

5. Resolution approving the submission of a Neighborhood Enterprise Zone Exemption Certificate application for Annex Fulton, LLC at 657 Fulton Street W



Item Number: 5

CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: February 25, 2025

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 Annex Fulton, LLC at 657 Fulton Street W**

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 657 Fulton Street W (the "Property"). A public hearing was held for the creation of the Neighborhood Enterprise Zone on January 14, 2025. The application was filed by Annex Fulton, LLC (the "Developer") for a project located in the 657 W Fulton NEZ district which was established by the City Commission on February 11, 2025.

The Applicant, which an entity associated with Construction Simplified, plans to construct two new three-story buildings with a connected covered walkway with up to 23 apartments and 400 square feet of retail space. The property is currently vacant. Total project costs are estimated to be approximately \$6.1 million with construction costs of \$4.4 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 is proposing Transit Oriented Development (TOD) initiatives including parking being screened behind the building and the project is located within the Vital Streets Transit Corridors (Criteria 3.c.iv & v.). The project is also located on the Laker Line, which is a bus rapid transit (BRT) service line. Additionally, the Applicant has set aspirational goals of 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 allow the Developer to be reimbursed up to \$959,000 for brownfield eligible activities.

Project Projections – Annex Fulton		
	Total Amount	City of Grand Rapids Portion
Total Project Costs	\$6.1 million	
Construction Costs	\$4.4 million	
New Jobs (FTE)	1	
Average Hourly Wage	\$22.00	
Total New Taxes Generated (1 year)	\$86,287	\$15,043
Taxes Paid (1 year) ¹	\$45,184	\$6,072
Taxes Abated (1 year) ²	\$41,103	\$8,972
New City Income Taxes	-	\$9,174

¹Taxes paid at NEZ exemption rate

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

Attachment

SLR

Your COMMITTEE OF THE WHOLE recommends the adoption of the following resolution approving the submission of a Neighborhood Enterprise Zone Exemption Certificate application for Annex Fulton, LLC at 657 Fulton Street W.

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 657 W Fulton Neighborhood Enterprise Zone (NEZ) district by Resolution No. 94338, adopted on February 11, 2025; and
3. An application was filed with the City of Grand Rapids on February 18, 2025 by Annex Fulton, LLC for the construction of up to 23 apartment units which are to be located within the 657 W Fulton NEZ, requesting a NEZ Exemption Certificate; therefore

RESOLVED:

1. That the City Commission hereby acknowledges receipt of the NEZ Exemption Certificate application from Annex Fulton, LLC for the construction of market-rate residential apartment units to be located within the 657 W Fulton 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 the 657 Fulton Street W, 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