

NEIGHBORHOOD IMPROVEMENT AUTHORITY (NIA)

Through the provisions of Public Act 61 of 2007, a Neighborhood Improvement Authority (NIA) may be established. An NIA may use its funds, including tax increment financing, to fund residential and economic growth in residential neighborhoods. An authority may also issue bonds to finance these improvements.

HOW CAN THIS TOOL BE USED?

For residential neighborhood 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 NIA?

Any city or village may establish an NIA. However, an NIA cannot include properties that are already part of a Historic Neighborhood TIFA (2004 PA 530).

HOW DOES IT WORK?

Once established, the NIA 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 NIA 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 NIA to be used as required by the development plan. The activities of the NIA may be financed by:

1. Donations to the authority
2. Revenue bonds
3. Revenues from buildings or property owned or leased by the NIA
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:
 - Promote residential growth in an area where 75% or more of the area is zoned for residential
 - Promote economic growth
3. The governing body sets a public hearing, based upon its resolution of intent, to create an NIA.
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 NIA and designating the boundaries of the NIA 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 NIA shall consist of a chief executive officer of the municipality or his or her designee and between 5 and 9 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 1 of the members shall be a resident of the development area or of an area within 1/2 mile of any part of the development area.

OTHER IMPORTANT NOTES

- 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 61 of 2007

Neighborhood Improvement Authority