

## NEIGHBORHOOD ENTERPRISE ZONE (NEZ) CHECKLIST

### Step 1: Contact Clerk of Local Unit to Establish Zone

The local governmental unit (LGU) must establish a Neighborhood Enterprise Zone (NEZ) in order to qualify the subsequent projects for exemption. Contact the clerk to begin this process.

- LGU approves tentative boundaries for a proposed NEZ. Zone must contain not less than 10 platted parcels of land and be compact and contiguous. See Section 3(2) of Act for maximum area of zones;
- Not less than 60 days before designation of the Zone, provide notice to assessor and each taxing unit in proposed area of intent to establish an NEZ;
- Not later than 45 days after notice is sent, hold a public hearing on establishment of NEZ;
- Before adoption of resolution designating NEZ, LGU must adopt:
  1. Housing inspection ordinance making sales of NEZ facilities dependent upon code compliance.
  2. Finding that NEZ is consistent with the unit's master plan.
  3. Statement of housing objectives and policies;
- Obtain assessor's report regarding amount of true cash value of property in proposed NEZ; and
- Adopt resolution designating the NEZ. Resolution must designate a zone name and total acreage of the zone.

A certified copy of the resolution will be sent to the Department of Treasury, State Tax Commission (STC). Accompanying the resolution should be a master list of all properties included in the zone (parcel code/id number and address) provided by assessor.

### Step 2: Filing the NEZ Application with the LGU Clerk

Complete all fields on the two-page NEZ Application form. (*Attachments such as building permit, electrical, plumbing, will be sent to the STC at a later time, when all other attachments are sent*). The following items are required for the initial filing with the clerk:

- Description of the general nature and extent of the new construction or rehabilitation to be undertaken and the breakdown of investment costs; and
- Outline of the timetable for undertaking and completing of the new construction or rehabilitation of the facility. Use extra sheets of paper if necessary. (See MCL 207.774 (4)(a) – (e)).

File one original and two (2) copies of each application with the clerk. [You may want to make an extra copy for the clerk to date stamp for your records]. The clerk will place the application before the governing body of the LGU for approval or denial. The resolution for the facility will include each application's address or property id and the number of years of exemption granted. Once approved, the

clerk will forward the original application and attachments to the Department of Treasury, Property Tax Exemption Section.

### Step 3: Completing the Application Process

The Property Tax Division requires one original application for each project address. The application will be checked for missing information or attachments that could not be included with the original application. A letter will be issued requesting the information needed to complete the application. The following items are required to be submitted with the application to the Property Tax Division:

#### **New Construction:**

- The new owner/occupant must complete and sign an application. (Most of the information needed can be taken from the original application filed by the developer.) Be sure to copy both sides of the application;
- A copy of the legal description of the real property including parcel code number for each house/condo being built;
- A copy of the building permit. Please make sure that all permits (building/trade) sent to the State are clear and legible;
- Copy of the new owner's Warranty Deed including the date the deed was executed and signatures; and
- Copy of the Certificate of Occupancy and Compliance.

#### **Additional requirements for rehabilitated projects (in addition to above items) are:**

- Documentation proving that the cost requirements of Section 2(k) are met. A breakdown of investment cost for each house, condo, or unit being rehabilitated and the square footage for each;
- Copy of the legal description of the real property with parcel code number of the property for each house/condo being built or rehabilitated;
- You may have trade permits rather than building permits. Please send copies of those, ensuring that the copies are clear and legible;
- Copy of the Certificate of Occupancy and Compliance or a Certification by the local building official certifying that the building meets minimum building codes for the local unit. (Applicant must contact the building official); and
- Copy of the statement by the Assessor showing taxable value of the rehabilitated facility, not including the land, for the tax year immediately preceding the effective date of the rehabilitation.

When all application information has been received and review by the Property Services Division, Tax Exemption Unit staff, recommendation will be made to the STC regarding approval, denial, revocation or transfer. Notifications of the decision of the STC will be sent by first class mail to the Owner/Occupant, Assessor, County Equalization Department, School District, Intermediate School District and Community College. In the event of a denial or revocation, the letter is sent to all parties by certified mail.