

Detroit Brownfield Redevelopment Authority

Brownfield Tax Increment Financing (TIF)

Overview:

Brownfield Tax Increment Financing (TIF) was established to promote the revitalization of environmentally distressed and blighted areas in the city. TIF is used to reimburse developers for environmental and non-environmental eligible activities performed while preparing for and building a new development on an eligible property.

Tax Impact:

The redevelopment of an eligible property results in an incremental increase in the taxable value of the property. The property taxes paid as a result of the incremental increase in value are captured and used to reimburse the developer for the eligible activities performed on the site under an approved Brownfield Plan.

Policy and Eligibility Criteria:

For a property to be eligible, it must be at least one of the following:

- Determined to be a Facility (recognized as contaminated per the Natural Resources & Environmental Protection Act, Michigan PA 451 of 1994);
- Historic resource (formally recognized as contributing structure to a City, State, and/or National historic designation);
- Functionally Obsolete (as confirmed by the City Assessor);
- Blighted (Public nuisance, utilities removed/destroyed, tax reverted, or buried subsurface demolition material, as confirmed by City Council Legislative Policy Division staff);
- Transit-Oriented Property; or
- Parcel directly adjacent to an eligible property.

Eligible activities include:

Environmental:

- Environmental Testing and Reporting (Phase I ESA, Phase II ESA, BEA, Documentation of Due Care Compliance, etc.);
- Preparation of a Brownfield Plan and Act 381 Work Plan;
- Environmental Insurance; and
- Removal and remediation of contamination.

Non-Environmental:

- Demolition (interior, exterior, and site);
- Lead, asbestos, and mold abatement;
- Historic building survey, evaluation, and nomination work;
- Publicly owned infrastructure improvements in public right of way;
- Site preparation;
- Privately-owned vertical parking structures, integrated parking, and underground parking; and
- Privately-owned urban storm water management systems that reduce or eliminate drainage into the city system.

Detroit Brownfield Redevelopment Authority Review and Approval Process:

1. Project scoping, evaluation and review meeting with DEGC;
2. Application intake and financial review: Applicant submits project description, project financials, a draft Brownfield Plan with TIF table calculations to DEGC for underwriting and to determine economic and fiscal impacts;
3. DEGC presents the project to the Detroit Brownfield Redevelopment Authority Board of Directors for consideration and approval;
4. DEGC holds a public hearing for the proposed Brownfield Plan to receive feedback from the public;
5. DEGC presents the project to the Detroit City Council for consideration and approval;
6. Act 381 Work Plan submitted to the Michigan Economic Development Corporation for review and approval by the Michigan Strategic Fund of TIF for non-environmental activities, as applicable;
7. Act 381 Work Plan submitted to the Michigan Department of Environmental Quality for review and approval of environmental activities, as applicable.