



October 3, 2019

Jennifer Howland
Community Development Director
City of Grand Haven
11 North 6th Street
Grand Haven, MI 49417

Via EMAIL

Re: Planned Development Application – Modification of Affordable Housing
Peerless Flats & Hotel

Dear Ms. Howland:

As we discussed, based on a multitude of factors, we are unfortunately unable to include affordable units in our proposed development.

Specifically, and as you are aware, early in the process we had been told by MEDC that they would be supportive of a fairly significant grant on the portion of our project that had affordable units and MSHDA financing. However, in March of this year, we were informed this grant would not be available on this part of the project.

At that time, we made the determination that we could overcome this by shrinking the MSHDA financed portion from 60 units to 48 units (with 13 affordable units) and leaning on MSHDA for additional gap funding. Over the past 6 months we spent considerable time and money under the strong assumption that we would get MSHDA support for our project, based on multiple meetings and exchange of information. Unfortunately, over the past 30 days we have been informed that they would not support our project with any gap funding.

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Between MEDC, MSHDA, increased construction costs and increased environmental costs, there is not a path forward to include any affordable units. If, during the construction of this project, a non-profit or other entity comes forward that could assist in adding some level of affordable units we definitely would consider opening up a discussion but simply cannot commit to anything at this time.

We understand that removing the 13 affordable units is a change in the plan and we are just as disappointed as anyone. We remain bullish on this project, and are hopeful we will be allowed to proceed with this project without these units included.

Please let me know if we can get in front of the Planning Commission as soon as possible to determine whether we have to conduct an additional public hearing.

Please do not hesitate to let me know if you have questions regarding this Information.
Thank you.

Sincerely,

RIVER CADDIS DEVELOPMENT, LLC



Kevin T. McGraw