



## **CITY OF HASTINGS**

# **DEVELOPMENT AND FINANCE INCENTIVE TOOLS**

### **INTRODUCTION**

The City of Hastings is located in the heart of Barry County and serves as the county seat. The City serves a population of 7,514 residents. Hastings has a robust industrial and manufacturing base as well as a complete selection of retail, dining, service, and professional businesses. Hastings is served by a top-rated health care system as well as an attractive school system. In June of 2000, the State of Michigan created a Core Community designation that allows designated communities incentives with new housing developments, redevelopment of obsolete facilities and development of contaminated properties. The City of Hastings is one of 148 Core Community designated municipalities in the State of Michigan.

Established in the 2017 U.S. Tax Cuts and Jobs Act, Opportunity Zones were established to offer incentives for long term capital investments all over the nation in low-income communities where investment has been sparse, and growth of businesses has been minimal. All properties in the City of Hastings east of Broadway Avenue are in an Opportunity Zone. This Opportunity Zone encompasses nearly one-half of the city limits.



The City's Community Development Department is available to assist developers, property owners, business owners, and investors with all areas of planning and zoning, site selection, and incentive possibilities. The Community Development Department serves as the first point of contact with knowledgeable staff that will facilitate projects from preliminary review to occupancy.

The Hastings Planning Commission is active and invested in the growth and development of the City of Hastings. Recent Planning Commission activities have increased the availability of higher density housing opportunities as well as decreasing limitations on certain dimensional requirements in zoning districts. The Planning Commission is proactive when reviewing existing zoning ordinances for amendment, replacement, or elimination.



## **DEVELOPMENT AND FINANCE INCENTIVE TOOLS**

A general description of development and finance incentive tools used by the City of Hastings is provided within this section. The intent is to provide essential information to a potential investor to assist in making an initial decision to proceed with an investment. The intent is not to describe how a district or program was initiated nor to identify the operations of a board or authority. Each economic incentive listed below provides a general description, investor incentive, and contact information.

### **LIST OF INVESTMENT INCENTIVES**

#### **Finance Authorities**

- Brownfield Redevelopment Authority
- Downtown Development Authority
- Local Development Finance Authority

#### **Local and State Tax Exemptions and Abatements**

- Industrial Facilities Tax Exemption (PA 198)
- Commercial Redevelopment District
- Commercial Rehabilitation District
- Neighborhood Enterprise Zone
- Payment In Lieu of Taxes (PILOT)

## **State Partners**

- Michigan Economic Development Corporation
- Michigan State Housing Development Authority

## **BROWNFIELD REDEVELOPMENT AUTHORITY PA 381 OF 1996**

A Brownfield Redevelopment Authority (BRA) provides a municipality with the opportunity to create a local Brownfield financing resource to enhance local economic development capacities, market difficult sites based on the private investment incentives, and enhance tax base. It encourages redevelopment of contaminated, functionally obsolete, and blighted property by providing financial and tax incentives for demolition, cleanup, and due diligence activities. The BRA reviews and recommends approval of an application and reimbursement requests. The City Council provides final local approval. The State Tax Commission and other state agency approvals may be necessary.

## **INVESTOR INCENTIVE**

Tax increment finance funds will reimburse a developer for the eligible costs pursuant to a Brownfield Redevelopment Plan and as approved by the Authority and City Council. The length of tax increment capture will not exceed the number of years required to pay the costs of eligible activities as allowed under the Brownfield Redevelopment Financing Act.

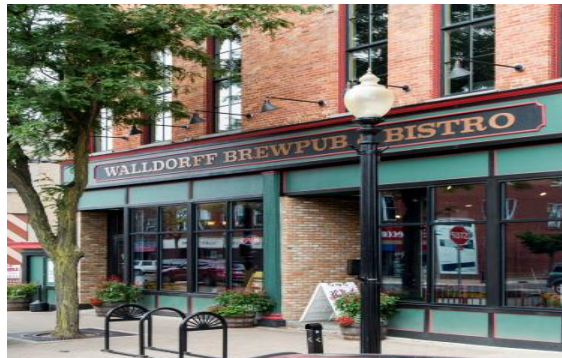
## **DOWNTOWN DEVELOPMENT AUTHORITY PA 57 OF 2018**

A Downtown Development Authority (DDA) was created to administer improvement programs and use a range of funding options including tax increment financing to fund public improvements. The DDA has a plan separated into a development plan section identifying projects, costs, location, and resources for implementing public improvements and a tax increment financing plan detailing the tax increment collection. The Downtown Development Authority reviews and recommends an annual budget to the City Council for final approval. Activities provided for in the approved budget can be funded by the DDA.



## **INVESTOR INCENTIVE**

The DDA offers both a Façade Grant program for external improvements as well as Building Exterior Improvement Loan program which currently carries an interest rate of 0%. The Façade Grant Program also provides architectural design assistance up to \$1,000. These incentives are available to all businesses located in the DDA district.



## **LOCAL DEVELOPMENT FINANCE AUTHORITY PA 57 OF 2018**

A Local Development Finance Authority (LDFA) was created to utilize tax increment financing to fund public infrastructure improvements. This tool is designed to promote economic growth and job creation. The financing mechanism allows for the capture of the incremental growth of local property taxes over a period of time to fund public infrastructure improvements. By leveraging future tax increments, the LDFA is able to finance these public improvements, which can lead to new development opportunities within the community.

## **INVESTOR INCENTIVE**

The LDFA could use tax increment financing to construct or improve public property or facilities in the LDFA district to encourage and promote private investment.

## **INDUSTRIAL FACILITIES TAX EXEMPTION PA 198**

The Plant Rehabilitation and Industrial Development Districts Act, commonly known as Act 198, provides significant tax incentives to industry (manufacturing and high technology companies) for the purpose of creating new jobs and maintaining existing jobs. This program allows an obsolete plant, when replaced or restored, to have its assessed value frozen at the level prior to the improvement for a maximum period of twelve years; and new plants, as well as plant

improvements, to receive a 50% exemption from property tax on the taxable value of new real estate and personal properties, also for a maximum period of twelve years. It is the responsibility of the City Council to establish plant rehabilitation districts and industrial development districts, and to approve the granting of exemption certificates.



### **INVESTOR INCENTIVE**

An Industrial Facilities Tax Exemption certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of up to 12 years as determined by the City Council. The City of Hastings will determine the number of years granted for an exemption request. After the Industrial Facilities Tax Exemption Certificate is granted, the City of Hastings is required to enter a contract memorializing the terms of the abatement.

#### **Notes:**

1. Any buildings and equipment that existed prior to construction of a new facility are not exempt.
2. If the project is for rehabilitation, the value of any pre-existing obsolete property is exempt from ad valorem property taxes but will be used as the base for the IFT.
3. Similarly, any structures or equipment added after completion of the project are fully taxable.
4. Land is specifically excluded from the benefits of the act and is fully taxable.

### **COMMERCIAL REDEVELOPMENT DISTRICT PA 255 OF 1978/227 OF 2008**

The City Council encourages replacement, restoration, and new construction of commercial property by abating the property taxes generated from new investment for a period up to 12 years. As defined, commercial property means land improvements whether completed or in the process of construction, the primary purpose and use of which is the operation of a commercial business enterprise, including office, engineering, research and development, warehousing parts distribution, retail sales, hotel or motel development, and other commercial facilities. Land and personal property are not eligible for abatement under this act.

## **INVESTOR INCENTIVE**

A private investor may receive property tax abatement for up to 12 years on investment. The property owner pays a Commercial Facilities Tax rather than the normal property tax. A certificate will be issued for a period between one year and 12 years. For a restored facility: The taxable value of the building freezes its value prior to restoration. The school operating tax and the State Education Tax (SET) are also frozen.

## **COMMERCIAL REHABILITATION DISTRICT PA 210 OF 2005**

The Commercial Rehabilitation District encourages rehabilitation of commercial property by abating the property taxes generated from new investment for a period up to 10 years.

## **INVESTOR INCENTIVE**

A private investor may receive property tax abatement for up to 10 years on investment. The property owner pays a Commercial Facilities Tax rather than the normal property tax. A certificate will be issued for a period between one year and 10 years. The Commercial Rehabilitation Tax freezes the taxable value of the building and exempts the new investment from local taxes. The school operating tax and the State Education Tax (SET) are still levied on the new investment. Land and personal property cannot be abated under this act. The criteria for extensions must be included in the resolution approving the abatement.



## **NEIGHBORHOOD ENTERPRISE 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 to encourage owner-occupied housing and new investment.

### **INVESTOR INCENTIVE**

Provides a reduction of future taxes for a period of 6-15 years on the improvements made to the residential component of an eligible building following its construction or rehabilitation.



### **PAYMENT IN LIEU OF TAX (PILOT) PA 346 OF 1966**

The PILOT program offers nonprofit developers, consumer housing cooperatives, and limited dividend housing developers that finance projects via the Michigan State Housing Development Authority or the Department of Housing and Urban Development to apply for a Payment in Lieu of Tax per PA 346 of 1966. The amount of the PILOT is negotiated between the developer and the local unit of government and is based on a share of the net rental income derived from the housing development. These payments are distributed on a pro-rata basis to all local taxing jurisdictions.

### **INVESTOR INCENTIVE**

Provides the investor to pay a set service charge instead of ad valorem taxes on eligible low-income housing units.

### **Contact Information**

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