

2. Public hearing to consider an application for a twelve-year Obsolete Property Rehabilitation Exemption Certificate, pursuant to PA 146 of 2000, for Laura Chivis-Scott at 1032 Martin Luther King Jr. Street SE



Item Number: 2



CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: February 25, 2025

TO: Mark Washington, City Manager

COMMITTEE: City Commission Meeting

LIAISON: Kate Berens, Deputy City Manager

FROM: Sarah Rainero, Economic Development Director
Economic Development

SUBJECT: **Public hearing to consider an application for a twelve-year Obsolete Property Rehabilitation Exemption Certificate, pursuant to PA 146 of 2000, for Laura Chivis-Scott at 1032 Martin Luther King Jr. Street SE**

On February 25, 2025, the City Commission will hold a public hearing to consider an application for a twelve-year Obsolete Property Rehabilitation Exemption Certificate, pursuant to Public Act 146 of 2000, Laura Chivis-Scott (the "Applicant") for a project located at 1032 Martin Luther King Jr. Street SE (the "Property").

The Applicant is the current owner of the Property and plans to rehabilitate the vacant building by adding five new residential units and 2 main floor commercial spaces. The applicant purchased the property and began renovations back in 2019 and the project was halted due to the COVID pandemic and passing of the applicant's husband. The project has relaunched with a similar scope to the original design. The City Assessor inspected the building on December 14, 2018, and determined that it meets the definition of "functionally obsolete," as defined by Public Act 146 of 2000, and required significant investment and rehabilitation prior to future use. Economic Development Staff communicated with the assessing team that this project was moving forward and given the lack of work that has been done to the property since its last inspection, the affidavit of functional obsolescence still stands today.

The Property is approximately 2,760 square feet. The plan for rehabilitation includes the redevelopment of the existing building to house main floor commercial space and five residential apartments on the second floor. Investment by the Applicant in the rehabilitation is currently estimated to be \$990,000 with hard construction costs estimated at \$794,400.

The Applicant is working towards the following subcontractor participation goals in connection with the project for Women-Owned Business Enterprises (WBE), and Minority-Owned Business Enterprises (MBE) during construction: 36.3% MBE and 5.2% WBE. These levels of participation amount to a total of 41.4%, or \$329,330 of the total project construction costs.

The project qualifies for the base ten-year OPRA term plus 2 years, pursuant to City Commission Policy 900-42 (the “Policy”), adopted on February 23, 2016.

The project 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
- Facilitates increased housing supply through the development of a variety of housing types
- Supports the creation, retention and growth of businesses that enhance resident’s employment opportunities.
- Sustainable development through environmental certification – this project will be Energy Star Certified
- Achieves Income and Housing Diversity by serving individuals or families earning less than 80% of AMI.

Staff estimates that the residents of the apartments could generate approximately \$2,107 in new City income taxes annually. As proposed, the five (5) apartments would be comprised of four (4) one-bedroom units, and one (1) two-bedroom unit which are detailed below. According to the housing needs assessment recently updated by Bowen National Research, there is demand for 1,710 new rental units in the 51%-80% area median income (AMI) range and 1,573 new rental units in the 81%-120% AMI range by 2027.

Number of Units	Est. Household Affordability*	Est. Income*	Est. Monthly Rent	Bedrooms	Avg. Square Feet
1	60% AMI	\$42,300	\$941	1	550
3	80% AMI	\$56,400	\$1,175	1	550
1	80% AMI	\$64,480	\$1,500	2	700

*Area Median Income (AMI) ranges are for price-point reference, do not include other housing costs, and are found in the 04/1/2024 [Income and Rent Limits](#) by number of bedrooms in a unit

for Kent County, published by the Michigan State Housing Development Authority. Number of bedrooms reflect the size of the family reflected for income.

There are no known environmental concerns at the Property and the Applicant is current on its tax liabilities to the City.

Project Projections – 1032 Martin Luther King Junior Street SE		
	Total Amount	City of Grand Rapids Portion
Investment – Construction Costs	\$794,900	
Total New Taxes Generated (1 year)	\$16,489.20	\$2,875.61
Taxes Paid (1 year)*	\$3,853.68	-
Taxes Abated (1 year)	\$12,636	\$2,875.61
New City Income Taxes (1 year)	-	\$3,853.68

*Assumes state tax commission approval of 12 mills of School Tax

SR/mm

