

Guidelines for Obsolete Property Rehabilitation Act

The Obsolete Property Rehabilitation Act (OPRA), Public Act 146 of 2000, provides for a tax incentive to encourage a project that redevelops obsolete buildings. Taxable value may be “frozen” on the original building and new improvements taxed at a lower millage rate for up to 12 years. Redevelopment may include commercial, retail, or residential projects.

Minimum Threshold Criteria: Projects must meet the following minimum threshold criteria to be considered for such incentive:

- Meet all state and local laws, guidelines, and regulations; and
- Must pursue available state incentives before pursuing local incentives. May be satisfied by submitting state application(s) and providing a copy of the submitted application(s); and
- Project design, construction and operation must be harmonious with the City Master Plan and the general character of the business district or neighborhood; and
- Project must be adequately served by public facilities and services; and
- Project will provide an economic benefit to the community; and
- Investment will include at least \$100,000 in real property improvements by applicant; and
- The project will create no fewer than six full-time or full-time equivalent (FTE) new jobs (to the city) within 30 months of project approval; and
- The project will not create negative conditions including vacancy/blight conditions through businesses/jobs relocating within the city.

Targeted Development Area: Projects located in the defined downtown Battle Creek area will be deemed eligible to receive consideration for the next highest abatement award level regardless of other minimum threshold criteria. The following chart shows the threshold criteria and establishes the number of years the taxable value may be frozen.

Incentives	Downtown *See Attached Map	All Other Areas
Four Years <ul style="list-style-type: none"> Meets the minimum threshold criteria 	Potential elevation to next level	X
Eight Years <ul style="list-style-type: none"> \$250,000 investment minimum, and Job creation – shall create no fewer than 12 full-time or FTE new jobs (to the city) within 30 months of project approval 	X	X
Twelve Years <ul style="list-style-type: none"> \$500,000 investment minimum, and Job creation – shall create no fewer than 18 full-time new jobs (to the city) within 30 months of project approval 	X	X
Extension <ul style="list-style-type: none"> Must meet all criteria for either eight or twelve years 	X	X

Project elevation: Exceptions to the *minimum threshold criteria* may be considered for projects having an exceptionally favorable impact on property values, elimination of blight, or creating high wage, high skill jobs whether directly or indirectly.

Incentives according to criteria: A project will be reviewed to ensure it meets the minimum threshold criteria for eligibility. Following pre-qualification, the City of Battle Creek and the project developer will pursue the creation of Obsolete Property Rehabilitation District. Once an Obsolete Property Rehabilitation District is established, the scale of the threshold criteria (outline above) will determine the length of the incentive. Redevelopment may include commercial, retail, or residential projects.

Maximum benefit: The maximum incentive cannot exceed 12 years.

Contract and Reporting Requirements: Any business receiving an incentive under these guidelines will be required to enter into an agreement with the City setting forth the specific terms. Any business receiving a tax incentive under these guidelines will be required to submit annual reports to the City showing compliance with the respective program requirements.

Resources: Applications can be obtained at www.battlecreekmi.gov

April 2011

