



# Obsolete Property Rehabilitation Act Policy

## OVERVIEW

The Obsolete Property Rehabilitation Act (OPRA), Public Act 146 of 2000 (the "Act") allows tax abatements on functionally obsolete or blighted commercial property or commercial housing undergoing rehabilitation or industrial property undergoing rehabilitation from industrial use to commercial or commercial housing use. The Act provides for an exemption from certain taxes. The property must be located in an Obsolete Property Rehabilitation District. Exemptions in Hamtramck are approved for a period of 7 to 12 years. The State Tax Commission (STC) is responsible for final approval and issuance of OPRA certificates.

## INTRODUCTION

It is the policy of the City to use tax abatements to encourage rehabilitation of obsolete property that will facilitate redevelopment, foster job creation and expand the tax base for the City of Hamtramck in the long term. It is recognized that this program is a discretionary program and may be utilized to achieve the goals and priorities identified by the Hamtramck community through various adopted plans at the discretion of the City Council. This policy supports the City of Hamtramck's Community and Economic Development strategy to identify and facilitate opportunities for clean-up and redevelopment of commercial sites.

## QUALIFICATION CRITERIA

### Property Eligibility Criteria

In order to be eligible to apply for an OPRA abatement, a property must be located within an Obsolete Property Rehabilitation District and meet both of the following criteria, all as defined in Section 2 of the Act (MCL 125.2782(2)).

**A. *blighted or functionally obsolete, AND***

**B. *commercial housing property or commercial property***

As described above, the establishment of an Obsolete Property Rehabilitation District is generally done upon the petition of property owners within such district. City Council will consider the establishment of such a district upon the submission to the City Clerk of a written request to establish an Obsolete Property Rehabilitation District, signed by 50% or more of the property owners within such proposed district. A district may be comprised of one or more parcels. In order to establish an Obsolete Property Rehabilitation District, the proposed district must:

- a) constitute obsolete property in an area characterized by obsolete commercial property or commercial housing property; or
- b) be obsolete property that is commercial property that was owned by the City on June 6, 2000 and was later conveyed to a private owner.

### Applicant Eligibility Criteria

In order for the City Council to consider an application for an OPRA abatement, the applicant (defined as the individual or entity which owns or proposes to own the property) must meet all of the following criteria:

- a) The applicant must have a legal interest in the property for which an abatement is being sought, or must provide documentation evidencing its ability to acquire the property (i.e. binding purchase agreement).
- b) The applicant must be compliant with the City's income tax ordinance.
- c) The applicant must not be delinquent on any financial obligations to the City.
- d) The applicant must not have any outstanding written orders or violations for any property under its ownership that is located in the City.
- e) The City Council must have approved the designation of the property in question as an OPRA district.
- f) Before an application which has been approved by the City Council will be forwarded to the State Tax Commission for approval, the applicant shall have filed a completed Michigan Department of Treasury Form

2766 – Property Transfer Affidavit L- 4260 with the City Assessor related to its acquisition of the property. The Property Transfer Affidavit shall be considered incomplete if the purchase price of the real estate is not entered on the form.

**Project Eligibility Criteria**

In order for the City Council to consider an application for an OPRA abatement, the proposed project must meet the following criteria:

- a) The rehabilitation project was not started prior to the City Council’s establishment of the Obsolete Property Rehabilitation District.
- b) Commercial housing projects must propose a minimum of two (2) units or be part of a mixed-use redevelopment project.
- c) There are no delinquent personal property taxes or taxes on the facility or the structure being Renovated.
- d) All applicants must be in compliance with the zoning ordinance, have received the necessary approvals, or propose to come into compliance with the zoning ordinance as part of the project.
- e) Per 146 of 2000, projects aggregating less than 10% of the true cash value of the property at commencement of the rehabilitation of the obsolete property do not qualify for this program.

**TERM**

The Act provides that the duration of an OPRA abatement can be from one to twelve years at the discretion of the City. The City has established a 7-year term as the default for OPRA exemptions. This 7-year standard OPRA exemption will be considered the base level of support for projects that meet the Qualification Criteria (above) and the criteria contained in the Act. Certain project qualities may allow for that standard 7-year exemption to be increased, with eligibility for an OPRA extension being evaluated based on a points system. ***Projects will be awarded 2 points for every \$1,000 of project expenses; additional investments may also increase points (see City Investment Criteria, below).*** Example: **Project Investment of \$52,000 = 104 Points -> 8 Year Abatement**

Please see that point scheme described below:

Points	Total Length of OPRA Abatement
1-100	7 Years
101-200	8 Years
201-300	9 Years
301-400	10 Years
401-500	11 Years
501-600	12 Years

**CITY INVESTMENT CRITERIA**

The City Investment Criteria described below have been identified in various plans developed with input from the Hamtramck community, and have been prioritized in this Policy in order to incentivize outcomes desired by the City.

**Sustainable Development**

Whereas stormwater runoff has been identified as a concern by the City’s stormwater division, achieving post-

development stormwater runoff and drainage equivalent to pre-development conditions (no increase to runoff or flow as a result of development): **100 points**

Use of a green roof, i.e. a turf roof: **75 points**

Achieve LEED Certification, or Net-Zero Energy Certification: **100 points**

#### Celebration of Culture

Development plans includes a public art installation, approved by Hamtramck Arts and Culture Commission, that reflects the history, culture, or spirit of the City of Hamtramck: **50 points**

#### Greening of Hamtramck

The property plans include planting sites, approved by Hamtramck Beautification Commission, for trees, bushes, flowers, or gardens: **50 points**

#### Supports Joe Louis Greenway Activation as a Recreational and Cultural Amenity, and Public Access

Property abuts Joe Louis Greenway and includes amenities for greenway users. These amenities may include:

Public bike racks: **25 Points**

Public water fountains: **100 Points**

Public benches: **25 Points**

#### Level of Investment

**Two points** for every \$1,000 of project expenses

### APPLICATION AND REVIEW PROCESS

1. Applications must be submitted electronically through the City of Hamtramck via:
  - a. Email: [ced@hamtramckcity.com](mailto:ced@hamtramckcity.com)
  - b. By Mail: City of Hamtramck, 3401 Evaline Street, Hamtramck, MI 48212, C/O Community and Economic Development
2. Economic Development staff, with assistance from other City departments as necessary, will review the application for compliance with eligibility requirements and determine whether any City Investment Criteria are met.
3. A fee of \$750 will be charged for processing any application and shall be collected from each applicant prior to review of the application by the CED Department.
4. Publication: Information regarding the project, including location, dollar amount of project, and employment impact, will be published as part of the public hearing notice, by the City and paid for by the applicant.
5. The certification is not effective unless approved by the State Tax Commission.
6. Applications for abatement extensions will not be accepted; a separate application will need to be submitted for non-concurrent projects.

### COMPLIANCE

Immediately after the project has been completed, the developer will submit a post-project report to the Community and Economic Development Department that includes:

1. A description of the finished project, including photos.
2. Actual project costs.

This report will be used to re-evaluate and verify that the developer has received an OPRA exemption of appropriate length. No abatements will be permitted until the project has been completed and the post-project report has been submitted.

A developer will be required, at a minimum, to submit an annual report by December 31<sup>st</sup> every year that the abatement is in effect. This report will contain information requested by the City necessary to determine whether the project was completed as contemplated in the original application. This information may include:

1. Jobs created
2. Increases in Revenue
3. Investment in the business
4. Estimated property taxes abated and paid

If the term of the abatement was determined based on an applicant's representation of certain aspects of the project (i.e. LEED certification), evidence of completion will be required and will be described in the MOU.

The project must be operated and maintained in compliance with all applicable City codes and ordinances.

Complete reporting and compliance requirements will be detailed in the Memorandum of Agreement.

#### TERMINATION OR DEFAULT

If a developer is found to be in default of the terms of the Agreement, in violation of any City code or ordinance related to the property, or with any eligibility requirement contained in the Act or this Policy, the OPRA exemption may be terminated at the City Council's discretion. An OPRA exemption may also be terminated if rehabilitation of the property has not been completed within the time frame agreed upon by applicant and the City, or the operation of the facility is not consistent with the original intent of Act 146, or at any time that the City Council deems termination of the tax exemption in the public interest.

#### EVALUATION

The CED Department shall provide the City Council with a yearly report on the OPRA Program, which will include, at a minimum, the following:

1. List of projects approved
2. Projected and actual job and investment data
3. Estimated amount of property taxes abated and paid, and new City income tax generated
4. Quantitative analysis of projects achieving one or more City Investment Criteria

The City Council will utilize this information to annually determine the effectiveness of the Policy in achieving the City's Investment Goals. The City Council, at its sole discretion, shall determine whether modifications to this policy are necessary to increase the effectiveness of its OPRA program in achieving desired outcomes.

The Community and Economic Development Department will also provide the City Assessor's Office with the necessary information to complete the annual Assessing Officer Report for Obsolete Property Rehabilitation Exemption as required by the State of Michigan Department of Treasury.

#### WAIVER

The City Council may waive this Policy, or any portion of it, when the Council deems it in the best interest of the City.