

New BUSINESS

2/26/19.

**PLANNING AND
ECONOMIC
DEVELOPMENT
STANDING
COMMITTEE**



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

26

February 21, 2019

Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Ave., Suite 1340
Detroit, MI 48226

Re: Request for Public Hearing to Approve an Obsolete Property Rehabilitation Certificate on behalf of Kercheval East, LLC in the area of 8646 Kercheval Ave. and 1817 Fischer St., Detroit, Michigan, in accordance with Public Act 146 of 2000 (Petition #380).

Honorable City Council:

The Housing and Revitalization Department and Finance Departments have reviewed the application of **Kercheval East, LLC** and find that it satisfies the criteria set forth by P.A. 146 of 2000 and would be consistent with development and economic goals of the Master Plan.

Public Act 146 of 2000 states that the legislative body of the qualified local governmental unit, shall by resolution either approve or disapprove the application for an Obsolete Property Rehabilitation Exemption Certificate in accordance with Section 8 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 Obsolete Property Rehabilitation Certificate. Attached for your consideration, please find a resolution establishing a date and time for the public hearing.

Respectfully submitted,

Kelly R. Vickers
Associate Director

KV/vf

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

CITY CLERK 2019 FEB 21 10:45:00



BY COUNCIL MEMBER _____

WHEREAS, pursuant to Public Act No. 146 of 2000 (“the Act”) this City Council may adopt resolution which approves the application of an Obsolete Property Rehabilitation Certificate within the boundaries of the City of Detroit; and

WHEREAS, Kercheval East, LLC has made application for an Obsolete Property Rehabilitation 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 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 _____ 2019 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.

City of Detroit

OFFICE OF THE CITY CLERK

Janice M. Winfrey
City Clerk

Caven West
Deputy City Clerk/Chief of Staff

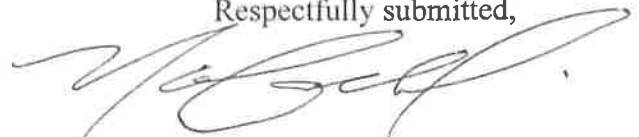
October 22, 2018

To: Maurice Cox, Director
Planning and Development Department
Coleman A. Young Municipal Center
2 Woodward Ave. Suite 908
Detroit, MI. 48226

Re: Kercheval East LLC

Please find attached an application for Obsolete Property Rehabilitation Exemption Certificate for the property located at 8655 E Jefferson Avenue Unit 7, Detroit, MI 48214. **(RELATED TO PETITION #380)**

Respectfully submitted,



Michael J. O'Connell, Jr. Asst. City Council Clerk
Office of the City Clerk

Application for Obsolete Property Rehabilitation Exemption Certificate

This form is issued as provided by Public Act 146 of 2000, as amended. This application should be filed after the district is established. This project will not receive tax benefits until approved by the State Tax Commission. Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the State Tax Commission.

INSTRUCTIONS: File the original and two copies of this form and the required attachments with the clerk of the local government unit. (The State Tax Commission requires two copies of the Application and attachments. The original is retained by the clerk.) Please see State Tax Commission Bulletin 9 of 2000 for more information about the Obsolete Property Rehabilitation Exemption. The following must be provided to the local government unit as attachments to this application: (a) General description of the obsolete facility (year built, original use, most recent use, number of stories, square footage); (b) General description of the proposed use of the rehabilitated facility, (c) Description of the general nature and extent of the rehabilitation to be undertaken, (d) A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility, (e) A time schedule for undertaking and completing the rehabilitation of the facility, (f) A statement of the economic advantages expected from the exemption. A statement from the assessor of the local unit of government, describing the required obsolescence has been met for this building, is required with each application. Rehabilitation may commence after establishment of district.

Applicant (Company) Name (applicant must be the OWNER of the facility) Kercheval East LLC		
Company Mailing address (No. and street, P.O. Box, City, State, ZIP Code) 8655 E Jefferson Ave Unit 7 Detroit MI 48214		
Location of obsolete facility (No. and street, City, State, ZIP Code) 8646 Kercheval Ave, 1817 Fischer St, Detroit, MI 48214		
City, Township, Village (Indicate which) City of Detroit	County Wayne	School District where facility is located (Include school code) Detroit
Date of Commencement of Rehabilitation (mm/dd/yyyy) 9/1/2018	Planned date of Completion of Rehabilitation (mm/dd/yyyy) 12/31/2019	Attach Legal description of Obsolete Property on separate sheet
Estimated Cost of Rehabilitation 2,500,000	Number of years exemption requested 10	
Expected project likelihood (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 a loss of employment	<input checked="" type="checkbox"/> Increase number of residents in the community in which the facility is situated
Indicate the number of jobs to be retained or created as a result of rehabilitating the facility, including expected construction employment _____		
Each year, the State Treasurer may approve 25 additional reductions of half the school operating and state education taxes for a period not to exceed six years. Check the following box if you wish to be considered for this exclusion <input type="checkbox"/>		

APPLICANT'S CERTIFICATION

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all of the information is truly descriptive of the property for which this application is being submitted. Further, the undersigned is aware that, if any statement or information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.

The applicant certifies that this application relates to a rehabilitation program that, when completed, constitutes a rehabilitated facility, as defined by Public Act 146 of 2000, as amended, and that the rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.

It is further certified that the undersigned is familiar with the provisions of Public Act 146 of 2000, as amended, of the Michigan Compiled Laws, and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Obsolete Property Rehabilitation Exemption Certificate by the State Tax Commission.

Name of Company Officer (no authorized agents) Alex DeCamp	Telephone Number 810-333-5573	Fax Number 313-731-1860
Mailing Address 1121 Seyburn St, Detroit, MI 48214	Email Address alex.decamp@gmail.com	
Signature of Company Officer (no authorized agents) 	Title Member	

LOCAL GOVERNMENT UNIT CLERK CERTIFICATION

The Clerk must also complete Parts 1, 2 and 4 on Page 2. Part 3 is to be completed by the Assessor

Signature	Date application received
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FOR STATE TAX COMMISSION USE

Application Number	Date Received	LUCI Code
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LOCAL GOVERNMENT ACTION

This section is to be completed by the clerk of the local governing unit before submitting the application to the State Tax Commission. Include a copy of the resolution which approves the application and instruction items (a) through (f) on page 1, and a separate statement of obsolescence from the assessor of record with the State Assessor's Board. All sections must be completed in order to process.

PART 1: ACTION TAKEN

Action Date: _____

Exemption Approved for _____ Years, ending December 30, _____ (not to exceed 12 years)

Denied

Orla District Established	LUCI Code	School Code
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PART 2: RESOLUTIONS (the following statements must be included in resolutions approving)

- A statement that the local unit is a Qualified Local Governmental Unit.
- A statement that the Obsolete Property Rehabilitation District was legally established including the date established and the date of hearing as provided by section 3 of Public Act 146 of 2000.
- A statement indicating whether the taxable value of the property proposed to be exempt plus the aggregate taxable value of property already exempt under Public Act 146 of 2000 and under Public Act 198 of 1974 (IFT's) exceeds 5% of the total taxable value of the unit.
- A statement of the factors, criteria and objectives, if any, necessary for extending the exemption, when the certificate is for less than 12 years.
- A statement that a public hearing was held on the application as provided by section 4(2) of Public Act 146 of 2000 including the date of the hearing.
- A statement that the applicant is not delinquent in any taxes related to the facility.
- If it exceeds 5% (see above), a statement that exceeding 5% will not have the effect of substantially impeding the operation of the Qualified Local Governmental Unit or of impairing the financial soundness of an affected taxing unit.
- A statement that all of the items described under "Instructions" (a) through (f) of the Application for Obsolete Property Rehabilitation Exemption Certificate have been provided to the Qualified Local Governmental Unit by the applicant.

- A statement that the application is for obsolete property as defined in section 2(h) of Public Act 146 of 2000.
- A statement that the commencement of the rehabilitation of the facility did not occur before the establishment of the Obsolete Property Rehabilitation District.
- A statement that the application relates to a rehabilitation program that when completed constitutes a rehabilitated facility within the meaning of Public Act 146 of 2000 and that is situated within an Obsolete Property Rehabilitation District established in a Qualified Local Governmental Unit eligible under Public Act 146 of 2000 to establish such a district.
- A statement that completion of the rehabilitated facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situated. The statement should indicate which of these the rehabilitation is likely to result in.
- A statement that the rehabilitation includes improvements aggregating 10% or more of the true cash value of the property at commencement of the rehabilitation as provided by section 2(i) of Public Act 146 of 2000.
- A statement of the period of time authorized by the Qualified Local Governmental Unit for completion of the rehabilitation.

PART 3: ASSESSOR RECOMMENDATIONS

Provide the Taxable Value and State Equalized Value of the Obsolete Property, as provided in Public Act 146 of 2000, as amended, for the tax year immediately preceding the effective date of the certificate (December 31st of the year approved by the STC).

Taxable Value		State Equalized Value (SEV)	
Building(s)		Date of Action on application	Date of Statement of Obsolescence
Name of Governmental Unit			

PART 4: CLERK CERTIFICATION

The undersigned clerk certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way. Further, the undersigned is aware that if any information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.

Name of Clerk	Clerk Signature	Date	
Clerk's Mailing Address	City	State	ZIP Code
	Telephone Number	Fax Number	Email Address

Mail completed application and attachments to: Michigan Department of Treasury
State Tax Commission
P.O. Box 30471
Lansing, Michigan 48909-7971

If you have any questions, call (517) 373-2408.

For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.

Address: 8646 Kercheval Ave, 1817 Fischer, 48214

Legal Description: The following is the legal description of the proposed district:

1817 Fischer: Parcel ID# 17006079

Lot 2 and the North 1/2 of Lot 3 of STANDARD SUBDIVISION according to the plat thereof recorded in Liber 22 of Plats, Page 21 of Wayne County Records 17/37 45X100

8646 Kercheval: Parcel ID# 17000103

Lot 1 of STANDARD SUBDIVISION according to the plat thereof recorded in Liber 22 of Plats, Page 21 of Wayne County Records 17/37 100x 43.43

City of Detroit
OFFICE OF THE CITY CLERK

Janice M. Winfrey
City Clerk

Caven West
Deputy City Clerk/Chief of Staff

July 17, 2018

To: Maurice Cox, Director
Planning and Development Department
Coleman A. Young Municipal Center
2 Woodward Ave. Suite 908
Detroit, MI. 48226

Re: Kercheval East LLC.

Please find attached *amended* application to establish an Obsolete Property Rehabilitation District for property located at 8646 Kercheval and 1817 Fischer, Detroit MI 48214.
(RELATED TO PETITION #380)

Respectfully submitted,



Michael J. O'Connell, Jr. Asst. City Council Clerk
Office of the City Clerk

Kercheval East LLC
8655 E Jefferson Ave Unit 7
Detroit, MI 48214
810-333-5573

7/15/2018

AMENDED

Detroit City Council
Coleman A. Young Municipal Center
2 Woodward Ave Suite 1340
Detroit, MI 48226

RE: **Request for the Establishment of Obsolete Property Rehabilitation District at
8646 Kercheval, 1817 Fischer, Detroit, MI 48214 (AMENDED)**

Honorable City Council:

Please accept this letter as a request to establish an Obsolete Property Rehabilitation District for the property located at **8646 Kercheval, 1817 Fischer, Detroit, MI 48214** and described on Attachments.

Company Summary:

Kercheval East LLC is a new company founded by Alex DeCamp and Reimer Priester, local developers who focus their real estate development efforts in the Villages.

Alex is a West Village resident who has been a member of the West Village Association and its board for over four years and on the board of the Villages Commercial Development Corporation and Jefferson East Inc for one year each. He has helped in community-enhancing projects such as the community garden, the Villages Farmer's Market and the West Village Eco-D efforts. Alex handles the financing, abatement process and other planning for the company. He sits on the board of Transportation Riders United which advocates for increased transportation options for Wayne County residents. Alex holds a master's degree in urban planning and real estate development from the University of Michigan.

Reimer has a background in arts fundraising and made the shift to real estate development full time in 2014. He has since completed the Michigan residential builder's license course and has overseen the construction, leasing and management of

six historic developments totaling thirty-seven units in Detroit. His daily site visits are instrumental in ensuring efficient timelines and schedules. Reimer is on the board of and chairs the development committees for the Detroit Public Schools Foundation and Michigan Humane Society.

Kercheval East LLC was formed in 2017 to renovate two vacant and obsolete structures and one vacant lot into a mixed-use development. Other projects include a historic mixed-use renovation in Midtown, a six unit mixed-use development at 8044 Kercheval, the renovation of three vacant historic duplexes into one six-unit mixed-use structure, a historic apartment building near Indian Village, and multiple residential properties in the area.

Kercheval East, Detroit MI 48214	
Prepared by Alex DeCamp	
	Cost
Total Development Costs	\$3,106,541
Total Sources	\$3,106,541
Owner Equity	\$800,000
Total Square Feet	19,756
Average Development cost per sq ft	177
Average rental rate per sq ft for new residential units	1.66
Total Units	19
Residential Units	15
Commercial Units	4
Expected Construction Start Date	Fall 2018
Finish Date	Winter 2019
Residential Occupancy	Winter 2019
Commercial Occupancy	Winter 2019
Additional incentives being considered	Facade improvement grants if available
	MOTOR CITY MATCH for the tenant

Purpose for Establishment of the District:

In order to offer fifteen new apartments and four new commercial spaces (3300 Sq ft), Kercheval East must be completely renovated to meet today's building code. Historic structures like those in this project typically require extraordinary construction costs to restore elements of the building to their original quality. This project will be especially costly due to the historic masonry, new construction and the necessary repair to structural damage. All windows, mechanical systems, kitchens, baths, doors and hardware will be replaced, repaired or updated. There will also be significant costs to remove or encapsulate lead-based paint, abate possible asbestos, and to reconfigure the

layout to current designs. The new residential units will be the first of its kind on the city's east side.

Once construction is completed, we also anticipate normal operating costs related to heating, cooling, securing and maintaining a historic structure. The high construction costs, operating costs normal for historic structures, along with the burden of higher property taxes would make this project cost prohibitive. Additionally, the higher property taxes will cause the project costs to jump in such a way that it will be extremely unattractive for any potential retail tenant. ***The taxes must be abated in order to make the project economically feasible. Please note this application is only for the abatement of 8646 Kercheval Ave and 1817 Fischer Ave, two vacant and obsolete buildings. The Project includes new build on 1811 Kercheval but that parcel does not qualify under the ordinance for abatement.***

Benefits to the City and Community:

The redevelopment of Kercheval East will combat community deterioration and promote revitalization by transforming an underutilized and worn structure into a destination that adds value to the neighborhood.

(a) *Combat Community Deterioration.* The project will eliminate the blighting influences found at the project site through the renovation of a vacant and underutilized building. The building's current status gives the impression of an unsafe and economically depressed area which detracts from the vibrancy of East Village. An occupied building will also improve the actual safety of the area since future residents will equate to more watchful eyes in the neighborhood to prevent crime. The increased exterior lighting will also help to reduce theft and vandalism by giving criminals fewer places to hide.

(b) *Promote Community Revitalization in the Area.* Kercheval East promotes community revitalization on three different levels: economic, physical, and social.

Economic: This project will continue the economic investments being made by other projects in the area, such as the construction of 8044 Kercheval, Kercheval 3, Sister Pie, the Bank Building, The Coe, The St. Charles Lofts and future developments. This project will impact the following:

- *Income Tax Base.* Add to the income tax base of the City of Detroit
- *New Development.* Spur other potential development projects in the area and increase the taxable value of surrounding properties
- *New Residents.* Increase the number of residents in the area and thereby increase the demand for retail, restaurants and other commercial amenities
- *Full-Time Jobs.* Increase the number of permanent full-time jobs in the area through the addition of commercial tenants

- *Retail Jobs.* Create approximately 24 full time equivalent retail positions (commercial space)
- *Construction Jobs.* Generate approximately 30-35 full time equivalent temporary construction jobs

Physical: This project will impact the following:

- *Quality apartments.* Convert a building from an obsolete state into quality market mixed-use spaces
- *Infill.* Add new affordable residential units to what was most recently a vacant and overgrown lot
- *Neighborhood Vibrancy.* Turn a quiet and unused strip along a commercially zoned street into a vibrant retail destination
- *Set the standard.* Set high standards for future developments in terms of design, construction and historic preservation

Social: This project will impact the following:

- *Walkability appeal.* Appeal to a diverse group of potential residents, by offering a walkable living location in one of Detroit's emerging neighborhoods
- *Population density.* This project is consistent with efforts by the Villages CDC to increase population density and create a more walkable and pedestrian friendly community
- *Alignment with city goals.* This project is consistent with long-term planning efforts by the City of Detroit as indicated by zoning and Detroit Future City. It will add new residents and commercial locations, eliminate blight, increase safety and help enhance a thriving neighborhood

Summary:

The project will benefit the City of Detroit at various levels.

- 1) **Activates vacant spaces and stimulates energy within the neighborhood.** It activates a vacant and obsolete structure and land on the edge of an active street. Reactivating this building into a place of residence and business will extend the lively energy already seen near Van Dyke and attract more visitors to the surrounding retail.
- 2) **Creates jobs and new residents.** The construction of the properties will create approximately thirty full time equivalent temporary construction jobs and the retail tenants will create approximately twenty-four full time equivalent jobs. There will also be an estimated **eighteen** new residents in the residential units.

- 3) **Grow retail density, improving safety.** This project will bolster other commercial development along Kercheval adding greater retail density and eyes on the streets. This increased activity will help make Kercheval a safer place and therefore encourage residential development and home ownership in the surrounding area. This is especially important with the blighted and vacant homes and open land nearby since residential development in that area will increase overall safety for the neighborhoods.

Taxes on the property are current and **abating them for twelve years** will allow for this development to happen. Without the abatement the project is not economically feasible.

Eligibility: Kercheval East is classified as functionally obsolete according to the definition in Act 381 of 1996, "the property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value." The building is currently not being utilized to its highest and best use and, as a result, the building is vacant. The loss in value has resulted primarily from the following items:

- The floor plans must be reconfigured for the best and highest use.
- All heating, cooling, plumbing and electrical systems will have to be replaced due to outdated conditions, stolen components, or being damaged beyond repair.

Property Ownership: Kercheval East LLC

Address: 8646 Kercheval Ave, 1817 Fischer, 48214

Legal Description: The following is the legal description of the proposed district:

1817 Fischer: Parcel ID# 17006079

Lot 2 and the North 1/2 of Lot 3 of STANDARD SUBDIVISION according to the plat thereof recorded in Liber 22 of Plats, Page 21 of Wayne County Records 17/37 45X100

8646 Kercheval: Parcel ID# 17000103

Lot 1 of STANDARD SUBDIVISION according to the plat thereof recorded in Liber 22 of Plats, Page 21 of Wayne County Records 17/37 100x 43.43

Part of project but not in proposed OPRA District

1811 Fischer: Parcel ID# 17006080

Lot 4 and the South 1/2 of Lot 3 of STANDARD SUBDIVISION according to the plat thereof recorded in Liber 22 of Plats, Page 21 of Wayne County Records 17/37 45X100

Total Dollars to be Invested: \$3,100,000 (acquisition and redevelopment) of which \$2,500,000 will be in the proposed district

Thank you for your consideration.

Kercheval East LLC

Alex DeCamp (Owner)

A handwritten signature in black ink, appearing to read 'Alex DeCamp', with a large loop at the end.

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

cc: K. Bridges, DEGC
D. Bolton, PDD



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 5, 2018

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

RE: **Obsolete Property Rehabilitation Certificate – Kercheval East LLC**
 Address: 8646 Kercheval Avenue and 1817 Fischer Street
 Parcel Numbers: 17000103. and 17006079.

Dear Mr. Cox:

The Office of the Chief Financial Officer, Office of the Assessor, has reviewed the proposed Obsolete Property Rehabilitation certificate application for the property located at **8646 Kercheval and 1817 Fischer** located in the **East Village district in the City of Detroit**.

The rationale for granting Obsolete Property Rehabilitation certificates under PA 146 of 2000, as amended, is based on the anticipation of increased market value upon completion of new construction and /or significant rehabilitation of existing commercial property and commercial housing property. Normal repair and maintenance are not assessed and do not necessarily generate additional market value.

Kercheval East LLC plans to renovate and also include new construction to two vacant and obsolete structures and one vacant lot into a mixed-use development in order to offer fifteen new apartments and four new commercial spaces. The certificate application excludes the vacant lot. The property at 8646 Kercheval is a vacant mixed-use 2 story building that is in a state of significant disrepair and obsolete built in 1910 with 7,200 square feet of building area on .100 acres of land and 1817 Fischer is a vacant 4-unit house built in 1922 with 4,320 square feet of building area on .103 acres of land. The proposed renovations include repair to structural damages, new construction, exterior façade repairs, new windows, mechanical systems, kitchens, baths and doors, that will be replaced, repaired or updated.

The 2018 values are as follows:

Parcel #	Address	Building Assessed Value (\$EV)	Building Taxable Value	Land Assessed Value (\$EV)	Land Taxable Value
17000103.	8646 Kercheval	\$ 21,000	\$ 17,819	\$ 2,200	\$ 1,867
17006079.	1817 Fisher	\$ 26,900	\$ 6,272	\$ 700	\$ 408

This property meets the criteria set forth under PA 146 of 2000, as amended. It applies to blighted, functionally obsolete and contaminated properties. "Rehabilitation," meaning that changes to qualified facilities that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. The property is part of an initiative to provide affordable incubate-style shared office space to help the development of startup companies on the east side of Downtown Detroit.

The developer proposes to completely rehabilitate this functionally obsolete property by restoring and rehabilitating the exterior, repurposing the roof to a rooftop terrace with enclosure and gutting the building to include energy efficient building materials.



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

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Obsolete Property Rehabilitation Certificate
Kercheval East LLC
Page 2

A field investigation indicated that the properties located at **8646 Kercheval and 1817 Fischer** are eligible as it pertains to the Obsolete Property Rehabilitation Act under P.A. 146 of 2000, as amended.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles Ericson".

Charles Ericson, MMAO
Assessor, Board of Assessors

mmp



Obsolete Property Rehabilitation Certificate
Kercheval East LLC
Page 3

Property Address: 8646 Kercheval
Parcel Number: 17000103.
Property Owner: Kercheval East LLC
Legal Description: S KERCHEVAL 1 STANDARD SUB L22 P21 PLATS, W C R 17/37 100 X 43.43

Property Address: 1817 Fischer
Parcel Number: 17006079.
Property Owner: Kercheval East LLC
Legal Description: W FISCHER 2 N 1/2 3 STANDARD SUB L22 P21 PLATS, W C R 17/37 45 X 100

The legal description on the request for the district matches the assessment roll.





TO: Veronica Farley, Housing and Revitalization
FROM: Esther Yang, Planning and Development
RE: Master Plan Interpretation for **Obsolete Property District** at 8646 Kercheval Avenue & 1817 Fischer Street
DATE: December 21, 2018
CC: Maurice Cox, Director

In order to ensure that the issuance of a **certificate** for an **Obsolete Property District** is in conformance with the City's Master Plan of Policies and will have the reasonable likelihood to increase commercial activity; create, retain or prevent a loss of employment; revitalize an urban area; or increase the number of residents in a community, pursuant to State of Michigan, Public Act 146 of 2000 (section 125.2784), the Planning and Development Department submits the following interpretation. The petitioner for this development is Kercheval East LLC

Project Description:

Renovating two vacant structures and infill development on one vacant lot into a mixed-use development. The development will include four commercial units (3,300 square feet) and 15 residential units.

Project Location: 8646 Kercheval, 1817 Fischer

Interpretation:

The Master Plan Future General Land Use designation for the site is **Low/Medium Density Residential**. Low / Medium - Density Residential (RLM) areas should have an overall density of 8 to 16 dwelling units per net residential acre. The areas are often characterized by two or four family homes with small yards, on-street parking or garages with alley access.

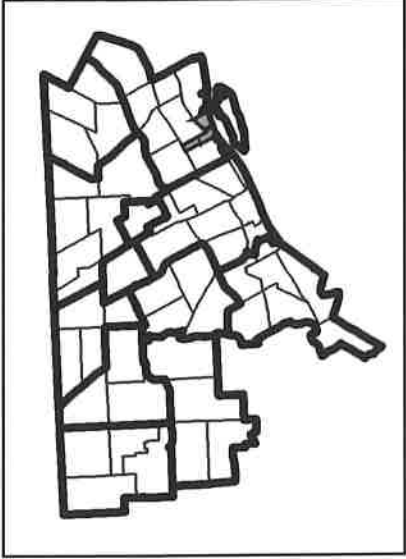
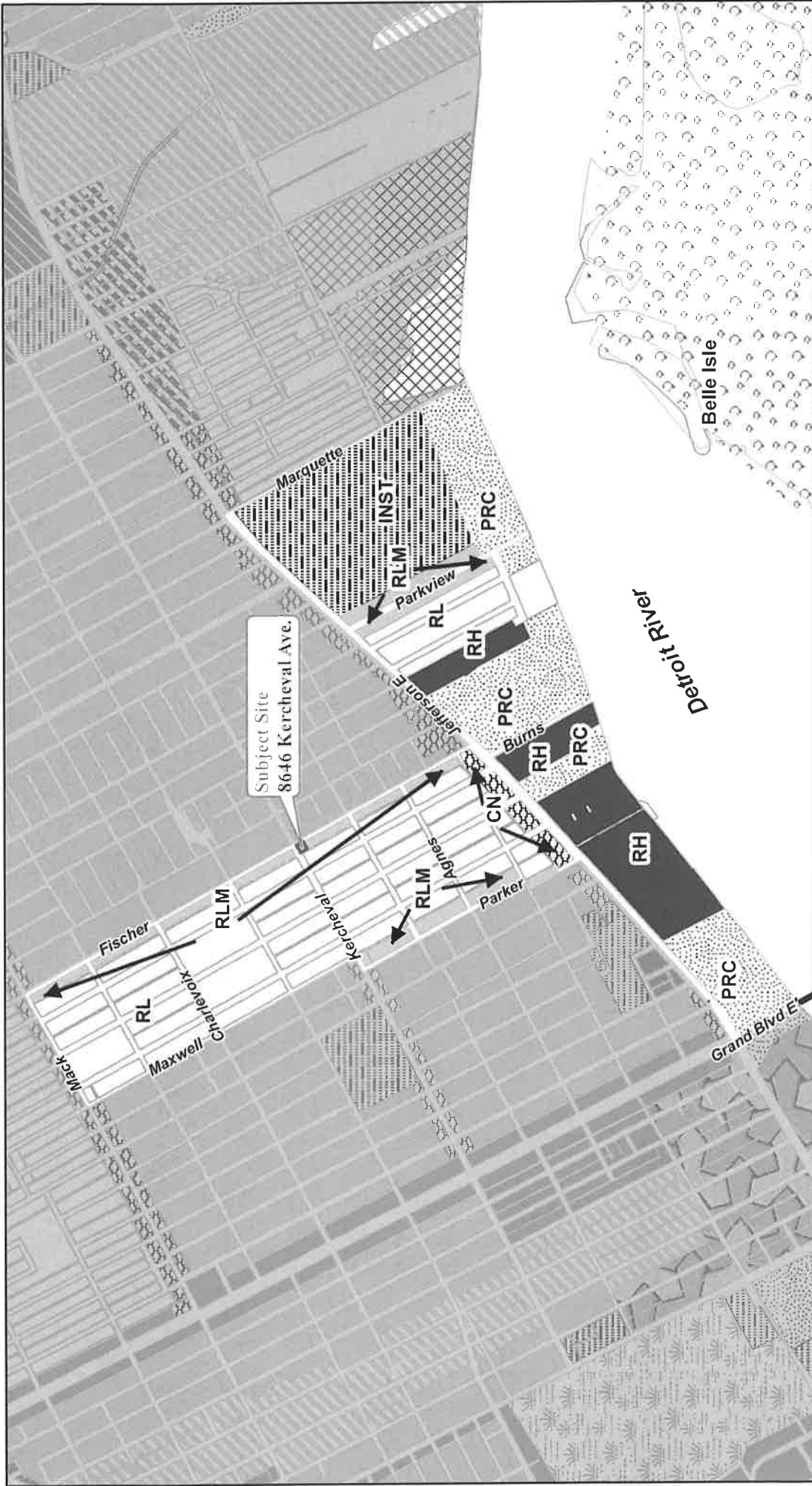
Although the density exceeds the range for the RLM area, the project includes renovation of an existing residential and commercial building in proximity to a Secondary Street (Kercheval). As per the commercial component, most residential classifications allow for neighborhood-scale commercial development. Furthermore, a comprehensive planning effort has been undertaken for the area. The plan includes "near-term rezoning recommendations" including rezoning the subject area along Kercheval "to support density, mixed-use development, and retail." It is anticipated that the Master Plan will be amended to accommodate development similar to the mixed commercial and residential development proposed for the area. PDD also anticipates further amendments pending the completion of the comprehensive planning effort for the surrounding area. The developers and City agencies, with input from area residents, should coordinate efforts to minimize the development on the Indian Village Historic District immediately to the west.

The Master Plan Future General Land use categories used on all the maps are generalized. Boundaries are not meant to be precise as to blocks or property lines. Categories are descriptive of general development recognizing that some intermixtures are permissible or desirable.

The proposed development and rezoning is compatible with the anticipated development and plans for the Kercheval corridor.

Attachments

Future General Land Use Map: Neighborhood Cluster 3; Indian Village, Map 3-6B



Future Land Use

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

Map 3-6B
City of Detroit
Master Plan of
Policies

Neighborhood Cluster 3
Indian Village

**OBSOLETE PROPERTY REHABILITATION EXEMPTION CERTIFICATE
AGREEMENT**

THIS AGREEMENT (“Agreement”), by and between the City of Detroit (“City”), a Michigan municipal corporation acting by and through its Planning & Development Department with an office at 2 Woodward Avenue, Suite 808, Detroit, MI 48226 and Kercheval East, LLC (“Applicant”) with an office at 8655 E Jefferson Ave, Unit 7, Detroit, MI 48214 is made this _____ day of _____, 2019.

WITNESSETH:

WHEREAS, Public Act 146 of 2000 as amended, also known as the Obsolete Property Rehabilitation Act (“Act”), (1) provides for the establishment of obsolete property rehabilitation districts by local governmental units, (2) provides for the abatement or exemption from certain taxes for qualified obsolete property owners, and (3) allows local governmental units to levy and collect a specific tax from the owners of an obsolete property, among other provisions; and

WHEREAS, the Applicant has submitted an Application for Obsolete Property Rehabilitation Exemption Certificate (“Application”) for the property located at: 8646 Kercheval Ave., and 1817 Fischer St. Detroit, MI. (“Property”). A copy of the Application is attached hereto as Exhibit A and made a part hereof; and

WHEREAS, the City has previously approved an obsolete property rehabilitation district pursuant to the Act and the Property is located in such district; and

WHEREAS, the Applicant shall complete a Rehabilitation of the Property and the Applicant shall hire or retain a certain amount of full time employees within the City of Detroit during the term of the OPREC; and

WHEREAS, the City has approved the Application by adopting a resolution granting the Obsolete Property Rehabilitation Exemption Certificate (“OPREC”), pending approval also by the Michigan State Tax Commission. A copy of the City resolution granting the OPREC is attached hereto as Exhibit B and made a part hereof; and

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

1. General.
 - a. Unless earlier revoked as provided for in Section 12 of the Act, being MCL 125.2792, or as provided for in this Agreement, the OPREC term and the term of this Agreement shall be for a period of eight (8) years beginning on the certificate beginning date stated in the OPREC issued by the Michigan State Tax Commission.

- b. The Applicant will complete the Property "Rehabilitation" as defined in the Act and as set forth in the Application by December 31, 2019.
- c. The Applicant shall create, or cause to be created, at least four (4) full time employees at the Property within two (2) years of the effective date of the Agreement.
- d. The Applicant will take action to recruit and hire City of Detroit residents in accordance with specified targets as set forth in an initial City of Detroit Resident Employment Plan ("Employment Plan") submitted by the Applicant to the City and approved by the Human Rights Department as part of the OPREC application process. The Employment Plan shall be updated or modified annually throughout the term of this Agreement.
- e. For purposes of this Agreement, a "full-time employee" is defined as a person: 1) who is employed by the Applicant or its affiliates on a salary, wage, commission, or other basis, for a minimum period of forty (40) hours a week and 2) from whose compensation the Applicant or its affiliates, including a staffing agency, are required by law to withhold City of Detroit income taxes. Affiliates may include Applicant's tenant(s) that lease space at the Property.

2. Applicant Representations.

In compliance with the Act and intending to induce the City to grant an OPREC to the Applicant, the Applicant represents that:

- a. The Applicant is the owner of the Property at the time of the Application.
- b. The Property is an "Obsolete Property" as defined under the Act.
- c. The Property will not include property to be used as a professional sports stadium.
- d. The Property will not include property to be used, owned or operated by a casino or affiliated company as defined in the Act.
- e. The project would not have been considered without an OPREC.
- f. Rehabilitation of the Property was not started prior to establishment of the obsolete property rehabilitation district for which the Property sits.
- g. There are no delinquent taxes owed on the Property.
- h. The Applicant will pay any applicable taxes on the Property as they become due.
- i. The Rehabilitation and operation of the Property is in compliance with the City of Detroit Zoning Ordinance and Master Plan.

- j. If Rehabilitation of the Property will result in the provision of commercial housing, the Applicant must agree to Fair Housing Practices that meet guidelines set forth by the U.S. Fair Housing Act (42 U.S.C. 3601 through 3619).

3. Community Benefits Requirements.

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

- a. Partner with the City, and when appropriate, a workforce development agency to promote the hiring, training and employability of Detroit residents consistent with State and Federal Law.
- b. Partner with the Director of the Planning & Development to address and mitigate negative impact that the Tier 2 Development Project may have on the community and local residents. Applicant shall adhere to those mitigation requirements, if any, stated in the attached Addendum 1 – 4. b. Requirements, which is incorporated herein by reference.

4. Reporting by the Applicant to the City.

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

- a. Upon request, the Applicant shall provide the Planning & Development Department copies of all construction plans, building permits and certificates of occupancy related to Rehabilitation of the Property. These documents, along with periodic site visits to the Property by the City, will serve to establish whether the Applicant is making the Rehabilitation to the Property as required by the Act and this Agreement.
- b. Within two (2) weeks after the first year of the OPREC term and for each year thereafter, Applicant shall submit to the Planning & Development Department a certified status report (“Status Report”) signed by an authorized officer of the Applicant. The Status Report shall set forth for the previous year: 1) the Rehabilitation work completed at the Property and the Applicant’s financial investment in the Property for that year and 2) the number of full-time employees at the Property for that year.
- c. Within two (2) weeks after the first year of the OPREC term and for each year thereafter, Applicant shall submit to the Human Rights Department an updated Employment Plan on forms acceptable to the City.
- d. During any construction on the Property for the term of the OPREC, the Applicant shall report monthly to the Human Rights Department with copies of certified payroll

information for such construction in order for the City to verify that Prevailing Wages have been paid.

5. Revocation of OPREC and Termination of Agreement.

The City may, in its sole discretion and by resolution of Detroit City Council, revoke the OPREC if the City finds that the completion of Rehabilitation of the Property has not occurred within the time authorized by the City in this Agreement or within a duly authorized extension of that time, or that the Applicant has not proceeded in good faith with the operation of the rehabilitated Property in a manner consistent with the purposes of the Act and in the absence of circumstances that are beyond the control of the Applicant.

Good faith efforts include, but are not limited to, the following: 1) Applicant is actively working with an agency or City Department to hire and ascertain methods of recruiting and employing Detroit residents, and 2) Applicant is actively working with the Detroit Economic Growth Corporation and the City's Planning & Development Department to ascertain methods of obtaining available resources to improve Applicant's business in a manner that will allow for compliance with this Agreement.

6. Payment of Exempted Taxes for Shortfall of Employment.

If the average number of full-time employees at the Property for any given year is less than the number of full-time employees set for in Section 1. c. above, the Applicant agrees to pay the City, in addition to the Obsolete Properties Tax due under the OPREC on the Property, an amount equal to the difference between the amount of ad valorem tax otherwise due on the Property without the OPREC, and the amount of Obsolete Properties Tax due on the Property under the OPREC, for that given year, multiplied by a fraction, the numerator of which is the shortfall in the number of full-time employees indicated in the Status Report, and the denominator of which is the total number of full-time employees set forth in Section 1. c. above. Prior to taking any action to require the Applicant to pay an amount to the City in addition to the Obsolete Properties Tax pursuant to this Section, the City must afford the Applicant an opportunity to present at a public hearing reasons for the employment shortfall.

In the event that the Applicant fails to report the number of full-time employees at the Property for a given year in either the Status Report or Employment Plan, the number of full-time employees at the Property for purposes of this Section shall be deemed zero (0).

7. Notice to City of Discontinuance of Operations.

If during the term of the OPREC the Applicant discontinues operations at the Property, the Applicant will take affirmative steps to provide thirty (30) day prior written notice of such shutdown of operations to the Director of the Planning & Development Department.

8. Reservation of Remedies.

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

9. Transfer.


The OPREC may be transferred and assigned by the Applicant to a new owner of the Property if the City, in its sole discretion, approves transfer of the OPREC after application by the new owner. For purposes of this Section, a transfer of the Property shall include any sale of the Property or any lease of more than fifty percent (50%) of the total usable space of the Property for a period longer than five (5) years.

10. Headings.

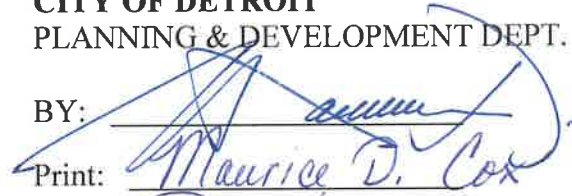

The headings contained in this Agreement are for descriptive purposes only, and do not alter or govern the substantive content of the provisions of the Agreement.

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

APPLICANT:

— 
BY: _____
Print: Leimer Driester
ITS: Managing Member

**CITY OF DETROIT
PLANNING & DEVELOPMENT DEPT.**

BY:  
Print: Maurice D. Cox
ITS: Director

**THIS AGREEMENT IS NOT EFFECTIVE OR VALID UNTIL AN OBSOLETE
PROPERTY REHABILITATION CERTIFICATE IS APPROVED BY THE
MICHIGAN STATE TAX COMMISSION**

ADDENDUM 1
4. b. Requirements

ADDENDUM 2
Affordability Requirements

1. Affordable Housing Undertaking. The Applicant, as developer of the Kercheval East, LLC mixed-use project (the “Project”) on the Property, will implement the following affordable housing plan for the planned 15 residential apartments to be included within the Project:
 - a. The Applicant will offer for lease 3 apartment units (“Affordable Units”) to those earning not more than 80% of the Detroit SMSA area median income (“AMI”) based on the income limits most recently published by the United States Department of Housing and Urban Development (“HUD”)1. Rental rates will be based upon occupancy of 1 person in a studio, 2 people in a one-bedroom, and 4 people in a two-bedroom apartment.
 - b. Applicant will verify the income of an applicant proposing to lease an Affordable Unit.
 - c. In the event that a tenant’s income is no longer not more than 80% of AMI, his or her unit shall be considered to comply with paragraph 1 above notwithstanding renewals of the lease and until the termination of the lease for his or her unit.
 - d. Applicant currently intends to offer _____ studios, _____ one-bedroom units and _____ two-bedroom units as Affordable Units. Applicant may alter this unit mix in its discretion.
 - e. A vacant unit offered for rent pursuant to this paragraph 1 counts toward satisfaction of paragraph 1a above.
 - f. The commitments set forth herein may be terminated in the event an arms-length lender forecloses on a mortgage secured by the Project.

2. Payment for Exempted Taxes for Violation of Undertaking. If Applicant is not in compliance with its obligations under paragraph 1 of this Addendum and fails to cure its non-compliance within 60 days of written notice from the City, the Applicant shall pay the City, in addition to the Obsolete Properties Tax due under the OPREC on the Property, an amount equal to the difference for the year of non-compliance between the amount of ad valorem tax otherwise due on the Property without the OPREC and the amount of the Obsolete Properties Tax due on the Property with the OPREC, multiplied by a fraction, the numerator of which is shortfall of the number of units that are not in compliance and the denominator of which is 15. Prior to taking any action to require the Applicant to pay any amount to the City pursuant to this paragraph 2, the City shall afford the Applicant an opportunity to present at a public hearing reasons for any shortfall by the Applicant in its compliance with this Addendum and shall consider whether to waive the payment obligation described in this paragraph 2.

3. Applicant’s obligations under this Addendum are subject to the issuance of an Obsolete Property Rehabilitation Exemption Certificate for the Project pursuant to Public Act 146 of 2000, as amended (“PA 146”), for a term of twelve (12) years after completion of

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

construction, and shall terminate in the event the certificate is revoked prior to its initial stated expiration date.

4. Applicant's express obligations under Sections 1, 2 and 3 of this Addendum shall not be materially affected by changes in City policies or practices after the date hereof. For purposes hereof, "materially affected" shall mean actions first required of the Applicant subsequent to the date hereof but which if so taken would impose an undue burden or cost on the Applicant.

EXHIBIT A
Application for Obsolete Property Rehabilitation Exemption Certificate

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

City of Detroit

CITY COUNCIL

COUNCIL PRESIDENT BRENDA JONES

INCENTIVE INFORMATION CHART:

Project Type	Incentive Type	Investment Amount	District
Rehab Construction	CRBA	2.5 million	5

Jobs Available							
Construction				Post Construction			
Professional	Non-Professional	Skilled Labor	Non-Skilled Labor	Professional	Non-Professional	Skilled Labor	Non-Skilled Labor
3	7	10	10			4	25*

* if Restaurant

1. What is the plan for hiring Detroiters? → we work with Detroit based/primarily owned construction companies for a lot of our work. we will continue to work
2. Please give a detailed description of the jobs available as listed in the above chart, i.e: job type, job with the qualifications, etc. Construction - Demo, Labor, HVAC, Plumbing, Electrical, Computer
3. Will this development cause any relocation that will create new Detroit residents? Retail - small business owner / fitness training, potentially a restaurant
- Potentially depending on retail tenants
4. Has the developer reached out to any community groups to discuss the project and/or any potential jobs? East Village Association, Villages CoC, Jackson East
5. When is construction slated to begin? FALL 2018
6. What is the expected completion date of construction? WINTER 2019

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



CITY OF DETROIT
HOUSING AND REVITALIZATION DEPARTMENT

2658
FEB 18 2019

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

27

February 19, 2019

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

**RE: Request to Amend the 2018-19 General Fund Budget and Reprogramming
Amendment to the Community Development Block Grant (CDBG) Annual Action
Plan for Fiscal Year 2018-19**

Honorable City Council:

The Housing and Revitalization Department (HRD) hereby request the authorization to amend the 2018-19 General Fund Budget and the Community Development Block Grant (CDBG) Annual Action Plan for FY 2018-19. The funds targeted for reprogramming consist of an exchange of funding with the General Fund Senior Home Repair Program and the CDBG Economic Development Small Business Development Motor City Match. A summary of the proposed changes are as follows:

Line Items to be Reprogrammed (decrease):

- General Fund Senior Home Repair (FY 2018-19) \$ 800,000
- CDBG Econ Dvlpt Small Business Motor City Match (FY 2018-19) \$ 800,000

Line Item for Funding Addition (increase):

- Gen. Fund Econ Dvlpt Small Business Motor City Match (FY 2018-19) \$ 800,000
- CDBG Conventional Home Repair Senior (FY 2018-19) \$ 800,000

We respectfully request that your Honorable Body approve the attached resolution authorizing the reprogramming amendment for the stated purpose. This proposed reprogramming amendment was posted on the City's website and advertised in the Detroit News/Free Press. Upon City Council's approval, it will be transmitted to HUD.

We ask that the Council approve this with a Waiver of Reconsideration.

Respectfully submitted,

Donald Rencher
Director

APPROVED	
BUDGET DIRECTOR	
Date	2/21/19

CITY CLERK 2019 FEB 22 PM 2:144

Attachment

cc: S. Washington, Mayor's Office
Warren T. Duncan



BY: _____

WHEREAS, the Detroit City Council hereby approves amending the Housing and Revitalization Department 2018-19 General Fund Budget reflecting this amendment in accordance with the foregoing communication; and

WHEREAS, the Detroit City Council hereby approves amending the 2018-19 Annual Action Plan to reflect 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 2018-19 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 Budget Director be and is hereby authorized to set-up, appropriate and Increase Appropriation #20618 – General Fund Economic Development Small Business Development Motor City Match by \$800,000.00; and

RESOLVED, that the Budget Director be and is hereby authorized to Increase Appropriation #20153 – CDBG Conventional Home Repair Senior Program by \$800,000.00; and

RESOLVED, that the Budget Director be and is hereby authorized to Decrease Appropriation #20389 - General Fund Senior Home Repair Program by \$800,000.00; and

RESOLVED, that the Budget Director be and is hereby authorized to Decrease Appropriation #13837 – CDBG Economic Development Small Business Development Motor City Match by \$800,000.00; 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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28

February 22, 2019

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

**RE: Annual HOME, CDBG, NSP Awards
Addition to Award – The Sanctuary**

Honorable City Council:

The City of Detroit ("City"), through the Housing and Revitalization Department ("HRD"), makes annual funding available for "ready-to-proceed projects" from HOME, CDBG and NSP federal funds allocated to the City through the U.S. Department of Housing and Urban Development ("HUD"). HRD has continued to work closely with HUD to meet required commitment and disbursement deadlines for ongoing projects approved by the City.

In support of affordable housing opportunities, HRD is hereby requesting approval to increase the funding of a previously approved project as follows:

1. The Sanctuary (Additional \$500,000.00) – additional HOME/CDBG funds will be spent on this project to cover cost increases associated with design and site plan revisions.

We hereby request that your Honorable Body adopt the attached resolution that (1) approves the aforementioned loan increase and (2) authorizes the Director of HRD to execute such loan documents as may be necessary or convenient to complete the transaction.

Respectfully submitted,

Donald Rencher
Director

Attachments

cc: S, Washington, Mayor's Office
K. Vickers, Associate Director of Housing Underwriting

CITY CLERK 2019 FEB 22 PM 4:45

RESOLUTION

BY COUNCIL MEMBER: _____

WHEREAS, City of Detroit ("City"), through the Housing and Revitalization Department ("HRD"), makes annual funding available for "ready-to-proceed projects" from HOME, CDBG and NSP federal funds allocated to the City through the U.S. Department of Housing and Urban Development ("HUD") for the purpose of creating affordable housing opportunities; and

WHEREAS, the City has previously approved an allocation of HOME funds to The Sanctuary Project in the amount of \$1,900,000 with the authority to vary such amount by not more or less than 10% ("Previous Loan Amount"); and

WHEREAS, the City has increased the Previous Loan Amount by 10% to a total amount of \$2,090,000 pursuant to the above referenced authority; and

WHEREAS, the City now desires to further increase the Previous Loan Amount by \$500,000 to a total amount of \$2,590,000 consistent with the attached Exhibit 1: Changes to Existing HOME, CDBG and NSP Awards incorporated herein ("Exhibit 1"); and

WHEREAS, HRD will use Appropriation No. 20541 (CDBG) for the \$500,000 increase to The Sanctuary Project; now therefore be it

RESOLVED, that Detroit City Council hereby approves an increase of the Previous Loan Amount by \$500,000 to a total loan amount of \$2,590,000 to The Sanctuary Project consistent with Exhibit 1; and be it further

RESOLVED, that the HRD Director, or his designee, is authorized to process, prepare, and execute any and all loan and grant documents necessary or convenient to close, secure and use HOME and CDBG funds according to HUD regulations consistent with the awards in Exhibit 1; and be it finally

RESOLVED, that the Budget and Finance Directors are 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.

A Waiver of Reconsideration is requested.

Exhibit 1: Changes to Existing HOME, CDBG, and NSP Awards

Increased Awards, Loan Modifications and/or Loan Subordinations (Various Developers)

DEVELOPER OR BORROWER	PROJECT DESCRIPTION	PROJECT ACTION	TOTAL DEVELOPMENT COST	ORIGINAL HOME/CDBG ALLOCATION	New or Revised ALLOCATION	COMMENTS
<p>NSO and MHT Housing / The Sanctuary Limited Dividend Housing Association, LLC 32600 Telegraph Rd, Suite 102 Bingham Farms, MI 48025</p>	<p>The Sanctuary 3300 Mack Avenue Detroit, MI 48207 New Construction 42 units 100% affordable</p>	<p>Increase the supportive housing project's total amount of allocation by \$500,000 in CDBG to cover cost increases related to design and site plan changes.</p>	<p>\$11,577,523</p>	<p>\$1,900,000 HOME Plus 10% Change in HOME \$2,090,000 Total HOME</p>	<p>\$2,590,000 Total</p>	<p>Project experienced cost increases associated with design and site plan changes.</p>

City of Detroit

CITY COUNCIL

29

RAQUEL CASTAÑEDA-LÓPEZ
COUNCIL MEMBER
DISTRICT 6

MEMORANDUM

TO: Downtown Development Authority
Lawrence Garcia, Corporation Counsel, City of Detroit
David Whitaker, Director, LPD

THRU: Council President Brenda Jones

FROM: Council Member Raquel Castañeda-López



DATE: February 20, 2019

RE: Development Commitments made RE: District Detroit

The City of Detroit Downtown Development Authority has entered into multiple agreements with Olympia Development to allow for the construction of the new sports and entertainment arena and the surrounding "District Detroit." Through these agreements and during deliberation at City Council, the developers made a number of commitments to the City and the community. One notable commitment was the renovation of the historic Eddystone Hotel within one year of the opening of the new arena. The arena opened for events in September of 2017 and the Eddystone has not been opened.

I would like to request that LPD produce report outlining an exhaustive list of commitments made by Olympia Development in conjunction with this development and the current status of each commitment. In the event of a violation, I would like to request that the Law Department and LPD opine on the City's options for recourse.

To the DDA, has the project generated the economic spin-off activity in the surrounding district that the city and the authority were expecting since the arena began construction? Please provide a report to support your findings.

Thank you. If you have any questions, please do not hesitate to contact our office.

CITY CLERK 2019 FEB 21 PM4:34

Cc: Honorable Detroit City Council
Stephanie Washington, Mayor's Liaison
City Clerk