

City Council of Peachtree City
Minutes of Workshop
March 2, 2010
6:30 p.m.

The City Council of Peachtree City met in a joint workshop session with the Planning Commission on Tuesday, March 2, 2010, at 6:30 p.m. Council Members in attendance were Mayor Don Haddix, Vanessa Fleisch, Eric Imker, Kim Learnard, and Doug Sturbaum. Planning Commissioners in attendance were Chairman Patrick Staples, Joe Frazar, Larry Sussberg, and Lynda Wojcik. Planning Commission Alternate Lisa Curtis was also in attendance.

Staff members attending were City Manager Bernard McMullen, Interim Community Development Director/City Planner David Rast, and Planner/Economic Development Coordinator Anthony Bernard.

The purpose of the workshop was to hear a presentation from NorSouth Companies about the potential of developing an age-restricted apartment complex in Peachtree City. Prior to submitting their request to lift the moratorium on multi-family housing, NorSouth asked to present an overview of their company, what type of product they were proposing, what type of financing they would use as well as examples of similar projects they had developed throughout metro Atlanta.

Mr. Dave Dixon and Mr. Brendan Barr were in attendance to represent NorSouth Companies. Mr. Bill Foley of Foley Design Associates, who was working with NorSouth on this proposal, was also in attendance.

Mr. Dixon explained that their company was actively looking for a place to build an independent seniors living facility in Peachtree City. They were based in Atlanta and Savannah and had been in business since the late 1980's. They developed, built, managed, and owned multi-family properties. Their first community in metro Atlanta was completed in 1990; and since the early 2000's, they had been focused almost exclusively on independent-living seniors. Since 2003, they had delivered seven properties and two additional facilities were currently being developed. Georgia's Department of Community Affairs (DCA) had recognized them as a Tier One developer, owner, and property manager, which was their highest ranking, for strong financial capacity and a sustained commitment to high-quality development and ownership.

Mr. Dixon had pictures of their other developments in the Atlanta area and included facilities in Buford, College Park, Kennesaw, East Point, Woodstock, and DeKalb County. They prided themselves as being one of the leaders in senior housing.

Mr. Dixon explained that their concept was for moderate-income seniors, which they felt was a very unique niche; and they had found there was a big market for this product. He noted that all of their communities were service enriched and targeted toward active, independent seniors. They did not provide medical or food services but the services they did provide were targeted toward enriching an active senior's lifestyle, i.e., individual garden plots, fitness center, game room, library, computer center, wellness center, barber/beauty salon, arts and crafts, language lessons, social events, etc. Outdoor amenities included walking trails, shuffleboard courts, landscaped courtyards with fountains, covered porches and pavilions, grilling areas, etc.

Mr. Dixon further stated that all of their senior properties were deed restricted and limited to seniors either 55 and up or 62 and older. Their preference was 62 and older with their effective market for this product starting at age 70 to 72. This market was predominantly moderate-income, single-female households; 86% of their existing apartment homes were occupied by one person, typically women.

Mr. Dixon said they mostly built one- and two-bedroom units with one bathroom. The rents for the one-bedroom/one-bathroom floor plans ranged from the mid-\$600's to the mid-\$700's. The rents for the two-bedroom/one-bathroom floor plans ranged from the mid-\$700's to the mid-\$800's. The two-bedroom/two-bathroom floor plans had a rent range from the high \$700's to the mid-\$900's.

Their goal was to make these affordable luxury units so they worked very hard to make them sustainable and highly energy efficient. Currently, their properties operated with average monthly utility bills of \$40 to \$60, dependent upon the unit type. Their new projects would be built to an even higher level of energy efficiency; and therefore, they expected the utility costs to potentially be even lower.

Mr. Dixon said everything they would be doing here would be private pay, meaning all residents would pay 100% of their rent expense. NorSouth did not rely on vouchers or rental assistance to rent their units. They looked for markets and sites where active seniors would want to live. About 50% of their renters made the decision to move into one of their communities based on a desire to be near their adult children and grandchildren. A recent audit of their existing properties confirmed that two-thirds of their residents had a tenure of at least two years; they basically did not move until they had to move to get assistance.

Mr. Dixon felt they were good neighbors and did not have any impact on schools or traffic. They saw this as a very fast-growing market with more demand on the way. The occupancy levels of their properties in similar upscale, suburban locations typically were above 95% all of the time. These were nice-sized units of 750 to 1000+ square feet. The buildings were typically three to five stories tall to house all of the amenities under one roof.

They typically built on four- to seven-acre tracts and tried to build 20 to 30 units per acre. Parking was based on one car per unit but typically after a couple of years, the parking lot was only half full. They concentrated on sustainable building practices, maximizing air quality and lowering utility bills. They emphasized walkable communities to enhance the independent lifestyle.

Mr. Dixon stated that their facilities were financed with housing tax credits from the federal government which they received from DCA. Basically, in exchange for an income restriction (typically about \$30,000 of retirement income) on some or all of these units, they received tax credits. Those tax credits were then sold to private sector investors, which traditionally had been financial institutions and banks, allowing them to borrow less money.

Mr. Dixon concluded his presentation by pointing out that one of the advantages to communities where their facilities were located was that for 15 years, they had compliance audits. These audits were for investors, the Georgia DCA, Internal Revenue Service (IRS), zoning covenants,

and deed restrictions and ensured that they rented to seniors only. NorSouth typically was the owner of their facilities for a long period of time.

Council Member Sturbaum asked whether there was a property manager on site. Mr. Dixon said there was a full staff on site. Typically, the property manager was not on site during the night but there was maintenance staff on site who were trained to handle emergencies. They also had emergency monitoring systems in all of the units.

Mr. Sturbaum asked about the number of buses on site. Mr. Dixon said it was dependent on the interests of the residents. Most of the time they did not have a bus on site because of the expense involved. He noted that they loved Peachtree City's cart path system and thought it was ideal as it connected to everything. Their parking spaces would be adjusted for golf carts. He added that their plan was to purchase some golf carts for residents to use or that would be used to carry them back and forth.

Council Member Fleisch asked Mr. Dixon if they had approached any of the existing apartment complexes within the City about the prospect of redeveloping them. Mr. Dixon said they had not. She also wondered why, if the majority of their residents were over 70, they did not go for a specific Department of Housing and Urban Development (HUD) designation for seniors. Mr. Dixon said they had to comply with the Fair Housing Code to be 62 and over which he thought was under the HUD umbrella. He did not know if there would be any advantage to a HUD designation. He said this was an IRS program that was managed by the State and there were already plenty of restrictions.

Mr. Sussberg wondered if NorSouth had sold any of their properties. Mr. Dixon said after developing over 6,200 units and owning over 30 communities for an average of eight years, they had sold all but about five of them to a larger company that wanted to come into this market. Mr. Sussberg also wondered if NorSouth would be willing to provide financial records of the people they partnered with if a favorable decision was made by the City relative to their proposal. Mr. Dixon assured him they would be.

Mayor Haddix wondered whether the rent was raised when the properties were sold.

Mr. Dixon said they used to say that they would never sell their properties because they were responsible for compliance. If the new owners were to let the property get out of compliance, NorSouth would be responsible for all of the investors' tax recapture. However, the properties were still governed by the same investors, lender, DCA, Treasury, etc., and would still be in the compliance guidelines for those 15 years. He noted that the covenants stretched beyond 15 years so he believed that all of those properties would still be affordable beyond 15 years.

Mayor Haddix also wondered how they could offer so many amenities at the prices they did. Mr. Dixon said if they could increase the rents, they would but there were guidelines they must conform to. They counted on staying full and having a low turnover which translated to low operating costs. It was worth it to them not to maximize their rents if it allowed them to stay full. The capital structure with the tax credits allowed them to do that. Mr. Barr stated that during the period from 2003 to 2009, rents had increased a total of approximately 5% to meet increased operating expenses over that time period.

Mayor Haddix noted that there already were a lot of apartments in Peachtree City, and the seniors were not renting them but were going after individual homes.

Mr. Dixon stated that the loss of a spouse was a big reason that seniors changed their type of housing. The onset of increasing frailty was another reason; this did not mean that a person could not get around but that they did not want the maintenance associated with a yard and house. Retirement and the desire to live near adult children and grandchildren were other strong motivators. When they considered that their properties had elevators from floor to floor, secured entries, were staffed around the clock, had a high level of luxuries, required no maintenance, and offered socialization, it was an easy decision for a lot of people to make. He noted they did not capture the entire senior market, but this was one housing choice, especially for single households. Their apartments also offered the advantage of not having to sell a house if the time came that their residents needed to move to an assisted living facility or a nursing home.

Ms. Wojcik asked about property taxes and whether this development would be exempt from paying them. Mr. Dixon said they would expect to pay full property taxes.

Council Member Learnard asked about NorSouth's criteria for choosing a site for their senior facilities. Mr. Dixon said their earmarks were a quiet environment with close proximity to churches, shopping, medical care (doctors' offices, clinics), and activities along with accessibility and visibility. They had found several sites in Peachtree City that met those earmarks.

In response to a question from Mr. Sussberg, Mr. Dixon explained that they would know by the end of the year whether they were successful in obtaining the tax credits. The only way they would not move forward was if they did not get the financing. This was the only way to make these rents work at this quality. He added that they also had to raise private capital, but they had been very successful in doing that in the past. Mr. Sussberg asked how much private capital would be needed in addition to the tax credits and stimulus money. Sixty percent of the equity was private capital which was attracted by tax credits the investors received.

Mayor Haddix invited the public to comment.

Mr. Robert Brown encouraged NorSouth to look at redevelopment as there were some areas of the city that were "in dire need of redevelopment."

Mayor Haddix wondered what would happen if the development did not populate as they anticipated. He noted that Peachtree City did not fit the mold in that this community was not auto dependent as others were.

Mr. Dixon said they would lower the rents if they had to, but this had never been necessary in the past. All of their facilities were operating at full capacity. He said the units would sit empty before NorSouth would change the use. They intended that this facility would be zoning and deed restricted so that it would only be occupied by independent seniors.

In response to a question from Mayor Haddix regarding the location they were considering, Mr. Dixon said they liked the site in Lexington Circle but they thought they had found another one in the Kedron area that they liked better.

Mayor Haddix said that City Council would not vote to lift the moratorium without knowing the site they planned to develop. He wondered if there was a strong desire by Staff and the Planning Commission to move forward with this request.

Mr. Staples said that if redevelopment was a part of this project, it would be a very compelling reason to lift the moratorium.

Mr. Dixon's understanding of the City's process was that City Council needed to lift the moratorium before they could propose a rezoning. They wanted to roll out the concept on what they would propose if the moratorium were lifted.

Mr. Staples asked about the number of non-residential sites they had redeveloped. Mr. Dixon noted that mixed-use was not working very well. They were not opposed to redevelopment and had redeveloped sites in College Park and Savannah. However, he asked that they be allowed to pick what they thought had the greatest odds of success and fit the community fabric, the surrounding uses, and the needs of their market.

Ms. Wojcik preferred two- to three-story buildings to the three to five stories that NorSouth proposed. Mr. Dixon agreed that the five stories did not fit the fabric of what was already in Peachtree City.

In response to questions from Ms. Mary Giles, Mr. Dixon stated that NorSouth developed owned, built, and managed their properties and had to meet stringent requirements of their lenders, investors, IRS, and DCA.

Ms. Giles also asked about the residents using the cart path system. Mr. Dixon said it was a good marketing tool and he anticipated that their market (70+ year old women) would use the cart paths on a regular basis. Oftentimes, their facilities provided transportation for the residents, but the residents also had their own means of transportation. He thought the cart path system would be an even better option for them.

Mr. Dixon suggested that anyone who was interested visit one of their facilities on the south side of Atlanta to see what they offered.

Another resident asked how their facility would impact surrounding property values. Mr. Dixon said these were very high quality, nice-looking buildings. Their developments were quiet and had no traffic impact. He thought they were very compatible, non-intrusive, and very stable.

Mr. Brown asked whether NorSouth had developed any properties that were near existing mid-level or high-end neighborhoods and, if so, how those areas had been impacted. Mr. Dixon said they had not done any studies of property values and did not think they had developed any properties near high-end residential areas. However, he would be shocked if they had any effect on property values.

Council Member Learnard wondered if there would be any potential conflict between 100 70-year old women on golf carts and the 400 17-year-old kids who crossed the street on golf carts at the high school. She also wondered about Friday night football games. Mr. Dixon pointed out

that their residents did not have a rush hour, traveled in small groups, and did not drive much at night. He did not anticipate problems.

Council Member Fleisch asked Mr. Rast to confirm that she was correct in thinking that NorSouth would not have to get City Council approval if they wanted to redevelop an existing multi-family apartment complex. Mr. Rast did not know about that. She thought their product would go over very well here, but she was not in favor of lifting the moratorium to tear up virgin land versus redevelopment; she thought this would be counterproductive and would not benefit the city at this point.

A resident from Lexington Park addressed the Council Members and Planning Commissioners and pointed to the failures of the Lexington Circle plan. He felt it was a blight on the city and on those who approved it. He agreed with Council Member Fleisch's comments about virgin land. He thought it was time to decide what the City was going to do with Lexington Circle. The site was overgrown with grass, and residents had seen rodents and coyotes on the property. He would like to see the City take steps to make the site attractive; otherwise, he was afraid they were going to eventually lose Brusters.

Ms. Giles wanted to know how many of the amenities that were offered were at no cost to the residents. Mr. Dixon said most all of the amenities they offered were provided at no cost to the residents except the hairstyling and barber services which were offered at discounted rates. The wellness services were screenings, exams, and consultations offered by visiting health professionals; they did not provide health care. Although they liked to provide free transportation, costs associated with special events might have to be paid by the residents.

Mr. Foley introduced himself as a 20-year resident of Peachtree City as well as a former member of the Planning Commission. He said his firm did senior work all over the United States and the Southeast in particular; they had probably done more senior residences than any other firm in Atlanta. He said that NorSouth was one of the best-regarded developers in this field in the state. Mr. Foley said they were looking at redevelopment in a couple of areas in the Southeast, and the costs to redevelop apartments and some of the old structures and to provide the amenities ended up costing more. The units in the new senior communities were smaller and more efficient than the units that were developed several years ago because of the newer technologies available, e.g., windows, insulation, and mechanicals. Redeveloping older structures could cost more and might not provide the social atmosphere with the amenities, central congregation, and security that the newer structures would.

Mr. Foley further stated that there were seniors all over the city who, if there were an affordable option for people on fixed incomes, would not be living with their sons and daughters. He felt that although Harmony Village had not been specifically mentioned, it was an old, poorly designed project that was not executed well and it did not make sense for a senior design. Towne Club was similar to what NorSouth was proposing, but they also provided food service and additional cost amenities; it was not for everyone. Mr. Foley acknowledged that there was a problem with the old apartment complexes, but he cautioned against the City looking only at redevelopment at this time. He agreed there needed to be a redevelopment plan, but this was a rare opportunity for the City to be considered for a project such as NorSouth was offering with the tax credits that were currently available.

Mr. Foley also pointed out that, according to the Urban Land Institute, there was a big trend now in the U.S. where people of all populations, particularly seniors, were moving toward rentals rather than home ownership.

In response to a question from someone in the audience, Mr. Dixon stated they were anticipating 100 units in three-story buildings. A 3-1/2 to 4-acre site would accommodate their footprint, courtyards, nice landscaping, and still provide buffers around the property. He noted that they were not totally sold on the site in Lexington Village.

In response to another question, Mr. Dixon stated that grandchildren would not be permitted to live there because of occupancy restrictions. Pets typically were not allowed although there had been discussions about changing that policy.

Mr. Brown wondered about the percentage of impervious surface on the site and how much run-off would go into their detention pond. Mr. Dixon did not have an answer to that question but noted that their plan would have to go through all of the approval processes and would not be allowed to contribute to stormwater run-off problems or violate buffers, etc. Right now they were asking for approval to continue looking for a site that was appropriate to bring this product to Peachtree City.

In response to a question from a resident who wanted to know why they might not like the site in Lexington Circle, Mr. Dixon stated that because they had to raise private capital and for marketing reasons, they wanted the best possible site.

Mr. Staples appreciated the comments that had been made relative to Lexington Circle. He felt that if the Planning Commission received favorable feedback from the neighboring property owners, they would be more likely to look favorably on this project.

Mayor Haddix said at this time, there was no enthusiasm on City Council for this proposal. It was the Applicant's right to try to persuade them to change their minds but it would be an uphill battle. He was a long-term resident of Peachtree City and the moratorium was in place to stop the building of apartment complexes and condominiums. He said mixed use was not working well in other municipalities.

Mr. Dixon pointed out to Mayor Haddix that this was not a mixed-use development. However, Mayor Haddix felt that either the Lexington Circle location or the Kedron Village location would indeed be considered mixed use because they would be mixing a residential use with other uses.

Mayor Haddix said that his personal opinion was that Mr. Dixon's argument that seniors want apartment complexes in Peachtree City was not valid.

Ms. Cecelia Hayes of Home Source Realtors said that she would be able to sell every one of these units. She said she had so many people that wanted this product.

Council Member Learnard confirmed that she was talking about people who would want to lease these units. Ms. Hayes said that the loft project at Lexington was very much like this, and she had a lot of people who were very disappointed that the project did not get started.

Mayor Haddix said 14 of those units were sitting on losses and two of them were still unsold. Ms. Hayes said she only had one of those units left to sell.

One of the residents from Lexington Park said they recently had to put his very active 90-year-old mother-in-law in an assisted living facility because there was not a product like this one in this area. He noted she did not need to be in an assisted living facility. He felt there was a market for this product.

Ms. Wojcik said her mother-in-law was in a similar facility in Missouri and it would be much nicer to have her nearby so she could be near her grandchildren. She too felt there was a need for this product because seniors were living and remaining active much longer. She felt strongly that the City should receive full tax benefit from a development like this. Even though she saw the need, she would not want this to be built in an area that would require that a lot of trees be removed and would not be in favor of condominiums. She thought a development like this might make Lexington Circle look better. Although the City would prefer NorSouth redevelop one of the older apartment complexes, in order for them to go to that additional expense, she felt the City would have to offer some type of tax incentive. She knew there were people who would be interested in a product like this; the fact they were not assisted living was a very big plus.

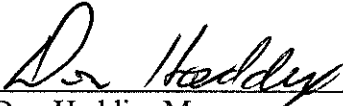
Mr. Sussberg said there were things he really liked about this project and he thought Lexington Circle was an ideal location for it. He liked the idea that it was going to bring in business for local retailers, medical offices, etc. He was against apartments in Peachtree City but this addressed a very specific need and was very clear cut in terms of demographics. He said there was a tremendous demand for this nationwide.

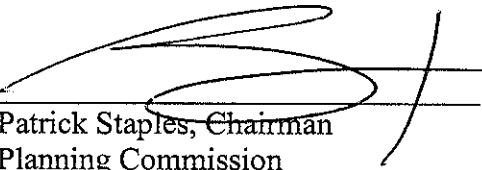
Mr. McMullen wanted to clarify that the ordinance required the moratorium be lifted for a specific location. Mr. Dixon appreciated the clarification.

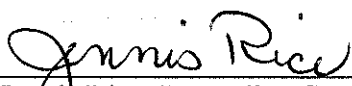
Mr. Barr stated that they saw this evening as an opportunity to introduce NorSouth and their product so that when they came before City Council and the Planning Commission to request the moratorium be lifted, they would already be familiar with what they had in mind.

Mayor Haddix appreciated the information that had been provided and hoped NorSouth appreciated where Peachtree City stood in all of this as this was not your average community. He left it up to NorSouth how they wanted to proceed from here.

There being no further business to discuss, the meeting adjourned at 8:06 p.m.


Don Haddix, Mayor


Patrick Staples, Chairman
Planning Commission


Jennis Rice, Recording Secretary