

MEMORANDUM OF UNDERSTANDING

Between the City of Douglas and Mosaic Development
For an Attainable Housing Development Project on City owned property at 6825 Wiley
Road, Douglas MI.

PARTIES

This Memorandum of Understanding ("MOU") is entered into between:

City of Douglas ("City"), a municipal corporation organized under the laws of the State of Michigan, and

Mosaic Development ("Developer"), a for-profit corporation organized under the laws of the State of Michigan.

PROJECT OVERVIEW

The City intends to sell a 17-acre parcel of land ("Property") to the Developer for the purpose of developing attainable housing for the local community. This MOU establishes the framework for collaboration during the pre-development phase and outlines the mutual goals and responsibilities of both parties.

PROJECT GOALS

Primary Goal

To achieve housing development that provides rental and for-purchase opportunities for households earning between \$40,000 and \$100,000 annually in Douglas, in addition to market-rate development that is compatible with the goals of the community master plan.

Secondary Goal

To compensate the City for land value with a purchase price as close to appraised value as possible while maintaining housing affordability objectives.

Additional Objectives

- **Quality Design:** Ensure good neighborhood design with diverse housing types and quality construction
 - **Neighborhood Compatibility:** Maintain compatibility with surrounding neighborhood character
 - **Workforce Housing Protection:** Prohibit short-term rentals of less than 30 days for all affordable and workforce housing units. The remaining units may be permitted to utilize the city's short-term rental policy - currently in the draft stages of development.
-

DEVELOPER RESPONSIBILITIES

The Developer agrees to undertake the following pre-development activities:

Due Diligence and Site Assessment

- Conduct comprehensive property due diligence
- Perform soil testing to assess water table and soil conditions
- Complete preliminary engineering studies
- Conduct thorough market analysis

Planning and Design

- Prepare a site plan for submittal to Douglas Planning Commission
- Ensure housing diversity and quality design standards
- Maintain compatibility with surrounding neighborhood

Financial Analysis

- Prepare detailed financial proforma for the project
 - Develop incentive request detailing tax incentive requirements
 - Demonstrate project financial viability while meeting City's affordability, quality, and compatibility goals
-

CITY RESPONSIBILITIES

The City agrees to provide the following support during the pre-development phase:

Property Access

- Provide reasonable access to the Property for site assessments, soil studies, and similar pre-development activities
- Make available all information pertaining to the site, including a survey, any phase 1 or phase II environmental studies, and any additional materials that may inform the pre-development and development work

Planning and Zoning Support

- Assign appropriate staff or consultants to work collaboratively with the Developer toward the shared goals stated herein
- Ensure preliminary planning work can be accommodated under current zoning ordinance
- Consider using regulatory flexibility as provided within the PUD ordinance for items which are aligned with the Douglas Master plan, or any potential amendments that may be needed to support the proposal

Financial Incentive Discussion

- Engage in good faith discussions regarding brownfield tax increment financing and any other support resources to ensure a financially viable development
- Commit to support for any relevant state or federal financing programs that would help to offset costs and achieve the shared goals of this process

MUTUAL COMMITMENTS

Both parties agree to:

- Work collaboratively and in good faith throughout the pre-development process
- Maintain open communication regarding project progress and challenges and work together to solve any issues that may arise
- Prioritize the established project goals in all decision-making
- Respect confidentiality of proprietary information shared during the collaboration

TERM AND TERMINATION

This MOU shall remain in effect for six months from the date of execution, unless:

- Extended by mutual written agreement of both parties
 - Terminated by either party with 30 days written notice
 - Superseded by a formal development agreement
-

NON-BINDING NATURE

This MOU represents the intent and understanding of both parties but does not create legally binding obligations. Any binding commitments will be established through subsequent formal agreements following completion of the pre-development work outlined herein. Both parties shall work toward executing a final development agreement as quickly as possible and once more details are known regarding the final site plan, incentive structure, and total project cost.

GOVERNING LAW

This MOU shall be governed by the laws of the State of Michigan.

EXECUTION

CITY OF DOUGLAS

By: Cathy North
Name: Cathy North
Title: Mayor
Date: 9-20-25

MOSAIC DEVELOPMENT

By: [Signature]
Name: BLAIR ROZTSCHAFER
Title: President
Date: 8-21-25

This Memorandum of Understanding contains 4 pages.