

Act 381 Tax Increment Financing: Brownfields & Housing TIF

March 18, 2026



PLANNING & DEVELOPMENT DEPARTMENT



The KCBRA

- Established in 2002 by Act PA 381
- 9 Member Board of Directors
- Facilitates and Supports the Redevelopment of Brownfield Sites throughout the County
- A Resource and Partner for Positive Economic Change in Kalamazoo County.
- KCBRA Board also serves as the Economic Development Corporation of the County of Kalamazoo (EDC) Board of Directors.

**KALAMAZOO
COUNTY
BROWNFIELD
REDEVELOPMENT
AUTHORITY**



EPA Assessment Grants & The KCBRA

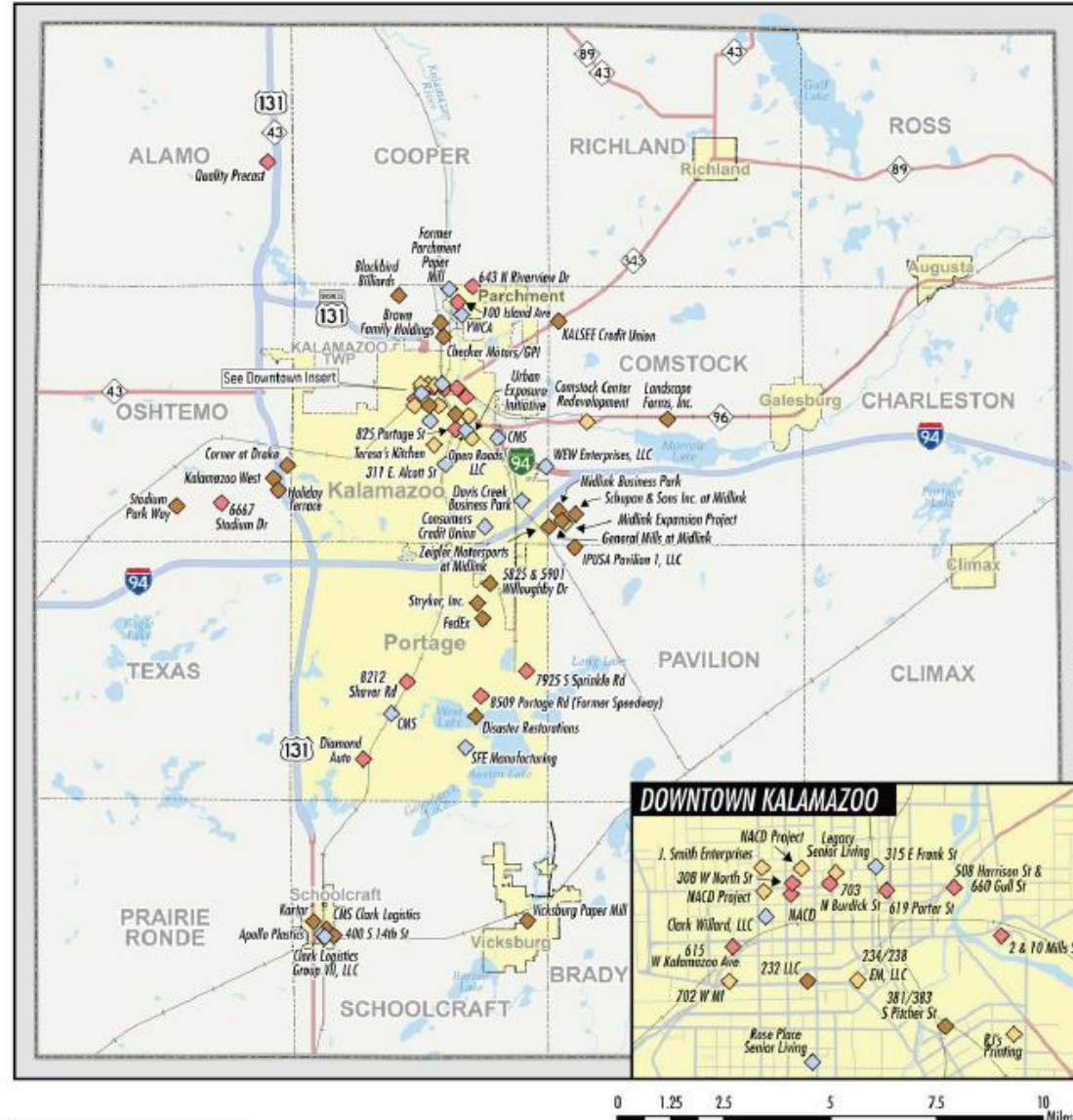
- 2021 – 2025 Grant for \$300,000 Community-wide Brownfield Assessment
 - Assess sites with suspected hazardous substance & petroleum contamination
 - Projects targeting the Northside neighborhood in the City of Kalamazoo
 - The grant can be used throughout the county
- 2016 – 2020 Grant for \$400,000 Community-wide Brownfield Assessment
 - 21 projects funded in 7 communities
 - \$22,000,000 in private investments leveraged
 - 215 jobs retained and 112 job created
- 2007 – 2010 Grant for \$400,000 Community-wide Brownfield Assessment
 - Addressed 380 total acres in 8 sites within 5 communities
 - \$30,000,000 in private investments leveraged
 - Over 500 Jobs Created



The KCBRA & The Community (since 2002)

78 Projects Supported

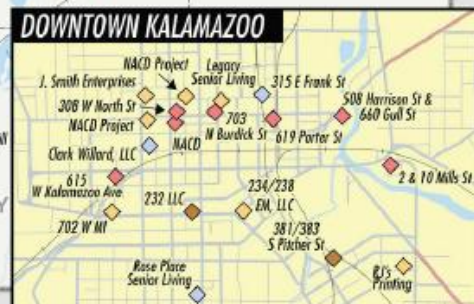
24 Brownfield Plans



- Municipalities without KCBRA BFPs**
- Alamo Township
 - Village of Augusta
 - Brady Township
 - Charleston Township
 - Cooper Township
 - Climax Township
 - City of Galesburg
 - Prairie Ronde Township
 - Village of Richland
 - Ross Township
 - Texas Township
 - Wakeshma Township

Legend

- ◆ 2016 EPA Grant Funded Projects
- ◇ 2021 EPA Grant Funded Projects
- ◆ Brownfield Plans
- ◇ KCBRA Supported Projects





PLANNING & DEVELOPMENT DEPARTMENT
KALAMAZOO COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY



Benefits of Act 381 & Brownfield Tax Increment Financing

Increase Investment - More Jobs – Raised Property Values – Reducing Sprawl – Recovery of Tax Base
Historical Preservation - Environmental Clean Up – Increase in Housing Stock – Incentivizes Development



Brownfield Plans

Includes other County, State & Local Units of Government, and Library taxes

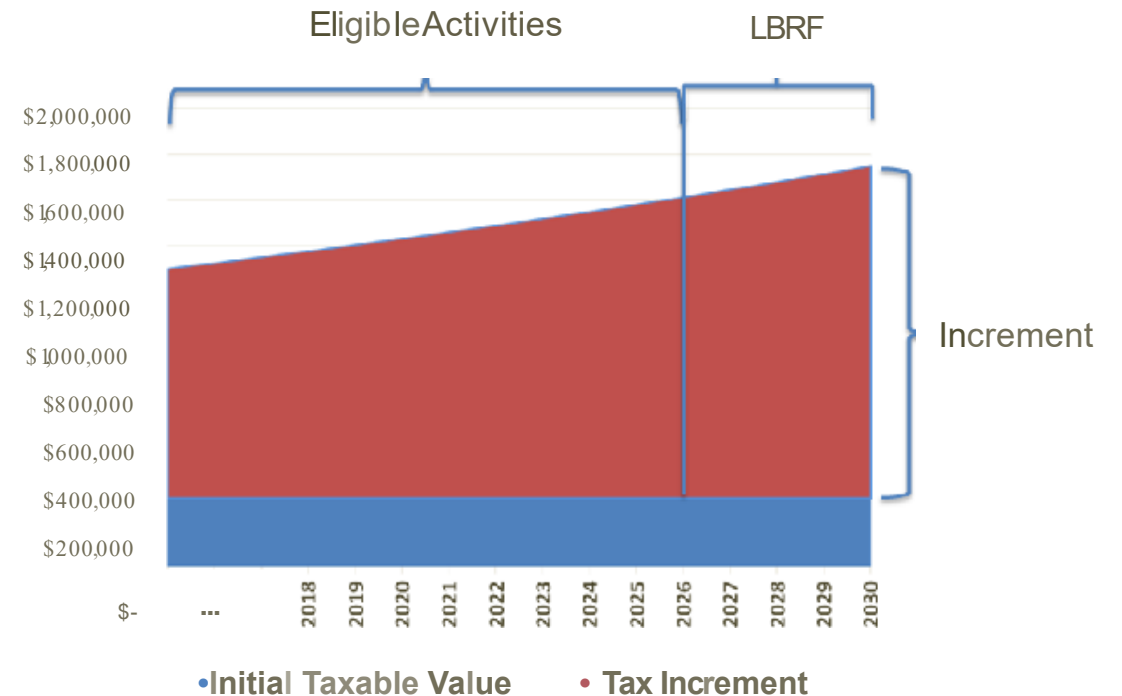
- Does not collect Debt or Special Assessment Millages
- School Funding is not affected by state capture
- Reimburses Eligible Authority & Developer Expenses
- Funds the Local Brownfield Revolving Fund (LBRF) for future projects





Funding for Brownfield Redevelopment & Housing TIF

- Tax Increment Financing through Brownfield Plans
- Act 381 Work Plan
- Local Brownfield Revolving Fund
- Michigan Economic Development Corporation (MEDC)
- Michigan State Housing Development Authority (MSHDA)
- EGLE Grants and Loans (state)
- EPA Assessment Grants (federal)



Tax increment = new taxable value - initial taxable value (based on new investment)



What is eligible for Act 381 Tax Increment Financing (TIF)?

- Blighted (Includes previously developed property or tax reverted property owned by state or local gov)
- Historic Resource
- Functionally Obsolete
- Owned or under control of a land bank authority
- Contamination (or perceived to be contaminated)
- Deemed a Facility (Contaminated)
- A property adjacent/contiguous to one of the above eligible properties may be eligible
- A Housing Property* (One or more units of residential housing, as a dwelling or in a mixed-use project) in a community with a demonstrated housing need

*new to Act 381 as of 2023



Housing TIF Eligibility: Demonstrating Local Housing Needs

- Is there a regional or local housing plan?
 - The Housing TIF Plan must demonstrate the housing project is in alignment with local housing needs
 - Kalamazoo County has a regional housing plan via W.E. Upjohn Institute for Employment Research
 - Communities should review their own master plans for local priorities & housing goals
- Michigan's Statewide Housing Plan goal of 115,000 new residential units
 - To view the Statewide Housing Plan - Kalamazoo County is in Region J
 - <https://www.michigan.gov/mshda/developers/statewide-housing-plan>

**BUILDING PERMITS
PROGRESS OVERALL**



86,697
/115,000 GOAL



The Housing Continuum

A healthy housing market needs to have options available at all points on the housing continuum.

Table 11: Affordable Units to Alleviate Overburdened Renters, Estimate 2021

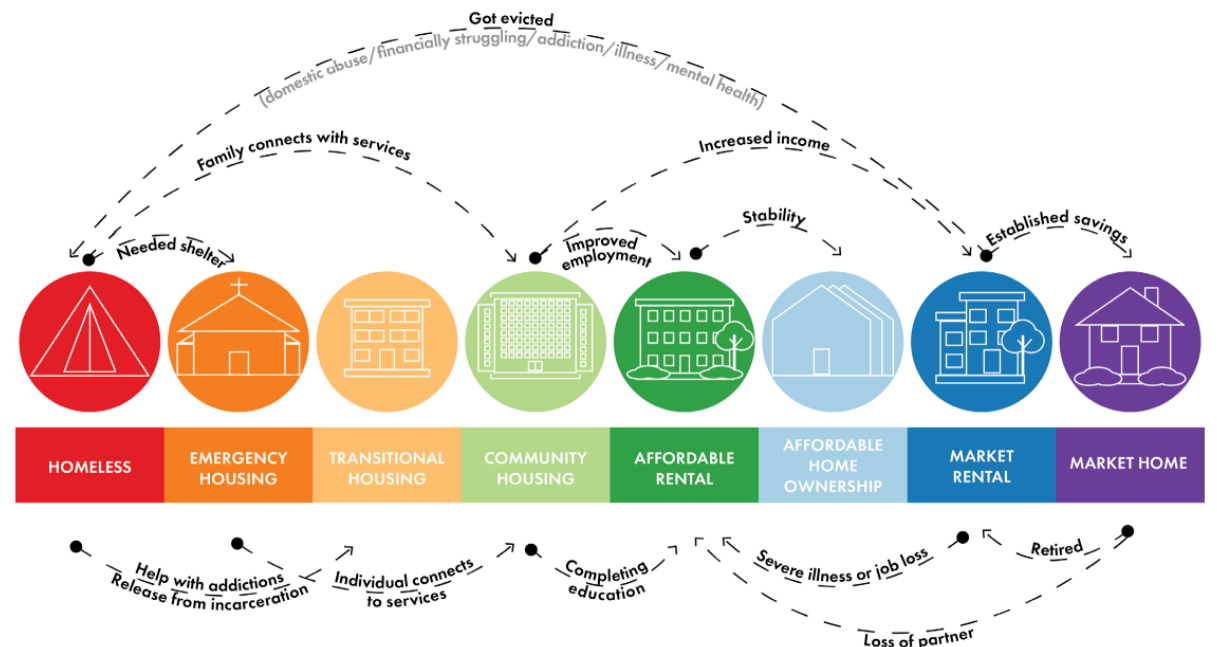
Annual Income	Units	Rent Per Month (\$)
<\$20,000	7,877	<\$500
\$20,000 to 34,999	4,986	500 to 874
\$35,000 to 49,999	1,620	875 to 1,249
\$50,000 to 74,999	573	1,250 to 1,874
\$75,000 to 99,999	274	1,875 to 2,499
\$100,000 or more	0	2,500 and higher

Source: U.S. Census American Community Survey, 2015–2019 average, and Claritas.

Table 12: Affordable Units to Alleviate Overburdened Homeowners, Estimate 2021

Household Annual Income	Units	Payment Per Month (\$)	Estimated Home Price (\$)*
<\$20,000	3,678	<\$500	Less than 75,000
\$20,000 to 34,999	2,968	500 to 874	75,000 to 132,000
\$35,000 to 49,999	2,286	875 to 1,249	133,000 to 187,000
\$50,000 to 74,999	1,474	1,250 to 1,874	188,000 to 283,000
\$75,000 to 99,999	426	1,875 to 2,499	284,000 to 377,000
\$100,000 or more	354	2,500 and higher	378,000 and higher

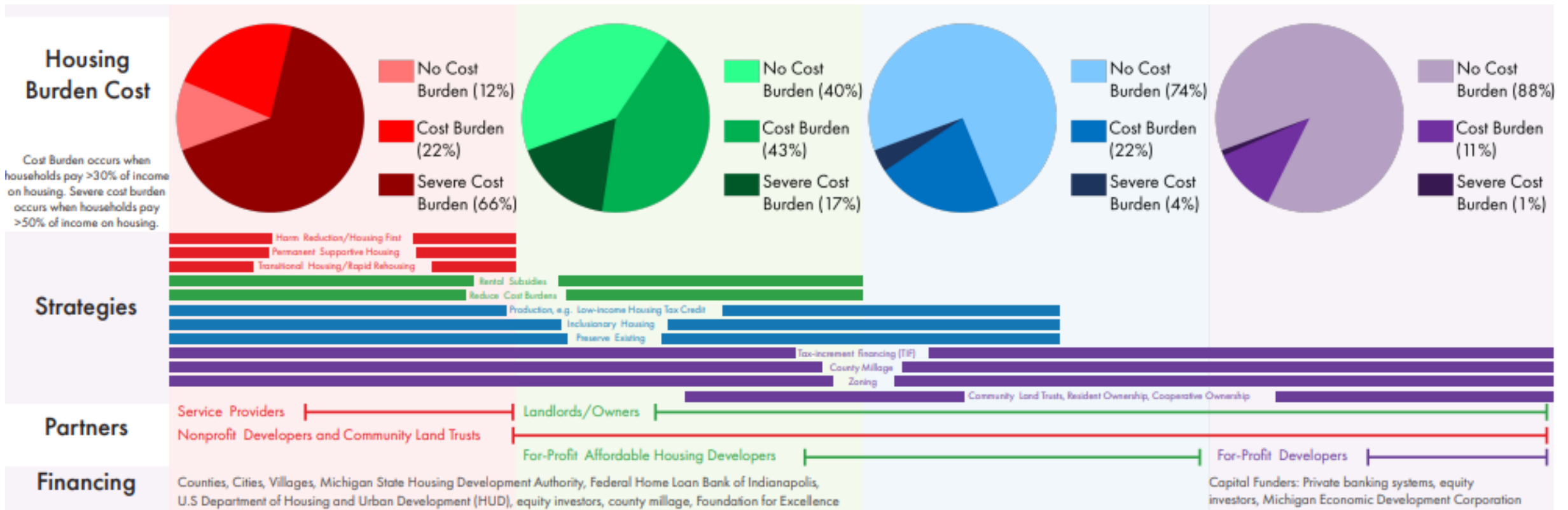
*Purchase price with 5% down, 4.3% interest, 30 year fixed, PMI, and property taxes.
Source: U.S. Census American Community Survey, 2015–2019 average, and Claritas.



These are a few examples of how people might move within the housing continuum.



Tax Increment Financing (TIF) as a Strategy



Source: Population and cost burden data for renter and households in Kalamazoo County, 2019 American Community Survey 5-Year Estimates, Census Bureau.



Incentivizing Housing Developments

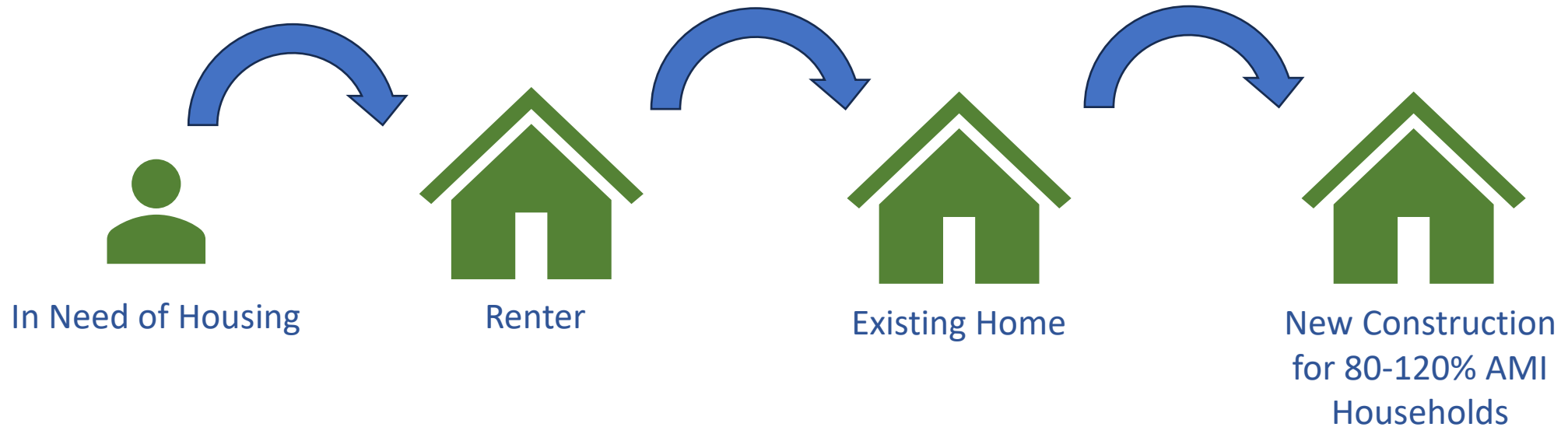


- Considerations for incentivizing housing TIF in your community
 - Are residents home burdened? (paying 30%-50% of their income toward housing)
 - Age of local housing stock: aging housing stock that is pre 1970s has likely not been replaced or updated
 - Can the area median income afford purchasing or leasing brand new homes at market rate?
 - Does your community have a housing goal within their master plan?
- Why is Housing TIF beneficial for development?
 - Incentivizes developers to construct new housing units (and sell or lease at a reduced rate) while still increasing local housing stock and building the units at cost (market rate)
 - It is more profitable to build larger homes (creates a housing ladder effect in communities)
 - Reduces the burden of both public and private infrastructure costs



The Housing TIF Ladder Effect:

Housing TIF Builds Work-force Housing & Can Create Attainable Housing



New homes constructed at Market Rate, sold or leased at a reduced rate to Income Qualified Households between 80-120% Area Median Income, can generate attainable housing across the continuum as households move into new residences.



Putting Housing Incentives on the Map

- Previous incentives that support community revitalization and housing:
 - Commercial Rehabilitation Act
 - Neighborhood Enterprise Zones
 - Obsolete Property Rehabilitation Act
 - Charitable Nonprofit Housing Exemption
- Incentives that reframe housing as workforce development:
 - Brownfield Tax Increment Financing Plans
 - Residential Housing Exemptions
 - Attainable Housing Exemptions





Housing Activities Eligible for Brownfield Tax Increment Financing

- Environmental clean up costs & site assessments
- Infrastructure improvements & site preparation
- Demolition
- Rental rehabilitation for income qualified households
- Temporary household relocation for income qualified households
- Acquiring blighted or obsolete rental units to rehab
- Financing gap for income restricted homes (80-120% of AMI)
- Brownfield plan implementation & compliance monitoring (limited amount)





Market Rate Construction v. Home Value



Construction Costs (2023)

1,173 square feet modular, 3 bedroom, 2 bath, crawl space & appliances

- Cost build \$260,000
- Selling price \$209,900
 - \$50,000 Gap funded by MSHDA Missing Middle



Construction Costs (2024)

962 square feet stick built, 2 bedroom, 1 bath on slab, all appliances

- Construction Cost \$304,000 (\$253,000 without prevailing wage)
- List Price \$224,000
 - \$80,000 Gap funded by MSHDA Missing Middle



Housing TIF in Action

- What has been working with housing TIF?
 - Developers with enough capital and who can wait to be reimbursed over 25 years
 - For-lease single family homes no less than 80% AMI in developments of 30+ units
 - For-sale single family homes on a grand scale 300+ new units at 100-120% AMI
 - Mixed use developments that include commercial or retail space and various residential unit types
 - Communities that adopt housing TIF policies & Master Plans with housing goals
- What are Housing TIF challenges for Communities?
 - Principal Residency Exemptions on for-sale units = less taxes to capture = higher AMI selling point
 - Brownfield Plan length and duration of time before tax dollars roll back to taxing jurisdictions
 - Negotiating the community benefit with developers
 - Cost of building supplies and infrastructure improvements (risky for developers)
 - MSHDA wants to see 20% of the total development income restricted for state tax capture



How to approve a Housing Project for Brownfield TIF

- Communities must have an established brownfield redevelopment authority to approve the use of brownfield tax increment financing
- The project must have a public benefit or specific community benefit summary within the plan
- There must be a development agreement/reimbursement agreement stipulating a price for income monitoring and duration for subsidized residential units
- Plans reimbursed with only local taxes:
 - Must be recommended by the local brownfield redevelopment authority (BRA), local unit of government (LUG), and local commission.
- Plan to be reimbursed with state and local taxes:
 - Must be approved by the local BRA, LUG, Commission, and the State of Michigan (MSHDA, MEDC, and/or EGLE)
 - Net increase for state taxes of 21 mills towards reimbursement for non-Principal Residence Exempted properties or 3 mills for Principal Residence Exemption(PRE).



Frequently Asked Questions

- How are the brownfield plans administered?
 - The BRA administers the plan including state reporting and developer reimbursements
 - The Local Unit of Government (LUG) treasurer sends the KCBRA tax increment revenue (TIR) captured annually based on capture estimates submitted by the KCBRA
- How are the annual tax capture amounts estimated?
 - The KCBRA & LUG treasurer compare tax increment revenue estimates twice annually
 - The LUG sends the KCBRA TIR after property taxes are paid
- How are the reimbursements within the plan administered?
 - The developer submits a request for reimbursement to the BRA
 - The BRA/brownfield consultants confirm eligible expenses & income verification
 - The BRA processes annual payments to the developer and state brownfield fund from available TIR
 - If there is a Community Benefits Agreement (CBA) the Developer and LUG must submit documentation that this agreement is in good standing prior to the Developer being reimbursed for eligible expenses





PLANNING & DEVELOPMENT DEPARTMENT
KALAMAZOO COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

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