



# Rochester Hills

## Minutes

### Planning Commission

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*Chairperson William Boswell, Vice Chairperson Deborah Brnabic*  
*Members: Gerard Dettloff, Kathleen Hardenburg, Greg Hooper, Nicholas O. Kaltsounis,*  
*David A. Reece, C. Neall Schroeder, Emmet Yukon*

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Tuesday, March 4, 2008

7:30 PM

1000 Rochester Hills Drive

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#### CALL TO ORDER

Chairperson William Boswell called the Regular Planning Commission Meeting to order at 7:30 p.m. in the auditorium.

#### ROLL CALL

**Present** 8 - William Boswell, Deborah Brnabic, Gerard Dettloff, Kathleen Hardenburg, Greg Hooper, Nicholas Kaltsounis, C. Neall Schroeder and Emmet Yukon  
**Absent** 1 - David Reece

#### APPROVAL OF MINUTES

##### 2008-0075 February 5, 2008 Regular Meeting

A motion was made by Schroeder, seconded by Kaltsounis, that this matter be Approved as Presented.

The motion CARRIED by the following vote:

**Aye** 8 - Boswell, Brnabic, Dettloff, Hardenburg, Hooper, Kaltsounis, Schroeder and Yukon  
**Absent** 1 - Reece

#### COMMUNICATIONS

- A) Letter from Citizen Planner dated February 4, 2008
- B) Memo from Paul Shumejko dated February 20, 2008 re: Master Thoroughfare Plan
- C) 2007 Year-End Report from Planning and Development Department
- D) Planning & Zoning News dated February 2008

#### DISCUSSION

##### 2008-0088 General discussion from a developer's standpoint

**(Representatives from Lombardo Companies and Kirco Development).**

*Present were Anthony Lombardo and Greg Windingland, Lombardo Companies, 6303 26 Mile Rd., Suite 200, Washington Township, MI 48094 and Quinn Kiriluk, Kirco Development Interests, 101 W. Big Beaver, Suite 200, Troy, MI 48084.*

*Mr. Anzek related that the meeting was meant to be very informal with open dialogue. Staff had invited Mr. Lombardo, Mr. Windingland and Mr. Kiriluk for a discussion about what it took to put together a project from a developer's perspective, including site evaluation, consultant selection, financing and other issues they had to go through. Mr. Anzek felt that it would be beneficial for the Planning Commission to see the other side of the story. He encouraged the Commissioners to ask questions during the discussion. He noted that Mr. Lombardo was a reputable residential builder in Macomb with a project approved in Rochester Hills - Sheffield of Rochester Hills. He added that Mr. Kiriluk was from Kirco Development, an office and retail development firm, which developed the Crittenton Medical Office Building.*

*Mr. Lombardo advised that the first thing they did was determine what kind of products they wanted to be involved in. In the last four or five years, he had been focusing on first time homeowners and empty-nesters, with housing pricing between \$120,000.00 to \$220,000.00. He analyzed the market place and the communities he wanted to be in, and looked at how he competed with other people in the area. Once he determined where he wanted to be, he bought a City's Master Plan and Zoning Ordinance. He wanted to understand how the Planning Commission thought the community should develop. Staying within a reasonable guideline of the Master Plan, he looked for land.*

*He did not look at the broker's sign on a street because he did not think that was relative to what he did. They found the land based on the Master Plan and tried to buy it, listed or unlisted. He related that a lot of times, although a Master Plan might identify an area to be multi-family, developing a mobile home park or high-density residential could be controversial. They found that during a Rezoning or Site Plan approval, there was a lot of debate, even though the documents supported what they were proposing. If he was in accordance with the Master Plan, and he was asking only for what was in the Zoning Ordinance, as a developer, he felt that the Planning Commissioners were there to enforce the provisions because they adopted the Master Plan. He indicated that the Master Plan was just a guide, and that they used it to their benefit.*

*Mr. Anzek asked about the discriminators for selecting communities, or what rose to the top. Mr. Lombardo said he looked at the need in the community and that it was not overbuilt. The majority of development in Macomb Township was R-1, which meant 70 x 120 lot zoning. They could pretty much take a rubber stamp and lay it over each square mile. That was not something he would do because there was so much competition. He came to Rochester Hills because there were not a lot of ranch condos and not a lot of competition in the area. He searched for a piece of land that was Master Planned for that use. It was complicated, because he had tied up another piece of land to trade.*

*Mr. Hooper said he agreed about following the guidelines of the Master Plan and Zoning Ordinance. He recalled some property an applicant wanted to develop, which was zoned R-4, 80 x 120 lots, and he brought a Site Plan forward for approval. There was quite a bit of debate from the Commissioners, and some said it was not harmonious and*

*compatible with the community, and they wanted to see R-2. Mr. Hooper's perspective was that they were being disingenuous to the developer because it was Master Planned and zoned R-4, but they turned around and said they did not want R-4. He asked Mr. Lombardo how often he faced something like that.*

*Mr. Lombardo said it happened all the time, but usually they could work through it with the Planning Commission by having poignant, candid conversations. He agreed that it was an issue. Commercial property could be zoned correctly, and he mentioned Lowe's, but he recalled that the Planning Commission did not like the blue elevation of the building. He did not feel that was relative to the zoning district. If the zoning allowed a big box, he believed the Planning Commission was there to enforce and uphold the provisions, and he reiterated that they were the board that adopted the Master Plan and Zoning Ordinance.*

*Ms. Hardenburg asked Mr. Lombardo if he would rather see the Commission be more particular in the zoning as to what they wanted, or if it should be more vague so the Commissioners could work with a developer.*

*Mr. Lombardo said that with residential elevations, he did not think it was the Planning Commission's, City Council's or his job to decide what the consumer liked. It was the consumer who decided what he or she liked. If he developed a subdivision with a certain lot size and he built the wrong house, it would not sell.*

*Ms. Hardenburg said she agreed with that to an extent; however, there were areas surrounding that home, and if it did not sell, it would not stay looking nice and the values around it would go down. Mr. Lombardo said that did not happen a lot. He developed next to manufactured home*

*communities consistently, and it had not dropped the values of his existing product. As long as it was a cohesive development that was similar in nature, it depended upon who was running the development. He stated that the consumer recognized that.*

*Chairperson Boswell said he understood that the consumer was the one who determined what would sell. He reminded that the Planning Commissioners were all consumers, and they were all a part of the City. They knew what they wanted and what would or would not sell also. Mr. Lombardo said that the Ordinances did not allow the Commission to regulate how something looked on a residential basis. Chairperson Boswell indicated that Mr. Kaltsounis often referred to "siding monsters" and that he did not like them. Ms. Hardenburg said that she owned a siding monster, and Mr. Lombardo said those homes were built everyday because there were people who did not mind that. Ms. Hardenburg said she preferred it, because she could change the color, and she could not change brick.*

*Mr. Kaltsounis explained that when he saw a house like Ms. Hardenburg's, there was trim or dimensions or styles, and that was different. He referred to a subdivision off of Auburn, and said that a lot of the homes had very little brick, and that a lot of the builders were in foreclosure. That was because people did not see any dimension or style to the homes, and they did not like them. The homes looked like they were put together hastily. Another example was the Tadian Homes sub next to Deerfield Elementary. Those homes started to sell at the same time as his subdivision, and his sub built out two years faster. The difference was that Tadian only had four feet of brick on the lower front portion of the house, and people had to pay for the rest if they wanted it. His home had brick all the way around and nice elevations. He referred to Pulte homes and said that*

*those homes sold because Pulte knew where to spend money and how to use nice dimensions. The roofs had regular shingles. However, the Commissioners were seeing houses that had been cheapened, and he was against that.*

*Mr. Anzek asked Mr. Lombardo to talk about pricing differences between full brick and vinyl and about the target buyers. Mr. Lombardo advised that for a house about 2,500 square feet, the difference between first floor brick and vinyl would be about \$8-10,000.00. He stated that the Tadian Homes community Mr. Kaltsounis mentioned would sell out one day, because everyone was a little different. Some people would rather have an additional 400 square feet than full brick, and some people did not mind full siding. He thought that there were very few consumers that understood the features Mr. Kaltsounis talked about.*

*Mr. Kaltsounis noted that the developer for Saddlebrook Orchards put up two houses. They were all siding and not very substantial looking, and they sat for a very long time. He indicated that they kept selling those types, but said that he did not like to see them. He referred to Mr. Frankel of Butler Ridge, who said that the people in Rochester Hills knew what they wanted. He noted that the City recently redid its Master Plan, and he asked Mr. Lombardo if he had looked at the new one. He advised that they had changed a lot of R-4s to R-2s, because of the areas around the R-4s.*

*Mr. Lombardo said that he had not reviewed it, but he added that going from four to two units per acre meant that the development costs would be doubled. In the current economic times, a lot of people could not afford that cost. By arbitrarily changing the Master Plan to R-2, they caused the home prices to change. He cautioned that there would not be a market for the larger lot and there might not be for a*

*long time. Mr. Kaltsounis said they did it for existing subdivisions that were already at that density. They took areas that were R-4, but had not developed yet, on Hamlin Road and Livernois, and created a cluster residential district, in which someone could put different communities with less curb cuts and more open space. He asked Mr. Lombardo's thoughts.*

*Mr. Lombardo said they did a lot of PUDs, where the lot size was reduced to create open space. He felt that those were good tools as long as they were not too restricted. It was sometimes better to develop conventionally if he had to add too many details. PUDs were good tools, but they opened the door to negotiations that sometimes became too difficult to get through. Mr. Kaltsounis said that they had not worked out the details, but the zoning was to get fewer curbcuts and to get more clustering at a certain density.*

*Mr. Delacourt said that within an R-4 district, under certain criteria, a developer could do an attached ranch project as opposed to single family, as long as the density was the same. If they could get 30 single-family homes under R-4, they could do 30 attached ranches, leaving more open space. It would be similar to a PUD. Mr. Lombardo said it was a great process, but they had to watch out for the restrictions because when the people in the audience started expressing concerns, it did not become the right plan, or it became a debatable brick color. They came across those issues through that process.*

*Mr. Kaltsounis indicated that he did not think the Commission would restrict the brick color in a PUD, but they would get the benefits of being able to move buildings around, or clustering, something they would not get under regular residential zoning.*

*Mr. Dettloff asked Mr. Lombardo if he substantiated his decisions to build with a needs assessment. He asked what drove the final decision to build within a city, especially in today's economic times and with all the product that was out there.*

*Mr. Lombardo said he did not do an official needs assessment. His family had been in the business since the early sixties, and he had lived and understood it very well, so he did not necessarily do a needs assessment. He knew that stacked ranch products were overbuilt everywhere. He did not need to start the Sheffield project because that buyer was not buying. The only thing really moving was the affordable, single-family for young buyers moving out of the house.*

*Ms. Hardenburg asked why there were not many affordable single-family homes being built in Rochester Hills. Mr. Lombardo said it was because of land prices and development costs. Mr. Anzek agreed that they had to factor in the land cost. Residential land in Rochester Hills had been going for \$150-170,000.00 per acre. If the land was \$150,000.00 and the developer got two lots out of it, it was a lot of money even before the infrastructure was done. Ms. Hardenburg stated that the homes in foreclosure were not there because they were siding monsters; they were overpriced for the area.*

*Mr. Delacourt asked the developers how much time they spent trying to find out how many units they could get from the land, using the Ordinance, before they purchased it. He thought that was one tool by the City they could rely on before they paid for a piece of property. Mr. Lombardo said that initially, they did that. During their due diligence, before they closed, they physically prepared as many as 15 Site Plans. The communities did not do a good job of*



*matching the Master Plans and Zoning Ordinances. The Master Plan would say 4 units an acre, but with the Zoning Ordinance and engineering requirements, they could never get 4 units per acre.*

*Mr. Kiriluk said that from a commercial standpoint, the benchmark they kept in mind, regarding what they could pay for land, was based on a per square-foot basis. For office, they knew they could not pay more than \$25 per building foot for land. If the land costs were above that, there would be no marketability. The construction costs were somewhat fixed when the type of product to be developed was known. The biggest variable was the land cost.*

*Mr. Casey said that the characteristics they looked at for office or commercial were different, and he asked them to comment on those differences.*

*Mr. Kiriluk said that for retail, they looked at the demographics and growth statistics: Population growth, the trends in the median household income, the size of the homes - and all that was factored in to determine the demand. They had to determine whether there were additional opportunities and if there was a lack of retail services in an area. Retailers targeted within a certain mile radius. The owners of Target would go five to seven miles before adding another store. Grocery anchored retail was a smaller circle. It depended upon what currently was in the market, the barriers to entry, availability of land and cost of land. Regarding office, they also looked at the existing product in the market and trends in lease rates, which reflected how feasible a project was.*

*Mr. Kaltsounis asked how Rochester Hills fit into the formula at this time. Mr. Kiriluk referred to the Crittenton*

*Medical Building, which was recently approved. He advised that the rent rates for medical office were continuing to grow, and that was a market segment that had not really fallen victim to the economy. The rent rates for office had declined, and he said that it was amazing to see what other people were doing to draw tenants. Mr. Anzek asked what the rates were for Class A or B in a good market. Mr. Kiriluk said that the Class A markets in southeast Michigan could get high teens or low twenties per square-foot gross. Class A buildings were newer, with nicer amenities and finishes. He noted that they had an office in Troy called the Columbia Center, which he said was somewhat of an anomaly given the market conditions. It was a Class A office building with 600,000 square feet. It had the highest rent rates in all of Troy and Southfield, and they were 90% occupied. There were always companies looking for that "best in class" and location where they wanted clients to come, and they were willing to pay the premium because their businesses would benefit.*

*Mr. Dettloff asked if the majority of the tenants were long term, to which Mr. Kiriluk agreed. He said that remarkably, they had not had to budge much on the rent rates. The companies were very client based, and there were a lot of national firms there. It was a great tenant mix. Mr. Dettloff clarified that premium rates would be in the mid-twenties.*

*Mr. Yukon asked how far they looked into the future from a project development standpoint - in good times and bad. He noted that with a Site Plan submittal, an Environmental Impact Statement was required, which stated how long a project would take from the time it was approved to completion. He asked how much time and investment they gave themselves for a complete project, acknowledging that it depended upon the project.*

*Mr. Kiriluk said it was a considerable amount of time. Even before a project became a real project, they would spend hundreds of hours on it, doing market studies, talking to a community, and trying to understand the process. A lot of times, the deal would not materialize, which could be the result of many factors, including the land price or environmental impacts.*

*Mr. Dettloff said he had interacted with a lot of brokers, who used the term "over-retailed." He asked if the marketplace in general was over-retailed, and if that was the reason there were so many vacancies.*

*Mr. Kiriluk said there was a lot of dated retail, which he thought attributed. One of the few sectors seeing activity was retail. Even though the housing market had come to a halt, retail was still catching up to the population growth. Retailers were still trying to make it convenient for their customers.*

*Mr. Lombardo talked about the costs they incurred through the approval process, including attorney fees, closing, etc. He spent \$100,000.00 just to get a Site Plan approval. They spent a lot of time and money before they even knew they were approved. Mr. Kaltsounis asked if he could recommend something to help the Commission help applicants.*

*Mr. Windingland said they should trust the professional City Staff. They saw in many communities that the Staff was trusted no more than anyone who walked in the back of the auditorium and spoke. He added that contingent approvals were wonderful. In some communities, and he mentioned Shelby Township, if an applicant was down to a laundry list of five or six things, they trusted that the Planner or Engineer would do the right thing and make sure the*

*developer followed through. Some communities would not do anything until all the t's were crossed and i's were dotted. He stated that the two things he mentioned were critical as far as time was concerned.*

*Mr. Kaltsounis advised that the City did approve things with conditions, and the Commission did not really see a project back, except for a Final approval. Mr. Delacourt agreed that the approvals were conditioned, but he thought that Mr. Windingland was talking about larger issues, which a lot of communities let go - final locations of curb cuts, off-site road improvements - plans Rochester Hills' Planning Commission would never approve. Those were expensive items to engineer. He mentioned soil borings for retention ponds and drainage areas, for which the Commission was used to having an answer. He added that the Commission required those answers long before a set of plans was done. He thought that Mr. Windingland was talking about more than the final location of the pedestrian walk to the building or about moving a couple of handicap parking spaces. The City never really approved a plan without a couple of conditions, but what was acceptable to be contingent upon an approval was the difference. He said he was not arguing one way or another, and he commented that the City and the Planning Commission required an enormous amount of information to be able to approve a Site Plan. The Commissioners ended up knowing exactly what they would get - almost down to the last stripe on a parking lot. The Commissioners even knew whether the soil for a retention pond had the correct permeability to allow the location of the pond. He added that most cities only required a general location, and even the Zoning Ordinance only required a general location. Staff and the Planning Commission were accustomed to seeing a lot more detail to be able to recommend approval of a general location.*

*Mr. Windingland referred to Sheffield, and said that the engineering plans had been 85-90% done because that was required to get through the Site Plan process. Mr. Delacourt said that project went relatively smoothly compared to a lot of Site Plans, PUD or not. Mr. Lombardo clarified that the Zoning Ordinance did not require so much, but through the City's policies, it had come to that. Mr. Delacourt recalled that Staff had the debate. The Zoning Ordinance required a general location of a retention pond, but before the Engineering Staff was comfortable recommending approval, they had to know the 100-year overflow calculations, what the soil permeability under the pond was, and things such as that. It depended on how the requirement was read - a general location could be a two-dimensional circle on a plan, or it could include the additional elements before approval. It was not what the Zoning Ordinance said; it was the detail the Planning Commission and Staff had come to expect to make a recommendation.*

*Mr. Anzek said that the Commissioners had done well with regards to trusting Staff. He mentioned the recent Taco Bell approval, which had a condition to resolve the drive and traffic flow. Mr. Lombardo had talked about going through 15-20 Site Plan iterations before he submitted something. He needed to make sure something made sense financially, and that it was appealing. Staff would like to get the Commission involved earlier on in the process by encouraging people to come for a discussion. He would like Mr. Lombardo to be able to bring those 15-20 Site Plans to bounce off the Commissioners before he invested a lot of money. He would like to see the Commissioners be site planners, not Ordinance checkers. Staff would like them involved to see how they envisioned something and to see how something would function, which would be a*

*great benefit to everyone.*

*Mr. Kaltsounis said that Staff had recommended that the Commissioners look at plans sort of at a “napkin sketch phase,” without engineering. He asked if that would help developers. Mr. Kiriluk said that Crittenton Medical Building was kind of a special situation, as it was an infill, and that the whole process went very smoothly. He felt it was a two-way street. They had to have community involvement, and the developer had to reach out and make the City a part of the team. They sat down with every department before they even submitted and showed how the building would look and the parking layout, and asked if there were any issues. All the time they spent saved them much more down the road. They really got through the process extremely expeditiously, which he felt was a direct result of having a joint team effort. He stated that developers would run into resistance in any community if they just came in and wanted approvals. The community needed to be involved, and to talk about their vision for a project or an area. There had to be some limitations, of course, and the City could not just say they wanted limestone everywhere, for example, but there had to be give and take.*

*Mr. Kaltsounis asked if it would be beneficial if they got input from the Planning Commission at the napkin sketch stage. Mr. Kiriluk said it absolutely would be, because any concerns could be addressed at that time, and it would save time, money and aggravation. Mr. Kaltsounis acknowledged that after the engineering for Sheffield was done, the Commission asked them to move some buildings around. He thought that negated the engineering work already done. Mr. Lombardo agreed, and said they had to provide such detail, that changing something cost them. Mr. Lombardo advised that they meet with a community to tell them what they wanted to do, and they meet with the*

*neighbors or neighboring communities.*

*Mr. Lombardo brought up that if he was investing in retail and he wanted to buy 40 acres, he would want to know that for whatever he wanted to build in accordance with the Ordinances, the Commission would not stop him from building. He stated that was the toughest part. They discussed elevations and other requirements, but as an investor in land, he did not want to hear that. He wanted to know that the Commissioners would enforce the Zoning Ordinance and the laws the City had adopted, and that he could invest his money safely. Land investors knew they could not do that, however, because of public outcry or personal concerns. The elected board wanted to be re-elected so something became a big deal, and no one wanted to talk about it. He just wanted to be able to rely on the regulations, and in most cases, he did not want to hear about the brick. He mentioned putting up an ugly building that met the Ordinances, and said he had a right to do that with his land, and he thought they should discuss it further.*

*Mr. Dettloff asked where they found most of their logjams occurring - the administrative, the Planning Commission or the City Council level. Mr. Windingland said that the public sometimes caused it. If they came in with a Site Plan and four people out of 70,000 were mad about it, there was a good chance that the matter would get tabled and they would have to address those four people. He realized that they might have a legitimate concern. He recalled a gentleman across from Sheffield who complained that there would be headlights shining into his home. They planted trees on the gentleman's property to shield them even before they went for Site Plan approval. If someone lived next door to a development that was previously a vacant field they might be upset, but the field did not belong to them. He felt that if a developer complied with the Zoning*

*Ordinance, the Commission members needed to help diffuse it when someone complained so the matter did not get tabled.*

*Mr. Kiriluk said that the residents looked upon the Commissioners and City Council members as leaders. The layman might not understand the impact a development would have in terms of jobs created, businesses attracted to the community or tax revenue. The retail could increase the value of their homes because of the proximity to services. There were always developers who did not do things right. He recommended that the members could talk about the benefits of a development, and how it could contribute to the community in multiple ways, or that the finishes would stand the test of time, both functionally and aesthetically. Those were things the community could embrace. He thought that those were really important things to communicate.*

*Mr. Yukon stated that the Commission did not want to be a rubber stamp, either, and they had to be careful because they were watching out for the residents. The Commissioners walked a really fine line as far as taking into consideration the applicants' needs and the needs of the community members and trying to strike a balance so everyone was happy.*

*Ms. Brnabic agreed with Mr. Yukon. The Commissioners were getting a better perspective from the discussion, but she felt it would be good for the developers to hear a few comments from their side. She reiterated that the Commission was not a rubber stamp, and added that they were the party in the middle. They were not the political party, but they had to listen to the residents. It was the Commission's job to iron everything out. The residents often felt that something should not be "in our backyards."*



*They had their own soapboxes and said things like “they enjoyed the view and the City could not take it away,” even though it was not their property. It was nice they could enjoy the view for so many years, but the Commissioners knew developers had a business to run and to make a profit. Some developers pushed for the highest possible density, but that did not make it the best project possible. The Commissioners also had to look at that and for the best interest of the community. They lived in all parts of the City, and it did not matter if a project was on her side of town or at the far end of town - she looked just as carefully at a project on the other side of town as she did something next to her. The Commissioners did trust Staff, but they had to deal with the uniqueness of each piece of property. The Tree Conservation Ordinance only required a minimum standard for saving trees. There might be a piece of property where 30% of the trees were being saved, and that might be great for that property. There could be another, however, where 30% was not ideal. They had to look at the topography and layout for each site individually. 30% for one site might not be as good for the community and they might want to see 35% saved where possible. The Commission would like all developments done in the most cost effective manner, but they wanted them done nicely. They did not want cheap and quick. They made decisions based on what they perceived to be the best development in the best interest of the community. She indicated that the discussion had been very interesting.*

*Mr. Delacourt noted that Ms. Brnabic talked about the Tree Conservation Ordinance and that saving 37% of the trees was the minimum. Mr. Lombardo talked about the City’s Ordinances and doing 15-20 Site Plans within the guidelines. If he submitted a Plan that followed the Ordinance, and determined the costs of doing the project and that they could save 37% of the trees, but the*

*Commission asked him to save more and perhaps lose a lot or two, he wondered what type of impact that could have on a project.*

*Mr. Lombardo said it would sway the economics tremendously. The development costs would be the same. He stated that he relied on the standards, maximum or minimum, to make a decision about whether to move forward.*

*Ms. Brnabic advised that they considered the size of a project. She could not remember that the Commissioners had ever requested a larger number of trees, well over the minimum, to be saved. She did not remember them ever asking for over three houses to be eliminated. It usually boiled down to one house. There was a sense of logic and thought behind what they did; they did not try to force changes that did not make sense. Perhaps there was a dumpster that was a little close to a neighbor or some similar concern. They asked, and not in a demanding manner. Mr. Delacourt said if it were one or seven homes eliminated, he thought that a developer would make up the cost in the quality. There might be an aesthetic improvement, but they might be causing a drop in quality in what was constructed.*

*Mr. Lombardo said that he went through a good process with Rochester Hills, although he did feel there was an imbalance in the building approval period. The Planning Commission sometimes started to require more and more because of the residents, but he stated that they really did not have the right to ask for those things. Mr. Kaltsounis asked the greatest hardship a Planning Commission had caused because of asking for something.*

*Mr. Windingland first wanted to talk about engineering*

*standards, and he said that the City required sanitary manholes every 350 feet. They knew the Road Commission would require a certain deceleration lane. They knew the Fire Department required hydrants every so many feet. The Tree Ordinance said to save 37% of the trees. They plugged this information in and came to a meeting and the Commission asked for 39% of the trees to be saved. He suggested that if the Ordinance said it was at the judgment of the Planning Commission that 35%-40% of the trees be saved, the applicant could plan on it, and there could be flexibility in some situations.*

**This matter was Discussed**

*Ms. Brnabic said it was great to hear a developer's perspective - to hear what they went through and why, and about the expense. She thought it was a good idea to show the plan at a conceptual stage, so that before an applicant came back, any concerns could be ironed out. Ms. Hardenburg recalled that they saw a concept recently, but at that meeting, the applicant showed the building placed further back from the road. When the project came for approval, the building was closer to the road, and some of the Commissioners had concerns, because it was not what they had seen at the concept. They had to remember that a concept was just that; and in reality, it might not be what came forward for approval.*

*Mr. Delacourt said that seeing a colored concept plan at a concept meeting with little or no people and seeing a two-dimensional subdivision with all the engineering at a meeting with upset residents would be different, even though it was the same thing shown.*

*Mr. Kaltsounis brought up trees, and said they looked at a development as a whole and tried to save stands of trees, and that was something they could probably do at a concept meeting.*

*Mr. Kiriluk referred to one of the worst things that had held them up in the past, and said that there was a residential street behind their proposed retail development and it was a challenging process. There was a lot of community resistance. It turned out to be a beautiful development. There was a Target, Kohl's, Home Depot and some bank branches. They had to put in a new storm system for the street behind it and to pave it; they had to demolish and build a new home. There were a lot of things they had to do, but he acknowledged that it was part of the business. Mr. Lombardo added that it was by a three-way exit to the freeway, on 26-Mile Road and at a major intersection. There was not going to be residential there, and it was very under-retailed. They had to get it rezoned, and it was Master Planned for retail, but it was denied to extract all the additional things the township wanted. They used the denial to get what they wanted.*

*Mr. Anzek brought up the Planning Commission getting caught on the thin line between resident outcry and a developer's vested right. He supported the developer's opinion that if a City zoned something a certain way, it had vested the developer with the right to build it in accordance with the City's standards. If they did that, the City must approve, according to State law. There were challenges from residents, and he advised that developers should meet with them, to head off the public outcry in the beginning. He noted that when Mr. Bordine was starting new development plans, he extensively took the time to have neighborhood meetings at the nursery. He showed them what he proposed, and that helped the public understand much better and it warded off public outcry. If developers did not do that, the Commissioners got caught in the hot seat. Sometimes, tabling or postponing a meeting was a chance for emotions to cool down. It cost*

*developers money, but it was a judgment call the Commission had to make. He indicated that good developers wanted to meet with residents.*

*Mr. Kaltsounis agreed that meeting with residents had eased the pain for developers more than anything. He asked if that could be added to the design standards. Mr. Anzek thought it could be a policy, such as using LEED building, not a law. Mr. Kiriluk said that there were some communities that required developers to publicly notify and meet with the neighbors. The developer could answer questions, explain the project and its benefits, and hear from the neighbors. He agreed it did take pressure off of the Planning Commission, and he suggested that the City might want to require it.*

*Mr. Windingland mentioned that in Macomb Township, they had a 487-lot subdivision, one mile to another mile road, and when times were good, they were pushing hard to get their approvals so they could get the contractors to start at each mile road. They had the final approvals, but things started to slow down. They decided that they were not going to be so ambitious, and that they would phase the project again. They had shown three other phase lines, but they wanted to do a mini-phase, which was not shown on the original plan. The township made them almost go back to square one just to put a smaller phase line on the approved plan. It cost them 14 months and in that time, the economy dried up. They have not put a shovel in the ground. It was probably a blessing, but it was very frustrating and painful at the time. Some communities would have sent them to the City Engineer to work out the phase line as long as the infrastructure worked, and it would have gone back to the Planning Commission as an informational item. Mr. Lombardo related that he was denied from putting in a mobile home park, which was*

*shown on the City's Master Plan, and he had to enter into a consent judgment because the City did not want to admit it had Master Planned the area that way.*

*Mr. Kaltsounis recalled that when he joined the Planning Commission, he was told by some developers that it was the hardest Commission to work with, and they asked why he was joining. He asked Mr. Lombardo his perception about dealing with the Rochester Hills Planning Commission. Mr. Lombardo said he did not think they were any different than others, and that they required the same things, and that the process was similar. It took a year or year-and-a-half to get approvals in other communities.*

*Mr. Kiriluk said that he has had one experience with the City, and his experience was extremely pleasant. He indicated that it could not have gone any smoother. Ms. Hardenburg asked if they had any projects in the pipeline. Mr. Kiriluk said there possibly were. He indicated that there would always be challenges, but he had not heard anything about Rochester Hills being harsher than other cities. Mr. Kaltsounis said that when he heard comments about their reputation, it made him wonder about how to approach a development. There was always a chance of a consent judgment and there were Ordinances. They had to think about what they could and could not do. They had never made someone pave a road or build a house, and he went strictly by the book. He wondered if they were different than everyone else.*

*Mr. Kiriluk said they worked in multiple states with many City and State governments. There were some cities that were extremely aggressive and streamlined the processes. It seemed that there was a tendency in many cities to get into too much detail, which slowed down the process. He stated that time killed deals, and the more integrity that was*

*taken out of a developer, the more challenging the process became for him to build something marketable and on time.*

*Mr. Anzek asked if they picked engineers based on how well they got along with the City or how well they worked for the developer. He asked about the process for picking a consultant. Mr. Lombardo said it had to do with how long they had worked with them and how well they understood the City's Ordinances. It was very rare that developers asked who the favorite was in the City and used them. That was typical for someone new in the community. They picked people they worked together with the best. Mr. Kiriluk said that the relationship was important, and they wanted someone who knew the Ordinances and the issues that might be brought up. They did not want to find someone who would tell them just what they wanted to hear. They wanted to know the challenges so they could address them from the beginning.*

*Mr. Yukon commented that a lot of people were asking when they would be coming out of the economic doldrums. He asked if they had any sense of when things would change, and if they would start seeing more development soon.*

*Mr. Kiriluk said that from an office market, they were probably three to five years away. They had taken a considerable dive in value and rents. They had developed a building in Troy in the 1980's, and it was still a Class A building, but the rent rate today was the same as when they opened the building. Mr. Yukon asked about the residential market. Mr. Lombardo said that the residential market had never seen such a downfall. Permits were down about 75% in southeastern Michigan. Developers had been producing about 20-24,000 residential housing units in southeastern Michigan on an annual basis for almost six years. He did*

*not know if they would ever get back to that point. He thought it would stabilize in 2010 at about 10-12,000 permits. They had been in a downturn for about two years, and the make-up of homes was changing. They would not see a lot of affluent product. The people in Michigan needed to change to what people could afford. That was difficult for Planning Commissioners looking at their Master Plans and land use. People would not be able to afford 100-foot lots and \$400,000.00 houses for a long while. They could get there, but they had to get back to work.*

*Mr. Casey said that speculative development was completely dead in southeast Michigan. He mentioned the Executive Office building on South Boulevard, which was about 50% leased; the Boulevard Shoppes; and three small industrial buildings that had sold in the last year, and said that was it in Rochester Hills. In Auburn Hills there were a couple of office towers they had not done anything with. Mr. Kaltsounis asked him to describe speculative development.*

*Mr. Casey said that when markets were good, people invested money with a smaller percentage of pre-leased space. Kirco might decide that the market was good to put up a building if they could get it 50% pre-leased. When times were good, they would do that with 25%, because they would have reason to believe the rents would be there. The vacancy rate impacted things greatly. He advised that land prices had started to go down in all types of zoning. That was important because land was getting overpriced, even on the outskirts. Rochester Hills had a scarcity of land, and higher prices for land were more of a challenge for a community. It was to the City's advantage for the land prices to be going down, and he was not sure if it would be short term or not. Mr. Lombardo advised that the value of land for residential had dropped way down because of the oversupply of lots, and that they could be bought for less*



*than it cost to develop them. He noted that there were 50,000 developed, vacant lots in southeastern Michigan. That sounded like a lot, but it was a two-year inventory from a few years ago, and 15% were in bad areas. There was now a 4-5,000 per year absorption. Mr. Windingland reminded that Michigan also had a declining population.*

*Mr. Kaltsounis said there was a reduction in prices, and they were still not selling. He asked if bankers were shying away from all investments until the market changed. Mr. Kiriluk said that they had really increased their underwriting guidelines. They were making it a lot more challenging and the debt to equity ratios were down. That required their equity partners to put a lot more money into a deal, and it made the returns more challenging. Even if they had a great tenant base or there was a stronger market, banks were getting increasingly more stringent about their requirements. If someone wanted to do a speculative office building, they could not get financing unless they had a personal guarantee and risks borne by the developer. Mr. Lombardo stated that most people could not get a loan, and lending institutions were doing very minimal lending.*

*Mr. Kaltsounis said he heard Mr. Lombardo's commercials every morning on the radio. Mr. Lombardo said they sold 238 homes in 2007 and about 65% were solution-based. They helped people with their credit, and it was a great tool. They had apartments, and when people went through a foreclosure, they put them in the apartments while they rebuilt their credit, and they gave them up to six months of rent to be able to buy a home. Mr. Kaltsounis said he admired what he was doing, because he was not just sitting - he was doing things to try and move homes.*

*Mr. Kiriluk said that people were either sinking or swimming, and it was forcing them to look at deals in a*

*different light. It was causing them to get a lot more creative in the way they structured deals. The game and the way they approached their opportunities had completely changed. Mr. Lombardo said they had to change Site Plan products for the times. He was building attached condos to rent, because there was no appreciation for that market.*

*Mr. Dettloff asked Mr. Lombardo if he was only in the Michigan market, which he confirmed. Mr. Kiriluk said that they had diversified product types and it helped. There might be a region that was performing more consistently, and they moved into that market. Mr. Lombardo said they decided to be committed to Michigan because he knew the area, and he had contacts in Michigan. Mr. Dettloff asked if mixed-use was still as hot as it had been. Mr. Kiriluk said it was still very popular. It was a product type that they were putting a strong focus on in a lot of communities.*

*Mr. Anzek asked Mr. Kiriluk how they financed when times were good. He asked if they took out a loan for the land acquisition and if so, what type of rates they saw from banks. He asked if they took out a construction loan to build a building, and what type of long-term financing they sought for office building.*

*Mr. Kiriluk said they were not big land players. They tried to look five years down the road in certain areas, but they did not hold onto land. They tried to find opportunities and sought properties. They put equity into the land. On the construction side, they would try to get about 90% of the product leveraged. That was typically a 36-month duration, interest only, at 1.25% basis points. During the construction period, they drew money as they needed, so they were not paying 100% interest. Once a product was stabilized and generating enough income, they got permanent financing.*

*Mr. Hooper asked if Kirco did any brownfields. Mr. Kiriluk said they had done some - one in Detroit, which was built in 1987 and was almost 100% occupied. There had been a lot of hazardous material and a lot of mitigation. They used tax credits and incentives to help with remediation, and it was a very involved process.*

*Mr. Anzek questioned whether a lot of developers and builders had gone out of the market. Mr. Lombardo said that for residential, there had been quite a few. He stated that the times had hurt a lot of good people. Mr. Kiriluk said that it was really sad to see people who had been in the business for generations go under.*

*Mr. Kiriluk said he thought it was great that the Commission took the opportunity to hear from the developers' side. He said it spoke volumes to hear from their perspective and for them to hear from the Commissioners. He felt it was a great process, and he wished that more communities did it.*

*Ms. Hardenburg said they mentioned looking at the Master Plan and Ordinance at the beginning of a project. She noted that the Ordinance was being revised currently. They just redid the Master Plan, which would be updated in five years. It had been suggested at a class they took that the Commissioners should look at it every time a project came forward, and that it should be continually revised. She asked if they felt that was a good thing or not.*

*Mr. Lombardo felt that the five-year plan was a good plan, because the Master Plan was generally a guide. Over a five-year period it showed how they thought the community would develop. He suggested that they could reconsider things, especially in times like these. He added that if they felt the economic times had changed, and they felt there was an area that was appropriate for affordable housing, for*

*example, they could bring a recommendation forward to City Council. He did not think it should be revisited every year or at every Rezoning.*

*Mr. Anzek said he was very appreciative that the developers came, and that he found it very informative. Chairperson Boswell brought up the statement that if Mr. Lombardo owned a piece of property, he would want to do what he wanted with it. In principal, Chairperson Boswell said that he agreed with that, but because he had been chosen to serve on the Planning Commission, he was in the middle. The City had certain things they wanted, and the developer had a right to develop his property as he saw fit. That was why there were Ordinances - so the City had some control over things - and there were some developers that were better than others. Mr. Lombardo said that no one wanted to bring up the issue that a developer should be able to build something in an area designated correctly by the Master Plan that met all the Ordinances. He did not think they had to talk about brick or paint colors. He felt that residents had to understand that 99% of developers were good people and good business owners, and that the long-term payback would be there.*

*Mr. Anzek stated that Rochester Hills had a history of being a desirable place to live. There were strong land and housing prices, and strong residential developers that tried to get into one-upmanship with the competition and build great product. The Commissioners had come to expect that because it was the norm for the City. It was a tough standard to maintain. Even though there was not an Ordinance to regulate it, there was a perception about Rochester Hills that the community deserved high quality.*

*Mr. Delacourt concluded that there were always comments about the terms compatible and harmonious, but the*

*Commissioners always tried to balance things.*

This matter was Discussed

**ANY OTHER BUSINESS**

There was no further business to come before the Commission.

**NEXT MEETING DATE**

The Chair reminded the Commissioners that the next regular meeting was scheduled for March 18, 2008.

**ADJOURNMENT**

Hearing no further business to come before the Commission, and upon motion by Kaltsounis, the March 4, 2008 Regular Meeting was adjourned at 9:32 p.m., Michigan time.

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William F. Boswell, Chairperson  
Rochester Hills Planning Commission

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Maureen Gentry, Recording Secretary