



MINUTES

**Committee on Development and Planning
Monday, March 4, 2019 @ 4:00 p.m.
Council Conference Room, City Hall 10th Floor**

CALL TO ORDER

Council Member Hussain called the meeting to order at 4:02 p.m.

PRESENT

Council Member Hussain, Chair
Council Member Garza, Vice-Chair
Council Member Washington, Member

OTHERS PRESENT

Sherrie Boak, Council Staff
Don Kulhanek, Economic Development & Planning
Joseph Abood, Chief Deputy City Attorney
Jim Smiertka, City Attorney
Susan Stachowiak, Economic Development & Planning
Kris Klein, LEAP
Karl Dorshimer, LEAP
Bill Reins
Jon Gilmore, U-Haul
Mikki Droste
Tom Lapka
Chris Stralwoski, Ferguson
Eric Helzer, Red Cedar Development
Alan Boyer
Dave VanHaanen

PUBLIC COMMENT

No public comment at this time, but during each agenda item.

MINUTES

MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE MINUTES FROM FEBRUARY 18, 2019 AS PRESENTED. MOTION CARRIED 3-0.

DISCUSSION/ACTION

RESOLUTION – Amend Resolution 2019-060; Set a new Public Hearing for May 20, 2019 for Z-8-2018; 5400 S Cedar

Council Member Hussain recapped that a hearing was set for March 25th, 2019 at the February 25, 2019 Council meeting, however in the meantime the applicants (U-Haul) have requested it be delayed to May 20, 2019.

Mr. Gilmore stated that they want to take more time and continue meetings with the community for feedback. They had met with South Lansing Business Association and will meet with their Board again, they have spoken to the neighborhood group Rejuvenating South Lansing, and will meet with them, and they are coordinating community meetings on site. Council Members were invited to those meetings once they were set. Mr. Gilmore was encouraged to coordinate a meeting with 2nd Ward Council Member Garza. Council Member Washington stated she is more concerned with the residents then what the SLBA is concerned with, and encouraged them to work with the neighborhood groups.

MOTION BY COUNCIL MEMBER WASHINGTON TO APPROVE THE RESOLUTION TO AMEND THE PUBLIC HEARING FOR Z-8-2018, 5400 S CEDAR TO MAY 20, 2019. MOTION CARRIED 3-0.

RESOLUTION – Brownfield Plan #62 Amendment; Oliver Towers Redevelopment Project; 310 N. Seymour Avenue

Council Member Hussain highlighted that the original Brownfield was an \$8 million private investment, with \$2 million in Brownfield eligibility with a completion date of the project at December, 2018 for 19 years. The amendment would be **to reduce the tax capture from 19 years to 12 years** to add 12 years to the Brownfield plan with a new project completion date of December 31, 2019 and with a \$14.7 million invest, and \$1.4 million in Brownfield eligibility.

The representative for the project provided a list of contractors invited to bid on the project, the list of entities invited to bid and the listing of the final bidding. Currently there are 33% of the contractors from Lansing, however the project is not completely under way, so they would not all be let out to bid yet.

MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE RESOLUTION FOR BROWNFIELD PLAN #62 AMENDMENT FOR OLIVER TOWERS. MOTION CARRIED 3-0.

RESOLUTION – REO Town Project; 1102 S Washington Avenue and W. Elm Street; Pablo's Mexican Restaurant

Council Member Hussain confirmed the required public hearing was held, and it appeared the only question was the parking.

Mr. Klein confirmed there are 20 onsite parking spots, and the owner owns other lots located behind the building he could address more parking on if needed, however there are no future plans for that at this time. Lastly, he noted a local contractor is doing the rehabilitation work.

MOTION BY COUNCIL MEMBER WASHINGTON TO APPROVE THE RESOLUTION FOR THE REO TOWN PROJECT AT 1102 S WASHINGTON AVENUE AND W ELM STREET FOR PABLOS MEXICAN RESTAURANT. MOTION CARRIED 3-0.

RESOLUTION – Set Public Hearing; Payment in Lieu of Taxes (PILOT); 517 N Walnut Apartments

Council Member Hussain stated the request before the Committee is to extend the PILOTS and change the sponsor name.

Mr. Kulhanek and Mr. Lapka provided a brief outline on what a PILOT is, a PILOT is an entity in affordable housing, where less rent is collected with less allowances, then paid and service is paid to the City in lieu of taxes. The benefit is that it gives a fixed amount of what they have to pay and will benefit the application. They plan to submit into the MSHDA Funding on April 1st, then sell to the limited partner, using the equity money to rehab and build back up to current standards. Council Member Hussain what percentage of PILOT it was, and Mr. Kulhanek stated anything at 10% would not need Council approval, and he was then asked if there is a minimum of 4% on all PILOTS and Mr. Kulhanek confirmed no, that he was aware of some at 0% and 2%. Council Member Washington asked for confirmation that both of the PILOTS today (517 N Walnut and 516 W Saginaw) were under new ownership. Mr. Kulhanek confirmed it was Greater Lansing Housing Commission (GLHC) and now is Capital Area Housing Partnership. The PILOT for the property at 517 N Walnut existed since 2002, for 4% supportive housing. The property at 516 W Saginaw began in 2001 and is 4% also. They are now coming under common ownership, with the outcome as partial supportive housing, to satisfy for HUD housing. The request before the Committee is to change the name of the sponsor and extend 15 years. Council Member Hussain asked for confirmation it would only be adding 4 years to 516 W Saginaw and 2 years to 517 N Walnut. Mr. Kulhanek stated it is 15 years from the time they got it, so it is a 15 year PILOT and they need it for the full 15 years, and won't have that so are asking to add those additional years now so they will have it for a full 15 years. At the original request in 2001 and 2002 they were 30 year PILOTS at that was typical then. Ms. Droste outlined the sites; 517 N Walnut has 9 units of supportive housing targeted to HUD defined residential that needs support to stay as a stabilized housing. The defined housing is homeless, chronic homeless, domestic survivors, special needs, or youth aging out of foster care. The property at 517 N Walnut in 2003 was chronic homeless adults with mental illness, Ferris originally was affordable housing, there was a time when it was continuum care, but currently they are not targeting those defined, but 9 of the 23 units are occupied by persons who meet the supportive housing and receive vouchers through continuum of care. MSHDA has changed since then and now 35% has to be supportive housing, so they need 35% at each property with special needs and the remainder can be affordable. Part of the project rehabilitation they plan to increase energy efficiency, do site improvements. The funding will also allow for vouchers and help with rent, and help set up a supportive services account to help.

Council Member Garza asked if they put funds into the property now or over the term of the Brownfield. Ms. Droste clarified that the tax credits state they must complete construction or they will not get the credit. Once it is awarded credits, after the closing, by a 12 month period they will have it all done. They plan to have it all contracted out by the time they are awarded the Brownfield and so at closing they will start the work. Council Member Garza asked if any tenants will be displaced during the rehabilitation, and Ms. Droste stated they have a contractor who specializes in this type of work and quick needs turn around so they will not. Council Member Hussain clarified that the work appears to be maintenance and no large rehabilitation occurring.

Council Member Washington acknowledged she normally would not support a 4% PILOT, however this is an extension of a PILOT that is already in place and they are just adding time. Ms. Droste confirmed that the Brownfield will end in 2035, when the original time line was 2031.

Mr. Kulhanek reiterated to the Committee that they want to meet the April 1, 2019 deadline so would be asking for approval the same night as the hearing, March 25, 2019. Council Member Hussain confirmed he believed that the discussions have already been held with Council leadership and they had agreed to approve the same night as the hearing.

MOTION BY COUNCIL MEMBER WASHINGTON TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR MARCH 25, 2019 FOR PILOT AT 517 N WALNUT APARTMENTS. MOTION CARRIED 3-0.

RESOLUTION – Set Public Hearing; Payment in Lieu of Taxes (PILOT); Ferris Manor; 516 West Saginaw Apartments

MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR MARCH 25, 2019 FOR PILOT AT 516 WEST SAGINAW APARTMENTS. MOTION CARRIED 3-0.

RESOLUTION – Set Public Hearing; Brownfield Plan #72; Red Cedar Development; 203 S. Clippert

Council Member Hussain noted the project itself began in 2011, and there is a question on if it would be difficult to move forward on a Brownfield without knowing about the development agreement.

The applicants outlined the project and changes in the development. Those included an increase in the purchase price by \$21,670 in recognition of the delay in closing, a new closing date of August 30, 2019, there will now only be one plinth, there will be two hotels sharing one common area, the restaurant square footage has decreased to 35,500 and the retail has increased to 45,550. The market rate units have gone from 200 to 150, and the separate structure for senior housing was eliminated. The proposed student housing and parking was moved and lowered down to 1,100 beds in three buildings. Currently there will bonds determined once 30% of the construction drawings are done and they can meet with bond counsel. The Committee was referred to a recent email from the City Attorney office they received that highlighted all the changes to the agreement in the 7th amendment.

Mr. Helzer distributed a presentation and the applicants went through it (attached).

Council Member Garza stepped away from the meeting at 5:15 p.m.

Council Member Hussain stated his understanding of the process for the 7th amendment to the development agreement will be that Committee of the Whole will get it on March 11, 2019, they will set the hearing on March 25th, and the hearing will take place on April 8th. The process for the Brownfield will be intro and set hearing on March 11th, then DP will meet again on March 18th at their regular meeting and address any outstanding questions, then hold the hearing on March 25, 2019 and adopt the same night. Mr. Smiertka stated his understanding was the developer wanted the Brownfield and the 7th Amendment to the Development agreement to run together.

Council Member Garza returned to the meeting at 5:18 p.m.

Council Member Washington voiced a concern with student housing in the development.

Council Member Hussain asked if the Development Agreement needed to be approved before the Brownfield.

Mr. Strolowski asked for approval of the Brownfield the same night of the hearing, March 25, 2019. Council Member Washington stated she was not happy with action the same night as the hearing, but would take into consider, but also wanted them to attend her 1st Ward meeting on April 6, 2019.

MOTION BY COUNCIL MEMBER WASHINGTON TO APPROVE THE RESOLUTION TO SET THE PUBLIC HEARING FOR MARCH 25TH, 2019 FOR BROWNFIELD PLAN #72; RED CEDAR DEVELOPMENT; 203 S CLIPPERT. MOTION CARRIED 3-0.

Adjourn

Adjourned at 5:25 p.m.

Submitted by, Sherrie Boak,

Recording Secretary,

Lansing City Council

Approved by the Committee as amended on March 18, 2019