

CITY OF MUSKEGON
CITY COMMISSION WORKSESSION
COMMISSION CHAMBERS
933 TERRACE STREET
MUSKEGON, MI 49440

Monday, October 12, 2020
5:30 p.m.

MINUTES

2020-74

Present: Mayor Gawron, Vice Mayor Hood, Commissioners Rinsema-Sybenga, Emory, Johnson, Ramsey (arrived at 5:50 p.m.), and German (arrived at 5:58 p.m.)

Progress Presentation for 880 First Street Redevelopment – Economic Development

Representatives from Ferguson Development have joined us to give a progress report now that engineering and rental market studies are completed on their vision for the redevelopment at 880 First Street.

The City has been working with Ferguson Development and Brianna Scott for nearly a year now to finalize plans to redevelop the former AmeriBank building at 880 First Street. Economic Development staff have worked closely with project management for the developer to coordinate extensive testing on the structure, foundation, and design of the existing building. Tonight, the developer's consultant will be here to present findings and ambitions for the development and to take questions, with the hope that the Commission will vote in favor of a purchase and development agreement at the meeting on October 27, 2020.

Discussion took place.

Community EnCompass Infill Housing Partnership Presentation – Economic Development

An informational presentation on a proposed low-to-moderate income new home construction program.

In an attempt to further our Economic Equity efforts and to create diversity of housing price points as we build infill, we have been working for quite some time with Community EnCompass to try and construct a deal within the Brownfield TIF and their institutional capacity to construct homes that would be specifically for buyers at or below 80% AMI. The presentation tonight is meant to inform the Commission of the proposed development scope and take questions/feedback, with hopes to present a development agreement for Commission consideration at the regular City Commission meeting on October 27, 2020.

Discussion took place.

Update to the Lot Sale Policy – Planning

Staff has prepared an updated lot sale policy that outlines procedures and incentives to direct the use and sale of vacant, city-owned residential properties.

Discussion took place regarding the proposed updates to the lot sale policy and the matter is being referred back to staff for further updates before presentation to the commission.

Marihuana Social Equity – Planning

Staff wishes to discuss ways to empower local entrepreneurs to become participants in the marihuana industry and to discuss the implementation of the Muskegon Social Equity Program.

In recent City Commission meetings, some Commission members have stated that they would like staff to research ways for local caregivers to have an opportunity to get into the recreational industry. A total of 18 caregivers currently operate in several different businesses and industrial corridors throughout the City. Caregivers are allowed to collocate so some buildings host up to a few hundred plants. Sometimes these buildings can cause odor nuisance issues when located near residential areas. This, along with other concerns from citizens, makes it difficult to allow for many marihuana license types outside of the current overlay zones. However, microbusinesses allow for the cultivation (only up to 150 plants), processing and sales of marihuana out of a single building. This license type is very affordable (\$8,000 compared to \$25,000 for retailer), making it more feasible for smaller-scale, local entrepreneurs to get into the industry. The 150-plant restriction would also reduce the possibility of odor nuisances. It also appears to be the license type that most caregivers are seeking.

There are two local marihuana entrepreneurs petitioning for two different properties to be rezoned to allow for microbusinesses at the October Planning Commission meeting. However, instead just rezoning these two parcels, staff encourages the Commission to consider creating a new microbusiness ordinance that would allow all caregivers the opportunity to participate throughout the City. Staff has also recently received a few other requests to allow for microbusinesses in other business corridors.

A major issue with getting local entrepreneurs into the recreational industry is the fact that many do not currently own a building in an approved overlay district. These overlay districts have led to dramatic increases in property values, essentially pricing out many locals. Staff proposal should eliminate this concern.

Staff proposes to allow microbusinesses in the same zoning districts that we allow caregivers (B-2, B-4, MC, I-1, and 1-2.) as long as they obtain a special land use permit from the Planning Commission. Special use permits are parcel and applicant specific, which should eliminate the land speculation problem. If any applicant is approved at a location, that applicant is the only one approved for the use at that property. Any new applicant at that location would require their own special land use permit. Allowing these permits throughout the City would eliminate the need to be in a certain location, eliminating the land speculation. It would also restrict the building owner from obtaining the necessary zoning approval, then selling the building to the highest bidder rather than the applicant they have been working with from the beginning.

The Muskegon Social Equity Program should have some funding early next year. Staff would like to revisit the spending allocations, listed below.

MSEP REVENUE

Medical and Recreational licensed marihuana businesses in Muskegon may elect to contribute to the City's MSEP. Additionally, 35% of all local excise tax receipts will be allocated to the City's MSEP.

ALLOCATION OF MSEP RESOURCES

1. 30% for business micro-loans/grants for those that have had a low-level marihuana conviction.
2. 35% will be dedicated towards facilitating marihuana related expungement clinics.
3. 35% for education, youth support and community outreach for responsible marihuana consumption related to harm reduction.

Discussion took place.

PILOT Policy

Staff are seeking input on a revised policy to standardize tax incentives for Payment in Lieu Of Taxes (PILOT) developments within the city.

At the request of the City Manager, the Tax Incentive Committee has continued to review and make recommendations for standardizing our tax incentive policies in the City of Muskegon. Our most recent effort is specifically dedicated to PILOT developments. As with the previous revisions shared with the commission, the attached document outlines a more standardized method for determining payments with lower rates given to developments that meet more of the city's goals. Also in line with the previous revision, the proposal is for these developments to be reviewed by the tax incentive committee with a recommendation provided to the City Commission.

Discussion took place.

Adjournment

The City Commission Worksession meeting adjourned at 9:00 p.m.

Respectfully Submitted,

Ann Marie Meisch, MMC