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CITY OF  
EAST GRAND RAPIDS

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**MEMORANDUM**

TO: Honorable Mayor and City Commissioners  
FROM: Shea Charles, City Manager  
DATE: January 2, 2025  
  
RE: Brownfield Redevelopment Authority

Action Requested: The City Commission conduct a public hearing to consider the establishment of a Brownfield Redevelopment Authority.

Background: Pursuant to the adopted resolution of intent this is the public hearing to consider the possibility of establishing a Brownfield Redevelopment Authority (BRA) for East Grand Rapids.

**Brownfield Redevelopment Authority Law**

In 1996, the State of Michigan adopted Public Act 381 allowing municipalities to establish Brownfield Redevelopment Authorities to help address contaminated properties. BRA's use Tax Increment Financing (TIF) to reimburse developers for eligible costs associated with redeveloping a property. Since the statute's original adoption BRA's have helped successfully redevelop hundreds of properties across the State of Michigan. The law has been amended over the years to expand its use and in 2023 the State added construction attainable of housing as an eligible activity to use this tool. The law has also been amended that if a Brownfield Redevelopment Authority is created the entire municipality would be within the Authority's boundary.

**Why now?**

The City of East Grand Rapids is 95% residential and has no properties that would have qualified under PA 381 before 2023. Now, any property that will be developed with housing is eligible for brownfield incentives. The change in the law allowing for TIF reimbursement of housing aligns with one of the City's adopted Strategic areas under Community Development – "Housing opportunities: affordable; attainable."

Traditional attainable housing tools authorized by the State of Michigan and the Federal Government are generally not available to East Grand Rapids. This is also true of other economic incentive programs.

**Tax Increment Financing**

When a property is developed, it generates new property taxes due to increased property value, and a Tax Increment Financing Authority, such as a BRA, captures only these newly generated taxes. This capture, which is only done with an approved brownfield plan, is then paid back to the developer for

eligible costs. Once these eligible costs are fully reimbursed then the municipality begins to receive these revenues. TIF's do not impact property taxes currently being collected on the property only the growth in these revenues after redevelopment.

Under PA 381, the BRA captures City property taxes as well as other taxing jurisdictions such as the County, regional authorities, special millages, and in some cases state school taxes. Debt millages, such as the City's park debt millage, and the school's debt millages are not captured. The State Education Tax (SET) and State School Tax can be captured upon approval by the State. This capture does not impact school operational funding as they receive their per student revenue from the State of Michigan pursuant to Proposal A.

## **NEXT STEPS**

Upon completion of the Public Hearing the City has 30 days to decide if it wants to create a BRA. Attached is a resolution, prepared by special legal counsel Fred Schubkegel of Varnum, approving the creation of the BRA. This resolution can be acted upon immediately after the hearing or within the 30 days after it.

If the City does approve the BRA's creation, we will still have to take additional steps before any projects can be considered.

- ✓ Pass a resolution of intent to create a BRA and schedule a public hearing. (done)
- ✓ Publish a notice of public hearing on intent to create a BRA. (done)
- Holds a public hearing. (scheduled for January 6, 2025)
- Passes a resolution creating the BRA no more than 30 days after the public hearing.
- Files a copy of the resolution creating the BRA with the Michigan Department of State.
- Names BRA members.
- BRA holds an organizational meeting where it passes bylaws and elects officers.
- BRA bylaws are approved by the City Commission.

## **AUTHORITY BOARD**

An authority board will need to be established if City Commission approves Resolution to Create the Authority. Under state law the Board is to have five to nine members appointed by the Mayor subject to the approval of the City Commission. The Board can have spots reserved for specific partners such as East Grand Rapids Public Schools as well as can include a City Commission member. The size of the Board can be adjusted after the initial approval.

## **BY-LAWS & POLICIES**

Upon creation of the Board, it will be responsible for passing bylaws that are subject to City Commission approval. The Board can also create policies which will guide the consideration of potential brownfield plans and work plans. All of these will be under the guidance of the Mayor & City Commission.

## **BROWNFIELD PLANS**

If an eligible project comes forward the developer may choose to submit a "brownfield plan" for consideration to the Authority Board. Upon review and consideration, the Board can approve the brownfield plan which is then sent to the City Commission for a public hearing and Commission review and approval. It is anticipated that potential brownfield plans will include a housing

component. Each brownfield plan must include a public purpose, which is determined by the community. If the Authority is created, the BRA and the City are not obligated to approve brownfield plans that do not meet statutory requirements or BRA policy.

An approved brownfield plan may be followed by a “work plan,” a more detailed plan that would be generated only for projects seeking State of Michigan approval for capture of state school and education taxes. Work plans do not require City Commission approval but must be approved by the BRA and appropriate state agency. The work plan must be consistent with the brownfield plan approved by the City Commission.

Attached is Susan Wenzlick’s October 2024 Brownfield Redevelopment Authority presentation. Ms. Wenzlick and representatives from Varnum will be attending the public hearing. The City has established a web page for the potential Brownfield Redevelopment Authority that will be updated as the process move along - [www.eastgrmi.gov/Brownfield-Redevelopment-Authority](http://www.eastgrmi.gov/Brownfield-Redevelopment-Authority). The link also includes a sign-up option for text/email notifications about the Authority. Additional information about the Brownfield Housing TIFs can be found at:

<https://www.michigan.gov/mshda/developers/tax-increment-financing-tif>

Information on Brownfield Redevelopment Authorities general can be found at the following link. Please note that this page is for traditional BRAs and does not discuss the new housing component.

<https://www.michigan.gov/egle/about/organization/remediation-and-redevelopment/brownfields>



Shea Charles, City Manager