



301 W. MAIN • OWOSSO, MICHIGAN 48867-2958 • (989) 725-0599 • FAX (989) 723-8854

MEMORANDUM

DATE: December 27, 2019

TO: Mayor Chris Eveleth, City Council, and Manager Nathan Henne

FROM: Treena Chick, Assessor

RE: Obsolete Property Rehabilitation – 114-116 W. Main

As mentioned in a memo on November 7, 2019, the city manager received a request from Randy Woodworth of Ruesswood REI Group LLC, owner of 114 W. Main St., to establish an Obsolete Property Rehabilitation District. Also received was an application for an Obsolete Property Rehabilitation Exemption Certificate. The council approved an Obsolete Property Rehabilitation District at their meeting on December 2, 2019. The original Exemption Certificate submitted on October 21, 2019 has been amended and was resubmitted on December 5, 2019.

The project proposes to completely renovate over 12,000 square feet on the third floor to create ten residential apartments.

It is recommended by staff that the city council set a public hearing for January 21, 2020 for input from the public both within and out of the district. The city clerk will send notice to all taxing jurisdictions as required by the statute and the city's tax abatement policy.

If there are any questions, please feel free to contact me at (989) 725-0530.

RESOLUTION NO.

SETTING PUBLIC HEARING TO CONSIDER APPLICATION FOR AN OBSOLETE PROPERTY REHABILITATION EXEMPTION CERTIFICATE FOR THE PROPERTY COMMONLY KNOWN AS 114-116 W. MAIN STREET

WHEREAS, the City of Owosso received application for an Obsolete Property Rehabilitation Exemption Certificate on October 21, 2019 and an amended application was submitted on December 5, 2019 from Randy Woodworth of Ruesswood REI Group LLC, and

WHEREAS, the City of Owosso approved a request to establish an Obsolete Property Rehabilitation District, on December 2, 2019, described as:

LOT 8 & W 2/3 OF LOT 7 BLK 22 OF ORIGINAL PLAT; and

WHEREAS, it must be determined that approval of the Obsolete Property Rehabilitation Certificate would be beneficial to the City of Owosso, as well as local and regional economy;

NOW, THEREFORE, BE IT RESOLVED by the city council of the City of Owosso, Shiawassee County, Michigan that:

- FIRST: the Owosso City Council sets public hearing for Tuesday, January 21, 2020 on or about 7:30 p.m. in the council chambers for the purpose of hearing comments from those within the district, and any other resident or taxpayer, of the City of Owosso; and
- SECOND: the city clerk gives the notifications as required by law; and
- THIRD: the city staff is directed to investigate and determine if the qualifications of the act are satisfied and report findings at the hearing.



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APPLICATION FOR TAX ABATEMENT

Applicant (Official Company Name) Ruesswood REI GROUP LLC
Business Name (If Different) _____
Address of Proposed Project 114-116 W. MAIN ST.

Mailing Address (If Different) _____

Do you own the property? YES If no, what is your relationship? _____

Type of Abatement Requested (if known) PA-146

Total square footage of all current buildings on site 40,260

Description of proposed project including type of current business activity and product to be manufactured (if applicable), size of proposed structure and proposed activity and/or product.

DEMOLITION AND SUBSEQUENT REDEVELOPMENT OF 3RD FLOOR LEVEL INTO (10) NEW APARTMENT RESIDENCES. 12,000⁺ Sq. Ft. OF UNUTILIZED SPACE CONVERTED TO INCREASED DOWNTOWN PRIVATE RESIDENCE AVAILABILITY THAT IS MUCH NEEDED.

Give estimated cost of the following components applicable for the proposed project:

Land improvements (excluding land): _____
Building improvements: Size 12,000⁺ sf \$ 813,200⁰⁰
Machinery & Equipment: _____
Furniture & Fixtures: _____

Time schedule for start and completion of construction and equipment installation (if applicable):
Building: Start Date MAR 2020 Completion Date DEC 2020
Equipment installation (if applicable): Start Date _____ Completion Date _____

Abatement Application
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Will project be owned or leased by applicant? OWNED

Will machinery be owned or leased by applicant? OWNED

How many employees do you currently employ? Full Time _____ Part Time _____

How many new employees do you estimate after project complete? Full Time _____
Part Time _____

When project is complete, how many will be:

Management/Professional _____ Wage level \$ _____

Skilled _____ Wage level \$ _____

Semi-Skilled _____ Wage level \$ _____

Un-Skilled _____ Wage level \$ _____

** SEE ATTACHED LETTER*

Name of Company Officer (contact person) RANDALL WOODWORTH

Title PRESIDENT

Signature  Date 12/5/19

Phone Number 989-723-3711

For City Staff Use Only

Was the applicant given a copy of Tax Abatement Policy? Y N

Is an abatement district in place for this project? Y N

If no, legal description of proposed district. _____

If yes, type of district in place _____ Year established _____

Does the proposed project meet the guidelines for Tax Abatement under the policy? Y N

If no, explain _____

If yes, was notice given to taxing jurisdictions within the proposed project area? Y N

If yes, was notice given to applicant and proper state documents sent? Y N

Name of reviewer _____

Signature _____ Date _____

PA -146
114 -116 W. MAIN

One of, if not the single greatest key to a vibrant downtown, are the people who frequent it. Both Owosso Mainstreet and the DDA have shifted their focus to bringing more residents downtown by utilizing upper story space for apartments. Having permanent residents in our downtown helps small business thrive and bolsters our local economy.

The upper floors of 114-116 W. Main have been functionally obsolete for decades and it is our intention to rehabilitate the third floor into ten (10) modern fully functioning living spaces. As we work through the math to try to make this a viable undertaking, it has become apparent that an increase in property taxes will greatly hinder the economic viability of the project to a point of significant negative cashflow. We must burden this building with additional debt in order to appropriately design and build that many apartments. That debt is only covered if the property taxes remain frozen for the 15 years the debt is amortized over.

We ask the city to partner in the success of our downtown by allowing a 15 year property tax freeze at current taxable values in order to sustain the property through the initial debt cycle.