Reinvesting in Michigan: Overview of Brownfield Redevelopment Incentives

What is a brownfield?
- Blighted
- Functionally Obsolete
- Historic Resource
- Facility – soil or ground water contamination exceeding state residential criteria
- Adjacent or contiguous to eligible property

Why focus on brownfields?
- Property back on the tax rolls
- Increase property taxes
- Eliminate blight in a community
- Encourage not disturbing “greenfields”

Developers
- Challenges
  - Assessment
  - Cleanup
  - Demolition
- Incentives
  - Tax Incentives – Act 381, OPRA, etc
  - Grants
  - Loans at low interest
  - Community by-in

Challenges for Rural Communities
- Resources
- Too many hats to wear
- Difficulty finding a developer
- Program requirements not met

Battling the Challenges
- Focusing program incentives for rural areas
- Getting involved early
- Easy to use documents
- Get all the players around the same table
- Working with local realtors
- Creatively using funds

EGLE Assistance
- EGLE Brownfield Grants
  - To address contamination on a site
  - Must have a secure development project with investment dollars
  - Must demonstrate economic benefit
  - Potential demolition dollars available
- EGLE Assessment Grant
  - To assess suspect sites of contamination
  - No developer needed
  - Must demonstrate economic benefit potential
• EGLE Loans
  o Low Interest Rate of 1.5%
  o Payback starts five years after environmental work begins – interest free
  o Applicant must be local unit and they must manage funds
  o 1 loan per year available
  o Can be paid back with TIF Reimbursements

• Tax Increment Financing (TIF)
  o Allows the capture of the increase in property taxes paid after a property has been improved
  o Repays whoever fronts the money for the eligible costs

Communities and TIF
• Marquette County, Marquette City, Mackinac County, Sault Ste Marie,
• Local TIF
• EGLE State TIF
• MEDC State TIF
• New Brownfield Redevelopment Authorities
• EGLE Funding cannot benefit a party that is responsible for causing a release

What makes a good project?
• Jobs are created
• Capital investment
• Increase tax value
• A site is inhibited for redevelopment due to environmental conditions (under part 201 or part 213)
• Economic benefit out weighs the grant amount
• Timing

Regional Distribution
• What is going on in the UP?
• Central School: $743,648 Brownfield Loan
• Project Ishpeming: $200,000 Brownfield Grant - Marquette Co. BRA

Assessment in the UP
• Kincheloe Air Force Base: $45,000 Brownfield Grant - Chippewa Co. EDC
• Lake Linden: Blight in Residential Area - Houghton Co. Land Bank
• Creighton Building: Assessment Program - City of Manistique

The Different Players
• EGLE Brownfield Coordinator and Project Manager
• Michigan Economic Development Corporation
• Local Brownfield Redevelopment Authority or Unit of Government
• Consultant
• Developer
• Real Estate Agents

Other Resources
• U.S. Environmental Protection Agency
  o Targeted Brownfield Assessments
  o Technical Assistance to Brownfields (TAB)
  o Community Wide Assessment Grant
• Michigan Economic Development Corporation
  o Redevelopment Ready Communities – Phase I & II
  o Non-environmental Activities
• Michigan Land Bank or Local Land Bank