

CITY OF BURTON
LEGISLATIVE COMMITTEE MEETING AGENDA
APRIL 26, 2000, 3:30 P.M., COUNCIL CHAMBERS

The Legislative Meeting was called to order by Tom Martinbianco, Chairman, at 3:30 P.M.

MEMBERS PRESENT: Centilli and Martinbianco.

MEMBERS ABSENT: Cross.

OTHERS PRESENT: D. Lowthian, Assessor and C. Ladd, Deputy City Clerk.

PURPOSE OF THE MEETING: DISCUSSION AND POSSIBLE RECOMMENDATIONS
CONCERNING THE FOLLOWING ITEMS:

1. PILOT ORDINANCE FOR MEADOWVIEW GARDENS A PROPOSED
SENIOR COMMUNITY BY THE LOCKWOOD GROUP LLC
2. INSTITUTE TIMELINES REGARDING THE PURCHASE OF CITY
OWNED PROPERTIES.

PRESENTATION:

Mr. Martinbianco stated that the Committee may have to schedule another meeting to discuss Item #2 on today's agenda.

Mr. Lowthian stated that the Lockwood Group is proposing to build a senior housing development on Center Road, just north of the existing Burton Place senior development. As part of that project they are requesting that Council consider approving a PILOT Ordinance (Payment in Lieu of Property Tax Ordinance) whereby the property would be exempt from the Ad Valorem property taxes and would pay a service fee. He said he would defer to Kristen Hershberger for further presentation.

Kristen Hershberger, 30100 Telegraph Rd., Suite 426, Bingham Farms, MI 48025, gave a short summary to the Committee. She said the plan is to build a 126 unit senior congregate one-quarter mile north of Atherton Road on Center Road. The building would be a three-story mid-rise, with 35 feet maximum height. There will be meals, weekly housekeeping and laundry service or personal assistance offered to the residents. Also, the amenities in the building for the use of all residents will include community dining room, management and maintenance offices, exercise room, beauty salon, sundry, common laundry facilities on each floor, craft room, card/recreation room, parlor, library, atrium and lounges throughout the building. Plans are to have 63 one-bedroom apartments with approximately 600 sq. ft. and 63 two-bedroom apartments of approximately 800 sq. ft. in size. The individual apartment will include full kitchens, with frost-free refrigerators, self-cleaning ovens, garbage disposals, mini-blinds, wall to wall carpet, central heat, air conditioning and emergency pull cords in the bedrooms and bathrooms.

The rental cost of the one-bedroom apartments will range from \$426 to \$890 depending upon the resident's income. Two-bedroom apartments will be available from \$622 to \$990, based on the resident's income.

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Ms. Hershberger said that Meadowview Gardens was recently accepted for processing under the Genesee County HOME funds and the Michigan State Housing Development Authority. These programs make the rents affordable for

this type of development. The HOME funds will allow us to lower the rents on 13 one-bedroom apartments to \$426 per month for a person with a low income. The Michigan State Housing Development Authority will allow us to lower rents on 12 one-bedroom apartments and 25 two-bedroom apartments to \$516 and \$622 respectively. The remaining one-bedroom apartments will be available for \$890 per month and the two-bedrooms for \$990 per month.

Mr. Martinbianco asked if the financing obtained through MSHDA and the HOME Dollars substantially was less than market value. He was advised yes. He also asked if the qualifying apartments are the 13 single bedroom apartments and 25 two-bedroom.

Ms. Hershberger replied there are actually 50 apartments, 13 one-bedroom at \$426, 12 one-bedroom at \$516 and 25 two-bedrooms at \$622. She said she also included a list of other local municipalities that have approved a PILOT ordinance.

AUDIENCE PARTICIPATION:

Pauline Dargel, 6119 Hugh, spoke concerning the following items: The difference in payment between this proposal and that of Burton Place; the length of the mortgage and who sets the rules for the project; what happens if there is a failure to obtain HOME dollars. She also asked if a person would be moved to another area in the building if their needs were different than when they originally moved into the complex and if they had to be 55 years or older to live in the complex.

COMMITTEE DISCUSSION:

Mr. Martinbianco addressed the concerns from Mrs. Dargel. He read a portion from the State Housing Development Authority Act 346 of 1966, as amended, to the audiences.

Ms. Hershberger commented that MSHDA requires the resident to be 55 years or older, but should the law change, the Lockwood Group would comply with the change in the law.

Mr. Centilli asked if this project would basically be like Burton Place.

Ms. Hershberger replied that Burton Place is completely independent living. What the Lockwood Group is proposing is between Burton Place and a nursing home. She stated that the site is environmentally clean and the title is cleared. It will take about one year for the loans to close and the construction to begin.

Mr. Martinbianco asked if there is a market feasibility study being done.

Ms. Hershberger said yes, the study should be done by mid-May.

Mr. Martinbianco inquired about the proposed projects in Mt. Morris.

Ms. Hershberger said there are two operations in Mt. Morris that are operating now, Pine Shores and Cedar Shores. We are also requesting HOME funds for another senior housing project, Pine Gardens, which would be very similar to this one.

Mr. Martinbianco asked if the County Community Development Office had given a deadline for the submission of funds?

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Ms. Hershberger replied no, this is the first step in the process. She said the Committee should have a letter from MSHDA and you see we will be putting in a sidewalk across the front of that property.

Mr. Martinbianco said there has been discussion at several of the Council meetings about the development that has started to occur and will put more of an automotive burden on Center Road. Would you also be willing to construct a bypass lane or entry lane off Center Road or work in conjunction with other businesses along Center Road to make a service lane off the back of the project.

Ms. Hershberger said they would be willing to look at this suggestion.

Mr. Centilli asked what the occupancy is in the other projects.

Ms. Hershberger said the Kearsley-Daly is close to being full and Rosehaven in Flint, has a long waiting list.

Mr. Martinbianco said the request on the table has to do with 126 units. You have almost 9 acres of property and do you think the number of units may be increased in the future?

Ms. Hershberger replied she doesn't think the number of units will be increased.

Mr. Martinbianco asked if the Lockwood Group would be the management company. He was advised yes. He reviewed the preamble from the Spectrum Group. He asked what the operation cost that is in Troy.

Ms. Hershberger replied \$1.9 Million.

Mr. Martinbianco asked Mr. Lowthian if he went in and assessed this project, what approach would he use.

Mr. Lowthian said if it were an apartment, he would use the income approach. If it were an existing complex with a history to it, he would ask for three years of income and expense information, and then attempt to capitalize that at an operating income at a cap rate to arrive at a market value. Typically he would not use a cost approach unless that is all that was available to him.

Discussion continued regarding the calculation of the assessment on this type of project.

Mr. Martinbianco reviewed the definitions of the ordinance and how they relate to the City. He asked if the water and sewer was included and was advised yes. He asked Ms. Hershberger for the guidelines from MSHDA.

Ms. Hershberger said she would get the information for him.

Discussion was held concerning the service charge fee and the number of years for the mortgage. Also, there was discussion was held regarding the payment date each year. The Lockwood Group suggested the date of April 15th.

Mr. Lowthian stated that the income would be reviewed on an annual basis and that would give three months after the close of books to prepare the documentation.

Mr. Centilli asked if the Lockwood Group sold the project to a second party, would it be re-financed through MSHDA?

Ms. Hershberger said she doesn't know that; they may have to come back to the City.

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Mr. Martinbianco asked Mr. Centilli if he had a problem with the 5% with the ten-year review request of 2%, 2% and 2%. He said he thinks this is a responsible approach and having looked at this before, we understand that as the rents go up that our service charge will go up. However, it will only go up by that same ratio and it will always put us behind what true property values would go up.

Mr. Lowthian said this was a project contingent upon obtaining low income housing tax credits. He asked Ms. Hershberger to outline if there was a substantial difference in the makeup of the project versus yours, which is not a tax credit project, but a MSHDA financing only.

Ms. Hershberger said they would have tax credits also, but with the HOME funds, we will be serving lower income strata and that sounds like what the other group is proposing. Unfortunately, I don't know that project at all. I can say that we are doing a three-layer project with the MSHDA bond financing at the lower interest rate, and then the tax credits come in and lower the rents more. The HOME funds will lower those rents in addition too, for the residents of the area where that one may not have covered.

Mr. Lowthian asked if there would be any value in the City obtaining a copy of the PILOT Ordinances from the Genesee Township and City of Flushing just to see if we are on target.

Ms. Hershberger said the other surrounding areas use a flat 4% for the service fee.

Mr. Martinbianco asked if the financing was the same and he was advised yes.

Discussion was held concerning the use of the 4% figure versus the 5% and what the impact this would have on the City.

Mr. Martinbianco said he would like to schedule another meeting to try to pull all of the elements together. He said he is interested in the transportation plan and would like to see the PILOT Ordinances from the other communities. Previously, when we discussed a PILOT Ordinance, we wanted help with the fire and police protection. Possibly something could be worked out in regards to this issue.

Ms. Hershberger said they are scheduled to go before the Planning Commission on May 9, 2000.

Mr. Centilli and I are comfortable with what we constructed before relative to the 4% for ten years and then up to 2%. The Council would make the decision.

Ms. Hershberger confirmed that the committee wants the income guidelines and the ordinances from Genesee Township and City of Flushing. She said if a meeting is held next week, that she would not be attending, but Carl would be here.

Mr. Martinbianco set the date of Wednesday, May 3, 2000 at 2:00 P.M. for the next meeting.

Mr. Martinbianco said the second item would be discussed at a future meeting with Mr. Major present.

COMMITTEE RECOMMENDATIONS: None.

Meeting Adjourned at 4:45 P.M.

Cheryl M. Ladd, CMC/AAE
Deputy City Clerk