



KENSINGTON SCHOOL BID PACKAGE ON BEHALF OF NON-PROFIT TO BE FORMED BY EENHOORN



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February 1, 2023

Grand Rapids Public Schools
1331 Martin Luther King Jr Street SE
Grand Rapids, MI 49506

Re: *Bid Package* – **Kensington School** located at 1061 Kensington Avenue SW, Grand Rapids, MI

Dear District Staff Members and Members of the Board of Education:

We thank you for offering the opportunity to bid to acquire Kensington School. We thank the Members of the Board of Education for listening to the public input when contemplating the future of the building and opting to open a bid process vs moving forward with demolition without consideration of other alternative solutions.

Eenhoorn, L.L.C. (“Eenhoorn”) is a real estate investment and property management company headquartered in Grand Rapids, Michigan. Eenhoorn affiliated companies have invested into more than 100 properties in 15 states as well the Netherlands. A large portion of these investments have been made in Grand Rapids and the surrounding communities, and several of the properties owned and managed by Eenhoorn are subject to the low-income housing tax credit restrictions of Section 42 of the Internal Revenue Code.

Eenhoorn has experienced firsthand the effects of the housing shortage on existing and prospective residents as supply and demand have continued to increase pricing. As demonstrated in Housing Next’s 2020 study, the City of Grand Rapids has a severe shortage of housing and will need to construct nearly 9,000 units by 2025. As community stewards, we feel it’s our obligation to assist in finding innovative solutions to help those that have been affected, including the most vulnerable people in our city that suffer from being chronically unhoused.

Eenhoorn’s intent is to form a non-profit to purchase and convert Kensington School into an innovative co-housing community for twenty-seven to thirty prospective households. Much of the common areas will be preserved for recreational and support services for the residents. For example, the principal offices will be repurposed for a social worker and part time medical professional.

The micro units themselves will be constructed of prefabricated panels constructed offsite which will fit precisely into the existing classrooms. Each unit will have its own electric HVAC and plumbing will be run underneath a new subfloor which sits on top of the existing floor. Hence other than upgrades to the electrical system, little or no demolition will be required.

Eenhoorn has hired a consultant with extensive experience engineering and constructing prefabricated apartment units. He has worked with the existing blueprints such that each classroom fits between 2 – 3 micro units. He has had preliminary discussions with the Grand Rapids Zoning department which is supportive of the proposed use. Likewise, discussions have taken place with the Grand Rapids Building department which also is supportive of the proposed use and feels that the proposed construction can be accomplished within the existing building codes.

Eenhoorn will finance, oversee, and manage all the construction process in house and will partner with a community non-profit to operate the facility upon completion. Members of the Eenhoorn management team have engaged with several prospective non-profit partners who have indicated significant interest, including Community Rebuilders, Mel Trotter and Next Step. Eenhoorn has also received letters of support from other non-profit organizations, including Heart of West Michigan United Way which is attached.

Included within you will find our formal bid package which includes renderings of expected apartment layouts and letters of support.

We look forward to answering any questions you may have regarding our proposal.



Bid Terms and Conditions

- Purchase Price: \$400,000
- Bid Deposit: \$5,000 cashier's check provided with bid which shall be forfeited as liquidated damages if said bid is accepted and the Eenhoorn fails to enter into the Purchase Agreement. The deposit amount will be credited to the purchase price at closing of the sale. If the District has accepted another bid, the deposit amount will be returned within five (5) days.
- Terms of Payment: The purchase price, inclusive of any earnest money deposit, shall be paid in cash at closing, plus or minus any prorations.
- Earnest Money: Upon completion of the signing of a Purchase Agreement, Purchaser shall deliver an additional wire deposit of \$35,000.00 (Thirty Five Thousand Dollars) to River Valley Title of Grandville, MI to hold for a total of \$40,000 (Forty Thousand Dollars) as earnest money. The earnest money will be a hard money deposit and will be non-refundable except for the conditions outlined below.
- Purchase Conditions: Purchase of the Property is contingent upon:
- Ninety (90) days from the time the bid accepted to obtain all relevant permits from the City, including without limitation a Zoning change and Special Land approval by the City of Grand Rapids
 - At Purchaser's sole discretion, by depositing an additional \$10,000 (Ten Thousand Dollars), the due diligence can be extended by 90 days to accommodate the City timeline for Zoning and Special Land Approvals. All other contingencies will be waived at the end of the initial due diligence period.
- Note: This expected timeline was provided by Tyler Kent, Satisfactory review of Title, Environmental Reports and Survey and Title to Purchasers acceptable to Purchaser's sole discretion.
- 90 Day Due Diligence Period defined below
- Due Diligence: Purchaser shall have 90 days during which to complete its due diligence after acceptance and execution of the Purchase Agreement. Documents and reports in Seller's possession related to the Property will be supplied within 5 days of the signed Purchase Agreement (to be detailed in the Purchase Agreement). 90 day Due Diligence period will not commence until all items from DD list have been provided to Purchaser. Purchaser shall have the right to inspect the Property and perform any studies with respect to structure, environment, regulation, title, book and record. Any reports or studies completed on the Property by the Purchaser shall be the property of the Purchaser. The purchase shall be on an "As Is" basis. During the Due Diligence Period, Seller shall not market the Property as being for sale and shall not solicit or accept offers from third parties. At



Purchaser's sole discretion, by depositing an additional \$10,000 (Ten Thousand Dollars), the due diligence can be extended by 90 days to accommodate the City timeline for Zoning and Special Land Approvals. All other contingencies will be waived at the end of the initial due diligence period.

- Delivery of Documents: Within 5 days of the signing of the Purchase Agreement, Seller shall deliver to Purchaser any information in Seller's possession pertinent to the Purchaser's due diligence process. 30-day Due Diligence period will begin upon delivery of final documents.
- Environmental & Survey: Seller shall provide to the Purchaser a copy of the most recent Phase I Environmental Site Assessment (and any additional Phase II required items) and ALTA survey for the Property, if any.
- Title: At Close of Escrow, Seller shall convey title to the Property to Purchaser by general warranty deed, subject to non-delinquent real estate taxes to be prorated based upon the calendar method; matters set forth in the Report accepted by Purchaser, and any additional matters accepted in writing by Purchaser.
- Title Policy: At Close of Escrow, Seller shall provide Purchaser with a Standard Owner's Title Insurance policy.
- Closing Costs: Seller will pay State and County transfer taxes, and the cost for an ALTA Owner's Title Insurance Policy. Seller and Purchaser shall equally share all escrow fees. Any current assessments, levied prior to close, shall be paid for by Seller. Any assessments levied after closing shall be the responsibility of Purchaser. Property taxes to be prorated based on the taxes being assumed to be paid in arrears. Thus, when taxes are paid, they are being paid for the prior 12 months of usage in all instances and will be prorated based on the period each party has owned the property. Taxes related to future payments will be held in escrow at closing and credited to the Purchaser. Other income and expenses will be prorated as of the closing date.
- Closing Date: Upon acceptance by Seller of this Bid, Purchaser shall deliver to Seller a proposed Purchase Agreement within 3 days. After acceptance and execution of the Purchase Agreement, Purchaser shall then have 90 days during which to complete its due diligence. This 90 Day Period will begin once all items of the DD list have been provided to Purchaser. The Closing Date will occur as soon as the Purchaser has received approval from all relevant permits from the City, including without limitation a Zoning change and Special Land approval by the City of Grand Rapids.
- Broker: The Seller will be solely responsible for the brokerage commission arising out of this transaction.



Assignability: Purchaser will have the ability in its sole and absolute discretion to assign this bid or resultant Purchase Agreement to another related entity, in which Paul C. Heule is a principal and maintains operational control.

This Bid, when accepted, will constitute a preliminary agreement between Seller and Purchaser to negotiate in good faith toward the signing of the Purchase Agreement consistent with the terms of this proposal. It is understood that both parties will use their best efforts to enter into a Purchase Agreement.

Until the Purchase Agreement is signed and delivered by both parties, either party may, in its sole and absolute discretion, terminate negotiations at any time, for any reason, or for no reason, without liability.

Sincerely,

Paulus C. Heule
CEO of Eenhoorn, LLC

AGREED AND ACCEPTED SELLER:

By:

Date:

Title:

Company:



Bid Package Supporting Details

The following information is being supplied to the Board of Education to be used in determining which bid best serves the interests of the district, as requested within the bid:

a. Entity's name, type, and LARA ID number.

Eenhoorn, LLC
Multi-family real estate investor based in West Michigan
LARA ID #: 801095496

b. Entity's contact information, including registered office mailing address.

Address: 231 Fulton St W, Grand Rapids, MI 49503
Phone: 616.530.5500

c. Entity's incorporation information and other relevant filings or documentation.

Attached within the supporting documentation is the Company's articles of organization.

d. The names, positions, and contact information for members of the entity's governing board.

Paulus C. Heule – CEO

Office: 616.855.3333

Email: pcheule@eenhoorn.com

Unity Franko – President

Office: 616.855.3336

Email: ufranko@eenhoorn.com

e. Entity's financial statements, such as Form 990s and Audited Financial Statements.

Attached within the supporting documentation is a statement from the principal's primary banking relationship attesting to the Purchaser's ability to close and consummate the transaction "all cash".

f. Entity's mission statement, business model, and current programs.

Eenhoorn owns and manages primarily multifamily real estate, ranging from Class A high rise to low-income housing. It is Eenhoorn's on-going commitment to satisfy our residents by setting new standards for superior services, to provide our co-workers a creative and challenging work environment, and to reward our investors by enhancing the value of our properties. We welcome you to experience Eenhoorn, where people come first.



g. Statement of entity's connection to Grand Rapids and/or the surrounding areas, including prior and current involvements or projects in the community.

Eenhoorn is the largest globally invested multi-family investor based in West Michigan. Founded in 1988 by Carl and Paul Heule, Eenhoorn has always subscribed to a conservative, hands-on, counter-cyclical investment strategy. Eenhoorn began with 23 units in Heritage Hill, Grand Rapids, Michigan. Today, Eenhoorn's properties spans across 6 states, with our largest presence and office headquarters in Grand Rapids, MI. Our properties include various uses, including market rate, low-income, and senior housing. Eenhoorn's Michigan portfolio consists of over 20 multi-family properties, with 11 of them in the Grand Rapids area.

Eenhoorn has been an active community steward, assisting in several non-profit initiatives including but not limited to providing housing scholarships through Family Promise. More information can be found here: [Family Promise Video](#)

h. List of entity's current memberships in community organizations, such as the Chamber of Commerce.

Eenhoorn has been a regular supporter of local community organizations including but not limited to as the Right Place, GRAM, St Cecilia, the Grand Rapids Symphony and the VAI. In addition, through its position as Honorary Consul for the Netherlands, Paulus C. Heule has hosted numerous events and dignitaries to support and promote cross cultural and business ties between Grand Rapids and The Netherlands.

i. Entity's intended use of the Property.

Our intent is to create a private/nonprofit collaboration intended to meet the long-term socio-economic and health/safety needs of unsheltered homeless persons in downtown Grand Rapids via the conversion of Kensington School into a co-housing community development. This proposal is an innovative approach to affordable housing within the City of Grand Rapids which incorporates proven interim solutions to resolving chronic homelessness.

To achieve the intended use, we would refurbish existing common areas and install "stand alone" (i.e. its own floor, ceiling, walls, HVAC and plumbing) micro units in the existing class rooms. See further detailed plan and explanation within the Prospective Business Plan below.

j. A detailed business plan for the Property, including the intended market, financial projections, management team, marketing plans and goals, potential obstacles, and projected timeline.

See Prospective Business Plan below.

k. List of sources of funding, including any partnerships and sponsorships.

Eenhoorn will self-fund the cost of construction. Upon completion, Eenhoorn will operate the property as a non-profit in partnership with another non-profit partner focused on providing housing for the most vulnerable portion of our Grand Rapids population.



i. Any parties and/or entities who will support or contribute to the restoration, construction, demolition, or improvement of the Property.

The property's restoration, construction and improvement will be overseen by Eenhoorn Development, LLC with consultation by LeRoy Johnson of Johnson Product Development. Eenhoorn has completed both rehabilitation and ground up construction on hundreds of apartments throughout the country. Recently, Eenhoorn completed a large-scale exterior rehabilitation of a historic school in Wisconsin under the restrictions of the Secretary of the Interior's Standards for Rehabilitation, in which they were rewarded historic rehabilitation credits.

LeRoy Johnson of Johnson Product Development has extensive experience in product design which includes designing and constructing prefabricated interior paneling for tiny homes and apartments. LeRoy has worked with several of the large general contractors in west Michigan. Please see LeRoy's assessment letter included within.

m. List of benefits to the neighborhood, community, and GRPS that the proposed development will provide.

Housing is one of the most important factors that influences a person's physical and mental well-being. Poverty limits people's options and choices, leading it to be linked to a vast range of health problems. The people that we intend to house are already in the overall neighborhood but are currently unsupported. We hope to service a portion of this population to make a material difference. The current building is rundown. Having the building rehabilitated will substantially add to the curb appeal of the overall neighborhood. Since the neighboring property is owned by the City of Grand Rapids, the intended use will not materially interfere with nearby community members.



Prospective Business Plan

Overview

Eenhoorn's intent is to convert Kensington School into transitional housing in the form of a co-housing community for twenty-seven to thirty prospective households. This will be done by repurposing the existing classrooms with very little demolition into apartments using prefabricated panels constructed offsite. Eenhoorn has hired a consultant with extensive experience in engineering and constructing prefabricated apartment units. Eenhoorn will finance, oversee, and manage all the construction process in house and will partner with a community non-profit to operate the facility upon completion. A draft of a prospective plan has been included in the supporting documents of our bid.

Intended Market

Eenhoorn has experienced firsthand the effects on the housing shortage on existing and prospective households as supply and demand have continued to increase pricing. As demonstrated in Housing Next's 2020 study, the City of Grand Rapids has a severe shortage of housing and will need to construct nearly 9,000 units by 2025. As community stewards, we feel it's our obligation to assist in finding innovative solutions to help those that have been affected, including the most vulnerable, homeless individuals in Kent County.

Our intended market included twenty-seven to thirty households residing in a place not meant for human habitation within the geographically targeted outreach region encompassing the Downtown Grand Rapids business district. Such households will be identified, assessed, and prioritized for this housing. Upon acceptance of this housing option, households will self-select an option of immediate long-term tenancy or an interim stay. Voluntary supportive services will be offered to assist households with long-term housing stability, and resolution of social determinant of health.

The Community Housing Connect Geographically Targeted Housing Outreach (GTHO) Assessment has been approved by the Grand Rapids Area Coalition to End Homelessness and utilized in two successful GTHO efforts in downtown Grand Rapids. This assessment will be utilized to prioritize persons for entry into the project. Key indicators of health and well-being related to length of time homeless, unaddressed health needs, exposure to physical/financial manipulation, and lack of income are utilized to prioritize.

Long-term tenants become permanent residents of the property with full rights and obligations of tenancy. Households contribute a maximum of 30% of their gross adjusted household income on a sliding scale basis. Developing a habit of contributing rental payments over time assists households in developing successful payment behaviors such as identifying banking and payment options i.e. check, money order, etc.

An interim stay at the property is intended to provide residents with a safe and stable place to reside while seeking other permanent housing options. This may include determining that a co-housing opportunity at the property meets their needs. Interim stays are designed to be 120 days or less. During this time, the resident is working with a trained Housing Resource Specialist with our non-profit partner to identify an alternative permanent housing option.

Project Scope and Expected Costs

Eenhoorn's intended use of the Property includes refurbishing existing common areas and installing "stand alone" (i.e. its own floor, ceiling, walls, HVAC and plumbing) micro units in the existing classrooms. Much of the common areas will be preserved for recreational and support services for the residents. For example, the principal offices will be repurposed for a social worker and part time medical professional.

The micro units themselves will be constructed of prefabricated panels constructed offsite which will fit precisely into the existing classrooms. Each unit will have its own electric HVAC and plumbing will be run underneath a new subfloor which



sits on top of the existing floor. Hence other than upgrades to the electrical system, little or no demolition will be required.

Based on preliminary estimates, which are subject to vary based upon further guidance from City officials, the project is anticipated to cost approximately three million dollars.

Projects Expected Ongoing Costs

Eenhoorn will finance, oversee, and manage all the construction process in house and will partner with a community non-profit to operate the facility upon completion. Members of the Eenhoorn management team have engaged with several prospective non-profit partners who have indicated significant interest, including Community Rebuilders, Mel Trotter, and Next Step.

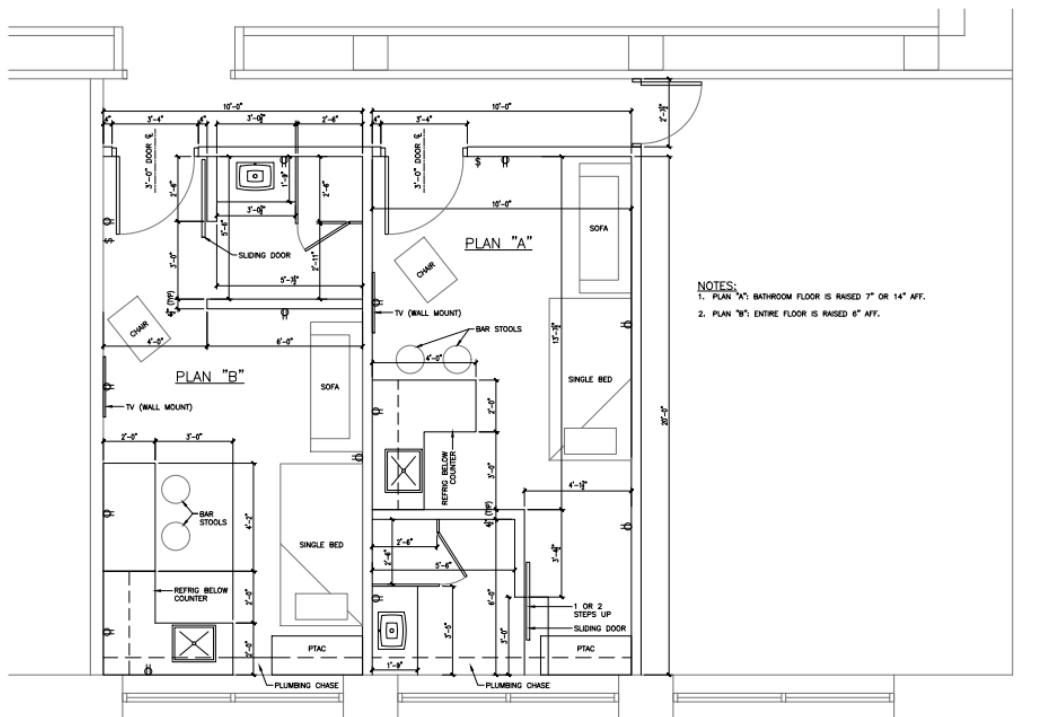
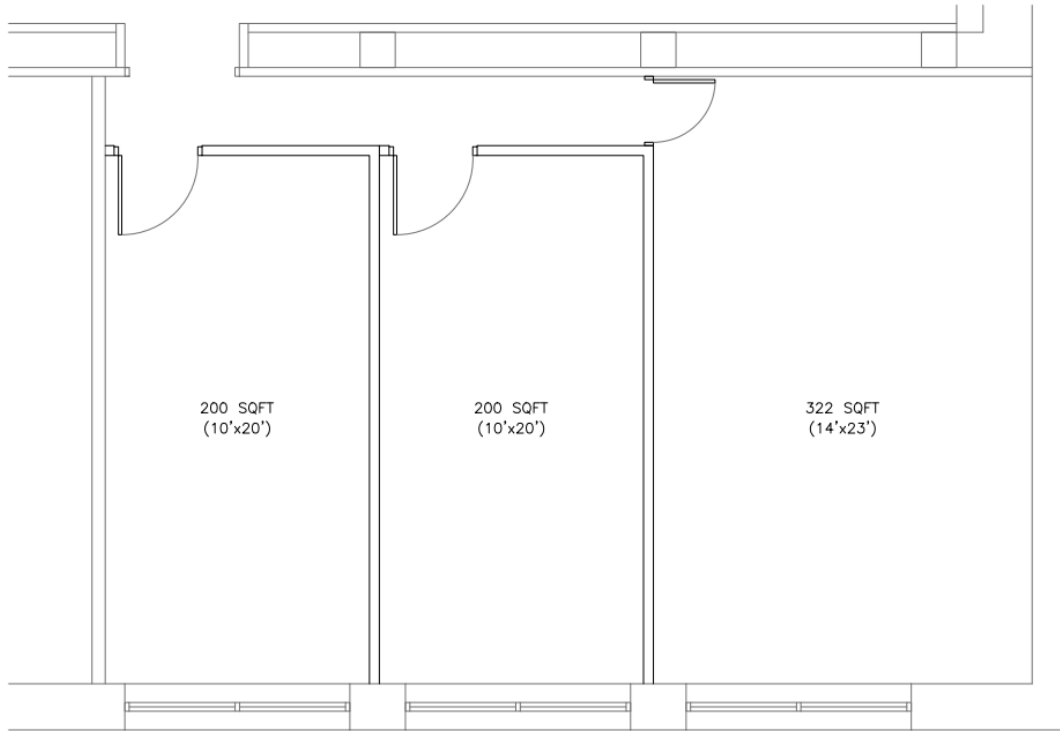
To keep overhead and associated costs low, the property will utilize wrap around services provided by the existing operations of our non-profit partner. The building maintenance and operational costs will be supported by our non-profit partner and are expected to be very efficient as the apartments will be simple in design with no major appliances. Apartments will be individually temperature controlled using ptac units that are very efficient.

To ensure the safety of our residents and the surrounding community, the property will have a 24-hour in person or virtual doorman and on call maintenance. Doormen provide courtesy services such as opening and closing doors, screening visitors, accepting packages, and playing an important role in ensuring the safety of everyone who visits. Doormen (virtual or in person at operator's discretion) may also be responsible for checking identification to ensure that only authorized individuals can access certain areas of the building. All communal areas including shared restrooms, hallways and entry ways will be cleaned regularly. Landscaping and snow removal services will be provided.

Timeline

The project is anticipated to take up to 12 months to construct.

Floor Plan Renderings





Johnson Product Development, LLC Assessment Letter



Johnson Product Development, LLC
Innovation and Engineering
Motion Systems and Technical Tiny Homes

January 24, 2023

To: Paul Heule and Peter Scudder, Eenhoorn LLC

I have accessed the Kensington Elementary School Building (later used to house the Adelante High School). The structure is about 98 years old. It is basically still in structurally sound condition. My engineering assessment included review of the original architectural drawings, two walk throughs of the building, discussion with GRPS maintenance personnel, emails with The City of Grand Rapids Assistant Planning Director and a phone call with the City's Building Official.

I was asked to determine if it would be feasible to construct modular living spaces (tiny homes/apartments) inside the classrooms and other areas. My findings indicate that 27-30 modular units of approximately 200 square feet or larger could be installed in the school and also have many additional community spaces incorporated.

This building would make an ideal location and structure for transitional housing for our community. The only major barrier, that I am aware of at this time, is that the school would need to be rezoned to permit residential living and specifically allowing for "congregate living". This seems very doable but will require zoning changes and special use permits. Tyler Kent, Assistant Planning Director for the city of Grand Rapids, has already assisted us in this process and has been supportive. I have had an extensive phone call with Steve Devlaeminck, Grand Rapids Building Official on what would be needed to meet the city's inspection and approval for this repurposing of the Kensington School. Steve was very supportive and helpful in guiding me to what ordinances would be used to approve such a building program. I have a follow up meeting in early February to better understand the specifics of these requirements.

Based on the due diligence noted, the preliminary indications are all positive for rezoning and city building inspections and approvals. I see this venture as feasible and also a win-win for the GRPS and our community.

Sincerely,

LeRoy B. Johnson, P.E.

Johnson Product Development, LLC, 4131Mc Cabe Ave. NE, Ada, MI 49301 616-915-4102
leroy@johnsonproductdevelopment.com



Heart of West Michigan United Way Letter of Support



Heart of West Michigan
United Way

118 Commerce Ave SW
Grand Rapids, MI 49503

P: 616.459.6281
F: 616.459.8460

hwmuw.org

January 20, 2023

Grand Rapids Public School Board
1331 Martin Luther King Jr St. SE
Grand Rapids, MI 49506

Dear Grand Rapids School Board Members:

I am writing to express Heart of West Michigan United Way's support for Eenhoorn's bid to purchase the now-vacant Adelante High School located at 1061 Kensington SW. Paul Heule, Eenhoorn's president, is committed to developing an innovative solution for housing 27-30 individuals currently experiencing homelessness.

As of last week, there were 106 chronically homeless individuals in Kent County. The non-profit housing agencies are working diligently to solve chronic homelessness- making it rare, brief, and one-time for individuals. To make progress, Kent County- and, specifically, the city of Grand Rapids- needs additional permanent supportive housing units. Eenhoorn is willing to make an investment in this critical work and will partner with a non-profit organization to carry out the plan.

This additional housing infrastructure is necessary for Grand Rapids to continue to improve public health and safety in the downtown area and allow businesses to thrive. Thank you for your consideration of Eenhoorn's bid to purchase this property. Your approval will make a tremendous difference for our community!

Respectfully,

Michelle Van Dyke
President & CEO