



Rochester Hills

Minutes - Draft

City Council Regular Meeting

1000 Rochester Hills Dr
Rochester Hills, MI 48309
(248) 656-4600
Home Page:
www.rochesterhills.org

David J. Blair, Jason Carlock, Ryan Deel, Carol Morlan, Theresa Mungiola, Marvie Neubauer and David Walker

Vision Statement: *The Community of Choice for Families and Business*

Mission Statement: *"Our mission is to sustain the City of Rochester Hills as the premier community of choice to live, work and raise a family by enhancing our vibrant residential character complemented by an attractive business community."*

Monday, January 8, 2024

7:00 PM

1000 Rochester Hills Drive

CALL TO ORDER

President Deel called the Regular Rochester Hills City Council Meeting to order at 7:00 p.m. Michigan Time.

ROLL CALL

Present 6 - David Blair, Ryan Deel, Carol Morlan, Theresa Mungiola, Marvie Neubauer and David Walker

Absent 1 - Jason Carlock

Others Present:

*Bryan Barnett, Mayor
Dan Christ, City Attorney
Bill Fritz, Public Services Director
Leanne Scott, City Clerk
Laurie Taylor, Assessing Director*

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

A motion was made by Mungiola, seconded by Morlan, that this matter be Approve the Agenda as Presented. The motion carried by the following vote:

Aye 6 - Blair, Deel, Morlan, Mungiola, Neubauer and Walker

Absent 1 - Carlock

COUNCIL AND YOUTH COMMITTEE REPORTS

Rochester Hills Government Youth Council (RHGYC):

President Deel introduced RHGYC Representative, Aaron Yoon.

Mr. Yoon stated that he is a Junior at Rochester High School and that this is his

third year on the RHGYC. He shared that the RHGYC held a meeting this past month to discuss any potential projects, including the upcoming Exam Cram Night at the Rochester Hills Public Library on January 12, 2024 from 4:00 p.m. to 6:00 p.m. He announced that the new Chairman will be voted on at their next meeting on February 7, 2024.

Older Persons' Commission:

Vice President Walker announced that he was voted in as the Chairman for the Older Persons' Commission Governing Board at their meeting last Thursday. He shared that the 12th Annual Indoor Triathlon will be held on January 20, 2024.

PUBLIC COMMENT for Items not on the Agenda

None.

CONSENT AGENDA

All matters under Consent Agenda are considered to be routine and will be enacted by one motion, without discussion. If any Council Member or Citizen requests discussion of an item, it will be removed from Consent Agenda for separate discussion.

2023-0617 Approval of Minutes - City Council Special Meeting - June 26, 2023

Attachments: [CC Special Min 062623.pdf](#)
[Resolution \(Draft\).pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0001-2024

Resolved, that the Minutes of the Rochester Hills City Council Special Meeting held on June 26, 2023 be approved as presented.

2023-0624 Approval of Minutes - City Council Regular Meeting - July 10, 2023

Attachments: [CC Min 071023.pdf](#)
[Resolution \(Draft\).pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0002-2024

Resolved, that the Minutes of the Rochester Hills City Council Regular Meeting held on July 10, 2023 be approved as presented.

2024-0001 Request for Purchase Authorization - FLEET: Blanket Purchase Order for compressed gases in the amount not-to-exceed \$38,690.00 through January 31, 2026; Airgas Great Lakes, Inc., Bay City, MI

Attachments: [010824 Agenda Summary.pdf](#)
[Resolution \(Draft\).pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0003-2024

Resolved, that the Rochester Hills City Council hereby authorizes a blanket purchase order for compressed gases to Airgas Great Lakes, Inc., Bay City, Michigan in the amount not-to-exceed \$38,690.00 through January 31, 2026.

Passed the Consent Agenda

A motion was made by Munglioli, seconded by Morlan, including all the preceding items marked as having been adopted on the Consent Agenda. The motion carried by the following vote:

Aye 6 - Blair, Deel, Morlan, Munglioli, Neubauer and Walker

Absent 1 - Carlock

LEGISLATIVE & ADMINISTRATIVE COMMENTS

President Deel shared that he hopes everyone has a wonderful 2024.

Ms. Neubauer wished her son a Happy Birthday. She also wished the Coptic community a Merry Christmas, as the Orthodox Christians in the community celebrated Christmas yesterday.

Vice President Walker stated that he attended a Ribbon Cutting Ceremony for the Pink Box Beauty Bar on January 8, 2024.

Ms. Munglioli urged residents to beware of scam mailings that try to collect money.

President Deel stated that the City released a video about these scams last week and that the Oakland County Sheriff's Department wants residents to notify them if they receive mailings like this.

Mayor Barnett shared that there was a meeting today at the Older Persons' Commission with Rochelle Lyon, Information Systems Director, to educate residents on how to protect themselves from scams in the community.

ATTORNEY'S REPORT

City Attorney Dan Christ had nothing to report.

NOMINATIONS/APPOINTMENTS

2023-0618 Request to Confirm the Mayor's Reappointment of Jon Strunk to the Construction / Fire Prevention Board of Appeals for a three (3) year term to

expire December 31, 2026

Attachments: [010824 Agenda Summary.pdf](#)
[Strunk CQ.pdf](#)
[Resolution \(Draft\).pdf](#)

A motion was made by Mungioli, seconded by Neubauer, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Blair, Deel, Morlan, Mungioli, Neubauer and Walker

Absent 1 - Carlock

Enactment No: RES0004-2024

Resolved, that the Rochester Hills City Council hereby confirms the Mayor's reappointment of Jon Strunk to the Construction / Fire Prevention Board of Appeals for a three (3) year term to expire December 31, 2026.

2023-0622 Nomination/Appointment of Ken Elwert as Delegate and Russ George as Alternate to the Trailways Commission, each for a one-year term to expire December 31, 2024

Attachments: [010824 Agenda Summary.pdf](#)
[Elwert CQ.pdf](#)
[George CQ.pdf](#)
[Resolution \(Draft\).pdf](#)

Vice President Walker stated that he is the Delegate on the Trailways Commission and that Ms. Morlan is the Alternate. He shared that they welcomed Ken Elwert and Russ George to the Trailways Commission last year and that they have been a great benefit to the Trailways Commission.

A motion was made by Walker, seconded by Morlan, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Blair, Deel, Morlan, Mungioli, Neubauer and Walker

Absent 1 - Carlock

Enactment No: RES0005-2024

Resolved, that the Rochester Hills City Council hereby appoints Ken Elwert as Delegate and Russ George as Alternate to the Trailways Commission, each for a one-year term to expire December 31, 2024.

NEW BUSINESS

2023-0508 Request for PILOT agreement by Related Affordable for renovations to Avon Towers, 435 S. Livernois

Attachments: [010824 Agenda Summary.pdf](#)
[Request \(Dec. 19, 2023\).pdf](#)
[Presentation.pdf](#)
[Crain's Detroit Article.pdf](#)
[111323 Agenda Summary.pdf](#)
[Request \(July 18, 2023\).pdf](#)
[MCL 125.1415a.pdf](#)
[Ordinance.pdf](#)
[111323 Presentation.pdf](#)
[111323 Resolution.pdf](#)
[Resolution \(Draft\).pdf](#)

Laurie Taylor, Assessing Director, **Zack Simmons**, Related Affordable, and **Katie Wheeler**, Related Affordable, were present.

Ms. Taylor stated that Related Affordable is requesting a 30-year Payment in Lieu of Taxes (PILOT) Agreement in order to purchase and make renovations and upgrades to Avon Towers at 435 South Livernois.

Ms. Wheeler presented the following information regarding Avon Towers:

- Avon Towers is a 125-unit affordable multifamily rental property for seniors located at 435 South Livernois Road, right next to Ascension Providence Rochester Hospital.

- Built in 1979, the property consists of one midrise building with 116 one-bedroom units and 9 two-bedroom units restricted to persons aged 62 and older as well as disabled adults.

- The property's HUD Housing Assistance Payment ("HAP") contract expires on October 31, 2024, meaning that it is at risk of being converted to market-rate in ten months if its affordability is not preserved.

- In conjunction with an \$8 million renovation of the property, Related Affordable ("RA") intends to enter into a 20-year Section 8 HAP renewal contract (the longest term allowed by HUD) as well as new regulatory restrictions with the Michigan State Housing Development Authority ("MSHDA") to maintain the affordability of the property for current and future residents for at least 30 more years.

Mr. Simmons stated that they have continued their application to HUD for a new 20-year subsidy contract and that they received initial approval from them on the rent levels that would be set. He explained that the rent levels help them raise the financing to invest in the property and also supports the calculation of the PILOT rents that are presented in the original proposal of six percent shelter rent. He added that they have also been moving forward with MSHDA, the State housing agency, and that they have submitted their full application and are currently in the underwriting process. He noted that they are hoping to have their approvals from MSHDA by March or April, the financing by April, and the start of construction by the end of quarter two. He continued that they have finalized the selection of their architect and contractor.

He shared that their previous proposal was a four percent PILOT agreement

and that they have revised their proposal to be a six percent PILOT agreement. He explained that this would result in a Year One tax payment of \$134,205, compared to a tax bill of \$112,000 in 2023 and \$125,000 for future years. He stated that they put together a 30-year schedule showing what their proposed PILOT calculations would result in compared to the \$125,000 estimated taxes. He expressed that they are excited to be able to invest in the property and preserve its affordability.

Ms. Mungoli questioned who Avon Towers Preservation Limited Dividend Housing Association Limited Partnership is.

Mr. Simmons responded that is the new single purpose entity that Related Affordable has formed to acquire the property. He added that they are an affiliate of Related Affordable and that it is a common practice to own properties with a single purpose entity so that they may be remote to any other activities that the business engages in.

Ms. Mungoli thanked Mr. Simmons for communicating to the residents and encouraging them not to move. She questioned what the rent increases mean if residents aren't supposed to pay more than thirty percent of their income.

Mr. Simmons explained that under the Federal program, residents pay 30 percent of their income. He added that the difference between what the resident is able to pay and the contract rent is paid by HUD.

Ms. Mungoli thanked them for their revised proposal of six percent and expressed that it makes her feel better about being able to recapture a portion of the tax revenue.

President Deel commented that Related Affordable is applying to MSHDA to obtain the Grants for the rehabilitation of Avon Towers and that once the Grants are issued, they become a tax-exempt entity. He added that this is why the applicant is applying for a PILOT program is because it is a required step in the MSHDA Grant process.

Mr. Simmons clarified that the ownership entity, Avon Towers Preservation Limited Dividend Housing Association Limited Partnership, is not a tax-exempt entity, but that it will benefit from financing that is tax-exempt in nature. He continued that if the PILOT agreement is not put in place, they will not be able to put together a financing package for their financing partners.

President Deel stated that they are setting a PILOT to collect the tax that they would otherwise not have been able to collect from a tax-exempt entity.

Vice President Walker expressed that it is admirable for Related Affordable to make a large investment in the community and to extend affordable housing to the aging population. He questioned why the letter dated December 19, 2023 indicated that they were going to invest \$5 million in renovations, and the presentation indicates an \$8 million renovation.

Mr. Simmons shared that after discussions with the architect, the proposed scope of renovations has increased to \$8 million, which includes the contract plus contingencies.

Vice President Walker commented that they are not looking to waive taxes, they are looking to move them to a PILOT program, which the City Council can accommodate. He explained that Related Affordable has proposed that if nothing were to happen, the City would collect an estimated \$5.43 million over the next 30 years. He expressed that it is not a good baseline to start with because the uncapping event will increase the taxable value of the property. He added that they have done an internal study that takes into consideration the uncapping event, and used that as the baseline. He continued that this resulted in an estimated \$6.6 million over the next 30 years that would be collected in taxes. He stated that the City is looking to get close to the \$6.6 million amount with the PILOT program because they have to provide real services like Police and Fire. He proposed a percentage of 6.75 percent for the PILOT program with the condition that there must be 100 percent of those units as restricted, and those units that are not restricted would be reverted back to the property tax. He added that this would result in about \$6 million collected over the next 30 years, which would still provide a concession to the project because of its admirable nature.

Ms. Neubauer concurred with Vice President Walker and explained that they would be receiving a fixed rate that would only fluctuate based on what the rent is set at. She added that they have to use the uncapped number to provide an accurate baseline. She questioned if it was correct that nine of the units were Section 8 housing and the rest were specifically for the senior community.

Mr. Simmons responded that 100 percent of the units are for both Section 8 housing and the senior community.

Ms. Neubauer explained that the senior community uses the Fire and Emergency Services more than the average citizen, so it is important to make sure that those services are paid for.

President Deel stated that the equivalent tax rate would be at about 6.88 percent, so it would be higher than the 6.75 percent that Vice President Walker has proposed. He added that this would ensure that the PILOT program would be in place and that they would never be paying the ad valorem tax. He questioned if this is an agreement that would be acceptable to them.

Mr. Simmons shared that he believes it would be acceptable and that this seems like a fair outcome.

Mr. Christ noted that should there be less than 100 percent restricted housing, it would be that percentage that would go to the ad valorem tax.

Vice President Walker concurred that was correct.

Ms. Taylor also concurred that was correct.

A motion was made by Walker, seconded by Blair, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Blair, Deel, Morlan, Munglioli, Neubauer and Walker

Absent 1 - Carlock

Whereas, Related Affordable has a purchase option to acquire Avon Towers, located at 435 S. Livernois, further identified as parcel number 70-15-15-101-022,

Whereas, Related Affordable is proposing to finance the redevelopment with new tax-exempt bonds issued by Michigan State Housing Development Authority and equity from the sale of 4% Low Income Housing Tax Credits,

Whereas, Related Affordable is requesting a Payment in Lieu of Taxes (PILOT) of 6% for a period of 30 years, and

Whereas, the City has adopted a Code of Ordinances, Community Development, Article II, Tax Exempt Housing to provide for PILOT agreements for eligible affordable housing facilities:

Resolved, that City Council authorizes the City Attorney to draft an Ordinance establishing the provisions of a PILOT to include an In Lieu of Tax Fee of 6.75% of annual shelter rents and should Avon Towers fail to achieve 100% low-income tenancy for any given tax year, an additional service charge for that portion of the housing development occupied by other than low-income persons or families. The service charge paid shall be equal to the full amount of the taxes that would be paid on that portion of the development if the development were not tax exempt.

Be it Further Resolved, that City Council authorizes the City Attorney to draft an Ordinance establishing the provisions of a PILOT between the City and Avon Towers after receipt of certification by MSHDA identifying the facility as tax exempt under its programs.

2021-0458 Request for Purchase Authorization - DPS/ENG: Request for Approval of an Increase to the Cost Participation Agreement between the City of Rochester Hills and the Board of Road Commissioners for Oakland County for the additional expenses related to sanitary sewer utility relocation and water main betterment charges included in the westerly Avon/Dequindre roundabout and bridge reconstruction project in the amount of \$12,572.83; Road Commission for Oakland County, Beverly Hills, MI

Attachments: [010824 Agenda Summary.pdf](#)
[Cost Participation Agreement 120921.pdf](#)
[RCOC Overage Amount Invoice.pdf](#)
[111521 Agenda Summary.pdf](#)
[Cost Participation Agreement.pdf](#)
[RH Cost for Roundabout.pdf](#)
[111521 Resolution.pdf](#)
[Resolution \(Draft\).pdf](#)

Bill Fritz, Public Services Director, shared that this request is for approval of an increase to the Cost Participation Agreement between the County and the City for the Avon/Dequindre roundabout and bridge reconstruction project. He

explained that the project was completed almost two years ago and that the County is now finalizing the project, and the City owes a little bit more money to make it whole.

A motion was made by Neubauer, seconded by Blair, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Blair, Deel, Morlan, Mungioli, Neubauer and Walker

Absent 1 - Carlock

Enactment No: RES0007-2024

Resolved, that the Rochester Hills City Council hereby approves the increase to the Cost Participation Agreement between the City and the Road Commission for Oakland County for additional expenses related to sanitary sewer utility relocation and water main betterment charges included in the westerly Avon/Dequindre roundabout and bridge reconstruction project in the amount of \$12,572.83.

ANY OTHER BUSINESS

NEXT MEETING DATE - Regular Meeting - January 22, 2024 - 7:00 p.m.

ADJOURNMENT

There being no further business before Council, it was moved by Mungioli and seconded by Neubauer to adjourn the meeting at 7:46 p.m.

*RYAN DEEL, President
Rochester Hills City Council*

*LEANNE SCOTT, MMC, Clerk
City of Rochester Hills*

*AARON GEER
Administrative Coordinator
City Clerk's Office*

Approved as presented at the (insert date, or dates) Regular City Council Meeting.