



# CITY OF BATTLE CREEK

## NEIGHBORHOOD ENTERPRISE ZONE TAX ABATEMENTS

### INSTRUCTIONS FOR FILING AN APPLICATION

### TO REHABILITATE AN EXISTING STRUCTURE

**IMPORTANT: Applications must be filed before any building permits are issued for rehabilitation of the structure.**

#### **BASIC REQUIREMENTS:**

1. Your property must be located in one of the Neighborhood Enterprise Zones designated for rehabilitation projects. This can be checked in the Assessor's Office by calling (269) 966-3369 or visiting at 10 N. Division St., Room 112, City Hall, Battle Creek, MI.
2. The primary purpose of your property must be residential housing consisting of 1 to 8 dwelling units.
3. Your property must have a current true cash value (TCV) of \$80,000 per unit or less. If the TCV exceeds \$80,000 per unit, the property is not eligible for a Neighborhood Enterprise Zone certificate. The current TCV can be checked in the Assessor's Office.
4. Improvements must bring the structure into conformance with minimum local building codes for occupancy or improve the livability of the units while meeting the local building codes. Information on minimum building codes is available in the Building Inspection Office, 10 N. Division St., Room 111, City Hall, Battle Creek, MI.

**HELPFUL TIP:** It's a good idea to contact Code Compliance and find out what needs to be done to bring your home into compliance BEFORE filing your application. This way you can include these items in your rehabilitation project. Contact Code Compliance at (269) 966-3387 to arrange an inspection.

5. Minimum improvement cost requirements:

OWNER OCCUPIED UNIT:	
If work is performed by homeowner	\$3,000 for the cost of materials
If work is performed by licensed contractor	\$5,000 per unit or 50% of the true cash value, whichever is less

<b>NON-OWNER OCCUPIED UNIT:</b>	
If work is performed by homeowner	\$4,500 for the cost of materials
If work is performed by licensed contractor	\$7,500 per unit or 50% of the true cash value, whichever is less

6. A rehabilitated facility does not include a facility rehabilitated with the proceeds of an insurance policy for property or casualty loss.
7. Applications must be filed before any building permits are issued.

### **APPLICATION:**

1. Applications can be obtained from the Forms section of the Assessor's web site at [www.ci.battle-creek.mi.us/assessing](http://www.ci.battle-creek.mi.us/assessing) or by contacting one of the following offices:

City Clerk	10 N. Division, Room 117, City Hall, Battle Creek, MI 49014
City Assessor	10 N. Division, Room 112, City Hall, Battle Creek, MI 49014

2. Complete the application by filling in the portions designated for "Applicant." Be sure to clearly describe your project on line 17 of the application.
3. Attach the following information to your application:
  - a. If a licensed contractor is doing the work, attach an itemized cost estimate from the contractor showing the total cost of the rehabilitation project.
  - b. If you are doing the work, attach an itemized cost estimate of all the materials you are using for the rehabilitation project.
  - c. Proof of ownership or intended ownership if different from the current owner shown on the City Assessor's records. Proof is a copy of an executed deed, land contract, or sales agreement.
4. File your application and a \$25 filing fee with the City Clerk, 10 N. Division St., Room 117, City Hall, Battle Creek, MI 49014.
5. If the application is complete, the Clerk records the filing date and starts the approval process. The City has 60 days for the City Commission to take action and approve or deny your request.
6. After filing your application with the City Clerk, you are ready to get the necessary building permits and start construction.

### **APPROVAL PROCESS:**

1. After recording your application, the City Clerk sends copies to the Assessor and Building Inspector for review.
2. The Assessor attaches the legal description, dimensions of the lot and the parcel identification number.
3. The Assessor checks for proof of ownership or intended ownership and checks the project costs to be sure they meet the requirements.
4. The Assessor prepares a statement showing the taxable value of the obsolete property, excluding land, for the tax year immediately preceding the start of your rehabilitation project.
5. The Building Inspector reviews the project description and the detailed cost breakdown for your project.
6. The Assessor and Building Inspector notify the City Clerk of their findings and/or recommendations.
7. The City Clerk prepares a resolution approving the application and sends it to the City Manager for placement on the City Commission's Consent Agenda.
8. After City Commission approval, the Clerk sends you a letter and referral card with instructions to arrange for inspections and submit the final permit report and a Certificate of Compliance.
9. Upon completion of construction, the applicant contacts the Code Compliance Division at (269) 966-3387 to schedule an inspection. This is required because the entire structure must meet the minimum building code.

**HELPFUL TIP: It's important to complete your project as soon as possible and contact Code Compliance for the inspection. This step must be done before you can start receiving any tax benefits.**

10. If the property meets building code requirements, the Code Compliance Division issues a Certificate of Compliance.
11. The applicant files copies of his/her building permits and Certificate of Compliance with the City Clerk's Office.
12. City Clerk forwards the application with a certified copy of the resolution and all supporting documents to the Michigan State Tax Commission in Lansing.
13. The Michigan State Tax Commission reviews your application and determines if your structure complies with the requirements of the law. If your structure and application meet the requirements, the Tax Commission issues a Neighborhood Enterprise Zone

certificate. Copies of the certificate are sent to the applicant, the Assessor and to each affected taxing unit.

## **TAXES:**

1. A specific tax is levied on the rehabilitated structure in a similar manner as for ad valorem taxes.
2. The land value remains on the ad valorem assessment and tax rolls where it is subject to increases or decreases in valuation.
3. 50% of the pre-improved building value is placed on a special tax roll where the value is frozen. The value will not increase or decrease during the 12 years the certificate is in effect.
4. The taxes are computed normally for the land value and you continue to receive summer and winter tax bills from the City Treasurer.
5. The taxes are computed separately for the frozen value on the obsolete building by multiplying the frozen value times the current total tax rate. You receive separate summer and winter tax bills for the obsolete building.
6. The improvements made to the structure will not be taxed for the 12 years the certificate is in effect.

### **TAX SAVINGS EXAMPLE: For a Homestead in the 6<sup>th</sup> Year of the Certificate**

#### Assumptions:

- Obsolete building value of \$18,000
- \$8,000 of value added to taxable value after rehabilitation
- A 3% per year increase in market value

#### Taxes without Neighborhood Enterprise Zone Tax Abatement

Taxable Value	Times	Tax Rate	Equals	Tax Estimate
\$33,150	X	.040	=	\$1,326

#### Taxes with Neighborhood Enterprise Zone Tax Abatement

	Taxable	Times	Tax Rate	Equals	Tax Estimate
Obsolete Building	\$18,000	X	.040	=	\$720
Land	\$2,390	X	.040	=	96
Total Taxes					\$816

#### Tax savings for 6<sup>th</sup> year of abatement

Taxes without Neighborhood Enterprise Zone Certificate	\$1,326
Taxes with Neighborhood Enterprise Zone Certificate	816
ESTIMATED TAX SAVINGS	\$ 510

7. Upon expiration of the certificate, your property is appraised at current market value and returned to the ad valorem assessment and tax rolls.

## **CERTIFICATE HOLDERS' REQUIREMENT:**

The Assessor is required by this law to file certain information annually with the Michigan State Tax Commission. This includes maintaining a current market value of your property. You may be contacted periodically to arrange for inspections to keep our records up-to-date.

## **REVOCATION:**

The Michigan State Tax Commission may revoke certificates for the following reasons:

1. Upon receipt of a written request from you. You must send this request by certified mail to the Michigan State Tax Commission, PO Box 30471, Lansing, MI 48909-7971.
2. If you fail to complete the filing requirements within 2 years of the date the certificate was issued.
3. If you do not pay your annual Neighborhood Enterprise Zone taxes and ad valorem property taxes.
4. If the structure's primary purpose is not residential housing.
5. If the City determines your home does not comply with local building, construction or safety codes.

## **CONTACTS FOR ADDITIONAL INFORMATION:**

### **Requirements:**

City Assessor's Office  
Room 112, City Hall  
10 N. Division St.  
Battle Creek, MI 49014  
Phone: 269-966-3369  
Fax: 269-966-0618

### **Application Filing & Fee:**

City Clerk's Office  
Room 117, City Hall  
10 N. Division St.  
Battle Creek, MI 49014  
Phone: 269-966-3348  
Fax: 269-966-3555

### **Building Permits:**

Building Inspection Office  
Office Room 111, City Hall  
10 N. Division St.  
Battle Creek, MI 49014  
Phone: 269-966-3382  
Fax: 269-966-3654

### **Final Inspection & Certification**

Code Compliance  
3<sup>rd</sup> Floor, City Hall  
10 N. Division St.  
Battle Creek, MI 49014  
Phone: 269-966-3387  
Fax: 269-966-3555