



Rochester Hills
Minutes
Brownfield Redevelopment Authority

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Chairperson Stephen McGarry
Vice-Chairperson Thomas Turnbull
Members: Robert Justin, Stephanie Morita, Mark Sera, Del Stanley
Council Member Michael Webber

Thursday, January 20, 2011

7:00 PM

1000 Rochester Hills Drive

CALL TO ORDER

Chairperson Stephen McGarry called the Regular Meeting to order at 7:03 p.m. in the Auditorium.

ROLL CALL

Present 7 - Mark Sera, Del Stanley, Stephen McGarry, Thomas Turnbull, Michael Webber, Stephanie Morita and Robert Justin

Quorum Present

Also Present: Derek Delacourt, Deputy Director of Planning
Kurt Dawson, Treasurer, and Dir. of Assessing/Treasury
Maureen Gentry, Recording Secretary

APPROVAL OF MINUTES

2011-0016 November 18, 2010 Special Meeting

A motion was made by Justin, seconded by Morita, that this matter be Approved as Presented. The motion CARRIED by the following vote:

Aye 7 - Sera, Stanley, McGarry, Turnbull, Webber, Morita and Justin

COMMUNICATIONS

Chairperson McGarry wished everyone a Happy New Year. He commented that he hoped foreclosures were down this year.

Communication:

A. 1st Quarter Rochester Hills Business Report, prepared by Planning and Economic Development

No further announcements or communications were brought forward.

NEW BUSINESS

2011-0017 Election of Officers (Chairperson, Vice Chairperson, Secretary and Treasurer for a one-year term)

MOTION and nomination by Justin, that the current slate of officers be re-elected for another one-year term to expire the first meeting in January 2012: Mr. Stephan McGarry as Chairperson; Mr. Thomas Turnbull as Vice Chairperson, Mr. Derek Delacourt, Planning and Economic Development Department as Secretary and Mr. Kurt Dawson as Treasurer. All accepted their nominations, and Chairperson McGarry called for a vote.

A motion was made by Justin that this matter be Approved. The motion carried by the following vote:

Aye 7 - Sera, Stanley, McGarry, Turnbull, Webber, Morita and Justin

ANY OTHER BUSINESS

Mr. Webber asked if there were any updates on brownfield projects, such as Madison Park, and what was on the horizon for the year.

Mr. Delacourt responded that Staff had not seen any advancements regarding Madison Park. He noted that there had been a grant-only application submitted, which was stalled at the State level and not awarded. Ultimately, the developer requested that it be set aside, and Mr. Delacourt said that he assumed the parties involved were still looking for financing. Staff did spend some time with the applicants for the property on the north side of Hamlin across from Madison Park. They had secured County funding to do some remediation work and were looking at State funding as well. Prior to coming back before the BRA to request a grant, the applicants withdrew that request without much explanation.

Mr. Delacourt continued that as far as projects on the horizon, Staff had seen a lot more interest over the last six months about development and re-development. Projects that had been previously approved and received extensions were moving forward. Those were not related to a Brownfield TIF, but it was encouraging. Building permits were increasing, and it seemed that property values had started to bottom out. There were

more single-family home permits being issued, and that was usually the first sign of good things. He stated that there were more environmental investigations. He recalled the Environmental Concerns Inventory for Section 24, presented at the last meeting, and said that it had been helpful for people investigating that area (John R to Dequindre and Avon to Hamlin).

Mr. Dawson added that with regard to property values, there was a County-wide stabilization of residential property. For example, there was a declining range of assessments for residential property from minus-2% to a minus-22%, and Rochester Hills had a decline of 3 or 4%. Some neighborhoods' assessments were actually going to increase next year. The number of sales of residential property increased from 337 to 607 for the year. Prospectively, the County had asked the City to compare the 2011 assessments to the fourth quarter of 2010, to see where assessments would lead in the first quarter of sales. Based on 600 sales County-wide, the ratio would be up 50.26% based on assessments set for 2011. In 2012, there was no change expected, and things were starting to stabilize. To counteract, the foreclosures in the County were expected to run at a record pace. The last report for Rochester Hills showed improvement, and the number of foreclosures was diminishing. There were about 350 properties in Rochester Hills in financial institutions' names, which meant they owned them. When things started south, properties were being dumped right away. Then it started to stabilize, after property values hit bottom, and institutions were strategically trying to keep homes rented and people in the homes. They were seeing more short sales, and the banks were trying to mitigate their liability. As far as commercial and industrial property, that class had dropped behind residential. When residential tanked, commercial/industrial only dropped two or three percent. The current year saw those values moving around 15% downward. He did not feel it would go down next year much more. Financing was starting to loosen for commercial properties. It was still difficult to get refinancing, because banks were strictly using foreclosure sales, but there were positive economic signs, such as more jobs being offered. He hoped things would turn for the better in 2011; the City was getting next to nothing on its investments, although he assured that they were secure.

Mr. Sera clarified that Mr. Dawson expected a 3-4% decline in residential assessments for 2011. Mr. Dawson agreed that was the average; condos would be hit the worst at about 8%. He talked about refinancing and how difficult it was because banks were not using the correct sale figures.

Ms. Morita indicated that she just went through that with a re-finance. She had challenged the mortgage company about the validity of the comparables in the appraisal. The appraiser had actually missed three rooms in her house.

Mr. Sera alleged that the problem was the new HVCC guideline. Appraisals had to be ordered by a third party, and the appraisers were not familiar with the area, and it created a lot of issues.

Mr. Justin asked if there was anything further to be done with the Environmental Concerns Inventory introduced at the last meeting. Mr. Delacourt related that Staff had used the study to pursue some site assessment money. The EPA and the County wanted to see a more over-arching approach to investigation, not just targeting individual parcels in pursuing grant money. They hoped to get grants to do some on-the-ground assessment. There were issues they would have to talk about with City Council. There were different opinions about land banks and how they would work, and whether the State's land bank would be an appropriate place to assemble some of the properties to sell to developers. Staff was going to take time and make sure that was viable. They still had some tweaking to do with the study, and when finished, they would present it to Council. They would like to add it to the City's web page as another tool for marketing properties in that area.

Ms. Morita asked if there would be a fee for access. Mr. Delacourt answered no, and said they would rather get it in as many peoples' hands as possible. They did not want the area to be a place people were afraid to invest. If they saw that there was contamination involved, they would run the other way because it was perceived to be too much work. They would end up with self-storage facilities, which were not bad, but the City would like to get more potential out of the area if developed, other than putting the easiest thing on top of the soil without doing remediation. They had talked about how the use on top dictated the amount of remediation that had to be done. The easiest things were those that had the least potential for contact, such as putting concrete down and adding a self-storage facility. There would be very little testing or remediation required, and it would not give the City much. That was why he would like as many people as possible to be able to see the Inventory.

NEXT MEETING DATE

Chairperson McGarry reminded that the next meeting date was scheduled for January 19, 2012.

ADJOURNMENT

Hearing no further business to come before the Brownfield Redevelopment Authority and upon motion by Morita, seconded by Justin, Chairperson McGarry declared the Regular Meeting adjourned at 7:23 p.m.

*Stephen McGarry, Chairperson
City of Rochester Hills
Brownfield Redevelopment Authority*

Maureen Gentry, Recording Secretary