Office of the Auditor General
Performance Audit Report

Brownfield Redevelopment Financing Program
Department of Environment, Great Lakes, and Energy and Michigan Strategic Fund and Michigan State Housing Development Authority, Department of Labor and Economic Opportunity

September 2026

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

186-0420-26

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.

The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution

Report Summary

Performance Audit

Brownfield Redevelopment Financing Program

Department of Environment, Great Lakes, and Energy (EGLE) and Michigan Strategic Fund (MSF) and Michigan State Housing Development Authority (MSHDA), Department of Labor and Economic Opportunity (LEO)

Report Number:
186-0420-26

Released:
September 2026

The Brownfield Redevelopment Financing Act, Public Act 381 of 1996, as amended, (the Act) authorizes municipalities to create brownfield redevelopment authorities to facilitate the implementation of brownfield plans and promote revitalization of eligible properties using tax increment financing for eligible activities. The Act prescribes the powers and duties of, and the related requirements and criteria for, the brownfield redevelopment authorities, Department of Environment, Great Lakes, and Energy (EGLE), Michigan Strategic Fund (MSF), and Michigan State Housing Development Authority (MSHDA). This performance audit is required by Section 125.2666(6) of the *Michigan Compiled Laws*.

Audit Objective				Conclusion
Objective 1: To assess the effectiveness of the Brownfield Redevelopment Financing Program to increase the taxable value of eligible properties.				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 EGLE's, MSF's, and MSHDA's efforts to administer the Brownfield Redevelopment Financing Program.				Effective
Findings Related to This Audit Objective	**Material Condition**	**Reportable Condition**	**Agency Preliminary Response**	
None reported.	Not applicable.			
Observation Related to This Audit Objective	**Material Condition**	**Reportable Condition**	**Agency Preliminary Response**	
Our assessment resulted in one observation related to program oversight and responsibilities (Observation 1).	Not applicable for observations.			

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September 9, 2026

Phillip Roos, Director
Department of Environment, Great Lakes, and Energy
Deborah A. Stabenow Building
Lansing, Michigan
and
Susan R. Corbin, Director
Department of Labor and Economic Opportunity
and
Quentin L. Messer, Jr., President
Michigan Strategic Fund
Chair, Michigan Strategic Fund Board of Directors
300 North Washington Square
Lansing, Michigan
and
Amy Hovey, Chief Executive Officer and Executive Director
Michigan State Housing Development Authority
735 East Michigan Avenue
Lansing, Michigan

Director Roos, Director Corbin, President Messer, and Executive Director Hovey:

This is our performance audit report on the Brownfield Redevelopment Financing Program, Department of Environment, Great Lakes, and Energy and Michigan Strategic Fund and Michigan State Housing Development Authority, Department of Labor and Economic Opportunity. 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,

Doug Ringler

Doug Ringler
Auditor General

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BROWNFIELD REDEVELOPMENT FINANCING PROGRAM

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AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

INCREASING TAXABLE VALUE OF ELIGIBLE PROPERTIES

BACKGROUND

The goal* of the Brownfield Redevelopment Financing Program* (Program) is to promote the revitalization, redevelopment, and reuse of eligible properties*. The expectation is redevelopment of an area will lead to additional investment, increased economic activity, and the general reputation of a location as a desirable place to live and work.

In accordance with the Brownfield Redevelopment Financing Act, Public Act 381 of 1996, as amended (Sections 125.2651 – 125.2670 of the *Michigan Compiled Laws* (*MCL*)) (the Act), as the taxable values of redeveloped properties increase, brownfield redevelopment authorities* (BRAs) are allowed to capture incremental local tax* and school operating tax revenues to pay for the costs of eligible activities* associated with the redevelopment of those properties. Public Act 46 of 2017 amended the Act to include Transformational Brownfield Plans* (TBPs) to require the State Treasurer to capture and distribute construction period tax capture revenues*, withholding tax capture revenues*, income tax capture revenues*, and sales and use tax capture revenues* to the authority, owner, or developer for eligible activities and administrative costs associated with the terms of the TBP.

As of February 26, 2026, the Michigan Strategic Fund's (MSF's) Salesforce database contained 970 brownfield projects reported by the BRAs at some time subsequent to calendar year 2013 as involving the capture of tax increment financing* (TIF) of taxes levied for school operating purposes* (school TIF), including 68 and 534 for which the project status was "project complete" or "construction complete," respectively.

AUDIT OBJECTIVE

To assess the effectiveness* of the Brownfield Redevelopment Financing Program to increase the taxable value of eligible properties.

CONCLUSION

Effective.

FACTORS IMPACTING CONCLUSION

- The total current taxable value of the 25 sampled brownfield projects was $142.3 million (99.95%) higher than the total initial taxable value for the projects according to our review of tax assessor records, including:
  - 22 (88%) projects with higher current taxable values. The 22 projects had a total increase in taxable values of $143 million, representing 99.6% of the net change in taxable values for the 25 projects we reviewed.

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

- 3 (12%) projects with a decrease in the current taxable value. The 3 projects had a total decrease in taxable values of $627,570, representing 0.4% of the net change in property values for the 25 projects we reviewed.

- The total current taxable value of all 970 brownfield projects, as reported by BRAs, was $3.5 billion higher than the total initial taxable value, with 82% of projects having a reported higher current taxable value. However, our review identified concerns related to the completeness and accuracy of BRA-reported data (see Observation* 1).

* See glossary at end of report for definition.

ADMINISTERING THE PROGRAM

BACKGROUND

The Department of Environment, Great Lakes, and Energy (EGLE), MSF, and Michigan State Housing Development Authority (MSHDA) each conduct outreach activities with local governmental entities and BRAs to promote TIF and encourage the revitalization of eligible properties.

BRAs must submit a work plan*, a copy of the approved brownfield plan*, and other required information to obtain EGLE, MSF, or MSHDA approval to capture school TIF (see Exhibit 1). The work plan must meet specific criteria, including identifying eligible properties and eligible activities.

EGLE approval is required for BRA work plans involving environmental activities such as baseline environmental assessment* activities, due care activities*, and additional response activities*. For calendar years 2023 through 2025, EGLE approved 31 work plans (see Exhibit 2).

MSF approval is required for BRA work plans which do not involve environmental activities. The eligible activities include infrastructure improvements directly benefiting 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 2023 through 2025, MSF approved 62 work plans (see Exhibit 2), including 10 TBPs.

The Act was amended in 2023 to require MSHDA approval for BRA work plans and combined brownfield plans with housing development activities. The eligible activities include items such as reimbursement provided to owners for rental housing units for qualified rehabilitation, costs of demolition and renovation of existing buildings and site preparation, acquisition cost for blighted or obsolete rental units, and reimbursement provided to a developer to fill a financing gap associated with the development of housing units priced for income qualified households. For calendar years 2023 through 2025, MSHDA approved 59 work plans (see Exhibit 2).

AUDIT OBJECTIVE

To assess the effectiveness of EGLE's, MSF's, and MSHDA's efforts to administer the Brownfield Redevelopment Financing Program.

CONCLUSION

Effective.

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

FACTORS IMPACTING CONCLUSION

- EGLE, MSF, and MSHDA each have websites promoting brownfield redevelopment activities, including information about how to establish a BRA, work plan and TIF templates, and other Program resources.

- EGLE utilizes brownfield coordinators, MSF utilizes community development managers (CDMs), and MSHDA utilizes special project analysts to educate local governmental entities regarding TIF and other funding options, match potential developers with brownfield redevelopment properties, assist BRAs with identifying potential eligible properties, and provide technical assistance for developing work plans.

- Local governmental entities have established BRAs in all geographic sectors of the State, including core communities*.

- EGLE, MSF, and MSHDA have provided guidance documents and work plan templates to assist BRAs with preparing and submitting brownfield work plans and TBP work plans.

- EGLE, MSF, and MSHDA host semiannual webinars to share information regarding the Program with BRAs and local governmental entities.

- For the 38 work plans we tested, EGLE, MSF, and MSHDA ensured the plans:

  - Were reviewed and approved in a timely manner.

  - Related to eligible properties (i.e., qualified as a facility*; were a functionally obsolete property*, blighted property*, historic resource, or transit-oriented property/development; or were within a targeted redevelopment area) and identified eligible activities for school tax capture.

  - Included all required documentation.

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

OBSERVATION 1

The Act does not identify a specific State entity responsible for oversight.

The Act does not identify a specific State entity responsible for Program oversight and monitoring. Specifically, the Act:

- Requires EGLE, MSF, and/or MSHDA to approve BRA work plans involving the capture of school TIF *at project inception*; however, it does not provide any State agency with authority to effectively monitor compliance *across the life* of the project.

  Without established oversight authority or responsibilities, the State is unable to monitor BRA compliance with approved project work plans or the amount of TIF captured. From a broader perspective, such authority may enhance the State's ability to evaluate whether Program goals are met, such as whether the Program has transformed underutilized properties into vibrant areas attractive to residents and businesses.

  ELGE and MSF informed us the law does not provide State oversight and monitoring authority because it contends the intent of the legislation was to have the Program be a locally driven program, whereby local BRA's are subject to their own audits and/or audits of their governing bodies.

- Requires EGLE, MSF, and MSHDA to compile an annual legislative report based on information reported annually by the nearly 300 BRAs. However, the Act does not require EGLE, MSF, or MSHDA to analyze the BRA-reported information and does not provide them with authority to validate the BRA-reported information to BRA records. Our limited review noted several concerns related to the completeness and accuracy of BRA-reported data contained in the annual legislative reports (see Exhibit 4).

In recent years, the Program has grown as an economic development tool to include large-scale transformational projects and affordable housing development projects. Public Act 46 of 2017 amended the Act to include TBPs which, in addition to property tax capture, allows for capture of construction period tax revenues, income tax revenues, and withholding tax revenues, and was further amended by Public Act 89 of 2023 to include capture of sales and use tax revenues for TBP projects. In July 2023, Public Act 90 of 2023 began permitting the use of TIF for housing development projects with approval from MSHDA.

Continued expansion of the Program likely emphasizes the need for legislative changes, along with consideration of necessary resources, to assist those charged with governance in evaluating the strategic direction of the Program.

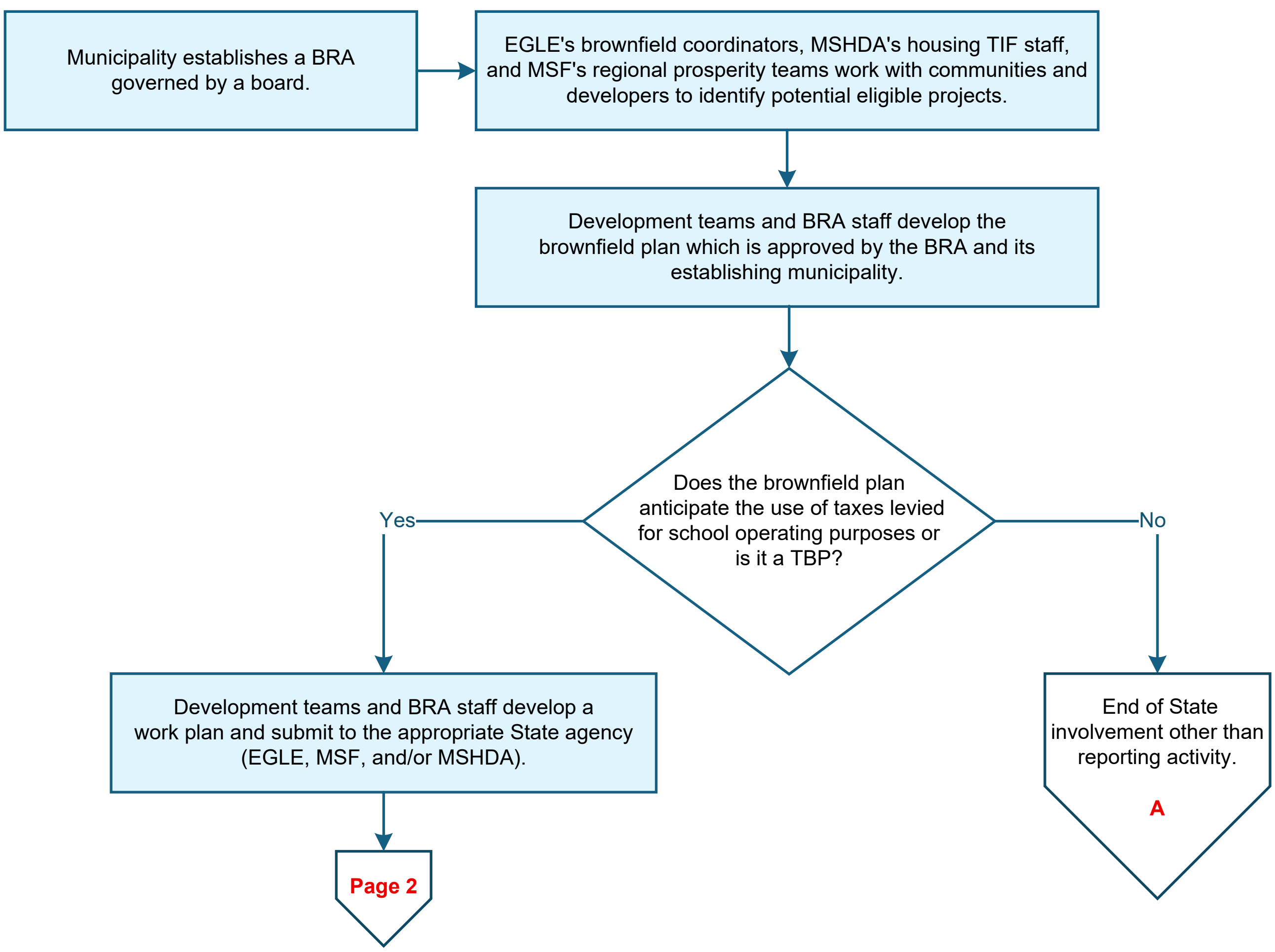
We did not report this as a Finding because no specific agency or agencies are currently required to perform the oversight addressed in this observation.

SUPPLEMENTAL INFORMATION

UNAUDITED
Exhibit 1

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM
Department of Environment, Great Lakes, and Energy and Michigan Strategic Fund and
Michigan State Housing Development Authority, Department of Labor and Economic Opportunity

Flowchart of the Brownfield Redevelopment Financing Program Processes



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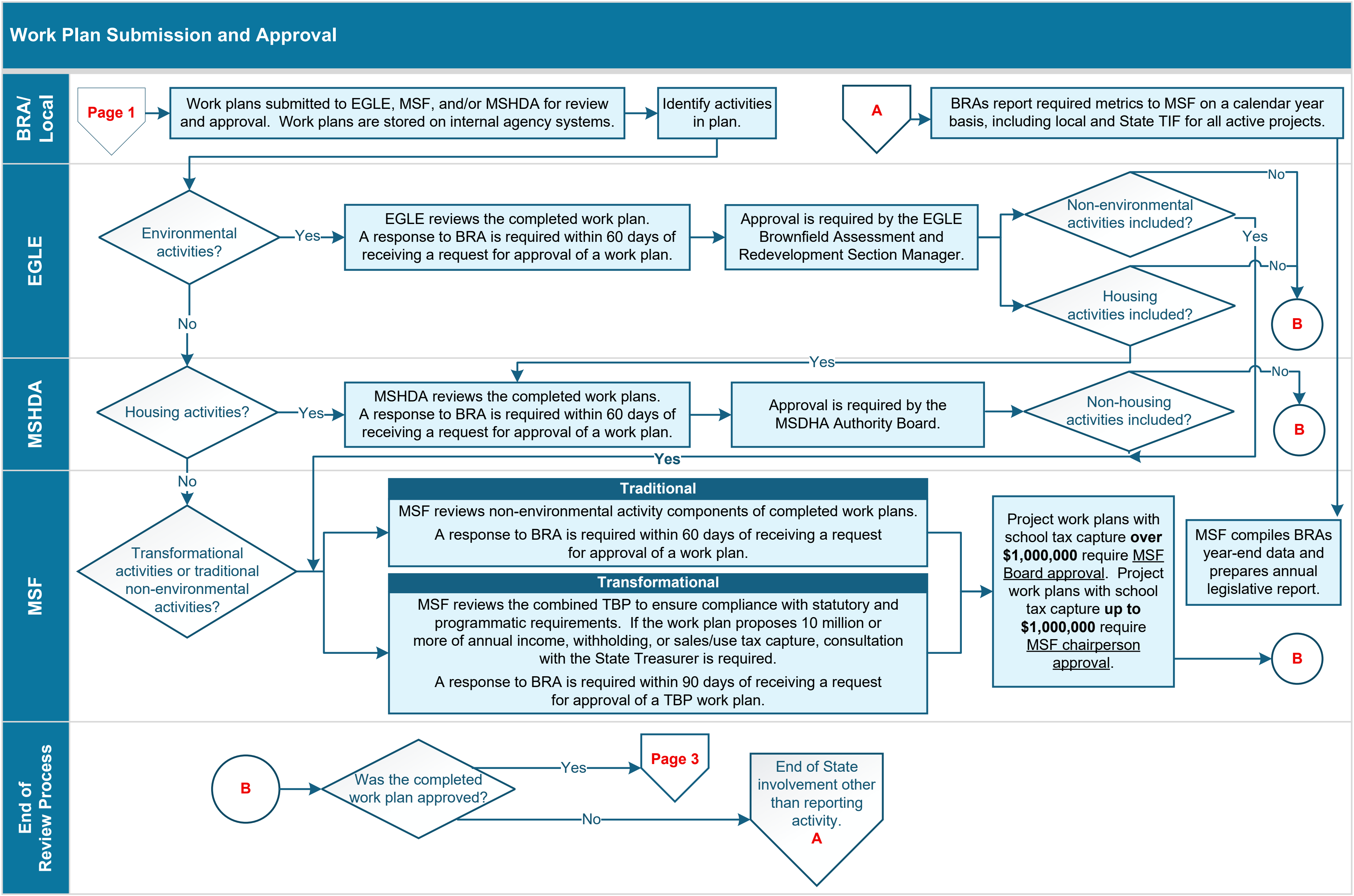

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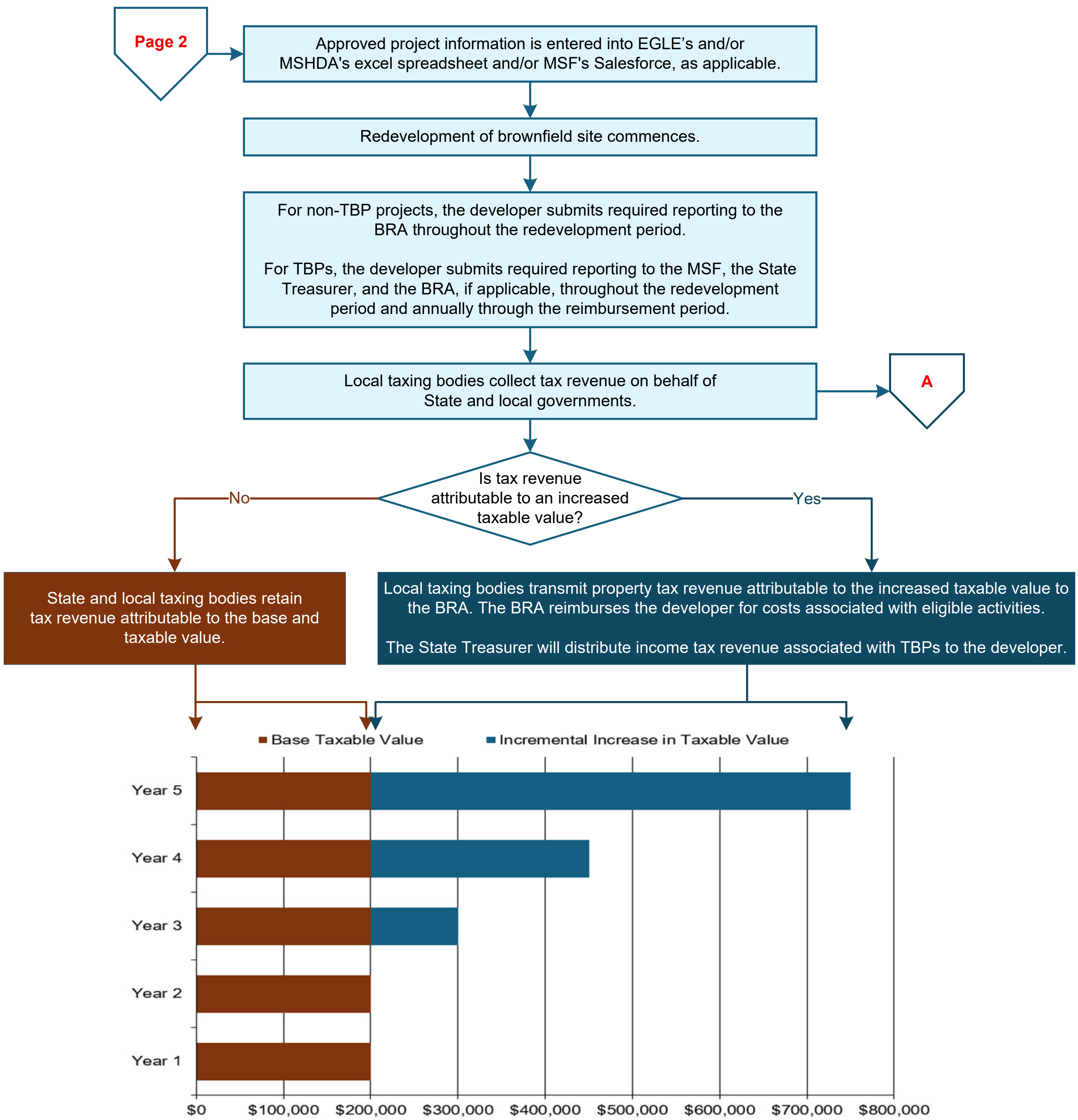


The above bar graph is for illustrative purposes only.

Source: The OAG prepared this flow chart to visualize the process as explained by EGLE, MSF, and MSHDA.

UNAUDITED
Exhibit 2

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM
Department of Environment, Great Lakes, and Energy and Michigan Strategic Fund and
Michigan State Housing Development Authority, Department of Labor and Economic Opportunity

Work Plans Approved and TIF Authorized by County and Brownfield Redevelopment Authority
From January 2023 Through December 2025

		EGLE		MSF		MSHDA	
County	Brownfield Redevelopment Authority	Number	TIF[1]	Number	TIF[1]	Number	TIF[1]
Antrim	Antrim County		$		$	1	$ 10,275,642
Barry	Barry County					1	4,480,000
Barry	City of Hastings					1	9,847,075
Bay	City of Bay City					1	13,607,283
Bay	County of Bay			1	2,436,087		
Calhoun	City of Battle Creek					1	1,720,563
Calhoun	City of Albion			1	528,625		
Calhoun	City of Marshall	1	232,000				
Cass	City of Dowagiac			1	354,110	1	105,410
Cheboygan	City of Cheboygan			1	59,904		
Clinton	Village of Elsie					1	868,879
Crawford	Crawford County					1	6,704,615
Emmet	Emmet County	2	2,145,821	2	11,517,643	1	18,666,786
Genesee	City of Flint			1	46,041,052		
Grand Traverse	Grand Traverse County					4	42,621,754
Gratiot	County of Gratiot			2	1,333,002		
Hillsdale	City of Hillsdale					1	7,032,663
Houghton	Houghton County					2	4,944,025
Ingham	City of Lansing	2	1,057,048	1[2]	202,225,217	1	1,237,538
Ingham	Meridian Charter Township			1	2,350,073		
Ionia	City of Ionia			1	104,384		
Jackson	City of Jackson			1	1,041,847		
Kalamazoo	City of Kalamazoo	1	1,154,397	4[2]	56,164,389	2	17,138,571
Kalamazoo	City of Portage			1	954,493	2	26,881,444
Kent	City of Grand Rapids	3	649,661	9[2]	923,722,163	5	55,286,340
Kent	City of Grandville					1	2,722,780
Kent	City of Rockford	1	156,705				
Kent	City of Wyoming	2	543,550	2	3,122,000	1	3,140,592
Kent	Plainfield Charter Township					2	9,596,259
Livingston	City of Brighton	1	1,843,226				
Manistee	City of Manistee			2	2,031,299		
Marquette	City of Marquette			2	9,004,310	2	2,365,563
Menominee	County of Menominee			1	10,847,253		
Montcalm	Montcalm County					1	20,781,427
Muskegon	City of Muskegon			2[2]	192,078,841	1	8,801,300
Newaygo	Newaygo County					1	4,755,021
Oakland	City of Farmington	1	752,585				
Oakland	City of Southfield			2[2]	132,646,506		

This exhibit continued on next page.

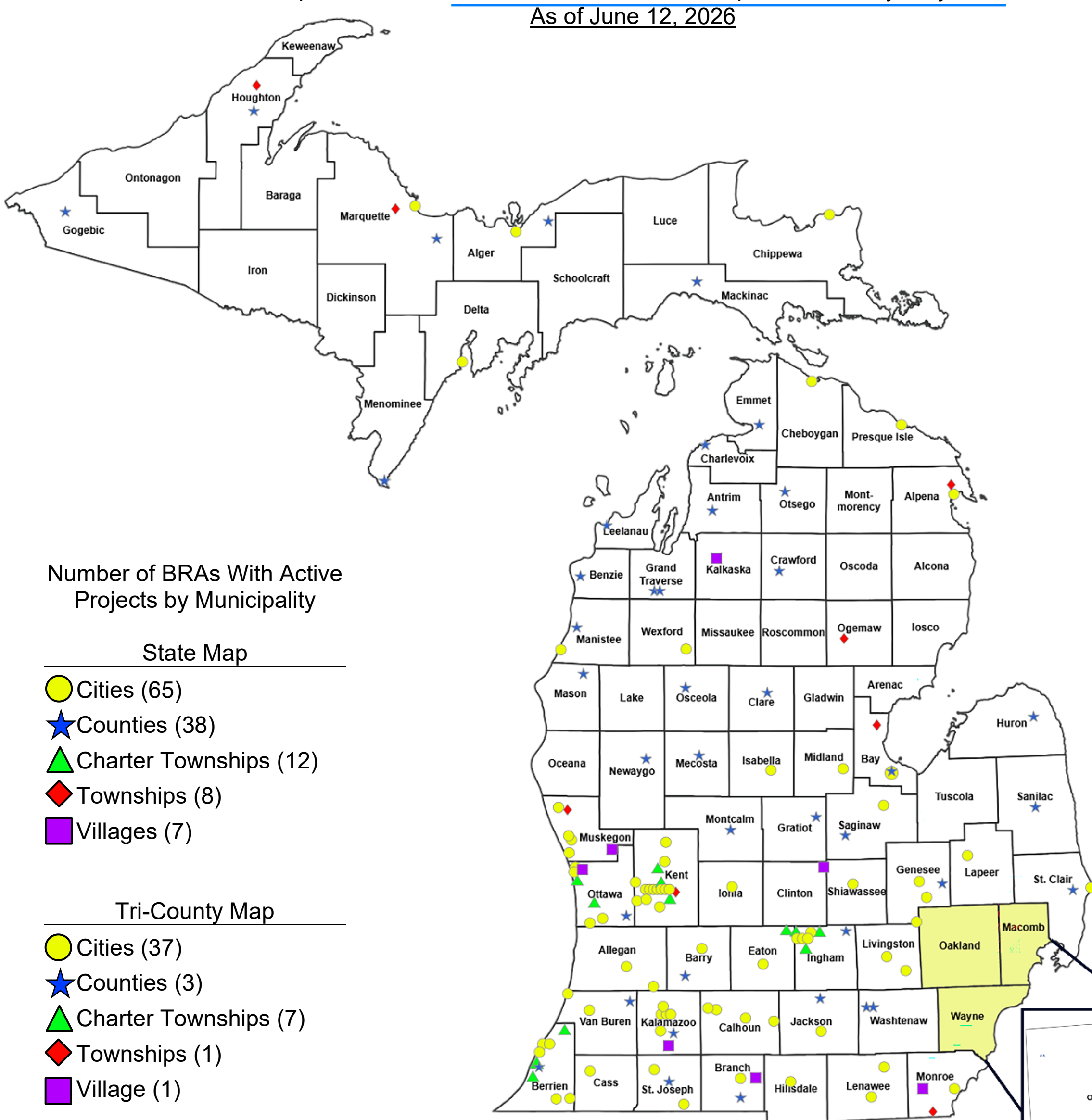
County	Brownfield Redevelopment Authority	EGLE Number	EGLE TIF[1]	MSF Number	MSF TIF[1]	MSHDA Number	MSHDA TIF[1]
Oakland	Oakland County	1	$	1[2]	$ 79,232,145	6	$ 23,548,042
Oakland	Village of Milford	1	472,952				
Oakland	City of Rochester	1	1,776,755				
Oakland	City of Royal Oak					1	32,824,437
Ottawa	City of Ferrysburg					1	2,510,229
Ottawa	City of Grand Haven	1	314,900				
Ottawa	City of Zeeland					1	2,671,900
Ottawa	Ottawa County					4	13,231,291
Presque Isle	City of Rogers City			2	347,184		
Sanilac	Sanilac County					1	871,401
Shiawassee	City of Owosso			1	402,955		
St. Joseph	St. Joseph County					1	1,481,338
St. Joseph	City of Three Rivers					1	2,868,776
Washtenaw	County of Washtenaw	1	1,745,360	3	7,482,669		
Wayne	City of Detroit	5	8,080,206	13[2]	890,528,086	3	15,698,917
Wayne	City of Northville			1	14,080,297		
Wayne	City of Romulus	1	948,200	1	10,605,737		
Wayne	City of Taylor	1	6,753,693	1	5,435,284		
Wayne	City of Wyandotte			1	2,392,053	1	10,062,732
Wayne	Michigan International Technology Center Redevelopment Authority	2	3,906,006				
Wayne	Plymouth Township	2	4,527,016				
Wayne	Charter Township of Northville	1	968,732				
Wexford	City of Cadillac					4	21,622,155
	Total	31	$ 38,028,813	62	$ 2,609,069,608	59	$ 400,972,748

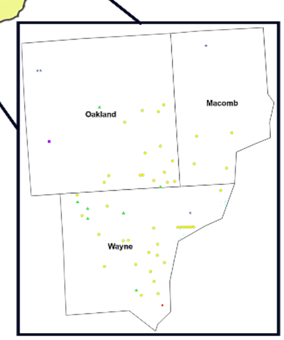
[1] Includes school and local TIF amounts.
[2] MSF approved 10 TBPs during the audit period, including 1 for the City of Lansing, 1 for the City of Kalamazoo, 3 for the City of Grand Rapids, 1 for the City of Muskegon, 1 for the City of Southfield, 1 for Oakland County, and 2 for the City of Detroit. The 10 TBPs approved made up $2.39 billion of MSF's total authorized TIF amount.

Source: The OAG prepared this exhibit based on data obtained from EGLE, MSF, and MSHDA.

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM
Department of Environment, Great Lakes, and Energy and Michigan Strategic Fund and
Michigan State Housing Development Authority, Department of Labor and Economic Opportunity

Map of BRAs with Active Brownfield Redevelopment Authority Projects*
As of June 12, 2026





Note: The interactive map provides additional detail regarding the BRA and project name, year approved, type of TIF, status, initial taxable value, and current taxable value.

Interactive maps: Active Brownfield Redevelopment Authority Projects

Source: The OAG prepared this exhibit from data reported by BRAs to MSF's Salesforce and listings of projects approved by EGLE, MSF, and MSHDA during calendar years 2023 through 2025.

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

BROWNFIELD REDEVELOPMENT FINANCING PROGRAM
Department of Environment, Great Lakes, and Energy and Michigan Strategic Fund and Michigan State Housing Development Authority, Department of Labor and Economic Opportunity

Annual Legislative Report Completeness and Accuracy Concerns for Observation 1

As noted in Observation 1, the Brownfield Redevelopment Financing Act requires EGLE, MSF, and MSHDA to compile an annual legislative report based on information reported annually by the nearly 300 BRAs; however, it does not require EGLE, MSF, or MSHDA to analyze the BRA-reported information and does not provide them with authority to validate the BRA-reported information to BRA records. Our limited review noted concerns related to the completeness and accuracy of the BRA-reported data contained in the annual legislative reports, as follows:

Completeness of Annual Legislative Report
Identified Concern
BRAs are required to submit project information annually. EGLE, MSF, and MSHDA include projects in the annual legislative report only if the BRAs reported project information in Salesforce *for the reporting year.* Without statutory requirements or authority, as discussed in Observation 1, EGLE, MSF, and/or MSHDA could not determine whether BRAs reported the status of, and all required information for, **all** projects. For example, 18 of the 37 projects approved by EGLE, MSF, and/or MSHDA during calendar year 2024 were not reported by the BRAs in the 2024 annual legislative report. Although some BRAs have reported annual data prior to beginning tax capture, EGLE, MSF, MSHDA, and a significant number of BRAs have interpreted the legislative language of, "submit annually…a financial report on the status of the activities of the authority for each calendar year," to require annual reporting for a project only ***after*** tax capture activity begins.

Accuracy of Annual Legislative Report
Identified Concern
BRAs are not required to provide documentation to validate the data reported annually in Salesforce and included in the annual legislative reports, emphasizing the importance of providing EGLE, MSF, MSHDA, or another State entity with oversight authority. We noted EGLE, in conjunction with MSF, implemented an annual process to review and validate key project information reported by BRAs on a sample basis, such as current taxable values and tax increment revenues* collected. However, a BRA's participation in this process is not mandated, and we noted BRAs did not always provide supporting documentation requested by EGLE, with EGLE stating the BRA response rate is approximately 90% to 95%. Further, the Act does not provide for penalties to compel BRAs to submit annual reporting data or comply with EGLE's request for information. EGLE and MSF informed us they implemented a policy intended to compel authorities to report by withholding future brownfield funding if an authority is not in compliance with its statutory reporting requirements.

Source: The OAG prepared this exhibit from data reported by BRAs to MSF's Salesforce and the calendar years 2022, 2023, and 2024 annual legislative reports.

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

PROGRAM DESCRIPTION

The Brownfield Redevelopment Financing Act, Public Act 381 of 1996, as amended (Sections 125.2651 - 125.2670 of the *MCL*), authorizes municipalities to create BRAs to facilitate the implementation of brownfield plans and promote revitalization, redevelopment, and reuse of eligible brownfield properties using TIF for eligible activities. The Act prescribes the powers and duties of, and the related requirements and criteria for, BRAs, EGLE, MSF, and MSHDA.

Each BRA is required to have a governing board. Together, the BRA and the board are responsible for implementing a brownfield plan which identifies eligible properties where eligible activities will be conducted.

The Act also allows for brownfield plans that will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and estimated growth in population, commercial activity, and employment resulting from the plan. A TBP must be for a mixed-use development project integrating a combination of retail, office, residential, or hotel uses and must include a minimum level of capital investment depending on the population of the municipality in which the development is proposed. Public Act 138 of 2021 allows MSF to waive the mixed-use development requirement for a brownfield plan resulting in $15.0 million of capital investment in a municipality with a population of less than 25,000 people and which is not a county.

Eligible activities related to a TBP include any demolition, construction, restoration, alteration, renovation, or improvement of buildings or site improvements on eligible property, including infrastructure improvements directly benefiting the eligible property.

As of February 25, 2026, there were 291 BRAs Statewide, including 179 with active brownfield projects as of June 12, 2026 (see Exhibit 3). From January 2023 through December 2024, BRAs reported capturing $102.3 million and $167.9 million of school and local TIF, respectively.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine the Program and related records. This performance audit* was required by Section 125.2666(6) of the *MCL*. 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 work plans submitted for approval by EGLE, MSF, and/or MSHDA. Work plans or projects not relating to TBPs or seeking to capture school taxes do not require State approval and, therefore, were not included in our audit scope.

Also, the 2012 and 2017 amendments to the Act created the State Brownfield Redevelopment Fund to be used for purposes including administrative costs of the Program, grants and loans provided by the Clean Michigan Initiative Bond Fund, a new grant and loan program that shall be operated by MSF, and distribution of construction period tax capture revenues, withholding tax capture revenues, income tax capture revenues, and sales and use tax capture revenues in accordance with a TBP. The activity in the State Brownfield Redevelopment Fund was not significant; therefore, we excluded it from our audit scope.

As part of the audit, we considered the five components of internal control* (control environment, risk assessment, control activities, information and communication, and monitoring activities) relative to the audit objectives and determined all components were significant.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, and quality assurance, generally covered January 1, 2023 through December 31, 2025.

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. During our preliminary survey, we:

- Reviewed applicable laws, policies, and other relevant information.

- Reviewed Program guidance and requirements.

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

- Reviewed memorandums of agreement and understanding between EGLE, MSF, MSHDA, and the Department of Treasury.

- Interviewed EGLE, MSF, and MSHDA staff with Program responsibilities to obtain an understanding of the various factors impacting the taxable values of eligible property; the processes related to outreach activities and work plan submission, review, and approval; and Program reporting processes.

- Identified the population of BRAs and projects approved during our audit period.

OBJECTIVE 1

To assess the effectiveness of the Brownfield Redevelopment Financing Program to increase the taxable value of eligible brownfield properties.

To accomplish this objective, we:

- Identified 970 brownfield projects that, as of February 26, 2026, had been reported by the BRAs at some time subsequent to calendar year 2013 as involving the capture of school TIF. These 970 projects included 602 projects for which the project status was "construction complete" or "project complete."

  Using the 970 projects, we calculated the difference, by project and in the aggregate, between the BRA-reported initial taxable values and the BRA-reported current taxable values for all 970 identified brownfield projects to determine the overall BRA-reported change in taxable value for the projects.

- Randomly and judgmentally selected 25 of the 213 brownfield projects approved by EGLE or MSF during calendar years 2017 through 2022 to determine the change in taxable value amounts of brownfield-eligible properties using local tax assessor records.

  Our random sample was selected to eliminate bias and enable us to project the results to the population. We selected another sample judgmentally based on risk and could not project those results to the population.

OBJECTIVE 2

To assess the effectiveness of EGLE's, MSF's, and MSHDA's efforts to administer the Brownfield Redevelopment Financing Program.

To accomplish this objective, we:

- Reviewed Program information available to local governmental entities, BRAs, and developers on EGLE's, MSF's, and MSHDA's websites.

- Reviewed work plan preparation guidance available to BRAs.

- Reviewed the efforts of brownfield coordinators, CDMs, and special project analysts to facilitate brownfield projects with local governmental entities, BRAs, and developers.

- Reviewed the semiannual webinars hosted by EGLE, MSF, and MSHDA to evaluate the outreach activities provided to the BRAs.

- Analyzed the geographic locations of BRAs, as of February 25, 2026, to determine whether they were distributed throughout the State and existed in higher populated areas and core communities.

- Identified 31 EGLE, 62 MSF, and 59 MSHDA work plans approved in calendar years 2023 through 2025 (see Exhibit 2), and randomly and judgmentally selected and reviewed 12 EGLE, 14 MSF, and 12 MSHDA work plans for compliance with the requirements of the Act and EGLE, MSF, and/or MSHDA work plan guidance, such as:

  - BRAs submitted a copy of the brownfield plan.

  - Eligible property and eligible activity met definitions in the Act.

  - Work plans included key required documentation.

  - EGLE, MSF, and/or MSHDA approved work plans within 60 days or 90 days for TBPs.

  Our random sample was selected to eliminate bias and enable us to project the results to the population. We selected another sample judgmentally based on risk and could not project those results to the population.

- Evaluated EGLE's, MSF's, and MSHDA's work plan review checklists and templates to determine if they included all requirements as outlined in the Act.

CONCLUSIONS

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

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

AGENCY RESPONSES

Not applicable.

PRIOR AUDIT FOLLOW-UP

Our prior performance audit of the Brownfield Redevelopment Financing Program, Department of Environment, Great Lakes, and Energy and Michigan Strategic Fund, Department of Labor and Economic Opportunity, issued in July 2024, contained one finding.

Following is the status of the reported findings from our September 2026 performance audit of the Brownfield Redevelopment Financing Program, Department of Environment, Great Lakes, and Energy and Michigan Strategic Fund and Michigan State Housing Development Authority, Department of Labor and Economic Opportunity 186-0420-26:

Prior Audit Finding Number	Prior Finding Classification	Topic Area	Current Status	Current Finding Number
1	Reportable condition	Annual legislative reports did not include all required information.	Complied	Not applicable

SUPPLEMENTAL INFORMATION

Our audit report includes supplemental information presented as Exhibits 1 through 4. Our audit was not directed toward expressing a conclusion on this information.

GLOSSARY OF ABBREVIATIONS AND TERMS

active brownfield redevelopment authority project	As used in this report, active brownfield redevelopment authority projects include all Brownfield projects in MSF's Salesforce, except those for which the BRAs reported the status as "project complete", and any additional projects approved by EGLE, MSF, or MSHDA during calendar years 2023 through 2025 for which BRAs had not reported to Salesforce.
additional response activity	Activity 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 describing the results, sampling, and analysis confirming the land is a facility or a site.
blighted property	Property meeting any of the following criteria as determined by the governing body: • Has been declared a public nuisance. • Is an attractive nuisance to children. • Is a fire hazard or is otherwise dangerous to the safety of persons or property. • Has the utilities, plumbing, heating, or sewerage permanently disconnected, destroyed, removed, or rendered ineffective so the property is unfit for its intended use. • Is a tax reverted property owned by a qualified local governmental unit, by a county, or by this State. • Is property owned or under the control of a land bank fast track authority under the Land Bank Fast Track Act. • Has substantial buried subsurface demolition debris present so the property is unfit for its intended use.
brownfield plan	A plan identifying specific brownfield properties meeting the requirements of Section 125.2663 of the *MCL* and is adopted under Section 125.2664 of the *MCL*.
brownfield redevelopment authority (BRA)	An agency of a local unit of government created to facilitate the implementation of brownfield plans.
CDM	community development manager.

construction period tax capture revenue	Funds equal to the amount of income tax levied and imposed in a calendar year upon wages paid to individuals physically present and working within the eligible property for the construction, renovation, or other improvement of eligible property that is an eligible activity within a TBP. As used in this definition, "wages" means the term as defined in section 3401 of the Internal Revenue Code of 1986 (Title 26, Section 3401 of the *United States Code*).
core community	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. The Obsolete Property Rehabilitation Act (Public Act 146 of 2000, as amended) gives separate qualifications for cities, townships, and villages.
due care activity	Response activities identified as part of a brownfield plan necessary to allow the owner or operator of an eligible property in the plan to comply with the requirements of Section 20107a or 21304c of the Natural Resources and Environmental Protection Act (Public Act 451 of 1994, as amended).
effectiveness	Success in achieving mission and goals.
EGLE	Department of Environment, Great Lakes, and Energy.
eligible activity	Actions undertaken to redevelop a brownfield property, the costs for which are eligible for reimbursement via TIF.
eligible property	Property included in a brownfield plan qualifying as a facility/site, functionally obsolete property, blighted property, historic resource, transit-oriented property/development, adjacent and contiguous, a tax reverted property under the control of a land bank fast track authority, in a targeted redevelopment area, or a housing property as defined in Public Act 381 of 1996.
facility	Any area, place, or property where a hazardous substance in excess of the concentrations which satisfy the cleanup criteria for unrestricted residential use has been released, deposited, disposed of, or otherwise comes to be located.
functionally obsolete property	Property unable to be used to adequately perform the function for which it was intended because of a substantial loss in value resulting from factors such as overcapacity, changes in technology,

deficiencies or super adequacies in design, or other similar factors affecting the property itself or the property's relationship with surrounding property.

goal	An intended outcome of the program or an entity to accomplish its mission.
income tax capture revenue	The amount for each tax year by which the aggregate income tax from individuals domiciled within the eligible property subject to a transformational brownfield plan exceeds the initial income tax value.
internal control	The plan, policies, methods, and procedures adopted by management to meet its mission, strategic plans, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud; violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.
local tax	As used in the Brownfield Redevelopment Financing Act, all taxes levied other than taxes levied for school operating purposes.
material condition	A matter, in the auditor's judgment, which 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. Our assessment of materiality is in relation to the respective audit objective.
MSF	Michigan Strategic Fund.
MSHDA	Michigan State Housing Development Authority.
observation	A commentary highlighting certain details or events which may be of interest to users of the report. An observation may not include all of the attributes (condition, effect, criteria, cause, and recommendation) 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.

Program	Brownfield Redevelopment Financing Program.
reportable condition	A matter, in the auditor's judgment, less severe than a material condition and falls within any of the following categories: a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; opportunities to improve programs and operations; or fraud.
response activity	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.
sales and use tax capture revenue	The amount for each calendar year by which the sales and use tax collected from persons within the eligible property subject to a transformational brownfield plan exceeds the initial sales and use tax value. For persons with multiple business locations, the applicable amount of sales and use tax is only the sales tax and use tax collections attributable to the business location within the eligible property.
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.
tax increment revenue	The amount of ad valorem property taxes and specific taxes attributable to the application of the levy of all taxing jurisdictions upon the captured taxable value of each parcel of eligible property subject to a brownfield plan and personal property located on the property.
tax levied for school operating purposes (school TIF)	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 a portion of specific taxes attributable to these taxes.
the Act	The Brownfield Redevelopment Financing Act, Public Act 381 of 1996, as amended.

transformational brownfield plan (TBP)	A brownfield plan meeting the requirements of Section 125.2663c of the *MCL* and is adopted under Section 125.2664a of the *MCL* and, as designated by resolution of the governing body and approved by MSF, will have a transformational impact on local economic development and community revitalization based on the extent of brownfield redevelopment and growth in population, commercial activity, and employment resulting from the plan.
withholding tax capture revenue	The amount for each calendar year by which the income tax withheld under Public Act 281 of 1967, Part 3 of the Income Tax Act of 1967 (Sections 206.701 - 206.713 of the *MCL*), from individuals employed within the eligible property subject to a transformational brownfield plan exceeds the initial withholding tax value.
work plan	A plan describing each individual activity to be conducted to complete eligible activities and the associated costs of each individual activity.

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