for the Partial Revocation of an Obsolete Property Rehabilitation Exemption Certificate, under Public Act 146 of 2000 (“the Act”) in City of Detroit, in the manner and form prescribed by the Michigan State Tax Commission; and

WHEREAS, this City Council is a Qualified Local Governmental Unit as defined by the Act; and

WHEREAS, pursuant to P.A. 146 of 2000, as amended, after a duly noticed public hearing, this City Council approved by resolution an amended Obsolete Property Rehabilitation Certificate, certificate number 03-09-0002, for property located at **525-529 West Lafayette, Condominium Units 1 & 2, City of Detroit;** and

WHEREAS, pursuant to MCL 125.2792 this City Council may, by resolution, revoke an Obsolete Property Rehabilitation Exemption Certificate upon receipt of a request by the holder of the certificate requesting revocation; and

WHEREAS, on October 15, 2018, **Fort Shelby Hotel, LLC** submitted a request for the partial revocation of Obsolete Property Rehabilitation Certificate number **03-09-0002** (amended) to remove Unit 2;

NOW THEREFORE BE IT

RESOLVED, This City Council hereby partially revokes Obsolete Property Rehabilitation Certificate **03-09-0002** (amended) for **Fort Shelby Hotel, LLC** to remove Unit 2 from the property located at **525 West Lafayette Unit 1 and 2, Detroit MI;** and be it further

RESOLVED, The City Clerk shall forward said revocation to the Michigan State Tax Commission as provided by the Act.

Janice M. Winfrey
City Clerk

City of Detroit
OFFICE OF THE CITY CLERK

Caven West
Deputy City Clerk/Chief of Staff

DEPARTMENTAL REFERENCE COMMUNICATION

Tuesday, October 23, 2018

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 CITY PLANNING COMMISSION
LAW DEPARTMENT FINANCE DEPARTMENT

557 *Fort Shelby Hotel, LLC, request for the partial revocation of an Obsolete Property Rehabilitation Exemption Certificate for the property located at 525-529 West Lafayette.*



Warner Norcross + Judd LLP

OFFICE OF THE
DETROIT CITY CLERK
2018 OCT 18 P 4: 23

October 15, 2018

Via Certified Mail

Ms. Janice M. Winfrey
City Clerk
City of Detroit
Coleman A. Young Municipal Center
2 Woodward Ave. - Suite 200
Detroit, MI 48226

Re: **Obsolete Property Rehabilitation Act ("OPRA") Partial Revocation Request
for the Fort Shelby Project**

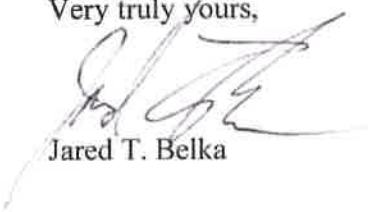
Dear Ms. Winfrey:

I am writing on behalf of my client, Fort Shelby Hotel, LLC, a Michigan limited liability company, to request a partial revocation under MCL 125.2792(2) of the approved OPRA Certificate for property located at 525-529 West Lafayette, Detroit, Michigan, Condominium Unit 2 (the "Unit"), as identified in Exhibit A to this letter. The condominium plan was amended to subdivide the Unit into fifty-six (56) individual residential units on floors 11 to 22 and the originally constructed apartments are being converted into for-sale condominium units.

The real property investment amount for the remaining hotel and retail portion of the building (Unit 1) that will remain under the existing OPRA Certificate was \$58,220,000.

Thank you for your time and consideration of this request. If I can provide any additional information or be of assistance, please do not hesitate to contact me directly at (616)752-2447.

Very truly yours,


Jared T. Belka

Enclosure

c: Emmett Moten via e-mail

17698057-1

Jared T. Belka | Partner
D 616.752.2447
E jbelka@wnj.com
900 Fifth Third Center, 111 Lyon Street, N.W.
Grand Rapids, MI 49503-2487

EXHIBIT A

- 4000118.005
 - o S Lafayette W Unit 2; Wayne County Condo Plan No. 945 "Fort Shelby Hotel Condominium" Recorded in L46262 P1428-1542 Deeds, WCR 4/132 28.68%

2018-10-22

557

557 *Petition of Fort Shelby Hotel, LLC,
request for the partial revocation of
an Obsolete Property Rehabilitation
Exemption Certificate for the property
located at 525-529 West Lafayette.*

REFERRED TO THE FOLLOWING DEPARTMENT(S)

PLANNING AND DEVELOPMENT DEPARTMENT CITY
PLANNING COMMISSION
LAW DEPARTMENT FINANCE DEPARTMENT



CITY OF DETROIT
 OFFICE OF THE CHIEF FINANCIAL OFFICER
 OFFICE OF THE ASSESSOR

COLEMAN A. YOUNG MUNICIPAL CENTER
 2 WOODWARD AVENUE, SUITE 824
 DETROIT, MICHIGAN 48226
 (313) 224-3011 • TTY:711
 (313) 224-9400
 WWW.DETROITMI.GOV

November 7, 2018

Maurice Cox, Director
 Planning and Development Department
 2 Woodward Avenue, Suite 810
 Detroit, MI 48226

RE: **Obsolete Property Rehabilitation Certificate 3-09-0002 (amended) – Partial Revocation Request**
 Address: 525-529 West Lafayette, Condominium Units 1 & 2
 Parcel Numbers: 04000118.004 (Unit 1) and 04000118.005 (Unit 2)

Dear Mr. Cox:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the request for a partial revocation of Obsolete Property Rehabilitation Certificate 3-09-0002 (amended) to remove Unit 2 application for the property located at **525 West Lafayette, Unit 1 and 2** in the City of Detroit. The condominium plan was amended to subdivide Unit 2 into fifty-six residential units on floors 11 to 22 and the originally constructed apartments are being converted into for-sale condominium units.

MCL 125.2792 (2), as amended, allows that upon receipt of a request by certified mail to the legislative body of the qualified local governmental unit by the holder of an obsolete property rehabilitation exemption certificate requesting revocation of the certificate, the legislative body of the qualified local governmental unit may, by resolution, revoke the certificate.

The revised 2008 building values for only Unit 1 are as follows:

Parcel #	Address	Building Assessed Value (SEV)	Building Taxable Value
04000118.004	525 W Lafayette 1	\$ 17,878	\$ 17,878

This property meets the criteria set forth under PA 146 of 2000, as amended to allow for a partial revocation of Obsolete Property Rehabilitation Certificate 3-09-0002 (amended) for the property owned by **Fort Shelby Hotel LLC** to exclude **525 W. Lafayette Unit 2** from the certificate. The amended amount of the real property investment for the obsolete facility will be \$58,220,000.

Sincerely,

Charles Ericson, MMAO
 Assessor, Board of Assessors

mmp



CITY OF DETROIT
HOUSING AND REVITALIZATION DEPARTMENT

#2619 13
JAN - 4 2019

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 908
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January 04, 2019

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

**RE: HUD Section 108 Loan Guarantee Assistance Program
Request to Refinance Six (6) Existing Notes**

Honorable City Council:

The Housing and Revitalization Department (“HRD”) coordinates several loans the City of Detroit (“City”) has taken out in prior years with the United States Department of Housing and Urban Development (“HUD”) under the HUD Section 108 Loan Guarantee Assistance Program (“Section 108 Program”). The City repays the principal and interest owed to HUD pursuant to the Notes from the annual allocation of Community Development Block Grant (“CDBG”) funds received by the City.

HUD has approached the City with an opportunity to refinance the following six (6) notes issued by HUD under the Section 108 Program (the “Notes”):

Note	Series	Original Principal Amount Borrowed	Remaining Principal Amount Owed	Project
B-02-MC-26-0006	2006-A	\$7,789,000.00	\$1,568,000.00	Mexicantown
B-03-MC-26-0006	2006-A	\$2,058,000.00	\$1,658,000.00	East Forest Arts
B-03-MC-26-0006	2008-A	\$6,522,000.00	\$5,072,000.00	GREP
B-05-MC-26-0006	2008-A	\$7,050,000.00	\$2,750,000.00	Woodward Gardens I
B-05-MC-26-0006-A	2008-A	\$10,700,000.00	\$4,471,000.00	Book Cadillac II
B-05-MC-26-0006-B	2008-A	\$18,700,000.00	\$12,500,000.00	Fort Shelby

The proposed refinancing of the Notes would decrease loan repayment terms by approximately 2 percentage points that will save the City roughly \$2,000,000.00 in CDBG funds over the remaining term of the original Notes. Such CDBG savings can then be utilized by the City for other purposes.

This opportunity was brought to the City’s attention in mid-December 2018 with a final deadline for the City to approve and execute requisite documents for refinance of the Notes by mid-January 2019. In furtherance of saving future CDBG funding, we respectfully request that your Honorable Body adopt the attached resolution that approves refinance of the Notes.

Respectfully submitted,

Donald Rencher
Director

Attachments

cc: S, Washington (Mayor's Office)
C. Raimi (Law)
J. Naglick (O-CFO)

CITY CLERK 2019 JAN 4 PM 3:20

APPROVED

BUDGET DIRECTOR
Date 1/4/19

RESOLUTION

BY COUNCIL MEMBER: _____

WHEREAS, over prior years, the City of Detroit (“City”) has entered into six (6) separate contracts, each known as a Contract for Loan Guarantee Assistance Under Section 108 of the Housing and Community Development Act of 1974, as Amended, 42 U.S.C. §5308 (collectively referred to herein as the “Contracts”) with the United States Department of Housing and Urban Development (“HUD”) whereby the City borrowed certain funding from HUD pursuant to the following six (6) notes under HUD’s Section 108 Loan Guarantee Program (collectively referred to herein as the Notes”):

Note	Series	Original Principal Amount Borrowed	Remaining Principal Amount Owed	Project
B-02-MC-26-0006	2006-A	\$7,789,000.00	\$1,568,000.00	Mexicantown
B-03-MC-26-0006	2006-A	\$2,058,000.00	\$1,658,000.00	East Forest Arts
B-03-MC-26-0006	2008-A	\$6,522,000.00	\$5,072,000.00	GREP
B-05-MC-26-0006	2008-A	\$7,050,000.00	\$2,750,000.00	Woodward Gardens I
B-05-MC-26-0006-A	2008-A	\$10,700,000.00	\$4,471,000.00	Book Cadillac II
B-05-MC-26-0006-B	2008-A	\$18,700,000.00	\$12,500,000.00	Fort Shelby

WHEREAS, the City repays the borrowed funds to HUD under the Notes from annual allocations the City receives of Community Development Block Grant (“CDBG”) federal dollars; and

WHEREAS, HUD has notified the City that a public offering will occur sometime in early 2019 that will allow the City to refinance the remaining principal balances owed on the Notes such that loan repayment terms will be decreased by approximately 2 percentage points, more or less, that will save the City roughly \$2,000,000.00 in CDBG funds over the remaining original term of the Notes; and

WHEREAS, the City has notified HUD in writing of the City’s intention to refinance the Notes, subject to the approval of Detroit City Council; and

WHEREAS, it is economically sound and in the best interest of the City to refinance the Notes and accept more favorable rates of interest for the applicable loans the City has under HUD’s Section 108 Loan Guarantee Program through this HUD public offering; now therefore be it

RESOLVED, that Detroit City Council hereby approves refinance of the Notes at such rates of interest that will be determined by HUD at the time of the public offering, provided that such rates of interest are more favorable than the rates of interest that the City is currently paying on the Notes; and be it further

RESOLVED, that the Director of the City’s Housing and Revitalization Department (“HRD”), or his authorized designee, is hereby authorized to execute any loan documents, contracts, amendments, notes, loan documents and other instruments required by HUD to effectuate refinance of the Notes with HUD; and be it further

RESOLVED, that HRD is hereby authorized to pay any required closing, underwriting and administrative fees/costs to HUD as may be necessary to effectuate refinance of the Notes with HUD (“Transaction Costs”), provided that such Transactions Costs are paid by HRD from CDBG funds allocated to the City; and be it finally

RESOLVED, that the Finance Director be and is hereby authorized to increase the necessary accounts and honor expenditures, vouchers and payrolls and pay all applicable costs and fees when presented in accordance with the foregoing communication and standard City procedures.