

## Brownfield of Dreams

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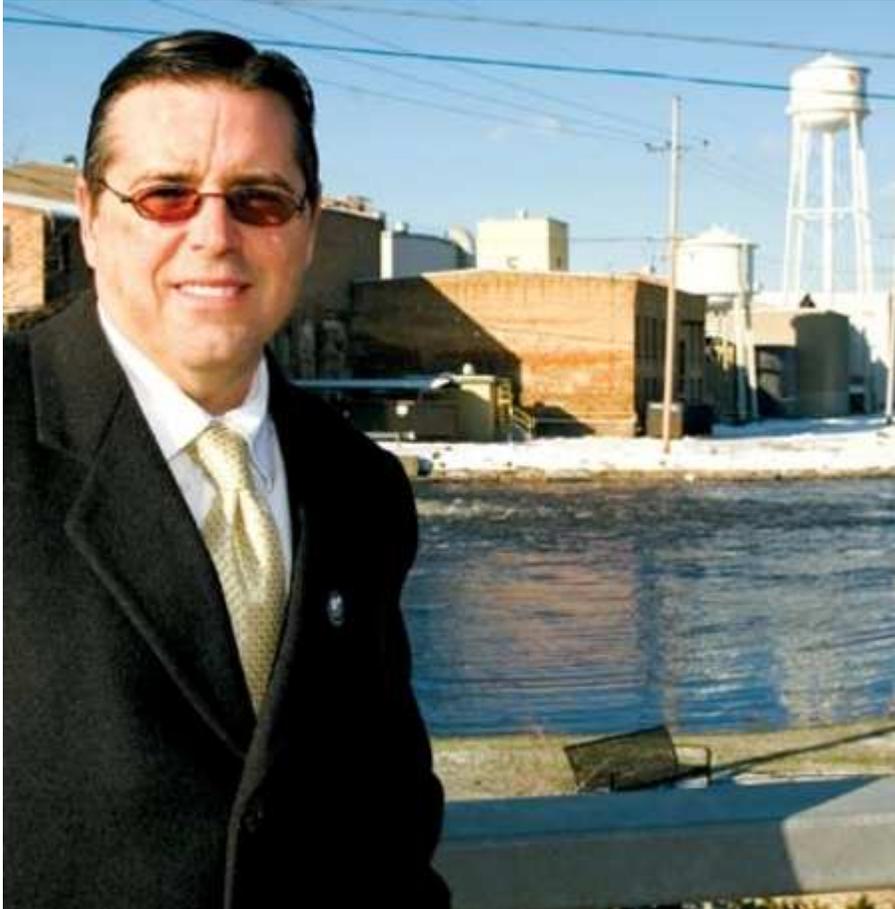


Photo by Terry

Miller

City manager Erik Wilson at the Plainwell Paper Mill, empty since 2001, now has a better shot at finding a developer after brownfield legislation changes. New hope exists for paper mills and other industrial behemoths dotting western Michigan's landscape, after years of sitting idle, following several changes made to the brownfield legislation.

Eight years ago, the longtime paper mill along downtown Plainwell's portion of the Kalamazoo River closed suddenly, putting many out of work and taking a chunk out of the city's tax rolls. Since then, environmental and financial issues have stymied redevelopment of the Plainwell Paper Mill, which includes several outbuildings.

But changes to Michigan's brownfield redevelopment act at the end of December bring positive expectations for such projects in this region's non-urban communities, said Jeffrey Hawkins, president of Envirollogic Technologies Inc. in Kalamazoo.

"These are really the first substantive changes" to Public Act 381, created in 1996 and setting Michigan apart in its brownfield tools, Hawkins said.

The tax incentive tools included in that original legislation, however, stopped short in some cases of including outlying areas, not deemed to be so-called core communities. Core communities -- which include Kalamazoo, Grand Rapids, Battle Creek, Benton Harbor, Muskegon, Holland and Grand Haven -- received additional benefits under the legislation.

"We were putting more focus on urban centers," explained Envirologic's Sarah Rainero.

That effort, in part to stem urban sprawl, meant those core communities could extend their tax-capture tools, which basically allow a city or developer to borrow against the future taxable value of the project after redevelopment. Now included were such things as demolishing buildings or asbestos abatement.

Non-core communities, such as Plainwell, Parchment or Vicksburg, did not have those options.

"In the past in non-core communities, we had to have a reason to demolish that building, meaning contamination under it we had to get to," Hawkins said. "It can be very costly ..., especially if you're looking at a building containing certain contamination issues, such as asbestos."

That one obstacle could, and does, block entire redevelopments, he noted.

For the Plainwell Paper Mill, which has been the focus of redevelopment efforts by the city of Plainwell for several years, demolition could cost more than \$1 million, while asbestos abatement on the property could reach half that amount, said city manager Erik Wilson.

"However demolition occurs, whether a developer does it or the city does, it's nice to know you can pay yourselves back through the tax increment financing dollars," Wilson said.

Wilson and others at the city helped write some of the changes to the legislation, in fact, using very specific language to allow smaller communities to have a chance at redeveloping their idle elephants. The goal was to allow some projects, without opening up the legislation so broadly that core communities would no longer receive significant benefit, he said.

The legislation also redefined "blighted" to include buried debris, noted Steven Kimm, site assessment and brownfield services manager at Fishbeck, Thompson, Carr & Huber Inc. in Kalamazoo.

"A lot of times historically when they demolished a building, they knocked it down to the basement and covered it up," Kimm said.

"That didn't meet the definition of a blighted property. When you go to do development on a site, you have to remove all the demolition debris to start construction."

Now that demolition and asbestos abatement have become "eligible activities" for tax recovery. Also, brownfield authority fund limits have been increased, the school tax-capture tool extended to 2013 and the amount of credits available from the state increased from \$30 million to \$40 million a year, Hawkins said.

Also, the pace has quickened, noted David Stegink, associate vice president of Envirologic. A city's public notice period dropped from 20 days to 10 days.

"It's intended to be quick," Stegink said. "This whole process of approvals ... is now going to be quicker."

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You can see the new legislation at

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<http://legislature.mi.gov/documents/2007-2008/publicact/pdf/2007-PA-0204.pdf>.