



**CITY OF NOVI CITY COUNCIL
NOVEMBER 27, 2023**

SUBJECT: Approval of Resolution Approving Assignment of Commercial Rehabilitation Exemption Certificate

SUBMITTING DEPARTMENT: City Manager

BACKGROUND INFORMATION:

The City sold the roughly 12-acre property at the corner of Town Center Drive and Grand River Avenue to a developer for the establishment of the "Sakura Novi" mixed-use commercial/multi-family residential development that is currently being built. Approval of the development occurred over the course of several years by way of a Planned Rezoning Option (PRO). The City and developer closed on the property in August 2021. The development is a 5-unit site condominium, part apartments and part retail.

As part of the Purchase Agreement and PRO approvals, the City granted the developer, Sakura Novi Land Development, LLC, a Commercial Rehabilitation Exemption Certificate under PA 210 of 2005—essentially a local tax abatement for a period of 8 years for the entire property. As part of the approval process for the Exemption Certificate, the City and Sakura Novi Land Development, LLC, entered into an Agreement (the CRA Agreement) that allowed Sakura Novi Land Development, LLC to transfer or assign the Agreement to two entities without further approval by the City. Those two entities were Sakura Novi, LLC and Sakura Novi Residential, LLC. Before the Exemption Certificate was issued by the State Tax Commission, Sakura Novi Land Development, LLC, assigned the entire application to Sakura Novi, LLC, one of the approved entities.

Now that the development is underway, Sakura Novi, LLC wants to transfer the **residential** portion of the development—Units 4 and 5 of the 5-unit condominium—to Sakura Novi Residential, LLC, the other approved entity. PA 210 requires the transfer/assignment of an Exemption Certificate to be approved by the City Council.

Consistent with the CRA Agreement's statement that the City would not object to such an assignment, attached is a draft Resolution explaining the circumstances of the assignment and transfer of a portion of the Exemption Certificate from Sakura Novi, LLC to Sakura Novi Residential, LLC. Note that the Resolution does indicate that the

City expects both entities to remain fully responsible to ensure the completion of the development as indicated in the CRA Agreement relating to the exemption.

RECOMMENDED ACTION: Approval of Resolution Approving Assignment of Commercial Rehabilitation Exemption Certificate, subject to any required amendments by the State Tax Commission and approval as to final form by the City Manager and City Attorney's Office.

CITY OF NOVI

COUNTY OF OAKLAND, MICHIGAN

**RESOLUTION APPROVING ASSIGNMENT OF
COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE**

(SAKURA NOVI)

Minutes of a Meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in the City Hall of said City on November 27, 2023, at 7 o'clock P.M. Prevailing Eastern Time.

PRESENT: Councilmembers _____

ABSENT: Councilmembers _____

The following preamble and Resolution were offered by Councilmember _____ and supported by Councilmember _____.

WHEREAS, the City of Novi approved a Resolution on or about July 26, 2021, for a Commercial Rehabilitation Exemption Certificate under PA 210 of 2005 (Act 210) for a mixed-use, commercial and multiple-family development for the property located approximately at 42750 Grand River Avenue, Novi, Michigan, which was then assigned the single Parcel I.D. No. 22-23-126-018, but is being developed as a 5-unit condominium known as Sakura Novi, which is recorded at Liber 58700, Pages 112 through 175 of the Oakland County Records. Each of the 5 units have since received its own, separate Parcel I.D. No.; and

WHEREAS, the City and Sakura Land Development, LLC also entered into an "Agreement Concerning Act 210 Commercial Rehabilitation Abatement" on or about August 21, 2021 (CRA Agreement) describing the terms and conditions of the City's approval under Act 210; and

WHEREAS, the CRA Agreement allows the assignment of the CRA Agreement to other entities, including specifically, Sakura Novi LLC and/or Sakura Novi Residential, LLC; and

WHEREAS, on September 9, 2021, Sakura Land Development assigned the CRA Agreement and its Application for the Exemption Certificate to Sakura Novi, LLC, as to the entire property affected; that is, current Parcel I.D. No. 22-23-126-018, all five units of the Sakura Novi Condominiums; and

WHEREAS, Sakura Novi, LLC, now desires to assign the Exemption Certificate as to a **portion** of the Property, being Units 4 and 5 (Parcel I.D. Nos. 22-23-127-004 and 22-23-124-005, respectively) of the Sakura Novi Condominium to Sakura Novi Residential, LLC, which is a listed party in the CRA Agreement; and

WHEREAS, under Section 13 of Act 210, MCL 207.853 "A commercial rehabilitation exemption certificate may be transferred and assigned by the holder of the certificate to a new owner of the qualified facility if the qualified local governmental unit approves the transfer after application by the new owner." and

WHEREAS, the City Council of the City of Novi determines that the assignment of a portion of the Exemption Certificate is appropriate and approves the transfer, provided that both Sakura Novi, LLC and Sakura Novi Residential, LLC remain jointly and severally responsible for compliance with the terms and conditions of the CRA Agreement; and

NOW THEREFORE, IT IS THEREFORE RESOLVED that the application of Sakura Novi, LLC for transfer of a portion of its Commercial Rehabilitation Exemption Certificate with respect to the Property, such portion being Units 4 and 5 of the Sakura Novi Condominium (proposed Parcel I.D. Nos. 22-23-127-004 and 22-23-124-005), be transferred and assigned to Sakura Novi Residential, LLC, provided that both Sakura Novi, LLC and Sakura Novi Residential, LLC shall be and remain jointly and severally responsible for compliance with the CRA Agreement as to the development of the entire Property.

NOW BE IT FURTHER RESOLVED that the approval of the partial transfer of the Commercial Rehabilitation Exemption Certificate is conditioned upon both Sakura Novi Residential, LLC and Sakura Novi, LLC entering into an amended CRA Agreement, or executing other appropriate documentation, in a form acceptable to the City's Attorney, wherein both Sakura Novi Residential, LLC and Sakura Novi, LLC, and their assigns and/or successors in interest hold the City harmless in the event that the Commercial Rehabilitation Exemption Certificate, or any portion of it, is revoked due to the failure of either Sakura Novi Residential, LLC and Sakura Novi, LLC, and their assigns and/or successors in interest, to comply with the terms of the CRA Agreement, or any other failure or act of either entity and their assigns and/or successors in interest, which results in the revocation.

AYES:

NAYS:

RESOLUTION DECLARED ADOPTED.

Cortney Hanson, City Clerk

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi, County of Oakland, and State of Michigan, at a regular meeting held this 27 day of November, 2023, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting have been kept and made available to the public as required by said Act.

Cortney Hanson, City Clerk
City of Novi