

# Loan could lead to bigger county tax rolls

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A plan to get vacant, contaminated property back on tax rolls is in motion.

The Brownfield Redevelopment Authority instituted in Isabella County earlier this year is preparing for its next step — identifying property that is contaminated, blighted or functionally obsolete and market it to developers.

County commissioners will be asked in September to accept a \$200,000 state loan that would pay for the investigation of contamination levels.

The examinations would increase the probability that developers would take interest in properties that are now eligible for cleanup cost assistance and tax incentives.

Realtors, community members and representatives from Middle Michigan Development Corporation met Monday with Brian Eggers, President of AKT Peerless Environmental Services for information about programs that supply money for redevelopment.

The proposal is a tool for economic development, more than a request for environmental action, Eggers said.

By acquiring the loan through the Brownfield Redevelopment Authority Tax Increment Financing Act introduced by the state in 2000, the process of tax-base strengthening could begin.

"The loan is an investment that would generate money to continue identifying properties the county can market to developers with the incentives," said George Dunn, president of MMDC.

"It would allow us to be more proactive in identifying what sites are available instead of waiting for a developer," Dunn said.

The revitalization loan program offers a loan at 2.25 percent interest. A 15-year repayment period would follow a

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five-year deferment.

By identifying contaminated sites and offering cleanup incentives, the county can remove the threat of unidentified contamination expenses.

The plan would allow Isabella County to benefit from the capture of increased state and local property taxes from the increased value of the redeveloped parcel.

When businesses begin development, dollars added to the tax base create a perpetual fund allowing the county to pay up front for future environmental clean ups.

When developments are complete, the county will be eligible for federal and state brownfield grants for specific community projects.

Just one development should cover loan repayment, Dunn said.

When developments begin to take shape and the county begins to recapture tax dollars, they can begin repaying the loan early, or reinvest the money in other brownfield areas.

Once the market becomes educated about the value of developing these sites, most redevelopment projects are successful within two years, Eggers said.

"Once they understand the incentives," he said, "a developer will do anything they can to make it work."

Incentives for developers selecting a brownfield property include a 10 percent tax credit up to \$1 million to be used for demolition, construction and site improvement.

But there is a risk in taking out the loan. When the county signs, it is committed to repayment even if no property is developed in the five-year no-pay period.

"Overall, the risk is pretty minimal. Risk is necessary for development," said Sharon Tilmann, county commissioner and brownfield authority representative.

The commission is already working with a tight budget, Tilmann said, though she expects further information about the project will be helpful in promoting the venture.

In considering development possibilities, the county will be cautious in respect of green space when approaching zoning changes, said Tilmann.

"We want to achieve a balance," she said. "People really value green space and farmland, they don't want a lot of density. We would need to follow the county master plan and the wishes of residents."

Since the onset of state brownfield incentives, more than 4,700 unused sites in Michigan have been developed into tax-generating properties.

Isabella County's brownfield joins an already existing Mt. Pleasant city brownfield designation.