

THE SPECIAL WORK SESSION OF THE FORTIETH COUNCIL OF THE CITY OF BERKLEY, MICHIGAN WAS CALLED TO ORDER AT 6:00 PM ON MONDAY, MARCH 17, 2025 BY MAYOR DEAN

PRESENT: Councilmember Steve Baker
Councilmember Clarence Black (arrived at 6:16 p.m.)
Mayor Pro Tem Ross Gavin
Councilmember Dennis Hennen
Councilmember Gregory Patterson
Councilmember Jessica Vilani
Mayor Bridget Dean

OTHER STAFF PRESENT:

City Manager Crystal VanVleck
City Clerk Victoria Mitchell
City Attorney Dan Christ
Community Development Director Kristen Kapelanski
Communications Director Caitlin Flora

APPROVAL OF AGENDA

Mayor Pro Tem Gavin moved to approve the Agenda
Seconded by Councilmember Vilani
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 work session discussing economic development in Berkley. She stated she has an example of a Workforce Housing Pilot Ordinance from the City of Ferndale. She said she would like direction whether or not Council is interested in this initiative and if members would like staff to provide an ordinance, resolution, and other pertinent documentation.

City Manager VanVleck provided:

1. Sample Ordinance.
2. Sample PILOT project resolution (a resolution for a specific development - please note this is an example from a neighboring community, and all agreements look different based on the project).
3. Sample project analysis (this is an analysis used by a neighboring community in ultimately developing a PILOT agreement) - again, please note this is very specific to the project being considered in that community.

Community Development Director Kristen Kapelanski provided a refresher on PILOT Work Force Housing. This topic was introduced during a work session on February 24, 2025. Director Kapelanski reviewed what a PILOT is; the calculation; and the typical procedural requirements of a PILOT, including:

- Pursuant to MCLA Section 125.1414a, housing development that is owned by an eligible entity, financed by an MSHDA or federally-aided mortgage can be exempt from property taxes.
- The local municipality must adopt an ordinance approving the PILOT, which can range between 1 percent and 10 percent of the annual shelter rents. The value is at the discretion and approval of the local unit of government.
- The duration of the PILOT shall be at least the term of the applicable mortgage.

- Once the development is occupied by eligible tenants, an affidavit is completed with MSHDA, which then sends a notice to the local assessor of the PILOT for that given year.

The PILOT calculation was discussed.

City Manager VanVleck opened the floor to council members for discussion including safeguards, accountability built into the financing.

Council discussed other communities that have utilized this tool.

City Manager VanVleck highlighted key points in the City of Ferndale ordinance example.

A discussion took place regarding reviewing an application for a workforce housing exemption. It was stated that the decision to approve or deny the request shall be guided by the City Council's consideration of predetermined factors. Questions asked included:

- Who sets those factors? Council?
- What would go into this section?
- Do all of these criteria have to be met?
- What is the level of risk?
- What is the level of discretion?

City Attorney Christ discussed the creation of an ordinance and the policy. He stated the risk to the City from a legal standpoint is low.

City Manager VanVleck pointed out in the Ferndale example that not all factors were met.

City Manager VanVleck reviewed the ordinance further, including:

- How they pay
- Penalty
- Restrictive covenant

City Manager VanVleck said if the Council asked the City to move forward, they would use the Ferndale ordinance as a baseline.

City Attorney Christ discussed entitlement. Would it impact the entire project or part of a project? Percentage of annual shelter rents. The Council would decide. Determine how many units in each AMI.

It was stated that community benefits are not set forth in the Resolution.

City Manager VanVleck reviewed the sample project analysis. She discussed that Ferndale negotiated some community benefits in its 141 Vester PILOT Workforce Housing project.

City Manager VanVleck reviewed the 141 Vester Analysis. This included AMI, number, type, AMI rent, market rent, etc. It showed cumulative loss, tax year, and abatement year. The numbers were reviewed. There were multiple taxing jurisdictions involved.

How to communicate PILOT Workforce Housing was discussed.

A discussion took place regarding whether this program could be restricted to certain areas/zones in the city. City Attorney Christ said it possibly could be tied into a zoning ordinance. He would have to look into that. The discussion continued on whether they would want to leave it open to see what happens or not. It was discussed, if the Council is interested, another option would be to create a blanket ordinance implementing different percentages in different areas of the city.

City Manager VanVleck reminded the group it was brought up that it is getting more and more expensive to live in the City of Berkley. Do we want some affordable housing available?

It was mentioned that it is still early in the process, and it is not known whether or not the tool works. Other options for implementing PILOT Workforce Housing were discussed. Costs to the City were discussed.

It was asked if PILOT Workhouse funding only applies to new development or if it could apply to existing construction. City Attorney Christ said the legislative history shows new development, but he would have to look at the Act.

It was asked how the conversation went with the other taxing jurisdictions in the Ferndale example. City Attorney Christ said he was not involved with that.

Community Development Director Kapelanski said she knows the County can back out. Kapelanski said she would look into the issue.

Mayor Dean asked if the staff feels they have enough information to proceed.

City Manager VanVleck asked if the Council would like another workshop to see what taxing considerations could be. Council said, "Yes."

Further discussions took place regarding the considerations listed in the Ferndale example.

ADJOURNMENT:

Councilmember Vilani moved to adjourn the Special Meeting at 6:50 PM
Seconded by Councilmember Patterson
Ayes: Gavin, Hennen, Patterson, Vilani, Baker, Black and Dean
Nays: None
Motion Approved.

Bridget Dean, Mayor

ATTEST:

Victoria Mitchell, City Clerk