

Act 381 Transformational Brownfield Plan (TBP) Application Packet

In Michigan, the Brownfield Redevelopment Financing Act, 1996 PA 381, as amended (Act 381) authorizes and permits the use of school and local tax increment financing to help reduce the burden of Brownfield related costs when redeveloping affected properties. Brownfield tax increment financing, specific to reimbursement of non-environmental MSF eligible activities, is recommended to the MSF by the MEDC and authorizes the capture of School Operating and the State Education Tax millages. PA 46 of 2017 allows the MSF to approve the capture or exemption of certain construction period taxes, income tax revenue and withholding tax revenue. A TBP is defined as a brownfield plan that, among other requirements, will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment, growth in population, commercial activity, and employment that will result from the plan.

All applicants must complete the full application, which includes all the documents in the checklist below, and pay the application fee in order for the MSF to proceed with the financial analysis of the project. In order for a TBP incentive for a project to be considered by the MSF for approval, the analysis must determine that the project would not occur but for the TBP incentive. After MSF approval, the MSF will enter into a written agreement with the applicant, Treasury and associated Brownfield Redevelopment Authority. No withholding tax increment revenue and income tax capture revenue reimbursement will be processed by the State until the project is verified as complete. Annual TBP Brownfield Reporting will be required through the term of the incentive.

To be considered for assistance, all applicants must undergo a background check in accordance with the MSF Background Review Policy.

Transformation Brownfield Plan Application Checklist

	Act 381 Combined Transformational Brownfield Plan
	MEDC Proforma
	Treasury Form 5558
	Financial Underwriting Analysis Packet (pages 4-5 below)
	Non-Disclosure Form/Memo
	Background Check Forms
	Legal Due Diligence Documents
	Before Photos & Aerial Image (Google Map) with Sites Labeled
	Signature Page
	Application Fee

Application Fees for Transformational Brownfield Plans

The applicant shall be responsible for payment of all third-party costs and expenses incurred by the Michigan Economic Development Corporation (MEDC) and the MSF in connection with the TBP incentive.

1. For TBP requested awards greater than or equal to \$10 million of annual capture, the non-refundable application fee is \$30,000 plus the actual cost of any necessary third-party analysis (estimated to be between \$100,000 and \$150,000).
2. For TBP requested awards less than \$10 million of annual capture, the non-refundable application fee is \$30,000 plus any additional review costs.

Payment of fees can be made by one of the following methods:

Pay by Electronic Funds Transfer:

1. **Send payment to:**
 - a. **Routing #072000326**
 - b. **Account #878375851**
 - c. **If a description field is available, please enter “Transformational Brownfield Program (TBP) Fee”**

Pay by Check:

1. **Make checks payable to: “State of Michigan”**
2. **Please be sure to write “Transformational Brownfield Program (TBP) Fee” on the memo line**
3. **Mail the remittance check to: MEDC Finance Department
Michigan Economic Development Corporation
300 N. Washington Square
Lansing, MI 48913**

Formal Invitation

Upon determination that the project would not occur but for the TBP incentive, the applicant will be invited to formally submit remaining information including the local jurisdiction resolution.

Freedom of Information Act and Confidentiality

Any documents submitted as a part of the Financial Underwriting Analysis Packet may be subject to public disclosure under the Michigan Freedom of Information Act (“FOIA”). Applicants may request that the MSF acknowledge financial or proprietary information contained within their submissions be protected from disclosure under FOIA. “Financial or proprietary information” means information that has not been publicly disseminated or which is unavailable from other sources, the release of which might cause the applicant significant competitive harm (see Section 5(12) of the MSF Act, MCL 125.2005(12)). Such information **MUST** be identified directly within the material submitted in accordance with the following requirements:

1. Identify each component and portion of the Packet for which you are requesting confidentiality. Text, tables, or graphics **MUST** be bolded and marked with asterisks and brackets (example: ***[bold text]***) within the narrative.

2. Identify the attachment and portion(s) of the document for which you are requesting confidentiality. Text, tables, or graphics MUST be bolded and marked with asterisks and brackets (example: ***[bold text]***) on the attachment. If you are requesting confidentiality for portions of a multi-page document, you must also list the page numbers of all pages that contain information marked by asterisks, brackets and bolded text.

Financial Underwriting Analysis Packet

The applicant must provide the MSF with a packet of information that clearly and concisely addresses each point below.

1. Project Schedule

Provide project timeline(s), including anticipated key dates for each major project event: construction start, occupancy, stabilization and any others as applicable. This information should be by phase, if applicable.

2. Site and Building Plans and Specs

- A. Provide the most recent site and building plans and specifications with summary of level of finish, material, construction type, etc.
- B. Provide a detailed project program including the number and square footage of residential units, commercial square footage (by type), hotel keys, gross and rentable building area (total and for each project component), number of on-site parking spaces (surface, above-ground structure, below-ground structure), etc.
- C. Provide information related to on-site amenities (e.g., pool, lobby, rooftop, park, etc.)

3. Status of Entitlements and Special Designations or Certifications

Provide information on the status of the project's entitlements (e.g., zoning, planned unit development (PUD) applications). If the project is pursuing any special designations or certifications (e.g., National Register of Historic Places, LEED certification), please indicate the status of those applications and provide relevant supporting documentation.

4. Market Study/Support for Program and Revenue Assumptions

Provide a market study or other detailed documentation regarding the following program and operating assumptions:

- a. Number of supportable square feet, units, or hotel keys
- b. Market rents for residential or Average Daily Rate for hotel projects
- c. Anticipated absorption and stabilized occupancy
- d. Operating expenses and estimate of operating expense recoveries, if applicable
- e. Retail/office/commercial program (size and type)
- f. Retail/office/commercial income/rents (indicate lease type – gross, modified gross, NNN)
- g. Parking assumptions (number of parking spaces per unit and/or per square foot of commercial space; parking rates)
- h. Other revenue, as applicable

5. Property Tax Assumptions

Outline all assumptions and identify data sources used to derive property tax estimates, including tax rate, current and stabilized assessed values, inflation assumptions, etc.

6. Documentation of Level of Tenant Commitments

For commercial projects, provide a matrix of targeted tenants, including the status of discussions (preliminary, Letter of Intent (LOI), draft lease, etc.) and the anticipated required tenant improvement allowance for each tenant.

7. Detailed Development Budget

Identify data sources used to inform cost estimates and provide backup documentation for major line items (e.g., contractor estimates, engineer’s opinions, brokerage contract proposals, etc.).

8. Land Value/Acquisition Documentation

Provide an executed copy of your land purchase contract(s), a recent “as is” land appraisal(s), and any other documentation to justify the purchase price of the project parcels, including sales comps. If applicable, include any information regarding Environmental Site Assessment.

9. Sources of Funds and Status

Supply documentation (e.g., preliminary, LOI, Term Sheet) on the status of debt, equity, and any other financing sources. Documentation should include any financing requirements of lenders or equity partners, such as a minimum debt coverage ratio. If the project includes Historic Preservation Tax Credits, New Markets Tax Credits, and/or Low-Income Housing Tax Credits, please include any available documentation related to tax credit assumptions (e.g., term sheets indicating interest and pricing from investors).

10. TIF Note Financing Assumptions

Identify the method by which the requested TIF note will be monetized (e.g., upsized permanent financing, mezzanine financing, third-party investment, self-financing, etc.). Please outline monetization assumptions (e.g., debt coverage requirements, interest/return expectations, net proceeds) and provide all available backup documentation.

11. TIF Projections

Identify data sources used to inform TIF projection assumptions and provide all available backup documentation (e.g., project comparables, population and employment projections, income assumptions, tax rates, assessed values, inflation assumptions).

12. Developer Qualification Information

- A. Describe developer’s ability and financial capacity to complete the project.
- B. Provide an organizational chart or clear description regarding the key members of the development team and organizational capacity/staffing to undertake the project
- C. Describe prior experience, including development program and status of comparable projects
- D. Provide an outline of financial commitments and demonstration of financial capacity to complete the project
- E. Provide at least three references, including a financial reference and municipal/governmental reference for previous public-private partnership
- F. Describe and provide information on the status of any legal actions in past 10 years