



Neighborhood  
Business Initiative

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# Economic Development Toolsheets

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AN IMPLEMENTATION GUIDE FOR  
*Community Based  
Organizations*  
IN DETROIT

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## **TAX INCREMENT FINANCING AUTHORITIES**

**Brownfield Tax Increment Financing  
Corridor Improvement Authority (CIA)**

## **SPECIAL TAXING DISTRICTS**

**Business Improvement District (BID)  
Business Improvement Zone (BIZ)  
Principal Shopping District (PSA)**

## **TAX ABATEMENTS**

**Commercial Redevelopment Act  
Commercial Rehabilitation Act  
Neighborhood Enterprise Zone (NEZ)**

## **ZONING TOOLS & SPECIAL FINANCING PROGRAMS**

**Main Street Overlay District  
Michigan Community Revitalization Program  
Property Assessed Clean Energy**

# Brownfield Tax Increment Financing

AN IMPLEMENTATION GUIDE FOR COMMUNITY BASED ORGANIZATIONS (CBO) IN DETROIT

 **PUBLIC ACT**  
381 of 1996

 **LIFESPAN**  
30 Years

 **TIMELINE**  
60-120 Days to Implement

## Basics

This program allows a developer to use tax increment financing (TIF) by capturing all ad valorem, personal property, some specific taxes, and possibly school operating taxes to reimburse the costs of developing an eligible property. The developer receives a reimbursement for the value of taxes paid on the property that exceed the pre-development tax assessment for actual costs associated with eligible activities. Brownfield TIFs must be approved by the local governmental unit and, if capture of state or school taxes is sought, from the appropriate state agency.

## CBO Role



**EDUCATE** owners of Brownfield properties in the value of establishing a Brownfield on the site even if redevelopment is not immediate

**HELP** property owners of historic and transit-oriented properties understand eligibility

## Establishment Criteria



**STEP 1.** Developer submits a project application to the Detroit Brownfield Redevelopment Authority (DBRA)



**STEP 2.** Developer prepares a Brownfield Plan and presents plan to the DBRA Board and Advisory Committee



**STEP 3.** Public hearing on the Brownfield Plan in the project area



**STEP 4.** DBRA approves the Brownfield Plan and submits to Detroit City Council



**STEP 5.** Council holds a public hearing on the Brownfield Plan and approves

## The Combined Plan

A Brownfield Plan must always be completed for TIF approval. If state approval is sought, a Work Plan detailing the individual activities and associated costs must also be completed. Normally, these are done in a combined document that follows this format:

### Introduction

- Redevelopment Plans
- Property Information
- Historical Uses & Ownership
- Current Uses
- Site Conditions
- Brownfield Category
- Required Statutory Information

### Scope of Work & Costs

- DEQ, MSF, and Local Eligible Activities
- Eligible Activities Cost & Schedule

### Tax Increment Revenue Analysis

- Captured Value
- Capture Period
- Impact

**Relocation** (if displacing residents)

**Other Information**

## Eligible Property



**BLIGHTED**

**CONTAMINATED**

**FUNCTIONALLY OBSOLETE**

**TAX REVERTED**

**HISTORIC**

**TRANSIT-ORIENTED DEVELOPMENT**

**PROPERTY ADJACENT TO ELIGIBLE PROPERTY**



## TIF limitations



**DEMOLITION**

**LEAD AND ASBESTOS ABATEMENT**

**INFRASTRUCTURE IMPROVEMENTS AND SITE PREP**

**BASELINE ENVIRONMENTAL ASSESSMENTS (BEAS)**

**DUE CARE ACTIVITIES**

**ADDITIONAL ENVIRONMENTAL RESPONSE**

**ACTIVITIES**

**RELOCATION OF PUBLIC BUILDINGS**

**ENVIRONMENTAL INSURANCE**



## Submission

A Brownfield Plan can be submitted at any time. However, the taxable value of the property increases as site improvements occur. Therefore the amount available for TIF capture will decrease if improvements to the site have already taken place and the most value is realized if the Plan is submitted before improvements.

MEDC staff will help with state approval, even though different state agencies administer the TIF programs.

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# Corridor Improvement Authority (CIA)

AN IMPLEMENTATION GUIDE FOR COMMUNITY BASED ORGANIZATIONS (CBOs) IN DETROIT



**PUBLIC ACT**  
280 of 2005



**TIMELINE**  
60-90 days for  
AUTHORITY  
90-120 Days for  
TIF PLAN



## Basics

A Corridor Improvement Authority (CIA) is an economic development tool that can be used to invest in a commercial corridor that is not the main commercial corridor in a municipality. A CIA can be thought of as a neighborhood-based Downtown Development Authority (DDA) as the two programs are similar in powers and operation. CIAs have numerous funding sources, including Tax Increment Financing (TIF). However, taxes available for capture under the CIA TIF are more limited than other tools that allow for TIF.

## CBO Role



ADVOCATE for the creation of a CIA with their municipality



## Services



**IMPROVE LAND**

REHABILITATE, CONSTRUCT, IMPROVE, PRESERVE, AND OPERATE BUILDINGS



**PURCHASE AND DISPOSE OF BUILDINGS**

INSTALL PUBLIC INFRASTRUCTURE

CONTRACT FOR BROADBAND SERVICES



COMPLETE MARKET RESEARCH

PROMOTE ECONOMIC DEVELOPMENT

## Establishment Criteria



The corridor must meet the following criteria for CIA eligibility:

- At least 51% of existing first floor space must be classified commercial
- The corridor must have been in existence for the past 30 years
- The area must be within 500 feet of an arterial or collector road
- Must be at least 10 parcels or 5 acres
- The zoning must allow for mixed-use and high-density residential
- The area must be served by municipal sewer or water
- The municipality must agree to expedite permitting and inspections in the area and provide for walkability in the master plan



## TIF limitations



Taxes available for capture generally do not include:

- Taxes levied under the state education tax act
- Taxes levied by local or intermediate school districts
- Ad valorem property tax increases on property otherwise excluded from taxation within the taxing jurisdiction
- Ad valorem property taxes the TIF authority excludes
- Ad valorem property taxes designated for principal and interest of bond obligations or for the zoo, art institute, or for a separate public library millage



## Funding

CIAs can be funded through the following sources:



1. Tax Increment Financing (TIF)
2. Special Assessment
3. Bonds
4. Grants and Donations
5. Fees, Leases, and Rents for use of any CIA properties

## Notes

- Multiple CIAs may exist within a municipality
- CIAs can enter into agreements with adjoining municipalities

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# Business Improvement District (BID)

AN IMPLEMENTATION GUIDE FOR COMMUNITY BASED ORGANIZATIONS (CBOS) IN DETROIT



**PUBLIC ACT**  
121 of 1961



**LIFE SPAN**  
No Limit



## Basics

A Business Improvement District (BID) is an economic development tool that can be used to invest in an area of an eligible municipality or combinations of contiguous portions of two or more municipalities and is "predominately commercial or industrial use." The BID is created by the local government and the local government designates members to the BID board. Unlike a Business Improvement Zone (BIZ), a BID does not have a time limitation and can cross municipalities.

## CBO Role



**ORGANIZE** business owners to explain BID benefits  
**CONTRACT** to run BID services  
**PARTICIPATE** on the BID Board



## The BID Board

The BID board shall include:



- One member of the board appointed by the chief executive office of the municipality and confirmed by the legislative body as a representative of the local government
- Board members nominated by business and property owners

The BID Board is responsible for the management of BID activities

The BID Board is a public body

## Funding

BIDs can be funded through the following sources:



1. **Grants & Gifts**
2. **Local Government Funds**
3. **General Obligation Bonds**
4. **Revenue Bonds** can be used for public improvements
5. **Special Assessments** not exceeding \$10,000 per eligible property, adjusted annually according to the Detroit Consumer Price Index

General obligation or revenue bonds shall not be used for operational expenses

## Constraints



BIDs cannot overlap with a Business Improvement Zone (BIZ)

BIDs do not require that the municipality's master plan includes an urban design plan

There is generally no benefit to creating a BID in the same area as a Principle Shopping District (PSD) as their powers and funding sources are the same

## Services



Open, widen, extend, realign, pave, maintain, or improve highways



Construct, reconstruct, maintain, or relocate pedestrian walkways



Prohibit or regulate traffic where necessary for development projects



Regulate or prohibit parking on highways

Acquire, own, maintain, demolish, develop, improve, and operate off-street parking lots or structures



Contract for the operation or maintenance of off-street parking lots or structures



Construct, maintain, and operate malls with bus stops, information centers, and public buildings

Acquire, own, maintain, or operate property

Promote economic activity in the district



Provide or contract for the administration, maintenance, security, operation, and provision of services that benefit the district

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# Business Improvement Zone (BIZ)

AN IMPLEMENTATION GUIDE FOR COMMUNITY BASED ORGANIZATIONS (CBOS) IN DETROIT



**PUBLIC ACT**  
121 of 1961



**LIFE SPAN**  
10 Years



## Basics

A Business Improvement Zone (BIZ) is an economic development tool that can be used to invest in a specific commercial area. A BIZ is a tool similar to a Business Improvement District (BID) but, unlike the BID, it is created from the desire of local property owners rather than the government. BIZs may exist for up to 10 years, at which time the local property owners would need vote to reauthorize the BIZ.

## CBO Role



- ORGANIZE business owners to explain BIZ benefits
- GATHER signatures for the BIZ petition
- DRAFT BIZ plan and COMPLETE economic analysis for implementation
- MANAGE the BIZ once it is created

## Establishing a BIZ



**STEP 1.** Commercial property owners petition the municipality to create a BIZ

The petition must be signed by at least 30% of commercial property owners in the proposed BIZ

The petition must include:

- A BIZ plan,
- A list of all property in the BIZ area,
- A map & description of the BIZ boundaries, and
- The basis for weighting assessments



**STEP 2.** The municipality approves the BIZ and commercial property owners vote to create the BIZ and elect the board

60% of voting commercial property owners must approve the BIZ

Votes are assigned according to the method of weighing assessments

A single property owner cannot be assigned more than 25% of the votes

## Funding

A BIZ may be funded through the following sources:



- 1. Special Assessments** are the main source of funding for a BIZ, are established in the BIZ plan, and are collected by the BIZ  
The BIZ may enter an agreement with the municipality to collect the assessments
- 2. Loans** may be taken based on the projected revenue from assessments and they must be repaid within the life span of the BIZ
- 3. Grants & Gifts**

## Constraints



A BIZ cannot overlap with a Principle Shopping District (PSD) or a Business Improvement District (BID)



BIZ can exist for no more than 10 years

BIZ can be renewed

BIZ are non-profit corporations but are subject to the Open Meetings Act

BIZ cannot cross municipal boundaries

All BIZ expenditures must be audited annually by a certified public accountant

## Services



Construct, clean, improve, or relocate sidewalks, medians, curbs, fountains, or lighting

Security services, equipment or technology



Activities to enhance the prosperity, enjoyment, appearance, image, and safety of the zone

Acquire, plant, and maintain trees, shrubs, and flowers

Develop lighting standards



Own, operate, maintain, or reconstruct parks

Promote economic development

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# Principal Shopping District (PSD)

AN IMPLEMENTATION GUIDE FOR COMMUNITY BASED ORGANIZATIONS (CBO) IN DETROIT

 **PUBLIC ACT**  
120 of 1961

 **LIFE SPAN**  
No Limit

 **TIMELINE**  
90-120 Days  
for Approval

## Basics

A Principal Shopping District (PSD) is an area that is predominantly commercial, with 10 or more retail businesses, that is designated by the local government in order to finance the improvements and maintenance of a shopping district. PSDs are only available in municipalities that have a master plan that includes an urban design plan that designates a PSD or the development of a PSD. Unlike other districts, a PSD must be completely contained within one municipality or local government unit.

## CBO Role



**ORGANIZE** business owners to explain PSD benefits  
**CONTRACT** to run PSD services



## The PSD Board

PSD boards are appointed by the municipality.

The board shall include:



- One representative from an adjacent residential neighborhood
- One representative from the municipality
- A majority shall be nominees of individual businesses located in the PSD

If the municipality also has a Downtown Development Authority (DDA), the municipality may designate the DDA board as the board of the PSD

The PSD Board is a public body

## Funding

PSDs can be funded through the following sources:



1. **Grants & Gifts**
2. **Local Government Funds**
3. **General Obligation Bonds**
4. **Revenue Bonds** can be used for public improvements
5. **Special Assessments** not exceeding \$10,000 per eligible property, adjusted annually according to the Detroit Consumer Price Index

General obligation or revenue bonds shall not be used for operational expenses

## Constraints



PSDs cannot overlap with a Business Improvement Zone (BIZ)

PSDs must be in a single municipality

PSDs are a public body

There is generally no benefit to creating a PSD in the same area as a Business Improvement District (BID) as their powers and funding sources are the same

## Services



Open, widen, extend, realign, pave, maintain, or improve highways



Construct, reconstruct, maintain, or relocate pedestrian walkways

Prohibit or regulate traffic where necessary for development projects



Regulate or prohibit parking on highways



Acquire, own, maintain, demolish, develop, improve, and operate off-street parking lots or structures

Contract for the operation or maintenance of off-street parking lots or structures



Construct, maintain, and operate malls with bus stops, information centers, and public buildings

Acquire, own, maintain, or operate property



Promote economic activity in the district

Provide or contract for the administration, maintenance, security, operation, and provision of services that benefit the district

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# Commercial Redevelopment Act

AN IMPLEMENTATION GUIDE FOR COMMUNITY BASED ORGANIZATIONS (CBOS) IN DETROIT



**PUBLIC ACT**  
255 of 1978



**LIFE SPAN**  
1-12 Years



**TIMELINE**  
60-120 Days if District in Place

## Basics

Commercial Redevelopment Act is a tax abatement on the new investment in a property designed to encourage the replacement, restoration, and construction of commercial property. It freezes the taxable value of the commercial buildings on the property and exempts the new investment from local property taxes for the duration of the exemption certificate. The Act applies to office, engineering, research and development, warehousing parts distribution, retail, hotel or motel, as well as the portion of mixed-use properties used for commercial uses.

## CBO Role



**ORGANIZE** local property owners to establish a district  
*Because district creation must be complete before property owners can realize the benefits of a certificate, this can significantly reduce the time it takes to obtain tax abatement*

## Establishing a District



**STEP 1.** Municipality issues a resolution establishing a district  
Can issue resolution on its own initiative or upon request by request of property owners comprising at least 75% of the state equalized value of the property within proposed district



**STEP 2.** Writing notice of a hearing is sent to all property owners within the proposed district



**STEP 3.** Municipality determines that district meets requirements of the Act



**STEP 4.** Once established, property owners may seek certificate

## Obtaining a Certificate



**STEP 1.** Property Owner Files application with the local clerk that contains:

- Description of the property and the proposed use
- General nature and extent of restoration
- replacement, or construction to take place
- List of the of fixed equipment on the property
- Timeline
- Economic advantage expected from the exemption, such as jobs retained or created



**STEP 2.** Local Government has 60 days to approve or deny



**STEP 3.** State Tax Commission has 60 days to approve or deny

## Eligible Property

**REPLACEMENT FACILITY** is property acquired, constructed, altered, or installed for the purpose of being substituted for obsolete commercial property

**NEW FACILITY** is property built in a redevelopment district that is not a replacement facility

**RESTORED FACILITY** is property that has undergone changes to restore an obsolete commercial property to economically efficient use and that costs more than 10% of the true cash value of the property prior to restoration

Replacement and new facilities must be:

- Zoned mixed-use,
- In a Downtown Development Authority, Principal Shopping District, Business Improvement District, or mainly business area, and
- In a Commercial Redevelopment District, which allows for expedited permitting and inspection processes and walkable non-motorized connections

## Tax Effect



**RESTORED FACILITY** are taxed at the value prior to restoration. Local taxes, school operating tax, and the State Education Tax are also frozen



**NEW & REPLACEMENT FACILITIES** receive a 50% reduction in ad valorem taxes, other than the mills levied for State Education Tax

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# Commercial Rehabilitation Act

AN IMPLEMENTATION GUIDE FOR COMMUNITY BASED ORGANIZATIONS (CBOs) IN DETROIT



**PUBLIC ACT**  
210 of 2005



**LIFE SPAN**  
1-10 Years



**TIMELINE**  
60-120 Days if District in Place

## Basics

Commercial Rehabilitation Act encourages rehabilitation of commercial property by abating property taxes generated from new investment in a property. It freezes the taxable value of the commercial buildings on the property and exempts the new investment from local property taxes for the duration of the exemption certificate. However, school operating and state education taxes are still assessed. The abatement may be revoked if the rehabilitation of a commercial facility is not completed within two years of exemption certificate

## CBO Role



**ORGANIZE** local property owners to establish a district  
*Because district creation must be complete before property owners can realize the benefits of a certificate, this can significantly reduce the time it takes to obtain tax abatement*

## Establishing a District



**STEP 1.** Municipality issues a resolution establishing a district  
Can issue resolution its own initiative or upon request by request of property owners comprising at least 50% of all taxable value of the property within the proposed district



**STEP 2.** Municipality holds a public hearing with the County and all property owners in the proposed district notified



**STEP 3.** Municipality determines that district meets requirements of the Act and notifies the County by mailing the resolution



**STEP 4.** County has 28 days to accept or reject the district



**STEP 5.** Once established, property owners may seek certificate

## Obtaining a Certificate



- STEP 1.** Owner files application with the local clerk containing:
- Description of the property and the proposed use
  - General nature and extent of restoration, replacement, or construction to take place
  - List of the of fixed equipment on the property
  - Timeline
  - Economic advantage expected from the exemption, such as jobs retained or created



**STEP 2.** Local Government has 60 days to approve or deny



**STEP 3.** State Tax Commission has 60 days to approve or deny

## Rehabilitation

- Changes to restore or modify the property into an economically efficient condition
- New construction on vacant property that had a structure that was demolished
- More than 10% of the true cash value of property

## Eligible property



Retail food establishment



Commercial building or group of buildings that is 15 years or older



Commercial properties receiving new market tax credits



Obsolete industrial and vacant property which was commercial within the past 15 years

Commercial businesses include:



Multifamily residential (5 or more units)



Office

Engineering

Research and development

Warehousing parts distribution

Retail

## Tax effect

- The taxable value of the building is frozen at the previous year's taxable value
- New investment is not subject to local taxes
- School operating tax and State Education Tax are still levied on new investments

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# Neighborhood Enterprise Zone (NEZ)

AN IMPLEMENTATION GUIDE FOR COMMUNITY BASED ORGANIZATIONS (CBOs) IN DETROIT

 **PUBLIC ACT**  
147 of 1992


 **LIFE SPAN**  
1-17 Years

 **TIMELINE**  
120 Days for Certificate

## BASICS






A Neighborhood Enterprise Zone (NEZ) provides a property tax abatement in order to encourage the rehabilitation or new development of housing. This program levies a neighborhood enterprise zone tax instead of general ad valorem property tax for the duration of the exemption certificate. The tax reduction under NEZ varies depending on the classification on the property as homestead or non-homestead as well as whether the property is new development or rehabilitation. CBOs will likely find the most utility in supporting certificates for rehabilitated developments.

## CBO Role

 **ADVOCATE** for the creation of a NEZ district with their municipality  
**EDUCATE** property owners that they must apply for a certificate **BEFORE** the building permit is issued



## Obtaining a Certificate

-  **STEP 1.** Owner files an application with the local clerk
-  **STEP 2.** Owner submits copy of building permit to municipality
-  **STEP 3.** After completion, the owner provides certificate of occupancy or affidavit of principal residence (new / homestead), or affidavit of principal residence, certificate that improvements meet requirements, and certificate of occupancy (rehabilitated)
-  **STEP 4.** Municipality sends documents to State Tax Commission within 60 days
-  **STEP 5.** State Tax Commission issues certificate within 60 days

## Compliance

Improvements must bring the property to code and meet the following values based on property ownership and party completing the improvements:

	<b>OWNER</b> materials cost	<b>LICENSED CONTRACTOR</b> total cost lesser of
<b>OWNER-OCCUPANT</b>	\$3,000	\$5,000   50% of the true cash value of the property
<b>NON-OWNER OCCUPANT</b>	\$4,500	\$7,500

## Eligible Property



**NEW FACILITY** is new 1-2 units residential structure that is the owner's principal residence



**REHABILITATED FACILITY** is an existing 1-8 unit residential structure that meets specific requirements for improvement investment and true cash value



**HOMESTEAD FACILITY** is an existing residential structure purchased after 1997, which is the owner's principal residence and in a subdivision platted before 1968

## Tax Effect

Land is taxed at the regular ad valorem tax while the facility is exempt from regular ad valorem taxes but is instead subject to a NEZ Tax. NEZ Taxes on facilities are:

**NEW FACILITIES\*** are taxed at the value of the facility the year immediately preceding the effective date of the certificate multiplied by 50% of the prior year's average principle residence millage levied statewide

**REHABILITATED FACILITIES\*** are taxed at the value of the facility the year immediately preceding the effective date of the certificate multiplied by the total mills collected under the general property tax act

**HOMESTEAD FACILITIES** receive a 50% reduction in the number of operating mills levied by the city and county

\* Calculation for NEZ Certificates issued after 2005

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# Traditional Main Street Overlay

AN IMPLEMENTATION GUIDE FOR COMMUNITY BASED ORGANIZATIONS (CBOs) IN DETROIT



## ZONING

Sec. 61-14-281 to 300



## LIFE SPAN

Until Revised in Future Zoning



## TIMELINE

Zoning Code Revisions

## Basics

Overlay refers to a special zoning tool that is placed over the base zoning and allows for special provisions within the district. Traditional Main Street Overlays are found in neighborhood commercial districts that have the traditional main street design qualities and are pedestrian friendly and walkable.

## CBO Role



COMPLETE activities that promote area as a strong candidate for inclusion as a Traditional Main Street Overlay

- ESTABLISH a pedestrian-oriented business district for their main street by contacting Planning & Development Department
- SPONSOR a district or façade improvement program by contacting Planning & Development Department

PETITION Council member for area inclusion in Sec. 61-11-312 as a Traditional Main Street Overlay

DEVELOP tools for property owners to understand the benefits and restrictions of a Traditional Main Street Overlay

## Objectives



Establish viable and vibrant high quality pedestrian friendly mixed-use neighborhood districts

Support existing activities and uses



Encourage, guide and restore confidence in investing in Detroit's main streets

Develop an urban design framework for enhancing, re-developing and improving the public realm



Promote development strategies that give careful consideration to rehabilitation of existing structures



Create new developments that incorporate architectural and urban design principals of human scale and context sensitive design

## Design Elements

Design standards govern the following elements:

- Building Site Relationship; Placement & Orientation
- Site Design Standards
- Fencing
- Style
- Massing, Scale & Form
- Fenestration & Architectural Details
- Transparency
- Corner Lot Buildings
- Entryways
- Materials
- Color & Finish
- Awnings, Canopies & Marquees
- Lighting
- Blank Walls
- Security Roll-Down Grilles
- Rooftop Mechanical Equipment
- Architecturally & Historically Significant Buildings, Renovation, Addition and Maintenance of Existing Buildings
- Vacant Structures
- Parking Design - Surface & Structure Parking
- Signage & Communication Elements
- Landscape Design
- Streetscape & Open Space
- Land Use & Development
- Sustainable & Green Building Design

## Constraints

Traditional Main Street Overlay areas generally:



Are zoned B5 or B2, though B4 and other classifications are allowable



Focus on the development of street-level pedestrian-generating properties within the Traditional Main Street Overlay



Have retail on the ground level and retail, office or residential uses above

Built to the lot line of the main streets and are accessible from the sidewalk

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# Michigan Community Revitalization Program (MCRP)

AN IMPLEMENTATION GUIDE FOR COMMUNITY BASED ORGANIZATIONS (CBOS) IN DETROIT



**PUBLIC ACT**  
270 of 1984



**LIFE SPAN**  
Varies Based on  
Incentive Used



**TIMELINE**  
Generally Within  
90 Days

## Basics

The Michigan Community Revitalization Program (MCRP) is an incentive program designed to promote community revitalization in areas of historical disinvestment, foster redevelopment of functionally obsolete or historic properties, and reduce blight. Eligible investments can receive assistance in the form of grants, loans, or other economic assistance.

## CBO Role



- APPLY for funds for eligible projects under CBO control
- ADVOCATE for projects that could be catalytic for future development in community, or that are otherwise important to the community
- EDUCATE developers and property owners on evaluation criteria

## Process



**STEP 1.** Developer obtains local support and then contacts the MEDC Community Assistance Team for review and evaluation



**STEP 2.** Developer completes a project intake form



**STEP 3.** MEDC issue a letter of interest (LOI) to eligible projects



**STEP 4.** Developer completes financial due diligence required in LOI

## Evaluation Criteria

The following factors impact competitiveness of applications for MCRP support:

- Importance of the project to the community
- Catalyst for additional revitalization
- Amount of local community and financial support
- Applicant's financial need
- Reuse of vacant buildings, historic resources, and redevelopment of blighted property
- Creation of jobs
- The level of private sector and other contributions
- Financially sound
- Increases density of the area
- Promotes mixed-use development and walkable communities
- Project converts abandoned public buildings to private use
- Promotes sustainable development
- Involves the rehabilitation of a historic resource
- Addresses area-wide redevelopment
- Addresses underserved markets of commerce
- Level and extent of environmental contamination
- Rehabilitation of the historic resource will meet standards for rehabilitation
- Project competes with or affects existing Michigan businesses within industry

## Eligible Property



- Facility
- Historic resource
- Blighted
- Functionally Obsolete
- Property adjacent to eligible property
- Property that met conditions within the past 15 years

## Eligible Activities



- Alteration, construction, improvement, demolition or rehabilitation of buildings;
- Site Improvement



- Addition of machinery, equipment, or fixtures
- Architectural, engineering, surveying, and professional fees not associated with project "soft costs"

## Funding limits

MCRP provides grant and loan financing according to the following restrictions:



- Support can not exceed 25% of the total eligible investment in the project
- Loan funding can not exceed \$10,000,000
- Grant funding can not exceed \$1,500,000
- Total funding can not exceed \$10,000,000

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# Property-Assessed Clean Energy (PACE)

AN IMPLEMENTATION GUIDE FOR COMMUNITY BASED ORGANIZATIONS (CBOs) IN DETROIT

 **PUBLIC ACT**  
270 of 2010

 **LIFE SPAN**  
10-20 Years



## Basics

The Property-Assessed Clean Energy Act (PACE) creates incentives for investment in green building improvements. Through PACE a municipality can set up a PACE District. Privately owned commercial or industrial property in a PACE District can apply for funding for an environmentally friendly project on their property. Wayne County has a PACE District which is managed by Lean & Green Michigan, a public-private partnership that facilitates loan and other financing coordination with other lenders.

## CBO Role



WORK WITH property owners that need to upgrade deteriorated systems to understand the opportunities to finance clean energy improvements  
USE PACE on their own properties  
DIRECT local contractors to attend a LEAN & GREEN MICHIGAN seminar and register with MICHIGAN SAVES

## Funding

Property owners may recover costs of materials and labor necessary for installation, permit fees, inspection fees, application and administrative fees, bank fees, and all other fees that may be incurred as part of a PACE improvement. Funding can be obtained through the following methods:

### Owner Arranged

- Obtained through a private lender
- Financed by a special assessment on the property which is forwarded directly to the lender
- Assessment is a lien on the property

### Government Issued

- Wayne County may issue bonds or notes, or advance amounts available through any other source
- Bonds or notes are not general obligation bonds

## Compliance



**STEP 1.** Property owner completes a baseline audit before project starts  
*For projects over \$250,000, the contractor must guarantee that the project will have a savings-to-investment ratio greater than 1 and agree to pay any shortfall annually*



**STEP 2.** Project is implemented



**STEP 3.** Wayne County will get verification that project is properly installed and operating



**STEP 4.** Owner must monitor and provide verification of energy savings through a third-party assessment or dedicated software

## Eligible Property



Privately owned commercial or industrial properties, or private non-profits  
Located in Wayne County



No delinquent taxes, special assessments, or water/sewer charges  
Written consent of mortgage holder  
Property must meet local underwriting criteria

## Eligible Activities



Installing or modification of:

- Insulation in walls, roofs, floors, foundations, or HVAC systems
- Window and door modifications that reduce energy consumption
- Automated energy control systems
- Heating, ventilating, or air-conditioning and distribution system modifications or replacements
- Caulking, weather-stripping, and air sealing
- Light fixtures to reduce the energy use
- Energy recovery or day lighting systems
- Electrical outlets to charge vehicles
- Measures to increase water efficiency or reduce water usage
- Projects approved as a utility cost-saving measure



Refinancing of eligible activities

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