AGENDA

1) Call to Order

2) Approval of LBRA Board of Directors Meeting Minutes – Friday, October 4, 2019

3) Brownfield Plan Presentation

4) Open Forum for LBRA Board Members

5) Other Business

6) Public Comment

7) Adjournment
Call to Order

Chair Jones welcomed everyone and called the LBRA Board of Directors meeting to order at 8:33a.m. Rollcall was called by Klein and recorded for public record.

Approval of LBRA Board Meeting Minutes – Friday, September 6, 2019

MOTION: Donaldson moved to approve the LBRA meeting minutes from the Friday, September 6, 2019 LEDC Board of Director’s meeting as presented. Motion seconded by Schaible.

YEAS: Unanimous. Motion carried.

Approval for Brownfield Plan #75 Amendment 1 – Capital City Market (Action)

Dorshimer introduced the project team and the amendment request. Gillespie provided an update on the project. The steel, podium and cap are nearly complete. Framing will be going up soon. The grocery store and hotel are planned to open in November/December of 2020. DeBone outlined the amendment, which will only expand the brownfield area but not change any of the numbers in the plan. The intent of the amendment is to allow the Developer to conduct brownfield eligible activities on the added property and be reimbursed for these activities as allowed by the brownfield plan.
MOTION: Schaible moved to approve the Resolution Approving Brownfield Plan #75 Amendment 1 – Capital City Market as presented. Motion seconded by Butler.

YEAS: Unanimous. Motion carried.

Approval for Brownfield Plan #78 – Temple Redevelopment Project (Action)

Klein introduced the project, history of the building, and past redevelopment attempts. Crowley provided an overview of Michigan Community Capital (MCC), examples of their projects, development team, and project timeline. MCC desires to redevelop the Temple Building in Old Town into a mixed-use development. Crowley shared that main components of the redevelopment includes reconfiguring the floor structure from 2 to 5, constructing a 2-story parking structure, and office and retail use on the first floor.

Schaible inquired if the project includes affordable housing. Crowley expressed this is not an affordable housing project and requires no income certification. Butler asked if the project is supported by MSHDA. Crowley clarified while MCC as an organization receives MSHDA support, this project will not be funded by MSHDA.

VanHaaren introduced the Brownfield Plan including current eligibility, investigation, and eligible activities associated with the project. The Plan is 30 years but is not contemplated to create enough capture to cover of all eligible activities possible under the project.

MOTION: Donaldson moved to approve Brownfield Plan #78 – Temple Redevelopment Project as presented Motion seconded by Schaible.

YEAS: Unanimous. Motion Carried.

MEDC Site Readiness Program • Program Update

Dorshimer introduced the Site Readiness Program through the Michigan Economic Development Corporation. The LBRA applied to the MEDC for grant assistance to analyze the roughly 50 acre "Sumbal Site" in South Lansing near Miller and Waverly for potential future uses. The LBRA was awarded $75,000 to help pay for site investigation, environmental assessment, appraisal, and similar pre-development activities. Dorshimer explained that the resolution is to accept the grant and amend the LBRA Budget.

Donaldson inquired about future control over what type of development will occur on site. Dorshimer control of future development would be controlled via the approvals necessary for rezoning, site plan approval and the granting of any incentives.
Schaible inquired as to why the landowner is not contributing to these costs. Dorshimer replied that such investigation activities are commonly paid for by a potential purchaser and the LBRA funds expended are expected to be recovered with a future brownfield plan on the site.

- **Approval of LBRA 2019-2020 Budget Amendment (Action)**

**MOTION:** Schaible moved to approve the LBRA 2019-2020 Budget Amendment for the MEDC Site Readiness Program as presented Motion seconded by Binoniemi.

Further Discussion: McGrain and Binoniemi inquired about the current status of the ownership structure and if it is in trust.

**YEAS:** Unanimous. Motion Carried.

**Open Forum for LBRA Board Members**

Dorshimer introduced Rachel Mcilvaine, a new employee with LEAP. Rachel is an Economic Development Specialist in the Business Development Division.

**Other Business**

No other business was presented.

**Public Comment**

None was provided.

**Adjournment**

There being no further business, Chair Jones declared the LBRA meeting adjourned at 9:21a.m.

Karl Dorshimer, Director of Economic Development

Lansing Economic Area Partnership (LEAP)
What is a Brownfield?

In Lansing there are three types of Brownfield Properties:

1. Contaminated
2. Functionally Obsolete
3. Blighted
How do Brownfields Affect Us?

1. They are a health hazard
2. They attract unwanted activities and make us feel uncomfortable and unsafe
3. They cause us and others to feel negative about our communities and neighborhoods
4. They deter people and business from coming to, and investing in our city
5. They devalue adjacent properties
6. They reflect poorly on Lansing and the region

Brownfield Examples

[Images of brownfield examples]
How Does the Brownfield Program Work?

1. Developer pays brownfield cleanup and redevelopment costs up front
2. Property increases in value and generates more property taxes
3. New property taxes are used to reimburse the Developer for brownfield costs and to assist the City with further brownfield development projects
4. After reimbursement ends all taxes go to the region’s taxing units

Sample Brownfield Project

- A Developer who owns a brownfield property wants to clean up and redevelop the site.
- The Developer wants to invest $10,000 into the property but faces $1,071 of extra brownfield costs.
- The LBRA estimates the planned improvements to the property will increase its annual property taxes from $100 per year to $300 a year.
- The LBRA has determined that a 7 year brownfield plan will provide enough tax capture to reimburse the Developer for the extra brownfield costs.
- What are the tax implications for the Developer, LBRA, City and other Taxing Units?
Sample Brownfield Plan

- Developer Project Investment = $10,000
- Estimate Brownfield Costs = $1,071
- Current Property Taxes from Site = $100
- Increase in Property Taxes from Project = $200

Proposed 7 yr. Brownfield Plan

- 90% of new taxes captured by LBRA = $180 per yr.
- 10% of new taxes to Taxing Units = $20 per yr.
- 80% of capture to reimburse Developer = $153 per yr.
- 15% of capture to LBRA Fund = $18 per yr.
- 5% of capture to LBRA Admin = $9 per yr.
With a 7 year brownfield plan the Developer gets reimbursed for $153 per year for a total of $1,071 for brownfield costs they paid for up front as a part of the redevelopment project.

During the 7 year brownfield plan the LBRA deposits $18 per year of taxes into it's Brownfield Redevelopment Fund for a total of $126.
During the 7 year brownfield plan the LBRA collects $9 per year of taxes for administrative, a total of $64.
Because only 90% of the $200 in new annual taxes is captured, 10% or $20 of the new taxes goes to the region’s taxing units per year. $6 of the $20 in new annual taxes goes to the City of Lansing in addition to the $28 being paid on the base value of the property. This increasing the annual taxes to the City to $34.

After the end of the Brownfield Plan, all of the property taxes go to the local taxing units with increased the annual taxes paid to the City by $51 up to $85.
Likewise $14 of the $20 in new annual taxes goes to region’s other taxing units addition to the $72 being paid on the base value of the property. This increase the annual taxes to the City to $86 and then $215 per year after the brownfield plan expires.
**What are the tax implications for the Developer, LBRA, City and other Taxing Units?**

<table>
<thead>
<tr>
<th></th>
<th>10 Years No Plan</th>
<th>10 Years With Plan</th>
<th>Increase With Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Lansing</td>
<td>$284</td>
<td>$494</td>
<td>$210</td>
</tr>
<tr>
<td>Remainder of Region</td>
<td>$716</td>
<td>$1,246</td>
<td>$530</td>
</tr>
<tr>
<td>To LBRA Admin</td>
<td>$0</td>
<td>$63</td>
<td>$63</td>
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<tr>
<td>To LBRA Fund</td>
<td>$0</td>
<td>$126</td>
<td>$126</td>
</tr>
<tr>
<td>Developer Reimbursement</td>
<td>$0</td>
<td>$1,071</td>
<td>$1,071</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$1,000</td>
<td>$3,000</td>
<td>$2,000</td>
</tr>
</tbody>
</table>

**Mutually Beneficial Solution**

The Brownfield Plan incents the Developer to invest in a brownfield property

The private investment creates a mutually beneficial result for all

In addition to the tax revenues other benefits are created:
Other Benefits

1. Reduction in threats to public health
2. Elimination of blight and crime
3. Creates positive feelings for our communities and neighborhoods
4. Attract additional people and business to the City
5. Increases adjacent property values
6. Creates jobs
7. Encourages Place-Based Development

What Are Some Examples of Brownfield Redevelopments In Lansing?
2000 Block of E. Michigan Ave.

Before

After

The Outfield

Before

Before

After

After
The Knapp’s Centre

Before

After

Ottawa Power Station

Before

Before

After

After
Now

Former Downtown YMCA Site

Future

Thank You!