



Item Number: 3



CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: January 28, 2025

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 CGFH 955 GODFREY LLC at 945 Godfrey Avenue SW.**

Attached is a resolution approving an Obsolete Rehabilitation Exemption Certificate, pursuant to Public Act 146 of 2000, for CGFH 955 GODFREY LLC (the "Applicant") for the property located at 945 Godfrey Avenue, SW (the "Property"). A public hearing was held on January 14, 2025. The Applicant has also submitted an application for an OPRA Exemption Certificate for 1101 Godfrey Avenue SW, which is included as part of the overall project proposed by the Applicant (945 and 1101 Godfrey Ave SW, collectively referred to as the "Properties").

The Applicant is the current owner of the Properties and plans to rehabilitate and redevelop the obsolete properties into an employment center and community hub. The building at 945 Godfrey Avenue SW is currently housing several small business tenants and was previously used as a foundry and metal plating facility for Keeler Brass. 1101 Godfrey Avenue SW is currently vacant but was the original site of the Johnson Furniture Company. The City Assessor inspected the building on October 22, 2024, and determined that it meets the definition of "functionally obsolete," as defined by Public Act 146 of 2000, and will require significant investment and rehabilitation prior to future use.

The Properties total approximately 568,000 square feet. The plan for rehabilitation includes the redevelopment of the existing site into a walkable employment center that will continue to serve and operate as an industrial facility and a creative-hub for artists, not-for-profits, makers, and minority and women owned small businesses. The intent of the rehab is to upgrade the space to allow the continued occupancy and growth of these businesses with the creation of 125 new jobs. Investment by the Applicant in the rehabilitation is currently estimated to be approximately \$14.2 million.

The Applicant has not yet selected a general contractor but has outlined an overall achievable goal for subcontractor participation in connection with the project for both hard and soft costs for Micro-Local Business Enterprises (MLBEs), Women-Owned Business Enterprises (WBE), and Minority-Owned Business Enterprises (MBE) during construction. These commitments include, 15% or \$2.1 million of the \$14.2 million of hard construction costs, and 15% or \$299,768 of the \$2 million of soft costs.

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 meets multiple objectives of the City's Strategic Plan and Equitable Economic Development and Mobility Strategic Plan, including:

- Prioritization of real estate development in the Neighborhoods of Focus
- 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.

The Applicant intends to retain the existing building tenants and approximately 90 jobs that currently exist across the two buildings. Additionally, the Applicant intends to recruit additional tenants and expects that another 190 jobs will be created by future tenants as a result of the project with average wages of \$27.00 per hour. The subsequent agenda item contains a resolution scheduling a public hearing to consider an application for an OPRA Exemption Certificate for the other property associated with the overall project, 1101 Godfrey Avenue SW.

Project Projections – 945 & 1101 Godfrey Avenue SW		
	Total Amount	City of Grand Rapids Portion
Investment - Real Property	\$14.2 million	
Retained Jobs - FTE	90	
New Jobs – FTE	190	
Average Hourly Wage	\$27.00	
Total New Taxes Generated (1 year)	\$294,406	\$51,342
Taxes Paid (1 year)	\$68,805	-
Taxes Abated (1 year)	\$27,863	\$51,342
New City Income Taxes (1 year)	-	\$104,728

SR/mm

Attachment

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 CGFH 955 GODFREY LLC at 945 Godfrey Avenue SW.

WHEREAS, CGFH 955 GODFREY LLC has filed an application with the City of Grand Rapids for an Obsolete Property Rehabilitation Exemption Certificate under PA 146 of 2000; and

WHEREAS, the City Commission has a desire to facilitate the development of housing at all price points, sizes, and types; 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 January 28, 2025, after a public hearing held on January 14, 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 January 14, 2025, 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 CGFH 955 GODFREY LLC facility located at 945 Godfrey Avenue SE, the subject of the Obsolete Property Rehabilitation Exemption Certificate, shall be December 30, 2027; and
12. That the cost of the real property improvement is estimated at \$3,650,812; and
13. That the State Equalized Value (SEV) of the real property, excluding land subject to the obsolete property for the tax year is \$622,545 and the taxable value is \$783,300; and
14. That the certificate for CGFH 955 GODFREY 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 Understanding for CGFH 955 GODFREY LLC.

CORRECT IN FORM

DEPARTMENT OF LAW