

Agenda

Brownfield Redevelopment Authority

Board of Directors



City of Kalamazoo

Thursday, August 21, 2025

7:45 AM

CPED Main Conference Room - 245 N. Rose Street, Suite 100

A. CALL TO ORDER/ROLL CALL

B. ADOPTION OF FORMAL AGENDA

C. APPROVAL OF MINUTES

1. Approval of minutes from the BRA meeting on June 26, 2025.

D. PUBLIC COMMENTS

E. DIRECTOR COMMENTS

F. NEW BUSINESS

1. Approval of a letter of support for Edison Community Partners' proposed EGLE grant application for the Kalrecovery site, with the understanding the draft application being reviewed and approved by the Board prior to submission.

(ACTION: Motion to authorize the Board Chair to sign a letter of support for Edison Community Partners' proposed EGLE grant application for the Kalrecovery site, with the understanding the draft application being reviewed and approved by the Board prior to submission.)

G. UNFINISHED BUSINESS

H. COMMUNICATIONS AND ANNOUNCEMENTS

I. STAFF REPORTS AND UPDATES

J. ADJOURNMENT

CITY OF KALAMAZOO
BROWNFIELD REDEVELOPMENT AUTHORITY BOARD MEETING
Thursday, June 26, 2025
Community Planning and Economic Development
245 N. Rose Street, Kalamazoo, MI 49007

MEMBERS PRESENT: Sharon Ferraro; Rachel Bair; Lucas Middleton; T.J. Ward; Kyle Gulau; Eddie Warr

MEMBERS ABSENT: Michael Gurnee; Jason Novotny; Scott Petersen; Andrew Schipper; Alonzo Wilson

CITY STAFF PRESENT: Jamie McCarthy (Development Manager); *Jessica Wood (Attorney, Dickinson Wright); Logan Mulholland (Consultant, Fishbeck); Jared Chambers (Business Specialist); Erin Hahn (Community Investment Administrative Assistant)

*Attorney Wood attended the meeting virtually.

The meeting was called to order at 8:10 AM by Chair Middleton.

MOTION TO EXCUSE ABSENT MEMBERS: Director Bair moved to excuse absent members; seconded by Director Gulau. Motion approved by voice vote unanimously.

APPROVAL OF AGENDA: Director Ferraro moved approval of the agenda; seconded by Director Bair. Motion approved by voice vote unanimously.

APPROVAL OF MINUTES: Director Warr moved approval of the minutes from the meeting of May 15, 2025 and the special meeting of May 29, 2025; seconded by Director Ferraro. Motion approved by voice vote unanimously.

PUBLIC COMMENTS

None.

DIRECTOR COMMENTS

None.

NEW BUSINESS

1. Committee Appointments

The board considered the formal appointment of Director Schipper to the Executive Committee and Directors Peterson and Ward to the Projects and Finance Committee. Staff clarified that each board must formally adopt the same committee memberships for consistency. During discussion, some board members expressed that the appointments did not align with their recollection of the earlier Executive Committee conversation and requested that any future restructuring of the Executive Committee include an opportunity to revisit membership.

Director Bair motioned to appoint Director Schipper to the Executive Committee and Directors Peterson, Ward, and Warr to the Projects and Finance Committee. Director Ferraro seconded. Motion approved by voice vote unanimously.

2. Budget Reallocation

The board discussed a request to reallocate up to \$21,500 in unencumbered funds from the 2025 243 budget to cover partial-year base pay and fringe benefits for two restructured city staff positions. Ms. McCarthy explained that the funding would support increased staffing capacity needed for Brownfield compliance, loan underwriting, and EGLE grant administration in response to recent changes in the Brownfield Act and increased program demands. The proposed staffing model would fund 25% of two housing department roles with Brownfield dollars while maintaining their primary responsibilities within housing.

Ms. McCarthy emphasized the alignment with upcoming MEDC compliance requirements and the need to prepare for program rollout. Board members raised concerns about sustainability, potential dilution of effort, and the risk of using Brownfield funds as a gap filler. Ms. McCarthy responded that staff would track time by budget code to ensure accountability, and future funding could be supported by administrative fees from new Brownfield plans and underutilized budget lines. The approach aligns with the city's broader efforts to break down silos and integrate related functions across departments.

Board members engaged in a robust discussion about context-switching, organizational efficiency, and the benefits of cross-functional staffing models. While some expressed concern about long-term capacity and focus, others supported the model as a way to foster collaboration, reduce burnout, and improve service delivery.

UNFINISHED BUSINESS

None.

COMMUNICATIONS AND ANNOUNCEMENTS

None.

STAFF REPORTS AND UPDATES

Ms. McCarthy encouraged others interested in attending the Brownfield Conference to contact Beth, noting that funding is available and hotel accommodations have been secured. She

highlighted the value of the national conference and Michigan's leadership in Brownfield redevelopment.

Ms. McCarthy also announced that a staff member recently had a healthy baby boy and will return later this summer. There will be no board meeting in July; the next meeting is scheduled for August, with staff using the interim to focus on policy development.

ADJOURNMENT

The meeting was adjourned at 8:48 am by Chair Middleton.

Signature

Printed Name/Chair

Erin Hahn/Recording Clerk



BRA Board of Directors Staff Report

City of Kalamazoo

TO: Brownfield Redevelopment Authority Board of Directors

FROM: Antonio Mitchell, Director of Community Planning and Economic Development
Prepared by: Jamie McCarthy, BRA Staff Liaison

DATE: August 21, 2025

SUBJECT: Approval of a letter of support for Edison Community Partners' proposed EGLE grant application for the Kalrecovery site, with the understanding the draft application being reviewed and approved by the Board prior to submission.

RECOMMENDATION:

It is recommended the BRA approve the attached letter of support, signaling the Board's commitment to partnering with Edison Community Partners on a future EGLE grant application for the Kalrecovery site.

BACKGROUND:

The BRA has been in partnership with Edison Community Partners and the City of Kalamazoo to support redevelopment of the Kalrecovery site, located at 1900 Belford Street at the southwest corner of Belford and Reed Streets. The BRA has previously taken steps to facilitate this project, including entering into an agreement to sell property to the developer.

Most recently, project partners have been working to close an estimated \$3 million financing gap. A Sources and Uses table is attached detailing committed and requested funding sources for the nearly \$23 million project.

In August, the developer presented to BRA committees to brief members on the potential for a future funding proposal through the Michigan Department of Environment, Great Lakes, and Energy (EGLE). Key points included:

- Edison Community Partners is prepared to begin drafting a proposal for approximately \$700,000 in EGLE brownfield funding.
- The Partners cannot apply directly and would require a public entity, such as the BRA, to serve as the applicant.
- A draft proposal will be submitted to the BRA for staff, consultant, and board review and approval prior to any joint submission.

The project consultant provided an estimated preliminary cost for environmental and contaminated soil-related costs at the site at this time:

- Vapor Mitigation System (VMS) Design: \$29,000
 - VMS Installation: \$110,000
 - VMS “Test-Out” Sampling: \$40,000
 - VMS Activation/Start-Up: \$30,000
 - VMS Commissioning, 1st Year Monitoring, OM&M Plan: \$48,000
 - Strip 5” Topsoil (Landfill if not reused under cap): \$124,000
 - Import 12” Topsoil in Green Areas: \$126,556
 - Import 18” Topsoil in Playground: \$3,062
 - Soil Separation Fabric (Mirafi 140 NLO or equivalent): \$17,361
 - Add Liner to Retention Ponds: \$42,200
 - Site Balance Cut and Fill (excluding area between creek and trail): \$104,167
 - 6” Gravel Under Buildings (for VMS): \$19,248
- Preliminary Total: \$693,594**

Next Steps

At this stage, the Edison Community Partners are prepared to begin a draft proposal, which staff anticipate will come back to the BRA board for review and consideration within the next one to two months. The project financing timeline anticipates closing in early 2026, with grant funding approvals expected to align with that schedule.

FISCAL IMPACT:

No direct fiscal impact is anticipated from the proposal phase.



Brownfield Redevelopment Authority

245 N. Rose, Suite 100, Kalamazoo, MI 49007

Phone 269.337.8082 | Fax 269.337.8182

development@kalamazoocity.org

www.kalamazoocity.org/development

August 21, 2025

Edison Community Partners
1105 Portage Street
Kalamazoo MI 49001

Re: Support for Kalrecovery Environmental Remediation Funding Proposal

Dear Mr. Hollander,

On behalf of the City of Kalamazoo Brownfield Redevelopment Authority (BRA), I am pleased to express our support for partnering with Edison Community Partners on an EGLE Brownfield Grant proposal for the Kalrecovery site.

The BRA recognizes the importance of Kalrecovery, which will provide 48 units of permanent supportive housing, including apartments for individuals in recovery from substance use disorders and units for on-site staff. This project addresses critical housing and public health needs in Kalamazoo and aligns directly with the BRA's mission to support redevelopment and environmental remediation of brownfield sites.

While Edison Community Partners cannot apply directly to EGLE for funding, the BRA is committed to working with your team to jointly submit a draft proposal for review and eventual submission to EGLE. The purpose of this letter is to signal the BRA's commitment to partner on this project and to support the environmental remediation funding request as a part of this collaboration.

The BRA looks forward to reviewing the draft proposal and working closely with Edison Community Partners to strengthen the application and advance this important redevelopment project.

Sincerely,

Lucas Middleton

Chairperson

City of Kalamazoo Brownfield Redevelopment Authority

c: Antonio Mitchell, Community Planning & Economic Development Director
Heidi Waffle, Brownfield Project Assistant



EDISONCOMMUNITY PARTNERS

Kalrecovery Project Overview and Funding Update

July 24, 2025

Kalrecovery will provide 48 units of permanent supportive housing in Kalamazoo, including 46 apartments for people in recovery from opioid and other substance use disorders and 2 units for on-site staff. Residents will be participants or recent graduates of local drug treatment courts, and at least half of all units will be targeted to individuals transitioning out of homelessness. Edison Community Partners and Hollander Development are co-developing the project, and services will be provided by both Integrated Services of Kalamazoo (ISK) and the Kalamazoo County drug treatment courts.

The project will be primarily funded through Low-Income Housing Tax Credits (LIHTC), which have already been awarded by the Michigan State Housing Development Authority (MSHDA). These credits will attract private investment to help finance construction. Kalrecovery will also receive 46 federal project-based housing vouchers to ensure long-term affordability for extremely low- and very low-income residents (30% and 50% AMI, respectively).

Since receiving its tax credit award, the project has encountered a growing funding gap due to rising costs, federal policy changes, and market instability. Construction pricing is expected to continue rising due to inflation, labor shortages, and volatility in the materials market. Federal tariffs and supply chain disruptions are further contributing to cost uncertainty. Persistently high interest rates have also driven up borrowing costs. In

addition, the project site—formerly part of the Allied Paper mill—will require over \$700,000 in unforeseen environmental investigation and cleanup. The market value of tax credits has declined significantly, resulting in a nearly \$650,000 reduction in available LIHTC equity. Kalrecovery also lost eligibility for 45L federal energy-efficiency tax credits when the program was rescinded in the One Big Beautiful Bill Act, eliminating another anticipated source of capital.

To close the remaining gap, the development team has pursued a combination of local, state, and federal resources, including:

- A \$2 million grant from Kalamazoo County’s opioid settlement fund (approved in June 2025)
- A \$3 million low-interest loan from the Kalamazoo Community Foundation (in process)
- A \$1 million state appropriation grant through Rep. Julie Rogers’ office (pending; uncertain due to state budget negotiations)
- Grant applications to MDHHS, EGLE, and the City of Kalamazoo Foundation for Excellence (all pending)
- A \$4 million Greenhouse Gas Reduction Fund investment through LISC (approved in 2024 but unlikely to be awarded due to unresolved federal litigation)
- A \$3 million grant from the HUD CoC Builds Program (since cancelled by HUD and made inaccessible to the project)

Due to recent, unexpected federal Medicaid reforms, the development team is also seeking to expand a long-term reserve for supportive services and 24-hour security. This reserve will fund a dedicated benefits coordinator to help residents navigate new federal Medicaid requirements. Under changes enacted through the One Big Beautiful Bill Act, many low-income adults will face work requirements, copays, and additional administrative burdens to maintain coverage. However, individuals considered "medically frail"—including those with substance use disorders—may qualify for exemptions if properly documented and supported.

Residents of Kalrecovery will be among those most directly affected by these changes. Without assistance, they risk losing access to the healthcare services—such as medication-assisted treatment, behavioral health care, and primary care—that are essential to maintaining recovery. The benefits coordinator will help residents maintain continuous coverage. The 24-hour security presence will also be essential, providing safety and stability for a high-needs population committed to rebuilding their lives.

Without adequately funded reserves, the developers may be forced to abandon the project rather than risk creating a long-term public health and safety crisis in the neighborhood. The permanent supportive housing model only works when high-needs residents have access to robust supportive services. Otherwise, it can concentrate community problems rather than addressing them.

If funded, Kalrecovery will fill a critical gap in Kalamazoo's housing and behavioral health system, with a clear focus on serving Kalamazoo County residents. The development team remains committed to delivering this project and will continue working closely with MSHDA and local partners to secure the remaining capital. One of the project leads has been advancing this work since July 2018 without compensation, underscoring both the long-term commitment to this effort and the urgency of bringing it across the finish line.

Kalrecovery Cost Summary

Uses	Cost	Per Unit	%	Notes
Land	57,500	1,198	0.24%	
Construction Hard Costs	13,522,123	281,711	57.09%	
Professional Fees	790,271	16,464	3.34%	Architecture, engineering, legal, etc.
Interim Construction	553,426	11,530	2.34%	Insurance, construction loan interest, taxes, etc.
Permanent Financing Fees	145,142	3,024	0.61%	
Other Costs	319,348	6,653	1.35%	Market studies, appraisal, environmental due diligence, etc.
Equipment and Furnishings	576,000	12,000	2.43%	Includes full furnishings for some units to serve residents transitioning out of homelessness
Construction Contingency	1,014,159	21,128	4.28%	7.5% of hard construction. Increased from 5% to compensate for tariffs.
Start Up & Organization	255,786	5,329	1.08%	MSHDA and LIHTC syndication costs
Real Estate Reserves	407,969	8,499	1.72%	Operating reserves required by debt and equity partners
Services & Security Reserve	4,209,379	87,695	17.77%	Reserve to fund 24-hour security and a full-time benefits coordinator for the first 15 years
Solar Array	334,950	6,978	1.41%	Project is all-electric and utilities are included in rents. This will save the project \$250k+ in operating costs over 25 years.
Developer Fees and Overhead	1,500,000	31,250	6.33%	
Total Uses	23,686,054	493,459	100.00%	

Variance from S&U

0

Sources	Amount	Per Unit	%	Notes
First Mortgage (Hard)	2,182,103	45,460	9.21%	Freddie Mac financing through CPC Mortgage Company
KZCF Second Mortgage (Hard)	3,000,000	62,500	12.67%	Kalamazoo Community Foundation hard pay loan. Board approval is pending
Low Income Housing Tax Credit Equity	10,202,460	212,551	43.07%	Assumes \$0.84/\$1.00 tax credit equity rate as of 7/24/2025. This is a moving target
\$48 Energy Tax Credit Equity	140,679	2,931	0.59%	Section 48 solar energy tax credits (survived OBBA Act)
Other	-	-	0.00%	
Consumers Energy Rebates & Incentives	72,000	1,500	0.30%	This source cannot be fully verified until after construction but this is consistent with other recent projects
Kalamazoo County Housing Millage (New Construction)	576,000	12,000	2.43%	Funds are fully committed
Kalamazoo County ARPA	500,000	10,417	2.11%	Funds are fully committed
City of Kalamazoo ARPA	700,000	14,583	2.96%	Funds are fully committed
General Partner Equity	276,000	5,750	1.17%	Funds are fully committed
Kalamazoo County Housing Millage (Services)	299,597	6,242	1.26%	Funds are fully committed
State Appropriation Grant	-	-	0.00%	Applied for \$1 million in April 2025. Subject to ongoing state budget negotiations and uncertain probability
Kalamazoo County Opioid Settlement	2,000,000	41,667	8.44%	Approved by the Kalamazoo County Board of Commissioners in June 2025.
FHLBI AHP Grant	1,000,000	20,833	4.22%	Submitted \$1 million grant app in June 2025. High enough probability to include in sources
EGLE Grant	500,000	10,417	2.11%	Request pending, success likely
City of Kalamazoo FFE	850,000	17,708	3.59%	Request pending
MDHHS Opioid Settlement Funds	1,000,000	20,833	4.22%	Request pending, success likely. This amount may increase in order to reduce County or KZCF support
Deferred Developer Fee	387,215	8,067	1.63%	Paid from project cash flow (if available) over first 15 years of operation
Total Sources	23,686,054	493,459	100.00%	

Surplus/(Gap)

(0)

(0)

If a gap exists it is the amount needed to proceed with project

Funding Breakdown	Amount	Per Unit	%	Notes
Private Investment	14,188,457	295,593	59.90%	
Kalamazoo County	3,375,597	70,325	14.25%	
Philanthropy	3,000,000	62,500	12.67%	
City of Kalamazoo	1,550,000	32,292	6.54%	
State of Michigan	1,500,000	31,250	6.33%	This is in addition to the considerable value of the Low Income Housing Tax Credits and Project Based Vouchers
Other	72,000	1,500	0.30%	
Total Investment	23,686,054	493,459	100.00%	

Adjusted Total Development Cost	Cost	Per Unit	%	Notes
Total Development Cost	23,686,054	493,459		
Minus services/security reserve	(4,209,379)	(87,695)		15 years of benefits coordination and security
Minus additional FF&E	(384,000)	(8,000)		Added cost of fully furnishing a portion of units for households transitioning out of homelessness
Minus added contingency	(338,053)	(7,043)		Assumed cost of federal tariffs
Minus Phius premium over code minimum	(811,327)	(16,903)		Project will be certified to Phius for ultra-high energy efficiency. Estimated 6% premium for long term operational savings
Minus additional square footage	(676,106)	(14,086)		5% reduction in hard construction to eliminate supportive services spaces in buildings (estimated)
Minus added site environmental expenses	(693,594)	(14,450)		Directly attributable to brownfield site conditions of former paper mill site. This is probably a low estimate.
Adjusted total development cost	16,573,594	345,283		This is what the project might "normally" cost as typical LIHTC multifamily (not PSH)