

SPECULATIVE BUILDING DEVELOPMENT PROGRAM

OVERVIEW

The Michigan Economic Development Corporation (MEDC), in partnership with local communities, offers several incentive and financing programs to encourage the development of new speculative building projects in Michigan. The program is aimed at increasing the availability of high-quality, single-tenant and multi-tenant building space that will help Michigan and its local communities attract businesses considering new or expanded corporate office, research and development, technical centers, manufacturing or logistics operations.

INCENTIVE AND FINANCING PROGRAMS

The following programs may be considered for speculative building development projects:

Public Act 198 Speculative Building Tax Abatement

A speculative building may qualify for an industrial facilities tax abatement. The local unit of government must approve a resolution declaring it is a speculative building prior to identifying occupants. Initial construction and finishing costs would be eligible for a reduction in property taxes of approximately 50 percent. In addition, the MEDC may offer a 50 percent or 100 percent abatement of the 6-mill State Education Tax for certain qualifying projects.

Brownfield Tax Increment Financing

Under the Brownfield Redevelopment Finance Act, PA 381 of 1996, as amended, a municipality may create a Brownfield Redevelopment Authority (BRA) to develop and implement brownfield projects. A BRA is a resource that may use tax increment financing (TIF) as a tool for property redevelopment.

Capital Access Program

MEDC's Capital Access Program may participate in financing for certain eligible projects. Financing may include loan participation or collateral enhancement in partnership with a qualified lending institution.

For programs requiring approvals by the MEDC and the Michigan Strategic Fund, projects need to meet the following guidelines:

- The speculative building project will primarily be targeted to corporate office, research and development, technical centers, manufacturing or logistics uses.
- The project has substantial local participation or partnership.
- The site is served by existing public infrastructure.
- The project would not otherwise occur without state incentives or financial assistance.

REVIEW PROCESS

1. Speculative building project is identified by local partner and/or developer.
2. MEDC business development manager (BDM) for the region should be engaged. The BDM will conduct a preliminary review of the project plan. If the project requires further consideration of state incentives or financing assistance in order to move forward, the BDM will ask the developer to provide a project summary and complete the MEDC speculative building supplemental form.
3. The project will undergo an evaluation and consideration by MEDC to determine if incentives or financing are needed and if so, what tools would be most appropriate.
4. The BDM and business development project manager will proceed with appropriate follow up with the developer or local partner.
5. For projects seeking consideration for capital access financing only, the developer or qualified lending institution may work directly with the capital access team for project review and consideration.

For further information, please contact the MEDC at 517-373-9808.