

Minutes of the Brownfield Redevelopment Authority

January 21, 2025

Pursuant to public notice duly given, the meeting of the Brownfield Redevelopment Authority of the City of Zeeland, County of Ottawa, Michigan was convened in open session at 4:00 p.m., local time, on Tuesday, January 21, 2025 at the Zeeland City Hall, 21 S. Elm Street.

Chairperson Klynstra called the meeting to order at 4:00 p.m. A roll call of members was conducted.

PRESENT: Mayor Klynstra, Tim Klunder, Tim Maday, Andy Boatright, Beth Blanton

ABSENT: Rick VanDorp

GUESTS: Kirk Perschbacher, Fishbeck Consultants; Trevor Woollatt, Fleis & VandenBrink (electronically)

Staff present: Finance Director/ACM Plockmeyer and City Clerk Holmes

Motion was made by Maday and seconded by Klunder to excuse VanDorp due to personal reasons. Motion carried. All voting aye.

Visitors/Public Comment

There were no visitors or public comment.

Communications/Reports

- None

Public Hearings

- None

Action Items

- Approve Minutes of the December 20, 2024 meeting.

Motion was made by Klunder and supported by Maday to approve the minutes of the December 20, 2024 meeting. Motion carried. All voting aye.

Unfinished Business

- None

New Business

- Brownfield Plan Amendment Consideration – 17 E. Main, LLC Redevelopment, 17 E. Main Avenue

Klunder noted in the Brownfield Authority meeting packet, were site-specific provisions for the 17 E. Main Avenue plan amendment.

Although development details of the project have been publicly shared during the sale of the property to the developer and site plan approval process, they are also referenced in the Brownfield plan amendment. In summary, the developer estimates the project's capital investment at \$7 million. The building will be three-stories tall and 27,461 sq. ft. in size. It will be a mixed-use facility with the first floor anticipated to be office/commercial and the second and third floors consisting of 22 one-bedroom apartment units. Completion of the project is expected late winter/spring of 2025.

Kirk Perschbacher of Fishbeck Consultants explained the property qualifies as "Eligible Property" under the Brownfield Redevelopment Financing Act on the basis of meeting the definition of a "Housing Property". The Act defines Housing Property, in part, as property on which one or more units of residential housing are proposed to be constructed. This will be the city's first Brownfield project that qualifies under this housing provision. The project focuses on providing affordable housing for individuals and families earning up to 120% of Ottawa County's Area Median Income (AMI). Six of the twenty-two units will be capped with controlled rents at MSHDA approved rates for 80% AMI of Ottawa County for the life of the plan (estimated at 30 years).

As a reminder, the City of Zeeland has one Brownfield Plan that we have amended for site specific provisions since the inception of the Brownfield Redevelopment Authority. As such, the plan would be a site-specific amendment to the City's Brownfield Plan. The proposed 17 E. Main project amendment does request the use of tax increment financing (TIF) – generally speaking, the increased taxes on the property generated from the rehab are used to reimburse the developer for their Brownfield costs. The ability to consider brownfield incentives like tax increment financing for a project such as this enables the project to be financially viable for a developer.

Like previously approved projects in the city, the developer is wishing to layer an approved (12.17.24) Commercial Rehabilitation Act (CRA) tax incentive with the Brownfield incentives. Generally speaking, the CRA incentive, essentially freezes the property building level prior to rehab for up to 10 years. You will thus notice in the tax increment tables, that there is no tax increment to collect for Brownfield reimbursement (other than State Education Tax and School Operating) for the first 10 years of the project. Once the CRA is finished, the tax increment on local taxes then goes to reimburse the developer for their eligible Brownfield costs.

In total, it is estimated the developer will be reimbursed \$671,900.00 for eligible activities. Those activities include such things as a Baseline Environmental Assessment, demolition, Brownfield Plan amendment and implementation, infrastructure to support housing, site preparation, housing gap activities and contingencies. The estimated TIF plan shows the developer will be fully reimbursed in 14 years.

For its part, the city is eligible to collect TIF on eligible public infrastructure to support the project. As part of the original sale of this parcel to the developer, terms of the agreement included a provision to provide boiler space in the basement of the facility for a snowmelt boiler to support/expand the city's snowmelted sidewalks. As such, we are proposing that the city will capture \$2 million (estimated in years 14-30) in TIF to largely fund a snowmelt boiler system (estimated at \$2.6 million). Thus, total TIF collection for private/public development purposes will be \$2,671,900.00. In grand total, approximately \$2.9 million in TIF will be collected over 30 years (maximum) as some of the TIF dollars reimburse the State and City's Brownfield Authority for administering the plan amendment.

Trevor Woollatt of Fleis & VandenBrink added the Housing TIF opens up projects to take advantage of this incentive. The City is the recipient of the tax dollars. The Developer will be reimbursed first and the City will get reimbursed on the back end. Woollatt stated we will probably see more of these in the future.

Klunder reported of the \$2,671,900.00 in TIF that will be collected for developer reimbursement and snowmelt, approximately \$538,000.00 (20%) will come from the city, while nearly \$1.5 million will come from the state (state education tax and school operating). The remainder will come from other taxing units.

From a procedural standpoint, should the Brownfield Redevelopment Authority agree with the Brownfield Plan Amendment for the 17 E. Main project, a resolution for approval is included in the packet. If approved, it would then go before the Zeeland City Council. It is anticipated that the Zeeland City Council will consider a resolution at their February 3, 2025 meeting to set a public hearing on the Brownfield Plan Amendment at their February 17, 2025 meeting. The City Council would then hold the public hearing and consider approving the Brownfield Plan Amendment. Finally, a reimbursement agreement (forthcoming) will be required to be approved between the Brownfield Authority/City and developer before any tax reimbursements are made.

Motion was made by Blanton and seconded by Boatright to approve a Resolution to amend the City's Brownfield Plan to include the 17 E. Main, LLC Redevelopment project as presented. Motion carried. All voting aye.

Other

- Klunder agreed that we will probably see more of these eligible Brownfield housing plans in the future which will likely have a TIF component to them. We are looking at updating our tax incentive policy, trying to set those parameters. These projects come with such varying levels of investment that we want to establish policies the best we can that we develop equity in between those.

Adjourn

Motion was made by Klunder and seconded by Maday to adjourn the meeting at 4:14 p.m. Motion carried. All voting aye.



Tim Klunder, Secretary