



City of Mt. Pleasant

Brownfield Redevelopment Program Policies

May 8, 2017

Purpose: To establish guidelines for the administration of Brownfield Redevelopment Authority agreements, programs, and plans.

Background: In 1996, the State of Michigan Legislature approved Public Act 381, MCL 125.265 *et seq.* (the “Act”) to authorize municipalities to create Brownfield Redevelopment Authorities to promote the reuse and revitalization of urban properties. The Brownfield Redevelopment Program (the “Program”) provides for the utilization of certain tax increment revenues to pay for or reimburse the costs of Eligible Activities as defined in the Section 2 of the Act. The City of Mt. Pleasant created its Brownfield Redevelopment Authority (BRDA) in 1997; the plan encompasses the entire City. The BRDA is authorized to amend the plan for specific projects and use the incremental taxes generated by and captured from the redevelopment of eligible property to reimburse developers and property owners for these costs. This policy guides the administration of the BRDA’s Program under the Act.

Administrative Considerations

Application

Before a project will be considered by the BRDA Board, those requesting consideration under the Program must submit the following materials (the “Application”) to the Community Services and Economic Development Director:

- 1) \$200 application fee
- 2) Documentation of control or ownership of the site
- 3) Proposed site plan
- 4) Proposed eligible reimbursable costs
- 5) Project financials, including estimated total investment and estimated taxable value upon completion
- 6) Evidence of commitment to proceed with the project within a reasonable time period
- 7) Documentation of property eligibility as defined in Section 2 of the Act
 - a) When seeking eligibility as *functionally obsolete*, *blighted*, or an *historic resource*, Applicant must specify the project request as either “Basic” or “Transformative or Exceptionally Unique”. For the latter, documentation must accompany the Application detailing the project’s transformative nature or its exceptionally unique contribution to the community
- 8) Draft Brownfield Plan Amendment
 - a) Plans can be prepared by the applicant, by a consultant hired by the applicant, or by City staff
 - b) For any plan written by City staff a reimbursable expense of \$2,000 for plan preparation will be included in the approved plan

Eligibility Review

Upon receipt of the Application, staff will provide the relevant details of a project to the appropriate City departments in order to confirm the applicant is eligible to do business with the City and the project is permissible as proposed. The results of this review must confirm the following:

- 1) That the project is compatible with the City's zoning ordinance, or plans on complying upon completion
- 2) That the project is consistent with the recommendations, goals, and objectives of the City's most recently adopted Master Plan
- 3) That the applicant is not delinquent on any financial obligation to the City, including but not limited to municipal utilities and property taxes
- 4) That the applicant has no pending or current litigation against the City.
- 5) That the applicant does not have outstanding written orders or code compliance violations
- 6) That the applicant is not the responsible party for any existing on-site environmental contamination and/or blighted building or site conditions

Other Provisions

- 1) No projects will be approved that can be repaid in less than one year's tax capture
- 2) Brownfield plans will capture 75% of the tax increment resulting from the approved project
- 3) The BRDA recognizes that the Program is a partnership with the State of Michigan. As such, the BRDA requires that projects are also submitted to the State, either through the MDEQ or the MSF (as applicable), unless the BRDA Board explicitly provides approval for a project to be reimbursed only from local tax increment revenues
- 4) Reimbursement of eligible expenses to the applicant will be limited to a maximum of 15 years. An additional three years of capture can be considered by the BRDA Board for those plans which are approved to capture only local tax increment revenues. All plans will be required to include an additional five years of capture for the Local Site Remediation Fund established pursuant to Section 8 of the Act
- 5) The project must be operated and maintained in compliance with all applicable City codes and ordinances
- 6) The reimbursement agreement shall not include interest
- 7) The BRDA Board and City Commission may consider waiving all or a portion of this policy if the BRDA Board and City Commission determines that it is in the best interest of the City or the BRDA to do so. Waiving all or a portion of this policy, as provided for above, shall require a 2/3rds Super Majority vote of the City Commission. Examples of circumstances where a waiver could be considered include:
 - a) Projects of a transformative nature by the community
 - b) Projects that include a substantial investment and result in a similarly substantial increase in taxable value once completed
 - c) Other projects which the BRDA considers to be exceptional or of special circumstance which advance the community's vision and goals and result in a significant return on the community's investment
- 8) The BRDA only reimburses the *actual costs* to conduct approved eligible activities. Only a portion of the incremental taxes generated by the redevelopment project are used to reimburse approved eligible activities; the yearly reimbursement amount is based on the *actual* yearly incremental taxes collected less any applicable administrative expenses

Project Eligibility

A project automatically qualifies under the City's Brownfield Redevelopment Program if it is classified as a *facility* under Part 201 of the Act. Projects that are *functionally obsolete*, *blighted*, or represent an *historic resource* may qualify as either "Basic" or "Transformative or Exceptionally Unique" under the Brownfield Redevelopment Program due to the City's status as a Qualified Local Unit of Government (QLUG) or Core Community. Specific criteria for projects seeking to qualify under one of these last three criteria are defined further below.

Facilities

- 1) Properties that are classified as a *facility* under the Act are eligible to be reimbursed for expenses associated with environmental response activities. Applications for *facility* projects must first be submitted to the MDEQ for consideration of Brownfield plan approval. Examples of eligible reimbursable expenses for *facility* projects include the following:
 - a) Site assessment and Baseline Environmental Assessments (BEA)
 - b) Due Care Plans and activities
 - c) Evaluation including investigation and feasibility studies
 - d) Interim response activities
 - e) Remedial action
 - f) Demolition.
 - g) Lead abatement
 - h) Asbestos abatement
 - i) Infrastructure improvements
 - j) Site preparation
 - k) Interest
 - l) Response activities that are more protective of the public health, safety, and welfare and the environment than required for due care
 - m) Other actions necessary to protect the public health, safety, welfare, environment, or natural resources
 - n) The reasonable cost of liability insurance for environmental contamination and cleanup that is not otherwise required by state or federal law
 - o) The reasonable cost of developing and preparing the combined Brownfield and Work Plan
- 2) Building demolition and site demolition only, that is not a response activity
- 3) The actual listing of eligible reimbursable expenses under this policy will be consistent with the current state laws governing the Brownfield program; applicants are therefore encouraged to consult those state laws when preparing their Brownfield plan applications in order to verify currently eligible reimbursable expenses.

Functionally Obsolete, Blighted, or Historic Resource

Projects seeking to qualify as Brownfield eligible by being classified as *functionally obsolete*, *blighted*, or an *historic resource* can do so in one of two ways as outlined below. Projects which seek to qualify under this criteria must first be submitted to the Michigan Strategic Fund (MSF) for consideration of Brownfield plan approval.

Basic:

- 1) Allows for the reimbursement of the cost of demolition and site restoration costs *only*
- 2) All reimbursable expenses must be related to bringing an existing *functionally obsolete, blighted, or historic resource* site back to a level “greenfield” condition which is generally limited to costs associated with demolition, debris removal, and re-grading activities

Transformative or Exceptionally Unique:

- 1) The BRDA may consider expanding the list of eligible reimbursable activities, within the limits of the Act, for projects seeking qualification under this criteria that are transformative in nature or otherwise demonstrate an exceptional uniqueness which contributes to the character of the community
- 2) A project considered to be transformative or otherwise exceptionally unique will have a significant positive impact on the neighborhood in which it is located, contribute to the architectural resource of the community, incorporate additional safety and energy efficiency measures into its design, have a significant impact on the walkability or bikeability of residents’ ability to access the community and further the goals of the adopted non-motorized transportation plan, or contain characteristics or attributes similar to those identified above
- 3) Projects demonstrated to be *functionally obsolete, blighted, or an historic resource* under this criterial will be eligible to be reimbursed for costs allowed under the Basic category above, plus up to an additional 5% of the cost of the total project investment
- 4) The BRDA may recommend that a project is transformative or exceptionally unique if it can demonstrate it meets one or more of the following conditions:
 - a) The City would benefit by the addition of project features over and above those required by the City’s codes by allowing the use of Brownfield funds to reimburse additional eligible project expenses and therefore impact the financial ability of the applicant to upgrade the project accordingly
 - b) The project is located in one of the City’s two primary business districts (Mission Street or downtown) and involves an area or property prioritized by the City for redevelopment
 - c) The project will redevelop an existing historic building or resource as recognized by the City’s Historic District Commission, the State of Michigan, or the National Park Service
 - d) The project will result in housing types that address market demand including so-called “Missing Middle,” professionals, early retirees, and others looking for alternative living options to single family, detached housing
 - e) The project will result in demonstrated significant job creation and investment including an average wage in excess of the minimum wage requirements required at the time of plan approval
 - f) For any of the considerations under a-e above, it must be demonstrated that the proposed project would not be constructed without the use of Brownfield tax increment financial support, either because of a shortfall in project financing, competition from other jurisdictions, or other similar reasons

Other Considerations

All approved Brownfield plan applicants will submit an annual report to the City’s Finance Director by December 31st of each year, detailing the status of the project in the approved Brownfield plan and containing such information as determined necessary by the Finance Director.