



Item Number: 3



CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: August 13, 2024

TO: Mark Washington, City Manager

COMMITTEE: Committee of the Whole
LIAISON: Mark Washington, City Manager

FROM: Sarah Rainero, Economic Development Director
Economic Development

SUBJECT: **Resolution approving a ten-year Obsolete Property Rehabilitation Exemption Certificate, pursuant to PA 146 of 2000, for JDCoop Properties, LLC at 1163 Giddings Avenue SE**

Attached is a resolution approving an application for a ten-year Obsolete Property Rehabilitation Act (OPRA) Exemption Certificate, pursuant to Michigan Public Act 146 of 2000 (the "Act"), as amended, for JDCoop Properties, LLC (the "Applicant"), for a project located at 1163 Giddings Avenue SE (the "Property"). A public hearing was held on July 30, 2024.

The Applicant is the current owner of the Property and plans to rehabilitate the obsolete building for commercial use. The City Assessor inspected the building on May 13, 2024, and determined that it meets the definition of "functionally obsolete," as defined by the Act, and will require significant investment and rehabilitation prior to future use.

The existing building is a 3,707 square foot one story building and was originally constructed in 1927 for retail use and is currently vacant. The plan for redevelopment is expected to occur in two phases. The first phase will include the rehabilitation of the three commercial suites, and the second is anticipated to occur in the future and include the construction of a second story to add eight (8) apartments. Investment by the Applicant in the first of phase rehabilitation is currently estimated to be \$150,000.

Due to the small scale of the first phase of the project, the Applicant is working with a single contractor, whose company is a Minority-Owned Business Enterprise, to complete 100% of the rehabilitation. The Applicant does not anticipate utilizing any subcontractors for the project.

The project qualifies for the base ten-year OPRA term, pursuant to City Commission Policy 900-42 (the "Policy"), adopted on February 23, 2016. The project also meets multiple objectives of the City's Strategic Plan and Equitable Economic Development and Mobility Strategic Plan, including:

- Prioritization of MBE, WBE, and MLBE businesses and subcontractors for project supported by City incentives,
- Support the creation, retention, and growth of businesses, and
- Increase the number and diversity of business owners, property owners, and developers participating in economic development incentive programs.

Tenants have not been identified, but the Applicant intends to actively recruit small service businesses like restaurants, salons, or other retail establishments to fill the commercial spaces. The jobs the Applicant estimates may be created by future tenants are thirteen (13) full-time equivalent (FTE) jobs with average wages of \$10.33 per hour. Depending on the final tenant mix, the number of jobs and wages may differ from what is currently estimated by the Applicant.

There are no known environmental concerns at the Property and the Applicant is current on its tax liabilities to the City.

Project Projections – 1163 Giddings Avenue SE		
	Total Amount	City of Grand Rapids Portion
Investment – Real Property	\$150,000	
New Jobs – FTE	13	
Average Hourly Wages	\$10.33	
Total New Taxes Generated (1 year)	\$3,112	\$543
Taxes Paid (1 year)	\$727	-
Taxes Abated (1 year)	\$2,384	\$543
New City Income Taxes	-	\$2,793

Attachments

SLR/js

Your COMMITTEE OF THE WHOLE recommends the adoption of the following resolution approving a ten-year Obsolete Property Rehabilitation Exemption Certificate, pursuant to PA 146 of 2000, for JDCoop Properties, LLC at 1163 Giddings Avenue SE.

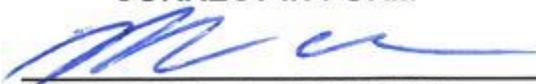
WHEREAS:

1. JDCoop Properties, LLC has filed an application with the City of Grand Rapids for an Obsolete Property Rehabilitation Exemption Certificate under PA 146 of 2000; therefore

RESOLVED:

1. That the local unit is a Qualified Local Governmental Unit; and
2. That the Obsolete Property Rehabilitation District was legally established by the City Commission on August 13, 2024, after a public hearing held on July 30, 2024, as provided by Section 3 of PA 146 of 2000; and
3. That the taxable value of the property proposed to be exempt plus the aggregate taxable value of property already exempt under PA 146 of 2000 and under PA 198 of 1974 (IFT's) does not exceed 5% of the total taxable value of the unit; and
4. That the application is being approved after a public hearing held on July 30, 2024, as provided by Section 4(2) of PA 146 of 2000; and
5. That the applicant is not delinquent in any taxes related to the facility and that the application is for Obsolete Property as defined in Section 2(h) of PA 146 of 2000; and
6. That all of the items required as attachments for the Application for an Obsolete Property Rehabilitation Exemption Certificate have been provided to the Qualified Local Governmental Unit by the applicant; and
7. That the commencement of the rehabilitation of the facility did not occur before the establishment of the Obsolete Property Rehabilitation District; and
8. That the application relates to a rehabilitation project that, when completed, constitutes a rehabilitated facility within the meaning of PA 146 of 2000 and that it is situated within an Obsolete Property Rehabilitation District established in a Qualified Local Governmental Unit eligible under PA 146 of 2000 to establish such a district; and
9. That upon completion of the rehabilitation facility it is calculated to, and will at the time of issuance of the certificate, have the reasonable likelihood to increase commercial activity, create employment and revitalize urban areas; and

10. That the rehabilitation includes improvements aggregating 10% or more of the true cash value of the property at commencement of the rehabilitation as provided by Section 2(l) of PA 146 of 2000; and
11. That the date of completion of the JDCoop Properties, LLC facility located at 1163 Giddings Avenue SE, the subject of the Obsolete Property Rehabilitation Exemption Certificate, shall be December 31, 2025; and
12. That the cost of the real property improvement is estimated at \$150,000; and
13. That the State Equalized Value (SEV) of the real property, excluding land subject to the obsolete property for the tax year is \$97,200 and the taxable value is \$53,768; and
14. That the certificate for JDCoop Properties, LLC is approved for a period of ten (10) years, pursuant to PA 146 of 2000, based on the increase in commercial activity, increased revenue due to the increased value of the SEV as currently projected, and the economic value to the community as stated in the hearings; and
15. That the term of the exemption will not be extended beyond the term approved by this resolution; and
16. That upon approval as to form by the City Attorney, the Mayor is authorized to sign the Memorandum of Agreement for JDCoop Properties, LLC.

CORRECT IN FORM

DEPARTMENT OF LAW