

Brownfield Redevelopment Incentives

MDEQ Brownfield Redevelopment Program

What is a brownfield?

A piece of property that is known to be contaminated



Or suspected to be contaminated based on prior use



What is a brownfield?

For some incentives, a brownfield can also be a property that is

- blighted
- functionally obsolete
- adjacent to a eligible property
- historic
- owned by a land bank



What is a brownfield?

Generally excludes residential and agricultural property



Brownfields 101

Overview

- Brownfield Redevelopment Grants and Loans
- Act 381 Tax Increment Financing
- Roles and Responsibilities of Brownfield Redevelopment Authorities (BRAs)
- Redeveloping a Brownfield Property

Leveling the Playing Field



DEQ Brownfield Redevelopment Incentives



Grants

Loans

Act 381 Tax Increment Financing (TIF)

DEQ Brownfield Incentives

What's Eligible?

- Phase I, Phase II, BEAs
- Due care
- Additional response activities
- In some instances, demolition



DEQ Grants and Loans

Applicant Annual Limits:

- 1 Grant of up to \$1,000,000
- 1 Loan* of up to \$1,000,000

*Loans:

- 1.5% rate
- 5 years payment & interest free

Old Sullivan Barn, Battle Creek



Available Grant and Loan Balances

- Brownfield Grants: \$8.1 Million
- Brownfield Loans: \$7.9 Million
- Potential projects the Department is in discussions with:
 - Brownfield Grants: \$5.5 Million
 - Brownfield Loans: \$8.0 Million



Who can apply for DEQ Grants and Loans?

Only local units of government :

- A county, city, village, or township
- A Brownfield Redevelopment Authority (BRA)
- Another authority created under a county, city, township, or village



Grant and Loan Funding Priorities

- Projects that create new jobs and leverage private investment
- Projects that add to the tax base of the local municipality.
- Mixed-use, industrial, commercial

What is the local role in a grant/loan project?

- Doesn't have to own the property
- Decide what projects are priorities in their communities
- Apply for and administer grant/loan



Lemon Creek Winery
Grand Haven



What is Brownfield TIF?



Tax Increment Financing

It comes from the increase in property taxes paid when a property is redeveloped or improved.



Central School, Iron River



Brownfield TIF: How It Works



Bridgewater Place, Grand Rapids

- Only a brownfield redevelopment authority can authorize brownfield TIF
- TIF does not exist until the property is improved and the taxes increase
- The developer's property taxes pay back eligible redevelopment costs

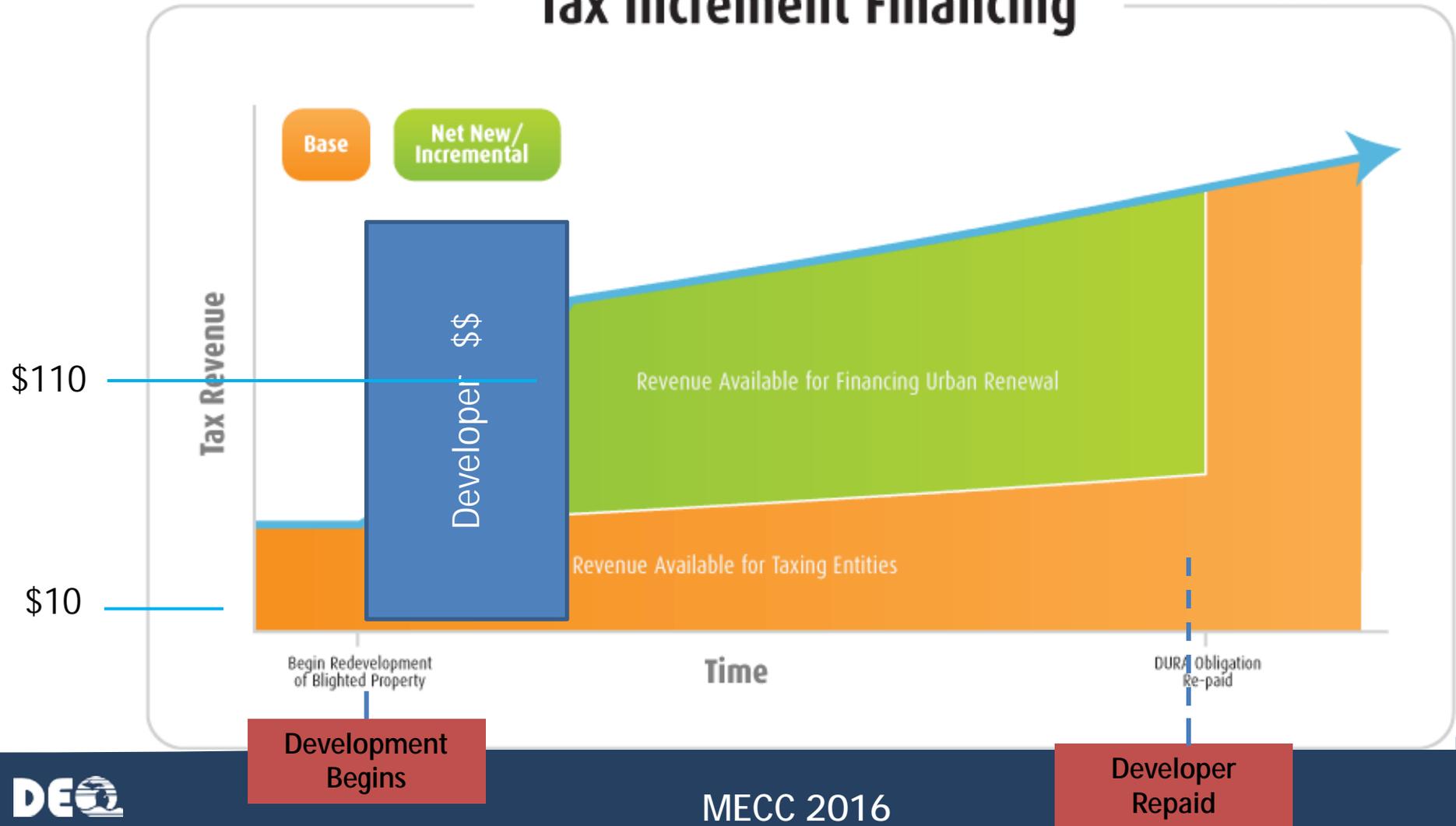
Brownfield TIF: How It Works



St. Anne Lofts, East Lansing

Brownfield TIF: How It Works

Tax Increment Financing



Brownfield TIF: How it works

- Brownfield plan and Act 381 work plan approved and submitted by BRA
- No limits on cost / number of work plans submitted
- TIF repays developer or a brownfield loan



Meijer, Stevensville

How is DEQ funding determined?

- Package may include grant, loan, and/or TIF
- Split between grants / loans negotiated with applicant



Uptown, Bay City

How is DEQ funding determined?

DEQ Grant: Requires private investment and job creation

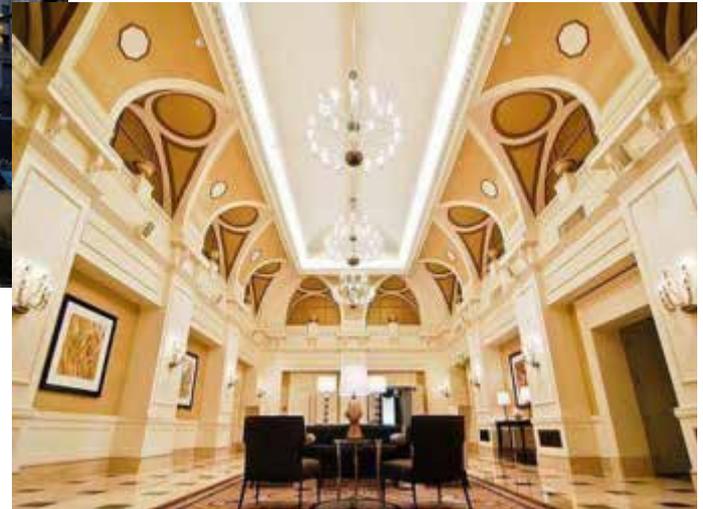
DEQ Loan: Does not require a development

DEQ Act 381 TIF: Requires a developer or other upfront investor, but lowest threshold for DEQ approval

Downtown Market
Grand Rapids



TIF, BRA Responsibilities, & 381 Brownfield Tools



Westin Hotel, Detroit

Where does TIF come from?

- State school taxes (24 mills)
 - ✓ Local School Operating Tax (18 mills)
 - ✓ State Education Tax (6 mills)
- Local taxes



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*

How do we get TIF?

A local unit of government can:

- Create a local Brownfield Redevelopment Authority to direct incentives to brownfield sites
- Work with the DEQ, MEDC, developers, consultants, others to redevelop brownfields



MA Houston Towers,
Muskegon Heights



What can a BRA do?

- Approve brownfield plans and TIF requests
- Authorize TIF capture
- Set maximum amount that can be captured
- Apply for grants and loans

And more!

Citizens Bank,
Traverse City



What else can a BRA do?

LSRRF



- Establish a Local Site Remediation Revolving Fund
- Collect DEQ TIF
- Fund eligible environmental activities

One Kennedy Square, Detroit

What property is eligible for brownfield TIF?

Property that is contaminated above state criteria:

DEQ can approve eligible activities ONLY at contaminated sites



Arcadia Ales, Kalamazoo

What property is eligible for brownfield TIF?

MEDC can approve TIF at property that is:

- In a local historic district or is on State or National Register
- Adjacent or contiguous to eligible property
- Land Bank-owned (tax reverted) or Transit Oriented Development property
- Blighted
- Functionally Obsolete

Grand Traverse Commons
Traverse City



What can a BRA do?

Preapproved Activities

Some environmental activities can be reimbursed with state TIF even without DEQ approval.

- Site assessments
- BEAs
- Due care planning



Brassworks Building,
Grand Rapids

What can the DEQ approve?

DEQ approval is needed to use state school taxes for:

- Due care
- Additional response activities
- Environmental Insurance

Cardinal Health, Detroit



What can the MEDC approve?

MEDC / MSF approval is needed to use state school taxes for:

- Building and Site Demolition
- Lead & Asbestos abatement
- Assistance to land banks and local governments
- Infrastructure*
- Site preparation*

* Currently approvable only to Core Communities



And one more thing...

Work plans must include 3 mills that are returned to the State Brownfield Redevelopment Fund for operational costs and a future brownfield projects

Amazon Building,
Muskegon



How does a BRA do a Brownfield Plan?

Brownfield Plan:

- Developed by BRA
- Describes the “eligible property”
- Tells why it’s eligible
- Affirms local jurisdiction support
- Needs to include state and local TIF



Lake Pointe Apartments, Hart

How does a BRA do a Brownfield Plan?

Before brownfield plan is adopted:

- Submit a Public Hearing Notification to DEQ and MEDC
- Hold a public hearing on the brownfield plan



- Plan is approved by the governing body of the jurisdiction.

Mulch Manufacturing, West Branch Township

How does a BRA do a Brownfield Plan?

LOCAL-ONLY Projects:

- Local-only TIF projects need only to have a written brownfield plan
- Plan is approved by the governing body of the jurisdiction
- No work plan is needed

The Garage, Northville



What's in an Act 381 work plan?

381 Work Plan:

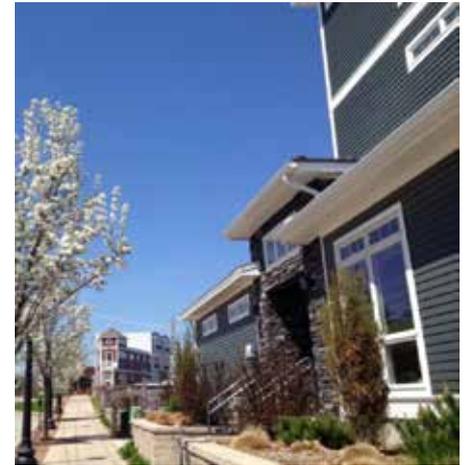
- Includes specific eligible activities and cost details
- Needs to include documentation to confirm the property is eligible



Harbor
Shores,
Benton
Harbor

How does a BRA do an Act 381 Work Plan?

- 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.



Midtown Development,
Traverse City

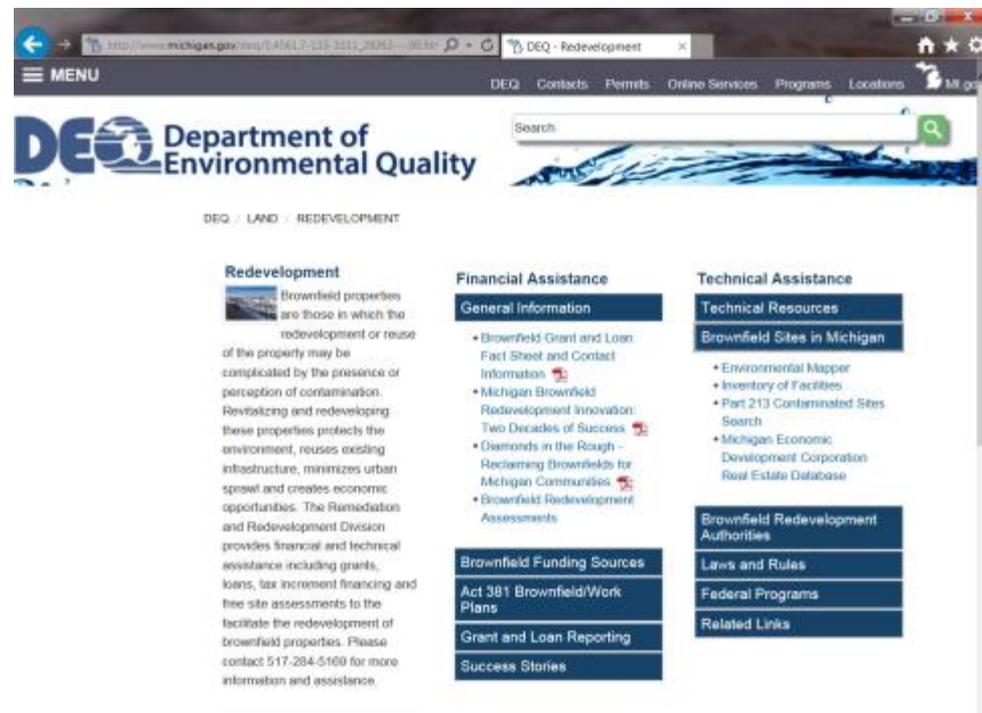
Where are brownfield sites in my community?

www.michigan.gov/deqbrownfields

Click on brownfield sites in michigan

Featured Online Services:

- Inventory of Facilities
- Leaking Underground Storage Tank Sites
- Michigan Environmental Mapper



What other tools can I use?

EPA Brownfield Grants

- **Assessment grants:** plan, inventory, prioritize and assess brownfields, conduct community involvement, and plan cleanup/redevelopment
- **Revolving Loan Fund grants:** capitalize a revolving loan fund that provides loans and subgrants to clean up brownfield sites
- **Cleanup grants:** remediate brownfields

Contact: Ron Smedley, DEQ-EPA Liaison

517-284-5153

SmedleyR@michigan.gov

What other tools can I use?

Superfund site assessment: DEQ staff investigate sites with redevelopment potential that may be contaminated. Applications for 2017 available in October 2016

Contact: Joe Walczak, 517-284-5167
walczakj@michigan.gov

What other tools can I use?

State grants, loans, and other assistance to support local placemaking at www.miplace.org. Click on Resources/Toolkit



The screenshot shows the miplace.org website. The header features the miplace logo with the tagline "Communities to invest in. Communities to grow in.™" and social media icons for Facebook and Twitter. A search bar is present with the text "Have Questions? | Site Map" and a "Got Started" button. The navigation menu includes Home, Placemaking, Placemaking in Action, Resources (highlighted), News, Events, and About MIplace. Below the navigation, there are two main images: one showing a group of people sitting on a bench in a park-like setting, and another showing a woman standing next to a large mural. A dropdown menu is open under the Resources link, listing Research, Documents, Toolkit, and Case Studies. Below the images, the heading "Resources" is followed by a paragraph: "We've gathered all our research, information and programs and put them all right here. So whether you want to learn more about what placemaking is, or you're trying to find programs to help make it happen in your community, this is where you'll find what you need."

What other tools can I use?

Michigan Economic Development Corporation

Community Revitalization Program (CRP): grants and loans for hard construction costs on property that meets Act 381 criteria

Contact: [CAT Team specialist for your area](#)

Find the map at

www.Michiganbusiness.org



Project examples

- TBA Credit Union, Traverse City
-



Developer investment:
\$7,285,000
Jobs created: 19

Project examples

• Downtown Market, Grand Rapids

LEED Silver building
177 full time jobs
151 part time jobs
\$23 million investment





Questions? Ask us!

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www.michigan.gov/deqbrownfields