

MICHIGAN

BROWNFIELD

**REDEVELOPMENT
PROGRAM**



BROWNFIELD 101

September 12, 2017

**West Michigan
Air and Waste
Management
Association**

BROWNFIELD 101 OVERVIEW

- Incentives / Tools available
- Redeveloping a Brownfield Property
 - The Process
- Specific Property Discussions
- “Success Stories”



WHAT IS A BROWNFIELD?

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A piece of property that is known
to be contaminated



Or suspected to be contaminated
based on prior use



BROWNFIELD REDEVELOPMENT INCENTIVES

Downtown Market
Grand Rapids



DEQ INCENTIVES AND FUNDING SOURCES

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Grants

Loans

**Act 381 Tax Increment
Financing (TIF)**

LEVELING THE PLAYING FIELD

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DEQ BROWNFIELD INCENTIVES: WHAT'S ELIGIBLE?

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- Phase I ESAs, Phase II ESAs, and BEAs
- Due care activities
- Response activities



DEQ BROWNFIELD INCENTIVES: WHAT'S ELIGIBLE?

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- 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

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- 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

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WHAT IS BROWNFIELD TIF?

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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



Central School
Iron River



BROWNFIELD TIF: HOW IT WORKS

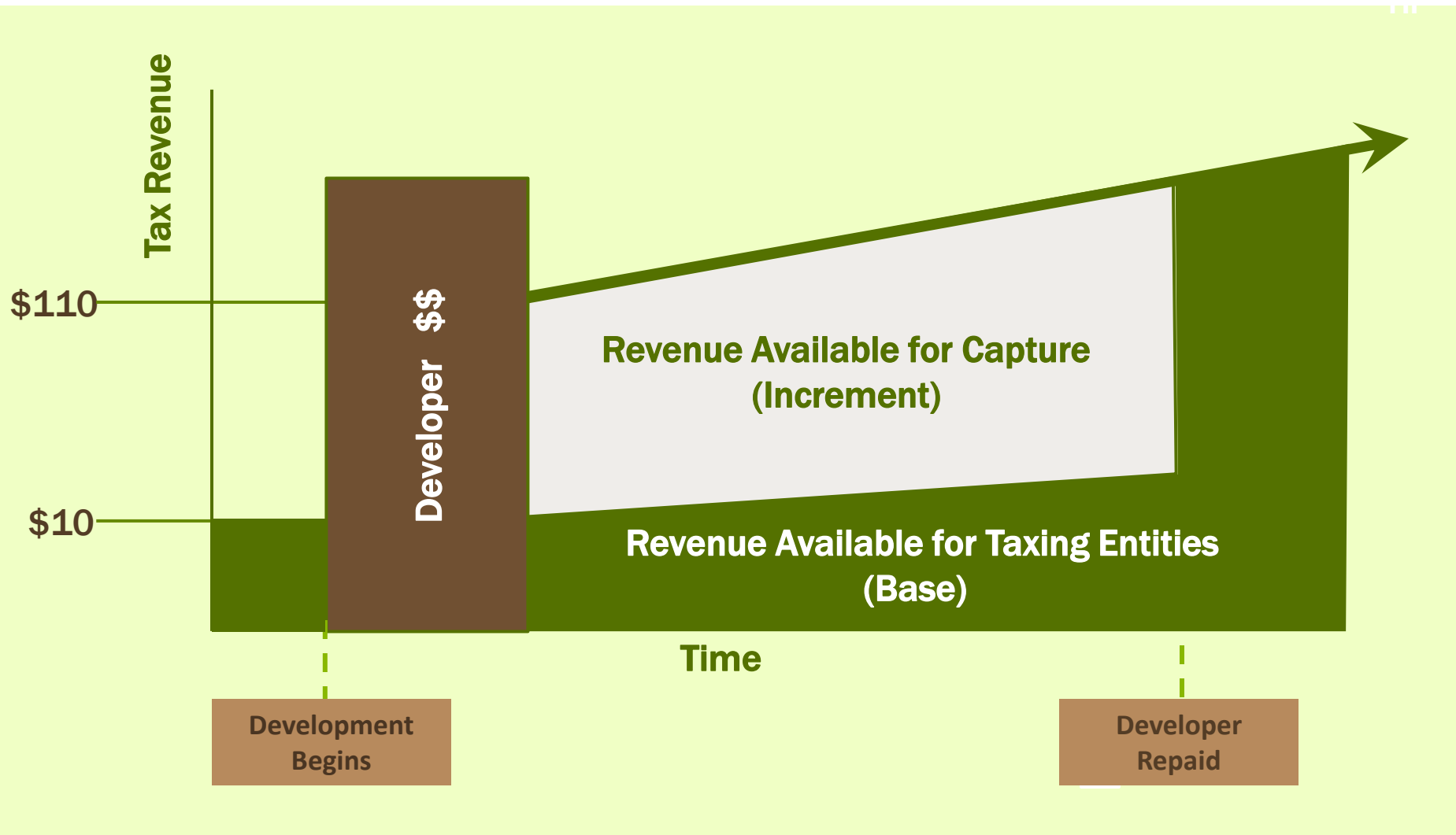
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St. Anne Lofts
East Lansing

BROWNFIELD TIF: HOW IT WORKS

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BROWNFIELD TIF: HOW IT WORKS

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Bridgewater Place
Grand Rapids

- 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

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- 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

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Harbor Shores
Benton Harbor

- Specific eligible activities and cost details
- Documentation to confirm the property is eligible

ACT 381 WORK PLAN – THE PROCESS

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Midtown Development
Traverse City

- 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?

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

- Department Specific Activities
- Interest



Cardinal Health
Detroit

PRE-APPROVED ACTIVITIES



Brassworks Building
Grand Rapids

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?



One Kennedy Square
Detroit

Establish a Local Brownfield Revolving Fund (LBRF) :

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

PROJECTS IN WEST MICHIGAN

Arcadia Ales
Kalamazoo



BROWNFIELD PROJECTS IN WEST MICHIGAN

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- MSU Research Center, Grand Rapids



BROWNFIELD PROJECTS IN WEST MICHIGAN

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- 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

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■ GAZILLION & One, Grand Haven



BROWNFIELD PROJECTS IN WEST MICHIGAN

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- 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

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■ Dollar General, Ravenna



BROWNFIELD PROJECTS IN WEST MICHIGAN

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- 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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THANK YOU



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