



**MEDC's
Community Assistance
Team
(CA Team)**



December 11, 2003



Michigan Economic Development Corporation (MEDC)
*Business & Community Services
 Community Services*

Community Assistance Team (CAT Team)

Downtowns & Communities

Partnerships

- Michigan State Housing Development Authority (Downtown Housing Issues & Loans)
- Michigan State Historic Preservation Office (Historic Tax Credits & Districts)
- Michigan Municipal League ("Downtowns In Michigan")

Programs & Tools:	New 2003
Michigan Main Street	<input checked="" type="checkbox"/>
Urban Initiative Specialist	<input checked="" type="checkbox"/>
Blueprints for Michigan Downtowns 2003	<input checked="" type="checkbox"/>
Building Downtowns 2003	<input checked="" type="checkbox"/>
CAT can be Managers for Downtown Projects Involving State Incentives	
Brownfield TIF (non-industrial) Brownfield SBT (non-industrial) CAT Packages & Advocates to MEGA Board (Tax Credits)	
CDBG Infrastructure for Downtown Projects - Packaged by CAT	
CDBG Planning & Market Studies for Downtowns & Communities	
Technical Assistance	
Workshops, Conferences & Technical Academy Training	
Mini-Strategic Planning, Visioning & Local Organizational Capacity Building Services	
Downtown Developer Clearinghouse	<input checked="" type="checkbox"/>
Community Guide	<input checked="" type="checkbox"/>
Rural Action Agenda Implementation - Rural Specialist	<input checked="" type="checkbox"/>

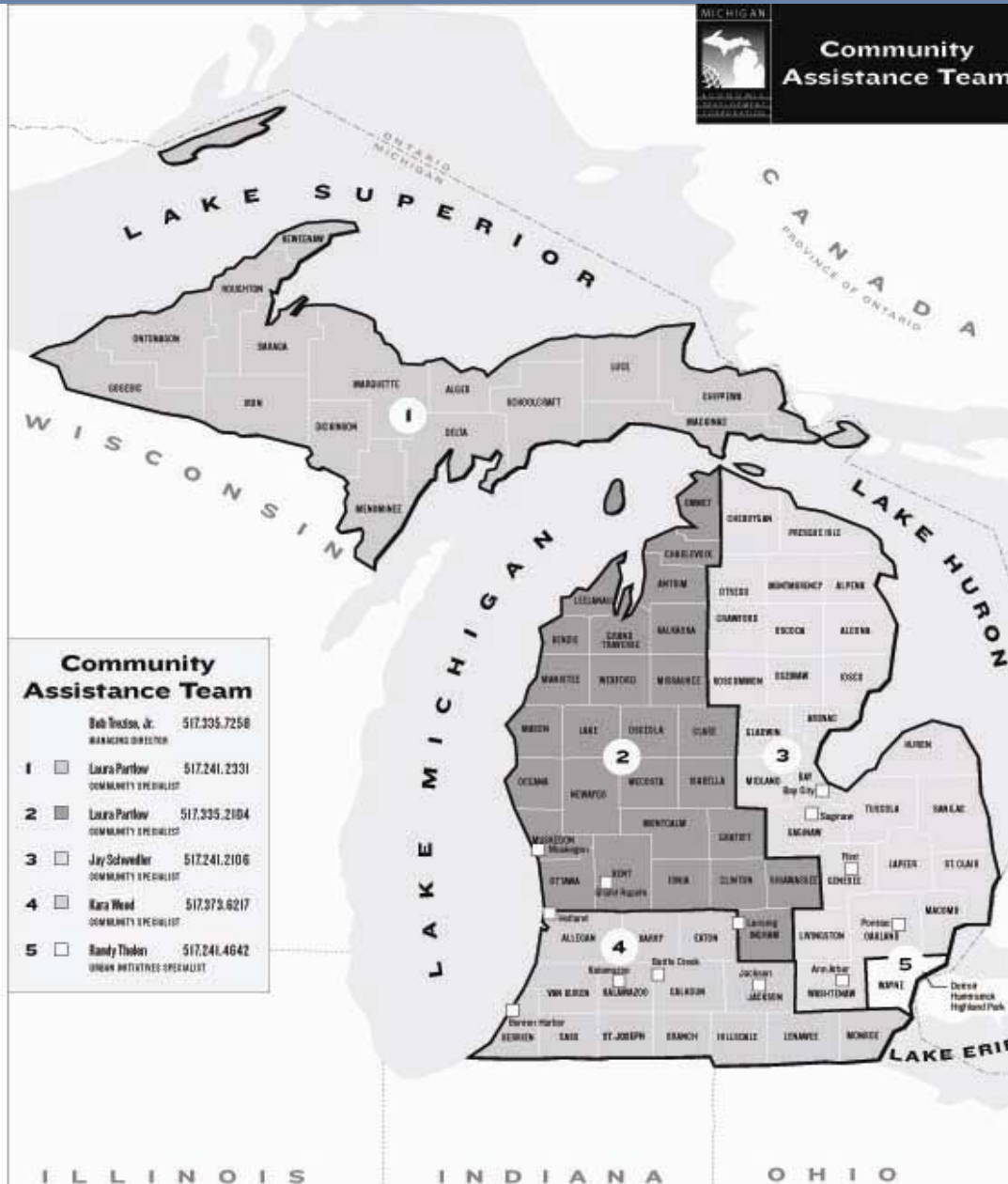


TOOLS

- Brownfield Incentives (TIF and SBT)
- Community Development Block Grants
- Neighborhood Enterprise Zones
- Obsolete Property Rehab Exemption



Community Assistance Team



Community Assistance Team

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I L L I N O I S

I N D I A N A

O H I O





But what kind of “cool” projects would the MEDDC like to use its tools for?

- Like to use them in traditional downtowns
- Like to see buildings rehabilitated, rather than knocked down
- Like to see buildings rehabbed into mixed use projects- All retail first floor, office and market rate/mix of lofts upstairs
- Part of a walkable environment



Tools and Projects...

- Like to see private jobs created in the building
 - Retail. Service-oriented, related to arts is fine



BROWNFIELD

Using SBT credits for market rate housing makes Michigan unique to the country and quite cool indeed!

Eligibility:

- **Contaminated site anywhere in MI**
- **Blighted and/or Functionally Obsolete**
--only in Core Communities



BROWNFIELD INCENTIVES

- Tax Increment Financing
 - Environmental clean-up
 - Infrastructure demolition, site prep and lead and asbestos abatement
 - Only in Core Communities
- Single Business Tax Credit
 - Equal to 10% of developers eligible investment



WOODWARD MILLENIUM - DETROIT





Before





AFTER...





Radio Center/Traverse City



200 jobs

Public Costs included:

- Demolition
- Site Preparation
- Parking Deck
- Road Improvements
- Utility Upgrades



Tools: Brownfield & DDA

Private Sector \$24,000,000

Brownfield/DDA \$3,000,000

Public Bond \$8,000,000



COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

- Federal funds administered by the MEDC
- Targeted at public infrastructure improvements for job creation projects
- Think: Cool streetscape, landscaping and creation of parking lots, walkable ideas, signage, roads, etc.



DOWNTOWN NILES--Before





DOWNTOWN NILES—After?





City of Niles

New Jobs



Project Activities:

- Building Demolition
- Downtown Infrastructure



Project Funding:

\$780,000	CDBG
\$1,400,000	Private
\$500,000	Local



RENAISSANCE ZONES

- Virtually free of local and state taxes
- No property tax, no income tax
- Substantial value to the homeowner
- No new renaissance zones can currently be created- must be existing



NEIGHBORHOOD ENTERPRISE ZONES

- Reduces millage rate to 1/2 statewide average (approx 18 mills)
- For 12 years
- Can be used for both new construction and existing home rehabilitation



NEIGHBORHOOD IN-FILL WYANDOTTE--Before





NEIGHBORHOOD IN-FILL WYANDOTTE--After





OBSOLETE PROPERTY REHABILITATION ACT

- Freezes assessment at existing levels
- Make improvements free from local property tax ↑
 - Up to 12 years



DETROIT—Merchant's Row





**"Tax breaks are not enough—
cash up front is required
to do the deal."**



Incentive Impact Analysis

	Proforma 1 (No Incentives)	Proforma 2 (Incentives)
Revenue	1,000,000	1,000,000
Costs	400,000	400,000
Taxes	100,000	20,000
Net Operating Income	500,000	580,000



Incentive Impact Analysis

	Proforma 1	Proforma 2
Outside Financing:	\$3.4 million	\$4 million
DCR=1.25 to 1		
8%, 15 years		

Incentives for this project can attract \$600,000 in additional outside financing—UP FRONT CASH!



SUMMARY

- Numerous incentive programs exist today that can assist with downtown housing
- The tax incentives do result in upfront cash and can be used effectively to close the financing gap
- This helps create a “cool” environment