



Brownfield 101

***MDEQ Brownfield
Redevelopment
Program***





Brownfield 101 Overview

- What is a brownfield?
- History of the brownfield program
- Available incentives and funding sources
- Abilities of a BRA
- Redeveloping a brownfield property
- Other tools
- Example brownfield projects





What is a brownfield?



What is a brownfield?



A piece of property
that is known to be
contaminated



Or suspected to be
contaminated based
on prior use



A brownfield can also be...



- Blighted
- Functionally Obsolete
- Historic Resource
- Adjacent or contiguous to eligible property



What is a not a brownfield?



Generally excludes agricultural and undeveloped property

Where are brownfield sites in my community?

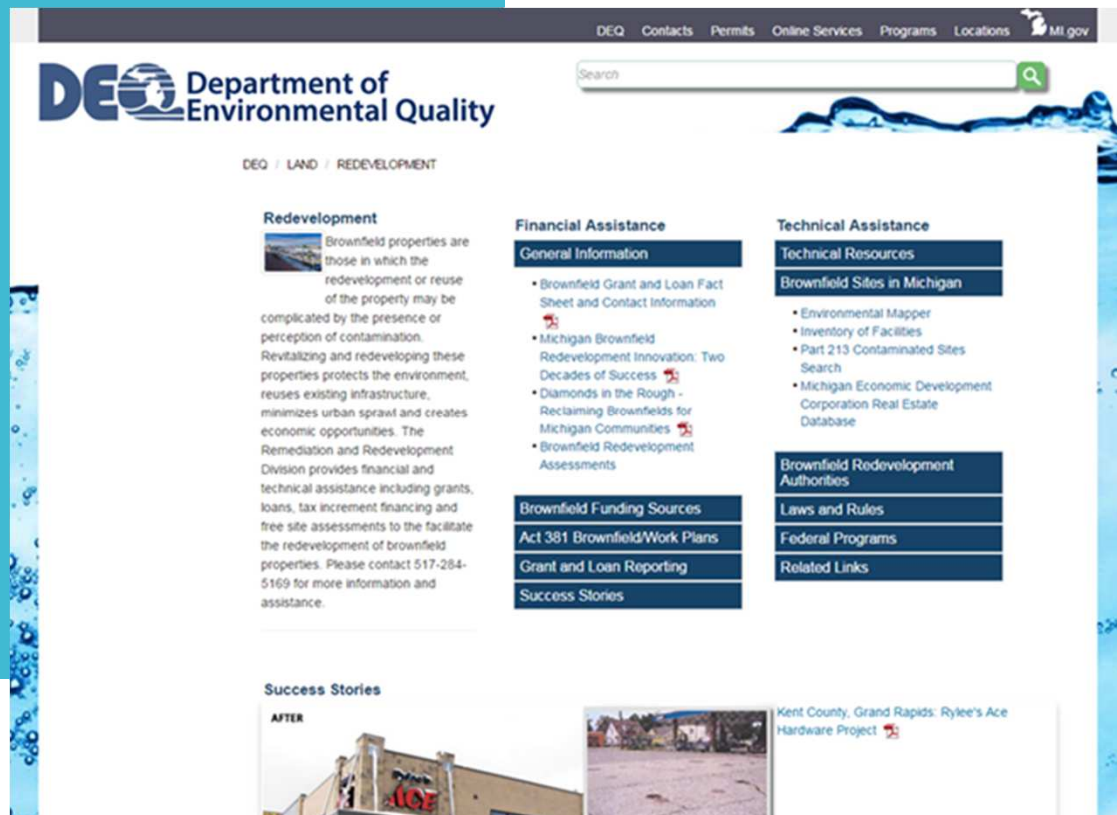


www.michigan.gov/deq

Click on LAND

Featured Online Services:

- Michigan Environmental Mapper
- Inventory of Facilities
- Storage Tank Information Database





History of the brownfield program



History of brownfield program



- Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA)
- Superfund Amendments and Reauthorization Act of 1986 (SARA)
- Natural Resources and Environmental Protection Act of 1994, Public Act (PA) 451 (NREPA)
- Brownfield Redevelopment Financing Act of 1996, PA 381



Leveling the playing field





Available incentives and funding sources



DEQ brownfield redevelopment incentives and funding sources



Grants

Loans

**Act 381 Tax
Increment
Financing (TIF)**

How is DEQ funding determined?



Note: DEQ funding cannot benefit a liable party

- 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



DEQ Grants and Loans



- **Annual Applicant Limit:**
 - 1 Grant of up to \$1M
 - 1 Loan of up to \$1M
- **CMI Origins**
- **Loan Terms**



Old Sullivan Barn, Battle Creek



DEQ Grant/Loan eligible activities



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



Who can apply for DEQ Grants and Loans?



Local Units of Government



Edgewater Transam
Building, Benton Harbor

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



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



Lemon Creek Winery
Grand Haven



What is Brownfield TIF?

R4R



Tax Increment Financing

Is the mechanism that allows capture of the increase in property taxes paid (or tax increment revenue[TIR]) when a property is redeveloped or improved



Central School, Iron River



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?



- Eligible property
- Not debt millages
- Not from schools, just defers increase



*South University Village Studio One Apartments
Wayne State University, Detroit*

Brownfield TIF: How It Works



Bridgewater Place, Grand Rapids

- Only a brownfield redevelopment authority can authorize brownfield TIF
- Tax increment revenue (TIR) 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



Initial
Value

Increment

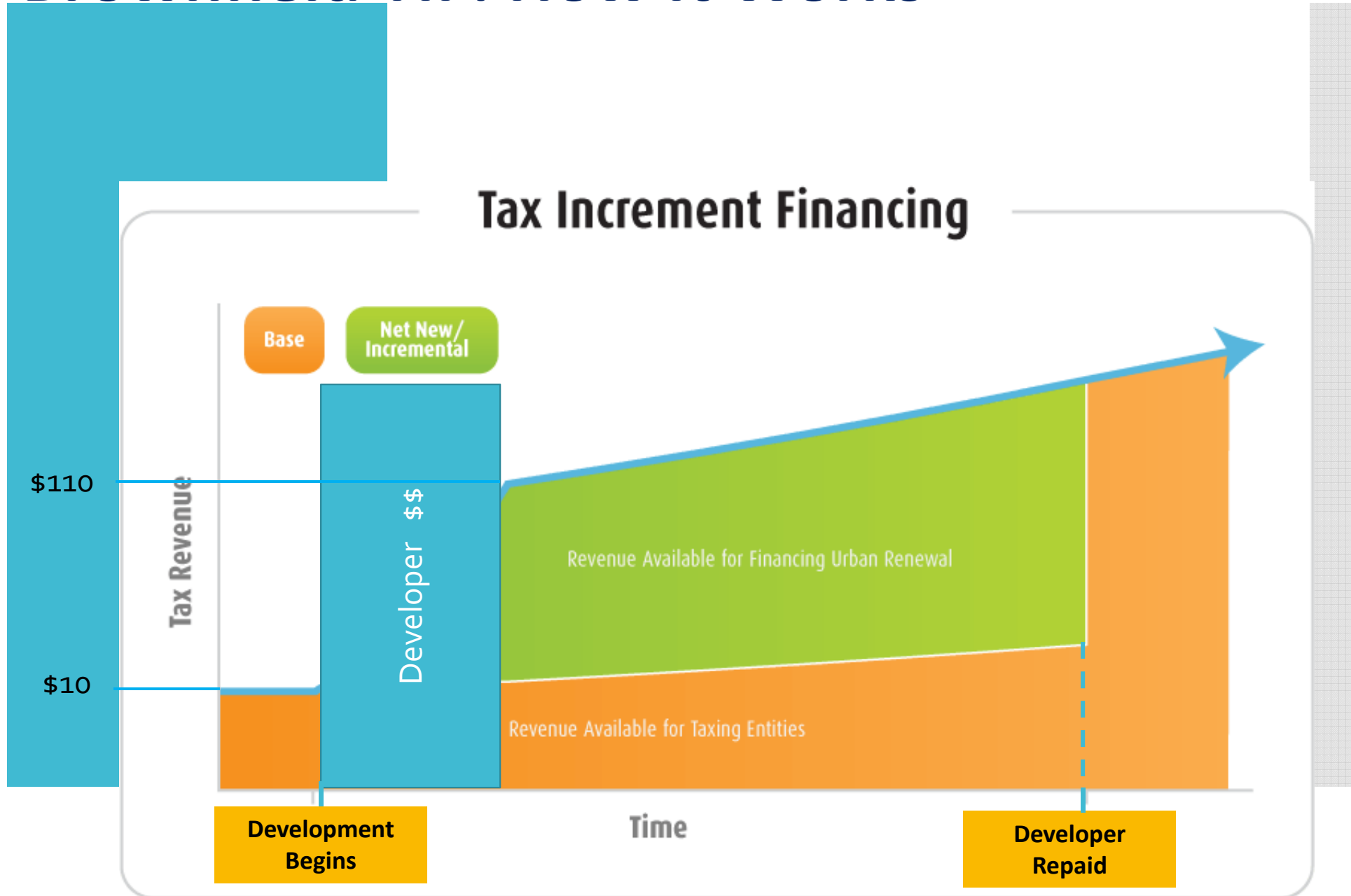
**Incremental
increase in
value –
this is the TIF**



Post-Development Value

St. Anne Lofts, East Lansing

Brownfield TIF: How It Works



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

Brownfield TIF Eligible property



Property that is contaminated above state criteria:
A.K.A. a “Facility”



Arcadia Ales, Kalamazoo

Brownfield TIF Eligible property



The Michigan Strategic Fund (MSF), administered by the Michigan Economic Development Corporation (MEDC) can approve TIF at property that is:

- A Facility
- Blighted
- Functionally Obsolete
- A Historic Resource
- Adjacent and Contiguous

Grand Traverse Commons
Traverse City



Pre-Approved Activities



- Site assessments
- BEAs
- Due care planning
- Brownfield Plan preparation
- Act 381 Work Plan preparation



Brassworks Building, Grand Rapids

What can the DEQ approve?



DEQ approval is needed to use state school taxes for environmental eligible activities:

- Due care
- Additional response activities
- Environmental Insurance
- Interest



Cardinal Health, Detroit

What can the MEDC approve?



MEDC / MSF approval is needed to use state school taxes for non-environmental eligible activities:

- Building and Site Demolition
- Lead & Asbestos abatement
- Site Preparation
- Infrastructure Improvements
- Interest



And one more thing...



The State Brownfield Redevelopment Fund

Amazon Building,
Muskegon



Abilities of a BRA

What can a BRA do?



- Approve brownfield plans and TIF reimbursement requests
 - Authorize TIR capture
 - Set duration and maximum amount that can be captured
 - Apply for grants and loans
- And more!



Citizens Bank, Traverse City

What else can a BRA do? LSRRF



One Kennedy Square, Detroit

- Establish a Local Site Remediation Revolving Fund
- Collect local and state DEQ TIF
- Fund eligible activities



Redeveloping a brownfield property



Due Diligence

Due Diligence:

- Phase I ESA
- Phase II ESA
- BEA



Risk Management, and Due Care Obligations



Risk Management:

- What is it?

Due Care Obligations:

- Preventing exacerbation
- Mitigating unacceptable exposures to hazardous substances, fire and explosion hazards and allowing use of the facility that is protective of human health and the environment
- Providing reasonable precautions against acts of a third party
- Providing access for authorized personnel
- Complying with and not impeding the integrity of land and resource use restrictions

Documentation of Due Care Compliance (DDCC)

Grant and Loan process



Grant and Loan:

- Process
- Timing



Mulch Manufacturing, West Branch Township

What's in a Brownfield Plan



Brownfield Plan:

- Description of costs
- Summary of eligible activities
- Estimate of captured taxable value and TIR
- Method by which costs will be financed
- Maximum amount of note or bonded indebtedness, if any
- Beginning date and duration of Plan
- Estimate of impact to taxing jurisdictions
- Description of the “eligible property”
- Estimate of persons residing on property and provisions and plan for relocation, if necessary
- And a few more things



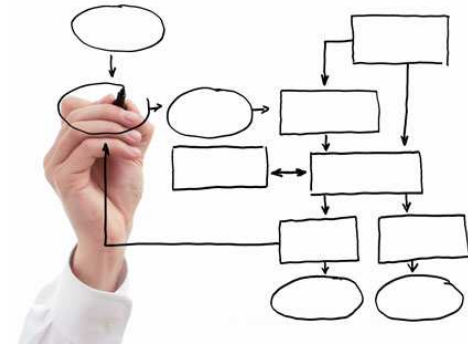
Lake Pointe apartments, Hart

Brownfield Plan process



For local tax capture:

- Prepare a Brownfield Plan
- Approval
 - BRA approves Brownfield Plan
 - Public Hearing Notification
 - Public Hearing held for Brownfield Plan
 - Brownfield Plan approved by governing body



Brownfield Plan process



LOCAL-ONLY Projects:

- Local-only TIF projects need only to have a Brownfield Plan adopted
- Plan is approved by the governing body of the jurisdiction
- No work plan is needed
- Reimbursement
- Reporting



The Garage, Northville

What's in an Act 381 work plan?



381 Work Plan:

- Additional cost and eligible activity detail
- MSF Requirements if non-environmental activities are requested
- A reimbursement Agreement
- Documentation to confirm property eligibility
- Project Renderings and Engineered Site Plans
- Copy of the Brownfield Plan and Resolution



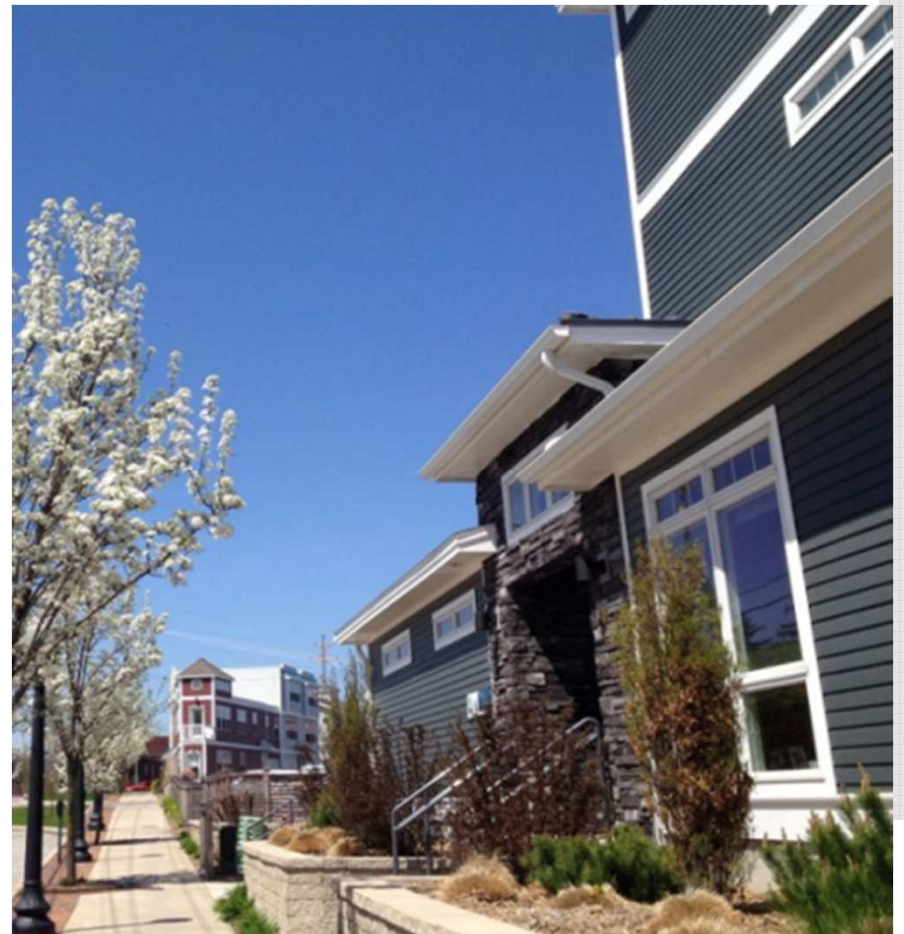
Harbor Shores, Benton Harbor

Act 381 Work Plan process



- Act 381 Work Plan Preparation
- Scoping Visit
- BRA submits the work plan
- MEDC and DEQ staff both review the project, but approve it separately.
- *Note: Pre-approved and retroactively approved activities*
- Reimbursement
- Reporting

Midtown Development,
Traverse City





Other tools



What other tools can I use?



Other DEQ Resources

- Strategic Water Quality Initiative Funds (SWQIF)
- Refined Petroleum Fund (RPF)
- Leaking Underground Storage Tank (LUST) Triage
- Brownfield Redevelopment Assessments

What other tools can I use?



EPA Brownfield Grants

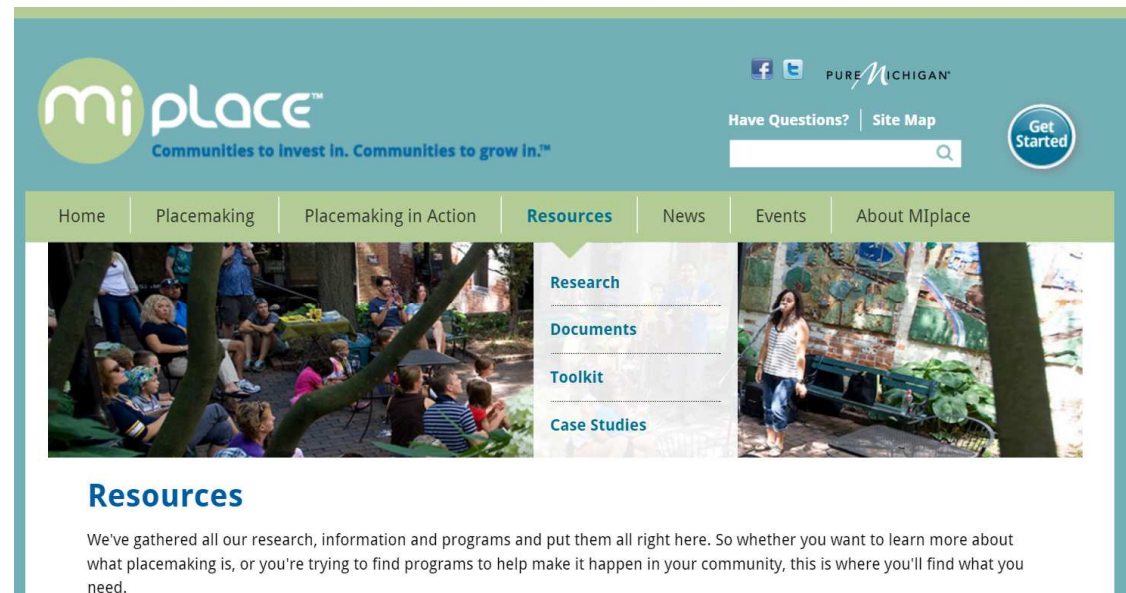
- Assessment Grants
- Revolving Loan Fund or RLF Grants
- Cleanup Grants
- Area Wide Planning Grants

What other tools can I use?



Miplace.org

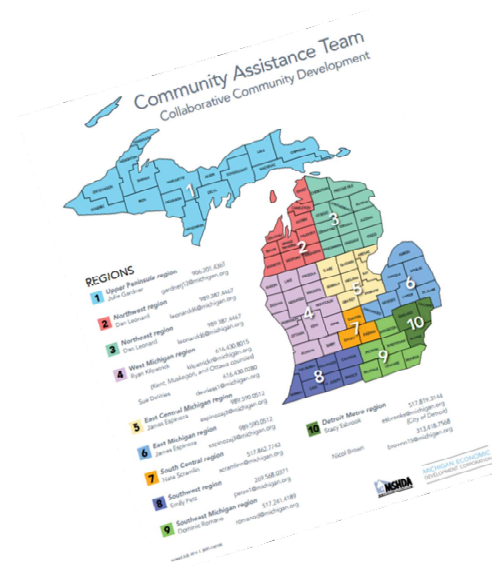
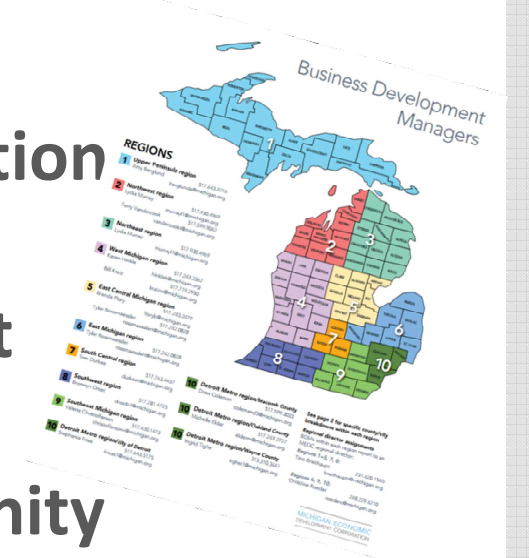
State grants, loans, and other assistance to support local placemaking at www.miplace.org. Click on Resources/Toolkit



What other tools can I use?

Michigan Economic Development Corporation

- Community Revitalization Program (CRP)
- Business Development Program (BDP)
- Public Spaces Community Places
- Etc.





Brownfield Staff

DEQ and MEDC staff work together with communities and brownfield authorities to redevelop brownfield sites





Example brownfield projects



F.C. Mason Co, St. Johns

Brownfield Project Examples



Developer
investment:
\$2,500,000
Jobs creation
estimate: 33





TBA Credit Union, Traverse City

Brownfield Project Examples



Developer
investment:
\$7,285,000
Jobs creation
estimate: 19



Brownfield Project Examples

SkyVue, Lansing



Developer
investment
estimate:
\$80,000,000
Jobs creation
estimate: 9



Chevy Commons, Flint

Brownfield Project Examples



Brownfield to Greenspace



Questions? Ask us!



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**Remediation and
Redevelopment Division**

www.michigan.gov/deqbrownfields