

PAYMENT-IN-LIEU-OF-TAX (PILOT) POLICY

SECTION I: PILOT POLICIES AND PROCEDURES

PURPOSE STATEMENT

The purpose of this policy is to administer Chapter 50, of the City of Alma's Code of Ordinances. It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its citizens of low income and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the State Housing Development Act of 1966 (1966 PA 346, as amended, MCL 125.1401, et seq). The City of Alma is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from taxation under this Act at any amount it chooses not to exceed the taxes that would be paid but for this Act.

It is further acknowledged that such housing for persons of low income is a public necessity, and as the City of Alma will be benefited and improved by such housing, the encouragement of the same by providing certain real estate tax exemption for such housing is a valid public purpose; further, that the continuance of the provisions of this article for tax exemption and the service charge in lieu of taxes during the period contemplated in this article are essential to the determination of economic feasibility of this housing development which will be constructed and financed in reliance on such tax exemption.

It is further acknowledged that while this housing is a public necessity, so too is the proper development of the community in general. It is the duty of the City Commission, with help from the City Planning Commission, that this community is developed in a manner consistent with the comprehensive plan. Therefore each application must be considered for its consistency with the overall goals and objectives of the future planning and development for the City of Alma. The existence of this policy and the Tax Exemption Ordinance in no way infers a right to such tax exemption, and the City Commission's action on each application is within its discretion.

GENERAL POLICIES AND PROCEDURES

- I. PILOTS granted by the City of Alma are not entitlements, but are reserved for projects that would not be financially feasible in the absence of the PILOT incentive.
 1. Any development project that is under construction, excluding stabilization, site preparation, or utility work, is not eligible to apply for or to receive a PILOT.
 2. To be eligible for a PILOT, the value of the proposed building renovations, site improvements, or new construction must be equal to or greater than sixty percent (60%) of the Total Project Cost (defined as property & building acquisitions costs, financing expenses).
 3. To be eligible to apply for PILOT, an applicant must own the property or have an option or other right to purchase the property under consideration.
 4. To be eligible for a PILOT, residential projects must reserve at least 51% of the units for affordable housing.
 5. Multi-family residential or housing facility is defined as two or more residential units located in a single building, on one parcel of land or on contiguous parcels of land.
 6. An applicant will have up to one (1) year from the time of approval by the City Commission to start construction. Construction must be completed within two (2) year from the time of approval.
 7. These policies and procedures, as adopted by City Commission, will be reviewed every five (5) years to ensure the ongoing efficiency and effectiveness of the PILOT program

SECTION II: PILOT APPLICATION

APPLICATION PROCESS

1. **Pre-Submittal Conference:** A meeting with the city assessor and the city's zoning administrator must occur before submitting a PILOT application. This meeting is to acquaint all parties with the scope of the project and any related issues. This meeting also serves to familiarize the applicant with the PILOT process and policies.
2. **Submission of Application:** Application must be assembled based upon the requirements set forth below. One original, five copies, and an electronic version of the application must be submitted no later than four weeks prior to the regularly scheduled City Commission meeting. The applications should be delivered to: City Assessor, City of Alma, 525 East Superior Street, Alma, MI 48801.
3. **City Staff Review:** City staff will review the submitted application and forward to City Commission with a recommendation for their consideration.
4. **City Commission Review:** City staff will notify applicant of the meeting at which the application will be considered. For the application to be considered by the City Commission, the applicant, or his/her appointed representative must be present at the meeting. Incomplete applications will not be presented to the Commission for review.
5. **Approval:** If the project is approved by the City Commission, the City Clerk will submit it to the State of Michigan with the adopted resolution.

APPLICATION FEE

A non-refundable application fee of \$250.00, payable to the City of Alma, is due upon submission.

SUMMARY OF APPLICATION REQUIREMENTS:

Applicants must supply following information in the order listed below and indicate any items that are not applicable to their project.

1. The name, address, and telephone number of the applying entity. The name of the applying entity's representatives and any other financial guarantors of the Project and their addresses and telephone numbers if different from above.
2. Background information about the applicant and guarantors, including development experience, if any, and all other relevant information the City may need to consider while reviewing the application. Describe the corporate or partnership structure as applicable.
3. Describe the proposed Project. Include in this section the following:
 - a. Intended usage.
 - b. Economic and environmental impact.
 - c. The square footage of the building and land area to be renovated.
 - d. Architectural renderings.
 - e. All other information needed to fully explain the project.
4. State the marketing plans for the project identifying the intended market. What types of lessees are anticipated? If the project is speculative, how long is full occupancy expected to take and who will manage the project?

5. Briefly describe the ownership and tax information for this Project. Include in this section the following:
 - a. State the location of the proposed project by street address and legal description
 - b. Name the property owner at the time of application submittal.
 - c. If the Applicant does not presently own the property, attach a valid option to purchase the property.
 - d. Describe any and all existing financing, options, and liens on the property.
 - e. State the tax parcel number for all property involved with the Project and the current assessed value of the Property.
 - f. Are any assessments presently under appeal? If so, describe the status of the appeal.
 - g. Will the Project result in the subdivision of any present tax parcel?
6. Provide a detailed development pro forma outlining the proposed hard, soft and financing costs associated with the proposed development. The pro forma must also identify all sources of financing and terms, including Applicant equity, construction and permanent financing and any government assistance. It is expected that proposals will contain detailed costs breakdowns.
7. Are changes needed to the public space around the Project (For example; sidewalks, lighting and planting)?
8. State the proposed time schedule for the Project including the dates anticipated for the following:
 - a. Closing of the loan or contributing financing availability.
 - b. First expenditure of funds with regard to the project.
 - c. Anticipated date construction will begin.
 - d. Anticipated completion date.
9. Financial Background:
 - a. Attach current audited financial statements of the applicant and guarantors. If audited financial statements are unavailable, please submit non-audited statements.
 - b. State the relationship any applicant or grantor has had with any accounting firm over the last five years and reason for change, if any.
 - c. Give three credit references for the applicant.
10. Name any of the following that will be involved with the Project (with address and phone numbers):
 - a. Architects and engineers.
 - b. Contractor for project.
 - c. Other professionals.
 - d. Please describe any potential conflicts of interest the applicant or any grantor may have with any City Personnel or Commission members.
11. Please describe the following as to any applicant, guarantor, or other person involved with this project:
 - a. Any pending civil litigation involving this property or other business holdings.
 - b. Any pending criminal proceeding involving this property or other business holdings.
 - c. Any conviction, or other pending criminal matter, that is for any felony offense or any theft-related misdemeanor.
12. The applicant or applicant's representatives must execute the following statement and provide it as part of the application.

SIGNED STATEMENT

The following statement must be included along with a dated signature of the applicant or applicant's representatives.

This application is made to induce the City of Alma to grant financial incentives to the applicant. The applicant represents that all statements contained herein are true and correct. All information materially significant to the City of Alma in its consideration of the application is included. The applicant authorizes the City of Alma investigation of its credit in connection with this application. The applicant acknowledges that it has reviewed the descriptions of the City of Alma financial program for which it is applying and agrees to comply with those policies. The applicant specifically will pay all reasonable costs, fees and expenses incurred by the City of Alma whether or not the incentive is granted or project completed.

FOIA PROTECTIONS OF CONFIDENTIAL MATERIAL

An applicant seeking Tax Exemption must file this application consistent with these PILOT policies and procedures approved by City Commission. City Commission acknowledges that any financial information received in connection with the application is sensitive information, and it therefore grants confidential status under the Freedom of Information Act for any financial information provided for use in considering this application. This status remains until an application is granted tax-exempt status.

SECTION III: PILOT TERM AND PERCENTAGE CALCULATION

The maximum term of any tax exemption shall not exceed 35 years. The maximum service charge to be paid in lieu of taxes shall not exceed the taxes which would be paid but for the project's eligibility for exemption by virtue of MCL 124.1401, et.seq.

YES: Ayers, Comer, Dancer, Legene, Mapes, Mott, & Nyman.

NO: None.

ADOPTED BY RESOLUTION OF THE CITY COMMISSION: December 22, 2009.

CERTIFICATE

I hereby certify that the foregoing is a true and complete text of the Resolution of the City Commission of the City of Alma and remains in full force and effect as of this date.

Date: December 22, 2009.

Barbara A. Gager, Clerk