

Local Economic Development Tools and Application Materials

The City of Southfield is truly “Open for Business” as attested by our favorable business climate, skilled workforce and redevelopment ready, business-friendly environment. The City of Southfield is a “Core Community” as designated by the State of Michigan. Corporations and development projects will be eligible for a wide range of incentives from the State, County and other local agencies. Contact Southfield Business & Economic Development Director at rfreeman@cityofsouthfield.com to explore taking advantage of incentives.

Locally Approved:

Brownfield Redevelopment: Southfield Brownfield Redevelopment Authority offers brownfield redevelopment tax increment financing and revolving grant/loan opportunities. The City of Southfield's Brownfield Redevelopment Authority provides incentives to businesses that redevelop contaminated, blighted, and functionally obsolete sites to facilitate the reuse of the properties. Incentives can include paying for cleanup-related costs such as demolition, site preparation, public infrastructure, and lead and asbestos abatement, as well as environmental remediation. [Link to MEDC Program.](#)

State Approved:

The Michigan Economic Development Corporation offers several incentives that are instigated locally, full approval is granted at the State level.

PA 210 Commercial Rehabilitation Act encourages the rehabilitation of commercial property by abating the property taxes generated from new investment for a period up to 10 years. Properties must meet eligibility requirements and be located in a Commercial Rehabilitation District as defined by the City of Southfield and approved by Oakland County. The State Tax Commission is responsible for final approval and issuance of Commercial Rehabilitation certificates. [Link to Information and Application.](#)

PA 198 Industrial Facilities Exemption property tax abatements were created by the State of Michigan to provide a stimulus in the form of significant tax incentives to industries that renovate and expand aging plants, build new plants, and promote establishment of research and development laboratories.

Property tax abatement is an incentive provided primarily to build new plants in Michigan or renovate and expand aging assembly, manufacturing, and research plants. The incentive comes in the form of abated property taxes. The value of the project added will produce 50% of the taxes for a set period of time and then resume to the full tax value at the end of the abatement period. [Link to Information and Application.](#)

Public Act 328 New Personal Property Exemption allows eligible businesses to abate personal property taxes on new investments in the City of Southfield. Eligible projects include manufacturing, mining, research and development, wholesale trade, and office operations.

In 2014, the legislature finalized revisions to the Michigan Personal Property Tax (PPT) reform. Under this revised package, the small “essential services assessment” (ESA) that manufacturers pay to cover their costs associated with local government police, fire, ambulance, and jail services will now be a flat, statewide rate that is fixed and requires only one form and payment to be submitted to the state.

[Link to Information & Application.](#)

Michigan Business Development Program is available to eligible businesses that create qualified new jobs and/or make qualified new investment in Michigan. This is a new incentive program available from the Michigan Strategic Fund (MSF) in cooperation with the Michigan Economic Development Corporation (MEDC). The program is designed to provide grants, loans, and other economic assistance to businesses for highly competitive projects in Michigan that create jobs and/or provide investment. [Link to MEDC Program.](#)

SOUTHFIELD INCENTIVE POLICY

The City of Southfield is truly “Open for Business” as attested by our favorable business climate, skilled workforce and redevelopment ready, business-friendly environment. The City of Southfield is a “Core Community” as designated by the State of Michigan. Corporations and development projects will be eligible for a wide range of incentives from the State, County and other local agencies.

Southfield Administration is dedicated to fostering a partnership between its investors, developers and the regulatory authorities to fill our office space and to return “brownfield properties” to active and appropriate reuse. The City encourages looking to open a business or developing a historically impacted property in the City to discuss these incentives with the Business & Economic Development Department.

This policy is designed to promote the use of City incentives for projects that will:

- Create full time jobs;
- Provide an increase in taxable value to the property and a potential beneficial effect in the area that would not have occurred without the incentives; and
- Use these incentives only after all other sources of funding for eligible activities have been exhausted.

The City prefers providing incentives to projects that support:

- Increasing occupancy in office sector;
- Provide adaptive reuse of vacant/blighted buildings;
- Create additional research and development and/or high-tech manufacturing;
- Increase the diverse range of industry;
- Advancing strategic goals for the City of Southfield, such as:
 - Increase the supply of workforce housing
 - Increase the walkable environment
 - Increase the commercial occupancy rate
- Contribute to advancing action items in the adopted Master Plan

Available Incentives

There are several types of incentives that can be used to assist with real estate redevelopment & business attraction efforts. These include, among others, tax abatements, tax increment financing, revolving loan funds, low interest loans and grants, expedite planning and building permits and Oakland County Michigan Works Southfield talent assistance. The City will discuss the options available and applicable to your project during an initial consulting meeting.

The applicant will be required to show a financial need for assistance and provide verification that they are eligible for assistance according to state law. Pursuant to this policy, potential developers and/or companies may identify a specific need and apply for local and state incentives. The Southfield City Council sets parameters for when and how particular local incentives will be awarded and will consider each application on a case-by-case basis, based on the merits of the particular project and intended future use of the property, if applicable.

PA 210 Commercial Rehabilitation Act encourages the rehabilitation of commercial property by abating the property taxes generated from new investment for a period up to 10 years. Properties must meet eligibility requirements and be located in a Commercial Rehabilitation District as defined by the City of Southfield and approved by Oakland County. The State Tax Commission is responsible for final approval and issuance of Commercial Rehabilitation certificates. [Link to Information and Application.](#)

PA 198 Industrial Facilities Exemption property tax abatements were created by the State of Michigan to provide a stimulus in the form of significant tax incentives to industries that renovate and expand aging plants, build new plants, and promote establishment of research and development laboratories.

Property tax abatement is an incentive provided primarily to build new plants in Michigan or renovate and expand aging assembly, manufacturing, and research plants. The incentive comes in the form of abated property taxes. The value of the project added will produce 50% of the taxes for a set period of time and then resume to the full tax value at the end of the abatement period. [Link to Information and Application.](#)

Public Act 328 New Personal Property Exemption allows eligible businesses to abate personal property taxes on new investments in the City of Southfield. Eligible projects include manufacturing, mining, research and development, wholesale trade, and office operations.

In 2014, the legislature finalized revisions to the Michigan Personal Property Tax (PPT) reform. Under this revised package, the small “essential services assessment” (ESA) that manufacturers pay to cover their costs associated with local government police, fire, ambulance, and jail services will now be a flat, statewide rate that is fixed and requires only one form and payment to be submitted to the state. [Link to Information & Application.](#)

Michigan Business Development Program is available to eligible businesses that create qualified new jobs and/or make qualified new investment in Michigan. This is a new incentive program available from the Michigan Strategic Fund (MSF) in cooperation with the Michigan Economic Development Corporation (MEDC). The program is designed to provide grants, loans, and other economic assistance to businesses for highly competitive projects in Michigan that create jobs and/or provide investment. [Link to MEDC Program.](#)

A developer or company **cannot be eligible** for incentives in the City if it meets any of the following criteria:

- There are outstanding back taxes owed on the property, or
- The parcel on which development is proposed is not an eligible property as defined by the applicable legislation.

Brownfield Tax Increment Financing

For Brownfield tax increment financing, the cost of certain eligible activities may be reimbursed through capture of taxes on the increased taxable value resulting from redevelopment. This tax capture can apply to both local and state property taxes, but will require approval of the MEDC and/or MDEQ if state property taxes are captured. Eligible activities in the City include, not limited to:

- Environmental Assessments (ex. Phase I, Soil and Groundwater Investigations, Baseline Environmental Assessments)
- Response Activities
- Due Care Plans
- Remediation and Engineered Controls
- Asbestos and Lead Based Paint Abatement
- Demolition
- Pre-demolition asbestos abatement
- Other actions necessary to protect the health, safety, welfare, environment, or natural resources
- Public Infrastructure
- Site Preparation
- Site Improvements

Interest costs are not considered to be an eligible activity under this policy. Whether the Applicant successfully demonstrates such a need will be determined at the sole discretion of the City. Applicants are encouraged to obtain approval for school tax capture as appropriate for the eligible activities requested. Local tax capture for eligible activities will be limited to the proportional share that captured local tax mills have to the total property taxes, even in cases where state tax capture is not approved. The exception will be those cases where there is a compelling local interest, which the City will determine at its discretion.

The Applicant is responsible for keeping detailed records of all eligible expenses and investments, including purchase orders, invoices, waiver of liens, contracts and records of payment, and for providing these to the City when requesting the incentive, as detailed by the City. Final reimbursement will be based on the records provided, and the City is not responsible for incomplete or inaccurate records. All requests for eligible expense reimbursement must be received no later than one year after receipt of certificate of occupancy in order to be considered eligible for reimbursement.

Eligible Projects

A construction, redevelopment, renovation or reconstruction project can be eligible for incentives in the City if it meets all the following criteria:

- The property is in the City of Southfield; and
- The property is an eligible property as defined by applicable legislation

An eligible project can be considered for incentives in the City if it meets all the following criteria:

- The project is consistent with the objectives of this guideline and the City Master Plan; and
- The projects construction budget and operating proforma indicate that it requires incentives to be successful and would not occur without the incentives; and

- The project will significantly contribute to revitalization of the City through increased property taxes, job creation or creation of place; and
- The development will ameliorate impediments to redevelopment through demolition, restoration, remediation, mitigation or control.

A project cannot be eligible for Brownfield incentives in the City if it meets any of the following criteria:

- The Applicant is responsible for hazardous substance contamination identified at the property, or
- There are outstanding back taxes owed on the property, or
- The Applicant is not an innocent landowner as defined by Act 381, or
- The parcel on which development is proposed is not an eligible property as defined by the applicable legislation.

Projects will be evaluated based on, but not limited to, the following criteria:

- The amount of extraordinary costs for redevelopment;
- Amount of property tax generated after construction;
- Amount of investment on a square foot basis;
- Job retention, creation and quality;
- Location;
- Existence of abandoned, blighted or functionally obsolete buildings on property;
- Length of time for which incentives are being requested;
- Amelioration of threats to public health or the environment; and
- Whether the project will provide additional beneficial effects on the surrounding area and the community as a whole.

Eligible projects may be required to submit the following documents to the City for review:

- An Incentives Application
- A Redevelopment and/or Brownfield Plan
- Phase I ESA completed before purchase
- Baseline Environmental Assessment, if applicable
- Reimbursement Agreement
- Community Participation Agreement
- Financial Agreement for all loans and grant

Application for Incentives

All Applications and Plans must be submitted to the Business & Economic Development Director. The City requires the following information be included:

- The basis for eligibility under the applicable legislation;
- A narrative demonstrating (1) that all applicable aspects of the City of Southfield's Master Plan have been considered in the planning of the project and (2) the specific provision(s) of the Master Plan advanced by the project;
- A list of all incentives that will be requested for this project from local, state or federal sources, and the estimated value of each incentive;
- A map indicating the eligible property and including parcel boundaries and parcel numbers;
- An explanation of the impacts or impediments that will be ameliorated by the project including estimated costs; and
- An evaluation of the twenty-year Internal Rate of Return for the project, including with incentives and without incentives

Time Limitations

The City will ensure that the length of time for any incentive is reasonable in balancing the City of Southfield's burden and risk with that of the Applicant.

In general, the following guidelines will be used:

- Tax Abatements shall not exceed:
 - Personal Property Tax Abatements fifteen (15) years;
 - Industrial Facilities Tax Abatements twelve (12) years;
 - Commercial Rehabilitation five (5) years with the option to seek additional five (5) years;
- Tax Increment Finance support shall not exceed twenty-five (25) years.
- Revolving Loan Fund Support shall be determined based on the amount requested relative to total project cost. Repayment period shall not exceed fifteen (15) years.
- Miscellaneous Considerations

Application Expiration

Unless otherwise agreed to in writing by the City, incentive applications will expire and no longer be valid if the Applicant does not execute a Reimbursement Agreement within one hundred and eighty days of the date the application is approved by City Council.

Commencement of Construction

Unless otherwise stated in the Reimbursement Agreement, to remain eligible for the approved incentives, eligible activities must start within eighteen months of incentive approval, construction must start within two years of the executed Reimbursement Agreement, and construction must be completed within three years of the estimated completion date.

Adjustment of Eligible Expenditures

Incentives may be adjusted based on actual expenditures on eligible activities and investments, but shall

not exceed the total amount listed in the approved application, and in no event, shall incentives extend beyond the maximum term allowed by the applicable legislation.

Time Extensions

Any requests for an extension of the incentive period must be provided in writing to the City one year prior to expiration of the incentive agreement. City Council approval is required.

Payment of Applicable Taxes

Tax status must be certified annually, and the property must remain in good standing on all state, local, and federal taxes. If property taxes are found to be delinquent for more than three consecutive months, the City shall provide written notification to Owner and further reimbursement shall be withheld until the property is brought into good standing. If good standing is not restored within ninety (90) calendar days, any reimbursements issued during the period of delinquency shall be repaid to the City by Owner.

Project Closeout

Generally, the expiration of approved incentives and/or the formal closure/completion of a project will occur in accordance with provisions found in applicable federal, state or local laws, or formal instruments executed by the City and Applicant; The Reimbursement Agreements governing the given incentives will detail the closeout. Such provisions will hold force immediately as triggered by applicable actions or the passage of time. Formal correspondence to the Applicant informing of incentives expiration/project closure will only be issued from the City as required by law, or in cases where the City chooses to do so at the discretion of the Business & Economic Development Director.

Performance

Recipients of any form of local incentive support shall be expected to deliver the outcomes promised in their applications, plans, and agreements, upon approval. Incentive agreements shall contain clear expectations and definitions of satisfactory performance, including key deliverables, milestones, deadlines and other project-specific conditions, as well as penalties for non-performance. These agreements will reflect the unique circumstances of each project and may also include safeguards such as requirements for personal guarantees for loan-based support and other considerations. Additionally, Applicants may be required to remain in the City of Southfield for the duration of their incentive period. If a project fails to perform as agreed-upon, the Applicant may be required to reimburse the City.

Contact Information

The City of Southfield contact listed below will oversee the implementation of the incentives. Applications for any incentives, and any questions or comments, should be directed to the City at the following address:

Business & Economic Development Director
City of Southfield
26000 Evergreen Road
Southfield MI 48076
248-796-4161
rfreeman@cityofsouthfield.com

Application Process

- It is recommended that the Applicant first contact the City Business and Economic Development Director to discuss the project.
- Submit the Application Form (copy attached to this Policy) to the Business and Economic Development Director.
- Schedule an initial project meeting with the Business and Economic Development Director & City Assessor. If you are applying for state incentives, Business and Economic Development Director will contact the appropriate state and/or county representative.
- The objective of this meeting is to discuss the eligibility of the proposed project and begin the process of considering the application.
- A preliminary review of the project will be conducted and, if approved, an invitation to apply will be provided.
- Submit an application or plan for review and approval (review fee due).
- Bring in additional state and county representatives.
- Attend the City Committee meeting(s) at which the application will be considered.
- Present request to Southfield City Council to schedule public hearing.
- A public notice for the public hearing will be placed by the City in the local paper.
- Attend the public hearing.
- If recommended for approval, attend the City Council meeting at which the application will be considered.
- Submittal to appropriate state agency for approval. Applicant is required to complete all necessary documentation and follow up request by state agency in a timely manner so not to jeopardize the available incentive.

If approved, the City will prepare a Tax Abatement Agreement, Reimbursement Agreement or other relative agreement. Please note that projects may also require a Community Participation Agreement and associated proof of financial performance. Applicants may need to comply with the City's Living Wage Ordinance, No. 1478, regarding minimum wages and benefits. When Brownfield Redevelopment project eligible activities are completed, submit a reimbursement request to the City, including invoices and proof of payment, organized by the categories listed in the approved Brownfield Plan or 381 Work Plan (review fee due). Please contact the Business & Economic Development Director for details on the contents of the agreements.

Fees

There is no fee for an initial project consultation meeting, and no fee for a one-time, preliminary staff review of a draft application. The following non-refundable fees shall apply:

Tax Abatements:

Request to establish an Industrial Development District: \$500.00

Application for Tax Abatement: \$1,000.00

Brownfield Redevelopment:

Fees will be applied at time of project.

The City requires a reimbursement review fee for legal, financial and administrative review, in order to verify expenses. This fee will be based on the complexity of the application. The request will clearly and

explicitly detail expenses as related to the specific line items enumerated in the approved incentives plan. The Applicant may be required to provide an escrow for the reimbursement review fee at the time of submittal of the reimbursement request.

Opportunity for Public Involvement and Comment

The following are times during the incentive process where the public has an opportunity to comment on the potential projects:

Tax Abatements

Southfield City Council Public Hearing for consideration of the application.

Brownfield Redevelopment

1. Southfield Brownfield Redevelopment Authority Meetings during review of project; and
2. Southfield City Council Public Hearing for consideration of the application.

Schedule

The approval process is typically one to four months, depending on the timing of applications and submittals, completeness of the information provided, and the complexity of the impacts and selected remedies. In general, the City will make every attempt to complete City review and approve all incentive requests concurrently with other requests by the applicant going to City Council, to reduce additional meetings. Please note that review by other agencies is beyond the control of the City.

Materials must be submitted to the City fifteen working days before any committee or Council meeting. Minor changes to the submitted documents must be provided to the City no later than nine business days before the meeting. Material changes require the entire application be resubmitted. Printed copies of all materials will be provided the committee or Council members five business days prior to the meeting. If changes are made after that period, then the City retains the right to table the plan to the next meeting.