PROJECT STAFF REVIEW FORM

To: Natasha Henderson, City Administrator

From: Janice Karcher, Flint & Genesee Chamber of Commerce

Date: August 25, 2015

Subject: Request for the creation of an Obsolete Property Rehabilitation District (OPRD), Dort Federal Event Center

Request to Create an Obsolete Property Rehabilitation District
Owners of the Dort Federal Event Center (formerly Perani Arena) plan to refurbish the arena in order to accommodate a new hockey team and additional community events. An estimated 28 jobs will result from the project. The increased commercial activity in the facility is expected to benefit neighboring businesses in the City.

Authorized by the State of Michigan Obsolete Property Rehabilitation Act (OPRA), a district has been requested by the owner to allow them to make future application for an OPRA certificate that supports reconstruction of portions of the building interior, freeway signage, and other amenities.

NOTE: The creation of an OPRD is the first step in the establishment of OPRA certificate for a specific property. Owners of property within the district must make application for an OPRA certificate and receive approval from the local jurisdiction in order to receive any benefit.

It is recommended that the City of Flint consider creating an OPRD with a larger footprint to include Scott Elementary to the west of the arena and the retail complex east of the arena. Both properties are underutilized and could benefit from tools that encourage redevelopment.

In anticipation of a request for OPRA certificate for Dort Federal Event Center, some estimates have been created to determine potential impact of the project on City of Flint revenues. See page 2 of this memo.

Estimate of impact on tax revenue (estimate only, for planning purposes)
In anticipation of a future application for OPRA status, the following details should be contemplated:

The property is currently listed on Flint tax rolls with a true cash value of $2.2 million, despite the facility's age and decayed condition. The new owners purchased the building for $500,000 in December, 2014, and filed a tax appeal to the State of Michigan in May, 2015 to request an adjustment in the assessed value of the property. It is expected that the true cash value of land and building will be adjusted to an amount closer to the $500,000 paid.

Note: The building has been inspected and deemed obsolete, according to City Assessor Bill Fowler. Should an OPRA certificate be granted in the future, the taxable value of the building would be frozen for up to 12 years, obligating the owners to pay the property taxes at the current level and giving them relief on only the annual increase in assessed value over that period of time.

Below is an estimate of City of Flint tax revenue impact based on taxable values provided by City of Flint Assessor's Office.

Estimated Property Tax Revenue – estimated high and low

- True cash value (purchase price) $500,000*
  - Land $150,000; Building $350,000
  - Estimated annual tax $$16,740
  - Estimated City of Flint portion $5,331

*If the owner's state tax appeal results in a true cash value higher than the $500,000 purchase price, the property tax obligation will increase accordingly.

Income tax revenue

- Estimated City of Flint income tax revenue 2016 – $3,640 per year

1 City of Flint, Flint Schools Current Non-Homestead Millage Rate is 66.9603 (per 1,000 of taxable value).
This includes City property tax as follows: General Operating 7.5 mils, Capital Improvements 2.5 mils, and Voted Operating 9.1 mils.