

**CITY OF GRAND RAPIDS
NEIGHBORHOOD ENTERPRISE ZONE PROGRAM**

**Introduction and Basic Information
for Rehabilitation and
New Construction**

For More Information Contact:

Executive Office

City Hall – 6th Floor

300 Monroe NW

Grand Rapids, MI 49503

Email: halibasi@grcity.us

Phone: (616) 456-3497

Fax: (616) 456-3111

CITY OF GRAND RAPIDS

NEIGHBORHOOD ENTERPRISE ZONE PROGRAM

Public Act 147 of 1992, as amended and authorized by the State of Michigan, allows specific local governments to enact Neighborhood Enterprise Zones (NEZ's). The City of Grand Rapids has approved the designation of three areas within the City as a Neighborhood Enterprise Zone (NEZ) (Please see attached maps). The designation of the NEZ's in the City of Grand Rapids is aimed at promoting home ownership and investment in areas where the greatest impact would occur and where such improvements may trigger additional investment in adjacent neighborhoods.

The benefit of the NEZ Program to property owners in these areas results in lower property taxes. There are two types of NEZ property tax abatements: rehabilitation of an existing property and new construction. Once rehabilitation and/or the new construction are complete, a Neighborhood Enterprise Zone (NEZ) Certificate is granted by the Michigan State Tax Commission as the necessary document to prove the property owner's eligibility for the property tax abatement.

To be eligible for an NEZ Certificate, the following conditions must be met:

1. The property must be located in a designated Neighborhood Enterprise Zone (See attached list of NEZ maps and boundaries descriptions). If applicant is uncertain as to whether his/her property is located within an NEZ, he/she may contact the Executive Office at (616) 456-3497, between 8:00 a.m. and 5:00 p.m., Monday to Friday, for verification.
2. **IMPORTANT:** The property owner must submit a completed NEZ application to the Planning and Community Development Services **before applying for any permits and prior to beginning any construction activities.** Otherwise, the applicant will be ineligible for NEZ benefits. An application may be obtained at the Executive Office City Hall, 6th Floor, 300 Monroe NW, Grand Rapids, MI 49503, or on online at: http://www.ci.grand-rapids.mi.us/index.pl?page_id=292, or by calling (616) 456-3497.

IMPROVEMENTS MADE PRIOR TO AN NEZ DESIGNATION AND PRIOR TO APPLYING FOR AN NEZ CERTIFICATES ARE INELIGIBLE FOR NEZ BENEFITS.

3. Rules and conditions, as described in the Public Act 147 of 1992, as amended; Chapter 69, Title V of the City of Grand Rapids Code; and City Commission Policy Number 900-45 for Neighborhood Enterprise Zones.

New Construction NEZ

For new construction, NEZ Certificates are available for only those properties that are the primary residence of the owner, including condominiums. (Apartments are not eligible for new construction.)

NEZ Certificates may be obtained under the following situations:

Home Buyer/Owner: As a purchasing incentive to attract prospective buyers, a builder or developer can file an NEZ application with the Planning and Community Development Services prior to construction and before applying for any permits.

Once the new construction has been completed and a Certificate of Occupancy has been obtained from the City's Neighborhood Improvement Department, the new owner becomes eligible for the property tax abatement.

Existing Home Owner: A New Construction NEZ Certificate may be applied for any new addition to an existing residential structure.

Tax Incentive: The holder of a New Construction Certificate does not pay the real property taxes collected under the general property tax act. Instead, the property owner pays the "Neighborhood Enterprise Zone Tax" which is equal to one half of the State's average rate of taxation. In previous years, the NEZ tax rate was approximately 16 mills.

Land value and special assessments are not included in the tax abatement.

If the new construction is an addition to an existing residence, the Neighborhood Enterprise Zone Tax will only be applied to the value of the new addition. The older portions of the residence will continue to be assessed regular property taxes.

The continuance of a New Construction NEZ Certificate is conditional upon being current on payment of all taxes and any other debts owed to the City on an annual basis. In addition, the property must be owner occupied and not used for rental purposes.

Rehabilitation NEZ

For rehabilitation of an existing residential structure, NEZ Certificates are available to home owners and landlords that meet the following criteria:

Owner Occupied Unit: For owners who occupy a single-family property as their principal residence, the structure must have a current true cash value of \$80,000 or less. If improvements are to be completed by a licensed contractor, an owner occupant of the property must invest a minimum of \$5,000 in rehabilitation efforts or 50% of the true cash value, whichever is less. A property owner must provide documentation of the investment in the form of an estimate from a licensed contractor.

If the improvements are to be done by the owner and not a licensed contractor, a minimum of \$3,000 in materials must be invested or 50% of the true cash value, whichever is less. A property owner must provide receipts for proof of materials purchased. (An owner's personal labor cannot be included.)

Rental Property: A rental property, with eight units or less, must have a current true cash value of \$80,000 or less per unit. If improvements are to be done by a licensed contractor, the cost of improvements must be more than \$7,500 per unit or 50% of the true cash value, whichever is less. A rental property owner would need to provide documentation of the investment in the form of an estimate from a licensed contractor. A minimum investment of \$4,500 is allowed per unit if the structure is brought into conformance with minimum local building code standards for occupancy or to improve the livability of the units while meeting minimum local building code standards. (An owner's personal labor cannot be included.)

Tax Incentive: The amount of the NEZ tax on a rehabilitated residential structure is determined each year by multiplying the Taxable Value of the rehabilitated portion of the facility for the tax year immediately preceding the effective date of the NEZ Certificate by the total mills. The effective date for the tax abatement is dependent upon commencement of construction and when the facility is **substantially completed**. The project time line will need to be thoroughly discussed with City staff to determine how to receive the maximum tax benefit.

Land value and special assessments are not included in the tax abatement and will remain on the regular ad valorem tax rolls. The continuance of a Residential NEZ Certificate is conditional upon being current on payment of all taxes and any other debts owed to the City on an annual basis.

NEZ Certificate Time Line

Unless earlier revoked, a neighborhood enterprise zone certificate issued before January 1, 2006 shall remain in effect for 6 to 12 years and a neighborhood enterprise zone certificate issued after December 31, 2005 shall remain in effect for 6 to 15 years from the effective date of the certificate. An NEZ Certificate can be transferred to subsequent property owners within that period provided that all NEZ state and local requirements for the program have been met by the new owner. The transfer must be requested by the subsequent property owner. Before the sale of a new facility or a rehabilitated facility for which a neighborhood enterprise zone certificate is in effect, an inspection by the City shall be requested and made to determine compliance with the construction or safety codes of the City. No sale of any new or rehabilitated facility for which a neighborhood enterprise zone certificate is in effect may be finalized until there is compliance with the construction or safety codes of the City, and a certificate of compliance attesting to the fact is issued by the Neighborhood Improvement Director or his or her designee.

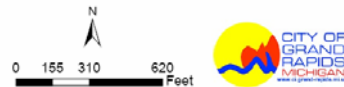
To obtain information on NEZ Applications for New Construction, Rehabilitation and Request of a Transfer of an Existing Certificate and to find out if a property is located within designated NEZ please contact:

Haris Alibašić
Executive Office
City Hall, 6th Floor
300 Monroe NW
Grand Rapids, MI 49503
Email: halibasi@grcity.us
Phone: (616) 456-3497
Fax: (616) 456-4565

Additional information can also be obtained at the following web site:
<http://www.grcity.us>



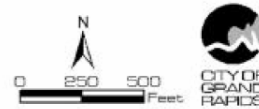
**Turner Gateway
Neighborhood Enterprise Zone**



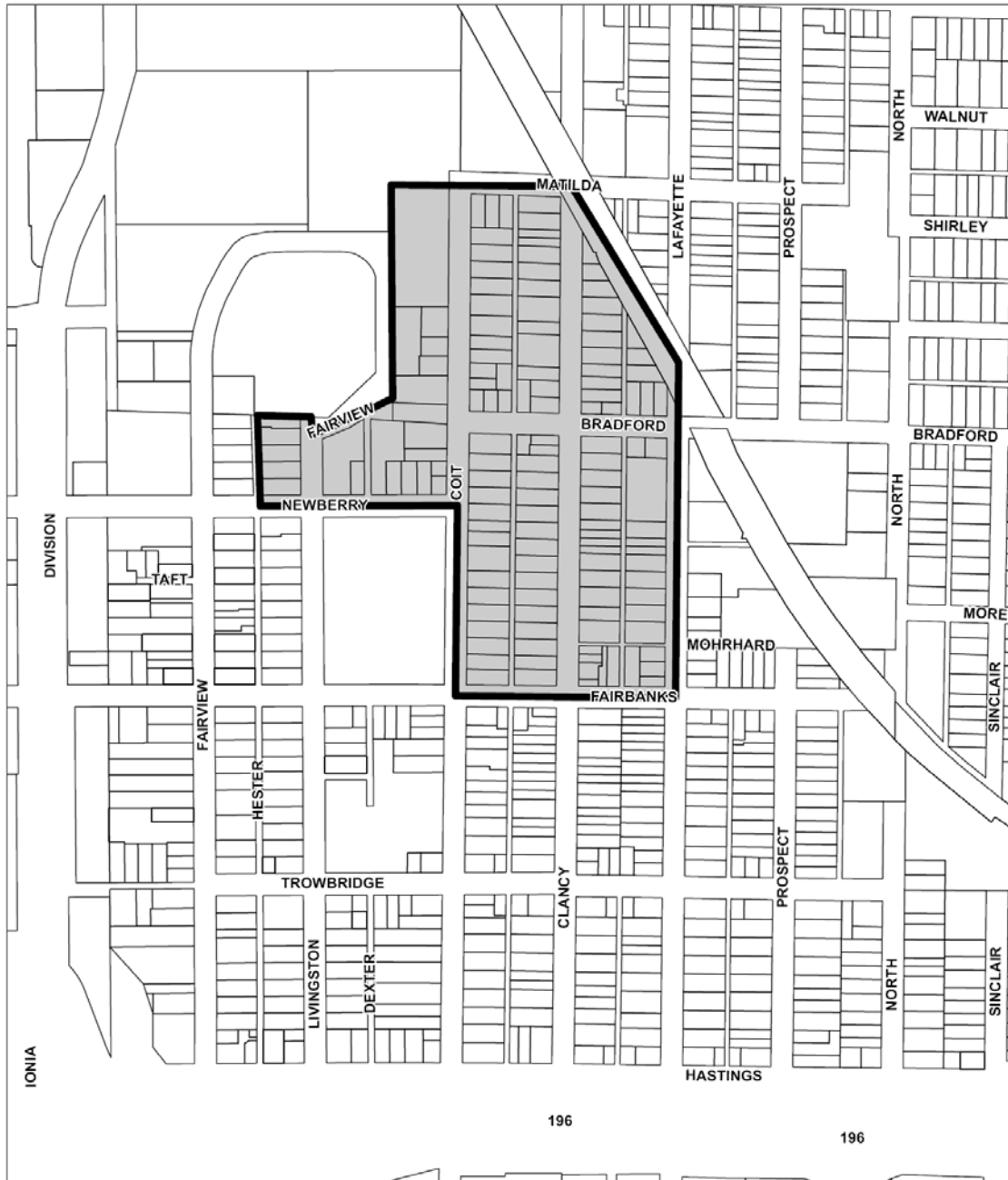
The Turner Gateway Neighborhood Enterprise Zone - Area contained within the following boundaries: Leonard Street, Turner Avenue, First Street, Bridge Street (excluding commercially zoned properties), Alabama Avenue, Dewey Avenue, Fourth Street, Broadway Avenue, Fifth Street, Sixth Street, Eleventh Street and Seward Avenue (excluding commercially zoned properties).




North Baxter
Neighborhood Enterprise Zone



The North Baxter Neighborhood Enterprise Zone - Area contained within the centerlines of Sherman Street SE, Eastern Avenue SE, Fuller Avenue SE and Wealthy Street SE (shaded in grey as shown on the map).

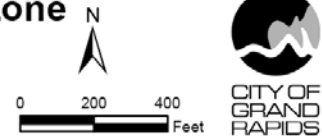


Belknap Lookout Neighborhood Enterprise Zone

 Belknap Lookout NEZ Area Boundary

 Belknap Lookout NEZ Area

Belknap_NEZ.mxd, 07/19/05, Jacken DeVogel



The **Belknap Lookout Neighborhood Enterprise Zone** - Area contained within the following boundaries: centerlines of Matilda Street, Railroad, Lafayette Avenue, Fairbanks Street, Coit Avenue, Newberry Street, Hester Avenue, Fairview Avenue and the East Right-of-way line of Benjamin Street.