

# **City of Flint, Michigan**

*Third Floor, City Hall  
1101 S. Saginaw Street  
Flint, Michigan 48502  
www.cityofflint.com*



## **Meeting Agenda - Final**

**Wednesday, December 6, 2017**

**5:00 PM**

**Committee Room**

### **LEGISLATIVE COMMITTEE**

*Eva Worthing, Chairperson, Ward 9*

*Eric Mays, Ward 1  
Santino Guerra, Ward 3  
Jerri Winfrey-Carter, Ward 5  
Monica Galloway, Ward 7*

*Maurice Davis, Ward 2  
Kate Fields, Ward 4  
Herbert J. Winfrey, Ward 6  
Allan Griggs, Ward 8*

*Inez M. Brown, City Clerk*

## ROLL CALL

## SPECIAL ORDER

170538 Special Order/The Medical Marijuana Facilities Licensing Act

A Special Order to allow representatives from Planning and Development and Law to present information on the State of Michigan's Medical Marijuana Facilities Licensing Act.

## ORDINANCES

170593 Amendment/Ordinance/Chapter 18 (Taxation; Funds; Purchasing)/Article I (In General)/Section 18-4.1 (Service Charge in Lieu of Taxes for Housing Facilities for Certain Persons)

An ordinance to amend the Code of the City of Flint by amending Chapter 18, Taxation; Funds; Purchasing; Article I, In General; Section 18-4.1, Service Charge in Lieu of Taxes for Housing Facilities for Certain Persons. [NOTE: Amendment changes the annual service charge for Communities First Inc. from four percent to six percent.]

170594 Amendment/Ordinance/Chapter 18 (Taxation; Funds; Purchasing)/Article I (In General)/Section 18-4.7 (Same - Duration)

An ordinance to amend Chapter 18 (Taxation; Funds; Purchasing), Article I (In General), Section 18-4.7 (Same - Duration), of the Code of the City of Flint concerning registration and compliance of PILOT recipients.

170595 Amendment/Ordinance/Chapter 18 (Taxation; Funds; Purchasing)/Article I (In General)/Section 18-4.1 (Service Charge in Lieu of Taxes for Housing Facilities for Certain Persons)

An ordinance to amend the Code of the City of Flint by amending Chapter 18, Taxation; Funds; Purchasing; Article I, In General; Section 18-4.1, Service Charge in Lieu of Taxes for Housing Facilities for Certain Persons. [NOTE: The PILOT is for Eagle Ridge Limited Dividend Housing Association, LLC, which will pay four percent of annual rents in lieu of taxes.]

## OLD, OUTSTANDING DISCUSSION ITEMS

170028 Referral/Tax Breaks/Home-Based Businesses

Referral by Councilperson Mays to ADMIN, re: He would like to know if the current Administration has considered or is working toward offering tax breaks to city residents with home-based businesses, as well as asks that the City Council consider creating specific legislation in this regard. [Referral Action

Date: 1/09/2017 @ City Council Meeting]

170386

Ordinance Drafts/Water Bills

Referral by Councilperson Mays to MAYOR/ADM/LAW/: He would like two ordinances drafted for the council to review: 1. water lien relief, and 2. a limit on how far the city can go back in trying to collect past due water bills that have been estimated. [Referral Action Date: 7/6/2017 @ Finance Committee Meeting.]

170432

Discussion Item/Emergency Manager Orders

A discussion item as requested by Councilpersons Mays, re: He would like to discuss the Emergency Manager orders in general, and specifically the order regarding allocation of space within City Hall. [Referral Action Date: 7/24/2017 @ Special Affairs Committee Meeting.]

170433

Discussion Item/Water Liens and Back-Billings

A discussion item as requested by Councilpersons Mays, re: He would like to discuss Ordinances No. 170416 (amending Section 46-50 - Lien When Charges Delinquent; Right of Entry; Cost of Connections) and No. 170417 (adding Section 46-52.5 - Back-Billings). [Referral Action Date: 7/24/2017 @ Special Affairs Committee Meeting]

170446

Discussion Item/Ordinance Amendment/Landlord Protection/Water Bills

Discussion Item proposed by Councilperson Galloway: She would like to add a discussion item to the Legislative Agenda to talk about an ordinance amendment to protect landlords from tenants who steal or don't pay for water. [Referral Action Date: 8/9/2017 @ Governmental Operations Committee Meeting.]

## ADJOURNMENT

170593

**An ordinance to amend the Code of the City of Flint by amending Chapter 18, Taxation; Funds; Purchasing; Article I, In General; Section 18-4.1, Service Charge in Lieu of Taxes for Housing Facilities for Certain Persons.**

**IT IS HEREBY ORDAINED BY PEOPLE OF THE CITY OF FLINT:**

**Sec. 1. That the provisions of Chapter 18, Taxation; Funds; Purchasing; Article I, In General; Section 18-4.1, Service Charge in Lieu of Taxes for Housing Facilities for Certain Persons, shall be amended by adding subsection (u), which shall read in its entirety as follows:**

(U) The City acknowledges that Communities First Inc., a Michigan nonprofit corporation (the "Sponsor") has offered, subject to the receipt of a mortgage loan and/or allocation of low income housing tax credits from the Michigan State Housing Development Authority ("MSHDA"), to erect, own and operate a housing project identified as "Berkley Place Apartments" (the "Project") on certain property located in the city to serve persons and families of low income, and that the sponsor has offered to pay the city on account of this housing development an annual service charge for public services in lieu of ad valorem taxes.

The city acknowledges that the partnership shall be afforded tax benefits of paying a service charge in lieu of ad valorem taxes (but not in lieu of payment of special assessments including, but not limited to the street lighting special assessment). The city further acknowledges that the partnership fits within the class as described in §18-4.3

below. The annual service charge for the class of persons of low and moderate income shall be equal to ~~four percent (4%)~~ **SIX PERCENT (6%)** of the annual shelter rents, exclusive of charges for gas, electricity, heat, or other utilities furnished to the occupants, including the portion of rent payable under any governmental subsidy. Notwithstanding the foregoing, the annual service charge shall not exceed ad valorem property taxes that would be assessed or paid absent this tax exemption.

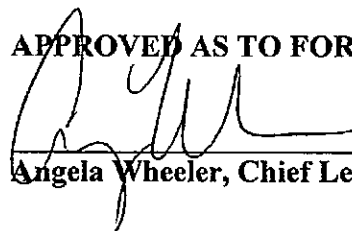
**Sec. 2. This ordinance shall become effective immediately upon publication.**

Adopted this \_\_\_\_\_ day of

\_\_\_\_\_, 2017 A.D.

  
\_\_\_\_\_  
Dr. Karen W. Weaver, Mayor

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Angela Wheeler, Chief Legal Officer

**ORDINANCE AMENDMENT STAFF REVIEW**

**Date:** *November 29, 2017*

**Agenda Item Title:**

**ORDINANCE AMENDMENT 18-4.1(u): TO ADJUST THE PILOT PERCENTAGE FOR BERKLEY PLACE APARTMENTS FROM 4% to 6% PER THE MOU BETWEEN THE CITY OF FLINT AND THE GENESEE COUNTY LAND BANK AUTHORITY EXECUTED 8/29/17**

**Prepared By:**

Planning and Development Department, Division of Community and Economic Development

**Background/Summary of Proposed Action:**

18-4.1(u): Per the MOU signed between the City of Flint and the Genesee County Land Bank (GCLB) on 8/29/17, the PILOT % for the proposed Berkley Place Apartments project will be increased to 6% and for 5 years, the GCLB agrees to only receive 33% of the PILOT instead of 50% to assist the development and the city. See attached.

**Financial Implications:**

This ordinance amendment simply reflects the MOU put in place with the GCLB on 8/29/17 which allows the city to receive a 4% PILOT on the project which is on a GCLB brownfield property, triggering the 5/50 waiver.

**Budgeted Expenditure:** Yes \_\_\_ No X

**Please explain, if no:**  
*no impact on CED Budget*

**Pre-encumbered:** Yes \_\_\_ No X

**Requisition #:** \_\_\_\_\_

**Reviewed and Approved By:** *Colleton* **Date:** *11.29.17*

**Other Implications:** No other implications are known at this time.

**Staff Recommendation:** Staff recommends approval of this resolution.

**APPROVAL**

*Emily Owen* *11/27/17*



CITY OF FLINT, MICHIGAN  
Department of Finance

Sylvester Jones  
City Administrator

Dawn Steele  
Deputy Finance Director

Assessment Division

Dr. Karen W. Weaver  
Mayor

Stacey Bassi  
City Assessor

City of Flint Memorandum of Understanding  
With Genesee County Land Bank re: 1207 N. Ballenger Rd

THIS AGREEMENT entered into on 08/29/2017, 2017, by and between the City of Flint (hereinafter referred to as "CITY") and Genesee County Land Bank (hereinafter referred to as "GCLB"), for the Payment in lieu of taxes (hereinafter referred to as "PILOT") is for the proposed Berkley Place Apartments development by Communities First, Inc. at 1207 N. Ballenger Rd, a property currently owned by the GCLB.

WHEREAS, at the Flint Receivership Transition Advisory Board special meeting on March 29, 2017, Resolution 92 was approved which amended Chapter 18 of the City of Flint Code of Ordinances to add the Berkley Place Apartments development to the list of housing developments paying a PILOT; and

WHEREAS, the percentage agreed to for the PILOT for Berkley Place in Resolution 92 was 4%, but with the ability of the GCLB to capture 50% of taxes collected for 5 years on a development on property they owned, the CITY is willing to adjust that percentage to 6% if the GCLB will agree to accept 33% instead of 50% of taxes collected for 5 years. If the GCLB insisted on 50%, the CITY would be forced to adjust the percentage to 8% which may be cost prohibitive for the Berkley Place Apartments development.

NOW, THEREFORE, the parties hereto do mutually agree to split a 6% PILOT between them, with 66.67% of the PILOT funds going to the CITY and the remaining 33.33% going to the GCLB. This written agreement embodies the entire agreement between the parties hereto. In the event that Communities First, Inc. does not produce 22 units of affordable housing as described in its submission to GCLB, this agreement is null and void. Any additions, deletions or modifications hereto must be in writing and signed by both parties. IN WITNESS WHEREOF, each of the parties hereto have caused this Agreement to be executed on its behalf by its respective officers, duly authorized.

APPROVED AS TO FORM:  
[Signature]  
Legal Officer

July 27, 2017  
Date

CITY OF FLINT, a Michigan Municipal Corp.:

By: [Signature]  
Dr. Karen Weaver, Mayor

8-7-17  
Date

GENESEE COUNTY LAND BANK  
[Signature]  
Michele Wildman, Executive Director

08/29/2017  
Date

**ORDINANCE REVIEW FORM**

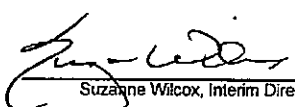
FROM: Planning and Development  
Department

NO. 17- \_\_\_\_\_  
Law Office Login #

ORDINANCE NAME: **ORDINANCE AMENDMENT 18-4.7: TO ADD LANGUAGE TO THE DURATION CLAUSE REQUIRING THAT THE RENTAL DEVELOPMENT REMAINS REGISTERED AND CERTIFIED WITH THE CITY OF FLINT RENTAL INSPECTION PROGRAM IN THE FREQUENCY AS REQUIRED BY ORDINANCE**

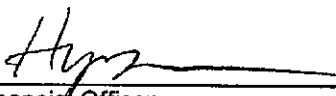
**1. ORDINANCE REVIEW - DEPARTMENT DIRECTOR**

The attached ORDINANCE is approved by the Director of the affected Department. By signing, the Director approves this ordinance to be processed for signatures and fully executed.

By: Director  DATE: 11/29/17  
Suzanne Wilcox, Interim Director, P&D

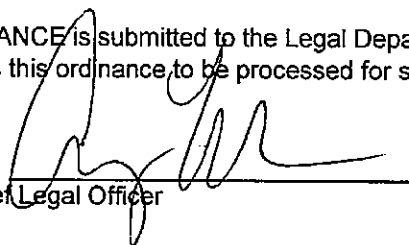
**2. ORDINANCE REVIEW-FINANCE DEPARTMENT**

The attached ORDINANCE is submitted to the Finance Department for approval. By signing, the Finance Department approves this ordinance to be processed for signatures and fully executed.

By:  DATE: 11/30/17  
Hughey Newsome, Chief Financial Officer

**3. ORDINANCE REVIEW - LAW DEPARTMENT**

The attached ORDINANCE is submitted to the Legal Department for approval. By signing, the Legal Department approves this ordinance to be processed for signatures and fully executed.

By:  DATE: 11-30-17  
Angela Wheeler, Chief Legal Officer

**ORDINANCE REVIEW FORM**

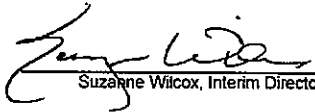
FROM: Planning and Development  
Department

NO. 17- \_\_\_\_\_  
Law Office Login #

ORDINANCE NAME: **ORDINANCE AMENDMENT 18-4.1(u): TO ADJUST THE PILOT PERCENTAGE FOR BERKLEY PLACE APARTMENTS FROM 4% to 6% PER THE MOU BETWEEN THE CITY OF FLINT AND THE GENESEE COUNTY LAND BANK AUTHORITY EXECUTED 8/29/17**

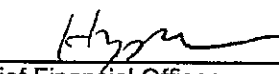
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By: Director  DATE: 11/29/17  
Suzanne Wilcox, Interim Director, P&D

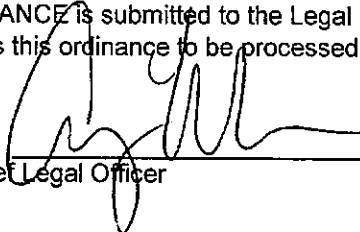
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By:  DATE: 11/30/17  
Hughey Newsome, Chief Financial Officer

**3. ORDINANCE REVIEW - LAW DEPARTMENT**

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By:  DATE: 11/30/17  
Angela Wheeler, Chief Legal Officer



170594

ORDINANCE NO. \_\_\_\_\_

**An ordinance to amend the Code of the City of Flint by amending Chapter 18, Taxation; Funds; Purchasing; Article I, In General; Section 18-4.7, Same – Duration.**

**IT IS HEREBY ORDAINED BY PEOPLE OF THE CITY OF FLINT:**

**Sec. 1. That the provisions of Chapter 18, Taxation; Funds; Purchasing; Article I, In General; Section 18-4.7, Same – Duration, by amending in part and restating Section 18-4.7, which shall read in its entirety as follows:**

**18-4.7 SAME – DURATION.**

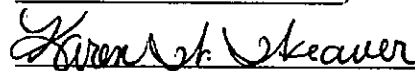
This ordinance, Sections 18-4.1 through 18-4.7, shall remain in effect and shall not terminate so long as the Authority-aided or federally-aided mortgage loan remains outstanding and the unpaid HUD mortgage insurance is still operative or the Authority or HUD have any interest in the property; provided, that construction or renovation or a housing development commences within one year from the effective date of this ordinance **AND PROVIDED THAT THE PILOT RECIPIENT REMAINS REGISTERED WITH THE CITY OF FLINT BUILDING AND SAFETY INSPECTION DIVISION, AND REMAINS CURRENT AND COMPLIANT WITH THE CITY'S RENTAL INSPECTION ORDINANCE.** The tax incentive provided in Sections 18-4.1 through 18-4.7 shall remain in effect and shall not terminate with respect to any particular housing development so long as either (A) the Authority-aided or federally-

aided mortgage loan remains outstanding and unpaid for that particular housing development or for so long as HUD or the Authority shall have any interest in the property of a particular housing development, or (B) the passage of fifty (50) years after approval of the respective PILOT, regardless of any continued authority-aided or federally-aided mortgage loan, whichever occurs first. Provided, with respect to the River Village Project. Provided further, that construction or renovation of the housing project commences on or before February 28, 2012. Provided further, that with respect to Court Street Village, construction of the housing project commences on or before October 30, 2009; and that, with respect to Avon Park, that construction commences on or before October 30, 1994. Provided further, that with respect to Frontier Development Group, LLC/Phoenix Apartments, construction of the housing project commences on or before July 1, 2014. Provided further, that with respect to the Project "Coolidge Park Apartments," construction of the housing project commences on or before August 1, 2019.

**Sec. 2. This ordinance shall become effective immediately upon publication.**

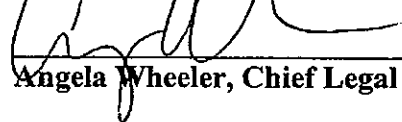
Adopted this \_\_\_\_\_ day of \_\_\_\_\_,

2017 A.D.



Dr. Karen W. Weaver, Mayor

**APPROVED AS TO FORM:**



Angela Wheeler, Chief Legal Officer

**ORDINANCE AMENDMENT STAFF REVIEW**

**Date:** *November 29, 2017*

**Agenda Item Title:**

**ORDINANCE AMENDMENT 18-4.7: TO ADD LANGUAGE TO THE DURATION CLAUSE REQUIRING THAT THE RENTAL DEVELOPMENT REMAINS REGISTERED AND CERTIFIED WITH THE CITY OF FLINT RENTAL INSPECTION PROGRAM IN THE FREQUENCY AS REQUIRED BY ORDINANCE**

**Prepared By:**

Planning and Development Department, Division of Community and Economic Development

**Background/Summary of Proposed Action:**

18-4.7: Addition of language to the duration clause "and provided that the PILOT recipient remains registered with the City of Flint Building and Safety Inspection Division, and remains current and compliant with the City's Rental Inspection Ordinance" to be in line with the city's rental inspection ordinance, and ensure that if a development is going to receive this tax abatement on an annual basis, the owner maintain the quality of the housing for the residents.

**Financial Implications:**

This ordinance amendment will bring additional revenue into the city but those revenues will be specifically used to fund the rental inspection program. However it will maintain the condition of the rental housing which will maintain its taxable value.

**Budgeted Expenditure:** Yes \_\_\_ No X

**Please explain, if no:** *NO CED implications*

**Pre-encumbered:** Yes \_\_\_ No X

**Requisition #:** \_\_\_\_\_

**Reviewed and Approved By:** *Cerissa Detton*

**Date:** *11-29-17*

**Other Implications:** No other implications are known at this time.

**Staff Recommendation:** Staff recommends approval of this resolution.

**APPROVAL**

*Emily Deen* *11/27/17*

**ORDINANCE REVIEW FORM**

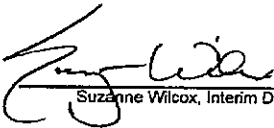
FROM: Planning and Development  
Department

NO. 17- \_\_\_\_\_  
Law Office Login #

ORDINANCE NAME: ORDINANCE AMENDMENT 18-4.1(w): TO APPROVE a 4% PILOT FOR EAGLE RIDGE SQUARE APARTMENTS LIMITED DIVIDEND HOUSING ASSOCIATION

**1. ORDINANCE REVIEW - DEPARTMENT DIRECTOR**

The attached ORDINANCE is approved by the Director of the affected Department. By signing, the Director approves this ordinance to be processed for signatures and fully executed.

By: Director  DATE: 11/29/17  
Suzanne Wilcox, Interim Director, P&D

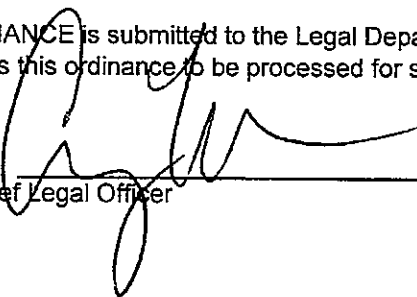
**2. ORDINANCE REVIEW-FINANCE DEPARTMENT**

The attached ORDINANCE is submitted to the Finance Department for approval. By signing, the Finance Department approves this ordinance to be processed for signatures and fully executed.

By:  DATE: 11/30/17  
Hughey Newsome, Chief Financial Officer

**3. ORDINANCE REVIEW - LAW DEPARTMENT**

The attached ORDINANCE is submitted to the Legal Department for approval. By signing, the Legal Department approves this ordinance to be processed for signatures and fully executed.

By:  DATE: 11-29-17  
Angela Wheeler, Chief Legal Officer

170595

ORDINANCE NO. \_\_\_\_\_

An ordinance to amend the Code of the City of Flint by amending Chapter 18, Taxation; Funds; Purchasing; Article I, In General; Section 18-4.1, Service Charge in Lieu of Taxes for Housing Facilities for Certain Persons.

IT IS HEREBY ORDAINED BY PEOPLE OF THE CITY OF FLINT:

Sec. 1. That the provisions of Chapter 18, Taxation; Funds; Purchasing; Article I, In General; Section 18-4.1, Service Charge in Lieu of Taxes for Housing Facilities for Certain Persons, shall be amended by adding subsection (w), which shall read in its entirety as follows:

(W) THE CITY ACKNOWLEDGES THAT APT EAGLE RIDGE LIMITED DIVIDEND HOUSING ASSOCIATION, LLC (THE "SPONSOR") HAS OFFERED, SUBJECT TO RECEIPT OF AN AUTHORITY-AIDED OR FEDERALLY-AIDED MORTGAGE LOAN, TO OWN AND OPERATE A HOUSING PROJECT IDENTIFIED AS "EAGLE RIDGE SQUARE APARTMENTS" (THE "PROJECT") ON CERTAIN PROPERTY LOCATED IN THE CITY TO SERVE PERSONS AND FAMILIES OF LOW INCOME, AND THAT THE SPONSOR HAS OFFERED TO PAY THE CITY ON ACCOUNT OF THIS HOUSING DEVELOPMENT AN ANNUAL SERVICE CHARGE FOR PUBLIC SERVICES IN LIEU OF AD VALOREM TAXES.

THE CITY ACKNOWLEDGES THAT THE SPONSOR SHALL BE AFFORDED TAX BENEFITS OF PAYING A SERVICE CHARGE IN LIEU OF AD VALOREM

TAXES (BUT NOT IN LIEU OF PAYMENT OF SPECIAL ASSESSMENTS INCLUDING, BUT NOT LIMITED TO, THE STREET LIGHTING SPECIAL ASSESSMENT). THE CITY FURTHER ACKNOWLEDGES THAT THE SPONSOR FITS WITHIN THE CLASS AS DESCRIBED IN §18-4.3 BELOW. THE ANNUAL SERVICE CHARGE FOR THE CLASS OF PERSONS OF LOW AND MODERATE INCOME SHALL BE EQUAL TO FOUR PERCENT (4%) OF THE ANNUAL SHELTER RENTS, EXCLUSIVE OF CHARGES FOR GAS, ELECTRICITY, HEAT, OR OTHER UTILITIES FURNISHED TO THE OCCUPANTS, INCLUDING THE PORTION OF RENT PAYABLE UNDER ANY GOVERNMENTAL SUBSIDY.

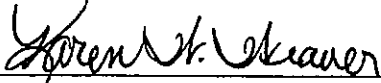
THE SPONSOR SHALL BE PERMITTED TO TRANSFER THE ABOVE-DESCRIBED PAYMENT IN LIEU OF TAXES TO ONE SUCCESSOR OF OWNERSHIP OF THE PROJECT, SO LONG AS SAID SUCCESSOR CONTINUES TO HOLD THE PROJECT'S FEDERALLY-AIDED MORTGAGE LOAN, AND CONTINUES TO PROVIDE THE SAME QUALITY OF LIFE AND HOUSING SERVICES TO PERSONS AND FAMILIES OF LOW INCOME AS THE SPONSOR. FOLLOWING THE TRANSFER OF OWNERSHIP, THIS BENEFIT OF PAYMENT IN LIEU OF TAXES IS NOT ASSIGNABLE TO ANY SUBSEQUENT SUCCESSOR THEREAFTER.

NOTWITHSTANDING THE FOREGOING, THE ANNUAL SERVICE CHARGE SHALL NOT EXCEED AD VALOREM PROPERTY TAXES THAT WOULD BE ASSESSED OR PAID ABSENT THIS TAX EXEMPTION.

Sec. 2. This ordinance shall become effective immediately upon publication.

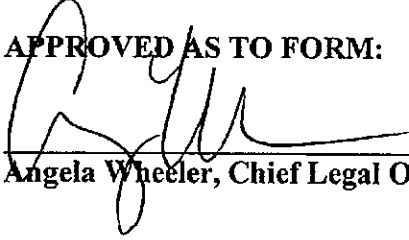
Adopted this \_\_\_\_\_ day of

\_\_\_\_\_, 2017 A.D.



\_\_\_\_\_  
Dr. Karen W. Weaver, Mayor

APPROVED AS TO FORM:



\_\_\_\_\_  
Angela Wheeler, Chief Legal Officer

## **ORDINANCE AMENDMENT STAFF REVIEW**

**Date:** *November 29, 2017*

### **Agenda Item Title:**

**ORDINANCE AMENDMENT 18-4.1(w): TO APPROVE THE PILOT PROJECT FOR EAGLE RIDGE SQUARE APARTMENTS LIMITED DIVIDEND HOUSING ASSOCIATION**

### **Prepared By:**

Planning and Development Department, Division of Community and Economic Development

### **Background/Summary of Proposed Action:**

18-4.1(w): The Eagle Ridge Square Apartments housing development (6101 Selby Street, in the 3<sup>rd</sup> Ward) provides 104 affordable units to the City of Flint. It was constructed as a low-income housing tax credit project in 1999 and per 18-4.1(k), a 4% PILOT was awarded. Continuously from the time of construction through today, the Apartments have been dedicated to providing quality and affordable housing solely to serve qualified low income residents. During an annual review of all rental projects listed in the City of Flint's PILOT ordinance, it was realized that the ownership structure of the housing development was legally incorrect for having a PILOT and therefore that ordinance amendment 18-4.1(k) was considered invalidated. The owner is now seeking to duly own and operate a limited dividend housing association to qualify for receipt of a 4% PILOT moving forward.

- Quantitatively, the apartments provide sorely-needed affordable housing (2 and 3 bedroom units) to residents who are at or below 30%, 40%, 50% and 60% of the area median income.
- Qualitatively, the owner has paid all water / utility charges and worked with residents to provide testing and bottled water throughout the water crisis. The ownership has continued to make improvements and attempts to maintain the Apartments and amenities as a quality housing development for all residents. The amenities include built-in alarms in each apartment, washer and dryer hook-ups, a swimming pool, a daycare center, and a security gate for the entrance onto the property. The Foss Avenue Baptist Church runs the daycare center located on the property and has a major social impact on the surrounding community.
- Statutorily, Section 18-4.3 refers to a number of questions for housing developments asking for a PILOT. All of those questions are addressed and their answers meet the threshold of being eligible for a PILOT.
  - This project's financing includes a Low Income Housing Tax Credit allocation from MSHDA;
  - This project's location is in an economically depressed urban renewal project area (entire City of Flint);
  - This project is not economically feasible absent the City's allowing a service charge in lieu of taxes (the Apartments are currently operating at a deficit);
  - MSHDA's allocation of Low Income Housing Tax Credits was tied to the city giving this tax benefit;

- The ownership entity is not a business enterprise looking for an abatement but this development has a Property Manager as well as Maintenance staff.
- The developer of this project originally requested this PILOT during the planning stage of the project, prior to the start of construction or renovation.

**Special Consideration:**

There is an additional clause regarding "+1 transfer language" as an exception for this specific PILOT (that is not to be repeated) because of an administrative error that current City of Flint staff have now corrected - the initial (now void) PILOT was erroneously granted to an ineligible entity.

**Financial Implications:**

The 104 units of affordable housing must be preserved and this PILOT is the key component to allowing the housing development to be financially viable. The 4% PILOT estimation is \$22,205.44 and the difference between the ad valorem taxable value and a 4% PILOT is \$68,369.92. This amount, while not negligible, is worthwhile to ensure the existence of 104 units of housing for residents between 30 and 60% of area median income. Therefore it is recommended that Council approve a 4% PILOT service charge for the Eagle Ridge Square Apartments Limited Dividend Housing Association.

**Budgeted Expenditure:** Yes \_\_\_ No X

**Please explain, if no:**

*NO IMPACT on CED Budget*

**Pre-encumbered:** Yes \_\_\_ No X

**Requisition #:** \_\_\_\_\_

**Reviewed and Approved By:** *Chilton*

**Date:** 11.29.17

**Other Implications:** No other implications are known at this time.

**Staff Recommendation:** Staff recommends approval of this resolution.

**APPROVAL**

*Emily Davis* 11/27/17

Eagle Ridge Apartments (6101 Selby St, Flint, MI) tax comparisons

1) Current taxable value: \$90,575  
 2) PILOT estimation \$22,205.44 DIFFERENCE BETWEEN PILOT AND TAXES: \$68,369.92 per year

3) Estimated project ad valorem taxable value:

|                 | Two Bedroom | Three Bedroom |
|-----------------|-------------|---------------|
| Market Rent     | \$600       | \$700         |
| Number of Units | 72          | 32            |
|                 | \$43,200    | \$22,400      |

|                        | Ad Valorem           | Pilot Information |
|------------------------|----------------------|-------------------|
| Monthly Income         | \$65,600             | \$55,661          |
| Yearly Income          | \$787,200            | \$906,864         |
| Vacancy/Loss (10%)     | (\$78,720)           | (\$238,927)       |
| Potential Gross Income | \$708,480            | \$667,937         |
| Expenses 55%           | (\$389,664)          | (\$112,801)       |
| Net Operating Income   | \$318,816            | \$555,136         |
| Cap Rate of 12%        | \$2,656,800 4% Pilot | \$22,205.44       |
| SEV/TV                 | 1,328,400            |                   |
| Potential Taxes        | \$90,575             |                   |

Eagle Ridge Apartments (6101 Selby St, Flint, MI) tax comparisons

1) Current taxable value: \$90,575  
 2) PILOT estimation \$27,756.80 DIFFERENCE BETWEEN PILOT AND TAXES: \$62,818.56 per year

3) Estimated project ad valorem taxable value:

|                 | Two Bedroom | Three Bedroom |
|-----------------|-------------|---------------|
| Market Rent     | \$600       | \$700         |
| Number of Units | 72          | 32            |
|                 | \$43,200    | \$22,400      |

|                        | Ad Valorem           | Pilot Information |
|------------------------|----------------------|-------------------|
| Monthly Income         | \$65,600             | \$55,661          |
| Yearly Income          | \$787,200            | \$906,864         |
| Vacancy/Loss (10%)     | (\$78,720)           | (\$238,927)       |
| Potential Gross Income | \$708,480            | \$667,937         |
| Expenses 55%           | (\$389,664)          | (\$112,801)       |
| Net Operating Income   | \$318,816            | \$555,136         |
| Cap Rate of 12%        | \$2,656,800 5% Pilot | \$27,756.80       |
| SEV/TV                 | 1,328,400            |                   |
| Potential Taxes        | \$90,575             |                   |

Eagle Ridge Apartments (6101 Selby St, Flint, MI) tax comparisons

1) Current taxable value: \$90,575  
 2) PILOT estimation \$33,308.16 DIFFERENCE BETWEEN PILOT AND TAXES: \$57,267.20 per year

3) Estimated project ad valorem taxable value:

|                 | Two Bedroom | Three Bedroom |
|-----------------|-------------|---------------|
| Market Rent     | \$600       | \$700         |
| Number of Units | 72          | 32            |
|                 | \$43,200    | \$22,400      |

|                        | Ad Valorem           | Pilot Information |
|------------------------|----------------------|-------------------|
| Monthly Income         | \$65,600             | \$55,661          |
| Yearly Income          | \$787,200            | \$906,864         |
| Vacancy/Loss (10%)     | (\$78,720)           | (\$238,927)       |
| Potential Gross Income | \$708,480            | \$667,937         |
| Expenses 55%           | (\$389,664)          | (\$112,801)       |
| Net Operating Income   | \$318,816            | \$555,136         |
| Cap Rate of 12%        | \$2,656,800 6% Pilot | \$33,308.16       |
| SEV/TV                 | 1,328,400            |                   |
| Potential Taxes        | \$90,575             |                   |



October 4, 2017

VIA E-MAIL & U.S. MAIL

Ms. Emily Doerr  
Program Manager  
City of Flint - Planning and Development  
Community and Economic Development  
1101 South Saginaw St.  
Flint, MI 48502

**RE: PILOT Application - Eagle Ridge Square Apartments**

Dear Ms. Doerr:

Thanks again for your time and assistance with the process to seek reactivation and/or new approval of a PILOT for Eagle Ridge Square Apartments ("Apartments") with the City of Flint ("City"). We are pleased to provide this letter/application for your and the City's consideration on behalf of the Apartments and its owner. As you will see, we have provided background on the history of the development and operation of the Apartments and a narrative to respond to each of the items requested in the "PILOT Application Packet Requirements".

1. Background on Apartments and Related Ordinance. In 1999, the City kindly approved an Ordinance (City Ordinance Chapter 18-4.1(k)) related to the development, construction and operation of the Apartments to serve low income residents. This existing ordinance found that the Apartments fits within the class as described in City Ordinance 18-4.3 and approved an annual service charge (or PILOT) equal to 4% of the difference between the contract rents actually collected and utilities. This ordinance has been instrumental to the creation and continued operation of affordable housing in the City. As additional background:

A. *Apartments.* The Apartment project known as "Eagle Ridge Square" is a 104-unit apartment community constructed as a low-income housing tax credit project in 1999 generally at 6101 Selby Street, Flint, Michigan. Continuously from the time of construction, through to today, the Apartments have been dedicated to provide quality and affordable housing solely to serve qualified low income residents.

B. *Distress.* Despite the PILOT in place at 4%, the original developer was unable to pay its mortgage on the Apartments. In the midst of foreclosure, the original developer transferred the Apartments to affiliate of the lender which has, since 2012, continued to operate the property subject to mortgage debt and solely to serve low income residents. The City recently suspended the PILOT due to the ownership structure

of the owner of the Apartments. The owner is now seeking to duly own and operate a limited dividend housing association to qualify for receipt of the PILOT treatment if the original ordinance were reactivated or a new ordinance adopted.

C. *Operating Pro-Forma & Continued Need.* As noted above, the Apartments have (since being opened) been operated as low income housing subject to a 4% service fee/PILOT. We have provided a copy of the 2015 and 2016 operating statements (reflecting performance as though the original 4% service fee/PILOT was in place). During all of these periods, the owner has paid all water/utility charges and worked with residents too, to provide testing and bottled water at no charge. As you will see, the Apartments have operated at a deficit (even with the PILOT) after paying debt service. The owner anticipates this deficit/loss to potentially increase as the utility costs are anticipated to increase in years to come. Based on the financials, you can see that continued PILOT treatment is critical to the future viability of the Apartments and their ability to continue to serve low income residents at affordable rates. We have reattached these for you, as Exhibit A.

2. Schedule of Rents. We are pleased to attach a schedule of rents and Tenant income limits as Exhibit B. The Apartments are available to rent to residents who are at or below 30%, 40%, 50% and 60% of the area median income with rents (based on 2 or 3 bedroom) dependent on income.

3. PILOT Estimation. As noted above, the Apartments have historically paid a service fee at 4% of the difference between the contract rents actually collected and utilities (in lieu of taxes). These fees have been amounts in excess of \$21,000 during recent years. As a result, there is not information on which to provide a comparison.

4. Impact/Project Narrative.

A. According to the U.S. Census, approximately 41% of the City of Flint's population was living in poverty and the median household income was \$24,862 in 2015. We are pleased to attach a market survey of similarly situated housing facilities in Flint (prepared by the owner) as Exhibit C, which shows continued desire, demand and significant need for quality affordable housing within the City.

B. The PILOT is imperative for continued preservation and use of the Apartments to serve low income residents. The Apartments are currently operated at a deficit (after payment of financing and other expenses), as reflected in the Financial Statements. Without PILOT treatment, it will not be viable for the Apartments to continue to remain rent restricted to serve low income residents of the City of Flint.

C. As noted above, the Apartments were originally constructed in 1999 and no variance or current development plan is applicable. Since that time, the Apartments

have been operated as low income housing subject to the regulatory agreements originally in place for low income housing tax credit projects.

D. We are pleased to attach a copy of a form "Residential Lease" applicable to the Apartments as Exhibit D. This form is used after tenant eligibility is reviewed/confirmed.

5. Priorities. We are pleased to provide a brief response to the inquiries on Apartment amenities and income limitations, for consideration. On these:

A. Please see Exhibit E, which notes a list of the criteria used to review applicants and income limitations for residents. The residents are between 30-60% of area median income (i.e., 100% of the Apartments are available for lease to residents at or below 60% of area median income ("AMI")).

B. The Apartments are only used for residential purposes.

C. N/A

D. The ownership has continued to make improvements and attempts to maintain the Apartments (and amenities) as a quality project for all residents. The amenities include built in alarms in each apartment, washer and dryer hookups, a swimming pool, a daycare center and a security gate for entrance onto the property.

E. The Apartments are conveniently located along the MTA bus line, with easy access to downtown Flint, the Genesee Valley Mall, the Dort Federal Event Center, and the College Cultural Neighborhood, including The Whiting performing arts venue, the Flint Public Library, the Flint Institute of Art, and the Sloan Museum.

F. The Foss Avenue Baptist Church runs the daycare center located on the property and has a major social impact on the surrounding community.

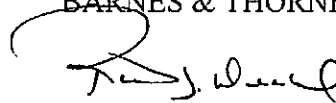
Again, we greatly appreciate your professional assistance with the PILOT process and overall consideration by the City. The continued support for a four percent (4%) service fee for this project is vital to its continued operations to serve low income residents. We would also be pleased to answer any questions and/or provide any additional information you may request to help advance with the process. We understand that you are working on a proposed form of ordinance (which we would appreciate reviewing) unless the existing ordinance can simply be reactivated.

Division of Community and Economic Development  
City of Flint  
October 4, 2017  
Page 4

Again, we appreciate your professional assistance. Please feel welcome to contact, at any time, if we can provide additional information.

Very truly yours,

BARNES & THORNBURG LLP

A handwritten signature in black ink, appearing to read "Richard J. Deahl", written over the printed name.

Richard J. Deahl

RJD:slr

Enclosures

cc: Mr. Bradley Toothaker  
Mr. Ryan C. Rans  
Michael Fenech, Esq.

DMS 10975907v2

**APT Eagle Ridge, LLC (983)**  
**Income Statement**  
**2015**

10/31/2017 10:56 AM

|   | <b>Year to Date</b> |
|---|---------------------|
| <b>REVENUES</b>                                     |                     |
| RENT REVENUES                                       | 645,382.86          |
| TOTAL OTHER REVENUE                                 | 69,886.41           |
| <b>TOTAL REVENUES</b>                               | <b>715,269.27</b>   |
|   |                     |
| TOTAL ADMINISTRATIVE EXPENSES                       | 118,533.75          |
| TOTAL UTILITIES                                     | 149,712.59          |
| TOTAL BUILDING MAINTENANCE                          | 224,927.11          |
| TOTAL EXTERIOR MAINTENANCE                          | 13,510.23           |
| TAXES/INSURANCE W/O R.E. TAXES                      | 40,567.81           |
| TOTAL OWNER EXPENSE - NON-RECOV                     | 18,024.28           |
| <b>TOTAL EXPENSES EXCL. R.E. TAXES AND INTEREST</b> | <b>565,275.77</b>   |
| <b>TOTAL NET OPERATING INCOME</b>                   | <b>149,993.50</b>   |

**APT Eagle Ridge, LLC (983)**  
**Income Statement**  
**2016**

10/31/2017 11:15 AM

**Year to Date**

| <b>REVENUES</b>                      |                   |
|--------------------------------------|-------------------|
| RENT REVENUES                        | 667,877.80        |
| TOTAL OTHER REVENUE                  | 59,421.11         |
| <b>TOTAL REVENUES</b>                | <b>727,298.91</b> |
| <b>TOTAL ADMINISTRATIVE EXPENSES</b> |                   |
| TOTAL UTILITIES                      | 131,013.60        |
| TOTAL BUILDING MAINTENANCE           | 116,311.22        |
| TOTAL EXTERIOR MAINTENANCE           | 218,828.87        |
| TOTAL TAXES AND INSURANCE            | 11,577.01         |
| TOTAL PROFESSIONAL FEES              | 44,344.56         |
| <b>TOTAL OPERATING EXPENSES</b>      | <b>18,914.07</b>  |
| <b>TOTAL NET OPERATING INCOME</b>    | <b>540,989.33</b> |
|                                      | <b>186,309.58</b> |

**APT Eagle Ridge, LLC (983)****Income Statement**

For the Period Jan 2017 Through September 2017

|                                     | Year to Date      | Annualized        |
|-------------------------------------|-------------------|-------------------|
| RENT REVENUES                       | 500,953.05        | 667,937.40        |
| TOTAL OTHER REVENUE                 | 43,508.90         | 58,011.87         |
| <b>TOTAL REVENUES</b>               | <b>544,461.95</b> | <b>725,949.27</b> |
| TOTAL ADMINISTRATIVE EXPENSES       | 102,323.04        | 136,430.72        |
| TOTAL UTILITIES                     | 112,880.93        | 150,507.91        |
| TOTAL BUILDING MAINTENANCE          | 149,166.58        | 198,888.77        |
| TOTAL EXTERIOR MAINTENANCE          | 24,598.34         | 32,797.79         |
| TOTAL TAXES/INSURANCE W/O R.E.TAXES | 37,220.67         | 49,627.56         |
| <b>TOTAL OPERATING EXPENSES</b>     | <b>426,189.56</b> | <b>568,252.75</b> |
| <b>TOTAL NET OPERATING INCOME</b>   | <b>118,272.39</b> | <b>157,696.52</b> |

**Market Survey**

| Property                     | Eagle Ridge Square Apartments<br>810-787-2400 | Cedarshores Apartments<br>810-785-0272 | Pinshores Apartments<br>810-733-0027 | Rosewood Park Apartments<br>810-655-5336 | Maple Ridge Apartments<br>810-236-9630-238-42 | Bristol Court Apartments<br>810-686-7784 | Maple Park Terrace<br>810-233-6200 |
|------------------------------|---|--|--------------------------------------|--|---|--|------------------------------------|
| Management Company           | Bradley Company                               | Lockwood Management                    | Lockwood Management                  | Piper Management Group                   | Group Five Manasly Prop                       | Piper Management Group                   | Legacy                             |
| Year Built                   | 1989  | 1987                                   | 1994                                 | 2004                                     | 1978 1971                                     | 2001                                     | 1970's                             |
| Classification               | Tax Credit                                    | Tax Credit/Home Program                | Tax Credit                           | Tax Credit                               | conventional(accept)                          | Tax Credit                               | Conventional                       |
| Total Units                  | 104   | 144                                    | 120                                  | 120                                      | 168 250                                       | 144                                      | 184                                |
| Occupancy Percentage         | 97%   | 94%                                    | 98%                                  | 98%                                      | 98% 80%                                       | 99%                                      | 99%                                |
| 1 Bedroom/1 Bedroom Townhome | N/A   | N/A                                    | N/A                                  | N/A                                      | Apt/Townhome                                  | N/A                                      |                                    |
| Bathrooms                    |   |  |                                      |  | 1 1 1/2                                       |  |                                    |
| Square Feet                  |   |  |                                      |  | 700 600/600                                   |  |                                    |
| Price                        |   |  |                                      |  | \$529 \$605/\$495                             |  |                                    |
| 2 Bedroom/2 Bedroom Townhome |   |  |                                      |  | Apt/Townhome                                  |  | 2/1, 2/2, 2/Loft                   |
| Bathrooms                    | 2   | 2                                      | 1                                    | 1  | 1 full, 2 half                                | 2  | 1/2                                |
| Square Feet                  | 900   | 1050                                   | 893                                  | 957                                      | 900 730/1,050                                 | 885                                      | 900 - 1200                         |
| Price                        | \$301 - \$637                                 | \$636                                  | \$495 - \$723                        | \$462 - \$637                            | \$629 \$615/\$625                             | \$225 - \$566                            | \$649 - \$829                      |
| 3 Bedroom                    |   |  |                                      |  | Townhome Only                                 |  |                                    |
| Bathrooms                    | 2   | 2                                      | 2                                    | 1.5                                      | N/A full, 2 half                              | 2  | 2                                  |
| Square Feet                  | 1100  | 1250                                   | 1157                                 | 1225                                     | 1,100   | 1,100                                    | 1250 - 1350                        |
| Price                        | \$344 - \$707                                 | \$725                                  | \$558 - \$798                        | \$511 - \$757                            | \$725   | \$499 - \$655                            | \$829 - \$869                      |
| Utilities Included           |   |  |                                      |  |   |  |                                    |
| Heat                         | No  | No                                     | No                                   | No                                       | No apt/No-tw                                  | No                                       | No                                 |
| Electric                     | No  | No                                     | No                                   | No                                       | No  | No                                       | No                                 |
| Water/Sewer/Trash            | Yes   | Yes                                    | Yes                                  | Yes                                      | No/charge base per occ                        | Yes                                      | Yes                                |
| Amenities                    |   |  |                                      |  | # of occupants                                |  |                                    |
| Washer/Dryer                 | Varies  | No                                     | \$55                                 | No                                       | \$50 No                                       | \$40                                     | No                                 |
| Hook-ups                     | Yes   | Yes                                    | \$25                                 | Yes                                      | \$50 Yes                                      | Yes                                      | No                                 |
| Pool                         | Yes   | Yes                                    | Yes                                  | No                                       | No Yes  | Yes                                      | Yes                                |
| Storage                      | Yes   | No                                     | No                                   | No                                       | No No   | No                                       | No                                 |
| Garage                       | No  | No                                     | No                                   | No                                       | No No   | No                                       | No                                 |
| Carport                      | No  | Yes                                    | \$20                                 | Yes                                      | \$15 Yes                                      | No                                       | \$20                               |



## LEASE AGREEMENT

The development of which the unit is part (the "Development") has been financed by the Michigan State Housing Development Authority (the "Authority"), and is subject to a Mortgage and a Regulatory Agreement made between Landlord and the Authority of which, among other things, regulate Tenant's income eligibility and the rent to be charged by Landlord.

The Regulatory Agreement contains covenants running with the land that require certain units in the Development to be both income and rent regulated in order to comply with the terms of the Authority's "TEAM" ("Tax Exempt Apartments for Michigan") multi-family lending program and the requirements of the Low Income Housing Tax Credit Program. If the Development is participating in another program or programs offered by the Authority, any additional rent and occupancy restrictions required by that program or programs which the Development must comply with are described in the Additional program Requirements Addendum attached to this lease Agreement. Landlord has agreed that Tenant is eligible to occupy a rent-restricted unit in the Development (which applies to at least 40% of the Development's units), the total housing expense which Tenant may be charged on a monthly basis shall not exceed 1/12<sup>th</sup> of 30% of 60% of applicable area median income, imputing family size based on 1.5 persons per bedroom. This total housing expense is inclusive of tenant-paid utilities (meaning that any utility allowances must first be subtracted to determine the rent that may be charged to Tenant for the unit), excepting telephone and cable, if applicable.

A recertification of tenant's gross income and family size and composition will be obtained annually or as required by the Authority, and the rent charged to Tenant may be adjusted by Landlord to reflect income changes documented by the recertification. Rental charges for rent-restricted units may also change annually based on changes in area median income as delineated by the U.S. Department of Housing and Urban Development, subject to the following limitations:

The rent for any unit will not exceed 105% of the rent levels provided in the Authority's Mortgage Loan Commitment Report for the duration of the initial lease term of the first household to occupy the unit, nor will rent be increased more than five percent (5%) per year so long as the Tenant continuously occupies that unit unless a greater increase is approved in advance by the Authority, and then only for the specific purpose of paying for extraordinary increases in Development operating expenses. Whenever Tenant begins to occupy a different unit, however, the rental rate for the unit may be increased to the maximum permitted above.

As Landlord has determined that the Tenant either will occupy one of the restricted units at the Development, or is eligible to occupy a rent-restricted unit subject to the applicable income restrictions, that is, Tenant's income, adjusted for family size, is either no greater than 50% of area median income (which limitation applies to at least 20% of each of the Development's unit types), or no greater than 60% of area median income (which limitation applies to at least an additional 20% of each of the Development's unit types), IT IS NOW AGREED THAT:

1. **PARTIES:** This lease agreement ("Lease") is made this \_\_\_ day of \_\_\_ between EAGLE RIDGE SQUARE whose address is Flint, MI and \_\_\_\_\_, (tenant).

2. **PREMISES:** In consideration of (a) Tenant's rental application, and (b) the payment of the rent and performance of the other provisions of this Lease, Landlord leases to Tenant unit Eagle Ridge Lane, # (the "dwelling unit"), in the apartment community known as EAGLE RIDGE SQUARE located at 6101 Eagle Ridge Lane, Flint, MI 48505.

3. **OCCUPANCY:** Only the following individuals may occupy the dwelling unit:

| NAME OF TENANT | AGE   | RELATIONSHIP |
|----------------|-------|--------------|
| _____          | _____ | _____        |

4. **TERM:** The initial term of this Lease is for one (1) year commencing on \_\_\_\_\_, and ending on \_\_\_\_\_ with renewals as set forth in Section 19.

5. **RENT:** The rent paid by the Tenant for the unit shall be \$\_\_\_\_\_, per month (the "Tenant Rent"), payable in advance on or before the first calendar day of each month to the Landlord at 6101 Eagle Ridge Lane, Flint, MI 48505 or to such other person or persons Landlord may designate by written notice from time to time. The Tenant Rent stated above may be increased or decreased by Landlord upon 30 days written notice to the Tenant, based on increases or decreases in the Tenant's gross income or changes in the area median income limits published by HUD. The Tenant Rent will not, however, be increased more than 5% during any twelve-month period unless necessitated by an increase of more than 5% in the expenses of the Development (exclusive of limited dividend distributions), as determined by the Authority.

6. **LATE CHARGES AND RETURNED CHECK CHARGE:** Any payment due to be made by the Tenant that is received after the fifth (5<sup>th</sup>) calendar day of the month in which it is due shall be subject to late charges of **\$50.00**, which must be paid by personal check, money order, or cashier's check. In addition, a **\$20.00 processing fee** will be charged for any check that is returned because of insufficient funds, a closed account, or any other cause. Landlord will then have the right to require the Tenant to make any rent payment that replaces the returned check by, cash, money order or cashier's check. Rent will not be considered paid until it is actually received by Management.

7. **UTILITIES:** The Tenant rent shall include the cost of the following utilities Water, Sewer, and Trash Removal. The Landlord agrees to furnish these utilities to the Tenant at reasonable times and in reasonable amounts. The Tenant shall be responsible for the payment of all utilities, including telephone, cable unless otherwise agreed.

8. **TENANT'S AGREEMENTS WITH THE LANDLORD:** The tenant, on Tenant's behalf, and the behalf of Tenant's heirs and personal representatives, agrees to:

- Pay the Tenant's monthly rental installments promptly when due, without any obligation on the part of the Landlord to make demand for it;
- Keep the dwelling unit and all common areas inside and outside the building in a clean and sanitary condition, and to comply with all applicable governmental requirements, including public health and police regulations, with respect to the dwelling unit and common areas, and to hold Landlord harmless from all fines, penalties, and costs for violations of non-compliance caused by the actions of the Tenant;

- Permit Landlord, or agents designated by the Landlord, or any representative or any holder of a mortgage on the property or, when authorized by the Landlord, employees of any contractor, or utility company, to enter the dwelling unit for the purpose of making reasonable inspections,

extermination of insects or pests, changing of furnace filters, and other like purposes, which shall be made at reasonable times with due notice, except in cases of emergency (which are defined as danger to life or serious danger to property). In no case shall an entry intrude upon Tenant's personal property;

- Comply with the rules and regulations that are attached to this lease governing the use of community or common facilities and the apartment dwelling unit, and to forfeit the privilege of using the facilities for failure to comply with these rules and regulations; and to the structure or interiors of the facilities due to negligence of the Tenant, or due to lack of proper supervision of Tenant's dependents and guests;
- Not use the dwelling unit for any purpose deemed hazardous, nor commit waste on the dwelling unit, nor maintain or permit to be maintained a nuisance in the dwelling unit or at the development, nor use or permit the building unit or the Development to be used in an unlawful manner;
- Be responsible for fire, theft, or damage to Tenant's personal effects or property in the dwelling unit, laundry, storage lockers, or any other portion of the building unless caused by Landlord's fault or neglect. The Tenant must provide his or hers own property insurance;
- Not install a washing machine, dryer or air conditioning unit in the dwelling unit, without the prior approval of the Landlord;
- Not make alterations, additions, changes or improvements to the dwelling unit such as painting, decorating, changing locks, installing wall coverings or wiring, no place fixtures, signs or fences in or about the Development without the prior written permission of the Landlord. If the permission is obtained, the Tenant agrees to remove any such wiring, wall coverings, fixtures, signs or fences, without damage to the dwelling unit, upon moving out if requested to do so by the Landlord. Tacks or nails may be put in the walls for decorative purposes only as long as they do not cause structural damage, and the Tenant removes them and repairs the resulting holes prior to vacating the unit;
- Not have animals or pets of any kind on the Development, other than those expressly permitted in the writing by the Landlord;
- Not occupy more than one parking space, no park or drive any vehicle or trailer on landscaped surfaces;
- Not create or permit unreasonable amounts of noise in the dwelling unit;
- Not waste utilities furnished by the Landlord no use facilities or equipment furnished by the Landlord for any improper or unauthorized purpose;

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- Not assign this Lease nor sublet the dwelling unit, nor give accommodation to any roomers, lodgers or visitors for an extended stay, nor permit the use of the dwelling unit for any purpose other than as a private dwelling solely for Tenant and the Tenant's family;
- Occupy the dwelling unit as a residential only and for no other purpose; and

- Recertify Tenant's income and family composition to the Landlord at least one time each year, at Landlord's request. Copies of all required income statements, including those furnished after the date of this lease, shall be attached to and constitute a part of this lease.

**9. BREACH OF LEASE:** The Tenant is aware that in the event of a breach by the Tenant of any one of the covenants or provisions of this Lease, or if any of the Tenant's statements in the rental application are incorrect, Landlord or its agents may bring appropriate legal action to terminate this Lease and repossess the dwelling unit. Tenant will pay all lawful charges, costs, expenses, and damages of Landlord resulting from Tenant's breach.

**10. ACCESS FOR RE-RENTING:** The Tenant hereby grants permission to Landlord to show the dwelling unit to new rental applicants at reasonable hours of the day and with due notice, within 20 days of the expiration of the term of this lease.

**11. CONDITION OF PREMISES:** By execution of this Lease, the Tenant acknowledges that the dwelling unit is in satisfactory condition, and that the Landlord will not be required to repaint, clean, recarpet, replaster, or otherwise perform any other work, unless specifically noted on the inventory checklist and condition report and agreed to by the Landlord, or unless required by Michigan or local law. The checklist shall include all items in the rental unit owned by the Landlord including, but not limited to, carpeting, drapes, appliances, windows, furnishings, wall, closets, shelves, paint, doors, plumbing fixtures, and electrical fixtures.

**12. CHECKLIST:** The tenant shall review the inventory checklist, note the condition of the property, and return one copy of the checklist to the Landlord within 7 days after receiving possession of the dwelling unit.

**13. SURRENDER OF PREMISES:** The Tenant agrees that at the end of the lease term under this or any subsequent lease, or after a month-to-month tenancy, the Tenant will deliver up and surrender the dwelling unit to Landlord in as good condition as when received, reasonable wear and tear expected. The Tenant agrees to deliver the keys for the dwelling unit to Landlord at the time the Tenant vacates the dwelling unit. Any of the Tenant's personal property left in, at or about the dwelling unit at the time the Tenant vacates the dwelling unit shall be deemed abandoned by the Tenant, and the Tenant hereby authorizes Landlord to dispose of the same as abandoned property. Until the keys are delivered to Landlord as evidenced by the Landlord's receipt therefor, the Tenant shall remain liable under this Lease to extent permitted by Law.

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**14. SECURITY DEPOSIT:** The Tenant shall make a deposit of **\$300.00** which shall not exceed one and ½ months rent, exclusive of utilities paid by the Tenant, to be used to reimburse the Landlord for repairs, cleaning or replacements to the dwelling unit or community facilities needed due to the carelessness, neglect or unreasonable use of the areas by the Tenant or Tenant's family, guests or

agents, and to be pay the Landlord for all unpaid rent or other amounts owed under this Lease including utility bills not paid by the Tenant. The Tenant's liability for damages and rent due at move out is NOT limited to the amount of the Tenant's security deposit. As required by Section 3 of Act 348, Public Acts of 1972, the Tenant's security deposit is on deposit with the following regulated institution:

**BANK OF AMERICA, 202 S. MICHIGAN ST STE 200, SOUTH BEND, IN 46601-2006**

**15. NOTICE: YOU MUST NOTIFY YOUR LANDLORD IN WRITING WITHIN FOUR DAYS AFTER YOU MOVE OUT OF A FORWARDING ADDRESS WHERE YOU MAY BE REACHED AND WHERE YOU WILL RECEIVE MAIL; OTHERWISE, YOUR LANDLORD SHALL BE RELEIVED OF SENDING YOU AN ITEMIZED LIST OF DAMAGES AND THE PENALTIES ADHERENT THAT FAILURE.**

**16. NOTICE OF DAMAGE:** If the Landlord claims damages to the dwelling unit and sends a written itemized list of damages, including the estimated cost of repairs and cost assessed, to the Tenant within 30days after termination of occupancy, upon receipt of the list of damages the Tenant must respond by ordinary mail to the address provided by the Landlord within 7 days, indicating in detail his agreement or disagreement with the damage charges listed.

**17. LANDLORDS AGREEMENTS WITH TENANT:** The Landlord on behalf of itself and Landlord's successors agrees that;

- Landlord will accept any payment made by the Tenant without regard to any other charges owed to Landlord and will seek a separate legal remedy for collection of any other charges owed to Landlord;
- The dwelling unit and all common areas are fit for use intended by parties to this lease;
- The premises will be kept in reasonable repair during the term of the Lease, and the Landlord will comply with applicable health and safety laws of the State and local government where the dwelling unit are located except when the disrepair or violation of the applicable health or safety laws has been caused by the Tenant's neglect, carelessness or irresponsible conduct;
- Landlord shall not discriminate against the Tenant in the provision of services, or in any other manner, on the grounds of race, age (unless with respect to an elderly housing project), color, religion, sex, marital status, national origin, familial status, or handicap;

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- Landlord may alter a provision of this Lease Agreement after its commencement with the written consent of the Tenant for the following types of adjustments to be made upon written notice of not less than 30 days prior to the change;
  - Changes required by federal, state or local law or rule or regulation;

- Changes in rules and regulations that are required to protect the physical health, safety, or peaceful enjoyment of the tenants or guests of the development.

**18. AUTOMATIC RENEWAL:** Unless terminated as provided in this Lease, this Lease shall be automatically renewed for successive terms of one month. The monthly Tenant Rent will be determined by Landlord in accordance with this Lease and upon the same terms and conditions as are contained in this Lease. Either party may terminate this Lease at the end of the initial term or any successive term by giving 30 days advance written notice to the other party.

**19. ACCELERATION:** If the Tenant violates this Lease, the Landlord shall have the rights to accelerate the payment of rent owed for the balance of the term of this Lease and declare the entire amount of rent owed and payable to the Landlord immediately. If Landlord accelerates the rent owed, the Tenant may not be liable for the total accelerated amount claimed by Landlord because of Landlord's obligation to minimize damages, and either Landlord or the Tenant may have a court determine the actual amount, if any, owed by the Tenant as a result of the Landlord's acceleration.

**20. DAMAGE BY FIRE OR OTHER CASUALTY:** In the event the dwelling unit is destroyed or rendered unlivable by fire, storm, earthquake, or other casualty not caused by the negligence of the Tenant, or if the dwelling unit is taken by eminent domain, this Lease Agreement shall be at an end from such time except for the purpose of enforcing rights that may have then accrued under this Lease. The rent shall then be accounted for between Landlord and Tenant up to the time of such injury or destruction or taking of the unit, Tenant paying up to such date and Landlord refunding any rent collected for a time beyond that date.

Should only a part of the dwelling unit be destroyed or made unlivable by fire, storm, earthquake, or other casualty not caused by the negligence of Tenant, the rent shall abate in the proportion that the injured part bears to the whole dwelling unit and the injured part will be restored by Landlord as speedily as practicable, after which the full rent shall begin again and this Lease shall continue according to its terms. A condemnation award shall belong exclusively to Landlord.

**21. SUBORDINATION:** This Lease is and shall be subordinate to any mortgage on the Development, whether now existing or granted in the future. The lien of any mortgage shall be superior and prior to this Lease, regardless of the date of recording. The Tenant agrees to execute any instrument deemed necessary or desirable to further effect the subordination of this Lease to any such mortgage, and refusal to execute a subordination shall entitle Landlord and Landlord's successors, assignors, assignees, or legal representatives to terminate this Lease without incurring any expense or damage. The term of this Lease is expressly limited by this paragraph.

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**22. NO WAIVER:** The failure of the Landlord to enforce or demand strict performance of any provision or agreement at any later time, and whether or not enforced, all provisions and agreements contained in this Lease will remain in full force and effect.

**23. POSSESSION:** The Tenant shall not be entitled to possession of the dwelling unit until (a) the Tenant and Landlord have signed this Lease, (b) prior occupant has vacated the dwelling unit, and (c) the Tenant

has paid the first month's rent, the security deposit, the non-refundable cleaning fee and any other lawful charge payable by the Tenant prior to taking possession that appears in the rental application. The inability of Landlord to deliver possession of the dwelling unit to the Tenant at the beginning of the lease term shall not render landlord liable to the Tenant for losses or damages suffered by Tenant, provided, however, that if Landlord cannot deliver possession of the dwelling unit to the Tenant at the beginning of the lease term, then the Tenant has the option of canceling the Lease by giving the Landlord a written notice of Tenant's intent to cancel.

Should the Tenant not elect to cancel this Lease as provided above, then the parties agree that the abatement of the rent due under this Lease for the period between the beginning of the term and the time when the Landlord does deliver possession shall be considered as full settlement of any damages incurred do to the delay.

**24. FALSE STATEMENTS:** The Tenant acknowledges that statements concerning family income and composition are substantial and material with respect to the amount of rent that the Tenant is obligated to pay, and the Tenant's right to occupy the dwelling unit. A false or incorrect statement, whether intentional or unintentional, shall give the Landlord the right to (a) make appropriate adjustments in the rent, including adjustments to payments for previous months and/or (b) terminate this or any subsequent lease. Additionally, Landlord or the Authority may invoke applicable penalty for such false statements.

**25. ADDRESS FOR NOTICE:** The name and address at which notice required under the Truth in Renting Act shall be given to the Landlord is EAGLE RIDGE SQUARE, 6101 Eagle Ridge Lane, Flint, MI 48505.

**26. SUBSIDY LEASE ADDENDUM:** This Lease may have any Authority Subsidy Lease Addendum attached and the provisions of the attached addendum are incorporated and made part of this Lease.

**27. PARKING:** If an assigned parking space and/or carport is provided in conjunction with this Lease of the dwelling unit, the Tenant may only park one operational and licensed personal passenger automobile in each place and/or carport specifically designated. Parking shall be subject to all applicable provisions of this Lease.

**28. WAIVER OF SUBROGATION:** Each party releases the other party from any liability for loss, damage of injury caused by the fire or other casualty for which insurance (permitting waiver of liability and waiver of insurer's right of subrogation) is carried by the insured party to the extent of any recovery by the insured party under such insurance policy. Landlord will obtain fire and extended coverage insurance covering all buildings in the Development. The Tenant, at the Tenant's sole expense, shall

obtain fire and extended coverage insurance covering the Tenant's personal property in the dwelling unit and at the development.

**29. EMINENT DOMAIN:** If the dwelling unit is condemned by any governmental authority, then this Lease shall terminate as of the date that possession is taken by the governmental authority.

**30. SEVERABILITY:** If any provisions of this Lease is or becomes invalid, such invalidity shall not in any way affect any of the other provisions of this Lease, which shall remain in full force and effect.

**31. QUIET ENJOYMENT:** Upon the Tenant paying the rent and performing all of the other provisions of this Lease, Landlord agrees that the Tenant shall peacefully and quietly have, hold and enjoy the dwelling unit during this Lease term.

**32. NOTICE OF INJURIES:** In the event of any injuries to the Tenant or Tenant's family, guests, or invitees, or in the event of any damage to any of their property that is allegedly caused by the negligence of Landlord or its agents or employees, the Tenant shall give Landlord a written notice of the occurrence or damage within five (5) days of the occurrence. The written notice shall be delivered to the Landlord at Landlord's office set forth in paragraph 1 above, or at such address of which Landlord has given the Tenant written notice.

**33. REMEDIES NOT EXCLUSIVE:** Each and every of the rights, remedies and benefits provided by this Lease shall be cumulative and shall not be exclusive of any other of said rights, remedies, and benefits or of any other rights, remedies and benefits allowed by Law.

**34. LEASE BINDING:** The provisions of this Lease shall be binding upon and shall be for the benefits of Landlord and the Tenant and their respective successors in interest.

**35. LIABILITY:** In the event that this Lease is signed by more than one person as the Tenant, then the liability of the persons signing shall be joint and several.

**NOTICE: MICHIGAN LAW ESTABLISHES RIGHTS AND OBLIGATIONS FOR PARTIES TO RENTAL AGREEMENTS. THIS AGREEMENT IS REQUIRED TO COMPLY WITH THE TRUTH IN RENTING ACT. IF YOU HAVE A QUESTION ABOUT THE INTERPRETATION OR LEGALITY OF A PROVISION OF THIS AGREEMENT, YOU MAY WANT TO SEEK ASSISTANCE FROM A LAWYER OR OTHER QUALIFITED PERSON.**

**TRUTH IN RENT ACT AND OTHER STATUTORY PROVISIONS:** Landlord and the Tenant specifically agree that this Lease shall not and is not intended to violate or waive any of the provisions of the Truth in Renting Act (MCL 554.631 to 554.641) or any of the status referred to therein relating to fitness and habitability, security deposit, civil rights or handicapped persons, and consumer protection. If, however, any provision of this Lease does violate or waive any statute or law, then such provision shall be null and void but the other provisions of this Lease shall continue in full force and effect.



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Head of Household Signature

Date

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Spouse/Co-Resident Signature

Date

Bradley Company as Agent for Landlord, APT Eagle Ridge Square LLC

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Signature of Authorized Management Agent

# Eagle Ridge Square Apartments

## *Accepting / Rejecting Criteria for Rental Applications*

*Effective November 2014*

### ~ ACCEPT RENTAL APPLICATION ~

- **Sufficient Income** – Rent should be less than 45% of Gross Household Income
- **INCOME LIMITS** -- *Income Level within Section 42 Guidelines*
- **LANDLORD HISTORY**
  - *Favorable for a Minimum of 3 Consecutive Years*
- **CREDIT REPORT** – *Accepted by screening software*
- **NATIONAL CRIMINAL/SEX & VIOLENT OFFENDER DIRECTORY**
  - *Favorable Criminal History / Social Background History*

### ~ REJECT RENTAL APPLICATION ~

- **INCOME LIMITS** -- *Income Level Exceeds Section 42 Guidelines*
- **Inaccurate Information** – *Failure to provide accurate and complete information on the application.*
- **Rent to Income Ratio** -  
*Rent exceeds 45% of total gross income for the household. Exception for those with Section 8 Housing Choice Voucher*
- **LANDLORD HISTORY**
  - *Evicted from Housing within the Past 3 Years*
  - *Owes Previous Landlord Rent or Damages*
  - *Poor Landlord References*
  - *Cannot Verify Residency for the Past 3 Years*
- **CREDIT REPORT**
  - *Rentgrow rejection, Collections, Judgments, Bankruptcy not discharged – Reported as High Credit Risk/Reject*
- **NATIONAL CRIMINAL/SEX & VIOLENT OFFENDER DIRECTORY**
  - *Negative Social History or Felony Conviction within the Past 10 Years*
  - *Any Household Member Evicted in the Last 3 Years for Drug-Related Criminal Activity*
  - *Any Household Member Currently Engaged in Illegal Use of Drugs*
  - *Any Household Member Subject to a Sex Offender Registration Requirement*
  - *Behavior from Alcohol Abuse that May Interfere with Health, Safety, Peace of Other Residents*

### ~ EXCEPTIONS ~

- **CREDIT REPORT EXCEPTIONS:**
  - *Medical Bills – considered an Extraordinary Expense*
  - *Bankruptcy – applicant shows discharge*

*Note: Borderline Cases must be approved by the Assistant Regional Property Manager.*



Inst: 2001200212072 12/00/2000  
Pr: 8 P: 318.83 9:30AM  
Melvin Phillip McGee T20000005148  
Genesee County Register TG

### REGULATORY AGREEMENT

Department of Consumer and Industry Services  
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
LOW INCOME HOUSING TAX CREDIT  
401 South Washington Square - 4th Floor Plaza One Building  
Lansing, Michigan 48909

This Agreement, which shall serve as a Regulatory Agreement and have the full force of a restrictive covenant running with the land pursuant to Public Act 346 of the Michigan Public Acts of 1966, as amended, is dated as of this 27th day of November, 2000, and made by and between the Michigan State Housing Development Authority (the "Authority") as the low income housing tax credit agency for the State of Michigan and Eagle Ridge Square Limited Dividend Housing Association Limited Partnership ("Owner").

WHEREAS, the Authority is the designated housing credit agency for the State of Michigan with respect to the low income housing tax credit authorized by Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Owner is the Owner of certain real property, more particularly described in Exhibit A, attached hereto, and incorporated herein by reference; and

WHEREAS, the Owner has applied to the Authority for an allocation of Low Income Housing Tax Credit authority for a residential rental development which has been or will be constructed on the property; and

WHEREAS, the Authority has determined, pursuant to the provisions of Section 42 of the Code, that an allocation of credit to the Project in the amount of Eight Hundred Fifty Eight Thousand Six Hundred Fourteen Dollars (\$858,614) is the maximum appropriate amount of tax credit authority to be allocated to the Project; and

WHEREAS, Section 42 (h) of the Code requires that the Authority and the Owner enter into an "extended low income housing commitment", which shall be recorded as a restrictive covenant in order for the Owner to be allowed the benefit of the Low Income Housing Tax Credit.

NOW, THEREFORE, in consideration of receipt of the benefit of the Low Income Housing Tax Credit, the promises and covenants set forth hereafter including those enumerated in Exhibit B, attached hereto and incorporated by reference herein, the receipt and sufficiency of which are hereby acknowledged, the Owner and the Authority agree and covenant as follows:

1) All words and phrases used herein shall have the same meaning as defined in Section 42 of the Code.

LIHTC 018b  
Rev. 10/00

RETURN TO: SARGENTS TITLE - JES

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2) The Owner is a Limited Partnership, duly organized and existing under the laws of the State of Michigan, and has all the powers necessary to conduct business and to execute and deliver this Regulatory Agreement.

There is no action or proceeding in law or in equity now pending, or, to the knowledge of the Owner, threatened, which, if adversely determined, would materially impair the rights of the Owner to carry on business as contemplated by this Agreement, or would materially affect the Owner's financial condition.

3) The building(s), which do or will constitute a qualified housing project as defined in Section 42 of the Code, and regulations promulgated thereunder, the rental units of which will be rented or available for rental on a continuous basis to members of the general public throughout the length of this Agreement, shall be known as Eagle Ridge Square.

4) As a condition and in consideration of receipt of the Low Income Housing Tax Credit, the Owner, for itself and all successors in interest to the buildings in the Project, agrees to maintain the applicable fraction, as defined in Section 42 (c)(1)(B) of the Code and stated below, for the period of time this Agreement is in effect, that being the initial compliance period of 15 years, and for the extended use period of an additional 99 years (the longer of an additional 15 years or that period agreed to by the Owner in its application for the credit), in accordance with the provisions of Section 42(h)(6)(E) of the Code.

5) The applicable fraction, as defined in Section 42(c)(1)(B) of the Code, is 100%, which fraction shall not be decreased during any taxable year of the extended use period, except in accordance with the provisions described below.

6) The extended use period shall be the period beginning on the first day in the compliance period, as defined in Section 42 of the Code, on which a building is part of the qualified low-income housing Project, and ending on the date which is 99 years (the longer of 15 years or that period agreed to by the Owner in its application for tax credit) after the initial 15 year compliance period; provided, however, that the extended use period shall terminate, subject to the provisions hereafter regarding low income tenancy and gross rent restrictions, on the date the buildings are acquired by foreclosure (or instrument given in lieu of foreclosure). SHOULD THE EXTENDED USE PERIOD TERMINATE IN THIS FASHION, FOR A THREE YEAR PERIOD AFTER SUCH TERMINATION, NO LOW INCOME TENANT MAY BE EVICTED FOR OTHER THAN GOOD CAUSE, NOR MAY THE GROSS RENTS ATTRIBUTABLE TO THE LOW INCOME UNITS BE INCREASED BEYOND THAT PERMITTED UNDER THE CODE AND REGULATIONS PROMULGATED THEREUNDER.

7) This Agreement constitutes an "agreement" between the parties which shall be enforceable in the courts of the State of Michigan by the Authority as the state credit agency, or by any individual(s), whether prospective, present, or former occupant(s) of the Project, who meet the income limitation applicable to the Project under Section 42(g) of the Code, such individuals being express beneficiaries of this Agreement.

8) The Owner agrees to obtain the consent of any prior recorded lien-holder on the property to this agreement, and such consent shall be a condition precedent to the issuance of IRS Form 8609, or any document constituting a carryover allocation.

9) The Owner covenants and agrees that no portion of a building to which this agreement applies may be disposed of, transferred, or sold, unless the entire building is disposed of, transferred, or sold to such person.

10) The Owner covenants and agrees that the refusal to lease a unit in a building covered by this Agreement to the holder of a voucher or certificate of eligibility under §8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder is prohibited.

11) It is the intent of the parties that these covenants constitute use and occupancy restrictions and be covenants running with the land, binding on all successors and assigns of each party.

12) The Owner covenants that it will not knowingly take or permit any action that would result in a violation of the requirements of Section 42 of the Code and the provisions of this Agreement. Further, the Owner covenants to take any required action, including amendment of this Agreement, as may be necessary, in the opinion of the Authority, to comply with the Code and all applicable regulations, rules, and procedures of the Internal Revenue Service or the United States Department of Treasury.

13) The Owner hereby agrees that the representations and covenants set forth herein may be relied upon by the Authority.

14) The Owner covenants and agrees that it will maintain records at the Project and file reports with the Authority with respect to the occupancy and rent requirements and will permit the Authority to inspect such records at all reasonable times.

15) In the event the Authority determines that the Project is in non-compliance with the rent and occupancy requirements of Section 42 of the Code, and the Owner, upon notification by the Authority, does not take immediate steps to correct such non-compliance, the Authority shall notify the Internal Revenue Service, and shall be entitled to take such other actions as it deems necessary to enforce the provisions of the Code and this Agreement.

16) The Owner covenants and agrees to complete and send to the Authority an annual report, or, if more frequent reports are requested by an authorized officer of the Authority, status reports, in form and substance acceptable to the Authority, which shall demonstrate on-going compliance with the provisions of Section 42 of the Code.

17) The Owner covenants and agrees that, in the event it sells or otherwise transfers ownership of the Project or any part thereof, it will notify the Authority in writing and further, that it will enter into any such agreements with the purchaser or transferee as may be prescribed by the Authority, which have the effect of causing such purchaser or transferee to be bound by these restrictions, or any amendments thereto.

18) In the event of any conflict between the covenants contained in this Agreement and the requirements of the Code, the Code requirements shall prevail.

19) The invalidity of any clause or provision of this Agreement shall not affect the validity of the remaining portions thereof.

IN WITNESS WHEREOF, the parties have set their hands as of this 27th day of November, 2000.

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

Elizabeth A. Hunter  
Elizabeth Hunter  
Janet Irer  
Janet Irer

By: [Signature]  
Ted S. Rozeboom  
Director of Legal Affairs

State of Michigan, Ingham County. The foregoing instrument was sworn and subscribed to before me this 27th day of November, 2000, by Ted S. Rozeboom, Director of Legal Affairs, Michigan State Housing Development Authority.

Carol Thompson, Notary Public  
Ingham County, Michigan  
My commission expires 10/15/2003



Eagle Ridge Square LDHA LP  
(Owner)  
By: [Signature]  
(Signature of "Owner")  
Mary A. Rolfe - Member Manager

Witnesses:  
Susan Gaines  
Susan Gaines  
Deborah Sayers  
Deborah Sayers

Eagle Ridge Square LDHA LP  
(Typed Name of Owner)  
432 N. Saginaw Street, Suite 702  
Flint, MI 48502  
(Address of Owner)

State of Michigan, GENESEE County.  
The foregoing instrument was sworn and subscribed to before me

this 4TH day of DECEMBER, 2000, by

MARY A. ROLFE MEMBER MANAGER  
(name) (title)

[Signature], Notary Public  
GENESEE County, Michigan

PREPARED BY and RETURN TO:  
Ted S. Rozeboom  
Office of Legal Affairs  
MSHDA  
PO Box 30044  
Lansing, MI 48909

My Commission expires: MARCH 2, 2004

B.L. HARPER  
NOTARY PUBLIC GENESEE CO., MI  
MY COMMISSION EXPIRES Mar 2, 2004



EXHIBIT A

The following described premises situated in the City of Flint, County of Genesee, State of Michigan, to-wit:

Part of the South 1/2 of Section 30, Township 8 North, Range 7 East, City of Flint, Genesee County, Michigan, described as follows: Beginning at a point on the West line of Selby Street which is South 00 degrees 26 minutes 09 seconds East along the East line of said Section 30, a distance of 415.35 feet and South 89 degrees 33 minutes 51 seconds West 2480.56 feet from the East 1/4 corner of said Section 30, said point also being North 00 degrees 38 minutes 00 seconds East 834.40 feet from the intersection of the West line of Selby Street with the North line of Mott Avenue; thence North 88 degrees 55 minutes 18 seconds West (previously described as North 89 degrees 06 minutes 00 seconds West), 744.50 feet; thence North 00 degrees 38 minutes 00 seconds East parallel with the West line of Selby Street, 472.43 feet (previously described as 476.75 feet) to the South line of the plat of ROSEMONT, as recorded in Plat Book 6, Page 29, Genesee County Records; thence South 89 degrees 04 minutes 25 seconds East along said South line (previously described as East), 744.49 feet to the West line of Selby Street; thence South 00 degrees 38 minutes 00 seconds West along said West line, 474.40 feet (previously described as 476.75 feet) to the point of beginning.

AND

Lots 54, 55, 56, and 57 of ROSEMONT, according to the recorded plat thereof as recorded in Plat Book 6, Page 29, Genesee County Records.

125803285145  
Instr: 28531280212872 12/08/2008  
P: E of R F: \$19.00 3:35PM  
Melvin Phillip McCraw 125803285145  
Genesee County Register TC

EXHIBIT B

The owner acknowledges that it has made certain representations with respect to the development, all of which remain true. Further, these criteria have been considered by the Authority in awarding tax credit and shall be binding on the owner and on any successor(s) in interest in the development unless the Authority, in its sole discretion, grants a specific waiver of any such requirement. All applicable are checked.

1.  Credit has been allocated to this development on the basis that a bona fide 501(c)(3) or 501(c)(4) nonprofit organization, having the fostering of housing as one of its exempt purposes and having no affiliation with or controlled by a for profit entity, has an ownership interest in the development and materially participates in the development's operation.
2.  Credit has been allocated to this development on the basis that it is designed to serve and will serve the elderly population, that term being the most restrictive of the definition of "elderly" in the Authority's Act, any applicable tax abatement ordinance or resolution, or any applicable regulations under which the development has received assistance.
3.  Credit has been allocated to this development on the basis that it will serve developmentally disabled persons under a qualified program of the Michigan Department of Community Health.
4.  Credit has been allocated to this development on the basis that it will serve either a homeless population or as transitional housing.
5.  Credit has been allocated to this development on the basis that it will serve a greater percentage of low income tenants than that required by the minimum set-aside of 40/60 or 20/50.
6.  Credit has been allocated to this development on the basis that it will serve tenants at certain area median income restrictions and will also concomitantly reduce rents to those tenants. The number of units so assisted and the incomes of residents for those units are as follows:
  - ◆ 4% of the units will be rented to families whose income does not exceed 30% of the area median gross income.
  - ◆ 10% of the units will be rented to families whose income does not exceed 40% of the area median gross income.
  - ◆ 41% of the units will be rented to families whose income does not exceed 50% of the area median gross income.
  - ◆ 43% of the units will be rented to families whose income does not exceed 60% of the area median gross income.

INSTRUMENT NO. 20061230021072 12/08/2006  
Inst: 20061230021072 12/08/2006  
P# of C P# \$19.00 S: 0000  
Melvin Phillip McGee 126688925145  
Genesee County Register IC