

## Northville DDA Economic Development Committee

Monday, May 14, 2018 – 8:00 am

City Council Chambers – City Hall

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### Meeting Agenda

1. Presentation on MEDC programs – Dominic Romano, MEDC (Attachment 1)
2. Master Plan and Sub Area Plan Updates – Carol Maise
3. Updates
  - A. Creative Many Update – Lori Ward
  - B. Brownfield Redevelopment Authority – Pat Sullivan (Attachment 3.B)
4. DDA Boundary Discussion – Lori Ward
  - A. Process (Attachment 4.A)
  - B. Pros and Cons of Expanding (Attachment 4.B)
  - C. Earlier Map of Proposed Expansion areas (Attachment 4.C)
  - D. Next Steps
5. Next Meeting Date – June 11, 2018
6. Meeting Adjourned

# COMMUNITY DEVELOPMENT FINANCING AND INCENTIVES

MEDC's Community Development (CD) team supports the growth of vibrant, diverse and resilient communities across Michigan.

## COMMUNITY DEVELOPMENT ELIGIBILITY

### Downtown ☐

A community's principal downtown is one with a grouping of 20 or more contiguous commercial parcels of property that include multi-story buildings of historical or architectural significance. The area must have been zoned, planned, built, or used for commercial purposes for more than 50 years. The area must consist of, primarily, zero-lot-line development and have pedestrian-friendly infrastructure, and an appropriate mix of businesses and services.

Communities with this place type **must** demonstrate readiness through **RRC engagement**.

OR

### High Impact Corridor/Gateway ☐

A high impact corridor or gateway offers unique connectivity and connections to downtowns, new economic opportunities, safe and sustainable transportation, and improvement in community quality of life. A corridor includes one or more routes that connect to economic activity, and often forms boundaries between neighborhoods and communities.

Communities with this place type **must** demonstrate readiness through **RRC certification**.

All MEDC community development projects will be evaluated on the following criteria to identify high priority projects:

### LOCAL AND REGIONAL IMPACT CONSIDERATIONS

- Project supports the vision and goals stated in the local master plan and economic development strategy;
- Significant taxable value increase;
- Located in a Main Street Community; and/or
- Community financially supports the project to demonstrate the project's priority for the community.

### PLACE CONSIDERATIONS

- Promotes mixed-income neighborhoods;
- Contributes to a traditionally dense mixed-use area and contains multi-story elements;
- Evaluated in concert with the basic tenets of urban design; has mass, density, building type(s), and scale appropriate to the neighborhood context and positively contributes to the walking pedestrian experience;
- Level and extent of brownfield activities undertaken in direct support of the project;
- Redevelopment meets a third-party certification for green building (Leadership in Energy and Environmental Design (LEED), Energy Star, Living Building Challenge, Net Zero Energy Building, Green Globes, etc.);
- Integrated and sustainable approaches to manage the quantity and the quality of stormwater for infrastructure improvements;
- Involves the revitalization of a historic structure;
- Universal design;
- Rehabilitation and infill projects;
- Significant square footage being revitalized and activated.

### ECONOMIC AND FINANCIAL CONSIDERATIONS

- All other potential funding resources have been explored;
- Financial need for the incentive(s);
- Reasonableness of costs;
- Developer and non third-party fees (including management, guarantee, and project coordination fees, etc.) will be deferred through available cash flow as a general rule;
- Significant financial contribution into project by developer/owner (generally 10–20 percent); and/or
- High ratio of private dollars compared to the total amount of public contribution (state and federal funding) to a project.



**The MEDC CD team administers the Michigan Strategic Fund programs below in order to facilitate the reinvigoration of city centers and rural communities across Michigan. Communities that meet the eligibility requirements may apply for the following financing and incentives:**

***Brownfield Redevelopment Act  
(PA 381)*** ☐

Any city, village, township or county may create a Brownfield Redevelopment Authority. Brownfield incentives promote investment in contaminated, blighted, functionally obsolete, or historic resource properties. Tax Increment Financing (TIF) is available for brownfield sites. The creation of a Brownfield Redevelopment Authority allows redevelopment decision-making on a local and state level.

***Act 46–50 of 2017 (Transformational  
Brownfield Plan [TBP])*** ☐

A TBP allows developers the opportunity to capture a portion of specific incremental taxes generated from large-scale projects for a specified time period. A TBP is defined as a brownfield plan that, among other requirements, will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment that will result from the plan. A TBP proposing to use property tax increment, construction period tax capture, withholding tax capture, and income tax capture revenues may be approved for an amount only up to that necessary to fill a demonstrated financing gap and be economically viable.

***Community Development  
Block Grant (CDBG)*** ☐

The U.S. Department of Housing and Urban Development (HUD) allocates Community Development Block Grant (CDBG) funding to the State of Michigan through the Michigan Strategic Fund (MSF) with assistance from the Michigan Economic Development Corporation (MEDC), for further distribution to eligible units of general local government (UGLGs) to carry out MSF-approved activities. CDBG program funds are used to provide grants and loans to UGLGs, usually with populations under 50,000, in support of economic or community development projects. Project proposals are considered and evaluated continuously based upon the MSF's approved application guide. Eligible activities include business assistance loans, as well as grants for direct assistance to business, façade improvements, historic preservation, acquisition, rental rehabilitation, planning, etc.

***Community Revitalization Program (CRP)  
(PA 252)*** ☐

CRP is designed to fill financial gaps and promote community revitalization to accelerate private investment in areas with historical declining values,

foster redevelopment of functionally obsolete or historic properties, and reduce blight.

***Public Spaces Community Places*** ☐

The first national program of its kind where local residents can contribute to transformational projects in their communities while being backed by the state, dollar-for-dollar, up to \$50,000. Thriving places help define a community's economic vitality. From bike trails to public sculpture projects, these projects promote a strong quality of life, help attract and retain talent, and grow stronger local economies. This reward initiative provides matching grants for crowdfunded public space projects through Patronicity, an online crowdfunding platform.

**OTHER PROJECT CONSIDERATIONS**

- In non-entitlement communities, the CDBG program will be considered first for any financial package.
- The community, developer and applicant must be in compliance with existing state and federal programs to be considered for support.
- The Michigan Strategic Fund (MSF) will not consider "big box" retail operations or single-story strip malls.
- If a multi-unit residential project includes investment into a residential unit that will be occupied by the project's owner/developer/sponsor, the investment into that unit will be considered for financial assistance on a case-by-case basis. If considered for assistance, such assistance will be equitable in relation to the investment into other units of the development.
- Projects that have a single tenant being a local community, the State of Michigan, or the federal government and, which are part of a larger community development project, may be supported by Brownfield TIF if the project assists in eliminating the brownfield conditions on the property.
- Low-income housing tax credit projects will be considered on a case by case basis.
- Demolition of a structure that is a historic resource<sup>1</sup> or eligible to be a historic resource is discouraged.
- For MEDC project purposes, "White Box" is a term used to describe an unfinished interior in a commercial building and the definition requires the following to be complete: 1) code required restrooms; 2) envelope wall coverings prepped for painting; and 3) finished ceilings and flooring, electrical fixtures, plumbing fixtures, and functional HVAC and sprinkler systems. The interior space should be able to obtain a "Certificate of Occupancy."

MEDC's  
**Community  
Development**  
team consults  
with communities,  
developers and non-  
profits to coordinate  
all necessary state and  
local services in order  
to complete projects  
and foster economic  
growth.

**MICHIGAN ECONOMIC  
DEVELOPMENT CORPORATION**

<sup>1</sup> From Public Act 252 of 2011 per section 90(a)(e)(ii): Is a historic resource. As used in this subparagraph, "historic resource" means a publicly or privately owned historic building or structure located within a historic district designated by the national register of historic places, the state register of historic sites, or a local unit acting under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215



## LOCAL COMMUNITY DEVELOPMENT TOOLS

### **Business Improvement District (BID)/Principal Shopping District (PSD) (PA 120)** ☐

Cities, villages, and urban townships may create a BID or PSD to allow a municipality to collect revenues, levy special assessments and issue bonds in order to address the maintenance, security and operation of that district.

### **Business Improvement Zone (BIZ) (PA 120)** ☐

A BIZ can be created by private property owners of those parcels in a zone plan within a city or village to levy assessments and finance activities and projects outlined within a zone plan.

### **Commercial Redevelopment Act (PA 255)** ☐

PA 255 encourages the replacement, restoration and new construction of commercial property in a city or village. Property taxes generated from new investment are abated for a period up to 12 years. Land and personal property are not eligible.

### **Commercial Rehabilitation Act (PA 210)** ☐

PA 210 encourages rehabilitation of commercial property in a city, village, or township. Property taxes generated from new investment are abated for a period up to 10 years.

### **Conditional Land Use Transfer (PA 425)** ☐

PA 425 allows one municipality the option of conditionally transferring land to another. This public act was established to ease the legally difficult process of annexation, and to encourage cooperation. Cities, villages, and townships may enter into land transfer agreements.

### **Corridor Improvement Authority (CIA) (PA 280)** ☐

A CIA is designed to assist cities, villages, and townships with funding improvements in commercial corridors outside of main commercial or downtown areas.

### **Downtown Development Authority (DDA) (PA 197)** ☐

A DDA is designed to be a catalyst in a community's downtown district. It provides a variety of funding options including a tax increment financing mechanism, which can be used to fund public improvements and to levy a limited millage to address administrative expenses.

### **Historic Neighborhood Tax Increment Financing Authority (HNTIFA) (PA 530)** ☐

An HNTIFA may use its funds, including tax increment financing, to support residential and

economic growth in local historic districts. An authority may also issue bonds to finance these improvements.

### **Local Development Financing Authority (LDFA) (PA 281)** ☐

An LDFA allows a city, village or urban township to use tax increment financing to fund public infrastructure improvements for eligible properties. LDFAs can promote economic growth and job creation through supporting companies in manufacturing, agricultural processing, and high technology operations.

### **Neighborhood Enterprise Zone (NEZ) (PA 147)** ☐

PA 147 provides a tax incentive to develop or rehabilitate residential housing located in certain distressed communities. NEZs are available to core communities.

### **Neighborhood Improvement Authority (NIA) (PA 61)** ☐

An NIA may use its funds, including tax increment financing, to fund residential and economic growth in residential neighborhoods. An authority may also issue bonds to finance these improvements.

### **Obsolete Property Rehabilitation Act (OPRA) (PA 146)** ☐

Tax incentives are available to encourage redevelopment of contaminated, blighted, and functionally obsolete buildings in eligible core communities. OPRA helps to spur private development in urban areas and centers of commerce, by temporarily freezing local taxes, up to 12 years.

### **Redevelopment Liquor Licenses (PA 501)** ☐

Through PA 501, the Liquor Control Commission may issue new public on-premises liquor licenses to local governments in addition to quota licenses allowed in cities under PA 58.

### **Water Resource Improvement Tax Increment Finance Authority Act (PA 94 of 2008)** ☐

Through PA 94, a city, village or township can establish a Water Improvement Tax Increment Finance Authority to prevent deterioration in water resources and to promote water resource improvement or access to inland lakes, or both.

## OTHER RESOURCES

### **Capital Access Program (CAP)** ☐

This program uses public resources to generate private bank financing, providing small businesses access to bank financing. Visit [www.michiganbusiness.org](http://www.michiganbusiness.org) for information.

### **Develop Michigan Initiative (DMI)** ☐

DMI is an innovative not-for-profit development finance organization formed through a partnership between the Michigan Strategic Fund, Cinair and the Development Finance Group. DMI plays a dynamic role

in financing commercial real estate projects and is designed to augment current efforts to transform and rehabilitate the Michigan economy. Visit [www.developmichigan.net](http://www.developmichigan.net) for more information.

### **Michigan Council for Arts and Cultural Affairs (MCACA)** ☐

MCACA's mission is to encourage, initiate and facilitate an enriched artistic, cultural and creative environment in Michigan. As state government's lead agency charged with developing arts and culture policy and grant-making, MCACA recognizes the need for, and seeks out, a wide variety of public and private sector partners to help fulfill this mission. Visit [www.michiganbusiness.org/arts](http://www.michiganbusiness.org/arts) for information.

### **Michigan Film & Digital Media Office (MFDMO)** ☐

MFDMO seeks to bolster economic development and the growth of creative industries by engaging the local business and creative community. Through public/private partnerships, the MFDMO strives to grow and attract creative businesses, enhance a community's creative and cultural experience and retain and attract creative talent. Visit [www.michiganbusiness.org/mifilmanddigital](http://www.michiganbusiness.org/mifilmanddigital) for more information.

### **Pure Michigan Business Connect** ☐

Pure Michigan Business Connect is a multi-billion dollar public/private initiative developed by the MEDC that connects Michigan businesses by introducing them to the purchasing pipelines of the state's larger companies. Through this business-to-business (B2B) network, Michigan companies are encouraged to increase their procurement spending within the state. The B2B portal is free to all Michigan businesses. Visit [www.puremichiganb2b.com](http://www.puremichiganb2b.com) for more information.

### **Pure Michigan Talent Connect** ☐

Employers and job seekers alike can search an extensive database of job openings, post and view résumés and jobs, view upcoming job fairs, and tap into a variety of specialty career services at [www.mitalent.org](http://www.mitalent.org).

### **SBA 504 Loans** ☐

These loans provide businesses with long-term fixed-rate financing for the acquisition or construction of fixed assets. Visit [www.sba.gov/mi](http://www.sba.gov/mi) for more information.

### **Small Business Development Center (SBDC)** ☐

Michigan's SBDC has 11 regional offices that provide counseling, training and many other valuable resources to support small businesses. Visit [www.sbdcmichigan.org](http://www.sbdcmichigan.org) for more information.



# MICHIGAN BROWNFIELD REDEVELOPMENT PROGRAM

## BROWNFIELD REDEVELOPMENT GRANT AND LOAN FACT SHEET

Brownfield grants and loans are available from the Michigan Department of Environmental Quality (DEQ) for projects that promote economic development and reuse of brownfield properties. Grants and loans can be used for environmental assessments and cleanups at properties with known or suspected contamination. DEQ grants and loans can help communities:

- Revitalize abandoned properties and return them to tax rolls
- Attract developers to brownfields
- Avoid sprawl by reusing properties with existing infrastructure

**WHO CAN APPLY?** Applicants may be local units of government including brownfield redevelopment authorities (BRAs), economic development corporations, or other public bodies created pursuant to state law. Applications are accepted year-round.

### ELIGIBLE ACTIVITIES

Grants and loans can pay for:

- Environmental evaluations/assessments
- Baseline Environmental Assessments
- Due care planning and implementation
- Response Activities
- Demolition, lead, mold, and asbestos abatement

### FUNDING

- Up to \$1 million grant and \$1 million loan per project, or more for projects with significant economic or environmental benefits
- Grants are available to determine whether a property with redevelopment potential is contaminated, and for due care and cleanup at contaminated properties with a specific redevelopment, when economic benefits will exceed the grant amount
- Loans may be used at properties with suspected contamination and economic development potential
- Grants cannot benefit a party responsible for an activity causing contamination. Loans may be available when a responsible party will benefit, but with some restrictions

### LOAN TERMS

- Interest rate is 1.5 percent
- 15-year payback, beginning with a 5-year interest-free, payment-free grace period
- Loans may be repaid through a BRA using tax increment financing

### HOW TO APPLY

DEQ Brownfield Redevelopment staff collaborate with communities to determine eligibility and the optimal mix of project funding prior to application. Please contact a DEQ grant coordinator to discuss your project.

#### CONTACT US

Jeff Hukill, Brownfield Coordinator

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517-284-5113

[www.michigan.gov/deqbrownfields](http://www.michigan.gov/deqbrownfields)

#mibrownfields

**DOWNTOWN DEVELOPMENT AUTHORITY  
DEVELOPMENT PLAN / TAX INCREMENT FINANCING PLAN SCHEDULE (adoption or amendment)**

<b>Action</b>	<b>Documentation</b>
DDA Adopts Resolution Approving Project Plan and Transmits Resolution to the Governing Body	Certified Copy of Resolution from Clerk
Governing Body Adopts Resolution establishing a Public Hearing on the Development Plan and Tax Increment Plan	Certified Copy of Resolution from Clerk
Governing Body Determines if 100 or more Residents reside in Development District	
Governing Body appoints a Development Area Citizens Council	Certified Copy of Resolution from Clerk that denotes Appointment of Council
Review Development Plan and Tax Increment Plan with Development Area Citizens Council and elicit comments and concerns	Copy of the Minutes of the Meeting noting comments and concerns of the Area Citizens Council
Publish First Notice of Public Hearing	Publishers Affidavit of Publication of Notice (Not Less than 20 Days before Hearing)
Publish Second Notice of Public Hearing	Publishers Affidavit of Publication of Notice
Notice of Public Hearing Must be Posted in 20 Conspicuous Locations	Affidavit of Posting Noting Locations (Addresses) of Posting, and Date of Posting
Notice of Public Hearing Mailed to Property Owners of Record within the proposed Development District	Affidavit of Mailing Signed by the Person making the Mailing
Hold the Public Hearing	Certified Copy of the Minutes of the Public Hearing Meeting
Adopt Ordinance establishing the boundaries of the Development District, Plan and Tax Increment Plan	Certified Copy of Ordinance with record of Voting
Publish Ordinance in Newspaper of general circulation	Publisher's Affidavit of Publication of Ordinance
Final Printing of Development Plan and Tax Increment Plan that incorporates all documentation	

## **PROS and CONS of Expanding the DDA Boundaries**

### **Benefits of Expanding the DDA Boundaries:**

There are several benefits that exist to the City and DDA for the possible expansion of the DDA boundaries.

1. The DDA has the ability to play a proactive role in the development of these properties. Unlike the Planning Commission who reacts to applications before them, the DDA can participate in identification of potential developers and the negotiation of potential projects.
2. The expansion would allow the DDA to spend TIF and 1.8158 mill revenues on needed improvements in the area.
3. Expanding the DDA boundaries to include the City Hall, Library, Community Center, Art House would allow the DDA to participate in projects located in these areas. For instance, the DDA may elect to act as the local match for a grant from the DNR or DEQ for the development of a river walk along the Middle Rouge from Mill Race Village to the Northville Downs site. This would allow several different organizations to pool their collective resources to maximize the chances of obtaining the grant.
4. Streetscape Improvements would be consistent throughout the commercial area.
5. Events could be funded that were held in the downtown outside the DDA Boundaries.
6. The DDA has the ability to negotiate the percentage or dollar amount that is captured by the taxing jurisdictions for economic development. It does not have to be all or nothing.

### **Liabilities of Expanding the DDA Boundaries:**

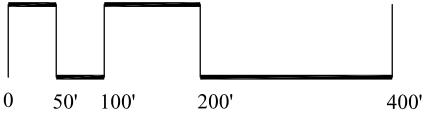
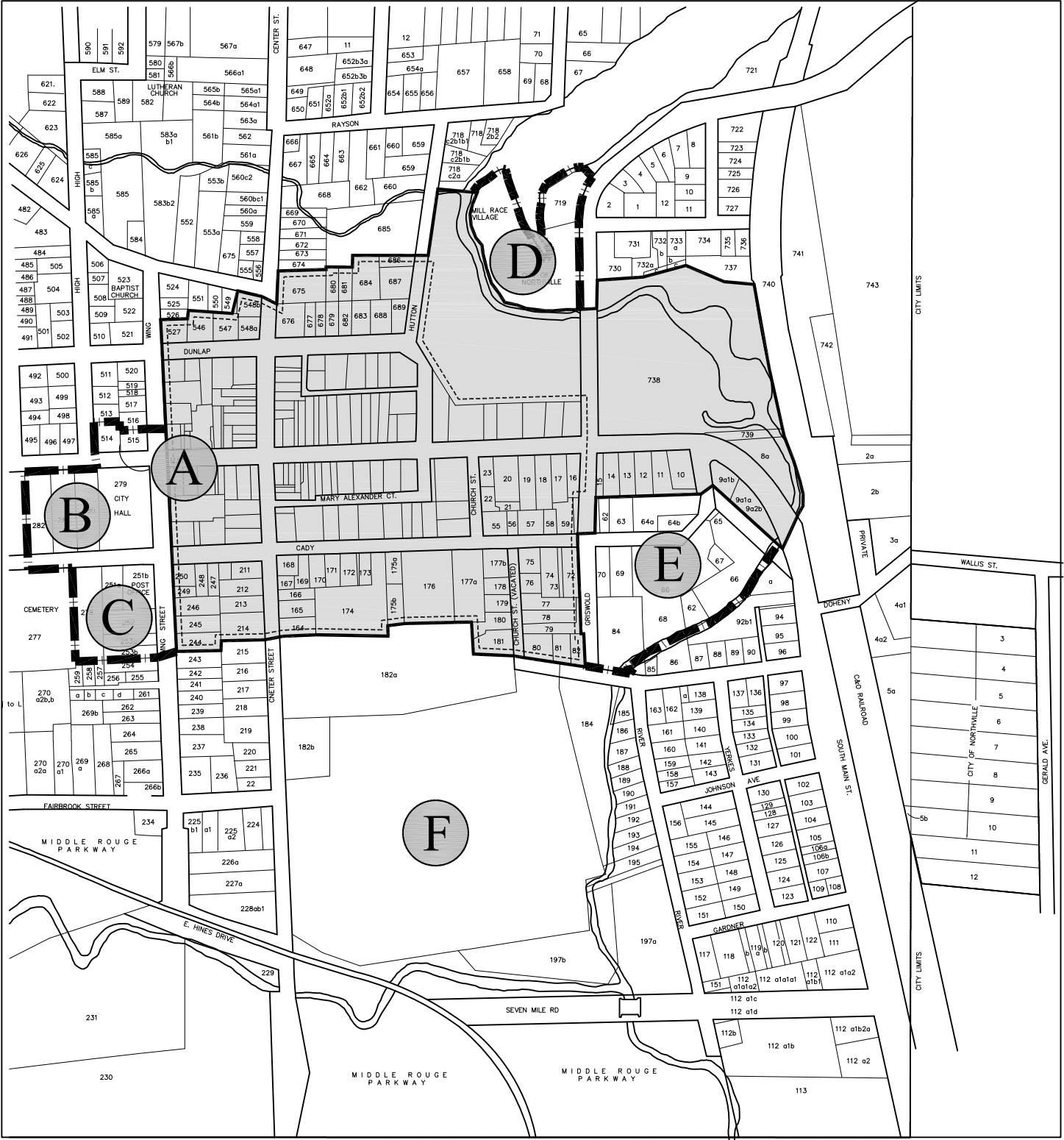
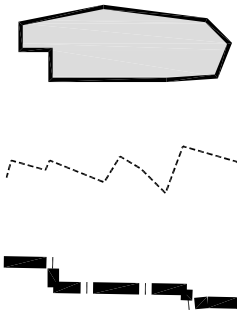
1. The affected taxing jurisdictions now have the ability to “opt out” from capture of new areas. This could leave the DDA capturing *only* the City portion of the revenue.
2. Increasing the boundaries without increasing revenues could dilute the amount and quality of the projects in the downtown.
3. The Wing Street area may be sensitive to having the DDA expand adjacent to a residential neighborhood.
4. Property owners may not be interested in being included within the DDA boundaries and incurring the 1.8158 mill levy.

LEGEND

DDA BOUNDARY

TIF DISTRICT

PROPOSED DDA  
EXPANSION



April 2018

City of Northville  
Wayne County, Michigan

Map Prepared By:  
Carlisle/Wortman Associates, Inc.  
Community Planners and Landscape Architects  
Ann Arbor, Michigan