



## Local Brownfield Revolving Fund Policy

Adopted: January 8, 2015

Revised: 1/17/2018; 8/26/2020; 1/26/2022, 10/25/2023

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 objectives or community needs 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;
- 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.

### Section 2) Use of Funds

The LBRF will be used strategically for eligible activities as permitted by Act 381 given the financial resources available at any given time, and will be prioritized and allocated annually in the following categories. Annual allocations in excess of those defined below must be approved by the GRBRA board:

#### A. Environmental Site Assessment Grant Program (up to 20% of annual revenues)

When tax increment financing or other LBRF grant/loan funding will not be utilized for a project, the LBRF program will provide Environmental Site Assessment 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, or existing businesses, who are currently tenants and purchasing property for their business;
- ii. 75% funding for emerging developers (as defined below), or new business ventures;
- iii. 100% funding if project 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. New housing units (minimum of 4 units).

#### B. Homeownership

LBRF Funds will be leveraged to support projects providing income-restricted, below-market rate homeownership units. Funds will be deployed in a manner that ensures ongoing sustainability of the LBRF and assists households that would not otherwise be able to affordably access homeownership, and where a tax increment financing model alone would not facilitate the intended outcome. The use of other programs and program funds will be leveraged to the extent feasible on a project-by-project basis to maximize the number of units the LBRF can support.

#### C. Emerging Developers

*Emerging Developers are 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.”*

LBRF funds will be invested in various ways depending on the specific project details, including grants for predevelopment expenses, subordinated loans, bridge loans and/or forgivable loans to the extent necessary based on project underwriting.

#### D. Strategic Development Projects

LBRF funds may be invested in public or private development projects as grants or loans for eligible activities on eligible property. As the LBRF has limited funds available, investment in these 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, considering other priorities for LBRF funding. 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:

- A. Have a legal interest in the property that comprises the project (ownership or binding purchase agreement);
- B. Not have contributed to nor be liable for environmental contamination at the property;
- C. Have the ability to repay a loan, if applicable, as determined solely by the LBRF Committee;
- D. 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;
- E. Have received all necessary approvals for the proposed project from the City (i.e. special land use, zoning, etc.);
- F. 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. 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 alternative arrangements would provide additional benefit to the applicant or be required to facilitate the proposed project.
- 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 a Brownfield Plan Amendment and, as applicable, 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.

#### **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 institution's participation (i.e., escrow account fees, etc.).

