



Rochester Hills
Minutes
Planning Commission / City Council
Joint Meeting

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Tuesday, May 29, 2012

7:00 PM

1000 Rochester Hills Drive

CALL TO ORDER

Chairperson William Boswell called the Special Joint Meeting to order at 7:00 p.m. in the Auditorium.

ROLL CALL

Present Planning Commission:

Chairperson William Boswell
Vice Chairperson Deborah Brnabic
Members Gerard Dettloff
Dale Hetrick
Greg Hooper
Nicholas Kaltsounis
David Reece
C. Neall Schroder
Emmet Yukon

Present City Council:

President Greg Hooper
Representatives Nathan Klomp
Adam Kochenderfer
James Rosen
Mark Tisdell
Ravi Yalamanchi

Absent City Council:

Vice President Michael Webber

Quorum Present for Each Body

Also Present: Ed Anzek, Planning and Economic Development Director
James Breuckman, Manager of Planning
Maureen Gentry, Recording Secretary

COMMUNICATIONS

- A) Letter from John Staran, dated May 24, 2012 re: Medical Marihuana
- B) Memo from James Breuckman, dated May 29, 2012 re: Small Area Planning Program

Mr. Anzek passed out a letter from Mr. Staran, and he noted that he and Mr. Breuckman had met with him last week to discuss the status of the medical marihuana issue in Michigan. They had asked Mr. Staran for an opinion and direction for going forward, and the letter summed up where the State and Federal governments and Attorney General stood, and talked about court cases underway. He advised that the Planning Commission would take it up at its June 5, 2012 meeting, since the Moratorium expired June 20, 2012, and the members would discuss it further under Open Discussion.

PUBLIC COMMENT

Chairperson Boswell stated that both bodies were very open to hearing from anyone in the audience, and he noted that one person was present. He asked if she would like to speak. The audience member declined, and indicated that she was present to observe and listen, but thanked Chairperson Boswell.

DISCUSSION

2012-0143 Presentation of Land Value Analysis

Mr. Anzek thanked Mr. Hooper for suggesting, about five months ago, that it would be a good thing for the Planning Commission and City Council to have a joint meeting. He recalled that the last joint meeting was on April 17, 2007, so it had been five years. Staff had been working on the Master Land Use Plan Update, the Complete Streets Program with the State, and more, and there were a lot of things to talk about in regards to the future of land use. He was glad they were holding the meeting, and he hoped to hear from everyone, because it would give direction to Staff as they brought studies and ordinance changes forward. It was his hope to meet more than every five years in the future.

Mr. Anzek advised that Mr. Breuckman had been working on the Land Value Analysis for quite some time. Ever since Mr. Breuckman joined the City, he had been studying history, uses in the City and had been learning more about the community's value and what value does to the

community in terms of revenue. Mr. Breuckman had done a significant dive into Assessment records of properties in the City and in Rochester, and he put together a report they would pass out after the meeting. The group moved to the front seats of the Auditorium to watch the presentation.

Mr. Breuckman agreed that the project started out as a kernel of an idea and grew as he got more into it. He wanted to find out where market values in the City were high and low and how it compared to other communities. He wanted to learn where the City was excelling and where it could do even better. The point of the study was not to be a criticism or value judgment or even a pat on the back, but it was to take the temperature and see what was working and if something was not.

Mr. Breuckman explained that market value was an indicator of worth - what someone wanted to pay for something they valued. When looking at how the City and a farm operated, he found that it was fundamentally the same. The revenues came from the farm in the form of livestock and plants grown, and for the City, it was the property taxes collected for every acre in the City. The farmer measured revenues on a per-acre yield basis - such as \$145 for wheat and \$315 for soybeans and \$1.6 million an acre for marihuana. The City had to choose a crop to plant. Walgreen's, Kohl's, The Village of Rochester Hills and downtown Rochester were similar commercial uses for each City, but they had different yields. He looked at various uses and tried to figure out where it was that things were excelling and where there were opportunities to adjust for the future. The farm could be rotated annually or semi-annually; for a City, it rotated slowly. Commercial development turned over every 15-20 years, industrial turned every 30 years, and office turned every 30-50 years. If a single-family home was constructed, it was there for 150 years. It was more difficult for a City to be able to react to changing market conditions, and he felt it was important to continuously take a temperature and see where the opportunities were to guide future infill development.

Mr. Breuckman observed that all the easy greenfield sites were gone, and infill and regeneration was left, and they had to determine how to handle that. He referred to High Specialization Costs, and explained that it was where purpose-built buildings were only good for one thing. When that one thing went away, they would be stuck with an albatross that was expensive to turn over. He next discussed Assessment Methods, and said that the whole study was based on assessed value, which was half of market value. There were residential comparisons and non-residential comparisons, and the productivity of the property was how it was

assessed. The City valued everything per acre, which was important because if there was a two-acre strip mall or Wal-Mart, they were very different on a per acre basis, but they might have similar yields.

The study looked at Rochester and Rochester Hills. The City had Rochester data programmed into its system. Both cities were two of the premier communities of their types. Rochester Hills was a suburban community with larger lots, natural features, and he remarked that it was blessed. Rochester was a traditional downtown community and among the southeast Michigan downtown communities, it also excelled. He looked at sustainability - that is, operating in a stable manner into an uncertain future. The City had legacy costs and things that had to be maintained, and when growth slowed, it had to pay the bills based on the City's yearly income. That was a critical factor going forward into the second and third life cycle of infrastructure.

Mr. Breuckman indicated that after that introduction of the study, the first category he wished to point out was commercial and mixed-use. He showed selected sites within the City and their assessed values per acre. He felt that it was interesting that Barclay Square, a two-acre strip mall at the corner of Barclay Circle and Rochester Rd., was the highest value per acre retail center in the City. The Village of Rochester Hills and Papa Joe's were the second and third highest at \$916,000 and \$668,000 per acre. Going down the value scale, Wal-Mart was a \$281,000 value, auto dealers were \$218,000, and Hampton Village was at \$87,000 per acre, which gave an idea of the relative value. If they added Rochester properties to the list, some in downtown were over \$5 million per acre. Downtown Rochester as a whole was valued at \$1.3 million per acre.

The next table looked at some of the characteristics of the higher value retail centers. Floor area ratio was one of the strongly correlating factors with value per acre. It was the amount of square footage that could be let for rent or lease, divided by the land area. In downtown Rochester, the floor areas equaled 57% of the land area, which he felt was a very efficient use of the land. In Rochester Hills, in the more suburban models with more parking, it was 25%-22%, and Hampton Village, with the lowest value per acre, only used 16% for floor area. He referred to parking ratio, and showed parking spaces per 1,000 square feet. Downtown Rochester required one space for every 500 square feet of floor area. The Village had 4.12 spaces per 1,000 square feet and Hampton Village had 7 spaces per 1,000 square feet. He stated that the reason he included floor area ratio and parking was because although they measured the same thing to some extent, they were the most strongly correlated

characteristics with value per acre.

Mr. Breuckman talked about community centers, which were anchored by a grocery store with a restaurant or other types of uses. He compared Papa Joe's and North Hill Center, which were across the street from each other. Both were about ten acres with 100,000 or so square feet in floor area. Papa Joe's had a value of \$668,000 per acre, and the North Hill Center had \$286,000 per acre. Parking ratios were different, but not too much that it would explain the variances. It meant that it was probably a combination of design and parking. Design was an unquantifiable element, but it existed, and he felt that it was a good example. Another place where design and location showed up was Barclay Square, which had about two acres. He chose 137 W. Auburn to compare it to, because it was in the same neighborhood. It was the small retail center on Auburn a little west of Rochester Rd. on the south side of the street. The building area was the same, the floor area was essentially the same, the parking ratio was almost identical, but the value per acre was \$500,000 different. He felt that spoke to design. Barclay Square had some high profile tenants that were attracted to location and design.

He noted 138 S. Main Street, which was the center in the very south edge of downtown Rochester. That was a case where the parking ratio and floor area ratio probably explained a lot of the difference. He compared it with 1292 W. Auburn, which was a newer and fairly attractive retail center west of Livernois. His conclusion was that parking did not pay, and good design did pay, and being walkable paid. The Village of Rochester Hills, Papa Joe's, to an extent, and downtown Rochester were all evidence of that. Mr. Breuckman stated that he was not saying parking should be eliminated altogether, but that it was a balancing act.

Mr. Breuckman maintained that it was the same for office. Rochester office was quite highly valued. Rochester Hills' office properties were higher if they were medical office. Banks and general offices brought up the rear, although the spread between the bottom and the top was much less. He looked at the Morgan Stanley building on North Main Street in Rochester, across from the gas station, and 950 and 800 W. University, which were in the Crittenton sphere of influence. In Rochester Hills, he looked at 75 Barclay Circle, the recently renovated building close to Rochester Rd., and at one of the newer South Boulevard offices. There was a high correlation between floor area and value per acre and also parking per 1,000 square feet. In Rochester, it was around three to four spaces per 1,000 square feet. 1955 W. Hamlin, which was a Class C office building just to the east of the Paint Creek Trail, had quite a high

value because it had a lower parking per 1,000 square-foot ratio. He felt that the parking per 1,000 square-foot ratio worked better with small buildings. He believed that for the larger office buildings, higher parking ratios were probably needed.

Mr. Breuckman said that he came to an interesting conclusion that "human-scale" buildings seemed to fare better. Those were buildings that did not have that suburban office park, stark, flat facade, but they had windows, doors and design features that made them feel and look accessible to a human being. Also, buildings that were located a little closer to the street, with perhaps a 15-25 foot setback, with a green lawn in-between rather than parking went along with the human scale design. There was a lot of that on University leading into downtown Rochester. There was a nice feel, and those buildings had higher values than comparable ones in other locations.

Mr. Breuckman stated that industrial was a homogenous supply, and there was not much to talk about. It was \$80-\$250,000 an acre, depending on what kind of industrial they were talking about.

Mr. Breuckman next showed a table of the highest valued residential neighborhoods sorted by average lot value. The top were typically in the northern tier of the City, and the number of lots in each was quite low. They were large lots and low density subdivisions, and there was a high average lot value. Walnut Brook Estates was the first larger residential development with homes of high value. When he looked at value per acre, the Rochester neighborhoods started to pop up. In Hawthorne 7 and Autumn Hills, off of John R, the lot areas ranged between 10-13,000 square feet. The houses were bigger and nicer, but they were on smaller lots with higher value per acre.

Mr. Breuckman showed a series of charts. The first was a plot of the average lot area within each residential neighborhood against the average value of the lot in that neighborhood. There were two trend lines, one that went out at a lower slope and one that extended at a higher slope. If they only looked at lots that were smaller than 50,000 square feet, value went up on a one-to-one basis with lot area, until they got to 27,500 square feet, where it stopped and there was no more increase in value for lot area. There was a second group, where there was no increase in value for additional lot area. As some lots got larger, it allowed someone to put a bigger house on them. The way our taxation system was set up, the house was more important in the assessed value of that lot than the actual land was. As the lot area increased up to 27,500

square feet, the houses got bigger, and he suspected that once they got to the point where the average value per lot was over \$400,000 per acre, they hit the point where there was no more market for a bigger house. There was really no utility from a value standpoint to advocate for lots larger than 27,500 square feet. There might be good reasons for community character and vision for the community for having larger lots, but value was not supported as one of those reasons.

Regarding value per acre, Mr. Breuckman explained that there was a very strong relationship that as lots got larger, value per acre went down, which was an inverse, exponential relationship. 70% of the variation in value per acre was explained by lot size. There were outliers, which were the northern tier developments. At 27,500 square feet, value per acre maintained as the houses got bigger in proportion with the lot - up until the point where it did not increase any longer.

Mr. Breuckman reviewed conservation development - open space and natural features preservation - versus conventional development that was split into lots and a detention pond. He complimented the City on the job it had done with preserving and integrating natural features into neighborhoods. There was a 30-80% premium for value per acre, as well as average lot value, between a conservation and a standard development. That held at each density, and there was a definite premium. He thought that was a great decision that had paid high dividends, and it had worked really well.

In conclusion, Mr. Breuckman summarized that large lots' benefits were limited or non-existent after 27,500 square feet; house quality was a better value indicator than lot size for developments that were similar in plan view - the value difference came completely from the quality and design of the homes. He stated that design guidelines, therefore, might be beneficial, particularly as the City worked with infill development that might be problematic. Looking at the difficult, left-over parcels, regulation by density rather than lot size might result in better development. There was a way to take the conservation development template and apply it to smaller, infill parcels. Lot area had somewhat of a relationship, but not unnecessarily a relationship to value in conjunction with design guidelines and limits on density. He did not mean allowing for increased density, but having more design flexibility. That might help the City achieve better development on the smaller redevelopment and infill parcels that they would be looking at more and more going forward.

In the areas where the City wanted very low density, there was a point

where the yield per acre to the City was low around an acre, and it was limited to \$100,000 per acre. That also meant that the yield per acre to the developer was low. When the City asked developers to do one-acre lots and also asked them to put in infrastructure that was the same as any subdivision that had half-acre or quarter-acre lots, he questioned how someone could pay for the infrastructure and how the City could pay to maintain it 30 years down the road with tax revenues that were not high enough. If the City really wanted to make lower density developments feasible, they needed to look at lower infrastructure requirements for those. Roads were the main part; they probably did not need 27-foot wide roads and sidewalks. He felt that the City should probably be looking at a more rural, lower impact and less expensive road standard, and one that would fit in more with the rural and natural features character of the areas.

Mr. Breuckman stressed that the presentation was meant to be informative and instructive, and that he was not advocating any particular development style. He did not want to portray that they should put downtown Rochester everywhere. There was a limited market for all of those things, but there were some commonalities they could look at as they went forward and regulated and encouraged development to happen. They had to make sure their overall package was holistic and supportive of each other, but one that unlocked stranded value. The Meijer on Rochester Road had a value of \$78,000 per acre. It was ripe for redevelopment, so making sure the City did it right was important. Modeling some of the higher value places as the template as to what should happen was a good strategy for guiding redevelopment. There were many models to choose from, and they could pick the ones that suited their tastes, but he encouraged concentration on the high value places.

Regarding next steps, Mr. Breuckman pointed out the revenue portion, and said that there was a cost services portion as well. 10,000 square-foot residential lots generated a lot more per acre, but at the same time, there were more people, houses and cost of services. They needed to look at the cost of services to see where those breaks were, and to see where they were coming out ahead or further behind as a public entity. Right-sizing parking was a process they had started, but that was something they should keep doing and keep reviewing. He added that design standards were very valuable to guide redevelopment and new infill development. They might want to look at the office districts again for some design and setback standards and also seriously consider lower infrastructure design standards for low density residential.

Chairperson Boswell thanked Mr. Breuckman for the presentation. He joked that the study was something he usually looked at before he went to bed to help him sleep, but he said that he could see where this one would really come in very handy for the Planning Commission and City Council, who looked at the monetary aspects. The Planning Commission looked at design and other variables. Chairperson Boswell assured that he was looking forward to reading it in detail.

Mr. Anzek complimented Mr. Breuckman for looking into this issue. He felt that it was a fresh and different look, and it was something the City had not done. When he saw the figures for the values of properties and developments with conservation measures added, he thought to thank the people who came before him in the 1980's who started Wetlands and Tree Conservation preservation. It had really paid off, even though it might not have been the original intent. In the public opinion survey the City did, the number one reason people moved to Rochester Hills was the environment. As they went forward with some of the tougher sites, they might have to get a little creative on how buildings should be placed and how big they could be, and not worry about the size of a lot. They should perhaps be more concerned about density for the overall acreage and how they could make it work. Chairperson Boswell said that he had a feeling they would be using the report for years to come.

Discussed

2012-0142 Master Land Use Plan Update 2012

Mr. Anzek reminded that the last Master Land Use Plan (MLUP) was adopted in 2007. Every five years, the City was State-mandated to do an update or a new Plan. Staff wished to hear from the members as to how they felt it had served the City's purposes. The one driving factor of the 2007 Plan was to work toward neighborhood stability, which had brought about the Residential Estate zoning. He did not see a reason to address that. He felt that the demographics were good, and they could do a quick update from the 2010 census. Staff felt that most of the update could be handled in house. He did not think it involved a massive re-write; he thought they could reread it and see if there was something that needed changing after some data analysis. They had completed some plans that would become part of the MLUP - the M-59 Corridor Plan and the Rochester Road Access Management Study. They felt that the Complete Streets Policy would go more towards the Master Thoroughfare Plan when it would be updated in two years.

Mr. Kaltsounis remarked that it was hard to believe that it had been five years since they met and since the Plan was updated. When they approached it in 2007, the previous Master Plan had served a different point in time - it was done in 1998. Mr. Anzek added that the 1990 Plan was probably even the bigger effort. In 1998, there was an update with some refinements to the Rochester Road Corridor. The 2007 Plan was a total re-write. Mr. Kaltsounis agreed it was significant, and he felt that a lot of it was pertinent. He thought that it was interesting that Mr. Breuckman had discussed parking, because that was important in the 2007 Plan. Parking for Hampton Village put it at the bottom for value. In downtown Rochester, people could not find parking on some days. Papa Joe's and others were in the middle, and he felt those were closer to what the MLUP required. He observed that the City had gone through an amazing turnaround in the housing market since 2008. He thought that for the future of the City, they needed to assess which way housing should go - the zoning. He felt that they needed to take a look at those details in the update and make recommendations. Because the market had been hit hard for so long, foreclosed properties were starting to get picked up, and new developments would be in competition. They would have to recommend what the City needed to move forward. He agreed that the update could be handled in house.

Mr. Rosen recalled some of the history the City had that dated back to the late 1970's and early 1980's. In the mid to late 1970's, the Township Supervisor, Earl Borden, and people like Billie Ireland, wanted to fill a niche. The niche they wanted to fill was a relatively less expensive Bloomfield Hills/Grosse Point, because of the growing population of middle management in the auto companies. He mentioned that the Grosse Point News was available in newsstands in Rochester Hills until about ten years ago - it was that strong of a draw. The original planning was to be a mostly residential, limited commercial and modest industrial kind of bedroom community. He reiterated the concept of "bedroom community." Back then, people drove 30-40 miles, and they did not work at home on computers. That type of planning was started in the 1980's, and by the end of the 1980's and into 1990, there was a very strong limited retail movement. There was an entire growth study, which intentionally set out to take a look at how big the City should be, how dense it should be, how much retail there should be, and one of the main conclusions was that in 1990/1991, in the first significant Master Land Use Plan, they decided on 405 acres retail. That was going to be enough for the people in the City with a certain level for the surrounding neighbors. He stated that the City had turned out exactly that way, and that was why they had a relatively smooth ride through the recession.

Rochester Hills was a desirable community because of the open space, which preserved the character. It was a big City that felt like a village or township. People who lived here called it the environment.

Mr. Rosen felt that they were where they wanted to be in terms of Master Land Use planning. He clarified that the City was close to 96% built out, and Mr. Anzek noted that there was a lot of acreage that was not buildable. The City was trying to buy that land through the Green Space millage. Mr. Rosen did not believe they needed another Master Land Use Plan that was different than what they had; they needed to make sure they did not change anything just for the sake of changing. The City was hugely successful, and they got exactly what they wanted. Everyone was thrilled to live there. He thought the Plan might only need a couple of tweaks, if at all. He was not sure about the Complete Streets Policy; it might be too late in the process. To someone driving into a subdivision, there was a nice road, curb and gutter, perhaps sidewalks, and that was what they needed to work on to keep up the housing values. That was where the money was for the City. He noted that prior to the 2012 update, he had been through three Master Plans, and it would be his third Master Thoroughfare Plan.

Chairperson Boswell recalled that when he first joined the Planning Commission in 1990, the Master Land Use Plan was his introduction to planning. He agreed that they had done pretty much exactly what they planned, and they had done well.

Mr. Hetrick said that it was great that a Plan came to fruition from a planning perspective. Regarding being 96% built out, from a land use point of view, he stated that they had to grapple with re-using land. They had to determine what they could do to help that process stay true to their roots, yet still provide opportunities for re-development. It seemed to him that the way traffic would flow would change how people commuted, and that would have some bearing on how land was used. He wondered if they could leverage the Transportation Plan as it stood or whether they could consider a little bit of a pull ahead so they did a better job of defining some of the land issues. He stated that things were changing, and people wanted to use land a little differently today.

Mr. Anzek responded that during the last three years in some planning sessions in Lansing and in some things he had read, the question with transportation was about what served the uses next to roads and how big they needed to be, how wide the right-of-way needed to be, how they should calm traffic and how it should flow, etc. A lot of it was being

re-invented by traffic engineers. Engineering was a discipline that came with safety blinders. Everything had to be safe, so they planned bigger, wider corridors. They would talk about these issues with the review of the Master Land Use Plan and the Master Thoroughfare Plan. They had seen what worked well in other communities. He thought it would be a good idea to revisit the City's Engineering Standards. There was not "one size fits all." Mr. Breuckman had showed the more expensive developments, and they were built with 27-foot wide, curb and gutter streets with sidewalks, which added a lot of cost that did not get used. The City might have to plow it, or they might decide to keep it private. They would discuss a lot of those questions as they went forward. He used to hear an argument about making people build private streets to public standards, and some day they would ask the City to take them over. If people wanted the City to take a street over, they should have to pay to improve the street to City standards because they did not pay for it in the first place when they bought the lot to build the house. They did not have to pay for a big road. When he sat with a developer three years ago, the average cost per lot was \$70,000, which included the road, water and sewer and sidewalks. He stressed that it was a dilemma.

Chairperson Boswell remembered a development south of Avon, on John R, and there was essentially a driveway for three homes, which turned into a major road. The developer was locked into building it that way because of the Ordinance. Mr. Anzek noted a similar situation south of Hamlin, north of the overpass. It was a big driveway built like a street. Mr. Anzek hoped they would discuss those types of things and try to come up with creative results while preserving the City's character.

Mr. Kochenderfer agreed that the Master Plan had served the City very well over the last couple of decades. He mentioned an issue City Council ran into about a month ago with parcels that were zoned RE (Residential Estate - one-acre minimum lot sizes) and Staff had asked that it be rezoned to R-1, which had 20,000-acre minimum lot sizes. He wondered if the City had taken a hard look at the rest of the City to make sure there were no similar issues and if so, if they could catch it ahead of time. Mr. Anzek said they could, as Staff time permitted. Resources were limited, and they were getting busy. He felt that it was something they could revisit.

Mr. Schroeder recalled that back in the 1970's, the Road Commission handled the roads, and they did not do a very good job. It was a real problem, and the Plat Act was weakly enforced, and developers did their own thing. There was one development that had a brown clay private

road, and the developer claimed it was gravel without stone, and Brookwood Subdivision roads were another example. These roads were not installed in accordance with the approved plan; the City did not accept these roads, and they were now private roads.

Mr. Anzek said that he did not doubt that, and there was always a reason why they built to standards, and they learned as they went. They were dealing with a situation now with a Site Plan that was submitted as a concept and it looked really good. The applicants appeared before the Planning Commission at one time; it was located by John R and School. There was a big boulevard down the middle, but after the Fire Department reviewed it, the boulevard got shrunk a lot because they had to widen the one-way road to accommodate the fire trucks. There was a code they needed to respect, but he thought there were things they could look at.

Mr. Schroeder also mentioned that they had to look at maintenance and rehabilitation of the older areas, such as Brooklands. They had to do something so those types of areas did not deteriorate. Mr. Anzek agreed, and said that went along with their next topic regarding sub-areas and targeted plans. Staff felt that there were areas in town that could use a little extra energy and review, and they needed some type of concept so when someone did redevelop, the areas could become more organized and more in line with aesthetics. They could look at Brooklands. Chairperson Boswell noted that they had been working on the Auburn Road corridor for years, and it had not really gotten anywhere. Mr. Schroeder pointed out that when Avon Township started building up, Troy had gone through growing pains and developed standards. People drifted from Troy to Avon Township, and the standards were adopted from Troy. The planner in Troy was strong about parking, because he had been a planner in Detroit. He looked at Royal Oak and saw parking problems, and that was where all the parking requirements came from, and it was overkill.

Mr. Anzek noted Mr. Breuckman's comparison of the City and a farm, and said that the City was planning for the ultimate change and how they wanted the City to be was the question. Mr. Breuckman talked about the planning done 30 years ago, and they had pretty much hit the mark, but they had to figure out where they wanted to be in the next 10-20 years and how they should stimulate redevelopment.

Mr. Breuckman added that it was interesting when Mr. Rosen mentioned Bloomfield Hills as one of the models. When Mr. Breuckman talked about reducing infrastructure, he did not mean reduce quality, and a lot of

the residential neighborhoods in Bloomfield Hills and Franklin were a decent picture of how roads should be treated in a reasonable and attractive manner.

Mr. Rosen said that it was a middle manager's town. It had engineers and managers from the auto companies and similar businesses. He stated that Franklin was different. If they could, they would wall off the community and not let anyone in. Mr. Breuckman agreed, and said he was just alluding to how they built the roads. Mr. Rosen said that was intentional. There was not enough room for more than two cars at once.

Mr. Reece remarked that before they patted themselves on the back so much, he felt that they had to be cognizant of potential looming crises the City had from a revenue standpoint. While the residential market was supposed to drive their revenues and the ability to do all the things the residents wanted, the reality was that the residential market was a long way from coming back. He thought they really needed to be cognizant of the redevelopment on the commercial side and help to push those owners to do something. He mentioned the parcel across from Papa Joe's, and said that it was an old, tired property. He felt that it was a significant reason why its value was so much lower than the Papa Joe's development. He suggested that they had to learn to accommodate, within reason, and look at the 21st century, in terms of redevelopment for some of those parcels. They had to look at parking and the flow internally and gas stations being requested. He thought it was important to look at those types of opportunities as continued revenue growth for the City, while the housing market hopefully came back. He believed that it would be a significant period of time before the property values got back to where they wanted them to be, if at all. Keeping true to their roots from where they started and the good job they did also meant reaching out to developers and retail-commercial developers to help the City generate revenue. They should help improve the areas that would help improve the City. He commented that there were just as many residents that were outside of Rochester Hills that sometimes felt it was walled off from some of the other communities. They had somewhat of an elitist air about themselves sometimes, too. Chairperson Boswell agreed, and said it was even greater 20 years ago. Mr. Reece said that when he moved to Rochester Hills in 1982, it was very much like that.

Chairperson Boswell also mentioned that the M-59 corridor would be crucial, and they needed to get the right development there. He commented that they would keep trying.

Mr. Klomp said that he appreciated Mr. Breuckman's presentation. It was an interesting way to think about the uses and maxing out yield and value. He agreed with Mr. Reece that they were looking at some pretty dismal projections in terms of revenue. With inflation, they were talking about 1-1 1/2 % for the next few years and they would bottom next year and see moderate growth thereafter. He felt that it was important to talk about it, and they could not just study the statistics. The more they looked at different things that affected what was happening, they saw things that were not factored in, for example, the adverse affect of commercial development or overdevelopment and what it did to a residential neighborhood. He appreciated talking about redeveloping the current places they had. They knew how valuable their green space and parks were. They were addressed by most of the residents in the survey. He got emails from people about walking down the Clinton River Trail and the amenities they had. Those were some of the major reasons why people chose to live in Rochester Hills and chose to pay a premium. The revenue was based off of the tax base, and those were the kinds of things they needed to be mindful of. They needed to determine how they could take a space and make it earn tax revenue. They could have a piece of property and see how much revenue a building might earn, but they had to consider the adverse affect - that development compiled with all of the other developments might be creating much more traffic and people might not want to live here and rather move north. That would not be surprising; it had been happening for the last 150 years with metro Detroit. Cities needed tax revenue, and they encouraged development and build bigger and wider streets to a point where it became undesirable. He cited Birmingham and Royal Oak as exceptions, but indicated that there was a reoccurring problem. Regarding the Master Land Use Plan, he focused on the importance of the Rochester Road corridor and believed they should continue to try to reduce curb cuts and make it a safer thoroughfare. They needed to continue to bring and promote development closer to the roads. As people traveled north on Rochester Road, it appeared as a wide open, vast, freeway-looking road. The speeds and noise picked up and it was undesirable in the community. He had mentioned Rochester and Avon, on the southwest corner, which was a huge parking lot 11 months out of the year. He did not think that looked good. There was a similar issue at Hampton Village, which had a huge parking lot. The Auburn Rd. corridor was dangerous traveling through several spots, and that was a concern. He said that he appreciated everyone talking about those issues.

Ms. Brnabic observed that the City had been in a redevelopment stage for quite a few years. When the Master Land Use Plan was redone, it was

a new vision by design, and the City had been tweaking it, which was positive. Ordinance changes had been brought forward, and she thought that was extremely important. As a member of the Zoning Board of Appeals, she became aware of difficulties that people had trying to improve their homes, not just because of the economy, but because of the City's Ordinances. Recently, the Planning Commission was reviewing gas stations and how the setback requirements made it virtually impossible for existing owners to update and stay viable. In reference to the older areas of the community, people were not able to put on additions or improve because of nonconforming issues. The City was making it impossible for people with older homes to add on because of the way the Ordinance was written. She felt that they could continue to be consistent, but also be open-minded at the same time. She was glad that people now had the ability to increase a nonconformity and improve their homes. Some of the situations had been ridiculous - the setbacks denied the ability to do something that was not hideous looking. She talked about garage height, and the fact that people could not match the pitches of their homes, and she was glad to see that they continued to review and re-evaluate the processes and Ordinances. It would not be good to allow the older areas of the community to deteriorate, because it could eventually affect the quality of the entire City. She thought it was good to update the Plan and to continue tweaking it, and she agreed that it could be done in-house for the Planning Commission and City Council's review and approval.

Mr. Hooper thought that it was a great thing that the major appointed boards could meet with the elected representatives. He encouraged that Council meets with the Zoning Board of Appeals and the Historic Districts Commission. Council did meet with HDC about four years ago, and he felt the major boards should meet periodically, because of the valuable input that came from it. Regarding the Master Land Use Plan update, he did not see a major re-write for it. They did a major one last time, adding form-based zoning. Right after it was adopted in 2007, the economy tanked, and they had not seen any fruits of that zoning. He would like to know about plusses or minuses of that type of zoning, and he asked Staff if they had seen any developers doing that.

Mr. Anzek noted that Staff had discussions with the owners of Hampton Village (Target, Best Buy). They had begun thinking about how to pump new business into the center. They knew they had a somewhat obsolete design. The building was about 4,900 feet long, and it did not function like a center should. Mr. Breuckman had done some concepts for the owners, to show them how they could bring the wings of the building in or

make it like The Village or a main street. They could create another thru-way, for example. It had really piqued their interest. They liked the form-based concept as well, but they were not at the point where they could put money into design plans yet. They, as well as the owners of North Hill, knew they had to reinvent themselves to stay alive in the market. He agreed that form based development had not been tested, but there was interest for redevelopment.

Mr. Breuckman added that the money was not there to do big things any more, but Staff has had some inquiries from people who had small sites. By using the form standards rather than the conventional standards, it would open possibilities on the small sites to do some improvements incrementally. He thought they would start to see more of that type of activity. He felt that no one would build apartment complexes, but there was increasing demand for renting. There were different demographics going forward. Rental units got a lot of value from what they were close to. No one really rented something because it was a great apartment if it was not close to something. They should start looking at creating a more complete and interesting place in some of the shopping center parking lots. It was a long way out, but that was a real possibility and a way to start to accommodate some additional rental units, by converting parking spaces to a development that had synergy. He maintained that it would take a while, and it was an education process to get people with the strip center mentality of the last 35 years on board.

Mr. Hooper asked about senior housing and needs. He noted the facility recently approved on Meadowfield Drive and one on South Boulevard. Mr. Anzek said that the facility on South Boulevard had been quiet, but they were active with their landscape plans and had been working with the neighbors. There were some problems with financing, but it was turning around. The City had heard from American House on Adams, and they wanted to finally do the building in front. Mr. Anzek stressed that the senior housing market was strong. Mr. Hooper asked about South Blvd. and Crooks. Mr. Anzek said they were still trying to market it, but there were no bites.

Mr. Dettloff asked if the City did a market analysis to identify where there were some voids. Mr. Anzek asked what type. Mr. Breuckman asked Mr. Dettloff if he meant a gap analysis, which he confirmed. Mr. Breuckman said that one was done with the Master Plan, and he was amazed that supply and demand had lined up. He would re-take a look at it.

Mr. Tisdell brought up demographics, and claimed that society was aging.

It was fortunate that Japan, Europe and China were older than the U.S. China had a huge demographic crisis looming - there were 41% fewer Generation X'ers than there were baby boomers. Expecting them to come in and fill the infrastructure that was built to satisfy the needs of baby boomers was not going to happen. The echo boomers were about the same size as the baby boomers (his kids' generation), but they were doing things entirely different. They could not expect those kids to come in and buy four-bedroom, two-and-a-half bathroom colonials on 15-20,000 square foot lots. They did not seem to have any interest. Relative to retail, his 26-year old daughter-in-law was a manager of social marketing for shopathome.com. They were not running to the stores to get their day to day needs; it was more of a shopping adventure that involved a latte or sitting by a fountain. The City had been well served, but the global recession was kind of the end of that one way average projector from 1947, when Europe, Japan and Russia did not have railroads, bridges, manufacturing, etc. The days that the City would get over the 2008 drop in residential properties and get back on the one-way trajectory track were gone. They had an extremely educated population, and they needed to take advantage of that and generate some light industry, testing, modeling, high tech, and generate more tax revenues from global sales rather than relying on the residents' property taxes and retail taxes. He felt that the cities that could attract and retain two-parent families and figure out how to take care of an educated population that was five times the national average of post graduate degrees and bring businesses in that could generate sales and taxes nationally and internationally from people other than the City's residents was important. He also thought that would be the huge challenge.

Mr. Reece thought one of the keys to that concept was attracting the twenty-six year-olds and the thirty-year olds that lived a different lifestyle than the baby boomers, and find something that would bring them into the community. They should look at Rochester Road and throw something different to the wind to the younger generation and keep them down on the farm.

Mr. Breuckman said that he was one of the last Generation X'ers, and he thought that there were a few things the City really had going well for it that set it apart from the other similar places. Downtown Rochester was an absolute gem for the City and it was key for Rochester Hills. The bike paths were probably the best or second best thing the City did. It attracted educated, active people. He saw people who lived in Royal Oak that married and had kids who moved to Rochester Hills. That boded well for the future, and they needed to keep capitalizing on that. Part of the

problem for younger kids was that they did not have jobs. If the City had old, tired retail centers, it was blighting.

Mr. Rosen said that much of Mr. Breuckman's data for retail showed that age played as big a role in the taxable value per acre than anything. Mr. Breuckman agreed, and said that was because a lot of disposable was built, and they needed buildings that would stand for 150 or 250 years.

Mr. Tisdell referred to "human scale" buildings close to the road, and he found those design standards interesting. Mr. Breuckman felt that design standards were something they should jump on.

Mr. Yukon asked Mr. Breuckman if he was considering proposing more flexible use in the updated Master Plan. Mr. Breuckman said that a lot of those standards were in the Ordinance already, and he thought they just needed to work around the edges. It was an option currently, done to test the waters, but everything tanked and they were not able to do that. They could work with the standards they had. He felt that design guidelines would be important, for smaller parcels, and making sure people did not do something that harmed or set a bad precedent. There would be more reinvestment for a while than redevelopment, and guiding things incrementally was important, and that was where design standards mattered more.

Mr. Kaltsounis pointed out that in 2005, because of the scope of the Master Plan changes, they used an outside consultant to write the form based zoning, and it was done by Mr. Breuckman at the time. He knew Mr. Breuckman was a valuable resource. Mr. Kaltsounis said that he had been waiting for five years to see what those buildings would look like, and they had a good start having Mr. Breuckman on board with the City.

Mr. Anzek stated that the 2005 Master Plan had served the City well. They also did a Natural Features Inventory as part of the Plan, which had become instrumental in how the Green Space Committee identified sites. It was also the basis for the Steep Slope Ordinance to preserve the hillsides. Also, a component of the Plan was an economic development strategy. It was a thorough Plan, and he felt that it still stood. He added that the aging population would drive future housing demands and styles.

Mr. Yalamanchi said that he was excited with all the discussion and great points. He recalled talking about design standards. He strongly believed that Rochester Hills was a great community. In 2008, many communities lost value, and they should take a look at how they compared with those

communities. He believed that they did far better than many communities in Michigan, and he believed that it was the residential that helped. Troy and Warren, for example, had a lot of commercial, and Rochester Hills had high-end residential and highly educated families and professionals. The natural features and other amenities also helped, and they had to make sure to always sustain those. He did not think residential values would come back all the way. He recalled a proposed development for the corner of Adams and South Boulevard (Lorna Stone), and said it was a great design that never came to fruition. Mr. Anzek advised that the person that put it together was trying to reassemble the land to try again. Mr. Yalamanchi thought that would be great. What the developer did initially was propose retail and work-live units above. Mr. Anzek said that there was also some office, apartments and single-family homes. Mr. Yalamanchi thought that type of creativity should be brought in. They could add one or two floors, such as for loft living, for the younger generation not looking for a big colonial. They were going to Royal Oak for that, but they could be coming to Rochester Hills. As their families grew, they could move into a larger home and still stay in the community. If he was going to do something with the Master Plan, he would go in that direction. He thought that form-based zoning was a neat idea, but they obviously did not know the benefits yet. He recalled the great plan Bordine's brought forward, but that was also hit by the economy. They showed a mixed-use development with loft-type units. Mr. Yalamanchi felt that they should bring in those types of new, creative things. Other states had them more, and he felt that if Rochester Hills did, they would see a difference.

Mr. Yalamanchi asked Mr. Breuckman if the corner of Rochester and Barclay was high in value because of Rochester Rd. or if it was because the location collected more rent. Mr. Breuckman said that it was a newer center, but he did not know whether it was related to the amount of money Crust Pizza spent on its oven, for example, or the fact that the vitamin store was paying a lot of rent. He was not sure. Mr. Yalamanchi did not think the stores themselves were of any more value than those at The Village. In fact, he felt that the stores at The Village were of higher product value, and there was benefit to having a lot of stores to walk to and shop. He would like to know what drove the value of Barclay Square versus The Village or Papa Joe's.

Mr. Anzek said that when he first came to the City about 12 years ago, he asked what the most valuable piece of land was. The Assessor at the time told him that the highest assessed property per acre was the center just north of M-59 on Rochester Rd.- where C. J. Mahoney's was. That

was because they received the highest rents. It was before The Village was built and Barclay Square was not there, and he thought it was a non-descript center, but people wanted to be close to M-59 and on Rochester Rd. Mr. Yalamanchi felt that was the reason more than anything for the higher value.

Regarding residential, Mr. Yalamanchi stated that there were high and low areas. He asked if Staff had looked at what the City could do in the low areas to boost values.

Discussed

Mr. Breuckman thought that might be a natural segway to the discussion for Small Area Plans. He said that he and Mr. Anzek had been talking about this for quite some time. They both agreed that the 2007 Master Plan was still a great framework, and that it did not need a lot of work. He thought they had an opportunity to take a targeted look at small areas within the City. Overall, things in the City were not going to change much. They knew they would not be redeveloping neighborhoods. There were segments of roads - Tienken between the creek and Rochester, for example. It was a busy area with great residential development around it. He and Mr. Anzek could come up with areas they felt needed a look that would not need a long, involved planning process. He strongly believed they had an opportunity to engage the community and have some grassroots, ground-up planning processes. In order for that to be really meaningful, it had to come from the residents they could work with and help implement a plan. They talked about a way to spur interest from residents, which would involve the City putting up some implementation funding, such as \$5,000-\$10,000. It could be a great incentive to do the targeted area plan. It might be for a neighborhood group that wanted a connection to the Trail, for example, or needed sidewalks to a school in their neighborhood. Ideally, residents would submit a proposal and with Council's advocacy, the Planning Department could take on a few areas each year. It would not involve a really long process - perhaps two or three meetings. First, they would meet to identify the problem and come up with some possibilities; second, Staff would come back with concepts and they would meet to review them. It would be to fill gaps in the Plan and be meaningful. It would be a continuous, rolling process for two or three areas every year, depending on work load.

Mr. Anzek believed there was a very strong need for it. Mr. Yalamanchi would like to see them grown into the Master Plan, and he felt it could turn around some of the neighborhoods. Mr. Breuckman suggested a

neighborhood might want a corner store they could walk to, but the current zoning was not set up for that at all. If they could do a Small Area Plan and gap analysis and the residents were involved, it would be a great start. Mr. Anzek noted that some of the best ways to build consensus for a vision was to give the residents drawings and ideas with which to react. If the residents were involved, they could begin to gel around an idea. He recalled the Olde Towne area by Brooklands, and he said there had been four starts in 30 years to try to do something with that corridor. The City could never get the owners organized and on board. The last serious attempt was in 2004. They first met with the owners, but they could not get them to agree. They talked about starting a merchant's association to speak as one voice, but they did not want to be a part. That area would be a tough one to accomplish, but they were not giving up.

Mr. Schroeder asked for other area examples. Mr. Anzek offered the area on the north side of Tienken, from the bowling alley going west. There was a shopping center back 100 yards, buildings down in holes, and driveways that went nowhere. There was going to be an improvement to Tienken, and there was an issue that might involve a total take, because part of the property provided a driveway to someone behind it. It was a mish-mash of development. Staff thought that if they could do a redevelopment plan showing how the roads and buildings could be organized, the ownership there might get interested in bringing that vision about.

Mr. Tisdell added that there was plenty to walk to in that area. Mr. Anzek noted that the Summit at King's Cove was building out. There would be some impacts with the improvement to Tienken Rd., but it was an area to him that was very disorganized. There were some other pockets on Auburn, not just in the Olde Towne area, that could be improved. Some of those could be City-initiated and with some, they would work with the neighborhoods. It could be as simple as connecting a pathway to a sidewalk. They had to find out what the residents wanted to do.

Mr. Hetrick asked Mr. Anzek if he wished to focus primarily on residential. Mr. Anzek felt that if it were grass roots initiated, it would be mostly residential. Mr. Breuckman added that they were anticipating any City sponsored ones to focus more on areas like the Tienken Rd. corridor. Staff would have to brainstorm areas they want to look at that would be City sponsored. Mr. Anzek knew that as they went through the Master Plan again, they would be looking at the maps and seeing which areas needed help. That would build the list of sub-area plans. He suggested that when the Building Department held annual meetings with

Homeowner's Associations, Staff could be there to present findings.

Mr. Yalamanchi felt that it was a good idea to look at the neighborhoods, and he mentioned the area of Adams and Auburn. There was commercial and residential and a lot of curb cuts. He thought it was also a great idea to see about getting \$5-10,000 to help with the process.

2012-0188

City Council's Goals and Objectives and how the Planning Commission can assist in obtainment

Mr. Rosen said that knowing they would talk about this item, he took another look at Council's goals and objectives. Someone might think that the first place the Commission could help would be with economic impact, but he stated that it was exactly what they were doing by having the meeting. They were providing a sound planning basis for the City to be able to maintain its character, its value and income stream. They had been doing it for 25 years, and he did not think anything had to change. The City Council would have to tackle public safety, infrastructure management and fiscal management. Community trust and participation and/or community neighborhood issues might be a little bit in with what was planned for the small area plans. The biggest problem in the City was that a lot of people did not trust the City. That was a real challenge, and it might help especially if they said what they were going to do and do what they said.

Mr. Reece wondered if there was a way to better educate the general population. He felt that the sense of distrust, which he even saw at Planning Commission when someone complained about not getting a notice for something, made him uncomfortable. He did not want people to think they were doing something on the sly. If there was a way to educate the public a little better on what the requirements were, who got notices and why, even if it was on the website, it would help streamline that perception back to where it should be.

Mr. Rosen agreed that there had been some real issues, and that anything they could do to make that interplay work would be to the whole City's advantage. They all had a job to do. In general, the fact that the Planning Commission would be proceeding with the Master Land Use Plan, and they were having a meeting and talking about things, that they were at least in the same book. He felt that was what the Planning Commission could do to help Council.

Chairperson Boswell stressed that the Planning Commission did not make snap decisions, especially with contentious requests. They talked

about something, and if needed, postponed a decision until they were satisfied. They had always been that way.

Mr. Anzek felt that it was important for the Planning Commission, since that body oversaw the CIP, which included infrastructure and transportation, to see that what they had been doing was very much in line with Council's goals and objectives. It had been interesting to see the evolution. Staff started to bring prospective development and clients to the Planning Commission before they even submitted any concrete plans. That allowed the Planning Commission to weigh in early on. The best thing that came out of those early meetings was the advice given by the Chair or other members to go meet with neighbors before coming back. That had done wonders in terms of keeping people in the know and educating them.

Mr. Kaltsounis believed that it was a recommendation that came out of the Master Plan. Mr. Anzek said it was an evolution and Mr. Boswell's chairmanship seeing the need to get people talking. Mr. Rosen said it went back to Nick Goulopoulos. Chairperson Boswell recalled that Nick was chair when he first joined. Mr. Rosen agreed that the Planning Commission had used that very effectively over the years. It put a little push on the developers. Mr. Anzek said that it was important for Staff to get the developer in front of the Planning Commission early on in the process, and they could tell them then to meet with the neighbors. Staff could tell them until they were blue in the face, but the developers could not care less.

Mr. Yalamanchi thanked the Planning Commissioners, and said that he was really impressed with what they did. He usually read Minutes from their meetings, and a lot of the questions he had were asked and answered. The Commissioners had already resolved 90% of his questions, and he really appreciated it.

Discussed

OPEN DISCUSSION

Regarding the letter from Mr. Staran, it was Mr. Yalamanchi's understanding that they wanted to ask for another Extension of the Medical Marijuana Moratorium. He questioned whether they would approve a policy to use marijuana in homes within the intent of the law. Mr. Anzek stated that they had always had that understanding from the first work session the Planning Commission held. Mr. Hooper asked if

the Moratorium would prohibit a licensed patient from the utilization of medical marihuana, and Mr. Anzek clarified that it did not. Staff dealt with zoning and land use issues, such as dispensaries, growing, selling, transportation, and so on, and that was the only control the City had. They did not have control inside a private house.

Mr. Yalamanchi asked if they had to adopt a policy at this stage. Mr. Anzek did not believe so. He felt that they were very much in line by doing nothing, and he thought Mr. Staran was providing that direction. A Moratorium gave the City the ability to tell a grower that he could not use warehouse space. There was uncertainty in State and Federal law. Last year, the Feds did a 180 and took the issue from non-enforcement to aggressive enforcement, with letters that Mr. Breuckman found as a consultant and provided to Mr. Staran. They threatened prosecution of public officials that endorsed or approved the uses, and Mr. Anzek did not want to put them in that line of liability. They felt that the continued path of an extended Moratorium was the correct way to go. There had been no movement for Staff to give the members any other recommendations as to how to handle the matter. He noted that it would be put on a Planning Commission agenda soon so it could come to City Council.

Ms. Lorraine McGoldrick, a member from the audience, rose to speak. She advised that she worked in the field of substance abuse and prevention. She felt that there was a very good chance that people would get enough signatures to put legalizing marihuana on the ballot. The House legislation that just passed did nothing to help the City regarding the sale of marihuana and did not address the core issues. She stated that she followed the matter very closely as a professional.

Mr. Kaltsounis recalled that a few years ago, Auburn Hills was going to let people have operations, but they reversed that and instituted a Moratorium and would not allow anyone to do anything. That was based on the lack of case results in court and the Federal and State laws. He remarked that it was hard to believe it had been a year, but nothing had changed. Mr. Anzek added that it started to become a local issue in 2009. No other cities had model ordinances prepared, and there still were none. Court cases were in appeal, but they did not know what the outcomes would be.

Mr. Anzek thanked everyone for their input, and indicated that Staff got some good direction and guidance for going forward.

NEXT MEETING DATE

Chairperson Boswell reminded the Planning Commissioners that the next Regular Meeting was scheduled for June 5, 2012.

ADJOURNMENT

Hearing no further business to come before the Planning Commission and City Council. and upon motion by Kaltsounis, Chairperson Boswell adjourned the Special Joint Meeting at 9:00 p.m.

William F. Boswell Chairperson
Rochester Hills Planning Commission

Greg Hooper, President
Rochester Hills City Council

Maureen Gentry, Recording Secretary