



October 26, 2016

VIA ELECTRONIC MAIL

Mayor Christopher Taylor
CITY OF ANN ARBOR
Larcom City Hall
301 East Huron Street
Ann Arbor, MI 48104

Re: 350 S. Fifth Avenue (Former Y Lot)

Dear Mayor Taylor:

This is to confirm my recent voicemail message to you that we have decided to terminate our efforts to develop the property at 350 S. Fifth Avenue and, therefore, have terminated our purchase agreement with the property owner.

Although we have enjoyed working with you and others at the City over the past 14 months, we have decided that the many unresolved important issues create too much uncertainty for us to sensibly continue our efforts. These issues include the following: the conditions to approval of the modifications to deed covenants/restrictions, including the expressions by some City officials that we have not offered a sufficient "inducement" for the City to approve our proposed project rather than the City pursuing its other "options"; the concern that this attitude will continue at later stages in the approval process for the project (i.e., Design Review Board, Planning Commission or final approval by the City Council); the number of required workforce housing units and/or donations to the City; the required energy efficiency standards; the extent of the Brownfields clean-up work and limitations and conditions to receiving the associated TIF financing; the acceptability of above-ground parking; and the lack of a clear standard for the projection of stabilized real estate taxes as a percentage of gross income for the completed project.

Unfortunately, even with the property owner's generous offer last week to reduce the purchase price by \$500,000 to \$5.5 Million, our development team is not able to realistically continue to pursue this transaction.

The Habitat Company LLC, CA Ventures and Hughes Properties would like to thank you and all others who we believe have worked professionally in considering our proposed plan. We believe that our project would have been a high quality mixed-use development that would have been a significant addition to the growth of the urban character of the downtown community.

Very truly yours,

THE HABITAT COMPANY LLC

Daniel E. Levin
Chairman

cc: Derek Delacourt
Thomas Crawford
Ann Arbor City Council