

BROWNFIELD TAX INCREMENT FINANCING

Prior to inquiring about MSF/MEDC funding, project basics should be well defined.

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STEP 1 Identify and Define Project

Based on the project attributes, the community development manager or business development manager may schedule a site tour and project scoping meeting.

STEP 2 Project Scoping Meeting



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The development team submits the preliminary project materials to the community development manager or business development manager to provide an overview of the project design and approximate financial need.

ESTIMATED TIMING: 10 business days

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STEP 3 Project Feasibility Review

The community development manager or business development manager will present the project to MEDC leadership for review. If the project aligns with the brownfield program guidelines, a letter of interest or offer letter will be generated to invite the development team to continue the review process with MEDC brownfield program specialist.

ESTIMATED TIMING: 30 business days

STEP 4 Consideration for Letter of Interest or Offer Letter



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The program specialist will complete an in-depth Review to determine that the project is ready to Present to the MSF board or the delegates of the MSF board for board action.

ESTIMATED TIMING: 15 days from the time materials are received (projects typically take 30–90 days to submit materials and for the review to be completed)

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STEP 5 Program Specialist Review

The Brownfield TIF incentives are approved by the MSF board or delegates of the MSF board.

ESTIMATED TIMING: Between 5–60 business days

STEP 6 MSF Action



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The development team receives formal approval of incentives and enters reporting period.

ESTIMATED TIMING: Notification is five (5) business days; reporting and reimbursement varies depending on length of TIF capture period.

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STEP 7 Award and Reporting

The MEDC wants to tell the story of the project, the impact it has on the community and how Brownfield TIF helped make the project happen.

STEP 8 Project Promotion



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BROWNFIELD TAX INCREMENT FINANCING

MEDC's **Brownfield Program** uses tax increment financing (TIF) to reimburse brownfield-related costs incurred while redeveloping contaminated, functionally obsolete, blighted, or historic properties. This tool helps improve historic districts, restore run-down and blighted areas, or jump-start economically disadvantaged areas by reimbursing costs related to eligible redevelopment activities over the length of the brownfield plan.

The Michigan Strategic Fund (MSF), with assistance from the Michigan Economic Development Corporation (MEDC), along with the Department of Environment, Great Lakes, and Energy (EGLE), authorize the capture of the tax increment revenue by the Brownfield Redevelopment Authority. Upon capture of the tax increment revenue, the authority reimburses the developer for eligible activity costs incurred as

governed by the reimbursement agreement between the authority and developer. The MSF/MEDC portion of the program is used to reimburse for non-environmental activities and the EGLE portion of the program is used to reimburse for environmental activities.

Eligible reimbursable costs are those for demolition; lead, asbestos and mold abatement in communities statewide, and in qualified local governmental units (core communities) site preparation and infrastructure improvements are also eligible brownfield activities. Reimbursement of brownfield eligible costs helps to alleviate extraordinary costs of redevelopment as compared to greenfield development and activates critical properties.

The following checklist has been developed to help:



STEP 1 IDENTIFY AND DEFINE PROJECT

Prior to inquiring about MSF/MEDC funding, project basics should be well defined.

- Define project scope: identify the project site, square footage, current and proposed usage
- Site control: ownership or purchase agreement
- Project budget: estimated project cost
- Local support: seek project approval and estimated financial contribution from local unit of government
- MEDC brownfield guidelines does the project align with the priorities identified in the [brownfield guidelines](#) overview?
- Contact community development manager or business development manager (BDM): projects that have a funding need and align with MEDC's brownfield guidelines should be referred to your local [community development manager](#) or [business development manager](#)
- Recommendation: if the project does not align with the brownfield guidelines, your local community development manager or business development manager may be able to provide referrals for other programs or to other organizations



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STEP 2 PROJECT SCOPING MEETING

Based on the project attributes, the community development manager or business development manager may schedule a site tour and project scoping meeting.

- The project scoping meeting will include the community development manager or business development manager, project development team, local government officials and possibly other state partners such as EGLE, Michigan Department of Transportation, Michigan State Housing Development Authority, etc.
- The project development team will provide details on the project scope and approximate funding needed.
- The community development manager or business development manager will provide a high-level overview of potential funding programs, funding evaluation process and timing expectations.
- Projects that align with the brownfield guidelines will be provided guidance from community development manager or business development manager to submit additional materials outlined in Step 3.



STEP 3 PROJECT FEASIBILITY REVIEW

The development team submits to the community development manager or business development manager, the preliminary project materials to provide an overview of the project design and approximate financial need.
Estimated timing: 10 business days

- Draft Act 381 Work Plan if available (minimum of Section 1.1 of work plan, TIF table in MEDC format, eligible activity table in MEDC format, and infrastructure improvement/site prep narrative section of work plan): draft the project work plan using the instructions and templates included below.
 - a. [Act 381 Work Plan guidance](#)
 - b. [Act 381 Work Plan instructions](#)
 - c. [Act 381 Work Plan template](#)
- Preliminary floor plans completed background check forms (may be collected to expedite the process)
- Cost estimates: secure cost estimates from a third-party vendor (cannot be older than six months and only if construction costs are inconsistent with the market)
- Financing: documentation of project funding sources are needed if financing terms are inconsistent with the market. This could include, but is not limited to, bank term sheets, owner's equity statement, grants, etc. Evidence of other funding sources/local support: If applicable, this includes TIF Brownfield Plan (local approval), [Obsolete Property Rehabilitation Act \(OPRA\) resolution](#), [Neighborhood Enterprise Zone \(NEZ\) resolution](#), etc.
- Preliminary draft proforma (if available): identification of DSCR, equity contribution, and developer return is the minimum information that is acceptable to support evaluation. Project pro forma: complete the [development and operating pro forma](#)
- Photos of current site (.jpg format)
- Renderings: architectural type sketch of the proposed project development. Organization chart: complete the [organizational chart template](#)
- Site plan: if required by local unit of government for new construction projects Further resources such as instructions, guidance documents, templates, etc., can be found in the "Additional Resources" section on the Brownfield Tax Increment Financing (TIF) web page.



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STEP 4 CONSIDERATION FOR LETTER OF INTEREST OR OFFER LETTER

The community development manager or business development manager will present the project or offer letter to MEDC leadership for review. If the project aligns with the brownfield guidelines, a letter of interest will be generated to invite the development team to continue the review process with MEDC brownfield program specialist.

Estimated timing: 30 business days

- Project presentation: community development manager or business development manager presents the project to medc leadership
- Leadership review or offer letter: a decision is made whether to issue a letter of interest to development team
- Letter of interest or offer letter: a letter of interest or offer letter identifies the potential for financial support of the project and serves as an invitation to continue the project review process
- Letter of interest or offer letter execution: the letter of interest or offer letter is signed electronically by the development team and MEDC
- Project team call: community development manager or business development managers arranges a team call to introduce the development team, local unit of government and MEDC Brownfield TIF program specialist to discuss next steps



STEP 5 PROGRAM SPECIALIST REVIEW

The program specialist will request the remaining application materials to be submitted for review. The program specialist will complete an in-depth review to determine that the project is ready to present to the MSF board or the delegates for MSF board action.

Estimated timing: 15 days from the time materials are received (projects typically take 30–90 days to submit materials and for the review to be completed).

- Complete Draft Act 381 Work Plan submitted for review
 - Complete proforma (if not previously received)
 - Ensure the local brownfield redevelopment authority (BRA) is compliant with reporting requirements
 - The Act 381 Work Plan instructions (link) are used as a guide to ensure all necessary details are provided
 - Address anything missing to complete the Act 381 Work Plan or any questions for the jurisdiction and/or developer
- Local brownfield redevelopment authority required documents
 - Approved brownfield plan and resolution(s)
 - Development/reimbursement agreement, fully executed by all parties
 - Property qualifier verification (facility, blighted, functionally obsolete, and/or historic)
 - Act 381 Work Plan transmittal letter upon request from the MEDC
- Legal due diligence
 - MEDC will provide background check forms to be completed by the development team. Background check clearance is valid for six months.



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STEP 6 MSF ACTION

Brownfield TIF incentive(s) are approved by the MSF board or delegates of the MSF board.

*Estimated timing:
Between 5 – 60 business days*

- The program specialist deems the project materials are complete
- Community development manager or business development manager and program specialist will prepare a briefing memo to summarize the project for the MSF board or delegates of the MSF board
 - Projects with combined incentives over \$1,000,000: MEDC staff, development team and local government representative present the project and request support at the monthly MSF board meeting
 - Projects with combined incentives under \$1,000,000: briefing memo circulated to the delegates of the MSF board (no presentation/ meeting required)
- If necessary a resolution is drafted for projects that require MSF board approval

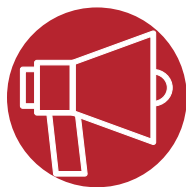


STEP 7 AWARD AND REPORTING

The development team receives formal approval of incentives and enters reporting period.

Estimated timing: Notification is five (5) business days; reporting and reimbursement varies depending on length of TIF capture period.

- Brownfield TIF incentive approval documentation
 - The development team will receive communication of the Brownfield TIF incentive approval electronically along with a copy of the final resolution
- Reporting and reimbursement
 - The local BRA will be responsible to submit annual project reporting to the MEDC through the entire TIF reimbursement period. The MEDC will provide an annual summary report to the State Legislature.
 - The BRA must be compliant with reporting requirements before a new project can be considered for approval.
 - Reimbursement is available once adequate TIR is available and development team has provided receipts to the local unit of government.



STEP 8 PROJECT PROMOTION

The MEDC wants to tell the story of the project, the impact it has on the community and how Brownfield TIF helped make the project happen.

- Jointly promote the project with groundbreakings and MEDC signage after MSF approval
- MEDC will work with local partners and development team to coordinate press releases
- Anticipate ongoing contact from MEDC staff to collect information as the project progresses

Additional Brownfield TIF information and resources can be found [here](#). Contact your local community development manager or business development manager with questions relating to the steps outlined above.

