



City of Roseville

29777 GRATIOT, P.O. 290
ROSEVILLE, MICHIGAN 48066

MEMORANDUM

Date: October 16, 2013

To: Scott A. Adkins, ICMA-CM
City Manager

From: Michael Connors, Administrator *MC*
Department of Community & Economic Development

Re: City Council November 12, 2013 Agenda Item Request
Establishment of Commercial Rehabilitation District
32385 Gratiot Avenue, Roseville, MI 48066
Parcel ID No: 1404251011

Under the guidelines of Public Act 210 of 2005, the City of Roseville received a letter requesting the establishment of a Commercial Rehabilitation District from Warner Norcross & Judd LLP on behalf of Macomb Mall Partners, LLC, dated September 9, 2013. The establishment of the proposed District incentivizes redevelopment opportunities within a key commercial corridor of the city.

On September 13, 2013, the new mall owners filed a Land Division Request to the City Assessor's Office requesting a lot split for the formerly vacant Crowley's/ Value City building located at 32385 Gratiot, creating a separate lot from the Macomb Mall property. The lot split application has since been completed and a new parcel identification number has been issued. The request for the Commercial Rehabilitation District is only for the new parcel and not the entire mall property.

At this time, the City has not received a Commercial Rehabilitation Exemption Certificate Application, as we are responding to the petitioner's request to establish the District prior to the commencement of demolition. At the next Regular City Council meeting on Tuesday, October 22, 2013, Council may consider setting the public hearing date for the establishment of the Commercial Rehabilitation District for Tuesday, November 12, 2013.

Once the District is established, the City Department of Community & Economic Development will then forward a letter and official resolution forthright to the Macomb County Executive's Office for their consideration of the District. Within 28 days, the county may accept or reject the establishment of the District.

If approved, the petitioner may then file an application with the local Clerk for a Commercial Rehabilitation Exemption Certificate and a public hearing date will be set to consider the project. Under the Act, land and personal property are not eligible for abatement, and, essentially, any new investment is frozen for the duration of the Certificate for a period not to exceed 10 years. The property owner will continue to pay on land, personal property, state education and local school operating taxes.

Cc: G. Sexton, Building Director

Enclosure: Sept. 9, 2013 CRA District Request Letter

www.roseville-mi.gov



JARED T. BELKA

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September 9, 2013

Mr. Richard Steenland
City Clerk
City of Roseville
29777 Gratiot
Roseville, Michigan 48066

2013 SEP 13 PM 2:21
RICHARD H. STEENLAND
ROSEVILLE CITY CLERK

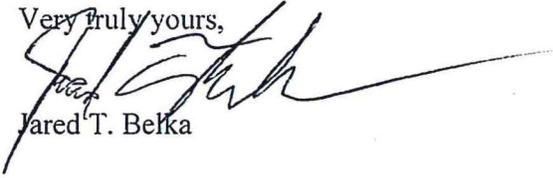
Re: **Public Act 210 Request for Establishment of Commercial Rehabilitation District – Macomb Mall Partners, LLC**

Dear Mr. Steenland:

I am writing on behalf of my client, Macomb Mall Partners, LLC, a Delaware limited liability company, to request that a Public Act 210 Commercial Rehabilitation District be established for the property located at 32233 Gratiot, Roseville, Michigan. Macomb Mall Partners, LLC owns the property located at 32233 Gratiot. Attached to this letter of request is a site map of the requested district boundary of the subject property.

Thank you for your time and consideration of this request. If I can provide any additional information or be of assistance, please do not hesitate to contact me directly at (616) 752-2447.

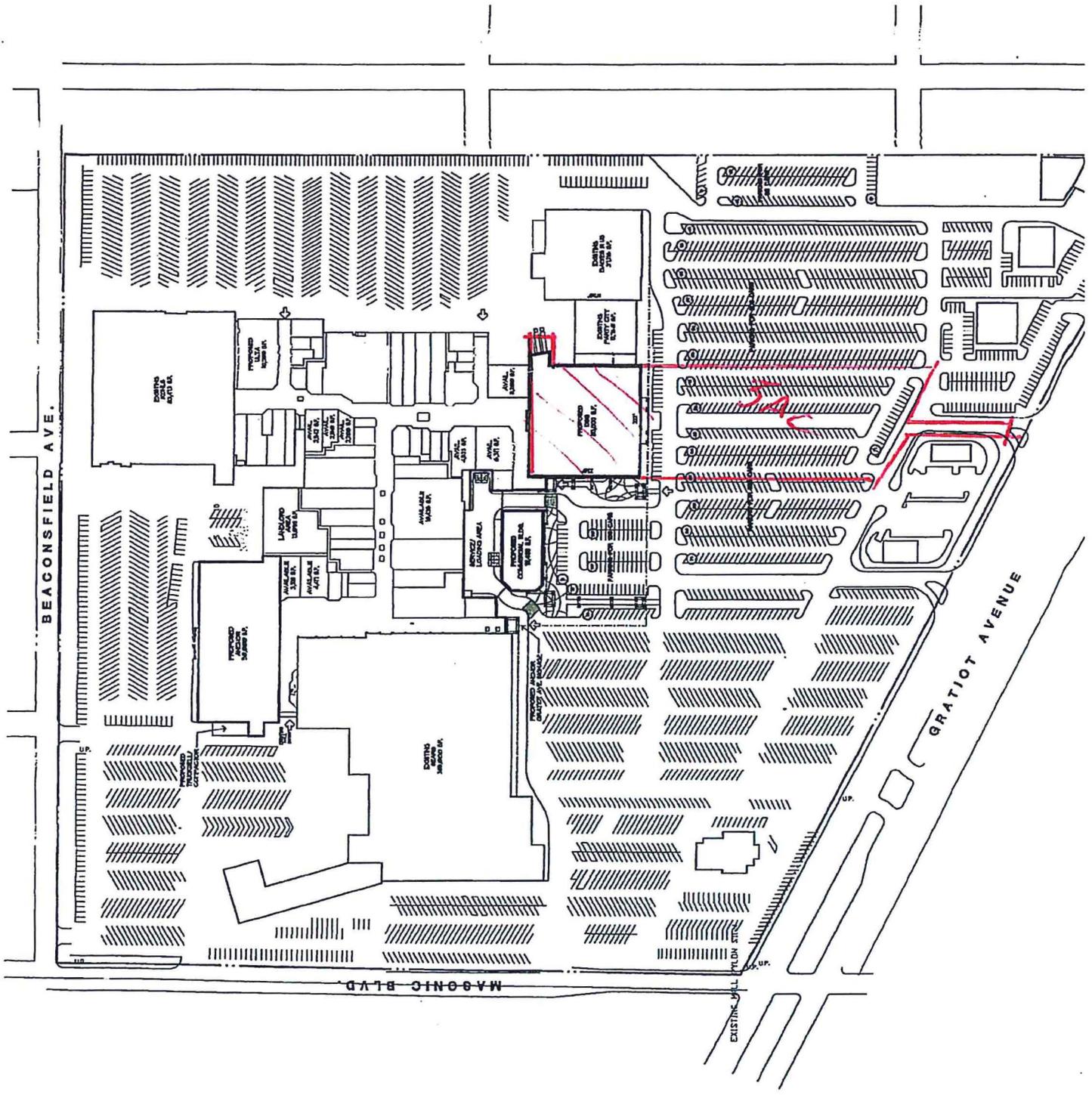
Very truly yours,


Jared T. Belka

Enclosure

c: Scott Adkins via e-mail
Michael Connors via e-mail
Jason Horton via e-mail
Chris Brochert via e-mail

9418794



BEACONFIELD AVE.

MASONIC BLVD

GRATIOT AVENUE

EXISTING PLANT

AVAILABLE MOB. ST.

EXISTING PLANT

PROPOSED CONCRETE STORAGE YARD

EXISTING PLANT

LEGAL DESCRIPTION

(Per Professional Engineering Associates)

PROPOSED DSG BOUNDARY

Macomb Mall land in the City of Roseville, Macomb County, Michigan, described as follows:

A parcel of land located in and being part of the Northeast 1/4 of Section 4, Town 1 North, Range 13 East, City of Roseville, Macomb County Michigan, being more particularly described as:

Commencing at the center of said Section 4; thence N01°03'14"E, 394.43 feet along the North and South 1/4 line of said Section 4; thence S88°42'35"E, 30.50 feet; thence N01°03'14"E, 953.00 feet to a point on the South property line of Gratiot Masonic Park Subdivision, as recorded in Liber 7, Page 97, Macomb County Records; thence N00°40'06"E, 283.50 feet; thence S88°47'28"E, 1930.09 feet; thence S01°08'23"W, 107.76 feet; thence S88°45'07"E, 61.90 feet; thence S61°17'27"E, 76.90 feet; thence 30.97 feet along an arc of a curve to the left, having a radius of 34.91 feet and a chord that bears S87°00'24"E, 29.97 feet to the westerly line of Gratiot Avenue as platted; thence along said line S28°42'33"W, 59.20 feet; thence N61°17'27"W, 117.87 feet; thence N89°02'30"W, 97.84 feet; thence S01°08'55"W, 143.41 feet; thence N88°42'35"W, 139.98 feet; thence S01°38'46"W, 128.05 feet to the Point of Beginning; thence S28°25'27"W, 114.67 feet; thence S88°42'35"E, 223.70 feet; thence N83°49'14"E, 6.04 feet to the westerly line of Gratiot Avenue as platted; thence along said line S28°42'33"W, 65.99 feet; thence 52.80 feet along an arc of a curve to the left, having a radius of 54.80 feet and a chord that bears N60°41'38"W, 50.78 feet; thence N88°42'35"W, 146.40 feet; thence S28°25'27"W, 95.51 feet; thence N88°42'25"W, 738.92 feet; thence N01°17'35"E, 291.00 feet; thence S88°42'25"E, 40.50 feet; thence S01°17'35"W, 70.00 feet; thence S88°42'23"E, 786.19 feet to the Point of Beginning.
Containing 4.21 acres of land, more or less.

COMMERCIAL REHABILITATION ACT

Public Act 210 of 2005 encourages the rehabilitation of commercial property by abating the property taxes generated from new investment for a period up to 10 years. As defined, commercial property is a qualified facility that includes a building or group of contiguous buildings of commercial property that is 15 years or older, of which the primary purpose is the operation of a commercial business enterprise or multifamily residential use. A qualified facility may also include vacant property or other commercial property which, within the immediately preceding 15 years, was commercial property. Types of commercial business enterprises include office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities. Multifamily residential is housing that consists of five or more units. Commercial properties allocated new market tax credits are also considered a qualified facility.

Qualified retail food establishments are considered a qualified facility for purposes of granting the tax abatement. These establishments include a retail supermarket, grocery store, produce market, or delicatessen that offer unprocessed USDA-inspected meat and poultry products or meat products that carry the USDA organic seal, fresh fruits and vegetables, and dairy products for sale to the public. The qualified retail food establishment must be located in a “core community” as defined in the Obsolete Property Rehabilitation Act (PA 146 of 2000) or in an area designated as rural as defined by the United States Census Bureau and is located in an underserved area.

Commercial property does not include property that is to be used as a professional sports stadium or a casino. Land and personal property are not eligible for abatement under this act.

WHO IS ELIGIBLE?

“Qualified local government units” mean any city, village or township.

WHAT IS REHABILITATION?

Rehabilitation is defined as changes to qualified facilities

that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition. The new investment in the rehabbed property must result in improvements aggregating to *more than* 10 percent of the true cash value of the property at commencement of the rehabilitation of the qualified facility. Rehabilitation includes the following: improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment including heating, ventilation, and lighting, reducing multistory facilities to one or two stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes required to restore or change the property to an economically efficient condition.

Rehabilitation also includes new construction on vacant property from which a previous structure has been demolished and if the new construction is an economic benefit to the local community as determined by the qualified local governmental unit.

Rehabilitation for a qualified retail food establishment also includes new construction.

WHAT IS THE PROCESS?

Before the Commercial Rehabilitation Exemption Certificate (i.e. property tax abatement) can be granted to the commercial property owner, the city, village or township by resolution of its legislative body, must establish a Commercial Rehabilitation District. The establishment of the district may be initiated by the local government unit or by owners of property comprising 50 percent of all taxable value of the property in the proposed district. The district must be at least three acres in size unless it is located in a downtown or business area or contains a qualified retail food establishment.

The city, village or township must hold a hearing to establish a Commercial Rehabilitation District. Notification of the hearing must be given to the county

COMMERCIAL REHABILITATION ACT *continued*

board of commissioners and all real property owners in the proposed district.

After the hearing is held and the local unit of government determines the district meets the requirements of the act, a copy of the resolution adopting the district shall be provided to the county where the district is established. Within 28 days, the county may accept or reject the establishment of the district. In a county with a county executive, the executive can write a letter rejecting the establishment of the district. In all other counties, the county board of commissioners can pass a resolution rejecting the establishment of the district.

Once the district is established, the property owners may file an application with the local clerk for a Commercial Rehabilitation Exemption Certificate. Applications are available from the Michigan Department of Treasury. The local clerk shall provide written notification to the assessor of the local unit of government and each taxing jurisdiction that levies ad valorem property taxes of the application hearing. The city, village or township has 60 days after receipt of the application to either approve or disapprove the application. If denied, a reason must be given in the resolution. The assessor and applicant shall be sent a copy of the unapproved resolution by certified mail. If approved, the application and resolution must be sent to the State Tax Commission, which will certify or deny the application within 60 days. A resolution is not effective unless approved by the State Tax Commission.

COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE

Upon approval by the State Tax Commission, a Commercial Rehabilitation Certificate is issued. The property owner must pay a Commercial Rehabilitation Tax rather than the normal property tax. The certificate must be issued for a period of at least one year, but cannot exceed 10 years. Certificates initially issued for less than 10 years may be extended, but shall not exceed 10 years. The criteria for extensions must be included in the resolution approving the abatement.

The Commercial Rehabilitation Tax freezes the taxable value of the building and exempts the new investment from local taxes. The school operating tax and the State Education Tax (SET) are still levied on the new investment. Land and personal property cannot be abated under this act.

DISCUSSION

In addition to the Commercial Rehabilitation Act (PA 210 of 2005), several other property tax abatements are available for the rehabilitation of commercial property in Michigan, including the [Commercial Redevelopment Act \(PA 255 of 1978\)](#) and the [Obsolete Property Rehabilitation Act \(PA 146 of 2000\)](#). Each act has unique eligibility requirements, processes, and lengths and terms of the abatement. Please refer to the Michigan Economic Development Corporation Fact Sheet for more information on each program and consult the authorizing statute to determine the best fit for your project needs.

CONTACT INFORMATION

For more information on the Commercial Rehabilitation Act, please contact the [CA Team Specialist](#) assigned to your territory. For more information, contact the Michigan Economic Development CorporationSM (MEDC Customer Contact Center at 517.373.9808.

SUPPORTING STATUTES

[PA 210 of 2005—Commercial Rehabilitation Act](#)

**COPIES OF THE
DISBURSEMENT
LIST ARE NOW
AVAILABLE IN THE
CONTROLLER'S
OFFICE**