CITY OF BURTON
LEGISLATIVE COMMITTEE MEETING MINUTES
MAY 3, 2000, 2:00 P.M., COUNCIL CHAMBERS

MEETING CALLED TO ORDER BY TOM MARTINBIANCO AT 2:10 A.M.

MEMBERS PRESENT: Martinbianco, Centilli, Cross

MEMBERS ABSENT: None

OTHERS PRESENT: D. Lowthian, Assessor, J. Adams, Clerk's Office

PURPOSE OF THE MEETING: DISCUSSION AND POSSIBLE RECOMMENDATIONS CONCERNING THE FOLLOWING ITEM(S):

1. PILOT ORDINANCE FOR MEADOWVIEW GARDENS, A PROPOSED SENIOR COMMUNITY BY THE LOCKWOOD GROUP LLC.

PRESENTATION:

Mr. Martinbianco stated the meeting is for further discussion on the proposed Pilot Ordinance for Meadowview Gardens, a proposed senior community with The Lockwood Group as the developer. Mr. Lowthian provided information on Lockwood Group's development of other communities such as Flushing and Genesee Township.

Mr. Martinbianco indicated the Committee at last week's Legislative meeting, looked at each sub-section and discussed calendar year service charges in lieu of taxes and the dates under which they would be payable. Kristen Hershberger gave a presentation and discussed the estimates representing the first year of operation. Mr. Martinbianco stated further, they also spoke of other avenues the City may take a look at and implement.

Carl Skrzynski, Principal of The Lockwood Group, stated at last week's Legislative Meeting, Kristen Hershberger from their office made a presentation in which they proposed a 4% flat pilot rate.

AUDIENCE PARTICIPATION: No audience present at this time.

COMMITTEE DISCUSSION:

Mr. Cross inquired regarding what the City would stand to lose versus the property tax.

Mr. Lowthian indicated he did a rough calculation and if they were subject to property taxes it would be approximately $125,000 to $130,000. Mr. Skrzynski's analysis was approximately $41,000 - $43,000 for the service fee.

Mr. Cross asked how many projects they have going now that are completed and in process.

Mr. Skrzynski replied 1,500 units involving 9 to 10 properties, and they have built 12 communities. Mr. Skrzynski spoke briefly of their locations in Grand Rapids and the City of Troy.

Mr. Cross inquired as to why they chose Burton.

Mr. Skrzynski responded that they are the largest Michigan State Housing Development Authority contractor in the State and the second, if not the largest developer in the State. Approximately 7 years ago, he had control of two parcels owned by Meijers, one property between Meijers and Burton Place Manor and the other property at Atherton Road between Meijers and Green Acres slated for development.

Mr. Skrzynski said the property was not wide enough to accommodate the components that MSHDA has, but they knew from a market standpoint that it would be a good location. They tried to acquire additional land from Meijers but were unable to obtain it. As a result, MSHDA thought the property was not suitable for this kind of development and they lost control of the land, and when they went back to negotiate part of the land, it was sold. Mr. Skrzynski commented further regarding MSHDA's rejection of Centrum's proposal.

Mr. Cross said he heard of two other people looking into building in the same area. He asked if the population in Burton could sustain four developments.

Mr. Skrzynski said he does not know what the others are proposing or if they are wanting to development the same type of product his company wants to.

Mr. Cross asked Mr. Skrzynski if he plans on retaining ownership after the project is built.

Mr. Skrzynski responded that it will be owned and controlled by their company.

Mr. Cross inquired regarding the number of years for a mortgage.

Mr. Skrzynski responded the mortgage is for 35 years.

Mr. Martinbianco spoke regarding the escalator clause and concerns relative to ownership and potential sale of the property in future years.

Mr. Skrzynski said they are anticipating the vacancies to be filled, there is a 5% to 6% turn over. The Housing Authority is providing the low market interest rate. The rent levels are not 100% market where they can set the rent where we want them. Home dollars is used for the construction of the property and has nothing to do with the rent at all.

Discussion continued regarding financing.

Mr. Cross inquired as to the oldest project they have done and if they do their own maintenance.

Mr. Skrzynski responded ten years in Chesterfield Township and it is a family community. They have a management company that manages independent care properties. Mr. Skrzynski spoke further regarding maintenance, roads, garbage collection and parts of the operation.

Mr. Lowthian said he visited the facility in Troy and it is a beautiful facility and something the City of Burton would be very proud of in the community.

Mr. Skrzynski gave a short summary of the facilities amenities. Van transportation, an on-site manager, home health care, arts & crafts programs, and other various areas were discussed.

Mr. Skrzynski also indicated MSHDA has certain requirements with regards to streetscapes, access to major and secondary thorough fares from a traffic standpoint and market standpoint, and other amenities in the community. MSHDA wants to see a village concept with walking distance to shopping, drug stores, banks, sidewalks and easy access for seniors.

Mr. Martinbianco inquired regarding truth and taxation and how it affects assessing the property.

Mr. Lowthian said if a pilot ordinance is adopted by Council, the property is exempt from property taxes. The service fee is handled totally separate. We invoice MSHDA as in the case of Burton Place.

Mr. Martinbianco spoke regarding the mockup pilot ordinance. He stated Section 1 and 2 are fairly the same, and sponsor is covered under definitions. It does not legally describe the property, and a legal description of the property belongs as an attachment. In Section 2 under definitions, most of these are already in existence as a model pilot ordinance throughout the State. There is a question on the calendar year, and it is a necessity for it to be in there. Mr. Martinbianco spoke further of Section 3 - the class of housing, and read aloud Section 4, establishment of the service charge.

Mr. Martinbianco indicated Mr. Centilli and himself agreed it is a worthwhile project. The 10 year review is the discretion of the City Council, and the question is whether the City Council can amend it by resolution or amend the ordinance.

Mr. Lowthian said he believes it is by resolution.

Brief discussion followed with regards to the 10 year review.

Mr. Martinbianco indicated the need to look into this further, and said there are other issues to discuss as well. There are questions of the effective date of the ordinance and other outstanding contractual items we may be involved in as well.

Mr. Skrzrynski asked if the issues could be summarized and he will address them.

COMMITTEE RECOMMENDATIONS:

Mr. Martinbianco said the Committee has already discussed and pre-determined the first three sub-sections. They will try to focus on the establishment of service charge, contractual affects of the ordinance and any other limitations.

MEETING ADJOURNED AT 3:10 P.M.

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