

**THE SPECIAL WORK SESSION OF THE FORTIETH COUNCIL OF THE CITY OF BERKLEY, MICHIGAN WAS CALLED TO ORDER AT 6:00 PM ON MONDAY, FEBRUARY 24, 2025 BY MAYOR DEAN**

**PRESENT:** Councilmember Steve Baker  
Mayor Pro Tem Ross Gavin  
Councilmember Dennis Hennen  
Councilmember Gregory Patterson  
Councilmember Jessica Vilani  
Mayor Bridget Dean

**ABSENT:** Councilmember Clarence Black

**APPROVAL OF AGENDA**

Councilmember Patterson moved to approve the Agenda  
Seconded by Mayor Pro Tem Gavin  
Ayes: Gavin, Hennen, Patterson, Vilani, Baker and Dean  
Nays: None  
Absent: Black  
Motion Approved.

**PUBLIC COMMENT**

None.

**REGULAR AGENDA**

**DISCUSSION:** Matter of discussing PILOT Work Force Housing.

City Manager Crystal VanVleck opened the topic discussing economic development in Berkley. She stated Berkley has a vibrant and active Downtown Development Authority (DDA), but also includes 11 Mile Road and Woodward Avenue. She discussed involvement with the Michigan Economic Development Corporation.

City Manager VanVleck explained PILOT Workforce Housing and set parameters for the informal discussion. She explained she invited DDA members to be part of the discussion as participating in a PILOT initiative would divert funds from being captured by the DDA.

What is PILOT?

- Payment in lieu of Taxes
- Historically only for low-income
- Workforce housing added to State Housing Development Authority Act (1966) in 2022.
  - Defined Workforce Housing
- Developer or property owner can pay a set percentage of rental income (1-10 percent) instead of standard property tax
  - Maximum 15-year duration
- City can allow administrative approvals if certain parameters are met or require each agreement be considered, negotiated, and approved by City Council
- Other taxing jurisdictions can opt out – City Attorney Dan Christ spoke to this item and explained it in greater detail. The City is not the only taxing jurisdiction so how would this look?

Community Development Director Kristen Kapelanski also participated in leading the discussion on why consider a PILOT.

Why Consider a PILOT?

- 2021 Master Plan
  - Goal: Diversify housing choices in corridors to accommodate various populations, ages and incomes
    - DDA
    - 11 Mile
    - Greenfield
  - Multi-family homes add greater population capacity to already built-out communities
- Spur accessible multiple-family development
  - Majority of respondents in 2021 Master Plan survey supported low-density, multiple-family in existing multiple-family zoning and apartments in corridors
  - Expanded areas of multiple-family in new Zoning Ordinance consistent with future land use map
  - But how do we encourage the construction of these new units in Berkley?
- Regionally, households are looking for options other than single-family
- Provide accessible housing options for median income individuals and families
- Communities currently using PILOT to increase workforce housing and attract developers:
  - Ferndale
  - Detroit
  - Grand Rapids

- Rising construction costs and interest rates leading to decrease in multiple-family and missing middle housing construction.
- In 2019, only 1 percent of the land in Berkley was occupied by multiple-family uses, while 73 percent was used for single-family.
- According to the MSHDA Housing Needs Assessment of Berkley in 2022, 19 percent of renters spent 30-49 percent of their income on housing, while an additional 19 percent spent 50 percent or more of their income on housing.
- According to the MSHDA Housing Needs Assessment of Berkley in 2023, 38 percent of renters were cost-burdened, spending more than 30 percent of their gross income on rent and utilities. This is up from 33 percent in 2018.
- According to the Producer Price Index for Construction Materials in the United States:
  - The cost of construction materials skyrocketed during the pandemic.
    - The wholesale cost of construction materials went up no more than 8 percent in any given 12-month period between 2015 to 2021.
    - However, between February 2021 to July 2022, construction materials increased by double-digit percentage points from a year earlier, ranging from 10 to 35 percent.
- According to the Total Compensation for Construction Workers in the United States:
  - Compensation for construction workers increased at an annual rate between 4 to 5 percent between the second quarter 2022 and fourth quarter 2023. While not as dramatic as construction material costs, higher labor costs likely put a dent in new construction.

Director Kapelanski reviewed AMI Rent vs Market Rent for a studio and one-bedroom apartment.

- What can be included in PILOT negotiations?
  - Examples:
    - Water billing/lead line payment
    - Public Safety payment
    - Public art
    - Road improvements or plans
    - Utility improvements
    - Urban park
    - Pedestrian improvements/amenities

City Manager VanVleck concluded the presentation reiterating this is an available tool and Council would need to decide if this is for the Berkley community.

City Manager VanVleck opened the floor to city councilmembers for discussion.

**DISCUSSION:** Matter of discussing a marquee lease agreement.

City Manager VanVleck opened the discussion on the short-term options for the Berkley Marquee.

City Manager VanVleck and Director Kapelanski provided background information regarding the cost to Rite Aid to keep the Berkley Marquee powered. Rite Aid had been paying the electrical fees.

Director Kapelanski provided additional background:

- Precious lease agreement and operations
  - City use of marquee
  - City has conducted as needed repairs on neon, etc. averaging \$15,000/year
  - Now expired
- Rite Aid Building electrical costs
  - Operated under one meter:
    - Cost for lighting just marquee cannot be broken out
  - Averaging \$1,500-1,700 per month
  - Owner seeking reimbursement for marquee electricity
- Staff has negotiated and drafted lease agreement allowing City use to continue – but there are some outstanding questions.

Facilities Manager Alex Brown discussed Current Structural Issues and LED Conversion:

- Structural Issues
  - Replace cross member supports, I-beam, steel repairs, etc.
  - \$17,500
  - DDA has agreed to cover these costs
- LED Conversion and Restoration
  - \$200,000-500,000 (2023)

Berkley Marquee Lease Options were discussed:

- Lease Agreement: Option 1
  - No longer light the marquee and wait for long term conversion to LED and restoration with larger project
    - Community sentiment
      - Celebration of its last night lit

- No guarantee on long-term timeline including fate of the marquee and restoration/LED conversion
- Saved money could be used to start conversion/restoration fund but would be a small fraction of what's needed
- Saves money on neon repairs, etc.
  
- Lease Agreement: Option 2
  - Continue to light the marquee at a cost TBD
    - Community sentiment
  - No guarantee on long-term timeline including fate of the marquee and restoration/LED conversion
    - Throwing good money at bad?
  - Continued repairs needed for neon, etc.
  
- Lease Agreement: Option 3
  - Light the marquee for a defined number of months at a cost of TBD per month
    - Community sentiment
      - Celebration of it's last night (longer time to plan)
  - No guarantee on long-term timeline including fate of the marquee and restoration/LED conversion
    - Throwing good money at bad?
    - Could allow for some time to see if a longer term plan can be established
  - Continued repairs needed for neon, etc.
  
- Lease Agreement: Option 4
  - Light the marquee only for special events, weekends, etc.
    - Community sentiment
  - No guarantee on long-term timeline including fate of the marquee and restoration/LED conversion
    - Throwing good money at bad? But less than with other options
  - Price would need to be renegotiated with property owner
  - Continued repairs needed for neon, etc.
    - Could be greater if only turned on occasionally

Additional Consideration:

- Temporarily turn lights out while structural repairs are being done
  - Determine the true cost to light the marquee
  - Test "lights off"
  - When/do we turn the lights back on?
  - Price would need to be renegotiated with property owner
  - Continued repairs needed for neon, etc.
    - Could be greater if only turned on occasionally.

City Manager VanVleck reviewed other considerations when making a plan to move forward with the marquee.

City Manager VanVleck and Director Kapelanski opened the floor for discussion with Council.

**ADJOURNMENT:**

Councilmember Vilani moved to adjourn the Special Meeting at 6:54 PM  
Seconded by Councilmember Baker  
Ayes: Hennen, Patterson, Vilani, Baker, Gavin and Dean  
Nays: None  
Absent: Black  
Motion Approved.

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Bridget Dean, Mayor

**ATTEST:**

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Victoria Mitchell, City Clerk