

# Introduction to Brownfields



## P.A. 381 – Brownfield 101



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**Presenter:**

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## Experience:

- Uniquely crafted solutions toward the redevelopment of distressed and underperforming real estate assets
- 33-years of multi-disciplinary real estate experience in development finance, environmental & civil engineering, consulting, development, owner's representation, and construction management
- Former Brownfield Program Team Leader for Michigan Economic Development Corporation (MEDC) - responsible for developing/implementing Brownfield strategies, policy & guidance documents for the State of Michigan's Brownfield Programs (Tax Increment Financing & Credits)
- Certified Economic Development Finance Professional (EDFP)
- Incentives experience includes over 60 enhancement programs at the federal, various states & local government level including, Incentive Packaging, Strategic Planning & Policy Structuring/Facilitation and Securing numerous types of: Grants & Loans, Tax Increment Financing & Abatement incentives, Tax Credits, and other programs
- Project redevelopment experience in every type and size of local unit of government across Michigan

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## Brownfield Tax Increment Financing (TIF):

- Michigan Public Act 381 of 1996, as amended (P.A. 381). The primary purpose of P.A. 381 is to promote the revitalization, redevelopment, and reuse of qualifying properties by providing economic incentives through tax increment financing to pay for certain approved eligible activities. The Allegan County Brownfield Redevelopment Authority (Authority) is authorized by P.A. 381 to undertake all activities allowed by the statute.
- On July 18, 2023, legislation was signed to amend P.A. 381 with a major change to add housing development projects and give the Michigan State Housing Development Authority (MSHDA) the review and oversight for this funding role. Qualifying property is no longer required to be a 'traditional brownfield' if property is going to be used for housing.

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## Brownfield TIF Qualifying Criteria:

- **Facility** - Including a facility, site, or property as defined in Part 201 and Part 213. Generally, contamination exceeds residential criteria, or;
- **Blighted** - (1) Attractive nuisance to children, utilities permanently disconnected, fire hazard, subsurface debris (2) Designated by local government (3) "Previously Developed Property" owned by the state or a municipality (Township, Village, City, County) (4) More as outlined in P.A. 381, or;
- **Functionally Obsolete Property** - Unable to perform the function it was originally intended for (need level III or IV assessor), or;
- **Historical Resource** - A building that is on the Historic Register or in a Historic District, or;
- **Housing Property (P.A. 381 amendments on July 18, 2023)** – In part, for households at or below 120% Area Median Income (AMI), property on which one or more units of residential housing are proposed to be constructed, rehabilitated, or otherwise designed to be used as a dwelling; or one or more units of residential housing proposed to be constructed or rehabilitated and located in a mixed-use project, and;
- Also includes property that is adjacent and or contiguous to property qualifying as either a facility, blighted, functionally obsolete, historic resource, or housing property within the project.

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## Housing Property Brownfield Project (further explained):

- Eligible Activities for “Housing Property” must be “located in a community that has identified a specific housing need and has absorption data or job growth data included in the brownfield plan”.
- "Income qualified household" – a person, a family, or unrelated persons living together, whose annual household income is not more than 120% of the area median income.
- "Income qualified purchaser household" – a purchaser who is, or who is a member of, an income qualified household.

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## Housing Property Brownfield Project (further explained):

- "Income qualified renting household" – a renter who is, or who is a member of, an income qualified household.
- "Household income" – all income received by all individuals who are not less than 24 years of age when the household income is determined and who reside in a household.
- "Area median income" – the median income for the area as determined under section 8 of the United States housing act of 1937, 42 USC 1437f, adjusted for family size.

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## Housing Property Brownfield Project (further explained):

04/01/2025 INCOME AND RENT LIMITS

FOR HOUSEHOLDS  
AT OR BELOW 120%  
AREA MEDIAN  
INCOME (AMI)

RENTS AND HOME  
PRICES ARE BASED  
ON 30% OF AMI

County: 03 Allegan

Effective Date: 4/1/2025

Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
20%	14,100	16,120	18,120	20,140	21,740	23,360	24,980	26,600
25%	17,625	20,150	22,650	25,175	27,175	29,200	31,225	33,250
30%	21,150	24,180	27,180	30,210	32,610	35,040	37,470	39,900
35%	24,675	28,210	31,710	35,245	38,045	40,880	43,715	46,550
40%	28,200	32,240	36,240	40,280	43,480	46,720	49,960	53,200
45%	31,725	36,270	40,770	45,315	48,915	52,560	56,205	59,850
50%	35,250	40,300	45,300	50,350	54,350	58,400	62,450	66,500
55%	38,775	44,330	49,830	55,385	59,785	64,240	68,695	73,150
60%	42,300	48,360	54,360	60,420	65,220	70,080	74,940	79,800
70%	49,350	56,420	63,420	70,490	76,090	81,760	87,430	93,100
80%	56,400	64,480	72,480	80,560	86,960	93,440	99,920	106,400
100%	70,500	80,600	90,600	100,700	108,700	116,800	124,900	133,000
120%	84,600	96,720	108,720	120,840	130,440	140,160	149,880	159,600

Rent By Bedroom	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
20%	352	377	453	523	584	644
25%	440	472	566	654	730	805
30%	528	566	679	785	876	967
35%	616	661	792	916	1,022	1,128
40%	705	755	906	1,047	1,168	1,289
45%	793	849	1,019	1,177	1,314	1,450
50%	881	944	1,132	1,308	1,460	1,611
55%	969	1,038	1,245	1,439	1,606	1,773
60%	1,057	1,133	1,359	1,570	1,752	1,934
70%	1,233	1,322	1,585	1,832	2,044	2,256
80%	1,410	1,511	1,812	2,094	2,336	2,579
100%	1,762	1,888	2,265	2,617	2,920	3,223
120%	2,115	2,266	2,718	3,141	3,504	3,868

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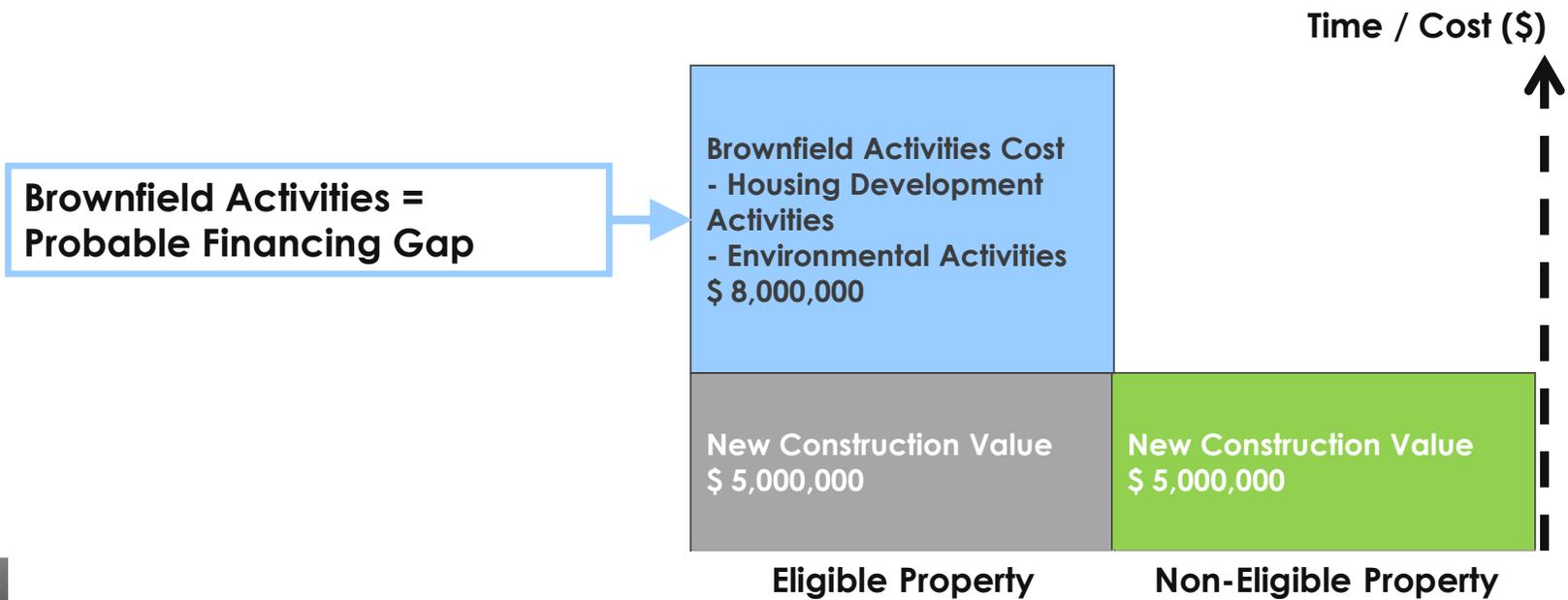
## Tax Increment Financing (TIF):

- The Brownfield Tax Increment Financing (TIF) program in Michigan is designed to capture increased tax revenue from a project's specific property for a specified period of time and use that new incremental tax revenue to cover eligible costs related to the project.
- The increased tax revenue often makes the project financially viable, and there are no out of pocket costs for municipalities.
- TIF projects boost economic development and support the local and state economy.

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## How the TIF Incentive Works: Financing Gap



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## How the TIF Incentive Works: Incremental Taxable Value

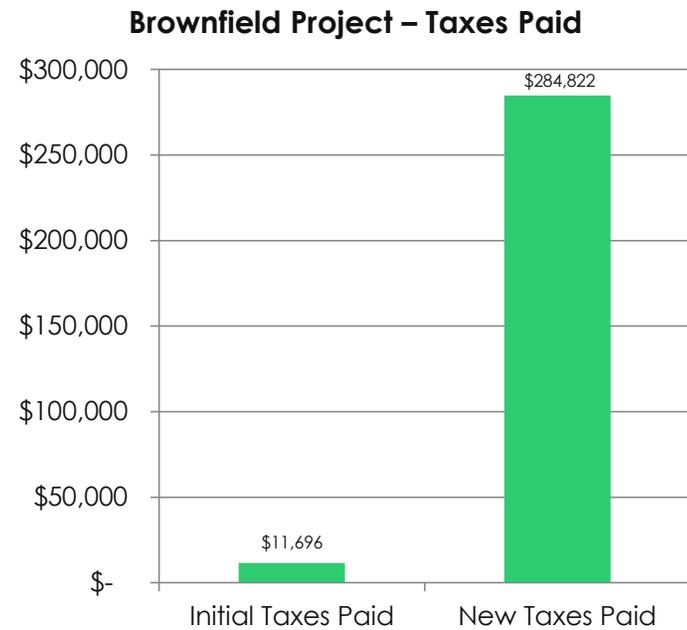
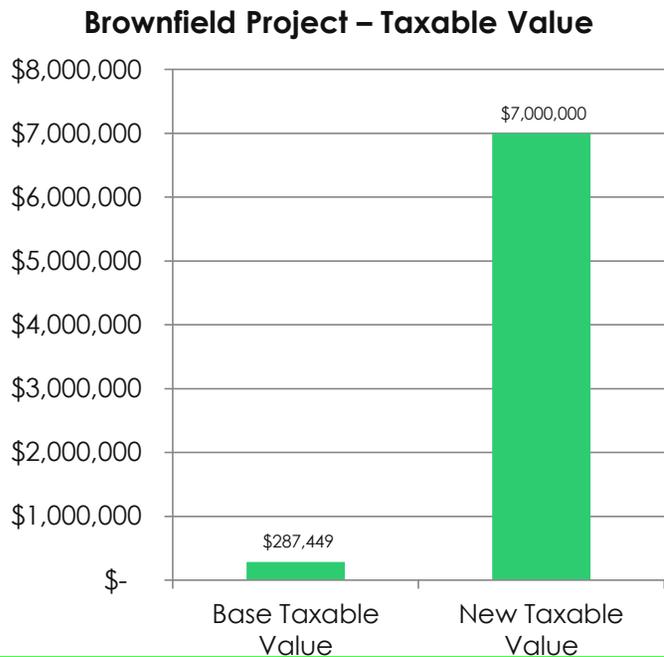
The difference between the base taxable value of the property and the new taxable value after improvements is the *“increment”*



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## How the TIF Incentive Works: Example Brownfield Project



$\$8,000,000 \text{ Brownfield Costs Gap} / \$273,126 \text{ in Annual Captured Taxes} = 29 \text{ Years to pay the developer back for eligible Brownfield expenses}$

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## EGLE Eligible Activities: Environmental (with some example activities)

- Statewide:
  - Brownfield Plan and Act 381 Work Plan Preparation, Plan implementation, including, but not limited to, tracking and reporting of data and plan compliance
  - Work Plan Approval Exempt Activities: Assessments – Phase I & II ESAs (Investigations, Sampling, and Analysis), Baseline Environmental Assessments (BEAs)
  - Work Plan Approval Exempt Activities: Due Care Planning – Further Investigations/Sampling/Analysis, Mitigation System Designs
  - Due Care Activities – Include the minimum response activity and obligations necessary for the safe reuse of contaminated property (Contaminated Soil Management, Vapor Mitigation System)
  - Response Activities – Those activities necessary to address or remove contamination that are in addition to the minimum requirements for due care
  - Other Activities – As per the state's Act 381 Work Plan Guidance document

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## MSF Eligible Activities: Non-Environmental (with some example activities)

- Brownfield Plan and Act 381 Work Plan Preparation, Plan implementation (Statewide), including, but not limited to, tracking and reporting of data and plan compliance
- Demolition (Statewide) – Site and Building (interior, part or whole)
- Lead, Mold and Asbestos Abatement (Statewide) – Assessing/Surveying, Sampling/Reporting & Abatement
- Assistance to a Land Bank Fast Track Authority (Statewide)
- Relocation of Public Buildings or Operations (Statewide)
- Infrastructure Improvements (Core Community only) – Publicly owned and maintained, support the project and also serve others/public. Also includes Privately owned such as private “urban” storm water management systems and underground & private multilevel parking structures
- Site Preparation (Core Community only) – Activities that “green” the site, level the playing field between a greenfield and Brownfield sites, and support downtowns

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## MSHDA Eligible Activities: Housing Development (with some example activities)

- Statewide:
  - Brownfield Plan and Act 381 Work Plan Preparation, Plan implementation, including, but not limited to, tracking and reporting of data and plan compliance, including costs to implement, monitor, and maintain compliance with the income and price monitoring responsibilities associated with housing development activities
  - Demolition – Site and Building (interior, part or whole)
  - Lead, Mold and Asbestos Abatement – Assessing/Surveying, Sampling/Reporting & Abatement
  - Infrastructure Improvements, necessary for a Housing Project – Concrete/Asphalt Roads, Utilities (water, sanitary, storm, electric), Parking Areas/Structures, Sidewalks/Drives, Green-build Features
  - Site Preparation – Clearing & Grubbing, Grading & Land Balancing, Backfill & Compaction, Soil Erosion Sedimentation Controls, Sheeting & Shoring
  - Renovation of Existing Buildings – To the extent necessary to accommodate an income qualified purchaser household or income qualified renting household

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## MSHDA Eligible Activities: Housing Development (with some example activities)

- Statewide:
  - Qualified Rehabilitation – Of rental units
  - Safety Improvements, necessary for a Housing Project – Electric Hazards, Elevator, Fire Suppression System including Water Connection
  - Temporary Household Relocation – Costs for an income qualified household such as Relocation Move-out/Move-In, 1-Year Rental Costs
  - Housing Financing Gap – Associated with the development of housing units for income qualified households
  - Acquisition – For blighted or obsolete rental units, to the extent the acquisition would promote rehabilitation or adaptive reuse of the blighted or obsolete rental unit to accommodate an income qualified purchaser household or income qualified renting household

*MSHDA – Michigan State Housing Development Authority*

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## Brownfield TIF Process:

- Project is proposed by a developer to the Allegan County Brownfield Redevelopment Authority (Authority) and local unit of government (either a township, village or city).
- If local unit of government (township, village or city) and Authority supports proposed project the developer drafts a Brownfield Plan.
- Brownfield Plan must be approved through a Resolution by the local unit of government (township, village or city).
- Brownfield Plan then must be approved by the Authority, and the Authority recommends consideration for adoption by the Allegan County Board of Commissioners.
- Allegan County Board of Commissioners holds a Public Hearing for the Brownfield Plan request.
- If Allegan County Board of Commissioners (BOC) supports the project and Brownfield Plan, through a Resolution BOC adopts the Brownfield Plan.
- Authority and developer enter into a Brownfield Reimbursement Agreement.
- If the developer is asking for state tax capture in addition to local tax capture, the developer creates an additional document called an Act 381 Work Plan for approval by up to three state agencies (EGLE, MSF, MSHDA).

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## Thank You ! Questions ?

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