

Obsolete Property Rehabilitation Act Policy

Overview

The Obsolete Property Rehabilitation Act (OPRA), PA 146 of 2000, as amended, provides property tax exemptions for commercial and commercial housing properties that are rehabilitated and meet the requirements of the Act. Properties must meet eligibility requirements including a statement of obsolescence by the City assessor. The property must be located in an established Obsolete Property Rehabilitation District. Exemptions are approved for a term of 1-12 years as determined by the City of Mt. Pleasant. The property taxes for the rehabilitated property are based on the previous year's (prior to rehabilitation) taxable value. The taxable value is frozen for the duration of the exemption. Additionally, the State Treasurer may approve reductions of half of the school operating and state education taxes for a period not to exceed 6 years for 25 applications annually. Applications are filed, reviewed and approved by the City of Mt. Pleasant, but are also subject to review at the State level by the Property Services Division. The State Tax Commission (STC) is responsible for final approval and issuance of OPRA certificates. City of Mt. Pleasant exemptions are not effective until approved by the STC.

Goals of OPRA Program

Applications for OPRA exemptions are to be used to encourage rehabilitation of obsolete property that will facilitate redevelopment, foster job creation and expand the tax base for the City of Mt. Pleasant. It is recognized that this program is a discretionary program and may be utilized to achieve the goals and priorities identified by the Mt. Pleasant community through various adopted plans at the discretion of the City Commission. This program supports the City of Mt. Pleasant's economic development strategy to identify and facilitate opportunities for redevelopment of commercial sites, including the following:

- A. To attract exceptional redevelopment projects in the City of Mt. Pleasant in order to provide a greater tax base for future generations.
- B. To promote the rehabilitation of contaminated, blighted or functionally obsolete properties that provides significant benefits to the community.
- C. To encourage and promote significant capital investments that will serve as a catalyst for other significant commercial activity and investments within the community.
- D. To create or retain a significant number of employment opportunities with the community that offer competitive wages.
- E. To promote architectural excellence that demonstrates state of the art design, placement, sense of place, form, scale and identity that exceeds City standards.

Establishment of an Obsolete Property Rehabilitation Act (OPRA) District:

1. Upon submittal of an application for establishment of a single property district, the City of Mt. Pleasant Assessor will make an inspection of the building to determine whether

the commercial or commercial housing property is contaminated, blighted or functionally obsolete. The recommendation will be forwarded to the City Commission for consideration regarding the adoption of the single Obsolete Property Rehabilitation District.

2. An OPRA District may also be established when fifty-percent (50%) of the property owners of a certain location file a written request for establishment of the district. In this case, no building inspection is necessary for the establishment of the district. However, after application for an exemption certificate is received, an inspection will verify whether the commercial or commercial housing property is contaminated, blighted or functionally obsolete.
3. In the instance that the City Commission establishes a district upon their own initiative, no such inspection will be necessary for the purpose of establishing the district. However, after application for an exemption certificate is received an inspection will verify whether the commercial or commercial housing property is contaminated, blighted or functionally obsolete.
4. A public hearing will be held for each district to be established, whether by City Commission initiative or upon request of the building owner.
5. Prior to adopting the resolution, the City will give written notice by certified mail to all owners of all real property within the proposed district. Additionally, a public hearing must be held prior to adopting the resolution, with a public notice required not less than 10 days or more than 30 days prior to the date of the hearing.

Level of Exemption

The following guidelines are for determining the length of the obsolete property rehabilitation exemption. The City Commission reserves the right to adjust the length of any tax exemption or add or subtract and conditions placed on the tax exemption.

Investment of \$250,000 or less	6 years
Investment of \$250,001 or more	12 years

Evaluation Criteria

The City of Mt. Pleasant will consider using an OPRA to help private development projects that strive to achieve the following objectives:

1. To facilitate the development process and to achieve development of sites that would not be developed without tax exemption assistance.
2. To remove blight and/or encourage redevelopment of commercial and industrial areas that result in high quality redevelopment, private investment, and an increase in the city tax base.
3. To retain local jobs and/or increase the number and diversity of high-quality jobs that offer attractive wages and benefits.

4. To encourage additional unsubsidized private development in the city of Mt. Pleasant, either directly or indirectly through spin-off development (without the use of tax exemption).
5. To offset increased costs of redevelopment (i.e., a contaminated site clean-up, use of specialized trades) beyond the costs normally incurred in development.
6. To leverage additional private financial investment into the project.
7. To create high-quality jobs in the city, paying wages equal to or greater than the average local wage of the same class.
8. To add to the net commercial, industrial or general tax base of the city and optimize the private development of the proposed site.
9. To provide infrastructure or services not already provided in the city.
10. To minimize improvements in city infrastructure, road construction, or other traffic matters. Also to be considered is the impact of the proposal on other city services such as public safety, water or water recovery, streets and parks.
11. To be consistent with city land use regulations, zoning and planning policies.
12. To support local businesses; additional consideration may be given to existing businesses seeking to expand and grow within the city.
13. To meet other public policy goals and objectives, as adopted by the City of Mt. Pleasant or community.

Ineligible Applicants or Entities

An applicant or entity must not have:

- A. Outstanding taxes or City utilities owed.
- B. Pending or current litigation, including but not limited to property tax appeals, against the City by the applicant or its agents.
- C. Outstanding written orders or violations for any property under its ownership that is located in the city.
- D. Commenced rehabilitation of the facility before the establishment of the Obsolete Property Rehabilitation District.

Application

- A. Once a district is established, applications for exemption certificates can be obtained from the City of Mt. Pleasant Economic Development Director and when completed submitted to the same for processing. The application will include:
 1. Application fee of \$375;
 2. Documentation of control or ownership of the site;

3. Proposed site plan;
 4. Project financials, including estimated total investment and estimated taxable value upon completion;
 5. Evidence of commitment to proceed with the project within a reasonable time period;
 6. Documentation of property eligibility as defined in PA 149 of 2000.
- B. Within thirty (30) days from submittal of the application to the City of Mt. Pleasant, staff will meet to discuss each application and determine the length of the exemption certificate.
 - C. The Economic Development Director, with assistance from other city departments as necessary, will review the application for compliance with eligibility requirements and determine whether minimum evaluation criteria is met.
 - D. Staff will then make a recommendation to the City Commission regarding the length of the exemption certificate.
 - E. A public hearing will be held regarding each rehabilitation application prior to City Commission consideration. Upon City Commission approval of the application for tax exemption certificate, the application and resolution of approval will be forwarded to the State Tax Commission for final approval and certificate issuance.
 - F. Upon setting a public hearing, the Economic Development Director will request the City Clerk to notify each taxing unit that levies property taxes of the proposed exemption.

Development Agreement and Compliance

- A. All projects granted tax abatement will be required to enter a development agreement. The development agreement will clearly define the responsibilities of the property owner(s) receiving the abatement, and will require annual reporting to the Economic Development Director.
- B. If the term of the abatement was determined based on an applicant's representation of certain aspects of the project (i.e. job creation), evidence of compliance will be required.
- C. The project must be operated and maintained in compliance with all applicable City codes and ordinances.

Rescission of Exemption

- A. Rescission may be considered if the development agreement is not adhered to.
- B. Rescission shall not violate the statutory requirements of the applicable act in any way. Consideration may include but is not limited to the:
 1. Sale or closure of the building and departure of the company from the jurisdiction unless abatement/exemption is transferable.

2. Significant change in the use of the building and /or the business activities of the company not consistent with the requirement of the applicable act for which approved.
3. Significant employment reductions not reflective of the company's (normal) business cycle and/or local and national economic condition.
4. Failure to meet the minimum financial investment as indicated in application.
5. Failure to achieve the minimum number of net new jobs and wage level as specified in the abatement/exemption application.
6. Failure to complete the project in a timely manner as specified in the approval resolution.
7. Failure to comply with annual reporting requirements.
8. Failure to pay annual property taxes on real and personal property not exempt under the approved abatement/exemption.
9. Failure to cooperate with the City of Mt. Pleasant ordinances and policies.