



CITY of NOVI CITY COUNCIL

Agenda Item 1
May 21, 2012

SUBJECT: Approval of the "Final Tax Abatement Policy and Area Plan" for the Ten Mile and Meadowbrook Commercial Rehabilitation Area consistent with the Tax Abatement Policy adopted by the City Council in October 2011 for the properties near the intersection of Ten Mile and Meadowbrook Roads.

SUBMITTING DEPARTMENT: Community Development - Planning ^{Boris}

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

On July 12, 2011 Governor Snyder signed Public Act 82 of 2011 into law amending Public Act 210 of 2005, the Commercial Rehabilitation Act. The original act was an economic development incentive to assist in the rehabilitation of commercial buildings in order to create and/or retrain jobs and increase commercial activities. The incentive comes in the form of abated property taxes. The act offers qualified properties a real (not personal) property tax abatement for a period of 1 to 10 years, as determined by the local community. The abatement "freezes" the taxable value of the building as it was before the rehabilitation improvements. It therefore amounts to a 100% abatement of the taxes that might otherwise have been assessed on the basis of an increased value as a result of the rehabilitation improvements. Only the value of the improvements to the building is affected; the abatement does not apply to the taxable value of the land itself, or the personal property in the building.

The 100% abatement applies to all local taxes **except school taxes**. The property taxes associated with school funding are sent to the state, and then distributed to the individual schools on a per pupil basis. Through a formula set by State's educational fund, all Michigan schools will receive funding per enrolled student regardless of the abatement.

As originally enacted, PA 210 applied primarily to commercial buildings at least 15 years old. The Act was amended in July 2011 to expand that coverage to most commercial parcels that had been used for commercial purposes in the last 15 years, and also to extend the abatement opportunity to a **new** hotel with meeting space that is attached to a convention and trade center. Following the 2011 amendments, the Council asked the Ordinance Review Committee (ORC) to review the new law and make recommendations as to whether the City should have a policy for consideration of applications under the Act, and if so to recommend policy language.

The Committee initially took up the hotel/convention center policy, and on September 12, 2011 the City Council adopted a policy as recommended by the ORC that frames consideration of applications for that facility. An application is already working its way through the Council review process for the Suburban Collection Showplace.

The ORC then took up the broader question of whether the abatement should be available to other properties throughout the City that might qualify. Before the 2011

amendments, the number of properties that qualified for consideration under Act 210 was limited mostly by virtue of the "age" requirement and the more limited definition of "rehabilitation. With the expansion of those, the number of parcel possibly qualifying is greatly expanded.

The ORC has now recommended the adoption of two additional **limited** policies that would establish criteria for an abatement within **only two specific areas of the City**: the intersection of 10 mile and Meadowbrook Rd. and the property the former Novi Expo Center resides on. As part of its recommendation, the ORC has included a statement that as a general rule the City should not utilize the Act 210 abatement tool in other parts of the City, and has given specific reasons as to why the City Council should limit its use of Act 210 to these two unique areas.

Ten Mile and Meadowbrook Road

In October 2011, the Novi City Council approved a Tax Abatement Policy for the commercial properties near the intersection of Ten Mile Road and Meadowbrook Road. This Policy allows the City Council to consider approval of a property tax abatement for up to six years for significant improvements made to the properties within the Ten Mile and Meadowbrook Commercial Rehabilitation Area. Please see attached map showing the sixteen properties included within the identified area.

For the Ten Mile and Meadowbrook properties, the expected outcome of the Policy is to create an incentive for property owners to make improvements to existing buildings, or to assemble smaller properties and redevelop them. The tax abatement would effectively "freeze" the taxable value of an eligible commercial property as its value prior to rehabilitation or redevelopment for the duration of the abatement period. The Tax Abatement Policy includes requirements that must be met for a property and a project to be eligible for the tax abatement. Most notable are the requirements that the property must be greater than 2 acres in area, and the investment in rehabilitation or redevelopment hard costs must equal at least 50% of the current commercial property value (not including the land).

The intent of the Policy is to create a cohesive vision for the type and scale of improvements the City foresees as desirable and worthy of the abatement. The Community Development Department developed a draft "Ten Mile and Meadowbrook Commercial Rehabilitation Area Plan." The process in developing the plan was to establish the "design" direction of the neighborhood for potential future improvements, which may or may not take the actual form provided in the Plan. The Area Plan was developed by the Department's planners and landscape architect, and architectural renderings were created by the City's architectural consultant. The draft Area Plan was presented at an open house held on March 28 to interested property owners, and discussed over the phone and in person with those that could not attend but were interested to learn more about the Policy and the Plan. It has also been available for public review on the Community Development Department's page on the City of Novi's website since late March.

Comments Received on the Ten Mile and Meadowbrook Area Plan

One comment received from property owners was that an investment of at least 50 percent of the current real property value in order to qualify for the tax abatement represents too high of a reinvestment to be considered at this time. Property owners have also inquired about other incentives that the City might be able to offer for redevelopment purposes. Another question raised was regarding the Policy's requirement of a minimum parcel size of 2 acres. Some property owners noted the potential difficulty

of acquiring additional land in order to be able to participate in the Policy (a total of 5 out of 16 properties are currently 2 acres or greater in area). A number of comments were provided by a nearby resident at the Planning Commission's public hearing, but no specific concerns were raised by the Planning Commission or property owners in the Study Area regarding the draft plan document or the illustrations provided in the plan.

Summary of the Plan Document

The Plan provides seven chapters and an appendix and is provided as an attachment to this motion sheet. Please note the Appendix provides a draft "Eligibility Checklist" that could be used by staff and the City Council to help determine if a project meets the eligibility requirements of the Tax Abatement Policy.

City Council's Recommended Action

The Tax Abatement Policy for Ten Mile and Meadowbrook states that no tax abatements may be granted until the process of creating an Area Plan has been approved by the Planning Commission and the City Council. The Plan was presented to the Planning Commission's Master Plan and Zoning Committee during their meeting on April 4. A public hearing for the Area Plan was held before the Planning Commission on April 25, after which the Planning Commission unanimously approved a motion to recommend the City Council approve the Plan.

RECOMMENDED ACTION:

Approval of the "Final Tax Abatement Policy and Area Plan" for the Ten Mile and Meadowbrook Commercial Rehabilitation Area consistent with the Tax Abatement Policy adopted by the City Council in October 2011 for the properties near the intersection of Ten Mile and Meadowbrook Roads.

	1	2	Y	N
Mayor Gatt				
Mayor Pro Tem Staudt				
Council Member Casey				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Wrobel				

**SUGGESTED MODIFICATIONS TO
TAX ABATEMENT POLICY
FOR FINAL APPROVAL**

City of Novi
Final Tax Abatement Policy and Area Plan
Commercial Rehabilitation Act PA 210
10 Mile and Meadowbrook District

Real Property Tax Abatement Statement of Purpose

The Commercial Rehabilitation Act, P A 210 of 2005, which offers certain qualified properties a real property tax abatement for a period of 1 to 10 years, as determined by the local community, was amended on July 12,2011 (2011 P A 82) to expand its potential applicability to a broader category of commercial properties, and to add to the definition a qualified building a hotel or motel with meeting space that is attached to a convention and trade center that is over 250,000 square feet in size and in located in a county of a certain size (like Oakland County).

The City of Novi is a vibrant and growing community, with fair *ad valorem* tax millages and regulatory structures. The City is not, therefore, interested in establishing Commercial Rehabilitation Districts or granting tax exemption certificates to most of the commercial properties within the City. However, the City of Novi has adopted a policy for a Commercial Rehabilitation District for a convention and trade center within the City as allowed under the recent amendments to the Act. The Novi City Council has also identified a very limited number of other potential Commercial Rehabilitation Districts within the City that, because of their unique location or history, would benefit from this incentive.

This specific policy document relates to the property located in the area of the Ten Mile and Meadowbrook intersection. The City has identified this limited area as a possible beneficiary of a tax exemption certificate as a means to encourage and facilitate the redevelopment of an area of the City that is zoned and used for business/commercial uses but is, in the City's determination, uniquely under-utilized in terms of its existing zoning classification in part because of the age and/or configuration of the existing centers, buildings, and developments in the area. The City's primary purpose in considering this limited District, then, would be to facilitate, encourage, and incentivize improvements to these existing commercial centers/buildings, from façade improvements to reconstruction or repurposing, accordance with existing City land use plans and standards.

Objectives to be Achieved by Granting a Commercial Rehabilitation Tax Abatement for Ten Mile/Meadowbrook Area

Applications for Public Act 210 Tax abatement in connection with the Ten Mile and Meadowbrook area will be evaluated in terms of the likelihood that they will achieve some or all of the following objectives of the City of Novi:

- A. To encourage and promote a significant redevelopment of or improvements to the existing commercial buildings/centers in the area, such that the capital investment will serve as a catalyst for other substantial investments within the community, specifically related to the southeast portion of the City.
- B. To create or retain a significant number of employment opportunities that offer competitive wages within the industry.

- C. To judiciously and prudently use all tools available to improve the quality of life in the City of Novi, in a manner that assures that the long-term benefits of such action outweigh the short-term costs and foregone revenue.

The specific intention of the City in this area is to encourage improvements to the larger existing centers within the District and also the assembly of smaller parcels for redevelopment. The character of any redevelopment proposed for an abatement in this District must comply with the any and all land use plans for the area. The City contemplates redevelopment around a common theme ~~to be established through a planning process led by the City's Master Plan and Zoning Committee. No certificates under PA 210 will be issued until that planning process has been completed and approved by both the Planning Commission and the City Council as described and reflected in the "Ten Mile and Meadowbrook Commercial Rehabilitation Area Plan," attached hereto and incorporated herein.~~

General or Minimum Requirements for Eligibility

Every applicant must satisfy the following:

- A. The property must be greater than 2 acres in area-small, individual parcels may be assembled to meet this size requirement.
- B. The project must be fully compatible with the City's zoning ordinance and master plan for land use and other ordinance requirements.
- C. The applicant must clearly and convincingly demonstrate that it would not construct or conduct the improvements in the City if tax abatement was not approved.
- D. Any approved tax abatements will undergo a yearly compliance review.
- E. Rehabilitation/construction value hard costs equal to at least 50% of ~~current real property value~~current true cash value of the commercial property, not including the land. Deferred and normal maintenance costs and hazardous material remediation are ineligible for inclusion in this amount.
- F. The approved site plan for the proposed and final configuration of the property must comply to the fullest extent possible with current Novi zoning ordinance and development standards with regard to:
 - a) Landscaping, including parking islands
 - b) elimination of exterior storage unless allowed in the district
 - c) street trees
 - d) storm water management and treatment
 - e) required/enhanced façade materials
 - f) rooftop equipment screening
 - g) fire lanes and emergency access
 - h) buffering, including parking and adjacent residential uses,
 - i) screening of accessory uses and structure (dumpsters),
 - j) shared parking and interconnected pedestrian access, sidewalks and pathways
 - k) parking lot and building lighting
 - l) restoration of pavement and curbing, and
 - m) signage to the degree physically possible.
- G. Configuration of rehabilitated or proposed structures must comply with current Novi Fire Code and Michigan Building Codes and also with respect to fire suppression

systems, fire alarm/voice alarm communication systems, building height and area limitations and Barrier Free Access.

Review Criteria Specific to Project

The following criteria will be used to evaluate specific requests for a tax abatement in terms of the net benefit to the City and its residents and businesses, and to determine the number of years of the abatement. The City Council reserves the right to modify the tax abatement criteria to reflect the changing objectives, priorities, or conditions of the community. The applicant shall provide sufficient information to the City to allow it to conduct a full and complete review of the stated criteria.

- A. The ~~value of~~ hard construction costs of the proposed improvement (i.e., the capital investment), not including engineering, design, or similar costs.
- B. The quality of the proposed construction (architectural drawings, site plans, etc.)
- C. The expected economic life of the improvement
- D. The aesthetic value of the improvements - façade, materials, workmanship, etc.
- E. The total expected local abatement amount
- F. The amount of real and personal property taxes already paid by the existing development
- G. Any additional costs to the City, direct or indirect (e.g., additional required infrastructure, public safety impacts, traffic concerns, and the like)
- H. The estimated number of jobs added or retained by the proposed facility improvement.
- I. The extent to which the applicant commits to the use of local (City of Novi) vendors, suppliers, and contractors,
- J. The extent to which the project will enhance opportunities for other existing or planned businesses in the City of Novi as part of the overall net economic benefits of the project to the City and its businesses and residents
- K. The environmental impact of the project and improvements-on woodlands, wetlands, storm water, air quality, etc.

Limitations

- A. The maximum time period for an abatement is six (6) years.
- B. The property must be a minimum of 2 acres in area.
- C. Construction of improvements must not have started more than 6 months before an application for abatement was received by the City, and must be located in a Commercial Rehabilitation District established before the commencement of the project.
- D. There must be no outstanding taxes, fines, or liens owed by the applicant or entity with regard to the property at issue.

Agreement Required

The City will require a written agreement with the applicant that will include, as a minimum:

- (1) The term of the abatement;

- (2) Any conditions required by the City Council in connection with the grant of the abatement, as to which the City reserves all rights to determine in the interests of the City;
- (3) Any reporting requirements established by the City with respect to the information stated above and/or provided by the applicant, whether required and described under P A 210 itself or established by the City as appropriate to the project and the agreement;
- (4) Events of default that will automatically terminate the agreement, including (by way of example only):
 - (a) Closure/abandonment/sale of building
 - (b) Change of use
 - (c) Failure to use local vendors.
 - (d) Failure to create new jobs as represented to the City.
 - (e) Failure to complete construction in a timely manner.
 - (f) Failure to meet any reporting requirements.
 - (g) Delinquency with regard to property taxes and/or to timely and properly follow legal procedures for contest.
 - (h) Failure to comply with local ordinances.
 - (i) Assignment without approval of the City.
- (5) Any "claw back" or restitution provisions determined by the City to be necessary as appropriate to a specific project, under which the City will be paid back the amount of the abatement in the event of certain kinds of defaults

Procedures

The applicant must submit a submittal form prepared by the City and an application provided by the State of Michigan. The documents and the submission will be judged on its own individual merits, on a case-by-case basis, with respect to the achievement of the economic development goals of the City and satisfaction of the criteria outlined in this policy.

Applicants bear the burden of proof and must substantially satisfy conditions of the policy at initial application in order to be considered for abatement.

Review of applications shall be as required by statute. The City may approve, deny, or approve the proposal with conditions within the time specified by statute.

All procedures, rights, and obligations concerning such exemptions are subject to Act 210. The City reserves the sole discretion, to the fullest extent available under the law, to review each application and determine whether the project meets the City's goals and the review criteria, and to determine whether the project would be beneficial to the City, whether the applicant merits consideration, and whether any other conditions exist that affect the City determination to grant or deny an application.

OPEN HOUSE INVITATION
MARCH 28, 2012



March 14, 2012

Name

Address

City, State, ZIP

3/22/12
To: Mayor & City Council Members
[Signature]

RE: Open House for Property Owners within the Ten Mile and Meadowbrook Commercial Rehabilitation Area

CITY COUNCIL

Mayor
Bob Gatt

Mayor Pro Tem
Dave Staudt

Terry K. Margolis

Andrew Mutch

Justin Fischer

Wayne Wrobel

Laura Marie Casey

City Manager
Clay J. Pearson

Community Development
Director
Charles Boulard

Deputy Director of
Community Development
Barbara E. McBeth

Building Official
Andy Gerecke

Building Division
248.347.0415
248.735.5600 fax

Planning Division
248.347.0475
248.735-5633 fax

Ordinance Enforcement
Division
248.735.5678
248.735.5600 fax

Dear Property Owner,

In October 2011, the Novi City Council approved a Tax Abatement Policy for the commercial properties near the intersection of Ten Mile Road and Meadowbrook Road. This Policy, made possible via legislation by the State of Michigan, allows the City Council to consider approval of a tax abatement for up to six years for significant improvements made to the properties within the Ten Mile and Meadowbrook Commercial Rehabilitation area. (See the enclosed map showing the sixteen properties included within the identified area.)

The intent of the Tax Abatement Policy is to create an incentive for property owners to make improvements to existing buildings and properties, or to assemble smaller properties and redevelop them. The tax abatement would effectively "freeze" the taxable value of an eligible commercial property as it was prior to rehabilitation or redevelopment for the duration of the abatement period. The enclosed Tax Abatement Policy provides requirements that must be met for a property and a project to be eligible for the tax abatement. Most notable is the requirement that the property must be greater than 2 acres in area, and the investment in rehabilitation or redevelopment hard costs must equal at least 50% of the current real property value.

In order to create a cohesive vision for the type of improvements the City is hoping this Policy will create, the City is developing the Ten Mile and Meadowbrook Commercial Rehabilitation Area Plan. Essential to creating this Plan is seeking the input of the property owners within the District. To accomplish this, **the City is holding an Open House for the Area's property owners on Wednesday, March 28, 2012 at 6:00 PM at the Novi Civic Center (45175 W. Ten Mile Road)**. The meeting will be held in the Activities Room on the first floor, and will last until approximately 6:45. Light refreshments will be provided.

We certainly hope you will be able to attend. **Please email Barb McBeth at bmbeth@cityofnovi.org and let us know whether you will be able to make it so we can plan accordingly.** If you need further information, feel free to call either Barb McBeth or Dave Campbell in the Community Development Department at (248) 347-0475. Thank you, and we look forward to seeing you on March 28.

Sincerely,

Barbara McBeth, AICP, Community Development Deputy Director

cc: Clay Pearson, City Manager
Victor Cardenas, Assistant City Manager
Charles Boulard, Community Development Director
Tom Schultz, City Attorney

City of Novi
45175 W. Ten Mile Road
Novi, Michigan 48375

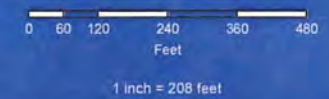
cityofnovi.org

Figure 2-1. Ten Mile and Meadowbrook Commercial Rehabilitation Area
 Parcels Included within Commercial Rehabilitation Area



Map Legend

- Parcels within District
- Tax Parcels
- Parcel ID Number



City of Novi
 Dept. of Community Development
 City Hall / Civic Center
 45175 W Ten Mile Rd
 Novi, MI 48375
 cityofnovi.org

Map Author: Dave Campbell
 Date: March 5, 2012
 Project: Ten Mile and Meadowbrook District
 Version #1.0

MAP INTERPRETATION NOTICE

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the City of Novi. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Please contact the City GIS Manager to confirm source and accuracy information related to this map.

PROPERTY OWNER OPEN HOUSE

Ten Mile and Meadowbrook Commercial Rehabilitation Area Plan

March 28, 2012 – 6:00pm

Novi Civic Center, Activities Room

ATTENDEES

- Mike Gabriel, Property Owner (41390 Ten Mile Road)
- Ara Topouzian, Economic Development Director
- Victor Cardenas, Assistant City Manager
- Barbara McBeth, Community Development Department Deputy Director
- Wayne Wrobel, City Council Member
- Mark Pehrson, Planning Commission Chair
- Tony Anthony, Planning Commission Member
- David Campbell, Community Development Department Staff
- David Beschke, Community Development Department Staff

DISCUSSION SUMMARY

The meeting started a little after 6pm. Ms. McBeth welcomed the attendees, and went into the background of how the Area Plan came to be. The Plan is intended to be a cohesive vision for the commercial properties around the Ten Mile and Meadowbrook Road intersection, consistent with the City's newly adopted Tax Abatement Policy for that area.

Mr. Topouzian went over the history of the PA210 Commercial Rehabilitation Tax Abatement Policy. The State of Michigan initially passed legislation in 2005, and amended that legislation in 2011, to allow municipalities to grant tax abatements as an incentive for commercial property owners to improve and/or redevelop their properties. Based on that legislation, the Novi City Council adopted a policy for specific commercial properties within the city including the Ten Mile and Meadowbrook Road intersection. A policy was also adopted for the proposed hotel to be attached to the Suburban Collection Showplace, as well as the site of the former Novi Expo Center. The City Council's Ordinance Review Committee (ORC) drafted the Policy, and included in it a provision that any project that applies for the tax abatement must be consistent with an overall Area Plan.

Ms. McBeth discussed one of the requirements of the Policy being that a property must be a minimum of 2 acres to apply; properties under 2 acres could be assembled to meet this requirement. Ms. McBeth presented an aerial of the entire Ten Mile and Meadowbrook Commercial Rehabilitation Area and pointed out some of the more notable landmarks. She presented an aerial summarizing an assessment performed by the Community Development Department staff of the existing ordinance deficiencies of the properties in the Area, including items such as deficient driveway spacing and alignment, frontage landscaping, parking lot landscaping, dumpster screening, rooftop equipment screening, parking lot design, signage, building materials, etc. Ms. McBeth next went over the Visioning Plan developed by Staff, as well as the conceptual renderings of potential improvements prepared by the City's architectural consultant. The

Visioning Plan, which was created to be consistent with the requirements of the Policy that City Council adopted, shows the potential for the properties under 2 acres to be assembled and redeveloped, driveway realignment, better access and circulation, improved building facades and materials, enhanced landscaping, and improvements to the four corners of the intersection.

Ms. McBeth then went over the process of the Area Plan moving forward. It will next be presented to the Master Plan and Zoning Committee, then to the Planning Commission, and finally to the City Council, with revisions being made along the way based on feedback.

Council Member Wrobel asks what other incentives (grants, financing, etc.) could the City offer to implement this vision. Mr. Topouzian replied that, at this point, the intent is for this Policy to be a sufficient incentive. Mr. Cardenas concurred with that response. Neither Mr. Topouzian nor Mr. Cardenas were aware of any other grants for commercial redevelopment that might be applicable. Mr. Anthony mentioned that there may be an opportunity for TEA-21 grants through the MDOT to fund road improvements, similar to funding Livonia received for intersection improvements.

Mr. Topouzian and Mr. Cardenas discussed improvements made recently to a shopping center at the intersection of Orchard Lake Road and Maple in West Bloomfield Township. Those improvements were funded entirely by the property owner, without any public incentives that they're aware of. The hope is that Novi's Policy could be the incentive necessary for improvements of that type and scale around Ten Mile and Meadowbrook. Mr. Topouzian is aware that there are some reduced rents at some of the tenant spaces in the Area. While financing is always the biggest challenge for property owners looking to make improvements, the City is not looking to provide or assist in financing at this time.

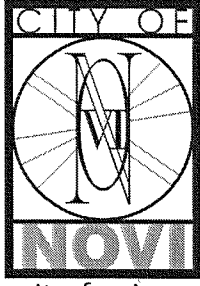
It was asked whether the owners of the Novi-Ten Shopping Center on the northwest corner (Ludwig & Seeley) were contacted during this process. Mr. Topouzian confirms that they were, and that they were receptive. They couldn't come tonight due to a family emergency, but they are interested to see the Area Plan.

There was some general discussion from Mr. Gabriel and others about the challenges of property assembly. Mr. Gabriel mentions that access will always be a problem on his corner, and that the current configuration is unsafe for his customers due to vehicles cutting through his parking lot.

There was discussion of whether there has been any mention of major tenants moving out. Mr. Topouzian answers that he hasn't heard of anything. Mr. Gabriel mentions that the Peachtree Plaza is "half vacant".

After a brief summary and some closing comments by Ms. McBeth, the open house concluded at 6:50 pm.

**PLANNING COMMISSION
DRAFT MINUTES
APRIL 25, 2012**



PLANNING COMMISSION MINUTES

DRAFT

CITY OF NOVI

Regular Meeting

April 25, 2012 7:00 PM

Council Chambers | Novi Civic Center | 45175 W. Ten Mile
(248) 347-0475

EXCERPT

2. TEN AND MEADOWBROOK COMMERCIAL REHABILITATION AREA PLAN

The Commercial Rehabilitation Area includes the sixteen (16) commercial properties around the intersection of Ten Mile Road and Meadowbrook Road.

Planner Campbell stated that in 2005 the Michigan legislature approved Public Act 210, which granted municipalities the authority to offer qualifying commercial properties a real property tax abatement for up to ten years. The intent of PA 210 was to provide municipalities with a tool to create an incentive for the rehabilitation and/or redevelopment of qualifying commercial properties. A real property tax abatement would freeze the taxable value of a qualifying commercial property as it was before rehabilitation and/or redevelopment. The Act was amended in 2011 to expand on the type of commercial properties that could qualify for a tax abatement program.

In the fall of 2011, the Novi City Council approved a tax abatement policy for 16 commercial properties at the intersection of Ten Mile Road and Meadowbrook Road. The decision to approve a tax abatement policy for this area was made after it was determined that the commercial properties in the vicinity of Ten Mile and Meadowbrook were under-utilized given their location, accessibility, and proximity to residential development. Novi's tax abatement policy, which would offer real property tax abatement for a maximum of 6 years, included a number of eligibility requirements for a property and its proposed improvements to be eligible for the abatement. One of the requirements was that the proposed improvements must be consistent with an overall vision for the area as established by an Area Plan to be developed by the City's Community Development Department. A draft of that Area Plan is complete, and is being presented to the Planning Commission for a recommendation of approval to City Council.

Planner Campbell continued noting the Tax Abatement Policy for the Ten Mile and Meadowbrook Commercial Rehabilitation Area included several eligibility requirements. Two of those eligibility requirements are notable because they effectively shaped the Area Plan's vision for Ten Mile and Meadowbrook. The first of those notable criteria is that a property must be a minimum of 2 acres to qualify; properties less than 2 acres would need to be assembled to meet this requirement. The second eligibility criterion is that the hard costs of improvements must equal at least 50% of the current real property value. In creating the vision of the Area Plan, staff had to work within those parameters. Improvements had to be significant to meet the 50% criterion, and the properties to be improved had to be at least 2 acres in size. Of the 16 commercial properties within the Ten Mile and Meadowbrook Commercial Rehabilitation Area, only 5 exceed 2 acres. So staff worked under the assumption that any property less than 2 acres would be assembled and redeveloped.

This Area Plan was not intended to pick "winners and losers". Its intent was to create a cohesive vision of what the area could look like if EVERY property in the Area underwent an improvement that met all the eligibility requirements of the Tax Abatement Policy. It would have been unproductive to make recommendations for improvement to properties of less than 2 acres, because those properties and any recommended improvements would not be eligible for the tax abatement.

Planner Campbell stated the Plan is divided into 7 chapters and an appendix. Chapter 1 is an overview of Public Act 210 and its 2011 amendment, the Tax Abatement Policy for Ten Mile and Meadowbrook, and the Area Plan that resulted from that Policy. Chapter 2 is an overview of the Ten Mile and Meadowbrook Commercial Rehabilitation Area; its boundaries, property sizes, existing land uses, zoning,

and future land use designations within the Master Plan. Chapter 2 also includes a summary of the 2011 assessed values for each of the 16 commercial properties within the area, and an analysis of the retail market potential within a one-mile radius of the intersection. Chapter 3 examines the transportation network within the Area; road layout and classifications, traffic counts, non-motorized facilities (existing and planned), and planned capital improvements. Chapter 4 is a summary of staff's evaluation of the existing ordinance deficiencies, both over the entire Area and within individual properties. Many of those deficiencies are identified on an overall aerial map of the Area. The aerial summary includes numbers that correspond to a photo intended to illustrate the issue. Staff's intent in evaluating existing ordinance deficiencies was not to be "overly-critical" of any of the properties as many of the buildings within the Area were built prior to many of the City's current development standards.

Chapter 5 is essentially the "backbone" of the Area Plan, where the vision for the Area is established both visually and narratively. Chapter 5 is broken into two corresponding parts: Conceptual Objectives Part 1 is a narrative of the type of improvements desired for the area as a whole, and within each individual property. Improvements discussed include capital improvements such as new curb and gutter and intersection enhancements, and site-specific improvements including driveway consolidation and parking lot landscaping. Part 2 The Visioning Plan consists of an overall aerial of the Area, with the Conceptual Objectives of Part 1 shown visually. The overall aerial is shown with corresponding text, and each of the four corners of the Area is shown with recommendations specific to that corner. The Visioning Plan includes conceptual plans for redevelopment of three of the four corners, where the existing properties would have to be assembled and redeveloped to be eligible for the Tax Abatement Policy. None of these improvements shown in the Visioning Plan are currently proposed by either the City, the Road Commission, or the property owners. They are concepts intended to establish an overall vision for the Commercial Rehabilitation Area.

Planner Campbell continued stating Chapter 6 is a conceptual design guidelines intended to achieve the vision of Chapter 5. These guidelines, and the architectural renderings that go along with them, were developed by the City's architectural consultant once the Planning staff had developed the Visioning Plan. The chapter includes color renderings, building elevations, plan views, and narratives. The chapter focuses mostly on the shopping center on the northwest corner, because it is the largest land use in the study area and has the most potential to set the tone for the type and scale of improvements envisioned for the overall area. Chapter 7 includes recommendations for approving and implementing the Area Plan. It is envisioned that any property owner that applies for a tax abatement under the Policy would submit a site plan for standard site plan review, as well as an additional review to determine whether the site plan is consistent with the goals and recommendations of the Area Plan. While the Planning Commission typically has the authority to approve a preliminary site plan, approval of a tax abatement under the Policy falls on the City Council. Finally, the Plan includes an Appendix with a copy of PA 210 and its 2011 amendment, a copy of the Tax Abatement Policy for the Ten Mile and Meadowbrook Area, and a report of the demographic and economic data of the households within a 1-mile radius of the intersection. Also included in the appendix is a draft "Eligibility Checklist" that can be used by Staff and by Council to determine if a project meets the eligibility requirements of the Tax Abatement Policy.

Planner Campbell concluded stating the Ten Mile and Meadowbrook Commercial Rehabilitation Area Plan has been reviewed internally, was presented to the affected property owners at an open house, has been available for review since late March on the City's website, and was presented to the Master Plan & Zoning Committee on April 4. It is now being presented to the Planning Commission as part of a public hearing. If the Planning Commission so chooses, they could make a motion to recommend the City Council approve the Ten Mile and Meadowbrook Commercial Rehabilitation District Plan.

Chair Pehrson asked if anyone in the audience would like to address the Planning Commission on this matter.

Terry Croad of 41861 Aspen Drive came forward and stated he has been a resident of Novi for the past 17 years and was the former president of Orchard Hills Association for 12 years and is a nationally certified planner who has over 25 years of public and private experience and is currently serving as Planning Director for the City of Southfield. First, he applauded the pro-active planning efforts and would like to encourage the Planning Commission to adopt the plan as a sub-area plan to guide future site plan review should the tax abatements not be feasible.

Mr. Croad shared some comments on the plan. Many of the existing buildings, parking lots and sites do not reflect the high standards that Novi has set for newer development. Parking seems to be excessive, traffic circulation is poor and internal pedestrian connectivity is challenging. Residents have been waiting to see reinvestment and redevelopment on these four corners. Since B-3 uses are inclusive of B-2 uses, Mr. Croad recommends B-2 uses should also be listed as part of Figure 2.2. The Future Land Use designation for Community Office should be revisited in this economic climate. Although the City has made tremendous strides in constructing sidewalks and pathways in the past few years, there are still many gaps in the system. There needs to be connectivity between the public system and the internal pathways. In addition, crosswalks or concrete sidewalks should run through the driveways as illustrated in Figures 6-3 and 6-7. The frontage landscaping is needed to screen parked cars and reduce pedestrian and vehicular conflicts.

The plan appears to be lacking in input from local businesses and property owners. I support low impact design measures including bio-swales and rain gardens. A review of the existing parking versus parking requirements should be undertaken to reduce impervious surfaces. Mr. Croad was disappointed that the visioning plan for the SE corner was inconsistent with the other three corners with regards to building placement and setbacks and would like to see some parts development inclusive of a free-standing sit-down restaurant in the northwest corner. The proposed pedestrian access plaza and the outdoor seating are nice.

Mr. Croad stated he had a question as to whether or not a Phase I environmental had been conducted for the gas station or any of the other sites in the project area. He recommended drive-thru businesses should be limited. Figure 6-1 shows a green space in the location of Charter One for illustrative purposes. In lieu of the green space shown, a perspective of a traditional two-story mixed use development with the proposed pedestrian amenities could be inserted to help convey the intent of the visioning plan better. The proposed pedestrian amenities at the crosswalks at the Ten Mile Road and Meadowbrook Road intersection are appropriate. The idea of establishing a special assessment district to create a funding source for pedestrian amenities and decorative lighting and streetscape enhancements seems like it should be further explored. The plan would benefit by adding a phasing plan to include both public and private cost estimates. Mr. Croad commended the staff for the work they have put in.

No else from the audience wished to speak and Chair Pehrson asked if there was any correspondence.

Member Greco stated that there was correspondence. Linda Dettore of 24401 North LeBost indicated she approved of the proposal and that the corner needs work.

There was no additional correspondence and no one else from the audience wished to speak. Chair Pehrson closed the public hearing.

Member Lynch asked that if the required investment is 50% of the real property value, is that the true cash value, the City's value or the SEV?

Planner Campbell stated that it is his understanding that it is the City's assessed value.

Member Lynch asked what the business owners get if they invest 50% of the City's assessed value?

Planner Campbell answered that they get their property taxes frozen at where they are now for a maximum of 6 years, anywhere from for 1-6 years.

Member Lynch stated that he did like the plan and something really needs to be done to that corner but was concerned the required investment was too high.

Planner Campbell answered the thought is that a lot of commercial property owners want to update their properties even without incentives in order to lure new tenants or charge higher rents. Those type of improvements, up until now have not been happening at that corner for whatever reason. Hopefully this will get them to take that next step.

Member Lynch stated that he does not see the business case for them to do improvements without generating the revenue to get a return on the investment. This tax abatement might be a good first step, but is there anything else the City or some other entity could provide to encourage updates or redevelopment.

Chair Pehrson then stated the Planning Commission is making a recommendation to the City Council on the plan presented only.

City Attorney Schultz stated that the City Council and the Ordinance Review Committee did have the initial discussion on the policy. It is a fairly broad policy. The thought was if you take an existing development, a property owner might not invest the money in improvements if he or she thinks it will increase their taxes. This policy is meant to ease that concern. Last year this statute, which has been around a few years, came to be applied to a much broader spectrum of potential developments. A potential developer could take a vacant piece of property that has been used for commercial recently and building a new building on it and get their local taxes abated for up to 10 years but the City policy is only 6 years.

Member Lynch stated that he did think something needed to be done on that corner and he liked the plan presented.

Member Baratta asked if hard costs were the actual construction costs or did they include what is would typically called soft costs, including the architectural and engineering fees?

City Attorney Schultz answered he believes the hard costs did not include design fees but he would need to check into that to be sure. The assessed value is going to break down real property land and then improvements like parking lots and lighting would be part of the assessed building value, of which an applicant would have to meet the 50% criterion being discussed. Additionally, this could apply to a vacant property, which would be a substantial savings to the potential developer.

Chair Pehrson an open house was held and some of the land owners were there voicing some of the same kinds of concerns. This is a good directional step to get that corner where the City wants it to be.

Member Gutman said the nature of the intent of this and going through my package, I think it is tremendous and the work done on it is wonderful and it is nice to have the citizen input from Mr. Croad and the incentive itself has some limitation, but it is a start and better than nothing. I love the idea of improving that area and trying to reach out and create ways to do that.

Motion made by Member Gutman and seconded by Member Lynch:

ROLL CALL VOTE ON MOTION RECOMMENDING APPROVAL TO THE CITY COUNCIL MADE BY MEMBER GUTMAN AND SECONDED BY MEMBER LYNCH:

Motion to recommend approval of the Ten Mile and Meadowbrook Commercial Rehabilitation Area Plan to the City Council. *Motion carried 7-0.*

Transcribed by Juanita Freeman

May, 2012

Date Approved:

Richelle Leskun, Planning Assistant