



# **City of Niles**

## **Development Incentive Tools**

<b>Brownfield</b>	<b>3</b>
Land Disposition Policy	3
State and City Brownfield TIF	3
<b>Industry/Commercial</b>	<b>3</b>
Industrial Property Tax Abatement	3
Revolving Loan Fund (Gap Financing)	3
OPRA	4
Commercial Rehabilitation Act	4
Commercial Redevelopment Act	4
<b>Housing</b>	<b>5</b>
SB 362: Attainable Housing Facilities Act	5
Neighborhood Enterprise Zone	5
SB 422: Residential Facilities Exemption Act	5
PILOTs	6
<b>Downtown</b>	<b>6</b>
Facade Improvement Programs	6
<b>Historic Preservation</b>	<b>6</b>
Federal Tax Credit	6
Michigan Historic Preservation Tax Credit	7
<b>Non-Financials</b>	<b>7</b>
Off-Street Parking Reductions	7
Reduced Setbacks	7
Resources Connections	7

# Brownfield

## Land Disposition Policy

The City of Niles may identify land for sale or a long-term lease at a reduced price to promote development in the community. For more details, contact [CommunityDevelopment@nilesmi.org](mailto:CommunityDevelopment@nilesmi.org).

## State and City Brownfield TIF

Tax Increment Financing is a procedure that allows municipalities to “capture” the additional or incremental taxes from the property as it increases in value. Property owners continue to pay taxes as usual, but a portion of the money is diverted to pay for development activities with a public benefit.

- State
  - The state offers Tax Increment Financing to reimburse brownfield-related costs incurred while redeveloping contaminated, functionally obsolete, blighted, or historic properties: demolition, lead, and asbestos abatement. For more information, see [MEDC Community Development Brownfield Program](#).
- City
  - The City of Niles offers Tax Increment Financing Specifically for municipal tax only (e.g. property tax). To utilize this program, contact [CommunityDevelopment@nilesmi.org](mailto:CommunityDevelopment@nilesmi.org).

# Industry/Commercial

## Industrial Property Tax Abatement

Following PA 198 of 1974, Industrial property tax abatements provide incentives for eligible businesses to make new investments in Michigan. These abatements encourage Michigan manufacturers to build new plants, expand existing plants, renovate aging plants, or add new machinery and equipment. High-technology operations are also eligible for the abatement. Industrial property tax abatements must be approved at local and state levels. For more information, see [MEDC Industrial Property Tax Abatement Guideline](#).

## Revolving Loan Fund (Gap Financing)

The Revolving Loan Fund is an economic development tool based on partnerships between private businesses and the City of Niles. It provides loans to businesses that cannot locate or expand in Niles with traditional financing sources alone. The Revolving Loan Fund aims to generate economic activity that will lead to the creation of jobs for low and moderate-income individuals.

Loans may be used for land and building acquisition, construction, machinery and equipment acquisition, or working capital. Businesses that benefit from the program must create one job for every \$15,000 that is borrowed. A majority of the jobs that are created must be provided to low and moderate-income individuals.

For more information about the Revolving Loan Fund, please contact [CommunityDevelopment@nilesmi.org](mailto:CommunityDevelopment@nilesmi.org).

## **OPRA**

The Obsolete Property Rehabilitation Act (OPRA), PA 146 of 2000, as amended, provides property tax exemptions for commercial and commercial housing properties that are rehabilitated and meet the requirements of the Act.

For more information, contact [CommunityDevelopment@nilesmi.org](mailto:CommunityDevelopment@nilesmi.org) or see [OPRA Guideline](#).

## **Commercial Rehabilitation Act**

The Commercial Rehabilitation Act, PA 210 of 2005, as amended, affords a tax incentive for the rehabilitation of commercial property for the primary purpose and use of a commercial business or multi-family residential facility. The property must be located within an established Commercial Rehabilitation District. Exemptions are approved for a term of 1-10 years, as determined by the local unit of government. The property taxes are based upon the previous year's (prior to rehabilitation) taxable value. The taxable value is frozen for the duration of the certificate. Applications are filed, reviewed and approved by the local unit of government, but are also subject to review at the State level by the Property Services Division. The State Tax Commission (STC) is responsible for final approval and issuance of certificates. Exemptions are not effective until approved by the STC. For more information, visit [Commercial Rehabilitation Act Webpage](#)

## **Commercial Redevelopment Act**

The Commercial Redevelopment Act (known as the Commercial Facilities Exemption), PA 255 of 1978, as amended, affords a tax incentive for the redevelopment of commercial property for the primary purpose and use of a commercial business enterprise. The property must be located within an established Commercial Redevelopment District. Exemptions are approved for a term of 1-12 years as determined by the local unit of government. For restored facilities, the property taxes are based upon the previous year's (prior to restoration) taxable value, and 100% of the mills levied. The taxable value is frozen for the duration of the certificate. For new or replacement facilities, the property taxes are based upon the current year's taxable value, and 50% of the mills levied. Applications are filed, reviewed, approved, and certificates are issued by the local unit of government. Certificates are also filed with the State Tax Commission. For more information, visit [Commercial Redevelopment Act Webpage](#)

# Housing

## **SB 362: Attainable Housing Facilities Act**

The City of Niles may create an “attainable housing district” where property owners can apply for partial tax exemptions, reducing real property taxes to 50% of the average statewide commercial, industrial, and utility for up to 12 years if they meet certain affordability criteria. The rental units must be provided at a price point that doesn’t exceed 120% of the county-wide median income threshold for at least 30% of units in a multi-unit development. This tool can only be used for four or fewer rental units and requires a minimum of \$5,000 investment. For more information, contact [CommunityDevelopment@nilesmi.org](mailto:CommunityDevelopment@nilesmi.org). Or see [Attainable Housing Facilities Act](#)

## **Neighborhood Enterprize Zone**

The State of Michigan enables certain communities to establish a Neighborhood Enterprise Zone (NEZ) or Zones to spur the development and rehabilitation of residential housing. Within a Zone, properties with NEZ Certificates approved by City Council will essentially have the property taxes frozen for up to 15 years. Certificates for qualified historic buildings can have property taxes frozen for 11 to 17 years. The City will consider a NEZ to redevelop underutilized buildings, promote neighborhood revitalization, and encourage owner-occupied housing and new investment.

[Learn more](#) about Neighborhood Enterprise Zone.

- **SB 364: Neighborhood Enterprize Zone Expansion**

Establishing a Neighborhood Enterprise Zones (NEZ) has supported investment for infill revitalization for owner-occupied housing and mixed-use buildings in eligible communities for decades. With so many communities across Michigan facing an urgent housing shortage, this bill extends the opportunity to utilize this tool in all Michigan cities, villages, and townships. Local units of government subject to the expansion may designate a NEZ if the project encourages compact development, is adjacent to existing development, and utilizes existing infrastructure. This tool can be used for households with up to 120% AMI. For more information, visit [Neighborhood Enterprize Zone Expansion Act](#).

## **SB 422: Residential Facilities Exemption Act**

Creating a Residential Facilities Exemption would allow a temporary tax abatement on qualified new housing development in districts established by local government units, similar to the attainable housing district legislation. The abatement would enable the renovation and expansion of aging residential units and assist in the building of new residential units to support the workforce housing supply. The tool is similar to SB 362, with 30% of units required to be income-restricted to no more than 120% AMI. Qualified new housing developments may include multifamily or units in a multi-use structure with assurances that the units are occupied as

principal residences (year-round) to eligible households. This tool shall be used for projects with more than four units and requires a minimum investment of \$50,000. For more information, see [Residential Facilities Exemption Act](#).

## **PILOTS**

PILOT(Payment in Lieu of Taxes) is an investment incentive negotiated between a tax authority and a developer to establish agreed-upon payments each year instead of the typical property taxes. Housing development PILOTS are most often multi-year agreements with payments based on a percentage of net collected rents. For more information, contact [CommunityDevelopment@nilesmi.org](mailto:CommunityDevelopment@nilesmi.org).

- **SB 432: PILOTS for Housing**

This expansion allows local units of government the discretion to allow payment in lieu of taxes (PILOTS) agreements for residential development or rehabilitation. The local unit of government would set a policy to establish what conditions it would consider offering a PILOT. The owner of an approved project would then pay an annual service charge that is the greater of tax for the property for the previous year or 10% of annual shelter rents obtained for new construction. For rehabilitation projects, the charge would be the lesser of the tax on the property the previous year or 10% of annual shelter rents. Currently (without this change), local government units can only offer PILOTS in conjunction with approved state or federal programs/subsidies in a project.

## **Downtown**

### **Facade Improvement Programs**

Niles Main Street (Downtown Development Authority) offers interest-free loans for facade improvements for downtown businesses. For more information, please call the Niles Main Street office at [269-687-4332](tel:269-687-4332).

## **Historic Preservation**

### **Federal Tax Credit**

A 20% federal income tax credit is available for depreciable historic resources rehabilitated for commercial, industrial, agricultural or rental residential purposes. To qualify for the credit, the historic resource must be listed in the National Register of Historic Places either individually or as part of a registered historic district. The National Park Service, the Internal Revenue Service, and the State Historic Preservation Office administer the federal tax credit program.

For more information, visit [Historic Preservation Federal Tax credit Information Webpage](#).

## **Michigan Historic Preservation Tax Credit**

A state income tax credit of up to 25% is available for the qualified rehabilitation of certified historic commercial and residential properties. The state historic preservation office administers the program in partnership with the Michigan Department of Treasury.

For more information, visit [Michigan Historic Preservation Tax Credit Webpage](#).

## **Non-Financials**

### **Off-Street Parking Reductions**

Some programs allow projects with affordable units to build fewer parking spaces than required under local zoning rules. This incentive can result in significant construction cost savings, particularly for projects that would typically build parking structures. Reductions of 10 - 20 percent in required parking are common.

For more information, contact [CommunityDevelopment@nilesmi.org](mailto:CommunityDevelopment@nilesmi.org).

### **Reduced Setbacks**

Depending on the scope of the development project, an application may be submitted to the Community Development department to request a variance from current zoning regulations. For more information, contact [CommunityDevelopment@nilesmi.org](mailto:CommunityDevelopment@nilesmi.org).

To start the process, see [Variance Application](#).

### **Resources Connections**

Depending on the scope of the development project, water, sewer, electric, and other fees may be reduced by the City of Niles as a part of the development agreement. For more information, contact [CommunityDevelopment@nilesmi.org](mailto:CommunityDevelopment@nilesmi.org).