



Item Number: 6

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 twelve-year Obsolete Property Rehabilitation Exemption Certificate, pursuant to PA 146 of 2000, for The Diatribe at 2040 Division Avenue S**

Attached is a resolution approving an application for a twelve-year Obsolete Property Rehabilitation Act (OPRA) Exemption Certificate, pursuant to Michigan Public Act 146 of 2000, for The Diatribe (the "Applicant") for a project located at 2040 Division Avenue S (the "Property"). A public hearing was held on July 30, 2024.

The Developer owns the Property, which currently contains an 18,345 square foot, vacant, two-story building with a basement that is in significant disrepair. The Developer plans to rehabilitate the existing building into a mixed-use property that will include programmatic and office space for The Diatribe's headquarters and commercial space on the ground floor. The second floor will be renovated into eight (8) apartments, to be rented to households earning at or below 60% of the Area Median Income (AMI), and the basement will be a performing arts venue. It is anticipated the project will also seek LEED certification. Total investment in the project is estimated to be almost \$7 million with approximately \$5 million in construction costs.

The City Assessor inspected the building on February 5, 2024, and determined that it meets the definition of "functionally obsolete" as defined in the Act and will require significant investment and rehabilitation prior to future use.

The project qualifies for a 12-year OPRA, pursuant to City Commission Policy 900-42, adopted on February 23, 2016, because it proposes to meet two City Investment Criteria. The Developer is seeking LEED certification for the project (Criteria 1.A.) and all eight (8) of the proposed apartments will be affordable to individuals and families earning less than 80% AMI (Criteria 2.A.).

Attachment

SLR/js

Your COMMITTEE OF THE WHOLE recommends the adoption of the following resolution approving a twelve-year Obsolete Property Rehabilitation Exemption Certificate, pursuant to PA 146 of 2000, for The Diatribe at 2040 Division Avenue S.

WHEREAS:

1. The Diatribe 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, 2023, 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 Diatribe facility located at 2040 Division Avenue S, the subject of the Obsolete Property Rehabilitation Exemption Certificate, shall be December 31, 2026; and
12. That the cost of the real property improvement is estimated at \$5,000,000; and
13. That the State Equalized Value (SEV) of the real property, excluding land subject to the obsolete property for the tax year is \$221,200 and the taxable value is \$221,200; and
14. That the certificate for The Diatribe is approved for a period of twelve (12) 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 The Diatribe.

CORRECT IN FORM

CITY ATTORNEY