

Neighborhood Enterprise Zones - Homestead

Proposed Changes for 2021



A few facts regarding NEZ- Homesteads

What is a NEZ Homestead ?

- Neighborhood Enterprise Zone Homestead (NEZH) is a property tax abatement program for Residential Property Owners who occupy their home as their principal residence.

What are the requirements for the program ?

- Your property must be in one of the NEZ Homestead Districts throughout the City of Detroit
- You must have purchased the property after 12/31/1996
- You must both own and occupy the property as your principal residence
- You must stay current on your property taxes
- You must commit to a minimum of \$500 of improvements or repairs to your property over the course of the first 3 years
- You must have filed a Property Transfer Affidavit (PTA) and Principal Residence Exemption (PRE) with the City of Detroit, Office of the Assessor

What is a Neighborhood Enterprise Zone - Homestead (NEZH) abatement and how does it affect my property?

The NEZH is an abatement for an existing structure (house), purchased by or transferred to an owner after December 31, 1996, which is the primary residence of the owner, is located within a zone created by the legislative body of a local government unit (in this case, Detroit City Council), and which the owner of the property commits to a minimum of \$500 in repairs or improvements over the first three-year period of the abatement.

The Neighborhood Enterprise Zone Act, PA 147 of 1992, as amended, provides tax exemptions for the development and rehabilitation of residential housing located within eligible distressed communities. The legislative body (Detroit City Council) of the local governmental unit (LGU) in these eligible distressed areas can designate areas as NEZs. Only homes located within these established NEZs are eligible for NEZ certificates. Once a NEZH zone is created by Detroit City Council, NEZ Homestead applications are filed, reviewed and approved by the local assessor.

This abatement last for 15 years and is transferrable, meaning if the owner sells the property, the new owner can take advantage of the abatement as long as they meet the qualifications.

1. **The Neighborhood Enterprise Zone Act, PA 147 of 1992**, as amended, provides tax exemptions for the owner/occupants of residential housing located within eligible distressed communities. The governing body (Detroit City Council) of the local governmental unit (LGU) in these eligible distressed areas can designate areas as NEZHs. Only homes located within these established NEZs are eligible for NEZ certificates.
2. **What is the difference between a Neighborhood Enterprise Zone and a Neighborhood Enterprise “Homestead” Zone?** A Neighborhood Enterprise Zone (NEZ) covers new facilities and/or rehabilitated facility projects. A Neighborhood Enterprise “Homestead” Zone covers only pre-existing residential property, located within a subdivision platted pursuant to state law before January 1, 1968.
3. **Who can apply for a Neighborhood Enterprise Zone (NEZ) Homestead Certificate?** Only the owner/occupant of a principal residence within an NEZH zone may file an application for the tax abatement
4. **How is the NEZH Tax Computed?** A parcel holding a NEZH Certificate will receive two tax bills, one for the land and one for the house. The abatement is applied only to the house, while the land is taxed at the regular tax rate. The NEZH does not prevent the property owner from exercising their rights to seek a reduction of their property value during the City of Detroit’s Assessor Review. In addition, both the land assessment on the ad valorem roll and the improvement (house) on the special act roll may be adjusted by the March Board of Review.

How much is the tax reduction ?

- It is approximately a 15 to 20 percent reduction in your Summer Tax Bill
- The NEZ tax abatement reduces the City of Detroit Operating Millage from 19.9520 to 9.9760 mills and the Wayne County Operating Millage from 5.6483 to 2.8241 mills. All other millage rates are unaffected by the NEZ Homestead abatement

How long does the abatement last ?

- The abatement certificate is issued for 15 years and will last as long as you own your home

How do I apply for the program ?

- The Office of the Assessor will mail an application package to the qualified homeowners in the newly created zones. The application will also be placed online on the City of Detroit's web page.

Is there a deadline to file ?

- The Office of the Assessor accepts applications all year. The plan is for the abatement to be effective for the 2021 tax year
- Any application submitted after October 1 will be processed the following year

What documentation will I need

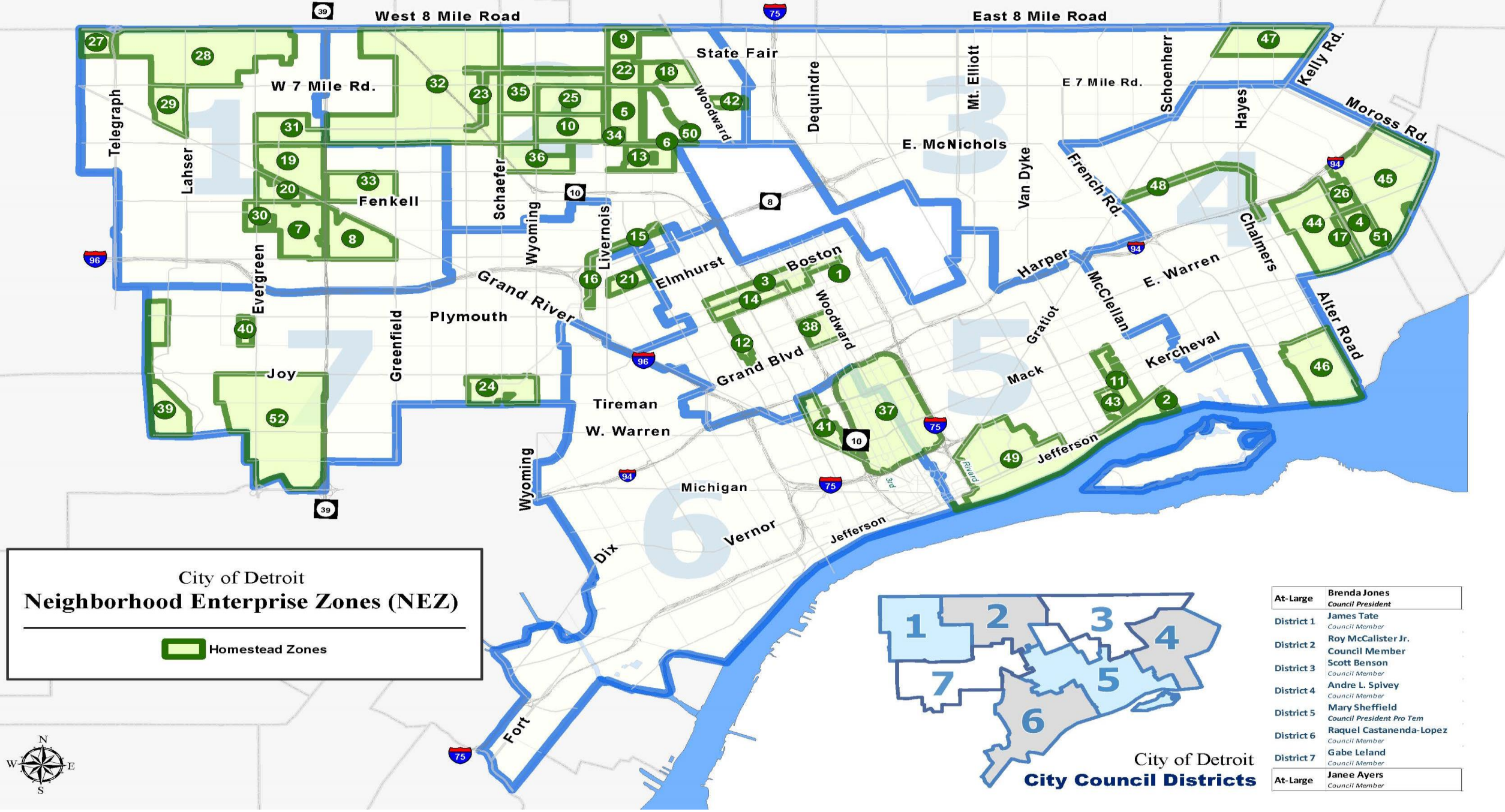
- A driver's license or state issued ID with the property address
- The Principal Residence Exemption (PRE) must be on file. If not, you will need to fill out the application
- If no Property Transfer Affidavit (PTA) is on file, you will be required to present a certified deed showing ownership of the property and pay the PTA fine for not filing the affidavit timely

I've heard that current NEZ Homesteads abatements are being extended, is this true ?

- YES !!! If you currently have an NEZ – Homestead Certificate and are nearing the end of your abatement, you will simply need to sign an affidavit stating that the property continues to be your principal residence and that you will commit to a minimum of \$500 in improvements over a 3-year period and a **one time only** new certificate will be issued for your property.

What will happen to tax abatements in NEZH areas which are being eliminated ?

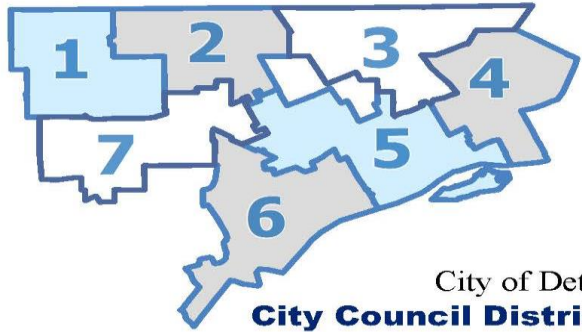
- Yes, it is true that some areas which were established in the 2006/2007 timeframe are being modified and acreage removed. But any homeowner who has an abatement in one of those areas will keep their current abatement until it expires. Then they will be “grandfathered” into the one time 15-year application renewal as long as they still qualify. Unfortunately, once Detroit City Council votes on the new NEZH boundaries, no new applications will be accepted in the modified areas.



City of Detroit

Neighborhood Enterprise Zones (NEZ)

Homestead Zones



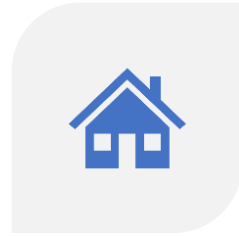
At-Large	Brenda Jones Council President
District 1	James Tate Council Member
District 2	Roy McCalister Jr. Council Member
District 3	Scott Benson Council Member
District 4	Andre L. Spivey Council Member
District 5	Mary Sheffield Council President Pro Tem
District 6	Raquel Castanenda-Lopez Council Member
District 7	Gabe Leland Council Member
At-Large	Janeé Ayers Council Member

1. Arden Park	12. LaSalle Gardens	23. Outer Drive West	34. McNichols - Livernois	45. Cadieux - Mack
2. Berry Subdivision	13. Livernois Parkside	24. Aviation	35. Meyers - West Outer Drive	46. Jefferson - Alter
3. Boston Edison	14. Longfellow Subdivision	25. Bagley	36. Puritan - Meyers	47. Gratiot - Eight Mile
4. English Village	15. Oakman West	26. English Village North	37. Midtown - Brush Park	48. Outer Dr - Gratiot
5. Golf Club Addition	16. Oakman East	27. Eight Mile - Five Points	38. Woodward - West Grand Blvd	49. Riverside District
6. Detroit Golf Club	17. Outer Drive East	28. Eight Mile - Evergreen	39. Warren - Rouge Park	50. Golf Club Correction
7. Grandmont West	18. Palmer Woods	29. Berg - Grandriver	40. Fielding - West Chicago	51. South English Village Correction
8. Grandmont East	19. Rosedale North	30. Kentfield - Lyndon	41. Woodbridge	52. Joy - Southfield
9. Greenacres	20. Rosedale South	31. Curtis - Evergreen	42. Woodward - Greendale	
10. Greenlawn	21. Russell Woods	32. Eight Mile - Meyers	43. West Village	
11. Indian Village	22. Sherwood	33. Greenfield - Puritan	44. Morningside	

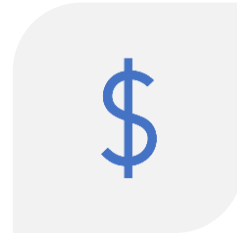
Why we're here ???



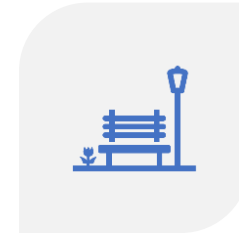
DETROIT CITY COUNCIL
IS CURRENTLY
REVIEWING THE STATUS
AND VIABILITY OF
EXISTING NEZ-
HOMESTEAD AREAS
WITH THE AIM OF
MODIFYING EXISTING
AREAS AND CREATING
NEW AREAS FOR THE
2021 TAX YEAR



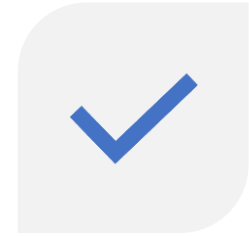
QUALIFIED PROPERTY
OWNERS IN NEW AREAS
WILL RECEIVE AN
APPLICATION PACKAGE
FROM THE OFFICE OF
THE ASSESSOR



PROPERTY OWNERS
WHOSE NEZH TAX
ABATEMENTS ARE DUE
TO EXPIRE IN THE
2021/2022 TIMEFRAME
ARE ELIGIBLE TO APPLY
FOR ONE MORE 15 TAX
ABATEMENT IF THEY
QUALIFY



PUBLIC HEARINGS WILL
BE HELD BEFORE
DETROIT CITY COUNCIL
TO DETERMINE WHERE
NEW NEZ-HOMESTEAD
AREAS WILL BE
ESTABLISHED



THE INTENTION IS TO
HAVE THIS PROCESS
COMPLETE IN TIME FOR
2021 SUMMER TAX
BILLS