Written by Steve Ostermann
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DELAYS IN securing financing have kept redevelopment plans for the Grafton Hotel on hold for months. *Photo by Sam Arendt*

Officials remain confident long-awaited redevelopment project will be done this year

One year after approving redevelopment plans for the Grafton Hotel, village officials are still awaiting the start of bricks-and-mortar work on the downtown landmark.

But the long-delayed project, which was expected to begin last summer, could finally get under way early this year if a financing deal is finalized.

Village Administrator Darrell Hofland said Mueller Hotel Inc. of Cedarburg — which plans to restore the three-story building at 1312 Wisconsin Ave. for residential and commercial use — is still awaiting approval of an application the firm filed in February 2010 for federal Housing and Urban Development financing.

Although the financing was originally expected to be approved in four months, a backlog of applications delayed the process, Hofland said.

“In light of the recession and tightening of credit by banks, the HUD program has become very popular,” he said. “HUD said they have been overwhelmed by applications.”

In response to requests from Mueller Hotel, the Village Board and Community Development

Authority have twice approved revised development agreements to give the firm more time to begin and complete the project.

The agreement originally called for Mueller Hotel to guarantee a minimum value of $1.6 million for the property by Jan. 1, 2011. That deadline is now Jan. 1, 2012.

Based on village assessments, the property was valued at $495,000 last year.

In 2009, the CDA purchased the property for $425,000 from Grafton Hotel Development, a company headed by Rob Ruvin. Under the agreement with Mueller Hotel, the firm will buy the property from the village for the same price.

Mueller Hotel, headed by Paul Rushing and Jim Reed, received a $360,000 development incentive from the village to complete the project.

The former hotel has been vacant since 2005. Plans call for the building to house 18 apartments and a commercial tenant. The project includes construction of a 7,100-square-foot addition to the south end of the 10,272-square-foot building.

Hofland said village officials remain confident the project will be started this year and completed on schedule. Approval of the HUD application is expected by February, he added.

“The developer has kept the village staff and CDA abreast of information on at least a monthly basis,” Hofland said. “The village staff has also been in contact with HUD officials, and everything looks promising.

“The village has a vested interest in the project, especially in light of the sale of the property by the CDA. Terms of the development agreement and sale are linked to obtaining the HUD financing.”

Built in the late 1800s, the Grafton Hotel is one of the village’s most significant historical structures. The building is also a major focal point in the village’s downtown redevelopment plans because it adjoins the Paramount Plaza, a centerpiece for social gatherings.