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Tax freeze denied for Thompson block

By Dan DuChene, Staff Writer

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The Michigan Department of Treasury last week denied an application to establish a tax freeze on the Thompson Building in Depot Town.

Terry Stanton, a

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Department of Treasury spokesperson, said the rejection was made by the Michigan State Tax Commission, a board made of citizens appointed by the governor. He said the decision was based on an earlier staff recommendation to deny the application.

Stewart Beal, president of Beal Properties and the building's owner, said he plans to ask the Commission to reconsider its decision.

Under the Michigan Obsolete Property Rehabilitation Act, cities can establish districts where property taxes are frozen at current levels while repairs are made to the building. City Council approved establishing the Thompson Building as an O.P.R.A. district last November. The district would have saved Beal \$2 million over 12 years.

"The statute doesn't allow for an official appeal process because these things don't get denied," Beal said.

Stanton, however, said parties can write a letter to ask the commission to reconsider the decision. Both Beal and the city plan to author a letter.

Stanton said that "it's not a frequent occurrence" for an O.P.R.A. application to be denied. He said of the 180 applications the commission has reviewed since the program's

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inception in 2000, there have been five denials including the Thompson Building.

"The staff recommendation was based on information that had been received," Stanton said, "that work had begun at the site before the city established the district."

He said the statute does not allow for rehabilitation to be done on a site before a district is established.

"It's kind of convoluted," Stanton said of the scope of work defined as rehabilitation. "It doesn't necessarily mean any kind of work."

The statute defines rehabilitation as, "changes to obsolete property other than replacement that are required to restore or modify the property, together with all appurtenances, to an economically efficient condition."

After learning of the state's rejection, Beal said, "The state relied on some bogus information that Kircher supplied them."

Local landlord David Kircher purchased the Thompson building, a former Civil War barracks, in 1967. Kircher was sued by the city in 2002 over the condition of the building, alleging his property was in violation of the State Fire Prevention Act as well as several local building codes and ordinances. The court named Robert Barnes the building's receiver, until Beal purchased the rights for \$187,686, the amount Barnes had foreclosed on the building, plus an unknown additional amount.

After Kircher did not pay for the work Barnes and Beal had done to the Thompson Building, which totaled \$400,000, Beal assumed ownership in November last year.

"He's done repair work," Kircher said. "Anybody knows that development work includes demolition."

Earlier this week, Kircher said he had sent information to the state regarding the Thompson Building.

"There were serious inconsistencies between what they said on the application and what they told the court when they were billing me," Kircher said. "It appears that the state agreed with me."

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Kircher is currently appealing the ownership of the building, a case he hopes will go to the state supreme court, but has on hold in the federal courts.

"The whole purpose (of receivership) was to take it away from me," Kircher said. "Even if that involved destroying the building in the process."

He said the building is in worse shape now than when he owned it. The building, which he said was worth \$600,000 when he owned it, is now worth less than \$100,00 after \$400,000 worth of work, according to Kircher.

"Fix it. You own it, now fix it," Kircher said. "It certainly appears that the city is in bed with the receivers."

Charles Boulard, the city's building official and acting city manager, said work at the Thompson Building work had been done, but not while Beal owned it. He said ownership is an issue.

"They did things to keep the building from falling down, it was falling apart," Boulard said.

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