

Meridian Township Brownfield Redevelopment Authority (MTBRA)
Program Policies and Procedures
Adopted: MAY 2025

Section 1: Purpose

Michigan's Brownfield Redevelopment Financing Act, 1996 Public Act 381 (Act 381), as amended PA 90, enables brownfield redevelopment in the State of Michigan and the establishment of brownfield authorities. The Act establishes brownfield redevelopment authorities with multiple tools to facilitate redevelopment. This includes tax increment financing to support eligible brownfield expenses incurred through reuse of a contaminated, blighted, historic, functionally obsolete property, and/ or rehabilitation or construction of housing.

The purpose of the Meridian Township Brownfield Redevelopment Authority (MTBRA) is to facilitate the redevelopment of sites classified as "Eligible Property" in PA 90 of 2023, PA 381 of 1996, and Part 201 of Public Act 451 of 1994 (Natural Resources and Environmental Protection Act), as amended.

Meridian Township identifies the need for additional housing availability to families and individuals earning up to 120% of the Area Median Income AMI, referred throughout as "Affordable" dwelling units or "Affordable" for-sale dwelling units.

Meridian Township staff will assist with the implementation of the policies and procedures described herein. Township staff will serve as a liaison between the MTBRA, the various entities involved with the redevelopment of a brownfield site and guide the developer through the brownfield process. "The developer" may be an entity, person, or person(s) authorized to conduct the Eligible Activities of an approved Brownfield Plan and the subsequent reimbursement agreement. It is strongly encouraged that the developer contact staff early in the project planning process to minimize delays in the approval process.

Section 2: MTBRA Board of Directors

Under the Bylaws established by the MTBRA, the MTBRA shall consist of one member each of the Planning Commission, Economic Development Corporation, and Environmental Commission, the Township Manager, and three members having an interest or expertise in the fields of engineering, finance, or law.

Section 3: Background

The Meridian Township Brownfield Redevelopment Authority (MTBRA) established April 18, 2017, pursuant to Michigan Public Act 381, MCL 125.265, as amended, ("Act 381") to promote the revitalization of environmentally distressed and blighted areas within the boundaries of the Township. Pursuant to Act 381, the MTBRA facilitates the approval of Brownfield Plans ("Plans") which provide for the utilization of certain tax increment revenues to pay for or reimburse costs of Eligible Activities as defined in Section 2 of Act 381. Michigan Public Act 90 of 2023, an amendment to Act 381 that went into effect on July 19, 2023, provides new opportunities to support certain housing development activities using tax increment revenues ("Housing Tax Increment Financing") by amending the definition of both "Eligible Property" and "Eligible Activities", specifically to include projects constructing or rehabilitating housing units (rental and/or for-sale).

MTBRA POLICY

Section 4: Policies for Brownfield Activities

4. A. Eligible Activities:

The MTBRA is authorized to allow the use of Tax Increment Financing (TIF) revenues to pay for or reimburse public or private costs of “Eligible Activities” as identified in Public Act 381 and as amended in Public Act 90 of 2023.

4. B. To qualify for brownfield incentives:

- 1.) The proposed project site meets the definition of an eligible property as defined in Public Act 381 of 1996, as amended. [See Michigan Economic Development Corporation \(MEDC\) Brownfield TIF Guidelines and MCL 125.2652\(o\).](#)
- 2.) The proposed project site is located within the jurisdictional boundaries of Meridian Township.
- 3.) The proposed project for the eligible property is consistent with the master plan, zoning ordinance, and economic development strategy of Meridian Township, as determined by the MTBRA and Township Board.
- 4.) The existing character of the eligible property is such that redevelopment activities would be limited or not feasible without brownfield redevelopment assistance provided by Public Act 381, as amended, and/or other brownfield redevelopment programs. In addition, the developer commits to explore all other available private and public funding sources, as determined in consultation with the MTBRA.
- 5.) An analysis has been provided that demonstrates the required Eligible Activities can be satisfactorily completed within the available resources under this program, or if not, supplemental funding sources, such as private equity or financing, tax credits, or grants or loans, will be utilized to complement the financial resources available under the Act for the proposed redevelopment.
- 6.) The developer has provided evidence of a firm commitment to the project and a demonstration of sufficient experience, financial resources (including submittal of pro forma financial statement), and development capabilities to successfully implement the proposed redevelopment project.
- 7.) The proposed project site will have adequate access to the necessary public infrastructure and utilities needed to serve the proposed redevelopment project, as determined in consultation with the MTBRA.
- 8.) The MTBRA reserves the right to consider other factors applicable to the proposed redevelopment project.

4. C. To qualify for housing brownfield incentives for multi-family/rental properties, a project would meet all the criteria in 4.B above and:

- 1.) The developer must demonstrate Potential Rental Loss (PRL) and the Total Housing Subsidy (THS) for every application received as defined by the Michigan State Housing Development Authority (MSHDA). Maximum reimbursement revenue is limited by PRL and other eligible costs as deemed necessary to complete the project. The overall proposed project should incorporate the financial impact of any PRL or other eligible activity reimbursements. For a mixed-use development, the costs of Housing Development Activities approved in the Plan for a dwelling occupied by an Income Qualified Household (IQH) will be eligible for full reimbursement with tax increment revenues under the Plan, as permitted by Act 381, as amended; however, for the portion of the development that is not Affordable, reimbursement of Housing Development Activities costs will only be available as a pro rata share of the square footage of the dwellings occupied by an IQH compared to the total square footage of common areas of the development.
- 2.) The proposed redevelopment project must provide no less than 20% of all dwelling unit types in an approved Plan (studio, one (1) bedroom, two (2) bedroom, etc.) evenly distributed throughout the project/development site. The Affordable dwelling units shall be leased to an IQH earning 120% of the Area Median Income (AMI) or below as defined by MSHDA. MTBRA may encourage greater percentages or more limited income affordability levels based on underwriting, overall project size, type of units, etc.
- 3.) The developer must agree to a restrictive covenant describing the rent and income restrictions as set forth in the Plan. The covenant must encumber the Housing Development/Property for a minimum of the Plan duration.
- 4.) The developer shall be responsible for verifying that the rental eligibility is met. At least annually, the developer shall provide the MTBRA with information and documentation of the income eligibility of each subsidized unit. The developer must also provide the MTBRA with any information or documentation provided to MSHDA, including the number of qualified units, certified rent rolls, etc. along with any other relevant information relating to the Plan or Eligible Activity, as directed by the MTBRA.
- 5.) Funding of the Potential Rent Loss (PRL) is only available for the Affordable dwelling units occupied by an IQH as approved in the Plan.

4. D. To qualify for housing brownfield incentives for single-family for sale properties a project would meet all the criteria in 4.B above and:

- 1.) The developer must demonstrate Potential Development Loss (PDL) Gap Cap and the Total Housing Subsidy (THS) for every application received, as defined by MSHDA. The PDL Gap Cap and the THS will be utilized to establish the reasonableness of certain housing activities for which tax capture is being planned. Maximum reimbursement revenue is limited by PDL, THS, and other Eligible Activity costs as deemed necessary to complete the project. The overall project should incorporate the financial impact of any PRL or other eligible activity reimbursements.

2.) The developer shall propose no more than 20% of the Affordable for-sale dwelling units to be subsidized in an approved Plan. Affordable for-sale dwelling units must be evenly distributed throughout the project/development site. MTBRA may approve greater percentages or more limited income affordability levels based on underwriting, and overall project size.

3.) With the exception of a sale after seven (7) years per section 4 D, subsection 7 b; a restrictive covenant describing the income limitations and required sale to an IQH as defined by the MSHDA shall encumber the Housing Property for a minimum of the Plan duration, commencing on the date the Housing Property obtains a Certificate of Occupancy from the Township Building Official. This is the "Affordability Period" of any Affordable for-sale dwelling unit subsidized through the approved Brownfield Plan.

4.) Affordable for-sale dwelling units must be sold to an IQH during the Affordability Period, except as provided in section 4 D, subsection 7 b. IQH for-sale properties may not be rented or leased at any time.

5.) Plans contemplating Housing TIF that include Affordable for-sale dwellings shall only be proposed/submitted by the developer. **Individual homebuyers are not eligible, in addition, any for-sale subsidized property cannot be rented/leased by the IQH.** A restrictive covenant describing the prohibition for leasing the Housing Property must state the limitation for the Affordable for-sale dwellings subsidized through the approved Plan. MTBRA support will include, but may not be limited to, a PDL subsidy in an amount necessary to construct and sell an Affordable for-sale dwelling unit, to a purchaser who qualifies as an IQH. In all cases, the PDL subsidy shall initially be funded by the developer, or its lender(s) and the PDL subsidy shall be eligible for reimbursement with Housing TIF so long as all applicable conditions are satisfied by the developer. For a mixed-use development, the costs of Housing Development Activities approved in the Plan for a dwelling occupied by an IQH will be eligible for full reimbursement with tax increment revenues under the Plan, as permitted by Act 381, as amended; however, for the portion of the development that is not Affordable, reimbursement of Housing Development Activities costs will only be available as a pro rata share of the square footage of the dwellings occupied by an IQH compared to the total square footage of common areas of the development.

6.) The PDL subsidy amount is equal to the difference between the total Development cost and the amount an IQH can afford based on annual household income.

7.) Under the following conditions an Affordable for-sale dwelling may be sold prior to the end of the Affordability Period:

a.) The property may sell to an IQH for no more than the *MSHDA Income & Sales Price Limits as set for the MI Home Loan & MCC Program*, for Ingham County. The IQH shall provide the following documentation to the MTBRA to verify the sales price of the for-sale dwelling:

- i. Appraisals/Broker Price Opinions to confirm the value of the completed dwelling.
- ii. Annual Ingham County AMI limits as designated by MSHDA
- iii. Annual Ingham County Income and Sales Price Limits of the MI Home Loan & MCC Program as designated by MSHDA.

- iv. After the closing of the dwelling sold to the new homebuyer, the property may be required to continue to provide the affordability income limitations as set by the MTBRA and MSHDA, if the dwelling sold is within the affordability period, and is not subject to the provisions of 4 D, subsection 7 b.

b.) After seven (7) years of the Affordability Period, the IQH may sell their dwelling unit at "Market Rate" (Market Rate refers to the prevailing or current market price of a dwelling unit of similar make and type), providing 25% of the net sale proceeds (sales price less any mortgage payoff and typical closing costs) to the MTBRA Affordable Housing Fund (see section 4 J) at the time of the sale. The IQH shall provide the following documentation to the MTBRA to verify the sales price of the dwelling unit:

- i. Appraisals/Broker Price Opinions to confirm the value of the completed dwelling.
- ii. Listing agreements to verify the for-sale price of the dwelling.
- iii. After the closing of the dwelling sold at market rate to the new property owner, the property may no longer be required to continue to provide the affordability income limitations as set by the MTBRA and MSHDA.

8.) Additionally, the developer shall be responsible for any applicable Meridian Township/MTBRA reporting requirements through the sale of the dwelling and, to the extent the developer has any continuing obligations during the affordability period, the developer shall continue meeting annual reporting requirements until the end of the duration of the affordability period or developer's obligations are completed. During the affordability period, the IQH may also have annual reporting requirements, which include, but are not limited to, confirmation that property taxes, utilities, are paid, etc.

4. E. To qualify for payment of interest on carrying costs of unreimbursed Eligible Activities:

The reimbursement of interest on unreimbursed Eligible Activities will be determined on a case-by-case basis, but only where a clear financial gap is demonstrated, and where actual interest expenses and carrying costs will be incurred by the applicant. The following criteria must be met to qualify for interest reimbursement:

- 1.) All costs for which interest is being requested must be Eligible Activities.
- 2.) The total amount of interest, and the interest rate, shall be determined in accordance with MEDC guidelines or MSHDA guidelines and shall be approved by the MTBRA.
Provided reimbursement of interest is generally approved, pursuant to the above, the reimbursement of interest on costs of Eligible Activities *using local-only taxes* may be allowed only if either of the following criteria is met:

- a.) The specific activity or activities are not supported for interest reimbursement by the MEDC, Michigan Department of Environment, Great Lakes and Energy (EGLE), or MSHDA, and are supported by the MTBRA as a cost resulting from an activity that, by its nature, will have specific or general environmental benefits.

b.) A significant financial gap has been identified by the applicant, and supported by the MTBRA, such that the requested interest would help close the gap.

4. F. To qualify for local-only reimbursement:

The MTBRA encourages costs of all Eligible Activities be reimbursed with both incremental local and state school operating taxes to the extent practicable; however, there are circumstances when reimbursement only with local tax increments will be approved, on a case-by-case basis, under the following circumstances:

- 1.) The activities are eligible under Act 381 as amended, the state declined to participate in the cost, or state policy prohibits their participation on a specific project, but the MTBRA supports the activity, which, by its nature, will have specific or general environmental benefits.
- 2.) When the activity or activities were approved in a Brownfield Plan, and subsequently denied for state school operating tax participation, local-only tax increment financing may be considered, provided the approved Brownfield Plan does not prohibit or cap the use of local-only tax increment finances to reimburse the particular activity proposed for local-only reimbursement.
- 3.) For any eligible activity completed prior to plan approval, but now included in a Brownfield Plan or Combined Brownfield Plan and Act 381 Work Plan submitted for approval, the MTBRA may support the inclusion of the costs for local-only reimbursement, and the following conditions must be met:
 - a.) The approved Plan states that certain or all Eligible Activities initiated or completed prior to plan approval, and subsequently denied for state school operating taxes participation, will be funded with local-only taxes.
 - b.) The entity that incurred the costs is the same as applying for Brownfield Plan approval; and
 - c.) Eligible Activities were conducted and expenses incurred prior to Brownfield Plan approval as allowed under Section 13b of Act 381 or due to unanticipated circumstances or compressed project timeline.

4. G. Unanticipated Eligible Environmental Response Activities

Pursuant to Act 381 as amended, local-only and state school operating tax increment revenues may be used to reimburse unanticipated eligible environmental response activities conducted after Brownfield Plan and/or Work Plan approvals provided the owner must have contacted EGLE and MTBRA prior to taking action and subsequently included the eligible environmental costs in an amended Work Plan, and Brownfield Plan if necessary, and secured all requisite approvals.

4. H. Administrative Costs Capture

- 1.) The annual capture of administrative fees from brownfield projects from local taxes is permitted under Public Act 381 of 1996, as amended. Each Brownfield Plan may include capture of

administrative fees. Administrative fees will be used to cover actual expenses related to operating the Brownfield Redevelopment program.

2.) For reimbursement of reasonable and actual administrative expenses, the MTBRA will transfer to its Administrative Fund five percent (5%) of the annual total available TIF capture per project, during the entire capture period for the project. Actual administrative expenses will be captured with only local incremental taxes. These fees shall be paid before any annual reimbursements of costs are made to the applicant. For approved Plans that include the reimbursement of eligible housing activities, this fee will be increased to 10 percent (10%) of the annual total TIF capture due to additional reporting requirements.

3.) In accordance with MTBRA policy, capture of administrative fees may exceed actual brownfield program expenses in any one year, provided any reserves are maintained in the Administrative Fund and utilized to reimburse for future years' expenses or used as otherwise allowed by Act 381 as amended. At no time will surplus funds exceed one year's allowable maximum capture under Act 381 based on the previous year's allowable capture. Any fund reserves that exceed one year's allowable capture will be returned to the appropriate taxing jurisdictions.

4. I. Local Brownfield Revolving Fund Capture

The MTBRA intends to capitalize its Local Brownfield Revolving Fund (LBRF) by capturing tax increment revenue, as allowable by Act 381, as amended. The MTBRA will include provisions to capture five percent (5%) annual total available TIF capture per project (pursuant to total allowable per statute) for deposit into the LBRF in the approved Brownfield Plan.

LBRF funds will be used to further the purpose of the MTBRA's Brownfield program, which is to facilitate the redevelopment of previously developed sites classified as a "facility," functionally obsolete, or blighted as defined by Act 381, as amended. LBRF funds can only be used to fund Eligible Activities, as defined by Act 381, as amended. LBRF funds are eligible for use by all eligible properties located within the Meridian Township to assist with the completion of Eligible Activities. The LBRF funds typically will be distributed as revolving loans, which allows the funds to continually revolve throughout Meridian Township. LBRF funds may be distributed as grants in response to exceptional circumstances solely at the discretion of the MTBRA. The use of the funds will be determined on a case-by-case basis.

4. J. Affordable Housing Fund

The MTBRA will include a provision in the Brownfield Housing Redevelopment Reimbursement Agreements to allow an Affordable for-sale dwelling to be sold after the seven (7) year Affordability Period at market rate, provided that 25% of the net sale proceeds are paid to the Meridian Township's Affordable Housing Fund.

The Affordable Housing Fund may be used at the discretion of the MTBRA to support an IQH with down payment assistance or other housing needs, in the form of a forgivable loan to a homebuyer or other Affordable housing project subsidies as determined by the Township Board.

Section 5: Procedures:

The MTBRA recognizes the importance of development project schedules and will expedite the Brownfield Plan review and approval process to the greatest extent possible. The following are typical steps to access brownfield redevelopment incentives in Meridian Township. The steps may change if a combined Brownfield Plan/Work Plan is proposed.

- A. Concept Plan submittal and meeting – Review by committee of Township staff**
- B. Brownfield Plan application submittal**
- C. Brownfield Plan Development – Applicant and Staff**
- D. Brownfield Plan Introduction to MTBRA**
- E. Brownfield Plan Recommendation from MTBRA**
- F. Brownfield Plan – Public Hearing at Township Board**
- G. Brownfield Plan Approval by Township Board**
- H. Act 381/ Act 90 Work Plan(s) – Approval by Staff**

The applicant needs to execute a Reimbursement Agreement with the MTBRA (See **Section 7: Reimbursement Agreement**).

Work Plan(s) (or Combined Brownfield Plan and Work Plan(s)) must be completed in accordance with the requirements of Act 381, as amended, and guidance published by the EGLE, MSHDA, and MEDC, and be submitted to Staff. Staff will review the Work Plan and work with the developer and/or the developer's representative (consultant) to finalize it. Staff will coordinate with the appropriate agency(s) for the submission and review of the Work Plan (or Combined Brownfield Plan).

Generally, conducting Eligible Activities can begin once the relevant elements of the approval process are complete. However, pursuant to Act 381, as amended, and in accordance with **Section 4: Policies**, conducting certain Eligible Activities prior to Brownfield Plan approval may still be reimbursed, with either or both local-only or state school operating Tax Incremental Revenues.

Section 6: Application Fee

The application fee is due after Project Concept Application approval and is based on total project investment:

- \$0- \$5 Million = \$5,000
- \$5M - \$10M = \$7,000
- \$10 M and over = \$12,000

Section 7: Reimbursement Agreement

Staff will provide the most current Reimbursement Agreement template. The applicant should fill in required information using the template, then work with MTBRA staff to finalize. The Reimbursement Agreement **must be approved by the MTBRA** and fully executed in accordance with Township contract procedures.

If capture of state school operating taxes for reimbursement of eligible costs is approved, the reimbursement agreement with the MTBRA must be signed and executed before submission of an Act 381/Act 90 Work Plan or Combined Brownfield Plan, for those activities.

Section 8: Reimbursement Process

All Eligible Activities must be completed within the time specified in the Reimbursement Agreement.

Request for reimbursement for Eligible Activities shall be submitted in the form required by the MTBRA. The form shall generally include a detailed list of approved costs, actual costs, and proof of payment. Staff will forward the submitted completed request, with a recommendation, to the MTBRA for certification and approval.

The MTBRA will only reimburse the actual costs to conduct approved Eligible Activities. The BRA uses only the incremental taxes generated by the redevelopment project to reimburse approved Eligible Activities, and the yearly reimbursement amount is based on the actual yearly incremental taxes collected on a project, less any applicable administrative and revolving fund capture noted herein.

Once TIF capture begins, and any or all eligible expenses have been approved, reimbursement may begin in accordance with the terms of the Reimbursement Agreement.

CONTACT INFORMATION

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