

# COUNTY ADMINISTRATOR 220 NORTH MAIN STREET, P.O. BOX 8645 ANN ARBOR, MICHIGAN 48107-8645 (734) 222-6850 FAX (734) 222-6715

TO: Barbara Levin Bergman

Chair, Ways & Means Committee

THROUGH: Robert E. Guenzel

County Administrator

FROM: Anthony VanDerworp

Director of Planning and Environment

DATE: July 2, 2008

SUBJECT: Amendment to the Brownfield Plan for Washtenaw County for

Tax Increment Financing attributable to school operating taxes and Michigan Business Tax Credit Incentives for the "Historic Thompson Block" Brownfield Redevelopment Project in the City of

Ypsilanti.

## **BOARD ACTION REQUESTED:**

It is requested that the Washtenaw County Board of Commissioners consider adoption of the proposed Amendment to the Brownfield Plan for Washtenaw County (Plan) approving Tax Increment Financing (TIF) attributable to school operating taxes and Michigan Business Tax Credit (MBT) Incentives for the "Historic Thompson Block" Brownfield Redevelopment Project in the City of Ypsilanti.

## State of Michigan Brownfield Redevelopment Financing Act Requirements

Pursuant to the State of Michigan Brownfield Redevelopment Financing Act (P.A. 381 of 1996, as amended) herein referred to as the "Act", (Item 125.2664 Brownfield plan as public purpose; determination; amendments to plan; validity of procedure, notice, and findings; and presumptions.) Sections 14 (1) (a) through (d) requires Washtenaw County Board of Commission to consider the following:

(a) Whether the plan meets the requirements of Section 13 (Brownfield Plan provisions).

After careful review of the proposed project and Amendment to the Brownfield Plan by the Washtenaw County Brownfield staff, Washtenaw County Brownfield Redevelopment Authority (WCBRA), and the Ypsilanti City Council, all provisions were found to be met (The provisions are as follows; description of eligible costs to be paid through TIF, estimate of captured taxable value and tax increment revenues, method by which eligible costs will be financed, maximum amount of note or bond indebtedness incurred, duration of brownfield plan, estimate of impact of TIF on revenues of all taxing jurisdictions, legal description of parcel, estimate of persons residing on property that will be displaced, plan and expense to relocate those persons if applicable, compliance with

PA 227, proposed use of local site remediation revolving loan fund, other materials that the WCBRA or governing body considers pertinent, amount of school taxes captured does not exceed amount of all other taxes captured for all local taxes, TIF shall only be used for eligible expenses on eligible parcels, authorization to continue TIF once expense are repaid to capitalize a local site remediation revolving loan fund, but not to exceed the total amount of TIF captured for eligible expenses, investigation of ability to capture expenses from a responsible party, Public Hearing notification parameters, Michigan Department of Environmental Quality and/or Michigan Economic Growth Authority approval needed once local approvals met, reimbursement of administrative and operating fees).

(b) Whether the proposed method of financing the costs of eligible activities is feasible and the WCBRA has the ability to arrange the financing.

Review of the proposed development and resulting incremental tax revenue were found to be sufficient to cover the estimated cost of eligible activities requested by this Plan.

(c) Whether the costs of eligible activities proposed are reasonable and necessary to carry out the purposes of this act.

The \$306,515 total eligible activities costs, which included limited building demolition, site preparation and utility work, infrastructure support, and asbestos and lead abatement are reasonable to carry out the purposes of the act. The property qualifies for brownfield financing incentives being a blighted, functionally-obsolete property in a qualified local unit of government, which corresponds to the nature of eligible activities described.

(d) Whether the amount of captured taxable value estimated to result from adoption of the plan is reasonable.

Based upon review and analysis of the TIF table included in the proposed brownfield plan the amount of captured taxable value estimated to result from adoption of the plan is reasonable. In particular, analysis of the impact of Obsolete Property Rehabilitation Certificates on the project has been accounted for.

### **BACKGROUND:**

In May of 1999, the Washtenaw County Board of Commissioners established the WCBRA through Resolution 99-0110, and subsequently appointed members to its Board that same year (Res. 99-0122). In February 2000, the Commissioners approved the bylaws of the WCBRA (Res. 00-0035); and in October of 2000, they adopted the Brownfield Plan for Washtenaw County (Res. 00-0215). On June 4, 2008, in accordance with the Act, the Washtenaw County Board of Commissioners held a public hearing on the adoption of this proposed Amendment, notice of which was given as required by the provisions of the Act. There was no comment by the public at the Public Hearing. The Board of Commissioners is now requested to review and consider for adoption the Amendment of the Plan as discussed below.

# **DISCUSSION:**

### The Project

Beal Properties is the developer of the proposed "Historic Thompson Block" Brownfield Redevelopment Project, an approximate \$4 million mixed-use development including

commercial and residential space. The property located at 400-408 North River Street in Depot Town in the City of Ypsilanti is bordered by North River Street and East Cross Street. The property is approximately 0.30 acres and the Historic Thompson Block is a 150-year old three-story building. The building played host to infantry units during the civil war, is rumored to have been a stop on the Underground Railroad, and represents one of the few remaining buildings in Ypsilanti's Depot Town standing unrehabilitated. An environmental assessment of the property found no evidence of contamination.

### Incentives Requested

Pursuant to the Act, the WCBRA has the authority to provide eligibility for brownfield incentives, to help encourage economic development, assist with job retention and creation in the County, and promote brownfield redevelopment over green space development. The proposed project is an approximately \$4 million mixed-use development of luxury loft units and office/commercial space.

There are no local taxes to capture as part of this Brownfield Plan Amendment due to the project receiving certificates under the Obsolete Property Rehabilitation Act (OPRA) which has the effect of freezing property taxes so there is no incremental increase in taxes at the local level for capture. Approval of the Brownfield Plan will, however, enable the capture of school operating taxes from the State to reimburse actual eligible activities in an amount not to exceed \$306,515. Approval of the Brownfield Plan Amendment will also make the project eligible to apply for Michigan Business Tax Credits pursuant to the Act.

### City of Ypsilanti Action

After careful review, the Ypsilanti City Council voted on May 8, 2008 to concur with the provisions of the Amendment to the Brownfield Plan and recommend that it be approved by the Washtenaw County Board of Commissioners in accordance with the Act.

#### WCBRA Action

Pursuant to the Act, the WCBRA prepared an Amendment to the Plan for the approval of TIF and qualification for MBT incentives for the "Historic Thompson Block" Brownfield Redevelopment Project in the City of Ypsilanti, which is located within the Washtenaw County brownfield redevelopment zone. The WCBRA Board approved this Amendment to the Brownfield Plan at their Board meeting on May 19, 2008 and recommends that it be approved by the Washtenaw County Board of Commissioners in accordance with the Act.

# Washtenaw County Board of Commissioner Approval Considerations

The Board of Commissioners has the authority to approve, reject or approve with modifications the proposed Amendment to the Plan. The WCBRA recommends approval of the Plan for the following reasons:

- An obsolete property will be put back into productive use;
- The new development will create approximately 60 temporary construction jobs and approximately 100 – 130 new jobs, and commensurate indirect/induced jobs in the local economy;
- The new development will increase the annual tax base for the Depot Town Downtown Development Authority from this property by approximately \$68,523 annually once all eligible expenses are reimbursed and the OPRA Certificate has expired;
- The new development will be in Depot Town in the City of Ypsilanti where the infrastructure already exists to support this type of development;

- The new development will preserve and rehabilitate a historical landmark in the City of Ypsilanti;
- The member community and its governing body, the Ypsilanti City Council, has approved this project through Resolution 2008-089 and recommended that it be approved by the Washtenaw County Board of Commissioners;
- In approving the Amendment to the Plan, the City of Ypsilanti has demonstrated support
  of the County's brownfield redevelopment initiative and this project, showing leadership
  in the County to help encourage economic development, and the retention and creation
  of jobs throughout the County as well as the sustainable redevelopment of contaminated
  properties;
- The County will be supporting brownfield redevelopment through the reuse of this blighted, functionally-obsolete site rather than greenfield development.

### **IMPACT ON PERSONNEL:**

No impacts are indicated for this resolution.

#### **IMPACT ON BUDGET:**

This will have no impact on the County Budget as there will be no change in the amount of revenue generated by the project as future incremental growth will be captured by the Ypsilanti Depot Town DDA.

As no local taxes will be captured under this Plan Amendment, there will also be no opportunity to add capital to the Washtenaw County "Local Site Remediation Revolving Loan Fund."

### **IMPACT ON INDIRECT COSTS:**

There will be no impact on indirect costs

### IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:

Guiding Principle No. 7 -- This project will allow the City of Ypsilanti (who has joined the WCBRA to be included in the redevelopment zone) and the County to partner together in pursuing sustainable land use practices by putting back to productive use distressed areas.

# **CONFORMITY TO COUNTY POLICIES:**

This action is in conformance with County policies. The proposed Amendment to Plan has been reviewed by Corporation Counsel, Finance and County Administration.

### **ATTACHMENTS/APPENDICES:**

Resolution to Adopt the Amendment to the Brownfield Plan Proposed Amendment to the Brownfield Redevelopment Plan. Resolution by the City of Ypsilanti Council recommending approval A RESOLUTION TO ADOPT THE PROPOSED AMENDMENT TO THE BROWNFIELD PLAN FOR WASHTENAW COUNTY APPROVING TAX INCREMENT FINANCING AND MICHIGAN BUSINESS TAX CREDIT INCENTIVES FOR THE "HISTORIC THOMPSON BLOCK" BROWNFIELD REDEVELOPMENT PROJECT IN THE CITY OF YPSILANTI

#### WASHTENAW COUNTY BOARD OF COMMISSIONERS

July 2, 2008

WHEREAS, the Washtenaw County Board of Commissioners, supports the sustainable redevelopment of environmentally distressed sites designated as brownfields; and

WHEREAS, through Resolution 99-0110, the Washtenaw 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"), established the Washtenaw County Brownfield Redevelopment Authority (the "WCBRA") to facilitate the implementation of plans relating to the identification and treatment of environmentally distressed areas in Washtenaw County; and

WHEREAS, through Resolution 00-0215, the Washtenaw County Board of Commissioners adopted the Brownfield Plan for Washtenaw County (the "Plan"); and

WHEREAS, the property located at 400-408 N. River Street (the "Property") in the City of Ypsilanti has been identified as blighted and functionally-obsolete under state statute; and

WHEREAS, a brownfield redevelopment plan has been prepared as an Amendment to the Plan, to restore the economic viability of the property; and

WHEREAS, the Ypsilanti City Council has reviewed the Amendment to the Plan, and has been provided a reasonable opportunity to express their views and recommendations regarding it in accordance with Section 13(13) of the Act; and

WHEREAS, on May 8, 2008, the Ypsilanti City Council passed Resolution 2008-089 concurring with the provisions of the Amendment to the Plan, including approval by the Washtenaw County Board of Commissioners and implementation by the WCBRA; and

WHEREAS, pursuant to and in accordance with Section 13 of the Act, the WCBRA, on May 19, 2008, voted to recommend that the Washtenaw County Board of Commissioners approve the Amendment to the Plan to be carried out within the City of Ypsilanti, relating to the redevelopment of the Property; and

WHEREAS, the Washtenaw County Board of Commissioners held a Public Hearing on June 4, 2008 to receive comment on the proposed Amendment to the Plan pursuant to the Act; and

WHEREAS, this matter has been reviewed by Corporation Counsel, the Finance Department, Human Resources, the County Administrator's Officec, and the Wyas and Means Committee.

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners concurs with the recommendation of the Ypsilanti City Council and the WCBRA, and approves the adoption of the proposed Amendment to the Plan.

BE IT FURTHER RESOLVED THAT should any section, clause or phrase of this Resolution be declared by the courts to be invalid, the same shall not affect the validity of this Resolution as a whole nor any part thereof other than the part so declared to be invalid.

BE IT FURTHER RESOLVED THAT all resolutions or parts of resolutions in conflict with any of the provisions of this Resolution are hereby repealed.