



EXALT FITNESS

TO: Village of Pinckney

FROM: Jennifer Cooke, Owner
Cooke Coaching, LLC also known as Exalt Fitness

DATE: 4/17/2024

SUBJECT: Request for Commercial Rehabilitation District

REFERENCES: Commercial Rehabilitation Act, PA 210 of 2005

PURPOSE: This memorandum provides background material for Council consideration related to a request by Jennifer Cooke, Cooke Coaching, LLC (“Applicant”) to establish a Commercial Rehabilitation District at 140 West Main Street (“Proposed District”) for the purpose of obtaining a Commercial Rehabilitation Exemption Certificate (“Exemption”) in accordance with PA 210 of 2005. The Proposed District is more particularly described in the resolution’s attachment, but it includes the property where the former auto detailing shop was located on the West side of downtown. The Applicant wants to build a new fitness center in the Proposed District (with additional parking). If granted, the Exemption would exempt certain property in the District from certain taxes, as described below.

BACKGROUND: Creation of a Commercial Rehabilitation District (“District”) is the first step to receive an Exemption, which abates the property taxes generated from new investment in the district for a period up to 10 years. If a District is created and if an Exemption is granted therein, the Exemption essentially “freezes” the taxable value of a building in the district based on the previous year (prior to rehabilitation) for the duration of the Exemption while exempting the new investment from local taxes. Unaffected are the school operating tax and the State Education Tax (SET), which are still levied on the new investment. Personal property cannot be abated under the Commercial Rehabilitation Act. The Village received the Applicant’s request to create a District on April 9, 2024. The Village must now prepare to hold a public hearing as to whether the district should be created and give the statutorily required notice of the same. The resolution for consideration at the May 2024 Council Meeting will call this hearing in June 2024, and will instruct the Clerk to give the required notices. At the May hearing, the Applicant (who is the sole owner of the real property that comprises the district) will be heard, along with any

Pinckney resident or taxpayer that wishes to be heard, as to whether the district should be created. If the Village passes a resolution creating the district, it must send Livingston County a copy of the resolution via certified mail. The County Board of Commissioners will then have 28 days (from the date of receipt of the resolution) to reject the district's creation. If that does not happen, the district is created. If the District is created, the owner of a "functional obsolete and/or blighted building" (discussed below) in the district can file an application for an Exemption with the City Clerk. The Village Council would then pass a resolution calling a hearing as to whether the Exemption should be granted and instructing the City Clerk to give the statutorily required notices prior to such hearing. At such hearing, the Village Council would either approve or disapprove the Exemption Application and, if approved, state the number of years (requested for max of 10-years) for which such Exemption would be authorized.

In determining whether to approve the Exemption Application, the Village Council would consider various factors including whether "completion of the qualified facility is calculated to, and will at the time of issuance of the [Exemption] certificate have the reasonable likelihood to, increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the qualified facility is situated." If the Village Council approves the Exemption Application, the application and resolution are forwarded to the State Tax Commission who then decides whether to approve or disapprove the application. If the Commission approves the Exemption Application before December 31, 2024, the Exemption will apply to the applicant's 2025 taxes.

PROJECT DESCRIPTION: See support documents attached.

CONSIDERATIONS: The Village Council may create the district by resolution if it finds that: (1) the District is at least three acres in size; and (2) a "qualified facility" is located in the District. A "qualified facility" means, amongst other things, a building or group of contiguous buildings of commercial property that are 15 years old or older. Because this Proposed District is for one parcel, that parcel is greater than three acres in size, and the buildings located thereon are older than 15 years, commercial properties, and contiguous, the request appears to meet the statutory requirements for establishment of a district.

Current Taxable Value	\$190,201.00		Over 20 year period village about \$300k in extra taxes will be paid			
Summer tax	\$6,631.02		During the 10 year abatement period \$35k in extra taxes will be paid			
Winter tax	\$4,084.84		Assumes \$500k appraisal post construction			
Calculate rate	5.63%					
Assumes 3% appreciation in both scenarios						
		No Improvements		With Improvements and abatement		
	Year	Taxable	Estimate Tax	Taxable	Estimated Tax	Extra Taxes
1	2025	\$195,907.03	\$11,037.34	\$500,000.00	\$14,084.92	\$3,047.58
2	2026	\$201,784.24	\$11,368.46	\$515,000.00	\$14,507.46	\$3,139.01
3	2027	\$207,837.77	\$11,709.51	\$530,450.00	\$14,942.69	\$3,233.18
4	2028	\$214,072.90	\$12,060.79	\$546,363.50	\$15,390.97	\$3,330.17
5	2029	\$220,495.09	\$12,422.62	\$562,754.41	\$15,852.70	\$3,430.08
6	2030	\$227,109.94	\$12,795.30	\$579,637.04	\$16,328.28	\$3,532.98
7	2031	\$233,923.24	\$13,179.16	\$597,026.15	\$16,818.13	\$3,638.97
8	2032	\$240,940.94	\$13,574.53	\$614,936.93	\$17,322.67	\$3,748.14
9	2033	\$248,169.16	\$13,981.77	\$633,385.04	\$17,842.35	\$3,860.58
10	2034	\$255,614.24	\$14,401.22	\$652,386.59	\$18,377.62	\$3,976.40
11	2035	\$263,282.67	\$14,833.26	\$671,958.19	\$37,857.90	\$23,024.64
12	2036	\$271,181.15	\$15,278.25	\$692,116.94	\$38,993.63	\$23,715.38
13	2037	\$279,316.58	\$15,736.60	\$712,880.44	\$40,163.44	\$24,426.84
14	2038	\$287,696.08	\$16,208.70	\$734,266.86	\$41,368.35	\$25,159.65
15	2039	\$296,326.96	\$16,694.96	\$756,294.86	\$42,609.40	\$25,914.44
16	2040	\$305,216.77	\$17,195.81	\$778,983.71	\$43,887.68	\$26,691.87
17	2041	\$314,373.27	\$17,711.68	\$802,353.22	\$45,204.31	\$27,492.63
18	2042	\$323,804.47	\$18,243.03	\$826,423.82	\$46,560.44	\$28,317.40

19	2043	\$333,518.6 0	\$18,790.33	\$851,216.53	\$47,957.25	\$29,166.93
20	2044	\$343,524.1 6	\$19,354.04	\$876,753.03	\$49,395.97	\$30,041.93
		Totals	\$296,577.35		\$595,466.13	\$298,888.79
					10 year total	\$34,937.09