CITY OF KALAMAZOO  
BROWNFIELD REDEVELOPMENT AUTHORITY BOARD MEETING  
Thursday, July 16, 2020  
Electronic meeting under the authority of Executive Order 2020-110  
issued by Governor Gretchen Whitmer

MEMBERS PRESENT: Nathan Bolton; Kevan Hess; Jason Novotny; Patti Owens; Fritz Brown; Lucas Middleton; Jamauri Bogan

MEMBERS ABSENT: James Escamilla; Kyle Gulau; Vice Mayor Patrese Griffin; Jasmine Vedua

CITY COMMISSIONERS/CITY STAFF PRESENT: Joe Agostinelli (Consultant to the BRA); Richard Cherry (Deputy City Attorney); Rebekah Kik (Planning and Economic Development Director); Jamie McCarthy (Development Coordinator); Antonio Mitchell (Community Investment Manager); Beth Cheeseman (Executive Administrative Assistant)

PUBLIC PRESENT: Rachel Olmstead; Tom Colis; Jared Belka; Dean Ingraham; Howard Barkley; Donald Neepkin, Matt O’Connor; Brian Pennings

Meeting was called to order at 8:09 AM by Chair Nathan Bolton.

MOTION TO EXCUSE ABSENT MEMBERS: Director Owens moved to excuse absent members; supported by Director Brown. Motion approved by voice vote unanimously.

APPROVAL OF AGENDA:
Ms. McCarthy informed the board of an addition to the agenda. The addition is a discussion of an alleyway project under Staff Reports.

Director Owens moved the approval of the agenda as amended; supported by Director Novotny. Motion approved by voice vote unanimously.

APPROVAL OF THE MINUTES OF JUNE 18, 2020: Director Brown moved the approval of the minutes; supported by Director Hess. Motion approved by voice vote unanimously.

NEW BUSINESS
   a. Presentation by staff and developer

Ms. McCarthy gave the staff presentation. She explained that the major portion of the project is redeveloping the upper floors to create apartments. The project is $3.7 million in total investment, and the eligible activities are around $100,000. According to capture and current TIF schedules, it will take up to six years to reimburse those activities.
Developer, Mr. Matt O’Connor, spoke about the project. They acquired the building in March of this year and signed a lease with Coney Island. Their plan is to develop apartments on the upper floors of the building. Mr. O’Connor said they would like to start construction in September and offer apartments next year. They do have a LOI from the MEDC. Mr. O’Connor reported that it has been wonderful to work with everyone. He thanked the board for meeting with them.

Mr. Jared Belka said that he appreciates everyone’s efforts for this project. He commented that the project is in DEGA (Downtown Economic Growth Authority), and he feels City staff moved expeditiously. Mr. Belka stated they did receive the letter from MEDC, and they are supporting it with CRP. Their support is allowing them to move this project forward.

Director Brown asked if CRP was a loan or grant. Mr. Belka stated that it is a $420,000 grant.

Director Owens asked if they considered adding affordable units. Mr. O’Connor replied that with the cost of construction that wasn’t feasible. Mr. Belka added that they did look into that. From an AMI standpoint, a couple of studio apartments are considered affordable.

Ms. McCarthy said this falls within 10 years (following board incentives policy) and was not sold by the Brownfield Authority, so the developer was not given a reduction in cost.

Mr. Agostinelli went through the Brownfield plan. He shared that there are a number of statutory provisions that must be followed when structuring a Brownfield plan. Some sections of the Brownfield plan include overall redevelopment, qualifying criteria as a Brownfield property (contaminated, blighted, functionally obsolete, or an historic resource), location, legal description, types of eligible activities, details of eligible activities, cost of preparing the Brownfield plan, tables and attachments. Mr. Agostinelli explained there are generally five years of capture to the Local Brownfield Revolving Fund. This project is unique -- because it is in the DEGA TIF capture won’t go to the Revolving Fund. Capture will go first to BRA and then to DEGA. The Brownfield plan is estimated to be about six years. Mr. Agostinelli said that as Board members, they will want to focus on tables and attachments. He reviewed the eligible activities table.

Director Owens thanked City staff and Mr. Agostinelli for their work.

Director Bolton asked about their plan for parking for tenants. Mr. Belka shared that they’ve had discussions with Mr. Andrew Haan regarding parking. He said they are happy to work with the team to accommodate parking. Mr. O’Connor said there is adequate parking, but their goal is to have people who live there walk. Ideally half of the tenants wouldn’t have vehicles.

Director Owens asked if there is a zoning ordinance that requires the addition of residential parking. Director Kik said that most places have a parking requirement, but downtown is an exempt zone. Director Owens encouraged Mr. O’Connor to work on getting the parking situation resolved before filling the units with people. Mr. O’Connor said they are working on that and think they have some options.

b. Public comment period

Chair Bolton opened the public comment portion of the hearing.

No one offered comment.

Chair Bolton closed the public comment portion of the hearing.
c. Board discussion

Director Brown offered that this is a great project. He is happy to see this classic building turned into apartments.

Director Owens said it is heartening to see people willing to make an investment in our community – especially right now. She is proud of the developer and his team. It is a gorgeous building and deserves this type of investment. She is happy to support this.

Director Hess said it was good to see the cooperation with DEGA. He was glad that went smoothly.

2. Consideration of a recommendation the BRA adopts a resolution approving the implementation of an Act 381 Brownfield Plan for 266 E. Michigan Avenue and recommending adoption by the City Commission (ACTION: Motion to approve the resolution approving the implementation of an Act 381 Brownfield Plan for 266 E. Michigan Avenue and recommending adoption by the City Commission).

Director Owens moved the approval of the resolution approving the implementation of an Act 381 Brownfield Plan for 266 E. Michigan Avenue and recommending adoption by the City Commission; supported by Director Bolton. Motion approved by voice vote unanimously.

Director Owens asked if Mr. O’Connor would send them pictures of the development. Mr. O’Connor said he will forward those on.


   a. Presentation by staff and developers

Ms. McCarthy explained that this is a Brownfield plan involving scattered sites. The properties are all residential sites. The five properties are 110, 114, 120 Burr Oak, 2345 Shelter Pointe Drive, and 1100 South Rose in the Vine and Oakland Drive Winchell Neighborhoods. Eligible activities are $203,000. There are two developers. The four in Vine will be affordable single family and duplex units for KNHS (Kalamazoo Neighborhood Housing Services). Dean Ingraham owns 2345 Shelter Pointe Drive. All of the properties qualify for Brownfield due to some level of blight. Many of them have subsurface demolition debris. This would be costly and very difficult to develop in the short-term.

Mr. Matt Milcarek said that KNHS is putting in single family infill housing. He said they are excited to have these lots in Vine, but they have learned that sublevel demolition debris is expensive. Mr. Milcarek said they’ve been holding onto the properties to address the underground issues and the few structures that need demolition. The new homes will go to owner-occupants. They plan to build duplexes in the second phase of construction. He is excited to continue a partnership with the City and move this forward.

Mr. Dean Ingraham is the owner of the Shelter Pointe property. He said he purchased the land in November of 2018 and started digging the basement in 2019. They found slabs of concrete and asphalt and insufficient soil to hold a foundation. Mr. Ingraham explained the options they were given to continue development of the site. They could dig out the site and bring in dirt, compact the dirt, then put a foundation in when they got the level back up to seven feet. This option was very costly. Mr. Ingraham said they also looked into Geopier. They received a proposal for Geotech screws put in the ground to a depth of 25’. He said at 25’ they found good enough torque to hold a foundation. Once those screws are in, then they could continue with the foundation. The remediation would have to take place before they start putting the house up.
Ms. McCarthy explained that Mr. Ingraham’s site was brought to their attention from the City’s Building Official. The debris buried at this site is more substantial than any other residential site. No one would have envisioned this would be underground. Ms. McCarthy commented that the development of the KNHS sites is supported by the Master Plan.

Mr. Agostinelli shared that the definition of blighted includes property been deemed by the City as a dangerous building or otherwise in violation of city ordinance. The KNHS sites qualify that way. The blighted definition also includes substantial subsurface debris. Mr. Agostinelli went over the eligible activities, capture and reimbursement tables. He said the tables look a little different because they are looking at an aggregate of all the sites combined. One of the parcels was previously owned by Land Bank. Mr. Agostinelli explained that for five years after any property is owned by the Land Bank, some of the tax goes to Land Bank. He said they are not pursuing school tax capture. They anticipate that these properties would be owner occupied and eligible for homestead exemption. He proposed a 10-year limitation of reimbursement back to developers. Current projections show $70,000 being reimbursed for Shelter Pointe over 10 years.

Director Middleton asked if the Rose Street property was in the flood zone. He wondered if there are any special provisions in the plan or any challenges to the capture. Mr. Milcarek stated it was just uphill from flood zone. It is not going to be an issue with this property. Ms. McCarthy pulled up the flood maps and shared those with the Directors.

Director Owens stated that this is a great project and she expressed appreciation for the KNHS leadership and staff.

Director Bolton and Director Brown thought it was encouraging to see the partnership of this and seeing affordable housing taking place. They were happy that the Brownfield was involved with that.

Mr. Agostinelli stated that there was no way a Brownfield plan would be feasible on one affordable housing project. He said that pooling the parcels together is what makes this feasible. Mr. Agostinelli said it was exciting to see this.

Director Owens applauded the innovation of this Brownfield plan. She believed this will be a wonderful tool in the toolbox.

Director Hess was happy for anything they can do to incentivize infill – single family and multiple family.

Mr. Mitchell said it is good to hear the Brownfield Board’s support. The City is looking to do more projects like this. He said they need all the tools possible.

b. Public comment period.

Director Bolton opened the public comments portion of the public hearing.

Ms. Mary Balkema, Kalamazoo County Treasurer, spoke up. She said the county’s number one goal is affordable housing units. She said they would like to see density in the areas indicated – multifamily housing. Ms. Balkema said they were not in favor of single-family homes in this area. She said urban cities need density to make payroll.

Mr. Milcarek gave an historic context on the project. He said the KNHS lots have historically all been single-family homes. They have attempted to bring different developers in this area for approximately five years. KNHS has been holding the properties and hoping for its best use.

Mr. Pennings, the builder, said he wants to see the City of Kalamazoo thrive. He said it is risky business to develop
infill. The cost of constructing new homes will be higher, and then there are limitations to the selling price. He feels the City will benefit from this project in the long run. Mr. Pennings said he would hate to see them exclude single-family homes. He encouraged them to use this as a tool.

Director Bolton closed the public comment portion of the hearing.

c. Board discussion

Director Bogan was in favor of the plan. He looks forward to seeing what will happen in the future.

Director Owens stated appreciation of Mary Balkema’s comments. She believes that as far as creating investment in this community, single-family owner-occupied homes will get them further down the road. Director Owens said it is a special area, and it deserves to have home ownership and investment in the community. Although she agreed with Ms. Balkema that there should be a mix of housing options, she said this was a good investment and she would support it.

Director Bolton asked about the difference in tax capture between single-family and multi-family housing. Mr. Agostinelli stated that two units are more valuable than one. Functionally, the more density, the higher the tax values. Director Owens thought that if the taxable value was higher, the owners of the units will pass those increased taxes on to the tenants. It would make the units less affordable.

Director Brown said he was torn. Ms. Balkema makes a good point, but he also wanted the free market to dictate what is going on. If people are ready to do single-family and put money down, that makes sense. In this particular case, he thought they were better off going with what we have here.

Director Bolton said that home ownership has a lot of value.

Director Hess thought it was a fine line to walk. He said a greater percentage of homeowners will bring up neighborhood. He suggested they consider this neighborhood by neighborhood. Director Hess added that owner-occupied neighborhoods grow at a faster rate.

Director Bolton said there is a huge need for affordable housing, and they can’t ignore density.

4. Consideration of a recommendation the BRA adopts a resolution approving the implementation of an Act 381 Brownfield Plan for scattered sites in Kalamazoo, Michigan and recommending adoption by the City Commission (ACTION: Motion to approve the resolution approving the implementation of an Act 381 Brownfield Plan for scattered sites and recommending adoption by the City Commission).

Director Owens moved the approval of the resolution approving the implementation of an Act 381 Brownfield Plan for scattered sites and recommending adoption by the City Commission; supported by Director Hess. Motion approved by roll call vote unanimously.

5. Consideration of a recommendation the BRA approves the development agreement with Mr. Dean Ingraham, property owner of 2349 Shelter Pointe Drive and authorize the board chair to sign (Motion to approve the development agreement with Mr. Ingraham and authorize the board chair to sign).
Director Owens moved the approval of the development agreement with Mr. Ingraham and authorize the board chair to sign; supported by Director Hess. Motion approved by roll call vote unanimously.

OLD BUSINESS

None.

COMMUNICATIONS AND ANNOUNCEMENTS

None.

STAFF UPDATES

- 2020 TIF reimbursement payments

Ms. McCarthy updated the Board that TIF payments were being processed and sent by July 30.

- Whiskey Alley & brownfield support

Ms. McCarthy spoke about a project in Whiskey Alley. She said Mr. Derek Weissner contacted City staff about some expenses and costs to improve the alleyway near his business. She said there is a small triangle of it that is City-owned. His request for assistance is for just over $12,000. Ms. McCarthy wanted to ask the Board their thoughts on supporting this request. She said that public improvements had been supported by the Board previously.

Mr. Weissner said they recently acquired the adjacent property. His request has to do with the alley that separates Memories Bridal from the Haymarket building. Treystar enhanced the look of the alley until about 20’ or so behind his store. Mr. Weissner thought it made sense to continue the enhancements to a logical end point. They approached the City and Director Owens to see what they could do. He said there are three different ownerships of this piece of the alley: the bank building, Memories Bridal, and the City. Mr. Weissner is picking up the cost for the two private pieces and coordinating the efforts. He is asking for a prorated cost for the piece owned by the City.

Ms. McCarthy shared the map with the Directors and opened it up for comments.

Director Brown said he hadn’t heard of the project before. He has been working with Director Owens to do the alleyway.

Mr. Weissner shared his spreadsheet with the Directors. He said their intent is to continue the exact look and feel of the ongoing project - literally just extending it. The project total is $50,000.

Director Brown said he wished they would have known before this. They have been diligently working with a lot of moving pieces. He suggested they hit pause and discuss it.

Director Owens wondered if there is an opportunity to have a continuous snowmelt design. She would like to see them work together and ask the City if there is any way to do that using City snowmelt boilers.
Ms. McCarthy suggested that the parties involved have a separate meeting and this agenda item will be moved to the August BRA meeting. It was agreed the adjacent property owners, design consultant, Mr. Mitchell, and Mr. Andrew Haan would be contacted for a meeting for further discussion.

Director Brown suggested Attorney Cherry should be in the loop for some sort of sharing agreement on that alleyway. Director Owens suggested Mr. James Baker, Public Services, needs to be a part of the conversation.

CITIZEN COMMENTS

None.

DIRECTOR'S COMMENTS

None.

ADJOURNMENT: 10:12 am

Beth Cheeseman
Beth Cheeseman, Recording Secretary

Nathan Bolton
Signature

Nathan Bolton - Chair
Printed Name/Title