

June 5, 2023

Council Communication

Re: Cooley School Redevelopment Project

The Cadillac Area Public Schools have solicited developers to acquire and redevelop the former Cooley School. Pinnacle Construction Group, Inc. of Grand Rapids has submitted a proposal to convert the Cooley School into residential housing.

Because revenues are not adequate to cover the cost of reconstruction of the building, in addition to the level of operating costs, the project will only proceed if economic development tools and incentives available to the City are utilized. This investment for the redevelopment of this property will bring residents to the City, create economic activity for downtown businesses, and provide much needed new housing, providing a significant long-term return for the City.

There are two primary tools proposed for the redevelopment: An Obsolete Property Rehabilitation Act (OPRA) local tax abatement and Brownfield Tax Increment Financing (TIF) reimbursement of Eligible Activities. To initiate the OPRA process, the next step is for Public Hearings to be set and conducted pursuant to requirements under the OPRA Act. The Brownfield TIF process will be initiated subsequently as design development plans become more complete.

Brownfield TIF: Brownfield Tax Increment Financing (TIF) provides for the reimbursement of certain Eligible Activities, such as environmental investigation and response activities, lead and asbestos abatement, full or selective demolition, site preparation and public infrastructure improvements, through the capture of increased incremental taxes generated by additional private investment on Brownfield Eligible Property, with the approval of a Brownfield Plan. The former Cooley School has been determined by the City Assessor as functionally obsolete, qualifying status as Eligible Property for both Brownfield TIF and OPRA.

The Brownfield Plan will be prepared and reviewed by the Cadillac Brownfield Redevelopment Authority, with a public hearing set and held by the City Council and Brownfield Plan approval.

OPRA: The former Cooley School has been determined by the City Assessor as functionally obsolete. As such, the redevelopment project qualifies for an Obsolete Property Rehabilitation Act (OPRA) tax abatement that will freeze the value of the building for local taxes for 12-years. OPRA was used for the redevelopment of the Cobbs-Mitchell building and former Speeds building and is comparable to the Commercial Redevelopment Act and Commercial Rehabilitation Act abatements that have been established and previously used on other projects in the City.

An OPRA district must be established and an OPRA application by the developer must be approved by City Council, and Public Hearings need to be set and held by the City Council for both the establishments of the OPRA District and the OPRA Application. The proposed date for both OPRA Public Hearings is June 19, 2023.

A summary of the Obsolete Property Rehabilitation Act from the Michigan Economic Development Corporation is provided for information.

The following is the proposed schedule for consideration for the Brownfield and OPRA programs:

Action	Entity	Date
Approve Resolutions Establishing Public Hearing for OPRA District and the OPRA application	City Council	June 6
Notices to OPRA District to newspaper, posting and OPRA Property Owners (certified mail for OPRA District) and Notice to Taxing Jurisdictions, Assessor, and newspaper for OPRA Application	Mac	No later than June 9
Hold Public Hearings and OPRA District and OPRA application.	City Council	June 19

Recommended Action

Consider the following two resolutions to set the necessary two Public Hearings:

1. OPRA District

Approve the Resolution to Establish Public Hearing to establish the Obsolete Property Rehabilitation Act District for 221 Granite Street with Parcel Identification Number 10-051-00-125-00 for the Cooley School Redevelopment for the City Council meeting of June 19, 2023

2. OPRA Application

Approve the Resolution to Establish Public Hearing for the Obsolete Property Rehabilitation Act application for 221 Granite Street with Parcel Identification Number 10-051-00-125-00 for the Cooley School Redevelopment for the City Council meeting of June 19, 2023.