




CITY OF DETROIT
OFFICE OF THE EMERGENCY MANAGER

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MEMORANDUM

To: All Detroit City Council Members

From: Kevyn D. Orr, Emergency Manager
City of Detroit 

Date: July 18, 2014

Re: Transfer of City-Owned Real Property to Michigan Land Bank

2014 JUL 18 P 12: 28
DETROIT
CITY CLERK

Pursuant to Section 12(1)(r) of the Local Financial Stability and Choice Act, Act No. 436, Public Acts of Michigan 2012 (“Act 436”) the Emergency Manager seeks approval from the Detroit City Council (the “City Council”) and the State Local Emergency Financial Assistance Loan Board (the “Loan Board”), if necessary, to enter into the Agreement between the City of Detroit (the “City”) and the State of Michigan Land Bank Fast Track Authority (the “Michigan Land Bank”) (together, the “Agreement”) which contemplates the transfer of certain City-owned real property to the Michigan Land Bank in furtherance of the New International Trade Crossing (the “NITC”) project. Under the Agreement, the City will transfer 301 City-owned properties located in the NITC footprint to the Michigan Land Bank in exchange for a payment of \$1,420,423.50 funded by the Government of Canada.

Pursuant to Section 19 of Act 436, the Agreement is attached hereto for consideration by the City Council. Under Section 19(1) of Act 436, the City Council has 10 days from the date hereof to approve or disapprove of the Agreement. If the City Council does not act within this period, the Agreement will be considered approved by the City Council and the Emergency Manager may proceed to obtain approval of the Agreement from the State Local Emergency Financial Assistance Loan Board. If the City Council disapproves the Agreement within the period provided under Section 19(1) of Act 436 as described above, the City Council is required, pursuant to Section 19(2) of Act 436, to submit an alternative proposal to the Loan Board within 7 days of such disapproval, which such alternative proposal shall “yield substantially the same financial result as the” Agreement. Pursuant to Section 19(2) of Act 436, the Loan Board would then choose between the City Council’s alternative proposal and the Agreement.

Please do not hesitate to contact my office with any questions or concerns regarding the matters addressed herein. We look forward to your prompt response to this matter.

KEVYN D. ORR, EMERGENCY MANAGER

A RESOLUTION BY DETROIT CITY COUNCIL MEMBER _____

**A RESOLUTION APPROVING THE TRANSFER OF PROPERTY TO THE
STATE OF MICHIGAN LAND BANK FAST TRACK AUTHORITY IN
FURTHERENCE OF THE NEW INTERNATIONAL TRADE CROSSING
PROJECT**

WHEREAS Section 124.505 of Act 7 of the Public Acts (Ex. Sess.) of 1967, as amended, authorizes public agencies, including a municipality and the state government, to enter into contracts with each other for the joint exercise of the powers which each shares in common and each may exercise separately; **and**

WHEREAS The Michigan legislature has declared it a valid public purpose for a land bank fast track authority to provide for the financing of the acquisition, assembly, disposition, and quieting of title to property, and for a land bank fast track authority to exercise other powers granted to a land bank fast track authority under the Land Bank Fast Track Act, and that the powers conferred by the Land Bank Fast Track Act constitute a necessary program and serve a necessary public purpose; **and**

WHEREAS The City proposes to work cooperatively with the State and the State of Michigan Land Bank Fast Track Authority (the "Michigan Land Bank") to assist in the construction and maintenance of the New International Trade Crossing ("NITC"), a bridge across the Detroit River to be located in part within the city limits of the city of Detroit; **and**

WHEREAS The City holds title to certain parcels within the geographic limitations of the City, which parcels are set forth on ATTACHMENT A (the "Property") that are located in the NITC geographic footprint; **and**

WHEREAS Subject to the terms and conditions of the Agreement between the City and the Michigan Land Bank (the "Agreement"), the City wishes to transfer the Property to the Michigan Land Bank and the Michigan Land Bank wishes to acquire the Property, so that the Michigan Land Bank can continue to develop the NITC infrastructure project, which will promote trade and the revitalization of the economy of the City; **NOW THEREFORE BE IT**

RESOLVED That the Detroit City Council (the "City Council") approves the consideration of the mutual agreements, covenants, representations, warranties and indemnities contained in this Agreement between, the City and the Michigan Land Bank dated July 17, 2014; and **BE IT FURTHER**

THE NEW INTERNATIONAL TRADE CROSSING

Project Summary

As of July 18, 2014

Background of NITC

The New International Trade Crossing (“NITC”) project includes a planned six-lane bridge that will span the Detroit River, one that will land in Windsor and in the economically disadvantaged Delray Neighborhood of Detroit. The NITC project will connect Detroit and Windsor by linking I-75 and I-94 in Michigan to Highway 401 in Ontario, Canada. The vast majority of the NITC project, including all NITC land acquisition, is being funded by Canada. Pursuant to the operative Crossing Agreement between Canada and Michigan, Michigan is not required to pay any costs relating to the NITC project.

Compelling Needs for the NITC

There are unquestionably compelling needs for the NITC. The project will provide, for the first time, both necessary redundancy and uninterrupted traffic flow between highways in Ontario and Southwest Michigan. The 85-year-old Ambassador Bridge is the only existing span at the Detroit-Windsor border that can accommodate commercial vehicles, and it fails to remedy existing traffic flow problems. The span connects, not to a highway, but to city streets located near the heart of downtown Windsor.

Currently, commercial trucks and other vehicles often must wait for significant periods of time, stopping at numerous red lights and idling in long lines of traffic. Further, in the Record of Decision issued in conjunction with the presidential permit granted by the Obama Administration in April 2013, the State Department concluded Ambassador Bridge does not provide necessary redundancy, stating: “[C]ommercial traffic with an origin or destination in the Detroit-Windsor region face a potential penalty of 240 miles, or four hours of additional travel time, whenever the border crossing or their approaches in the Detroit-Windsor corridor are congested or blocked by traffic incidents.”

Most significantly, without the NITC, there will not be sufficient border crossing capacity at the Windsor-Detroit border to accommodate future increases in traffic volume. The Detroit-Windsor border is already the second busiest international crossing in North America in terms of trade volume with nearly 25% of all merchandise trade between the United States and Canada crossing at this location. The State Department has concluded that commercial traffic at this border is projected to “steadily increase over the next several years[.]” Almost 7,000 trucks per day currently cross the Windsor-Detroit border, and truck traffic is expected to increase 128% over the next 30 years, according to the Public Border Operators Association. An authoritative Planning, Needs and Feasibility Study found that trade, transportation and regional growth will be hampered if the Detroit Windsor corridor does not have at least ten traffic lanes. Currently, there are only four lanes at the border that can accommodate commercial vehicles – namely the four lanes on the Ambassador Bridge. Other than the NITC, there is no planned or proposed infrastructure project intended to increase border crossing capacity.

Public support for the NITC

The NITC project enjoys wide-spread public support. In November 2012, Michigan voters overwhelmingly rejected by a margin of 59% to 41% a ballot proposition that was intended to prevent the NITC project from moving forward. Canada is the top trading partner of 37 states in addition to Michigan, and, therefore,

Price”). The Agreement also contains an option relating to properties owned by the City that are not specifically identified in Exhibit A but are located in the NITC footprint. The Agreement requires the MLB to accept the properties on an “as-is where-is” basis, and, therefore, there is no risk that title defects, environmental concerns or other defects will interfere with the City’s receipt of the purchase payment, which will be funded by Canada and received by the City at the closing. This transaction is currently scheduled to close by August 15, 2015.

Determination of the Purchase Price:

The Purchase Price is based upon the Michigan Department of Transportation’s standard process of estimating real estate values, as well as a study of City real estate market data and demographic trends. In performing the study, MDOT compiled and reviewed large volumes of real estate market data, including sales transactions and listings, from 2006 to 2013. MDOT further refined and organized the data into categories that include individual residential lots, commercial properties (high and low utility), and industrial properties (high and low utility). The following unit values were then applied to each parcel depending on their property type:

- Commercial - High Utility: \$13.00/sq. ft.
- Commercial - Low Utility: \$4.50/sq. ft.
- Industrial - High Utility: \$4.00/sq. ft.
- Industrial - Low Utility: \$2.00/sq. ft.
- Residential Lots: \$500/lot

As stated, Canada will provide the funding to pay the Purchase Price. The amount of money available to effectuate this transaction is limited. It is expected that any money that theoretically could be made available by Canada in the coming months that is not used to purchase the Properties will be used to remove blight from the Properties.

Property as the MLB desires, provided that the MLB will restore the Property to its existing condition following such inspections. The City will deliver, and the MLB will accept, possession of the Property on an AS-IS WHERE-IS basis at the Closing. The MLB acknowledges and agrees that neither the City nor any agent, employee, attorney, or representative of the City has made any statements, agreements, promises, assurances, representations, or warranties, whether express, implied, or otherwise, regarding the City, the condition of the Property, the suitability of the Property for any uses or purposes contemplated by the MLB, the zoning classification of the Property, the tax classification of the Property, the right to occupy the Property, the environmental condition of the Property, the state of title to the Property and/or any other aspect of or matter pertaining to the Property or any other fact or matter whatsoever, whether pertaining to the City, the Property, or otherwise, except in all cases as expressly provided in this Agreement. The MLB has negotiated the transfer to reflect the current condition of the Property, and agrees to accept the Property in their present "as is" condition, with all defects, latent and patent, and to make no claims against the City concerning the condition of the Property or any matter pertaining to the Property.

5. Each and every obligation of the MLB and the City to be performed on the Closing Date are subject to the satisfaction before or at the Closing of the following express conditions precedent:

- a. The City and the MLB have performed and complied with all of their respective obligations under this Agreement which are to be performed or complied with by them before or on the Closing Date.
- b. No statute, rule, law, or court decision has been enacted, promulgated, or rendered by any competent authority which prohibits the Closing of the transaction contemplated by this Section II.
- c. The City has received all necessary approvals as may be required by law.
- d. The MLB has received all necessary approvals by its Board of Directors.
- e. The Michigan Strategic Fund ("MSF") has executed a Disbursement Certificate directing its Escrow Agent to disburse funds to the City for the acquisition of the Property in an amount equal to the Purchase Price from funds provided by Canada.
- f. The following actions will take place at the Closing:
 - (i) City will deliver to MLB a customary quitclaim deed conveying the Property in fee simple including all of the City's rights, title, and interest presently held and subsequently acquired to the MLB pursuant to this Agreement; and the MSF will pay in full the Purchase Price to City by wire transfer or other Electronic Funds Transfer of U.S. funds to an account to be designated by the City.

7. If the City does not agree with the fair market value established by the MDOT appraisal, the City must, at the City's expense, obtain a second appraisal and provide a copy of the second appraisal to the MLB no later than thirty (30) days after the MLB provided the City with the initial appraisal. The City's appraisal must be prepared by an appraiser licensed by the State as required pursuant to MCL 339.101 *et seq.* If there is a difference between the MDOT and the City's appraisals of ten percent (10%) or less of the lower appraisal, the fair market value of the Optioned Property will be determined by averaging the appraisals. If there is a difference between the appraisals of more than ten percent (10%) of the lower appraisal, the MLB will contract for a review appraisal of the appraisals by a third appraiser who is licensed by the State as required pursuant to MCL 339.101 *et seq.* and otherwise mutually satisfactory to the City and the MLB. The review appraisal will be binding upon the MLB and City, and the cost of the review appraisal will be borne equally by both.

8. Transfer of title to the Optioned Property must be effected by quitclaim deed conveying the Optioned Property to the State of Michigan, by its Land Bank Fast Track Authority. The City must deliver the quitclaim deed to the State upon payment of the full Option Purchase Price.

9. Upon exercise of an option by the MLB, the provisions of Section II, Paragraphs 2 through 5, inclusive, of this Agreement, shall apply to such Optioned Property, in the same manner as those provisions applied to the Property.

IV. Notice:

The Point of Contact for all notices is:

MLB:

Michigan Land Bank Fast Track Authority
MSHDA Building
735 East Michigan Avenue
Lansing, Michigan 48912

City:
Director
Planning & Development Department
65 Cadillac Square, Suite 2300
Detroit, Michigan 48226

With copies to (which copy shall not constitute notice):

Corporation Counsel
City of Detroit Law Department

6. Subject to Section V, Paragraph 7, this Agreement is effective on the date last signed by a party below. Thus, this Agreement shall be effective and binding if it is fully executed when the Emergency Manager is in office but the Closing does not occur until after the Emergency Manager leaves office.

7. Notwithstanding anything in this Agreement, in law or in equity, or otherwise to the contrary, this Agreement shall be void and of no force or effect and may not in any way be enforced against the City unless or until this Agreement and the transaction contemplated hereby have been: (i) approved in writing by the Emergency Manager for the City of Detroit, in accordance with Emergency Manager Order No. 5; (ii) approved in writing by the Governor of the State of Michigan or his or her designee, in accordance with Section 12(1)(r) of Public Act 436 of 2012; (iii) approved in writing by the State Treasurer, in accordance with Section 15(1) of Public Act 436 of 2012; and (iv) submitted to the Detroit City Council and approved by either the Detroit City Council or the emergency financial assistance loan board, in accordance with Section 19 of Public Act 436 of 2012.

Intergovernmental Agreement between the
State of Michigan Land Bank Fast Track Authority
and the City of Detroit for the Purchase of
Certain Real Property
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State of Michigan
Land Bank Fast Track Authority

By:
Its:

Date: _____

Exhibit A to the Intergovernmental Agreement between the State of Michigan Land Bank Fast Track Authority and the City of Detroit for the Purchase of Certain Real Property

Number	Parcel Number	Address	SQFT	Price
1	16014427.	102 S Campbell	87	\$174.00
2	16015230.002L	522 S Cavalry	131	\$262.00
3	18008644.002L	221 S Post	3659	\$500.00
4	18008743.	7041 South	3136	\$500.00
5	18008744.	7031 South	4400	\$500.00
6	18008850.	703 S Green	3311	\$500.00
7	18008690.	7015 South	1655	\$500.00
8	18008691.	508 S Post	3920	\$500.00
9	18008736.	561 S Harrington	3790	\$500.00
10	18008692.	514 S Post	3920	\$500.00
11	18008844.	739 S Green	3311	\$500.00
12	18008735.	565 S Harrington	3790	\$500.00
13	18008669-89	500 S Post	2125	\$500.00
14	18008843.	743 S Green	3311	\$500.00
15	18008734.	573 S Harrington	3790	\$500.00
16	18008825.	702 S Harrington	6578	\$500.00
17	18008842.	749 S Green	3311	\$500.00
18	18008733.	581 S Harrington	3790	\$500.00
19	18008696.	538 S Post	3790	\$500.00
20	18008827.	720 S Harrington	3311	\$500.00
21	18008697.	544 S Post	3920	\$500.00
22	18008698.	550 S Post	4051	\$500.00
23	18008837.	813 S Green	2762	\$500.00
24	18008830.	738 S Harrington	3311	\$500.00
25	18008728.	609 S Harrington	3354	\$500.00
26	18008700.	560 S Post	3920	\$500.00
27	18008832.	750 S Harrington	3311	\$500.00
28	18008726.	621 S Harrington	4443	\$500.00
29	18008701.	568 S Post	3920	\$500.00
30	18008641.	517 S Post	4051	\$500.00
31	18008833.	754 S Harrington	3311	\$500.00
32	18008725.	631 S Harrington	4443	\$500.00
33	18008702.	576 S Post	3920	\$500.00
34	18008834.	760 S Harrington	3311	\$500.00
35	18008639.	527 S Post	3920	\$500.00
36	18008724.	703 S Harrington	3223	\$500.00
37	18008835.	766 S Harrington	3311	\$500.00
38	18008704.	602 S Post	11510	\$500.00
39	18008723.	711 S Harrington	4312	\$500.00
40	18008721.	727 S Harrington	4312	\$500.00
41	18008635.	551 S Post	3920	\$500.00
42	18008634.	557 S Post	3920	\$500.00
43	18008633.	561 S Post	3920	\$500.00

Exhibit A to the Intergovernmental Agreement between the State of Michigan Land Bank Fast Track Authority and the City of Detroit for the Purchase of Certain Real Property

Number	Parcel Number	Address	SQFT	Price
88	18000212.	6645 South	6011	\$500.00
89	18008273.	610 S Waterman	6360	\$500.00
90	18008290.	671 Schroeder	5619	\$500.00
91	18008274.	620 S Waterman	6360	\$500.00
92	18008080.	539 S Waterman	7057	\$500.00
93	18008289.	681 Schroeder	5619	\$500.00
94	18000211.	6637 South	6011	\$500.00
95	18008275.	628 S Waterman	6360	\$500.00
96	18008078.	555 S Waterman	7057	\$500.00
97	18008287.	695 Schroeder	5619	\$500.00
98	18008277.	644 S Waterman	3964	\$500.00
99	18008077.	561 S Waterman	7057	\$500.00
100	18008278.	646 S Waterman	4138	\$500.00
101	18000209.	6629 South	6011	\$500.00
102	18008280.	660 S Waterman	6360	\$500.00
103	18008281.	666 S Waterman	5576	\$500.00
104	18000208.	6621 South	4051	\$500.00
105	18008282.	672 S Waterman	7144	\$500.00
106	18000207.	6617 South	4966	\$500.00
107	18008284.	692 S Waterman	6360	\$500.00
108	18000204.	6611 South	2701	\$500.00
109	18007609.	325 S Rademacher	3093	\$500.00
110	18007828.	542 S Rademacher	4661	\$500.00
111	18000203.	6603 South	3223	\$500.00
112	18007829.	548 S Rademacher	4661	\$500.00
113	18000205.	514 S Rademacher	1960	\$500.00
114	18007830.	554 S Rademacher	4661	\$500.00
115	18000206.	520 S Rademacher	1960	\$500.00
116	18007831.	560 S Rademacher	4661	\$500.00
117	18008067.	647 S Waterman	7928	\$500.00
118	18008066.	651 S Waterman	4574	\$500.00
119	18007565.	324 Reid	2974	\$500.00
120	18007836.	590 S Rademacher	4661	\$500.00
121	18008063.	669 S Waterman	7928	\$500.00
122	18008060.	693 S Waterman	5271	\$500.00
123	18008059.	699 S Waterman	5271	\$500.00
124	18007843.	630 S Rademacher	4661	\$500.00
125	18008058.	705 S Waterman	5271	\$500.00
126	18007844.	636 S Rademacher	4661	\$500.00
127	18008057.	711 S Waterman	5271	\$500.00
128	18007849.	666 S Rademacher	4661	\$500.00
129	18007850.	672 S Rademacher	4661	\$500.00
130	18007851.	678 S Rademacher	4661	\$500.00
131	18007856.	708 S Rademacher	4661	\$500.00

Exhibit A to the Intergovernmental Agreement between the State of Michigan Land Bank Fast Track Authority and the City of Detroit for the Purchase of Certain Real Property

Number	Parcel Number	Address	SQFT	Price
176	18000164.003L	6346 Buelow Ct	4966	\$500.00
177	18000179.	6333 Holly	3441	\$500.00
178	18000165.	6338 Buelow Ct	2614	\$500.00
179	18000166.	6332 Buelow Ct	2614	\$500.00
180	18007227.	602 S Livernois	3746	\$500.00
181	16016906.	505 S Livernois	9017	\$500.00
182	18007228.	608 S Livernois	3311	\$500.00
183	18000167.	6326 Buelow Ct	2919	\$500.00
184	18007229.	614 S Livernois	3311	\$500.00
185	18000162.001	6319 Buelow Ct	2570	\$500.00
186	16016905.	513 S Livernois	4487	\$500.00
187	18007230.	620 S Livernois	3223	\$500.00
188	16016904.	519 S Livernois	4487	\$500.00
189	18000162.002L	6327 Buelow Ct	3006	\$500.00
190	16016903.	525 S Livernois	4487	\$500.00
191	16016902.	531 S Livernois	4487	\$500.00
192	18000163.001	6333 Buelow Ct	3485	\$500.00
193	16016901.	537 S Livernois	4487	\$500.00
194	18007234.	650 S Livernois	0	\$500.00
195	16016892.	591 S Livernois	1133	\$500.00
196	16016891.	599 S Livernois	0	\$500.00
197	18007499.	715 Crawford	1130	\$2,260.00
198	16000220.	323 Cavalry	2004	\$4,008.00
199	16016523.	242 S Military	2004	\$4,008.00
200	18000242.	6506 South	2831	\$5,662.00
201	18007614.	295 S Rademacher	2875	\$5,750.00
202	18007610.	319 S Rademacher	2875	\$5,750.00
203	18007560.	294 Reid	2875	\$5,750.00
204	18007561.	300 Reid	2875	\$5,750.00
205	18007564.	318 Reid	2875	\$5,750.00
206	16015011.	726 Cavalry	3000	\$6,000.00
207	16015831.002	215 S Military	3006	\$6,012.00
208	16000158.	5838 Driggs	3006	\$6,012.00
209	16000157.	5842 Driggs	3093	\$6,186.00
210	16000077.	5841 Reeder	3093	\$6,186.00
211	16000130.	5887 Harvey	3136	\$6,272.00
212	16000129.	5881 Harvey	3136	\$6,272.00
213	16000089.	5892 Reeder	3136	\$6,272.00
214	16000126.	5867 Harvey	3136	\$6,272.00
215	16000125.	5861 Harvey	3136	\$6,272.00
216	16000124.	5857 Harvey	3136	\$6,272.00
217	16000123.	5851 Harvey	3136	\$6,272.00
218	16000122.	5847 Harvey	3136	\$6,272.00
219	16000121.	5841 Harvey	3136	\$6,272.00

Exhibit A to the Intergovernmental Agreement between the State of Michigan Land Bank Fast Track Authority and the City of Detroit for the Purchase of Certain Real Property

Number	Parcel Number	Address	SQFT	Price
264	16016660.	377 S Dragoon	4922	\$9,844.00
265	16016517.	206 S Military	4922	\$9,844.00
266	16015228.	502 S Cavalry	4922	\$9,844.00
267	16016659.	381 S Dragoon	5053	\$10,106.00
268	16016656.	395 S Dragoon	5053	\$10,106.00
269	16015828.	239 S Military	5053	\$10,106.00
270	16015218.	406 S Cavalry	5184	\$10,368.00
271	16015224.	442 S Cavalry	5184	\$10,368.00
272	16015217.	400 S Cavalry	5358	\$10,716.00
273	16016884.	528 S Dragoon	5881	\$11,762.00
274	16016513.	180 S Military	5924	\$11,848.00
275	16016516.	202 S Military	5924	\$11,848.00
276	16000127-8	5877 Harvey	6229	\$12,458.00
277	16000019.	6212 W Jefferson	6447	\$12,894.00
278	16016890.	572 S Dragoon	6839	\$13,678.00
279	18000099.	7114 W Jefferson	4008	\$18,036.00
280	18000110.	6902 W Jefferson	9148	\$18,296.00
281	16016883.	520 S Dragoon	9540	\$19,080.00
282	18000156.	6330 W Jefferson	10803	\$21,606.00
283	18000146-51	6398 W Jefferson	11456	\$22,912.00
284	16000032.	6024 W Jefferson	6011	\$24,044.00
285	18000100.	7100 W Jefferson	6621	\$29,794.50
286	16000222.	6011 Gaynor Ct	2309	\$30,017.00
287	18000157-61	6300 W Jefferson	15072	\$30,144.00
288	16000221.	6001 Gaynor Ct	2962	\$38,506.00
289	16000232.	6000 Gaynor Ct	3180	\$41,340.00
290	18000154-5	6342 W Jefferson	22346	\$44,692.00
291	18007509.	312 S Crawford	25744	\$51,488.00
292	18008644.001	201 S Post	42079	\$84,158.00
293	18000235.	6994 South	55887	\$111,774.00
294	16000287.	6255 W Fort	3904	\$50,700.00
295	18008693.	520 S Post	3900	\$500.00
296	18008283.	682 S Waterman	6391	\$500.00
297	18000118.	6700 W Jefferson	4270	\$19,210.00
298	18007575.	686 Reid	2792	\$500.00
299	18007524.	695 Reid	2839	\$500.00
300	16016853-80	500 S Dragoon	4407	\$8,820.00
301	16016889.	566 S Dragoon	4861	\$9,710.00
Total				\$1,420,423.50