



AGENDA
Committee on Development and Planning
Thursday, January 28, 2016 @4:00 p.m. (note time)
10th Floor Conference Room, City Hall
UPDATED 1/26/2016 a.m.

Councilmember Jody Washington, Chair
Councilmember Jessica Yorke, Vice Chair
Councilmember Judi Brown Clarke, Member

- 1. Call to Order**
- 2. Public Comment on Agenda Items**
- 3. Minutes**

January 14, 2016

4. Discussion/Action:

A.) RESOLUTION – ACT-15-2015; Sale of Parking Lot #24; 2000 Block of E. Michigan Avenue to 2000 Block LLC

5) Presentation

- Cinnaire/Advancing Communities (Tom Edmiston)

6) Adjourn



MINUTES

**Committee on Development and Planning
Thursday, January 28, 2016 @ 4:00 p.m.
10th Floor Conference Room, City Hall**

CALL TO ORDER

The meeting was called to order at 4:00 p.m.

ROLL CALL

Council Member Jody Washington, Chair
Council Member Jessica Yorke, Vice Chair
Councilmember Judi Brown Clarke, Member

OTHERS PRESENT

Sherrie Boak, Council Staff
Bill Rieske, Planning & Neighborhood Development
Tom Edmiston, Cinnaire
Scott Gillespie
Mark Dotson, Deputy City Attorney
Bob Johnson, Planning & Neighborhood Development

MINUTES

MOTION BY COUNCIL MEMBER BROWN CLARKE TO APPROVE THE MINUTES FROM JANUARY 14, 2016 AS PRESENTED. MOTION CARRIED 3-0.

DISCUSSION/ACTION

RESOLUTION – ACT-15-2015; Sale of Parking Lot #24; 2000 Block of E. Michigan Avenue to 2000 Block LLC

Council Member Washington noted the required public hearing was held on January 25, 2016 and there was no comment. Mr. Gillespie was acknowledged for his participation in the neighborhood working on the overall design and layout of the project.

Mr. Dotson informed the Committee that he had issues with the contract for the project and contact Mr. Gillespie attorney. Based on that Council Member Washington stated there would be no action taken on the Resolution until Law has signed off on their concerns. Mr. Dotson was asked to submit the final document to the Committee by February 5th, and the Committee set a meeting date of February 8th at 4:30 p.m. to address it.

Mr. Dotson, Mr. Johnson and Mr. Gillespie left the meeting at 4:06 p.m.

PRESENTATION

Cinnaire/Advancing Communities

Mr. Edmiston handed out a presentation on “Affordable Housing & PILOT” from Michigan Housing Council. It was noted that Cinnaire is a non-profit that provides equity for affordable housing projects. Cinnaire anticipates multiple PILOT projects coming to the City, however they are not advocating for a particular project. Council Member Yorke asked if Mr. Edmiston could help the Council prioritize their current and upcoming PILOTS. Council Member Washington added there are multiple PILOTS currently and majority affordable Senior Housing, so the Council needs to be cognoscente of how many they hand out. Mr. Edmiston clarified he cannot advise the Council on how to prioritize, but present to them affordable housing looks at things. The handout included testimonials, details on why a PILOT, how it works and the benefit. (Handout attached to the minutes). Mr. Edmiston spoke briefly about Cinnaire and their work as a community finance organization working with tax credit investing. Council Member Washington added they were once Great Lakes.

Mr. Dotson, Mr. Johnson and Mr. Gillespie returned to the meeting at 4:10 p.m.

The handout included an example that did not include a PILOT, which was 50 apartments and had a negative cash flow. The next example the Committee looked at was a PILOT calculation on 50 apartments and this had less vacancy at 5%, less utilities paid by the development, and a PILOT payment of 4% rate of \$11,016 on all 50 units, this shows a cash flow positive of \$4,584 on the 50 units per year. Council Member Brown Clarke asked what the bottom line difference was, and Mr. Edmiston noted all of the operating costs, maintenance, utility costs, and overhead cost are the responsibility of the property manager. With fixed costs there is a residual cash flow. 60% of the units have to be affordable for it to work, and most times with mixed income it is between 60%-80%. The plan would depend on the area and the goal of the development. In low income, with a rent level set by HUD, they must have an authority mortgage, which would not have to be MSHDA, can be owned by limited dividend funds to go back into the project.

Council Member Brown Clarke asked if once a project has a status (example 90/10 with 35 yr. agreement,) at any time can they renegotiate, or go back to HUD. Mr. Edmiston stated a new regulatory agreement would need to be signed by MSHDA. A PILOT Ordinance requires MSHDA has direct lending; they too want the PILOT stay in effect for the term of loan.

Council Member Washington informed the Committee she had met with TWG, the proposed applicants for the former School of the Blind, and they informed her they do not need the PILOT, they have enough funds, however would get more points if they use PILOT with MSHDA. Council Member Washington then asked Mr. Johnson how many properties in the City currently have a PILOT. Mr. Johnson could not provide the information at the time, but stated he would forward a map and provide an updated list.

Council Member Yorke asked Mr. Johnson how much revenue the former School of the Blind is currently generating and Mr. Johnson did not have that information. Council Member Washington noted that Cinnaire also has ownership in some of the property at the School of the Blind, and Mr. Edmiston noted that one of their partnerships is involved. Council Member Yorke concluded by stating that with a PILOT it would be something, and that is better than nothing.

Council Member Washington did not agree with “better than nothing”, can cautioned her fellow Council Members because once the land is gone it is gone. This might be the best for the School of the Blind property, but Lansing should not be known as the hub of affordable housing. The City needs revenues, property taxes, and higher income. Mr. Johnson echoed Council

Member Washington the need for regionalizing, and there are other housing developments happening. Council Member Brown Clarke encouraged the staff to hold strategic discussions with groups such as Sparrow Hospital as they are growing. She added there should be PILOT limitations and priorities.

Council Member Washington concluded the discussion by asking Mr. Johnson to provide Council with what the City has on the books now, and what they have to disseminate.

RESOLUTION – ACT-15-2015; Sale of Parking Lot #24; 2000 Block of E. Michigan Avenue to 2000 Block LLC

Mr. Dotson informed the Committee that based on his discussions with Mr. Johnson and Mr. Gillespie the contract concerns is now clear. Mr. Gillespie informed the Committee that the issues had to do with clarification on the title insurance and the title policy. Mr. Dotson noted there will be no written changes to the contract based on their discussion so he is fine.

MOTION BY COUNCIL MEMBER YORKO TO APPROVE THE RESOLUTION FOR ACT-15-50215; THE SALE OF PARKING LOT #24. MOTION CARRIED 3-0.

Council Member Washington asked Mr. Johnson to provide the requested PILOT information, maps and reports by February 5, 2016.

Mr. Dotson was reminded that there is also a deadline of February 11, 2016 for an earlier request to Law on the details of ownership on the SkyVue project.

Adjourn at 4:55 p.m.

Submitted by,

Sherrie Boak, Recording Secretary,
Lansing City Council

Approved by the Committee on February 11, 2016

DRAFT



MINUTES

**Committee on Development and Planning
Thursday, January 14, 2016 @ 3:30 p.m.
10th Floor Conference Room, City Hall**

CALL TO ORDER

The meeting was called to order at 3:35 p.m.

ROLL CALL

Council Member Jody Washington, Chair
Council Member Jessica Yorke, Vice Chair arrived at 3:38 p.m.
Councilmember Judi Brown Clarke, Member

OTHERS PRESENT

Sherrie Boak, Council Staff
Council Member Carol Wood
Susan Stachowiak, Planning and Neighborhood Development
Robert Burke, City Attorney
Mary Ann Prince
Christopher Stralkowski, Ferguson

PUBLIC COMMENT ON AGENDA ITEMS

MINUTES

MOTION BY COUNCIL MEMBER BROWN CLARKE TO APPROVE THE MINUTES FROM DECEMBER 14, 2015 AS PRESENTED. MOTION CARRIED 2-0.

MOTION BY COUNCIL MEMBER BROWN CLARKE TO APPROVE THE MINUTES FROM DECEMBER 16, 2015 AS PRESENTED. MOTION CARRIED 2-0.

DISCUSSION/ACTION

RESOLUTION – Set Public Hearing; Z-6-2015; 203 S Clippert Street; Rezoning from “A” Residential to “E-1” Apartment Shop District; Ferguson/Continental Lansing, LLC

Ms. Stachowiak noted it was the former Red Cedar Golf Course with no current specific development proposal at this time. The rezoning is called for in the Master Plan and was the same zoning recently granted to SkyVue across Michigan Avenue. The rezoning will give them maximum density and 100' in height. It was clarified that the rezoning request is not for the entire red cedar property, just the north approximate 35 acres. The line separating it is the line of the flood way. The entire property is in the 100 year flood plain, and therefore will need a

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SLU when there is a development project, and it was noted they cannot construct residential in the flood way per FEMA. The Committee reviewed the maps.

Council Member Wood reviewed another development (SkyVue) and there are differences in ownership documents. Ms. Stachowiak could not explain the differences. Mr. Burke stated he could research the property, but in some cases there are multiple entities. Council Member Washington asked that the information be provided at the Committee meeting on February 11, 2016.

Mr. Stralowski representing Ferguson assured the Committee they have been working with LEAP, DEQ, the City and the Drain Commissioner's office. He then briefly detailed the topography and how things must be constructed with a plinth which is a parking structure and water storage apparatus on the ground and the first level will be 8' 32" high.. He again assured the Committee it will meet all requirements placed on it by the City, Brownfields, MEDC, etc. The project received approval on January 4, 2016 from the DEQ.

MOTION BY COUNCIL MEMBER YORKO TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR FEBRUARY 22, 2016. MOTION CARRIED 3-0.

RESOLUTION – Set Public Hearing; SLU-6-2015; Parking Lot at 830/836 E Jolly Road; Community Mental Health Authority

Ms. Stachowiak informed the Committee that the building is the Community Mental Health Building at 812 E. Jolly, and the parking lot is east of the current driveway to the parking lot. The plan shows two homes owned by CMH that will be demolished and made in parking. Because they are proposing Residential a SLU is required. The Planning Board held a public hearing, and did not receive any complaints, only one resident that had concerns but were addressed at planning board. One condition being recommended is that lighting is kept low voltage and shielded, also landscaping. Community Mental Health Authority has agreed and also agreed to meet with other neighbors.

MOTION BY COUNCIL MEMBER YORKO TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR FEBRUARY 22, 2016. MOTION CARRIED 3-0.

RESOLUTION – Set Public Hearing; SLU-7-2015; Parking Lot at 1434 E. Jolly Road; Stiles Landscaping

The Committee reviewed the packet on the property which was the former Lansing Gardens. They will construction new parking and storage areas.

MOTION BY COUNCIL MEMBER YORKO TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR FEBRUARY 22, 2016.

Council Member Wood spoke on behalf of Rejuvenating South Lansing and their support of the project.

MOTION CARRIED 3-0.

Adjourn at 4:11 p.m.

Submitted by,

Sherrie Boak, Recording Secretary,

Lansing City Council

Approved by the Committee on _____



OFFICE OF THE MAYOR

9th Floor, City Hall
124 W. Michigan Avenue
Lansing, Michigan 48933-1694
(517) 483-4141 (voice)
(517) 483-4479 (TDD)
(517) 483-6066 (Fax)

Virg Bernero, Mayor

TO: City Council President Tina Houghton and Councilmembers
FROM: Mayor Virg Bernero
DATE: 12-9-15
RE: Act-15-2015, Sale of Parking Lot #24 2000 Block of E. Michigan Ave.

The attached correspondence is forwarded for your review and appropriate action.

VB/rh
Attachment



City of Lansing
Inter-Departmental
Memorandum



To: Virg Bernero, Mayor

From: Bob Johnson, Director, Planning and Neighborhood Development

Subject: CITY COUNCIL AGENDA ITEM - Act-15-2015, Sale of Parking Lot #24 2000 Block of E. Michigan Ave.

Date: 12-9-15

Please forward this resolution to City Council for placement on the Agenda.

If you have any questions, or need additional information, please give me a call.

Attachments

RESOLUTION # 2016-____
BY THE COMMITTEE ON DEVELOPMENT AND PLANNING

Act-15-2015, Sale of Parking Lot #24, south of E. Michigan between Clemens and Fairview

WHEREAS, the City of Lansing proposes to sell the 0.83 acre Parking Lot #24, in “as is” condition to 2000 Block, LLC; and

WHEREAS, the property is rectangular, approximately 0.83 acres in size, and is currently zoned “J” Parking District; and

WHEREAS, at its meeting on December 1, 2015, the Planning Board found, based on a review of the location, character, and extent of the Act-15-2015 proposal, that:

- Lot #24 is a public parking lot that primarily serves the adjacent businesses in the 2000 Block of East Michigan Ave. (south side),
- redevelopment of this parking lot could not only be a boost to the eastside, but could also relieve a financial burden to the City,
- Lot #24 contains part of two alleys that need to be vacated to facilitate development,
- utility service, snow storage, and access can be provided for in the redevelopment of the property; and

WHEREAS, the Planning Board voted unanimously (6-0) to recommend approval of Act-15-2015, a proposal to sell the 0.83 acre Parking Lot #24 to 2000 Block, LLC, and to vacate the portions of the alleys that lie within the lot; and

WHEREAS, the Committee on Development and Planning has reviewed the purchase agreement and the report and recommendation of the Planning Board and concurs therewith;

NOW THEREFORE BE IT RESOLVED, the Lansing City Council hereby approves Act-15-2015, and vacates the subject east-west alley legally described as:

Beginning at the SW corner of Lot 117, thence east 264 feet to the SE corner of Lot 124, thence south 10 feet to the NE corner of Lot 125, thence west 264 feet to the NW corner of Lot 116, thence north 10 feet to the P.O.B., all within Block 302, Leslie Park Subdivision, City of Lansing, Ingham County, Michigan.

BE IT FURTHER RESOLVED, that the Lansing City Council hereby vacates the subject north-south alley legally described as:

Beginning at the NE corner of Lot 116 thence south 132 feet to the SE corner of Lot 113, thence east 10 feet to the SW corner of Lot 128, thence north 132 feet

to the NW corner of Lot 125, thence east 10 feet to the P.O.B. all within Block 302, Leslie Park Subdivision, City of Lansing, Ingham County, Michigan.

BE IT FURTHER RESOLVED, that the Lansing City Council hereby approves the sale of the 0.83 acre Parking Lot #24, legally described as:

Lots 113 through Lot 125 and Lots 125 through 128 of Leslie Park Subdivision, City of Lansing, Ingham County, Michigan, according to the recorded Plat thereof, as recorded I Liber 4, Page 2, Ingham County Records, for the amount of: \$ 50,000, plus closing costs.

BE IT FINALLY RESOLVED, that the Mayor, on behalf of the City, is hereby authorized to sign and execute all documents to complete this sale, subject to prior approval as to content and form by the City Attorney.

STAFF REPORT

SUMMARY

Bob Johnson, Planning and Neighborhood Development Director, proposes that the City of Lansing:

1. Vacate the E-W alley in City Parking Lot #24, immediately south of the commercial properties in the 2000 block of E Michigan Avenue (S side) between Clemens and Fairview.
2. Vacate the N-S alley that runs south of the E-W alley to a point even with the south line of the City parking lots at 33-01-01-14-302-012 and 352.
3. Sell Lot 24 for private development.

The two parcels that comprise the city-owned parking lot would be combined for development of the site in accordance with the Design Lansing Master Plan (District Mixed-Use Center).

GENERAL INFORMATION

EXISTING LAND USE: City Parking Lot #24, immediately south of commercial properties on Michigan Ave.

EXISTING ZONING: "J" Parking District

PROPERTY SIZE: E-W Alley: Approx 274' long x 10' wide = 2740 sq. ft. (0.06 acres)
N-S Alley: 132' long X 10' wide = 1320 sq. ft. (0.03 acres)

SURROUNDING LAND USE:

N: Commercial
S: Residential
E: Commercial and Residential
W: Commercial and Residential

SURROUNDING ZONING:

N: "F-1" Commercial (Overlay) District
S: "B" Residential District
E: "F-1" Commercial (Overlay), "C" Residential, "B" Residential Districts
W: "F-1" Commercial (Overlay), "B" Residential Districts

BACKGROUND

Lot 24 has 92 parking spaces. According to the applicant, the lot is under-utilized, and requires maintenance but generates no revenue. Development of this parking lot could not only be a boost to the eastside, but could also relieve a financial burden to the City.

AGENCY RESPONSES:

Fire Marshal:

This does not pose a problem with the Fire Marshal office provided whatever changes, remodeling or development take place go through the plan review process which addresses all Fire Marshal concerns, including fire lanes.

Public Service, Operations & Maintenance:

Any concerns about space for snow storage and access for maneuvering of equipment can be addressed with an easement or written agreement with the new owner.

Public Service, Engineering, Environmental and Infrastructure:

- Our records show a storm sewer built in 1931 exists in the E-W alley. This storm sewer may serve the properties to the north in addition to the alley and parking lot.
- There is an additional storm sewer connection from the parking lot, but no indication that it serves anything except the parking lot.
- There is no sanitary sewer located within the subject area. The properties fronting Michigan Avenue are served from Michigan Avenue.
- Projected sanitary flow from any potential development should be submitted to Public Service early in the process to ensure there is capacity in the sanitary sewer system.
- Any development of the site would require that a site plan be submitted for review and approval.

Public Service, Transportation:

Concerns are:

- 1) If the alleys are vacated, the north-south alley will have a dead end, with no way for traffic to turn around. If this alley is vacated, there should be a commitment by the City that access will be provided to either Clemens or Fairview through the parking lot and that if the property were sold in the future, that either an east-west alley would be dedicated for public access, or the new owner would agree to provide this access for the alley.
- 2) If the east-west alley is vacated, there would be no public access to the rear of the Michigan Avenue properties except through the City parking lot, or across other private properties. This concern would not be an issue if there were one owner for all the Michigan Avenue properties between Clemens and Fairview.
- 3) There is currently a public alley network behind several blocks of Michigan Avenue. If this east-west alley is vacated, it creates a break in public ownership in this network. This can be resolved in the site plan review process, in which fire lanes will be required.

If from a Planning perspective, conditions on the vacation are acceptable, then we can provide comments. I think the conditions would be that access can be provided to Clemens and/or Fairview for the north-south alley south of the parking lot.

ANALYSIS

An Act 33 Review by the Planning Board is required prior to City Council consideration for the vacation of alleys and the sale of real property.

The two alleys in question are platted alleys, which, when vacated, are split in half lengthwise, and given to the adjacent property owners. In the case of the east-west alley, *all abutting properties with Michigan Avenue frontage are owned by 2000 Block LLC*, and would benefit by receiving the north 5' of the alley added to the south side of its properties. The south 5' would be added to the parking lot.

The N-S alley would also be split in two. The 5' on each side would be added to the respective parking lot property.

STAFF RECOMMENDATION – Staff recommends the following finding and recommendation:

Finding:

- Lot #24 primarily serves the retail establishments in the 2000 Block of Michigan Ave. (south side),
- redevelopment of this parking lot could not only be a boost to the eastside, but could also relieve a financial burden to the City,
- utility service, snow storage, and access can be provided for in the redevelopment of the property.

Recommendation:

Approval of Act-15-2015, the request that the City vacate the alleys, and convey Lot # 24 for fair market value, provided that sewer service and access can be maintained, and adequate arrangements (e.g. easements) for access and efficient snow storage and removal can be provided.



Michigan Ave

new_road

new_road

S Clemens Ave

Alleys to be vacated

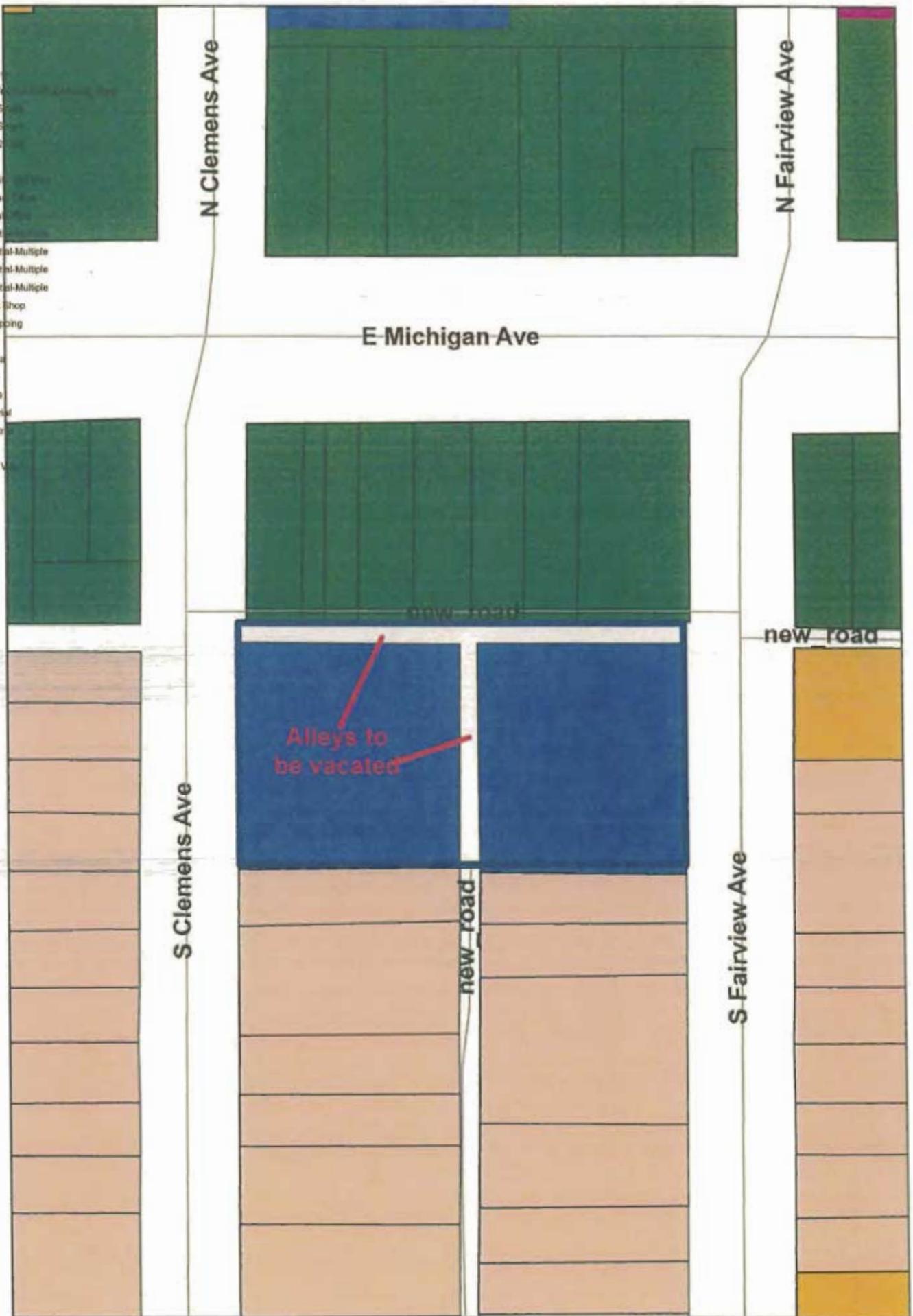
S Fairview Ave

new_road



Legend

- roads_final
- Parcels_2010
- Vector.GIS.Zoning
- Representation: Vector
- A Residential-S
- B Residential-S
- C Residential-S
- NONE
- CUP Communi
- D-1 Profession
- D-2 Residential
- DM-1 Resident
- DM-2 Residential-Multiple
- DM-3 Residential-Multiple
- DM-4 Residential-Multiple
- E-1 Apartment Shop
- E-2 Local Shopping
- F Commercial
- F-1 Commercial
- G-1 Business
- G-2 Wholesale
- H Light Industrial
- I Heavy Industrial
- J Parking
- ROW Right of Way





E. MICHIGAN AVE. SEE 3301-4-100 F. MIC

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704	712	720
706	714	722
708	716	724
710	718	726
712	720	728
714	722	730
716	724	732
718	726	734
720	728	736
722	730	738
724	732	740
726	734	742
728	736	744
730	738	746
732	740	748
734	742	750
736	744	752
738	746	754
740	748	756
742	750	758
744	752	760
746	754	762
748	756	764
750	758	766
752	760	768
754	762	770
756	764	772
758	766	774
760	768	776
762	770	778
764	772	780
766	774	782
768	776	784
770	778	786
772	780	788
774	782	790
776	784	792
778	786	794
780	788	796
782	790	798
784	792	800
786	794	802
788	796	804
790	798	806
792	800	808
794	802	810
796	804	812
798	806	814
800	808	816
802	810	818
804	812	820
806	814	822
808	816	824
810	818	826
812	820	828
814	822	830
816	824	832
818	826	834
820	828	836
822	830	838
824	832	840
826	834	842
828	836	844
830	838	846
832	840	848
834	842	85

ABOUT US



Cinnaire is a full-service community development financial partner that supports community stabilization and economic development by developing and nurturing partnerships with investors and mission-focused organizations. We provide creative loans, investments, and best-in-class services to partners. Our commitment to building exceptional communities drives our team to provide advanced investment opportunities to investors balanced with a conservative approach to the bottom-line.



CINNAIRE LENDING

Cinnaire Lending is a certified Community Development Financial Institution (CDFI) that provides innovative lending options to support housing and community development work. Cinnaire's approach is founded on developing and nurturing partnerships with investors and mission-focused organizations to achieve a collective impact. **We provide creative loans, investments, and best-in-class services to our various partners.** Cinnaire Lending has provided 280 community development loans totaling over \$330 million for a variety of uses including multifamily affordable housing, community facilities and neighborhood revitalization loans for partners whose work complements Cinnaire's.

Our comprehensive lending options support your community development project throughout the development's life cycle. Our products include:

- Pre-Development Loans
- Acquisition Financing
- Permanent Financing (Conventional and FHA)
- Refinancing and Mini perm Loans
- Bridge Financing

CINNAIRE INVESTING

Investors have the opportunity to benefit from LIHTC investments. Investments are made through limited partnerships or limited liability companies. Investors can earn a solid economic return on their capital. This is where the Cinnaire team can step in and make a difference.

LIHTC funds managed by Cinnaire help investors minimize the risk of investing. Cinnaire provides multiple services including underwriting, investment management, asset management and compliance.

The benefit to investors is that they claim a federal tax credit that is earned over a 15-year period, but is claimed over an accelerated 10-year time frame, beginning when the property is placed in service and occupied. Property owners also benefit from tax losses generated by the properties, which provide for additional tax benefits, further reducing an investor's federal tax liability.

Nationally, of all real estate classes, this program has minimal loss related to foreclosure. Investments made through a syndicator fund allow for asset and geographic diversification, compliance monitoring, and investment screening. By working with the Cinnaire team to maximize the benefits of the LIHTCs, Investors will realize good economic return through tax credits and tax deductions and good social return on investment in affordable housing.

CINNAIRE INVESTING *continued*

Cinnaire cares about the communities our investments back, and the value we deliver to investors. Our team's expertise and attention to detail allows us to build a community of loyal and steady investors. We offer proprietary and multi-investor fund-based investment opportunities backed with this same level of expertise.

To maximize fund investment opportunities, Cinnaire focuses on a full-service approach to our clients from start to close of a deal. The Cinnaire team works with each investor to match the investor's goals while providing the desired community benefits. **We are creative in our approach, but conservative.** This is why we have been able to foster relationships with steady, loyal investors across the country.



CINNAIRE DEVELOPMENT

Cinnaire Development is a full-service financial partner that supports community and economic development initiatives through creative commercial real estate Funds and serving as master developer. These Funds offer loans, investments and best-in-class services for commercial real estate activities, including traditional commercial real estate asset classes, mixed-used development and market rate housing. Fund products include senior, bridge, and mezzanine loans and equity investments. We match exceptional community investment opportunities with community-focused investors, providing market rates of return and positive social impacts, including potential Community Reinvestment Act consideration.



TITLE SERVICES

Cinnaire Title Services is a full-service Title Insurance Agency, that provide best in class services to our clients. We are dedicated to fulfilling the title and escrow needs of our tax credit, residential and commercial clients. The agency is built on two fundamental principles: **Personalized Service and Trusted Expertise.**

We understand that personalized service in the title industry sets a company apart. Therefore, we offer the following to our clients:

- Title insurance services throughout our footprint
- Proactive assistance in resolving title issues
- Personal attendance at closings
- Full escrow services

Timely Delivery of:

- Commitments
- Policies
- Construction draws
- Endorsements
- Hand delivery of recordings
- 1031 exchange coordinating
- Multi-state project coordinating

With the expertise and proven experience of our team, Cinnaire Title offers competitive pricing, exceptional service and easily accessible points of contact. Cinnaire Title is underwritten by Old Republic National Title Insurance Company, a well-respected financial institution. This valuable relationship offers an extensive network of information and products, and assures that you and your policy are backed by strong financial stability.



**MICHIGAN
HOUSING
COUNCIL**



AFFORDABLE HOUSING & PILOT

*Working Together to Build and
Rehabilitate Affordable Housing*

Submitted @ mtc

**QUALITY AFFORDABLE HOUSING
COMMUNITY PARTNERSHIPS
ECONOMIC DEVELOPMENT & JOBS
COMMUNITY REVITALIZATION
SENIOR INDEPENDENT LIVING
SPECIAL NEEDS APARTMENTS
WORK FORCE HOUSING
TRANSITIONAL HOUSING**



This presentation is endorsed by:

Michigan State Housing Development Authority

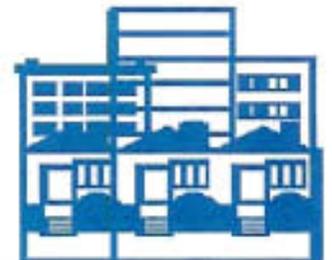
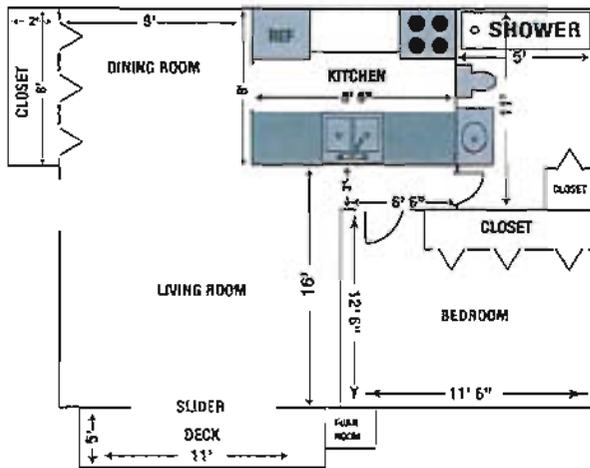
U.S. Dept. of Housing & Urban Development

Community Economic Development Association of Michigan

U.S. Dept. of Agriculture Rural Development

Michigan Housing Council

1 BEDROOM meadows



Testimonial

“Grand Rapids has taken a proactive approach in the development and preservation of affordable housing for low and moderate income residents. Our PILOT ordinance is an important tool to support projects that provide the community with needed workforce housing, while stimulating the revitalization of neighborhoods.”

*George Heartwell
Mayor
City of Grand Rapids*



Photo courtesy of grcity.us



Testimonial

“We granted a PILOT for Sycamore House with the hope and expectation that the historic Durand high school could be preserved and saved. Our expectations were “more than exceeded”. Not only was it saved/preserved....it stimulated additional economic development in the area and Sycamore House has become a “show piece” in our community.

We have benefited tremendously!”

*Amy J. Roddy
City Manager
City of Durand*



Photo courtesy of durandmi.com



Michigan Housing Council Mission Statement



To promote the common interests of all MHC members in regards to the production, preservation, rehabilitation and management of affordable housing in Michigan. To improve resident services which enhance affordable housing communities and to promote professionalism among our members.



Payment In Lieu of Taxes

- What is a PILOT?
- How does a PILOT work?
- How does a PILOT benefit the community?
- Why is a PILOT necessary for the development and preservation of affordable housing?



What is a PILOT?

- An ordinance passed by a city or municipality enabling projects with certain kinds of financing to provide an alternative form of real estate tax payment...generally to support the development of affordable housing.
- A PILOT is applied to the qualified development – not to its ownership entity.



Clare Castle. Clare, Michigan



How Does a PILOT Work?

- PILOT was created by Section 15a of the Michigan State Housing Development Authority (MSHDA) Act of 1996 (as amended).
- PILOT allows typical property taxes to be replaced by an alternative payment tied to the development's net rental income.
- PILOT calculation: (total rents collected minus the cost of utilities paid by the development) multiplied by a determined percentage rate (typically 4%).



Renaissance Village,
Detroit, Michigan



What is meant by “Affordable Rental Housing”?



Coastal Crossings, South Haven, Michigan

- According to HUD the generally accepted definition of affordability is for a household to pay no more than 30 percent of its annual income on housing.
- HUD determines maximum rents and maximum family income levels by county.
- Affordable housing is sometimes referred to as “Workforce Housing”.



How Does a PILOT Benefit the Community?

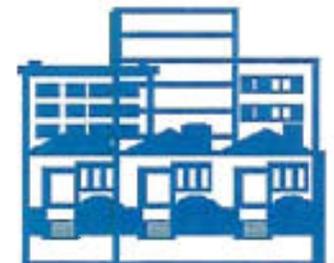
Those who live in affordable housing communities:

- Teachers
- Teachers Aids
- Nursing Assistants
- Medical Technicians
- Retail Workers
- Government Employees
- Bank Employees
- Hospital Support Staffs
- Emergency Service Providers
- Law Enforcement
- Entrepreneurs
- Licensed Practical Nurses
- Day Care Providers
- Retirees
- People with Disabilities



PILOT Benefits: Economic Advantages of Newly Constructed Affordable Housing

- Generates additional taxes if the property had been vacant or underutilized
- Creates more disposable income in the area improving the local economy (jobs, goods & services)
- Creates on-going jobs (property managers, maintenance personnel, etc.)



PILOT Benefits:

Newly Constructed Housing Developments (continued)



- **Family Developments generate:**
 - More students (more state funding for local school district)
 - High quality, affordably priced workforce housing



- **Senior Developments generate:**
 - Opportunities for families to rent or buy the homes of seniors who move into new apartments (creating more state funding for the school district)



PILOT Benefits: Economic Advantages of Rehabilitated Apartment Communities

- Improved quality of life for residents (health, safety, welfare)
- Improved affordability (lower utility costs due to physical improvements and installations of new, energy efficient appliances)



Silver Star Apartments (Phase I), Battle Creek, Michigan



PILOT Benefits (continued)

Economic Advantages of all Affordable Housing Communities being Constructed or Renovated

- Creates construction jobs for local contractors and laborers
- Increases local business revenue through purchase of construction materials and supplies
- Generates a ripple effect as physical improvements stimulate others to improve their properties in the surrounding area



Renaissance Village, Detroit, Michigan



Community Economic Impacts Generated by a New 50 unit Multifamily Housing Development

Total Economic Impact: \$9.4 million

Jobs Supported: 115

Impact over the life of the mortgage and PILOT

Source: [WWW. Weareapartments.org](http://WWW.Weareapartments.org) – Sponsored by National Multi
Housing Council and the National Apartment Association



Community Economic Impacts Generated by the Rehabilitation of an Existing 50 Unit Apartment Community

Total Economic Impact: \$2.2 million

Jobs Supported: 55

Impact over the life of the mortgage and PILOT

Source: [WWW. Weareapartments.org](http://WWW.Weareapartments.org) – Sponsored by National Multi
Housing Council and the National Apartment Association



Why is a PILOT Necessary for the Development & Preservation of Affordable Housing?



Weston Apartments, Grand Rapids, Michigan

The predictability of future real estate taxes is a significant factor for lenders and equity investors who are asked to commit funds for a development. A PILOT provides predictability.



Did You Know?

- An estimated 12 million renter and homeowner households now pay more than 50 percent of their annual income for housing.
- A family with one full-time worker earning the minimum wage cannot afford the local fair market rent for a 2-bedroom apartment anywhere in the United States.
- Taxes are typically the highest operational expense of an affordable rental housing community.



Why a PILOT IS Needed

Example based on an actual development which did **not** have a PILOT

EXAMPLE – WHY A PILOT IS NEEDED			
ACTUAL SITUATION (NO PILOT) – 50 APARTMENTS	Per Unit	Per Unit	50 Units
	Per Mo.	Per Year	Per Year
Allowable Avg. Rent	\$ 525	\$ 6,300	\$ 315,000
Less Vacancy @ 5%	\$ (26)	\$ (312)	\$ (15,600)
Minus Operating Costs (including common area utilities)	\$ (333)	\$ (3,996)	\$ (199,800)
Minus Loan Payment on \$1M mortgage (\$20K/unit)	\$ (140)	\$ (1,680)	\$ (84,000)
Minus Actual Property Taxes Imposed by Assessor	\$ (100)	\$ (1,200)	\$ (60,000)
Cash Flow (negative)	\$ (74)	\$ (888)	\$ (44,400)



Example of PILOT Calculation

50 units – 4% PILOT

4% PILOT Calculation for 50 Unit Development	Per Unit	Per Unit	50 Units
	Per Mo.	Per Year	Per Year
Gross Potential Rent	\$ 525	\$ 6,300	\$315,000
Less Vacancy @ 5%	\$ (26)	\$ (312)	\$ (15,600)
Less Utilities Paid by Development			
Electricity	\$ (10)	\$ (120)	\$ (6,000)
Water & Sewer	\$ (25)	\$ (300)	\$ (15,000)
Heating Fuel	\$ (5)	\$ (60)	\$ (3,000)
Adjusted Rental Income	\$ 459	\$ (5,508)	\$ 275,400
PILOT Payment @ 4% rate	\$ 18	\$ 220	\$ 11,016



Why A PILOT Is Needed

Same 50 Unit Development – With a 4% PILOT

EXAMPLE – WHY A PILOT IS NEEDED			
4% PILOT MAKES DEVELOPMENT FEASIBLE	Per Unit	Per Unit	50 Units
	Per Mo.	Per Year	Per Year
Rents	\$ 525	\$ 6,300	\$ 315,000
Less Vacancy @ 5%	\$ (26)	\$ (312)	\$ (15,600)
Minus Operating Costs (including common area utilities)	\$ (333)	\$ (3,996)	\$ (199,800)
Minus Loan Payment	\$ (140)	\$ (1,680)	\$ (84,000)
Minus 4% PILOT Payment	\$ (18)	\$ (220)	\$ (11,016)
Cash Flow - Positive	\$ 8	\$ 92	\$ 4,584



Frequently Asked Questions

How does a PILOT affect school funding?

Proposal A (1994) reduced the proportion of school funding provided by local property taxes and increased the proportion funded by the state. About 81% of school funding now comes from the state and federal government and only 19% comes from local taxes.

A PILOT will not harm funding for local schools. A PILOT can support workforce housing that increases school enrollment and revenue from the State (~\$7100 per pupil in 2014).



Frequently Asked Questions

What is the maximum term of PILOT?



Heron Manor, Grand Rapids, Michigan

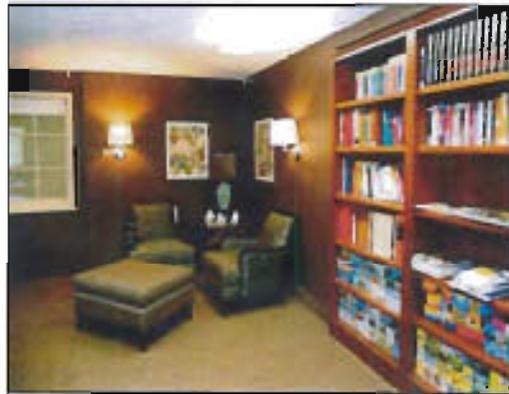
Generally, PILOT Ordinances provide for termination when the government assistance expires and the rent restrictions are lifted. MSHDA interprets the Act to state the term of the PILOT may not exceed 50 years.



Frequently Asked Questions

If a development is mixed income (with both market rate and affordable units), how do we determine the PILOT?

Section 15a provides that anyone who is eligible to move into the development is by definition a “low income person.” [See Section 15a(7)]. The PILOT would be based upon all rents collected minus the development–paid utility costs.



Frequently Asked Questions

Do PILOT payments need to be redistributed to other local units of government?

According to the Act, PILOT payments are made directly to the tax collecting local government entity which then distributes the payments to the “several units levying the general property tax” in proportion to the percentage each unit would have received from real estate property taxes in the previous calendar year.



Nisbett-Fairman Residences, Big Rapids, Michigan



Frequently Asked Questions

Can PILOT be instituted as an ordinance by any size municipality (village, township, etc.)?

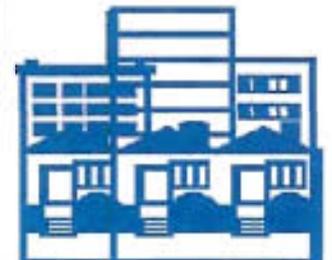
Absolutely!



Ashley Square, Kalamazoo, Michigan



Lockwood of Burton, Burton, Michigan



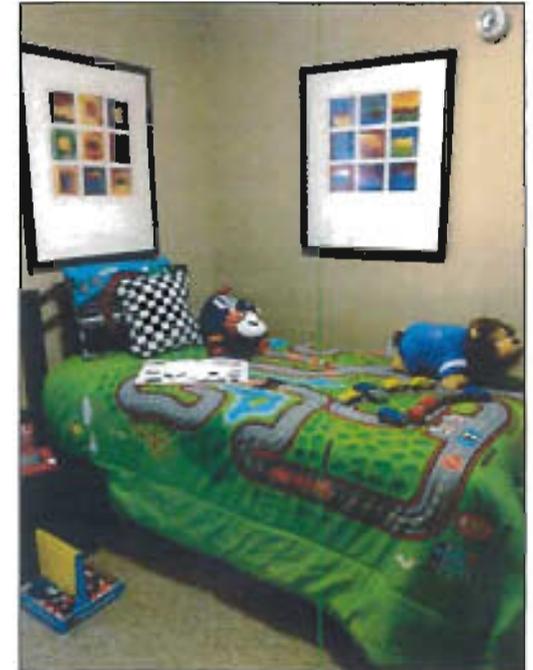
Requirements for Project Eligibility

- An affordable housing community must serve low-income persons as defined by MSHDA.
- It must have a “federally aided” or “Authority-aided” mortgage as defined in Section 11 of the Act. A project with a mortgage that receives Housing Tax Credits is included.
- It must be owned by a Limited Dividend Housing Association which may be a corporation, a partnership, a limited partnership, a limited liability company, a consumer housing cooperative or a non-profit housing corporation.



PILOT Ordinance Requirements

- For MSHDA's Direct Loans the PILOT must remain in effect for the term of the mortgage (35 years).
- The PILOT must be in a form acceptable to MSHDA. A draft Ordinance is available upon request.



Renaissance Village, Detroit, Michigan



Renaissance Village, Detroit, Michigan



More About MSHDA



Since 1970, MSHDA has financed more than 400 multifamily housing developments throughout the state. It sells bonds to investors to generate capital for loans to developers of affordable housing. A list of MSHDA–financed developments (with locations and phone numbers) is available at:

www.michiganhousinglocator.com

