

City approves riverfront land sale for affordable housing despite criticism

Rachel Watson - February 12, 2025



P.S. Equities is partnering with Dwelling Place for a proposed 80-unit affordable housing project at 427 Market Ave. along the Grand River. Credit: Hooker DeJong Inc.

The city of Grand Rapids has approved an option agreement to sell prime riverfront property for affordable housing, plans that a downtown development leader criticizes as the wrong project for the location.

The Grand Rapids City Commission on Tuesday approved a one-year option agreement for Mount Pleasant-based P.S. Equities Inc. to acquire a 1-acre city-owned lot at 427 Market Ave. SW. The developer is planning a five-story apartment project on the site that would include at least 75 units of mixed-income housing, including at least 24 affordable units.

The sale price for the parcel is expected to fall between \$800,000 and \$1 million, though the final price will be negotiated later.

P.S. Equities is partnering with Dwelling Place of Grand Rapids on the project, which would span 427 Market Ave. and an adjacent half-acre parcel that P.S. Equities owns at 449 Market Ave. SW.

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Renderings of 427 Market Ave. affordable housing project. Credit: Hooker DeJong Inc.

Per the option agreement with the city, 60 of the 75 units would need to be reserved for households making 120% or less of area median income. Of the 60 income-restricted units, at least 40% of those (24 units) would be reserved for households making 60% or less of AMI.

The partners are applying for federal Low-Income Housing Tax Credits through the Michigan State Housing Development Authority to support the project, which they say would need some type of public funding support to pencil out.

The property is south of Wealthy Street on the east bank of the Grand River, just south of the future Acrisure Amphitheater, where up to 475 units of housing are proposed. It also is just less than a half-mile south of the proposed three towers mixed-use riverfront project at Fulton Street and Market Avenue SW that will include above market-rate housing.

The city's master plan, GR Forward and the River for All plans all have long envisioned mixed-use redevelopment of this stretch of the river. In 2021, amphitheater developer Grand Action 2.0 also published a

vision for 31 acres of prime riverfront property at and around the amphitheater site, which included this parcel. The conceptual plan was for a mixed-use entertainment district that would include housing.

But not everyone believes 427 Market makes sense for affordable housing.

Tim Kelly, president and CEO of Downtown Grand Rapids Inc., sent a letter to the city commission on Feb. 10 stating that while DGRI “fully supports the rapid expansion of housing supply” downtown, including affordable units, he questions the choice of this location for the project.

“We support the idea of housing in this location,” he wrote in the letter. “But given the competitive nature of the Low-Income Housing Tax Credit (LIHTC) process, we believe there are alternative sites in Downtown that would be more competitive and would thus deliver on our collective goals more quickly.”

The letter did not indicate what alternative sites DGRI suggested or why they would be more competitive. Kelly was not immediately available to comment.



A site plan for the proposed project at 427 Market show surface parking located between the building and the river. Credit: Hooker DeJong Inc.

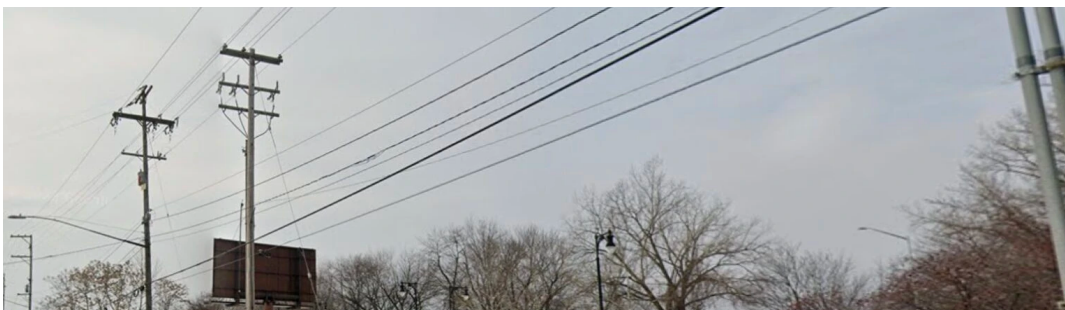
He also said in the letter that the project design does not meet the city's land-use goals for this stretch of riverfront, which call for pedestrian-oriented development on both the street and river sides of the property with active ground-floor uses like retail, dining and entertainment.

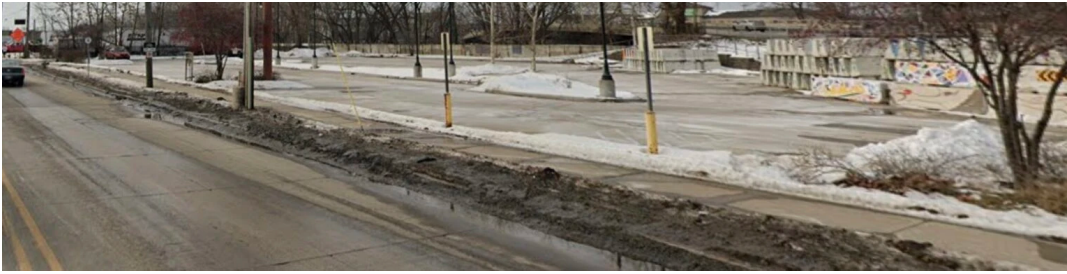
As proposed, P.S. Equities and Dwelling Place's project calls for some ground-floor covered parking spaces, along with residential uses like a mail room and lobby. It also includes a surface parking lot between the building and the river.

Jacob Horner, chief real estate development officer for Dwelling Place, told Crain's Grand Rapids Business that a third-party analysis required by MSHDA found the project would not be feasible or marketable without adequate parking. But the developers are constrained in where they can put the parking because of a 50-foot easement that the city holds along the river side of the property. The easement preserves access to a sewer main running out to the flood wall, as well as public access to the planned Grand River Greenway riverfront trail.

"Surface parking is allowed in the easement area, but a (parking) structure would not be," Horner said.

The project's other challenges include that it's in a flood plain along the Grand River. While MSHDA said this does not exclude it from LIHTC consideration, new construction on the site would need to be elevated above the floodplain and obtain permits from the Michigan Department of Environment, Great Lakes and Energy, according to MSHDA spokesperson Katie Bach.





The city currently owns the site at 427 Market. Credit: Google Street View

The development team acknowledges it's "a challenging site," Horner said. He met with DGRI to hear their suggestions of alternate locations, but said P.S. Equities and Dwelling Place have already devoted more than a year of time and funding to this process and would like to move forward.

"They just want to make sure that it jives with community priorities, and so do we," he said, referring to DGRI's concerns. "We're certainly happy to take that input and have the best project we can put together and have something that's going to be well embraced by the community."

City Commissioners Milinda Ysasi, Marshall Kilgore, AliciaMarie Belchak and Kelsey Perdue all spoke in favor of building affordable housing in this location ahead of the unanimous vote Tuesday.

"I think this is a beautiful show of who we are as folks in Grand Rapids that we want all different types of folks with different income levels to be able to have ... prime real estate right on the river," Kilgore said during Tuesday's committee of the whole meeting.

Ysasi called it a "higher use" than surface parking.

"It's also adding something that ... we have said is truly a priority for us — affordable housing," she said. "To be able to say we can do transformational projects and we can have LIHTC projects (on the river), I think is for me a point of pride."





The 427 Market property is located just south of the Acrisure Amphitheater. Credit: Kent County Parcel Mapper

Commissioner Drew Robbins asked the developers what they plan to do if the project is not awarded LIHTC, which is a famously competitive program.

Horner said the developers are considering multiple funding avenues through MSHDA, including the less competitive strategic investment category of the LIHTC program.

“But the site does have a lot of attributes to it that lend it to affordable housing development, and we think MSHDA will see that,” Horner said.

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