

MME 2024 Summer Workshop



Michigan
Municipal
Executives

Leveraging Brownfield TIF for Housing and Infrastructure

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Jill Ferrari, Managing Partner, Renovare Development



TREVOR WOOLLATT

Senior Project Manager

Fleis & VandenBrink

Trevor has more than 25 years' experience working on Brownfields and the environmental consulting industry. Trevor has an extensive background in all aspects of due diligence with a focus on liability protection for new property owners. He often represents municipal clients on behalf of their Brownfield Redevelopment Authority to address local priorities in Brownfield redevelopment projects. Trevor is currently serving his 9th year on the Washtenaw County Brownfield Redevelopment Authority board and has previously served three terms as Chair.



JILL FERRARI

Managing Partner

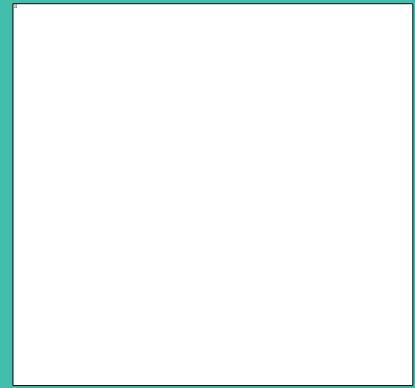
Renovare Development

Jill Ferrari has 27 years of experience in brownfield redevelopment. Her background includes private real estate acquisition and development, legal practice, consulting, and community development. She has participated in the redevelopment of several large-scale brownfield sites as an attorney, consultant, and owner.

As a former affordable housing and community development executive, she has packaged financing for various projects ranging from neighborhood revitalization to large affordable housing developments. Jill has also worked to secure brownfield redevelopment incentives on over 50 projects in the State of Michigan and has advised several municipalities on the establishment of brownfield redevelopment authorities and the utilization of redevelopment tools.

Housing Case Studies 2024

Renovare Development, LLC



Project Map



#	PROJECT	LOCATION	TYPE
1	Dorsey Estates	Ypsilanti, MI	Single Family For-Sale
2	Project T - Phase One	Benton Harbor, MI	Single Family For-Sale
3	County Road Site	Marquette Twp, MI	Single Family For-Sale
4	Poupard Site	Harper Woods, MI	Single Family For-Sale
5	Munising Marketplace	Munising, MI	Mixed-Use
6	Munising Food Hall + Beer Garden	Munising, MI	Commercial
7	Project T - Phase Three	Benton Harbor, MI	Mixed-Use

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Ypsilanti

Ypsilanti is home to Eastern Michigan University. It is a creative and diverse community of 20,000 people clustered in a historic 4.5-mile section of Southeast Michigan, located just 30 miles from Detroit and 15 minutes from the University of Michigan Campus in Ann Arbor.

In 2018, the City of Ypsilanti had an estimated population of 20,939. With a median age of 24.2, Ypsilanti residents are younger, on average, than residents of Michigan, Washtenaw County, and Ann Arbor. Ypsilanti is proud to be a diverse city with a population that is 61.5% White, 29.2% African American, 0.6% Native American, 3.4% Asian, 1.1% from other races, and 4.3% from two or more races.

Ypsilanti has seen a resurgence in downtown activity with new restaurants, retail and other store fronts in recent years. The culture and community continues to attract young families who are employed in nearby Ann Arbor, as an affordable alternative for housing.

With its motto "Pride, Diversity, Heritage," Ypsilanti pays deep respect to its existing residents who built the foundation the city rests on, while creating an environment that is welcoming, open and alive with activity.





Dorsey Estates

Renovare is currently under construction on 46 single-family units comprised of two-story cottages, duplexes and town houses on a vacant infill site in Ypsilanti, Michigan.

Fifty percent of the units will be set aside for families between 40% AMI and 80% Area Median Income. The entire project is designated for use as primary residences.

The project includes a storm water management system that will be publicly owned and operated.



Challenges & Opportunities

Project Challenges:

- Urban fill site - previous demolition has left urban fill with environmental contamination
- Local **homestead millage is high** - making affordable homeownership extremely difficult
- Deep income targeting to support affordability creates a financing gap

Policy/Program Wins:

- MSHDA Missing Middle program - is critical to make this deal pencil
- Coordination between EGLE and MSHDA has been outstanding
- Act 381 Brownfield Tax Increment Financing - also critical to making this deal pencil

Policy Opportunities for the Future:

- Neighborhood Enterprise Zone program is restricted to 10 platted parcels - **needs to be changed to reflect site condominium structure**
- New PILOT legislation only supplies a for-rent calculation - it needs to **expanded to for-sale**.

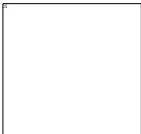


Benton Harbor

Nestled against the shore of Lake Michigan on the southwestern side of the state, Benton Harbor is a small town with a population of just under 10,000. According to the U.S. Census Bureau figures for 2019, 84.7 percent of people in Benton Harbor are Black, and 12.2 percent are white. Beginning in the 1960's, Benton Harbor began to decline. The deterioration continued to escalate until the late 1980's.

In 1986, Benton Harbor became the focus of state government attention and was designated as an Enterprise Zone. The City of Benton Harbor also received one of four Renaissance Zone designations in 1997 in the State of Michigan. The City has beautifully developed its St. Joseph River waterfront. Many other developments, including the newly designated Arts District and Harbor Shores, are encouraging the rebirth of this once vital city.

The City of Benton Harbor's aggressive approach to training its workforce has created a new outlook for its future. Under the leadership of progressive local elected officials, and efforts of independent organizations, Benton Harbor is once again on its way to becoming the true "Port of Opportunities" of Southwest Michigan.



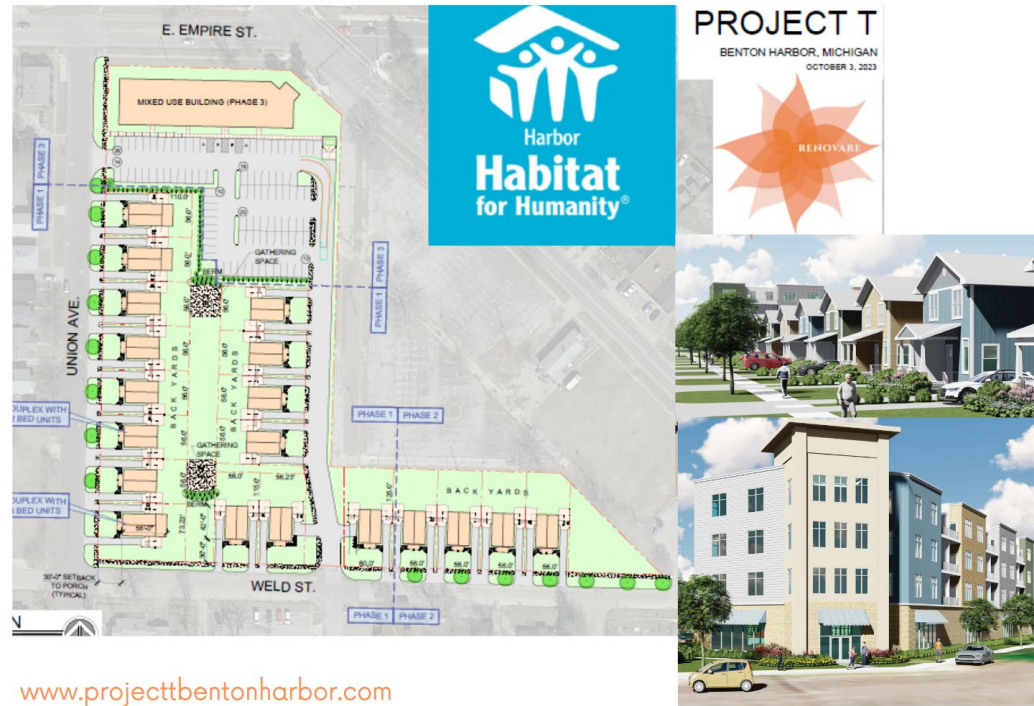
Project T - Benton Harbor

Project T Benton Harbor, LLC is partnership between Renovare and Harbor Habitat, Inc.

The multi-phase project includes 38 for-sale duplexes dedicated to families between 40% and 120% AMI and a mixed-use building with ground floor childcare and grocery.

Project T includes MSHDA Missing Middle funds, a significant grant through Whirlpool Corporation, bridge financing through Opportunity Resource Fund (ORF) and construction financing through IFF.

Phase 1 closed June 15th, 2024



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Challenges & Opportunities

Project Challenges:

- Urban fill site - previous demolition has left urban fill with environmental contamination
- Infrastructure is in deep disrepair
- Deep income targeting to support affordability creates a financing gap

Policy/Program Wins:

- New MSHDA Housing Tax Increment Financing (TIF) program will be a critical tool for this project to fill the financing gap

Policy Opportunities for the Future:

- The state needs to support incentives for employer investment in workforce housing and the development of funds or other pathways for them to participate



Munising

Munising Michigan is home to Picture Rocks, the National Park Service's first designated National Lakeshore. Comprised of over 15 miles of shoreline along Lake Superior, which includes over 100 miles of scenic trails and colorful sandstone cliffs. Munising has become the poster child of the Pure Michigan campaign and was featured on Good Morning America in 2015, creating an increase in tourism of over 50% in the last five years. It is known for its natural resources, cultural amenities and year long recreational activities.

As of the 2010 census, there were 2,355 people living in Munising. While this is a predominantly rural, white community, 5% of the population is Native American. The median age in the city is 48.6 years. The gender makeup of the city is 47.4% male and 52.6% female. As of the 2000 Census, the per capita income for the city was \$19,779.

There is a critical shortage of rental housing for all income levels in Munising and it is having a detrimental impact on the community's ability to attract and retain the workforce it needs to support not just the hospitality industry that is Munising's economic mainstay, but also the local industry and professional staff at the Pictured Rocks National Lakeshore and Hiawatha National Forest.





Munising Marketplace

Munising Marketplace is a partnership between Renovare and the Alger County Land Bank to build a three-story mixed use building in Downtown Munising, Michigan. This new construction project is located within two blocks of the Pictured Rocks National Lakeshore, with over 1.5 Million annual visitors.

All 39 apartments will be restricted to individuals and families between 60% and 120% of AMI.

This project includes ground-floor child care, a MichiganWorks! workforce development center and a local co+op food market.



Challenges & Opportunities

Project Challenges:

- Seasonal revenue makes retail and commercial attraction difficult
- Public perception of “affordable housing” creates barriers
- Lack of gap financing and available tools makes the deal difficult to pencil
- Rural lenders are risk averse
- Funding requirements have changed

Policy/Program Wins:

- PA 381 Transformational Brownfield Program is a critical tool for this project to fill the financing gap
- Commercial Redevelopment Abatement was also critical for this project
- Potential use of InvestUP cash collateral program is a unique opportunity for financing

Policy Opportunities for the Future:

- Support and fund the expansion of programs that mitigate risk for rural lenders
- State agencies must set clear requirements for funding



2023 Amendments for Housing Development



Public Act 381 Brownfield Redevelopment Financing Act



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Introduction



- **On July 18, 2023, legislation was signed to amend the Brownfield Redevelopment Financing Act 1996 Public Act 381**
- **Provides for Tax Increment Financing for housing development projects through MSHDA having a similar role as EGLE and MEDC**
 - The project can be for rehabilitation or new construction, for sale or rent
 - The project must be at or below 120% of Area Median Income Households (AMI) to qualify for subsidies.

Introduction



- **Eligible Activities for housing property must be in a community that has identified a specific housing need and has absorption data or job growth data, and that data must be included in the Brownfield Plan**
- **The eligible activities for reimbursement include:**
 - Housing development activities
 - Infrastructure improvements that are necessary for housing property and support housing development activities
 - Site preparation that supports housing development activities
 - All eligible activities available already available to Brownfields

Housing Development Activities



- Reimbursement provided to owners of rental units for qualified rehabilitation
- Costs for infrastructure and safety improvements necessary for a housing project
- Costs of demolition and renovation of existing buildings and site preparation
- Temporary relocation costs for an income qualified household not to exceed one (1) year
- Acquisition costs for blighted or obsolete rental units that will be rehabilitated into housing

Housing Development Activities



- **Reimbursement provided to a developer (or the municipality) to assist with costs related to infrastructure improvements**
 - Many municipalities are taking advantage of Brownfield projects to reimburse their costs for infrastructure improvements

Housing Development Activities



- Up to \$250,000 in revenue captured from school operating taxes could be used for asbestos, mold, lead, and building hazardous materials abatement and demolition BEFORE a work plan or is approved, if costs were incurred by a person other than the BRA
- An increase in the annual BRA capture allowed for administrative costs, based on number of plans
- The incremental payment in lieu of taxes on properties (i.e., above base taxes) are now eligible for TIF Capture
- **“Blighted” property now includes “previously developed property” owned by the state or a municipality (Township, Village, City, County)**
 - Previously developed property: property that was a part of an existing developed residential, commercial, or industrial zone that contained a structure serviced by utilities, or property formerly used as a dump, landfill, or other area filled with nonnative material

Case Study



F&V prepared an amended Brownfield Plan on behalf of Northville Township to include public infrastructure, site preparation, and costs associated with the relocation of public buildings. Northville Township is constructing a new Essential Services Complex that includes the relocation of Department of Public Services and Public Safety and a new Fire Station. The incremental tax is being generated by a private development on adjoining property. It is estimated that the Township will recoup \$8 Million associated with these activities.



Additional Considerations

- Interest - MSHDA intends to allow interest based on higher interest rates than what is typically accepted by MEDC/MSF/EGLE - particularly within circumstances where they are bonding or loaning on the TIF
- While MSF can approve plans administratively that capture up to \$1M in TIF; plans that include housing development activities are excluded from this
- MSHDA has set aside \$20 million as a starting point to loan or bond on HTIF projects; using tax increment revenues for repayment