

LOCAL Tax Abatement for Historic Districts

Local historic districts can have several benefits to a community. From protecting the past to increasing property values and community pride, there have been documented studies of the positive repercussions.

The current administration and legislature in the State of Michigan has cut tax credits for historic preservation creating a situation where there is no State financial incentive to improve or maintain the current character of the property's. In several years passing, properties that could be saved may be irrevocably damaged. The history and character of these buildings are a link to the community's heritage and a recollection of the past that is invaluable to the area. Therefore, in order to protect current and future properties within a designated historic district, an incentive is necessary.

By allowing local units of government to protect resources and offer local tax abatements to properties within a designated historic district, a tool is being created to further protect community assets and resources from destruction or degradation.

Benefits:

The improvement of declining residential neighborhoods and commercial areas has a beneficial effect on the entire community by preserving tangible links with its roots, improving its image, fostering civic pride, and improving its overall economic well being.

An added benefit would be the job retention for construction trades through increased restoration and rehabilitation.

Qualifications:

The program is available to owners of all properties located within a designated historic district or those individually listed in the State or Federal Register of Historic Places.

The exemption is available for 100% of the assessed value of qualified improvements made to the property, and for a period of up to 15 years on local taxes. A point system of evaluation of the properties improvements and proposed investment will be used to determine the length of each individual abatement. The Historic District Commission would serve as a consultant in making a recommendation to the City Council to ensure that all Department of Interior and local historic district requirements have been met on the proposed improvements.

The incentive is available on Commercial and Residential buildings located within the designated Historic District.

LOCAL Historic Abatement VS Obsolete Property Rehabilitation Act (OPRA)

- Unlike OPRA, an obsolete property district would not need to be established prior to the application for abatement to the local unit of government. By requiring the property to be physically located in the Historic District or possess a presence on the State or Federal Register of Historic Places, meetings and public hearings to establish an obsolete property district would not be required. This would streamline the process for approval.
- Like the OPRA Exemption Certificate, it would be advantageous to allow the certificate to be transferred to a new property owner at such time that a property would be sold or transferred under the same restrictions under which it was issued.
- Similar to OPRA, the Local Historic District Tax Abatement could be revoked, if upon review of the building department and the Historic District Commission, it is found that the improvements do not meet the Department of Interior or the Local Historic District guidelines as previously determined in the application.
- Computation of tax abatement would be completed by the local assessor.
- Local property owners applying for the abatement would sign a legal agreement with the City that during the tax abatement tenure and upon completion of the abatement timeframe for the tax abatement tenure x 2 the property owner would relinquish all right and abilities to contest any and all tax assessments to the tax tribunal.

For example: a property owner is granted a 10 year abatement of the improvements made to their property in 2011. That abatement would sunset in 2021. Upon the sunset of that abatement the property owner could not contest the reassessed property in tax tribunal until 2041. This would alleviate the situation of the city not realizing the benefits of the abatement upon the completion of the abatement timeline.

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