

Northville Psychiatric Hospital Property

Frequently Asked Questions

- 1. How large is the property encompassing the Psychiatric Hospital Site?** The site is about 414 Acres. The property contains 17 vacant buildings and has been reported to contain "significant" environmental issues in many areas. Per the Planned Unit Development (PUD) submittal, over 1 million square feet of obsolete/condemned structure and environmentally hazardous materials will require extensive remediation.
- 2. How was the property sold?** The property was aggressively marketed across the country by the State of Michigan. Twenty-Five informational packets were distributed to potential buyers and developers. There were a total of five auctions before the final sale was consummated this past October.
- 3. What was the original asking price by the State Of Michigan?** The original minimum asking bid was \$65 million. Bids have ranged from the winning low bid of \$31.5 million by REIS to a high of \$76.7 million in 2003 from Rock Construction Co. Inc. of Livonia. Other bidders included Pulte Corp., Grand Sakwa properties, Toll Brothers, Konstar L.L.C. and Windham Development. Several of the earlier winning bidders walked away from the property. At one point, REIS forfeited \$3.1 million to the state when they walked away from their earlier bid for the property for a variety of reasons including the contamination found on the site.
- 4. What was the final selling price of the property?** According to the Land Sale Agreement in October, 2007 it states the final sale price was \$31.5 million. The State had set a minimum bid of \$33 million. Grand Sakwa sued to block the sale because the winning bid was below the publicly stated minimum bid. This suit was later dismissed on grounds that Grand Sakwa was not eligible to sue because they had not submitted a bid in the final round, thus had no standing. In the end, the state accepted a lower offer.
- 5. Who was the winning bidder of the property?** The winning bidder was REIS which is a joint venture of Real Estate Interests Group, Incorporated of Bloomfield Hills and Schostak Brothers of Livonia.

6. **How much money has REIS paid to the state?** REIS has paid the state \$26 million to date with the balance, \$5.5 million due at a future date. We understand the State holds a second mortgage on the property.
7. **Didn't I read REIS was donating property for an elementary school?** With an earlier attempt to sell the property, the Request For Proposal stipulated acreage must be donated for the construction of a new elementary school, and acreage to the Township for municipal use. Given the number of new residents, this would be necessary to provide services consistent with what our residents now enjoy and expect. The stipulation was removed as a requirement by the State on the last offer to sell, but REIS has offered to donate 19.3 acres of land to Northville Public Schools, and a lesser amount of land for municipal use. The Northville taxpayers would pay for the construction of the new elementary school.
8. **Weren't the potential contamination dangers known to REIS?** The property was purchased in "as is" condition. This means, regardless of the condition, the buyer accepts all responsibility. REIS studied the property, tested for contaminants and knew the condition of the property. We believe this is one of the primary reasons their bid was reduced from over \$68 million to \$31.5 million and the reason they walked away from an earlier bid on the property. The property contains medical waste landfills, domestic landfills, petroleum products and the buildings and tunnels contain a significant amount of asbestos.
9. **Isn't the state getting significant tax revenue from the property now that it is on private tax roles?** Actually REIS is appealing to the State of Michigan to get the taxes reduced. Even though REIS agreed to pay \$31.5 million for the property, they are now claiming it is worth approximately \$3 million. If approved, this would significantly reduce the amount of property taxes REIS would be paying for ongoing services.
10. **How did REIS get permits to move residents on the property?** REIS submitted an application for permits to provide shelter for security personnel. The application clearly stated that intention. One of the "security" residents is known to be pregnant. The purpose and intent of these residents is very clear to the majority of people who live within the Township... annexation. All discussions with the Township were strictly with regard to providing an on-site, 24 hour security presence. It was with that information the permits for structures were approved.
11. **Why are Security Personnel seeking voting rights?** It is not known, but presumably to vote for annexation to Livonia. Many of the hospital property residents were taken to the Secretary of State's office to register collectively to vote in the Township. It is

believed several of these residents have never before voted in this state. The Township had been denying voter registrations to the eight people on the property because, according to news reports, the structures are for security personnel and not intended for residence. Wayne County Circuit Court Judge Mary Beth Kelly ruled to allow the Security Personnel “residents” to obtain voting rights. They were represented by professional legal counsel. The Township mailed voter registration cards to the people living on the site but has recently filed a motion for reconsideration.

12. What is the status of Annexation? If the property were annexed to another community, the property would fall under that community’s zoning regulations. Basically REIS could get what they want. Local tax revenues would be lost from Northville Township. Keep in mind, the new residents of this property would still send their children to Northville Public Schools which are already very near capacity. Northville taxpayers would have to spend the money to build additional schools and educate all the children from this “other” community.

13. How will Township services be impacted by the large influx of residents? The influx of new people will tax Township services. Water pressure in the community could be negatively impacted and the sewer system would also have to accommodate all the incremental waste. Local roads will become more populated. In their plans, REIS has planned a boulevard along 7 mile from Haggerty to Pierson Drive with a stoplight at Pierson. They also propose all four corners at Haggerty will have two right and two left turn lanes in all directions. Any incremental traffic flow along Haggerty Road, Six Mile Road, Eight Mile Road, Northville Road, Silver Springs Drive, and Seven Mile Road west of Pierson has not been addressed, with the exception of a new through road from Six Mile to Seven Mile road. Think about several thousand additional vehicles traveling in and around this area on a daily basis.

14. Why is the Township not agreeing to the plan proposed by REIS? The Township approved a plan with conditions. The plan REIS submitted does not meet Northville Township zoning regulations and Master Plan (see attached chart for more details). In the spirit of cooperation, the Township has made concessions on many of the developer’s requests and completely agreed with the developer on other matters. The primary issues between the Township and the developer are the amount and location of the commercial component, and the residential density.

15. What is all this about the developer suing the Township? The developer is suing the Township for \$100 million dollars in damages for “thwarting the development of the land”. The developer does not endorse conditions placed on the proposal.

16. What is the Brownfield Development money REIS was seeking? REIS requested at least \$15 million in Brownfield Development money from Northville Township. This is money taken from our tax dollars to repay the developer for cleaning up the polluted property. While our tax dollars are being used to pay for the Brownfield cleanup, the Township would be incurring costs for required services associated for this dense area. When this request went before the Northville Township Brownfield Development Authority, the request was denied. It is believed the clean-up cost was incorporated in the ultimate purchase price from the State of Michigan

17. Wouldn't the development be good for the local economy and provide jobs?

Absolutely! Everyone agrees that jobs are an important issue. The Township would welcome any new development which meets established standards and policies, which in turn lead to incremental tax revenue and jobs. That is why it is imperative this land is not annexed to another community. The township has long been successful in its long range planning and establishing standards to reflect its land use policies. It is these initiatives and policies that have created the character that exists in the Township today. Maintaining these standards with small and large development projects is imperative to the overall health and identity of the community.

18. If REIS is truly interested in the community why haven't they cleaned up any of the property? Only REIS can answer this question. Residents of the Township will agree the grounds actually look worse now. The state maintained a security presence and maintained the property on a regular basis. Since the sale, the grounds appear to have much less attention. Many in the community consider this property an attractive nuisance. For years, certain people have been drawn to the grounds to "explore" the tunnels connecting the buildings. The property, buildings, and tunnels are considered very dangerous. You can view a Fox 2 news report and read articles from the Northville Record about arrests, shootings, and extensive copper thefts, posted on the CitizensForNorthville.com web site.

19. Is the Township for or against this development? The Township and the majority of its residents want this land properly developed! It must be done following the Township zoning regulations which have gone through a significant level of scrutiny by our professionals and our residents. These regulations were well documented prior, and throughout the State's entire bidding process. We believe the issue with REIS is they don't want to follow these regulations because, in their estimation, it wouldn't provide a "maximum" rate of return on their investment.

20. Where can I get more information? Local newspapers, news reports and a recently established website: <http://CitizensForNorthville.com>. The site is operated by Citizens

For Northville (CFN) which formed to address issues relating to the future of our community.