

City of Muskegon

Work Session

Minutes

October 9, 2023, 5:30 pm

Muskegon City Hall

933 Terrace Street, Muskegon, MI 49440

Present: Mayor Ken Johnson
Commissioner Rachel Gorman
Commissioner Rebecca St.Clair
Commissioner Eric Hood
Vice Mayor Willie German, Jr.
Commissioner Teresa Emory
Absent: Commissioner Michael Ramsey
Staff Present: City Manager Jonathan Seyferth
City Clerk Ann Meisch
City Attorney John Schrier
Deputy City Clerk Kimberly Young

2023-104

1. Call to Order

Mayor Johnson called the Work Session Meeting to order at 5:30 p.m.

2. New Business

2.a Resolution Recognizing Indigenous Peoples Day

Mayor Johnson presented a resolution in recognition of Indigenous Peoples' Day, the second Monday of October and encouraging residents, businesses, organizations, and public entities to recognize and honor Indigenous Peoples' Day.

No. 2023-105(a)

Motion by: Vice Mayor German

Second by: Commissioner St.Clair

To recognize October 9, 2023 as Indigenous Peoples Day in Muskegon, MI.

YES: (5): Mayor Johnson, Commissioner Gorman, Commissioner St.Clair, Vice Mayor German, and Commissioner Emory

Absent (2): Commissioner Hood, and Commissioner Ramsey

MOTION PASSES (5 to 0)

2.b Samaritas Payment in Lieu of Taxes (PILOT) Agreement - 417 E. Jackson Ave.

Jake Eckholm, Economic Development Director, presented information regarding the Samaritas Payment in Lieu of Taxes (PILOT) and explained that the commission will be asked to consider several similar projects in the near future.

City Staff has negotiated and reviewed a Payment in Lieu of Taxes agreement for commission consideration for an adaptive reuse project at Froebel School into affordable workforce housing apartments.

For several years staff have been attempting to find a partner that had interest and capacity in the adaptive reuse of the long-vacant Froebel School building. Since 2019, we have toured more than 10 entities through the school, and held a community meeting offering several touring opportunities for the public. Through these efforts we have developed interest from Samaritas for the potential installation of affordable housing units by application to the Michigan Statewide Housing Development Authority (MSHDA) Low Income Housing Tax Credit (LIHTC) Program. If awarded, then Samaritas proposes historical preservation and adaptive remodel of the school building into apartments for low to moderate income residents. The attached agreement establishes their payment in lieu of taxes as 2% of net shelter rents. **Note that this is the lowest proposed PILOT of our proposed MSHDA submissions. This is due to the facts that we are the owners of this facility and will incur significant costs to demolish or otherwise redevelop the site, and that Samaritas is a non-profit housing developer with limited capacity to finance and construct facilities compared with for-profit housing development firms.**

If approved by commission, Samaritas is also proposing a Municipal Services Agreement of 3% of net shelter rents, for a total annual payment of 5% of rents. The Municipal Services Agreement (MSA) stays completely with the city to defray costs of public service delivery to the site, while the PILOT payment is divided proportionally to the other taxing jurisdictions, similar to a traditional property tax payment.

This item is connected to the Samaritas MSA agenda item, as well as the sales agreement item for Froebel School.

Discussion took place. This item is on the agenda for October 10, 2023 for City Commission consideration.

2.c Samaritas Municipal Services Agreement - 417 E. Jackson Ave.

Jake Eckholm, Economic Development Director, provided an explanation of the Samaritas Municipal Services Agreement and notified the Commissioners they will be asked to consider several similar projects very soon.

City Staff has negotiated and reviewed a Payment in Lieu of Taxes agreement for commission consideration for an adaptive reuse project at Froebel School into affordable workforce housing apartments.

For several years staff have been attempting to find a partner that had interest and capacity in the adaptive reuse of the long-vacant Froebel School building. Since 2019, we have toured more than 10 entities through the school, and held a community meeting offering several touring opportunities for the public. Through these efforts we have developed interest from Samaritas for the potential installation of affordable housing units by application to the Michigan Statewide Housing Development Authority (MSHDA) Low Income Housing Tax Credit (LIHTC) Program. If awarded, then Samaritas proposes historical preservation and adaptive remodel of the school building into apartments for low to moderate income residents. The attached agreement establishes their Municipal Services Agreement at 3% of shelter rents.

If approved by commission, Samaritas is also proposing a PILOT payment of 2% of net shelter rents, for a total annual payment of 5% of rents. The Municipal Services Agreement (MSA) stays completely with the city to defray costs of public service delivery to the site, while the PILOT payment is divided proportionally to the other taxing jurisdictions, similar to a traditional property tax payment.

This item is connected to the Samaritas PILOT agenda item, as well as the sales agreement item for Froebel School.

Discussion took place and this item will be on the agenda October 10, 2023 for consideration.

2.d Froebel School Sale to Samaritas

Jake Eckholm, Economic Development Director, provided some information to the Commission regarding a proposed purchase agreement which will be presented for Commission consideration on October 24, 2023.

Mr. Lautenbach, Executive Director of Affordable Housing for Samaritas, spoke to Commission about the potential plans for the property at the former Froebel School building at 417 E. Jackson Avenue.

3. Any Other Business

General comments and updates were provided, some discussion took place.

4. Public Comment

Public comment was received.

5. Adjournment

The Work Session meeting adjourned at 6:35 p.m..

Motion by: Vice Mayor German

Second by: Commissioner St.Clair

MOTION PASSES

Respectfully Submitted,

Ann Marie Meisch, MMC - City Clerk