



Item Number: 8

CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: July 16, 2024

TO: Mark Washington, City Manager

COMMITTEE: Community Development Committee

LIAISON: Mary Kate Berens, Deputy City Manager

FROM: Sarah Rainero, Economic Development Director
Economic Development

SUBJECT: **Resolution approving an option agreement and the eventual sale of 1624 Lafayette Avenue SE, pursuant to City Commission Policy 900-63**

Attached is a resolution approving an option agreement and the eventual sale of 1624 Lafayette Avenue SE to the New Development Corporation (the "Applicant") pursuant to City Commission Policy 900-63 (the "Policy"). The property is owned by the Michigan State Land Bank Authority (SLBA) and subject to the Land Banking Agreement between the City of Grand Rapids and the SLBA.

On June 21, 2022, the City Commission approved Policy 900-63, entitled "Disposition of City of Grand Rapids Owned Real Property" via resolution 91815, which updated and consolidated three previously approved City Commission policies. The Policy defines a process under which any buildable or improved residential property owned by the City would be available for purchase. Pursuant to the Policy, properties are available for sale as described below.

- First Six Months: Properties are available only to qualified non-profit housing developers for affordable housing development.
- Six Months to Twelve Months: Properties available for sale for affordable housing development to any individual or organization.
- After Twelve Months: Properties are available for sale to anyone submitting a viable proposal for any housing development project. Projects are prioritized for (1) affordable housing, (2) homeownership, (3) local ownership, (4) emerging developers, in that order.

On August 1, 2022, the properties were listed on the SLBA's website in accordance with the Policy. All properties that are subject to the City's Agreement with the SLBA are currently available in the third category listed above, available to any proposed purchaser for housing development, meaning they have been available for more than twelve (12) months. Projects are prioritized for (1) affordable housing, (2) homeownership, (3) local

ownership, (4) emerging developers, in that order. Staff reviewed the proposal for the property listed below against the requirements of the Policy and determined it meets those requirements.

The property identified below contains an existing single-family home, which had some stabilization improvements completed through the SLBA Blight Elimination Grant facilitated by the Community Development Department ("CDD"). Additionally, the Applicant has received support from CDD through the Fiscal Year 2024 HOME allocation in an amount up to \$100,000 to facilitate the rehabilitation of the property.

Address	Purchase Price	Total Project Costs	Project Description
1624 Lafayette Avenue SE	\$17,000	\$269,700	Rehabilitation of the existing single-family home for homeownership to be sold to households earning in the 60%-79% area median income range.

Upon approval, the property will be optioned to the Applicant, and upon satisfaction of all conditions of the option, will be conveyed. If approved, the Applicant will have an exclusive option to purchase the property for a period of twelve (12) months with the possibility for an additional option period of six (6) months upon documented progress toward commencement of the project. The closing of the property will not occur until the Applicant demonstrates their financial capacity and provides additional details of the site and building plans for the proposed project.

If the initial and additional option periods expire, the property will become available again pursuant to the requirements of the Policy. Any material changes to the description of the project shown above would be considered inconsistent with the attached resolution and would require further consideration by staff and approval by the City Commission.

Staff recommends the approval of the attached resolution approving an option agreement and eventual sale of the above-listed property for the outlined project as presented.

Attachment

JS

Your COMMUNITY DEVELOPMENT COMMITTEE recommends the adoption of the following resolution approving an option agreement and, upon satisfaction of the conditions contained therein, the sale and conveyance of 1624 Lafayette Avenue SE currently subject to the Land Banking Agreement between the City of Grand Rapids and the State Land Bank Authority, and pursuant to City Commission Policy 900-63..

WHEREAS:

1. The City of Grand Rapids ("City") and the State Land Bank Authority (SLBA) entered into that certain Land Banking Agreement (the "Agreement") approved by the City Commission on October 8, 2019 (Proceeding 89277) and dated as of December 19, 2019; and
2. Pursuant to the Agreement, the City and SLBA work cooperatively to manage, maintain, and dispose of real property located in the City; and
3. On June 21, 2022, the City Commission approved City Commission Policy 900-63 (the "Policy") (Proceeding 91815) which, among other things, sets forth the timelines, objectives, processes, and procedures for preparing property for sale, considering proposals for purchase, and facilitating disposition of property owned by the SLBA pursuant to the Agreement; and
4. An application has been submitted for the property listed below and has been reviewed according to the Policy; and
5. Staff review has determined that the application is consistent with the requirements of the Policy and the applicant listed below is eligible and qualified to obtain an option to purchase the property for which they have applied for; therefore

RESOLVED:

1. That the City authorizes the SLBA to enter into an option agreement with New Development Corporation (NDC) for the specific property listed below, which is subject to the Agreement, providing NDC with a 12-month option period in which to finalize and evidence their ability to undertake the project defined in its application:

Property Address: 1624 Lafayette Avenue SE

Parcel Number: 41-18-06-326-016

Purchase Price: \$17,000

and

2. That upon submission of evidence satisfactory to the City that NDC is prepared to undertake the project described in the application and exercise of the option agreement, the SLBA is authorized to convey the property to the NDC; and
3. That proceeds of sales, less fees required to be paid to the SLBA, will be deposited in the Property Management Fund.


CORRECT IN FORM
DEPARTMENT OF LAW