



Item Number: 8

# 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 a twelve-year Obsolete Property Rehabilitation Exemption Certificate, pursuant to PA 146 of 2000, for MWS Ottawa, LLC at 975 Ottawa Avenue NW (Units 1-4)**

Attached is a resolution approving an application for a twelve-year Obsolete Property Rehabilitation Exemption Certificate, pursuant to Michigan Public Act 146 of 2000, for MWS Ottawa, LLC (the "Applicant") for a project located at 975 Ottawa Avenue NW, including units one (1) through four (4) (the "Property"). A public hearing was held on the certificate on October 22, 2024.

The Developer owns the Property and proposes to rehabilitate the existing 45,000 square foot, two-story building, into a full-service entertainment facility, which will be named Silva. When completed, it is anticipated the project will include a restaurant, large event space, and recreation area. The southern end of the building will include two floors, the lower of which will be converted to in an indoor parking garage for 28 vehicles, and the second floor will be converted into an exhibition space. The northern portion of the building will include two kitchens, restaurant, small gaming area, outdoor seating, and a Bocce Center with five (5) bocce ball courts. Total project costs are estimated at \$16.5 million with total construction costs of approximately \$15.1 million.

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 working with The Rapid to finance a covered bus stop near the Property (Criteria 5.A.). Additionally, staff is recommending the City Commission consider utilizing Criteria 6 in order to support the project and provide one (1) additional year of the OPRA exemption. The Property has remained vacant for many years with several development teams attempting to make a project financially viable at the location, due to the significant improvements necessary to make the Property usable. Additionally, this property is located in several tax capture

districts, including the Monroe North Tax Increment Financing Authority, Downtown Development Authority, and the SmartZone Local Development Finance Authority, which almost completely eliminates the ability for the Brownfield Redevelopment Authority (the "Authority") to capture property taxes and reimburse the Developer for Brownfield eligible activities.

The Brownfield program is vital for the project's feasibility due to the significant amount of demolition and hazardous materials abatement that is required to redevelop the property. The approval of the full twelve-year term of the OPRA is necessary to maximize the amount of tax increment revenue the Authority can capture from the State of Michigan to reimburse the Developer for the approved brownfield eligible activities.

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 MWS Ottawa, LLC at 975 Ottawa Avenue NW (Units 1-4).


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

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 April 23, 2024 via resolution number 93484, after a public hearing held on April 9, 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 October 22, 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 MWS Ottawa, LLC facility located at 975 Ottawa Avenue NW (Units 1-4), 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 \$15 million; and
13. That the State Equalized Value (SEV) of the real property, excluding land subject to the obsolete property for the tax year is \$1,026,900 and the taxable value is \$1,026,900; and
14. That the certificate for MWS Ottawa, LLC 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 Understanding for MWS Ottawa, LLC.

**CORRECT IN FORM**  
  
**DEPARTMENT OF LAW**