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# Muskegon mixed-used development embraces long-time industrial shoreline

Written by [Nick Manes](#)

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The Sappi Paper Mill is being demolished after operating on the southern shores of Muskegon Lake for more than a century. In its place, a group of a dozen developers known as Pure Muskegon plans an as-yet-undefined mixed-use development with potential opportunities for housing, senior living, retail, offices and a hotel.

Courtesy Photo

MUSKEGON — A group of a dozen investors wants to bring a world-class mixed-use development to a mile-long section of the Muskegon Lake shoreline that has been an industrial site for more than a century.

While the plans are still in the early stages as a long site remediation process continues, **Pure Muskegon LLC** unveiled what it believes are the development opportunities for the 120-acre former Sappi Paper Mill property on the southern end of the lake. Those new uses at what's been branded Windward Pointe could include housing, retail, offices, hotels and more, all of which investors believe could catalyze the revitalization of the former heavy industrial brownfield site.

The overall price tag for those improvements could top \$200 million, said Larry Hines, a partner in Pure Muskegon, who called the site an "unmatched redevelopment opportunity."

"It's a very preliminary number, but we've done some work and some planning so we have some idea ... what impact that might be," Hines told MiBiz. "But those plans aren't finalized yet. The number isn't set in stone, by any imagination."

After acquiring the nearby Muskegon Country Club last year, Pure Muskegon closed on the Windward Pointe property in late July after coming to an administrative agreement with Sappi Paper, Melching Demolition (the immediate past owner), the Michigan Department of Environmental Quality and the Michigan Attorney General's office. The legal agreement cleared deed restrictions on the property that would have prevented non-industrial uses on the contaminated site, which is being remediated by Melching.

According to Hines, president of **The Hines Corp.**, a Muskegon-based industrial holding company, Pure Muskegon will work over the next several months to address the complicated environmental remediation process, develop requests for proposal and identify development partners. Still, the group anticipates any significant construction work on the site is at least a year away.

"It's certainly our plan to have more informational sessions at some point in the future when we have some more details we can share and announce," said Wes Eklund, another Pure Muskegon partner and the CEO of Muskegon-based **Fleet Engineers Inc.**, a transportation company. "Today, (plans are) more of a clean sheet of paper."

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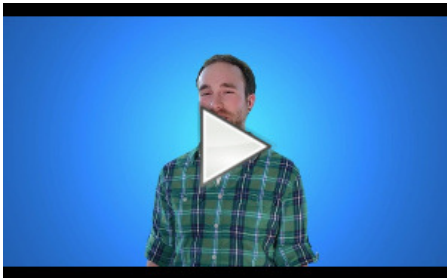
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## CLEANING UP

In essence, discussions about possible redevelopment of the Sappi Paper Mill, which was previously known as S.D. Warren, began in earnest when the plant closed in 2009.

According to Hines, the Pure Muskegon partnership began looking into the site more than three years ago, but quickly faced challenges with environmental remediation and lifting the deed restrictions on the property that reserved it for industrial use. Having worked on about 25 transactions, Hines described the Sappi Paper site acquisition as the most complicated one in his career.

In many ways, the development group's work is just beginning, according to experts in environmental cleanup and brownfield redevelopment.

To help in that remediation process, the DEQ provided a \$1 million brownfield grant to demolish the existing smokestacks that still stand on the property.

But even that amount of funding will go quickly on such a large site, according to Bret Stuntz, a senior project manager in West Michigan for **AKT Peerless Environmental Services LLC**.

Stuntz and colleague Dan Wells told MiBiz that traditionally, environmental cleanup can account for between 5 percent and 20 percent of total costs on large-scale brownfield redevelopment projects.

"A \$1 million grant is nothing to sneeze at," Wells said. "Banks see that and that can leverage further lending and help to get other people behind it."

Additionally, another environmental cleanup expert said Pure Muskegon's undefined development timeline and lack of project specifics are understandable given that the group only acquired the property and a great deal of site work remains.

"You have to do a thorough investigation of the property (to identify what kind of contamination sits in the ground)," said Grant Trigger, Michigan cleanup manager for **RACER Trust**, a Livonia-based group that remediates former **General Motors** sites in nine different states. "The better you understand the site, the greater the likelihood you avoid problems coming up."

## EMBRACING THE WATER

The legacy of environmental concerns and contamination at the paper mill underlies the industrial history of Muskegon Lake, a so-called drowned river mouth where the Muskegon River flows into Lake Michigan, according to Dr. Alan Steinman, director and professor at **Grand Valley State University's** Robert B. Annis Water Resources Institute in Muskegon.

That history started in the lumbering era when sawmills dumped mill debris into the lake, and continued through the 20th century as factories dotted the Muskegon Lake shoreline and contributed to its long decline.

"In the mid-20th century, Muskegon was a very active, vibrant city, largely because of that industrial activity on the lake," Steinman said. "The lake was basically treated as a sewer, for lack of a better term. People looked at the lake not so much as a recreational resource or a natural resource, as much as just a place to dump all their waste."

According to data from the **Great Lakes Commission**, almost 800 acres of open water and wetlands along the 4,150-acre lake were filled in with sawmill waste, foundry sand and slag. Additionally, nearly three-quarters of the Muskegon Lake shoreline, particularly on the southern end, was altered with wood pilings, sheet metal or concrete.

By the 1960s, the fish in the lake "smelled like rotten eggs," and "when the water splashed up, it would burn your face and eyes," according to an account in "The Muskegon: The Majesty and Tragedy of Michigan's Rarest River," a history written by Jeff Alexander, a long-time environmental journalist at the Muskegon Chronicle.

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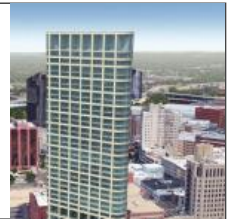
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As a result of that history of abuse, the city of Muskegon developed in a manner that faced away from the polluted lake, which the U.S. Environmental Protection Agency designated as an Area of Concern in 1985 because of its intense ecological degradation.

For example, none of the rooms at the Holiday Inn hotel at the corner of 3rd Street and Western Avenue face Muskegon Lake, despite it being just blocks away from the shores, according to Steinman.

"Could you imagine a hotel being built now that didn't take advantage of that view — and not only that, but have a premium price for rooms facing the lake?" Steinman said. "(Lakefront development is) a great example of the kinds of changes we're seeing in Muskegon."

## GARNERING ATTENTION

While investors now eye Muskegon Lake's shoreline for opportunities, money is also flowing into the area with the intention of ensuring continued environmental progress.

On Aug. 10, Michigan's two Democratic senators, Gary Peters and Debbie Stabenow, jointly announced in a statement that the Great Lakes Commission would receive a \$7.9 million grant for a final cleanup project that seeks to remove Muskegon Lake from the EPA's Areas of Concern list.

The overall revitalization of Muskegon Lake, both in the lake and on the shores, might still be in the early stages, but the recent announcement from the Windward Pointe investors has already generated excitement from other developers in the area.

"It's great we have people in the community that are willing to invest money they've spent their entire careers earning to turn another property around," said Jon Rooks, principal at **Parkland Properties LLC**, a Muskegon-based development firm.

Parkland has a number of housing and mixed-use projects in the city at various stages of development. However, Rooks — who's not part of the Pure Muskegon contingent — welcomes more investors into the market.

"If we have six or 10 housing options along the lakeshore, then we all do better," he said.



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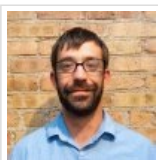
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**Nick Manes**

Staff writer



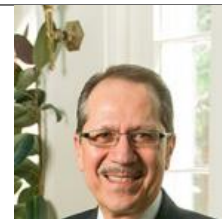
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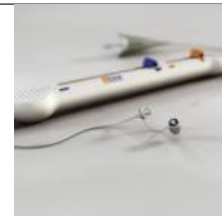
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