



Obsolete Property Rehabilitation Act (OPRA) (PA 146) Tax Exemption Application Packet

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Section A - OPRA Tax Exemption Certificate Application Guidelines

Introduction

The intent of this document is to outline the policies and procedures adopted by the City of Ypsilanti regarding the rehabilitation of properties considered obsolete through the Obsolete Property Rehabilitation Act (PA 146 of 2000).

The City of Ypsilanti's urban environment, heritage and culture present the community with a unique opportunity to encourage and support sustainable economic development. The City is committed to working closely with entrepreneurs, business owners and developers to provide a business-friendly climate while meeting the needs of the Ypsilanti community.

OPRA Facts

This incentive is designed to assist in the redevelopment of older buildings in which the facility is contaminated, blighted, or functionally obsolete. Certificates may be given for eligible projects that take place on an obsolete property and result in a commercial or commercial housing building project.

The community freezes the existing taxable value on a designated facility no less than 1 year and no more than 12 years. This creates an incentive for the property owner which allows the rehabilitation to be property-tax free, with the exception of school taxes

Through application materials, 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. It must also be demonstrated by the applicant that "but for" the exemption, the rehabilitation would not occur.

The City of Ypsilanti, in an ongoing spirit of cooperation and collaboration, expects all applicants to be current in their property tax payments, hold no liens against their property, have no outstanding fines, and be in compliance with all city codes.

The period of time for OPRA certificates is determined by City Council.

Ypsilanti City Council retains discretionary power for final determination and is not bound to using the information included in this packet when acting on a request for OPRA Certificates.

The city will forward the application to the State Tax Commission for final approval or disapproval.

Eligible facilities

A granted exemption covers only the specific project that is the subject of the application.

A facility eligible for OPRA must be a commercial property or a commercial housing property, located within the boundaries of the City of Ypsilanti, that meet the definition of "blighted" or "functionally obsolete" as defined by the Brownfield Redevelopment Financing Act of 1996.

"Blighted", as defined by the Brownfield Redevelopment Financing Act of 1996 means that the structure:

- 1) Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
- 2) Is a fire hazard or is otherwise dangerous to the safety of persons or property.
- 3) Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use.
- 4) Is a tax reverted property owned by the City of Ypsilanti, Washtenaw County, or the State of Michigan
- 5) The current state of the property makes it unfit for its intended use

A building that is "functionally obsolete" is unable to be used for what it was originally intended due to a loss in value. Factors responsible for the loss in value include overcapacity, changes in technology, or other similar factors that affect the property itself or the property's relationship with other surrounding property.

Application Process

- 1) A written request is made from the applicant to the city regarding the creation of an OPRA District.
- 2) Creation of OPRA District by the City
 - Notice is given by certified mail to property owners within the proposed district
 - A public hearing is held regarding the proposed district
 - A resolution to create the OPRA district is adopted by city council
- 3) Filing of application for certificate of exemption by building owner
 - Application and supporting materials are submitted to the City Clerk's office.

- City Council holds a public hearing for the exemption certificate application.
- City Council takes action on the application.
- Once the application is approved, it is sent to the State Tax Commission, and is acted upon within 60 days (either approved or disapproved).

Revocation

If at any time during the abatement period the terms and conditions are violated, the exemption may be revoked. The abatement holder is required to keep all property taxes current to receive tax abatement. This shall include real and personal property assessed to the abatement holder at all locations within the City of Ypsilanti.

Questions?

Contact the Planning and Development Department at (734) 483-9646 with further questions regarding OPRA certificates.

Section B – Criteria for Granting OPRA Tax Exemption Certificates

Priority will be given to applicants whose proposed projects can meet or exceed the City's criteria for granting tax abatements. Supporting evidence for any application must demonstrate that:

- 1) no outstanding back taxes, fines, or liens are owed to the city
- 2) upon completion of the project, a Certificate of Occupancy has been obtained
- 3) the applicant will offer employees a living wage (currently \$10/ hour without health benefits and \$8.50/hour with health benefits) who work on the improvement or expansion of the facility, and to other employees of the applicant working in the workplace or location receiving the abatement
- 4) the applicant, contactors, sub-contractors and tenants will make a concerted effort to employ primarily residents of the city of Ypsilanti
- 5) the project will use context sensitive design in building development with special attention to storm water management and energy efficient design
- 6) preferably, new projects represent new economy businesses, green technologies, and/or innovative business models.
- 7) the implementation of a project has not begun prior to tax abatement approval
- 8) the applicant is an equal opportunity employer.
- 9) the project is in compliance with Historic District Commission guidelines, if applicable
- 10) the tax abatement is required for the success of the project. This evidence will be in the form of a written statement addressed to City Council as well as a pro forma submitted with application materials.
- 11) Careful consideration will be taken in reviewing and approving tax abatement requests when the total of tax abatement granted in Ypsilanti reaches or exceeds 5% of taxable value.

Applications will further be considered in light of the following general economic development/redevelopment goals of the City of Ypsilanti:

1. Promoting the growth and expansion of existing businesses and the growth and development of local entrepreneurs.

2. Encouraging the adaptive reuse of historic and underutilized buildings including properties that are currently tax exempt, and supporting Brownfield cleanup and redevelopment.
3. Attracting businesses that diversify the city's commercial and industrial base and contribute to the economic and social well-being of the community.
4. Supporting and attracting businesses that further develop the local workforce by increasing the personal income of residents, diversifying the job base, and creating new jobs.
5. Promoting energy efficiency in building renovations and rebuilds.
6. Continuously improving the quality of life in Ypsilanti.

A granted exemption covers only the specific project that is the subject of the application.

Any portion of this policy or the procedures outlined may be waived by the City Council if it is in the best interest of the City and in accordance with State law. The City of Ypsilanti also reserves the right to consider additional goals and criteria that are consistent with the interests of the City.

Section C – OPRA Application Process

- 1) A written request is made from the applicant to the city regarding the creation of an OPRA District.
- 2) Creation of OPRA District by the City
 - Notice is given by the City through certified mail to property owners within the proposed District
 - A public hearing is held regarding the proposed District
 - A resolution to create the OPRA District is adopted by City Council
- 3) Filing of application for Certificate of Exemption by the building owner
 - Application and supporting materials are submitted to the City Clerk's office.
 - City Council holds a public hearing for the Tax Exemption Certificate application.
 - City Council takes action on the application.
 - Once the application is approved, it is sent to the State Tax Commission, and is acted upon within 60 days (either approved or disapproved).

Section D – OPRA Tax Exemption Certificates Applicant Checklist of Documents and Attachments

Four copies of each of the following materials should be submitted to the City:

- statement of interest regarding creation of an OPRA district

- complete OPRA application submitted to City Clerk's Office

- a complete list of renovation costs

- a detailed statement outlining why OPRA is needed for the project. The statement should address the project in relation to the City criteria for granting OPRA certificates and economic development goals (found in this packet), as well as why you feel that the project is eligible for this exemption

- a pro forma for the proposed project

It is the burden of the applicant to provide sufficient materials to support an application. The City of Ypsilanti holds no responsibility in the submission of an application or supporting materials. Incomplete applications will not be considered.

City Clerk sign when complete

Date Stamp