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**DOWNTOWN DEVELOPMENT AUTHORITY  
Board of Directors – Special Meeting**

**Oshtemo Community Center  
6407 Parkview Avenue**

October 10, 2019  
12:00 p.m.

**AGENDA**

1. Call to Order
2. Approval of Agenda
3. 6667 Stadium Drive Redevelopment Discussion
4. Announcements and Adjournment

Next Meeting **Thursday, November 21, 2019**

October 8, 2019



To: DDA Board

From: Julie Johnston, AICP  
Planning Director

Re: 6667 Stadium Drive Rehab Project

Brett Riggins, from Connect Homebuyers, is interested in redeveloping the old schoolhouse at 6667 Stadium Drive. He would like the DDA to consider entering into some type of public/private partnership to assist with this redevelopment. Due to the deteriorated state of the building, the return on investment won't cover the amount of the loan needed to complete the rehabilitation.

Originally, the developer requested a \$380,000 loan from the DDA. At the subcommittee meeting last week, it was indicated to the developer that a loan of that size was not feasible due to the DDA's current commitments. Their current request is for the DDA to purchase the property from the current owner, complete the repairs to the roof, and then sell the property to the developer to complete the rehabilitation. The requested sell back price is \$1.

To assist the DDA with deliberations, I thought an understanding of our current commitments would be beneficial:

Corner Improvements: We have an existing contract with Cripps-Fontaine for \$194,500. This cost has been increased by \$7,200 for the extension of the electrical to the west of the sidewalk on the property. In addition, new information has been provided by the Road Commission of Kalamazoo County that we are going to be responsible to reset the pedestrian crosswalk pedestals as part of this project. We plan to contest this requirement/cost, but if we are not successful, we may have to cover these costs to move our project forward. At this time, we don't know have an estimate for these expenses, but it could be anywhere from \$15,000 to \$40,000. Total cost at this time for the corner improvements could be anywhere from \$202,000 to \$242,000.

Stadium Drive Sidewalks: The project is estimated to cost approximately \$1,065,000. With an MDOT Transportation Alternative Grant, this cost will be reduced to approximately \$480,000. These funds will be needed in 2020 and 2021.

Potential Projects:

Purchase of 6532 Stadium Drive (\$92,000)

LED light fixture replacements within the DDA district (anywhere from \$49,600 to \$74,400)

Total revenue commitment for approved projects = approximately \$682,000 to \$722,000.

Total revenue commitment for approved and potential projects = approximately \$823,600 to \$888,400.

The current fund balance for the DDA is \$920,741. Our current fund balance should cover all the outstanding expenses for both the approved and potential projects. With a TIF revenue of approximately \$140,000 a year, fund replacement for these projects would occur within approximately six years.

This does not consider the new revenue that would be generated from the redevelopment of the school. Using general “back of the napkin” numbers, the developer will invest around \$1 million on the project. According to the Township Assessor, we could use half of the construction costs to ballpark new TIF dollars. Based on the mills the DDA collects, this would equate to a conservative number of around \$25,000 a year. Approximately \$4,800 of these funds will go to the Brownfield TIF repayment, leaving roughly \$20,000 for the DDA.

The sale price of the property negotiated by Connect Homebuyers is \$100,000. A new roof for the building will cost approximately \$70,000. Based on the increase in TIF revenue, this investment would be paid back in approximately eight to nine years. If the DDA just covered the cost of the purchase of the building, the repayment in TIF dollars would be approximately five years.

Attachment: Developer Packet  
Email from Emily Petz

Brett Riggins  
Connect Home Buyers  
271 W Center, Suite A 309  
Portage, MI 49024

September 26<sup>th</sup>, 2019

Julie Johnston  
Planning Director, Planning and Zoning Department  
7275 W. Main Street,  
Kalamazoo, MI 49009

Dear Julie Johnston,

The Chime Elementary School is a historical landmark for Oshtemo Township, and it has been vacant for around 15 years. It was originally built in 1870 and was the 10<sup>th</sup> school built in Oshtemo back when the township had their own schools. By 1965 the school was replaced by the Kalamazoo school system. It was then bought by Mr. Richard Spigelmyer at auction in 1974 and was used as office and storage space.

The project team will rehabilitate the building to Secretary of the Interior's Standards for the Treatment of Historic Properties. The historic school will be updated to include 8 apartments. These market rate apartments will provide needed housing to Kalamazoo County and needed vibrancy to the abandon school. The development team knows that the project cannot happen without local community support as significant challenges exist in the redevelopment. Connect Home Buyers is prepared to work with Oshtemo Township on zoning, sidewalk, and utility requirements.

Standard loans put the debt coverage ratio below 1, creating a project that cannot move forward. Connect Home Buyers would ask that the Township consider support of the project through a low interest loan for \$380,000 at 1.5 % interest with refinance after the first 120 months. The developer is highly invested in the project with 17% cash equity and will not be taking a developer fee. There is still significant need for upfront cash in order to make minimal project returns. The façade grant of \$10,000 would lower the debt burden and provide support to the returns on the project.

It is of the interest of Mr. Spigelmyer, the DDA and the developer to ensure the building is protected until it can be repurposed. Winter conditions will deteriorate the building to a disastrous degree and greatly decrease the risk of any redevelopment if the roof is not replaced immediately. Paying for a \$65,000 roof replacement would not only secure the structure during the final planning phases, it would impact the amount the project team would need to loan and

further assist the tight debt coverage ratio. Please see the attached proforma for details of the current financial structure.

The development team looks forward to continuing to find a fair and reasonable solution to repurpose this community landmark. Please do not hesitate to ask additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Brett Riggins". The signature is fluid and cursive, with the first name "Brett" and last name "Riggins" clearly distinguishable.

Brett Riggins  
CEO, Connect Home Buyers