



# City of Ishpeming Development Incentives Tools, Guidance, and Processes

## **Statement of Purpose**

The City of Ishpeming welcomes new investment from all types of stakeholders, ranging from existing residents and business owners to new large and small-scale external investors. Development which aligns with city goals and land use policies make us all stronger. The City also understands that market conditions may make some desired development opportunities unfeasible without creative investment options. As a municipality, the City has access to tools, strategies and policies which can provide direct and indirect resources to close financial gaps.

This document outlines the currently available tools the City has for development opportunities which are deemed beneficial to moving our goals forward. It is not a guarantee of availability but provides developers with open knowledge of the city's priorities, efforts, and processes for requesting incentive option(s).

## **Types of Incentives**

The City of Ishpeming currently offers several incentives including:

### *Financial Tools*

- DDA Façade Grant
- DDA Start Up Assistance Grants
- DDA Tax Increment Financing and Development Plan (DDA TIF)
- Neighborhood Enterprise Zones (NEZ)
- Commercial Rehabilitation District
- Historical Tax Credits (Downtown District)
- Payments in Lieu of Taxes (PILOT)
- State Brownfield Tax Increment Financing
- Local Brownfield

### **DDA Façade Grant**

*The City of Ishpeming Downtown Development Authority (the "DDA") established this Façade Improvement Grant Program in order to utilize public funds to stimulate commercial investment. The DDA does not intend to mandate specific design criteria, however, the DDA also recognizes the importance of maintaining the historic integrity of the downtown district. The DDA established Design Guidelines in 2008 that provide the basis for prioritizing projects. By upgrading the appearance of Ishpeming through this program, our community will be more attractive to local residents, tourists, and potential investors.*

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|---------------------------------|--|
| <b>Direct or Indirect:</b>      | Direct   |
| <b>Geographic Availability:</b> | DDA District   |
| <b>Development Type(s):</b>     | All  |
| <b>Other Key Qualification:</b> | Eligible buildings must be located within the DDA district.  |
| <b>Min &amp; Max Amounts:</b>   | No minimum; Maximum award \$10,000   |
| <b>Required Match</b>           | 50% (E.g. \$10,000 Grant requires \$10,000 Owner Investment Match)   |
| <b>Estimated Timeline:</b>      | The DDA meets regularly on the fourth Monday of each month to conduct business. All applications for façade improvement grants will be reviewed at regular meetings. |
| <b>Approving Authority:</b>     | Downtown Development Authority   |
| <b>Access Materials:</b>        | <a href="#">Downtown Development Authority Façade Improvement Grant Program   City of Ishpeming (ishpemingcity.org)</a> or Contact City Hall                         |

**Process:** To apply for the City of Ishpeming Downtown Development Authority Façade Improvement Grant Program, you need to submit a package that includes a completed application form, signed with the required fee, a detailed description of proposed improvements and how they'll preserve the historical character of the area, cost estimates from two qualified contractors with their contact details, business information for the chosen contractor and subcontractors, architectural plans and specifications, color schemes, and materials for exterior enhancements, property owner's permission if you're a tenant, a certificate of property insurance, and photographs of the building façade. This comprehensive package streamlines your grant application process.

### **DDA Start-up Assistance Grants**

*In order to help attract and support new businesses for Ishpeming, the Ishpeming Downtown Development Authority (DDA) has an established the Start Up Assistance Grant (SUAG). The grant will provide \$2,500 to successful applicants that can be used for expenses related to establishing their business in downtown Ishpeming. Additionally, 1-year memberships will be paid to the Lake Superior Community Partnership and the Greater Ishpeming-Negaunee Chamber of Commerce. SUAG applications will be reviewed and determinations for award will be made by the DDA and the program is only available for business that fall within the geographic boundaries serviced by the DDA.*

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| <b>Direct or Indirect:</b>      | Indirect  |
| <b>Geographic Availability:</b> | DDA District  |
| <b>Development Type(s):</b>     | All   |
| <b>Other Key Qualification:</b> | Only available for businesses that fall within the geographic boundaries serviced by the DDA. |
| <b>Min &amp; Max Amounts:</b>   | No minimum; Maximum award \$2,500   |

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| <b>Estimated Timeline:</b>  | DDA will review applications in the order they are received, and once the budgeted funds are spent the application window for that calendar year is closed. |
| <b>Approving Authority:</b> | Downtown Development Authority  |
| <b>Access Materials:</b>    | <a href="#">Downtown Development Authority New Business Start Up Assistance Grant   City of Ishpeming (ishpemingcity.org)</a> or Contact City Hall          |

**Process:** The small business startup begins with initiating contact with the City Manager to initiate discussions. Following this, the completion of the CRD (Community Development and Review) application is crucial to formally propose the project to the city authorities. Once submitted, there is a dedicated city review period during which the project is carefully evaluated. Subsequently, the City Council deliberates on the proposal, leading to a pivotal decision regarding its approval. Finally, upon a favorable decision, the approval is documented.

### **DDA Tax Increment Financing and Development Plan (DDA TIF)**

*DDA Tax Increment Financing (TIF) is a strategy employed by local governments, often through a Downtown Development Authority (DDA), to boost economic growth in a designated area. It involves earmarking the increased property tax revenues from a specified district for funding public infrastructure and development projects within that area. This approach aims to stimulate economic development, improve property values, and attract businesses and residents to the region.*

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| <b>Direct or Indirect:</b>      | Indirect  |
| <b>Geographic Availability:</b> | DDA District  |
| <b>Development Type(s):</b>     | All   |
| <b>Other Key Qualification:</b> | Seeking to revitalize the historic downtown through initiatives such as beautification, streetscape enhancement, historic preservation, technology integration, promotional events, collaborative partnerships, business development, and community engagement. |
| <b>Min &amp; Max Amounts:</b>   | Varies based on size and type of project  |
| <b>Estimated Timeline:</b>      | 30 – 60 days; parallel to site plan review  |
| <b>Approving Authority:</b>     | Downtown Development Authority  |
| <b>Access Materials:</b>        | <a href="#">DDA Tax Increment Financing and Development Plan   City of Ishpeming (ishpemingcity.org)</a> or Contact City Hall   |

**Process:** Before starting a project, the City encourages those applying for projects requiring a site plan review to schedule a conceptual review process with City Staff. This free meeting will help establish a smooth process going forward. To schedule a meeting, contact the Zoning Administrator.

### **Neighborhood Enterprise Zones (NEZ)**

The purpose of establishing NEZ's is to promote home ownership and investment in areas where the greatest impact could occur and where such improvements may trigger investment in adjacent neighborhoods. The benefit of the NEZ program to property owners in these areas results in lower property taxes. NEZ property tax abatements are available for rehabilitation of an existing property and new construction.

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| <b>Direct or Indirect:</b>      | Direct   |
| <b>Geographic Availability:</b> | Citywide (Three Specified Zones – with Maps)   |
| <b>Development Type(s):</b>     | All  |
| <b>Other Key Qualification:</b> | Must be approved by the city   |
| <b>Min &amp; Max Amounts:</b>   | No minimum; Maximum to be determined   |
| <b>Estimated Timeline:</b>      | Within 35 days, the NEZ Certificate's effective date is December 31st of the year in which the new or rehabilitated facility is substantially completed. For a new facility approved as a principal residence, it must be occupied by an owner as their principal residence. |
| <b>Approving Authority:</b>     | City Council   |
| <b>Access Materials:</b>        | <a href="https://www.michigan.gov/taxes/property/exemptions/nez/neighborhood-enterprise-zone-nez-act">https://www.michigan.gov/taxes/property/exemptions/nez/neighborhood-enterprise-zone-nez-act</a> or Contact City Manager  |

**Process:** Legislation allows for a 12-year property tax reduction in designated neighborhoods to promote revitalization. Developers and property owners must seek NEZ benefits approval before starting projects, which can be either rehabilitated facilities (1-8 unit residential structures under \$80,000 per unit) or new facilities (1-2 unit residential structures with one owner-occupied unit). NEZs encourage neighborhood revitalization, owner-occupied housing, and new investments by lowering property taxes. Ishpeming City has several NEZ-designated areas.

### Commercial Rehabilitation District

*The CRD program is authorized by Michigan Public Act 210 of 2005 which was designed to provide tax relief to commercial sites within communities that designate a CRD. CRDs allow for property taxes on new construction, rehabilitation, and/or major improvements to sites to be eliminated over a specified period, up to 10 years.*

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| <b>Direct or Indirect:</b>      | Direct   |
| <b>Geographic Availability:</b> | Within the established CR district (see map)             |
| <b>Development Type(s):</b>     | Commercial   |
| <b>Other Key Qualification:</b> | Minimum investment of \$50,000; Project must create jobs |
| <b>Min &amp; Max Amounts:</b>   | Based on project state equalized value (SEV)             |
| <b>Estimated Timeline:</b>      | 90 - 150 days  |

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| <b>Approving Authority:</b> | City Council  |
| <b>Access Materials:</b>    | <a href="https://www.michigan.gov/taxes/property/exemptions/commercial-rehab/commercial-rehabilitation-act">https://www.michigan.gov/taxes/property/exemptions/commercial-rehab/commercial-rehabilitation-act</a> or Contact City Manager |

**Process:** Completed applications including State application, Form 4507 are received by the City for review and approval. If the City Council approves an application, it is then forwarded to the State Tax Commission (STC) for further review and approval. Form 4507 Commercial Rehabilitation District Abatement Act is available at michigan.gov and is attached to this document for review.

### Historical Tax Credits (Downtown District)

*Historic buildings are tangible links with the past. They help give a community a sense of identity, stability and orientation. The federal and state governments encourage the preservation of historic buildings through various programs, including federal and state income tax incentives to support the rehabilitation of historic buildings.*

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| <b>Direct or Indirect:</b>      | Direct  |
| <b>Geographic Availability:</b> | Nationally Registered Historic District   |
| <b>Development Type(s):</b>     | Historical Buildings  |
| <b>Other Key Qualification:</b> | A property must be listed in the National Register of Historic Places, the State Register of Historic Sites, or be in a local historic district, and either be individually listed or contribute to a listed district in order to be eligible for the state credit.   |
| <b>Min &amp; Max Amounts:</b>   | No minimum; Maximum award to be determined  |
| <b>Estimated Timeline:</b>      | 120 days  |
| <b>Approving Authority:</b>     | Planning Commission or City Council (depending on development type)   |
| <b>Access Materials:</b>        | <a href="https://www.miplace.org/historic-preservation/programs-and-services/historic-preservation-tax-credits/state-historic-tax-credit-program/">https://www.miplace.org/historic-preservation/programs-and-services/historic-preservation-tax-credits/state-historic-tax-credit-program/</a> or Contact City Manager |

**Process:** Follow the website all federal Historic Preservation Certification Applications must be submitted electronically. You can file for one or another or together.

### Payments in Lieu of Taxes (PILOT)

*Payments in Lieu of Taxes (PILOT) are Federal payments to local governments to help offset losses in property taxes due to the existence of nontaxable Federal lands within their boundaries. The original law is Public Law 94-565, dated October 20, 1976. This law was rewritten and amended by Public Law 97-258 on September 13, 1982, and codified at Chapter 69, Title 31 of the United States Code. The law recognizes the financial impact of the inability of local governments to collect property taxes on federally owned land.*

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| <b>Direct or Indirect:</b>      | Direct  |
| <b>Geographic Availability:</b> | Within the established CR district (see map)  |
| <b>Development Type(s):</b>     | Commercial  |
| <b>Other Key Qualification:</b> | Minimum investment of \$50,000; Project must create jobs                                |
| <b>Min &amp; Max Amounts:</b>   | Based on project state equalized value (SEV)  |
| <b>Estimated Timeline:</b>      | 90 - 150 days   |
| <b>Approving Authority:</b>     | City Council  |
| <b>Access Materials:</b>        | <a href="https://www.doi.gov/pilt">https://www.doi.gov/pilt</a> or Contact City Manager |

**Process:** There is no application process and a county is not required to submit anything in order to receive a payment. The Department of the Interior collects the necessary information from federal agencies and States. Typically, payment is made directly to the eligible local government and can be used for any governmental purpose.

### **Brownfield State: Act 381 Brownfield Tax Increment Financing**

*Projects seeking to capture state education and school operating taxes must submit an Act 381 Work Plan to the appropriate state agency for approval. The Act 381 Work Plan must include a copy of the locally approved Brownfield Plan. Environment activities typically associated with known or suspect soil and groundwater contamination require review and approval by the Michigan Department of Environment, Great Lakes and Energy (EGLE). Non-environmental brownfield activities including demolition, site work, and infrastructure are reviewed by the Michigan Economic Development Corporation (MEDC).*

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| <b>Direct or Indirect:</b>      | Direct  |
| <b>Geographic Availability:</b> | Citywide  |
| <b>Development Type(s):</b>     | All   |
| <b>Other Key Qualification:</b> | Grants are available to address environmental activities at contaminated properties with a specific redevelopment. The economic benefit of the project must exceed the grant amount.  |
| <b>Min &amp; Max Amounts:</b>   | No minimum; Maximum award \$1,000,000   |
| <b>Estimated Timeline:</b>      | Varys on the project  |
| <b>Approving Authority:</b>     | Work Plans Approved by EGLE   |
| <b>Access Materials:</b>        | <a href="https://www.michigan.gov/egle/about/organization/remediation-and-redevelopment/brownfields/act-381-tax-increment-financing">https://www.michigan.gov/egle/about/organization/remediation-and-redevelopment/brownfields/act-381-tax-increment-financing</a> or Contact City Manager |

**Process:** EGLE Brownfield Redevelopment staff collaborate with communities to determine eligibility and the optimal mix of project funding prior to application. Please contact an EGLE Grant Coordinator to discuss your project.

## Local: Brownfield

All projects seeking to use Act 381 TIF must prepare a Brownfield Plan for the project. The plan must identify the brownfield activities to be performed as well as the estimated taxes to be generated and captured. The plan must be approved by the local unit of government and the local Brownfield Redevelopment Authority (BRA). Public hearings and notifications are required as part of this process.

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| <b>Direct or Indirect:</b>      | Direct  |
| <b>Geographic Availability:</b> | Citywide  |
| <b>Development Type(s):</b>     | All   |
| <b>Other Key Qualification:</b> | Must meet evaluation criteria   |
| <b>Min &amp; Max Amounts:</b>   | No minimum; Maximum award depends on the project  |
| <b>Estimated Timeline:</b>      | Varies on the project   |
| <b>Approving Authority:</b>     | Brownfield Redevelopment Authority  |
| <b>Access Materials:</b>        | <a href="https://www.co.marquette.mi.us/departments/planning/brownfield_redevelopment/index.php">https://www.co.marquette.mi.us/departments/planning/brownfield_redevelopment/index.php</a> or Contact City manager |

**Process:** Follow the website to find Marquette County Project Application. The last page has the evaluation criteria that is what the Authority would use in evaluating an application.

### *Indirect Financial Tools*

- Reduction of parking requirements (zoning approval)
- Conditional Use (zoning approval)

## Reduction of Parking Spaces

A reduction of parking requirements can reduce the required capital to complete a project, often saving thousands in costs. The city's zoning ordinance establishes standards for when a reduction may be granted.

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| <b>Direct or Indirect:</b>      | Indirect  |
| <b>Geographic Availability:</b> | Citywide  |
| <b>Development Type(s):</b>     | All   |
| <b>Other Key Qualification:</b> | Must meet standards laid out in section xx.xxx of the zoning ordinance  |
| <b>Min &amp; Max Amounts:</b>   | Varies based on size and type of project  |
| <b>Estimated Timeline:</b>      | 30 – 60 days; parallel to site plan review  |
| <b>Approving Authority:</b>     | Planning Commission or City Council (depending on development type)   |
| <b>Access Materials:</b>        | <a href="https://ishpemingcity.org/ordinances/">https://ishpemingcity.org/ordinances/</a> or Contact City Manager |

**Process:** Before starting a project, the City encourages those applying for projects requiring a site plan review to schedule a conceptual review process with City Staff. This free meeting will help establish a smooth process going forward. To schedule a meeting, contact the Zoning Administrator.

**Conditional Use**

*The use of Conditional Use Permits allows the City to provide controllable and reasonable flexibility in requirements for certain kinds of uses, but that will, at the same time, maintain adequate provision for the security of the health, safety, convenience and general welfare of the community's inhabitants. It is the intent to maintain adequate provision for the security of the health, safety and welfare of the inhabitants and uses of the zoning district and adjoining districts.*

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|---------------------------------|---|
| <b>Direct or Indirect:</b>      | Indirect  |
| <b>Geographic Availability:</b> | Citywide  |
| <b>Development Type(s):</b>     | All   |
| <b>Other Key Qualification:</b> | Must meet standards laid out in section xx.xxx of the zoning ordinance  |
| <b>Min &amp; Max Amounts:</b>   | Varies based on size and type of project  |
| <b>Estimated Timeline:</b>      | 30 – 60 days; parallel to site plan review  |
| <b>Approving Authority:</b>     | Planning Commission or City Council (depending on development type)   |
| <b>Access Materials:</b>        | <a href="https://ishpemingcity.org/departments/planningzoning/">https://ishpemingcity.org/departments/planningzoning/</a> or Contact City Manager |

**Process:** Before starting a project, the City encourages those applying for projects requiring a site plan review to schedule a conceptual review process with City Staff. This free meeting will help establish a smooth process going forward. To schedule a meeting, contact the Zoning Administrator. Please return completed forms to City Hall, 100 E. Division Street, Ishpeming, MI with all applicable fees.

*State and Regional Partners*

- Michigan Economic Development Corporation (MEDC)
- Northern Initiatives – Revolving Loan Funds
- Invest UP
- Michigan Department of Transportation (MDOT)
- Michigan State Housing Development Authority (MSHDA)
- Lake Superior Community Partnership (LSCP)

**Michigan Economic Development Corporation (MEDC)**

MEDC offers grant and loans to redevelop Michigan’s Downtowns and foster historic preservation. By encouraging a compact mixture of uses and walkable urban fabric, we



decrease the impact of sprawling development and efficiently utilize infrastructure. This development promotes environmentally and fiscally sustainable environments that attract talent and business and keep our youth here.

<https://www.michiganbusiness.org/>

### **Northern Initiatives – Revolving Loan Funds**

Northern Initiatives is a non-profit CDFI that provides loans to small business owners and entrepreneurs in Michigan that might not qualify for loans from traditional banks for a variety of reasons. Northern Initiatives is located in Marquette, Michigan.

<https://northerninitiatives.org/community-business-loan-fund/>

### **Invest UP**

Invest UP is the lead regional economic organization for the Upper Peninsula. Our mission is to drive prosperity across the Upper Peninsula.

<https://www.investupmi.com/>

### **Michigan Department of Transportation (MDOT)**

MDOT is responsible for Michigan's nearly 10,000-mile state highway system, comprised of all M, I, and US- routes. It is the backbone of Michigan's 120,000-mile highway, road and street network. The state owns over 4,700 highway, railroad and pedestrian bridges, 665 miles of railroad track, roughly 2,700 miles of nonmotorized trails, and four airports. Additionally, MDOT administers state and federal transportation programs for aviation, intercity passenger services, rail freight, and local public transit services.

<https://www.michigan.gov/mdot>

### **Michigan State Housing Development Authority (MSHDA)**

The Michigan State Housing Development Authority (MSHDA), established in 1966, provides financial and technical assistance through public and private partnerships to create and preserve safe and decent affordable housing, engage in community economic development activities, develop vibrant cities, towns and villages, and address homeless issues.

<https://www.michigan.gov/mshda>

### **Lake Superior Community Partnership (LSCP)**

The Lake Superior Community Partnership is Marquette County's leading resource for economic development, providing a wide variety of affordable and effective development services. The LSCP helps our partners make the connections that matter – between businesses, organizations, leaders and legislators, and provides a powerful legislative voice for programs and policies that strengthen our regional economy.

<https://marquette.org/>