



**City of Rochester Hills
AGENDA SUMMARY
NON-FINANCIAL ITEMS**

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Legislative File No: 2010-0365

TO: Mayor and City Council Members

FROM: Ed Anzek, Planning & Development Department, ext. 2572

DATE: September 3, 2010

SUBJECT: To Schedule A Public Hearing Regarding the Establishment of a Rehabilitation District

REQUEST:

Schedule a public hearing for the establishment of a rehabilitation district (IDD) at 1350 W. Hamlin Road to be held at the Regular Meeting of City Council on Monday, September 20, 2010.

BACKGROUND:

The City received a request to establish a Rehabilitation District from KOSTAL Kontakt Systeme, Inc. The company is proposing to lease 1350 W. Hamlin and, in conjunction with the building owner, MI Hamlin Development Associates, Lehman Brothers Holdings Inc, will be making significant improvements to update the facility. Public Act 198, of 1974, specifically states that a request to establish a Rehabilitation District can either come from the property owner or by resolution of City Council.

The City also has received a tax abatement application from KOSTAL for a project to be located at this building. The company will give a presentation to City Council the same evening, just prior to the Public Hearing.

A Rehabilitation District is an area designated by a municipality in which a functionally obsolete building is located. To be considered obsolete, a city Assessor must declare that 50% or more of the building is functionally deficient. Once a Rehabilitation District is established, the assessment of the facility is frozen at its current level for the length of the abatement. Any improvements to the building during that time period become exempt from taxation until the abatement period expires. In addition, new personal property that is planned in conjunction with a rehabilitation project can receive a 50% reduction of taxes as per standard tax abatement. The intent of this program is to incent reinvestment and new investment in older facilities that are hard to market due to their deficiencies as compared to newer product.

RECOMMENDATION:

Schedule the Public Hearing for the Regular Meeting of City Council on September 20, 2010.
