City, developers unveil plans for Heer's redevelopment

The historic Heer's Building celebrated its grand opening in September 1915 and the new developer, Heer's Luxury Living, LLC, plans to celebrate its rebirth prior to the building’s 100th birthday.

At the June 17 meeting, the Springfield City Council will consider a term sheet outlining the key deal points for the redevelopment of this Springfield landmark (pdf).

If the term sheet is approved, the redevelopment agreement and several other items requiring City Council approval will come forward at later meetings.

City of Springfield Economic Development Director Mary Lilly Smith said she has received more questions about Heer's than any other single property in her entire 30-year career in the City.

"People have a lot of memories of the building, and genuinely have interest in what is going to happen, who makes it happen, and when it will happen."

For 20 years the building has sat vacant and fallen into a dilapidated state. Some consider its redevelopment as a potential turning point in the renaissance of the entire downtown area.

"We are excited to be part of the group that brings this storied facility back to life," said Jim Nichols, CEO of the Dalmark Group, a regional commercial development and property management company based in Lee's Summit. "The community has waited long enough. It's time to renew and restore Heer's to its former glory."

Dalmark Group and Straub Construction are the two companies that will renovate the building on behalf of Heer's Luxury Living, LLC.

Heer's Luxury Living, LLC, has a purchase agreement to buy the building and renovate it into luxury apartments with commercial space on the first floor.

The estimated $15.7 million project will be an adaptive, mixed-use redevelopment, wherein the building will be converted into 87 units of market-rate rental housing and up to 14,000 square feet of ground-level commercial space.

- The mezzanine level and second floor will be designed as higher efficiency, market-rate rental apartments.
"These units will maximize efficiency through design and will be marketed to area professionals and college/graduate students," Nichols said.

The units will have access to a large, multipurpose common area for additional workspace and social space outside their units.

- Floors three through seven will be reconfigured as market rate luxury rental apartments. These units will be larger by design, compared to the lower-level apartments, and will have finishes commensurate with luxury living. As you transition to the upper floors, various units and views will command higher value. This will especially be seen in the 7th floor units which will have some 2-story lofts with roof-top patios.

Other planned amenities include:

- Concierge services for residents
- Professional on-site management and maintenance staff with 24/7 on-call emergency maintenance availability
- A clubhouse on the third floor roof deck of the north building with beach-entry pool
- A fitness center for residents
- 8,000-14,000 square-foot commercial space on the ground floor, anchored by a restaurant
- On-site secured parking and storage in the lower level.

The City Council will consider the attached term sheet next week that includes the following deal points:

- Termination of Existing Incentives
- Parking Lease
- Tax Abatement
- Small Business Loan
- Brownfields Loan
- Construction Staging
- Dangerous Building Lien
- Commitment to Construct the Project.

The developer will request 25 years of partial real property tax abatement pursuant to Chapter 353 RSMo; a $750,000 loan from the City's Small Business Development Loan Program; a $142,000 Brownfields revolving loan; and access to use of parking spaces in an adjacent City-owned parking deck.

Recognizing that the City of Springfield incurred costs to secure the building for past owners, the Developers agree on the term sheet to pay the City $40,000 and make other significant public benefit improvements to secure release of the lien. As of May 31, 2013, that lien amount is $100,986.83.

A significant public benefit improvement included in the term sheet is a satellite office / base of operations for Springfield Police on the ground floor of the building. Developers are offering a 900-1,000 square-foot office, with a visible storefront on Olive Street, for a 10-year lease, at no cost to the City.
"I'm excited about the possibility of Springfield Police Department having a satellite office located on the Square," said Police Chief Paul Williams. "Although SPD officers are very visible in and around the downtown area, a publicly accessible storefront within a renovated Heer's building will certainly enhance our efforts in the area. I envision the office space being used as a staging area and base of operations for SPD during special events held in and around Park Central Square and having it open and staffed for citizens to connect with SPD officers during such events."

The term sheet also includes a 10-year, no-cost lease on storage space in the basement of the building for equipment used for events in the square and downtown.

Finally, the developers pledge to improve lighting and replace sidewalks in the breezeway that extends north to Olive Street; add security cameras focused on the Square, Park Central West and Patton Alley and provide access to the Police Department; and make lighting improvements and enhance access between the parking deck and the building.

These overall enhancements provide a value of approximately $240,000, Nichols said.

About The Dalmark Group and Straub Construction

**Jim Nichols** has over 25 years of experience in commercial development and property management. In early 2003, Jim formed the Dalmark Group, LLC and as CEO has built it into a significant regional property management and development company. Under his leadership, Dalmark has grown from a three person start up to a regional player with approximately 85 employees working to manage 21 properties consisting of about 1,900 units.

**Ernie Straub** is President of Straub Construction Co., Inc., which will act as General Contractor. Straub Construction Co., Inc. has 93 years experience in commercial and historic preservation projects. The firm has won many local and national historic awards and has been named a "Best Places to Work" for multiple years.

For more information, contact Cora Scott, City of Springfield Director of Public Information & Civic Engagement, at 417-864-1009 or cscott@springfieldmo.gov or Mary Lilly Smith, Economic Development Director, at 417-864-1094 or mlsmith@springfieldmo.gov. Contact info for Heer's Luxury Living: Jim Nichols, 816-861-4070 extension 104.