

Fulton and Market Transformational Brownfield Plan



December 3, 2024

Current State of Property

- Parking lots = 6.8 acres across 10 parcels
- Zero access to the river
- 0 housing units
- Roughly 300 parking spots
- 0 jobs
- \$0 city income tax
- 2023 taxes paid approx. \$310,714
- Taxable Value = \$7,037,083



Fulton and Market Transformational Brownfield Plan

Address: 3, 17, 21, 37, 41, 45, 47, 53, and 63 Market Avenue SW and 216 Fulton Street W

Project Overview

- 6.8-acre redevelopment on Market Ave SW along Grand River and Fulton Street W
- Three high-rise towers
- 671 Housing Units
- \$797 million total estimated development costs
- Over 2,500 total parking spaces
- 1,941 total FTE jobs with wages projected from \$23.08 – 41.27/hour (\$39.65 overall average)
- Project will be built to LEED Silver, or comparable certification level.



Grand Total Proposed Incentive Breakdown

<i>Grand Total</i>	<i>Time Period</i>	<i>Number of Years</i>	<i>Estimated Exemption or Reimbursement</i>
<u><i>Transformational Brownfield Incentives</i></u>			
<i>Sales and Use Tax Exemption</i>	2026 - 2027	2	\$ 19,623,532
<i>Construction Period Income Tax</i>	2026 - 2027	2	14,040,239
<i>Income Tax Capture</i>	2028 - 2047	20	136,543,017
<i>Sales Tax Capture</i>	2028 - 2047	20	53,034,845
<i>Withholding Tax Capture</i>	2028 - 2047	20	96,648,835
TOTAL TRANSFORMATIONAL BROWNFIELD INCENTIVE			\$ 319,890,468
<u><i>Traditional Brownfield Incentives</i></u>			
<i>Local Property Tax Capture</i>	2029 - 2058	30	129,810,774
<i>State Property Tax Capture</i>	2029 - 2058	30	115,867,377
TOTAL TRADITIONAL BROWNFIELD INCENTIVE			\$ 245,678,151
Grand Total of Brownfield Incentives			\$ 565,568,619

Transformational Brownfield Plan will have a transformational impact on local economic development and community revitalization:

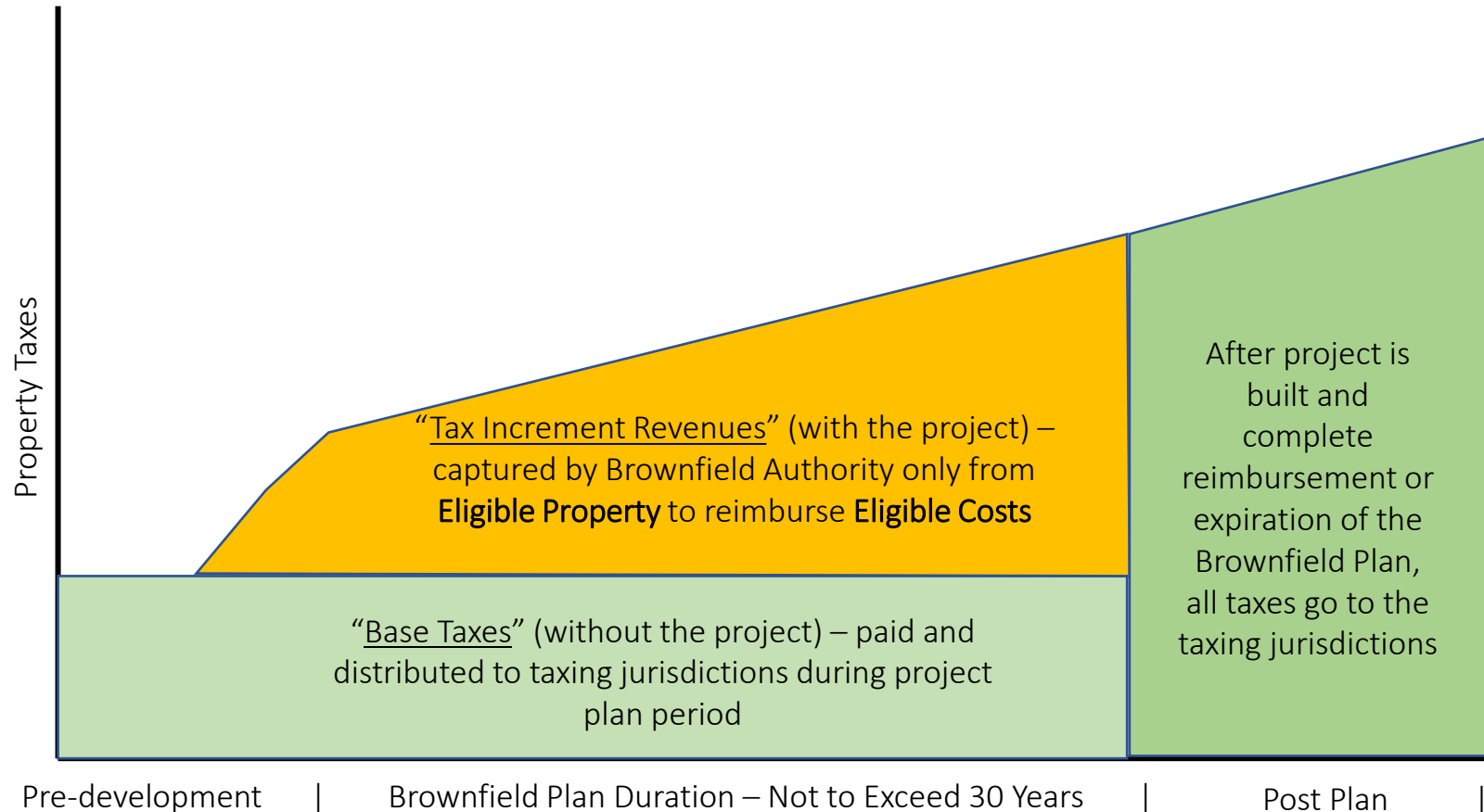
- ✓ **Eligible Property:** All properties are “facilities” or adjacent and contiguous to a “facility”
- ✓ **Minimum Investment:** For Grand Rapids’ population investment needs to be greater than \$100 million
- ✓ **Mixed Use:** Contains a combination of residential, retail, office and entertainment uses
- ✓ **Total TBP Eligible Activities:** \$797 million
- ✓ **Maximum Reimbursable Amount:** \$565,568,619
- ✓ Geographically distributed and sunsets December 2027
- ✓ The size of the state capture necessitates the Michigan Strategic Fund to hire an independent third-party underwriter to evaluate the project.
- ✓ Construction must start within 12 months.

Overview of Tax Increment Financing

- Applies to property taxes only
- Reimbursement only occurs from new property taxes generated from the parcels included in the TBP
- If the project does not occur, reimbursement does not occur

Project:

- Current taxable value of all parcels in the F&M Plan totals \$7,037,083
- 2023 taxes paid approx. \$310,714
- Projected **local** property tax reimbursement over the course of 30 years is \$129,810,774



Inclusion Plan

- Plan submitted for entire development with a construction cost of \$635 million and professional services costs of \$117 million
- Development partner and general contractor not yet identified
- As components of the project are further refined and have a developer identified, additional plans will be submitted to document goals of each unique component

Total Cost*	\$ 752,356,510	100%
Total Target	\$ 50,000,000	6.6%

*Includes estimated construction and professional services costs

Affordable Housing Agreement

- A binding affordable housing agreement allows full capture of the state income tax capture revenues vs 50% of the income tax capture revenues.*
 - Full state income tax capture estimate (over 20 yrs) = \$136,543,017
 - Residential tower income tax capture estimate = \$113,536,256
 - Condo income tax capture estimate = \$23,006,761
 - 50% income tax capture estimate (over 20 yrs) = \$68,271,508
- Proposed annual contribution to Affordable Housing Fund (AHF) equal to 6.25% of state income tax capture revenues, for an overall estimate of \$8,537,792*
 - \$7,099,869 – Residential tower
 - \$1,437,923 – Condos
- Agreement to be finalized at a future date when more specifics can be confirmed.

**Estimates above are based on projects as proposed and are subject to revision as project developers are identified and projects are more fully developed.*

Grand Rapids Market

- Per DGRI the number of housing unit downtown and affordability (November 2024):
 - Total Units at the end of 2024 = 5,149
 - Total Units at 100% AMI/below = 1,528 (*30% of total above*)
- City wide construction value – Development Center Data (pulled 12/2/2024):
 - 2019 = \$560mil
 - 2023 = \$458mil
 - 2024 = \$662mil
- City wide new housing units – Development Center Data (pulled 12/2/2024):
 - 2019 = 345
 - 2023 = 1242
 - 2024 = 670
- Last sizable private project = Studio Park at \$180 mil

Project Summary & Potential

	Office Tower	Residential Tower	Hotel/Condo Tower	Total
Construction Start	Fall 2025	Summer 2026	Summer 2026	
Construction Completion	Fall 2027	Summer 2029	Summer 2029	
Total Development Costs	\$274,767,484	\$328,898,563	\$193,684,715	\$797,350,762
Construction Costs	\$210,511,275	\$266,599,044	\$158,194,620	\$635,304,939
Housing Units	\$0	\$595	\$76	671
Jobs (FTE)	\$1,725	\$61	\$155	1941
Average Wage	\$41	\$23	\$28	\$40
Annual City Income Tax*	\$1,480,768	\$401,342	\$307,235	\$2,189,344
15-Yr City Portion NEZ Exemption	\$0	\$3,328,577	\$0	\$3,328,577
12-YR City Portion CRA Exemption	\$0	\$0	\$1,124,314	\$1,124,314
30 Year Local Tax Capture	\$55,617,398	\$32,079,199	\$42,114,177	\$129,810,774

- ### Potential Future Outlook:
- 3 dense towers that meet the goals of the GR Forward Plan and City’s Master Plan
 - Pedestrian access and connectivity to the Grand River Greenway
 - 671 housing units
 - 2500 parking spots
 - 1941 jobs
 - \$2.189mil estimated annual income tax
 - Taxable Value = estimated \$200+mil

*City Income Tax estimate assumptions - Employment based income tax estimates based on average wages and 1% weighted average income tax. Assumes resident's incomes are 3x annual rent and further assumes 50% of residents are new to Grand Rapids. Annual city income tax for potential residents living in the condominiums based on total income assumptions provided by the development team.