AGENDA
Committee on Development and Planning
Tuesday, March 3, 2020 @ 3:30 P.M.
Council Conference Room, 10th Floor

Councilmember Spitzley, Chair
Councilmember Garza, Vice Chair
Councilmember Betz, Member
Councilmember Hussain, Member

1. **Call to Order**

2. **Public Comment on Agenda Items**

3. **Minutes**
   - February 18, 2020

4. **Discussion/Action:**

   A.) RESOLUTION – Introduction/Set Public Hearing; Ordinance Amendment to Chapter 260- Housing Commission

5. **Other**

6. **Adjourn**

PUBLIC COMMENT AND SIGN IN SHEET

COMMITTEE ON DEVELOPMENT & PLANNING

DATE 3/3/2020

Please print

NAME	ADDRESS	Purpose for Attending	Email Address	PHONE
Doug Fleming		Ordinance Change	DFleming@Lansing.org	517 331-1009

DRAFT

MINUTES
Committee on Development and Planning
Tuesday, February 18, 2020 @ 3:30 p.m.
Council Conference Room, City Hall 10th Floor

CALL TO ORDER
Council Member Spitzley called the meeting to order at 3:30 p.m.

PRESENT
Council Member Spitzley, Chair-
Council Member Garza, Vice-Chair
Council Member Betz, Member
Council Member Hussain, Member

OTHERS PRESENT
Sherrie Boak, Council Staff
Lisa Hagen, Assistant City Attorney, Council Research Assistant
Amanda O'Boyle, Assistant City Attorney
Karl Dorshimer, LEAP
Kris Klein, LEAP
Joan Nelson
Greg Venker, Assistant City Attorney
Don Kulhanek, Economic Development & Planning
Susan Stachowiak, Economic Development & Planning
Hannah Bryant, LEAP
Brian McGrain, Economic Development & Planning
Mary Miner, Allen Neighborhood
Joe Enerson, Allen Neighborhood
Brian Westin, Michigan Realtors Association
JP Buckingham, Tri-Terra
David Pearson, Michigan Realtors Association
Jim Rudd, Metro Fibernet

PUBLIC COMMENT
No public comment at this time.

MINUTES
MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE MINUTES FROM FEBRUARY 4, 2020 AS PRESENTED. MOTION CARRIED 4-0.

DISCUSSION/ACTION

RESOLUTION – Set Public Hearing; OPRA (Obsolete Property Rehabilitation Act) Certificate; 1611 East Kalamazoo Street; Allen Neighborhood Center

Ms. Nelson noted for the Committee that Council granted their OPRA District in 2019, and on this project they are working with Cinnaire on age-friendly apartments for the site. Council Member Garza asked if they will use local labor for the 70 construction jobs, and Ms. Nelson assured him that is their preference and intention. She continued by noting the project will bring in 20 FT commercial jobs, have 4 studio apartments, 15 one-bedroom units and 10 two-bedroom units. Council Member Spitzley asked why the OPRA and Ms. Nelson noted they will be utilizing it to address the rehabilitation challenges and will allow for a tax reduction for 12-yrs. Mr. Enerson added that the OPRA is important to their lenders as well. Council Member Hussain asked if they were continuing their discussion with the Intermediate School District, and Ms. Nelson confirmed and that they are also holding discussions with Ferris State University as well. Mr. Klein noted for the Committee that the 12 year OPRA will freeze the taxes on real property but the land value will stay the same.

MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR THE OPRA CERTIFICATE FOR 1611 E. KALAMAZOO FOR MARCH 16, 2020. MOTION CARRIED 4-0.

RESOLUTON - Set Public Hearing; Brownfield Plan #79; 700 North Washington; Michigan Realtors Redevelopment Project

Mr. Dorshimer outlined the work LEAP and the Realtors Association has done on the Brownfield Plan. Ms. Bryant summarized the presentation which stated the $9,200,000 investment which has $536,276 currently proposed for Brownfield reimbursement to the developer. They intend to demolish he current obsolete building and redevelop to include a 19,443 sq. ft. office building. The project will also include streetscape improvements, decorative paving on Washington Avenue and Saginaw Avenue. As part of the 9 year Brownfield Plan, they will improve landscaping, sidewalks, parking, work in conjunction with the City of Lansing on improvements on Washington and Madison with sanitary sewers, and with the Corridor Improvement Authority. The Committee went through the new tax breakdown in the presentation which noted $1,092,984 of new taxes generated; $55,115 to Saginaw Street Corridor Improvement Authority, $442,007 to CADL, School Debt, $536,276 captured by LBRA to reimburse developer, and $59,586 captured for LBRA Plan and Brownfield revolving fund. Council Member Spitzley asked if there were any scenarios in the project where the applicant could come back and change their request. Mr. Dorshimer stated the law says they can be reimbursed up to 5%. Council Member Hussain asked what changes could they make that would require them to come back to Council, and Mr. Dorshimer stated any substantial change to the plan would require them to come back to the process, from the beginning, which would include something that might exceed the cost of the Brownfield.

Council Member Betz noted the Realtors have owned the site since 2015, and asked what it ws used as before. Mr. Pearson stated they have used a portion of the property. The structure was built in 1969, and was used as a single office and over time was converted to multi-tenant space. The Realtors Association purchased this and four (4) houses to the north which are in disrepair. Council Member Betz asked if the properties were vacant, and Mr. Pearson stated they were, they have never been able to keep tenants in them. Council Member Betz then asked why the Brownfield was being requested for all the properties if they were not all deemed obsolete, but only one was. Mr. Pearson explained that they were developing the property as a single parcel, and this request is for the obsolete contaminated property. The parcels are all adjacent, adjoining and contiguous. The combined taxable value of both is $400,000, with the taxable value of the new building is expected $2 million. Council Member Betz asked if they

would be hiring local labor and union, and Mr. Person noted they are using the Lansing Building Exchange but was not sure of the specifics at this time. They will continue to work with their construction manager. Council Member Betz then referenced their documents, noting the statement "projecting the creation of new jobs" and asked what number they were projecting, at which Mr. Pearson stated they did not want to make up number, for the time being they know the current number of jobs will be retained at 30. Council Member Betz asked what their attention would be if they do not get the Brownfield, and Mr. Westin appealed their need for the Brownfield to make a difference in the office and retaining 30 employees and assist in the transitional corridor. Council Member Hussain asked what the brownfield would have on the impact of the property values on adjacent properties. Mr. Dorshimer admitted it is a complex study, but believe with a $2 million investment the adjacent property becomes more valuable and positively impact local businesses. Council Member Betz inquired into the impact the Brownfield would provide on a $9.2 million investment and was told that it helps with the gap between the association and financing. Council Member Spitzley asked for what impact will be had with a 10-year tax capture, and Mr. Pearson noted the building will be completed in 2021, so it will be on the tax roll in 2023, and the years when the value goes up. Mr. Dorshimer noted 9 years equivalent of capture, but some projects don't start on time, so this will not exceed 11 years. Council Member Spitzley asked if the conditions will be codified as part of the resolution, so if the applicants don't do what they say they will do it will be address. Mr. Dorshimer confirmed that will be in the development agreement. Council Member Spitzley referred to the details, specifically the amount of $222,257 for infrastructure, and asked what that would cover. The applicants listed curbs, sidewalks, pavement, brick pavers, landscaping, sewer, and road improvement.

Council Member Spitzley noted the applicants can present details the night of the hearing on March 16th.

Council Staff was asked to contact Ms. Nelson from the first agenda item, to attend the March 16th meeting as well. Council Member Spitzley noted that if the Committee or other Council Members have questions, they can submit to Council Staff to compile before the hearing.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR BROWNFIELD PLAN #79 FOR MARCH 16, 2020. MOTION CARRIED 4-0.

<u>RESOLUTION – Set Public Hearing; SLU-1-2020; Property located between 1220 & 1306 North Homer Street; Metro Fibernet, LLC; Telecommunications Tower</u>

Mr. Rudd and Ms. Stachowiak outlined the project for a telecommunications tower on the BWL property that will be leased from BWL. The tower will stand 80' in height with a fenced in equipment shelter. Because of the zoning, it requires a Special Land Use. Council Member Spitzley asked if it was the residential district that was determining the requirement and Ms. Stachowiak confirmed. She then went on to state the Planning Board held their required hearing and in this case they mailed to owners within 1,000 ft instead of the 300'. One person attended (tenant in property south) but did not speak, just attended to see more information on it. Their office has not heard from the property owner of that rental, but in order to ensure it is protected they are addressing landscaping as part of the SLU. Council Staff obtained a copy of the Resolution for the SLU, and distributed to the Committee so they could view the conditions in the SLU. Council Member Garza asked if the pole was 50' and Mr. Rudd confirmed it is 80' but will be buried 11' in the ground, with UHF and VHF antennas, allowing residents to receive local stations via fiber to the home. Ms. Stachowiak noted that there is a height restriction and

setback requirements so as part of the SLU the Council will be reviewing and granting a variance as part of the approval of the SLU by default.

MOTION BY COUNCIL MEMBER HUSSAIN TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR SLU-1-2020 FOR MARCH 16, 2020. MOTION CARRIED 4-0.

RESOLUTION – Set Public Hearing; PILOT (Payment in Lieu of Taxes); Porter Senior Apartments; 505 Townsend Street

Mr. McGrain acknowledged that the applicant was not present, but did list details he was aware of from the property, and site visits he himself has taken. Notably the property is older, current 5% PILOT which started in 1982 and in the 38Th year of a 48 year PILOT. Mr. Kulhanek added that the last extensive renovation at the property was in the late 1970's. There are 98 units, rent restricted to 60% AMI- area median income, and they are now asking for a 40 year 5% PILOT. In the past they have attempted to address the issues with a 10% PILOT, however the calculations are not able to give them what they need to address the renovations. This time, along with the PILOT they will be using historic credits, developer fee and independent financing. Mr. Kulhanek and Mr. McGrain provided details on the $45,000 per unit investments which includes windows, flooring, pull cord system for assistance, generators, elevators, and conversion of energy efficiency. Council Member Garza asked why the applicant was not present, and Mr. McGrain stated they are based in California, and but do have intown legal counsel. Council Member Garza then inquired into past ownership since the applicants just purchased 15 years earlier, and what those previous owners spent. Mr. Kulhanek provided a list. Council Member Betz noted it was 5% for utilities, and public services, but inquired into what that will cover. Mr. Kulhanek said the PILOT is exempt from taxes, they pay a fee 5% of rents pursuant to the formula, it is not for public service, public utilities. It is paying for a public service; affordable housing. Council Member Betz asked if the 5% is going to be able to cover the cost of those services and Mr. McGrain stated he personally was not able to answer that, and Council Member Spitzley stated Council will try to get unanswered questions to the owner before the hearing. Council Member Betz aske about 5 C. and 5 D. in the proposed PILOT ordinance; "if requested can get proof" and asked it to be changed to state "if requested SHALL get proof". He then referred to page 6 and 7, where it should address they use prevailing wage. Mr. Kulhanek stated they will have MSHDA funding, and the State will monitor the MSHDA funding. Council Member Spitzley asked if there was an issue making the changes asked for by Council Member Betz. Mr. Kulhanek explained this is a MSHDA process. Council Member Betz asked if it was a MSHDA requirement why cannot the City ask, and Mr. McGrain explained that this is LYTEC and MSHDA funding, and a standard requirement, so some of that might not have the high level of compliance like this application with the City. Council Member Betz asked of the number of low-income tenants, and what a Certificate Statement is. Mr. Kulhanek explained it is a certified document and MSHDA will go out and look at their income material on site. The form will list units, vacancies, the number of units that have tenants who quality. They will also have to certify the tenents income annually. Council Member Hussain asked if they back out the utilities from the percentage. Mr. Kulhanek gave an example that if the rent is $700, and the tenant is paying $100 in utilities,that would come off , then 4% of the net. Council Member Hussain stated that in the past PILOT applicants have stated they can back out the operating cost such as management frees, and Mr. Kulhanek stated that is not true for the calculation. Council Member Betz asked a request be relayed to the owner that they present what the number is they will use, and the number it is based on what number will be and what is the 4% net the City and what will the 5% be. Mr. Kulhanek noted that the amount is exclusive of the utilities furnished, if the owner pays the utilities, it comes off. Council Member Spitzley asked if the Porter tenants are required to pay their utilities.

The Committee asked when the last rental inspection was, when the rental certificate expires, and what it was written up for on the last inspection. Council Member Hussain also asked for the number of calls-for-service in the last 3 years at the property, and if the 5% cover the service charges. He then asked them to ask the owners to provide details on what they have been doing with the 96% profit since they have had a 4% PILOT for the last 40 years. He then asked if they get extra points on their application if they get the City to give them a 5% PILOT. Mr. McGrain said they do not. He noted to the Committee that in 2018 they recalled their request because they could not do the rehab with less than 10%. He then spoke in support of preserving the historical structure.

Council Member Spitzley asked what the PILOT was for Camelot Hills, and was told 35 year at 7%, and the Willow PILOT was 10%. Council Member Spitzley and Hussain both had issues with the PILOT, and remembered 2017 when Council held discussions on adding requirements to the PILOTS, and asked if they can add language to this PILOT. Council Member Betz asked what the applicants will do if they do not get the PILOT. Mr. McGrain reminded the Committee that in 2018 they could not make it work for less than 10%, so now he is not sure what they can do for an investment. Council Member Spitzley stated she could not consider an extension for another 40 years, but if would consider listening to them if they came with a 4% for a 10 year extension to the current PILOT they have. Council Member Betz asked them if they could trim back on some of the items. Council Member Garza asked the owners to bring details on the revenue, less the expenses over the last couple years, compared to the profit. Council Member Spitzley asked the applicant to provide a performance sheet, and respond to the other questions before the hearing so Council can review. Council Staff was asked to list the questions and submit to Mr. Kulhanek for the applicants to report back on before the hearing. Council Member Spitzley asked Mr. Venker if items can be added to the ordinance, and he replied he recalled a similar question in 2019, and he will find the information and report back to Committee. Council Member Betz asked if an ordinance, separate from the PILOT Ordinance, be written with requirements and conditions. Mr. Venker stated the PILOT ordinance is statutory enable and the State Statue regulates.

Council Member Hussain asked the Committee Chairperson to consider having applicants at Committee meetings. Council Member Spitzley stated she was told the 2020 Council leadership wants to limit the number of meetings applicants attend, and so they have been directed to come to the public hearing. She stated she would address this in the future.

MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR THE ORDINANCE FOR THE PILOT FOR PORTER APARTMENTS FOR MARCH 16, 2020.

Council Member Sptizley recapped for the applicants they can do a brief presentation at the public hearing to Council. Any questions on the applications should be provided to Council Staff 2 weeks before the meeting so they can be provided to the applicant for question and answers.

MOTION CARRIED 4-0.

Adjourn

Adjourned at 5:04 p.m.
Submitted by, Sherrie Boak,
Recording Secretary,
Lansing City Council
Approved by the Committee

INTRODUCTION OF ORDINANCE

Council Member Spitzley introduced:

An ordinance of the City of Lansing, Michigan, for the purpose of an amendment to Chapter 260 of the Lansing Codified ordinances to allow for the Lansing Housing Commission to own real property in its own name.

The Ordinance is referred to the Committee on Development & Planning

RESOLUTION SETTING PUBLIC HEARING
BY CITY COUNCIL

Resolved by the City Council of the City of Lansing that a public hearing be set for Monday, April 13, 2020 at 7 p.m. in City Council Chambers, Tenth Floor, Lansing City Hall, 124 West Michigan Avenue, Lansing, Michigan, for the purpose of considering an amendment to Chapter 260 of the Lansing Codified ordinances to allow for the Lansing Housing Commission to own real property in its own name.

Interested Persons are invited to attend this Public Hearing

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF LANSING, MICHIGAN, TO AMEND SECTION 260.05 OF THE LANSING CODIFIED ORDINANCES TO ALLOW FOR THE LANSING HOUSING COMMISSION TO OWN REAL PROPERTY IN ITS OWN NAME.

THE CITY OF LANSING ORDAINS:

Section 1. That Section 260.05 of the Lansing Code of Ordinances of the City of Lansing is hereby amended as follows:

260.05 – Deeds; contracts; leases; purchases

(a) The compensation of all officers and employees of the Housing Commission shall be fixed by the Commission ~~with the approval of the Mayor.~~.

(b) All deeds, contracts, leases, or purchases entered into by the Commission shall be in the name of the ~~City~~ COMMISSION OR THE COMMISSION'S DESIGNEE ~~and shall be approved by Council before they have any force or effect. However, contracts for the purchase of necessary materials, leases with tenants and options need not be so approved~~. REAL PROPERTY PREVIOUSLY HELD IN THE NAME OF THE CITY PURSUANT TO THIS ORDINANCE SHALL BE TRANSFERRED, AND CONVEYED BY APPROPRIATE INSTRUMENT INTO THE NAME OF THE COMMISSION TO BE OWNED AND OPERATED BY THE COMMISSION.

~~(c) Employees of the Commission shall be selected and paid by such method as Council may prescribe by resolution.~~

Section 2. All ordinances, resolutions or rules, parts of ordinances, resolutions or rules inconsistent with the provisions hereof are hereby repealed in their entirety and shall be null and void and of no effect.

Section 3. Should any section, clause or phrase of this ordinance be declared to be invalid, the same shall not affect the validity of the ordinance as a whole, or any part thereof other than the part so declared to be invalid.

Section 4. This ordinance shall take effect on _____, 2020, unless given immediate effect by City Council, and pursuant to Section 3-307 of the City Charter, this Chapter shall expire December 31, 2028.