



HighPoint Flats project to become a downtown Muskegon apartment development with city, state assistance

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MUSKEGON, MI – Jon Rooks and Parkland Muskegon LLC are on course to begin construction by the end of the year on a revamped HighPoint Flats residential project in downtown Muskegon.

Construction will take 18 months to convert the old Comerica Bank tower building into 48 market-rate apartments. A second phase could bring an additional 24 newly constructed units on property just east of the eight-story building at 285 W. Western.

Rooks and his Parkland development company are the owners of the Shoreline Inn and Conference Center and the Lake House restaurant on Muskegon Lake. The Grand Rapids condominium developer purchased the downtown Muskegon bank building and announced in 2008 **the \$10.5 million HighPoint Flats condominium conversion** that has stalled due to the Great Recession.

Rooks is now proposing to move forward with market-rate apartments since condominium financing has been impossible to secure since the recession in 2008, he said. Condominium owners were not able to secure a mortgage for a development like HighPoint Flats, he said.

But with people losing their homes to foreclosure and flooding the rental housing market, apartment developments have been on the rise the past few years, Rooks said.

“We’ve struggled with this project for a few years and just couldn’t pull the trigger on the condo development,” Rooks said Monday. “Market-rate apartments are unproven in downtown Muskegon but we are ready to prove to the market that it will work.”



Parkland Development Co.

HighPoint Flats is now being proposed as a market-rate apartment building for the former bank tower at 285 W. Western.

The city of Muskegon and the Michigan Economic Development Corp. appear ready to help Rooks and Parkland development to move from a condominium to an apartment project.

The city's Downtown Development and Brownfield Redevelopment Authority voted unanimously Monday to approve a development agreement and create a brownfield redevelopment project for HighPoint Flats. **The Muskegon City Commission will consider approving the development agreement and the brownfield redevelopment incentives at its Tuesday meeting.**

The city has a brownfield redevelopment plan and district established for the Muskegon central business district property that is the former Muskegon Mall property, according to Cathy Brubaker-Clarke, city planning and economic development director. The HighPoint Flats project fits the city's brownfield plan, she said.

Brownfield development refers to potentially contaminated sites and obsolete buildings that need to be redeveloped. The city and the state have incentives for such projects.

The city is expected to create a tax increment finance district for the HighPoint Flats property. The city would then be able to collect increased taxes in the tax district to help further the redevelopment.

In the case of Parkland development, the city has agreed to capture the property taxes up to 2030 and pay up to \$750,000 to the developer. Rooks would use those tax dollars to pay off loans for the apartment development that will need an investment of about \$10 million, he said.

However, HighPoint Flats remains in a state low-tax Renaissance Zone, which for the Parkland property has been extended until 2023 with special legislation adopted earlier this year. Residents in the apartments will not pay state or city income taxes until 2023 and the developer will not pay property taxes until the same date.

The brownfield tax increment financing district would not start collecting property tax dollars until after the Renaissance Zone tax breaks expire, Brubaker-Clarke said.

The MEDC also is considering an economic development package for HighPoint Flats



Jon Rooks



Parkland Development Co.

The HighPoint Flats apartments is expected to be 48 units in the old bank tower with a potential second phase with 24 new units on property east of 285 W. Western.

that is contingent upon the local support from the city, city officials said. The state assistance is expected to be considered in September, Rooks said.

After state and local approvals, the development agreement with the city states that Rooks has up to three months to get building permits and begin construction. As for overall funding, Rooks said he will be "self-funding" the HighPoint Flats apartments as construction proceeds.

HighPoint Flats is proposed to have one-, two- and three-bedroom apartments for rent for \$650 to \$950 per month. With current construction schedules, HighPoint Flats would open for tenant occupancy in the spring of 2014, Rooks said.

"This has the potential of being a very, very successful apartment development," Rooks said of a building with large windows for views of downtown Muskegon and Muskegon Lake. "It will be a vibrant place to live."

DDA board member Tim Taylor, president of the Muskegon Lumberjacks Hockey Club, said his company has been impressed with Rooks' ownership and operation at the Shoreline Inn since the Grand Rapids developer took over the hotel a few years ago.

"The Shoreline Inn has done well for our team and those that we have brought into Muskegon for hockey," Taylor said. "I look forward to seeing how the apartment project will work in downtown Muskegon."

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