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WITH VIDEO: Ypsilanti couple plans \$2.2 million renovation after purchase of 3 downtown Ypsilanti buildings

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Eric and Karen Maurer, from Maurer Management & Properties, stand in front of the three properties on West Michigan Avenue in downtown Ypsilanti they'll purchase. They plan to turn the upper levels into loft apartments and upgrade the ground-floor commercial space.

Lon Horwedel | AnnArbor.com

An Ypsilanti couple is turning an opportunity to buy a downtown Ypsilanti bank foreclosure into a three-building purchase that will result in a \$2.2 million project.

Eric and Karen Maurer will add the three historic buildings - including the former Mellencamp's clothing store - to their growing portfolio of Ypsilanti income properties when all three transactions close by early May.

"For us, the better we can make the downtown, the better it is for the whole city," said Karen Maurer.

The buildings that are part of the deal:

- 120 W. Michigan, owned by a lender based in Florida.
- 122 W. Michigan, owned by Abed and Zahida Naibeh of Ypsilanti.
- 124 W. Michigan, owned by Bank of Ann Arbor, which took the property back after it was sold for \$546,000 in 2008.

The buildings, built in 1860, each have footprints of about 2,000-square-feet. Each has street-level retail space, and two have a single upper level.

It's the third building - 124 W. Michigan, most recently an accounting office - that set the tone for the entire purchase, said broker **David Hamilton** of [Swisher Commercial](#).

That building has both a third-story and an elevator, he said.

And when he approached the Maurers in March about their potential interest in the building, they saw a way "to utilize the elevator for all three buildings," Hamilton said.

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One of the others buildings was on the market, and there were complicated title issues with both, Hamilton said. But they were solved as the Maurers were getting serious about buying 124 W. Michigan, and they made an offer via listing broker Tony Caprarese of Swisher.

Those two buildings, known to longtime Ypsilanti residents as Mellencamps until that landmark store closed in the 1980s, later were Nobles men's clothing store. They're notable for the metal siding that covers the fronts of the buildings, including the second-floor windows.

"They're in just horrible shape," Maurer said. Downstairs, remnants of the clothing store remain, as do signs of updating over the decades, like ceiling tiles that cover tin ceilings. Upstairs appears untouched for decades, with open beams and water-damaged floors.

Even the steps to the second level still hold decades-old scraps of paper that document long-ago transactions by Mellencamps.

Yet the high ceilings, sense of history and potential to turn the raw space into finished loft apartments combine to inspire the Maurers to make the investment.

"That's all we do, historic preservation," Maurer said. "For us it's very satisfying."

The couple's [Maurer Management & Properties Inc.](#) already did two downtown projects: The former Kresge building at the corner of Michigan and North Washington, and the Mack and Mack Building at 213 W. Michigan.

Both of those projects are similar to what they plan a block to the east in the new purchase: Commercial space on the ground floor and upper level apartments financed in part with historic rehabilitation tax credits. The couple also plans to seek brownfield tax credits. They also hope to land a commercial tenant to help finance the upper-level work.

The purchase price for all three buildings totals \$295,000, Maurer said. Their combined assessed value is \$256,700.

But she won't call the purchase a bargain. Instead, the pricing makes the deals worth the risk, she said.

"You never know what you're in for when you're rehabbing a historic structure," she said.

For now, the couple is hoping to get started on the work by August. Until then, they'll be working on plans and talking to the city about the approval process.

As the work gets under way, the Maurers will get a sense of what can be salvaged in the buildings.

"We try to reuse anything we can," Eric Maurer said.

By the time they're done, the buildings will total about 20,000 square feet. Two of the buildings will become level with the third, thanks to the addition of a third floor. A covered walk and staircase between two buildings will be incorporated into the floorplan instead of restored to what the Maurers think was an old-time alley before the buildings were combined.

And the Maurers' portfolio will grow to at least 7 dozen apartments and nearly 3 dozen commercial spaces in Ypsilanti.

Hamilton said he sees prices for mixed-use downtown Ypsilanti buildings at 20-year lows. Part of that comes from stalled lending for investment properties.

There are two pending sales downtown - including the former TC's Speakeasy, which awaits a liquor license transfer - and one building listed on North Washington. Both are priced at under \$200,000.

Despite the price drops, Hamilton said, "Ypsilanti has done well during the recession."

Vacancy rates improved downtown, and several buildings - like the Maurers' other projects - have been updated and renovated, Hamilton said.

"We're seeing a couple of buildings that need help will now get help," Hamilton said. "That's going to improve downtown."