

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

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

RECITALS:

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

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

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

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

E. Consistent with the objectives of the PILOT Ordinance, the Developer desires to undertake certain activities, consisting of the construction or rehabilitation of rental housing in the form of <<TOTAL UNITS AT THE PROJECT (##)>> rental units located at property commonly known as <<STREET ADDRESS>> Detroit, Michigan, 482__, as more specifically described on

Exhibit A attached hereto (the “**Property**”), which will consist of affordable rental housing for Persons of Low Income (as defined herein) and Persons of Moderate Income (as defined herein).

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

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

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

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

a. “**Additional Amount**” means an amount equal to the difference between (i) the millage rate levied for operating purposes by the county in which the Housing Project is located multiplied by the current taxable value of that Housing Project, and (ii) the amount of the annual service charge paid by the Housing Project under subsection (3)(a) of the Act that is distributed to the county in which the Housing Project is located under subsection (5) of the Act.

b. “**Area Median Income**” or “**AMI**” means the median family income for the Detroit-Warren-Livonia Metropolitan Statistical Area, as published by the U.S. Bureau of Census and HUD .

c. “**Current Low Income Residents**” means Current Residents whose household income is at or below eighty percent (80%) of the AMI and who have been identified by Developer and verified by HRD.

d. “**Current Rents**” means the monthly rents paid by Current Low Income Residents at the Project as of <<_____, 20__>>.

e. “**Current Residents**” means all residents residing at the Project as of <<_____, 20__>>.

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

g. “**Fast Track Housing Project**” means a Housing Project that is either (1) for persons of low income based on the average affordability of the eligible units to be rented; or (2) a rehabilitation of a vacant structure that is not a Government-Aided Housing Project.

h. “**Government-Aided Housing Project**” means a Housing Project owned by a “nonprofit housing corporation,” “consumer housing cooperative,” “limited divided housing

corporation,” “mobile home park corporation,” or “mobile home park association” (each as defined in the Act) that is financed with a federally-aided or Authority-aided mortgage or advance or grant from the Authority.

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

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

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

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

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

n. **“Notice of Intent to Terminate”** shall have the meaning set forth in Section 8.a hereof.

o. **“Permanent Supportive Housing”** means permanent housing in which housing assistance, such as long-term leasing or rental assistance, and supportive services are provided to assist households with at least one member, whether adult or child, with a disability in achieving housing stability, inclusive of the following:

i. Homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act;

ii. Risk of homelessness, as defined in section 401(1) of the McKinney-Vento Homeless Assistance Act;

iii. Fleeing, or attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking;

iv. One of other populations where providing supportive services or assistance under section 212(a) of the National Affordable Housing Act would prevent the family’s homelessness or would serve those with the greatest housing instability; or

v. Veterans and families that include a veteran family member that meet one of the preceding criteria.

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

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

r. **“PILOT Administrative Rules”** means the administrative rules issued by HRD implementing the PILOT Ordinance, which were last revised on _____, 2025.

s. **“Project”** means the Developer’s rehabilitation and/or construction of <<TOTAL UNITS AT THE PROJECT (##)>> residential rental units at the Property.

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

u. **“Sponsor”** means a person or entity that is a developer of a Government-Aided Housing Project, Fast Track Housing Project, or Workforce Housing Project.

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

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

x. **“Workforce Housing”** means a Housing Project containing individual living units that are reasonably affordable to and occupied by Persons of Moderate Income.

y. **“Workforce Housing Project”** means a Housing Project that is being developed or rehabilitated for Workforce Housing.

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

3. **Term of Agreement.**

a. This Agreement shall commence on the date on which the Property received the PILOT and was placed on a special tax roll by the City of Detroit’s Assessor’s Office (“Effective Date”) and shall expire on the date this is <<TERM OF PILOT (##)>> years from when the Property received the PILOT and was placed on a special tax roll by the City of Detroit’s Assessor’s Office.

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

4. **Construction of the Project.** Developer shall complete the rehabilitation and/or construction of the Project, as evidenced by Developer’s satisfaction of all conditions for and

receipt of a Certificate of Compliance or a Certificate of Occupancy for the Project, on or before November 1st of the year that the three (3) years after the date of this Agreement.

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

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

b. Developer was either the owner, ground lessee or prospective purchaser or prospective ground lessee of the Property at the time of submission of the PILOT application, and is either the owner of the Project, or has a valid ground lease of the Project as of the date of this Agreement.

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

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

e. The Project and the Developer’s current and planned future operation of the Project will be in compliance with the City of Detroit Zoning Ordinance and Master Plan.

f. Developer submitted its application for a PILOT prior to commencing the rehabilitation or development of the Housing Project, or the Project received a Certificate of Occupancy or Certificate of Acceptance after December 13, 2022 and Developer submitted its application for a PILOT on or before December 5, 2025.

6. **Affordability Covenants.**

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

i. _____ () units (consisting of ___ () studio units, ___ () one-bedroom units, ___ () two-bedroom units) shall be leased only to Persons of Low Income earning up to _____ percent (%) of AMI, and shall be leased at rates that do not exceed thirty percent (30%) of the adjusted income for a family whose gross income does not exceed _____ percent (%) of AMI, less the monthly allowance for utilities and services (excluding telephone) to be paid by tenants as established by the City.

ii. _____ () units (consisting of ___ () studio units, ___ () one-bedroom units, ___ () two-bedroom units) shall be leased only to Persons of Low Income earning up to _____ percent (%) of AMI, and shall be leased at rates that do not exceed thirty percent (30%) of the adjusted income for a family whose gross income does not exceed _____ percent (%) of AMI, less the monthly allowance for utilities and services (excluding telephone) to be paid by tenants as established by the City.

iii. _____ () units (consisting of ___ () studio units, ____ () one-bedroom units, ____ () two-bedroom units) shall be leased only to Persons of Moderate Income earning up to <<one hundred twenty percent (120%)>> of AMI, and shall be leased at rates that do not exceed thirty percent (30%) of the adjusted income for a family whose gross income does not exceed <<one hundred twenty percent (120%)>> of AMI, less the monthly allowance for utilities and services (excluding telephone) to be paid by tenants as established by the City.

b. Developer shall verify the income of each tenant occupying an Restricted Unit, and shall deliver to the City a Tenant Authorization Form in the form attached hereto as Exhibit B to confirm such tenants income eligibility.

c. The maximum rent payable by a tenant occupying an Restricted Unit shall be recalculated on a periodic basis based on new maximum rent limits provided to the City by HUD, based on changes to fair market rents and median income.

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

e. Units shall continue to qualify as Restricted Units hereunder despite a temporary noncompliance with this Section 6 if the noncompliance is caused by increases in the incomes of existing tenants such that the tenant no longer qualifies as a Person of Low Income or Person of Moderate Income, provided that Developer shall not increase the rent of such tenant to be more than the lesser of (i) thirty percent (30%) of such tenant's adjusted monthly income, and (ii) the market rent for comparable units in the neighborhood where the Property is located.

f. Restricted Units do not include any units that have received project based vouchers from the Michigan State Housing Development Authority, the Detroit Housing Commission, or another housing authority, which project based voucher supported units shall be leased in accordance with the applicable Regulatory Agreement or other document between Developer and the housing authority providing such project based vouchers.

7. Treatment of Current Residents .

a. Developer acknowledges that the Project was occupied immediately prior to Developer's submission of an application for a PILOT to the City, and Developer has prepared that certain Tenant Retention Plan which was approved by the City on _____, 20___. Developer shall comply with all of the covenants and obligations of said Tenant Retention Plan.

b. If Developer intends to renovate any units occupied by Current Residents, then Developer shall provide written notice of such intended renovation to such Current Residents and shall provide such Current Residents with the opportunity to lease the same unit when renovations are completed, or a unit at the Project of comparable size and number of bedrooms as such Current Resident's original unit.

c. If a Current Resident elects to lease the same unit upon completion of the renovations or a comparable unit at the Project, then Developer shall pay the reasonable moving expenses to relocate such Current Residents from the Project to replacement housing during the period of renovations, and back to the Project following completion of the renovations, or to a comparable unit within the Project. If a Current Resident elects not to lease a unit at the Project

then Developer shall pay for the reasonable moving expenses to relocate such Current Resident to a new location of such Current Resident's choosing. "Reasonable moving expenses" as used herein shall not exceed the costs to relocate such Current Resident within Livingston, Macomb, Monroe, Oakland, St. Clair, Washtenaw, or Wayne County.

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

e. Following completion of renovations of the Project, and prior to marketing any Restricted Units to persons who are not Current Low Income Residents, Developer shall offer Restricted Units that have undergone renovation to Current Low Income Residents until each Current Low Income Resident has had the opportunity to lease a Restricted Unit at the project, which Restricted Units shall be comparable in size and number of bedrooms to the Current Low Income Resident's original unit. Developer's lease with Current Low Income Residents shall be for a term of a least 1-year beginning when the Current Low Income Resident moves into a renovated unit in the Project and rent payable by such Current Low Income Resident shall not exceed the greater of (a) thirty percent (30%) of such Current Low Income Resident's income, as verified by HRD, and (b) one hundred five percent (105%) of such Current Low Income Resident's Current Rent. Annual rent increases for Current Low Income Residents following the execution of new lease agreements for rehabilitated units shall not exceed two percent (2%) of the monthly rent payable by such Current Low Income Resident for the immediately preceding year. Any units leased to Current Low Income Residents that comply with the rental limitation set forth in this Section 7.e shall be counted towards the satisfaction of Developer's obligation to lease Restricted Units to Persons of Low Income set forth in Section 6.a hereof.

f. Developer shall use commercially reasonable efforts to offer all Current Residents who are not Current Low Income Residents the opportunity to lease units at the Project where such Current Resident's income does not exceed the maximum amount permitted by any affordability covenants applicable to the Project, including market-rate units. Such leases to Current Residents shall be on the same terms and conditions as which such market rate units or Restricted Units are offered to prospective tenants who are not Current Residents. Developer shall not unreasonably refuse, as determined by HRD, to lease a unit to a Current Resident who qualifies for such unit.

8. **Affordable Housing Notification Requirements.** In accordance with Section 22-2-1 et. seq. of the 2019 Detroit City Code, being the City's Affordable Housing Notification Requirements ordinance, Developer agrees as follows:

a. At least twelve (12) months prior to the expiration of this Agreement and the affordability covenants contained herein, Developer shall file with the Office of the City Clerk and deliver to the Director of the Detroit Housing Commission, to the Director of the Housing and Revitalization Department, and to each tenant a Notice of Intent to Terminate this Agreement and the affordability covenants contained herein.

i. A “**Notice of Intent to Terminate**” shall include the following information:

1. The contact information of each owner of the Project including name, address, telephone number and email address or for any owner that is a corporation, limited liability company, partnership, or other entity required to have a resident agent, and the aforementioned contact information for the resident agent only, as well as local branch information if the entity is not headquartered in the State of Michigan;

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

3. The date of the intended or expected termination; and

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

ii. In addition to the information required to be contained in the Notice of Intent to Terminate, the notices provided to the Director of the Detroit Housing Commission and the Director of the Housing and Revitalization Department shall also include the following information:

1. A copy of the recorded version of Agreement;

2. The total number of Restricted Units in the Project subject to termination as well as a breakdown of the number of those units occupied by tenants 62 years of age or older, by disabled persons, and by individuals with children;

3. The current rent schedule for the Restricted Units; and

4. The anticipated rent schedule after termination. Developer shall give the best estimate to define anticipated rents after termination, but shall not be bound by the estimates provided.

b. At least twelve (12) months prior to the expiration of this Agreement and the affordability covenants contained herein, Developer shall prepare a summary of the Notice of Intent to Terminate. The summary shall clearly state that this Agreement and the affordability covenants contained herein is ending and the anticipated date the rent schedules are expected to change. The summary shall be (i) posted in a conspicuous area in the hallway of each floor, in each elevator, and in at least two common areas of the building; and (ii) included in every tenant's rent bill at least once.

c. Developer shall file with the Office of the City Clerk and deliver to the Director of the Detroit Housing Commission, to the Director of the Housing and Revitalization Department, and to each tenant of a Restricted Unit a written reminder of the date this Agreement and the affordability covenants contained herein will terminate (i) at least six (6) months prior to the planned termination of this Agreement and the affordability covenants contained herein; or (ii) within one week of an owner being notified of an unplanned termination of this Agreement and the affordability covenants contained herein.

9. **Additional Covenants.**

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

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

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

d. The lease between a tenant and Developer for a unit in the Project must be for not less than one (1) year, unless by mutual agreement between the tenant and Developer, and may not contain any of the following provisions:

i. *Agreement to be sued.* Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the Developer in a lawsuit brought in connection with the lease;

ii. *Treatment of property.* Agreement by the tenant that the Developer may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. Developer may dispose of this personal property in accordance with state law;

iii. *Excusing Developer from responsibility.* Agreement by the tenant not to hold the Developer or the Developer's agents legally responsible for any action or failure to act, that is intentional or negligent;

iv. *Waiver of notice.* Agreement of the tenant that the Developer may institute a lawsuit without notice to the tenant;

v. *Waiver of legal proceedings.* Agreement by the tenant that the Developer may evict the tenant or household members without instituting a civil court proceeding at which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;

vi. *Waiver of a jury trial.* Agreement by the tenant to waive any right to a trial by jury;

vii. *Waiver of right to appeal court decision.* Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and

viii. *Tenant chargeable with cost of legal actions regardless of outcome.* Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court

proceeding by the Developer against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.

e. Developer will pay, when due, any annual service charges applicable to the Property.

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

g. Upon request, the Developer shall provide the City copies of all construction plans, building permits and Certificates of Occupancy, Certificates of Acceptance, and/or Certificates of Compliance related to the Project.

h. Developer shall use and participate in the Housing Portal to advertise available rental units at the Project, so long as the Housing Portal exists. Developer shall work with City staff to create a property listing for the Project within the Housing Portal and shall coordinate marketing efforts for available units at the Project with the City. Developer shall review its listing on the Housing Portal and shall make updates to any listings, if necessary, on at least an annual basis. When the Project has immediate vacancies, and the Developer has exhausted its waitlist (if any) for the Project, Developer shall use the Housing Portal to market those vacancies. Developer shall update its listing within the Housing Portal when Developer's waitlists (if any) for the Project opens or closes. Developer shall provide the City with such information as the City may reasonably request to maintain accurate information about the Project on the Housing Portal. Communications to the City regarding the property listing for the Project, vacancies, waitlist openings, or other information required to be provided pursuant to this Section 9.h may be sent to detroithomeconnect@detroitmi.gov.

i. During the term of this Agreement, Developer shall not, without the prior written consent of the City, which consent shall not be unreasonably withheld, (a) include, or permit any other person or entity to include, the Property (or any part thereof) in any other existing or proposed project or development, or (b) assign, convey or transfer the Property (or any part thereof) to any individual or entity, or agree to make such assignment, conveyance or transfer. Developer shall provide the City with at least thirty (30) days notice prior to the desired dates of any assignment, conveyance or transfer of the Property, and the City may require as a condition of its approval to the assignment, conveyance or transfer of the Property that Developer and the proposed transferee execute an assignment of this Agreement, whereby the proposed transferee accepts its obligations to comply with the terms of this Agreement. The foregoing shall not prohibit Developer from granting a mortgage or other security interest in the Property to a mortgagee providing financing to the Property or the Project, or any assignment, conveyance or transfer as a result of a foreclosure or deed in lieu of foreclosure related to such mortgage financing (provided that no such foreclosure or deed in lieu of foreclosure shall affect the enforceability of this Agreement against such transferee).

j. Developer shall not refuse to lease to a holder of a certificate or voucher under 24 CFR Part 982 (Section 8 Tenant-Based Assistance: Unified Rule for Tenant-Based Assistance under the Section 8 Rental Certification Program and the Section 8 Rental Voucher Program) or to the holder of a comparable document evidencing participation in a tenant-based assistance

program because of the status of the prospective tenant as a holder of such certificate, voucher, or comparable tenant-based assistance document.

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

l. The Developer may not terminate the tenancy or refuse to renew the lease of a tenant of an Restricted Unit except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable federal, state, or local law; for completion of the transitional housing tenancy period; or for other good cause. Any termination or refusal to renew must be preceded by not less than thirty (30) days' written notice from the Developer to the tenant specifying the grounds for the action.

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

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

b. On or before April 1st each year during the term of this Agreement following the rehabilitation or construction of the Project, Developer shall deliver to HRD's Compliance Agent, (i) a copy of Developer's form lease for the Project, (ii) a certified rent roll for the Project as of December 31st of the prior year, which rent roll includes (A) the number and type of the Restricted Units and the rental restriction applicable to each Restricted Unit, (B) the actual rent charged for each restricted unit, (C) the actual income of each Person of Low Income or Person of Moderate Income as certified by Developer at the time the lease was entered into, (D) the number and type of each non-Restricted Unit at the Project and rents charged for such non-Restricted Units, and (E) whether the non-Restricted Units are occupied or vacant, (iii) Tenant Authorization Forms from each lease entered into by Developer and a tenant of the Restricted Units in the prior calendar year, and (iv) such other information or documents as the City may reasonably request to verify the Developer's compliance with this Agreement.

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

d. If Developer fails to timely provide the information required in this Section 10 to the City then Developer will be deemed to have failed to properly lease all Restricted Units to Persons of Low Income and Persons of Moderate Income during the prior calendar year to which such information is applicable until such information is actually provided to HRD's Compliance Agent.

11. **Events of Default.**

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

i. If the breach of this Agreement is due to Developer failing to lease a Restricted Unit to a Person of Low Income or a Person of Moderate Income as required in Section 6.a hereof and the Project contains non-Restricted Units, then Developer may cure such default by leasing an similar-sized non-Restricted Unit to a Person of Low Income or a Person of Moderate Income at the rental rate required in Section 6.a hereof within such sixty (60)-day period.

ii. If the breach of this Agreement is due to Developer failing to lease a Restricted Unit to a Person of Low Income or a Person of Moderate Income as required in Section 6.a hereof and the Project does not contain any non-Restricted Units, then Developer may cure such default by leasing an available unit to a Person of Low Income or a Person of Moderate Income having a gross income such that the average gross income of all tenants of the Restricted Units is less than or equal to the average AMI rent limitation of all Restricted Units required to be maintained pursuant to Section 6.a hereof within such sixty (60)-day period.

b. During any period in which an Event of Default has occurred and is continuing, Developer shall deliver to the City monthly rent rolls which Developer certifies are true, complete, and correct, and shall meet monthly with HRD and HRD’s Compliance Agent to inform the City of the steps Developer is undertaking to achieve compliance with this Agreement, including Developer’s plan to lease available units at the Property to Persons of Low Income and Persons of Moderate Income.

c. If the Event of Default is caused by Developer’s failure to deliver the materials required to be delivered pursuant to Section 10 hereof, then all Restricted Units will be deemed to be non-complaint and assumed to be leased at market rates until the required materials have been provided.

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

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

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

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

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

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

ii. Developer assigns, conveys, or transfers the Property without the City's prior approval in violation of Section 9.i hereof.

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

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

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

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

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

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

If to the Developer: _____

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

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

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

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

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

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

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

CITY OF DETROIT,
a Michigan municipal corporation,

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

STATE OF MICHIGAN)
) ss.
COUNTY OF WAYNE)

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

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

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

DRAFTED BY AND WHEN RECORDED RETURN TO:

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

EXHIBIT A

Legal Description of the Property

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

Common Address:

Tax Parcel No.:

EXHIBIT B

Tenant Authorization Form

(Attached hereto.)