



Item Number: 10

CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: December 17, 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 scheduling a public hearing for January 14, 2025 to consider a Brownfield Plan Amendment for the Abode West Fulton redevelopment project located at 617 Fulton Street W and 17 Seward Avenue NW**

Attached is a resolution setting January 14, 2025 at 2:00p.m. as the date and time when the City Commission will hold a public hearing to consider a Brownfield Plan Amendment (the "Amendment") filed by Abode Fulton, LLC (the "Developer") for the Abode West Fulton redevelopment project located at 617 Fulton Street W and 17 Seward Avenue NW (collectively, the "Properties"). The Properties qualify for the Brownfield program because they have been determined to be "facilities" or adjacent and contiguous to a "facility" under Part 201 of the Natural Resources and Environmental Protection Act, Act 451 of 1994, as amended.

The Developer is an entity associated with Construction Simplified and has a purchase agreement for the Properties with an anticipated closing date of February 1, 2025. The Properties currently have structures on them, which are proposed to be demolished to make way for the project. The structure on 17 Seward Avenue NW is currently vacant, while the structure on 617 Fulton Street W is currently occupied by Adobe In and Out restaurant, which is moving its location to Bridge Street. The Developer is proposing to construct a new four-story structure with up to 106 apartments, 5,240 square feet of commercial space, and 53 parking spaces, which are located behind the building. The ground floor commercial space is anticipated to be split into three units ranging in size between 800 and 2,640 square feet. Total investment in the project is estimated to be approximately \$25 million with construction costs of \$20.6 million.

The Developer is requesting reimbursement from the Brownfield Redevelopment Authority (the "Authority") of up to \$3,009,576 for traditional brownfield eligible activities including environmental site assessments, demolition, site preparation, lead and asbestos abatement, and public infrastructure improvements. The attached Amendment

is expected to remain in place for a period of nineteen (19) years and it is anticipated the Developer will be reimbursed after fourteen (14) years. The last five (5) years will be reserved for capture for the Local Brownfield Revolving Fund. The first year of capture will be tax year 2026.

The Developer is working towards the following subcontractor participation goals in connection with the project for Micro-Local Business Enterprises (MLBEs), Women-Owned Business Enterprises (WBE), and Minority-Owned Business Enterprises (MBE) during construction: 9% MBE, 5% WBE, and 3% MLBE. This equates to an overall level of participation of MBE, WBE and MLBE firms of 17%, or \$3.6 million of the \$20.6 million of construction costs.

Twelve (12) full-time equivalent jobs are anticipated to be created as a direct result of the project by future tenants of the three (3) commercial spaces with average wages of \$18.00 per hour. The number, types of jobs, and hourly wages will depend on the final tenant mixture.

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 projects supported by City incentives, and
- Facilitate increased housing supply through the development of a variety of housing types.

Staff estimates that the residents of the apartments could generate approximately \$33,737 in new City income taxes annually. As proposed, the 106 apartments would be comprised of studio and one-bedroom units, which are detailed below. According to the housing needs assessment recently completed by Bowen National Research, there is demand for 1,573 new rental units in the 81%-120% area median income (AMI) range by 2027.

| Number of Units | Bedrooms | Est. Monthly Rent | Est. Housing Affordability | Avg. Square Feet |
|------------------------|-----------------|--------------------------|-----------------------------------|-------------------------|
| 89 | Studio | \$1,442 | < 90% AMI | 431 |
| 17 | One | \$1,735 | < 100% AMI | 715 |

**Area Median Income (AMI) ranges are for price-point reference, do not include other housing costs, and are found in the 04/01/2024 [Income and Rent Limits](#) by number of bedrooms in a unit for Kent County, published by the Michigan State Housing Development Authority.*

There are no known environmental concerns at the Properties that will not be addressed during project development, and the Developer is current on its tax liabilities to the City. The Developer has been engaged with John Ball Area Neighbors and received a letter of non-opposition for the project. The Developer will also be seeking Special Land Use approval from the Planning Commission for a proposed drive through for the commercial unit on the corner of Fulton and Seward. The approval of the drive through is not guaranteed, but should it not be approved, it will not alter the project significantly.

The Authority approved and recommended the Amendment at its meeting on December 11, 2024. The Developer is also seeking a 15-year Neighborhood Enterprise Zone exemption certificate, which will be considered alongside the Amendment, and has a public hearing also scheduled for January 14, 2025.

| Project Projections – Abode West Fulton | | |
|--|---------------------|-------------------------------------|
| | Total Amount | City of Grand Rapids Portion |
| Total Project Costs | \$25 million | |
| Construction Costs | \$20.6 million | |
| New Jobs (FTE) | 12 | |
| Average Hourly Wage | \$18.00 | |
| Total New Taxes Generated (1 year) | \$408,200 | \$71,187 |
| Taxes Paid (1 year) ¹ | \$214,253 | \$29,353 |
| Taxes Abated (1 year) ² | \$143,066 | \$41,835 |
| New City Income Taxes (1 year) | - | \$38,230 |

¹Taxes paid at NEZ exemption rate

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

Attachments

SLR/JS

Your COMMUNITY DEVELOPMENT COMMITTEE recommends the adoption of the following resolution scheduling a public hearing for January 14, 2025 to consider a Brownfield Plan Amendment for the Abode West Fulton redevelopment project located at 617 Fulton Street W and 17 Seward Avenue NW.

WHEREAS:

1. The City Commission previously approved the Brownfield Plan (the "Plan") of the City of Grand Rapids Brownfield Redevelopment Authority (the "Authority") December 22, 1998, pursuant to the Brownfield Redevelopment Financing Act, Act 381 of the Public Acts of Michigan of 1996, as amended, MCL 125.2651 et seq; and
2. The Authority has pursuant to Act 381 approved and recommended an amendment of the Plan for the Abode West Fulton Redevelopment Project (the "Project") identified therein (the "Amendment"); and
3. Before considering approval of the Amendment the City Commission must hold a public hearing in accordance with Act 381; therefore

RESOLVED:

1. That a public hearing be held to consider the Amendment to the Plan of the Authority; and
2. That the public hearing be held on Tuesday, January 14, 2025, at 2:00 p.m., in the City Commission Chambers on the 9th Floor of the City Hall, 300 Monroe Avenue, N.W., in the City; and
3. That the City Clerk give or cause to be given public notice of the hearing in accordance with Act 381; and
4. That, in accordance with the provisions of Act 381, the City Clerk give or cause to be given notice of the public hearing to each of the taxing jurisdictions that levy taxes on property included in the Project subject to capture under Act 381; and
5. That a copy of the Amendment be held in the Economic Development Office of the City located on the 9th Floor of City Hall, 300 Monroe Avenue, N.W., in the City for public examination and inspection; and
6. That all resolutions or parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

CORRECT IN FORM

DEPARTMENT OF LAW