

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

	SCALE OF PROJECT ON-SITE, OFF-SITE, SHARED, DISTRICT, CITY	TIME TO INITIATE	FAMILIARIZATION DET = DETROIT MI = MICHIGAN	USER FOR-PROFIT, NON-PROFIT, UTILITY, GOV.	LEGAL STRUCTURE 1= EASY 2= MODERATE 3= DIFFICULT	ADMINISTRATION 1= EASY 2= MODERATE 3= DIFFICULT	OPERATIONAL STRUCTURE FOR-PROFIT, NON-PROFIT, UTILITY, GOV	PAYBACK MECHANISM CREDIT, GRANT, LOAN, ON-BILL, TAXES	PAYBACK TIME PERIOD	ADVANTAGES	DISADVANTAGES
DWSD CAPITAL PARTNERSHIP PROGRAM	On-site	Unknown	DET	FP NP	1	2	UTIL	Grant	NA	<ul style="list-style-type: none"> Prioritizes property owners who have been paying rates the longest Provides equity for lending 	<ul style="list-style-type: none"> 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	6-12 mo.	DET MI	FP NP	1	2	GOV	NA	NA	<ul style="list-style-type: none"> Installation of GSI may result in other incentives Helps developers achieve sustainability goals 	<ul style="list-style-type: none"> May detract from original intention of project
ON-BILL FINANCING	On-site Off-site District	6-12 mo.	NA	FP NP	1	1	UTIL	On-Bill	(+/-) 10 yr	<ul style="list-style-type: none"> Reduces owners debt exposure Attached to water bill Single source for loan and green credits 	<ul style="list-style-type: none"> May not include operation and maintenance expenses DWSD must act as lender with dedicated loan pool
ON-BILL REPAYMENT	On-site Off-site District	6-12 mo.	DET MI	FP NP	1	2	UTIL	On-Bill	(+/-) 10 yr	<ul style="list-style-type: none"> Easy financing for borrower Third party security of payment based water bill payment enforcement 	<ul style="list-style-type: none"> Third party financing DWSD must cooperate to forward payment
PACE PROPERTY ASSESSED CLEAN ENERGY	On-site	6-12 mo.	DET MI	FP	2	1	GOV	On-Bill Taxes	(+/-) 20 yr	<ul style="list-style-type: none"> On tax bill Wayne County administration structure in place Expense stays with the property 	<ul style="list-style-type: none"> 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	FP NP GOV	Loan	(-) 10 yr	<ul style="list-style-type: none"> Potential for low interest loan Self perpetuating 	<ul style="list-style-type: none"> Requires fiduciary willing to make loans on drainage fee Long term commitment by third party lender

NON-PROFIT ORGANIZATIONS/COMMUNITY DEVELOPMENT CORPORATIONS

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BID BUSINESS IMPROVEMENT DISTRICT	District	(+/-) 12 mo.	DET MI	FP NP	2	2	NP	Taxes	NA	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Operates similar to TIF and BID Wide applicability across city Incorporates GSI with other infrastructure improvements: streetscapes and complete streets 	<ul style="list-style-type: none"> Requires a board Targeted for shared jurisdictions
TIF TAX INCREMENT FINANCING	District	1-3 yr	DET MI	FP	1	2	GOV	NA	Taxes	<ul style="list-style-type: none"> Reduces owners debt exposure Attached to water bill Single source for loan and green credits 	<ul style="list-style-type: none"> May not include operation and maintenance expenses DWSD must act as lender with dedicated loan pool
TRA TARGETED REDEVELOPMENT AREA	District	1-3 yr	DET MI	FP	1	2	GOV	NA	Taxes	<ul style="list-style-type: none"> Easy financing for borrower Third party security of payment based water bill payment enforcement 	<ul style="list-style-type: none"> Third party financing DWSD must cooperate to forward payment

DWSD | DETROIT WATER AND SEWERAGE DEPARTMENT

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FOUNDATIONS	ALL	6-12 mo.	DET MI	NP	1	1	NP	Grant	NA	<ul style="list-style-type: none"> Possible credit enhancement Does not require repayment Could be utilized as equity to leverage additional funding Social purpose 	<ul style="list-style-type: none"> Typically non-renewable Typically does not cover maintenance Guideline adherence Limited to nonprofit use Limited to mission of foundation Grant oversight and performance requirements
GOVERNMENT	ALL	(+/-) 12 mo.	DET MI	NP GOV	1	2	NP GOV	Grant	NA	<ul style="list-style-type: none"> Wide variety that correspond to GSI: Environmental Protection Agency [EPA] and Department of Energy [DOE] Existing case studies of projects 	<ul style="list-style-type: none"> Private property owners cannot apply Competitive funding source Non-renewable funding Typically does not include maintenance expenses Potential for extensive reporting
LAND ACQUISITION TAX/MILLAGE	On-site Off-site District	1-3 yr	DET MI	GOV	2	2	GOV	Taxes	NA	<ul style="list-style-type: none"> Activation of underutilized land Guarantee of land use Creation of new revenue source for GSI 	<ul style="list-style-type: none"> Property taxes must be raised Requires ballot approval
FOUNDATION PRI PROGRAM RELATED INVESTMENT	ALL	(+/-) 12 mo.	DET MI	FP NP	2	2	GOV	Loan	[-] 5 yr	<ul style="list-style-type: none"> Generally low interest loan TIF is a repayment source Requires bonding authority 	<ul style="list-style-type: none"> Loan must be repaid
GOVERNMENT BONDS	District City	(+/-) 12 mo.	DET MI	FP NP UTIL GOV	2	2	GOV	Loan	[-] 5 yr	<ul style="list-style-type: none"> Generally low interest loan TIF is a repayment source Requires bonding authority 	<ul style="list-style-type: none"> Based on bonding capacity Requires large aggregate of projects to be economically feasible

CITY

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STBA SURFACE TRANSPORTATION BLOCK GRANT	District City	1-3 yr	DET MI	NP GOV	2	1	GOV	Grant	NA	<ul style="list-style-type: none"> Provides opportunity for multiple infrastructure improvements 	<ul style="list-style-type: none"> Must meet mobility guidelines Increasing project costs