4.11.25

Memo

17-acre City-Owned Site. Proposals for Development

To
Lisa Nocerini
City Manager,
City of Douglas

From
Ryan Kilpatrick
Flywheel Companies

Re
Preliminary Review of Proposals for Development of 17 Acre City-owned Site

This memo is intended to provide a brief overview of all four development proposals received by the City of Douglas for the 17-acre city-owned parcel on Wiley Road.

Broad Summary

All four development proposals demonstrated a firm understanding of the goals outlined in the RFP that was distributed in February of 2025. Each proposal attempted to create a tight-knit, walkable neighborhood with a mix of housing opportunities. Some of the proposals have done a better job of creating a broad diversity of both housing type and price point to reach the widest spectrum of workforce households without sacrificing quality design and level of finish. Some of the proposals will likely require modest zoning amendments to be feasible.

While each firm provided a compelling proposal, not all of the proposals were alike. The following provides a brief description of each proposal and the degree to which the proposal has met the stated objectives of the Douglas RFP.

Development Team		Total Units	Income Restricted	Unrestricted Homes	Purchase Price
Interra		**85**	**26**	59	$325,000
Allen Edwin	Option A	**94**	**19**	75	$1,740,000
	Option B	**94**	**52**	42	$643,800
Mosaic		**157**	**157**	0	$1,000,000
Redstone		**132**			$2,010,000
	Rental		**48**	0	
	For-Sale		0	84	

Redstone

The proposal submitted by Redstone and Sloane Capital offers a total of 132 homes with 48 homes (36%) priced and restricted for households earning between 80% and 100% of the Allegan County median income ($56,000 - $90,000 total annual household income, depending on household size). The income restricted homes would be available as rental units in a mixture of 2-bedroom and 3-bedroom flats. The building format is designed to mirror the appearance of a large single family home with a pitched roof and limited massing to blend into the broader neighborhood context. The remaining homes would be constructed as a mixture of attached townhomes, duplexes, and cottages.

The Redstone proposal includes two independent areas designated as public greenspaces as well as two semi-private courtyards oriented toward the multi-unit buildings and a cluster of cottages. Each of cottages and duplex units also has its own private greenspace.

Redstone has proposed a purchase price of $2,010,000 and has indicated a likely need for 25 years of tax increment reimbursement. The proposed project is likely to cost roughly $30,000,000 and would generate an estimate of $510,000 in total new tax revenue each year after build out is complete.

Interra

The proposal submitted by Interra offers a total of 85 homes with 26 homes (30%) priced and restricted for households earning between 80% and 100% of the Allegan County median income. The income restricted homes would be priced and sold within a range of $291,000 to $364,000 and would include a mixture of two-bedroom townhomes and three-bedroom villas.

Given the proposal to build fewer homes on the site, Interra has offered a significant share of the site to be set aside as greenspace. This is designed to include both shared courtyards as well as private yards for a majority of the homes. There is also a large green space on the northernmost portion of the site that is designated for stormwater management, but will likely be dry area available for passive recreation much of the year.

The offer to build fewer homes while still setting aside 30% of the units at 80 - 100% AMI requires Interra to offer a purchase price of $325,000 as well as a 15-year tax increment reimbursement. The total project cost is estimated to be roughly $34,000,000 and would likely generate around $575,000 in total new tax revenue each year after completion.

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Mosaic

The proposal submitted by Mosaic offers a total of 157 homes with all of the homes priced and restricted to income qualified households earning between 80% and 120% of the Allegan County area median income. Mosaic has offered an initial housing mix that would designate 31 of the homes for homeowners earning at or below 80% of the median income ($56,000 - $80,000 depending on household size). The remaining 126 homes would be priced and sold to income qualified buyers earning up to 120% of the area median income ($84,000 to $120,000). Consider that these homes would all be affordable to a two-income household in which one adult is earning $40,000 - $60,000 per year and the other is earning $60,000 - $80,000). This could very likely include a local police officer and school teacher, or restaurant employee and bank manager.

Mosaic has offered to include a mix of housing types that include rowhomes, two and three-bedroom townhomes, duplexes, cottages, and single family homes. The initial proposal submitted has suggested that all of the homes in the site would be for-sale / owner-occupied. However, Mosaic has also indicated an openness to providing year-round rental options and/or smaller housing options if the Douglas Council would like to encourage even greater affordability in the project.

The Mosaic proposal includes several intimate courtyard spaces, small parks, community greens, a playground, a dog park, a pool, and small private yards for the majority of homes in the community.

Mosaic has offered a purchase price for land of $1,000,000 and has suggested a tax increment reimbursement period of 15 - 20 years. The project estimated to cost an estimated $60M - $70M and would generate roughly $1,100,000 in new tax revenue each year after project completion.

Allen Edwin

The proposal submitted by Allen Edwin offers a total of 94 homes with two potential options targeting affordability. In option A, Allen Edwin proposes that 19 of the homes (20%) would be affordable to households earning 80% - 120% AMI (a specific unit count at 80% or 100% was not provided). The remaining 75 homes would not be income-restricted but would be deed restricted to prohibit short-term rentals. This option includes a 15-year income-restriction and an 18-year tax capture. The purchase price would be equivalent to the appraised value (estimated at $1,740,000).

In Option B, Allen Edwin proposes that 53 of the homes (56%) would be affordable to households earning 80% - 120% AMI with the remainder unrestricted (though still including a prohibition against short-term rentals). This option includes a 15-year income restriction and a 25-year tax capture. The purchase price would be equivalent to 37% of appraised value (estimated at $643,800).

Regardless of which option the Douglas City Council selects, Allen Edwin has proposed to work closely with the City to select the appropriate mix of rental and owner-occupied housing on the site.

The proposal from Allen Edwin includes two large green spaces, one of which would be designated for stormwater management, as well as three sizable surface parking lots.

Total project cost is estimated to be $25M with an estimated annual total tax revenue of $425,000 upon project completion.

Recommendation

We advise that the City Council consider the following factors and narrow the list of proposals to two prior to scheduling interviews with the selected development teams.

Quality of site design and community appeal: 25 points
- Pedestrian oriented neighborhood
- Usable green space for a variety of ages and interests
- Reflection of quality and character of the City of Douglas

Variety of housing options for various household types and sizes: 25 points
- Townhomes
- Multi-family
- Small cottages
- Single family homes

Depth and Breadth of affordability for the regional workforce: 25 points
- Total income restricted homes
- Number / share of income restricted homes at or below 80% AMI
- Number / share of income restricted homes at or below 100% AMI
- Number / share of income restricted homes at or below 120% AMI

Economic cost/benefit to the City of Douglas: 25 points
- Proposed purchase price
- Estimated new tax revenue after project completion
- Requested period of tax increment financing

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