



Policy Guidelines for Administration of Brownfield Redevelopment Projects

Adopted: April 7, 2016

PURPOSE: To establish guidelines for the administration of Brownfield Redevelopment Authority agreements and programs.

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 Act. The City of Grand Rapids created the Grand Rapids Brownfield Redevelopment Authority (GRBRA) in 1997. This policy guides the administration of the GRBRA’s Program under the Act.

POLICY

1. Application

In order to be considered for inclusion in the Program, an application must be submitted via an online portal. The application must include, at a minimum:

- a. Documentation of Site Control
- b. Site Plan
- c. Project financials (proforma, or, at a minimum, sources and uses of funds)
- d. Rent roll, where housing is included in the project
- e. Documentation of property eligibility under the Act
- f. Draft Brownfield Plan Amendment

In addition, an applicant must submit a completed Income Tax Clearance Application to the City’s Income Tax Department.

2. Review

Upon receipt of an application, staff will provide the relevant details of a project to other City departments in order to confirm that 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:

- a. That the applicant (including all individuals and non-person entities that will have an ownership interest in the project) are compliant with the City’s Income Tax Ordinance.
- b. That the project is compatible with the City’s zoning ordinance, or plans to comply.
- c. That the applicant is not delinquent on any financial obligation to the City.
- d. That the applicant does not have outstanding written orders or code compliance violations.

3. Fees

- a. Application and processing fees will be levied for applications in accordance with an annually approved fee schedule to be posted on the GRBRA's website.
- b. Applicants will be responsible for paying the fees of the GRBRA's legal counsel in connection with review, approval and processing of the application.

4. Miscellaneous Provisions

- a. Upon acquisition of the property included in a Brownfield Plan Amendment, and before becoming eligible to receive reimbursement pursuant to an approved agreement, the applicant shall have filed a completed Michigan Department of Treasury Form 2766 – Property Transfer Affidavit L-4260 with the City Assessor related to its acquisition of the property. The Property Transfer Affidavit shall be considered incomplete if the purchase price of the real estate is not entered on the form.
- b. If a project is located in another tax increment financing district (i.e. Downtown Development Authority, Corridor Improvement Authority, etc.), staff will seek a recommendation from the district's governing board on the application.
- c. The BRA recognizes that the Program is a partnership with the State of Michigan. As such, the BRA will only participate in projects that are also approved by the State, either through the MDEQ or the MSF, unless the BRA board of directors explicitly provides approval for a project to be reimbursed only from local tax increment revenues.
- d. Reimbursement will be limited to a maximum of 25 years in order to allow for 5 years of capture for the GRBRA Local Site Remediation Revolving Fund established pursuant to Section 8 of the Act.
- e. Reimbursable Brownfield Plan Amendment and Work Plan preparation fees will be limited to a maximum of \$10,000.

5. Compliance

- a. Reporting and compliance requirements will be detailed in a project's Development and Reimbursement Agreement. At a minimum, a project completion survey must be submitted within 90 days of the issuance of a certificate of occupancy for the project in a format acceptable to the GRBRA for reimbursement of eligible activity costs.
- b. For projects containing residential rental housing, certification of compliance with Chapter 140 of Title VIII of the Code of the City is required for each residential unit.
- c. The project must be operated and maintained in compliance with all applicable City codes and ordinances.

6. Waiver

The BRA may waive this policy, or any portion of it, when the GRBRA board determines that it is in the best interest of the City or the GRBRA.



Policy Guidelines for Evaluation of Brownfield Redevelopment Projects

Adopted: April 7, 2016

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

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 Act.

POLICY

1. Property Eligibility Criteria

In order to be included in the City of Grand Rapids Brownfield Redevelopment Authority (GRBRA) Brownfield Plan and to be eligible for participation in the Program, a property must meet the definition of “eligible property” as that term is defined in Section 2 of the Act.

2. Project Review and Evaluation Criteria

- a. The GRBRA is authorized to utilize Tax Increment Financing of “eligible activities”, as defined in Section 2 of the Act, by utilizing incremental taxes generated by and captured from the redevelopment of eligible property to reimburse developers and property owners for those costs.

For projects meeting the minimum qualification criteria contained in the Act, as well as the GRBRA *Policy Guidelines for Administration of Brownfield Redevelopment Projects*, adopted by the GRBRA on April 7, 2016, the GRBRA retains an annual administrative fee equal to 10% of the annual increment, to fund the operation of the brownfield program by the GRBRA. The GRBRA will, where applicable, provide to the State Treasury an amount required by Section 13(21) of the Act to fund the State Brownfield Redevelopment Fund. Remaining annual tax increment revenues from a project will be utilized to reimburse the developer for eligible costs incurred and documented.

- b. For projects that meet the above criteria, and also assist in achieving certain City Investment Criteria enumerated in Section 3 below, an additional financial incentive shall be available by reducing or eliminating the annual administrative fee of the GRBRA based on the following schedule:

PROJECT EVALUATION	LEVEL OF INCENTIVE
<i>Base Level of Support (Meets project eligibility criteria, but does not meet any City Investment Criteria)</i>	<i>10% Annual GRBRA Administrative Fee</i>
<i>Meets One City Investment Criteria</i>	<i>5% Annual GRBRA Administrative Fee</i>
<i>Meets Two City Investment Criteria</i>	<i>No Annual GRBRA Administrative Fee</i>

3. Investment Criteria

The City Investment Criteria described below have been identified in various plans developed with input from the Grand Rapids community to incentivize outcomes desired by the City and the Grand Rapids community.

- a) Sustainable Development
 - i. Achieve LEED Certification, or Net-Zero Energy Certification*
 - ii. Where stormwater runoff has been identified as a concern by the City’s stormwater division, achieve post-development stormwater runoff and drainage equivalent to pre-development conditions (no increase to runoff or flow as a result of development)

- b) Income and Housing Diversity
 - i. At least 20% of the residential housing units are affordable to individuals or families earning less than 80% of the Area Median Income (AMI). These units may be affordable due a financing mechanism (i.e. Low-Income Housing Tax Credits) or be “affordable by design” (which, for purposes of this policy, is defined as having total occupancy costs that are below 80% of AMI rental limits according to the most recent rent limits for Kent County published by the Michigan State Housing Development Authority. Total occupancy costs include rent, plus the allowances for basic utilities included in the most recently published Allowances for Tenant-Furnished Utilities provided by the U.S. Department of Housing and Urban Development), this provision to be construed in conformance with the Michigan Public Act 226 of 1988 (MCL 123.411)
 - ii. Provides a housing type (single-family attached, single-family detached, duplex, or multi-family) that is less than 20% of the existing housing in a census tract, according to the most recent decennial census, or if the census data is more than 5-years old, according to the most recent American Community Survey data.
 - iii. At least 25% of units are designed and constructed to meet the Type B requirements of the ANSI A117.1 standard (Zoning Ordinance 5.5.10.A.(2)).

- c) Quality Architecture and Site Design
 - i. Where not otherwise required, in mixed-use commercial zone districts, bring an existing building into compliance with the building element standards of the City Zoning Ordinance.*
 - ii. Where not otherwise required, comply with the parking lot landscape requirements contained in the City Zoning Ordinance.
- d) Grand River Activation as a Recreational and Cultural Amenity, and Public Access
 - i. Provides public access to and along the Grand River by permanent easement, and in conformance with Section 5.11.14 of the City Zoning Ordinance (Urban Open Space).
- e) Promote Utilization of Transit
 - i. For projects located within ¼ mile of a Bus Rapid Transit Station, or within 500 feet of a permanent covered bus shelter, provide transit passes to each resident and employees for the first two years of project occupancy.
 - ii. Project provides land (by conveyance or easement) for, and/or finances improvements related to a Bus Rapid Transit Station or other covered/sheltered transit stop.*
- f) Financial Review
 - i. An applicant may request that the GRBRA evaluate the financial feasibility of the project, in lieu of or in addition to the above criteria in order to determine whether additional GRBRA investment is justified. Economic Development staff may also evaluate a project's pro forma, financial structure and financing commitments in order to determine the feasibility of a project and may utilize this evaluation as another criteria for determining the GRBRA's level of support for a project. Due to development timelines, an accurate financial evaluation must typically be performed after all other approvals (i.e. planning/zoning and financing); therefore, this evaluation will only be performed if requested by a developer as an additional consideration for an increased level of financial incentive, and would align with other State agency support. Staff will provide a recommendation to the GRBRA Board of Directors based upon this evaluation.

****Note:** Items above that are marked with an asterisk may be considered as two investment criteria for purposes of recommending a level of incentive, based upon the financial investment required to achieve those criteria.*

4. Compliance

Reporting and compliance requirements, including any documentation or evidence necessary to verify fulfillment of any City Investment Criteria, will be detailed in a project's Development and

Reimbursement Agreement. At a minimum, a project completion survey must be submitted within 90 days of the issuance of a certificate of occupancy for the project.

5. Default

Defaulting on any of the terms and/or conditions that were utilized to achieve one or more City Investment Criteria will result in loss of the additional incentive provided by reducing the annual GRBRA administrative fee.

6. Waiver

The GRBRA may waive this policy, or any portion of it, when the GRBRA board determines that it is in the best interest of the City or the GRBRA.