



CITY OF NOVI CITY COUNCIL
JULY 26, 2021

SUBJECT: Consideration of a Resolution Concurring in the provisions of a **Revised** Brownfield Plan submitted to the Oakland County Brownfield Redevelopment Authority (OCBRA) utilizing tax increment financing for a period of approximately eight years, ending no later than 2029, for the Sakura Novi Development, located on the north side of Grand River Avenue near Town Center Drive.

SUBMITTING DEPARTMENT: City Manager

BACKGROUND INFORMATION: The City and Sakura Novi Land Development, LLC (Applicant) have entered into a "Conditional Agreement for Purchase and Sale of Land," dated June 21, 2018, as amended, relating to land owned by the City, with the intention that the land will be re-developed by Applicant with a mixed-use commercial and multiple-family development, which such development will also include adjacent land owned by ECCO Tool Co. also to be purchased by Applicant, in accordance with a Planned Rezoning Overlay (PRO) Plan and Agreement to be approved by the City. The Conditional Agreement contemplates that Sakura will remediate environmental conditions on the Property and will seek funding for such activity through a Brownfield Plan to be approved by the Oakland County's Brownfield Redevelopment Authority (OCBRA) and/or the State of Michigan.

City Council originally considered Sakura's Brownfield Plan at its March 2, 2020 meeting and approved a "Resolution Concurring in the Provisions of a Brownfield Plan" in connection with a plan with an anticipated cost of approximately \$2 million. What is now before Council is a **revised** version of that Plan. The revised Plan **reduces** the reimbursable amount for site remediation to no more than \$850,000. The OCBRA is reviewing the Plan but has required an indication of support from the City.

The OCBRA was established by the County Board of Commissioners in 2001 to assist in brownfield redevelopment in communities that have not established their own such authorities. Generally, the County will not proceed without knowing that the municipality in which the Property is located is in support of the project. It is anticipated that, upon receiving City Council approval, the Plan will be considered by the County Board of Commissioners in September of 2021.

Enclosed is the revised Plan outlining the work to be done. A significant portion of Sakura's anticipated tax capture for reimbursement also requires state approval under

PA 381, commonly referred to as an "Act 381 plan." The required approval from the State of Michigan would give permit Sakura the ability to capture increased values on the State Education Tax (SET) and Novi Schools Operating millage. Sakura believes the captures from these two millages would allow reimbursement to occur in four and a half years. Oakland County Equalization continues to review the submitted materials, which may require the Applicant to provide revisions to their application prior to the Council meeting. The possible changes will not significantly alter their overall anticipated capture amount.

RECOMMENDED ACTION: Consideration of a Resolution Concurring in the provisions of a **Revised** Brownfield Plan submitted to the OCBRA utilizing tax increment financing for a period of approximately eight years, ending no later than 2029.

CITY OF NOVI

COUNTY OF OAKLAND, MICHIGAN

RESOLUTION CONCURRING WITH THE PROVISIONS OF A REVISED BROWNFIELD PLAN ADOPTED BY THE OAKLAND COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY FOR THE SAKURA NOVI PROJECT

Minutes of a Meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in the City Hall of said City on July 26, 2021, at ____o'clock P.M. Prevailing Eastern Time.

PRESENT:

Councilmembers_____

ABSENT:

Councilmembers_____

The following preamble and Resolution were offered by Councilmember _____ and supported by Councilmember _____.

WHEREAS, The City of Novi adopted a "Resolution Concurring with the Provisions of a Brownfield Plan" in connection with a potential development project known as Sakura Novi, located at the northeast corner of Grand River Avenue and Town Center Drive. A copy of that Resolution is attached hereto.

WHEREAS, the applicant in connection with that project has submitted a REVISED proposed Brownfield Plan that reduces the amount of anticipated cost to no greater than \$850,000.

NOW BE IT THEREFORE RESOLVED the City of Novi hereby concurs with the provisions of the REVISED Plan, and supports approval of the REVISED Plan by the Oakland County Board of Commissioners, and implementation of the Plan by the OCBRA.

IT IS FURTHER RESOLVED the City of Novi acknowledges and understands that OCBRA intends to collect certain administrative fees and certain taxes for its revolving loan fund, which will be specified in detail in any Brownfield Plan before it is finally adopted.

AYES:

NAYS:

RESOLUTION DECLARED ADOPTED.

Cortney Hanson City Clerk

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi, County of Oakland, and State of Michigan, at a regular meeting held this 26th day of July, 2021, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting have been kept and made available to the public as required by said Act.

Cortney Hanson, City Clerk
City of Novi

**OAKLAND COUNTY
BROWNFIELD REDEVELOPMENT AUTHORITY**

BROWNFIELD PLAN

**SAKURA NOVI
42750 GRAND RIVER AVENUE
NOVI, MICHIGAN**

JULY 20, 2021

Date Approved by BRA: _____

Date Approved by Board of Commissioners: _____

Prepared By:

FAUSONE BOHN, LLP

41700 W. Six Mile Rd., Suite 101
Northville, Michigan 48168
Contact Person: Paul F. Bohn
Telephone: (248) 380-0000

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PROJECT SUMMARY

Project Name: Sakura Novi

Project Location: The property is located at 42750 Grand River Avenue in Township one north (T.1N), Range eight east (R.8E), Section 23, Novi, Oakland County Michigan 48375 (the "Property")

Type of Eligible Property: The property is determined to be a "Facility"

Eligible Activities: Site Assessment and Baseline Environmental Assessment Activities, Asbestos Containing Materials (ACM) Survey and Abatement, Contaminated Soils Removal and Disposal, Demolition, Specialized Foundations, Due Care Activities, and Preparation of a Brownfield Plan and Act 381 Work Plan.

Developer Reimbursable Costs: \$850,000 (includes eligible activities and 15% contingency)

Years to Complete Reimbursement: Approximately 8 years from start of capture

Estimated Capital Investment: Approximately \$45-55 million (Including hard and soft costs, excluding the cost of land)

Project Overview: The project includes demolition of existing buildings and the construction of an approximately 17-acre mixed-use development which will include restaurants, supporting retail, pro office, and 118 townhome apartments. It is estimated that 600 construction jobs will be created. The residential development will generate two permanent jobs and the commercial development will generate approximately 170 permanent jobs. The increase in jobs and addition of new development on the Property will result in an increase of City tax revenue.

I. INTRODUCTION AND PURPOSE

In order to promote the revitalization of environmentally distressed, historic, functionally obsolete and blighted areas within the boundaries of Oakland County (“the County”), the County has established the Oakland County Brownfield Redevelopment Authority (OCBRA) the “Authority” pursuant to the Brownfield Redevelopment Financing Act, Michigan Public Act 381 of 1996, as amended (“Act 381”).

The purpose of this Brownfield Plan (the “Plan”) is to promote the redevelopment of and investment in eligible property within the City and to facilitate financing of eligible activities at the property. Inclusion of property within any Plan in the City will facilitate financing of eligible activities at eligible properties, and will provide tax incentives to eligible taxpayers willing to invest in revitalization of eligible sites, commonly referred to as “Brownfields.” By facilitating redevelopment of the property, this Plan is intended to promote economic growth for the benefit of the residents of the City and all taxing units located within and benefited by the Authority.

The identification or designation of a developers or proposed use for the property that is subject to this Plan shall not be integral to the effectiveness or validity of this Plan. This Plan is intended to apply to the eligible property identified in this Plan and to identify and authorize the eligible activities to be funded. Any change in the proposed developers or proposed use of the eligible property shall not necessitate an amendment to this Plan, affect the application of this Plan to the eligible property, or impair the rights available to the Authority under this Plan.

This Plan is intended to be a living document, which may be modified or amended in accordance with and as necessary to achieve the purposes of Act 381. The applicable sections of Act 381 are noted throughout the Plan for reference purposes.

This Brownfield Plan contains information required by Section 13(2) of Act 381, as amended.

II. GENERAL PROVISIONS

A. Description of the Eligible Property (Section 13 (2)(h)) and Project

The eligible property consists of four (4) legal parcels totaling approximately 17 acres with street addresses of 42750 Grand River Avenue and 42525 West Eleven Mile Road, Novi, Oakland County, Michigan. These parcels and all tangible personal property located thereon will comprise the eligible property and is referred to in this Plan as the “Property.”

The Property is located on the northeast corner of Grand River Avenue and Town Center Drive and is bounded by Grand River Avenue to the south, Town Center Drive to the west, Eleven Mile Road to the north and City-owned wetland to the east. Individual parcel information is outlined below and legal descriptions for each parcel are included in Appendix A. A property location map is included in Appendix B.

Parcel No. 1 (ID 22-23-126-006) is currently zoned OS-1 (Office Service District) and OSC (Office Service Commercial). The parcel is partially developed with a closed car wash and an equipment building.

Parcel No. 2 (ID 22-23-226-008) is currently zoned I-1 (Light Industrial) and is undeveloped.

Parcel No. 3 (ID 22-23-126-011) is currently zoned I-1 (Light Industrial) and is developed with the Ecco Tool building.

Parcel No. 4 (ID 22-23-226-007) is currently zoned I-1 (Light Industrial) and is undeveloped.

The Property is anticipated to be rezoned as a Planned Rezoning Overlay to accommodate the proposed future use.

Standard and other historical sources were used to document that the Property was developed in 1897 when a residential building and garage were built. By 1940 a second residence was constructed on the northwestern portion of the Property. The Property continued to be used for residential purposes until 1967 when it was occupied by the present-day equipment building located on the southern portion of the Property, and a large pond/wetland on the western portion of the Property. By 1972, the current car wash building was present on the southwestern portion of the Property. The first recorded occupant of the Property was J Anglin Top Soil in 1973.

Robert B. Aikens and Associates, LLC and Sakura Novi Land Development, LLC or any affiliate, and Robertson Brothers Homes or such other developers, are collectively the project developer ("Developer"). Robert B. Aikens and Associates, LLC, was founded over 40 years ago and has since developed over 20 million square feet of retail, commercial and residential real estate throughout the country. Aikens has successfully connected retail trends to local communities and provided residents with facilities that seamlessly blend into the local social and architectural fabric. Similarly, Robertson Brothers Homes has been building beautiful communities with a wide array of home styles in Southeast Michigan for over 70 years. The proposed project outlined within this plan is part of continued efforts by Aikens to produce innovative community-focused development projects.

The development is intended to be a "best in class" collection of several Asian-themed restaurants along with supporting retail and 118 units of residential townhomes. The project will feature a walkable, open air environment, located on a 2-acre pond surrounded by Japanese-influenced gardens and situated at one of the most highly populated highway intersections in southeast Michigan. The development will create a vibrant cultural community after decades of underutilization of the Property. The creation of the mixed-use space on the Property will create numerous jobs and a regional marketplace destination. The addition of residential units to the area will also create desired housing stock within the City of Novi. Both commercial and residential uses will

lead to the influx of new employees and residents into the area and result in an increased spinoff in consumer spending.

Construction is anticipated to begin in late Summer or early Fall of 2022 and be substantially completed by late Summer/early Fall of 2025. The Developer will invest an estimated \$45 to \$55 million in the development, create approximately 600 construction jobs, and create opportunity for approximately 170 future permanent retail jobs.

A preliminary site plan is included in Appendix C.

B. Basis of Eligibility (Section 13 (2)(h) and Section 2(u))

The Property is considered “Eligible Property” as defined by Act 381, Section 2 because it is a “Facility” or adjacent to property that is a facility. The Property was determined to be a Facility based on environmental site assessments that identified contamination at levels exceeding the applicable Michigan Department of Environment Great Lakes and Energy (“EGLE”) cleanup criteria as a result of historic land uses on the Property.

C. Summary of Eligible Activities and Description of Costs (Sec. 13 (2)(a-b))

State school and/or local tax increment revenues where appropriate will be used to reimburse the costs of “Eligible Activities” (as defined by Section 2 of Act 381) and as permitted under the Act 381 that include: Site assessment and Baseline Environmental Assessment activities, Asbestos Containing Material (ACM) survey and abatement, contaminated soils removal and disposal, Due Care activities, and preparation and implementation of a Brownfield Plan and Act 381 Work Plan. An itemization of these activities and associated expenses is included in Table 1.

The following eligible activities and estimated costs are intended as part of the development of the Property and are to be financed solely by the Developer. All activities are “Eligible Activities” under Act 381. The Authority is not responsible to finance for any cost of Eligible Activities and will incur no debt.

1. Preparation and implementation of the Brownfield Plan and Act 381 Work Plan and associated activities, including reasonable attorney fees for these efforts, at a cost of approximately \$52,000.
2. Site Assessment and Baseline Environmental Assessment Activities include a Phase I Environmental Site Assessment (ESA), Phase II ESA, Baseline Environmental Assessment (BEA) as required as part of the pre-purchase due diligence conducted on the Property at a total cost of \$7,950.
3. ACM survey and abatement at an estimated cost of \$18,000.
4. Due Care Investigation at an estimated cost of \$25,000

5. Removal, transport and disposal of contaminated soil at an estimated cost of \$294,000.
6. Due Care Activities at an estimated cost of \$30,000.
7. Special Foundations at an estimated cost of \$270,000.
8. Demolition at an estimated cost of \$50,000.

A 15% contingency of \$103,050 to address unanticipated environmental and/or other conditions that may be discovered through the implementation of site activities. This contingency excludes the cost of Baseline Environmental Assessment Activities and preparation of the Brownfield Plan and Act 381 Work Plan.

The total estimated cost of Eligible Activities subject to reimbursement from tax increment revenues is \$746,950 with a potential \$103,050 contingency, resulting in a total cost of \$850,000.

Therefore, the total cost for reimbursement to the Developer is a not-to-exceed amount of \$850,000 (including contingency), unless the Plan is amended and approved by the OCBRA and the Board of Commissioners.

D. Estimate of Captured Taxable Value and Tax Increment Revenues (Sec. 13 (2)(c))

Incremental taxes on real property included in the redevelopment project will be captured under this Plan to reimburse eligible activity expenses. The base taxable value of the Property shall be determined by the use of the 2021 tax year tax value (the majority of the Property is owned by the City of Novi and has a current taxable value of \$0 as tax exempt property). Tax increment revenue capture will begin when tax increment is generated by redevelopment of the Property, which is expected to begin in 2022. The estimated taxable value of the completed development utilized in the tax capture tables (Table 2 and Table 3) is approximately \$19 million. This assumes a three-year phase-in for completion of the redevelopment, which has been incorporated into the tax increment financing assumptions for this Plan. An annual increase in taxable value of 1% has been used for calculation of future tax increments in this Plan. A Commercial Rehabilitation Exemption Certificate for the Property redevelopment was assumed to reduce local taxes beginning in 2022 for a period of eight (8) years. Table 2 details the estimate of captured tax increment revenues for each year of the Plan from the Eligible Property.

The OCBRA has established a Local Brownfield Revolving Fund (LBRF). Capture for the LBRF is included in this Plan following Developer reimbursement, currently established at \$150,000. The funds deposited into the LBRF as part of this Plan will be used in accordance with the requirements of Act 381, as amended.

Payment of Brownfield Redevelopment Authority Administrative Fees of \$5,000/year will occur annually prior to reimbursement of the Developer.

Act 381 also requires a portion of the tax increment revenue created by the redevelopment to be placed in the State Brownfield Fund, which amount is anticipated to be \$149,083.

E. Method of Brownfield Plan Financing and Description of Advances by the Municipality (Sec. 13 (2)(d))

Eligible activities will be financed by the Developer. The Developer will be reimbursed for eligible costs as described in Section C and outlined in Table 1. Costs for Eligible Activities funded by the Developer will be repaid with incremental taxes generated by future development of the Property. The estimated amount of tax increment revenue capture that will be used to reimburse the State Brownfield Fund, Developer, LBRF, and the Brownfield Redevelopment Authority is not to exceed \$1,189,083. This includes Brownfield Redevelopment Authority Administrative fees.

No advances will be made by the Authority for this project. All reimbursements authorized under this Plan shall be governed by a Reimbursement Agreement.

F. Maximum Amount of Note or Bonded Indebtedness (Sec. 13 (2)(e))

No note or bonded indebtedness will be incurred by any local unit of government for this project.

G. Duration of Brownfield Plan (Sec. 13 (2)(f))

In no event shall the duration of the Plan exceed 35 years following the date of the resolution approving the Plan, nor shall the duration of the tax capture exceed the lesser of the period authorized under subsection (5) of Section 13 of Act 381 or 30 years. Further, in no event shall the beginning date of the capture of tax increment revenues be later than five years after the date of the resolution approving the Plan. The Property will become part of this Plan on the date this Plan is approved by the Oakland County Board of Commissioners.

H. Estimated Impact of Tax Increment Financing on Revenues of Taxing Jurisdictions (Sec. 13 (2)(g))

Taxes will continue to be generated for taxing jurisdictions on local and state captured millages at the base taxable value of the Ad Valorem parcel throughout the duration of this Plan totaling annually approximately \$12,000.

Non-capturable millages; including the zoo authority, art institute, and school debt will provide new tax revenue of approximately \$35,000 throughout the capture duration of this Plan. A proposed Commercial Rehabilitation Act tax abatement is also being sought as part of the local contribution to the project, which is projected to begin in 2022 and run through 2029.

See Table 2 for a complete breakdown of available tax increment revenue and Table 3 for the estimated tax increment reimbursement.

I. **Legal Description. Property Map. Statement of Qualifying Characteristics and Personal Property (Sec. 13 (2)(h))**

The legal descriptions of the Property included in this Plan is attached in Appendix A.

A Property location map is included in Appendix B.

A preliminary site plan is included in Appendix C

Documentation of characteristics that qualify the property as eligible property pursuant to Act 381 are provided in Appendix D.

J. **Displacement/Relocation of Individuals on Eligible Property (Sec. 13 (2)(i-l))**

The Property is currently unoccupied with the exception of the Ecco Tool building and car wash building. No displacement of residents or families is expected as part of this project.

K. **Other Material that the Authority or Governing Body Considers Pertinent (Sec. 13 (2)(m))**

The Brownfield Redevelopment Authority and the Oakland County Board of Commissioners as the Governing Body, in accordance with Act 381, may amend this Plan in order to fund additional eligible activities associated with the project described herein.

**APPENDIX A
LEGAL DESCRIPTIONS**

SAKURA NOVI
LEGAL DESCRIPTIONS OF ELIGIBLE PROPERTY

PARCEL 1

ID Number: 22-23-126-006

A parcel of land located in and being part of the east 1/2 of the northwest 1/4 of Section 23, T.1N., R.8E., City of Novi, Oakland County, Michigan, being more particularly described as follows:

Commencing at the North 1/4 corner of said Section 23, thence proceeding South 89 Degrees 34 Minutes 00 Seconds West 290.50 feet along the North line of said Section 23 and the centerline of Eleven Mile Road to the point of beginning; thence South 00 Degrees 26 Minutes 00 Seconds East 891.67 feet (recorded as South 00 Degree 17 Minutes 20 Seconds East 891.25 feet) to a point on the centerline of Grand River Avenue (US-16); thence North 71 Degrees 44 Minutes 00 Seconds West 652.02 feet (recorded as 650.70 feet) along said centerline of Grand River Avenue (North half 50 feet wide); thence North 682.64 feet (recorded as 682.62 feet) to a point on the North line of said Section 23, said point being located North 89 Degree 34 Minutes 00 Seconds East 433.84 feet (recorded as 419.90 feet and assessed as 433.70 feet) from the 1/16 corner located at the Northwest corner of the East 1/2 of the Northwest 1/4 of said Section 23; thence continuing North 89 Degrees 34 Minute 00 Seconds East 612.44 feet (recorded as 613.40 feet) along said North line of Section 23 and centerline of Eleven Mile Road (South half 33 feet wide) to the point of beginning.

PARCEL 2

ID Number: 22-23-226-008

Land situated in the City of Novi in the County of Oakland in the State of Mi. Part of the Northeast 1/4 of Section 23, Town 1 North, Range 8 East, described as:

Beginning at a point distant North 89 degrees 00 minutes East, 99.53 feet from the North 1/4 corner of Section 23, thence North 89 degrees 00 minutes East, 165.14 feet; thence South 0 degrees 49 minutes 20 seconds East, 527.55 feet; thence South 89 degrees 00 minutes West, 165.14 feet; thence North 0 degrees 49 minutes 20 seconds West, 527.55 feet to the point of beginning.

PARCEL 3

ID Number: 22-23-126-011

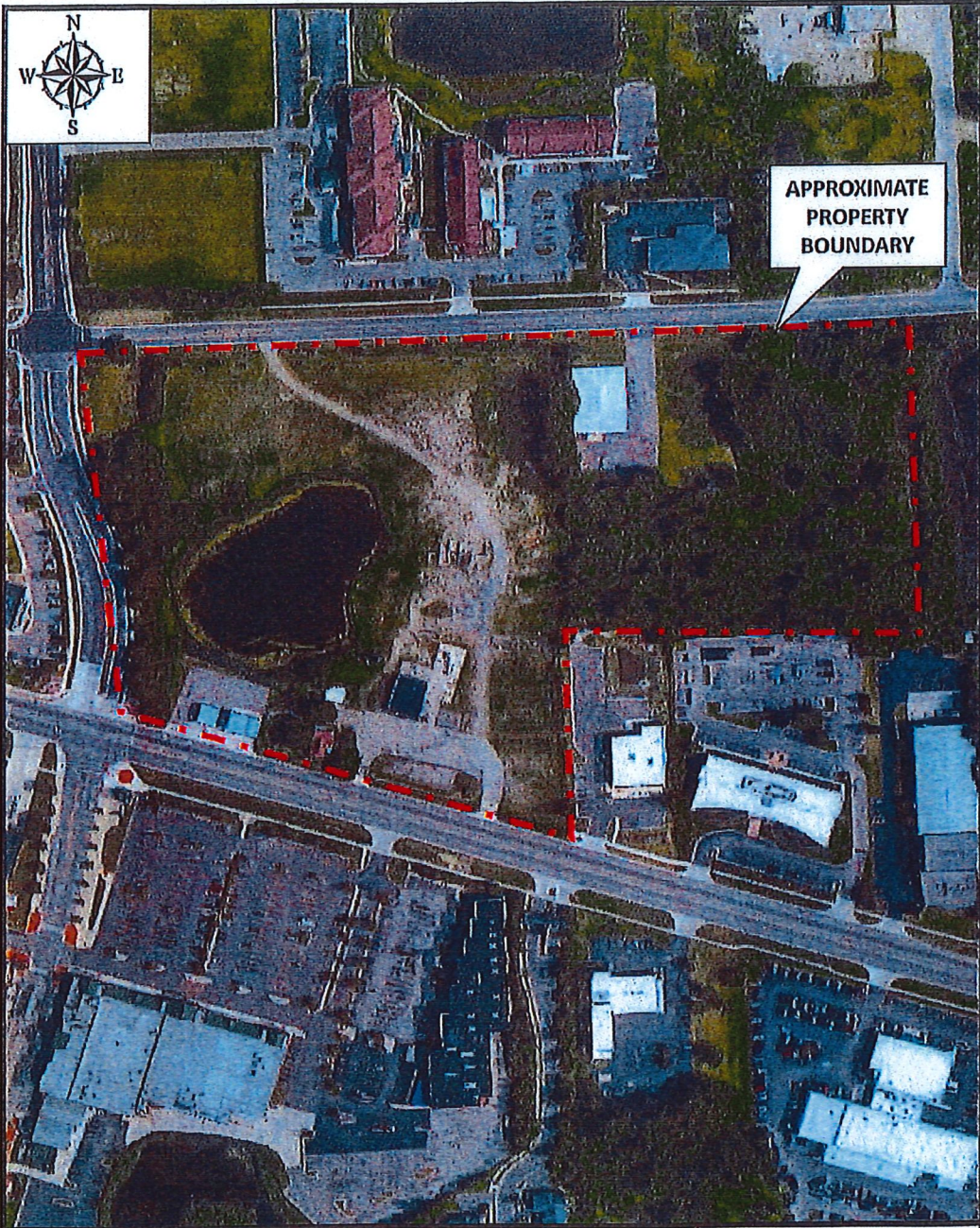
Part of the Northwest 1/4 of Section 23, Town 01 North, Range 08 East, Novi Township (now city of Novi), Oakland County, MI described as: Beginning at a point distant South 89 degrees 00 minutes 00 seconds West 65.61 feet from North 1/4 corner of Section 23; thence South 00 degrees 44 minutes 20 seconds East 527.55 feet; thence South 89 degrees 00 minutes 00 seconds West 61.82 feet; thence North 71 degrees 53 minutes 30 seconds West 170.00 feet; thence North 01 degrees 00 minutes 00 seconds West 471.87 feet; thence North 89 degrees 00 minutes 00 seconds East 224.89 feet to the point of beginning.

PARCEL 4

ID Number: 22-23-226-007

Part of the Northwest 1/4 of Section 23, Town 01N, R, 08E., Novi Township (now City of Novi) Oakland County, Michigan. Described as beginning at the North 1/4 corner of Section 23, thence North 89 degrees 00 minutes 00 seconds East 99.53 feet; thence South 00 degrees 44 minutes 20 seconds East 527.55 feet; thence South 89 degrees 00 minutes 00 seconds West 165.14 feet; thence North 00 degrees 44 minutes 20 seconds West 527.55 feet; thence North 89 degrees 00 minutes 00 seconds East 65.51 feet to the point of beginning.

**APPENDIX B
LOCATION MAP**



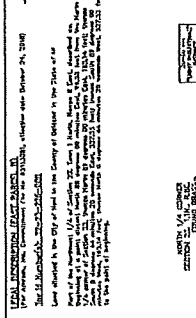
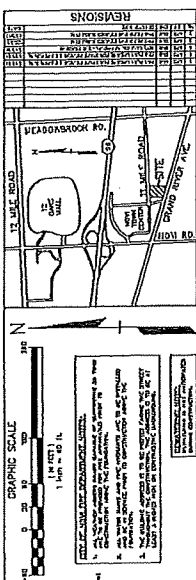
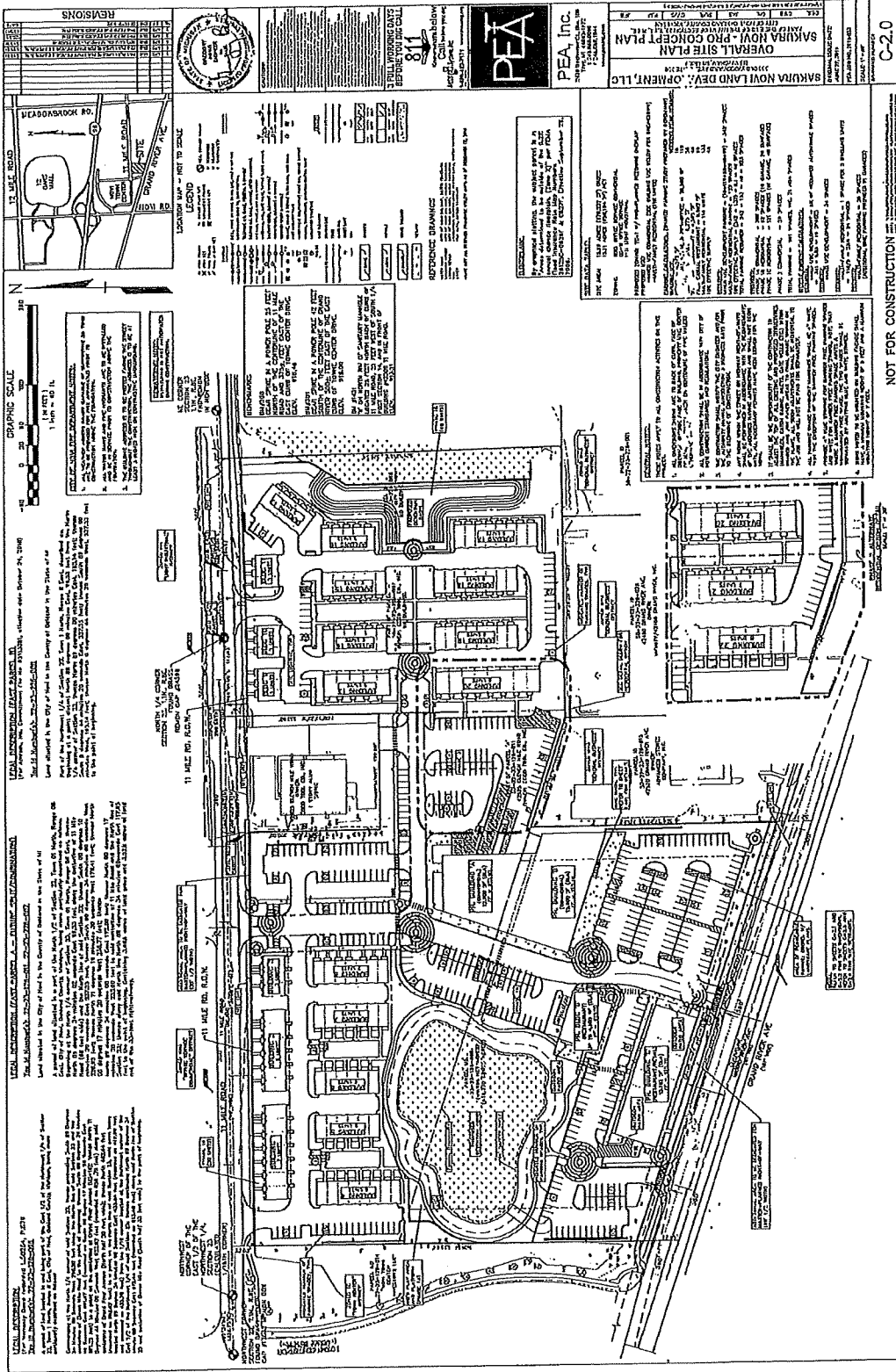
PROJECT NO.: 1964.001
 DRWG BY: CJB
 DATE: 10/24/2018
 APPROVED BY: RIZ
 SCALE: 1" = 240'
 SHEET: 2 OF 3

SITE MAP
 (SOURCE: GOOGLE MAPS)

PROPOSED SAKURA WAY DEVELOPMENT
 42750 GRAND RIVER AVENUE
 NOVI, MICHIGAN 48375

ERG Environmental Resources Group
 28024 Grand Oaks Court • Suite 100 • Novi, MI 48375
 Phone: 248-272-7310 • Fax: 248-210-2109

**APPENDIX C
PRELIMINARY SITE PLAN**



LEGAL DESCRIPTION:
 The following description is taken from the County of Howard, Maryland, and is hereby adopted as the legal description of the property shown on this plan. The same is hereby adopted as the legal description of the property shown on this plan. The same is hereby adopted as the legal description of the property shown on this plan. The same is hereby adopted as the legal description of the property shown on this plan.

LEGEND

1. Proposed Buildings

2. Existing Buildings

3. Proposed Parking

4. Existing Parking

5. Proposed Landscaping

6. Existing Landscaping

7. Proposed Roads

8. Existing Roads

9. Proposed Utilities

10. Existing Utilities

NOTES:

1. All dimensions are in feet.

2. All measurements are from the center line of the road.

3. All measurements are from the center line of the road.

4. All measurements are from the center line of the road.

5. All measurements are from the center line of the road.

REVISIONS

NO.	DATE	DESCRIPTION
1	10/1/20	Initial Issue
2	10/15/20	Revised
3	10/20/20	Revised
4	10/25/20	Revised
5	10/30/20	Revised
6	11/5/20	Revised
7	11/10/20	Revised
8	11/15/20	Revised
9	11/20/20	Revised
10	11/25/20	Revised
11	12/1/20	Revised
12	12/5/20	Revised
13	12/10/20	Revised
14	12/15/20	Revised
15	12/20/20	Revised
16	12/25/20	Revised
17	1/1/21	Revised
18	1/5/21	Revised
19	1/10/21	Revised
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92	1/15/22	Revised
93	1/20/22	Revised
94	1/25/22	Revised
95	2/1/22	Revised
96	2/5/22	Revised
97	2/10/22	Revised
98	2/15/22	Revised
99	2/20/22	Revised
100	2/25/22	Revised

SAKURA NOWI LAND DEVELOPMENT, INC.

OVERALL SITE PLAN

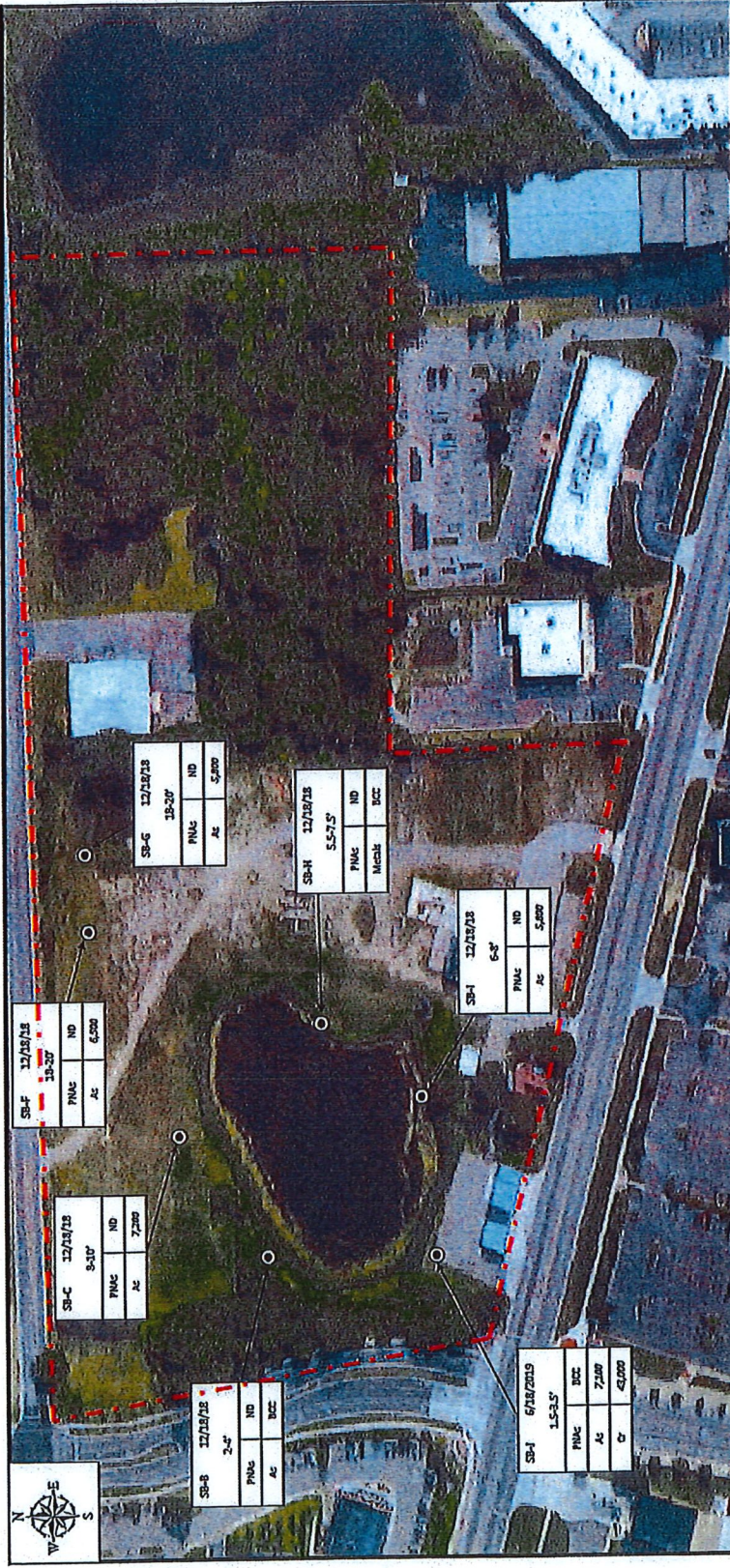
SAKURA NOWI - PRO CONCEPT PLAN

PEA, Inc.

NOT FOR CONSTRUCTION

C-2.0

APPENDIX D
DOCUMENTATION OF ELIGIBILITY



NOTES:
 1. ANALYTES BELOW MDEQ CLEANUP CRITERIA AND LABORATORY DETECTION LIMIT WERE NOT INCLUDED UNLESS NOTED HEREIN.
 2. CONCENTRATIONS WERE COMPARED TO EQL RESIDENTIAL CLEANUP CRITERIA FOR RESPONSE ACTIVITY CRITERIA (EFFECTIVE DECEMBER 30, 2012) (FORMERLY PART 202) (GENERAL PUBLIC PROTECTION CRITERIA AND SCREENING LEVELS; PART 202 (1)) (FOR LOWER SCREENING LEVELS (HRS-3)).

DATA LEGEND:
 Ac - Acetic
 ND - Not Detected
 BCC - Below Cleanup Criteria
 VOCs - Volatile Organic Compounds
 PMAc - Polynuclear Aromatic Hydrocarbons

SOIL ANALYTICAL MAP
 PROPOSED SAKURA NOVI
 42750 GRAND RIVER AVENUE
 NOVI, MICHIGAN 48375

PROJECT NO.: 1964.001
 APPROVED BY: R/Z
 DRWS BY: KLB
 SCALE: 1" = 100'
 DATE: 12/10/18
 SHEET: 3 OF 3

ERG Environmental Resources Group
 28003 Center Oaks Court • Suite 206 • Warren, MI • 48093
 Phone: 248-779-7966 • Fax: 248-954-3108

TABLE 1

**Brownfield Eligible Activities Costs
Sakura Way, Novi Michigan**

		Amount
	Brownfield Plan & Act 381 Work Plan	
1.	Preparation and Implementation	\$ 52,000
2.	Environmental Site Assessments and BEA	\$ 7,950
3.	Asbestos Survey and Removal	\$ 18,000
4.	Due Care Investigation	\$ 10,000
5.	Contaminated Soil Management	\$ 294,000
6.	Due Care Activities	\$ 15,000
7.	Special Foundations	\$ 300,000
8.	Demolition	\$ 50,000
	Subtotal Eligible Activities	\$ 746,950
	15% Contingency for items 3-8	\$ 103,050
	Interest on Capital Costs	\$ -
	TOTAL	\$ 850,000

Table 2
Tax Increment Revenue Capture Schedule
Sakura Novi, Novi Michigan

Plan Approval	Tax Capture										TOTAL
	1	2	3	4	5	6	7	8	Stabilized	2030	
Estimated Taxable Value (TV) Increase Rate:	1% per year										
Plan Year	2022	2023	2024	2025	2026	2027	2028	2029	2030		
Base Year	2021										
Calendar Year	2021	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Base Taxable Value	\$ 281,010	\$ 281,010	\$ 281,010	\$ 281,010	\$ 281,010	\$ 281,010	\$ 281,010	\$ 281,010	\$ 281,010	\$ 281,010	
Estimated Land Taxable Value*	\$ 787,540	\$ 787,540	\$ 787,540	\$ 787,540	\$ 787,540	\$ 787,540	\$ 787,540	\$ 787,540	\$ 787,540	\$ 787,540	
Commercial Frozen Value	\$ 68,787	\$ 68,787	\$ 68,787	\$ 68,787	\$ 68,787	\$ 68,787	\$ 68,787	\$ 68,787	\$ 68,787	\$ 68,787	
Estimated Commercial Rehab Value*	\$ -	\$ 1,500,000	\$ 10,000,000	\$ 17,570,939	\$ 17,746,648	\$ 17,924,115	\$ 18,103,356	\$ 18,284,390	\$ -	\$ -	
Estimated New Ad Valorem Value										\$ 19,604,570	
School Capture Incremental Difference ((Land - Base) + Frozen + Rehab	\$ 575,317	\$ 2,075,317	\$ 10,575,317	\$ 18,146,256	\$ 18,321,965	\$ 18,499,432	\$ 18,678,673	\$ 18,859,707	\$ -	\$ -	
Non-Capturable Millages											
Library Debt	0.3471	\$ 98	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	
School Debt	7.0000	\$ 1,967	\$ 4,027	\$ 4,027	\$ 4,027	\$ 4,027	\$ 4,027	\$ 4,027	\$ 4,027	\$ 4,027	
Oak County Zoo	0.0965	\$ 27	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	\$ 56	
Oak County Art	0.1913	\$ 54	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	\$ 110	
Total Non-Capturable Taxes	7.6349	\$ 2,145	\$ 4,392	\$ 4,392	\$ 4,392	\$ 4,392	\$ 4,392	\$ 4,392	\$ 4,392	\$ 4,392	
51.8384											
Total Base Tax	\$ 14,567										
Total Tax Increment Revenue (TIR) Available for Capture	\$ 25,491	\$ 60,349	\$ 258,215	\$ 434,454	\$ 438,545	\$ 442,676	\$ 446,848	\$ 451,062	\$ -	\$ 778,449	
Total Tax Cumulative Available for Capture	\$ 25,491	\$ 85,780	\$ 343,995	\$ 778,449	\$ 1,216,994	\$ 1,659,669	\$ 2,106,518	\$ 2,557,580	\$ 2,557,580	\$ 2,557,580	
Abatement Benefit	\$ -	\$ 42,840	\$ 285,600	\$ 501,825	\$ 506,844	\$ 511,913	\$ 517,032	\$ 522,202	\$ -	\$ 2,888,257	

Footnotes:

*Estimated taxable values only, actual taxable value to be determined by City Assessor

Table 3
 Tax Incremental Revenue Reimbursement Allocation Table
 Sakura Novi
 Novi, Michigan

Maximum Reimbursement	Proportionality*
State	28.2%
Local	71.8%
TOTAL	
EGLE	100.0%
MSF	0.0%

Estimated Capture	2026
Administrative Fees	\$ 25,000
State Brownfield Redevelopment Fund	\$ 149,083
Local Brownfield Revolving Fund	\$ 150,000
Developer Reimbursement	\$ 850,000
TOTAL	\$ 1,174,083

	1	2	3	4	5	TOTAL
Total State Incremental Revenue	\$ 13,392	\$ 48,310	\$ 246,176	\$ 422,416	\$ 426,506	\$ 1,156,801
State Brownfield Revolving Fund (50% of SET)	\$ 1,726	\$ 6,226	\$ 31,726	\$ 54,439	\$ 54,966	\$ 149,083
State TIR Available for Reimbursement	\$ 11,667	\$ 42,084	\$ 214,451	\$ 367,977	\$ 371,540	\$ 1,007,718
Total Local Incremental Revenue	\$ 12,039	\$ 12,039	\$ 12,039	\$ 12,039	\$ 12,039	\$ 60,193
BRA Administrative Fee	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 25,000
Local TIR Available for Reimbursement	\$ 7,039	\$ 7,039	\$ 7,039	\$ 7,039	\$ 7,039	\$ 35,193
Total State & Local TIR Available for Reimbursement	\$ 18,705	\$ 49,123	\$ 221,489	\$ 375,016	\$ 378,579	\$ 1,042,911
DEVELOPER						
DEVELOPER Reimbursement Balance	\$ 850,000	\$ 831,295	\$ 782,172	\$ 560,683	\$ 185,668	\$ -
MSF Non-Environmental Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Tax Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Tax Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total MSF Reimbursement Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EGLE Environmental Costs	\$ 850,000	\$ 49,123	\$ 221,489	\$ 375,016	\$ 378,579	\$ 821,846
State Tax Reimbursement	\$ 11,667	\$ 42,084	\$ 214,451	\$ 367,977	\$ 185,668	\$ 28,154
Local Tax Reimbursement	\$ 7,039	\$ 7,039	\$ 7,039	\$ 7,039	\$ -	\$ -
Total MDEQ Reimbursement Balance	\$ 831,295	\$ 782,172	\$ 560,683	\$ 185,668	\$ -	\$ 850,000
Local Only Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Tax Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Local Only Reimbursement Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cumulative Developer Reimbursement	\$ 850,000	\$ 782,172	\$ 560,683	\$ 185,668	\$ 850,000	\$ 850,000
LOCAL BROWNFIELD REVOLVING FUN						
LBRR Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Tax Capture	\$ -	\$ -	\$ -	\$ -	\$ 143,000	\$ -
Local Tax Capture	\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ -
Total LBRR Capture	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000

Footnotes:
 * Proportionality includes issuance of local Commercial Facilities Exemption Certificate

CITY OF NOVI

COUNTY OF OAKLAND, MICHIGAN

**RESOLUTION CONCURRING WITH THE PROVISIONS OF A
BROWNFIELD PLAN ADOPTED BY THE OAKLAND COUNTY
BROWNFIELD REDEVELOPMENT AUTHORITY FOR THE SAKURA
NOVI PROJECT**

Minutes of a Meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in the City Hall of said City on March 2, 2020, at ____o'clock P.M. Prevailing Eastern Time.

PRESENT:

Councilmembers_____

ABSENT:

Councilmembers_____

The following preamble and Resolution were offered by Councilmember _____ and supported by Councilmember _____.

WHEREAS, the Oakland County Board of Commissioners, pursuant to and in accordance with the provisions of the Brownfield Redevelopment Financing Act, being Act 381 of the Public Acts of the State of Michigan of 1996, as amended (the "Act"), has established a Brownfield Redevelopment Authority and Board (OCBRA) to facilitate the clean up and redevelopment of Brownfields within Oakland County's communities; and

WHEREAS, the City of Novi has been informed and believes that the property located at Grand River Avenue and Town Center Drive known as the former Anglin parcel (the "Property"), in the City of Novi, is a "facility" under state statute; and

WHEREAS, a Brownfield clean up and redevelopment plan (the "Plan") has been prepared to restore environmental and economic viability to this parcel, which such Plan the OCBRA has begun reviewing; and

WHEREAS, pursuant to OCBRA by-laws, a local committee has been appointed, participated in discussions regarding the proposed Plan and project, reviewed the Plan, and recommends its approval; and

WHEREAS, the OCBRA, pursuant to and in accordance with Section 13 of the Act, will consider recommending that the Oakland County Board of Commissioners approve the Plan to be carried out within the City of Novi, for the redevelopment of the property; and

WHEREAS, the City has also reviewed the Plan, and has been provided a reasonable opportunity to express its views and recommendations regarding the Plan in accordance with Sections 13(13) of the Act.

NOW BE IT THEREFORE RESOLVED the City of Novi hereby concurs with the provisions of the draft Plan, and supports approval of the Plan by the Oakland County Board of Commissioners, and implementation of the Plan by the OCBRA.

IT IS FURTHER RESOLVED the City of Novi acknowledges and understands that OCBRA intends to collect certain administrative fees and certain taxes for its revolving loan fund, which will be specified in detail in any Brownfield Plan before it is finally adopted.

AYES:

NAYS:

RESOLUTION DECLARED ADOPTED.

Cortney Hanson City Clerk

CERTIFICATION

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi, County of Oakland, and State of Michigan, at a regular meeting held this 2nd day of March, 2020, and that public notice of said meeting was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan, 1976, and that the minutes of said meeting have been kept and made available to the public as required by said Act.

Cortney Hanson, City Clerk
City of Novi

Sakura Novi, LLC
Development Issues

1 Wetland	\$ 350,000	Mitigation studies costs to address Eastern City Parcel
2 Environmental Contamination	\$ 850,000	Estimate to Remove contaminated soils/structures/brownfield plan/reports
3 Unsuitable Soils	<u>\$ 1,500,000</u>	Rough Estimates based on helicals/geo-piers/pilings/grade beams
Total Pre-COVID Issues	\$ 2,700,000	
4 Rent/TI Allowance Losses	\$ 2,300,000	Loss of Anchor Tenant and Retail Rent Reductions due to COVID
5 Commercial Construction Cost Increases	\$ 1,150,000	Cost of Materials/Labor up on Commercial Buildings
6 Residential Construction Cost Increases	<u>\$ 3,540,000</u>	Cost of Materials/Labor up 30k per unit roughly
Total Post-COVID Issues	\$ 6,990,000	
Total Development Issues	\$ 9,690,000	Additional Costs/Loss of Income to be Absorbed over 10 years

COMMUNITY DEVELOPMENT BROWNFIELD PROGRAM OVERVIEW

The Brownfield Program uses tax increment financing (TIF) to reimburse brownfield related costs incurred while redeveloping contaminated, functionally obsolete, blighted or historic properties. It is also responsible for managing the Single Business Tax and Michigan Business Tax Brownfield Credit legacy programs (SBT/MBT Brownfield Credits).

The Michigan Strategic Fund (MSF) with assistance from the Michigan Economic Development Corporation (MEDC), administers the reimbursement of costs using state school taxes (School Operating and State Education Tax) for non-environmental eligible activities that support redevelopment, revitalization and reuse of eligible property. The MEDC also manages amendments to SBT/MBT Brownfield Credit projects approved by MSF. The Michigan Department of Environmental Quality (MDEQ) administers the reimbursement of environmental response costs using state school taxes for environmental activities, and local units of government sometimes use only local taxes to reimburse for eligible activities (i.e., “local-only” plans). The state statutory authority for the Brownfield Redevelopment Financing Act program is Act 381 of 1996, as amended (Act 381).

Two categories of eligible activities under TIF are available across the state; demolition and lead and asbestos abatement. Two additional eligible activities are available in any qualified local government unit¹ (QLGU) or on property owned by a land bank; site preparation and infrastructure improvements. Land banks may also be reimbursed for costs related to conveying and managing property that is in their possession. The non-environmental program generally targets industrial site reuse, and urban development with mixed-use components.

The Brownfield Redevelopment Authority (BRA) is the local jurisdiction entity that manages the development of brownfield plans. After approval of a brownfield plan by the local governing body, the BRA may request capture of state school taxes via a work plan submitted to the MEDC and/or MDEQ. There are 295 BRAs in Michigan, and approximately 467 brownfield plans that are active or have been completed across the state (as reported to the MEDC in September 2015). These

authorities vary in terms of their participation with MSF and/or MDEQ to request state school taxes for TIF reimbursement.

MEDC staff recommends policy documents, school tax capture work plans, school tax capture amendments and amendments to SBT/MBT brownfield credits to the MSF for consideration. The MEDC manages all work plans and SBT/MBT brownfield credits approved by the board, including assuring reporting obligations and compliance.

Eligible program uses under TIF include:

- Demolition
- Lead and asbestos abatement
- Site preparation
- Infrastructure improvements
- Assistance to land banks and local government units

Eligible program uses under legacy SBT/MBT Brownfield Credits include:

- Demolition
- Lead and asbestos abatement
- Building renovation
- New construction
- Purchased or leased equipment

TAX INCREMENT FINANCING PROCESS

The work plan submission and approval is a multiple step process. Work plans are received on an ongoing basis and eligible activities must be in accordance with the Act 381 guidance issued by MEDC. Once a project is identified, the BRA or local government representative works with MEDC staff to perform the following steps:

I. Initial evaluation

- a. Project scoping and submittal of a draft work plan and other supporting documentation provided to MEDC community assistance team or business development manager to determine initial support.
- b. MEDC leadership consideration of initial support and if supported, letter of interest provided.

¹As defined in PA 146 of 2000, MCL 125.2781 to 125.2797

II. Work plan submission, review and MSF consideration

- a. BRA or local government representative submits a work plan or amended work plan, brownfield plan, approving resolutions, transmittal letter, and executed reimbursement agreement to MEDC after project is approved by local governing body.
- b. Due diligence performed to verify that BRA is compliant with Act 381 reporting requirements. MEDC staff reviews proposed eligible activities for compliance with MSF guidance, and makes a recommendation to the MSF board or delegated representative.
- c. MSF board or delegated representative determines support for the project.
- d. Local government unit administers TIF capture and is subject to reporting requirements.

III. Reporting requirements (TIF work plans only)

- a. BRA submits information annually to MEDC via online portal for each project currently collecting tax increment revenue
- b. MEDC and MDEQ compiles information and provides report to legislature.

SBT/MBT BROWNFIELD CREDITS

I. Amendments

- a. Amendment application is submitted and amendment request is vetted by brownfield program staff and brownfield program leadership.
- b. If amendment is supported, remaining amendment request forms and any other materials required for review is submitted to brownfield program staff.
- c. MSF board or delegated representative determines support for the project.

II. Project completion

- a. Qualified taxpayer sends certificate of completion request to MEDC brownfield staff.
- b. Certificate of completion request is reviewed and sent to MEDC compliance for review.
- c. If certificate of completion request fulfills statutory requirements, certificate of completion is issued. Qualified taxpayer may then submit the certificate of completion to Department of Treasury for refund, or tax abatement

CONTACT INFORMATION

For more information, contact the MEDC customer contact center at 517.373.9808.

MICHIGAN
BROWNFIELD
REDEVELOPMENT
PROGRAM

BROWNFIELD REDEVELOPMENT GRANT AND LOAN FACT SHEET

Brownfield grants and loans are available from the Michigan Department of Environment, Great Lakes, and Energy (EGLE) for projects that promote economic development and reuse of brownfield properties. Grants and loans can be used for environmental assessments and cleanups at properties with known or suspected contamination. EGLE grants and loans can help communities:

- Revitalize abandoned properties and return them to tax rolls
- Attract developers to brownfields
- Avoid sprawl by reusing properties with existing infrastructure

WHO CAN APPLY? Applicants may be local units of government including brownfield redevelopment authorities (BRAs), economic development corporations, or other public bodies created pursuant to state law. Applications are accepted year-round.

ELIGIBLE ACTIVITIES

Grants and loans can pay for:

- Environmental evaluations/assessments
- Baseline Environmental Assessments
- Due care planning and implementation
- Response Activities
- Demolition, lead, mold, and asbestos abatement

FUNDING

- Up to \$1 million grant and \$1 million loan per project, or more for projects with significant economic or environmental benefits
- Grants are available to determine whether a property with redevelopment potential is contaminated, and for due care and cleanup at contaminated properties with a specific redevelopment, when economic benefits will exceed the grant amount
- Loans may be used at properties with suspected contamination and economic development potential
- Grants cannot benefit a party responsible for an activity causing contamination. Loans may be available when a responsible party will benefit, but with some restrictions

LOAN TERMS

- Interest rate is 1.5 percent
- 15-year payback, beginning with a 5-year interest-free, payment-free grace period
- Loans may be repaid through a BRA using tax increment financing

HOW TO APPLY

EGLE Brownfield Redevelopment staff collaborate with communities to determine eligibility and the optimal mix of project funding prior to application. Please contact an EGLE grant coordinator to discuss your project.

CONTACT US

Jeff Hukill, Brownfield Coordinator
HukillJ@Michigan.gov
517-242-9276

www.michigan.gov/eglebrownfields

#mibrownfields

ACT 381 BROWNFIELD TAX INCREMENT FINANCING FACT SHEET

Developers of brownfield sites can be reimbursed for eligible environmental costs with their own property taxes. When development results in higher property values, local brownfield redevelopment authorities (BRAs) may approve reimbursement from increased property taxes. This is known as tax increment financing (TIF) and is authorized under the Brownfield Redevelopment Financing Act, PA 381 of 1996 (Act 381). Even school taxes can be used toward brownfield redevelopment costs when an Act 381 work plan is approved by the Michigan Department of Environment, Great Lakes, and Energy (EGLE). TIF can help:

- Revitalize abandoned properties and return them to tax rolls
- Attract developers to brownfields, creating jobs and investment, and increasing nearby property values
- Provide a source of repayment for EGLE Brownfield Redevelopment Loans
- Reduce sprawl by reusing properties with existing infrastructure

WHO CAN USE TIF? A BRA or developer through a BRA

ELIGIBLE ACTIVITIES

A property must be contaminated to be eligible for EGLE TIF. If contamination is suspected but not known, EGLE TIF can be used for site investigation. Eligible activities include:

Phase I and Phase II Environmental Site Assessments and Baseline Environmental Assessments (BEAs)*

Asbestos, mold, and lead surveys, hazardous materials surveys, and pre-demolition surveys*

Due Care Activities

- Due care investigation and planning*
- Documentation of due care compliance*
- Activities performed to protect human health and the environment, such as removing contaminated soil or installing vapor mitigation systems or exposure barriers

Response Activities

- Remedial actions
- Demolition under some circumstances
- Lead, mold, or asbestos abatement when there is an imminent and significant threat
- And many more (refer to the Act 381 Work Plan Guidance for additional eligible environmental activities)

* School and local taxes are pre-approved. Pre-approved activities may be conducted prior to adoption of a Brownfield Plan and do not require approval by EGLE for the use of school taxes.

TIF APPROVAL PROCESS

1. BRA and local unit of government approve the Brownfield Plan. Public notifications and a public hearing are required.
2. If EGLE school TIF approval will be requested, submit draft Act 381 Work Plan to EGLE (optional).
3. BRA or local government submits Act 381 Work Plan to EGLE.
4. EGLE reviews and provides response within 60 days.
5. Local government or BRA administers TIF capture and is subject to reporting requirements.

HOW BROWNFIELD TIF WORKS

When a contaminated property is redeveloped and the property value increases, the difference between taxes on the base value and taxes on the new value is the tax increment. The tax increment can be reimbursed to a developer or other investor for eligible redevelopment costs. No existing taxes are taken away from a taxing jurisdiction; instead the increment is deferred for the duration of the approved brownfield plan.

CONTACT US

Dan Gough, Brownfield Specialist
GoughD1@Michigan.gov
517-281-8253
www.michigan.gov/eglebrownfields
#mibrownfields