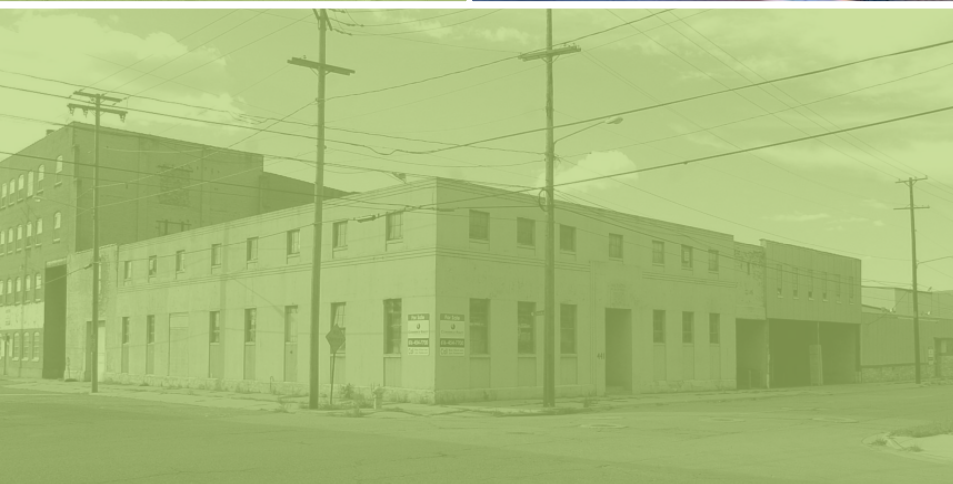




BROWNFIELD BASICS RESOURCES FOR REDEVELOPMENT

October 2022
UP Association of County Commissioners Fall
Conference



TODAY'S PRESENTATION

- Who's who in brownfield redevelopment
- Brownfield defined: eligible property
- Tax increment financing (TIF)
- More EGLE incentives and funding
- More MEDC incentives and funding
- Other incentives and funding
- Project examples
- Questions

WHO'S PLAYING THE FIELD?

- **The development team**
 - Developer/Qualified Taxpayer
 - Architect
 - Support team (lenders, attorneys, consultants, etc)
- **The community team**
 - BRA
 - Municipality
- **The incentives team**
 - Local EDOs
 - EGLE and MEDC
 - EPA

THE DEVELOPMENT TEAM

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- **The developer / QT**
 - Sometimes one in the same
 - Sometimes not
- **The architect**
- **The consultant**
- **The support team**
 - Legal
 - Accounting
 - Management



THE COMMUNITY TEAM

- **The Brownfield Redevelopment Authority**
 - Usually where the process for seeking incentives begins
- **The local unit of government**
 - County or City Council (sometimes both!)
 - Municipal staff (planning/zoning, admin)
- **The public**
 - And taxing jurisdictions

A DAY IN THE FIELD

- **The local EDOs**

- Packaging projects
- Proactively mining deals

- **The incentives team**

- This is really comprised of anyone serving your area that represents an organization or agency with technical or financial assistance for a project. Here in the UP, we feature the following renowned resources:

THE INCENTIVES TEAM

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Abbie Hanson, Brownfield Coordinator at EGLE

- Aspiring food critic
- Avid (seasonal) fishing partner
- Former local celebrity



THE INCENTIVES TEAM

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Vicki Schwab

Business Development Manager at MEDC

- Once created a brown field by mistake on her family farm
- Oldest of 6 girls
- In a fishing derby let a “Car” get away!
- Favorite books are Outlander Series



THE INCENTIVES TEAM

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Jen Tucker

Community Development Manager at MEDC

- Her favorite drink is a name of a City
- Jen is obsessed with David Bowie
- She is an avid dog walker



A FIELD OF DREAMS

- **What is a brownfield exactly?**
 - Isn't it a field that happens to be brown?
 - Isn't it a city in Texas?
 - In Brownfield, Texas the number of residents in prisons or correctional facilities is significantly above state average
- **What does it mean in Michigan?**
 - Are you telling me we have our own definition?
 - Michigan guiding legislation: Act 381 of 1996



WHAT IS A BROWNFIELD/ELIGIBLE PROPERTY?

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OR SUSPECTED TO BE CONTAMINATED
BASED ON PRIOR USE

A PIECE OF PROPERTY THAT IS KNOWN
TO BE CONTAMINATED



WHAT IS A BROWNFIELD/ELIGIBLE PROPERTY IN MICHIGAN?

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- A Facility, Site or Property
- Blighted
- Functionally Obsolete
- A Historic Resource
- Adjacent and Contiguous
- Land Bank Owned/Controlled



Northern Motors Rebuilders
Escanaba

BROWNFIELD TAX INCREMENT FINANCING (TIF)

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- **What is a brownfield TIF and how does it work?**
 - Or not work
 - Who is involved?
- **Eligible activities for TIF**
- **Process**

WHAT IS BROWNFIELD TIF?

- A financing tool to help finance qualifying costs for a new development or redevelopment (eligible activities)
- Used by local governments
- Uses the incremental increase in taxes



Central School
Iron River



WHAT IS BROWNFIELD TIF?

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Marquette General Replacement Hospital

You've got to have 2 elements to a project to make brownfield TIF a beneficial tool:

- A developer who pays taxes (it's a tax tool!)
- An expected increase in taxable value as a result of the project

WHAT IS BROWNFIELD TIF?

- TIF is reimbursement over time, **not funding up front**
- Key to TIF is the increment or increase in property value after a project is completed
- TIF or TAT?
 - The TIF capture period cannot exceed **30 years** and the end date of capture can be no later than 35 years following the eligible property being approved in the Plan
 - A tattoo lasts forever



WHAT IS BROWNFIELD TIF?

How it works:

- Developer makes improvements to a property, which raises the taxable value and increases the tax revenue collected from the property.
- The base value remains as a revenue stream to the jurisdiction, and the increased value or “increment” is captured by the jurisdiction to reimburse the developer for Brownfield eligible activities for a set timeframe.
- Like this...

WHAT IS BROWNFIELD TIF?

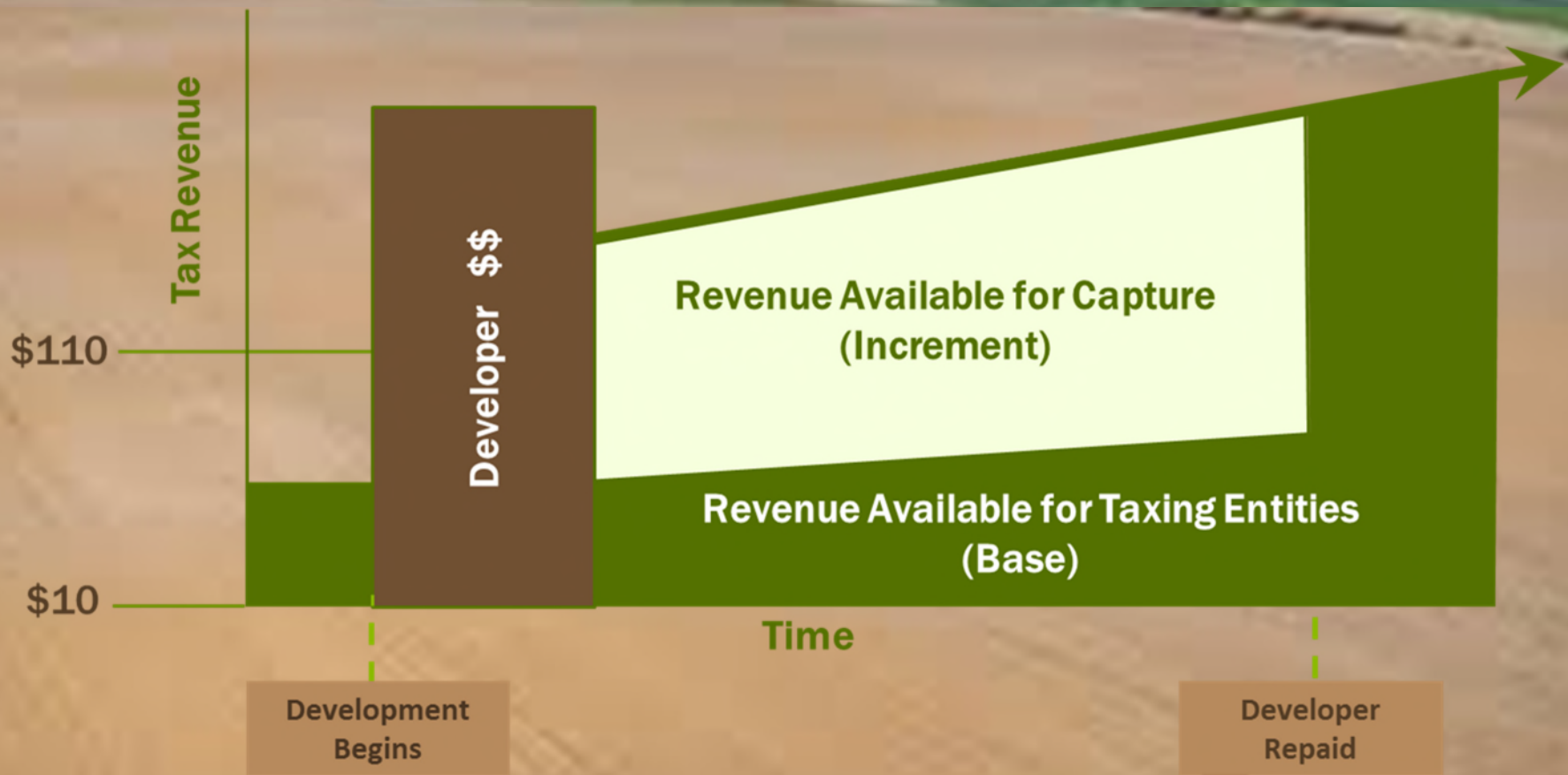


**Incremental
increase in
value –
this is the TIR**



St. Anne Lofts
East Lansing

WHAT IS BROWNFIELD TIF?



ENVIRONMENTAL ELIGIBLE ACTIVITIES

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- Environmental evaluations/assessments
- Baseline Environmental Assessments
- Due care planning and implementation
- Pre-demo/hazardous materials, asbestos, mold, and lead surveys
- Response Activities

**demolition and abatement*



Lake Superior State Center for Fresh Water Research and Education
Sault Ste. Marie

NON-ENVIRONMENTAL ELIGIBLE ACTIVITIES

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- Building and Site Demolition (statewide)
- Lead, Asbestos, & Mold abatement (statewide)
- Interest (statewide)

And in some communities...

- Infrastructure
- Site Preparation



BROWNFIELD PLANS & WORK PLANS

A **Brownfield Plan** establishes:

- “Eligible property” included in project/plan.
- Why it’s eligible (costs).
- Indicates that the local jurisdiction is supportive of the tax increment revenue (TIR) capture.
- Sets the maximum amount of TIR that can be captured.

MEDC/EGLE offer
templates for all of this!

TABLE OF CONTENTS

2.0 INTRODUCTION

2.1 Proposed Redevelopment and Future Use for Each Eligible Property

2.2 Eligible Property Information

INFORMATION REQUIRED BY SECTION 140(1) OF THE STATUTE

2.1 Description of Costs to be Paid for With Tax Increment Revenue

2.2 Summary of Eligible Activities

2.3 Estimate of Captured Taxable Value and Tax Increment Revenue

2.4 Method of Financing and Description of Advances Made by the Authority

2.5 Maximum Amount of Redevelopment or Bonded Indebtedness

2.6 Duration of Brownfield Plan

2.7 Estimated Impact of Tax Increment Financing on Revenue of Taxing Jurisdiction

2.8 Legal Description, Property Map, Statement of Qualifying Character, Property

2.9 Estimates of Residents and Displacement of Individuals/Families

2.10 Plan for Relocation and Displacement of Individuals/Families

2.11 Provisions for Relocation Costs

2.12 Strategy for Compliance with Michigan's Relocation Assistance Law

2.13 Other Material that the Authority or Governing Body Considers Pertinent

EXHIBITS

1. Description and Map of the Eligible Property

2. Opinion of Personal Property that is part of the Eligible Property

3. Tax Capture/Reimbursement Schedule

4. Plan Resolution(s)

5. Rent and/or Reimbursement Agreement

6. Other Agreements, if applicable

7. Declaration of Blighted Condition, if applicable

8. Resolution of Blighted Condition, if applicable

9. Statement for Functional Obsolescence, if applicable

10. Historic Resource, if applicable

11. Consent Letter, if applicable

BROWNFIELD PLANS & WORK PLANS

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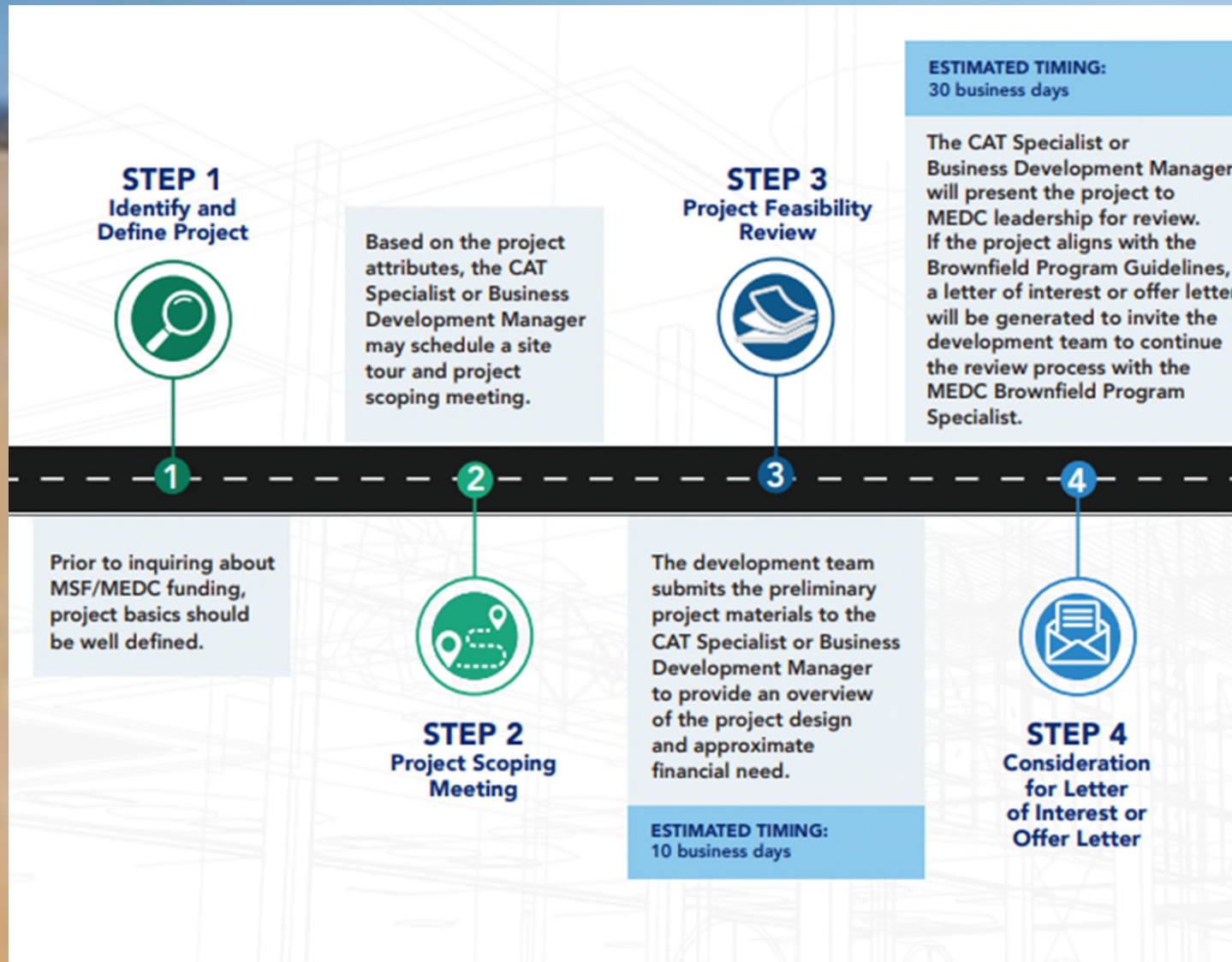
An **Act 381 Work Plan** allows for the capture of state taxes, both school operating (18 mills) and state education tax (6 mills).

- Also includes local taxes
- Debt millages cannot be captured
- Must be approved by EGLE and/or MEDC
- ***TIF does not take money away from schools, just defers increase*

More detailed information and requirements provided in the Act 381 Work Plan Guidance

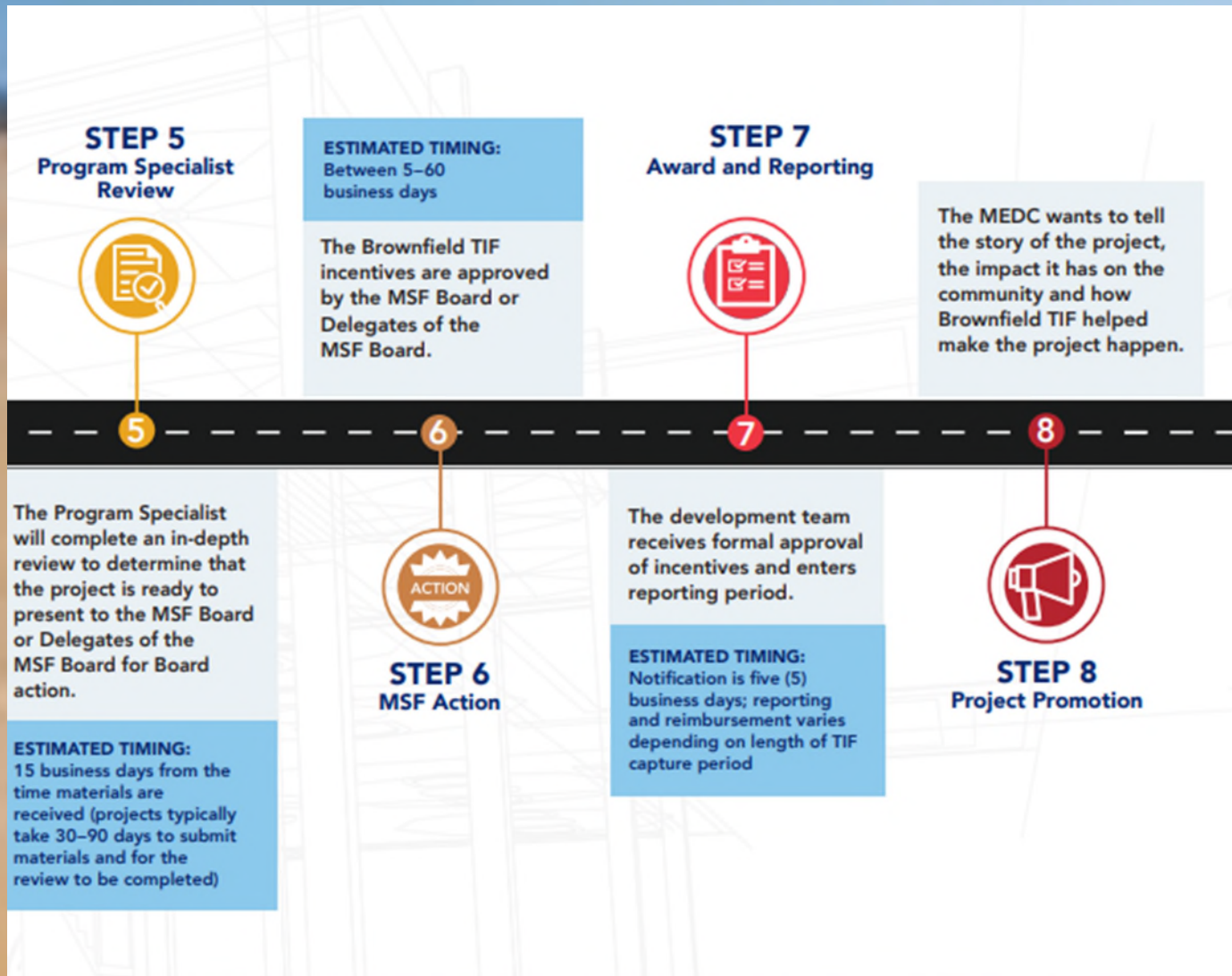
MEDC BROWNFIELD TIF PROCESS

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MEDC BROWNFIELD TIF PROCESS

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EGLE BROWNFIELD TIF PROCESS

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- *Act 381 Work Plans can be submitted for EGLE only approval
- Work with your BC/PM - draft submittals are encouraged
- Final submittals will be reviewed by BC/PM and must be administratively complete
 - Are EGLE eligible activities being proposed on eligible properties?
 - Are proposed activities protective of public health, safety, and the environment?
 - Are estimated costs reasonable?
- Once Administratively complete, EGLE has 60 days to review and approve the work plan

EGLE ASSISTANCE

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The redevelopment of contaminated sites can be complicated. EGLE is here to lend a hand.

... as a technical resource
and through incentive programs.



Credit: <https://tenor.com/>

EGLE Brownfield Coordinators:

- Provide technical assistance
- Attend BRA, DDA, council, and planning meetings
- Participate in workshops and presentations
- Connect you with other EGLE and state agency staff
- Coordinate funding assistance



Credit: <https://tenor.com/>

EGLE INCENTIVES

- Brownfield Site Assessment Program
- Brownfield Grants
- Brownfield Loans



What makes a redevelopment project a good match for EGLE brownfield incentives?



The site is suspected or known to be contaminated

The project will result in environmental benefit



It has development interest or potential

The project will create economic benefit



The community is on board

BROWNFIELD SITE ASSESSMENT PROGRAM (BSA)

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... Because the unknowns are scary.

– Who's Eligible?

- LUGs, non-profits, developers
- Eligibility includes both publicly and privately owned sites

– What does it pay for?

- Asbestos and/or hazardous materials surveys
- Phase I/II Environmental Site Assessments
- BEAs
- Plan for complying with due care

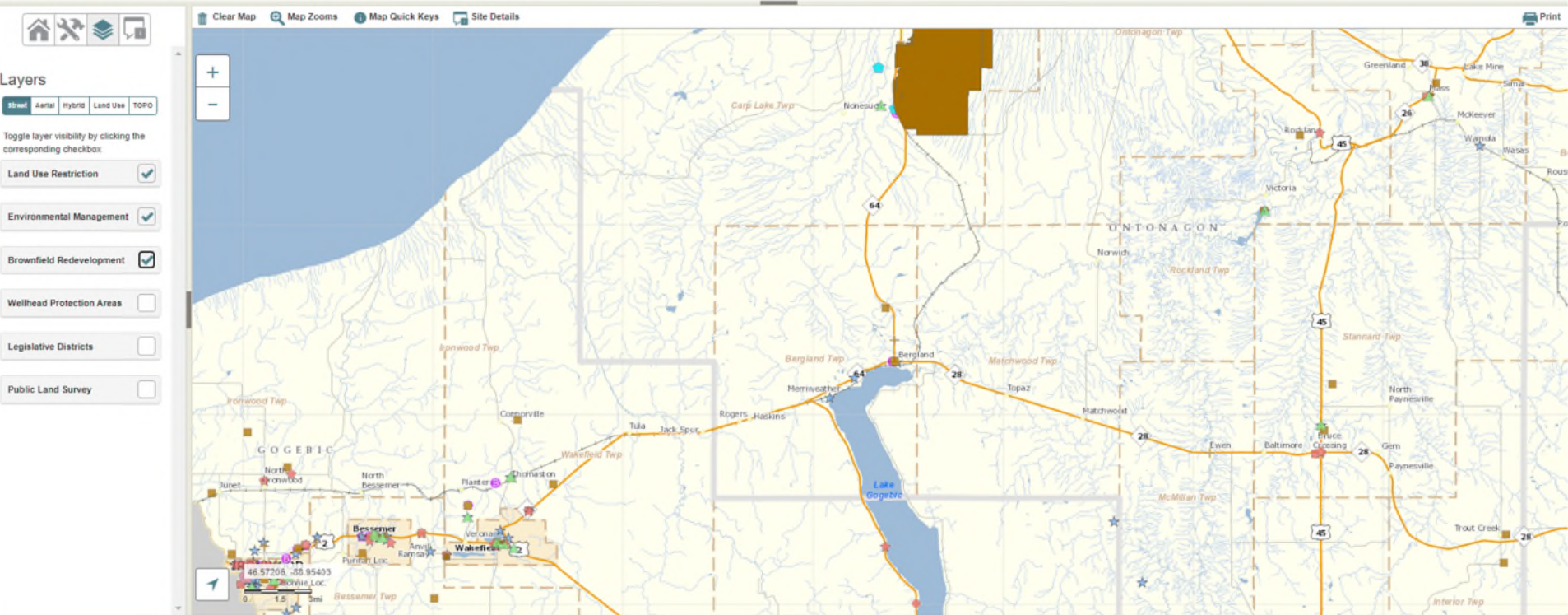


Former George's Service, Rock, MI
(Delta County)

EGLE'S ENVIRONMENTAL MAPPER

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EGLE Environmental Mapper
Department of Environment, Great Lakes, and Energy



Can help locate known sites in your community

www.mcgi.state.mi.us/environmentalmapper

EGLE BROWNFIELD GRANTS AND LOANS

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- **Eligible Applicants:** LUGS
- **Eligible Activities:**
 - Environmental evaluations/assessments
 - BEAs
 - Due care planning and implementation
 - Response activities
 - Demolition, lead, mold, and asbestos abatement (special rules apply)
- **Funding:** Up to \$1M grant / \$1M loan per project
- **Loan terms:**
 - 1.5% interest rate
 - 15 year payback, beginning with 5 year interest-free, payment-free grace period
 - May be repaid through a BRA using TIF



Credit: Giphy

MORE MEDC INCENTIVES & FUNDING

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- **Community Revitalization Program and Build MI Communities Initiative**
 - Qualifiers parallel brownfield legislation
- **RRC RST and RRSites**
 - TA or \$\$\$
- **Business Development Program**
- **Capital Access**
- **All MEDC tools!**



Former Chief Wawatam Dock
St. Ignace

TYPES OF SUPPORT – WHAT ELSE IS OUT THERE?

STATE & LOCAL TOOLS

- **Small Business Development Center**
- **Michigan Energy Office**
- **MDARD economic development**
- **Tax abatements**
 - Industrial facilities tax (PA 198)
 - Commercial Rehab. Act (PA 210)

FEDERAL PROGRAMS

- **Historic Tax Credits**
- **New Market Tax Credits**
- **Low Income Housing Tax Credits**
- **HOME**
- **HUD Loans and Guarantee Programs**
- **USDA RD grants or loans**
- **EPA – you'll hear more today**
- **Opportunity Zones**

PROJECT EXAMPLES

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Here are some deals that happened in the UP, and deals that could happen in the UP...



R&B ELECTRONICS BUILDING SAULT STE MARIE

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- 4.76-acre industrial park
- **EGLE:** Site assessment grant;
\$155,000 EGLE Brownfield Grant
- **MEDC:** \$190,000 CDBG
- **Local:** 12-year personal property tax abatement; 6-year industrial facilities tax exemption; \$220,000 EDC grant
- **Outcomes:**
 - SEV - \$0 to \$134,100
 - \$1.8M in private investment
 - 33 new jobs



MAC BUILDING, SAULT STE MARIE

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- Former dry cleaner
- \$1M EGLE Brownfield Grant
- \$484k in MEDC CDBG Grant
- \$2.5M Capital Investment
- Activities:
 - Site investigation
 - transport and disposal of contaminated soils and concrete
 - vapor mitigation system
 - demolition and abatement
- 5 to 10 full time jobs



231 W WASHINGTON, MARQUETTE

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- Downtown!
- EGLE/MEDC TIF: \$149,841
- Local bf TIF: \$295,119
- Total investment: \$3,356,338
- Jobs created: 15
- Redeveloped 6,750 sq ft of downtown space

QUESTIONS

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YOUR CONTACTS

[HTTPS://WWW.MIPLACE.ORG/PROGRAMS/BROWNFIELD-TAX-INCREMENT-FINANCING/](https://www.miplace.org/programs/brownfield-tax-increment-financing/)

^AMAZING SITE FULL OF BROWNFIELD REDEVELOPMENT RESOURCES ^



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EGLE:

Abbie: Hansona2@michigan.gov