

Policy for Administration of Brownfield Redevelopment Projects

I. PURPOSE

To establish guidelines for the administration of Brownfield Redevelopment Authority Program and project applications.

II. 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 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 Eligible Activities costs as defined in Section 2 of the Act. The City of Ionia (the "City") created the Ionia Brownfield Redevelopment Authority (BRA) on April 8, 1997. This policy guides the administration of the BRA's Program under the Act.

III. OBJECTIVES

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

- City of Ionia Master Plan, including Area Specific Plans
- City of Ionia and Ionia County Housing Needs Assessment

In recommending projects for funding, staff will detail the extent to which City goals are met by a project.

IV. PROPERTY ELIGIBILITY CRITERIA

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.

V. APPLICATION

Prospective developers are advised to contact the City Manager before preparing materials for an application to the City of Ionia Brownfield Redevelopment Authority. Once the City Manager's support for the project is secured, the prospective developer will be asked to provide a written statement or letter of interest (there is no application form) with the following information.

- a. Summary of the proposed project, including schedule and deadlines
- b. Documentation of Site Control or a purchase agreement showing terms and conditions of property acquisition and proposed closing date
- c. Site plan and floor plans
- d. Renderings, if available
- e. Project financials
- f. Eligible activities cost estimates dated within six months of application
- g. [Rent schedule and targeted incomes](#) using MSHDA criteria, where income-restricted housing is included in the project
- h. New and retained jobs by type and compensation rate
- i. Documentation of property eligibility under the Act
- j. A description of how the project meets the Development Initiatives listed below, if any
- k. Proposed eligible activities

Once an application has been approved by the BRA, the applicant shall provide a Brownfield Plan using the State of Michigan's guidance and format, including conditions requested by the BRA for the BRA's approval.

VI. 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 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:

- 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.
- That the project is compatible with the City's zoning ordinance or plans to comply.
- That the applicant is not delinquent on any financial obligation to the City.
- That the applicant is not a debarred/suspended vendor as defined by the federal government and does not have outstanding written orders or an adverse history of code compliance violations.
- That the applicant, including its affiliated entities, have not defaulted on the terms of previously executed agreements with the City or the BRA.

VII. DEVELOPMENT INITIATIVES CRITERIA

Projects that meet the following criteria will be given extra weight in plan reviews. Projects are minimally required to meet state eligibility criteria as defined in the Act, but if a project includes

any of the local priority criteria listed below, the City of Ionia BRA will look more favorably on requests to reduce or defer fees so that the developer is reimbursed more quickly and/or with a lower up front cost.

1. Sustainable Development

- a. Project will achieve LEED certification, WELL, PHIUS, Living Building Challenge or Net-Zero Energy Certification, or a comparable standard.
- b. No fewer than 10% of parking spaces, garages, or carports on the project site will have an EV electric vehicle (EV) charging station.
- c. Project will use high energy efficiency building features.

2. Housing Type Diversity

- a. 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.
- b. 10% or more of the proposed rental units are three-or-more bedroom unit.

3. Emerging Developers or Neighborhoods of Focus

- a. Project is being proposed by emerging developers.
- b. Project is located in the City's Neighborhoods of Focus (all areas of the City of Ionia north of the Grand River, plus the 164-acre former Deerfield/Riverside site, located on Harwood Road).

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."

4. Housing Development Activities

- a. Project includes "Housing Development Activities" as defined in Section 2(x) of the Act and is a mixed-use project that encompasses housing and other uses (i.e., retail, office) in a single structure or within a holistic, high density, pedestrian oriented and interrelated/interdependent project. Housing Development

Activities must also provide income and rent restricted housing as a component of the project.

- b. 10% or more of new housing units will be designated for residents living in Ionia at least 51% of the year and making 120% or less of Ionia's Area Median Income.

VIII. MISCELLANEOUS PROVISIONS

1. For projects meeting the minimum qualification criteria contained in the Act, the BRA will annually collect 10% of Tax Increment Revenues for its Local Brownfield Revolving Fund (LBRF) and an annual administrative fee described below (subject to proportional reductions due to limitations in the Act, or reductions costs reduced or waived pursuant to Section 8 below) 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, to fund the City of Ionia LBRF, and to pay for BRA Administration and Plan Implementation Costs, subject to BRA and Ionia City Council approval.
2. Upon acquisition of property included in a Brownfield Plan, 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.
3. The BRA recognizes that the Program is an opportunity to leverage financial participation by the State of Michigan in projects. As such, the BRA will strongly encourage applicants to pursue financial support from the Michigan Department of Environment, Great Lakes, and Energy (EGLE), the Michigan Strategic Fund (MSF), and/or the Michigan State Housing Development Authority (MSHDA), as applicable. The BRA may condition its approval of a brownfield plan on participation by the applicable state agency.
4. Reimbursement will be limited to a maximum of 25 years. The BRA may approve more or less than 25 years at its discretion and depending on the public good that results from the Project.
5. Legal and consulting fees that are not in the ordinary course of acquiring and developing real estate will be limited to a maximum of \$30,000 as allowed by the Act. This includes fees paid to the BRA for its brownfield and legal fees. Costs in excess of \$30,000 are the responsibility of the applicant.

6. Reimbursable brownfield plan or work plan implementation as defined by the Act will be limited to \$50,000 pursuant to the Act. Implementation should be included in every plan that will be submitted to the State of Michigan for approval.

IX. COMPLIANCE

Reporting and compliance requirements will be detailed in a project's Development and Reimbursement Agreement. At a minimum, a project completion report must be submitted within 90 days of the issuance of a certificate of occupancy for the project in a format provided by the BRA for reimbursement of eligible activity costs. The required report contents will be provided in the Development and Reimbursement Agreement.

For projects containing residential rental housing, certification of compliance with Chapter 858 of Part Eight of the City of Ionia Codified Ordinances is required for each residential unit.

The project must be operated and maintained in compliance with all applicable City codes and ordinances. Non-compliance may result in a suspension of reimbursement for eligible activities until the project returns to compliance.

X. 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.

XI. CITY OF IONIA BRA FEE SCHEDULE

Application Fee: An application fee will be levied for applications in accordance with an approved fee schedule that is updated from time to time and posted on the BRA's website. The fee shall be paid by the applicant at the first submittal of the application. Such fees will be based on the total project investment. The application fee schedule is as follows:

Less than \$1 million:	\$ 500
\$1 million to \$9,999,999	\$1,500
\$10 million+	\$3,000

BRA Consultant and Legal Counsel Fees: Applicants will be responsible for paying reasonable fees of the BRA's brownfield consultant and legal counsel in connection with review, approval, and processing of the application, brownfield plan, Act 381 work plan,

development and reimbursement agreement, and other documents associated with project incentives.

Administrative Fee, Brownfield Plan and Work Plan Implementation: The brownfield plan and, if applicable, Act 381 work plan shall include an annual administration and implementation fee totaling no less than \$3,000, adjusted annually for inflation at the rate of the Consumer Price Index five years from the first year of the plan and annually thereafter. The fee will be paid first from the statutory \$50,000 allowed for brownfield plan and work plan implementation, as permitted by the Act. The \$50,000 shall be distributed in equal annual payments from tax increment revenues to the sole benefit of the BRA, unless otherwise negotiated. If the \$50,000 prorated over the life of the approved plan does not equal at least \$3,000 of the eligible activities per year, an administration fee shall be added to the plan to make up the shortfall. The administrative and implementation fee shall be paid to the City of Ionia BRA from Tax Increment Revenues before reimbursement is made to the applicant.

Local Brownfield Revolving Fund Contribution: The BRA shall collect 10% from the project's tax increment revenues annually.

Certain fees may be waived, reduced, or delayed for projects that include the BRA's Development Initiatives defined above. The developer's project application should include any proposed fee reductions or waivers.

Defaulting on any of the terms and/or conditions that were utilized to achieve fee reductions for Development Initiatives will result in loss of the fee waiver, reduction, or delay. Any Development Initiative under this Policy may not be used for an additional incentive that requires City of Ionia approval.

**CITY OF IONIA BROWNFIELD REDEVELOPMENT AUTHORITY
 BROWNFIELD INCENTIVE APPLICATION EVALUATION**

Pursuant to the City of Ionia Brownfield Redevelopment Authority’s (BRA) guidance, city staff and/or the BRA’s consultant will evaluate projects using the following criteria.

Project name, developer contact information:	
Reviewed by / date:	
Is the property an eligible property? (Blighted, functionally obsolete, contaminated, housing, historic, at a transit hub.) If blighted or functionally obsolete, has it been declared as such by an assessor?	
Is the project consistent with the City’s Master Plan, including Area Specific Plans?	
If the project includes housing, is it consistent with the City of Ionia and Ionia County Housing Needs Assessment?	
Does the statement / letter of interest include all the requested information? a. Summary of the proposed project b. Documentation of Site Control or a purchase agreement showing terms and conditions of property acquisition and proposed closing date c. Site plan and floor plans d. Renderings, if available e. Project financials f. Eligible activities cost estimates dated within six months of application g. Rent schedule and targeted incomes using MSHDA criteria, where income-restricted housing is included in the project h. New and retained jobs by type and compensation rate i. Documentation of property eligibility under the Act j. A description of how the project meets Development Initiatives Criteria	

k. Proposed eligible activities	
Does the project include any Development Initiatives Criteria for sustainability?	
Does the project include any Development Initiatives Criteria for Housing Type Diversity?	
Does the project include any Development Initiatives Criteria for Emerging Developers or Neighborhoods of Focus?	
Does the project include any Development Initiatives Criteria for Housing Development Activities?	
Is the applicant (including all individuals and non-person entities that will have an ownership interest in the project) compliant with the City's Income Tax Ordinance?	
Is the project compatible with the City's zoning ordinance or is there a plan to comply? Is a zoning variance required?	
Is the applicant delinquent on any financial obligation to the City?	
Is the applicant a debarred/suspended vendor as defined by the federal government or do they have outstanding written orders or an adverse history of code compliance violations?	
Is the project recommended for consideration by the City of Ionia BRA? If yes, forward to BRA members for consideration at the next scheduled or a special meeting	

Additional comments:

If a brownfield plan is accepted:

What	When
Application fee received?	Date: Amount:
Is the plan complete?	
Does the TIF table include at least \$3,000/year for plan implementation and administration, including \$50,000 divided between state and local tax increment revenues for implementation?	

Does the TIF table include Local Brownfield Revolving Fund (10% of annual tax revenues)?	
Is the project in the Downtown Development Authority? If DDA is already collecting TIF, do an interlocal agreement with terms	
Developer submits a Plan / amendment to the BRA.	At least two weeks prior to BRA meeting
BRA reviews and votes on the proposed Plan amendment. Approval may include conditions.	BRA meeting
BRA requests a public hearing be scheduled for the proposed Plan amendment at the next feasible city council or county commission regular meeting	At least 10 days in advance of public hearing date
BRA notifies local taxing jurisdictions and the public of the proposed Plan amendment and public hearing date. If state school TIF will be used for the project, the BRA notifies EGLE, MSF/MEDC, and/or MSHDA of the public hearing.	At least 10 days in advance of public hearing date
Public hearing. The developer or their representative must attend the hearing.	City council or county commission meeting or special meeting
City council or county commission approves or rejects the Plan / amendment	Following the public hearing
BRA and developer enter into a Development / Reimbursement Agreement	After adoption of the Plan amendment
For projects with state school tax capture, developer drafts a work plan pursuant to Act 381 for BRA review and approval	After Development / Reimbursement Agreement
If applicable, BRA reviews the work plan. If state school taxes will be captured, BRA will forward the work plan to EGLE, MSHDA, and/or MEDC for approval.	Before developer can begin work on eligible activities
After the development agreement is signed and, if applicable, the work plan is approved, the developer can begin work.	After approvals received from BRA and, if applicable, EGLE, MSHDA and/or MEDC