

# REQUEST for DEVELOPER QUALIFICATIONS



**1144 THIRD STREET  
Muskegon,  
Michigan**

## TIMELINE

RFQ released:  
**10/20/2021**

Site Showcase  
event: **11/03/2021**

RFQ proposals due:  
**12/17/2021**

Evaluation period:  
**12/20/21-01/31/22**

Finalists teams notified:  
**02/01/2022**

Finalist teams  
presentation to  
evaluation committee:  
**February 2022**

Finalize terms of a  
development and  
purchase agreement:  
**March 2022**



**MICHIGAN ECONOMIC  
DEVELOPMENT CORPORATION**



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## 1144 THIRD STREET, MUSKEGON, MICHIGAN

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The City of Muskegon and Alliance Preferred Properties LLC seek a development partner for a 2.9-acre site at the intersection of 1st and 3rd street, bordered to the North by Houston Avenue. The City and property owner are eager to work with qualified respondents to negotiate a mutually beneficial arrangement.

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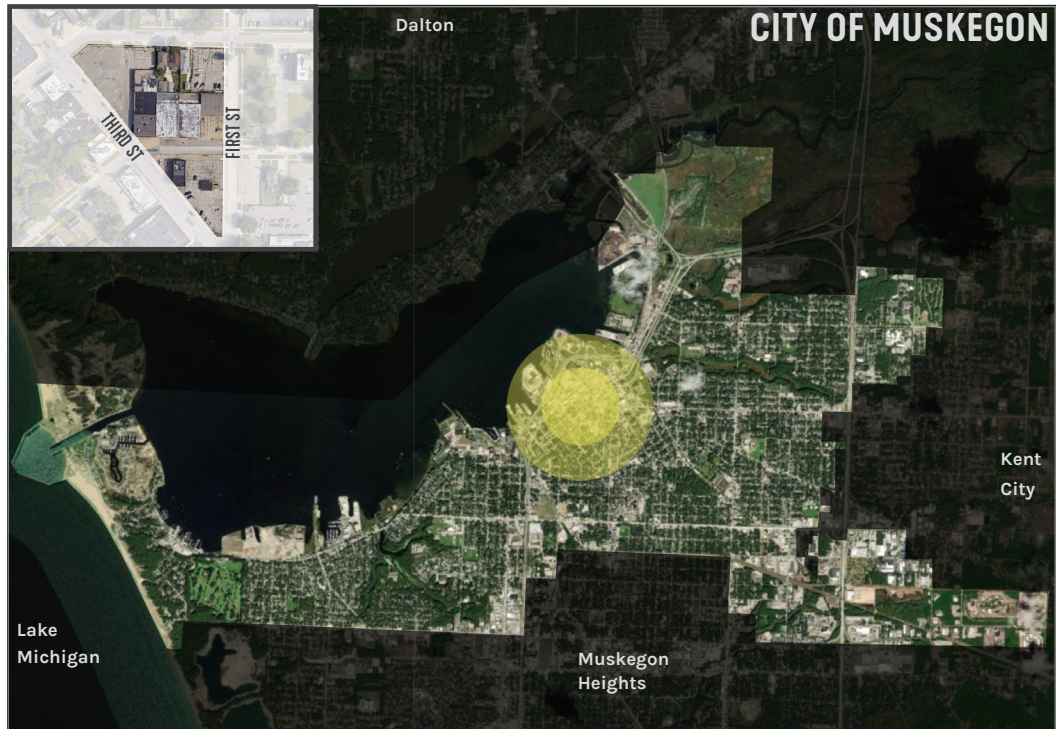
# DEVELOPMENT OPPORTUNITY

The City of Muskegon and Alliance Preferred Properties LLC seek a development partner for a 2.9-acre site at the intersection of 1st and 3rd Streets in the City's Nelson Neighborhood, in close proximity to the downtown heritage district. Located in Midtown, on Third Street, just south of W. Muskegon Avenue, the site is a proposed redevelopment of a site that held an auto dealership, boat storage, auto repair shop and a consignment center, among other uses. The site serves as a connector gateway between the outer residential neighborhoods and the Downtown Heritage District.

The Downtown Heritage District spans from W. Webster Avenue to W. Western Avenue, serving as a mixed-use historical core district. The City's goal is to partner with a developer to transform this site and create a truly catalytic project near the heart of the city. This development would position Muskegon as a node of entertainment, living, and commerce along the coast of Lake Michigan and Lake Muskegon.



The City is very supportive of redevelopment on this site and is eager to increase and diversify the area's mixed income housing stock. The ultimate goal is to provide residents, both current and future, with a compact, walkable, corridor connector to the downtown.



# COMMUNITY OVERVIEW

## CITY OF MUSKEGON

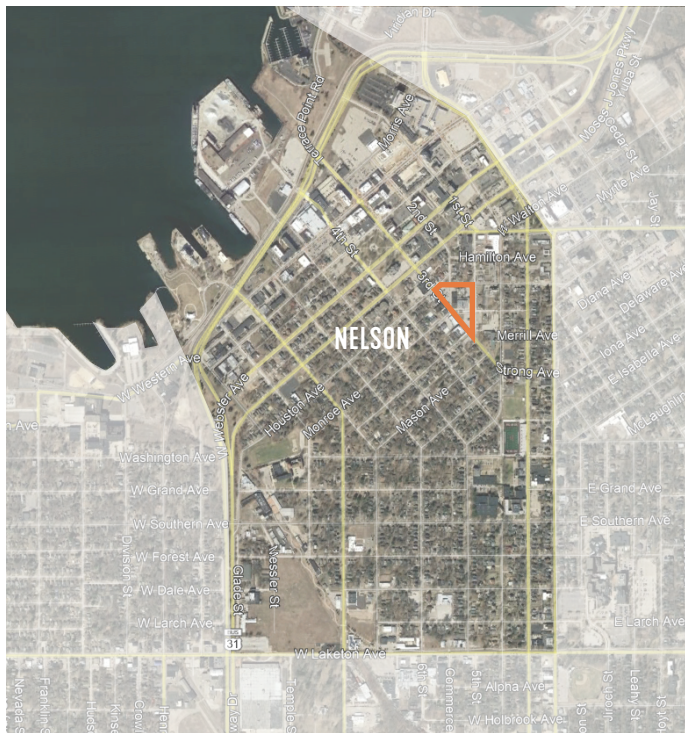
Located along the eastern shore of Lake Michigan, the City of Muskegon is a dynamic urban community, home to regional health care institutions, advanced manufacturing, lakeside recreational opportunities and tourism, as well as a handful of colleges and universities.

With a population of 38,349 (2016), the City attracts visitors and locals alike to its historic downtown, which is in close proximity to various recreational opportunities along the lakefront of Lake Muskegon.



## NELSON NEIGHBORHOOD

The Nelson neighborhood is bordered by W. Laketon Avenue to the south, Muskegon Lake to the north, Seaway Drive to the west and Peck St to the east. The Nelson neighborhood district, encompasses the entire historical downtown as well as surrounding residential neighborhoods and mixed-use outlying areas.



## MUSKEGON COUNTY

Muskegon County is located along the shores of Lake Michigan and Muskegon Lake, 180 miles northeast of Chicago, 190 miles west of Detroit, and 80 miles due east of Milwaukee. The area is serviced by state and regional routes I-96 and US-31 by ground-transport, as well as the Muskegon County Airport and Vision Air Center by air. Home to 173,566 people in 2019, the county is an attraction for tourists and locals alike, offering arts & entertainment opportunities, beaches, parks, biking, hiking, camping, boating, festivals, fishing, golfing, museums, scenic trails and shopping.



# MARKET CONDITIONS AND OPPORTUNITIES

A market study was prepared for this site and is included as an attachment to this RFQ. The market study, prepared by Mission North, LLC, includes these key findings:

- Muskegon County's economy is very broad-based and is led by manufacturing focused on the aerospace and automotive industries. Health care, retail, and education round out the top five industries in the county.
- Recent investments in the region total over \$750 million, and another \$360 million is underway. Projects include the \$291 million expansion by Mercy Health Center, whose Hackley Campus sits just five minutes from the site, and the just-opened 20,000 square foot VanDyk Mortgage Convention Center, four blocks north of the site.
- Along with Muskegon's conventional economic features, the area is becoming more popular for second homes, retirement homes, and as a bedroom community to the booming Grand Rapids area.
- The cohorts seeking homes in the downtown Muskegon market include young singles, young families, multi-generational households, empty-nesters, and fixed-income seniors.
- Sales of urban housing types downtown in the past 10 quarters shows how newly built offerings are fetching \$166 per square foot on average, well above the adjacent neighborhoods.
- Housing products aimed at households with incomes between \$25,000 and \$150,000 should be targeted for this project.
- Developing 47 apartment units and 26 units for sale on the site will result in favorable demand metrics.
- Retail rents averaged \$14.11 PSF in the Muskegon market.





## RETAIL

The COVID-19 pandemic, which stretched from February 2020 through 2021, has profoundly impacted retail. At this point, it is difficult to know what retail will look like once we have fully put the coronavirus behind us. One thing we do know is that the pandemic accelerated certain trends that were already occurring in retail.

Downtown retail depends on, to some degree, downtown office workers. To the extent some of these workers stay home permanently, retail spending in downtown stores and restaurants will suffer. The other more subtle impact this trend will have is the desire to have adequate office space in the home. Homebuilders downtown and elsewhere will need to provide more home office space as they design housing options in their projects.

Certain retail types will be more resilient to the seismic impacts of the COVID-19 pandemic. These include basic services such as dry cleaners and laundromats, beauty and nail salons, electronics stores, gift shops, restaurants (notwithstanding the decrease in lunch demand near office buildings), and “third places” such as coffee shops and co-working spaces. These last two are promising as they serve the increasing pool of remote workers who will eventually need a break from working at home. The large existing building rehab would accommodate a good-sized co-working space.

## OFFICE

Downtown Muskegon is home to a substantial office market with most offerings in the core downtown. This market is anchored by government, non-profits, law services, and finance. August 31, 2020 listings showed a total of 68,591 square feet available for lease with an average rent of \$16.16 per square foot.

Smaller, more stand-alone options and co-working are likely to increase in demand following the pandemic.

### MUSKEGON ASKING LEASE RATES AND SQUARE FOOTAGE

	AVERAGE	TOTAL AVAILABLE SF	TOTAL GLA
OFFICE	\$12.40	113,198	263,012
RETAIL	\$14.11	110,020	971,830
OFFICE/RETAIL	\$15.25	2,115	23,000

Source: August 31, 2020 survey, Mission North, LLC

### DOWNTOWN MUSKEGON ASKING LEASE RATES AND SQUARE FOOTAGE

	AVERAGE	TOTAL AVAILABLE SF	TOTAL GLA
OFFICE	\$16.16	66,476	200,901
RETAIL	\$10.88	18,302	18,302
OFFICE/RETAIL	\$15.25	2,115	23,000

Source: August 31, 2020 survey, Mission North, LLC

## RESIDENTIAL

- Home sales volume within the primary market area (PMA) was over \$252,000,000 in 2019.
- Rents for one, two, and three-bedroom apartments in Muskegon average \$750, \$1,083, and \$1,259, respectively.
- Approximately 30% of the Muskegon area’s occupied housing stock is rental. There were 13,822 rental units in the Muskegon primary market area in 2019. Downtown Muskegon has a robust rental housing market with newer developments charging rents near the top of the market.

*A complete market study is available from MEDC upon request.*

# SITE OVERVIEW

The site is within the dynamic Nelson neighborhood, and benefits from being located along one of the main connecting corridors that link the downtown and adjacent neighborhoods.

The site is located at the intersection of First Street and Third Street, north of E. Apple Avenue and south of W. Laketon Avenue. With 2.9 acres, the site's existing building comprises roughly 38,638 square feet or 33% of the site. The parcels abut three residential homes along Houston Avenue to the north side of the site. The remaining area of the site is paved over for parking, with a vacated Monroe Avenue bisecting the northern and southern portions of the parcel. The majority of the building fronts the former Monroe Avenue.

The site has many advantages being located within walking distance of the historical downtown district. It is about a half of a mile north of Muskegon High School and Hackley Stadium and 0.2 miles north of Hackley Public Library, as well as a handful of religious establishments, apartment complexes, and single family and multi-family housing.



Site location

## RELATED PLANS

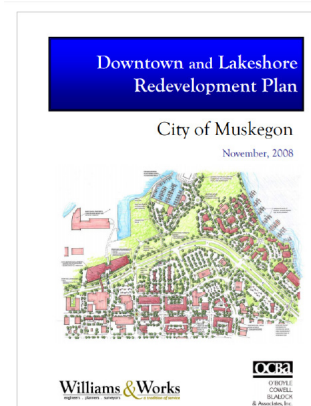
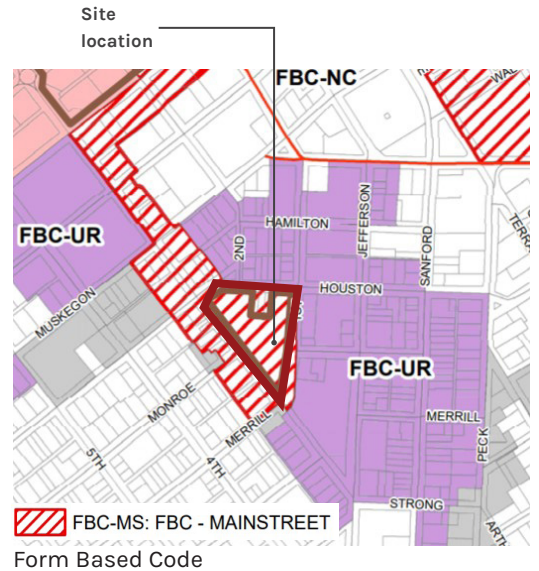
The City of Muskegon last updated the Master Plan in 1997 and is currently in the process of updating the plan. The new master plan will work in conjunction with the 2008 Lakeshore Redevelopment Plan, and the Imagine Muskegon Lake plan and will have a strong neighborhood-based focus and approach to implementation.

## ZONING

The site is included in the form-based code and is also specified within the PUD district. The site is zoned FBC-MS (FBC Mainstreet), which is intended to provide a focal point that serves the city's neighborhoods by accommodating retail, service, and residential uses in a compact, walkable urban form. The Mainstreet area is characterized by mixed use buildings set next to the sidewalk in order to create a street wall and promote commerce and shopping. These buildings contain primarily street level retail use, however, residential and service uses may occur on the ground floor so that the area can mature over time. This district also supports live/work establishments, multi-plex housing and some rowhouses, with a high level of walkability and vibrancy at the street level.

The following are generally appropriate form elements in this Context Area:

- Attached buildings
- Medium to large building footprint
- Building at or near the Right-of-Way
- Small side setbacks
- Varied frontages with an emphasis on commercial

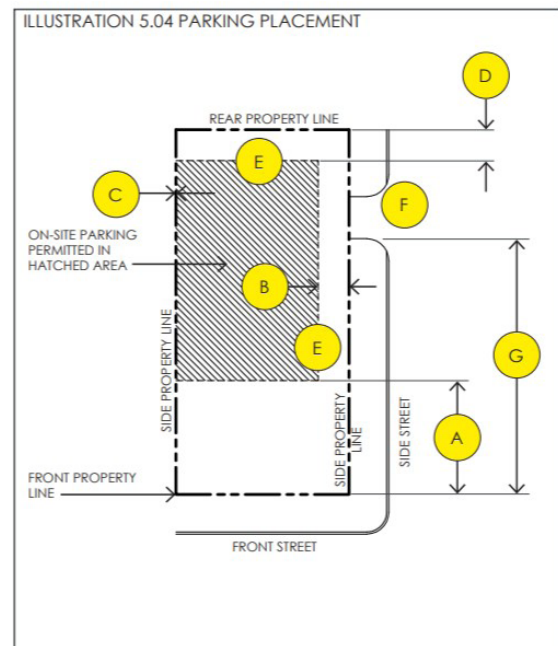
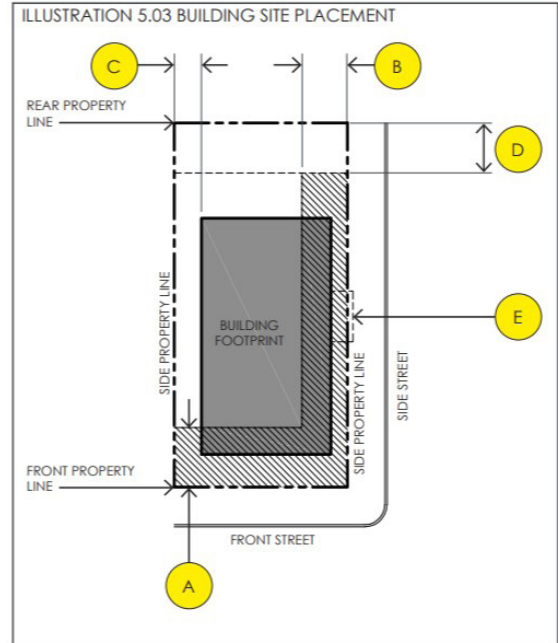


## ZONING STANDARDS

<b>Height</b>	2 stories min, 8 stories max, depending on building type and frontage.
<b>Front Build-To Line</b>	0-15 ft from side property line. Mixed-Use & Retail shall have 0 ft Build-To
<b>Side Setback</b>	0-15 ft from side property line. Mixed-Use & Retail shall have 0 ft Build-To
<b>Rear Setback</b>	0 ft from rear property line
<b>Parking</b>	<p>Front Setback: 40 ft min</p> <p>Side Setback: 5 ft min</p> <p>Rear Setback: 5 ft</p> <p>Parking located at side or rear street locations shall be screened from the street as required by Section 2008.14.</p>
<b>Building Types</b>	Mixed-use, Retail, Flex, Live/work, Large Multi-plex and Rowhouse building types are permitted
<b>Sidewalk</b>	Recommended minimum width, 5 feet. Ideal width, 10-15 feet
<b>Bike Parking</b>	Bicycle parking shall be located on paved or pervious, dust-free spaces, and shall be a minimum of 2' by 6'. Bicycle parking shall be located in a convenient and visible area, and within 100' of building entries, when possible. Bicycle parking shall be provided at a rate of 20% of required vehicular parking

Please see Section 2005.06 Mainstreet (MS) Context Area in the City of Muskegon Downtown Form Based Code for complete district standards.

For questions on zoning, contact Planning Director Mike Franzak, 231-724-6702



# SITE UTILITIES

The site is served by public streets to the south (Strong Ave), north (Houston Ave), east (First St) and west (3rd St). Full access to utilities is provided from these adjacent streets. Depending on the timing of site plan submissions and zoning variance request, a developer should assume a 90-120 day time frame for the city review and action.

**Natural Gas:** DTE Energy, tel (855) 383-4249

**Electric:** Consumers Energy, tel (800) 477-5050

**Streets, water/sewer and right-of-way:**

City of Muskegon, Public Works Division  
tel. (231) 724-4100

Leo Evans, Director of Public Works  
1350 E. Keating  
Muskegon, MI 49442



# PREFERRED DEVELOPMENT VISION



Based on the market analysis, master plan, zoning ordinance, stakeholder and staff input meetings, a preferred development scenario was established. With the help of a development partner, this would be just one of several possible visions that could be realized.

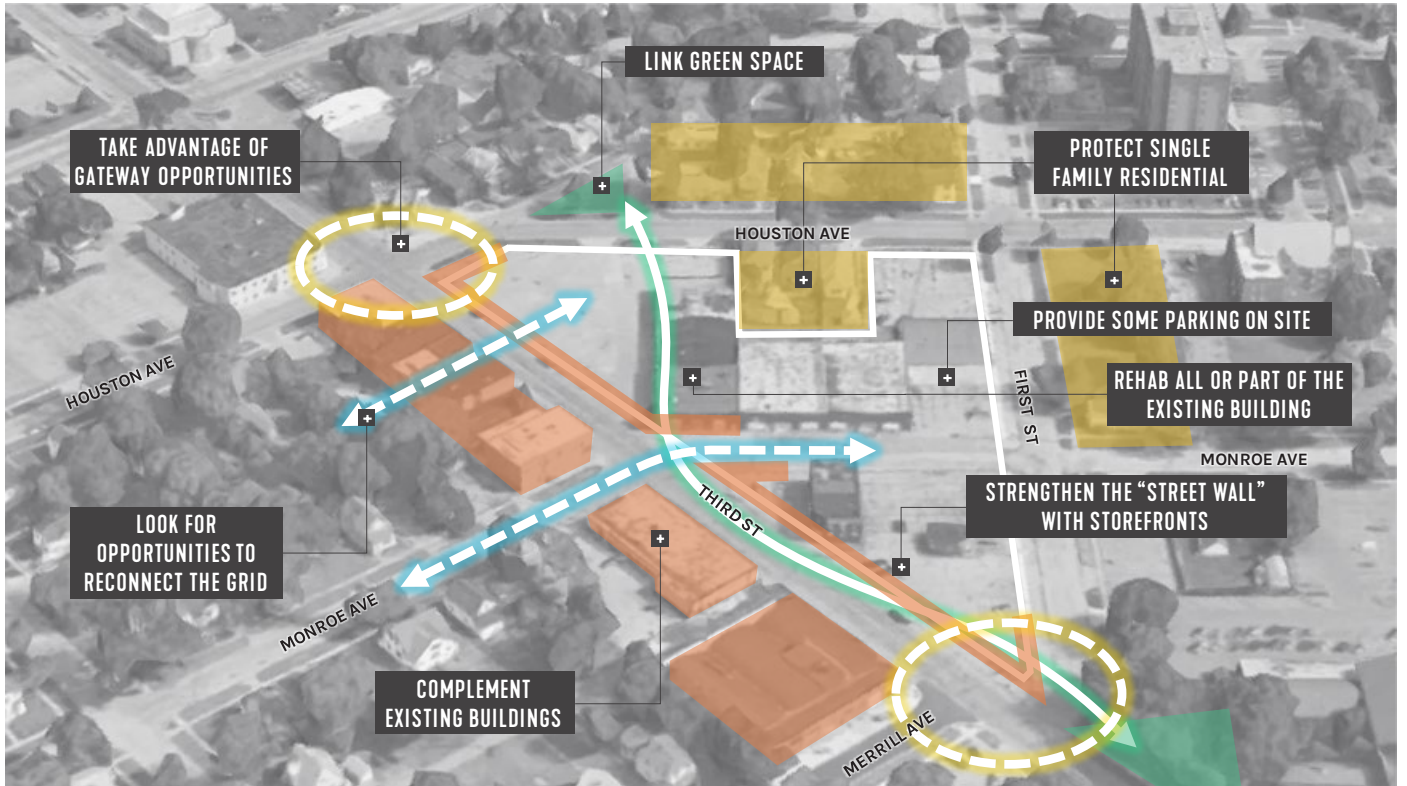
The multi-story mixed-use development represented here is in line with the current goals and values of Muskegon. Prioritizing a vibrant walkable streetscape along Third Street, active first floor commercial space for local business startups and shared work opportunities would have excellent frontage to complement the existing thriving Midtown businesses across the street. On-site parking is minimal, and, where provided, integrated into buildings and screened behind buildings along First Street. A range of residential unit types, from studios to 3-bedroom units, could occupy the upper floors, providing a much needed set of affordable options to the neighborhood.

The more historic section of the existing brick building, should be preserved, if feasible, for use as a community space, entertainment venue, business incubator, grocery store, or similar flex space. The vacated portion of Monroe may be reinstated as parking and access, especially maintaining a pedestrian connection.

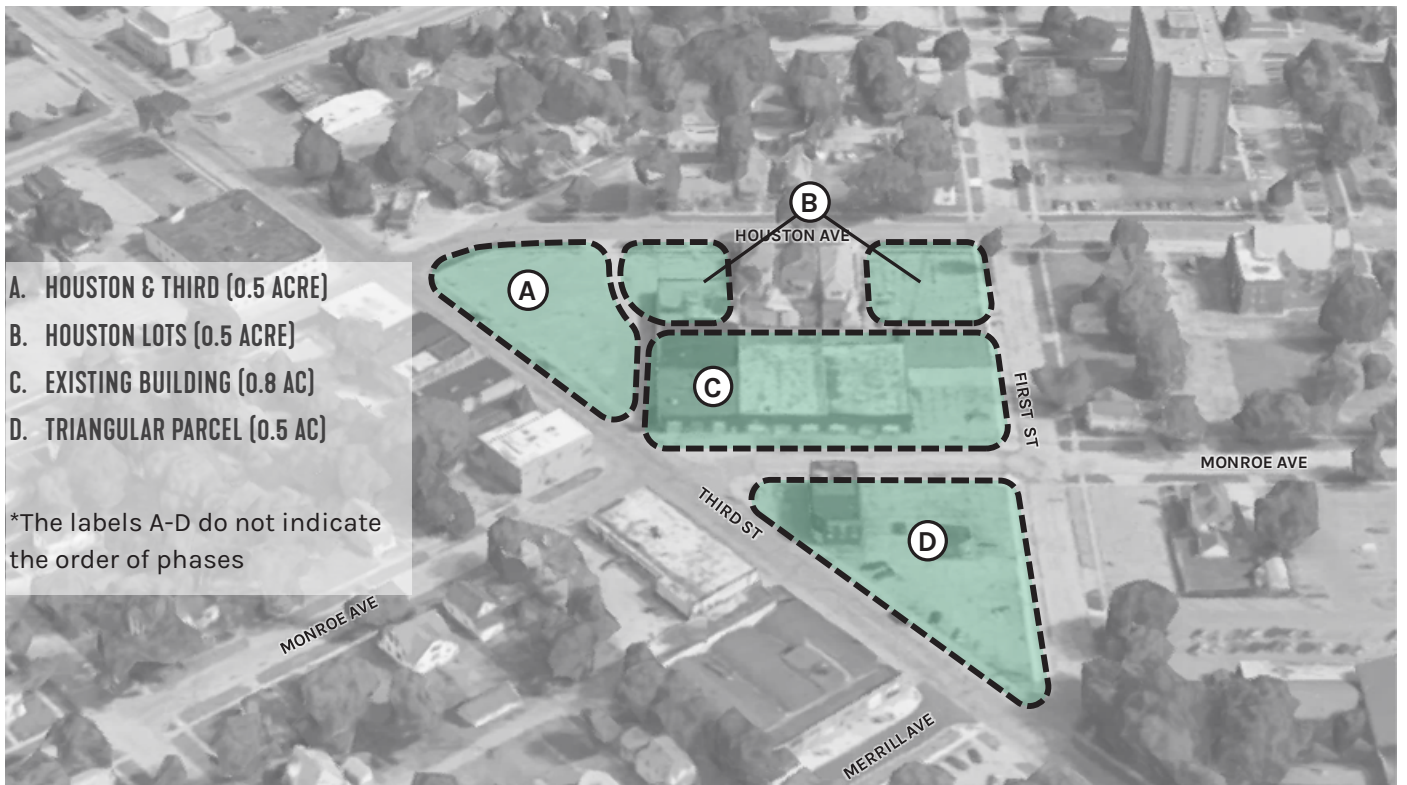
Residential uses are planned along Houston to match the historic detached housing character, but may contain multiple units with integrated parking in the rear.

While this is the preferred vision, this scenario is negotiable with qualified developers and the city is eager to initiate mixed-use development in a mutually agreeable way.

# DESIGN GOALS



# FLEXIBLE, PHASED APPROACH



## DEVELOPMENT VISION



## DESIGN ASSUMPTIONS

BUILDING	RETAIL	UNITS					PARKING
		TOTAL	STUDIO	1 BED	2 BED	3 BED	
1 LIVE/WORK	7,200 ft <sup>2</sup>	16					16
2 ROWHOUSES	-	5					5
3 BUILDING REHAB	8,400 ft <sup>2</sup>	-					-
4 FLATS	-	34	8	7	14	5	34
5 MIXED AFFORDABLE	7,200 ft <sup>2</sup>	13	0	5	4	4	16

### PARKING ASSUMPTIONS

- Developer will provide approximately one off-street parking space per new residential unit
- City will provide adequate on-street and/or off-street parking resources for existing and new commercial (approximately 4-5 per 1,000 SF, or approximately 150-200 spaces within a 2-minute walk of 3rd Street)

### DEVELOPMENT COSTS

A full Michigan Economic Development Corporation development pro forma is available for review.



## MIDTOWN ECLECTIC VIBE

During community input, participants stressed the desire to maintain the historic, eclectic character of the area as a destination for neighbors and visitors for local businesses, ethnic restaurants, and places for families to gather. Inclusion of murals, art, outdoor seating, and public plaza space and casual recreation opportunities are especially desired.



Attached rowhouse housing units that preserve the character of the historic detached homes along Houston



Live/Work units may complement the walkable neighborhood hub's development



Adaptive reuse of the existing brick building is desired as a flex space, small business incubator, grocery, or market

# PROJECT INCENTIVES

The State of Michigan and City of Muskegon are committed to making sure that all available incentives may be leveraged to ensure the selected developer can achieve a quality outcome commensurate with the project vision and goals. Such incentives may include the following:

## STATE

### MICHIGAN COMMUNITY REVITALIZATION PROGRAM (MCRP)

Through the MCRP, which is a program available from the Michigan Strategic Fund (MSF) in cooperation with MEDC, grants or loans may be available to fill financial gaps and promote community revitalization. MEDC and the City are committed to collaborate with the selected developer to ensure this tool is used efficiently and successfully in order to contribute to Michigan's employment opportunities, foster infill redevelopment of historic properties and reduce blight.

## LIHTC

State Low Income Tax Credits for families and workforce housing would be considered as part of a mixed-income residential development. This is the city's box of tools that is a starting point: <https://www.muskegon-mi.gov/departments/planning/muskegon-incentives/>

## BROWNFIELD

Brownfield incentives include reimbursing for developer costs related to environmental investigation, due care, and mitigation. Muskegon also supports brownfield tax increment reimbursement for elevators, integrated parking, and loan interest.

## LOCAL

### NEIGHBORHOOD ENTERPRISE ZONE (NEZ)

The Neighborhood Enterprise Zone Act promotes the development and rehabilitation of residential housing located within eligible blighted neighborhoods through a tax incentive. The local government establishes zones within the city to qualify for tax incentives in order to promote development where it may not otherwise occur through the use of a NEZ certificate program.

### OBSOLETE PROPERTY REHABILITATION ACT (OPRA)

The OPRA provides property tax exemptions for commercial and commercial housing properties that are rehabilitated and meet OPRA requirements. The property must be located within an established Obsolete Property Rehabilitation District.

### COMMERCIAL REHABILITATION ACT (CRA)

The Commercial Rehabilitation Act encourages the rehabilitation of commercial property by abating the property taxes generated from a new investment for a period up to 10 years. The city or the property owner could initiate the establishment of a Commercial Rehabilitation District to meet the act's requirements.

# SUBMISSION FORMAT AND CONTENTS

Submittals must include one (1) original of the response, two (2) unbound hard copies and one (1) electronic copy (PDF) of the response. Every effort should be made to make proposals as concise as possible. Submissions must address the following sections in order to be considered complete and ensure consideration.

## **SECTION I - QUALIFICATIONS AND EXPERIENCE - COVER LETTER**

RFP responses should include a cover letter providing an introduction to the company and resumes of the respondent's professional team and the firm's areas of expertise. The letter should clearly show how the development team meets the minimum qualifications as outlined in SECTION 111 of the RFP.

## **SECTION II - PROPOSED DEVELOPMENT VISION AND PROGRAM**

Responses should describe the overall vision and a recommended development program to bring the concept to fruition. This section should include introductory plans regarding design, scope, buildout, theme, and other relevant details related to the proposed development. This section should also illustrate the desired timeline requested by the developer to implement the proposed project.

## **SECTION III - CONCEPTUAL FINANCIAL STRUCTURE/ FINANCIAL STABILITY**

Provide a conceptual financial structure, including private sources of funding and a proposed structure for providing compensation for the City owned real estate (e.g., real property purchase, ground lease, other proposed site control agreement etc.) The City has significant flexibility with respect to disposition options and methods for compensation and as a result encourages and welcomes financial proposals which maximize the value of the resulting developments

and their positive economic and community impacts to the downtown corridor. Justification for the use of public fund contributions and proposed repayment mechanisms should be provided if public financing is included as part of the proposal.

Provide evidence of the developer's financial capability to undertake the project. Evidence should cover the last (5) years. If your proposal is being submitted by a partnership of two or more entities, provide evidence for each firm or individual that would be a part to the project. Suitable documentation includes audited or reviewed financial statements, partnership or corporation tax returns, bank or financial institution commitments, or other verifiable information demonstrating financial stability necessary to support a project of this scope. Submission of this RFP provides consent to the City or its assigns to confirm the information provided in response to this question.

All respondents will be required to allow the City to inspect and examine their company operating information and financial statements during the selection process. Each firm shall submit its legal firm name or names, headquarters address, local office addresses, state of incorporation, and key firm contact names.

## **RESPONSES TO:**

City of Muskegon  
Attention: Ann Meisch, City Clerk (Ann.Meisch@shorelinecity.com)  
933 Terrace Street  
Muskegon, MI 49440

## **CONTACT/QUESTIONS**

Dave Alexander, dave.alexander@shorelinecity.com

# EVALUATION CRITERIA

The City of Muskegon supports the further creation of a vibrant downtown and commercial/housing district to complement current and future downtown business enterprises. Accordingly, City staff will evaluate responses based on the criteria stated within this document. Given the uniqueness of the anticipated development, developer qualifications and experience will be assigned the greatest value including but not limited to the following:

- Developer qualifications and experience
- Creativity and unique concepts in proposed development vision and program
- Conceptual financial structure
- Financial history/stability
- Ability to attract a diverse clientele representative of the Muskegon community.

# APPENDIX

Available upon request from MEDC:

- Proforma
- Property survey
- Market Study