



**City of Novi
Tax Abatement Policy
Commercial Rehabilitation Act PA 210
Former Novi Expo Center**

Real Property Tax Abatement Statement of Purpose

The Commercial Rehabilitation Act, PA 210 of 2005, which offers certain qualified properties a real property tax abatement for a period of 1 to 10 years, as determined by the local community, was amended on July 12, 2011 (2011 PA 82) to expand its potential applicability to a broader category of commercial properties, and to add to the definition a qualified building a hotel or motel with meeting space that is attached to a convention and trade center that is over 250,000 square feet in size and in located in a county of a certain size (like Oakland County).

The City of Novi is a vibrant and growing community, with fair *ad valorem* tax millages and regulatory structures. The City is not, therefore, interested in establishing Commercial Rehabilitation Districts or granting tax exemption certificates to most of the commercial properties within the City. However, the City of Novi has adopted a policy for a Commercial Rehabilitation District for a convention and trade center within the City as allowed under the recent amendments to the Act. The Novi City Council has also identified a very limited number of other potential Commercial Rehabilitation Districts within the City that, because of their unique location or history, would benefit from this incentive.

This specific policy document relates to the property located in the area of Novi Road and the I-96 Freeway, known as the Former Novi Expo Center. The City has identified this limited area as a possible beneficiary of a tax exemption certificate as a means to encourage and facilitate the redevelopment of a uniquely prominent area at one of the most visible entranceways to the City. The City has adopted a Master Plan for Land Use for the Area; tax incentives are one of the tools available to the City in pursuit of redevelopment in accordance with that plan. The City's primary purpose in considering this limited District, then, would be facilitate, encourage, and incentive a redevelopment of the area as planned by the City.

Objectives to be Achieved by Granting a Commercial Rehabilitation Tax Abatement for the Former Expo Center

Applications for a Public Act 210 Tax abatement will be evaluated in terms of the likelihood that they will achieve some or all of the following objectives of the City of Novi:

- A. To accomplish the redevelopment of a unique area within the City in accordance with the City's Master Plan for Land Use
- B. To encourage and promote a significant capital investment that will serve as a catalyst for other substantial investments within the community, specifically related to the southeast portion of the City.
- C. To judiciously and prudently use all tools available to improve the quality of life in the City of Novi, in a manner that assures that the long-term benefits of such action outweigh the short-term costs and foregone revenue.



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The 2007 amendments to the City’s Master Plan for Land Use designate the property as part of the “Ring Road Area.” The area contemplates a general redevelopment as a City gateway and for large-scale office/research uses (consistent with the City’s current Office Service Technology (OST) zoning district) as a complement to the shops and restaurants in Town Center area. The plan does not contemplate retail uses in the area, but rather greater height office buildings assembled around a new internal road system and interconnected parking that capitalizes on the planned Ring Road, the river “corridor” on the south and visibility from I-96 to the north. The increased height and prime location makes the site ideal for an “icon” building with benchmark architecture and quality building materials.

General or Minimum Requirements for Eligibility for Establishment of District/Grant of Certificate

Every applicant must satisfy the following:

- A. The project must be fully compatible with the City’s zoning ordinance and Master Plan for Land Use and other ordinance requirements.
- B. The applicant must clearly and convincingly demonstrate that it would not construct or conduct the improvements in the City if tax abatement was not
- C. Any approved tax abatements will undergo a yearly compliance review.
- D. Rehabilitation/construction value hard costs equal to at least 50% of current real property value. Deferred and normal maintenance costs and hazardous material remediation are ineligible for inclusion in this amount.
- E. The approved site plan for the proposed and final configuration of the property must comply to the fullest extent possible with current Novi zoning ordinance and development standards with regard to landscaping, including:
 - a. parking islands
 - b. elimination of exterior storage unless allowed in the district
 - c. street trees
 - d. storm water management and treatment
 - e. required/enhanced façade materials
 - f. rooftop equipment screening
 - g. fire lanes and emergency access
 - h. screening of accessory uses and structure (dumpsters)
 - i. shared parking and inter-connected pedestrian access, sidewalks, and pathways
 - j. parking lot and building lighting
 - k. restoration of pavement and curbing
 - l. and signage
- F. Configuration of rehabilitated or proposed structures must comply with current Novi Fire Code and Michigan Building Codes as and also with respect to fire suppression systems, fire alarm/voice alarm communication systems, building height and area limitations, and Barrier Free Access.

Review Criteria Specific to Project

The following criteria will be used to evaluate specific requests for a tax abatement in terms of the **net benefit to the City and its residents and businesses**, and to determine the number of years of the abatement. The City Council reserves the right to modify the tax abatement criteria to reflect the changing objectives, priorities, or conditions of the community. The applicant shall provide **sufficient information** to the City to allow it to conduct a full and complete review of the stated criteria.

- A. The value or cost the proposed improvement (i.e., the capital investment)
- B. A specific plan depicting in detail the proposed improvements.
- C. The expected time frame of demolition of current building and construction of new structure.
- D. The expected economic life of the improvement
- E. The total expected local abatement amount
- F. The amount of real and personal property taxes already paid by the existing development
- G. Any additional costs to the City, direct or indirect (e.g., additional required infrastructure, public safety impacts, traffic concerns, and the like)
- H. The extent to which the applicant commits to the use of local (City of Novi) vendors, suppliers, and contractors,
- I. The extent to which the project will enhance opportunities for other existing or planned businesses in the City of Novi as part of the overall net economic benefits of the project to the City and its businesses and residents
- J. The environmental impact of the project and improvements—on woodlands, wetlands, storm water, air quality, etc.

Limitations

- A. The maximum time period for an abatement is six (6) years.
- B. Construction of improvements must not have started more than 6 months before an application for abatement was received by the City, and must be located in a Commercial Rehabilitation District established before the commencement of the project.
- C. There must be no outstanding taxes, fines, or liens owed by the applicant or entity with regard to the property at issue.

Agreement Required

The City will require a written agreement with the applicant that will include, as a minimum:

- (1) The term of the abatement;
- (2) Any conditions required by the City Council in connection with the grant of the abatement, as to which the City reserves all rights to determine in the interests of the City;
- (3) Any reporting requirements established by the City with respect to the information stated above and/or provided by the applicant, whether required and described under PA 210 itself or established by the City as appropriate to the project and the agreement;
- (4) Events of default that will automatically terminate the agreement, including (by way of example only):
 - (a) Closure/abandonment/sale of building
 - (b) Change of use

- (c) Failure to use local vendors.
 - (d) Failure to create new jobs as represented to the City.
 - (e) Failure to complete construction in a timely manner.
 - (f) Failure to meet any reporting requirements.
 - (g) Delinquency with regard to property taxes and/or to timely and properly follow legal procedures for contest.
 - (h) Failure to comply with local ordinances.
 - (i) Assignment without approval of the City
- (5) Any “claw back” or restitution provisions determined by the City to be necessary as appropriate to a specific project, under which the City will be paid back the amount of the abatement in the event of certain kinds of defaults

Procedures

The applicant must submit a submittal form prepared by the City and an application provided by the State of Michigan. The documents and the submission will be judged on its own individual merits, on a case-by-case basis, with respect to the achievement of the economic development/Master Plan goals of the City and satisfaction of the criteria outlined in this policy.

Applicants bear the burden of proof and must substantially satisfy conditions of the policy at initial application in order to be considered for abatement.

Review of applications shall be as required by statute. The City may approve, deny, or approve the proposal with conditions within the time specified by statute.

All procedures, rights, and obligations concerning such exemptions are subject to Act 210. The City reserves the sole discretion, to the fullest extent available under the law, to review each application and determine whether the project meets the City’s goals and the review criteria, and to determine whether the project would be beneficial to the City, whether the applicant merits consideration, and whether any other conditions exist that affect the City determination to grant or deny an application.

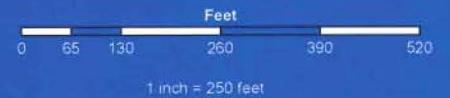
Novi Expo Center

Potential Development for PA210 Policy



Map Legend

-  Potential Redevelopment Property
-  Tax Parcels



City of Novi

Dept. of Community Development
City Hall / Civic Center
45175 W Ten Mile Rd
Novi, MI 48375
cityofnovi.org

Map Author: David Campbell
Date: Oct. 10, 2011
Project: PA 210 Policy
Version #: 1.0

Amended By:
Date:
Department:

MAP INTERPRETATION NOTICE

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the City of Novi. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Please contact the City GIS Manager to confirm source and accuracy information related to this map.