

Joe Hollander is back! This time it is to “develop” the former Washington School property on the North Side. Not much detail yet, but he is in the process of contacting City Council members for “one-on-one” discussions on his proposal. There would be no need for this if there were not low-income components or concessions in his planned development. Let me shares some details from CityData.com on current rental statistics for the City and County of Manistee. Mr. Hollander is a reputable developer, he focuses on tax incentive projects for senior and low-income populations.

The City of Manistee median gross rent is \$531.00 a month, half are above and half below this amount..

38% of the residents in the City rent, only 19% in Manistee County rent. The lack of rental units outside of the City could explain this statistic. The costs of home ownership being outside the economic reach of City residents could also be a factor, considering median home values are higher outside the City.

The average City rent is \$445.00 a month – it breaks down as follows:

| <u>Units</u> | <u>Range</u> | <u>Percent</u> |
|--------------|---|----------------|
| 565 | \$499  | 52% |
| 333 | \$500 - \$699 | 30.2% |
| 71 | \$700 - \$999 | 6.4% |
| 48 | \$1000 - \$1499 | 4.3% |

There are 550 subsidized housing units (rentals) in the County of Manistee, 500 (90%) are in the City of Manistee. Two hundred nineteen of these units are HUD housing managed by the Manistee Housing Commission. Manistee County median Household income is \$43,943 and the City median Household income is \$37,817 - **\$6,126** less.

The City of Manistee has the highest property tax rate in the County and provides the only full time Police/Fire/EMS services. The remaining of the County is serviced by the Sheriff Department and ambulance service from Munson. For tax comparison, if you had a home in Manistee with a tax value of \$100,000 the tax comparison would be:

| <u>Manistee</u> | <u>Filer Township</u> | <u>Manistee Township</u> | <u>Difference FT</u> | <u>Difference MT</u> |
|-----------------|-----------------------|--------------------------|----------------------|----------------------|
| \$4,128.19 | \$2,576.62 | \$2,387.07 | +\$1,551.57 | +\$1,741.12 |

It cost about \$130 a month more in property taxes to live in the City of Manistee rather than Filer Township and \$145 a month more than living in Manistee Township. No big deal? Take the difference between Manistee Township and the City of Manistee times 25 years (a typical mortgage) and you pay \$43,500 more to live in the City in property taxes.

What do “developers” typically ask for? Abatement – to not increase taxes from their current value for a period of time (typically 10 years). Payment In Lieu Of Taxes (PILOT) based on “net” rent collected, previous standard was 10%, today can be a little as 2% - some include a Municipal Service Agreement (MSA) to “sweeten” the impact of lost tax revenue. A 10% PILOT typically provides a 90% break in expenses to the developed property in tax relief. The PILOTs have also expanded from 20 – 25 years to 40 – 45 years today. This involves millions of dollars in forfeited tax revenue. This is promoted as “partnering” with the developer – please explain to me what the City gets for putting easy guaranteed

money in the developer's pocket? Oh, a vacant site developed. Potentially more low-income residents to further grow the economic gap between the County and City and grow the City poverty level. Business development – employers will have a place for their minimum wage workers to live – I can hardly see this as attracting those highly sought after “young professionals” or business investors.

Get ready for the grand promotion by City staff and select Council members who do little investigation and don't understand this has little to do with “economic development.” Get ready for the County Commissioners to rally their support. These same people lament the lack of property tax growth (residents will increase) to support services. These same people support a Headlee Millage Override to fund Street maintenance while at the same time dramatically increasing “charge for service” from the State ACT 51 money provided for that purpose – they want you to pay even higher property taxes.

You can't have an impact if you don't get involved. Email the Council members. Attend Council meetings and speak out. Pay attention to the details of the development.