



# MEMORANDUM

DATE: June 9, 2020

TO: Mayor Christopher Eveleth, City Council, and Manager Nathan Henne

FROM: Treena Chick, Assessor

RE: Tax Abatement Application – Owosso REI Group, LLC-300 W Main St.

As mentioned in last month's memo, the city clerk received an application for tax abatement as required under the city's abatement policy on March 5, 2020. Also received was an application for an Obsolete Property Rehabilitation Exemption Certificate.

The council will be taking action on the tax abatement application for the Obsolete Property Rehabilitation Exemption Certificate. The project is valued at approximately \$8,000,000 and will employ 20 new full time employees and 45 new part time employees.

The application for an Obsolete Property Rehabilitation Exemption Certificate, Act 146 of 2000, is a tax abatement which freezes the existing taxable value on a designated facility prior to rehabilitation for up to 12 years. The rehabilitated facility value will not be fully taxable until the abatement is no longer in place. The project proposes to completely renovate the four story building to create a multi-use building containing commercial, retail and office space and 17 residential apartments on the upper floors. This will convert 30,000 square feet of unutilized space and will increase downtown private residence availability. The estimated cost for this redevelopment is \$8,000,000. This exemption meets the requirements of the city's tax abatement policy and, if approved, should be granted for **12 years**.

The table below shows the estimated effect on General Fund services as a result of granting this abatement. This is using an estimated rehabilitated taxable value of \$3,000,000 calculated over a 12 year period with a 1% increase in property taxes annually.

| Service       | % of Gen Fund | \$/year            | 12 year total with 1% increase |
|---------------|---------------|--------------------|--------------------------------|
| Police        | 27%           | \$11,272.77        | \$151,506.03                   |
| Fire          | 25%           | \$10,437.75        | \$140,283.36                   |
| Gen Govt      | 23%           | \$9,602.73         | \$129,060.69                   |
| Pub Works     | 10%           | \$4,175.10         | \$56,113.34                    |
| Community Dev | 5%            | \$2,087.55         | \$28,056.67                    |
| Parks & Rec   | 3%            | \$1,252.53         | \$16,834.00                    |
| Trans out     | 7%            | \$2,922.57         | \$39,279.34                    |
| <b>Total</b>  | <b>100%</b>   | <b>\$41,751.00</b> | <b>\$561,133.44</b>            |

The city clerk has notified the taxing jurisdictions of this application as required under the abatement policy and statute.

As always, if you have any further questions, please feel free to contact me at (989) 725-0530.

**RESOLUTION NO.**

**APPROVE THE APPLICATION FOR AN  
OBSOLETE PROPERTY REHABILITATION EXEMPTION CERTIFICATE  
FROM OWOSSO REI GROUP, LLC  
FOR PROPERTY LOCATED AT  
300 W. MAIN STREET**

WHEREAS, the City of Owosso is a Qualified Local Government Unit within the State of Michigan and is empowered to provide tax exemptions for increased value of rehabilitated facilities within the City; and

WHEREAS, after public notice and a public hearing on April 18, 2016, the City Council of the City of Owosso approved an Obsolete Property Rehabilitation District at 300 W. Main Street in Owosso, Michigan. As provided by section 4(2) of Public Act 146 of 2000, said property more particularly described as:

*PART OF ORIGINAL PLAT DESCRIBED AS; SOUTH 1/2 BLOCK 24 & SOUTH 10' OF NORTH 1/2 BLOCK 24, ALSO ADJACENT RESERVE 1, LYING BETWEEN EAST BANK OF SHIAWASSEE RIVER AND SAID DESCRIPTION*

WHEREAS, the City Clerk received an application on March 5, 2020 from Nemer Hadad, authorized agent for Owosso REI Group, LLC owners of the property, for an Obsolete Property Rehabilitation Exemption Certificate; and

WHEREAS, notice of a public hearing concerning the application for an exemption certificate was provided to the Assessor of the City and the legislative body of each taxing unit that levies ad valorem property taxes in the City; and

WHEREAS, the City finds that the property meets the definition of an obsolete property as defined in section 2(h) of Public Act 146 of 2000 and the application for the exemption certificate is complete; and

WHEREAS, the City finds that the property relates to a rehabilitation program that when completed constitutes a "rehabilitated facility" within the meaning of P.A. 146 of 2000, and said property is located within an Obsolete Property Rehabilitation District established in a Qualified Local Governmental Unit eligible under Public Act 146 of 2000 to establish such a district; and

WHEREAS, the rehabilitation includes improvements aggregating 10% or more of the true cash value of the property at commencement of the rehabilitation as provided by section 2(l) of PA 146 of 2000; and

WHEREAS, it has been found that the rehabilitation of the obsolete property is calculated to, and will at the time of the issuance of the certificate, have the reasonable likelihood to increase commercial activity, retain and create employment, and revitalize the downtown; and

WHEREAS, the taxable value of the property proposed to be exempt plus the aggregate taxable value of the property already exempt under PA 146 of 2000 and under PA 198 of 1974 does not exceed 5% of the total taxable value of the unit; and

WHEREAS, the applicant is not delinquent in any taxes related to the facility; and

WHEREAS, the rehabilitation work described in the application had not commenced prior to the establishment of the District.

NOW, THEREFORE, BE IT RESOLVED that, based on the findings above made at public hearing, the City Council of the City of Owosso authorizes the application for an Obsolete Property Rehabilitation Exemption Certificate at 300 W. Main Street for a period of 12 years; and

ALSO, BE IT RESOLVED that the rehabilitation shall be completed within eighteen (18) months from the date of approval of said application, and

FURTHERMORE, BE IT RESOLVED that the application and resolution are authorized for submittal to the State Tax Commission for final review and authorization.

Roll Call Vote.

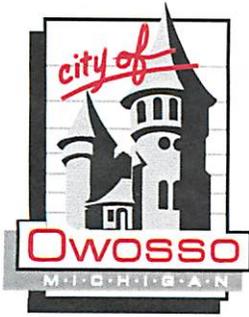
AYES:

NAYS:

*I hereby certify that the foregoing document is a true and complete copy of action taken by the Owosso City Council at the regular meeting of June 15, 2020.*

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Amy K. Kirkland, City Clerk



Received March 5, 2020  
RECEIVED  
MAR 05 2020  
BY: T.C.

301 W. MAIN • OWOSSO, MICHIGAN 48867-2958 • (989) 725-0599 • FAX (989) 723-8854

### APPLICATION FOR TAX ABATEMENT

Applicant (Official Company Name) Owosso REI Group, LLC

Business Name (If Different) \_\_\_\_\_

Address of Proposed Project 300 - 308, 310 & 312 Main Street, Owosso, MI 48867

Mailing Address (If Different) 108 S. Main St. Suite A, Royal Oak, MI 48067

Do you own the property? Yes If no, what is your relationship? \_\_\_\_\_

Type of Abatement Requested (if known) Obsolete Property Rehabilitation Act (PA 146)

Total square footage of all current buildings on site +/- 31,000 sq/ft

Description of proposed project including type of current business activity and product to be manufactured (if applicable), size of proposed structure and proposed activity and/or product.

The existing property contains (3) adjacent buildings. All are vacant and under major disrepair. The proposed plans have the

West building fully rehabilitated into a riverside restaurant , Vibe Pizza. Fosters will occupy the north east corner of the ground

floor and Leo's will be located on the corner of W. Main and N. Water St. The upper floors will contain 17 market rate

apartments, four 2 bedroom and 13 one bedroom, ranging in size 650 square feet to 960 square feet. The East building

is 4 stories in the northern portion and 2 stories in the southern portion. The Annex Building is the center 2-story building

and the Waterfront building is the 2 story building that fronts East Main Street and the river.

Give estimated cost of the following components applicable for the proposed project:

Land improvements (excluding land): 10,000 sq/ft (Entry Drive, Patio, Ingress/Egress)

Building improvements: Size 31,000 sq/ft sf \$ 8,000,000

Machinery & Equipment: N/A

Furniture & Fixtures: \$51,000 (unit appliances)

Time schedule for start and completion of construction and equipment installation (if applicable):

Building:  
Start Date July 2020

Equipment installation (if applicable):  
Start Date N/A

Completion Date September 2021

Completion Date N/A

**Abatement Application**  
**Page 2**

Will project be owned or leased by applicant? Owned  
Will machinery be owned or leased by applicant? N/A

How many employees do you currently employ? Full Time 0 Part Time 0

How many new employees do you estimate after project complete? Full Time 20  
Part Time 45

When project is complete, how many will be:  
Management/Professional 12 Wage level \$ TBD  
Skilled                      Wage level \$                       
Semi-Skilled 40 Wage level \$ TBD  
Un-Skilled 13 Wage level \$ TBD

Name of Company Officer (contact person) Nemer Hadad  
Title Owner

Signature  Date 2-27-2020  
Phone Number 248-939-0525

**For City Staff Use Only**

Was the applicant given a copy of Tax Abatement Policy?  Y  N  
Is an abatement district in place for this project?  Y  N

If no, legal description of proposed district. \_\_\_\_\_  
\_\_\_\_\_

If yes, type of district in place Obsolete Rehabilitation Year established 4-18-16  
District

Does the proposed project meet the guidelines for Tax Abatement under the policy?  Y  N  
If no, explain \_\_\_\_\_  
\_\_\_\_\_

If yes, was notice given to taxing jurisdictions within the proposed project area?  Y  N

If yes, was notice given to applicant and proper state documents sent?  Y  N

Name of reviewer Treena Chick  
Signature  Date 6-8-20

**ABATEMENT SCHEDULE**

This schedule applies to industrial, commercial, and/or residential property as defined by the Michigan General Property Tax Act

|  |  |  |
|--|--|--|
| <b>Capital Investment</b><br>\$0 to \$120,000<br>\$120,001 to \$300,000<br>\$300,001 to \$600,000<br>\$600,001 to \$1,350,000<br>\$1,350,001 to \$3,000,000<br>\$3,000,001 to \$6,000,000<br>\$6,000,001 + | <b>Years of Tax Abatement</b><br>1<br>2<br>3<br>4<br>5<br>6<br>7 | <b>Rehabilitate or Restore a building within Historic District?</b> <i>yes</i><br><br>Additional 2 years in any capital investment |
| <b>New Job Creation (as FTE – 40 hrs/week)</b><br>1-10<br>11-25<br>26-50<br>51 +   | <b>Years of Tax Abatement</b><br>2<br>3<br>4<br>5                |  |
| <b>New Job Wages (calculation based on MI min wage)</b><br>Average Wage > 1.5x min wage<br>Average Wage > 2.5x min wage<br>Average Wage > 3x min wage  | <b>Years of Tax Abatement</b><br>1<br>2<br>3                     | TBD  |
| <b>Number of years located in City of Owosso</b><br>2-10<br>11-25<br>26 +  | <b>Years of Tax Abatement</b><br>1<br>2<br>3                     |  |
| <b>New employees with City of Owosso residency</b><br>1-10<br>11-25<br>26 +  | <b>Years of Tax Abatement</b><br>1<br>2<br>3                     |  |
| <b>New housing units created in City of Owosso</b><br>1-5<br>6-10<br>11-25<br>25+  | <b>Years of Tax Abatement</b><br>1<br>2<br>3<br>4                |  |

*15 total*

*12 year maximum allowed per State.*



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301 WEST MAIN STREET • OWOSSO, MICHIGAN 48867-2958

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June 9, 2020

Owosso City Council  
301 W. Main Street  
Owosso, MI 48867

Re: Obsolescence - 300 W. Main Street - 78-050-470-024-001-00

Mayor Eveleth & City Council:

Functional obsolescence is *loss in value due to inability of the structure to perform adequately the function for which it is used*. This may be a result from changes in demand, design and even technology. It may also take form of deficiency do to the need for modernization. In any case, it is the perception of a loss in utility.

As required for an Obsolete Property Rehabilitation Exemption Certificate, for the property at 300 W. Main Street, owned by Owosso REI Group, LLC, the following statement describes the functionally obsolescence of this property.

1. Roof in need of repair/replacement in many areas, currently leaking and damaging interior rooms;
2. Electrical system and wiring removed in some areas and insufficient for today's demand requirements. Repair/replacement/upgrade in lighting a must to meet highest and best use of a mixed use facility;
3. Wiring for technology in need of complete replacement. Current system is obsolete and not able to meet today's requirements;
4. Exterior metal wall panels damaged and need of repair/replacement;
5. Brick walls on back of west section cracked, crumbling and need repaired;
6. Interior separation walls damaged in many areas needing removed/replaced;
7. Heating and cooling system needs complete replacement;
8. Only a few entrances meet barrier free requirements;
9. Majority of windows are old and some are only aluminum storm;

It is my opinion the functional obsolescence of this parcel has caused a reduction in value that exceeds 50% in its current use.

If you have any further questions, please feel free to contact me at (989) 725-0530.

Respectfully,

Treena Chick  
Assessor, MAAO (3)

## Application for Obsolete Property Rehabilitation Exemption Certificate

This form is issued as provided by Public Act 146 of 2000, as amended. This application should be filed after the district is established. This project will not receive tax benefits until approved by the State Tax Commission. Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the State Tax Commission.

**INSTRUCTIONS:** File the original and two copies of this form and the required attachments with the clerk of the local government unit. (The State Tax Commission requires two copies of the Application and attachments. The original is retained by the clerk.) Please see State Tax Commission Bulletin 9 of 2000 for more information about the Obsolete Property Rehabilitation Exemption. The following must be provided to the local government unit as attachments to this application: (a) General description of the obsolete facility (year built, original use, most recent use, number of stories, square footage); (b) General description of the proposed use of the rehabilitated facility, (c) Description of the general nature and extent of the rehabilitation to be undertaken, (d) A descriptive list of the fixed building equipment that will be a part of the rehabilitated facility, (e) A time schedule for undertaking and completing the rehabilitation of the facility, (f) A statement of the economic advantages expected from the exemption. A statement from the assessor of the local unit of government, describing the required obsolescence has been met for this building, is required with each application. Rehabilitation may commence after establishment of district.

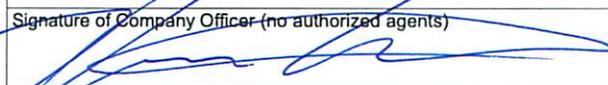
|  |   |   |
|--|---|---|
| Applicant (Company) Name (applicant must be the OWNER of the facility)<br><b>Owosso REI Group, LLC</b>   |   |   |
| Company Mailing address (No. and street, P.O. Box, City, State, ZIP Code)<br><b>300 W. Main St. Owosso, MI 48867</b>   |   |   |
| Location of obsolete facility (No. and street, City, State, ZIP Code)<br><b>300 - 308, 310 &amp; 312 Main Street, Owosso, MI 48867</b>   |   |   |
| City, Township, Village (indicate which)<br><b>City of Owosso</b>  |   | County<br><b>Shiawassee</b>   |
| Date of Commencement of Rehabilitation (mm/dd/yyyy)<br><b>07/01/2020</b>   | Planned date of Completion of Rehabilitation (mm/dd/yyyy) <b>09/01/2020</b> | School District where facility is located (include school code)<br><b>Owosso 78110</b>                              |
| Estimated Cost of Rehabilitation<br><b>\$8,000,000</b>   | Number of years exemption requested<br><b>12</b>                            | Attach Legal description of Obsolete Property on separate sheet   |
| Expected project likelihood (check all that apply):  |   |   |
| <input checked="" type="checkbox"/> Increase Commercial activity   | <input type="checkbox"/> Retain employment                                  | <input checked="" type="checkbox"/> Revitalize urban areas  |
| <input checked="" type="checkbox"/> Create employment  | <input type="checkbox"/> Prevent a loss of employment                       | <input checked="" type="checkbox"/> Increase number of residents in the community in which the facility is situated |
| Indicate the number of jobs to be retained or created as a result of rehabilitating the facility, including expected construction employment _____   |   |   |
| Each year, the State Treasurer may approve 25 additional reductions of half the school operating and state education taxes for a period not to exceed six years. Check the following box if you wish to be considered for this exclusion.<br><input checked="" type="checkbox"/> |   |   |

### APPLICANT'S CERTIFICATION

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all of the information is truly descriptive of the property for which this application is being submitted. Further, the undersigned is aware that, if any statement or information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.

**The applicant certifies that this application relates to a rehabilitation program that, when completed, constitutes a rehabilitated facility, as defined by Public Act 146 of 2000, as amended, and that the rehabilitation of the facility would not be undertaken without the applicant's receipt of the exemption certificate.**

It is further certified that the undersigned is familiar with the provisions of Public Act 146 of 2000, as amended, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Obsolete Property Rehabilitation Exemption Certificate by the State Tax Commission.

|   |   |  |
|---|---|--|
| Name of Company Officer (no authorized agents)<br><b>Nemer Hadad</b>  | Telephone Number<br><b>248-939-0525</b> | Fax Number                               |
| Mailing Address<br><b>108 S. Main St. Suite A, Royal Oak, MI 48067</b>  |   | Email Address<br><b>nemer@mgmt10.com</b> |
| Signature of Company Officer (no authorized agents)<br> |   | Title<br><b>Pres</b>                     |

### LOCAL GOVERNMENT UNIT CLERK CERTIFICATION

The Clerk must also complete Parts 1, 2 and 4 on Page 2. Part 3 is to be completed by the Assessor.

|           |                           |
|-----------|---------------------------|
| Signature | Date application received |
|-----------|---------------------------|

### FOR STATE TAX COMMISSION USE

|                    |               |           |
|--------------------|---------------|-----------|
| Application Number | Date Received | LUCI Code |
|--------------------|---------------|-----------|

### LOCAL GOVERNMENT ACTION

This section is to be completed by the clerk of the local governing unit before submitting the application to the State Tax Commission. Include a copy of the resolution which approves the application and Instruction items (a) through (f) on page 1, and a separate statement of obsolescence from the assessor of record with the State Assessor's Board. All sections must be completed in order to process.

#### PART 1: ACTION TAKEN

|   |           |             |
|---|-----------|-------------|
| Action Date: _____  |           |             |
| <input type="checkbox"/> Exemption Approved for _____ Years, ending December 30, _____ (not to exceed 12 years) |           |             |
| <input type="checkbox"/> Denied   |           |             |
| Date District Established   | LUCI Code | School Code |

#### PART 2: RESOLUTIONS (the following statements must be included in resolutions approving)

|  |   |
|--|---|
| <p>A statement that the local unit is a Qualified Local Governmental Unit.</p> <p>A statement that the Obsolete Property Rehabilitation District was legally established including the date established and the date of hearing as provided by section 3 of Public Act 146 of 2000.</p> <p>A statement indicating whether the taxable value of the property proposed to be exempt plus the aggregate taxable value of property already exempt under Public Act 146 of 2000 and under Public Act 198 of 1974 (IFT's) exceeds 5% of the total taxable value of the unit.</p> <p>A statement of the factors, criteria and objectives, if any, necessary for extending the exemption, when the certificate is for less than 12 years.</p> <p>A statement that a public hearing was held on the application as provided by section 4(2) of Public Act 146 of 2000 including the date of the hearing.</p> <p>A statement that the applicant is not delinquent in any taxes related to the facility.</p> <p>If it exceeds 5% (see above), a statement that exceeding 5% will not have the effect of substantially impeding the operation of the Qualified Local Governmental Unit or of impairing the financial soundness of an affected taxing unit.</p> <p>A statement that all of the items described under "Instructions" (a) through (f) of the Application for Obsolete Property Rehabilitation Exemption Certificate have been provided to the Qualified Local Governmental Unit by the applicant.</p> | <p>A statement that the application is for obsolete property as defined in section 2(h) of Public Act 146 of 2000.</p> <p>A statement that the commencement of the rehabilitation of the facility did not occur before the establishment of the Obsolete Property Rehabilitation District.</p> <p>A statement that the application relates to a rehabilitation program that when completed constitutes a rehabilitated facility within the meaning of Public Act 146 of 2000 and that is situated within an Obsolete Property Rehabilitation District established in a Qualified Local Governmental Unit eligible under Public Act 146 of 2000 to establish such a district.</p> <p>A statement that completion of the rehabilitated facility is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situated. The statement should indicate which of these the rehabilitation is likely to result in.</p> <p>A statement that the rehabilitation includes improvements aggregating 10% or more of the true cash value of the property at commencement of the rehabilitation as provided by section 2(l) of Public Act 146 of 2000.</p> <p>A statement of the period of time authorized by the Qualified Local Governmental Unit for completion of the rehabilitation.</p> |
|--|---|

#### PART 3: ASSESSOR RECOMMENDATIONS

Provide the Taxable Value and State Equalized Value of the Obsolete Property, as provided in Public Act 146 of 2000, as amended, for the tax year immediately preceding the effective date of the certificate (December 31st of the year approved by the STC).

|                           |                               |                                    |  |
|---------------------------|-------------------------------|------------------------------------|--|
|                           | <b>Taxable Value</b>          | <b>State Equalized Value (SEV)</b> |  |
| Building(s)               | 68,883                        | 69,895                             |  |
| Name of Governmental Unit | Date of Action on application | Date of Statement of Obsolescence  |  |
| City of Owosso            |                               | 6-9-20                             |  |

#### PART 4: CLERK CERTIFICATION

The undersigned clerk certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way. Further, the undersigned is aware that if any information provided is untrue, the exemption provided by Public Act 146 of 2000 may be in jeopardy.

|                         |                  |            |               |
|-------------------------|------------------|------------|---------------|
| Name of Clerk           | Clerk Signature  | Date       |               |
| Clerk's Mailing Address | City             | State      | ZIP Code      |
|                         | Telephone Number | Fax Number | Email Address |

Mail completed application and attachments to: Michigan Department of Treasury  
 State Tax Commission  
 P.O. Box 30471  
 Lansing, Michigan 48909-7971

If you have any questions, call 517- 335-7491.

For guaranteed receipt by the State Tax Commission, it is recommended that applications and attachments are sent by certified mail.

## *DESCRIPTION:*

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Description from Midstate Title Agency File No. 78-14360376-OWO, effective date March 25, 2104:

Parcel 1 – The South  $\frac{1}{2}$  of Block 24 of the Map of Owosso, as recorded in Liber 8 of Deeds, Page 411, and being more particularly described as beginning at the Southeast corner of said Block 24; thence West on the South line of said Block 24 a distance of 143.76 feet to a traverse line along the Easterly bank of the Shiawassee River; thence on said traverse line N20°57'06"W 141.35 feet to the terminus of said traverse line and to the North line of the South  $\frac{1}{2}$  of said Block 24; thence East on said North line 194.30 feet to the East line of said Block 24; thence South 132 feet to the point of beginning. Including all that land lying between the above described traverse line and the Shiawassee River and the Northerly and Southerly lines extended West.

Parcel 2 – Description of that part of the alley that is in the North  $\frac{1}{2}$  of Block 24: Part of the North  $\frac{1}{2}$  of Block 24 of the "Original Plat of the Village (now City) of Owosso" as recorded in Liber B, Page 411, described as beginning at a point which is South on the East line of said Block 24 a distance of 122.00 feet from the Northeast corner of said Block 24; thence continuing South 10.00 feet to the South line of the North  $\frac{1}{2}$  of said Block 24; thence West on said South line 191.00 feet to a concrete retaining wall; thence N18°18'47"E along said wall 10.53 feet; thence East 187.69 feet to the point of beginning.

## *ADDRESS:*

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MATTHEWS BUILDING  
300 W. MAIN ST.  
OWOSSO, MI 48867

## *BASIS OF BEARINGS:*

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Bearings were taken from the plat of the Original Map of Owosso

## *ZONING AND SETBACKS*

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Zoned B-3 Central Business District

Minium Yard Setbacks = none

## *FEMA FLOOD INFORMATION*

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Base Flood Elevation = 728.0 NAVD 88 datum up stream of dam

## *BENCHMARK*

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Top of rerod and cap #24622 at NE corner of subject Parcel 2  
Elevation 732.28 NAVD '88

## *EASEMENTS*

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Easements as listed on Schedule B of Midstate Title Agency, LLC File No. 78-14360376-OWO

No. 9 L. 773, P. 935 and L. 772, P. 837

Easement for Public Utilities

Plotted on drawing



Management 10 LLC  
108 S. MAIN ST. SUITE A  
ROYAL OAK, MI 48067  
PHONE# (248) 307-7037 EXT. 101

**February 20, 2020**

Owosso City Council  
301 W. Main Street  
Owosso, MI 48867

**RE: Request for the Establishment of an Obsolete Property Rehabilitation  
District at 300 – 308, 310 & 312 Main Street, Owosso, MI 48867**

Honorable City Council:

Please accept this letter as a request to establish an Obsolete Property Rehabilitation Development District for the property located at **300 – 308, 310 & 312 Main Street, Owosso, MI 48867.**

**a. General description of facility**



The property is comprised of one parcel of land located in the heart of downtown Owosso directly across the street from Owosso City Hall at 300 East Main Street. The existing property contains (3) adjacent buildings totaling approximately 30,000 square feet on 0.50 acres. All three structures are vacant and under major disrepair. The East Building is 4- stories in the northern portion and 2-stories in the southern portion. The Annex

Building is the center 2-story building and the Waterfront building is the 2-story building that fronts East Main Street and the river. The property was originally developed by the Seiler Brothers between 1884 and 1890 as the Owosso Steam Flouring Mill and then used as a gist mill between 1890 and 1893. In 1894, the property was purchased by the Mueller Brothers to be used for the Owosso Brewing Company. A fire destroyed the original properties on the site in 1898. The East and Annex buildings were constructed in 1899. In 1908, the waterfront building was constructed and operated as a bottling house for the brewery. Historical use of the existing buildings included a mix of manufacturing, retail and predominately professional offices in the most recent past between 1960 and 1999. By 2000, nearly half of the office spaces were vacant. The buildings were purchased by Owosso REI Group LLC in 2014. The building has been vacant since 2015.

**b. General description of the proposed use of the rehabilitated facility**



Owosso REI Group LLC will redevelop the property into a complete renovated, mixed-use building. The East Building first floor will be available commercial space and the second thru fourth floors will be seventeen (17) new, market-rate, rental apartments in the upper stories. The Waterfront and Annex building will be solely used for commercial space. The residential unit mix will consist of 13 one-bedroom units and 4 two-bedroom units. All commercial space will be redeveloped as white-boxed space. The total project is anticipated to cost \$8 million dollars. The planned tenants for the white boxed commercial space are Vibe Pizza, Fosters, and Leo's.

### **c. Nature and Extent of the Rehabilitation**

Because the project will be receiving historic tax credits, the building will be brought back to its historic luster within the guidelines of the Secretary of Interior's Standards for Rehabilitation of a certified historic property. The exterior of the building will have masonry and tuckpointing work completed and the sidewalk, curbs in front of the building, and gutters will all be replaced. The roof will be re-sealed, and the adjacent parking lot will be re-surface. The water mains and sanitary sewer mains from the building to the street will be replaced as well.

The interior will under significant demolition, addressing all required lead, asbestos and mold abatement. New elevator shafts and carriages will be installed, and concrete will be repaired. The building will be fitted with new fire protection & pump, electrical, plumbing, HVAC and mechanical systems. New doors will be installed throughout, with sliding doors for closets and guest room bathrooms. Guest room floors and hallways will be carpeted, and bathrooms and lobby areas will be tiled.

### **d. Descriptive list of fixed building equipment**

- Interior demolition including abatement
- New mechanical, HVAC, plumbing & electrical
- Elevator shaft & pit repair
- New elevators
- Fire protection systems
- Finishes; drywall, insulation, flooring & painting
- Masonry
- Specialties; fire extinguishers, toilet accessories, appliances
- Roofing
- Communications

### **e. Time Schedule**

The current time schedule anticipates the permits being pulled in July, 2020 and construction to begin shortly after. Construction will take 12 to 16 months to complete and the building will come online between July and November of 2021.

### **f. Statement of Economic Advantages**

The proposed development will bring an underutilized building to its full economic capacity. The newly renovated structure will create 17 downtown, market rate residential units and over 14,000 square feet of new downtown retail space.

The granting of a tax abatement will not result in any fewer taxes to the City of Owosso. According to tax records, the current annual tax payment to the City of Owosso is roughly \$4,895. Preliminary estimation of post completion ad valorem taxes are \$85,000 annually, with an abatement resulting in an approximate \$55,000 reduction.

With the current \$5,000 tax liability to City of Owosso, the completed development, with a PA 146 in place, will result in an increase in an increase in revenue to the City of Owosso of \$25,000.

On a short-term basis, we estimate 25 to 45 temporary construction jobs will be created during renovation activities. The development is committed to prioritizing the hiring of local sub-contractors and vendors. Once completed, the additional retail space has the potential to create upwards of 70 jobs, with approximately 40% of those being full-time.

Additionally, the development of this property will remove a blighted structure from the street scape and the additional density will help to drive further development in the area.



Development Name: Mueller Redevelopment Project  
 City/Township/Village: Owosso  
 County: Shiawassee  
 Construction Type: Historic Rehabilitation

This worksheet is utilized to proforma out the stabilized operations of the project utilizing the projected initial rental rates, the stabilized vacancy rates, and the anticipated full operating expenses of the project.

**DEVELOPMENT INCOME**

|   |                  | % Gross       | % Eff         |
|---|------------------|---------------|---------------|
| Annual TIF Reimbursements                           | \$35,000         | 6.8%          | 7.4%          |
| Other Recurring Revenue                             | \$5,500          | 1.1%          | 1.2%          |
| Annual Gross Residential Rental Income              | \$166,140        | 32.1%         | 35.0%         |
| Annual Gross Commercial Rental Income               | \$308,000        | 59.4%         | 65.0%         |
| Annual Gross Hospitality Room & Related Income      | \$0              | 0.0%          | 0.0%          |
| Annual Gross Hospitality Other Income               | \$0              | 0.0%          | 0.0%          |
| Annual Gross Parking Income                         | \$0              | 0.0%          | 0.0%          |
| Annual Other Income                                 | \$3,600          | 0.7%          | 0.8%          |
| <b>Gross Income</b>                                 | <b>\$518,240</b> | <b>100.0%</b> | <b>109.3%</b> |
| Vacancy Loss (Residential, Commercial, Hospitality) | (\$44,091)       | -8.5%         | -9.3%         |
| <b>Net Income Potential</b>                         | <b>\$474,149</b> | <b>91.5%</b>  | <b>100.0%</b> |

**DEVELOPMENT OPERATING EXPENSES**

|   |                  | % Gross      | % Eff        | Inflation Factor |
|---|------------------|--------------|--------------|------------------|
| Administrative Expenses                           | \$28,907         | 5.6%         | 6.1%         | 3.0%             |
| Management Fees                                   | \$23,707         | 4.6%         | 5.0%         |                  |
| Office Payroll                                    | \$0              | 0.0%         | 0.0%         |                  |
| Payroll Taxes                                     | \$0              | 0.0%         | 0.0%         |                  |
| Benefits/Worker's Comp.                           | \$0              | 0.0%         | 0.0%         |                  |
| Advertising/Marketing                             | \$2,200          | 0.4%         | 0.5%         |                  |
| Legal/Accounting                                  | \$3,000          | 0.6%         | 0.6%         |                  |
| General Office                                    | \$0              | 0.0%         | 0.0%         |                  |
| Other:  | \$0              | 0.0%         | 0.0%         |                  |
| Other:  | \$0              | 0.0%         | 0.0%         |                  |
| Utilities   | \$5,750          | 1.1%         | 1.2%         | 3.0%             |
| Electricity                                       | \$3,600          | 0.7%         | 0.8%         |                  |
| Fuel  | \$2,150          | 0.4%         | 0.5%         |                  |
| Water & Sewer                                     | \$0              | 0.0%         | 0.0%         |                  |
| Maintenance/Non-Capitalized Repairs               | \$20,229         | 3.9%         | 4.3%         | 3.0%             |
| Maintenance/Janitorial Payroll                    | \$0              | 0.0%         | 0.0%         |                  |
| Janitorial Supplies                               | \$550            | 0.1%         | 0.1%         |                  |
| Extermination                                     | \$600            | 0.1%         | 0.1%         |                  |
| Rubbish Removal                                   | \$1,766          | 0.3%         | 0.4%         |                  |
| Snow Removal                                      | \$2,200          | 0.4%         | 0.5%         |                  |
| Lawn/Tree Maintenance                             | \$900            | 0.2%         | 0.2%         |                  |
| Parking Lot Repairs                               | \$1,340          | 0.3%         | 0.3%         |                  |
| Painting/Decorations/Cleaning                     | \$1,980          | 0.4%         | 0.4%         |                  |
| Heating & Air Repairs                             | \$2,133          | 0.4%         | 0.4%         |                  |
| Plumbing/Electrical Repairs                       | \$2,260          | 0.4%         | 0.5%         |                  |
| Elevator Maintenance                              | \$4,000          | 0.8%         | 0.8%         |                  |
| Vehicle/Equipment Maintenance                     | \$0              | 0.0%         | 0.0%         |                  |
| Security  | \$2,500          | 0.5%         | 0.5%         |                  |
| Other:  | \$0              | 0.0%         | 0.0%         |                  |
| Other:  | \$0              | 0.0%         | 0.0%         |                  |
| Real Estate Taxes                                 | \$82,362         | 15.9%        | 17.4%        | 3.0%             |
| Tax Abatement (-)                                 | (\$57,347)       | 11.1%        | 12.1%        |                  |
| Property & Liability Insurance                    | \$10,500         | 2.0%         | 2.2%         | 3.0%             |
| Reserve Requirements                              | \$8,600          | 1.7%         | 1.8%         | 3.0%             |
| Other:  | \$0              | 0.0%         | 0.0%         | 3.0%             |
| Other:  | \$0              | 0.0%         | 0.0%         | 3.0%             |
| Other:  | \$0              | 0.0%         | 0.0%         | 3.0%             |
| Other:  | \$0              | 0.0%         | 0.0%         | 3.0%             |
| <b>Total Expenses</b>                             | <b>\$99,001</b>  | <b>19.1%</b> | <b>20.9%</b> |                  |
| <b>Cash Flow Available for Debt Service / NOI</b> | <b>\$375,147</b> | <b>72.4%</b> | <b>79.1%</b> |                  |

**Amortizing Loans**

|                     |     |      |      |
|---------------------|-----|------|------|
| Loan 1 DS: xxx      | \$0 | 0.0% | 0.0% |
| Loan 2 DS: xxx      | \$0 | 0.0% | 0.0% |
| Loan 3 DS: xxx      | \$0 | 0.0% | 0.0% |
| Loan 4 DS: xxx      | \$0 | 0.0% | 0.0% |
| Int. Loan 5 DS: xxx | \$0 | 0.0% | 0.0% |
| Other Oblig. 1 xxx  | \$0 | 0.0% | 0.0% |
| Other Oblig. 2 xxx  | \$0 | 0.0% | 0.0% |

Required DSCR

| LOAN TERMS | Loan Amount     | Term Mos.                         | Amort. Mos. | Interest Rate | Refi. Rate |
|------------|-----------------|-----------------------------------|-------------|---------------|------------|
| xxx        |                 | 60                                | 240         | 6.00%         | 6.05%      |
| xxx        |                 | 60                                | 240         | 4.00%         | 8.00%      |
| xxx        |                 | 60                                | 240         | 4.00%         | 8.00%      |
| xxx        |                 | 60                                | 240         | 4.00%         | 8.00%      |
| xxx        |                 | 60                                |             | 4.00%         | 8.00%      |
| xxx        |                 |                                   |             | 4.00%         | 8.00%      |
| xxx        |                 |                                   |             | 4.00%         | 8.00%      |
|            | <b>Override</b> |                                   |             |               |            |
|            | \$1,260,000     | (If requesting a grant input \$0) |             |               |            |



|                             |                             |                   |
|-----------------------------|-----------------------------|-------------------|
| <b>Total Eligible Basis</b> | <b>Max. MEDC Investment</b> | <b>% Eligible</b> |
| \$5,535,863                 | \$2,767,932                 | 50%               |

| <b>TOTAL DEVELOPMENT SOURCES</b>  |  | <b>Amount</b>      | <b>% of TDC</b> |
|-----------------------------------|--|--------------------|-----------------|
| <b>Senior Debt</b>                |  |                    |                 |
| xxx                               |  | \$0                | 0.00%           |
| MSF/MCRP Conventional Loan        |  | \$1,260,000        | 16.17%          |
| <b>Subordinate Debt/Grants</b>    |  |                    |                 |
| MEDC Grant                        |  |                    | 0.00%           |
| Other: CRP Grant                  |  | \$1,500,000        | 19.25%          |
| Other:                            |  |                    | 0.00%           |
| Other:                            |  |                    | 0.00%           |
| <b>Deferred Fees/Cash Equity</b>  |  |                    |                 |
| Deferred Developer Fees           |  | \$400,000          | 5.13%           |
| Other Deferred Related Party Fees |  |                    | 0.00%           |
| Deferred Consulting Fees          |  |                    | 0.00%           |
| Cash Equity Owner                 |  | \$3,171,941        | 40.70%          |
| Land/Building Contribution Owner  |  | \$350,000          | 4.49%           |
| MSF/MCRP Equity Investment        |  |                    | 0.00%           |
| Other: Historic Tax Credit Equity |  | \$1,061,343        | 13.62%          |
| Other: Elevator Grant             |  | \$50,000           | 0.64%           |
| Other:                            |  |                    | 0.00%           |
| <b>TOTAL DEVELOPMENT SOURCES</b>  |  | <b>\$7,793,284</b> | <b>100.00%</b>  |

| <b>Construction Financing</b> |     |       |     |       |
|-------------------------------|-----|-------|-----|-------|
| Construction Loan:            | xxx |       | \$0 | 0.00% |
| Interest Rate:                |     | 5.85% |     |       |

| <b>Sources &amp; Uses</b> |               |
|---------------------------|---------------|
| Total Development Costs   | \$7,793,300   |
| Total Development Sources | \$7,793,284   |
| <b>Surplus/(Gap)</b>      | <b>(\$16)</b> |

# PROJECT CASH FLOW

This worksheet is utilized to provide a 20 year operating projection following construction completion.

Development Name: Mueller Redevelopment Project  
 City/Township/Village: Overton  
 County: Shawnee  
 Construction Type: Historic Rehabilitation

| Development Income: | 2020  |       | 2021      |           | 2022      |           | 2023      |           | 2024      |           | 2025      |           | 2026      |           | 2027      |           | 2028      |           | 2029      |           | 2030      |           | 2031      |           | 2032      |           | 2033      |           | 2034      |           | 2035      |           | 2036      |           | 2037      |           | 2038      |           | 2039      |           | 2040      |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  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|                     | Yr. 1 | Yr. 2 | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     | Yr. 1     | Yr. 2     |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  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 |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |             |           |
| Other Revenues      | 0.00% | 3.00% | \$165,140 | \$165,140 | \$172,852 | \$172,852 | \$176,389 | \$176,389 | \$182,101 | \$182,101 | \$188,432 | \$188,432 | \$194,553 | \$194,553 | \$200,574 | \$200,574 | \$206,595 | \$206,595 | \$212,616 | \$212,616 | \$218,637 | \$218,637 | \$224,658 | \$224,658 | \$230,679 | \$230,679 | \$236,700 | \$236,700 | \$242,721 | \$242,721 | \$248,742 | \$248,742 | \$254,763 | \$254,763 | \$260,784 | \$260,784 | \$266,805 | \$266,805 | \$272,826 | \$272,826 | \$278,847 | \$278,847 | \$284,868 | \$284,868 | \$290,889 | \$290,889 | \$296,910 | \$296,910 | \$302,931 | \$302,931 | \$308,952 | \$308,952 | \$314,973 | \$314,973 | \$320,994 | \$320,994 | \$327,015 | \$327,015 | \$333,036 | \$333,036 | \$339,057 | \$339,057 | \$345,078 | \$345,078 | \$351,099 | \$351,099 | \$357,120 | \$357,120 | \$363,141 | \$363,141 | \$369,162 | \$369,162 | \$375,183 | \$375,183 | \$381,204 | \$381,204 | \$387,225 | \$387,225 | \$393,246 | \$393,246 | \$399,267 | \$399,267 | \$405,288 | \$405,288 | \$411,309 | \$411,309 | \$417,330 | \$417,330 | \$423,351 | \$423,351 | \$429,372 | \$429,372 | \$435,393 | \$435,393 | \$441,414 | \$441,414 | \$447,435 | \$447,435 | \$453,456 | \$453,456 | \$459,477 | \$459,477 | \$465,498 | \$465,498 | \$471,519 | \$471,519 | \$477,540 | \$477,540 | \$483,561 | \$483,561 | \$489,582 | \$489,582 | \$495,603 | \$495,603 | \$501,624 | \$501,624 | \$507,645 | \$507,645 | \$513,666 | \$513,666 | \$519,687 | \$519,687 | \$525,708 | \$525,708 | \$531,729 | \$531,729 | \$537,750 | \$537,750 | \$543,771 | \$543,771 | \$549,792 | \$549,792 | \$555,813 | \$555,813 | \$561,834 | \$561,834 | \$567,855 | \$567,855 | \$573,876 | \$573,876 | \$579,897 | \$579,897 | \$585,918 | \$585,918 | \$591,939 | \$591,939 | \$597,960 | \$597,960 | \$603,981 | \$603,981 | \$609,002 | \$609,002 | \$615,023 | \$615,023 | \$621,044 | \$621,044 | \$627,065 | \$627,065 | \$633,086 | \$633,086 | \$639,107 | \$639,107 | \$645,128 | \$645,128 | \$651,149 | \$651,149 | \$657,170 | \$657,170 | \$663,191 | \$663,191 | \$669,212 | \$669,212 | \$675,233 | \$675,233 | \$681,254 | \$681,254 | \$687,275 | \$687,275 | \$693,296 | \$693,296 | \$699,317 | \$699,317 | \$705,338 | \$705,338 | \$711,359 | \$711,359 | \$717,380 | \$717,380 | \$723,401 | \$723,401 | \$729,422 | \$729,422 | \$735,443 | \$735,443 | \$741,464 | \$741,464 | \$747,485 | \$747,485 | \$753,506 | \$753,506 | \$759,527 | \$759,527 | \$765,548 | \$765,548 | \$771,569 | \$771,569 | \$777,590 | \$777,590 | \$783,611 | \$783,611 | \$789,632 | \$789,632 | \$795,653 | \$795,653 | \$801,674 | \$801,674 | \$807,695 | \$807,695 | \$813,716 | \$813,716 | \$819,737 | \$819,737 | \$825,758 | \$825,758 | \$831,779 | \$831,779 | \$837,800 | \$837,800 | \$843,821 | \$843,821 | \$849,842 | \$849,842 | \$855,863 | \$855,863 | \$861,884 | \$861,884 | \$867,905 | \$867,905 | \$873,926 | \$873,926 | \$879,947 | \$879,947 | \$885,968 | \$885,968 | \$891,989 | \$891,989 | \$898,010 | \$898,010 | \$904,031 | \$904,031 | \$910,052 | \$910,052 | \$916,073 | \$916,073 | \$922,094 | \$922,094 | \$928,115 | \$928,115 | \$934,136 | \$934,136 | \$940,157 | \$940,157 | \$946,178 | \$946,178 | \$952,199 | \$952,199 | \$958,220 | \$958,220 | \$964,241 | \$964,241 | \$970,262 | \$970,262 | \$976,283 | \$976,283 | \$982,304 | \$982,304 | \$988,325 | \$988,325 | \$994,346 | \$994,346 | \$1,000,367 | \$1,000,367 | \$1,006,388 | \$1,006,388 | \$1,012,409 | \$1,012,409 | \$1,018,430 | \$1,018,430 | \$1,024,451 | \$1,024,451 | \$1,030,472 | \$1,030,472 | \$1,036,493 | \$1,036,493 | \$1,042,514 | \$1,042,514 | \$1,048,535 | \$1,048,535 | \$1,054,556 | \$1,054,556 | \$1,060,577 | \$1,060,577 | \$1,066,598 | \$1,066,598 | \$1,072,619 | \$1,072,619 | \$1,078,640 | \$1,078,640 | \$1,084,661 | \$1,084,661 | \$1,090,682 | \$1,090,682 | \$1,096,703 | \$1,096,703 | \$1,102,724 | \$1,102,724 | \$1,108,745 | \$1,108,745 | \$1,114,766 | \$1,114,766 | \$1,120,787 | \$1,120,787 | \$1,126,808 | \$1,126,808 | \$1,132,829 | \$1,132,829 | \$1,138,850 | \$1,138,850 | \$1,144,871 | \$1,144,871 | \$1,150,892 | \$1,150,892 | \$1,156,913 | \$1,156,913 | \$1,162,934 | \$1,162,934 | \$1,168,955 | \$1,168,955 | \$1,174,976 | \$1,174,976 | \$1,180,997 | \$1,180,997 | \$1,187,018 | \$1,187,018 | \$1,193,039 | \$1,193,039 | \$1,199,060 | \$1,199,060 | \$1,205,081 | \$1,205,081 | \$1,211,102 | \$1,211,102 | \$1,217,123 | \$1,217,123 | \$1,223,144 | \$1,223,144 | \$1,229,165 | \$1,229,165 | \$1,235,186 | \$1,235,186 | \$1,241,207 | \$1,241,207 | \$1,247,228 | \$1,247,228 | \$1,253,249 | \$1,253,249 | \$1,259,270 | \$1,259,270 | \$1,265,291 | \$1,265,291 | \$1,271,312 | \$1,271,312 | \$1,277,333 | \$1,277,333 | \$1,283,354 | \$1,283,354 | \$1,289,375 | \$1,289,375 | \$1,295,396 | \$1,295,396 | \$1,301,417 | \$1,301,417 | \$1,307,438 | \$1,307,438 | \$1,313,459 | \$1,313,459 | \$1,319,480 | \$1,319,480 | \$1,325,501 | \$1,325,501 | \$1,331,522 | \$1,331,522 | \$1,337,543 | \$1,337,543 | \$1,343,564 | \$1,343,564 | \$1,349,585 | \$1,349,585 | \$1,355,606 | \$1,355,606 | \$1,361,627 | \$1,361,627 | \$1,367,648 | \$1,367,648 | \$1,373,669 | \$1,373,669 | \$1,379,690 | \$1,379,690 | \$1,385,711 | \$1,385,711 | \$1,391,732 | \$1,391,732 | \$1,397,753 | \$1,397,753 | \$1,403,774 | \$1,403,774 | \$1,409,795 | \$1,409,795 | \$1,415,816 | \$1,415,816 | \$1,421,837 | \$1,421,837 | \$1,427,858 | \$1,427,858 | \$1,433,879 | \$1,433,879 | \$1,439,900 | \$1,439,900 | \$1,445,921 | \$1,445,921 | \$1,451,942 | \$1,451,942 | \$1,457,963 | \$1,457,963 | \$1,463,984 | \$1,463,984 | \$1,470,005 | \$1,470,005 | \$1,476,026 | \$1,476,026 | \$1,482,047 | \$1,482,047 | \$1,488,068 | \$1,488,068 | \$1,494,089 | \$1,494,089 | \$1,500,110 | \$1,500,110 | \$1,506,131 | \$1,506,131 | \$1,512,152 | \$1,512,152 | \$1,518,173 | \$1,518,173 | \$1,524,194 | \$1,524,194 | \$1,530,215 | \$1,530,215 | \$1,536,236 | \$1,536,236 | \$1,542,257 | \$1,542,257 | \$1,548,278 | \$1,548,278 | \$1,554,299 | \$1,554,299 | \$1,560,320 | \$1,560,320 | \$1,566,341 | \$1,566,341 | \$1,572,362 | \$1,572,362 | \$1,578,383 | \$1,578,383 | \$1,584,404 | \$1,584,404 | \$1,590,425 | \$1,590,425 | \$1,596,446 | \$1,596,446 | \$1,602,467 | \$1,602,467 | \$1,608,488 | \$1,608,488 | \$1,614,509 | \$1,614,509 | \$1,620,530 | \$1,620,530 | \$1,626,551 | \$1,626,551 | \$1,632,572 | \$1,632,572 | \$1,638,593 | \$1,638,593 | \$1,644,614 | \$1,644,614 | \$1,650,635 | \$1,650,635 | \$1,656,656 | \$1,656,656 | \$1,662,677 | \$1,662,677 | \$1,668,698 | \$1,668,698 | \$1,674,719 | \$1,674,719 | \$1,680,740 | \$1,680,740 | \$1,686,761 | \$1,686,761 | \$1,692,782 | \$1,692,782 | \$1,698,803 | \$1,698,803 | \$1,704,824 | \$1,704,824 | \$1,710,845 | \$1,710,845 | \$1,716,866 | \$1,716,866 | \$1,722,887 | \$1,722,887 | \$1,728,908 | \$1,728,908 | \$1,734,929 | \$1,734,929 | \$1,740,950 | \$1,740,950 | \$1,746,971 | \$1,746,971 | \$1,752,992 | \$1,752,992 | \$1,759,013 | \$1,759,013 | \$1,765,034 | \$1,765,034 | \$1,771,055 | \$1,771,055 | \$1,777,076 | \$1,777,076 | \$1,783,097 | \$1,783,097 | \$1,789,118 | \$1,789,118 | \$1,795,139 | \$1,795,139 | \$1,801,160 | \$1,801,160 | \$1,807,181 | \$1,807,181 | \$1,813,202 | \$1,813,202 | \$1,819,223 | \$1,819,223 | \$1,825,244 | \$1,825,244 | \$1,831,265 | \$1,831,265 | \$1,837,286 | \$1,837,286 | \$1,843,307 | \$1,843,307 | \$1,849,328 | \$1,849,328 | \$1,855,349 | \$1,855,349 | \$1,861,370 | \$1,861,370 | \$1,867,391 | \$1,867,391 | \$1,873,412 | \$1,873,412 | \$1,879,433 | \$1,879,433 | \$1,885,454 | \$1,885,454 | \$1,891,475 | \$1,891,475 | \$1,897,496 | \$1,897,496 | \$1,903,517 | \$1,903,517 | \$1,909,538 | \$1,909,538 | \$1,915,559 | \$1,915,559 | \$1,921,580 | \$1,921,580 | \$1,927,601 | \$1,927,601 | \$1,933,622 | \$1,933,622 | \$1,939,643 | \$1,939,643 | \$1,945,664 | \$1,945,664 | \$1,951,685 | \$1,951,685 | \$1,957,706 | \$1,957,706 | \$1,963,727 | \$1,963,727 | \$1,969,748 | \$1,969,748 | \$1,975,769 | \$1,975,769 | \$1,981,790 | \$1,981,790 | \$1,987,811 | \$1,987,811 | \$1,993,832 | \$1,993,832 | \$1,999,853 | \$1,999,853 | \$2,005,874 | \$2,005,874 | \$2,011,895 | \$2,011,895 | \$2,017,916 | \$2,017,916 | \$2,023,937 | \$2,023,937 | \$2,029,958 | \$2,029,958 | \$2,035,979 | \$2,035,979 | \$2,041,000 | \$2,041,000 | \$2,047,021 | \$2,047,021 | \$2,053,042 | \$2,053,042 | \$2,059,063 | \$2,059,063 | \$2,065,084 | \$2,065,084 | \$2,071,105 | \$2,071,105 | \$2,077,126 | \$2,077,126 | \$2,083,147 | \$2,083,147 | \$2,089,168 | \$2,089,168 | \$2,095,189 | \$2,095,189 | \$2,101,210 | \$2,101,210 | \$2,107,231 | \$2,107,231 | \$2,113,252 | \$2,113,252 | \$2,119,273 | \$2,119,273 | \$2,125,294 | \$2,125,294 | \$2,131,315 | \$2,131,315 | \$2,137,336 | \$2,137,336 | \$2,143,357 | \$2,143,357 | \$2,149,378 | \$2,149,378 | \$2,155,399 | \$2,155,399 | \$2,161,420 | \$2,161,420 | \$2,167,441 | \$2,167,441 | \$2,173,462 | \$2,173,462 | \$2,179,483 | \$2,179,483 | \$2,185,504 | \$2,185,504 | \$2,191,525 | \$2,191,525 | \$2,197,546 | \$2,197,546 | \$2,203,567 | \$2,203,567 | \$2,209,588 | \$2,209,588 | \$2,215,609 | \$2,215,609 | \$2,221,630 | \$2,221,630 | \$2,227,651 | \$2,227,651 | \$2,233,672 | \$2,233,672 | \$2,239,693 | \$2,239,693 | \$2,245,714 | \$2,245,714 | \$2,251,735 | \$2,251,735 | \$2,257,756 | \$2,257,756 | \$2,263,777 | \$2,263,777 | \$2,269,798 | \$2,269,798 | \$2,275,819 | \$2,275,819 | \$2,281,840 | \$2,281,840 | \$2,287,861 | \$2,287,861 | \$2,293,882 | \$2,293,882 | \$2,299,903 | \$2,299,903 | \$2,305,924 | \$2,305,924 | \$2,311,945 | \$2,311,945 | \$2,317,966 | \$2,317,966 | \$2,323,987 | \$2,323,987 | \$2,329,008 | \$2,329,008 | \$2,335,029 | \$2,335,029 | \$2,341,050 | \$2,341,050 | \$2,347,071 | \$2,347,071 | \$2,353,092 | \$2,353,092 | \$2,359,113 | \$2,359,113 | \$2,365,134 | \$2,365,134 | \$2,371,155 | \$2,371,155 | \$2,377,176 | \$2,377,176 | \$2,383,197 | \$2,383,197 | \$2,389,218 | \$2,389,218 | \$2,395,239 | \$2,395,239 | \$2,401,260 | \$2,401,260 | \$2,407,281 | \$2,407,281 | \$2,413,302 | \$2,413,302 | \$2,419,323 | \$2,419,323 | \$2,425,344 | \$2,425,344 | \$2,431,365 | \$2,431,365 | \$2,437,386 | \$2,437,386 | \$2,443,407 | \$2,443,407 | \$2,449,428 | \$2,449,428 | \$2,455,449 | \$2,455,449 | \$2,461,470 | \$2,461,470 | \$2,467,491 | \$2,467,491 | \$2,473,512 | \$2,473,512 | \$2,479,533 | \$2,479,533 | \$2,485,554 | \$2,485,554 | \$2,491,575 | \$2,491,575 | \$2,497,596 | \$2,497,596 | \$2,503,617 | \$2,503,617 | \$2,509,638 | \$2,509,638 | \$2,515,659 | \$2,515,659 | \$2,521,680 | \$2,521,680 | \$2,527,701 | \$2,527,701 | \$2,533,722 | \$2,533,722 | \$2,539,743 | \$2,539,743 | \$2,545,764 | \$2,545,764 | \$2,551,785 | \$2,551,7 |

# DEVELOPER INVESTMENT RETURNS

Fill in all blue shaded input cells

Development Name: Mueller Redevelopment Project  
 City/Township/Village: Owosso  
 County: Shiawassee  
 Construction Type: Historic Rehabilitation

This worksheet utilized to calculate a rough estimate of anticipated developer return. In addition, a proposed sales date and other owner cash investments in the project following construction completion can be entered on this worksheet.

| Property Sales Assumptions      |       |
|---------------------------------|-------|
| Capitalization Rate             | 8.00% |
| Year of Sale                    | 21    |
| Sale Expenses (% of sale price) | 5.0%  |

## Developer Return Analysis

| Year | Cash Investment | Cash flow   | Sale Proceeds | Net Cash Investment | Land/Building Investment | Net Developer Investment | Cash on Cash Return | Return on Owner Equity |
|------|-----------------|-------------|---------------|---------------------|--------------------------|--------------------------|---------------------|------------------------|
| 0    | \$3,171,941     | \$0         | \$0           | (\$3,171,941)       | \$350,000                | (\$3,521,941)            | 0.0%                | 0.0%                   |
| 1    |                 | \$319,989   | \$0           | \$319,989           | \$0                      | \$319,989                | 10.1%               | 9.1%                   |
| 2    |                 | \$320,508   | \$0           | \$320,508           | \$0                      | \$320,508                | 10.1%               | 9.1%                   |
| 3    |                 | \$326,549   | \$0           | \$326,549           | \$0                      | \$326,549                | 10.3%               | 9.3%                   |
| 4    |                 | \$327,020   | \$0           | \$327,020           | \$0                      | \$327,020                | 10.3%               | 9.3%                   |
| 5    |                 | \$333,121   | \$0           | \$333,121           | \$0                      | \$333,121                | 10.5%               | 9.5%                   |
| 6    |                 | \$339,308   | \$0           | \$339,308           | \$0                      | \$339,308                | 10.7%               | 9.6%                   |
| 7    |                 | \$345,581   | \$0           | \$345,581           | \$0                      | \$345,581                | 10.9%               | 9.8%                   |
| 8    |                 | \$351,942   | \$0           | \$351,942           | \$0                      | \$351,942                | 11.1%               | 10.0%                  |
| 9    |                 | \$358,390   | \$0           | \$358,390           | \$0                      | \$358,390                | 11.3%               | 10.2%                  |
| 10   |                 | \$365,321   | \$0           | \$365,321           | \$0                      | \$365,321                | 11.5%               | 10.4%                  |
| 11   |                 | \$371,160   | \$0           | \$371,160           | \$0                      | \$371,160                | 11.7%               | 10.5%                  |
| 12   |                 | \$378,269   | \$0           | \$378,269           | \$0                      | \$378,269                | 11.9%               | 10.7%                  |
| 13   |                 | \$355,895   | \$0           | \$355,895           | \$0                      | \$355,895                | 11.2%               | 10.1%                  |
| 14   |                 | \$360,893   | \$0           | \$360,893           | \$0                      | \$360,893                | 11.4%               | 10.2%                  |
| 15   |                 | \$365,915   | \$0           | \$365,915           | \$0                      | \$365,915                | 11.5%               | 10.4%                  |
| 16   |                 | \$370,946   | \$0           | \$370,946           | \$0                      | \$370,946                | 11.7%               | 10.5%                  |
| 17   |                 | \$378,027   | \$0           | \$378,027           | \$0                      | \$378,027                | 11.9%               | 10.7%                  |
| 18   |                 | \$383,129   | \$0           | \$383,129           | \$0                      | \$383,129                | 12.1%               | 10.9%                  |
| 19   |                 | \$289,179   | \$0           | \$289,179           | \$0                      | \$289,179                | 9.1%                | 8.2%                   |
| 20   |                 | \$293,273   | \$0           | \$293,273           | \$0                      | \$293,273                | 9.2%                | 8.3%                   |
|      | \$3,171,941     | \$6,934,415 | \$0           | \$6,934,415         | \$350,000                | \$6,934,415              | 10.93%              | 9.84%                  |
|      |                 |             |               | IRR = 8.79%         |                          | IRR = 7.41%              |                     |                        |