

Office of the Auditor General
Performance Audit Report

Brownfield Redevelopment Financing Program

Department of Environmental Quality and
Michigan Strategic Fund, Department of Talent and Economic Development

February 2018

State of Michigan Auditor General
Doug A. Ringler, CPA, CIA

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

Article IV, Section 53 of the Michigan Constitution



OAG

Office of the Auditor General

Report Summary

Performance Audit

Report Number:
186-0420-17

Brownfield Redevelopment Financing Program

Department of Environmental Quality (DEQ) and Michigan Strategic Fund (MSF), Department of Talent and Economic Development

Released:
February 2018

The Brownfield Redevelopment Financing Act authorizes municipalities to create brownfield redevelopment authorities to promote revitalization of eligible properties through the use of tax increment financing (TIF). The Act prescribes the powers and duties of, and the related requirements and criteria for, the brownfield redevelopment authorities, DEQ, and MSF. This performance audit was required by Section 125.2666(6) of the *Michigan Compiled Laws*.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of DEQ's and MSF's administration of brownfield redevelopment authority work plans.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.	Not applicable.		

Audit Objective			Conclusion
Objective #2: To assess the effectiveness of the Brownfield Redevelopment Financing Program to promote revitalization of eligible property through the use of TIF.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.	Not applicable.		

Audit Objective			Conclusion
Objective #3: To assess DEQ and MSF's compliance with statutory reporting requirements.			Complied
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.	Not applicable.		
Observations Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Statutory amendments are needed to establish oversight and enhance annual reporting (<u>Observation #1</u>).	Not applicable for observations.		

Obtain Audit Reports

Online: audgen.michigan.gov

Phone: (517) 334-8050

Office of the Auditor General
201 N. Washington Square, Sixth Floor
Lansing, Michigan 48913

Doug A. Ringler, CPA, CIA
Auditor General

Laura J. Hirst, CPA
Deputy Auditor General



OAG

Office of the Auditor General

201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • audgen.michigan.gov

Doug A. Ringler, CPA, CIA
Auditor General

February 14, 2018

Ms. C. Heidi Grether, Director
Department of Environmental Quality
Constitution Hall
Lansing, Michigan
and
Mr. Roger Curtis, Director
Department of Talent and Economic Development
300 North Washington Square
Lansing, Michigan
and
Mr. Jeff Mason
President, Michigan Strategic Fund
Chair, Michigan Strategic Fund Board of Directors
300 North Washington Square
Lansing, Michigan

Dear Ms. Grether, Mr. Curtis, and Mr. Mason:

This is our performance audit report on the Brownfield Redevelopment Financing Program, Department of Environmental Quality and Michigan Strategic Fund, Department of Talent and Economic Development. This performance audit was required by Section 125.2666(6) of the *Michigan Compiled Laws*.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

A handwritten signature in black ink that reads 'Doug Ringler'. The signature is written in a cursive, flowing style.

Doug Ringler
Auditor General

TABLE OF CONTENTS

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM

	<u>Page</u>
Report Summary	1
Report Letter	3
Audit Objectives, Conclusions, Findings, and Observations	
Administering Work Plans	8
Promoting Revitalization of Eligible Property	11
Complying With Statutory Reporting Requirements	12
Observations:	
1. Statutory amendments needed for oversight and annual reporting.	14
Supplemental Information	
Exhibit #1 - Work Plans Approved and TIF Authorized by County and Brownfield Redevelopment Authority	16
Exhibit #2 - Flow Chart of the Brownfield Redevelopment Financing Program Processes	18
Exhibit #3 - Map of Active Brownfield Redevelopment Authorities	21
Program Description	23
Audit Scope, Methodology, and Other Information	24
Glossary of Abbreviations and Terms	28

AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

ADMINISTERING WORK PLANS

BACKGROUND

Brownfield redevelopment authorities* must submit a work plan*, a copy of the approved brownfield plan*, and other required information to obtain Department of Environmental Quality (DEQ) or Michigan Strategic Fund (MSF) approval to capture tax increment financing* (TIF) of taxes levied for school operating purposes*. The work plan must meet specific criteria including identifying eligible properties* and eligible activities*.

DEQ approval is required for brownfield redevelopment authority work plans involving environmental activities. These activities include baseline environmental assessment* activities, due care activities*, and additional response activities*. For calendar years 2014 through 2016, DEQ approved 71 projects (see Exhibit #1).

MSF approval is required for brownfield redevelopment authority work plans that do not involve environmental activities. The eligible activities include infrastructure improvements that directly benefit eligible property; demolition of structures not including response activities* under part 201 of the Natural Resources and Environmental Protection Act; lead or asbestos abatement; site preparation; relocation of public buildings or operations for economic development purposes; or acquisition of property by a land bank fast track authority if the acquisition is for economic development purposes. For calendar years 2014 through 2016, MSF approved 110 projects (see Exhibit #1).

See Exhibit #2 for a flow chart of the approval processes.

AUDIT OBJECTIVE

To assess the effectiveness* of DEQ's and MSF's administration of brownfield redevelopment authority work plans.

CONCLUSION

Effective.

FACTORS IMPACTING CONCLUSION

- DEQ and MSF provided guidance to aid communities in creating work plans for projects that meet specific criteria and have eligible activities.
- DEQ utilizes brownfield coordinators and MSF utilizes Community Assistance Teams (CATs) to work with communities and developers to facilitate submission of work plans that incorporate only eligible activities.

*See glossary at end of report for definition.

- Seventeen of the 18 work plans that we tested were reviewed and approved in a timely manner. The remaining work plan was approved 39 days late.
- All 18 work plans that we tested related to eligible properties (qualified as a facility*; were functionally obsolete property*, blighted property*, a historic resource, or transit-oriented property/development; or were within a targeted redevelopment area).
- All 18 work plans that we tested documented that only eligible activities were approved for State school tax capture.
- Our review disclosed that for each dollar spent by DEQ and MSF, nearly \$4,000 was invested in brownfield redevelopment projects.

**See glossary at end of report for definition.*

PROMOTING REVITALIZATION OF ELIGIBLE PROPERTY

BACKGROUND

DEQ's and MSF's efforts to promote property eligible for revitalization include:

- Web sites.
- Local government assistance.
- Community Assistance Teams (CATs).
- Brownfield coordinators.
- Work plan guidance documents.

AUDIT OBJECTIVE

To assess the effectiveness of the Brownfield Redevelopment Financing Program to promote revitalization of eligible property through the use of TIF.

CONCLUSION

Effective.

FACTORS IMPACTING CONCLUSION

- DEQ and MSF each have Web sites that promote brownfield redevelopment activities, including information about how to establish a brownfield redevelopment authority, financial assistance, work plan development, and related laws and regulations.
- Local governmental entities have established brownfield redevelopment authorities in all geographic sectors of the State, including all core communities* with populations greater than 2,200 (see Exhibit #3).
- DEQ utilizes brownfield coordinators and MSF utilizes CATs to educate local governmental entities and developers regarding TIF funding, match potential developers with brownfield redevelopment authorities, and assist brownfield redevelopment authorities with identifying potentially eligible properties and completing work plans.
- DEQ and MSF provided guidance documents to assist brownfield redevelopment authorities with preparing and submitting work plans.
- MSF compared the amount of private investment and jobs created to targeted amounts identified in the work plans to assess the effectiveness of the Program.

**See glossary at end of report for definition.*

COMPLYING WITH STATUTORY REPORTING REQUIREMENTS

BACKGROUND

The Brownfield Redevelopment Financing Act (Sections 125.2651 - 125.2672 of the *Michigan Compiled Laws*) requires a brownfield redevelopment authority to:

- Submit a work plan to DEQ or MSF for approval, if seeking to redevelop a property using capture of school taxes.
- Report to DEQ and MSF, by August 31, the financial status of its activities for the prior calendar year, including local projects.

Also, the Act requires DEQ and/or MSF to:

- Review submitted work plans and determine if activities are allowable, estimated costs appear reasonable, and the project is beneficial to the community.
- Approve or disapprove the submitted work plans.
- Post all projects approved in the preceding quarter to their Web sites.
- Submit a combined annual legislative report on the status of brownfield redevelopment projects, based on information submitted by brownfield redevelopment authorities.

See observation* related to limitations of the Brownfield Redevelopment Financing Act and related processes.

AUDIT OBJECTIVE

To assess DEQ and MSF's compliance with statutory reporting requirements.

CONCLUSION

Complied.

FACTORS IMPACTING CONCLUSION

- DEQ and MSF posted quarterly updates to their Web sites for all projects approved for calendar years 2014 through 2016.
- MSF provided a guidance document to assist the brownfield redevelopment authorities with reporting requirements.
- MSF collected the annual reporting information from all 295 brownfield redevelopment authorities as required during our audit period.

*See glossary at end of report for definition.

- DEQ reviewed the accuracy of the annual reports, based on information reported by the brownfield redevelopment authorities, on a sample basis.
- DEQ and MSF's combined annual reports for calendar years 2014 and 2015 contained all of the required reporting elements.

OBSERVATION #1

Statutory amendments needed to establish oversight and enhance annual reporting.

The Brownfield Redevelopment Financing Act promotes revitalization, redevelopment, and reuse of select properties through the use of TIF. However, statutory amendments are needed to establish program oversight and enhance the usefulness of the brownfield redevelopment project information reported annually to the Legislature.

Our review of the Act and DEQ and MSF's brownfield plan submittal, approval, and reporting processes disclosed:

- a. The Act does not:
 - (1) Identify a specific State entity responsible for oversight of the Brownfield Redevelopment Financing Program. The Act requires that DEQ or MSF approve the brownfield authority's work plans; however, it does not:
 - Provide DEQ or MSF with an enforcement mechanism to effectively monitor a brownfield redevelopment authority's compliance with the approved work plans or the amount of TIF captured.
 - Provide DEQ or MSF with the authority to audit a brownfield redevelopment authority's project costs to ensure that it captures TIF funding for only eligible activities.
 - (2) Require brownfield redevelopment authorities to report:
 - Cumulative approved and captured TIF amounts by project.
 - Cumulative total expenditure amounts by project.
 - Approved TIF amounts for local projects.
 - Amendments to local projects that may impact TIF funds.
- b. In the combined annual report, DEQ and MSF are not required to and did not identify:
 - (1) Approved TIF amounts.
 - (2) Excess TIF amounts captured.
 - (3) Local project amendments.

We reviewed 25 of the 100 oldest brownfield redevelopment projects identified in DEQ and MSF's combined annual report for calendar year 2015. Based on information provided, we identified 4 projects (3 brownfield redevelopment authorities) for which \$757,477 of State TIF funds and \$2,404,473 in local TIF funds were captured in

excess of the amounts approved based on the work plans submitted to DEQ and/or MSF. These excess amounts captured represented 50% and 144%, respectively, of the approved TIF amounts. As indicated in part a.(2) of this observation, brownfield redevelopment authorities are not required to report local project work plan amendments. Therefore, amendments may exist that could account for some or all of the excess local TIF funds captured.

We did not report this as a finding because the agencies are not currently required to perform the oversight and reporting addressed in this observation.

SUPPLEMENTAL INFORMATION

UNAUDITED
Exhibit #1

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM
Department of Environmental Quality and
Michigan Strategic Fund, Department of Talent and Economic Development

Work Plans Approved and TIF Authorized
by County and Brownfield Redevelopment Authority
January 2014 Through December 2016

County	Brownfield Redevelopment Authority	DEQ		MSF	
		Number	TIF	Number	TIF
Allegan	Charter Township of Holland	1	\$ 298,246		\$
Alpena	City of Alpena			1	1,278,250
Barry	City of Hastings	1	175,750	1	221,125
Bay	City of Bay City			2	1,237,450
Calhoun	City of Albion			2	1,926,832
Calhoun	City of Battle Creek	1	1,348,605	1	892,740
Charlevoix	County of Charlevoix			3	4,495,047
Eaton	City of Charlotte			1	943,800
Genesee	City of Fenton	1	181,338	1	323,663
Grand Traverse	County of Grand Traverse	7	3,290,390	3	2,515,045
Ingham	City of East Lansing	1	115,917	3	5,165,446
Ingham	City of Lansing	2	1,524,456	4	30,401,681
Ingham	County of Ingham	1	231,774	1	1,105,875
Jackson	County of Jackson	1	1,150,625		
Kalamazoo	City of Kalamazoo	2	117,722	8	11,490,975
Kalamazoo	County of Kalamazoo	3	539,464	1	295,000
Kent	City of Grand Rapids	10	5,341,708	25	98,795,519
Kent	City of Holland			1	456,250
Kent	City of Rockford	1	412,650		
Kent	City of Walker			1	341,874
Leelanau	County of Leelanau	1	480,142		
Lenawee	City of Adrian			1	392,375
Mackinac	County of Mackinac			1	464,250
Macomb	City of Warren	2	3,500,884	1	1,938,885
Macomb	County of Macomb	1	5,763,019	1	1,592,970
Manistee	City of Manistee	1	19,200	1	2,980,685
Marquette	City of Marquette	2	3,825,512	1	55,763,061
Mason	City of Ludington			1	2,307,350
Midland	City of Midland			1	8,329,487
Monroe	City of Monroe			1	3,623,275
Muskegon	City of Muskegon	1	564,680		
Newaygo	County of Newaygo			4	439,376
Oakland	City of Auburn Hills	1	983,995		
Oakland	City of Birmingham	1	2,473,247		

This exhibit continued on next page.

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM
 Department of Environmental Quality and
 Michigan Strategic Fund, Department of Talent and Economic Development

Work Plans Approved and TIF Authorized
 by County and Brownfield Redevelopment Authority
January 2014 Through December 2016

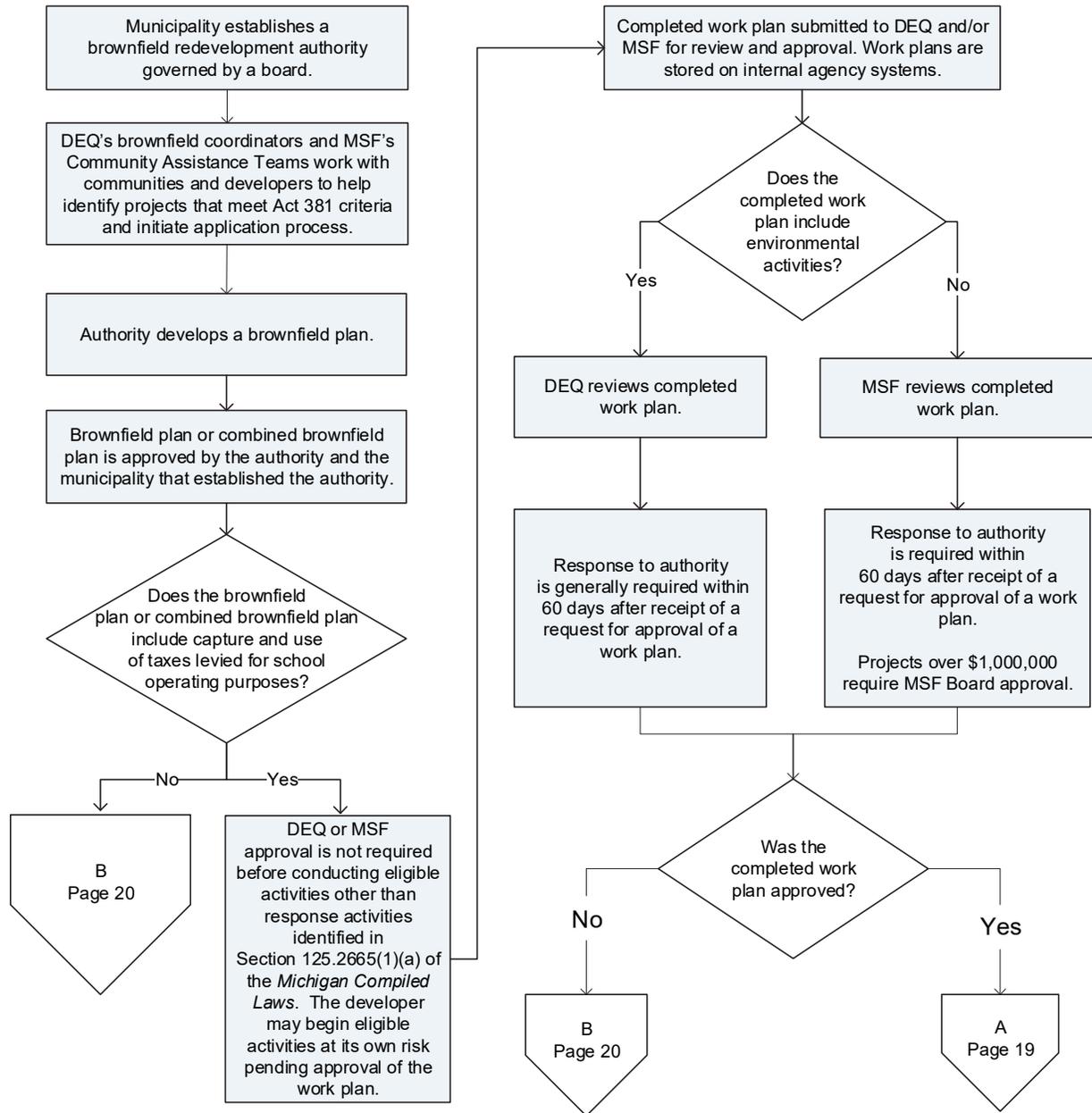
(Continued)

County	Brownfield Redevelopment Authority	DEQ		MSF	
		Number	TIF	Number	TIF
Oakland	City of Ferndale			3	3,171,716
Oakland	City of Hazel Park	1	110,000	1	5,751,200
Oakland	City of Royal Oak	3	1,518,049		
Oakland	City of Southfield			1	4,887,366
Oakland	County of Oakland	3	6,457,140	2	10,895,530
Ottawa	Charter Township of Grand Haven	1	69,213		
Ottawa	City of Grand Haven	3	289,338		
Ottawa	City of Holland			1	1,896,223
Ottawa	County of Ottawa	2	426,665		
Shiawassee	City of Owosso	2	362,022	3	3,576,541
St. Clair	City of Port Huron			1	710,971
St. Clair	County of St. Clair	1	31,000	1	216,800
St. Joseph	City of Sturgis			1	1,969,950
St. Joseph	City of Three Rivers	1	69,000		
Van Buren	City of South Haven	1	160,000		
Van Buren	County of Van Buren	1	54,050		
Washtenaw	County of Washtenaw	2	3,444,965	1	289,800
Wayne	Charter Township of Northville	1	1,139,016	1	23,443,127
Wayne	Charter Township of Redford			1	719,528
Wayne	City of Dearborn			2	32,361,932
Wayne	City of Detroit	4	3,791,241	17	53,071,496
Wayne	City of Livonia	1	1,418,750		
Wayne	City of Wyandotte			1	481,693
Wayne	County of Wayne	2	4,077,083	1	4,511,454
Total		71	\$55,756,856	110	\$387,673,613

Source: The OAG prepared this exhibit based on data obtained from DEQ and MSF.

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM
Department of Environmental Quality (DEQ) and
Michigan Strategic Fund (MSF), Department of Talent and Economic Development

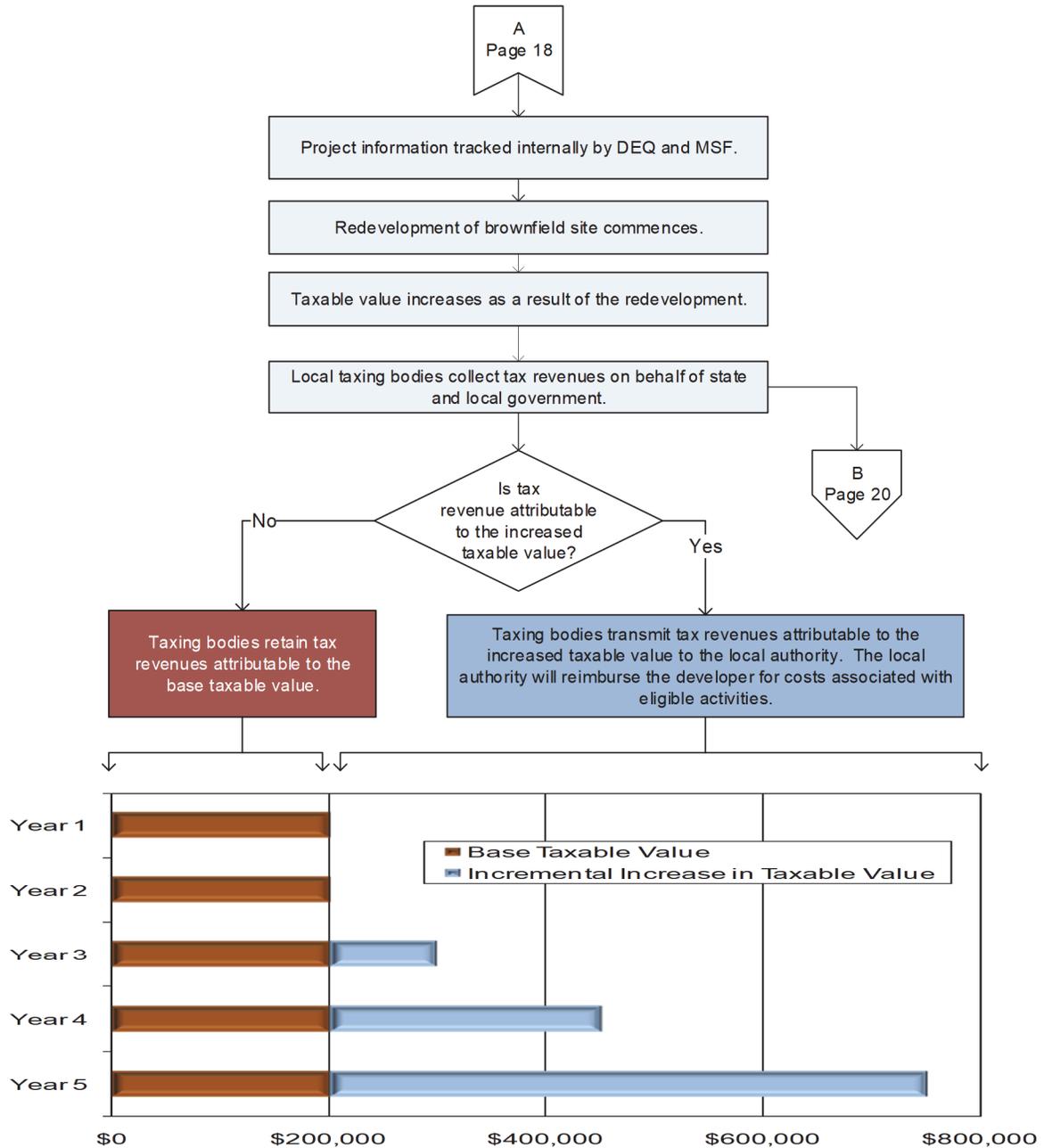
Flow Chart of the Brownfield Redevelopment Financing Program Processes



This flow chart continued on next page.

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM
Department of Environmental Quality (DEQ) and
Michigan Strategic Fund (MSF), Department of Talent and Economic Development

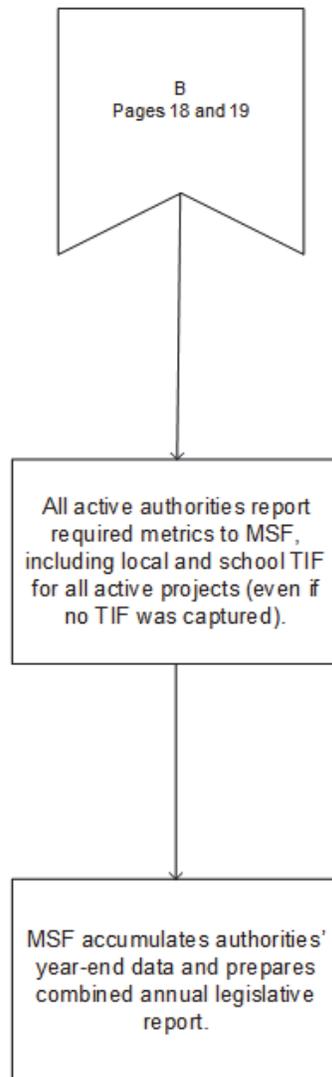
Flow Chart of the Brownfield Redevelopment Financing Program Processes
(Continued)



This flow chart continued on next page.

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM
Department of Environmental Quality (DEQ) and
Michigan Strategic Fund (MSF), Department of Talent and Economic Development

Flow Chart of the Brownfield Redevelopment Financing Program Processes
(Continued)

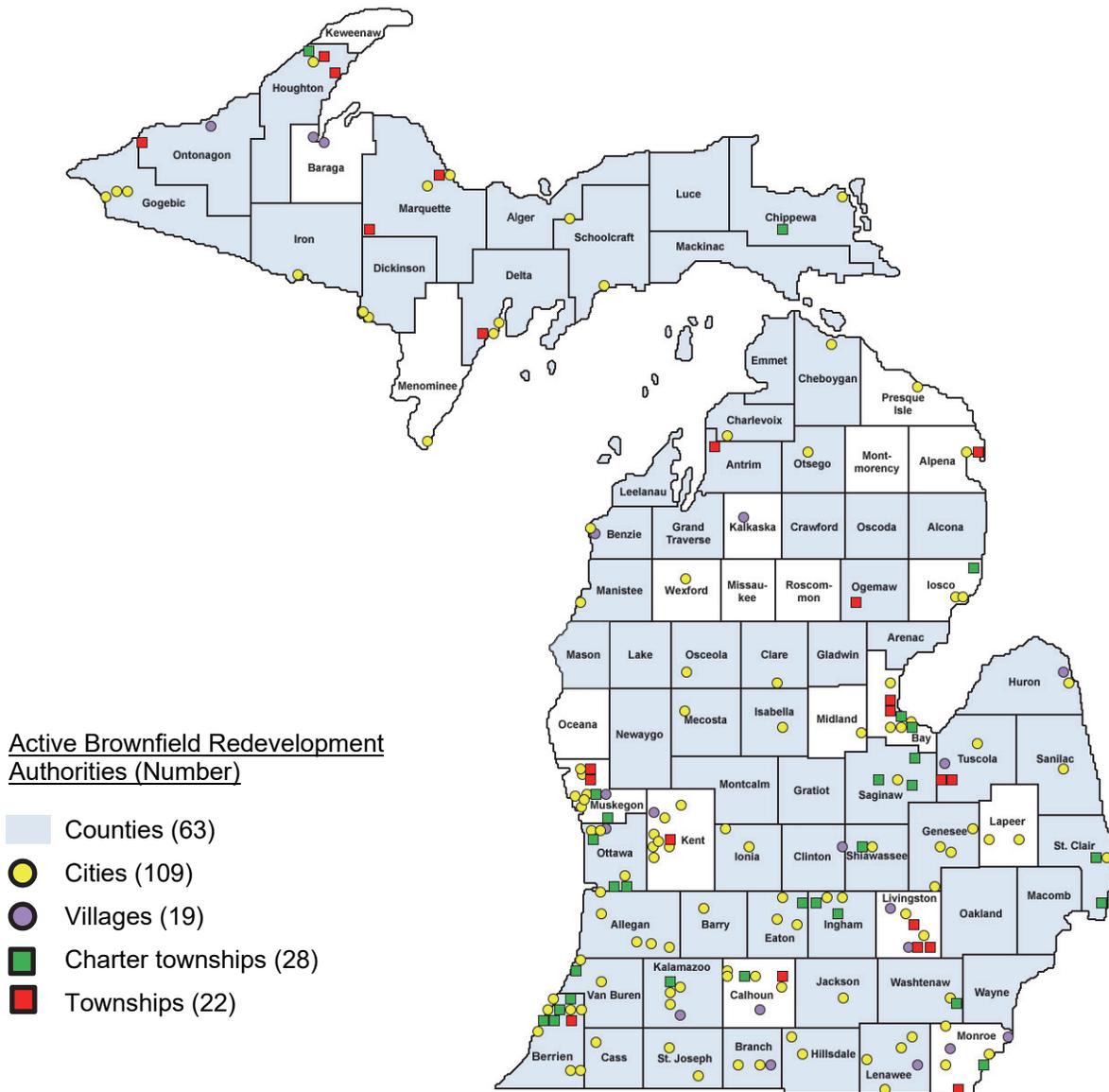


Source: The OAG prepared this flow chart as a hypothetical example of the process as explained by DEQ and MSF.

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM

Department of Environmental Quality (DEQ) and
Michigan Strategic Fund (MSF), Department of Talent and Economic Development

Map of Active Brownfield Redevelopment Authorities
As of April 5, 2017



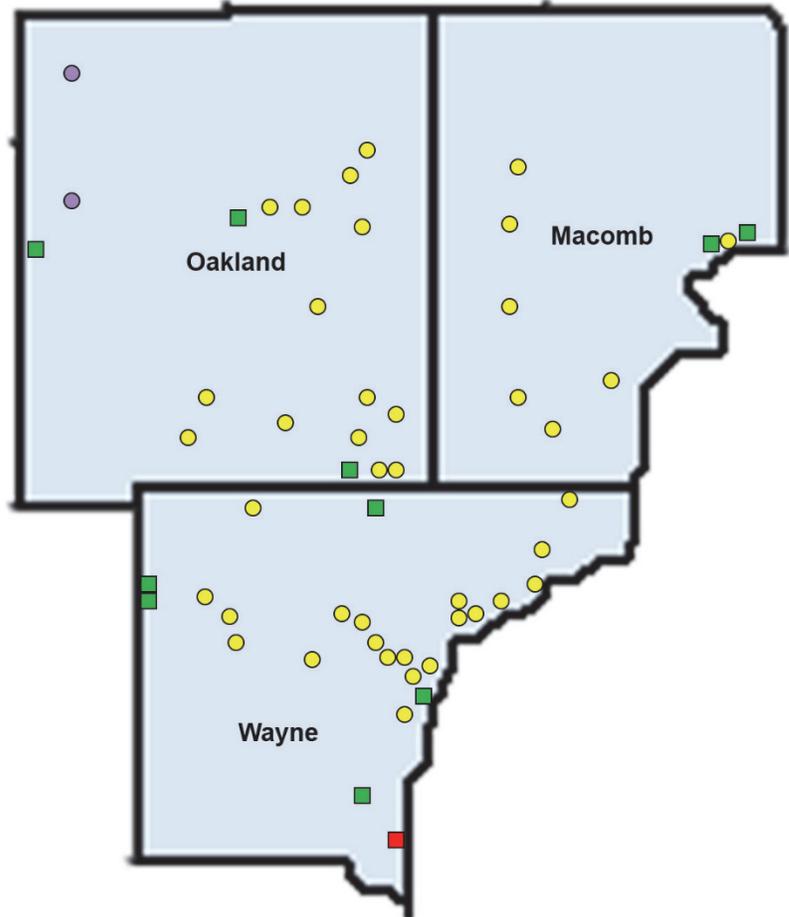
This map continued on next page.

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM
Department of Environmental Quality (DEQ) and
Michigan Strategic Fund (MSF), Department of Talent and Economic Development

Map of Active Brownfield Redevelopment Authorities
As of April 5, 2017
(Continued)

Active Brownfield Redevelopment
Authorities (Number)

-  Cities (41)
-  Villages (2)
-  Charter townships (10)
-  Townships (1)



Source: The OAG developed this exhibit based on information obtained from DEQ and MSF.

PROGRAM DESCRIPTION

The Brownfield Redevelopment Financing Act, Public Act 381 of 1996, as amended (Sections 125.2651 - 125.2672 of the *Michigan Compiled Laws*), authorizes municipalities to create brownfield redevelopment authorities to facilitate the implementation of brownfield plans and promote revitalization of eligible properties through the use of TIF for eligible activities. The Act prescribes the powers and duties of, and the related requirements and criteria for, the brownfield redevelopment authorities, DEQ, and MSF.

The goal* of the Brownfield Redevelopment Financing Program is to promote the revitalization, redevelopment, and reuse of brownfield properties. Each brownfield redevelopment authority is required to have a governing board. Together, the authority and the board are responsible for implementing a brownfield plan that identifies eligible properties where eligible activities will be conducted.

In accordance with the Act, as values of redeveloped properties increase, authorities are allowed to capture incremental local taxes* and school property taxes to pay for the costs associated with the redevelopment of those properties.

As of April 5, 2017, there were 295 authorities Statewide (see Exhibit #3). According to DEQ and MSF's calendar year 2015 combined annual report, there were 303 approved brownfield redevelopment projects that included the capture of State TIF.

*See glossary at end of report for definition.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine the Brownfield Redevelopment Financing Program and related records. This performance audit* was required by Section 125.2666(6) of the *Michigan Compiled Laws*. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of our audit focused on the review of work plans submitted for approval by DEQ and/or MSF. Work plans or projects that do not seek the capture of school taxes do not require State approval and, therefore, were not included in our scope.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, and quality assurance, generally covered January 1, 2014 through December 31, 2016.

METHODOLOGY

We conducted a preliminary survey of the Program to formulate a basis for establishing our audit objectives and defining our audit scope and methodology. We:

- Interviewed DEQ and MSF staff with Program responsibilities to obtain an understanding of the work plan submission, review, and approval processes and how the Program promoted activities to local units of government and reported to the Legislature.
- Reviewed applicable laws, rules, regulations, policies, procedures, and other relevant information.
- Identified the population of brownfield redevelopment authorities and projects.
- Reviewed Program guidance and requirements.
- Completed limited testing of DEQ and MSF approved work plans for compliance with the Brownfield Redevelopment Financing Act.
- Completed limited testing of the combined annual legislative report for completeness and accuracy.

*See glossary at end of report for definition.

OBJECTIVE #1

To assess the effectiveness of DEQ's and MSF's administration of brownfield redevelopment authority work plans.

To accomplish this objective, we:

- Identified the population of work plans approved in calendar years 2014 through 2016 (see Exhibit #1).
- Analyzed the costs of operating and promoting the Program to the amount of capital investments reported by the brownfield redevelopment authorities for fiscal year 2015.
- Reviewed 8 DEQ and 10 MSF work plans approved during calendar years 2014 through 2016 for compliance with the requirements of the Act and DEQ or MSF work plan guidance. Our sample was randomly selected to eliminate bias and to enable us to project the results to the entire population.
- Tested 25 projects from the 100 oldest, active, State approved work plans to determine if the amount of TIF collected through December 31, 2015 was approved in the project's work plan. Our sample was randomly and judgmentally selected to eliminate bias and to limit our testing to projects with TIF capture. Therefore, we could not project the results to the entire population.

OBJECTIVE #2

To assess the effectiveness of the Program to promote revitalization of eligible property through the use of TIF.

To accomplish this objective, we:

- Reviewed work plan preparation guidance available to brownfield redevelopment authorities.
- Analyzed the geographic locations of brownfield redevelopment authorities to determine if authorities were distributed throughout the State and existed in higher populated areas and core communities.
- Reviewed the efforts of CATs to facilitate brownfield projects.
- Analyzed the increase in the taxable value of all approved brownfield projects from initial assessment through calendar year 2015.
- Reviewed the performance measures utilized by DEQ and MSF to determine if they assessed factors associated with economic growth, such as increases in investments and jobs created by project.

OBJECTIVE #3

To assess DEQ and MSF's compliance with statutory reporting requirements.

To accomplish this objective, we:

- Reviewed the completeness of DEQ and MSF's combined annual legislative report for calendar years 2014 and 2015.
- Reviewed reports obtained from 15 brownfield redevelopment authorities to determine if they properly reported both State and local projects to MSF on an annual basis. We judgmentally selected the brownfield redevelopment authorities based on the type of entity; population in the brownfield redevelopment authority's jurisdiction; geographic location; and the number of projects the brownfield redevelopment authority reported. Therefore, we could not project the results to the entire population.
- Ensured that MSF received annual reporting information from all 295 brownfield redevelopment authorities.
- Reviewed the submission of all quarterly reports required for the 71 projects approved by DEQ and the 110 projects approved by MSF during calendar years 2014 through 2016.
- Reviewed the process DEQ utilized for calendar year 2015 to ensure that the legislative reports were complete and accurate.

CONCLUSIONS

We base our conclusions on our audit efforts and any resulting material conditions* or reportable conditions*.

**AGENCY
RESPONSES**

Not applicable.

**See glossary at end of report for definition.*

PRIOR AUDIT FOLLOW-UP

Following is the status of the reported findings from our June 2014 performance audit of the Brownfield Redevelopment Financing Program, Department of Environmental Quality, Michigan Strategic Fund, and Department of Treasury (271-0420-14):

Prior Audit Finding Number	Topic Area	Current Status	Current Finding Number
1	Brownfield redevelopment authorities' financial status reports need to be collected, summarized, and reported to the Legislature.	Complied	Not applicable

SUPPLEMENTAL INFORMATION

Our audit report includes supplemental information presented as Exhibits #1 through #3. Our audit was not directed toward expressing a conclusion on this information.

GLOSSARY OF ABBREVIATIONS AND TERMS

additional response activities	Response activities identified as part of a brownfield plan that are in addition to baseline environmental assessment activities and due care activities for an eligible property.
baseline environmental assessment	A document that describes the results, sampling, and analysis that confirm that the land is a facility or a site.
blighted property	Property that meets any of the following criteria as determined by the governing body: <ul style="list-style-type: none">i. Has been declared a public nuisance.ii. Is an attractive nuisance to children.iii. Is a fire hazard or is otherwise dangerous to the safety of persons or property.iv. Has had the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so that the property is unfit for its intended use.v. Is tax reverted property owned by a qualified local governmental unit, by a county, or by the State.vi. Is property owned or under the control of a land bank fast track authority under the Land Bank Fast Track Act.vii. Has substantial buried subsurface demolition debris present so that the property is unfit for its intended use.
brownfield plan	A plan that identifies specific brownfield properties that meets the requirements of Section 125.2663 of the <i>Michigan Compiled Laws</i> and is adopted under Section 125.2664 of the <i>Michigan Compiled Laws</i> .
brownfield redevelopment authority	An agency of a local unit of government created to facilitate the implementation of brownfield plans.
CAT	Community Assistance Team.
core communities	Urban communities and traditional centers of commerce in which the State of Michigan has initiated an effort to spur private development. The incentives target critical needs of older communities through new housing development, redevelopment of obsolete facilities, and development of contaminated properties.

DEQ	Department of Environmental Quality.
due care activities	Response activities identified as part of a brownfield plan that are necessary to allow the owner or operator of an eligible property in the plan to comply with the requirements of Section 20107a of the Natural Resources and Environmental Protection Act (Public Act 451 of 1994, as amended).
effectiveness	Success in achieving mission and goals.
eligible activities	Actions that are undertaken to redevelop a brownfield property, the costs for which are eligible for reimbursement via TIF.
eligible property	Property included in a brownfield plan that qualifies as a facility/site, functionally obsolete property, blighted property, historic resource, transit-oriented property/development, or targeted redevelopment area.
facility	Any area, place, or property where a hazardous substance in excess of the concentrations that satisfy the cleanup criteria for unrestricted residential use has been released, deposited, disposed of, or otherwise comes to be located.
functionally obsolete property	Property that is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, efficiencies or super adequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property.
goal	An intended outcome of the program or an entity to accomplish its mission.
local taxes	As used in the Brownfield Redevelopment Financing Act, all taxes levied other than taxes levied for school operating purposes.
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.
MSF	Michigan Strategic Fund.
observation	A commentary that highlights certain details or events that may be of interest to users of the report. An observation may not include the attributes (condition, effect, criteria, cause, and recommendation) that are presented in an audit finding.

performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the audit objectives; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.
response activities	The evaluation, interim response activity, remedial action, demolition, or taking of other actions necessary to protect the public health, safety, or welfare; the environment; or the State's natural resources.
tax increment financing (TIF)	Stream of revenue obtained from the additional tax money generated by the higher property value of redeveloped property or the "tax increment." This stream does not go to the city or schools but is kept separate and used to pay for the redevelopment.
taxes levied for school operating purposes	Taxes levied by a local school district for operating purposes, taxes levied under the State Education Tax Act (Public Act 331 of 1993, as amended), and that portion of specific taxes attributable to these taxes.
work plan	A plan that describes each individual activity to be conducted to complete eligible activities and the associated costs of each individual activity.



Report Fraud/Waste/Abuse

Online: audgen.michigan.gov/report-fraud

Hotline: (517) 334-8060, Ext. 1650