



**CITY OF LANSING**  
**NEIGHBORHOOD ENTERPRISE ZONE PROGRAM**  
**“Enhancing the Community We Live In”**

**Introduction and Basic Information**  
**for**  
**Residential Rehabilitation and**  
**New Residential Construction**

**For More Information Contact:**  
**Economic Development Corporation of the City of Lansing**  
**401 S. Washington Square, Suite 100**  
**Lansing, Michigan 48933**  
**Phone: (517) 483-4140**  
**Fax: (517) 483-6057**  
**[edc.cityoflansingmi.com](http://edc.cityoflansingmi.com)**

# NEIGHBORHOOD ENTERPRISE ZONE PROGRAM

Public Act 147 of 1992, as amended and authorized by the State of Michigan, allows specific local governments to enact Neighborhood Enterprise Zones (NEZs). The City of Lansing has approved the designation of NEZ areas within the City as Neighborhood Enterprise Zones (NEZs). The purpose of establishing NEZs in Lansing is to promote home ownership and investment in areas where the greatest impact would occur and where such improvements may trigger additional investment in adjacent neighborhoods. The benefit of the NEZ Program to property owners in these areas results in lower property taxes.

There are two types of NEZ property tax abatements: Rehabilitation of an existing property and new construction. Once rehabilitation and/or the new construction are complete, a Neighborhood Enterprise Zone (NEZ) Certificate is granted by the Michigan State Tax Commission as the necessary document to prove the property owner's eligibility for the property tax abatement.

On behalf of the City of Lansing, its' Economic Development Corporation (EDC) administers the NEZ Program. To be eligible for an NEZ Certificate, the following conditions must be met:

1. The property must be located in a designated Neighborhood Enterprise Zone. (See attached list of NEZ Boundaries Description and map.) If you are uncertain as to whether your property is located within an NEZ, contact the EDC at (517) 483-4140 between 8:00 a.m. and 5:00 p.m. for verification.
2. **IMPORTANT:** The property owner must submit a completed NEZ application to the EDC not less than one week **before applying for any permits and prior to beginning any construction activities.** Otherwise, you will be ineligible for application. An application may be obtained at the Economic Development Corporation of the City of Lansing, 401 S. Washington Square, Suite 100, Lansing, Michigan 48933; Phone: (517) 483-4140; Fax: (517) 483-6057; website: [www.edc.cityoflansingmi.com](http://www.edc.cityoflansingmi.com).

## New Construction NEZ Certificates

For new construction, NEZ Certificates are available for only those properties that are the primary residence of the owner, including condominiums. (Apartments are not eligible for new construction.) NEZ Certificates may be obtained under the following situations:

Home Buyer/Owner: As a purchasing incentive to attract prospective buyers, a builder or developer can file an NEZ application with the EDC prior to construction and before applying for any permits. Once the new construction has been completed and a Certificate of Occupancy has been obtained from the City's Building and Code Compliance Office, the new owner becomes eligible for the property tax abatement. They must file an additional application and provide a copy of their Warranty Deed to the EDC to complete the certification process.

Existing Home Owner: A New Construction NEZ Certificate may be applied for on any new addition to an existing residential structure.

Tax Incentive: The holder of a New Construction Certificate does not pay the real property taxes collected under the general property tax act. Instead, the property owner pays the “Neighborhood Enterprise Zone Tax” which is equal to one half of the State’s average rate of taxation. In previous years, the NEZ tax rate was approximately 16 mills. **Land value and special assessments are not included in the tax abatement.**

If the new construction is an addition to an existing residence, the Neighborhood Enterprise Zone Tax will only be applied to the value of the new addition. The older portions of the residence will continue to be assessed regular property taxes.

The continuance of a New Construction NEZ Certificate is conditional upon being current on payment of all taxes and any other debts owed to the City on an annual basis. In addition, the property must be owner occupied and not used for rental purposes.

### **Rehabilitation NEZ Certificate**

For rehabilitation of an existing residential structure, NEZ Certificates are available to home owners and landlords that meet the following criteria:

Owner Occupants: For owners who occupy a single family property as their principal residence, they must have a current true cash value of \$80,000 or less. If improvements are to be completed by a licensed contractor, an owner occupant of the property must invest a minimum of \$5,000 in rehabilitation efforts or 50% of the true cash value, whichever is less. A property owner must provide documentation of the investment in the form of an estimate from a licensed contractor.

If the improvements are to be done by the owner and not a licensed contractor, a minimum of \$3,000 in materials must be invested or 50% of the true cash value, whichever is less. A property owner must provide receipts for proof of materials purchased. (An owner’s personal labor cannot be included.)

Rental Property Owners: A rental property owner, with eight units or less must have a current true cash value of \$80,000 or less per unit. If improvements are to be done by a licensed contractor, the cost of improvements must be more than \$7,500 per unit or 50% of the true cash value, whichever is less. A rental property owner would need to provide documentation of the investment in the form of an estimate from a licensed contractor.

A minimum investment of \$4,500 is allowed per unit if the structure is brought into conformance with minimum local building code standards for occupancy or improves the livability of the units while meeting minimum local building code standards. (An owner's personal labor cannot be included.)

**Tax Incentive:**

The amount of the NEZ tax on a rehabilitated residential structure is determined each year by multiplying the Taxable Value of the rehabilitated portion of the facility for the tax year immediately preceding the effective date of the NEZ Certificate by the total mills. The effective date for the tax abatement is dependent upon commencement of construction and when the facility is **substantially completed**. The project time line will need to be thoroughly discussed with EDC staff to determine how to receive the maximum tax benefit. **Land value and special assessments are not included in the tax abatement and will remain on the regular ad valorem tax rolls.**

The continuance of a Residential NEZ Certificate is conditional upon being current on payment of all taxes and any other debts owed to the City on an annual basis.

**NEZ Certificate Time Line**

The NEZ Certificate is in effect for a period of 12 years. An NEZ Certificate can be transferred to subsequent property owners within the 12 year period provided that all NEZ state and local requirements for the program have been met by the new owner.

**Application Fees**

Effective July 1, 2005, the following NEZ application fees will apply:

Establishment of a new NEZ District	\$1,000
NEZ Certificate Application	\$ 25
Transfer of an Existing NEZ Certificate	\$ 25

To obtain NEW **RESIDENTIAL CONSTRUCTION** Information and Application Packet or a Residential **REHABILITATION** Information and Application Packet, please contact:

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of the City of Lansing  
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