



21 April 2005

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CITY OF TROY  
CITY MANAGER'S OFFICE

Mayor and City Council  
City of Troy  
500 West Big Beaver Road  
Troy, MI 48084

Dear Honorable Mayor Schilling &amp; Members of City Council:

The Troy Chamber of Commerce and the City have a mutual interest in seeing the city grow and prosper in the future. The Chamber wants growth in the community so existing and future businesses will be profitable, expand and offer work in a quality environment. The City requires growth in its revenue base to keep up with the increasing costs of government that includes demands for more and improved services. The city however has recognized that a legitimate concern by residents is to keep property taxes low which produce a political climate that is very difficult for the city to raise the revenue through tax increases to meet its citizens' expectations and needs. Thus, filling the commercial and office vacancies, through new tenants and redevelopment, needs to be of the highest importance in facing these challenges.

We encourage your support for the upcoming Monarch Project at Alpine and Big Beaver. The approval of a modern 22 story residential high rise will lift developer sights on what can be proposed for the Kmart site redevelopment and eventually the entire corridor.

However, without new directions, the current trends bode for a very difficult future. The traditional office space in Troy has 18,000,000 square feet and is currently 22% of the leasable space is vacant. The traditional industrial space in Troy has 16,000,000 square feet and is 11% vacant. The hi-tech or research-commercial space has 4,000,000 square feet and is 7% vacant. All of these figures are some of the highest in the metropolitan area. Where Troy once demanded some of the highest rates per square foot, now often discounts its space to attract prospects. With the current high levels of vacancies in the office and industrial properties in Troy, the City and the Chamber need

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to find ways to reverse this trend. The Chamber believes the best way is with a new Master Plan for commercial properties that meets the needs of today's market.

To put it all in perspective, the DDA district is today back at 1999 levels in terms of property value. That is \$36 Million less than the peak of 2000. Even if a redevelopment of Kmart is coupled with the Burton Katzman and Sterling Bank building and the Monarch project, they could produce an investment of only \$300 Million, property tax revenues of \$2,300,000 and would be less than 5.3% of total city property tax revenue. These projects will take many years to be developed and do not give the city the increases needed to maintain the status quo. The task in front of us is daunting, but we must begin the fight. The best strategy to protect home values and keep residential property taxes low will be an aggressive economic growth policy to "grow" the urban corridors; Big Beaver, Rochester, Maple and Stephenson. You have recognized this reality by the approval of a Big Beaver Corridor Study to look not 5 or 10, but even 20 years down the road and dream of a world-class corridor. We at the Chamber feel a new forward-thinking Master Plan should be an ultimate goal derived from this Study.

The current master plan was drawn up in 1965 when the city was still very young and under developed. Its objectives were to protect greenfields, centralize growth, and segregate uses. Although some of these objectives in some areas of town may still be valid today, their directions do not fit today's needs. The city should better address the zoning classifications of today. The R-C zoning is a sub-market of the Industrial zoning, consent judgments of the 1980's and 1990's need to be recognized, and PUD's need to have better structure for orderly development without extended Planning Commission meetings that end up in Council Chambers getting final approval on every detail. Other cities have overlay districts, mixed use properties with residential and retail in the same building, and flexible zoning classes or uses.

The chamber has three committees hard at work on relevant issues that include City staff participation. They are the Maple Road Corridor, the Stephenson Highway Industrial Complex, and the Vacant Office Market. All include surveys with a combination of focus groups, questionnaires and personal interviews to learn what can be done to

make the respective areas more desirable to do business from the perspective of the property owner and the tenant. When this work is finished in the fall, we will consolidate the findings and present to you a list of recommendations. This work should be done near the time the Big Beaver Corridor study is finished which will also generate a list of recommendations.

The Planning Commission has a responsibility every five years to review the Master Plan and determine if revisions are needed. The Chamber would recommend that the Council direct the Planning Commission to start the review process as soon as possible. Since the 2001 state law requiring notification to neighboring municipalities has taken effect, the timetable to enact changes to a Master Plan has been extended. If this process is started now, the Troy residential communities can start to work on ideas for changes to the Master Plan and can be ready the same time the business community will have its recommendations. The end result must be more than just amendments to the Master Plan. It should be a comprehensive redrafting of the Master Plan. This effort will be very difficult due to the nature of Troy. It is a "built-out" suburban office center without a central downtown. What other city can be found that can be modeled off of for the Planning Commission? Few if any exist. Consequently, this process will take a lot of time that we can ill afford to waste if we want to keep our city in the fore front of the business world and be a desirable place to live.

New state laws have recently been written to give cities more flexibility in their zoning for expediting redevelopment. Such laws as House Bill #6164 provide for a property to change uses with city approval, and a new proposed law will allow corridor TIFs that can give cities new financing mechanisms for reinventing themselves. Other communities are recruiting our businesses on a daily basis and we must use everybody's ideas and efforts to keep what we have and attract more businesses if we are to protect and enhance the current standard of living in Troy. The Planning Commission must be encouraged to start this project as soon as possible.

The Troy Chamber of Commerce has already started work on the review of commercial properties to learn what is needed. We would like to see similar action taken by a citizens group on the residential areas that are in need of review. As soon as the Big Beaver Corridor

Study firm has been retained, the Chamber would like to meet with the City Council in a study session to work out an appropriate schedule to coordinate everyone's efforts. However, all such efforts will be of no use unless you on the City Council support these efforts and recognize that the final result must be a new Master Plan for the city.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Theodore A. Wilson". The signature is fluid and cursive, with the first name being the most prominent.

Theodore A. Wilson  
Chairman of the Economic Development Committee

CC: City Manager  
Real Estate & Economic Development  
Plan Commission