



CITY OF  
GRAND  
RAPIDS

Economic  
Development  
Department

# EDD Current Programs

## EDPT

January 14, 2025



# Economic Development Incentives

## Why do we use the tools

- Business retention, expansion, and attraction to compete in a global economy
- Facilitate development on obsolete and/or vacant properties (in-fill development) with extra-ordinary costs. Level the playing field with greenfield development.
- Facilitate reuse of vacant contaminated land or empty/obsolete buildings to create new jobs, housing and property and income taxes (i.e. do not replace or displace productive uses)
- Support environmental assessment, clean-up, and safe reuse of contaminated sites.
- Support housing diversity to meet demand across income ranges
- Encourage and incentivize equitable development opportunities across the City
- Influence, incentivize, and support utilization of WBE, MBE, and MLBEs through the Inclusion Plan program (\$140.2 mi committed to date)



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# Economic Development Incentives

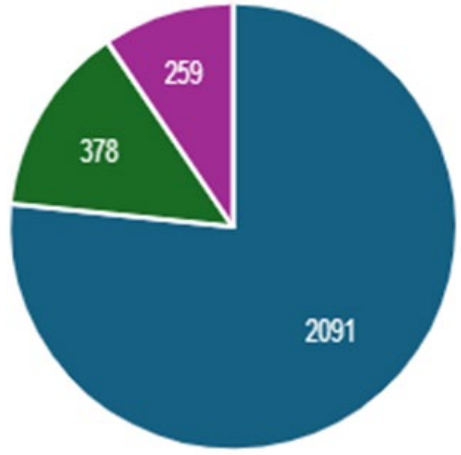
## Housing Needs and Projects Supported

### GRAND RAPIDS RENTAL HOUSING NEEDS (2022 – 2027)

Income Category	0-30% AMI	31-50% AMI	51-80% AMI	81-120% AMI	121% AMI+
<i>Overall Units Needed by 2025*</i>	1,380	988	1,710	1,573	2,300
<i>Most Common Tax Status</i>	Tax Exempt (non-profit or PILOT)		Pays Property Tax		
<i>Examples of Public Financing, Subsidy and Incentive Programs by Income Category</i>	LIHTC Federal Home Loan Banks Public Housing & Vouchers HOME Investment Partnerships Payment in Lieu of Taxes (PILOT)		Tax Increment Financing Tax Abatement Programs Public Debt Programs Remediation Grants		
	Emerging Developer Grant Initiative, Brownfield Revolving Loan Fund Grants or Loans Historic Tax Credit Investment Tax Credit				

\* Units Needed from Bowen National Research. “Grand Rapids/Kent County, Michigan Housing Needs Assessment.” Revised July 13, 2022.

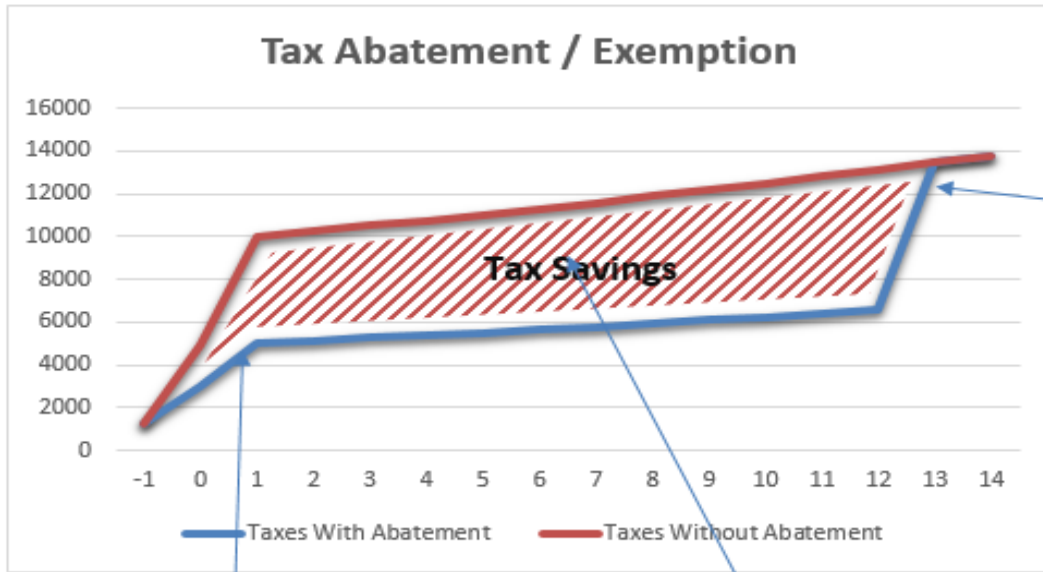
From 2022 to 2024, Economic Development programming supported 2,728 planned housing units in 32 projects with \$1.7 billion of committed investment.



■ Market Rate Units ■ Income restricted at <80% AMI ■ Income restricted at <60% AMI

# Economic Development Incentives

## How a Tax Abatement Works (OPRA, IFT, NEZ, CFE)



After the tax abatement expires, the taxes return to what they would otherwise

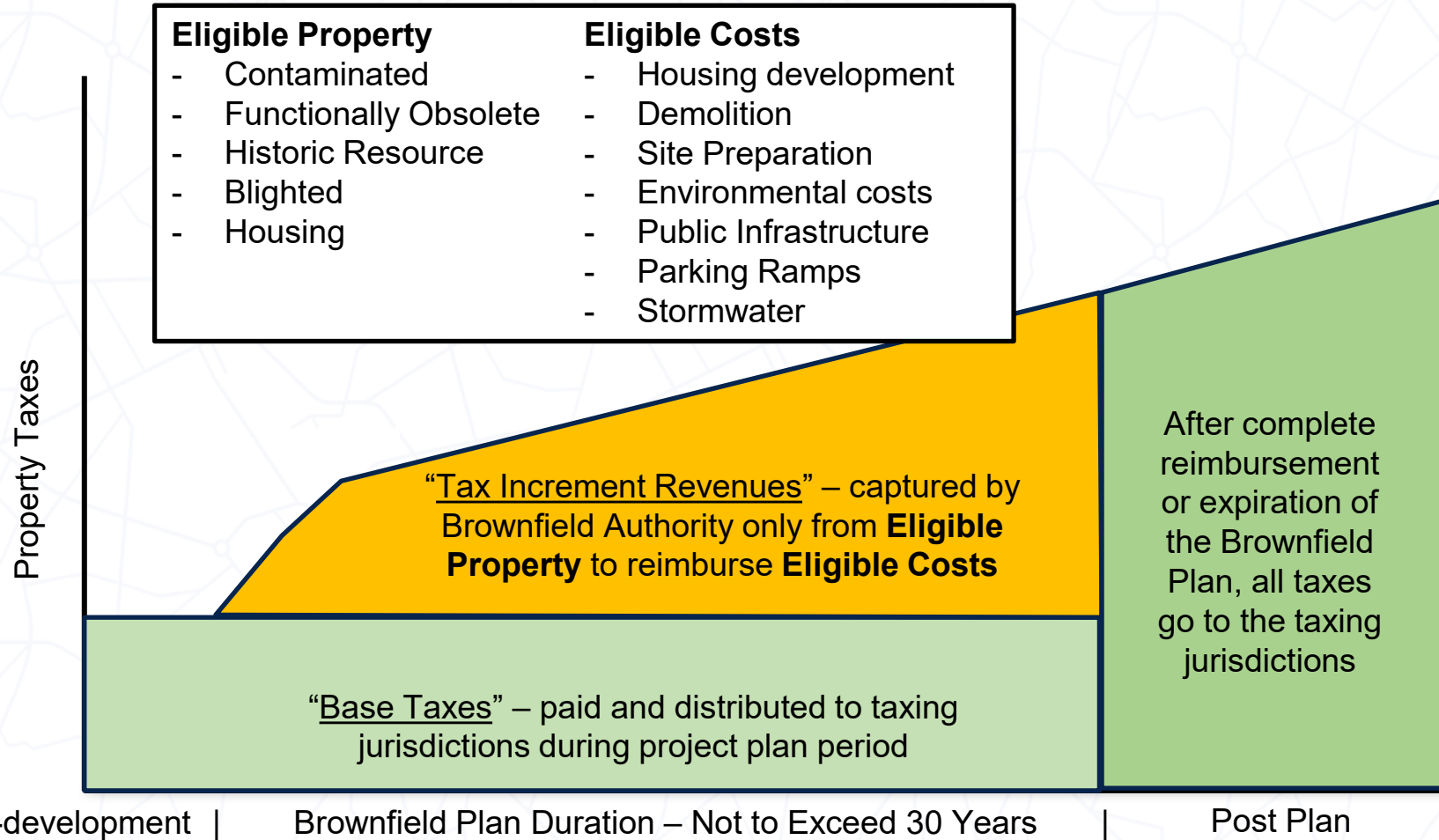
Project occurs and taxes go up, but only ½ of what they would have without a tax abatement

The difference between the amount of taxes that would have been paid without an abatement, and the amount of taxes paid under the abatement is the savings experienced by the applicant.

- **Does not provide any money up front**
- **Does not reduce taxes** from current levels
- **Limits the increase** in new taxes resulting from investment
- Only provides value **after project completion**
- Projects are **surveyed** and outcomes **reported** to the City Commission

# Economic Development Incentives

## How Tax Increment Financing (TIF) Works (Brownfield)



- **Does not provide any money up front**
- **Does not reduce taxes** from current levels
- Captures a portion of the increase in new taxes
- Only reimburses for eligible costs **after projects are complete**
- Projects are **surveyed** and outcomes **reported** to the City Commission

# Economic Development Incentives Programs for Different Project Types



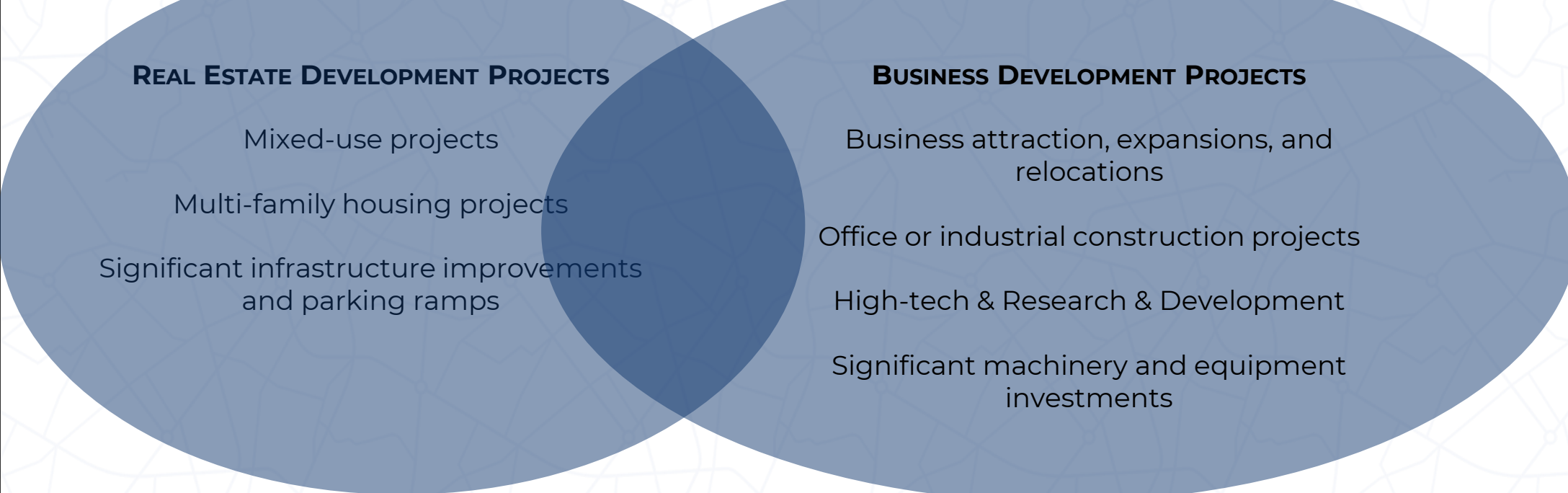
	<b>NEIGHBORHOOD ENTERPRISE ZONE</b>	<b>OBSOLETE PROPERTY REHABILITATION</b>	<b>BROWNFIELD TAX INCREMENT FINANCING</b>	<b>INDUSTRIAL FACILITIES TAX EXEMPTION</b>	<b>COMMERCIAL FACILITIES TAX EXEMPTION</b>	<b>NEW PERSONAL PROPERTY EXEMPTION</b>
<b>New Construction</b>	<b>Yes</b> (must have retail on gf)	<b>No</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b> (but not housing)	<b>Yes</b>
<b>Rehabilitation</b>	<b>Yes</b> (10+ units required)	<b>Yes</b> (additions < 100% of gf sf permitted)	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Multi-family</b>	<b>No</b> (not without retail on gf)	<b>Yes</b> (5+ units required)	<b>Yes</b>	<b>No</b>	<b>No</b>	<b>No</b>
<b>Commercial</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>	<b>No</b> (except hi-tech companies)	<b>Yes</b>	<b>Yes</b>
<b>Mixed-Use</b>	<b>Yes</b> (if retail on gf)	<b>Yes</b> (5+ units required)	<b>Yes</b>	<b>No</b>	<b>No</b>	<b>Yes</b>
<b>Industrial</b>	<b>No</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>	<b>No</b>	<b>No</b>
<b>Geography</b>	<b>Commercial Zone</b>	<b>City-Wide</b>	<b>City-Wide</b>	<b>Industrial Zone</b>	<b>Commercial Zone</b>	<b>City-Wide</b>

This is a guide for general evaluation for what types of projects may be permitted under certain programs, but not whether an individual project is eligible for that program. Project components and details may create exceptions to the general guidelines above.

	<b>NEZ EXEMPTION ACT 147 OF 1992</b>	<b>OPRA EXEMPTION ACT 146 OF 2000</b>	<b>BROWNFIELD TIF ACT 381 OF 1996</b>	<b>IFT EXEMPTION ACT 198 OF 1974</b>	<b>CFE EXEMPTION ACT 255 OF 1974</b>	<b>NPP EXEMPTION ACT 328 OF 1998</b>
<b>Project Eligibility</b>	<p>Mixed-use new construction project with retail on the ground floor and residential apartments above.</p> <p>Rehabilitation of historic buildings, or buildings with multiple condominium units (including rental condominiums).</p> <p>Located in an area zoned and used primarily for business.</p>	<p>Property must be <b>functionally obsolete</b> (unable to be used for intended purpose)</p> <p>Proposed use must be <b>commercial</b>, which includes residential if more than 4 units per bldg.</p> <p>Must include proposed investment &gt;\$30/sf per City policy.</p>	<p><b>Eligible Property</b> is housing, blighted, functionally obsolete, contaminated, a historic resource, or housing property (or adjacent to one of those).</p> <p>Project must have <b>Eligible Activities</b> which are costs associated building housing, enviro, demo, site prep, parking ramps, infrastructure improvements, stormwater mgmt.</p>	<p>Applicant must be engaged in <b>manufacturing or high-technology</b> activities (but those activities are not required to be at the project location).</p> <p>Project must include addition of taxable personal property, or investment in new or expanded real property.</p>	<p>Property must be used for a <b>commercial</b> purpose but does not include housing or portion used for housing and excludes financial organizations.</p> <p>Must be in a <b>Commercial Redevelopment District</b>, which can be established by the City Commission for obsolete property, <b>or</b> cleared/vacant land in the DDA, <b>or</b> cleared/vacant land that has been zoned commercial since 1975.</p>	<p>Applicant must be an <b>eligible business</b>, which includes office operations, R&amp;D, manufacturing, wholesale trade, but not retail establishments, casinos or sports stadia.</p> <p>Expected new City income taxes must exceed expected tax savings.</p> <p>Must be creating or expect to create a minimum of 25 new jobs.</p>
<b>Benefit</b>	<p><b>New Facility</b> pays ½ the statewide avg millage rate on residential portion.</p> <p><b>Rehabilitated Facility</b> has taxable value frozen at pre-development level on residential portion</p>	<p>Exempts all new <b>local taxes</b> that would have been created from the investment.</p> <p>State Treasurer may also exempt 50% of school taxes for up to the first 6 years.</p>	<p><b>Tax Increment Financing</b> (i.e. reimbursement from future new taxes) for eligible activity costs originally financed by developer.</p>	<p><b>New Facility</b> tax is 50% of the normal tax rate with the exception of the State Education Tax which is not exempted. Levied only on the new taxable value.</p> <p><b>Rehabilitated Facility</b> has taxable value frozen at development level on economically obsolete portion of the project.</p>	<p><b>New or Replacement Facility</b> tax is 50% of the normal tax rate with the exception of the State Education Tax which is not exempted. Levied only on the new taxable value.</p> <p><b>Restored Facility</b> has taxable value frozen at development level on economically obsolete portion of the project.</p>	<p>A 100% exemption on all personal property that is placed in service after the date of approval.</p> <p>All new personal property placed in service from the date of approval until the date of expiration is exempt (i.e. not only that property acquired for the project described in the application).</p>
<b>Duration</b>	Between 9 - 15 years per City Commission policy 900-45.	Between 10 - 12 years per City Commission policy 900-42.	Up to 25 years of reimbursement locally, plus five years of capture for the LBRF.	Between 1 and 12 years, as approved by the City Commission.	Between 1 and 12 years, as approved by the City Commission.	Between 1 and 12 years, as approved by the City Commission.
<b>Example Projects</b>	The Current Wealthy & Sheldon	975 Ottawa (Silva) The Emory	Seymour Condos 111 Lyon	Numerous breweries Flexco	Bamboo Grand Rapids Headquarters (2 W Fulton)	Perrigo HQ (430 Monroe)
<b>Geographic limitation</b>	Commercial Zone	City-Wide	City-Wide	City-Wide	Commercial Zone	City-Wide
<b>Generally Applicable</b>	Not be in arrears with the City, current on income taxes, have obtained necessary site plan/zoning approvals, must submit <b>Inclusion Plan</b> with M/W/MLBE goals, pay application fees.					

# Economic Development Incentives

## Different Programs for Different Projects

	NEZ EXEMPTION ACT 147 OF 1992	OPRA EXEMPTION ACT 146 OF 2000	BROWNFIELD TIF ACT 381 OF 1996	IFT EXEMPTION ACT 198 OF 1974	CFE EXEMPTION ACT 255 OF 1974	NPP EXEMPTION ACT 328 OF 1998
<b>Project Types</b>	 <p><b>REAL ESTATE DEVELOPMENT PROJECTS</b></p> <ul style="list-style-type: none"> <li>Mixed-use projects</li> <li>Multi-family housing projects</li> <li>Significant infrastructure improvements and parking ramps</li> </ul> <p><b>BUSINESS DEVELOPMENT PROJECTS</b></p> <ul style="list-style-type: none"> <li>Business attraction, expansions, and relocations</li> <li>Office or industrial construction projects</li> <li>High-tech &amp; Research &amp; Development</li> <li>Significant machinery and equipment investments</li> </ul>					



# Additional Economic Development Tools



## **EDC Tax Exempt Bond Financing (Private Activity Bonds)**

Provides a conduit to the tax-exempt bond market for non-profit and industrial borrowers. Most recently used by non-profit senior assisted living facilities to finance expansions or significant renovations. Reduces cost of capital for eligible borrowers.

## **Local Brownfield Revolving Fund (LBRF) Grants and Loans**

Eligibility and eligible costs are the same as Brownfield TIF, but financing is in the form of a grant or TIF loan at project completion which delivers additional value to the project and allows the BRA to support tax-exempt projects (i.e. PILOT/LIHTC).

## **Environmental Site Assessment (ESA) Grant Program**

Provides grants to fund between 50-100% of environmental due diligence costs for property acquisitions, prioritizing Neighborhoods of Focus, first-time developers, and new or expanding locally-based businesses.

## **Corridor Improvement Authority (CIA) Façade Grants**

Provides funding for upgrades and improvements to street-facing façade of commercial buildings within a CIA's development area. Funding and program parameters vary by CIA, each of which set a maximum grant amount and establish matching requirements, if any.

## **Corridor Improvement Authority Development Support**

CIAs may use their TIF to reimburse private parties for investments in public infrastructure within their district through negotiated development agreements and pursuant to each CIA's policy.

## **Emerging Developer Grant Initiative**

Provides predevelopment support to projects up to site plan approval for design work, site planning, structural evaluation, and some predevelopment consulting.



# 2024 23 Projects

New private investment:

**\$1.2 billion**

1<sup>st</sup> Ward | 2<sup>nd</sup> Ward | 3<sup>rd</sup> Ward  
**\$1.09bil** | **\$78.8mi** | **\$27.5mi**

Neighborhoods Of Focus

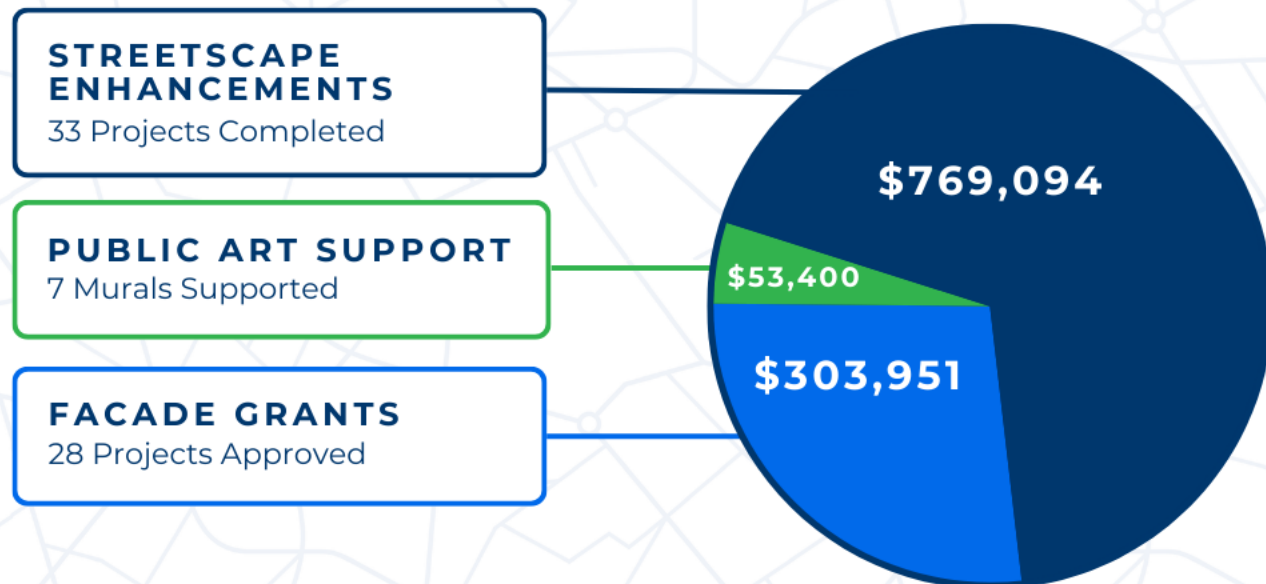
**\$270.1mil**

**Corridor Improvement  
Authority Investments**

**\$1,126,445**

# Neighborhood Investments

68 PROJECTS | \$1,126,445





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City of Grand Rapids  
Economic Development