

# Village of Merrill, MI

## Senior Citizen Housing Information

Date: 6/8/16 (rev'd 8/1/16) (rev'd 8/9/16) (rev'd 5/3/17)

### BACKGROUND:

During a Council meeting in 2015, Saginaw Future asked Council Members as to what they felt were major needs of the community. Their response was, providing housing for seniors. Currently they have to leave the community once they reach a certain stage of life. This concern goes back to when the new Middle School was built and the old school on M46 was considered for Senior Housing. A number of other unsuccessful attempts have also been made. This initiated the process of searching for developers/operators to provide this service.

### PURPOSE OF THIS DOCUMENT:

It is the intent to keep a running record of what is being proposed, approved, open items and estimated costs. This information is available to the general public and will provide current and updated information. This document will be updated/revise on regular basis as required.

### TO DATE:

After several meetings with interested community members, the Saginaw Future representative and developers, an ad-hoc committee of four (Steve Jonas, Saginaw Future, Gary Siler, Village President, Janice Wazny, Village Clerk and Tom Mayan, Sr, Village Engineer/Street Administrator) was appointed by the Village President and approved by the Council to pursue this endeavor.

It had been determined that two types of Senior Housing should be considered; **Assisted Living** and **Independent Living**. These would be considered as **Phase One** and **Phase Two** respectively. A preliminary location, infrastructure plan and cost estimates were prepared. The proposed site is on vacant and undeveloped land located in the Fleming Addition Plat to the Village of Merrill.

A potential Developer, DeShano Development Corp., has been identified for **Phase One**, a 20 bed licensed facility. **Phase Two** could be up to 4 duplex units and is currently on hold until **Phase One** is committed and further along. It was readily apparent the Community would need to participate in the infrastructure cost (street, municipal water, sanitary sewer, storm sewer, natural gas and electrical power) to make these facilities a reality.

Following are the various issues identified and determinations made to date for **Phase One**:

1. **Property**; the proposed location is east of the Merrill Community Elementary School and owned by the school. There has been discussion with school officials and a commitment has been made to sell the property for an amount not to exceed \$9,000 with the condition that the entrance on the South side of Alice St. at Eddy St. will be closed to through traffic for safety reasons as previously requested by the School. Access to the planned facility will be via new Perkins St. Eddy St. along the east side of the elementary school may be vacated in total or in part to accomplish this. This is in compliance with the "2002 Conceptual Residential Development Plan" developed by the Village, Township and School. The purchase will be finalized after the Developer submits a "Site Plan" for approval by the various parties.

**2. Municipal Water System;**

- a) **REU Determination:** Based on past considerations and practice, a facility of this type will be charged 1 REU for each 5 licensed beds, therefore 4 REU's will be applied for this 20 licensed bed facility.
- b) **Benefit Charge:** In accordance with the Water Ordinance, a "Benefit Charge" is to be made for vacant/undeveloped properties. This charge was determined to be 40% of the original assessment of \$7,080/REU or \$3,000/REU, payable over 10 years with no interest for a total of \$12,000 or \$300/quarter, to be added to the normal quarterly water bill over the 10 year period. The revenue from this charge will be placed in the Water Fund.

The \$3,000 was determined on the capacity cost basis of the original system or 40% of the original Assessment as follows: total 2006 Water Project cost of \$5,117,858 less the cost of the Distribution System @ \$3,063,119 leaving the cost of capacity @ \$2,054,739 or 40% of the total project cost.

The quarterly water charge, based on current prices would be as follows:

(\$18 Ready to Serve + \$24 Operational + \$7 Capital Improvements + \$75 Benefit) = \$124 per REU  
x 4 REU's = \$496/quarter  
plus the current consumption charge of \$2.25/1,000 gallons

- 3. **Sanitary Sewer Charge:** Based on past practice, a total of 4.84 REU's will be charged (1.21 REU/5 licensed beds). Based on current prices, the quarterly charge would be \$217.80 (4.84 REU's x \$45/REU).

- 4. **Cost Sharing of Infrastructure** (new street, water, sanitary & storm sewer and gas & electric):  
The estimate of cost for placing of infrastructure for **Phase One** is \$150,000. The Village and Developer have agreed to share this cost on a 50/50 basis. In addition, the Village is considering curb & gutter for this new street. The original estimate only included curb & gutter at the intersections (new Perkins @Johnson and @ Eddy Sts.) The additional cost is estimated at \$15,000 which the Village would pay for in total.

**5. Infrastructure Construction:**

The Village has entered into an agreement with their Consulting Engineer, the Spicer Group, to furnish miscellaneous engineering and design services and the estimated cost is included in the estimate. The intent is for the Village to serve as the General Contractor, as they have done on a number of projects, and perform or assist in performing the miscellaneous items of work with various contractors who work regularly with the DPW **and/or as mutually agreed between the Village and Developer**

**6. Taxable Assessed Value:**

The Developer is working with the Village Assessor to determine an approximate Assessed Value (50% of the Market Value) so that Developer can include the estimated taxes in their process of determining the construction and operating costs of the project. As stated by the Developer these costs will; "weigh heavily in our determination as to whether a project can move forward and financially sustain itself".

The Assessor has determined the estimated market value to be \$760,031. This was determined as follows:

- The building cost @ \$1,056,700 utilizing cost tables provided by the state including local cost adjustments. This is close to the \$1,061,500 detailed estimate provided by the Developer.
- \$1,056,700 x adjustment for the Merrill/Jonesfield Market @ .706 = \$746,031
- Plus land value @ \$14,000 = \$760,031
- Taxable Value = \$760,031 x 50% = \$380,000
- Estimated Annual Tax @ 63.3628 mils/1000 x \$380,000 = \$24,077.86 taxes/yr
- Village of Merrill Taxes @ 13.35 mils (11.0 GF & 2.35 Sts.) x \$380,000 = \$5,073 /yr included in above.

The Developer has advised they feel operationally, they can work with this "Total Annual Tax".

#### 7. Zoning:

The Planning Commission has advised that both **Phase One & Phase Two** requires an R-2 Zoning designation. The property for **Phase One** does have an R-2 Designation. The property for **Phase Two** has a designation of R-1 and would require re-zoning if this **Phase Two** is to be constructed.

The existing zoning as R-2 of the property for **Phase One**, owned by the School, has been confirmed by both the Planning Commission and the Village Clerk.

#### 8. Development Agreement:

A draft copy of a "Development Agreement" between the School, Developer and Village has been prepared by the Village Attorney and submitted to the School and Developer for consideration.

THIS IS TO FINALIZE AND BRING CLOSURE TO THIS INFORMATIONAL DOCUMENT:

Some of the neighbor's objected to placing an Assisted Living Facility on the property owned by the School. Therefore to help insure that the construction of the facility would go forward in a timely manner, the ad hoc Committee determined to place **Phase One** on hold and consider an alternate site on property owned by the Village on N. Midland St. A public letter dated September 8, 2017, from the ad hoc Committee, (copy included at end of this document) was drafted and made available explaining the situation. This document may also provide some pertinent and applicable information for reference and consideration that might apply to future development(s).

This document had been prepared and updated by Tom Mayan, Sr (5/3/17)

# Village of Merrill

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September 8, 2016

Re: Assisted Living Facility

In 2015, in cooperation with Saginaw Future, Village Council members initiated a goal to investigate providing senior housing in the village. The council appointed an ad hoc committee to pursue developers and building site(s). The committee consists of Village President, Gary Siler, Clerk Janice Wazny, Street Administrator, Tom Mayan and Steve Jonas from the Saginaw Future. Attempts failed to entice a senior apartment development for a host of reasons. In the spring of 2016 a developer, DeShano Construction of Gladwin, MI, came forward with an offer to build an assisted living facility in our community referred to as **Phase One**. They also agreed to pay 50% of the cost for any required infrastructure improvements/additions. They have built several assisted living facilities in Michigan, primarily in the rural areas. Independent Living, duplexes with garages or similar type housing, was also planned and referred to as **Phase Two**

The committee originally focused on vacant property in the plat, Fleming Addition to the Village of Merrill, adjacent to the elementary school for **Phase One** since it had been previously approved for a 16 unit condominium project and had been re-zoned to R-2 to accommodate the condominium project. **Phase Two** was planned for future construction on property south of **Phase One**. This would have placed all senior living in the same proximity and would have essentially complied with the "2002 Conceptual Residential Development Plan" developed by the Village, Township and School and has been on display at the village offices. A number of issues were addressed and resolved in the process.

That site for **Phase One** is on hold. Property owned by the village, at 346 North Midland Street, is being considered at this time. The committee met with the developer, Tuesday, September 6<sup>th</sup>. He views the new site on Midland Street as a potential acceptable building site. The council will be informed of the proposed site change and the committee will recommend the village proceed with a re-zoning request for this parcel. If permissible, the re-zoning request from R-1 to R-2 will include stipulations limiting the scope of the proposed facility. The proposed development is for assisted living and will not include memory care. The committee will also recommend the council along with township, school, Saginaw Future and the general public pursue the possibility, location and implementation of Senior Independent Housing as originally planned in **Phase Two**.

Additional information may be obtained by calling the village office and/or visit the village website at [www.merrillvillage.com](http://www.merrillvillage.com). Look for future announcements in the Saginaw Valley News which is the village's legal publisher for public hearings and other official notices.

VILLAGE OF MERRILL  
Senior Housing ad hoc Committee

The Village of Merrill is an equal opportunity provider."

To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building,  
14<sup>th</sup> and Independence Avenue, SW, Washington , DC 20250-9410 or call 202-720-5964 (voice or TDD).