Since 2003, efforts have been made to develop 1.34 acres of land to the west of City Hall at 410 W. Broadway Street, also referred to as Parcel B. Preferred plans have always included developing a mixed use facility comprised of both a residential and retail/commercial component. This information sheet provides the data and progress to date on this redevelopment opportunity.
History

• In the fall of 2003 the J.E. Johnson Group negotiated an “option to purchase” agreement with the city’s Economic Development Corporation (EDC), referred to as the ‘West Broadway Revitalization Project.’ This project included both the rehabilitation of the Borden Creamery (current City Hall) known as Parcel A, and a second phase to include the proposed construction of a new mixed use building on Parcel B.

• Borden Creamery was completed in 2008 and is occupied by City Hall and State Court Administrative Offices. The second phase of the project on Parcel B was not completed primarily due to the 2008 recession and sluggish housing market.

• A lawsuit over the development of the land between J.E. Johnson Group and the EDC was filed by the City of Mt. Pleasant and was settled in September 2012. Parcel B has been available for sale since the settlement date and various development proposals have been considered.

• The EDC and the City Commission have been committed to the original mixed use concept and have reviewed multiple proposals. This commitment was affirmed at a February 2018 joint meeting of the EDC and the City Commission.

• In May 2018, Michigan Community Capital (MCC) submitted a development proposal to the EDC. A Purchase and Development Agreement was approved by the EDC and City Commission in September 2018. MCC has progressed further in the due diligence process than any other entity.

• The property is currently owned by the city’s Economic Development Corporation (EDC).

Proposed Project Specs

• New construction, mostly brick, four story, 50,000 square foot mixed use building.
• Two commercial tenants on first floor: Green Tree Cooperative Grocery and the other is TBD.
• Floors 2-4: Total 47 apartments. Six studio units; 30 one bedroom units; 11 two bedroom units.
• MCC’s anticipated construction period is 16 months; with an estimated Spring 2021 project completion.
Goal of Project/Development

- Complete the infill for the West Broadway Revitalization and help to improve the downtown area.
- Property on the tax rolls.
- Project would add high quality housing in a walkable location.
- Expand and retain a local grocery store. (Green Tree Cooperative Grocery)
- Provide a grocery store within walking distance of neighborhoods which offers affordable, healthy food options.
- Three separate housing market studies showed the need for workforce housing (working professionals) and the missing middle (housing to fill the need between single family homes and student apartments).

Development Challenges

- Site contaminants which are elements from past industrial operations. EX: Railroad spurs, lime storage, coal fragments, and fill material.
- Soil and groundwater conditions are unsuitable to support multi-story building, specialized foundations are needed.
- Public infrastructure (storm water line, lift station, power lines) would need to be relocated.
- Assurance that new construction is above the 100-year flood level.
- Typical of projects like this, the original due diligence period has been extended four times due to the complexity of the site and the funding required. The new extension deadline is 30 days after the Community Development Block Grant agreement is signed by the Michigan Economic Development Corporation (MEDC) and the City.

Michigan Community Capital (MCC)

- MCC is an independent, tax-exempt, non-profit which retains long-term ownership in the buildings they develop.
- MCC invests in mixed use and multi-family rental projects.
- Examples of MCC’s similar development projects include: 630 Michigan Street NE in Grand Rapids, Lofts in downtown Cadillac.
Parking

- Approximately 50 on-site parking spots.
- MCC is requesting that City Parking Lot 12 at Oak and Broadway (64 spaces) and the City Hall Parking Lot (104 spaces) will remain public parking and overnight parking for an extended period of time.
- Broadway Street has 27 on street parking spaces between the railroad tracks and Pine Street, which can be used to address parking needs.

Funding

- Total projected project cost: $16.9 million.
- MCC to guarantee a loan for $4.7 million, invest approximately $5.8 million of equity.
- New Market Tax Credits are being secured.
- Michigan Economic Development Corporation is committed to help fund this project. State funding is dependent on local participation.
- May seek funding from Environment, Great Lakes, and Energy (EGLE) which is the former MDEQ, to address the possible site remediation.
- When the purchase and development agreement was approved in September 2018, it was known that two tax abatements would be requested to make the project viable.
- Total taxes paid for the first 15 years is estimated at $1,505,000. Value of tax abatements for all taxing units is $1,192,800 for the first 15 years.
  - Of the above numbers, City taxes paid for the first 15 years is $401,200. Value of tax abatements for the first 15 years is $339,600.
  - After 15 years, full taxes to be received for the life of the building.
- MCC has paid $65,000 into escrow which will be used toward the purchase price of the land.
- Purchase price for the land in the agreement is $360,000 and is being requested to be reduced to $65,000 since tax abatements are 50% instead of 100% as originally assumed.
- Project is expected to have less than a 1% annual rate of return, which is acceptable to this developer due to their focus on mission-driven projects as opposed to maximizing profit potential.

Date: June 2019