



MDEQ Brownfield Incentives



Foreign Trade Zone Building – Sault Ste. Marie (before and after)

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Presentation Overview

- ❑ Define Brownfields
- ❑ Michigan Brownfield Incentives
- ❑ Tax Increment Financing (TIF)
- ❑ TIF Process
- ❑ Brownfield Site Specific Assessments



Defining Brownfields....



The 3 Criteria are...



1. Property is a “Facility”

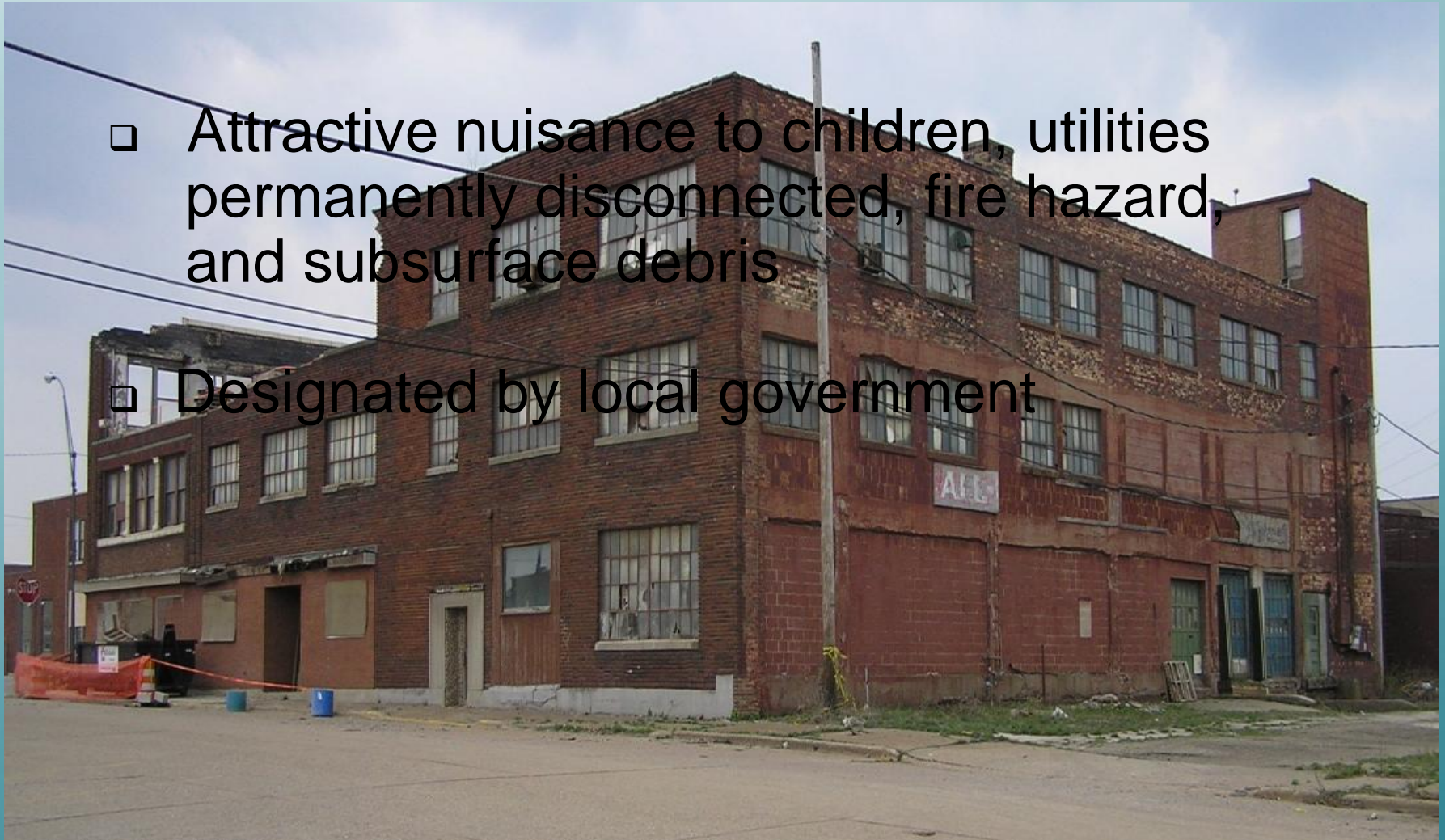
(Contamination exceeds residential criteria)





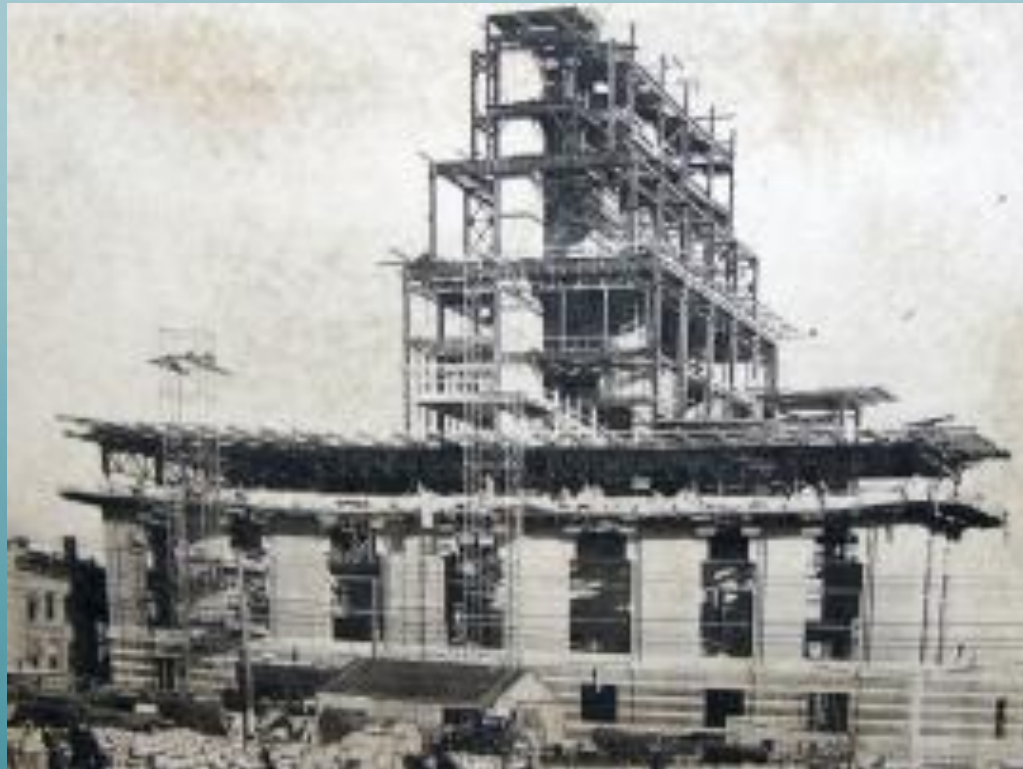
2. Property is considered “Blighted”

- ❑ Attractive nuisance to children, utilities permanently disconnected, fire hazard, and subsurface debris
- ❑ Designated by local government



DE 3. Property is “Functionally Obsolete”

Unable to perform the function originally intended for.





Michigan Brownfield Incentives

Our Purpose: Level the Playing Field

DEQ Brownfield Grants & Loans

DEQ Brownfield Site Specific Assessments

Tax Increment Financing (TIF)





Grants and Loans - How to get started?

- Call our office to discuss your project.
- A single application is used for both grants and loans, available by contacting our office.
- Applications are accepted year round.



Oldsmobile Park, Lansing



Brownfield Grants and Loans

Grants:

- Up to \$1,000,000*

Loans:

- Up to \$1,000,000*



* Per Applicant per Year



Grant / Loan Eligible Activities

- Environmental Investigations
- Baseline Environmental Assessments
- Due Care / Remedial Action
(as needed for redevelopment)
- Sometimes Demolition



Farmer's Market, Jackson

DEO Brownfield Grant Requirements



Pere Marquette Lake
condominiums and marina at
the former Star Watch Case
Ludington

1. Property must be a facility.
2. No viable liable parties.
3. Redevelopment must be identified.



DEO Brownfield Loan Requirements

1. Property only has to be a suspected facility.
2. Liability not a deal killer.
3. Redevelopment must only be likely.
4. Local unit of government must pledge their full faith and credit.



Grand Valley State University
graduate business school at
the former Mt. Vernon
Foundry,
Grand Rapids





Brownfield Loans....

- 15-year term, first 5 payment & interest free.
- Interest rate of 1.5%.





Other Prioritizing Factors



- Green Building Concepts
- Demonstrated Financial Need
- Local Contribution

- Walkable City Concepts
- Non-point Source Controls



MA Houston Towers, at the former
Heritage Hospital, Muskegon
Heights



REMAINING FUNDS

- Approximately \$2 Million in Grant Funds
- Approximately \$18 Million in Loan Funds

ACT 381

Brownfield Redevelopment Financing Act 1996 PA 381, as amended

- 1996 - 2000 Environmental
- 2000 Added blighted and functionally obsolete properties, non-environmental activities



The Increment: How TIF Works

Base Taxable Value of Property Established.

**Base
Taxable
Value
\$**



The Increment: How TIF Works

Developer makes improvements, which raises the taxable value and increases the tax revenue collected from the property.

**Base
Taxable
Value
\$**

**New
Taxable
Value
\$\$\$**

DEO The Increment: How TIF Works

The difference between the base taxable value of the property and the new taxable value after improvements is the “*increment*”.

Incremental Increase in Taxable Value \$\$	New Taxable Value \$\$\$
Base Taxable Value \$	



The Increment Types

Two types of tax increments can be captured to pay for Eligible Activities:

1. Local taxes

- ❑ Includes Intermediate School District (ISD) tax

2. School taxes (Act 381 Work Plan approval required)

- ❑ Local school operating
- ❑ State education tax.



TIF – Eligible Activities

Statewide

- **Baseline Environmental Assessment Activities**
- **Due Care***
- **Additional Response Activities***
- **Reasonable Costs of Environmental Insurance***

*Indicates activities that require DEQ approval. Any activity that requests interest costs needs DEQ approval as well.

Qualified Local Units of Government (Core Communities)

- **Infrastructure Improvements that directly benefit the property**
- **Site Preparation Costs that are not a response activity**



Brownfield TIF – Act 381 Provisions

- ❑ Can use local taxes for BRA administration.
- ❑ Debt millage cannot be captured.
- ❑ Interest costs may be eligible for reimbursement.
- ❑ Sunset for Act 381 work plan approval to use school tax capture is 12/31/12.



BRAs and Brownfield Plans

- ❑ To capture tax increment revenues (TIRs) you must have a Brownfield Redevelopment Authority (BRA).
- ❑ Properties are placed in a Brownfield Plan, where the base (initial taxable) value of each property is established.
- ❑ The Brownfield Plan must be approved by the local unit.

DEO TIF Capture

- ❑ Brownfield Plan duration \leq 35 years; capture period \leq 30 years.
- ❑ Capture of TIRs must begin within 5 years of Brownfield Plan approval.
- ❑ When reimbursement of eligible activity cost is complete, the increased property taxes revert to the respective taxing jurisdictions.
- ❑ Can establish a Local Site Remediation Revolving Fund (LSRRF) to capture extra TIRs for future use.



How are DEQ and MEDC Involved?

DEQ:

Approval Required to use School Taxes for Certain Eligible Environmental Activities.

MEGA (MEDC):

Approval Required to use School Taxes for all Eligible Non-Environmental Activities.



TIF – The Process (simplified)

- 1) Identification of a Brownfield site/project
- 2) Development of Brownfield Plan
- 3) Brownfield Redevelopment Authority Approves Brownfield Plan
- 4) Municipality Approves Brownfield Plan
- 5) State Approval of Act 381 Work Plan, if Seeking State Support.
- 6) Project Initiation and Completion



BROWNFIELD SITE SPECIFIC ASSESSMENTS

- Conducted by DEQ at no charge to municipality.
- Funding provided by EPA through the State's 128(a) Brownfield Assistance Grant.
- Local units of government, local development authorities, and not-for-profit community development agencies are eligible applicants.
- Requests for assessments are made by submitting a request letter and application to the MDEQ Brownfield Assessment Program Manager.
- Property must meet the definition of a brownfield site – “real property with presence or perceived presence of hazardous substance, pollutant, or contaminant.”
- Reports are similar to Phase I/II ESA and can be used to develop Baseline Environmental Assessments or All Appropriate Inquiry determination.

- Submit Application to:

Joseph Walczak

517-335-2151

walczakj@michigan.gov



Questions?

For more information on DEQ Brownfield Grants/Loans, Act 381 Tax Capture or information about establishing a Brownfield Redevelopment Authority, please visit:

www.michigan.gov/deqbrownfields

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