

HISTORIC NEIGHBORHOOD TIFA

Through the provisions of Public Act 530 of 2004, a Historic Neighborhood Tax Increment Financing Authority (HNTIF) may be established. An HNTIF may use its funds, including tax increment financing, to fund residential and economic growth in local historic districts. An authority may also issue bonds to finance these improvements.

HOW CAN THIS TOOL BE USED?

Improvements to public facilities such as housing, a street, plaza, pedestrian mall and any improvements to a street, plaza or pedestrian mall including street furniture and beautification, park, parking facility, recreational facility, right of way, structure, waterway, bridge, lake, pond, canal, utility line or pipe or building, including access routes designed and dedicated to use by the public generally, or used by a public agency.

WHO IS ELIGIBLE TO CREATE AN HNTIF?

Any city or township may establish an HNTIF, if that city or township contains a local historic district.

HOW DOES IT WORK?

Once established, the HNTIF prepares a development plan and a tax increment financing plan to submit for approval to the local municipality. A development plan describes the costs, location and resources for the implementation of the public improvements that are projected to take place in the HNTIF district. A tax increment financing plan includes the development plan and details the tax increment procedure, the amount of bonded indebtedness to be incurred and the duration of the program. After adoption of the two plans, the development plan is implemented and the tax increments, which occur as a result of improvements in the eligible property, accrue to the HNTIF to be used as required by the development plan. The activities of the HNTIF may be financed by:

1. Donations to the authority
2. Revenue bonds
3. Revenues from buildings or property owned or leased by the HNTIF
4. Tax increments
5. Special assessment
6. Grants

WHAT IS THE PROCESS?

1. Municipalities may have multiple authorities.
2. The governing body finds that it is in the best interests of the public to:
 - a. Halt property value deterioration

- b. Increase property tax valuation where possible in a residential district
 - c. Eliminate the causes of property value deterioration
 - d. Promote residential growth
 - e. Promote economic growth
3. The governing body sets a public hearing, based upon its resolution of intent, to create a HNTIF.
4. Notice must be given of a public hearing by publication and mail to taxpayers within a proposed district and to the governing body of each taxing jurisdiction levying taxes that would be subject to capture of tax increment revenues.
5. Public hearing is held.
6. Not less than 60 days following the public hearing, the governing body may adopt by resolution the creation of the HNTIF and designating the boundaries of the HNTIF district.
7. The resolution must be published at least once in the local newspaper and filed with the Secretary of State.
8. The governing board of the HNTIF shall consist of a chief executive officer of the municipality or his or her designee and between five and nine members.
 - a. Members shall be appointed by the chief executive officer of the municipality, subject to approval by the governing body of the municipality.
 - b. Not less than a majority of the members shall be persons having an ownership or business interest in property located in the development area.
 - c. At least one of the members shall be a resident of the development area or of an area within ½ mile of any part of the development area.

OTHER IMPORTANT NOTES ON TIF CAPTURE

- School and library millages are exempt from capture.
- All other taxing jurisdictions have the opportunity to negotiate the terms of, or opt out of capture, within 60 days of the public hearing establishing the TIF plan.
- An annual report must be submitted to the municipality and to the State Tax Commission on the status of the tax increment financing plan.

SUPPORTING STATUTE

Public Act 530 of 2004

CONTACT INFORMATION

For more information, contact the MEDC Customer Assistance Center at 517.373.9808.