APPENDIX 7: SUMMARIES OF FINANCIAL TOOLS
Prepared by Zachary & Associates, Inc.

The following tables include an overview of the funding mechanisms most applicable to the four categories of users: For-Profit Property Owners; Non-Profit Organizations/Community Development Corporations; DWSD; and the City. The summaries indicate the appropriate scale of the project, time required to initiate, how familiar the tool is to the city of Detroit and/or the state of Michigan, and who the user is. Complexity of legal structure and administration is identified on a scale of 1-3. Operational structure indicates who facilitates the financial mechanism, payback method if applicable, and time periods for repayment are included. Lastly, advantages and disadvantages provide a quick overview of the capabilities of the financial mechanisms.
**FOR-PROFIT PROPERTY OWNERS**

<table>
<thead>
<tr>
<th>Program</th>
<th>Type</th>
<th>Time</th>
<th>DET</th>
<th>MI</th>
<th>FP</th>
<th>NP</th>
<th>1</th>
<th>2</th>
<th>UTIL</th>
<th>Grant</th>
<th>NA</th>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
</table>
| **DWSD | CAPITAL PARTNERSHIP PROGRAM** | On-site | Unknown | DET | FP | NP | 1 | 2 | UTIL | Grant | NA | • Prioritizes property owners who have been paying rates the longest  
• Provides equity for lending | • Requires matching funds  
• Newly affected property owners have reduced chance of receiving grant  
• Limited amount available over 5 years |
| **DEVELOPMENT INCENTIVES**     | On-site | Off-site | Shared District | DET | FP | NP | 1 | 2 | GOV | NA | NA | • Installation of GSI may result in other incentives  
• Helps developers achieve sustainability goals | • May detract from original intention of project |
| **ON-BILL FINANCING**          | On-site | Off-site | Shared District | 6-12 mo. | DET | MI | FP | NP | 1 | 1 | UTIL | On-Bill (±) 10 yr | • Reduces owners debt exposure  
• Attached to water bill  
• Single source for loan and green credits | • May not include operation and maintenance expenses  
• DWSD must act as lender with dedicated loan pool |
| **ON-BILL REPAYMENT**          | On-site | Off-site | Shared District | 6-12 mo. | DET | MI | FP | NP | 1 | 2 | UTIL | On-Bill (±) 10 yr | • Easy financing for borrower  
• Third party security of payment based water bill payment enforcement | • Third party financing  
• DWSD must cooperate to forward payment |
| **PACE | PROPERTY ASSESSED CLEAN ENERGY** | On-site | 6-12 mo. | DET | MI | FP | NP | 2 | 1 | GOV | On-Bill Taxes (±) 20 yr | • On tax bill  
• Wayne County administration structure in place  
• Expense stays with the property | • Potential for high interest rate  
• Requires cash flow to pay increase on tax bill  
• Increased assessment may impact future sale of the property  
• Requires stable property tax basis |
| **REVOLVING LOAN FUNDS**       | ALL | 6-12 mo. | DET | MI | FP | NP | 2 | 2 | GOV | Loan (±) 10 yr | • Potential for low interest loan  
• Self perpetuating | • Requires fiduciary willing to make loans on drainage fee  
• Long term commitment by third party lender |
## Scale of Project
- On-site, Off-site, Shared, District, City

## Time to Initiate Familiarization
- DET = Detroit MI = Michigan

## User
- For-profit, Non-profit, Utility, Government

## Legal Structure
- Easy = 1, Moderate = 2, Difficult = 3

## Administration
- Easy = 1, Moderate = 2, Difficult = 3

## Operational Structure
- For-profit, Non-profit, Utility, Government

## Payback Mechanism
- Credit, Grant, Loan, On-bill, Taxes

## Payback Time Period
- Advantages
- Disadvantages

### BID | Business Improvement District
- District
- (+/-) 12 mo.
- DET MI FP NP 2 2 NP Taxes NA
- Enabling legislation and ordinance exists in Detroit
- GSI is an eligible improvement
- SDBA has a BID to use as a model
- No limitation to the number of BIDs
- Assessment on existing tax bill
- Financing stays with the property
- Maintenance expenses could be included
- Requires approval from property owners to establish the assessment as an extra fee
- A board must be formed
- Annual reporting

### CIA | Corridor Improvement Authority
- District
- (+/-) 12 mo.
- MI FP 3 2 NP Taxes NA
- Operates similar to TIF and BID
- Wide applicability across city
- Incorporates GSI with other infrastructure improvements: streetscapes and complete streets
- Requires a board
- Targeted for shared jurisdictions

### TIF | Tax Increment Financing
- District
- 1-3 yr
- DET MI FP 1 2 GOV NA Taxes
- Reduces owners debt exposure
- Attached to water bill
- Single source for loan and green credits
- DWSD must act as lender with dedicated loan pool
- May not include operation and maintenance expenses

### TRA | Targeted Redevelopment Area
- District
- 1-3 yr
- DET MI FP 1 2 GOV NA Taxes
- Easy financing for borrower
- Third party security of payment based water bill payment enforcement
- Third party financing
- DWSD must cooperate to forward payment

### Non-Profit Organizations/Community Development Corporations
# DWSD | DETROIT WATER AND SEWERAGE DEPARTMENT

<table>
<thead>
<tr>
<th>FOUNDATIONS</th>
<th>ALL</th>
<th>6-12 mo.</th>
<th>DET</th>
<th>MI</th>
<th>NP</th>
<th>1</th>
<th>1</th>
<th>NP</th>
<th>Grant</th>
<th>NA</th>
</tr>
</thead>
</table>
| ADVANTAGES  | • Possible credit enhancement  
• Does not require repayment  
• Could be utilized as equity to leverage additional funding  
• Social purpose  |
| DISADVANTAGES| • Typically non-renewable  
• Typically does not cover maintenance  
• Guideline adherence  
• Limited to nonprofit use  
• Limited to mission of foundation  
• Grant oversight and performance requirements |

<table>
<thead>
<tr>
<th>GOVERNMENT</th>
<th>ALL</th>
<th>(+/-) 12 mo.</th>
<th>DET</th>
<th>MI</th>
<th>NP</th>
<th>GOV</th>
<th>1</th>
<th>2</th>
<th>NP</th>
<th>GOV</th>
<th>Grant</th>
<th>NA</th>
</tr>
</thead>
</table>
| ADVANTAGES  | • Wide variety that correspond to GSI: Environmental Protection Agency [EPA] and Department of Energy [DOE]  
• Existing case studies of projects  |
| DISADVANTAGES| • Private property owners cannot apply  
• Competitive funding source  
• Non-renewable funding  
• Typically does not include maintenance expenses  
• Potential for extensive reporting |

<table>
<thead>
<tr>
<th>LAND ACQUISITION TAX/MILLAGE</th>
<th>On-site Off-site District</th>
<th>1-3 yr</th>
<th>DET</th>
<th>MI</th>
<th>GOV</th>
<th>2</th>
<th>2</th>
<th>GOV</th>
<th>Taxes</th>
<th>NA</th>
</tr>
</thead>
</table>
| ADVANTAGES  | • Activation of underutilized land  
• Guarantee of land use  
• Creation of new revenue source for GSI  |
| DISADVANTAGES| • Property taxes must be raised  
• Requires ballot approval |

<table>
<thead>
<tr>
<th>FOUNDATION PRI</th>
<th>PROGRAM RELATED INVESTMENT</th>
<th>ALL</th>
<th>(+/-) 12 mo.</th>
<th>DET</th>
<th>MI</th>
<th>FP</th>
<th>NP</th>
<th>2</th>
<th>2</th>
<th>GOV</th>
<th>Loan</th>
<th>[+/-] 5 yr</th>
</tr>
</thead>
</table>
| ADVANTAGES  | • Generally low interest loan  
• TIF is a repayment source  
• Requires bonding authority  |
| DISADVANTAGES| • Loan must be repaid  |

<table>
<thead>
<tr>
<th>GOVERNMENT BONDS</th>
<th>District City</th>
<th>(+/-) 12 mo.</th>
<th>DET</th>
<th>MI</th>
<th>FP</th>
<th>NP</th>
<th>UTIL</th>
<th>GOV</th>
<th>2</th>
<th>2</th>
<th>GOV</th>
<th>Loan</th>
<th>[+/-] 5 yr</th>
</tr>
</thead>
</table>
| ADVANTAGES  | • Generally low interest loan  
• TIF is a repayment source  
• Requires bonding authority  |
| DISADVANTAGES| • Based on bonding capacity  
• Requires large aggregate of projects to be economically feasible |

# CITY

<table>
<thead>
<tr>
<th>STBA</th>
<th>SURFACE TRANSPORTATION BLOCK GRANT</th>
<th>District City</th>
<th>1-3 yr</th>
<th>DET</th>
<th>MI</th>
<th>NP</th>
<th>GOV</th>
<th>2</th>
<th>1</th>
<th>GOV</th>
<th>Grant</th>
<th>NA</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADVANTAGES</td>
<td>• Provides opportunity for multiple infrastructure improvements</td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>
| DISADVANTAGES| • Must meet mobility guidelines  
• Increasing project costs |