

*Formal Session Agenda
Referrals*

11-19-19

**PLANNING AND
ECONOMIC
DEVELOPMENT
STANDING
COMMITTEE**



CITY OF DETROIT
LAW DEPARTMENT

12

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November 12, 2019

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

**Re: Proposed Amendment of Chapter 22 of the 2019 Detroit City Code, *Housing*,
by amending Article II, *Affordable Housing Notification Requirements*.**

Honorable City Council:

Attached please find a proposed ordinance to amend Chapter 22 of the 2019 Detroit City Code, *Housing*; Article II, *Affordable Housing Notification Requirements*, requested by Council President Pro Tem Sheffield. This proposed ordinance add definitions, modifies the timing of certain notification provisions, revises the annual reporting requirements, and adds compliance language.

Respectfully submitted,

Julianne V. Pastula
Senior Assistant Corporation Counsel
City of Detroit Law Department
(313) 237-2935

SUMMARY

AN ORDINANCE to amend Chapter 22 of the 2019 Detroit City Code, *Housing*, by amending Article II, *Affordable Housing Notification Requirements*, consisting of Sections 22-2-1 through 22-2-20, to add definitions, modify the timing of notification provisions, revise the annual reporting requirements, and add compliance language.

CITY CLERK 2019 NOV 12 PM 4:57

1 **BY COUNCIL MEMBER** _____ :

2 **AN ORDINANCE** to amend Chapter 22 of the 2019 Detroit City Code, *Housing*, by
3 amending Article II, *Affordable Housing Notification Requirements*, consisting of Sections
4 22-2-1 through 22-2-20, to add definitions, modify the timing of notification provisions, revise the
5 annual reporting requirements, and add compliance language.

6 **IT IS HEREBY ORDAINED BY THE PEOPLE OF THE CITY OF DETROIT THAT:**

7 **Section 1.** Chapter 22 of the 2019 Detroit City Code, *Housing*, be amended by
8 amending Article II, *Affordable Housing Notification Requirements*, consisting of Sections
9 22-2-1 through 22-2-20, to read as follows:

10 **CHAPTER 22. HOUSING**

11 **ARTICLE II. AFFORDABLE HOUSING NOTIFICATION REQUIREMENTS**

12 **Sec. 22-2-1. Purpose.**

13 The purpose of this article is to provide for the maintenance and protection of the health,
14 safety and general welfare of the public and those citizens who are of low income and moderate
15 income by ensuring affordable housing is not permanently removed from the housing stock
16 without adequate prior notice, to prevent the sudden displacement of these low- and moderate-
17 income households from the City, and to prevent homelessness.

18 **Sec. 22-2-2. Definitions.**

19 For purposes of this article, the following words and phrases shall have the meaning
20 respectively ascribed to them by this section:

1 *Affordable* means, as generally defined by the U.S. Department of Housing and Urban
2 Development, housing for which the occupants are paying no more than 30 percent of their income
3 for gross housing costs, including utilities.

4 *Affordable housing development* means any multi-family dwelling available for rent or
5 lease that is in receipt of a government funded loan, grant, tax abatement, tax incentive, rent
6 subsidy, or other subsidy from any federal, state, or local governmental body or agency and whose
7 rent levels or tenant rent payments are restricted as a result of the receipt thereof, so as to be
8 affordable to, low- and moderate-income households.

9 *Affordable housing restriction* means any multi-family dwelling available for rent or lease
10 whose rent levels or tenant rent payments are restricted as a result of the receipt of government
11 contractual arrangement, financial loan, assistance or subsidy, so as to be affordable to, low- and
12 moderate-income households.

13 *Area Median Income* means the median family income for the Detroit-Warren-Livonia
14 Metropolitan Statistical Area, as published by the U.S. Bureau of Census and the U.S. Department
15 of Housing and Urban Development.

16 *Department* means the City of Detroit Housing and Revitalization Department.

17 *Expiration* means to bring to an end or conclude any agreement, government funded loan,
18 tax abatement, tax incentive, or other subsidy from any federal, state, or local governmental body
19 or agency under the terms provided, to conclude the transaction at its original or renewed ending
20 date.

21 *Low income* means a household whose income does not exceed 80 percent of the Area
22 Median Income, as determined by the U.S. Department of Housing and Urban Development, with
23 adjustments for smaller or larger families.

1 *Moderate income* means a household whose income is more than 80 percent and not more
2 than 95 percent of Area Median Income, as determined by the U.S. Department of Housing and
3 Urban Development, with adjustments for smaller or larger families.

4 *Multi-family dwelling* means a structure, located on a single lot, containing three or more
5 dwelling units, each of which is designed for or occupied by one family only, with separate
6 housekeeping and cooking facilities for each.

7 ~~*Terminate*~~ *Planned termination* means to bring to an end, conclude or extinguish any
8 agreement, government funded loan, tax abatement, tax incentive, or other subsidy from any
9 federal, state, or local governmental body or agency under the terms provided, by expiration, pre-
10 payment or other method to conclude the transaction prior to its original ending date including the
11 failure to renew or termination of the contract for business reasons.

12 *Unplanned termination* means to bring to an end, conclude or extinguish any agreement,
13 government funded loan, tax abatement, tax incentive, or other subsidy from any federal, state, or
14 local governmental body or agency under the terms provided, due to foreclosure action or failure
15 to meet physical inspection standards.

16 **Sec. 22-2-3. Misdemeanor violation; continuing violation; penalties for conviction thereof.**

17 (a) It shall be unlawful for any person to violate any provision of this article.

18 (b) Any person who violates this article may be issued a misdemeanor violation for
19 each day that the violation continues.

20 (c) Any person who is found guilty of violating any provision of this article shall be
21 convicted of a misdemeanor for each violation that is issued and, in the discretion of the court,
22 may be fined up to \$500.00 and sentenced up to 90 days in jail, or both, for each misdemeanor
23 violation that is issued.

1 **Sec. 22-2-4. Applicability; exceptions.**

2 (a) This article is applicable to any current or future agreement for multi-family
3 dwellings available for rent or lease that is part of an affordable housing development.

4 (b) The provisions of this article are in addition to, not in lieu of, applicable state or
5 federal laws governing the sale or other disposition of real property that would either result:

6 (1) In the discontinuance of its use as an affordable housing development; or

7 (2) In the termination of any low income or moderate income use restriction.

8 (c) This article does not infringe upon a property owner's right to sell or dispose of real
9 property or to raise rents upon the termination of applicable affordability covenants or when the
10 property is no longer an affordable housing development.

11 (d) This article establishes local notice requirements that provide information
12 regarding an affordable housing development's status to the City, to any applicable state or federal
13 agencies, and to the tenants of that property.

14 **Sec. 22-2-5. Notice of Intent to Terminate current agreements; exceptions.**

15 (a) At least 12 months prior to ~~the~~ any planned termination of applicable affordability
16 covenants, the owner of an affordable housing development shall file with the Office of the City
17 Clerk and deliver to the Director of the Detroit Housing Commission, the Director of the Housing
18 and Revitalization Department, and to each tenant a Notice of Intent to Terminate an existing
19 federal, state, or local government contractual arrangement, financial loan, assistance or subsidy
20 that is the underlying foundation of the affordable housing restriction.

21 (1) A Notice of Intent to Terminate shall include the following information:

22 a. The contact information of each owner of the affordable housing
23 development including name, address, telephone number and email address or for

1 any owner that is a corporation, limited-liability company, partnership, or other
2 entity required to have a resident agent, and the aforementioned contact information
3 for the resident agent only, as well as local branch information if the entity is not
4 headquartered in the State of Michigan;

5 b. The name of the housing subsidy, federal, state, or local program name and
6 identification number applicable to the affordable housing development;

7 c. The date of the intended or expected termination; and

8 d. A description of the basic legal rights of the affected tenants with regard to
9 the termination of the affordable housing restriction and a list of local housing
10 agencies and social service entities that may be of assistance.

11 (2) In addition to the information contained in Subsection (a)(1) of this section, notices
12 provided to the Director of the Detroit Housing Commission and the Director of the Housing and
13 Revitalization Department shall also include the following information:

14 a. A copy of the document or reference information if it is a recorded
15 document that is the basis for the underlying subsidy;

16 b. The total number of subsidized rental units in the development subject to
17 termination as well as a breakdown of the number of those units occupied by tenants
18 62 years of age or older, occupied by disabled persons, and occupied by individuals
19 with children;

20 c. The current rent schedule for the subsidized rental units; and

21 d. The anticipated rent schedule after termination. Where maintaining
22 ownership, the owners shall give the best estimate to define anticipated rents after
23 termination, but shall not be bound by the estimates provided.

1 (3) The 12-month notice period shall commence on the date the Notice of Intent to
2 Terminate has been filed with the Office of the City Clerk.

3 (b) At least 12 months prior to the termination or non-renewal of affordable housing
4 restrictions, an owner of an affordable housing development shall provide a summary of the Notice
5 of Intent to Terminate that is required in Subsection (a) of this section. The summary shall clearly
6 state that the affordable housing restriction is ending and the anticipated date the rent schedules
7 are expected to change. The summary shall be:

8 (1) Posted in a conspicuous area in the hallway of each floor, in each elevator, and in
9 at least two common areas of the building; and

10 (2) Included in every tenant's rent bill at least once.

11 (c) If on the effective date of this article, the federal, state, or local government
12 contractual arrangement, financial loan, assistance or subsidy that is the underlying foundation for
13 the affordable housing restriction will terminate or expire in less than 12 months, or where an
14 unplanned termination occurs, the owner shall provide immediate notice to the City and the
15 affected tenants as set forth in Subsection (a) of this section and post notice as set forth in
16 Subsection (b) of this section.

17 (d) ~~At least six months prior to the termination of affordable housing restrictions, ¶The~~
18 owner of an affordable housing development shall file with the Office of the City Clerk and deliver
19 to the Director of the Detroit Housing Commission, the Director of the Housing and Revitalization
20 Department, and to each tenant a written reminder of the date the affordable housing restriction
21 will terminate as follows:-

22 (1) At least six months prior to the planned termination of affordable housing
23 restrictions; or

1 (2) Within one week of an owner being notified of an unplanned termination of
2 affordable housing restrictions.

3 (e) Owners of affordable housing developments are exempt from the requirements of
4 this section where:

5 (1) The owner is refinancing the project and preserving all affordable housing
6 requirements and restrictions; or

7 (2) The property is being sold to a buyer who has entered into a regulatory agreement
8 that will preserve the current afford ability requirements and restrictions.; or

9 (3) Additional restrictions are present to preserve the affordability of units within the
10 affordable housing development.

11 **Sec. 22-2-6. Annual reporting.**

12 The Housing and Revitalization Department shall prepare and submit an annual report to
13 the Mayor and the City Council that includes, at a minimum, the following information for the
14 preceding year:

15 (1) ~~The number of agreements on which affordable housing restrictions were based~~
16 ~~that terminated and the number of affordable multi-family dwelling units where rent was increased.~~

17 A list of affordable housing developments where affordability was terminated and the number of
18 units impacted including:

19 a. Planned terminations where the affordable housing restriction concluded in the
20 preceding calendar year and rent levels are no longer restricted; or

21 b. Where an unplanned termination of an affordable housing restriction occurred due
22 to foreclosure and the corresponding unexpired affordability period remaining; or

1 c. Where an unplanned termination of an affordable housing restriction occurred due
2 to a failure to meet physical condition standards and a description of such failures.

3 (2) ~~The number of agreements on which affordable housing restrictions were based~~
4 ~~that were renewed and the number of afford able multi family dwelling units that were preserved.~~
5 A list of properties where the affordable housing restrictions within an affordable housing
6 development may terminate within the following calendar year:

7 a. By expiration and no plan is in place to extend the affordability period; or

8 b. Where the Housing and Revitalization Department has been notified that the
9 affordability period will end, by either planned or unplanned termination, and a plan is in place to
10 extend the affordability period but such plan has not yet been formally executed; or

11 c. Where the affordability of units was preserved through contract renewal, new
12 financing or other mechanism to maintain the affordable housing restrictions and the length of
13 time of the extension.

14 **Sec. 22-2-7. Compliance.**

15 The Department will be responsible for communicating the requirements of this article to
16 owners of current affordable housing developments. This communication shall be in writing and
17 sent annually via first class mail or electronic communication.

18 **Secs. 22-2-8 – 22-2-20. Reserved.**

Section 2. This ordinance is hereby declared necessary to preserve the public peace, health, safety, and welfare of the People of the City of Detroit.

Section 3. All ordinances, or parts of ordinances, that conflict with this ordinance are repealed.

Section 4. In the event this ordinance is passed by two-thirds (2/3) majority of City Council Member serving, it shall be given immediate effect and become effective upon publication in

accordance with Section 4-118 of the 2012 Detroit City Charter. Where this ordinance is passed by less than a two-thirds (2/3) majority of City Council Members serving, it shall become effective on the thirtieth (30) day after enactment, or on the first business day thereafter, in accordance with Section 4-118 of the 2012 Detroit City Charter.

Approved as to form:



Lawrence T. García
Corporation Counsel

Alton James
Chairperson
Lauren Hood, MCD
Vice Chair/Secretary

City of Detroit

CITY PLANNING COMMISSION
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David Esparza, AIA, LEED
Gregory Pawlowski
Frederick E. Russell, Jr.
Angy Webb



November 8, 2019

HONORABLE CITY COUNCIL

RE: Fees for Processing Rezoning Requests (RECOMMEND APPROVAL)

This report provides an analysis and recommendation from the City Planning Commission (CPC) for a new fee schedule for processing rezoning requests and other land use reviews for Your consideration.

In January 1995, City Council first established fees for the CPC processing rezoning requests, and, since that time, these fees have never been increased. For this report, the City Planning Commission studied the land use fees charged by other City of Detroit departments, estimated the costs of processing land use requests, and surveyed the fees charged by other cities.

Background and Current Fees

For the past 24 years, the CPC has charged applicants for the processing of rezoning requests a base fee of \$350 plus \$25 for each acre over one acre, to a maximum of \$1,000.

For the past several years, the CPC has had three different rezoning applications:

- (1) standard zoning changes;
- (2) development proposal approval in the Planned Development (PD), Public Center (PC), and Public Center Adjacent (PCA); and,
- (3) Special Development District, Casinos and Casino Complexes (SD5).

Even though the PD and SD5 amendments usually require significantly more staff hours, the same \$350 fee has been charged for all three applications.

Also, oftentimes land is already zoned PD, PC, PCA, or SD5, and developers request to make minor or major changes to the subject property. In these instances, CPC staff conducts a special district review to be reviewed by the CPC and/or City Council, and to date, has not charged a fee. Lastly, regarding text amendments, most Zoning Ordinance text amendments originate from CPC staff or are requested by City Council or City agency. However, some text amendment requests come from the public, for which no fee is charged.

Land Use Fees Charged by Other City of Detroit Departments

In late 1994, when the City Council was deciding whether or not to establish rezoning fees, the Buildings, Safety Engineering and Environment Department (BSEED) was already charging

\$450 for Special Land Use hearings and the Board of Zoning Appeals (BZA) was charging \$300 to process variance requests. Presently, BSEED charges \$1,000 for Special Land Use hearings and \$160 for Preliminary Plan Review (PPR). BZA currently charges \$1,200 to process variance requests. The Planning & Development Department (P&DD) presently does not charge for its site plan review or special district review services.

Estimated CPC Staff Costs

The CPC studied the steps involved when processing various land use requests and projected the average number of staff hours devoted to each step. However, the total hours can vary more or less depending on the complexity of the particular land use review. The table below summarizes the estimated total planning staff hours spent on the various land use requests. Based on the current average salary of a Legislative Policy Division Planner III of \$36.78 per hour, the estimated staff costs are listed as well. For this analysis, PC/PCA major review is defined as substantial changes to several aspects of a building, including the façade, signage, etc. PC/PCA minor review includes changes that are limited to one aspect of a building such as a new sign, outdoor café, etc.

	Estimated Total CPC Hours	Estimated CPC Costs
Standard Rezoning	61	\$2,244
PD (including PD Major Modification), SD5, SD4 (3 or more acres), PC or PCA Rezoning	78	\$2,869
PC/PCA Major Plan Review	25.5	\$938
PD/PC/PCA Minor Plan Review	11.5	\$423
Zoning Text Amendment Major	66	\$2,427
Zoning Text Amendment Minor	42	\$1,545

Attachment A shows a more detailed table summarizing estimated average staff hours to process land use requests. The bottom of Attachment A also lists estimated hours from other departments, which adds hundreds of dollars to the cost of each review.

Survey of Cities

Back in 1994, in order to establish the initial rezoning fee, CPC staff conducted a survey of 25 municipalities in Michigan and found fees ranging from \$150 to \$600. For the current analysis, CPC staff conducted a survey of the following:

- Eleven major US cities (most of which are in the Midwest or just beyond),
- The 21 largest cities in Michigan (which includes five cities in Wayne County), and
- Twenty-two remaining other cities in Wayne County.

Attached to this report is a spreadsheet summarizing the survey results. The survey lists the fees for the following: 1) standard rezoning; 2) PD rezoning; 3) zoning text amendment; and 4.) site plan review.

A summary of some of the major findings of the survey include the following:

- Seven of 11 major US cities, have standard rezoning fees starting at a minimum of \$1,000, with the median fee of \$1,500. Fees from other major US cities include Chicago (\$1,025), Pittsburgh (\$1,250), and Milwaukee (\$1,500);
- Four of the 11 major US cities charge additional fees based on the number of acres;
- Six of the 11 major US cities have equal or higher fees for PD rezonings, with the average fee being \$2,416. PD fees from other cities include Chicago (\$1,500), Milwaukee (\$2,500), and Columbus (\$3,200);
- Three of the 11 major US cities list specific zoning text amendment fees, including \$500 from Denver, \$1,180 from Nashville, and \$1,500 from Charlotte;
- Eleven of the 21 largest Michigan cities have rezoning fees \$1,000 or greater with the median fee at \$1,500. Fees from other large Michigan cities, include Southfield (\$1,000), Warren (\$1,500), and Grand Rapids (\$2,921);
- Ten of the 21 largest Michigan cities charge higher fees for larger parcels or additional acreage;
- Fourteen of the 21 largest Michigan cities list a different fee (mostly higher) for PD rezonings - fees from other cities, include Grand Rapids (\$2,055), Warren (\$2,500 for 2 acres or less plus \$50 per acre) and Taylor (\$3,000);
- Eight of the 21 largest Michigan cities list specific text amendment fees ranging from \$330 for Kalamazoo to \$2,921 for Grand Rapids;
- Eighteen of the 21 largest Michigan cities list specific fees for site plan approval, including Pontiac (\$500 preliminary and \$990 final), Warren (\$1,000), and Grand Rapids (\$1,675); and,
- Of the other Wayne County cities surveyed, seven of the 22 cities have rezoning fees \$1,000 or greater (including any escrow funds). Fees from other Wayne County cities, include Romulus (\$1,500) and Inkster (\$2,050).

Policy Issues

When CPC staff receives a rezoning map request, sometimes the petition is expanded to rezone nearby properties or the entire block, and the CPC is often listed as a co-petitioner. In these instances, the CPC recommends that unless the petition comes from a non-profit community-based organization, the petitioner should still be responsible for paying a fee for the portion of the rezoning they are requesting.

The vast majority of zoning text amendments originate from City staff or elected officials. If the CPC receives a text amendment request from outside City government, then the CPC recommends a fee be charged unless it is determined that the amendment has broad significance for the public good of the City.

For proposed fees, CPC recommends the following policies:

- If the CPC expands a rezoning request to include additional parcels, the petitioner should be responsible for fees associated only with the original request;
- For text amendments, there should be a fee for requests originating outside City government, but the fee should be waived if the CPC determines the amendment has broad significance for the public good of the City; and,
- Minor vs. major changes within PC and PCA district fees, and minor vs. major text amendment fees be determined by the CPC staff.

Recommendation

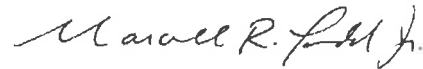
The City Planning Commission recommends that rezoning fees should be increased and fees for different types of land use requests should be added. The current fees established in 1995 have not been raised for the past 24 years. At its meeting on October 17, 2019, the CPC voted to recommend the following fees:

	Recommended Fee
Standard Rezoning	\$1,500 for the first acre + \$50 for each additional acre to a maximum of \$2,250
PD, PD Major Plan Change SD4 (3 or more acres), SD5, PC, and PCA Rezoning	\$1,750 for first acre + \$50 for each additional acre to a maximum of \$2,500
PC/PCA Major Plan Review	\$700
PD/PC/PCA Minor Plan Review	\$400
Text Amendment Major	\$1,500
Text Amendment Minor	\$1,000

The CPC thinks the proposed fees are fair and reasonable, in part, because they are in line with fees charged by other City departments and other large cities in Michigan and throughout the US. The proposed fees still only cover a portion of the actual costs accrued by the City when processing land use requests. Attached is a resolution for Your Honorable Body’s consideration.

Respectfully submitted,

ALTON JAMES, CHAIRPERSON



Marcell R. Todd, Jr., Director

Christopher J. Gulock, AICP, Staff

Attachments

cc: Dave Bell, BSEED

By Council Member: _____

Whereas, the City Planning Commission has not proposed any increase in rezoning fees since January 1995; and

Whereas, the Detroit City Charter in Section 9-507 presently allow for application filing fees; and

Whereas, the City Planning Commission has conducted a fee study to justify the fee charges;

Now, Therefore, Be It Resolved, That the Detroit City Council hereby approves the following fees proposed by the City Planning Commission:

	Fee
Standard Rezoning	\$1,500 for the first acre + \$50 for each additional acre to a maximum of \$2,250
Planned Development, Planned Development Major Plan Changes SD4 (3 or more acres), SD5, PC, and PCA Rezoning	\$1,750 for first acre + \$50 for each additional acre to a maximum of \$2,500
PC/PCA Major Plan Review *	\$700
PD/PC/PCA Minor Plan Review *	\$400
Zoning Text Amendment Major *	\$1,500
Zoning Text Amendment Minor *	\$1,000
* as determined by the City Planning Commission staff	

Estimated average hours processing land use requests 10-29-19

CPC Staff Task	Standard Rezoning Hours	PD, PD Major Change, SD4 (3 or more acres), SD5, PC, PCA Rezoning Hours	PC/PCA Major Plan Review Hours	PC/PCA Minor Plan Review Hours	Text Amendment (major) Hours	Text Amendment (minor) Hours
Inquiry	.5	.5	.5	.5	.5	.5
Pre-application meeting	2	3	2	1	1	1
Review at staff meeting	1	1	1	1	1	1
Inform/consult PDD	1	1	1	1	1	1
Community meeting	3	3				
Prepare for CPC						
- Review site plan		1	1			
- Labels	2	2			3	3
- Visit site & photos	2	2	1			
- Research & write report	12	16	6		16	8
- Presentation	4	6	2		4	2
CPC hearing	2	2	2		2	2
Write recommendation	8	12			8	4
CPC presentation/vote	3	3			3	3
Create ordinance	8	10			10	5
Draft report for City Council	4	6	4	3	6	3
City Council regular session	1	1	1	1	1	1
PED Committee	2	2	2	2	2	2
Council set hearing	.5	.5			.5	.5
PED Hearing	2	2			2	2
CC Vote	2	2	1	1	1	1
Zoning map update	1	1			4	2
CPC staff sign off		1	1	1		
Total CPC staff hours	61	78	25.5	11.5	66	42
Rate at \$36.78/hr	\$2,244	\$2,869	\$938	\$423	\$2,427	\$1,545

Other City Staff	Standard Rezoning Hours & Cost	PD, PD Major Change, SD4 (3 or more acres), SD5, PC, PCA Rezoning Hours	PC/PCA Major Plan Review Hours & Cost	PC/PCA Minor Plan Review Hours & Cost	Text Amendment (major) Hours & Cost	Text Amendment (minor) Hours & Cost
LPD administrative support (\$20/hr)	4 (\$80)	4 (\$80)			8 (\$160)	8 (\$160)
City Engineering sign-off (\$45/hr)	3 (\$135)	3 (\$135)				
Law Department sign-off (\$56/hr)	8 (\$448)	16 (\$896)			24 (\$1,344)	16 (\$896)
PDD review (\$35/hr)	8 (\$280)	16 (\$560)	16 (\$560)	8 (\$280)	24 (\$840)	8 (\$280)
Total Additional	\$943	\$1,671	\$560	\$280	\$2,344	\$1,336

SURVEY OF FEES OTHER CITIES

MAJOR USA CITIES	POPULATION 2010 CENSUS	GENERAL REZONING FEE	PD/PUD REZONING FEE	ZONING TEXT AMENDMENT FEE	SITE PLAN APPROVAL FEE
Chicago	2,695,598	\$1,025	\$1,500		\$.5 per square foot for PD plan review
Philadelphia	1,526,006	\$0 - rezoning requests are made through City Council and staff; Council members introduce changes for their districts			<ul style="list-style-type: none"> • \$500 zoning permit review • \$150 use registration
Indianapolis	820,445	<ul style="list-style-type: none"> • \$479 for dwelling district three acres or less; • \$2,789 for commercial, industrial, etc., & dwelling district > three acres + \$19/acre; • \$5,499 for a special use district + \$69/acre 	\$3,499 plus \$19/acre for over one acre		
Columbus	787,033	\$1,800 for 1st acre + \$180/acre (max fee \$7,000)	\$3,200 for 1st acre + \$320/acre (max \$15,000)		\$475 zoning clearance/site compliance
Detroit	713,777	\$350 for one acre or less; \$350 for each additional acre (\$1,000 max)	\$350 for one acre or less; \$25 for each additional acre (\$1,000 max)		
Charlotte, NC	731,424	\$2,100		\$1,500	\$125 - \$1,290 zoning plan review based on construction costs
Nashville	601,222	\$2,200	\$2,800	\$1,180	\$250 building permit review
Denver	600,158	\$1,000 one acre or less; \$500/acre for each additional acre (\$50,000 max)	<ul style="list-style-type: none"> • \$1,000 under one acre; • \$1,500 for 1st acre + \$500/acre each additional acre (\$50,000 max) 	\$500	<ul style="list-style-type: none"> • \$500 for one acre or less • \$2,500 more than one acre, plus \$500 for each additional acre (max \$50,000)
Milwaukee	594,833	\$1,500	\$2,500 to establish; \$1,500 to amend		
Cleveland	396,815	No fee; zoning map changes are only initiated by the City; \$50 charged for use variances			

SURVEY OF FEES OTHER CITIES

Minneapolis	382,578	<ul style="list-style-type: none"> • \$840 for zero to 9,999 square feet of lot area; • \$1,100 for 10,000 square feet to 43,559 square feet of lot area; • \$1,400 for 43,560 square feet of lot area or more 	<ul style="list-style-type: none"> • \$950 for 0 to 9,999 square feet of lot area; • \$1,400 for 10,000 square feet to 43,559 square feet of lot area; • \$1,850 for 43,560 square feet of lot area or more 	\$750	
Pittsburgh	305,704	\$1,250 base fee + \$350/acre			
LARGE MICHIGAN CITIES	POPULATION 2010 CENSUS	GENERAL REZONING FEE	PD/PUD REZONING FEE	ZONING TEXT AMENDMENT FEE	SITE PLAN APPROVAL FEE
Detroit	713,777	\$350 for one acre or less; \$350 for each additional acre (\$1,000 max)	\$350 for one acre or less; \$25 for each additional acre (\$1,000 max)		
Grand Rapids	188,040	\$2,921	\$2,055 PUD major amendment	\$2,921	<ul style="list-style-type: none"> • \$1,675 Planning Commission site plan review; • \$1,189 Planning Director site plan review
Warren	134,056	\$1,500 for two acres or less + \$50 /acre	<ul style="list-style-type: none"> • \$2,500 for two acres or less + \$50/acre; • \$1,200 PD site plan approval (5,000 square feet or less, \$20 per additional 1,000 square feet); • \$500 major amendment PD site plan (5,000 square feet or less, \$20 per additional 1,000 square feet); • \$500 minor amendment PD site plan 		<ul style="list-style-type: none"> • \$1,000 site plan approval new construction (5,000 square feet or less, \$20 per additional 1,000 square feet); • \$500 site plan approval additional (5,000 square feet or less, \$20 per additional 1,000 square feet); • \$150 administrative site plan review (may require Planning Commission approval)
Sterling Heights	129,699	\$1,840 for 1st acre + \$71/acre			

SURVEY OF FEES OTHER CITIES

Lansing	114,297	<ul style="list-style-type: none"> • \$500 less than one acre; • \$650 one-three acres; • \$800 greater 3 acres 				<ul style="list-style-type: none"> • \$560 less than one acre; • \$850 one-three acres; • \$1,210 greater three acres
Ann Arbor	113,934	<ul style="list-style-type: none"> • \$1,400 	<ul style="list-style-type: none"> • \$7,940 combined zoning & site plan (+\$45 per lot or \$45 per 1,000 square feet of new gross floor area); • \$10,850 combined zoning & site plan with stormwater review (+\$105 per lot or \$1,000 square feet of new gross floor area); • \$10,150 site plan approval with stormwater review (+\$85 per lot or \$1,000 square feet of new gross floor area) 	\$2,000	<ul style="list-style-type: none"> • \$7,550 site plan for Planning Commission approval (with storm water review); • \$12,350 site plan for City Council approval with stormwater (\$85 per lot or 1,000 square feet of new gross floor area) • \$1,002 residential + \$5 per unit or lot; • \$1,002 commercial/industrial + \$25 over one acre 	
Flint	102,434	\$1,253	<ul style="list-style-type: none"> • \$1,002 +\$2.5/unit preliminary site plan; • \$626 + \$2.5/unit final site plan 			
Dearborn	98,153	\$1,500 (includes \$1,200 application fee & \$300 publication fee)	<ul style="list-style-type: none"> • \$1,750 preliminary review; • \$1,125 final review 	\$1,500	\$750 site plan review	
Livonia	96,942	<ul style="list-style-type: none"> • \$400 low density residential; • \$550 high density residential; • \$700 commercial; • \$800 industrial (+ additional \$20-\$40 for square feet over certain amount) 			<ul style="list-style-type: none"> • \$600 +\$20 for each 1,000 square feet of gross floor area 	
Westland	84,094	<ul style="list-style-type: none"> • \$650 one acre or less; • \$850 more than one acre 			\$650 plus \$25 per acre	

SURVEY OF FEES OTHER CITIES

Troy	80,980	\$1,800 application + \$1,500 escrow	<ul style="list-style-type: none"> • \$300 pre application meeting • \$3,000 + \$5,000 escrow, concept plan review; • \$1,500 + \$5,000 escrow, preliminary plan review; • \$500 final plan review 	\$1,500	<ul style="list-style-type: none"> • \$1,000 preliminary + \$1,500 escrow • \$300 administrative site plan review • \$100 final site plan review
Farmington Hills	79,740	<ul style="list-style-type: none"> • \$750 one acre or less; • \$900 over one acre to 20 acres; • \$1,100 over 20 acres to 40 acres; • \$1,400 (over 40 acres) 	<ul style="list-style-type: none"> • \$1,060; + \$35/acre + \$135 for engineering + plan review fee (\$470 - \$1,160) 		<ul style="list-style-type: none"> • \$470 + \$135 for engineering + \$5 dwelling unit for multi-family; • \$650 + \$135 + \$30/acre for commercial, industrial or other
Kalamazoo	74,262	\$550 1st acre & \$55/acre each additional	<ul style="list-style-type: none"> • \$0 preliminary PD plan • \$500 final PD plan; • \$500 combined PD approval; • \$500 + \$330 + \$6 per each 500 square feet of gross floor area (rezoning + plan) 	\$330	<ul style="list-style-type: none"> • \$330 + \$6 per unit, multi family; • \$330 + \$6 per each 500 square feet of gross floor area site plan, non-residential
Wyoming	72,125	<ul style="list-style-type: none"> • \$600 under one acre; • \$1,000 one acre or over 	<ul style="list-style-type: none"> • \$700 under 41 acres; • \$1,200, 41 acres and over 	\$600	<ul style="list-style-type: none"> • \$600, multifamily, plus \$4 per unit up to \$1,800 • \$400 commercial/industrial, under one acre • \$600 commercial/industrial, one acre or over
Southfield	71,739	\$1,000 + \$40 for each acre over one acre			<ul style="list-style-type: none"> • \$1,000 + \$5 for each 1,000 square feet of gross building area residential and commercial reviewed by Council; • \$750 + \$5 for each 1,000 square feet of gross building area industrial reviewed administratively

SURVEY OF FEES OTHER CITIES

Rochester Hills	70,995	\$750 fee + \$75/hour if fee exceeded			<ul style="list-style-type: none"> • \$1,000 + \$18 per unit multi-family • \$1,500 + \$75 per acre commercial & industrial
Taylor	63,131	\$1,500	<ul style="list-style-type: none"> • \$3,000 + \$65/acre conceptual; • \$1,500 preliminary; • \$500 final 	\$1,800	<ul style="list-style-type: none"> • \$1,800 + \$65 /acre under 10 acres • \$2,100 + \$65/acre 10-20 acres • \$2,300 + \$65/acre over 20 acres • \$2,100 + \$65/acre multi-family
St. Clair Shores	59,715	\$500			<ul style="list-style-type: none"> • \$500 + \$5 for each 500 square feet of gross floor area, commercial/industrial; • \$300 two-family; • \$300 + \$5 for each dwelling unit, multi-family; • \$500 + \$5 for each dwelling unit, single-family cluster
Pontiac	59,515	<ul style="list-style-type: none"> • \$1,350 one acre or less plus \$100/acre over one acre 			<ul style="list-style-type: none"> • \$500 preliminary multi-family, \$25 each additional acre • \$990 final multi-family, \$100 each additional unit, max fee \$10,000 • \$500 preliminary non-residential \$25 each additional acre • \$990 final non-residential, \$100 each additional 1,000 square feet (max \$10,000)
Dearborn Heights	57,774	\$500		\$500 + \$1/unit up to \$1,000	
Royal Oak	57,236	\$1,000	<ul style="list-style-type: none"> • \$1,000 preliminary site plan; • \$1,000 final site plan; • \$2,000 rezoning plus development agreement/City Commission review 		<ul style="list-style-type: none"> • \$500 site plan review • \$900 with public hearing

SURVEY OF FEES OTHER CITIES

Novi	55,224	\$1,000 plus \$5/acre single family, \$15/acre multi-family, or \$20/acre commercial	<ul style="list-style-type: none"> • \$500 plan review, 50 acres or less; • \$800 greater than 50 acres 	\$600	
WAYNE COUNTY CITIES	POPULATION 2010 CENSUS	GENERAL REZONING FEE	PD/PUD REZONING FEE	ZONING TEXT AMENDMENT FEE	SITE PLAN APPROVAL FEE
Detroit	713,777	\$350 for one acre or less; \$350 for each additional acre (\$1,000 max)	\$350 for one acre or less; \$25 for each additional acre (\$1,000 max)		
Lincoln Park	38,144	\$300 admin fee + \$600 escrow (nonrefundable)	\$500 + \$3,000 escrow		\$300 administrative + \$2,250 escrow - unused monies will be refunded
Garden City	27,692	\$500 fee + \$1,000 escrow	<ul style="list-style-type: none"> • \$1,000 PD rezoning; • \$400 preliminary PD review • \$300 final PD review 		\$750 site plan development
Wyandotte	25,883	<ul style="list-style-type: none"> • \$300 residential; • \$600 commercial 			<ul style="list-style-type: none"> • \$1,750 commercial less than 1 acre • \$1,800 + \$50 per acre, commercial an acre or more • \$1,450 + \$6 per unit, residential less than 1 acre • \$1,500 + \$6 per unit, residential an acre or more
Inkster	25,369	\$2,050 (includes \$1,700 + \$350 public hearing fee)			

SURVEY OF FEES OTHER CITIES

Romulus	23,989	\$1,500 (includes \$700 + \$800 consultant escrow)			<ul style="list-style-type: none"> • \$2,000 + \$100 acre commercial lot planning commission; • \$2,000 + \$4 per residential unit lot planning commission; • \$1,150 non-residential administrative; • \$450 residential administrative
Hamtramck	22,423	<ul style="list-style-type: none"> • \$350 + \$500 escrow residential • \$350 + \$1,500 escrow commercial 			<ul style="list-style-type: none"> • \$300 preliminary site plan review • \$300 final site plan review
Trenton	18,853	\$500			<ul style="list-style-type: none"> • \$1,000 zero-20 acres, \$100 each additional acre
Wayne	17,593	\$500	\$750		<ul style="list-style-type: none"> • \$200 under 7,500 square feet • \$300 between 7,500-15,000 square feet • \$500 15,001 square feet and over
Grosse Pointe Woods	16,135	<ul style="list-style-type: none"> • \$375 Residential; • \$500 Commercial 			\$350
Harper Woods	14,236	\$450 + staff fees + 10% admin fees (escrow \$1,500 for residential & \$2,500 commercial)			\$400
Woodhaven	12,875	\$1,500			<ul style="list-style-type: none"> • \$1,350 residential • \$1,300 non-residential
Riverview	12,486	\$500	\$620 + hourly fee + \$85/acre	\$250	<ul style="list-style-type: none"> • \$620 cluster residential • \$735 multiple-family residential • \$435 two acres or less office, commercial, industrial, etc. • \$555 over two acres, office, commercial, industrial, etc.
Highland Park	11,776	\$600 + \$25/acre			<ul style="list-style-type: none"> • \$800 + \$10 per unit residential • \$2,400 + \$50 per acre non-residential

SURVEY OF FEES OTHER CITIES

Melvindale	10,715	\$250 + cost of notice/mailling							\$200 + \$20 administrative fee (\$1,000 escrow)
Flat Rock	9,878	\$350 + \$47/acre							
Ecorse	9,512	\$1,500 escrow							
Grosse Pointe Farms	9,479	\$450 + \$10/acre + escrow fee							\$500
Plymouth	9,132	\$750							\$1,500 plus \$50/acre
Northville	5,970	\$500 (up to 1 acre) + \$50/acre							<ul style="list-style-type: none"> • \$700 preliminary site plan, \$75 per acre • \$700 final site plan, \$75 per acre • \$1,130 preliminary and final concurrent
Grosse Pointe City	5,421	\$450 + \$10/acre + escrow fee							
Belleville	3,991	\$350							
Rockwood	3,289	\$500 + \$30 per acre							<ul style="list-style-type: none"> • \$495 + \$10 per unit residential • \$495 + \$50 per acre non-residential



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

November 13, 2019

14

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

RE: (Amended) Resolution for a Partial Revocation of Obsolete Rehabilitation 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 03-16-0002 (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,

Donald Rencher
Director

DR/ml

cc: S. Washington, Mayor's Office
K. Trudeau, PDD
D. Rencher, HRD
M. Langston, HRD



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; and

WHEREAS, on January 15, 2019 this City Council approved this a partial revocation request from **Fort Shelby Hotel, LLC;** and

WHEREAS, the Michigan State Tax Commission requires an effective date to be included on resolutions approved by Qualified Local Governmental Units in order to issue final approvals for revocation requests; and

WHEREAS, this resolution amends the previously approved partial revocation by adding an effective date and makes no other changes to the partial revocation previously approved by this City Council;

NOW THEREFORE BE IT

RESOLVED, this City Council, **effective December 31, 2018,** 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

October 15, 2018

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

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 (\$EV)	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

15

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 908
DETROIT, MICHIGAN 48226
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November 12, 2019

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

**RE: Property Sale by Development Agreement
269, 281 and 291 Winder, 2515 Brush**

Honorable City Council:

The City of Detroit (“City”), Planning and Development Department (“P&DD”) has received an offer from MHT Housing, Inc. (“Developer”), a Michigan nonprofit corporation, to purchase certain City-owned real property at 269, 281 and 291 Winder and 2515 Brush, Detroit, MI (collectively the “A3 Properties”) for the purchase price of either: (1) One Million and 00/100 Dollars (\$1,000,000.00) (“Purchase Money”) or (2) certain real property at 3430 and 3436 Third (“Acquisition Properties”) that Developer has an assignable option to acquire.

The Developer proposes to construct a mixed-use development with approximately 60-80 affordable rental units on the A3 Properties. The Developer’s proposed use of the A3 Properties shall be consistent with zoning, which currently is PD-H (Planned Historic District).

The Acquisition Properties must first become vacant before the Developer can exercise its option and such properties can become available to the City. In the event the Acquisition Properties are not vacated, the City will accept the Purchase Money in exchange for the A3 Properties. The Acquisition Properties are adjacent on both sides to other City-owned properties, which would make the total site approximately 1.25 acres of prime developable land in Midtown. The City would work to market the site for viable mixed-use development proposals.

We request that your Honorable Body adopt the attached resolution to authorize the P&DD Director, or his authorized designee, to execute a development agreement, deed and such other documents as may be necessary or convenient to effect a transfer of the A3 Properties by the City to the Developer in exchange for either the Purchase Money or the Acquisition Properties.

Respectfully submitted,

Katharine G. Trudeau
Deputy Director

cc: Stephanie Washington, Mayor’s Office

CITY CLERK 2019-11-13 10:05 AM

RESOLUTION

BY COUNCIL MEMBER: _____

NOW, THEREFORE, BE IT RESOLVED, that Detroit City Council hereby approves the sale by development agreement of certain real property at 269, 281 and 291 Winder and 2515 Brush, Detroit, MI (collectively the "A3 Properties"), as more particularly described in the attached Exhibit A incorporated herein, to MHT Housing, Inc. ("Developer"), a Michigan nonprofit corporation, for the purchase price of either: (1) One Million and 00/100 Dollars (\$1,000,000.00) ("Purchase Money") or (2) certain real property at 3430 and 3436 Third (together the "Acquisition Properties"), as more particularly described in the attached Exhibit B incorporated herein; and be it further

RESOLVED, that the Director of the Planning and Development Department ("P&DD"), or his authorized designee, is authorized to execute a development agreement and issue a quit claim deed for the sale of the A3 Properties, as well as execute such other documents as may be necessary or convenient to effect the transfer of the A3 Properties to Developer for either the Purchase Money or the Acquisition Properties consistent with this resolution; and be it further

RESOLVED, that the development agreement shall obligate Developer to cause a mixed-use development to be constructed on the A3 Properties that includes 60-80 affordable housing units; and be it further

RESOLVED, that the P&DD Director, or his authorized designee, is authorized to execute any required instruments to make and incorporate technical amendments or changes to the development agreement and/or quit claim deeds (including but not limited to corrections to or confirmations of legal descriptions of the A3 Properties and/or Acquisition Properties, or timing of tender of possession of particular parcels) in the event that changes are required to correct minor inaccuracies or are required due to unforeseen circumstances or technical matters that may arise prior to the conveyance of the A3 Properties, provided that the changes do not materially alter the substance or terms of the transfer and sale; and be it further

RESOLVED, that in order for the City to accept the Acquisition Properties, the City must first: (1) conduct an environmental inquiry of the Acquisition Properties and, if required an environmental assessment, as reviewed by the Buildings, Safety Engineering and Environmental Department and (2) seek additional approvals and findings by Detroit City Council consistent with Chapter 2, Article I., Division 2. of the Detroit City Code; and be it finally

RESOLVED, that the development agreement and quit claim deed will be considered confirmed when executed by the P&DD Director, or his authorized designee, and approved by the Corporation Counsel as to form.

(See Attached Exhibits A and B)

EXHIBIT A

LEGAL DESCRIPTIONS OF A3 PROPERTIES

Property situated in the City of Detroit, Wayne County, Michigan, described as follows:

269 WINDER STREET

WARD 01, ITEM 000595.002L

UNIT 2, OF WINDERS SQUARE AT BRUSH PARK, ACCORDING TO THE MASTER DEED RECORDED IN LIBER 43963, PAGE 249, AS AMENDED, FIRST AMENDMENT TO MASTER DEED RECORDED IN LIBER 44069, PAGE 39, AND DESIGNATED AS WAYNE COUNTY CONDOMINIUM SUBDIVISION PLAN NO. 895, TOGETHER WITH RIGHTS IN THE GENERAL COMMON ELEMENTS AND THE LIMITED COMMON ELEMENTS AS SHOWN ON THE MASTER DEED AND AS DESCRIBED IN ACT 59 OF THE PUBLIC ACTS OF 1978, AS AMENDED.

281 WINDER STREET

WARD 01, ITEM 000596

THE EAST 1/2 OF LOT 3 AND THE WEST 15 FEET OF LOT 2, BLOCK 2, OF BRUSH SUBDIVISION OF THAT PART OF BRUSH FARM LYING EAST OF AND ADJACENT TO PARK LOTS 6, 7, 8, 9, ACCORDING TO THE PLAT THEREOF AS RECORDED IN LIBER 1 OF PLATS, PAGE 118, WAYNE COUNTY RECORDS.

291 WINDER

WARD 01, ITEM 000597

THE WEST 9 FEET OF LOT 1 AND THE EAST 35 FEET OF LOT 2, BLOCK 2, OF BRUSH SUBDIVISION OF THAT PART OF BRUSH FARM LYING EAST OF AND ADJACENT TO PARK LOTS 6, 7, 8, 9, ACCORDING TO THE PLAT THEREOF AS RECORDED IN LIBER 1 OF PLATS, PAGE 118, WAYNE COUNTY RECORDS.

2515 BRUSH STREET

WARD 01, ITEM 000598-604

LOT 1 EXCEPT, THE WEST 9 FEET, BLOCK 2, OF BRUSH SUBDIVISION OF THAT PART OF BRUSH FARM LYING EAST OF AND ADJACENT TO PARK LOTS 6, 7, 8, 9, ACCORDING TO THE PLAT THEREOF AS RECORDED IN LIBER 1 OF PLATS, PAGE 118, WAYNE COUNTY RECORDS.

COMBINED DESCRIPTION OF 269, 281 AND 291 WINDER, 2515 BRUSH

All of Lots 1 through 4 and part of Lot 5 Block 2 "Brush Subdivision of that part of the Brush Farm lying East of and adjoining Park Lots 6, 7, 8, and 9" as recorded in Liber 1, Page 118 of Plats, Wayne County Records; and being more particularly described as follows:

Beginning at the intersection of the West line of Brush Street (60 feet wide) and the North line of Winder Street (60 feet wide), being the southeast corner of said Lot 1; thence S59°16'09"W 233.30 feet along the North line of Winder Street; thence N30°24'30"W 165.88 feet to the South line of a public alley (20 feet wide); thence N59°16'09"E 242.96 feet along said South alley line to the northeast corner of said Lot 1 and the West line of Brush Street; thence S27°04'30"E 166.22 feet along said West line to the Point of Beginning and containing 0.907 Acres.

EXHIBIT B

LEGAL DESCRIPTIONS OF ACQUISITION PROPERTIES

Property situated in the City of Detroit, Wayne County, Michigan, described as follows:

Parcel 1

E THIRD LOTS 4 and 5 BLK 88 CASS FARM L1 P172 PLATS, W C R 4/28 100 X 150

a/k/a 3430 THIRD
Tax Parcel ID 04003386-8

Parcel 2

E THIRD S 28 FT LOT 6 BLK 88 CASS FARM L1 P172 PLATS, W C R 4/28 28 X 150

a/k/a 3436 THIRD
Tax Parcel ID 04003389.

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


John Alexander
LaKisha Barclift, Esq.
M. Rory Bolger, Ph.D., AICP
Elizabeth Cabot, Esq.
Tasha Cowen
Richard Drumb
George Etheridge
Deborah Goldstein

City of Detroit
CITY COUNCIL
LEGISLATIVE POLICY DIVISION
208 Coleman A. Young Municipal Center
Detroit, Michigan 48226
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Analine Powers, Ph.D.
Jennifer Reinhardt
Sabrina Shockley
Thomas Stephens, Esq.
David Teeter
Theresa Thomas
Kathryn Lynch Underwood
Ashley A. Wilson



TO: Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: November 13, 2019

RE: **City of Detroit Transaction with Micheal Kelly regarding FCA Project**

The Legislative Policy Division (LPD) has been requested to provide a report on the information that was provided by the Administration with regard to the transaction between the City of Detroit (City) and Michael G. Kelly (Kelly Entities) as it relates to the Fiat Chrysler of America (FCA) land assemblage.

In May 2019, the City was engage in assembling approximately 215 acres of land for the \$1.6 billion, FCA Assembly Plant Project. Of the total amount of acreage needed, approximately 0.3 acres of land within the FCA Assembly Plant Project was owned by Kelly Entities. The Duggan Administration negotiatiated a deal to acquire the necessary property from Kelly Entities. The Administration presented to City Council for approval on April 30, 2019 the sale of 6 parcels to Kelly Entities in exchange for the transfer of 3873, 3963 and 4621 St Jean and 5732 Winslow to the Detroit Brownfield Authority (DBRA). The Administration requested an amendment to this transaction to add one additional parcel to the list of properties Kelly Entities would transfer to the DBRA and remove five parcel and add one parcel to the list of properties the City would transfer to Kelly Enterprises. It was at this time as identified in the memorandum dated May 3, 2019, from the then Director of Plannint and Development Department Maurice Cox, that the proposed amended transaction included provisions to:

“settle with the Kelly Entities certain in personam actions for property tax liabilities for the tax years 2015 and prior, as well as settles certain blight violations wit the Kelly Entities for all years prior to the approval date of the attached resolutions.” No further details related by the “personam actions for property tax” or blight violations were provided in this initial correspondence.

The Property Transfer Agreement between the City, the DBRA and Michael Kelly (relative to the FCA project) under Section 2, *Releases*: Subsection B, *City Entities Release*, provides in pertinent part:

The City Entities RELEASE AND FOREVER DISCHARGE the Kelly Entities... and those entities associated with City of Detroit Mortgage Code #00313, that relate to any real-property tax debts of any kind or nature for any year prior to 2016, and blight violations (including any and all demolition-related claims) issued or incurred prior to the execution or effective date of this Agreement, whichever is later (the "Released Matters"). This release is expressly limited to those alleged and/or accrued debts of any kind or nature, whether known or unknown, relating to real-property taxes alleged to have been due at any time prior to December 31, 2015, and for blight violations (including any and all demolition-related claims) issued or incurred that were issued at any time prior to the execution date of this Agreement, whichever is later.

LPD notes that neither the memorandum, the Property Transfer Agreement nor any conversations with the Administration identified the nature of the unpaid blight violations or the types of properties involved. There was discussion as to the amount of the combined violations and lawsuits being settled, which were determined to be in excess of \$1 million. This amount was outlined in LPD's May 14, 2019 report summarizing the FCA Mack Assembly Project Report¹. At the time the transaction was being presented for approval, the number of blight violations and the nature of those violations were never brought forth by the Administration. Only the approximate amount of the settlement and the transfer of properties by the parties were disclosed along with the fact that the transaction involved 0.3 acres of land directly in the project footprint.

LPD notes that the amount of the settlement and property maintenance violations that were forgiven in this transaction in retrospect is significant. However, in light of the \$1.6 billion project and the potential 5,000 jobs the project would bring, the Kelly Entities transaction would be a necessary undertaking and was not prominent in LPD's review, particularly when the details underlying the blight violations were not disclosed. But it must be noted that the resolution of past debt owed would not relieve Mr. Kelly (or the affiliated entities) of his current and ongoing responsibilities under the City's Property Maintenance Code or any other local, state or federal law which applies to the rental of his vast real estate portfolio. The transaction also does not preclude the City of Detroit from conducting the appropriate property inspections and taking appropriate actions, including but not limited to shutting down properties that are unfit for habitation. LPD would be happy to provide further information and/or analysis should City Council so desire.

¹ See LPD's FCA Mack Assembly Project report summarizing the land transactions regarding the acquisition of Kelly property on page 6.

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TO: Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division

DATE: May 14, 2019

RE: FCA US LLC, Mack Assembly Project Report

The Legislative Policy Division (LPD) has reviewed the Agreement for the Development of Mack Assembly Plant (the Development Agreement) between FCA US, LLC (FCA) the Detroit Brownfield Redevelopment Authority (DBRA), and the City of Detroit (City). This report provides a highlight of the pertinent provisions of the Agreement as well as some of the underlying elements undertaken to bring the project to fruition.

LPD notes that the Mack Assembly Plant Project is composed of a number of complex components which include but are not limited to: land acquisitions; land transfer agreements; intricate financial agreements and arrangements, employment agreements and plans; and community benefit agreement provisions. A summary and outline of the Project may not encompass the essence and gravity of each component. LPD submits this report to assist in reaching an understanding of the Project, however, the true gravamen of the Project can only be ascertained by the persons who crafted the terms and conditions of each connecting part.¹

Summary of FCA Project

The Parties have come together and negotiated a way in which to bring about the construction and development of the FCA Assembly Plant project. In the construction of the assembly plant, FCA anticipates a total expenditure of approximately \$1.6 billion and the expected creation of

¹ Due to the complexities and overlapping interlocking nature of these various land deals and agreements LPD would ask that City Council request the aid and assistance of the City's Law Department and Outside Counsel who prepared or assisted in the preparation of these many documents to participate fully in bringing need clarity thereto. The Administration's summary of the FCA Agreement is attached for City Councils convenience.

approximately three thousand eight hundred fifty (3,850) net new full time employees in the operation of the FCA Assembly Plant. In addition to the construction and assembly of the Mack Assembly Plant, FCA intends to expend \$900 million to retool and modernize the existing Jefferson North Assembly Plant creating another 1,100 jobs and bringing the total number of net new jobs to approximately 4,950 and total investment in the area to approximately \$2.5 billion to Detroit. The City and the DBRA have agreed to assist in facilitating this project and together the parties have undertaken certain obligations.

In order to secure FCA's commitment to the project, the City and the DBRA entered into a Memorandum of Understanding (MOU), dated February 26, 2019. Under the MOU the City and DBRA agreed to facilitate as well as provide a number of things including, but not limited to: securing certain private parcels of land; provide certain publicly owned land; obtain approvals for rezoning; funding for land acquisition costs; complete environmental reviews and provide remedial plans where necessary; complete the process for a PA 198 tax abatement agreement (expected to be worth approximately \$12 million to FCA over 12 years); work closely together to support Detroit's Community Benefits process and reach final recommendations on community benefits; and obtaining final approvals that will be required for the Brownfield Redevelopment Plan.² All rights and liabilities under the MOU will be terminated upon the Effective Date of the Agreement for the Development of FCA Assembly Plant.

Land Acquisition

Under the MOU and the Development Agreement, the City and DBRA was to acquire certain private parcels necessary for the FCA Assembly Plant project. Some parcels would be acquired through the City/DBRA purchasing with cash, while others would require a land swap transfer of publicly owned property or both cash and land swap transfer of publicly owned property.³ The publicly owned property would be parcels of land owned by the City or the Detroit Land Bank (DLBA). The City entered into Land Transfer Agreements to cobble together approximately 215 acres of land for the FCA Assembly Plant project.⁴ According to the Administration, the City agreement provides for 155 acres of City-owned land to be swapped and \$48.1 million of cash to

² The State of Michigan has made a separate commitment to complete its process for State incentives during the same period. If these obligations are met and the parties enter into a final development agreement, FCA will start construction immediately in order to make its production deadline. The City has made an additional commitment to begin moving dirt from the berm along St. Jean immediately. That work will need to be done to reuse that property for FCA or for any other development. If the City is unable to secure the land required by FCA in the 60 day timetable FCA and the City will split the cost of the berm removal.

³ The land swaps include properties that are outside of the impact area in communities that were not provided any notice of the exchange. Although some areas may result in future community benefit engagement when redeveloped, providing those communities notice should have been included in the plan.

⁴ LPD notes that Council President, Brenda Jones asked the Administration, if FCA would be given fee land in competitor deals? The response from FCA was they have never paid for land in any assembly plant they have built. FCA also indicated they have secured all necessary properties and have a viable business plan to begin construction in Belvidere, IL. To restate it plainly, to build an automobile plant in our or any other community, the land that it is built upon comes free of charge. One might surmise from this response that the construction of this new and greatly expanded automobile manufacturing facility that when complete will employ nearly 5,000 new employees which when joined with its current staffing will house more than 10,000 employees, all of whom with pay at least 1/2 of the income tax rate of 2.4% on earnings of \$58,000. Jobs that have low barriers to entry, paying living wages that our large unemployment demographics in our city both need and deserve. A similar expectancy of low skill relatively high paying jobs from FCA's suppliers on a 1 to 7 ratio is a part of this equation. All of that sits as a counterbalance to the high price land acquisition

be used to acquire 214.6 acres.⁵ In addition to acquiring the necessary land, environmental clean-up, site preparation and other project cost came to approximately \$59.5 million. The total land acquisition cost according to the Administration is approximately \$107.6 as set forth below:

Site Acreage	Owner	Cash (\$MM)	Land Swaps Acreage	Value
55.6	City of Detroit	\$0		\$1.1
41.4	DTE	\$0	25.1	\$3.6
10.8	Great Lakes Water Authority	\$1		
5.3	Soave Enterprises LLC	\$0	9.5	\$0.3
3.9	Hantz Group	\$0	1.7	\$0.01
0.1	DPCS District	\$0.01		
82.2	Crown Enterprises, Inc.	\$43.5	116.6	\$10.5
6.9	Conrail	\$0.5		
8.1	Yahiahan	\$3		
0.3	Kelly	\$0	1.4	\$0.02
214.6	Acquisition Total	\$48.1	154.3	\$15.5
	Site Preparation and Other Project Cost	\$59.5		
	Total	\$107.6		

The breakdown of the land transactions to acquire the property to provide to FCA for the assembly plant project are as follows:

- The City assembled 55.6 acres of adjacent City owned property that consist of parcels identified as the North and South Berms on the west side of St. Jean, (24.9 Acres valued at \$383,992); St. Jean Street (12.6 acres valued at \$115,508); the Federal Mogul site across from DDOT Shoemaker facility (14.4 acres valued at \$521,805 and a parcel off St. Jean that connects to the parking lot north of Mack engine plant (1.2 acres valued at \$51,444). The total value of the City’s land contribution is \$1,072,749. These evaluations were determined in accordance with the “Land Values from the City Assessor records”. The information provided by the Duggan Administration’s answers to LPD’s questions from April 30, 2019.
- The acquisition of the DTE owned property at its Conner Creek site and at 11860 Freud consisting of 41.4 acres was obtained in a land swap deal for 25.1 acres which includes 1340 third Street (PLD Building of 0.9 acres); 9733 Grinnell (13.1 acres); 14584 Livernois (5.7 acres) Winslow/Lawton parcels (1.8 acres) 11900 Freud (2.6 acres); and 2 Canal (1.0 acres). DTE will demolish the existing structure at Conner Creek. The DTE site along with the GLWA and Conrail parcels will be used as a finished vehicle parking lot.⁶

⁵ According to the Detroit Economic Growth Corporation the property values were determined by comparable market rates in the area as well as an independent appraisal for the DWSD/GLWA parcels and the DTE Connors Creek property.

⁶ The City is responsible for assembling the site as well as constructing the parking lot before transferring the property to FCA. LPD notes we were unable to identify any reference to the cost of constructing the parking lot.

- The acquisition of the Great Lakes Water Authority owned property consist of 10.8 vacant acres at Freud Street for the purchase price of \$1 million.
- The acquisition of Soave Enterprises (Soave) property was made pursuant to a land swap agreement. Soave provided two parcels located at 12001 Mack and 12017 Mack to be provided as part of the new FCA assembly plant for employee parking. In exchange for the two Mack parcels Soave is to receive 9.5 acres at Lynch and Van Dyke and pay \$280,000 which will go into escrow for site development. In addition, Soave will receive 12.8 acres at Van Dyke and Huber adjacent to the DWSD Huber Yard and the City will receive 3.2 acres of property to square off the DWSD Huber site and \$768,000. Soave will also obtain a 2-year option on 9 acres of City owned parcels at 10600 Gratiot, 10644 Gratiot and the 1.7 acre State owned parcel at 10780 Gratiot (the concrete parking area only). The \$280,000 escrowed money can be used for site preparation.⁷
- The acquisition of Hantz Group properties consist of 3.7 acres of land adjacent to the South Berm on Beniteau Street to be used for a stormwater retention and additional parking. In exchange Hantz will receive approximately 1.7 acres of land in the area west of the FCA JNAP plant. The Hantz transaction was conducted in conjunction with the prior City/Hantz land transaction where Hantz had an option to buy 180 additional acres outside the original Hantz footprint.⁸ The City (through the DBRA) as part of the FCA project land swap is selling 40-45 acres of land to Hantz within the original footprint.
- The acquisition of the DPS parcel consisting of 0.1 acre located adjacent to the South Berm to be used for the retention pond and additional parking.
- The acquisition of Crown Enterprises property consist of an 82 acre parcel adjacent to the Jefferson North Assembly Plant that Crown currently leases to FCA. The acquisition cost totals \$54 million which includes \$43.5 million in cash and \$10.5 million in land.⁹ The land swap consist of 116.6 acres of City owned land. Included is 1.9 acres of land in the bridge area valued at \$148,521; 14.5

⁷ The escrow dollars can be used for site prep which includes, for Soave entities: cost of eligible activities under the Brownfield Act, above \$150,000 for any of the three purchase areas; Purchase of private parcels up to \$250,000 total; quiet title costs in excess of QTA Cap (DBRA covers quiet title cost up to \$50,000 on City property). For City: up to \$100,000 to be used by DBRA for purchase of State parcel under Lynch Road Land Agreement; Any remaining funds in escrow at the expiration of escrow period to be disbursed pro-rata to City, DBRA and EDC for sale of properties owned by them.

⁸ The original Hantz land purchase boundaries were from Jefferson to Mack and Fischer to St. Jean but allowed for an option to buy an additional 180 acres outside of the original boundaries. The 40-45 acres are being sold to Hantz at the price set under the original agreement. The sale also terminates the original option.

⁹ This 82 acre parcel of land (Former Budd Plant Site) sits in the middle of the FCA Assembly Plant project footprint and is currently leased by FCA. It is LPD's understanding that the underlying lease between Crown and FCA has a value of \$21 million. The land swap agreement with Crown discounts the 82 acre site at \$54 million (\$43.5 million in cash and \$10.5 million in land). If the City provides the property identified in the I-94 Industrial area that is located near another property that Crown leases to FCA on Georgia Street (required for expansion), the discount for the 82 acre site is applied. If the City is unable to provide the property as set forth in the Property Exchange Agreement, the \$21 million will be due of which \$15 million the City is responsible and \$6 million is the responsibility of FCA. LPD does not know what the risk are that that City undertakes in this transaction, or how likely are we able to avoid paying out these contingency funds.

acres located at 9240 Mt. Elliot (I-94 Industrial Park) valued at \$1,265,854; 5.3 acres located at 696 Hart (Jefferson/Connor/Freud) valued at \$500,000; 4.0 acres at 7529 St. Aubin (Trombley Triangle) valued at \$325,000; 3.1 acres at 3600 Toledo (West Grand Blvd/Toledo) valued at \$564,033; 28.5 acres at 1420 Springwells Ct (Springwells Industrial Park) valued at \$2,600,000; 1.7 acres at 17140 Mitchell (UTS McNichols/ right of first refusal) valued at \$233,482; 45.6 acres 11111 French Road (Airport area) valued at \$3,970,930; 1.4 acres at 12121 Mack (JNAP area) valued at \$117,612. The total land swap acres for Crown is 116.6, the total dollar value is \$10,483,980.

- The acquisition of the Conrail property consist of 6.9 acres at a cost of \$484,000. The property sits between the acquired DTE and GLWA sites to create a single 60 acre parcel for FCA's finished vehicle parking lot.
- The acquisition of the Yahiyayan property consists of 8.1 acres of property that is adjacent to the Mack Engine plant. The cost for obtaining the property is \$3 million.¹⁰
- The acquisition of the Kelly property consist of 0.3 acres that is three parcels within the North Berm. The City is also acquiring one parcel in the Lawton/Winslow area (as part of the DTE swap) and one parcel in the I-94 Industrial Park area (as part of the Crown Enterprise swap). In exchange, Kelly receives 14 parcels on Ashland Ave (Jefferson/Chalmers); 1 parcel on Dexter Ave (Russell Woods); the release of pending lawsuits for 2012 unpaid property taxes; and release of claims for unpaid taxes for 2015 and prior.¹¹

Community Benefits Agreement

As set forth by City Ordinance under Chapter 14, Article XII, certain development projects referred to as "Tier 1 Development Projects" are required to undergo community engagement procedures to determine how the development project may impact the community. As a result of the community engagement with Neighborhood Advisory Council (NAC) certain assurances and benefits have been made by the FCA and the City which have been set forth in a formal Community Benefits Agreement entered into between the City and FCA.

LPD notes that the Community Benefits Agreement is a stand-alone agreement and is not incorporated by reference to the FCA Development Agreement.¹² The pertinent provision of the Community Benefits Agreement are highlighted below:

Neighborhood Stabilization Impact Area

¹⁰ The Yahiyayan property is currently used for parking by the adjacent retail center. The easements that were connected to the property are being extinguished and the FCA will use the parcel along with two of the Soave parcels for employee parking.

¹¹ It is LPD's understanding that the unpaid taxes owed by Kelly totaled approximately \$1 million.

¹² As conducted in the past, both the Community Benefits Agreement and the FCA Development Agreement should be approved by City Council at the same time to ensure that one does not go in effect without the other.

- City commits to invest \$5.4 million in the completion of 300 demolitions in the impact area, primarily the Beniteau area; 100 demolitions per year for next three years beginning 9 months after City Council approval; priority and accelerated demolition of vacant structure in the area of Beniteau to McClellan bordered by Mack and East Warren; \$500,000 will be dedicated to home rehabilitation of Detroit Land Bank Authority (DLBA) homes in the impact area.
- FCA commits to invest \$1.8 million in home repair grants up to \$15,000 per grant in the impact area for a two year period or until funds expended; \$700,000 will be directed to grant program to support Beniteau Street residents acutely impacted by construction to prevent noise pollution, up to \$15,000 per owner occupied income eligible home; the grant process will be led by Detroit Housing & Revitalization Department (HRD); residents who fall outside the income eligibility guidelines for grants will be encouraged to apply for 0% home repair loans; start of the home repair grants program will be 3 months from City Council approval date.
- DLBA commits to release DLBA side lots for sale in impact area within 3 months of Council approval; DLBA commits to hold an “Own it Now” home sales event; DLBA and the City commit to do complete and/or partial rehabs of vacant homes in and around the impact area to spur investment in the neighborhood, subject to completion of the Chandler Park, West End, Riverbend Neighborhood plan.

Engage Impact Area Residents in Planning and Development commitment of \$1.6M

- City commits to invest \$500,000 in developing a community plan for Chandler Park, West End and Riverbend sections of impact area; developer and community together are to direct funding specific outcomes; community planning efforts to be conducted by Detroit Planning and Development Department; procurement of planning consultant within 90 days of City Council Approval; City will request DTE to complete full analysis of electrical infrastructure in impact area (Beniteau to McClellan bordered by Mack and East Warren) to identify issues with power grid and cost to make necessary repairs; tree and weed removal in City and DLBA owned lots and continued maintenance in impact area; Detroit Water Sewerage Department (DWSD) postpone service interruptions in impact area for two weeks to allow delinquent residents to apply for funds through Water Residential Assistance Program (WRAP); Building Safety Engineering and Environmental Department (BSEED) will enter consent agreements to those homes in the process of securing a home renovation grant or loan,
- FCA commits \$800,000 to fund recommended projects that result from neighborhood planning process in Chandler Park, West End, Riverbend neighborhoods; funded projects may include but are not limited: small business development, additional home repair programs, park improvements, and recreation center study or capital investment; the \$800,000 fund will be held by Invest Detroit for development in the impact area when the plan is complete; Invest Detroit will invest all proceeds into eligible activities when the plan is completed.

- City will invest \$300,000 in marketing resources and engage with FCA and the community to develop a campaign to promote the impact area.

Access to Training and Job Opportunities Funding of \$18,800,000

- **Detroit at Work:** FCA commits to direct \$5.8 million in state funding towards programs to maximize employment opportunities for Detroit residents; State funding will be administered by Detroit Employment Solutions Corporation (DESC); DESC commits to provide \$2 million in-kind outreach, screening, pre-application support and interviewing services; FCA will collaborate to develop and implement pre-application readiness training programs using the state funds; FCA commits to hiring priority for impact area residents, Detroit residents, returning citizens and veterans; FCA commits to working with the City to recruit returning citizens from targeted community-based training and support service programs; FCA commits to provide work readiness training for new hires; DESC commits to providing quarterly updates and metrics regarding pre-employment and workforce development in the impact area.
- **Education Programs:** FCA commits to \$4 million to fund manufacturing career academy programs at Southeastern High School/CTE facilities for youth and adults in partnership with the City and Detroit Public Schools Community District (DPSCD); City commits to fundraise \$4 million from public and private sources in additional support to manufacturing career academy CTE programs in addition to 2 million contributed by the City for adult training; funds will be administered by DESC as the City's fiscal agent under partnership with DPSCD; City will work with philanthropic partners to fundraise \$50,000 for Timbuktu Academy's computer lab and library.
- **Grow Detroit's Young Talent (GDYT):** City commits to \$500,000 to fund GDYT summer youth employment program; GDYT funding will be administered by DESC.
- **Detroit Promise:** City commits \$500,000 to fund scholarships through the Detroit Promise;¹³ Detroit Promise will be administered by the Detroit Regional Chamber; the scholarships will be earmarked specifically for students in the impact area.
- **AMP at WCCCD:** FCA commits to develop the Automotive Manufacturing Program (AMP) at Wayne County Community College District.

Continued Community Engagement

- City has an enforcement committee that will meet for the duration of the time identified in the Community Benefits Provision and will inform and include the NAC in the enforcement process; FCA will submit all site plans through the standard

¹³ In reviewing the contract between the City and The Detroit Regional Chamber (Chamber), the Chamber is being paid \$500,000 to undertake the administration of the Detroit Promise Program. Under the Contract, the Detroit Promise Program is being administered throughout Detroit on behalf of the City by the Chamber. The City may be committing separately \$500,000 for scholarships in the impact area as well as paying the Chamber \$500,000 to facilitate the program, however, it is not reflected in the contract with the Chamber, which is being presented for approval at the same time the FCA related material is being submitted.

planning review process including PD&D and BSEED review; FCA commits to publishing its Environmental Protection Plans (EPP) and will make that report accessible and available to the public; FCA will abide by and comply with all existing ordinances and federal, state and local laws, including the City's Community Benefits Ordinance.

- Small Business Support: FCA commits to hosting a minority supplier matchmaking event in the impact area community within 90 days of City Councils approval; City committed to leveraging two existing small business programs (Motor City Match and Motor City Restore) to provide support to new and small business owners in the impact area; Specific focus will be placed on small business start-ups in the impact area

Mitigate Construction Impact by Investing \$7.1 Million

- Wall Construction: City commits to construct a wall along St. Jean Street as a sound barrier to the FCA plant from Warren to Kercheval; Wall design will be approved by residents along Beniteau Street through a series of meetings to end in May 2019; Height of the wall to be determined at the completion of a sound study; FCA to provide support on wall aesthetics by planting ivy and adding potential mural along portions of the barrier.
- Stormwater Retention Pond: FCA commits to the construction, security and maintenance of a stormwater retention pond on Beniteau Street at Lillibridge Street between Vernor and Kercheval; FCA will add fencing around the pond as a security measure to prevent any accidents. FCA commits to improvements around the plant (green buffer) and retention pond by adding natural sustainable landscaping and vegetation, low impact grass, and planting trees.¹⁴
- Traffic Mitigation: FCA commits to approving truck routing and targets certain times for increase trucks and vehicle operations to accommodate impact area schools and other non-industrial traffic demands; FCA commits to establishing a live person managed toll-free number for residents to report problems related to plant traffic; City's Department of Public Works (DPW) will continue to work with the FCA truck routing and area residents to develop a plan for preferred neighborhood traffic calming measures; DPW will install preferred traffic calming measures to ensure trucks do not drive along residential streets, including speed cushions, one-way street conversions, and posted signage; the St. Jean route of the Iron Belle Trail will be removed as part of this project. New routing for the Iron Belle Trail will be considered as part of the proposed Neighborhood Planning efforts.

¹⁴ LPD did have discussions with Administration representatives regarding suggested security measures including but not limited to security cameras that can monitor the retention pond for persons who enter without authority and safety of children in the area.

The Development Agreement with FCA

LPD has provided a brief summary of some of the provisions of the Development Agreement, a more detailed review is provided later. During the Planning and Economic Development Committee, there was discussion regarding some of the following:

Section 3.12 *Parcel 10 Property Exchange Agreement*

This provision provides that the DBRA, City and FCA entered into a Property Exchange Agreement (PEA)¹⁵ with Crown Enterprises regarding the purchase price of Parcel 10 (Former Budd Plant). The property sits in the middle of the FCA Project footprint and FCA currently leases the property from Crown. The purchase price of Parcel 10 has been reduced to \$54 million (\$43.5 million cash and 10.5 million in land swapped property). Under the PEA, it appears the City agrees to convey to Crown property located in the I-94 Industrial Park (an area where FCA leases additional property from Crown and the I-94 property is needed for anticipated expansion). If the City/DBRA cannot provide the I-94 property, the purchase price for Parcel 10 increases an additional \$21 million. The method in which the payment of the \$21 million is tendered is set forth in Section 3.12(a)(i) and (ii). Under subsection (a)(i), the City is responsible for \$15 million which will be added on to the Municipal Project Funds solely for this payment. Subsection (a)(ii) provides that FCA will be responsible for the remaining \$6 million. If the conveyance of the I-94 property transaction is not completed due to FCA's failure to consummate the transaction for reasons other than the removal of the I-94 Property from the city property, then FCA is responsible for the \$21 million.

Section 7.02(b) provides that FCA is subject to the Executive Order providing for 51% of the work to be done by Detroit residents and 30% of the contracts be awarded to Detroit Contractors. The Agreement provides that the City acknowledges that it has entered into enhanced recruitment agreements with the skilled trades unions that will reduce the payments under the Executive Orders, if FCA engages the skilled trade unions when seeking workers for construction. The City also agrees to work collaboratively with FCA to facilitate compliance with the Executive orders.

Section 7.03(d) *Mack Assembly Plant Application Process*: provides that the Detroit Employment Solutions Corporation (DESC) agrees to support FCA in its talent needs in recruiting, pre-screening and vetting, work-readiness training related to Production Jobs. The Agreement provides that priority will be given to UAW Candidates (in accordance with the UAW Collective Bargaining Contract)¹⁶. Detroit residents will be given priority¹⁷ after the UAW Candidates. The priority to Detroit residents occurs in two instances: (i) initial application priority (after UAW Candidates) will be given first to Detroit residents in the Project's impact area (including returning citizens and veterans), then to other Detroit Residents (including

¹⁵ LPD was not in receipt of the PEA or the Letter agreement between FCA and Crown which details the terms and conditions that must be satisfied regarding the I-94 Property.

¹⁶ LPD notes that due to FCA having collective bargaining contracts with the UAW that provide priority status to its members, FCA legally cannot contractually commit to giving another party priority over its prior legal obligation. The fact that the City is aware of the prior contractual commitment, should the City attempt to interfere with that commitment could arguably make the City liable for "Tortious Interference of a Contract".

¹⁷ While the term priority is not defined in the Agreement, as defined in Black's Law Dictionary, "Priority" means: A legal preference or precedence. When two persons have similar rights in respect of the same subject-matter, but one is entitled to exercise his right to the exclusion of the other, he is said to have priority.

returning citizens and veterans); (ii) hiring priority (after UAW Candidates), FCA will prioritize hiring for qualified Detroit residents with the assistance of DESC providing a list of candidates that meet FCA's basic job requirements. LPD notes, FCA has not provided any specific number of Detroit residents that will be hired which may be mostly due to the unknown number of UAW Candidates that may vie for the newly opened positions. As indicated the Detroit resident priority takes second to those candidates.

Section 10.4(d) *Payment Shortfall*: provides that if on the Monitoring Termination Date¹⁸. The cumulative Annual City Revenue (total amount of projected City revenue as set forth in Exhibit 10.4, is less than the Monitoring Investment Value (\$57,400,000), the FCA shall pay the City the shortfall within 30 days of the receipt of an invoice from the City (subject to setoffs as detailed below). Under the provision, at the end of 29 years if the City has not obtained in the cumulative Annual City Revenue the projected \$57,400,000 then FCA will pay the difference between what was the actual and the projected amount.

Detailed Highlights of Agreement for the Development of the Mack Assembly Plant

The Agreement for the Development (Agreement) of Mack Assembly Plant by and among FCA US, LLC (FCA), the City of Detroit (City) and the Detroit Brownfield Redevelopment Authority (DBRA). The Agreement must be fully executed by all parties and will become effective upon the expiration of the applicable seven-day reconsideration period following the approval of the Detroit City Council (the Effective Date). The following highlights some of the pertinent provisions.

Article II Memorandum of Understanding

Article II identifies the terms that were set forth in the Memorandum of Understanding dated February 26, 2019 between the City, DBRA and FCA. Section 2.02, provides that as of the Effective Date of the Agreement the MOU will be terminated and the rights, obligations, and liabilities of the Parties shall be governed by the Agreement.

Article III Sale and Purchase of Parcels

Section 3.01 indicates that DBRA is to enter into binding acquisition agreements to acquire all Private Parcels (i) with a minimum fourteen days title review period, and (ii) as to any Direct Transfer Parcel, have DBRA designate FCA as the grantee in lieu of deed to DBRA. The DBRA is to consummate the acquisition of Private Parcel by the Closing Date and complete all of its obligations provided they do not cause DBRA's cost to exceed the Then Remaining Municipal Project Funds¹⁹.

¹⁸ The Monitoring Termination Date means the earliest of (i) the date on which the cumulative Annual City Revenue stated in all Annual City Revenue Reports equals or exceeds the Monitoring Investment Value; or (ii) twenty-nine years from the date of submission by the City of the First Annual City Revenue Report to the Detroit City Council.

¹⁹ "Then Remaining Municipal Project Funds" means that portion of the Municipal Project Funds not yet expended or committed pursuant to an executed contract in accordance with the Municipal Project Funds Budget; provided however the parties acknowledge and agree that the term "Municipal Project Funds" as used in the definition of Then Remaining Municipal Project Funds shall equal \$107,590,000.

If during the inspection period of the Private Parcel the DBRA determines the cost or liability related to the environmental activities or environmental laws will result in an expenditure of Municipal Project Funds²⁰ beyond the Municipal Project Funds Budget²¹, DBRA shall notify FCA ten days prior to the expiration of the inspection period under the pending acquisition agreement.

Section 3.01 indicates that the closings for FCA's acquisition of each Parcel from DBRA shall occur in accordance with the schedule set forth in the Parcel Worksheet (subject to Force Majeure and the provisions of Section 6.16 regarding Delayed Acquisition) but only after each Condition Precedent have been met or waived for such Parcel.

Section 3.03(a) indicates that each Parcel that is not a Private Parcel, the GLWA Parcel or any parcel that is part of Parcels 1, 1A, 3,4,8A, 8B and 12, shall be delivered by quit claim deed. The Private Parcels shall be delivered by covenant deed. Each with a right of reversion or Grant of Rights for the benefit of DBRA, subject to FCA's prior review and approval as set forth in the Agreement.

Upon completion of the Closing FCA shall have exclusive possession of such Parcel, subject to DBRA's right to complete construction of the St. Jean Barrier as provided in Section 7.03(e). Should DBRA or the City desire to access any Parcel after Closing the parties shall enter into the DBRA Access Agreement prior to any entry thereupon.

Section 3.04(b) indicates that by no later than the Closing Dates for Parcels 1, 1A,8, 8A and 8B identified on the Parcel Worksheet, DBRA shall (i) complete Site Preparation Activities and Environmental Activities (except as to vacated St. Jean Street); (ii) satisfy all other obligations of DBRA under Article VI; (iii) along with the City take any and all legally required actions required to transfer the referenced Parcels to FCA; and (iv) transfer the referenced Parcels to FCA giving exclusive possession and fee simple title to the Parcels. All portions of vacated St, Jean Street, rights-of- way, alleys shall be added to the Title Insurance Commitment and Survey along with legal title by quit claim deed contemporaneously with the Closing of the Particular Parcel of which the vacated street, alley, or right-of-way is a part.

Section 3.04(c) indicates that on the Closing Date, unless extended by FCA, DBRA shall (i) close on the purchase of the Private Parcels (Subject to Section 6.16 regarding Delayed Acquisition); (ii) complete all Site Preparation Activities (except as to Parcels 6 and 10) and complete all Environmental Activities thereto; (iii) satisfy all obligations of DBRA under Article VI; and (iv) convey such Parcels to FCA, including any portion of vacated streets, alleys or rights-of-way.

Section 3.04(e) indicates the City shall file a petition to cause the vacation of Connor lane and use good faith efforts to effectuate the vacation including providing any necessary easements, subject to (i) Detroit City Council approval; (ii) the objections of impacted adjacent property

²⁰ Municipal Project Funds means the funding in the amount of \$107,590,000, identified in the Sources and Uses Funds Worksheet to fund DBRA's obligations under the Agreement, including without limitation the acquisition of the Parcels and the Site Preparation Activities. The portion available at any given time based on the schedule and milestones set forth in the Sources and Uses of Funds Worksheet.

²¹ The Municipal Project Fund Budget is to be established under Section 3.04(e) fifteen days after the Effective Date by DBRA and FCA and shall detail the anticipated expenditures of the Municipal Project Funds.

owners and public utilities; and (iii) FCA's satisfaction with the terms of the easement for public utilities. In the event of vacation of Connor Lane under this Agreement, it shall be conveyed by quit claim deed to FCA with Title Insurance Commitment and Survey as set forth in Section 6.01 and 6.02. All transactions are subject to (i) DBRA and City satisfaction of obligations under Article VI; (ii) satisfaction of Conditions Precedent; (iii) FCA's right to reject a Parcel and terminate its rights under the Agreement as a Declined Parcel; and (iv) the generally applicable limitation that DBRA shall not be required to perform obligations that would cause cost to exceed the Then Remaining Municipal Project Funds.

The City, DBRA and FCA shall meet at least weekly to (1) manage the project; (2) review the status of the undertakings of the Agreement; (3) coordinate Due Diligence activities; (4) issue periodic progress reports; and (5) facilitate and coordinate matters the Parties desire in order to manage and execute the undertakings under the "Working Group Protocol".²²

This provision further indicates that within 15 days of the Effective Date, the DBRA and FCA shall approve a budget, detailing anticipated expenditures of the Municipal Project Funds. DBRA shall submit to FCA (i) all contracts related to the Site Preparation and Environmental Activities; (ii) any change orders to existing contracts for FCA's prior written approval; (iii) a modification to the Municipal Project Funds Budget to account for additional cash substitutes or land exchanges. Neither the Municipal Project Fund Budget nor any other pertinent exhibit, including the worksheet delineating the Site Preparation Activities, the Parcel Worksheet, or the Development Plan, may be modified by DBRA without prior FCA written approval.

Section 3.05 indicates that if any Parcel is deemed Delinquent Parcel by FCA, then FCA's has a right to deliver a Notice of Delayed Article VI Performance or Defective Article VI Performance following the exhaustion of the following: (a) the right to extend the Closing Date providing more time for delivery; (b) continue the Project without the Delinquent Parcel in exchange for DBRA conveying one or more Substitute Parcels (evidenced by approval of Detroit City Council and DBRA Board) at the DBRA's sole cost using the Municipal Project Funds (provided the cost does not exceed the Then Remaining Municipal Project Funds subject to the MPF Limit²³ and that portion of the Municipal Project Funds Budgeted for Private Parcel acquisitions as identified in the Municipal Project Funds Budget); (c) To lease one or more Interim Parcels, (evidenced by approval of Detroit City Council and DBRA Board) at DBRA's sole cost and expense using Municipal Project Funds (provided the cost does not exceed the Then Remaining Municipal Project Funds subject to the MPF Limit) until the Delinquent Parcel is conveyed to FCA under the Agreement. Any Interim Parcel lease shall be in the form of an Interim Parcel Lease. Any Substitute Parcel shall be conveyed to FCA in accordance with the Agreement.

Section 3.08 indicates the Parcels will be sold "As Is, Where Is, With All Faults", except for representations made and/or warranty of DBRA and the City as set forth in the Agreement or at Closing. Upon accepting the Parcels and subject to Section 4.01 and 4.02, FCA waives all claims regarding environmental conditions that the City and DBRA are not otherwise legally liable for

²² Under the "Working Group Protocol" the City, DBRA and FCA shall designate representatives that shall have authority to make approvals and bind their respective entities subject to where City approvals (City Council), DBRA Board approvals or FCA approvals are required. The representative identified are; Dave Menardo (City) Kenyetta Bridges (DBRA) and Ben Monacelli (FCA).

²³ MPF Limit means a limit equal to the Municipal Project Funds not yet expended, minus amounts necessary for DBRA Obligations Under Environmental Laws.

pursuant to Environmental Laws. FCA also upon accepting the Parcels releases the City and DBRA from any and all liability for any defects in or conditions of the Parcels.

Section 3.09 indicates that other than where (i) DBRA and/or City is in breach of any representation or warranty in the Agreement or documents delivered by DBRA or City or (ii) the gross negligence, fraud or willful misconduct of the DBRA and/or City, the DBRA shall not be required to incur expenses in excess of the Then Remaining Municipal Project Funds in the performance of its obligations, except as expressly set forth in the Agreement. Following the Closing Date regarding any Private Parcel and prior to the Closing of any City or DBRA owned Parcel, if the DBRA determines performing its obligations will cause expenses to exceed the Then Remaining Municipal Project Funds budgeted for that Parcel it shall notify FCA of the obligations and the extent to which anticipated cost are in excess for that Parcel. DBRA's obligation shall be tolled, provided DBRA may elect to continue work on any such Parcel to the extent necessary to comply with DBRA's obligations under Environmental Laws. The reasonable and actual cost that exceed the Then Remaining Municipal Project Funds shall be reimbursed by FCA.

Upon delivery of Notice from DBRA to FCA the parties shall meet to confer regarding any Parcel not yet conveyed to FCA that would cause DBRA to exceed the Then Remaining Municipal Project Funds budgeted for that Parcel. FCA can elect to have DBRA convey the subject Parcel "As-Is, Where Is, With All Faults" as set forth in the Agreement. Under such conveyance DBRA will not be required to perform any Identified Obligations or meet any Conditions Precedent that would require expenditure in excess of the Then Remaining Municipal Project Funds for such cost. FCA shall bear all cost to consummate Closing. FCA also may elect to have DBRA assign all rights and obligations under its agreements with contractors for work performed under DBRA's obligations and FCA shall fund any cost outstanding under those agreements.

Section 3.11 indicates that DBRA shall file the necessary petitions and make good faith efforts to cause the public hearing to be held to enable FCA to obtain rights as may be needed to install and maintain subsurface infrastructure running horizontally across Beniteau street right-of-way for storm water conveyance.

Section 3.12 indicates Crown Enterprises (Crown), DBRA and City have entered into a Property Exchange Agreement (PEA) regarding the purchase of Parcel 10 (Former Budd Site) to be conveyed Directly FCA by Crown. The PEA contemplates certain properties owned by the DBRA/City will be conveyed to Crown identified as the I-94 Property. In addition to the PEA, Crown has entered into a "Letter Agreement" with FCA regarding commercial arrangements and the expansion of leased property at 6836 Georgia and the proposed I-94 Property. According to the Agreement, the PEA provides if the conditions set forth therein as well as those set forth in the FCA/Crown Letter Agreement regarding the conveyance of the I-94 Property are not met the reduction of the purchase price for Parcel 10 of \$21 million will be nullified. The \$21 million reduction price for Parcel 10 is identified in the Agreement as the "Incremental Consideration" which will be due to Crown as set forth in Subsection (a) if the I-94 Property is removed from the transaction regarding Parcel 10.

Section 3.12(a)(i) indicates the DBRA and City will be responsible for funding the Municipal Project Funds by an additional \$15 million, to be used to pay the Incremental Consideration,

Promptly upon DBRA/City becoming aware that the Incremental Consideration is due to Crown the DBRA and City will secure \$15 million in additional funding (in excess of the Municipal Project Funds amount as of the Effective Date) so funds will be on hand prior to the Closing of Parcel 10. The Municipal Project Funds Budget will be revised in accordance with the Working Group Protocol and the \$15 million will be for the sole purpose of paying the Incremental Consideration. The Agreement makes clear that the increase in Municipal Project Funds shall in no way increase the Monitoring Investment Value.²⁴

Section 3.12(a)(ii) indicates FCA will be responsible for the remaining \$6 million of Incremental Consideration cost by (a) agreeing, pursuant to the Working Group Protocol Budget, or (b) paying the amount directly to DBRA; provided that DBRA shall be permitted to use the Municipal Project Funds to fund the remaining \$6 million of the Incremental Consideration if FCA elects to pay the amount to DBRA but fails to do so in time to consummate the closing on Parcel 10. In such case, FCA will reimburse DBRA any amounts used from the Municipal Project Funds to consummate the closing of Parcel 10 which will be used to replenish the Municipal Project Fund.

Section 3.12(b) indicates, if the Incremental Consideration is payable because FCA fails to consummate the transaction contemplated under the Crown/FCA Letter Agreement for any reason other than removal of the I-94 Property from the City Property, FCA will be solely responsible for the Incremental Consideration as set forth in the subsection.

Article IV Representation and Warranties of DBRA and the City

Section 4.01 for the DBRA and Section 402 for the City, indicate in pertinent part, the DBRA and City represents and warrants to FCA: The DBRA and City are a public corporation in good standing with the State of Michigan and has the authority to enter into the Agreement; no conflicts exist in the execution, delivery or performance of the DBRA or the City; the Agreement when executed and delivered by the parties will constitute a binding obligation of the DBRA and the City; there is no condition which would materially interfere with or impair the user by FCA of any portion of the Parcels. The DBRA and City represent and warrant that they are in compliance in all material respects will all Environmental Laws.

Section 4.01(k) indicates the DBRA represents and warrants as of the Effective Date DBRA shall have received the portion of the Municipal Projects Funds identified in the Sources and Uses of Funds Worksheet as City of Detroit Exit Financing Bonds; (ii) not later than for business days after the Effective Date, DBRA shall have received the portion of the Municipal Project Funds identified in the Sources and Uses of Funds Worksheet as "City of Detroit Unlimited Tax General Obligation Bonds"; (iii) not later than July 15, 2019, DBRA shall have received the portion of the Municipal Project of the Municipal Project Funds identified in the Sources and Uses of Funds Worksheet as "Millenium Parking Deck Sale"²⁵.

²⁴ The Monitoring Investment Value means Fifty-Seven Million Four Hundred Thousand and No/100 Dollars (\$57,400,000) less any amounts for which the Municipal Project Funds are used as consideration in place if exchange property in order to consummate an acquisition pursuant to any Private Parcel acquisition or property exchange agreement, pursuant to and in accordance with the terms of Section 3.04 with respect to a modification to the Municipal Project Funds Budget to account for additional cash substitutes for land exchanges.

²⁵ LPD notes that the sale of the Millenium Parking Deck is a part of the representation and warranty of DBRA as Municipal Project Funds. The sale of the parking deck was a matte of concern for members of City Council.

Article VI *Covenants and Agreement of DBRA and the City*

The more pertinent provisions of Article VI are highlighted below:

Section 6.03 indicates that as of the Effective Date, the Detroit City Council has approved of the vacation of the St. Jean Street. After the Effective Date, should FCA request, the City shall make good faith effort to cause the vacation of any additional streets, alleys and rights-of-way within and/or adjacent to any Parcel which may require the providing easements for public utilities all subject to City Council approval.

Section 6.04 indicates that the DBRA and City agree that after the Effective Date other than the Rezoning Requirements²⁶, no Parcel or Subparcel shall be rezoned without FCA's prior written consent.

Section 6.06 indicate that prior to the Closing Date for each Parcel the DBRA shall complete Site Preparation Activities at DBRA's cost and expense using Municipal Project Funds but not to exceed the Then Remaining Municipal Project Fund, subject to MPF Limit except as to Parcels 6 and 10.

Section 6.08 indicates no later than December 31, 2020 (i) the City shall have constructed or implemented, or shall cause to have been constructed or implemented, the road improvements as described in Exhibit 6.08(1)²⁷

Section 6.9 indicates that as of the Effective Date FCA has access to all City and DBRA owned Parcels under the terms of Due Diligence Access Agreement. Within 2 business days of DBRA obtaining access of Private Parcels, subject to FCA and Private Parcel owner's agreement on a Private parcel Due Diligence Agreement, DBRA shall facilitate FCA's full access to such Private Parcels. If the I-94 property and "Sherwood Property (as defined in PEA) are owned by City/DBRA, the Due Diligence Agreement shall be amended to include such portions and facilitate access on the same terms.

Section 6.13(f) indicates that if DBRA has not performed the Site Preparation Activities or Environmental Activities within the time set forth in the Agreement, FCA shall have the right but not the obligation, to close on the Parcel and perform the same at DBRA's cost and expense using the Municipal Project Funds provided that the cost shall not cause the DBRA's total costs to exceed the Then Remaining Municipal Project Funds, subject to the MPF Limit.

²⁶ The Rezoning Requirements mean the following with respect to the following Parcels: Parcel 1: M2; Parcel 1A: M2; Parcel 8: M2; Parcel 8A: M2; Parcel 8B: M2.

²⁷ Exhibit 6.08(1) provides the City will repave the road surfaces in the following rights-of-way: Kercheval (between St. Jean and Mt. Elliot); McClellan (between Jefferson and Gratiot); and Conner (Between Mack and Jefferson); The City will modify traffic signals at Warrant and St. Jean to add a left turn phase, modify existing pavement markings to provide for two lanes to turn left into the site simultaneously; The City will install, if needed, pavement markings to allow for two lanes of traffic to turn left from St. Jean onto eastbound Jefferson, and the existing traffic will be modified to provide for a left turn only phase; The traffic signals and pavement markings at Jefferson and Conner will be modified to allow for two lanes eastbound Jefferson Traffic to turn onto northbound Conner during afternoon hours; City will install speed humps on blocks adjacent to St. Jena (e.g. Beniteau) to slow down traffic and to discourage FCA employees and other drivers from using these residential streets, if the City determines such measures are desired by residents.

Section 6.16 indicates as to any Private Parcel in the event of a Delayed Acquisition²⁸ DBRA shall provide Notice to FCA of such Delayed Acquisition. The Notice shall have a tolling effect on both (a) tolling the Closing Date applicable to such Parcel, and (b) tolling the Project Completion Date (unless the Delayed Acquisition is caused by FCA and the DBRA has provided Notice to FCA of the causal link between FCA's default and the Delay in the DBRA Closing Date. The Closing Date is tolled one day for each day following the date of such notice until DBRA closes on the acquisition of such Parcel. If the Delayed Acquisition also impedes DBRA's completion of its obligations regarding other parcels that are to be in assemblage with the Private Parcel that is the subject of the Delayed Acquisition, then DBRA may provide Notice to FCA and seek to similarly delay the Closing Date to such other Parcels. If a Delayed Acquisition has been pending over 30 days, FCA may within a period no longer than of 90 days thereafter elect to (i) await resolution of the Delayed Acquisition, in which the Project Completion Date shall be tolled for a period of no longer than 90 days after such election; (ii) exercise the options set forth in Subsection 3.05(a), (b) or (c); or (iii) elect to terminate its rights under this Agreement as to the subject Parcel(s) only in which the subject Parcel shall become a Declined Parcel²⁹.

Article VII Party Obligations

Section 7.01(a) indicates the DBRA has identified sources of funds for the Municipal Project Funds, the sources and uses are delineated on the Sources and Uses of Funds Worksheet and are anticipated to sufficiently fund DBRA's obligations under the Agreement. DBRA has received all approvals necessary to secure the Municipal Project Funds and said funds are available or to be made available for DBRA's use in accordance with the Sources and Uses of Funds Worksheet, except for the Municipal Project Funds requiring approval of the Brownfield Plan and the Sources and Uses of Funds Worksheet as coming from State sources. DBRA will take action to secure the portion of Municipal Project Funds requiring approval of the Brownfield Plan and shall use best efforts to comply with all requirements to secure the portion coming from the State by the last-in-time Closing Date of the Parcels.

Section 7.01(c) indicates the DBRA to the extent permitted by law and the extent covered by insurance proceeds, indemnifies, defends and save harmless FCA from any and all losses arising out of a claim by a third party, except those to the extent caused by gross negligence or willful misconduct of FCA, that may be imposed or asserted against FCA by reason of any of the following prior to the issuance of the Certificate of Completion: (i) any negligent or tortious act or omission of DBRA in the performance of its obligations under the Agreement resulting in personal injury, bodily injury, sickness, disease or death, or injury to or destruction of tangible

²⁸ A Delayed Acquisition means the occurrence of a delay in the DBRA Closing Date beyond the transaction schedule contemplated by the pending agreement, due to the default of the seller or transferor of such Private Parcel of seller's or transferor's obligations under DBRA's agreement to acquire such Private Parcel, or such other actions of the seller or transferor that delay the acquisition beyond the transaction schedule contemplated by the pending agreement, or due to the Event of Default of FCA in the timely performance of FCA's obligations under this Agreement with respect thereto, provided that DBRA shall have provided Notice to FCA identifying the causal link between seller's transferor's or FCA's Event of Default, as applicable, and the delay in the DBRA Closing Date; and further provided, however, in no event shall the City and /or DBRA's acts or omission that delay a DBRA Closing Date constitute or be characterized under this Agreement as a Delayed Acquisition.

²⁹ Declined Parcel means a Parcel for which FCA declines to take title pursuant to Section 3.01, Section 3.05, Section 6.02, Section 6.09(C), Section 6.16 or Article VIII.

property including loss of use; (ii) any failure by DBRA to perform its obligations under this Agreement.

Section 7.02(b) indicates Sellers and FCA acknowledge that the construction of the real estate improvements of the Project are subject to the Executive Orders providing for 51% of the work to be done by Detroit residents and 30% of contracts awarded to Detroit Contractors. The city acknowledges that as of the Effective Date, it has entered into enhanced recruitment agreements with the Carpenters', Electrical Workers', Plumbers', and Mechanical Contractors' unions that reduce the payments under the Executive Orders. The City shall provide further reasonable assistance to FCA, as reasonably requested by FCA until the Project is completed or there is Project Default, to meet any requirements under the Executive orders including working with FA to facilitate compliance with the Executive orders.

Section 7.02(c) indicates the City shall make good faith efforts to cause the owner of Parcel 2A (located at 12802 Kercheval) to undertake the following security measures: (i) demolition of improvements or installation of an unclimbable eight foot fence with razor wire around the perimeter if the improvements; (ii) blocking off existing driveways; (iii) encasing all doorway and window openings utilizing concrete blocks and cement to eliminate entry, if not demolished; (iv) closing all interior and exterior pathways that allow access to the roof; (v) cutting down and removing all overgrown foliage and maintain the grounds; (vi) removing all trash and debris including old shipping containers; (vii) installing and maintaining lighting to illuminate the property; (viii) installing and maintaining Project Green Light cameras and supporting infrastructure.

Section 7.02(d) indicates the City will consult with FCA on corporate income tax policy tax reforms that encourage manufacturing in the City and to develop legislation to be passed at the state level.

Section 7.02(e) indicates the City will devote the resources as may be necessary to optimize traffic flow around the Project, the JNAP Retooling Project and the immediate surrounding area, including but not limited to portions of Conner Street right-of-way between I-94 and Jefferson-Conner intersection. The efforts shall include the relocation of bike lanes to the easternmost lanes of Conner Street only.

Section 7.02(i) indicates the City to the extent permitted by law and the extent covered by insurance proceeds, indemnifies, defends and save harmless FCA from any and all losses arising out of a claim by a third party, except those to the extent caused by gross negligence or willful misconduct of FCA, that may be imposed or asserted against FCA by reason of any of the following prior to the issuance of the Certificate of Completion: (i) any negligent or tortious act or omission of City in the performance of its obligations under the Agreement resulting in personal injury, bodily injury, sickness, disease or death, or injury to or destruction of tangible property including loss of use; (ii) any failure by City to perform its obligations under this Agreement. The City's total liability under this Section shall be limited to \$3 million and any defense cost shall be payable from DBRA-City Payments to be deposited in the City/DBRA liability Escrow.

Section 7.03(a) indicates that FCA shall use commercially reasonable efforts to issue purchase orders in connections with the construction of real estate improvement that comprise the Project

in order to comply with the Executive Orders, as applicable. Failure of FCA to comply shall not constitute a breach of the Agreement or Event of Default. DBRA and City's sole remedy shall be FCA's obligation to comply with any recourse available under the City's Executive Orders.

Section 7.03(b) indicates the from and after the Effective Date, FCA agrees to begin within 90 days to complete applicable construction activities to the point where commencing operations to the Mack Assembly Plant by no later than the Project Completion Date subject to Force Majeure, any Delayed Acquisition (not caused by FCA Default or the City/DBRA to timely perform their respective obligations). If unexpected setbacks in construction and/or materially adverse economic changes cause FCA to require additional time to complete the Project and provide Operations Notice, FCA may in its sole and absolute discretion, extend the Project Date and accordingly, the time period for providing such Operations Notice³⁰, by one year by providing Notice to DBRA and the City by no later than September 30, 2022. The Project consist of an investment by FCA of \$1.6 billion and is intended to create approximately 3,850 net new full-time employees.

FCA shall, indemnify defend and save harmless the City and DBRA from any and all losses arising out of a claim by a third party, excluding all losses caused by gross negligence or willful misconduct of City and DBRA, that may be imposed or asserted against the City or DBRA by reason of any of the following prior to the issuance of the Certificate of Completion: (i) any negligent or tortious act or omission of FCA in the performance of its obligations under the Agreement resulting in personal injury, bodily injury, sickness, disease or death, or injury to or destruction of tangible property including loss of use; (ii) any failure by FCA to perform its obligations under this Agreement.

Section 7.03(c) indicates the JNAP Retooling Project will represent an investment by FCA of \$900 million and create approximately 1,100 net new full-time employees.

Section 7.03(d) indicates that providing the terms of this provision are permissible under any collective bargaining agreement entered into by FCA including the UAW Contract, FCA will use good faith efforts to provide Detroit Residents the opportunity to apply for Production Jobs as set forth in this Section.

Under the Initial Application Process, the Detroit Employment Solutions Corporation (DESC) as the implementation partner of Detroit At Work has agreed to support FCA's talent needs regarding recruiting, pre-screening and vetting, and work-readiness training related to Production Jobs. The City will cause DESC to provide such support in-kind with a value of at least \$2 million. FCA will work with DESC to develop a mutually agreeable initial application process that give Detroit residents the opportunity to apply for Production Jobs, subject however to FCA providing priority to UAW Candidates³¹.

Section 7.03(d)(i)(3) indicates that while priority will be given to the UAW Candidates, FCA will in cooperation with DESC open specified windows exclusively for Detroit Residents (anticipated to be 1-2 weeks) to apply for Production Jobs: (A) first to Detroit Residents in the geographic area most impacted by the Project in zip codes 48213, 48214 and 48215 (included

³⁰ Operations Notice means the Notice to be provided by FCA to DBRA when FCA certifies that it has commenced vehicle production at the Mack Assembly Plant.

³¹ UAW Candidates means certain individuals in accordance with the UAW Contract.

will be individuals who have successfully completed that DESC readiness program which include those who have a criminal convictions and military veterans); (B) second, to all other Detroit Residents and those similarly situated individuals under (A). DESC will provide a list of individuals that fall into the priority categories and otherwise meet the FCA's basic requirements.

Section 7.03(d)(ii) indicates that while priority will be given to the UAW Candidates, after the initial application process is complete., FCA will prioritize hiring for qualified Detroit Residents. DESC will provide a list of DESC Candidates who meet FCA's basic job requirements. If DESC fails to meet the standards specified in subsection (i), if DESC is unable to cure the deficiency within 90 days after FCA provides written notice, FCA's obligation to work with DESC will cease. If at any time DESC fails to provide the requested list within 2 working days of FCA's request, or if any such requested list does not include a sufficient number of DESC Candidates, the FCA may use its regular hiring processes to identify and hire any candidates, in order to meet FCA's business needs until such time as DESC provides the requested list.

Section 7.03(g) indicates FCA agrees to permit DBRA to construct the St. Jean Barrier on Parcels 1,1A, 8, 8A and 8B at DBRA's sole cost and expense using the Municipal Project Funds. DBRA shall use commercially reasonable efforts to expedite the construction of the St. Jean Barrier, construction of the St. Jean Barrier is to be completed prior to FCA's paving of Parcel 1, 1A, 8, 8A, and 8B. If the DBRA is unable to complete the construction of the Barrier prior to conveyance to FCA, then DBRA shall be permitted under the terms of the DBRA Access Agreement to access and use of those areas of Parcels 1, 1A, 8, 8A and 8B as may be required for DBRA to construct the Barrier with the objective of completing such construction no later than one year after the Effective Date.

Section 7.03(k) indicates that beginning on the Effective Date, FCA covenants and agrees to comply within 15 days following the request from DBRA for information in its possession relating to the environmental condition of the Mack plant Property and evidence of eligible activities and the incurrence of eligible costs, as defined under the Brownfield Redevelopment Act. FCA shall provide DBRA with access to the Mack Plant Property to conduct environmental testing as may be required to include the Mack plant property in the Brownfield Plan.

Section 7.03(m) indicates from the Effective Date until the Monitoring Termination Date (except for a Permitted Transfer) FCA shall not convey or transfer any fee simple interest in any Parcel without prior written consent of the DBRA, except if FCA provides DBRA Notice and information that the conveyance or transfer of such Parcel will result in (i) business, commercial and/or industrial use (for parking, storage, vehicle marshalling or logistics) of the Parcel within 12 months of the date of conveyance or transfer; or (ii) commencement of a project for any such business, commercial and/or industrial use of the Parcel within 12 months of conveyance or transfer. If at any time prior to the Monitoring Termination Date (Except for a Permitted Transfer) FCA desires to convey or transfer fee simple interest in any Parcel with DBRA's consent as stated above, FCA may negotiate and enter into a purchase and sale agreement. FCA shall provide DBRA the price to be paid to FCA and Parcel Capital Expenses. Upon Conveyance of the Parcel FCA shall pay DBRA 75% of the Net Cash Proceeds from the sale but only to the

extent the cumulative Annual City Revenue³² which the City is then in receipt is less than the Monitoring Investment Value.

Section 7.03(n) indicates if at any time from the Effective Date until the latter of (1) the Monitoring Termination Date or (2) fifteen years from the Effective Date there is a Permanent Plant Shutdown and no conveyance or transfer under Subsection 7.03(m) with respect to Parcel 12, then the City shall have the option to purchase Parcel 12. At any time within one year following the receipt by the City of Notice form FCA of a Permanent Plant Shutdown to exercise the option to purchase Parcel 12 at fair market value.

Article 10 Project Completion

Section 10.01 indicates when FCA considers all work required of FCA regarding the Mack Plant Property and Parcels 1,1A, 8, 8A, and 8B, FCA shall apply for and the City if the application and the City's inspections are reasonably satisfactory to the City, shall issue the Operative Certificate of Occupancy.

Section 10.04 indicates on or before September 1 of each year in which the City receives a Project Data Report from FCA, the City shall calculate the Annual City Revenue. The City shall produce and Annual City Revenue Report and submit such to the Detroit City Council no later than October 1 of each year. The Annual City Revenue Report shall also include the cumulative Annual City Revenue for all years following the Effective Date.

Section 10.04(d) indicates that if on the Monitoring Termination Date, the Cumulative Annual City Revenue stated in all Annual City Revenue Reports is less than the Monitoring Investment Value, FCA shall pay the City the shortfall within thirty days of receipt of receipt of an invoice from the City, less the sum of (i) any amounts that FCA was required to expend for the Project where the Then Remaining Municipal Project Funds, subject to the MPF Limit, were inadequate to fund obligations of the DBRA/City; (ii) Subject any damages incurred by FCA for an Event of Default which claim was not paid because the damages exceeded the Then Remaining Municipal Project Funds, subject to the MPF Limit; (iii) any and all Net Cash Proceeds received by DBRA/City under Section 7.03(m); and (iv) any fines and/or penalties FCA is required to pay under the Executive Orders. These will be used as set offs against any shortfall FCA is required to pay regarding the Monitoring Investment Value.

Section 10.04(e) indicates the City or the DBRA (but not both at the same audit period) shall have the right to audit, or engage a qualified non-contingency based third-party to audit the Project Data Report no more than once per calendar year and for no more than two immediately prior calendar years. In the event that such audit discloses that the Annual City Revenue has been underestimated or overestimated by more than 2.5% due to inaccuracy of data provided in FCA's Project Data Report, the Annual City Report for such year shall be promptly corrected.

Article XI Default and Remedies

³² The Annual City Revenue means the total amount of projected revenue to the City from the Sources described in Exhibit 10.04

Section 11.01 indicates in the Event of Default the non-defaulting party is entitled to the rights and remedies set forth in Sections 11.02 and 11.03. If a party defaults in the performance of its material obligations and the default continues for a period of twenty days after notice from the non-defaulting party, no Event of Default shall occur if the failure can be cured within twenty days and the defaulting party diligently pursues such cure to completion within a reasonable time not to exceed sixty days. If any representation or warranty made by the parties proves to be inaccurate or misleading in any material respect that impacts the Project for twenty days after Notice from the non-defaulting party they can be corrected by disclosures on appropriate exhibits which may be updated prior to Closing on an impacted Parcel.

Section 11.02(a) indicates the remedies of the City and DBA upon an Event of Default by FCA under Subsections 7.03(a) (Executive Orders), 7.03(d) (Mack Assembly Plant Application Process), 7.03(m) (Resale of Parcels), 7.03(n) (Permanent Plant Shutdown), Section 10.04 (Monitoring Revenue Generation), and Section 11.03 (a) Project Default, the parties shall continue to perform and submit the matter to arbitration under the terms set forth in Section 13.10 and the DBRA's sole remedy shall be the right to seek recovery of direct damages under section 12.02 and the limitations in Section 12.03.

Section 11.02(b) indicate the remedies for an Event of Default for FCA, the parties shall continue to perform and submit the matter to arbitration. FCA's remedies shall be limited to (i) the right to seek recovery of direct damages under Section 12.02 and the limitations of 12.03 and 12.04, (ii) seek specific performance of the Agreement, (iii) seek injunctive relief (to the extent specific performance or injunctive relief does not cause DBRA's total cost to exceed the Then Remaining Municipal Project Funds, Subject to the MPF Limit, unless the specific performance is limited to the transfer of a Parcel for the DBRA to FCA in which case it will not be limited to the Then Remaining Municipal Project Funds.

Section 11.03 indicates, in the event of a Project Default, as determined solely by arbitration, the City and DBRA's sole remedy is the right to revert title, or as to Direct Transfer Parcel, conveyance of title under the Grant of Rights to Parcels conveyed and to terminate any Interim Parcel Lease the City/DBRA may have with FCA. Subsection 11.02(a) and 11.02(b) does not apply to any Event Default under Subsections 7.03(a), 7.03(d) (Mack Assembly Plant Application Process), 7.03(m) Resale, 7.03(n) (Permanent Plant Shutdown) or 10.04 (Monitoring Revenue Generation).

The City/DBRA shall have as their sole and exclusive remedy for an Event of Default 7.03(d) (Mack Assembly Plant Application Process), 7.03(m) Resale, 7.03(n) (Permanent Plant Shutdown) is specific performance of the agreement and/or seek injunctive relief as well as recover all reasonable out of pocket cost incurred in enforcing its rights, subject to limitations set forth in 12.03. The sole remedy for the City/DBRA for an Event Default under Section 10.04 (Monitoring Revenue Generation) are set forth in that subsection. The sole remedy for the City/DBRA for failure to comply with the Executive Orders is the recourse outlined in the Executive orders.

Article XII Limitation of Damages

Section 12.02 indicates the sole and damages recoverable against each party by reason of Event of Default (except as provided in Section 11.03 and expressly excluding the Community Benefits

Agreement and Public Act 198 abatement agreements) shall be limited to reimbursement of the direct and documented out-of-pocket damages. Expenses and costs incurred by the party as a result of the breach or failure to comply and the parties disclaim and waive the right to recover any other damages, including without limitation, punitive, exemplary, damages that result from any application of multipliers, consequential and/or punitive damages.

Section 12.03(a) indicates DBRA/City's maximum liability that arises out of (i) DBRA and/or the City breach of any representation or warranty contained in the Agreement or any documents delivered by DBRA or the City under the terms of the Agreement or at Closing, or (ii) the gross negligence, fraud, willful misconduct of the City and/or DBRA in the performance of their respective obligation under the Agreement shall not be limited to the Then Remaining Municipal Project Funds but shall not exceed the sum of (x) any remaining Municipal Project Funds and (y) Three million dollars in the aggregate which shall come from DBRA-City payment or at FCA's election Real Property Equivalent. In no event shall the liability of the City under the Agreement exceed the sum of \$3 million. Nothing in the Agreement shall be read to abrogate DBRA's obligation to use third-party insurance proceeds to meet its indemnification obligations which shall not be subject to the \$3 million maximum.

Section 12.03(b) indicates the maximum liability for breach of its obligations (except as otherwise provided) for any damages incurred by DBRA and/or City arising out of breach by FCA for (i) FCA's breach of any representation or warranty contained in the Agreement or documents delivered by FCA under the Agreement or closing, or (ii) the gross negligence, fraud, willful misconduct of FCA in the performance of its obligation under the Agreement shall not exceed \$3 million.

Section 12.04 indicates that upon receipt by the DBRA or City of Notice of a City/DBRA liability and the absence of FCA election to satisfy the liability with the Real Property Equivalent, the City and DBRA shall enter into an Escrow Agreement with a financial institution (agreed upon by the parties) for the purpose of establishing an escrow account for the purpose of holding DBRA-City Payments in an aggregate amount not to exceed \$3 million. The City/DBRA Liability Escrow Agreement shall set forth the terms, conditions and procedures for the receipt and custody of the DBRA-City Payments and the release thereof to FCA in satisfaction of City/DBRA liability.