

CITY OF BURTON
LEGISLATIVE SUB-COMMITTEE MEETING MINUTES
JULY 16, 1997, 10:30 A.M., COUNCIL CHAMBERS

The Meeting was called to order by Chairman Tom Martinbianco at 10:30 A.M.

Members Present: Centilli, Cross and Martinbianco.

Members Absent: None.

Others Present: Dennis Lowthian, Assessor and Gayle Webster, City Clerk.

PURPOSE OF THE MEETING: Discussion And Possible Recommendation Concerning
the Proposed PILOT (Payment in Lieu of Taxes)
Ordinance.

PRESENTATION:

Mr. Lowthian said the First Centrum Corporation would like to build a senior citizen apartment complex housing 117 units. The developer is essentially asking the City to address two issues. One is the rezoning of the site to accommodate their proposed project and the other is to request payment in lieu of taxes (PIOLET). The tax exemption would apply to only 40% of the units in the proposed Burton Meadows. These units would be restricted to occupancy based income. The remaining 60% would be assessed in the same fashion as any other standardized apartment units. Burton Place is 100% restricted due to income.

Robert Salomon, Executive Vice President, First Centrum Corporation, gave a presentation on the proposed Burton Meadows Senior Apartments. He said the First Centrum Corporation was a developer of multi-family living for healthy seniors over the age of 55 years old. The 117 unit apartment complex would be next to Meijers. This would help accommodate seniors' needs. Also, this kind of project would be beneficial for Burton. It is anticipated that financing for the development will be furnished by the Michigan State Housing Development Authority. At least 40% of the units will be restricted to occupancy by senior households with annual incomes not in excess of limits specified by MSDHA. These affordable units will range in price from \$460-\$553. All utilities are included except electricity. This will provide for a tax exempt affordable mortgage. Sixty percent of the units will be taxed at competitive market rates.

Several issues concerning the the complex were addressed such as Social Security incomes, a proposed tax abatement PIOLET Ordinance, the service charge in regards to utilities, MSHDA guidelines and requirements and the flexibility of changing the affordable units from 40% to 20%.

Mr. Salomon said without the PIOLET ordinance, this project would not be feasible for the developer. The MSHDA financing will provide favorable interest rates and the PIOLET would allow for affordable low income tax credit units. He said First Centrum Corporation has been involved in many successful senior citizen projects similar to the proposed Burton Meadows Apartments.

AUDIENCE PARTICIPATION:

Pauline Dargel, 6119 Hugh, asked if this project would be similar to Burton Place, but using a different time frame for tax abatement. She wanted to know if

apartments were assessed by resident's income or the value of the property.

LEGISLATIVE COMMITTEE MEETING MINUTES

JULY 16, 1997/10:30 A.M.

PAGE -2-

Mr. Martinbianco said the time frame was determined by the MSHDA mortgage and Public Act #346. The income restrictions would be for 35 years and may even be extended.

Mr. Lowthian preferred the income method approach when assessing apartment buildings. Also, the market cost could be used when assessing these properties.

Larry Petrella, 1081 Howe Rd., asked if this project would present undue hardship on behalf of City in the future and if a market study had been taken to determine the need for such a project. He thought this would be a very important part of life, beyond home ownership, for our senior citizens. He would like a copy of the proposed PIOLET ordinance.

Mr. Lowthian didn't predict any hardship at a later date.

Mr. Salomon said an independent market study had been conducted and indicted a demand for senior development in our area. He would be glad to give Mr. Petrella a copy of the proposed ordinance.

Mr. Martinbianco reminded Mr. Petrella the ordinance would likely be revised. This is not the final draft.

Keith Cox, 4349 Chicory, inquired about the duration of the tax break. He wanted to know who would make the decision to continue the tax abatement after the MSHDA requirements were met.

Mr. Martinbianco said after fulfilling MSHDA and IRS requirements, the tax formula could be reevaluated. This could be incorporated under the scope of our PIOLET ordinance.

Laurie Tinnin, 2340 Harmony Dr., asked if the public units would generate state revenues.

Mr. Martinbianco said the private unit would not generate state revenues based on the net rent, and the City would not be compensated for the reduced rent.

Mr. Lowthian said the population could be calculated in the census as additional residents; therefore, providing some state shared revenue dollars.

COMMITTEE DISCUSSION:

Mr. Martinbianco thanked Mr. Salomon for his informative presentation in regards to the proposed Burton Meadows Senior Apartments. He asked how applications would be submitted and how the developers would advertise for tenants.

Mr. Salomon said most occupants are likely to be from the community because of family ties and previous homeownership in Burton. If citizens liked the community, they would continue to pursue residency in the area. Advertising would appear in newspapers, church bulletins, hospitals, senior centers and on billboards. The advertisements would target the market group that would benefit

from such a facility.

Discussion continued addressing the following issues; the feasibility of reducing the 4% net rent to be modified at a later date, rent inflation, MSHDA mortgage requirements, and the time table for the project and the proposed ordinance to be completed.

LEGISLATIVE COMMITTEE MEETING MINUTES

JULY 16, 1997/10:30 A.M.

PAGE -3-

Mr. Lowthian said the rezoning would be addressed by Council on September 2nd.

Mr. Martinbianco would like to have all the revisions made to the PIOLET ordinance by September 2nd as well, so the timetables will correlate. He would like to hold another Legislative meeting in two weeks to address the proposed ordinance.

Mr. Salomon agreed to the timetable and will be available to provide any additional information.

COMMITTEE RECOMMENDATIONS:

No committee recommendations were made.

Meeting Adjourned at 11:15 A.M.

Gayle Webster
City Clerk

GW/cml