



Policy for Administration of Brownfield Redevelopment Projects

Adopted: October 25, 2023

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

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 Section 2 of the Act. The City of Grand Rapids (the “City”) created the Grand Rapids Brownfield Redevelopment Authority (BRA) in 1997. This policy guides the administration of the BRA’s Program under the Act.

POLICY

1. Objective

The Program will provide support for qualified public or private redevelopment projects located in the City. Projects are considered for recommendation based on the extent to which a project meets the goals of the City as described in various plans, primarily including:

- 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;
- d. Grand Rapids and Kent County Housing Needs Assessment.

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

2. Property Eligibility Criteria

To be eligible for participation in the Program and included in the BRA’s Brownfield Plan, a property must meet the definition of “Eligible Property” as that term is defined in Section 2 of the Act.

3. 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 and floor plans

- c. Renderings, if available
- d. Project financials (in the proforma format provided by MEDC and/or MSHDA)
- e. Cost estimates dated within six months of application
- f. Rent roll, where housing is included in the project
- g. New and retained job details
- h. Documentation of property eligibility under the Act
- i. Draft Brownfield Plan Amendment
- j. Draft Inclusion Plan

4. Review

Upon receipt of an application, and prior to any public consideration of the 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 an adverse history of code compliance violations.
- e. That the applicant, including its affiliated entities, have not defaulted on the terms of previously executed agreements with the City or the BRA.

5. Equitable Development Initiatives – Investment Criteria

For projects that meet the above criteria, and to also assist in achieving certain Equitable Development Initiatives Investment Criteria enumerated below, an additional financial incentive shall be available by reducing or eliminating the annual Local Brownfield Revolving Fund (LBRF) withholding and administrative fee of the BRA based on the following schedule:

PROJECT EVALUATION	% ANNUAL LBRF WITHHOLDING AND ADMINISTRATIVE FEE
Meets project eligibility criteria, but does not meet any Investment Criteria	10% LBRF Withholding, 10% BRA Administrative Fee
Meets One Investment Criterion	5% LBRF Withholding, 10% BRA Administrative Fee
Meets Two Investment Criteria	0% LBRF Withholding, 10% BRA Administrative Fee
Meets Three Investment Criteria	0% LBRF Withholding, 5% BRA Administrative Fee
Meets Four Investment Criteria	0% LBRF Withholding, 0% BRA Administrative Fee

The Equitable Development Initiatives Investment Criteria described below have been identified in various plans developed to incentivize outcomes desired by the City and the Grand Rapids community. Defaulting on any of the terms and/or conditions that were utilized to achieve one or more Investment Criteria will result in loss of the additional incentive provided by reducing the annual LBRF withholding and/or BRA administrative fee, as applicable. Any activity utilized for an additional incentive under this Policy may not also be used for an additional incentive under any other City or BRA Policy.

a. Sustainable Development

- i. Achieve LEED Gold or Platinum, WELL, PHIUS, Living Building Challenge or Net-Zero Energy Certification *
- ii. Project includes efforts to utilize electric vehicles (EV) with adequate EV charging infrastructure on site, meaning that no less than 10% of parking spaces have an EV charging station.
- iii. High-efficiency electric implementation (i.e., air source heat pumps, heat pump water heaters, electric appliances, etc.).

b. Housing Type Diversity

- i. 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.
- ii. 10% or more of the proposed rental units are three-or-more bedroom units.

c. Promote Utilization of Transit

- i. Project provides land (by conveyance or easement) for, and/or finances improvements related to a covered/sheltered public transit stop.

d. Emerging developers or Neighborhoods of Focus

- i. Projects being proposed by emerging developers or those located in the City's identified Neighborhoods of Focus (see attached map). For the purposes of this policy, an emerging developer is defined as *"a person with limited experience in the development or redevelopment of real estate who may be supported by a network of more experienced development professionals, or an organized program designed to support first-time and less experienced developers. If the individual(s) are members of an entity (i.e., a limited liability company) then the individual(s) meeting the definition of an emerging developer must have no less than 25% ownership of the entity, including no less than 25% of the potential financial risk and reward."*

e. Housing Development Activities *

- i. Project includes "Housing Development Activities" as defined in Section 2(x) of the Act, and that provide income and rent restricted housing as a component of the project.

***Note:** May be considered as two Investment Criteria for purposes of recommending a level of incentive, based upon the financial investment, and/or the anticipated housing financial gap, required to achieve these criteria.

6. Fees

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

7. Miscellaneous Provisions

- a. For projects meeting the minimum qualification criteria contained in the Act, the BRA retains an annual LBRF withholding equal to 10% and an annual administrative fee equal to 10% of the annual increment (subject to proportional reductions due to limitations in the Act, or reductions achieved pursuant to Section 5 above) to fund the operation of the Program. The BRA will, where applicable, withhold and provide to the State Treasury an amount required by Section 13b(14) 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, subject to BRA approval.
- b. 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.
- 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, through the Department of EGLE, and either the MSF or MSHDA, as applicable. Projects may be approved for local tax reimbursement only if the benefit of EGLE and/or MSF/MSHDA approval does not provide meaningful value to the project (e.g., projects that are owner-occupied). The BRA Board of Directors shall explicitly provide 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 BRA LBRF established pursuant to Section 8 of the Act, unless the BRA Board of Directors explicitly provides approval for project reimbursement exceeding 25 years.
- e. Reimbursable Brownfield Plan Amendment and Work Plan preparation fees will be limited to a maximum of \$25,000.

8. 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 BRA 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.

9. Waiver

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

