Incentives / Tools available

Redeveloping a Brownfield Property
- The Process

Specific Property Discussions
“Success Stories”
WHAT IS A BROWNFIELD?

A piece of property that is known to be contaminated

Or suspected to be contaminated based on prior use
BROWNFIELD REDEVELOPMENT INCENTIVES
DEQ INCENTIVES AND FUNDING SOURCES

- Grants
- Loans
- Act 381 Tax Increment Financing (TIF)
LEVELING THE PLAYING FIELD
DEQ BROWNFIELD INCENTIVES: WHAT’S ELIGIBLE?

- Phase I ESAs, Phase II ESAs, and BEAs
- Due care activities
- Response activities
DEQ BROWNFIELD INCENTIVES: WHAT’S ELIGIBLE?

- Including but not limited to:
  - Investigations (grant funded)
  - Dust control
  - Sheeting and shoring
  - Industrial cleaning
  - UST removal and closure
  - Demolition
  - Lead & asbestos abatement
  - Removal and disposal of contaminated lake or river sediments
  - Disposal of solid waste
DEQ GRANTS AND LOANS

- **Annual Applicant Limit:**
  - 1 Grant of up to $1M
  - 1 Loan of up to $1M
  - Transformational exceptions

- **Loan Terms**
  - 1.5% Interest
  - 5 years payment & interest free
  - 15 year term

Old Sullivan Barn
Battle Creek
HOW IS DEQ FUNDING DETERMINED?

- DEQ Site Assessment Grant: Does not require a development, private investment, or job creation
- DEQ Grant: Requires private investment and job creation
- DEQ Loan: Does not require a development
- DEQ Act 381 TIF: Requires a developer or other upfront investor, but lowest threshold for DEQ approval
Tax Increment Financing:
- The mechanism that allows capture of the increase in property taxes paid (or tax increment revenue [TIR]) when a property is redeveloped or improved
BROWNFIELD TIF: HOW IT WORKS

Incremental increase in value – this is the TIF

St. Anne Lofts
East Lansing
Only a brownfield redevelopment authority can authorize brownfield TIF

TIR does not exist until the property is improved and the taxes increase

The developer’s property taxes pay back eligible redevelopment costs

Note: the initial taxable value can be reset one time due to economic downturn
WHERE DOES TIF COME FROM?

- Must occur on eligible property that is included in a locally approved Brownfield Plan
- Debt millages are not allowed to be captured
- Does not take money away from schools, just defers increase

South University Village Studio One Apartments
Wayne State University
Detroit

- Combination of state school taxes (24 mills) and local taxes
BROWNFIELD PLAN – THE PROCESS

- Developed by BRA
- Approved and adopted by BRA and municipality / county
- Describes the “eligible property”
- Tells why it’s eligible
- Affirms local jurisdiction support
- If capturing school tax, must include local TIF

Lake Pointe Apartments
Hart
ACT 381 WORK PLAN – THE PROCESS

- Specific eligible activities and cost details
- Documentation to confirm the property is eligible
ACT 381 WORK PLAN – THE PROCESS

- Developer drafts Act 381 work plan for DEQ / MSF approval
- Developer consults MEDC/ DEQ before submitting work plan
- BRA submits the work plan
- MEDC and DEQ staff both review the project, but approve it separately
WHAT CAN THE DEQ APPROVE?

DEQ approval is needed to use school taxes for eligible environmental activities:

- Department Specific Activities
- Interest

Cardinal Health Detroit
Some environmental activities can be reimbursed with state TIF even without DEQ approval

- Site assessments
- BEAs
- Due care planning
- Pre-demolition and building hazardous materials surveys
- Asbestos, mold, and lead surveys
WHAT CAN A BRA DO?

Establish a Local Brownfield Revolving Fund (LBRF):

- Collect local and the equivalent of state DEQ TIF
- Fund eligible activities on eligible property

One Kennedy Square
Detroit
PROJECTS IN WEST MICHIGAN

Arcadia Ales
Kalamazoo
BROWNFIELD PROJECTS IN WEST MICHIGAN

- MSU Research Center, Grand Rapids
BROWNFIELD PROJECTS IN WEST MICHIGAN

- Developer investment: $88 million
- Jobs: 130
- $1,000,000 DEQ Brownfield Grant
- $462,613 DEQ TIF
- $28,880,350 MEDC TIF
BROWNFIELD PROJECTS IN WEST MICHIGAN

- GAZILLION & One, Grand Haven
BROWNFIELD PROJECTS IN WEST MICHIGAN

- Developer investment: $2,988,073
- Jobs: 7
- $135,486 DEQ Brownfield Grant
- $50,000 loan from Grand Haven EDC
- $569,000 TIR generated
BROWNFIELD PROJECTS
IN WEST MICHIGAN

- Dollar General, Ravenna
BROWNFIELD PROJECTS IN WEST MICHIGAN

- Developer investment: $1,000,000
- Jobs: 10
- $74,607 DEQ Brownfield Grant
- $34,158 DEQ Brownfield Loan
- $271,100 TIR generated
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MICHIGAN
BROWNFIELD
REDEVELOPMENT PROGRAM

THANK YOU

West Michigan Air and Waste Management Association