



Executive Summary

DOWNTOWN ALLEGAN is full of beautiful historic buildings and small walkable blocks that invite active pedestrian traffic and encourage retail activity.

Downtown Allegan demonstrates impressive walkability and character. It has an architecturally appealing zero-lot line built environment; this gives the city a great opportunity to excite the sidewalk and street with the right mix of retail uses. The two story architectural scale gives a positive sense of place and permanence, and provides a downtown feel without overwhelming the pedestrian. While other cities are trying to recreate their historic buildings that have been torn down, Allegan's historic buildings are still intact, and many are occupied by small local businesses. Downtown Allegan's historical character will be the key building block for the city's revitalization moving forward.

These character buildings are all located alongside a scenic bend of the Kalamazoo River. For certain buildings, this offers the potential for riverfront outdoor dining on the ground level, and riverfront views from upper

floors. Allegan offers great cultural assets with the Griswald Auditorium and the Regent Theatre. Allegan plays a regional role as the county seat; this positions its downtown as a destination for surrounding cities nearby. Finally, Allegan has large employers nearby – a hospital and Perrigo Company, a generic drug manufacturer.

There are more than 5,300 people that commute to the Allegan city limits every day, while over 600 more live and work within the city. Also, the city has an anchor company nearby that pays high salaries – this can be leveraged for downtown development. Finally, the city is a 30- to 45-minute drive to other nearby surrounding cities, such as Kalamazoo, Grand Rapids, Holland, and Saugatuck. This creates a market for residential couples who work in two different cities and want to split their commute in half. This creates the potential for destination tourism, both from permanent residents and summer vacationers along Michigan's west coast. With many exciting developments in the city's future, Allegan is poised to capture





Allegan Area Summary

Population
 Allegan County:
 111,685
 Allegan Zip Code
 (49010): 23,942

County Median
 Age (2010): 39.2

County Population
 under 19 years
 (2012): 31,391

County Population
 over 19 years (2012):
 80,295

49010 Population
 under 20 years
 (2012): 6,417

49010 Population
 over 20 years (2012):
 17,525

Employment
 County Jobs (2012):
 58,295

Jobs in Zip Code
 49010: 14,699

Largest Employer:
 Perrigo Co.

Allegan County has
 an unemployment
 rate of 7 percent,
 lower than both the
 national and state
 level.

Income
 Average Household
 Income (2012):
 \$54,715

this potential.

The City recently enacted ordinances to create an economic development district to encourage development in the downtown area, which can provide tax breaks as well as access to two special liquor licenses.

As a state-certified redevelopment ready community, the City of Allegan enjoys a strong relationship with the Michigan Economic Development Corporation and stands ready to assist developers and investors to access and potentially leverage state resources.

Further, the City has planned \$1 million in public improvements along the City's riverfront, which will include an amphitheater, green space, enhanced parking, and a kayak/canoe launch in the summer of 2015.

Allegan was one of the first five communities in the state to develop a place plan project, was voted the number four coolest town in the country by Budget Travel, and was the first community in the state to receive a Redevelopment Ready Certification by the MEDC. ■



MSU Place Plan riverfront concept. The proposal depends on the implementation of the design proposals and programming initiatives of the MSU plan.



MSU Place Plan overview. The river walk surrounding the water has potential to connect to the large corporation, Perrigo Company.



THE ALLEGAN Downtown Development Authority has created a Downtown Façade Improvement Program that is intended to directly stimulate design improvements to downtown buildings in a coordinated fashion, stressing overall compatibility with the historical significance and uniqueness of Allegan's downtown structures. The appearance of individual buildings, storefronts, signs, alleys, window displays, parking lots and sidewalks establishes the visual character of the downtown and plays a major role in the success of the business district.

The purpose of the façade improvement program is to encourage historically accurate improvements to commercial façades visible from the public right of way. The program funding is intended to provide financial incentives for quality façade development.

It is also the intent of the program to strengthen the economic viability of downtown Allegan by improving the exterior physical appearances of buildings. The perception of the downtown has a significant influence on its economic success. By improving its physical appearance, the downtown will have a much greater potential for attracting and retaining business as well as creating an image of strong economic health and vitality.

The Downtown Façade Improvement Program consists of four different incentives to assist owners and tenants to improve the façades of downtown commercial buildings. Those incentives include the 1) Paint the Town Assistance, 2) Signage Assistance, 3) Design Assistance, 4) the Façade Renovation Assistance.

Program Eligibility and Requirements (All Four Programs):

A property must be located within the

legal boundaries of the Downtown Development District to be eligible. A building is eligible for the Façade Renovation Assistance, Painting Assistance, Signage Assistance and Design Assistance funds one time within the specified time frames provided within each assistance description. An owner or tenant with multiple buildings may apply once for each building, again within the given time restrictions. The following criteria will also apply:

1. Only buildings with retail, commercial or professional uses consistent with desired downtown land uses are eligible.
2. Properties must be structurally sound, roof intact, and meet basic public safety codes.
3. If the subject property is within the historic district, all proposed structural improvements that are applicable to the Historic District ordinance, must be approved by the Historic District Commission.
4. Only façades abutting public right of ways are eligible projects. This includes side and rear façades.
5. Building owners or tenants are eligible. If a tenant applies for assistance, they must provide written proof that the building owner has authorized proposed improvements. All City of Allegan volunteers, committee, board or council members are eligible to apply for program funds.
6. Applicants will be required to complete an application form provided by the City of Allegan and all related paperwork pertaining to the Façade Program.
7. All required municipal/governmental permits must be pursued by the building owner/tenant and must be obtained prior to the start of any construction.
8. Property taxes and other city

accounts must be current.

9. The Façade Committee reserves the right to award grants it deems to be in the best interest of the City of Allegan, the DDA and the Façade Improvement Program. The Façade Committee, DDA and City of Allegan reserve the right to nullify assistance awards which are found to be noncompliant with the conditions of this program.

10. Annual program funding will be limited, with projects awarded as funds as available. The Façade Committee will make final determinations on individual project eligibility and can reject any application based upon insufficient program funds.

Ineligible Uses of Program Funds (All Four Programs):

Façade Program funds may not be utilized for any of the following uses:

- a) Refinancing existing debt
- b) Property acquisition
- c) Interior improvements or furnishings
- d) Site plan, building or sign permit fees
- e) Property appraisal costs, legal fees, or loan origination fees
- f) Labor costs paid to the owner/applicant or relatives of the owner/applicant, unless otherwise approved

Program Guidelines

This section will provide the individual guidelines specific to each of the four following Façade Improvement Programs: Paint the Town, Signage Assistance, Design Assistance and the Façade Renovation Assistance.

1) PAINT THE TOWN PROGRAM

This component will fund assistance up to \$2,000 (award may vary based on building size and location to public right of ways)

building owners/tenants for the purpose of having building painted.

Any historical color combination will be reviewed by the DDA Design Committee.

Non-refundable assistance will be awarded at the completion of the project, if completed according to the pre-approved plan. Painting projects must commence within 30 days of approval (unless otherwise approved by the DDA Design Committee) for funding and be completed within 60 days after the painting start date. If the assistance is not use within that time, the funding commitment will revert back to the DDA for reallocation. Assistance payment, based on approved submitted receipts, will be issued to the applicant within thirty (30) days after completion and approval.

Paint assistance is awarded per building, not per building owner, and will be available per building one time per every ten years from the completion of previous use of façade paint assistance.

Painting the Town funds are being provided by the Allegan DDA. Following are additional guidelines specific to the Paint the Town program:

1. Program financing will be in the form of a non-refundable grant.
2. The applicant must complete the program application as provided by the City of Allegan.

Along with the application, the following information must be provided:

- A. Two written quotes for the work with labor and materials broken out into two separate amounts must be provided. If it is the intent of the owner or applicant to complete the work themselves, the City will then reimburse the owner/applicant for labor for up to 75% of the low bid on labor. The intent is to reasonably reimburse owner/applicants for their time spent painting, and guard against owners realizing a profit off of the labor on the painting project.
- B. A signed lease agreement which

leases the first 12" of the façade of the building to the City of Allegan DDA for a period of time--equal to the paint warranty and not to exceed 10 years--for the amount \$1.00 total. This agreement will be recorded with the County Register of Deeds.

C. Applicant must provide a copy of their current insurance coverage to ensure that the subject property is properly insured. The City of Allegan must be named as an additional insured on the applicant's property and liability insurance policy for the length of the above mentioned lease and receive copies of insurance coverage stating such.

D. The registered property deed with the legal description of the property.

E. Proof that all property taxes paid to date.

F. If the tenant is applying, a signed letter from the owner expressing approval of the project must be provided.

2) SIGNAGE ASSISTANCE PROGRAM

This component will fund up to \$750 of assistance or 80%, whichever is less, to building owners/tenants for the purpose of fabricating, placing and/or painting no more than two new outdoor signs or for the renovation of existing signage, which conforms with the City of Allegan sign ordinance and, if applicable, Historic District Commission requirements.

Signage assistance is offered per building owner or tenant (not per building). However, if signage assistance is utilized by a previous building owner, the new owner of the same building will not be eligible for signage funding until two years following the completion of the previous signage project.

Non-refundable assistance will be awarded at the completion of the sign project, if completed according to the pre-approved plan. Sign projects must commence within

30 days of approval (unless otherwise approved by the DDA Design Committee) for funding and be completed within 60 days after the painting start date. If the assistance is not used within that time, the funding commitment will revert back to the DDA for reallocation. Assistance payment, based on approved submitted receipts, will be issued to the applicant within thirty (30) days after completion and approval DDA Design Committee.

Signage Assistance funds are being provided by the Allegan DDA. Following are additional guidelines specific to the Signage Assistance Program:

1. Program financial will be in the form of a non-refundable assistance.

2. The applicant must complete the program application as provided by the City of Allegan. Along with the application, the following information must be provided:

A. A written quote for the work with labor and materials broken out into two separate amounts must be provided. If it is the intent of the owner or applicant to complete the work themselves, the City will then reimburse the owner/applicant for up to 80% of the cost of signage materials. Applicant must provide city staff with proper receipts for materials upon completion of the project.

B. A signed lease agreement is required which leases any and all signage that is funded by the façade improvement program. The following describes various leasing arrangement scenarios:

- Exterior signage that is affixed to the building (must comply with the Historic District Commission regulations), as well as the first twelve inches (12") of the depth of the façade of the building that the signage is affixed to, shall be leased by the DDA.

- Adhesive signage that is adhered to the exterior of the building/window/door (must comply with the Historic

District Commission regulations) shall be leased by the DDA. The adhered signage as well as the glass or first twelve inches (12") of the depth of the façade of the building that the signage is adhered to is leased by the DDA as well.

- Signage adhered or constructed within an awning (must comply with the Historic District Commission regulations) shall be leased by the DDA. Signage adhered or constructed within an awning is leased, as well as the awning itself.

The lease agreement will be recorded with the County Register of Deeds.

C. Applicant must provide a copy of their current insurance coverage to ensure that the subject property is properly insured. The City of Allegan must be named as an additional insured on the applicant's property and liability insurance policy for the length of the above mentioned lease, and receive copies of insurance coverage stating such.

D. The registered property deed with the legal description of the property.

E. Proof that all property taxes are paid to date.

F. If the tenant is applying, a signed letter from the owner expressing approval of the project must be provided.

3) DESIGN ASSISTANCE PROGRAM

This component of the program is designed to provide funding for renovation design assistance. The objective of this component is to pre-determine the cost of the project and ensure that the project conforms to all DDA, Historic Commission and City of Allegan codes and standards.

Program funds cover 80% of design services, up to \$500. The owner/tenant must contribute 20% of total costs, to be paid prior to disbursement of DDA funds.

Program funds cover exterior design work only.

Design Assistance funds are being provided by the Allegan DDA. Following are additional guidelines specific to the Signage Assistance Program:

1. Program financing will be in the form of non-refundable assistance.
2. The applicant must complete the program application as provided by the City of Allegan.

Along with the application, the following information must be provided:

- A. The applicant and architect will also be required to execute a "Remuneration Agreement" to access program funds. The following guidelines will also apply:
- B. The registered property deed with the legal description of the property.
- C. Proof that all property taxes are paid to date.
- D. If the tenant is applying, a signed letter from the owner expressing approval of the project must be provided.

Professional design services must be completed within 90 days of execution of "Remuneration Agreement."

To access design assistance program funds, applicants must demonstrate a bona fide desire to implement building improvements and must certify that construction could commence within 120 days of design completion. Time extensions may be granted by the DDA Design Committee upon request. Should a Façade Assistance recipient require an extension, they must provide their request and reasoning in writing to the DDA Design Committee prior to the end of the initial 120 days. Time extensions are not guaranteed, but will be considered on a case by case basis.

Projects participating in the design assistance program will receive priority status for consideration of funding under the façade improvement program, however, in no way does participation in the design assistance

program bind the City to provide assistance under the Façade Improvement Program.

Fees will be paid directly to the design firm under a "Remuneration Agreement", executed by the applicant, architect and City.

DDA funds will be disbursed directly to the architect/engineer upon the completion of services under the approved Design Assistance Remuneration Agreement and upon submission of detailed invoices to substantiate services rendered. If the applicant chooses to engage the professional services of the architect above and beyond the scope of services of the design assistance project, the applicant/client shall be solely responsible to render compensation for such additional services. The DDA shall be held harmless for any disputes which may arise under any contracts between the applicant and architect.

4) FAÇADE RENOVATION ASSISTANCE PROGRAM

This program is designed to provide greater funding to encourage more extensive building restoration and historic preservation projects. Based on available funding, this assistance program will be offered annually and will be considered on a competitive basis under criteria outlined further in this section. Applicants for this funding must commit to making capital improvements or repairs on items that have a useful life of at least 10 years.

Eligible Costs for Façade Renovation Assistance (Exterior Improvements Only):

1. Repairs or replacement of windows, doors, walls or other appropriate architectural elements
2. Exterior painting (only in conjunction with other major improvements; painting is not to exceed 50% of total project cost)*
3. Awnings
4. Exterior lighting

5. Masonry repair or cleaning
6. Restoration of vintage elements
 - Removal of inappropriate "modern" façade treatments
 - Removal/replacement of inappropriate signs and/or lighting (new signs/lights must be compatible with existing architecture)
 - Repair or restoration of original brick, woodwork or metalwork
7. Materials and labor for work performed in association with above mentioned improvements

Ineligible Costs for Façade Renovation Assistance:

1. Expenses incurred prior to approval of site plan by the Façade Committee, HDC, DDA, City Council or any other applicable board
2. Property acquisition
3. Mortgage or land contract financing
4. Loan fees
5. Site plan, building permit fees
6. New construction
7. Consultant fees including architectural, engineering, appraiser, attorney, design or decorator fees
8. Furnishings, trade fixtures, display cases, counters or other items taxed as personal property
9. Reusable or removable items
10. Any portion of expenses for which applicant pays contractor in merchandise or in-kind services

Project Priorities for the Façade Renovation Assistance Program:

The following characteristics will be utilized to determine priority in the appropriation of project funds to the applications received. This is not an all-inclusive or exclusive list. Instead, this list will be utilized for guidance in the selection process:

- Highly visible projects

- Projects identified on corner lots
- Projects containing a high ratio of private to public dollars
- Projects designed to remove/replace boarded windows
- Projects designed to resolve deteriorated/inappropriate/unsightly conditions that have existed for many years (boarded windows, deteriorated electrical fixtures, etc.)
- Projects which enhance pedestrian movement from the rear to the front of buildings
- Projects designed to restore the historic condition of building façade or posterior (see eligible cost, No. 6)
- Projects which will complete the improvement of a block or portion of a block (i.e. replacement of an inappropriate façade)
- Projects in which the building is owner occupied

Façade Renovation Assistance Award

Façade renovation assistance will be awarded on a one-to-one matching basis between the applicant and the Allegan DDA (i.e. for every dollar expended on eligible costs by the applicant the DDA will match this with a dollar of assistance).

The minimum total project amount will be considered for assistance is \$1,000 (i.e. the minimum assistance provided will be \$500).

The maximum allowable amount of assistance will be based upon the following formula:

Number of linear feet of façade frontage at the right of way X number of stories facing public right of way X \$100 =
MAXIMUM AMOUNT OF ASSISTANCE

For example, a two-story building facing a local street with a basement level on the rear of the building facing a city parking lot that will be renovating every story of the building front and back with 50 feet of right of way frontage at the front and back of the building would be able to receive a

maximum amount of:

50 feet X \$100 X 5 stories facing right of way = \$25,000 (if property owner matches with \$25,000)

The maximum possible amount of assistance for any project will be \$50,000 (i.e. a property owner must contribute at least \$50,000 of assistance under the program).

Recipients of the Façade Renovation Grant Assistance may not be eligible for additional façade funding within 10 years of the renovation grant award, contingent upon available façade funding and applicability to all guiding façade program principles.

*NOTE: Applicants may also apply for additional funding under the Paint the Town guidelines for exterior portions of the building that abut the public right of way which will not be funded under the Façade Renovation Assistance. Application seeking such additional funding will only be considered on the remaining availability of funding and the level of interest from other applicants.

Processing of Assistance Requests for Façade Renovation

- A façade improvement application may be obtained from the City of Allegan.
- The application is completed by the property owners or tenant of the building with owner's consent and returned to the City Clerk's office where it will be reviewed for accuracy and compliance and logged into the records of the DDA.
- The application is reviewed by City staff to verify that it is located in the DDA district. Staff will provide a preliminary review outlining how well the project meets the program objectives.
- If the application meets program objectives, the applicant will be notified that his/her project has been accepted for consideration.
- The applicant must submit a detailed plan illustrating proposed improvements.

- In addition to the site plan, a detailed break out of all costs, including signed estimates from two qualified contractors will be submitted by the applicant (a project budget illustrating both private and public expenditures).
- Once a plan is submitted, it will be taken before the DDA Design Committee, DDA and City Council for review.
- If approved, then project construction may commence upon written notification by the City. If the plan is inconsistent with program goals, it will be returned with a request for modifications.

Post-Approval Procedures for Façade Renovation Assistance

- The DDA Design Committee, prior to construction/installation, must approve any changes to the scope of work.
- All approved changes in work verification shall be attached to the original site plan in the form of an addendum and dated.
- City staff may conduct periodic inspections to ensure compliance with the site plan and adopted eligible activities.
- Project completion must occur within 120 days of approval. Only under extenuating circumstances, a single extension of time to complete the project can be requested in writing and may be awarded by the DDA Design Committee.
- Upon completion of project improvement, the grant recipient is to provide photographs of the new façade to the DDA Design Committee to ensure that all components of the site plan are met.
- After final project inspection, the DDA Design Committee, DDA and City Council will each review the complete application and consider the approval of the grant reimbursement.
- Façade Renovation Assistance funds will be paid as a reimbursement to the grant recipient(s) at the close of the

project upon receipt of proof of payment. Reimbursements will not be made if any recipient(s) grant requirements go unfulfilled. Applicants shall anticipate a minimum of 45 day reimbursement process after proof of payment is submitted to the City of Allegan.

Application requirements for Façade Renovation Assistance

- a. Two (2) contractor quotes construction bids for total project.
- b. A signed Downtown Façade Improvement Program Lease Agreement for the premises to be renovated.
- c. A property deed with the legal description of property.
- d. Proof that all property taxes are paid and current.
- e. Proof of property and liability insurance, with the City of Allegan DDA names as an additional insured on the applicant's property and liability insurance policy for the life of the lease.
- f. If tenant is applying, please provide a letter from the owner expressing approval of the project proposal.

Project Review and Selection Process (All Four Programs)

DDA Design Committee members and City staff will work closely with property owners and tenants to determine initial eligibility under program guidelines. Once the initial scope of work has been determined, staff will present the project to the DDA Design Committee. This committee will meet as needed to provide input, make suggestions to the scope of work and approve or deny individual projects.

Rights Reserved:

The City of Allegan and the DDA reserve the right to reject any and all applications. The specific program guidelines detailed herein are subject to revision or amendment by the DDA. The City of Allegan and the DDA may discontinue this program at any time, subject to availability of program funding. ■

PUBLIC ACT 255 of 1978 encourages the replacement, restoration and new construction of commercial property by abating the property taxes generated from new investment for a period up to 12 years. As defined, commercial property means land improvements whether completed or in the process of construction, the primary purpose and use of which is the operation of a commercial business enterprise, including office, engineering, research and development, warehousing parts distribution, retail sales, hotel or motel development, and other commercial facilities. Land and personal property are not eligible for abatement under this act.

WHO IS ELIGIBLE?

“Local governmental unit” means a city or village.

WHAT IS A REPLACEMENT, NEW, AND RESTORED FACILITY?

“Replacement facility” means commercial property to be acquired, constructed, altered, or installed for the purpose of being substituted for obsolete commercial property. Property impaired due to changes in design, construction, technology, or improved production processes, or damage due to fire, natural disaster, or general neglect shall be considered obsolete. All other new commercial property is considered a “new facility.” For purposes of granting the tax abatement, the replacement or new facility must meet all of the following conditions:

1. Is located on property that is zoned to allow for mixed use, including high-density residential.
2. Is located in a qualified downtown revitalization district

as defined in section two of the Neighborhood Enterprise Zone Act (PA 147 of 1992). This requires either being located in a Downtown Development Authority (PA 197 of 1975), a Principal Shopping District or Business Improvement District (PA 120 of 1961) or an area that is zoned and primarily used for business as determined by the local government unit.

3. The city or village establishes and implements an expedited local permitting and inspection process in the Commercial Redevelopment District. In addition, by resolution provides for the walkable non-motorized interconnections, including sidewalks and streetscapes throughout the Commercial Redevelopment District.

A “restored facility” means changes to obsolete commercial property as may be required to restore the property to an economically efficient condition. Restoration must result in improvements aggregating to more than 10 percent of the true cash value of the property at commencement of the restoration. Restoration includes major renovation including, but not limited to, the improvement of floor loads, correction of deficient or excessive height, new or improved fixed building equipment, including heating, ventilation, and lighting, reducing multistory facilities to one or two stories, improved structural support including foundations, improved roof structure and cover, floor replacement, improved wall placement, improved exterior and interior appearance of buildings, and other physical changes.

WHAT IS THE PROCESS?

Before the Commercial Redevelopment Exemption Certificate (i.e. property tax abatement) can be

granted for the Facility, the city or village, by resolution of its legislative body, must establish a Commercial Redevelopment District. The establishment of the district may be initiated by the local government unit or by owners of property comprising 75 percent of state equalized value of the property in the proposed district. At the time of the resolution's adoption, property within the district must meet one of the following:

1. Obsolete commercial property or cleared or vacant land and part of an existing developed commercial or industrial zone. The property must have been zoned commercial or industrial before June 21, 1975, and characterized by obsolete commercial property and a decline in commercial activity.
2. Land cleared as a result of fire damage, or cleared as blighted area under Blighted Area Rehabilitation Act (PA 344 of 1945).
3. Cleared or vacant land included in a redevelopment plan adopted by the Downtown Development Authority (PA 197 of 1975) or Principal Shopping District or a Business Improvement District (PA 120 of 1961).

To establish the Commercial Redevelopment District, the city or village must first hold a hearing to establish a Commercial Rehabilitation District and determine in the resolution the district meets the requirements of the Act.

Once the district is established, the property owners may file an application with the local clerk for a Commercial Facilities Exemption Certificate. Applications are available from the Michigan Department of Treasury. Before acting on the application, the city or village shall hold a public hearing on the application and not more than 60 days after receipt of the application either approved or disapproved by resolution. The local clerk shall provide written notification of the application hearing to the assessor of the local unit of government and each

taxing jurisdiction that levies ad valorem property taxes. If approved, the application and resolution must be sent to the State Tax Commission for filing purposes.

COMMERCIAL FACILITIES EXEMPTION CERTIFICATE

The property owner must pay a Commercial Facilities Tax rather than the normal property tax. The certificate must be issued for a period of at least one year, but cannot exceed 12 years. Certificates initially issued for less than 12 years may be extended based upon factors placed in writing at the time the certificate is approved, but shall not exceed 12 years.

DETERMINING COMMERCIAL FACILITIES TAX RATE

For a restored facility: The Commercial Facilities Tax freezes the taxable value of the building at its value prior to restoration, therefore exempting the new investment from local taxes for a period not to exceed 12 years. The school operating tax and the State Education Tax (SET) are also frozen. Land and personal property cannot be abated under this act.

For a new or replacement facility: The Commercial Facilities Tax provides a so percent reduction in the number of mills levied as ad valorem taxes, excluding only the State Education Tax (SET). Land and personal property cannot be abated under this act.

Within 60 days after the granting of a new Commercial Facilities Exemption Certificate, the State Treasurer may exempt so percent of the SET mills for a period not to exceed six years. The State Treasurer will not grant more than 25 of these SET exclusions each year.

CONTACT INFORMATION

For more information contact the MEDC Customer Contact Center at 517.373.9808, or visit our website at www.michiganbusiness.org. ■

BACKGROUND

PUBLIC ACT 501 of 2006 creates new redevelopment liquor licenses and can greatly increase walkable traffic and entertainment in downtowns. It allows the Michigan Liquor Control Commission to issue public, on-premise liquor licenses beyond the quota licenses allowed to the City of Allegan, provided certain conditions are met.

LCC License Conditions

The licensed business must demonstrate that it is engaged in dining, entertainment, or recreation, is open to the general public and has a seating capacity of not less than 50 persons. The applicant, in the application or after submitting the application, must establish that it has done one of the following:

- expended at least \$75,000 for the rehabilitation or restoration of the building over a period of the preceding five years, or
- committed capital investment of at least \$75,000 that will be expended for the building before the license is issued. Section 521a(6)(a).

The applicant must indicate to the LCC that it is engaged in dining, entertainment, or recreation activities at least 5 days per week and is open to the public at least 10 hours per day, 5 days per week. In addition, the applicant must present verification of redevelopment project area status.

It should be noted that licenses created by PA 501 are not transferable by the business owner to another location. If a business with one of these licenses goes out of business, the license is surrendered to the LCC.

APPLICATION PROCESS

The applicant can obtain an

application form for a new on-premise license downloading the form at the LCC website at www.michigan.gov/documents/cis/CIS_LCC_lc687_181912_7.pdf. For restaurants, bars, and similar businesses, a Class C license should be applied for.

The applicant will need to demonstrate to the LCC that it has attempted to secure an on-premise escrowed license or quota license issued under section 531 of the Liquor Control Act and that one was not readily available within the local unit of government. Businesses will also have to pay a \$20,000 fee for the license when it is approved. The Act provides for two distinct types of licenses – “Development Authority Districts” and “City Redevelopment Project Areas” – and each of these have specific requirements that must be met. ■

