

**City of Muskegon**  
**Brownfield Redevelopment Authority**  
**Application for Inclusion in the Muskegon Brownfield Plan**

**Introduction**

The purpose of the City of Muskegon Brownfield Redevelopment Authority is to provide financial incentives for economic development projects within the City of Muskegon where environmental contamination, blight, or functional obsolescence create an impediment to redevelopment of property. Inclusion of a project in the Muskegon Brownfield Plan can result in certain eligible activities being financed through tax increment financing, or through providing the developer/business (owner and/or lessee) with an opportunity to earn a Michigan Business Tax credit based on the investment in the property. The statutory authorization for Brownfield Authorities and Brownfield tax increment financing are found in Michigan's Public Act 381 of 1996, as amended, the Brownfield Redevelopment Financing Act. The statutory provisions authorizing a Michigan Business Tax Credit for projects included in Brownfield Plans are found in Section 437 of Michigan Public Act 36 of 2007, MCL 208.1437.

***What are the advantages of being included in the Muskegon Brownfield Plan?***

**Michigan Business Tax Credit**

Inclusion of a project in the Brownfield Plan will enable a developer/business to become eligible to claim up to 12.5% of the cost of property improvements (demolition, construction, restoration, alteration, renovation, or improvement of buildings, and the addition of machinery, equipment, and fixtures) as a credit toward its Michigan Business Tax liability, up to a \$1,000,000 tax credit. For projects that qualify as "urban area development", a credit of up to 20% can be obtained. This credit is subject to a pre-approval process conducted by the Michigan Economic Development Corporation (MEDC). The credit is also transferable to lessees or a subsequent owner, subject to the limitations provided in MCL 208.38g. **It is critical to work through the City to involve MEDC in evaluating a project for Michigan Business Tax Credit eligibility before a project is added to the Muskegon Brownfield Plan. That process can occur concurrently with submitting an application to be included in the City's Brownfield Plan.**

**Tax Increment Financing**

Inclusion in the Brownfield Plan also provides the City of Muskegon with the option of using tax increment financing to reimburse a developer/business for "eligible activities". These may include:

- 1) Environmental Response Activities, including Baseline Environmental Assessments, Due Care Activities, and other response activities.*
- 2) Demolition*
- 3) Public Infrastructure Improvements*
- 4) Site Preparation*
- 5) Lead and Asbestos Abatement*

### ***Do you want to be in the City of Muskegon Brownfield Plan?***

First, you need to ask yourself the following questions:

- 1) Does any business involved in the development of the project (owners or lessees) pay the Michigan Business Tax?
- 2) Is the property where the project proposed a “facility”? (“Facility” is defined by Part 201 of NREPA as property where the concentration of a hazardous substance in soil or groundwater exceeds the applicable Michigan Generic Cleanup Criteria.)
- 3) Is a building on the property where the project is proposed considered “Blighted”? Blighted is defined by P.A. 381 of 1996, as amended, as property that meets any of the following criteria:
  - a) Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance;
  - b) Is an attractive nuisance to children because of physical condition, use, or occupancy;
  - c) Is a fire hazard or is otherwise dangerous to the safety of persons or property;
  - d) Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use.
- 4) Is the property where the project is proposed considered “Functionally Obsolete”? Functionally Obsolete is defined by P.A. 381 of 1996, as amended, as “unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or super adequacies in design, or other similar factors that affect the property itself or the property’s relationship with other surrounding property.” The City would be involved in making this determination through a qualified assessor.

*If you answer “yes” to any of the questions above, the following steps should be taken.*

- 1) Contact the City of Muskegon Planning & Economic Development Department (Cathy Brubaker-Clarke, Director; 231-724-6702) to discuss your project. If the project is feasible (appropriate development, proper zoning, eligible according to the applicable statute, etc), you will be referred to our Brownfield Consultant.
- 2) Contact Muskegon’s Brownfield Consultant to discuss project eligibility and to evaluate the Brownfield incentives as they may apply to the proposed project (does it make sense for your company to pursue this incentive, or are other avenues more appropriate?)
- 3) Once the decision is made to proceed to prepare an amendment to the Brownfield Plan, the applicant then files an application to the City to be included in the Muskegon Brownfield Plan (see Fees below). The City, its Brownfield Consultant, and the applicant will identify the “eligible activities” that may be eligible for reimbursement through tax increment financing, and/or the “eligible investment” that applies toward the Brownfield Michigan Business Tax (MBT) Credit. Review and approval of eligible activities by the MEDC and/or the MDEQ will be required if school operating taxes will be captured. The City (through its consultant) will then prepare an amendment to the Muskegon Brownfield Plan. The proposed amendment to the Brownfield Plan will be presented to the Brownfield Redevelopment Authority for approval, then to the City Commission for a public hearing.
- 4) If approved by the Muskegon City Commission, the Brownfield Plan will be amended to include the project.

- 5) It will be the company's responsibility to work with the Michigan Economic Development Corporation to take advantage of the MBT Credit authorized by the Brownfield Authority Plan.
- 6) If eligible activities are identified and approved for reimbursement through tax increment financing, it will typically be necessary for the developer/business to pay the initial costs for environmental clean up and other eligible activities, other than public infrastructure improvements. The financing and reimbursement of "eligible activities" through the Brownfield Plan will be addressed in a Development Agreement between the City and the Developer/Business. The County Assessor will supervise the capture of taxes, which will be used to reimburse the developer/business for the eligible costs incurred, in addition to any negotiated interest.

### **Fees**

There is an administrative fee for inclusion in the City of Muskegon Brownfield Plan. These costs include mailings to taxing jurisdictions, two publications in the *Muskegon Chronicle* announcing the public hearing and the consultant's expenses. **The fee for inclusion in the Brownfield Plan is \$2,500 if the project is included in the plan only for the purpose of being eligible for a Michigan Business Tax Credit. If tax increment financing for "eligible activities" is going to be used, costs of the Brownfield Authority to prepare the Brownfield Plan and Work Plans that exceed the \$2,500 fee will be assessed to the Developer/Business after the Brownfield Plan amendment is approved.** Some of these costs may be reimbursed through tax increment financing.

### **Process for Adoption of Brownfield Plan Amendment**

- I. Potential Brownfield Plan Amendment Applicant contacts the City of Muskegon Department of Planning and Community Development regarding the City's interest in helping to facilitate the proposed Brownfield redevelopment project. If the project is **located in the City of Muskegon**, and is a **"facility"** (as defined in Part 201 of the Natural Resources and Environmental Protection Act, Act 451, Public Acts of Michigan, 1994, as amended), or is **"functionally obsolete"** or **"blighted"**, as defined by the Brownfield Redevelopment Financing Act, Act 318 of 1996, as amended, and it appears that the proposed project is consistent with the City's Master Land Use plan and any associated plan, the company may be referred to the City's Brownfield Consultant.
- II. The applicant contacts the City of Muskegon Brownfield Consultant and evaluates whether inclusion in the Brownfield Plan is appropriate and beneficial to the proposed development project. If it is, the applicant **prepares and submits this Brownfield Plan Application**, (see Fees above). The Plan Amendment is then prepared by the Brownfield Consultant. Time frame: **3-6 weeks, depending on what types of "eligible activities" will be included in the Brownfield Plan.**
- III. The City schedules a Brownfield Redevelopment Authority Meeting. The Brownfield Redevelopment Authority considers a resolution approving the Brownfield Plan Amendment and, if approved, recommends approval to the City Commission. **2 weeks.**
- IV. The City Commission adopts a resolution providing notice to taxing jurisdictions and setting a public hearing (the City Commission meets on the second and fourth Tuesday of each

month, agenda items must be prepared by the Tuesday prior to City Commission meeting). **2 weeks.**

- V. The City publishes a notice of the public hearing twice in the *Muskegon Chronicle* (the first publication of notice should be not less than 20 days nor more than 40 days prior to the public hearing). The City sends notice of the public hearing to the legislative body of each taxing unit levying taxes subject to capture. The City Commission holds a public hearing on the adoption of the resolution approving the Brownfield Plan (not less than 20 days after sending notice of the proposed Brownfield Plan Amendment to the taxing jurisdictions). **4-6 weeks.**
- VI. If the City Commission approves the Brownfield Plan Amendment, the Developer/Business will work with the Brownfield Consultant to develop an Act 381 work plan for the “eligible activities”. The Brownfield Authority submits the Act 381 to the appropriate state agency (MDEQ for eligible environmental response activities, MEDC for Demolition, Public Infrastructure Improvements, Site Preparation, Lead and Asbestos Abatement) for review and approval.
- VII. The City of Muskegon will notify the County Assessor of the Plan Amendment.

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This application requests information that may be utilized to amend the “City of Muskegon Brownfield Redevelopment Authority Brownfield Plan”, as originally approved by the City Commission of the City of Muskegon on April 14, 1998. Please complete the information requested below and return to the Planning & Economic Development Department, City of Muskegon. In order to process the application, a fee of \$2,500 is required. If tax increment financing to pay for “eligible activities” is requested in addition to a Michigan-Business Tax Credit, an additional fee may be assessed at the conclusion of the process (for costs that exceed \$2,500).

**Applicant Information**

Company Name (Developer/Business): \_\_\_\_\_

Contact Person and Title: \_\_\_\_\_

Contact Person Mailing Address: \_\_\_\_\_  
\_\_\_\_\_

Contact Person’s Phone Number: \_\_\_\_\_ Fax: \_\_\_\_\_

Contact Person’s E-Mail Address: \_\_\_\_\_

**Project Information**

Location of Eligible Property: \_\_\_\_\_  
\_\_\_\_\_

Legal Description/Parcel Number: \_\_\_\_\_

Property Ownership: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Current Use of Property: \_\_\_\_\_  
\_\_\_\_\_

Type of Brownfield Amendment Requesting: (Please check all that apply:)

Michigan Business Tax (MBT) Credit \_\_\_\_\_

Tax Increment Financing for Eligible Activities \_\_\_\_\_

Is the proposed site a “facility” (as defined by Part 201)? \_\_\_\_\_ (Please provide a copy of the executive summary of any environmental reports available, such as a Phase I or II Environmental Site Assessment, or Baseline Environmental Assessment.)

Is the applicant’s property “blighted” (as defined by P.A. 381 of 1996)? \_\_\_\_\_ (Please provide supporting information.)



**Development Costs Estimates**

<u>Eligible Activities</u> (for tax increment financing)	<u>Estimated Costs</u>	<u>Start/End Date</u>
<i>Phase I &amp; II Environmental Site Assessment</i>	_____	_____
<i>Baseline Environmental Assessment</i>	_____	_____
<i>Due Care Response Activities</i>	_____	_____
<i>Additional Response Activities</i>	_____	_____
<i>Demolition</i>	_____	_____
<i>Lead Abatement</i>	_____	_____
<i>Asbestos Abatement</i>	_____	_____
<i>Public Infrastructure Improvements</i> (This estimate should be coordinated with the City) (Infrastructure improvements that directly benefit the project, such as public streets, sidewalks, parking facilities, sewer and water)	_____	_____
<i>Site Preparation</i> (Activities necessary to prepare site for construction including relocation of utilities, addition/removal of soils, clearing and grubbing, land balancing/grading; foundation to address special soil concerns)	_____	_____
<b>TOTAL ELIGIBLE ACTIVITY COSTS</b>	_____	_____

<u>Eligible Investments</u> (for MBT Credit)	<u>Estimated Costs</u>	<u>Start/End Date</u>
<i>Site Improvements</i> (Clearing land; adding sewer, water lines, or other utilities; landscaping; soil addition/removal; fencing; lighting; walkways, driveways, or parking lots; related site improvements.)	_____	_____
<i>Construction, Restoration, Alteration,</i>	_____	_____
<i>Renovation, or Improvements of Buildings</i>	_____	_____
<i>Addition of Machinery, Equipment, and Fixtures</i>	_____	_____
<b>TOTAL ELIGIBLE INVESTMENTS</b>	_____	_____

