



## Alphabetical List of Incentives

### Brownfield Incentives

The State of Michigan defines a Brownfield as a property that is contaminated, blighted, or functionally obsolete. There are a series of incentives available to parties interested in Brownfield redevelopment including tax increment financing, single business tax credits (12.5% or 20%), and grants and loans for site assessment and cleanup. The goal of this program is to assist commercial and industrial property owners to identify, assess, and remediate Brownfield sites for future use. Brownfield projects require the creation and approval of a Brownfield Plan. The city of Ypsilanti is a member of the [Washtenaw County Brownfield Redevelopment Authority](#).

**For more information** call Planning & Development at 734-483-9646 or Washtenaw County Brownfield Planner Jeremy McCallion at 734-222-6877 or e-mail him at [mccallionp@ewashtenaw.org](mailto:mccallionp@ewashtenaw.org).

### Commercial Rehabilitation Tax Exemption

Similar to the OPRA tax exemption, the City of Ypsilanti can provide property tax abatement for a period of 1 to 10 years for owners of certain rehabilitated commercial facilities in designated districts. Commercial Rehabilitation Tax Exemption certificates freeze the property at its pre-rehabilitated value, effectively allowing the rehabilitation to be property tax free, with the exception of school operating taxes.

Land and most personal property are not eligible for a Commercial Rehabilitation tax exemption.

There are several steps in the process of applying for Commercial Rehabilitation Tax Credits, including petitioning the city council to create a Commercial Rehabilitation District.

The key distinctions between the Commercial Rehabilitation Tax Credit and the OPRA include:

- OPRA's need for an obsolete or blighted designation
- size and/or area requirements of the Commercial Rehabilitation District
- the potential for the Obsolete Property Exemption Certificate (OPRA) to qualify for exemption for one-half of the school millage.

#### Requirements:

Qualifying buildings must be a multifamily (consisting of 5 or more units), or a building or group of contiguous buildings (at least 15 years old) previously used for industrial purposes that will be converted for a commercial business.

The district created for this credit has to be greater than three acres in size, unless located inside a city designated downtown or business district.

#### How Do I Apply?

Contact the Planning and Development Department at (734) 483-9646 for information on how to begin the process.

## Historic Preservation Tax Credits

History is a large part of the character of Ypsilanti. These tax credit opportunities encourage owners to protect and restore the historic landscape of the area. through a combination of Federal and State programs, up to a 25% tax credit can be earned. Approval by the Historic District commission for a project does not signify qualification for tax credits. the work must first be approved at the state and federal level for credits.

### Federal Historic Preservation Tax Credits:

Owners of properties that are eligible for, or already on the National Register of Historic Places or properties that are located within Ypsilanti's Historic District are eligible for a 20% rehabilitation tax credit (only for commercial, industrial, agricultural, or rental residential purposes – not owner occupied). Property owners can check property status in the database located on the National Parks Service website: <http://www.nps.gov/history/nr>. A 10% rehabilitation tax credit is available for non-historic structures built before 1936. The building must be rehabilitated for non-residential uses.

**For more information** contact Robbert McKay at the State's Historic Preservation Office at [mckayr@michigan.gov](mailto:mckayr@michigan.gov)

### State Historic Preservation Tax Credits:

Michigan resource owners and long-term lessees who undertake a qualified rehabilitation project of certain resources may be eligible for up to 25% of qualified rehabilitation expenditures. Homeowners, commercial property owners, and business owners are all eligible for this tax incentive. This process requires that the property owner first apply for the federal historic preservation tax credit. If the federal credit is received, the amount of the state credit will reduce the amount of the federal credit. The combination of the two credits cannot exceed 25%.

**For more information** contact Bryan Lijewski State's Historic Preservation Office at [lijewskib@michigan.gov](mailto:lijewskib@michigan.gov).

## HUBZone

The HUBZone Program stimulates economic development and creates jobs in urban and rural communities by providing Federal contracting preferences to small businesses. These preferences go to small businesses that obtain HUBZone (Historically Underutilized Business Zone) certification in part by employing staff who live in a HUBZone. The company must also maintain a "principal office" in one of these specially designated areas. *[A principal office can be different from a company headquarters, as explained later in this document.]* The program resulted from provisions contained in the Small Business Reauthorization Act of 1997.

- [HUBZone basics](#)
- [Map of eligible areas in Ypsilanti](#)

**For more information** contact the Michigan office of the Small Business Association at (313) 226-6075 or use the SBA's toll-free Answer Desk at 1-800-U-ASK-SBA.

## Michigan Economic Growth Authority (MEGA)

**Standard MEGA** tax credits are available to in-state companies creating at least 50 new jobs, or 75 new jobs for those based out-of-state, within one year. The new jobs must be in addition to those existing during the year preceding application for the credit; previously existing jobs must be maintained for the life of the credit. Companies eligible for a MEGA tax credit against the MBT are those engaged in manufacturing, research and development, wholesale trade or office operations that are financially sound and have solid proposals. Retail facilities are not eligible. Each credit may be awarded for up to 20 years and up to 100 percent of an amount equal to the personal income tax generated by new workers, based on program guidelines and MEGA board approval.

**High-Tech MEGA** tax credits are designed to attract new, innovative and cutting-edge companies that specialize in new technologies. They are available to firms whose primary business activity is advanced computing, biotechnology, electronic device technology, engineering and laboratory testing related to product development, medical device technology, product research and development, advanced vehicle technology or technology that assists in the assessment or prevention of threats or damage to human health or the environment, and tool and die manufacturing. The job creation requirements for these projects are 5 new jobs in the first year and 25 by the fifth year. In addition, the wages for new jobs must be at least 300 percent of the federal minimum wage. Companies undertaking major investments that result in the retention of existing Michigan employment may be considered for a **Retention MEGA** credits. These credits must be used to address competitive disadvantages for projects that would otherwise not occur in the state, and are evaluated using the criteria stated above.

A relatively new **creative MEGA MBT tax credit** has been enacted relating to the following sectors: Digital media, including internet publishing and broadcasting, video gaming, web development, and entertainment technology, music production, including record production and development, sound recording studios, and integrated high-technology record production and distribution, Film and video, including motion picture and video production and distribution, postproduction services, and teleproduction and production services. Additionally, qualified high-wage activity businesses can qualify if the average wage is more than 300% of the minimum wage. These can include architecture and design, including architectural design, graphic design, interior design, fashion design, and industrial design; advertising; and marketing, including advertising and marketing firms and agencies, public relations agencies, and display advertising.

**For more information**, contact [Ann Arbor SPARK](#) at 734.761.9317

## Michigan Film Incentives

These incentives are coordinated through the Michigan Film Office and are available to projects that spent at least \$50,000 in Michigan. For eligible projects, a 40% cash rebate is available across the board, with an extra 2% in Ypsilanti, one of Michigan's 103 Core Communities. Application must include: estimated Michigan expenditures, project type, Michigan production days, local hires and more. The company must send a script/storyboard, insurance documents, the budget, any confidential information requirements and the application fee of \$100. The project must commence filming within 90 days of approval. There are more opportunities for incentives.

**For more information**, contact the Michigan Film office at 1-800-477-3456 or [mfo@michigan.org](mailto:mfo@michigan.org)

## New Markets Tax Credits

The City of Ypsilanti, as a member of the Wayne County-Detroit Community Development Entity (CDE), is eligible for this incentive. Taxpayers may receive credit against federal income tax for making qualified equity investments in a CDE. The credits provide about 10 – 20% equity money to the project proposed, and are to be used over a seven-year credit allowance period. The first three years, an investor receives a credit equal to 5% of the total amount paid for the stock or capital interest at the time of purchase. The final four years, the value of the credit is 6% annually. Projects need to be in poverty areas of at least 20%. The money can be used to clean up blight, for significant job creation projects, and to provide local services (usually for commercial projects). Projects should have an estimated cost at least \$2 million.

**For more information** contact Nancy Cappola, New Markets Tax Credit Coordinator at the Wayne county Economic Development Corporation at 313-224-4111 or [ncappola@co.wayne.mmi.us](mailto:ncappola@co.wayne.mmi.us).

## Obsolete Property Rehabilitation Act (OPRA)

This incentive is designed to promote redevelopment of contaminated, blighted, or functionally obsolete properties used for either commercial or commercial housing. This law allows the city to “freeze” the taxable value of a structure (before improvements are made) for no less than 1 year and no longer than 12 years. OPRA Exemptions essentially allow property owners to rehabilitate their buildings property tax free, with the exception of school taxes

**There are several steps in the process which include but are not limited to:**

- petitioning the City Council to create an OPRA District
- an application by the property owner for Obsolete Property Exemption Certificates

In addition to the local tax exemption, the state may decide to exempt one-half of the school millage for up to six years using the same application.

Currently the city of Ypsilanti creates a district for each property in consideration on a case-by-case basis.

### **Requirements:**

Properties must meet the definition of blighted or functionally obsolete.

Applicants must demonstrate that completion of the rehabilitation will lead to increased commercial activity, the creation or retention of jobs, or an increase in residency.

**How Do I Apply?**

Contact the Planning and Development Department at (734) 483-9646 for information on how to begin the process.

**Personal Property Tax Exemption (PA 328)**

Cities that eliminate personal property taxes offer a competitive advantage in business attraction. PA 328 allows the City of Ypsilanti to offer a tax exemption to spur investment in the Industrial Development District, Brownfield Redevelopment District, Local Development Financing District/ Smart Zone, or the Downtown Development District.

New personal property (equipment) leased or owned by eligible businesses and located within an "eligible district" could be 100% exempt from personal property taxes on both the local and state levels following local approval.

This incentive is not project-specific and extends to all personal property investments during the time of the exemption.

**Requirements:**

Eligible businesses: Businesses eligible for this incentive must be primarily engaged in manufacturing, mining, research and development, wholesale trade or office operations.

Eligible districts: Properties must be located in the Industrial Development District, Brownfield Redevelopment District, Local Development Financing District/ Smart Zone, or the Downtown Development District in order to be eligible.

The period of time for this incentive is determined by the city.

**How Do I Apply?**

Contact the Planning and Development Department at (734) 483-9646 for information on how to begin the process.

**Redevelopment Liquor Licenses**

[Redevelopment liquor licenses](#) are available in Ypsilanti's two Downtown Development Authority districts. These licenses have been made available to local units in addition to quota licenses in order to encourage economic development and to enhance the quality of life for residents and visitors.

Redevelopment liquor licenses are available for \$20,000 provided certain investment thresholds and performance criteria are met.

**For more information call** Brian Vosburg, DDA Director at 734-482-1410 or at [brian@ypsilantidda.org](mailto:brian@ypsilantidda.org).

## **Rental Rehab Program for Downtown**

The rental rehabilitation component is designed to help a local unit of government provide funding assistance to improve the number or income producing, investor/owned properties in a downtown area. Investor/owners are required to contribute a minimum of 25% of the total project cost for each rental unit being rehabilitated. In a Blueprint community such as Ypsilanti, MSHDA's Office of Community Development (OCD) could provide up to \$25,000 in hard rehabilitation costs and up to \$10,000 for lead-based paint related costs for each rental unit. Rents are then controlled for 51 percent of the units and must remain affordable for a period of five years. The balance of units, the other 49%, can be rented at market rates.

The OCD funds utilized in each project are held as a lien against the property during the 5-year affordability period. While the local unit of government would have some flexibility on how the lien is structured, generally the MSHDA lien is forgiven at the end of the affordability period. All properties must be rehabilitated to a minimum of Housing Quality Standards and local codes. Tenant incomes must be certified annually.

**For more information call** Brian Vosburg, DDA Director at 734-482-1410 or at [brian@ypsilantidda.org](mailto:brian@ypsilantidda.org) to be part of a coordinated application for funds.

## **SmartZones (LDFA)**

SmartZones are areas of collaboration between universities, industry, research organizations, government, and other community institutions. The goal of SmartZones is to stimulate the growth of technology-based businesses and jobs by aiding in the creation of recognized clusters of new and emerging businesses. In particular, SmartZones support enterprises focused on commercializing ideas, patents and other opportunities surrounding corporate, university, or private research institute R&D efforts.

The purpose of the Ann Arbor/Ypsilanti SmartZone is to provide capital needed for the facilitation of the commercialization of research products being developed at University of Michigan and Eastern Michigan University and the development of private high technology enterprises that, but for this organization, would be deferred, or located outside of the SmartZone area. The Smart Zone is the home of Ann Arbor SPARK and SPARK East. The Ypsilanti portion of the Smart Zone does not currently collect a tax increment.

**For more information** contact Brian Vosburg, DDA Director at 734-482-1410 or e-mail him at [brian@ypsilantidda.org](mailto:brian@ypsilantidda.org).