



CITY OF NOVI CITY COUNCIL NOVEMBER 27, 2023

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

SUBMITTING DEPARTMENT: City Manager

BACKGROUND INFORMATION:

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

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

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

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

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

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