



## 214 NORTH WALNUT STREET Howell, Michigan

### TIMELINE

RFQ released:  
**08/11/2020**

Site Showcase  
virtual event:  
**08/25/2020**

RFQ proposals due:  
**09/30/2020**

Evaluation period:  
**10/01–10/16/2020**

Finalists teams notified:  
**10/19/2020**

Finalist teams  
presentation to  
evaluation committee:  
**October 2020**

Finalize terms of a  
development and  
purchase agreement:  
**November 2020**



**MICHIGAN ECONOMIC  
DEVELOPMENT CORPORATION**





# 214 North Walnut

## Howell, Michigan

DEVELOPMENT REQUEST FOR QUALIFICATIONS

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## 214 North Walnut (Former Holkins Lot)

Howell, Michigan

Welcome to the thriving City of Howell, a hometown where city amenities are at the doorstep and opportunity is around the corner! Howell is justifiably proud of its community and wants to make it even better with a new infill project.

Howell has an excellent development opportunity site—an entire city block adjacent to the historic downtown that lies underutilized and partially vacant. The City would like to partner with a visionary developer to rebuild the block and tie together the historic city center and surrounding residential areas with a high-quality, walkable residential and commercial infill project. The City, with community input, has developed a vision for a New Urbanist project featuring mixed-use commercial buildings that fit the city center zoning, courtyard parking, and townhomes that will line a residential street.

Interested development teams are invited to submit qualifications in accordance with **the attached schedule**; please refer to **page 15** for submittal details.



# DEVELOPMENT OPPORTUNITY

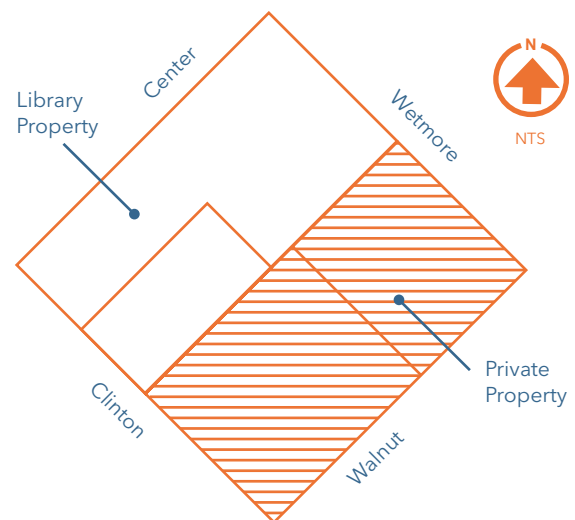


The approximately 1.6 acre block is mostly vacant, with one building and associated site improvements occupying about a quarter of the overall site. The four parcels that make up the redevelopment block include:

- ±0.8 acres —
  - 217 N Center (4717-36-102-052), owned by Howell Carnegie Library
  - 0 W Clinton (4717-36-102-053), owned by Howell Carnegie Library
- ±0.8 acres —
  - 0 N Walnut (4717-36-102-066), privately owned
  - 214 N Walnut (4717-36-102-067), privately owned

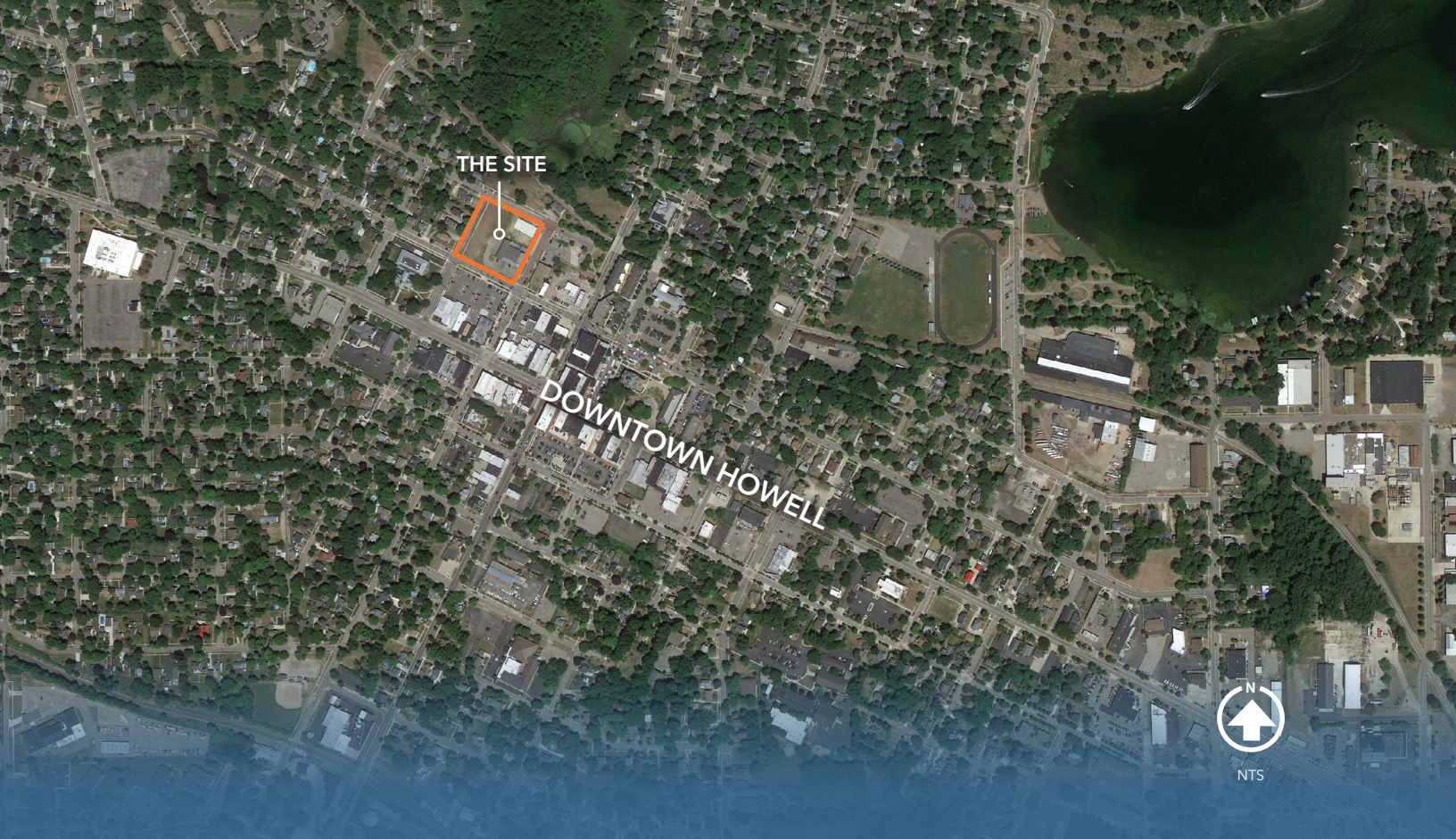
It's anticipated that any new development may occur in phases, and the City is flexible in terms of future zoning and end uses. The block is bounded by four paved city streets with maintained sidewalks and water, sewer, electric, and gas utilities in place.

## Site Location Key



An ALTA survey has been prepared for the entire block and is available upon request.





## COMMUNITY OVERVIEW

Howell is a prosperous city with a diverse manufacturing and business economy and is the county seat of Livingston County. Its unique turn-of-the-century downtown features numerous locally-owned businesses, all within easy walking distance to the development site. Howell was awarded the Great American Main Street Award in 2018 and the community is extremely proud of this prestigious achievement. The award reflects the community's commitment to excellent place-making, historic preservation, and support for local entrepreneurs.

With a diverse economy based on government, manufacturing, and service sectors, Howell has witnessed a growth in population over the last ten years. For residents who want to live in a small town community and don't mind a half hour drive, its location on the major east-west I-96 corridor means that it's a half-hour commute to both Lansing and Ann Arbor. Businesses appreciate the central location, with an hour drive to Detroit and an hour and a half commute to Toledo or Grand Rapids.

Since its founding in 1835, Howell has served as the center of commerce and county government in Livingston County, and is located on the first mail routes, train lines and roads through the area. Since 1910, the population of the city has never declined, even during the 2007-2009 downturn in the economy. The city and surrounding communities have been growing over the last decade. The current population of the area is 65,876, up from 60,524 in 2010. Growth is expected to continue upward to 69,128 in 2024.

Within a five-minute driving radius of the project area are 5,591 households, up from 4,504 in 2000. In the same area, household incomes have been rising as well; the current median household income is \$53,888, which is expected to rise 2.7% annually for the next few years. Within 15 minutes there are 25,467 households with a median income of \$73,014, which is expected to grow in number to 26,805 with median income rising to \$84,481 by 2024. In 2019, unemployment is very low, at 2.5%.



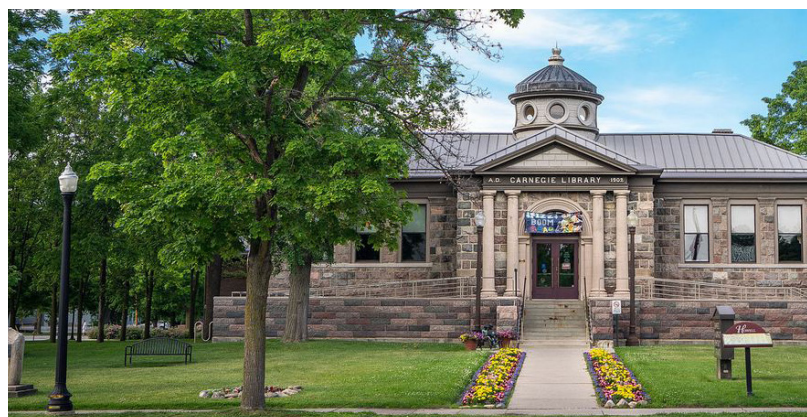
Downtown is only a block away from the project area, and features over a dozen restaurants, pubs, a brewery, and two coffee shops within walking distance. The Downtown business community is represented by the Howell Downtown Development Authority, and Howell Main Street Inc. The city also boasts nine parks, two athletic and recreation fields, a boat launch on Thompson Lake (3 minute drive) and a skate park.

In terms of cultural amenities in the walkable area surrounding the project area, there are a wide range of things to choose from. Adjacent to the project site is the Howell Depot Museum, open Sundays May through October, which features railroad and historical artifacts as well as periodic steam engine rides. Also within a block of the development site is the Howell Carnegie District Library. The library offers an extensive collection of books, movies, music, year-round programming for all ages, and information professionals who offer one-on-one assistance. The Howell Area Archives and Local History Room are also housed at the library as well as dozens of public computers and wi-fi that enable high speed access to the Internet. Thousands of people per week utilize the library building.

The Howell Opera House is a block and a half away. It hosts musical performances, art and dance classes, and has rental space for private events. Only four blocks away is the Historic Howell Theater, a two-screen independent theater that showcases regional theater productions and independent and vintage movies.

The City hosts a number of seasonal family-friendly events throughout the year including the annual Michigan Challenge Balloonfest in June which includes a balloon fly-in and launches, a carnival, and live music. In August, the Howell Melon Festival celebrates a variety of melon grown only in this area and features a community run, classic car show, sidewalk vendors, and live music. Fall brings the Legend of Sleepy Howell, featuring trick or treating, hay rides, classic films, food and street vendors and a 5K/10K race. Finally, the Fantasy of Lights is a light parade that attracts 30,000+ visitors and features Santa Claus, reindeer, and a 5K race.

Howell residents both young and old are busy with activities, festivals and events year-round!







### Household Growth

#### NUMBER OF HOUSEHOLDS

2000: 17,716	2019: 25,467 (+9.42%)
2010: 23,274 (+30.98%)	2024: 26,805 (+5.25%)



### Income Growth

#### MEDIAN HOUSEHOLD INCOME

2019: \$73,014	2024: \$84,481 (+2.96%)
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### Housing Units

#### NUMBER OF UNITS

2000: 18,905	2019: 27,453 (+9.2%)
2010: 25,133 (+32.9%)	2024: 28,854 (+5.1%)



### Ownership

#### OWNER VS. RENTER OCCUPIED

Owner Occupied: 73.7%	Vacancy Rate: 7.2%
Renter Occupied: 19.0%	



### Daytime Population

#### NUMBER OF PERSONS

Resident: 31,654	Daytime Total: 64,600
Workers: 32,946	



### Retail Gap

#### RETAIL DEMAND VS. RETAIL SUPPLY

Potential: \$153,530,685	Gap: - \$11,704,389
Sales: \$165,235,074	Leakage Factor: -3.7

Source: ESRI

## MARKET CONDITIONS AND OPPORTUNITIES

Howell and its immediate surroundings are home to a diverse economic ecosystem including services, manufacturing, education and health. Major employers in Howell and the surrounding area include: Hanover Insurance, Thai Summit Group, Hatch Stamping, Cleary University, Koppert Biological Systems, Trilogy Health Services, Advanced Medical Solutions, North Point Logistics, Walmart, Home Depot, Meijer, and Lowe's. In addition, there are approximately 611 companies in the City of Howell. ESRI data informs us that 58% of the jobs are white collar, 26% are blue collar, and 16% are service related in the City. There are opportunities for additional businesses to be added to the mix; current retail and market conditions have been provided by ESRI and details of this analysis are available.

### Retail/Commercial Market Potential

Within the 15 minute drive radius from the project area there is consumer demand for the following goods and services: home furnishings, electronics and appliances, specialty foods and food services, wine, beer and liquor, jewelry, sporting goods, hobby shops, books and periodicals, office and stationery.

### Residential Market Potential

Of the 25,467 households that are currently within a 15 minute radius of the project area (2019 data), 20,238 are owner occupied and 5,229 are renter occupied. Owner occupied houses have an average value of \$241,194, which is expected to rise to \$274,790 by 2024. The average apartment in the area is 2 bedroom, 2 bath, 1,268 square feet and rents for \$1,307.

In terms of the market potential for housing demand, current projections indicate the population will be growing by 3,252 people by 2024, supporting both new owner occupied and new rental housing. ESRI provided a breakdown of Howell's current demographic groups. The largest group (27%) is Old and Newcomers, a segment that prefers urban living, tends to rent, and is either just starting a career or is retiring. The second largest group (14%) is Bright Young Professionals, who tend to rent (often in multi-unit apartment buildings) and hold white collar jobs. The third largest group (10%) is Green Acres, a group that typically owns a single-family residence, and is typically older with older children, or without children. This segment will potentially be looking to downsize from single-family housing as they age over the next decade.

All in all, with approximately 50% of the population searching for or open to apartment living in the city, demand for housing in the project area, whether rental or condominium, will likely be strong.



## SITE OVERVIEW

The development site is level and surrounded by residential houses to the west, green space to the north, surface parking and business buildings to the east and surface parking to the south. Two-lane, two-way roads surround the site with maintained sidewalks.

Subsurface investigations conducted at the site during an environmental assessment in 2006 indicated that site soils are sandy with intermittent clay seams. Intermittent buried debris was encountered to seven feet below ground surface. Groundwater was encountered during soil sampling at a depth of 7 to 8 feet below ground surface. A buried storm sewer line running north-south crosses the west half of the site. Costs related to mitigating these conditions may be covered by incentive programs offered by the local or state governments.

Historically the development site originally served as a railroad depot, a freight house and lime and cement warehouse beginning in 1899. These facilities have been demolished since the early 1980s. The eastern half of the site was used as a lumber yard in the 1960s. The existing one to two-story building is part of the Holkins and Son Lumber Yard that existed on the site since the 1920s and evolved into the Holkins Home Center. It currently houses The Hive, a local teen center.

North Walnut Street, immediately adjacent to the east, is a unique brick road and a remnant of the pre-asphalt era of road construction.







## SITE UTILITIES

The site is surrounded by city-maintained streets, and parallel parking is free.

### Water/Sewer

- Site is fully served. Contact Mike Luce, City of Howell Public Works Operations Manager at [mluce@cityofhowell.org](mailto:mluce@cityofhowell.org) or (517) 546-7510

### Streets, Storm Sewer and Right-of-Way

- Site is fully served. Contact Mike Luce, City of Howell Public Works Operations Manager at [mluce@cityofhowell.org](mailto:mluce@cityofhowell.org) or (517) 546-7510

### Gas/Electric

- Site is fully served. Contact Consumers Energy and/or DTE.

## ADDITIONAL SITE INFORMATION

### Master Plan and Zoning

The project area lies in the historic downtown center of the city, which under Howell's master plan is a place to allow mixed uses, where buildings are built to the sidewalks, create a sense of vibrancy, and encourage pedestrians to experience the town. Public parking is located on streets, and there are multiple parking lots behind the Grand River Avenue businesses, including a 120+ space public lot.

**Zoning:** Currently, the four parcels are zoned B-2, General Business, which allow for a variety of commercial and service uses, including more intensive commercial uses. Examples of permitted retail uses include: groceries, meats, dairy products, baked goods or other foods, drugs, dry goods, clothing, etc. Services may include repair shops, tailors, beauty parlors, barber shops, interior decorators, photographers, printing and photocopying services, and dry cleaners. Other uses include restaurants, educational facilities, indoor recreation (i.e. fitness), and entertainment (i.e. theaters).

The City is open to rezoning the parcels as City Central Business District or Planned Unit Development.

### Environmental Conditions

City of Howell recommends a full environmental assessment for liability protection by the selected developer to determine whether any additional conditions require action to suit the final site plan. Previous environmental assessment reports are available upon request. Please note that the interior of the building is not accessible prior to a formal due diligence agreement.

Previous environmental assessments have identified that the overall site qualifies as a Brownfield under Michigan's Act 381 as a facility, and as parcels adjacent to a facility. This designation enables environmental and non-environmental tax increment financing, grant and loan incentives available through the state of Michigan. Eligible activities will be determined by final project design, costs incurred, and completion of a project pro forma.



## PREFERRED DEVELOPMENT SCENARIO

City of Howell is certified as a Redevelopment Ready Community by the Michigan Economic Development Corporation. The RRC certification recognizes the city's development regulations and processes as up-to-date, clear, and predictable, as determined by a rigorous external assessment.

The City has undertaken an analysis of preferred uses for the site that includes a blend of townhomes located along the west side of the property to face existing homes, mixed use commercial and residential buildings along the north, east, and south sides of the property, and some green space. Underground parking and possibly courtyard surface parking at the center of the property is also desirable in order to serve both residents and businesses in the new development, depending on the density of the final mix of uses. This concept is based on feedback from community stakeholders during a stakeholder interview process with area real estate professionals, the development community, business-owners, residents, and elected and appointed officials.

The site is in an excellent location in downtown Howell, but has ownership with two different parties, which could lead to challenges for future development. Ideally the two properties could be combined for ease of development. This development scenario shows a single cohesive design, but has been arranged so that development of each property could occur separately. This is represented in the phasing diagrams presented on the following page, with separate financial feasibility assessed for each individual property as well.



Although the conceptual plan shows an efficient design that utilizes much of the site for buildings and parking, high-quality areas for pedestrian use are encouraged, such as enhanced alleyways, residential balconies, and rooftop patios for building tenants to enjoy. This illustrative rendering shows an active pedestrian space in an alley along Walnut Street.





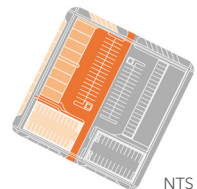
### Conceptual Site Plan Legend

- A** Point of entry
- B** Townhome unit typ.
- C** Pedestrian alley

- D** Residential building with below grade parking
- E** Mixed use office/retail, residential building with below grade parking
- F** Mixed use office/residential building with at grade first floor covered parking in rear

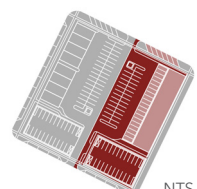
### Library Property Phasing

Phase Key  
**1** **2** **3**



### Private Property Phasing

Phase Key  
**1** **2**







## Library Property Preferred Development Scenario

Connecting to the existing residential fabric, townhomes line the street frontage along Center. Eight two-story townhomes are shown on the preferred development plan, each with an attached two-stall garage that are accessed in the building rear. The apartment building on the corner of Center and Clinton is a simple rectangular shape that allows for the most construction efficiencies while providing ample parking through the inclusion of one level of parking beneath the building, accessed at grade along the Clinton.

**Site elements** = Townhomes, residential building, parking

**Site area** = ±0.8 acres

**Dwelling units** = 32

▪ Apartment units = 24  
▪ Townhome units = 8

**Total parking spaces** = 90

▪ Surface spaces = 35  
▪ Structured garage spaces = 22  
▪ Townhome garage spaces = 16  
▪ On-street spaces = 17

Note: As part of the final development plan for the library site, a total of 26 parking spaces will be required as reserved spaces for library patrons during business hours.



## Private Property Preferred Development Scenario

The mixed-use building at the corner of Clinton and Walnut will take advantage of the existing topography to have one level of under-building access at grade off Center. The second mixed-use building fronting Walnut would have covered parking under the back half of the building with access from the parking lot. This typical building type achieves additional parking while also reducing the amount of ground floor commercial space in the building. While the design plans for ground floor activation, the reduction of commercial space reduces financial risk, anticipating more reliable returns for the residential units in the upper floors of both buildings.

**Site elements** = Mixed use buildings, parking

**Site area** = ±0.8 acres

**Office/retail area** = ±15,112 sf

**Dwelling units** = 52

**Total parking spaces** = 80

▪ Surface spaces = 29  
▪ Covered garage spaces = 20  
▪ Structured garage spaces = 22  
▪ On-street spaces = 9



## Preferred Development Scenario Project Costs

The preferred development scenario has been validated against local market conditions and typical development costs. Pro forma reports for the Library Property and Private Property are available as attachments to this document.

The construction, development and operating costs for a future project may differ greatly from this estimate and pro forma depending on a number of factors. This pro forma should not be considered as final or approved by MEDC in any way. It has been provided as a representative sample for a project similar to the size and shape of the preferred development scenario featured in the RFO.

Both projects assume a MEDC subsidized cash flow loan and a MEDC Michigan Strategic Fund/ Michigan Community Revitalization Program Loan, and seek traditional 30 year financing.



**LIBRARY PROPERTY:** Contains residential rental income and income calculated from dedicated parking (2 spaces) each unit.

- IRR = 8.05%
- COCR = 10.17%
- Return on Owner Equity = 10.17%
- DSCR = 1.32
- NOI = \$388,370
- Cash for Distribution = \$95,238

..... **Real Estate Valuation after 20 years = \$6,041,445**

..... **Proceeds available upon sale = \$2,792,042**

**PRIVATE PROPERTY:** Contains residential rental income, commercial rental income, public parking income, and dedicated 1 and 2 space parking.

- IRR = 9.04%
- COCR = 10.82%
- Return on Owner Equity = 10.82%
- DSCR = 1.32
- NOI = \$776,002
- Cash for Distribution = \$189,316

..... **Real Estate Valuation after 20 years = \$12,685,484**

..... **Proceeds available upon sale = \$5,332,773**



# PROJECT INCENTIVES

The City of Howell is a Core Community and the following incentives may be leveraged by the developer:

- MEDC Community Revitalization Grants & Loans - Up to 50% of site improvement and construction costs.
- Brownfield Tax Increment Financing - Reimbursement through paid taxes of 100% of demolition, site preparation, public infrastructure and lead and asbestos abatement, as well as environmental remediation.
- Neighborhood Enterprise Zone - For new home construction, instead of the full millage rate, the new home is taxed at half of the statewide average for up to 15 years.
- Obsolete Property Rehabilitation Exemption - For renovation of old commercial buildings, freezes local property taxes at the pre-development level for up to 12 years.
- The City of Howell is committed to the development of the Holkins Block and fully anticipates a collaborative process utilizing creative zoning tools, such as a Planned Unit Development, to accommodate the use and parking mix.







## SELECTION PROCESS AND CRITERIA

Although the site is privately owned, the City of Howell act as a facilitator for this process. The City will review and evaluate all complete proposals in response to this Request for Qualifications (RFQ) to identify and engage with qualified developers for 214 North Walnut. An initial response to this RFQ must include the following information:

- Letter of Interest: Provide a letter (up to 3 pages) identifying the development team and providing a brief description of the team's vision for the site.
- Concept plans or renderings.
- Development Experience / Portfolio: Provide a short description of past projects of a similar nature completed by the development team (up to 10 pages). Include a description of the projects, cost, completion date, and references.
- Evidence of development team's fiscal capacity to undertake the proposed project.
- Resume of firm and lead team members.

City of Howell staff may seek additional information upon receipt of a development proposal.

The RFQ and responses should not be considered a legally binding agreement. Upon selection of a qualified development team, City of Howell will enter into a pre-development agreement including purchase price, due diligence period, and other terms.

### Proposal Format

Six (6) printed proposals and a PDF version shall be submitted by the deadline stated in the attached schedule to:

Timothy R. Schmitt, AICP  
Community Development  
Director, City of Howell  
611 East Grand River Avenue  
Howell, MI 48843  
TSchmitt@cityofhowell.org



## CONTACT / QUESTIONS

Questions may be directed to:

Timothy R. Schmitt, AICP  
Community Development Director, City of Howell  
P: 517-546-3861  
[TSchmitt@cityofhowell.org](mailto:TSchmitt@cityofhowell.org)







# **214 North Walnut** Howell, Michigan

DEVELOPMENT REQUEST FOR QUALIFICATIONS