



Local Brownfield Revolving Fund Policy

Adopted: January 8, 2015
Revised: 1/17/2018; 8/26/2020; 1/26/2022

The Grand Rapids Brownfield Redevelopment Authority (GRBRA) has established a Local Brownfield Revolving Fund (LBRF) as authorized under Section 8 of the Brownfield Redevelopment Financing Act, Act 381 of the Public Acts of Michigan of 1996, as amended (Act 381). The LBRF can provide grants and loans to fund *eligible activities* as defined in Act 381. Revenue for the LBRF comes primarily from tax increment revenues generated by completed Brownfield Plan projects after such projects have had certain eligible activities paid or reimbursed pursuant to a Development and Reimbursement Agreement, but the LBRF may also receive funds from any other source permitted under Act 381. The GRBRA will implement its LBRF program consistent with this policy.

Section 1) Objectives

The LBRF will provide funding to support public or private redevelopment projects located in the City of Grand Rapids (City). Projects are considered for funding based on the extent to which the project meets the goals of the City as described in various plans, including primarily:

- A. City of Grand Rapids Strategic Plan;
- B. Equitable Economic Development and Mobility Strategic Plan;
- C. City of Grand Rapids Master Plan, including Area Specific Plans.

In recommending projects for funding, staff will explicitly detail the goals that are achieved by a project.

Section 2) Use of Funds

The LBRF will be used strategically for eligible activities given financial resources available at any given time, and will be expended in the following categories:

A. Consultant fees (not to exceed 10% of annual revenues)

Eligible costs will include the professional services contracted to prepare and submit a Brownfield Plan Amendment and/or an Act 381 Work Plan as well as the cost of the GRBRA's legal services which are normally paid by the applicant. Investments will be in one of the following categories:

- i. first-time developers to reduce barriers to entry into the Brownfield Redevelopment program, and/or
- ii. to create an enhanced incentive for projects located in the Neighborhoods of Focus (see attached map).

B. Environmental Site Assessment activities (not to exceed 20% of annual revenues)

When tax increment financing is not proposed, the LBRF program will provide grant funding to pay for all or a portion of the costs of environmental site assessment required in connection with due diligence or financing/refinancing requirements in the proportions described below:

- i. 50% funding for businesses locating to or expanding in Grand Rapids;
- ii. 75% funding to first-time developers or new business ventures;
- iii. 100% funding to either (i) or (ii) if located in the Neighborhoods of Focus (see attached map).

Any project receiving a grant under this category will be required to demonstrate that the project will result in one or more of the following:

- i. New job creation
- ii. New private investment (excluding deferred maintenance or minor renovation costs)
- iii. New commercial or industrial space for business (completed to a “white box” level at a minimum, with a preference for projects that have identified tenants)
- iv. Existing businesses currently located in Grand Rapids operating in leased space with a plan to purchase property in the City for existing operations

C. Public projects (not to exceed 15% of annual revenues)

Investments generally intended to be “last in” dollars to leverage additional investment in public infrastructure projects. LBRF grants or loans in this category are not intended to replace other available funds and will be used only as determined necessary and in alignment with plans listed in Section 1.

D. Property acquisition for strategic redevelopment for economic development purposes

Assisting the City of Grand Rapids with property acquisitions made for economic development purposes according to a defined public property acquisition strategy that supports the goals of the plans listed in Section 1.

E. Private development projects

LBRF funds may be invested in private development projects as grants or loans for eligible activities on eligible property. As the LBRF has limited funds available, investment in private development projects will be limited and commensurate with the extent that the project demonstrates significant commitment to advancing the goals and strategies of the plans listed in Section 1. LBRF funding requests for privately-owned parking structures will not be considered.

Section 3) Management and Administration

The GRBRA Board will serve as the LBRF Committee and will be responsible for final decisions regarding all loans and grants, as well as all property acquisition and disposition. The LBRF Committee may set more specific funding priorities than outlined in this LBRF Policy on an annual, or more frequent basis. The GRBRA’s Executive Director will manage and oversee the implementation of the LBRF, provide recommendations to the LBRF Committee regarding individual projects, and be responsible for reporting on the status of projects, loans, grants, and the non-obligated funds available in the LBRF. The GRBRA’s legal counsel will advise on LBRF activities. The GRBRA may enter into agreements with a loan servicing provider or participating lending institution(s) if it is determined to be in the GRBRA’s best interest. Any such agreement shall be approved by the LBRF Committee.

Staff will report to the LBRF Committee not less than quarterly on the status of any outstanding loans as well as on the financial standing of the LBRF fund.

Section 4) Applicant and Property Eligibility

Borrowers or grantees may be public or private for-profit or non-profit entities and must:

- D. Have a legal interest in the property that comprises the project (ownership or binding purchase agreement);
- E. Not have contributed to nor be liable for environmental contamination at the property;
- F. Have the ability to repay a loan, if applicable, as determined solely by the LBRF Committee;
- G. Have conducted, or have plans to conduct (with or without LBRF funding) environmental due diligence, including, at a minimum, a Phase I Environmental Site Assessment prior to purchase of the property and any additional Environmental Investigations recommended by the Phase I Environmental Site Assessment;
- H. Have received all necessary approvals for the proposed project from the City (i.e. special land use, zoning, etc.);
- I. Be current on all obligations to the City, including real, personal and income tax obligations (both the applicant and any affiliated entities) and have no outstanding code compliance issues in the City.

In addition to applicant eligibility, the project must occur on a site that is eligible as defined in Act 381, and be located in the City. The determination of applicant and property eligibility is sole the responsibility of the LBRF Committee based on information submitted by the applicant.

Section 5) Application

Applicants will be required to submit an application in a form provided by the GRBRA, including all required attachments. The most current application is available on the GRBRA's website and is required to be submitted online, or, for Environmental Site Assessment grants, submitted via email. The application fee will be due at the time of application or, for Environmental Site Assessment grants, when invoiced.

Section 6) LBRF Funding Parameters

- A. Grants
Funding will be in the form of grants for consultant fees, environmental site assessment activities, public projects, and private development projects that will not generate tax increment revenues (i.e. affordable housing projects, etc.). Grants will be paid on a reimbursement basis except where paying consultants directly would provide additional benefit to the applicant.
- B. Loans
Funding for traditional private development projects will be in the form of a loan to be repaid by tax increment revenues realized from the project receiving the loan. The terms of each loan will be incorporated into a project's development and reimbursement agreement and will be negotiated on a case-by-case basis and approved by the LBRF Committee, in general conformance with the following guidelines.
 - i. Borrowers must seek tax increment financing through approval of an Act 381 Work

- Plan.
- ii. Loans will be repaid with annual tax increment revenues generated by the completed project, after the GRBRA has retained its administrative percentage of annual revenues.
 - iii. The maximum loan amount available to a project will not exceed the total tax increment revenues anticipated to be available for repayment over a fifteen (15) year period.

Section 7) Submission of Reports

The GRBRA requires one electronic copy of all reports completed (i.e. Phase I, Phase II, Baseline Environmental Assessment, Due Care Plan, No Further Action Letter, etc.) which are funded, in whole or in part, by LBRF Funds. All reports will be made publicly available.

Section 8) Amendments

The LBRF Committee, in its sole discretion, may make amendments to this Policy as it deems appropriate. The most current version of the Policy will be made available on the GRBRA's website.

Section 9) Waiver

The LBRF Committee, in its sole discretion, may choose to waive all or any part of this Policy if it determines such waiver to be in the GRBRA's best interest.

Section 10) Suspension of Tax Increment Revenue Collection

If at any time after approval of this Policy, there is a period of three consecutive fiscal years of the GRBRA in which there is no new grant or loan activity, the GRBRA will suspend capturing tax increment revenues to fund the LBRF. If, after such suspension of capture, there is a new grant or loan issued pursuant to this Policy, the GRBRA will evaluate the need to recommence capture based on the amount of funds available for grants and loans. In no event will the GRBRA attempt to capture tax increment revenues from a prior fiscal year in which revenue capture was suspended pursuant to this paragraph, such tax increment revenues already having been distributed to various taxing jurisdictions.

Section 11) Fees

Non-refundable fees will be assessed in connection with grant and loan applications and processing. Fees are assessed according to the GRBRA's fee schedule which is available on the GRBRA's website.

In addition, applicants must agree to pay the following fees, as applicable.

- A. All legal or consulting fees incurred by the GRBRA in the evaluation, processing and approval of applications.
- B. All fees incurred by the GRBRA from a participating lending institution in connection with the lending institutions participation (i.e. escrow account fees, etc.).

Neighborhoods of Focus

17 Census Tracts with higher poverty, higher unemployment, and lower rates of educational attainment than elsewhere in the city. Originally determined in 2016 by research funded by the Kellogg Foundation.

