

Memo

To: Charlotte City Council
From: Bryan Myrkle, Community Development Director
Date: January 22, 2016
Re: Creation of OPRA District 2016-1

On your agenda for Monday evening's meeting will be a resolution authorizing the creation of an Obsolete Property Rehabilitation Act District to support the redevelopment of two historic properties on North Cochran Avenue.

The Obsolete Property Rehabilitation Act, or OPRA, is an economic development tool available for use in Charlotte that supports the redevelopment of functionally obsolete structures by freezing their taxable values for a period of time (up to 12 years) after the project.

The two buildings involved in this project are 339 N. Cochran Avenue and 401 N. Cochran Avenue. These are historic manufacturing buildings, once home to the Charlotte Chair Factory.

Mr. Anthony Falkner will be making a presentation Monday at the Council Meeting to explain the redevelopment, and he has requested the city approve an OPRA District and subsequent application for tax relief.

I have included a fact-sheet on OPRA with your packet materials so you can become more familiar with the program.

Beyond that, however, I would like to point out that this is exactly the kind of project OPRA is intended to incentivize. These are two very large, historic buildings that have far outlived their competitiveness in the marketplace. Furthermore, they have suffered a great deal of 'deferred maintenance' resulting in, frankly, terrible conditions.

Without the use of economic development incentives, it seems very unlikely that these buildings would be reused, and certainly not to their potential. Instead, their continued degradation and eventual demolition would be the most likely outcome.

Applying the OPRA program to these buildings will help Mr. Falkner avoid paying a large tax penalty for redeveloping these old buildings. And, because redeveloping currently vacant properties and returning them to productive use is a goal we have throughout the city, saddling the developer with much higher taxes after the project can be considered counter-productive. Furthermore, because OPRA is temporary, it gives the new venture time to mature and succeed before the full tax levy is eventually applied to the project.

OPRA has been used several times in Charlotte in recent years, perhaps most notably in the case of Sensations Memory Care. OPRA was used in that case to help convert what was the former (and vacant) Eaton Manor Nursing Home to the standards of a modern memory care facility and a important new business for Charlotte.

I am recommending the City Council authorize the creation of an OPRA district as requested by Mr. Falkner and his companies 339 N Cochran, LLC and 401 N Cochran, LLC.