



Item Number: 6

CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: December 3, 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 the submission of a Neighborhood Enterprise Zone Exemption Certificate application for 301 Leonard, LLC at 385 Leonard Street NE**

Attached is a resolution approving the submission of a 15-year Neighborhood Enterprise Zone (NEZ) exemption certificate application under Public Act 147 of 1992 ("Act 147") for a project located at 385 Leonard Street NE (the "Property"). A public hearing was held for the creation of the Neighborhood Enterprise Zone on September 24, 2024. The application was filed by 301 Leonard, LLC (the "Developer") for a project located in the 385 Leonard Street NE NEZ district which was established by the City Commission on November 12, 2024.

The Developer owns the Property, which is approximately 3.4 acres, and plans to construct a new five-story, 130,000 square foot, mixed-use building on the vacant portion of the parcel. The building will contain approximately 181 apartments, 622 square feet of retail space, and an integrated parking structure with approximately 80 spaces. Of the 181 units, ten (10) units will be available to households earning at or below 70% of the Area Median Income (AMI), and 26 units will be available to households earning at or below 110% AMI in accordance with the Interim Guidelines approved by the Brownfield Redevelopment Authority (the "Authority"). When the project is completed, it is expected to include solar panels, all-electric utilities, and will be Energy Star Certified. Total investment in the project is estimated to be \$39 million with total construction costs of approximately \$28.4 million.

The project qualifies for a 15-year NEZ, pursuant to City Commission Policy 900-45, adopted on January 30, 2018, because it proposes to meet two City Investment Criteria. The Applicant plans to work with The Rapid to finance and install a covered bus shelter near the site (Criteria 3.b.), and the Applicant has set aspirational goals of at least 10% for Micro-Local Business Enterprise (MLBE), Minority-Owned Business Enterprise (MBE), and Women-Owned Business Enterprise (WBE) subcontractor participation in the project (Criteria 4.a.i).

The City Commission and Brownfield Redevelopment Authority also approved a Brownfield Plan Amendment for the project, which will the Developer to receive up to \$12.5 million in reimbursement for brownfield eligible activities.

Project Projections – 385 Leonard Street NE		
	Total Amount	City of Grand Rapids Portion
Total Project Costs	\$39 million	
Construction Costs	\$28.4 million	
New Jobs (FTE)	3	
Average Hourly Wage	\$22.00	
Total New Taxes Generated (1 year)	\$449,277	\$78,351
Taxes Paid (1 year) ¹	\$213,464	\$32,206
Taxes Abated (1 year) ²	\$235,813	\$46,145
New City Income Taxes (1 year)	-	\$77,981

¹Taxes paid at NEZ exemption rate

²Taxes abated only on residential property due to NEZ exemption.

Attachment

SLR/js

Your COMMITTEE OF THE WHOLE recommends the adoption of the following resolution approving the submission of a Neighborhood Enterprise Zone Exemption Certificate application for 301 Leonard, LLC at 385 Leonard Street NE.

WHEREAS:

1. The City Commission on January 30, 2018, approved Resolution No. 87390 and adopted an amended City Commission Policy No. 900-45 for Neighborhood Enterprise Zones, which contains a statement of the City's goals, objectives and requirements to designate an eligible area; and
2. The City Commission established the 385 Leonard Street NE Neighborhood Enterprise Zone (NEZ) district by Resolution No. 94081, adopted on November 12, 2024; and
3. An application was filed with the City of Grand Rapids on November 20, 2024 by 301 Leonard, LLC for the construction of up to 181 apartment units which are to be located within the 385 Leonard Street NE NEZ, requesting an NEZ Exemption Certificate; therefore

RESOLVED:

1. That the City Commission hereby acknowledges receipt of the NEZ Exemption Certificate application from 301 Leonard, LLC for the construction of market-rate residential apartment units to be located within the 385 Leonard Street NE NEZ; and
2. That the City Commission hereby finds that the NEZ Exemption Certificate application complies with the Neighborhood Enterprise Zone Act, Act 147 of the Public Acts of Michigan of 1992, as amended; and
3. That the City Commission hereby approves the submission of the NEZ Exemption Certificate application for the above-described project, located at 385 Leonard Street NE, to the State Tax Commission by the City Clerk; and
4. That the City Commission recommends that the above-described property, if approved by the State Tax Commission, shall receive fifteen (15) years of NEZ benefits, beginning from the effective date of the NEZ Exemption Certificate; and
5. That the NEZ Exemption Certificate and any accompanying economic benefit approved for submission to the State Tax Commission pursuant to this resolution is subject to any and all changes in State or Federal legislation and such changes are beyond the control of this City Commission.

CORRECT IN FORM

DEPARTMENT OF LAW