

## CITY COUNCIL REPORT

DATE: September 24, 2009

TO: John Szerlag, City Manager

FROM: Mark F. Miller, Acting Assistant City Manager/Economic Development Services  
R. Brent Savidant, Acting Planning Director

SUBJECT: The Pavilions of Troy Planned Unit Development (PUD 9)

### Concept Development Plan and Preliminary Development Plan

PUD's in Troy are approved using a three (3) step approval process:

Step One involves the approval of the Concept Development Plan (CDP), which occurs concurrently with approval of the PUD Agreement and rezoning of the property.

Step Two is approval of the Preliminary Development Plan (PDP). The detailed Preliminary Development Plan must be consistent with the Concept Development Plan.

Step Three is Final Development Plan Approval, which involves the administrative approval of technical documents such as engineering design and easements.

City Council granted CDP approval and approved the PUD Agreement on October 15, 2007 for The Pavilions of Troy Planned Unit Development (PUD 9), a phased mixed-use project. The applicant did not apply for PDP Approval and subsequently put the property on the market for sale. The CDP is valid for a period of five (5) years; therefore, it will expire October 2012.

Grand Sakwa Properties, LLC (to be referred to herein as "Grand Sakwa" or "applicant") has executed a purchase agreement for the property and anticipates a closing date in December 2009. Grand Sakwa indicated that they intend to amend the approved CDP. At this time, Grand Sakwa submitted an application and required fees but has not submitted any plans.

Although we do not have official plans, Grand Sakwa has stated intent to amend the Concept Development Plan to permit a different mix and intensity of uses than was originally approved. The applicant maintains that the approved CDP mandates the development of a project that would not be economically feasible at this time.

The subject property is controlled by a Consent Agreement which limits the development potential of the northern parcel of the PUD. The applicant also intends to amend the Consent Agreement for their proposed development.

Grand Sakwa intends to present two (2) concept options for the site at the September 28 meeting, for discussion and input. Option 1 is to include a build-out for the site assuming all parking is to be provided on surface parking lots. Option 2 is to include a build-out for the site assuming a parking deck(s) is constructed on site. Grand Sakwa is interested in entering into a public/private partnership with the City to fund the parking deck(s) proposed in Option 2.

**Project Schedule**

Grand Sakwa is a motivated developer that intends to develop the site in an expedited manner. The applicant requested the following aggressive approval schedule:

<b>Date</b>	<b>Meeting/Task</b>	<b>Intent Of Meeting/Task</b>
September 28, 2009	Joint City Council/Planning Commission meeting	Introduction of project and team; discussion of concept and feedback
October 6, 2009	Planning Commission Special/Study meeting	Discussion of Concept Development Plan and feedback
October 13, 2009	Planning Commission Public Hearing	Planning Commission Public Hearing and recommendation on proposed CDP amendment
October 19, 2009	City Council Public Hearing	City Council Public Hearing and amendment of CDP and PUD Agreement
November, 2009 +/-	Preliminary Development Plan submittal	Preliminary Development Plan approval

**Points of Interest for the September 28, 2009 Special Meeting**

With the information provided above, the two discussion points for Special Meeting are as follows:

1. Elimination of the formula in the PUD Agreement that requires one residential unit for every 3,600 square feet of retail use, 1,500 square feet of office use and every 4 hotel rooms on the site. Grand Sakwa stated that due to market conditions, this requirement makes it impossible to develop an economically viable project. Grand Sakwa seeks to eliminate this provision. This requirement is tied to the project phasing in the approved CDP, which the applicant intends to amend.
2. Potential for a Public/Private Partnership with the City. The project provides opportunities for partnerships; for example, construction of a public parking deck to benefit property owners in the area. Grand Sakwa seeks feedback on this issue.

## Economic Development Update

### Brownfield Redevelopment Authority

The development is eligible to capture \$13,200,000 of tax increment financing through the approved Brownfield Plan for costs of demolition of the Kmart Headquarters Building, lead and asbestos abatement, and other eligible activities. Additionally, the approved Brownfield Plan allows for capture of up to \$10,000 per year to reimburse the Brownfield Redevelopment Authority for the costs it may incur in the administration of the Brownfield Plan. Only new increment tax revenues created by the redevelopment project will be captured to reimburse the developer for the identified eligible activities. No other tax revenues are being committed for this reimbursement other than those new tax revenues generated by The Pavilions of Troy Planned Unit Development.

The Brownfield Plan also permits the developer to seek a Michigan Education Tax Credit and Michigan Business Tax Credit. The Michigan Senate approved SB 323, which creates a "major development project" and would potentially qualify for the Michigan Business Tax Credit. The Michigan House has yet to approve this bill.

### Downtown Development Authority

The development is also eligible to capture incremental taxes by the Troy Downtown Development Authority (DDA). New tax increments can be used to reimburse the developer for eligible expenses related to demolition, in an amount not to exceed \$ 5,098,406. This is the maximum amount that the DDA can contribute for The Pavilions of Troy, based upon the eligible expenditures approved in the Brownfield Plan, even if the actual expenses plus interest exceed that amount. Included in the DDA Tax Increment Financing Agreement are restrictions and limitations regarding demolition of the KMart Headquarters Building.

### Attachment:

1. Map.

Prepared by RBS/MFM

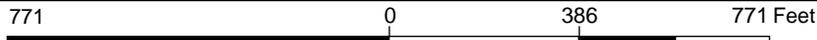
cc: Applicant  
File /PUD 9

G:\PUD's\PUD 009 Pavilions of Troy\Grand Sakwa\Memoranda\Joint CC PC Meeting Memo PUD 009 09 28 09.doc



- Legend**
- I-75
  - Road Centerline**
    - Major Road
    - Industrial Road
    - Local Road
  - Hydrography Poly
  - Hydrography Arc
  - Parcels
  - Aerial Photos - 2008**
    - Red:Band\_1
    - Green:Band\_2
    - Blue:Band\_3

1: 4,626



Note: The information provided by this application has been compiled from recorded deeds, plats, tax maps, surveys, and other public records and data. It is not a legally recorded map survey. Users of this data are hereby notified that the source information represented should be consulted for verification.

**Notes**  
 The Pavilions of Troy PUD site