



CITY OF MADISON HEIGHTS

CITY HALL - EXECUTIVE CONFERENCE ROOM, 300 W. 13 MILE RD.

**BROWNFIELD REDEVELOPMENT AUTHORITY MEETING
AGENDA**

JULY 18, 2023 AT 8:00 AM

CALL TO ORDER

ROLL CALL

ADDITIONS/DELETIONS

APPROVAL OF MINUTES

- [1.](#) April 12, 2022 MHBRA Minutes

MEETING OPEN TO THE PUBLIC

REPORTS

- [2.](#) Active Brownfield TIF Project Update & Refresher

UNFINISHED BUSINESS

NEW BUSINESS

ADJOURNMENT

NOTICE: Persons with disabilities needing accommodations for effective participation through electronic means in this meeting should contact the City Clerk at (248) 583-0826 or by email: clerks@madison-heights.org at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.

Regular Meeting
Brown Field Redevelopment Authority
Madison Heights, Michigan
April 12, 2022

A Regular Meeting of the Brownfield Redevelopment Authority was called to order by Chairman Van Buren on Tuesday, April 12, 2022, at 8:37 a.m. in the Municipal Building at 300 West Thirteen Mile Road, Madison Heights, Michigan.

Present: Chairman Van Buren and Vice Chairman Jarbo. Mr. Busler, Ms. Charlebois, Mr. Davignon, Mayor Grafstein, Mr. Keys, City Manager Marsh, Ms. Renshaw, Mr. Sheppard and Ms. Zmarzlik.

Also Present: Economic Development Director Tucker and Deputy City Clerk Boucher.

Absent: Mr. Marando and Mr. Mancini.

BRA-22-01. Excuse Members.

Motion by Grafstein, seconded by Busler, to excuse members Joe Marando and Anthony Mancini from today's meeting due to giving notice.

Yeas: Busler, Charlebois, Davignon, Grafstein, Jarbo, Keys, Marsh, Renshaw Sheppard, Zmarzlik, Van Buren

Nays: None

Absent: Marando, Mancini

BRA-22-02. Meeting Open to the Public.

There were no members of the public wishing to speak.

BRA-22-03. Minutes.

Motion by Marsh, seconded by Sheppard, to approve the Brownfield Authority meeting minutes of April 13, 2021, as presented.

Yeas: Busler, Charlebois, Davignon, Grafstein, Jarbo, Keys, Marsh, Renshaw, Sheppard, Zmarzlik, Van Buren

Nays: None

Absent: Marando, Mancini

BRA-22-04. Director's Report.

Director Tucker reported that the Cypress Partners, LLC Brownfield Plan was passed by the City Council at their May 11th meeting. The Development Plan for Cypress Partners Project the Reserve at Red Run must be completed at the end of this calendar year. Jeff Buck has expressed interested in developing an expansion to the North of the Reserve at Red Run and this may require another Brownfield Plan

Regular Meeting
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approval. The Reserve at Red Run is an independent living facility, there are 133 units, it cost at least \$3,000 a month, the minimum age is 55 and it is privately owned.

Director Tucker reported the Madison Owner, LLC Development Plan was adopted at the end of 2019. The location of BJ's Wholesale Club and McDonalds is complete. The Madison Owner, LLC made several changes to their permits and site plan last year. They expressed delays due to supply chain issues with construction material and their Project Lead Kevin Baker passed away unexpectedly. The Madison Owner, LLC original Development Plan expired December 31, 2021; they submitted a revised plan with an extension of the agreement until March 31, 2023 and it was passed by City Council at their December 13, 2021 meeting. Their new concept plan now excludes First Watch restaurant and the footprint is divided into thirds for smaller uses.

BRA-22-05. Adjournment.

There being no further business, Chairman Van Buren adjourned the meeting at 8:50 a.m.

Phommady A. Boucher
Deputy City Clerk

Brownfield TIF Project Update & Refresher

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JULY 11TH , 2023

**EXECUTIVE CONFERENCE ROOM
MADISON HEIGHTS CITY HALL
300 W 13 MILE RD.**

8:00AM- 9:00AM

Table of Contents

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- Brownfield Basics & Project Process
- The Brownfield Plan
- The Development & Reimbursement Agreements
- Update of On Active Projects
- Anticipated Brownfield Projects & Activities

Citizens Academy-Community & Economic Development (CED)

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BROWNFIELD BASICS & BROWNFIELD TIF PROJECT PROCESS

Brownfield Basics: What is a Brownfield?

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“A brownfield is a property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant” (USEPA).



Outdoor Adventure Center, Detroit Riverfront

Contaminated

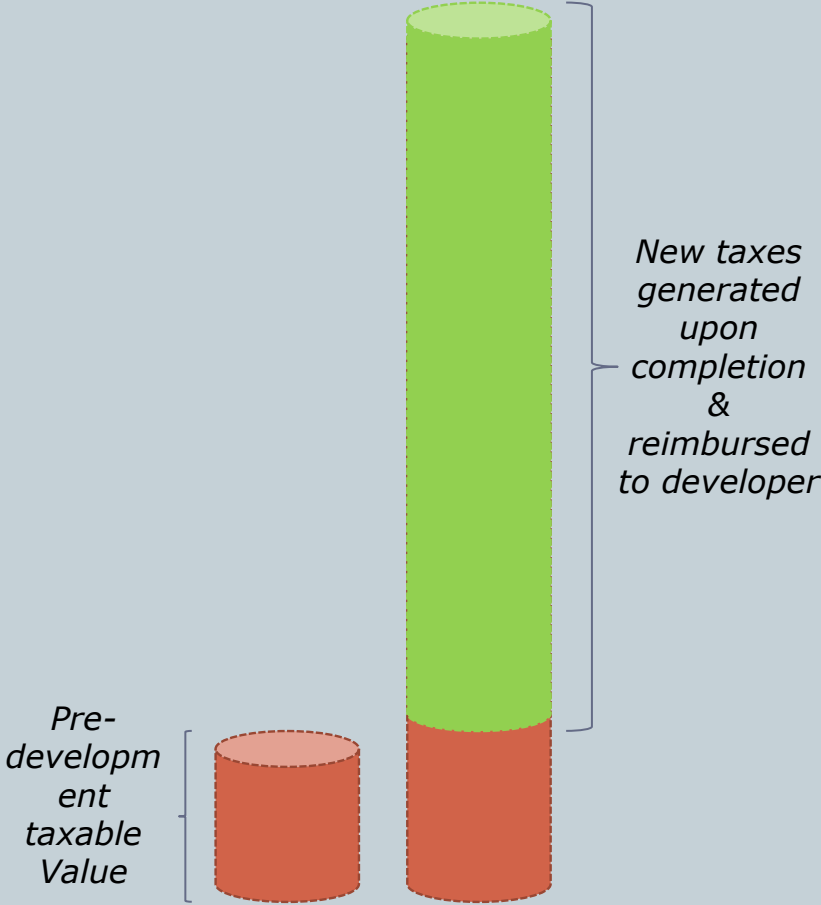
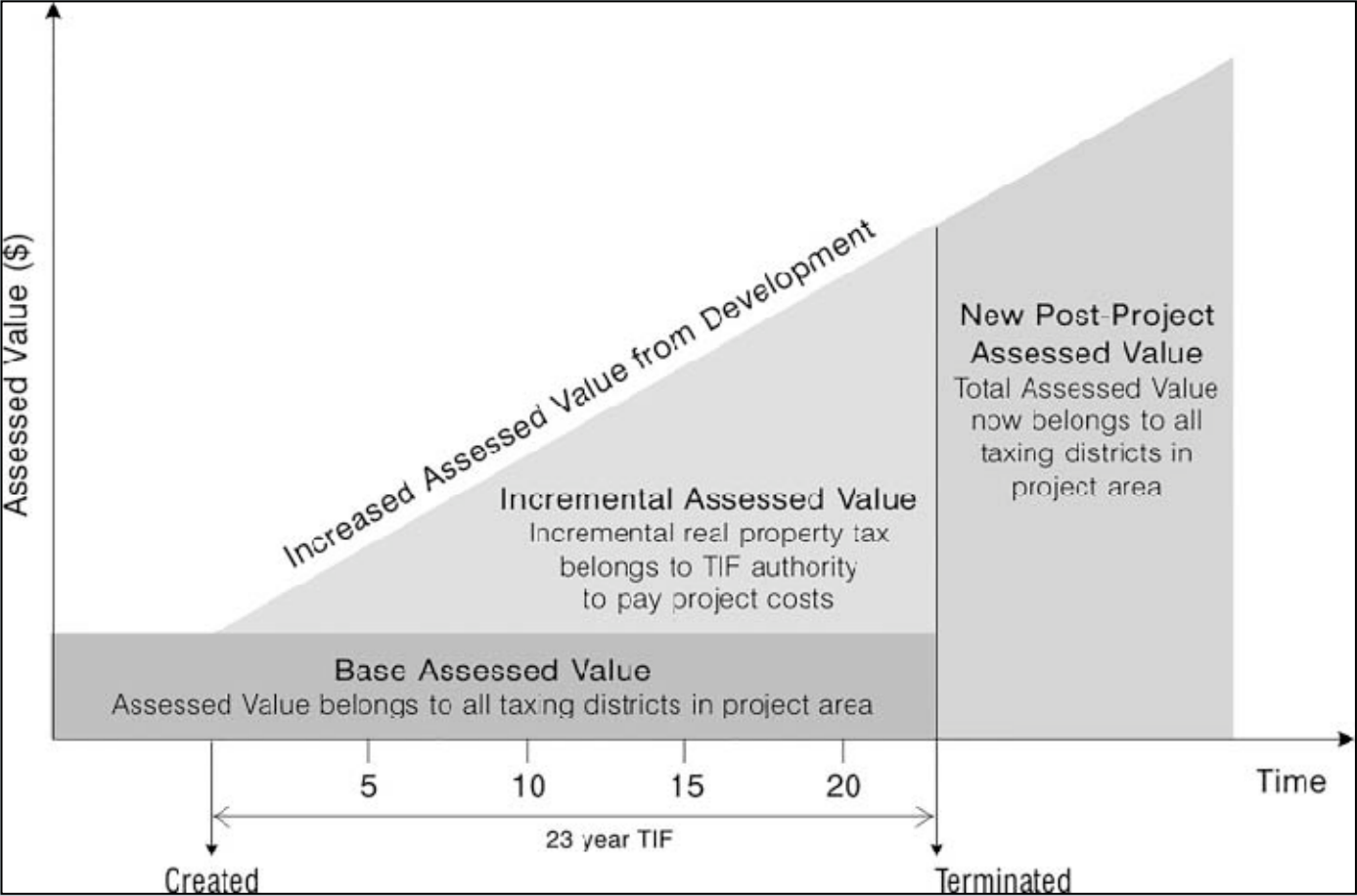
Facility, Site or Property; Defined by Part 201, as a site or property under Part 213.

Clean

For “CORE Communities” other properties may qualify for brownfield incentives including those that are:

- Functionally Obsolete
- Blighted
- Historic Resource
- Adjacent & Contiguous

Brownfield Basics: What is a Brownfield TIF Project?



Brownfield TIF Project Process

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**Pre-Approval &
Board Engagement
(1-4 months)**

1. Pre-Development Meeting w/staff giving an overview of the project.
2. Submitted application reviewed by staff.
3. Resolve any compliance issues if necessary
4. Staff develops materials for study session (optional) with MHBRA/CC.
5. Revisions of application materials as necessary.

Brownfield TIF Project Process

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**MHBRA & CC
Consideration
(3-4 months)**

- Economic Development Team develops Brownfield Plan, Development Agreement and Reimbursement ready for consideration.
- MHBRA meeting held to provide a recommendation to City Council.
- A Public Hearing is scheduled & held at the City Council meeting for the Brownfield Plan.
- At a following City Council Meeting the Brownfield Plan is considered for approval.
- If approved, a Development & Reimbursement Agreement must also be approved by City Council.

Brownfield TIF Project Process

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- Developer proceeds with necessary permitting and begins construction activities.
- Staff monitors progress and ensures that all site amenities etc. from approved site plan and development agreement.

Brownfield TIF Project Process

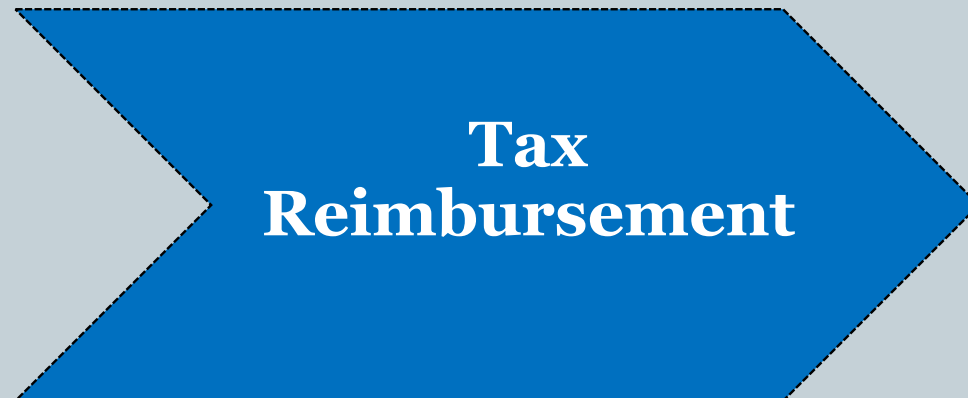
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- Developer is demonstrating that they have completed “eligible activities” and paid contractors that completed these tasks.
- The reimbursement request cannot exceed the maximum reimbursement set at the approval of the Brownfield Plan.

Brownfield TIF Project Process

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- After tax capture has begun, and reimbursement requests have been approved, staff will prepare tax reimbursement to the developer.
- The developer is reimbursed after Summer Tax has been paid and again after Oakland County Tax Settlement.
- Reimbursement will continue until the maximum reimbursement amount in the plan is reached, a set end term if stated in the plan, or 30 years (PA 381), whichever happens first.
- If contained in the reimbursement plan, reimbursement funds are diverted into MHBRA fund for future remediation activities the last 5 years of plan.

Brownfield TIF Project Process

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- A letter and final reimbursement payments are made to the developer.
- CED staff alerts Finance Director and Oakland County Assessors, and Treasurer's Offices that the property is to return to "non- tax capture"

Citizens Academy-Community & Economic Development (CED)

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THE BROWNFIELD PLAN

The Brownfield Plan: What's in it?

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- Project Name
- Project Location
- Eligibility Type
- Basis for Eligibility
- Eligible Activities
- Developer Reimbursable Costs (Max)
- Years to Complete Reimbursement
- Estimated Capital Investment
- Project Overview
- Appendices
 - Legal Description
 - Property Location Boundary
 - Preliminary Site Plans Renderings
 - Documentation of Eligibility
- Tables
 - Estimated Costs of Eligible Activities
 - Tax Increment Revenue Capture Estimates
 - Tax Increment Reimbursement Estimates

The Brownfield Plan: Expectations & Realities

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Subject to Change

- Preliminary Site Plans & Renderings (see Dev. Agreement).
- Tax Increment Revenue Capture Estimates.
- Tax Increments Reimbursement Estimates.
- Duration of the Brownfield Plan*.
- Actual amounts of eligible activity costs*.
- Estimated FTE jobs created.
- Proposed tenants

Not Subject to Change

- Property/project location.
- Basis of eligibility under Act 381.
- Maximum amount of reimbursement.
- All activities reimbursed will be “eligible activities” as defined in Act 381.
- Duration cannot exceed 30 years from start of tax capture, no more than 35 years in total (Act 381).

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DEVELOPMENT AGREEMENT & REIMBURSEMENT AGREEMENT

Development Agreement: What's in it?

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The Development Agreement is intended to ensure that the project is completed in a timely manner, in accordance with city ordinances and any other conditions imposed within the Development Agreement.

It includes provisions such as:

- Definitions
- Development Criteria
- Default by Developer

Reimbursement Agreement: What's in it?

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The Reimbursement Agreement is intended to clearly state what funds will be used to reimburse the developer, what activities are eligible for reimbursement, and what are the obligations of the BRA for reviewing requests and responding to the developer.

Some important provisions include:

- Sources and Uses of Tax Increment Revenue
- Determination of Eligible Activities Qualified for Reimbursement
- BRA Reimbursement Payments to Owner
- BRA Admin Fees

Citizens Academy-Community & Economic Development (CED)

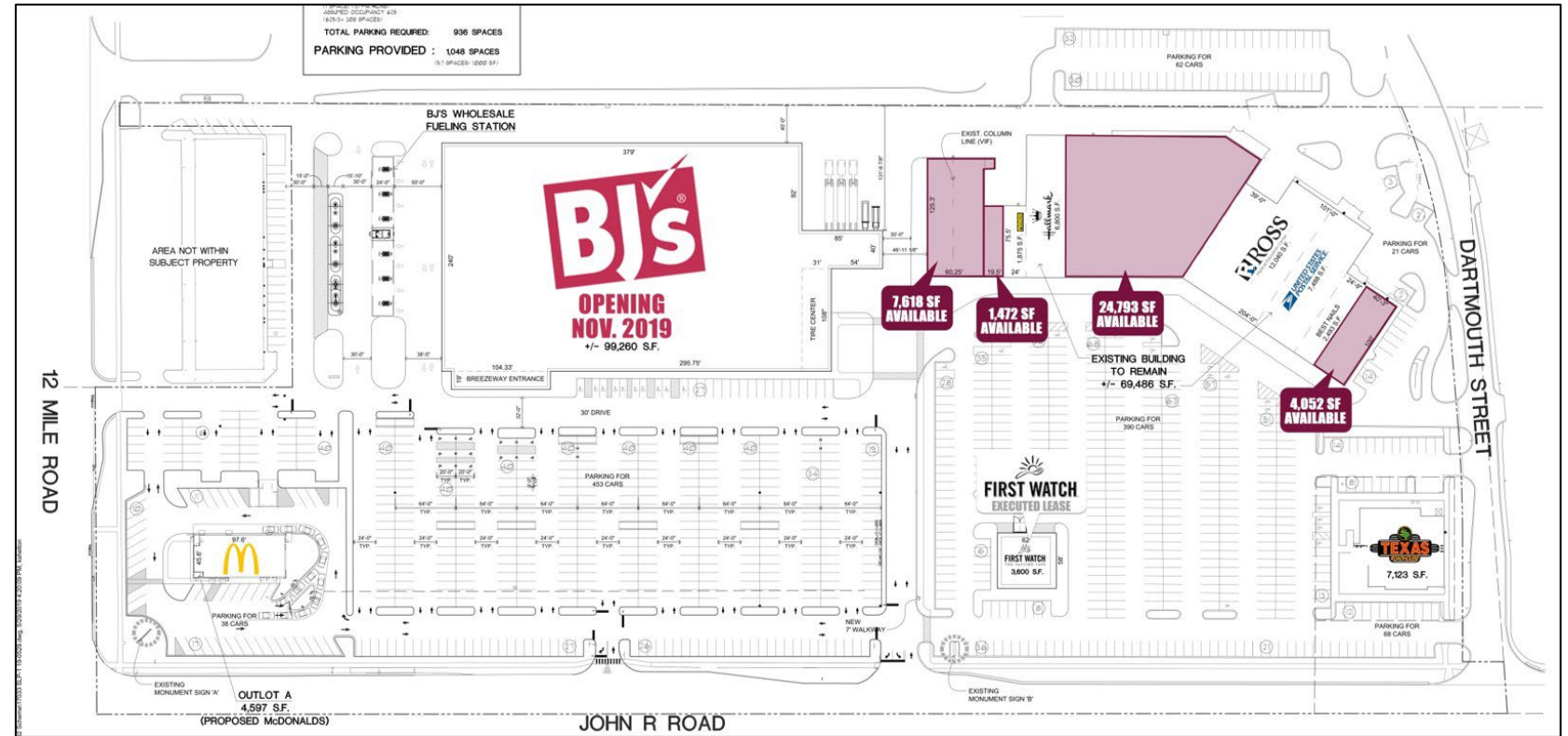
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UPDATE ON ACTIVE PROJECTS

Madison Center Owner LLC: Project Summary

In the Winter of 2018, the developer acquired the recently vacant 147,259 SF former K-Mart with the intent to demolish the existing building to make way for a new 99,260 SF BJ's Wholesale Club. After learning that the development would require new underground detention, the developer sought a Brownfield TIF application to mitigate these costs.

The developer has completed the BJ's store and fueling station, a McDonald's, and renovated the adjacent commercial "strip". While the developer had a commitment from First Watch restaurant initially, after Covid-19 the tenant pulled out and currently there is not a tenant committed to this second outlot.



Approx. Capital Investment: \$36 Million

Max Approved Reimbursement: \$2.388 Million

Madison Center Owner LLC- Project Timeline



Madison Center Owner LLC: Reimbursement



Plan Year			
Calendar Year			2022
Parcel ID	New Taxable Value (2020)	Base Taxable Value	Incremental Difference (New TV - Base TV)
44-25-11-476-018	\$ 3,715,560.00	\$ 2,873,180.00	\$ 842,380
44-25-11-476-019	\$ 936,660.00	\$ 118,810.00	\$ 817,850
44-25-11-476-021	\$ 118,610.00	\$ 111,136.00	\$ 7,474
44-25-11-476-022	\$ 2,617,630.00	\$ 2,452,434.00	\$ 165,196
44-25-11-476-023	\$ 233,740.00	\$ 74,420.00	\$ 159,320
Totals	\$ 7,622,200.00	\$ 5,629,980.00	\$ 1,992,220.00

Fiscal Year	Capture Amount	10% of Capture	Admin Fee	City Portion of Capture	Developer Portion	Reimbursement	Remaining Reimbursement
2021	\$ 15,528.27	\$ 1,552.83	\$ 2,500.00	\$ 4,052.83	\$ 11,475.44	\$ 11,475.44	\$ 2,377,073.56
2022	\$ 18,159.19	\$ 1,815.92	\$ 2,500.00	\$ 4,315.92	\$ 13,843.27	\$ 25,318.71	\$ 2,363,230.29
2023	\$ 57,705.90	\$ 5,770.59	\$ 2,500.00	\$ 8,270.59	\$ 49,435.31	\$ 74,754.02	\$ 2,313,794.98

The Reserve at Red Run: Project Summary

This development along Dequindre Rd required the acquisition and combination of three residential properties. After initially considering using a Payment in Lieu of Taxes program (PILOT), the developer elected to apply for a local brownfield TIF plan. The result is a new 144,000 SF independent senior living facility



Approx. Capital Investment: \$12 Million

Max Approved Reimbursement: \$1.733 Million

The Reserve at Red Run- Project Timeline



The Reserve at Red Run: Reimbursement



TIR Available for Reimbursement			1
Calendar Year			2022
Parcel ID	New Taxable Value (2021)	Base Taxable Value	Incremental Difference (New TV - Base TV)
44-25-12-280-030	\$ -	\$ -	\$ -
44-25-12-280-031	\$ -	\$ -	\$ -
44-25-12-280-035	\$ 2,909,580.00	\$ 164,460.00	\$ 2,745,120
Totals	\$ 2,909,580.00	\$ 164,460.00	\$ 2,745,120.00

Fiscal Year	Capture Amount	Admin Fee	City Portion of Capture	Developer Portion	Cummulative Reimbursement	Remaining Reimbursement
2022	\$ 5,714.19	\$ 2,500.00	\$ 2,500.00	\$ 3,214.19	\$ 3,214.19	\$ 1,729,193.49
2023	\$ 84,445.65	\$ 2,500.00	\$ 5,000.00	\$ 79,445.65	\$ 82,659.84	\$ 1,649,747.84

Citizens Academy-Community & Economic Development (CED)

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ANTICIPATED BROWNFIELD PROJECTS/ACTIVITIES

The Reserve at Red Run: Reimbursement Request #2



- The approved Brownfield Plan for this project approved a total of \$1,733,789 in tax increment revenue to be reimbursed to the developer.
- On July 19th, 2022 the MHBRA reviewed and approved the reimbursement of tax increment revenue in the amount of \$1,306,859.98.
- Staff anticipates a second request on the behalf of the developer for the remaining \$426,929.02 eligible for reimbursement this calendar year.



Former Active Adult Center: Project Summary

In May 2022, the City of Madison Heights and MMD Acquisitions LLC entered into a purchase agreement for the sale of the Active Adult Center at 29448 John R Rd.

City Council held a workshop meeting on April 13th 2023, where the developer provided a concept design that included a fast casual restaurant use and a car wash.

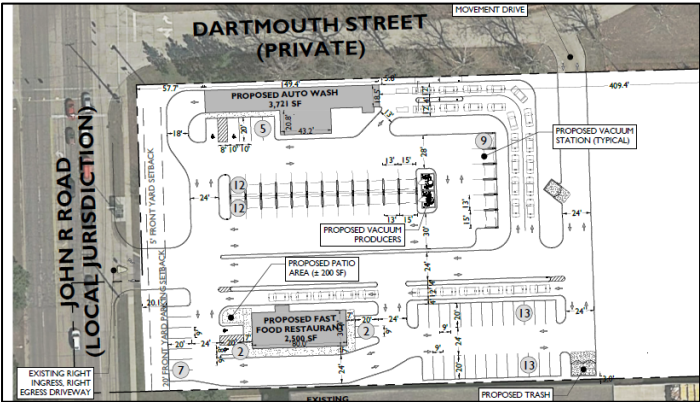
The car wash use requires a special use approval from City Council. This is set to be considered at the July 10, 2023, City Council Meeting.

Receiving approval of a Brownfield Plan for the site is a condition of purchase agreement because the site is known as a former landfill. Staff has yet to receive details of the costs of necessary remediation and the amount of reimbursement the developer is requesting.

Current Active Adult Center



Concept Proposed



Pre-Approval & Board Engagement (1-4 months)

Madison Heights Brownfield Redevelopment Authority

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QUESTIONS? THANK YOU!

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