

# **CITY OF EAST LANSING**

## **BROWNFIELD ADMINISTRATIVE PROCEDURES**

### **Introduction**

Under Public Act 381 of 1996 (P.A. 381), as amended, the City of East Lansing has formed a Brownfield Redevelopment Authority (BRA). The purpose of the BRA is to assist development projects that face economic challenges due to environmental constraints. Environmental constraints range from the presence of toxic and hazardous substances to functionally obsolete and blighted properties. Assistance is provided through tax increment financing (TIF) and additional state incentives if available. These administrative procedures have been created to provide a framework for assessing and approving brownfield projects, and have been updated to ensure alignment with Council Policy Resolution 2017-4 pertaining to TIF. Independent of the city policy, the City of East Lansing remains subject to all requirements of P.A. 381.

### **Eligibility**

Projects eligible for brownfield assistance must meet all of the following minimum criteria:

1. Projects meet the definition of an “eligible property” and all related requirements under the Brownfield Redevelopment Financing Act (P.A. 381).
2. A financial need for public assistance is established, i.e., a project “gap” is identified.
3. Projects must have a minimum private sector investment of \$1 million.
4. Any development entity being considered must be in good financial and legal standing with the City of East Lansing. This includes any principals or managing partners of Limited Liability Companies that control more than 10% interest in a development entity seeking TIF support.
5. Is consistent with the City’s Comprehensive Plan and other relevant development plans.

Projects should also meet one or more of the following secondary criteria:

1. Addresses environmental contamination.
2. Enhances public infrastructure.

Other activity which directly supports private development shall generally not be supported unless the project has a substantial public benefit. In assessing projects and determining substantial public benefit, the BRA and City Council may consider factors including but not limited to:

1. Assists with the attraction, retention, or expansion of one or more businesses, including significant job creation.

2. Significant positive community impact.
3. Significant fiscal impact for the City of East Lansing
4. Creates opportunities for a diversity of housing options, including but not limited to owner occupied housing in the downtown or neighborhoods with a high concentration of rental housing.

The duration of TIF financing, and applicable percentage of capture shall be determined on a case-by-case basis.

**Tax Capture Guidelines**

Projects shall adhere to the following capture guidelines:

1. The City is under no obligation to, nor will it reimburse a developer beyond available TIF revenue.
2. The City will not capture excess funds for establishment of a revolving fund.
3. The City will not capture personal property taxes
4. The City will not capture debt millages
5. Viability of bond issuance will be evaluated on a case-by-case basis. Public benefit must be established to merit consideration.
6. Every tax capture plan shall require a separate reimbursement agreement with the development entity.

**Fees**

Every private project proposed for TIF support is required to submit an application for review by the BRA. Applications shall have a fee equal to 1% of the total requested capture with a maximum fee of \$25,000.

The City of East Lansing will charge an annual administrative fee for approved projects involving tax increment financing according to the following schedule:

<b>Annual TIF Capture</b>	<b>Annual Fee</b>
<\$10,000	\$1,000
\$10,001 - \$25,000	\$2,500
\$25,001 - \$50,000	\$5,000
\$50,001+	\$15,000

Annual administrative fees are allowed for reasonable costs as determined in section 13b of P.A. 381.

**Review Process**

The following process is required for review of all projects:

1. *Initial Developer Meeting.* Meeting with the developer to review project scope and identify why incentives are being sought. Provide necessary information to developer, including, but not limited to: copy of Policy Resolution 2017-4, BRA administrative procedures, tax rates, and sample reimbursement agreement.
2. *Draft Plan Review – City Staff.* A draft brownfield plan amendment and associated work plan, if needed, shall be reviewed by staff from Planning, Assessing, and Finance. Scenarios should be included to demonstrate development possibilities at various levels of TIF capture, including none. Comments are provided to the developer.
3. *MEDC Contact.* If State incentives are being sought (TIF or other available), MEDC staff is contacted for project review and provide necessary documentation.
4. *Draft Plan Review - BRA.* The draft plan is reviewed by the Project and Infrastructure Committee and the BRA board. Comments are provided to the developer.
5. *Third Party Review of Eligible Activities.* At the discretion of the BRA and/or City Council, external peer review by qualified consultant of proposed eligible activities may be required at developer expense.
6. *Final Plan Review & Approval - BRA.* A revised draft with any recommended BRA & Council changes is submitted for final review. BRA approves plan and recommends Council adoption.
7. *Public Notices.* Staff prepares public hearing notices and taxing jurisdiction notices. First notice must not be less than 10 days before the required public hearing.
8. *Public Hearing Date.* Council sets a date for a public hearing.
9. *Public Hearing & Final Plan Review & Approval - City Council.* The final draft approved by the BRA is submitted to Council for final approval. Approval occurs via resolution after the public hearing is held.
10. *Submission of Documents & State Approval (if necessary).* After plan is adopted, documentation is forwarded to MEDC. Depending on incentives sought, it may be necessary to follow through with State officials (MEGA and DEQ) to demonstrate local support.

### **Administration**

The Department of Planning, Building, and Development shall be the lead department administering the brownfield approval process. The Finance Department shall assist with administration of the reimbursement process, including determination of tax capture rates and establishment of reimbursement accounts. The Department of Planning and Community Development will also assist with verifying eligible expenses, processing reimbursement requests, and other related procedures as needed.

**Exceptions**

All of the forgoing procedures are subject to revisions in P.A. 381, as well as pertinent City rules, regulations, and ordinances.