



## What's Left for Brownfield, Historic and Job Creation Projects After the MBT Goes Away?



### Community Revitalization and Business Development Programs



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## Background

- Repeal of MBT eliminated brownfield, state historic and MEGA jobs credits.
- Desire to continue with useful financial incentive programs, such as the three noted above.

## Transition Legislation

- Brownfield and historic “certificated credits” receive 90% refund from State after project completed
  - Will go through certificate of completion process as before
  - After issuance of certificate of completion and submission of new form, State will have 60 days to make payment
  - Amount negotiated after considerable discussion
  - Must elect into the MBT

## Appropriation for New Programs

- Appropriations Bill passed in June (PA 63 of 2011)
- \$100 Million total for 2012 Community Revitalization Program and Business Development Program
- In recent years, amount approved for state historic, brownfield and MEGA credits totaled about \$500 million per year

## Community Revitalization Program

*Replacement for Brownfield and State Historic Credits*

### Key elements of CRP

- Grants and/or loans up to 25% of eligible investment
  - Eligible investment defined as it is for brownfield MBT credit: Construction, rehab, site improvements, demolition, equipment, and architecture and engineering relating to these expenses
- Performance Based

### CRP Eligibility

- Eligible Property meets 1 or more of the following:
  - Facility
  - Historic Resource
  - Blighted Property
  - Functionally Obsolete
  - Adjacent & Contiguous

## CRP Grants/Loans

- Grants
  - Maximum grant amount is \$1 Million per project
- Loans (Capital Contributions)
  - Maximum loan amount is \$10 Million per project
  - Performance based
  - Flexible terms
    - At or below market interest rates
    - Forgivable terms
    - Extended grade or repayment provisions
  - Loans may be assignable

## CRP Grants/Loans

### Loans (continued)

- Projects can receive both grants and loans, but the total cannot exceed \$10 Million per project

## CRP Criteria

### Criteria to be considered by MSF Board

- Must be in downtown or traditional commercial center
- Importance of the project to the Community
- Whether the project will be a catalyst for revitalization of community/region

## CRP Criteria

### ■ Criteria (continued)

- The Applicant's financial need for the incentive
- The extent of reuse of historic structures
- Mixed use projects are preferred
- Local community support
- Extent of contamination
- Creation of jobs

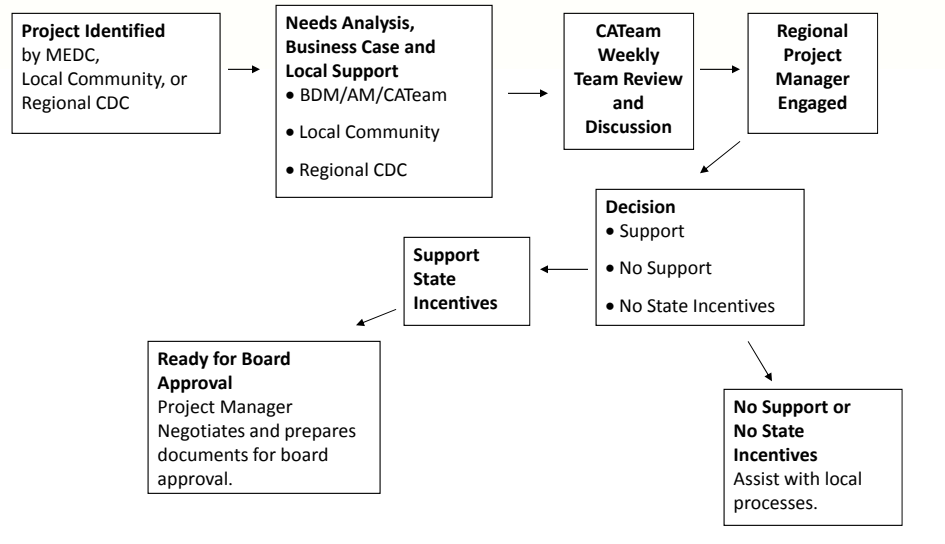
## CRP Criteria

- Criteria (continued)
  - Whether the project is financially sound
  - Sustainability and increased density
  - Whether the project addresses underserved markets

## CRP Forms

- Applications and other forms are being developed
  - MSF Board has approved preliminary guidelines for the program

## CRP Process



## New Expectations

- The old way is out
- Local involvement is key
- More thorough and detailed review
- Milestone driven
- Collaborative process

## Brownfield TIF- Act 381

- Change from credit system to CRP program did not have any impact on Act 381
- Tool will still be used and supported by MEDC


## Michigan Business Development Program *Replacement for MEGA Job Credits*

- Approved businesses that create qualifying new jobs could be eligible for up to \$10 Million in grants, loans, or other economic assistance from the MSF
  - Must create at least 50 jobs; or
  - 25 jobs if in a rural area or for high tech jobs
  - Retail projects will not qualify
  - New program not available for retention of jobs
  - Performance based



## COMMUNITY ASSISTANCE TEAM

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The map shows Michigan divided into 10 numbered regions, each with a unique color: 1 (Upper Peninsula, dark blue), 2 (Northwest Lower Peninsula, teal), 3 (Northeast Lower Peninsula, brown), 4 (West Central Lower Peninsula, purple), 5 (Bay Area, green), 6 (Southwest Lower Peninsula, dark purple), 7 (Central Lower Peninsula, yellow), 8 (East Central Lower Peninsula, orange), 9 (South Central Lower Peninsula, red), and 10 (Southeast Lower Peninsula, dark green).

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## Michigan Business Development Program

- The MSF Board approved guidelines; some of the criteria include:
  - Level and type of investment proposed
  - Re-use of existing facilities
  - Location in distressed communities
  - Higher wages and benefit levels
  - Diversification of the State's economy
  - Use of Michigan suppliers
  - Out-of-State competition faced by applicant

## Questions?

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