

VILLAGE OF SPRING LAKE, MICHIGAN
COMMERCIAL REHABILITATION DISTRICT

POLICY GUIDELINE FOR APPLICANTS

IN CONFORMANCE WITH
PUBLIC ACT NO. 255 of 1978

Adopted March 18, 2019

1.0 STRATEGIC PLANNING PROCESS

The Spring Lake Village Council Village adopted Resolution 2019 - 08 to create the Commercial Redevelopment District. This policy has been developed to ensure that the redevelopment that takes place is appropriate for the continued economic development within the Village of Spring Lake.

2.0 PURPOSE

The Spring Lake Village Council is a strong advocate of economic development activities, programs, and structures designed to create and promote employment opportunities and expand the local tax base. The State of Michigan, through the use of Public Act 255, creates incentives that can be used on a local level to spark business development and building rehabilitation. The purpose of this policy is to provide a beneficial public purpose through the stimulation of business growth and improved commercial areas of the Village, by freezing property taxes at their present value for a specified period of time. The Village Council believes that it should be an active participant and a leader where appropriate in the economic development of the Village.

The Village of Spring Lake supports the establishment of policies, programs, and facilities, permitted by law, which will carry out this policy. For the Village to accomplish these purposes in an orderly fashion, it must be assured that the use of tax incentives for commercial rehabilitation is judicious, fair, and responsibly accomplished. The Village adopts this policy, not only to encourage the use of tax incentives for commercial rehabilitation, but also to articulate the reasonable expectations of performance by those directly benefiting from the policy.

3.0 POLICY

- A. It is the policy of the Village of Spring Lake to provide commercial tax incentives to qualifying applicants under certain State laws. The policy will increase the tax base of the community, increase the number of residents in the community, attract new business and industry or will result in the expansion of businesses.
- B. Multiple certificates by the same applicant are permitted, if authorized by State law, based upon previous performance and compliance with projections and conditions of previous applications. Specific monitoring techniques will be employed which

analyze the results of the rehabilitation certificate program overall and specifically of each applicant on an annual basis. An annual performance report will be prepared for review by the Village Council to determine the need for amendment to this policy.

- C. It is the intent of the Village of Spring Lake that each application be reviewed against this policy, procedures and the annual reports to determine on a case-by-case basis that the application meets the goals and objectives of the Village.

3.1 Commercial Rehabilitation Tax Abatement Criteria

The criteria to be considered by the Village Council in approval of applications, including applications for the establishment of districts, as well as the issuance of certificates, are the following:

- A. Compliance with the Commercial Rehabilitation District Policy as adopted by the Village Council.
- B. The commencement of the redevelopment project did not occur prior to the establishment of the Commercial Redevelopment district.
- C. The proposed redevelopment meets the definition of a qualified facility under P.A. 255 of 1978, and is located within an established Commercial Rehabilitation District in the Village of Spring Lake.
- D. Completion of the rehabilitation project can be reasonably expected to increase commercial activity, create employment, retain employment, prevent a loss of employment, revitalize urban areas, or increase the number of residents in the community in which the facility is situated.
- E. Will increase the tax base.
- F. Compliance of the petitioner in meeting previous commercial rehabilitation requirements, and employment goals and investment projections (if relevant).
- G. The impacts on public rights of way and general circulation patterns.
- H. General site improvements such as paving, parking areas, increases in landscaping and ground vegetation with emphasis on Michigan Native plantings when applicable, and signage improvements.

- I. The history of the applicant in payment of taxes, water bills, or any other obligations to the Village. "Applicant," for this purpose, shall include any entity controlled by the principal officers or owners of the entity signing the present application. The Village shall not issue a certificate or approve a district in cases where the "applicant" as here defined, is delinquent in any tax, water bill, or obligation to the Village. A district or certificate shall not be approved if the applicant has pending litigation against the Village including appeals to the Michigan Tax Tribunal.
- J. The applicant must state, in writing, that the rehabilitation of the facility would not be financially possible without the applicant's receipt of the exemption certificate.
- K. The value of the rehabilitation must include improvements aggregating 10 % or more of the true cash value of the property at the commencement of the rehabilitation of property.
- L. The impact on property values in the general area of the project.
- M. The consistency of the project with adopted codes, ordinances and plans.
- N. Other considerations considered unique or of benefit to the community.

3.2 Administration & Monitoring Procedures

- A. The Village of Spring Lake Downtown Development Authority Board (DDA) shall be the administrator of the application process on Commercial Redevelopment Act award certificates. Prior to presenting an application to the Village Council for approval the DDA, in conjunction with any other appropriate Village departments, shall review all applications for compliance with this policy. The DDA shall provide the Village Council with a recommendation on the application.
- B. For each approved application, the property owner receiving the commercial rehabilitation certificate shall submit annual monitoring reports. These reports will include the following information:
 - New jobs created
 - Workforce breakdown (by race and gender)
 - Capital investment expended
 - Status of any other requirements set forth by the Village Council
- C. The Village of Spring Lake shall provide the report forms to the owner in the month of November for year-end calculations.

- D. The certificate holder (owner) shall submit the completed report form including status of the rehabilitation project and employment level (# of FTEs) to Village staff on or before January 20th of each year for the term of the certificate.
- E. The DDA shall provide an annual report on the status of active commercial rehabilitation certificates and a recommendation on the status of the certificate to the Village Council in February of the following year (i.e. 2019 annual report shall be submitted in February of 2020).
- F. The Village Council may revoke or reduce the exemption certificate if the applicant has not complied with this policy, is not current on utility or tax payments or has not remained in compliance with the ranking criteria as determined by the scoring system described in Section 3.6 (Application Ranking Criteria) of this policy.
- G. In the event that the applicant ceases operation, so that it is no longer employing people and producing goods and no successor entity has taken over the operation of the business, the Village Council may revoke the certificate.

3.3 Application Procedures

The following procedures are intended to implement the foregoing policy and provide complete applications upon which to base a decision for approval or denial. It is intended that the administration of this procedure and the application process be efficient and flexible so as to meet the applicant's needs while complying with the policy as adopted:

- A. Applications
 - 1. Application forms provided by the Village shall be filled out completely and additional required documents shall be attached when submitted to the Village Clerk.
 - 2. All fees shall be paid with the application. The Clerk will not process any application without the payment of all required fees.
- B. Processing of Applications; Schedule. The application will be processed on the following schedule:
 - 1. Properly completed application for commercial rehabilitation certificates will be submitted to the Village Clerk. Copies will be forwarded to the DDA and other appropriate departments as necessary. The Clerk will also provide notification of the application in writing to the Village Assessor and the legislative body of each taxing unit that levies ad valorem property taxes in the Village of Spring Lake.
 - 2. Meeting scheduled with applicant to go over application, missing items, etc.
 - 3. A public hearing will be scheduled and resolution drafted to approve a district and certificate.

4. A public hearing notice prepared by the DDA staff for publication and forwarded to the Village Clerk for publication in the Grand Haven Tribune. Public notice of the hearing shall not be less than 10 days or more than 30 days before the date of the hearing.
5. Mailing to property owners (Certified Mail to create a district; regular mail to act on an application for a certificate) and taxing authorities with notification of application and public hearing date prepared and executed (if applicable). Notice will be given to all of the following:
 - Property Owner
 - Business Owner (if other than property owner)
 - Spring Lake School District
 - Ottawa Intermediate School District
 - Spring Lake Township Assessor's Office
 - County of Ottawa
 - Harbor Transit Multi-Modal Transportation System
 - Spring Lake District Library
6. Time requirements set forth in any applicable statute or regulation shall be observed. This includes 60 days for the Village Council to approve or disapprove a resolution of approval, after the completed application is received by the Village Clerk, and 60 days for the State Tax Commission ("commission") to approve or disapprove the resolution, after the Village Council adopts a resolution to approve the application and issue the certificate.
7. After approval by Village Council, the Village Clerk will review the application and attachments for completeness, then sign the application and send copies to the appropriate persons. A copy of the completed application will be forwarded to the property owner and the original application to the Village Council. The resolution and certificate is not effective unless approved by the Village Council.

3.4 Establishing Districts & Approving Certificates

The Village Council, on its own initiative, may choose to establish Commercial Rehabilitation Districts. The Village Council may establish one or more districts that may consist of one or more parcels or tracts of land or a portion of a parcel or tract of land. It is also possible for the Village Council to establish a district if a written request is filed by the owner or owners of property comprising at least 75% of all taxable value of the property located within a proposed commercial rehabilitation district. The written request must be filed with the Village Clerk. The resolution creating the Commercial Rehabilitation District will note all terms and conditions to be met by both the applicant and the community, if any. The District shall be approved by resolution of the Village Council to include the boundaries of the district. A Certificate for a Commercial Rehabilitation Tax exemption shall be approved only after the creation of the District. The Certificate shall

be approved by resolution of the Village Council to include the boundaries of the Commercial Rehabilitation District, the length of the abatement (1-12 years), and any conditions the Village Council deems appropriate for the issuance of the Certificate.

3.5 Filing and Compliance Monitoring Fee

The applicant shall pay the filing and monitoring fee at the time the application is made. No applications shall be submitted to Village Council for approval prior to the payment of this fee. The fee will be equal to 2% of the abated taxes (based on the amount of investment on the first full year of service) or a maximum of \$1,000.

3.6 Application Ranking Criteria

The following criteria are intended to provide direction for determining the length of all commercial rehabilitation tax exemptions as well as other potential components of a tax exemption such as employment generation/retention and site/facility requirements. If, in the opinion of the Village Council, the application complies with Section 3.1 (Commercial Rehabilitation Tax Abatement Criteria) of this policy, the following criteria will be utilized to determine the term of the proposed commercial rehabilitation exemption certificate.

A. Job Retention

1-5 Jobs	5 points	___
6-10 Jobs	10 points	___
11+ Jobs	15 points	___

B. New Jobs Created

Five (5) points per new full-time job created as a result of the commercial redevelopment activity. No maximum limit on the total number of points for this category, since it is considered a major incentive for new full-time job creation.

Full-time jobs are defined as forty (40) hours per week. New jobs in the less than forty (40) hour per week range may be added together to create full-time equivalent (FTE) jobs.

All new jobs promised at the time of application must be filled within two years and must be maintained over the life of the abatement. In the event the employment is not maintained over the life of the abatement, the Village reserves the right to decrease the abatement by the number of years that were given for that employment.

New Jobs Points _____

C. Project Value (eligible costs based on Policy)

All construction work on the restoration shall be completed within two years after the approval of the certificate (unless a shorter time frame is set by the Village Council).

\$50,000 - \$74,999	15 Points	_____
\$75,000 - \$99,999	25 Points	_____
\$100,000 - \$149,000	35 Points	_____
\$150,000 +	45 Points	_____

D. Innovative Energy and Design Techniques

Applicant to submit documentation of one of the following LEED certification levels achieved by the Rehabilitation project:

LEED Certified level	5 Points	_____
LEED Silver level	10 Points	_____
LEED Gold level	15 Points	_____
LEED Platinum level	20 Points	_____

E. Bonus Provision at the Discretion of the Downtown Development Authority (DDA)

Based on renderings submitted by the applicant at the time of the original application, the DDA may add an additional 1-10 points based on how closely the exterior design of the proposed redevelopment project follows the Downtown Design Manual. At the discretion of the DDA, other initiatives may be considered.

Bonus Points _____

F. Bonus Provisions at the Discretion of the Village Council

Based on information submitted by the applicant at the time of the original application, the Village Council may add an additional 1-25 points based on the relationship of the proposed redevelopment project to the public policy initiatives identified below. At the discretion of the Village Council, other public policy initiatives may be considered.

1. Project has significant **regional** economic impact. The project has the magnitude to have a substantial positive effect on the health, safety or welfare of citizens in the region that will affect more than the Village of Spring Lake.
2. Project emphasizes emerging business and/or technology.
3. Project offers unique positive environmental impacts.
4. Project has jobs with health care benefits to employees.
5. Project provides affordable (missing middle) workforce housing
6. Project provides density housing (e.g.; 2nd story residential)

Bonus Points _____

TOTAL POINTS _____

3.7 Scoring System Total and Years of Proposed Abatement

< 25 Total Points:	1 Year
25 – 29 Total Points:	2 Years
30 – 34 Total Points:	3 Years
35 – 49 Total Points:	4 Years
50 – 59 Total Points:	5 Years
60 – 69 Total Points:	6 Years
70 – 79 Total Points:	7 Years
80 – 89 Total Points:	8 Years
90 – 99 Total Points:	9 Years
100 - 109 Total Points:	10 Years
110 – 119 Total Points:	11 Years
120 + Total Points:	12 Years

TOTAL YEARS OF COMMERCIAL REHABILITATION TAX ABATEMENT: _____