



# **Southwest Michigan Planning Commission Board Presentation**

**April 17, 2018**

**By: Ryan D. Fellows, Associate Planner**



- 1. EDA-CEDS: Economic Development Integration/REDS**
- 2. U.S. Treasury: Opportunity Zones Program**
- 3. USDA Rural Development: Community Connect  
(Broadband Infrastructure Grants)**

# EDA-CEDS: Economic Development Integration/REDS

***Goal #5: Partnering & Coordination***  
Promote better coordination among different economic development groups.

## Southwest Michigan Economic Development District

*Serving Berrien, Cass, & Van Buren Counties*

### COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY 2018-2022



## 4.2 Goals

### *Goal #1: Livability for Talent Attraction*

Promote a diverse environment that creates an excellent quality of life for talent.

### *Goal #2: Education & Training*

Attract, retain, and develop a high-quality workforce.

### *Goal #3: Infrastructure*

Create, improve, and maintain services and infrastructure.

### *Goal #4: Support Business*

Support and meet the needs of current, new, and emerging businesses.



# EDA-CEDS: Economic Development Integration/REDS



1. Identify Economic Development Players (fed, state, edu, org...)
2. Other Integration Components/Other Integrative Activities  
(documenting what SWMPC already does)
3. Data Collection  
(documenting what SWMPC already does)
4. Regional Economic Diversification Summit (REDS)  
(approximately 5 in the Chicago EDA region will be selected)

# Regional Economic Diversification Summit (REDS) – What are they?

REDS are designed to catalyze project implementation

## ***Goals:***

- Identification of **funding resources** (both federal and non-federal) needed for **successful project implementation**
- Identification of **capacity building needs** and related resources
- Establishment of project implementation **action plans**
- Assignment of **initial roles and responsibilities**

# **Regional Economic Diversification Summit (REDS) – What are they?**

- EDA staff:
  - Leverage their collective expertise
  - Network relationships to coordinate investments across multiple federal agencies with local and regional stakeholders
- SWMPC would facilitate the REDS;
  - Inviting local, regional, & state stakeholders

# Regional Economic Diversification Summit (REDS)



## Proposed SWM REDS: Palisades Nuclear Plant Closure Planning

### *Why:*

- The Palisades Nuclear Power Plant is set to close Spring 2022
- It's the largest employer and largest taxpayer in Van Buren County
- Ripple effect on the economy
- Plan of action needed to:
  - Diversify the area's economy
  - Provide options to employees who will be out of work
  - Grow the tax base

BREAKING NEWS

'Opportunity Zones' coming to SW Michigan with goal of economic resurgence

By: [Taylor Popielarz](#) [Facebook](#) | [Twitter](#)

Posted: Apr 13, 2018 5:39 PM EST | Updated: Apr 13, 2018 6:57 PM EST

f FACEBOOK t TWITTER @ EMAIL



mart1033

Navigation bar with left and right arrows, a 'NEXT UP' section featuring a thumbnail and the text 'State launches soil cleanup of former South Haven factory site SOUTH HAVEN — For nearly a decade, South Haven and the Michi...', and a right arrow.

TOP STORY

Upton touts incentives for Opportunity Zones  
Critics say tax breaks could displace low-income residents

By JOHN MATUSZAK - HP Staff Writer Apr 13, 2018 Updated 21 hrs ago

f t e p b

Opportunity Zones – low-income areas eligible for tax benefits aimed at spurring private investment, economic growth, and jobs – are available in Berrien, Van Buren and Cass counties, U.S. Rep. Fred Upton, R-St. Joseph, announced.

Some commentators – including the Brookings Institution – are questioning whether the incentives will benefit investors while displacing low-income residents.

“These Opportunity Zones have great potential to allow entrepreneurs and businesses here in Southwest Michigan to take advantage of a wider array of economic development tools,” Upton stated in a news release. “We’ve seen historic investment in our local businesses, tax cuts for the middle-class, and more money in worker paychecks as a result of tax reform.

# U.S. Treasury: Opportunity Zones Program

## About the Opportunity Zones Program:

- New concept: 2017 Tax Cuts & Jobs Act
  1. Low-income communities (census tracts designated as **Opportunity Zones**)
  2. Provides tax incentives on capital gains for **patient capital** investments (in **Opportunity Funds**)

### Definition – *patient capital*:

“... any capital invested for the long term.  
... increasingly been used to describe long-term investment in socially responsible ventures....”

Source: *Financial Times*

# Opportunity Zones

## Designating **Opportunity Zones**:

- Up to 25% of the number of low-income census tracts in a state can be nominated as **Opportunity Zones** by governor by 3/21/18
- Clustering tracts enhances opportunity
- All RPI R8 Zones nominated by Governor were designated by U.S. Treasury as **Opportunity Zones** on 4/9/18
- Official list of tracts will be published in IRS Bulletin at a later date



2008: New Buffalo Amtrak Platform built with private funds (public-private partnership)



2009: New Buffalo Amtrak Platform opened

This map displays the Kalamazoo region in Michigan, highlighting major roads, water bodies, and various towns. The map includes labels for cities such as Kalamazoo, Battle Creek, Marshall, and St. Joseph, as well as rivers like the Kalamazoo River and St. Joseph River. Major roads such as I-94, I-130, and I-69 are also indicated.

# Opportunity Zones Program – Opportunity Funds

## About Opportunity Funds:

- An **Opportunity Fund** is any investment vehicle organized as a corporation or partnership for the purpose of investing in **Opportunity Zone** properties, and holds at least 90% of its assets in the zone property stocks, partnership interests or business property.

## Preliminary Information

*(official guidance expected next month):*

- **Opportunity Funds** can be utilized as a primary investment in a variety of activities. Funds can be used to create new businesses, new commercial or residential real estate or infrastructure.
- **Opportunity Funds** can be used to invest in existing businesses if it doubles the investment basis over 30 months.

# Opportunity Zones Program – Opportunity Funds

**Preliminary Information, continued** *(official guidance expected next month):*

- **Opportunity Funds cannot** engage in any of the following “sin” businesses: any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store where the principal business purpose is the sale of alcoholic beverages for consumption off premises.
- **State and local governments** should consider creating and targeting other resources, especially job training, that will play an important role in leveraging investments. Local activity will show that opportunities exist.
- **Incentives** can be combined with other incentives such as New Market Tax Credits (NMTC), Low-Income Housing Tax Credit (LIHTC) and historic rehabilitation tax credit, adding a valuable tool for economic and community development.

# Opportunity Zones Program – Incentives

There are 3 types of **Opportunity Zone incentives**:

- **Temporary Deferral:** A temporary deferral of inclusion in taxable income for capital gains reinvested into an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zone investment is disposed of or 12/31/2026.
- **Step-Up in Basis:** For capital gains reinvested in an Opportunity Fund the basis is increased by 10% if the investment in the Opportunity Fund is held by the taxpayer for at least 5 years and by an additional 5% if held for at least 7 years, thereby excluding up to 15% of the original gain from taxation.
- **Permanent Exclusion:** A permanent exclusion from taxable income of capital gains from sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years. This exclusion only applies to gains accrued after an investment in an Opportunity Fund.



United States  
Department of  
Agriculture

## Rural Development



# Community Connect Grants

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## What does this program do?

The grant program offers financial assistance to eligible service providers that will construct, improve, or expand broadband networks in rural areas.

## Who may apply for this program?

Eligible applicants include:

- State and local governments
- Federally recognized Tribes
- Nonprofits
- For-profit corporations
- Limited liability companies

# USDA Rural Development: Community Connect (Broadband Infrastructure Grants)

## ***Grant Amounts:***

- \$100,000 minimum
- \$3,000,000 maximum

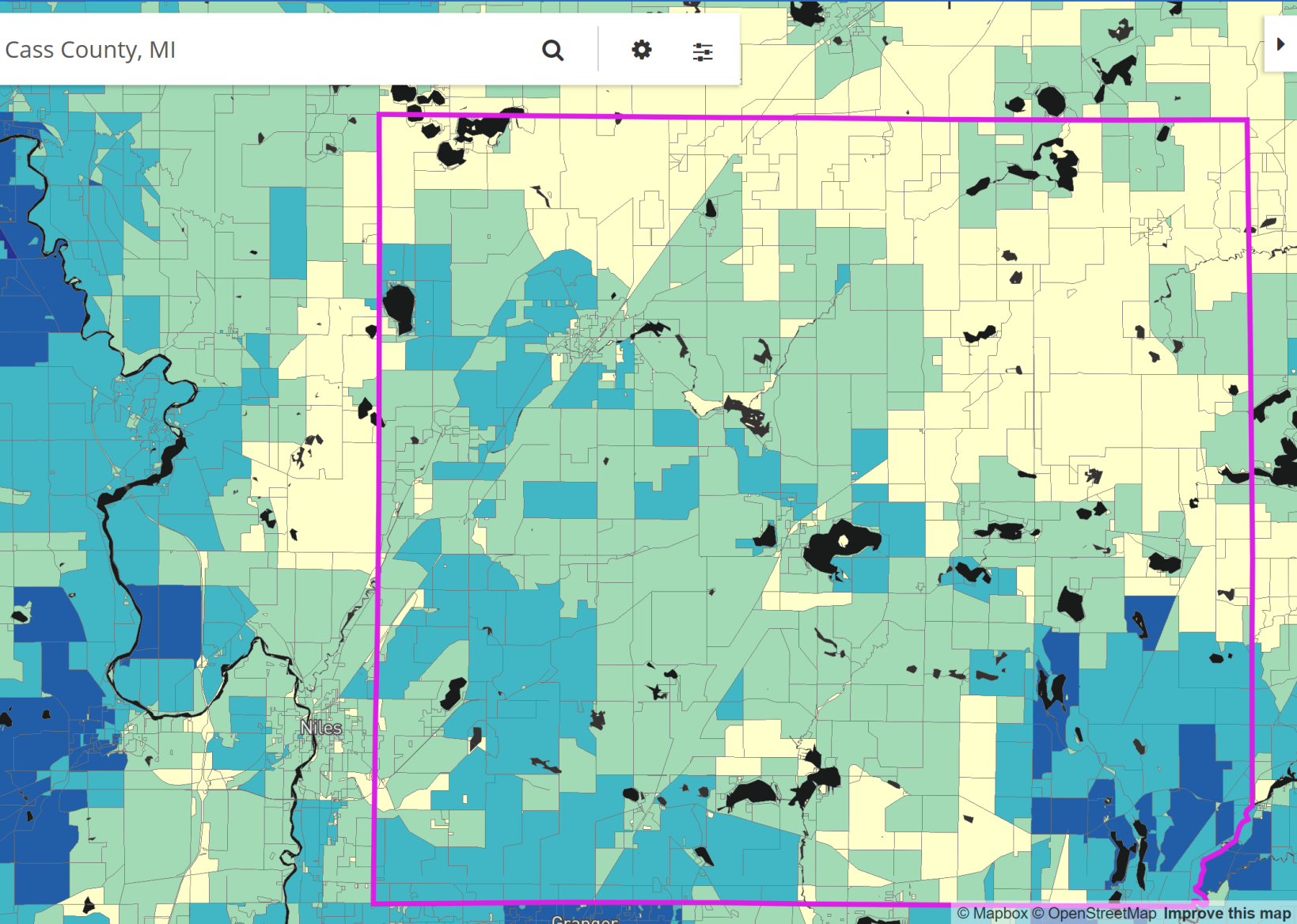
***Matching Funds:*** At least 15% (cash, not in-kind contributions)

***Application Deadline:*** May 14, 2018

## ***What areas are eligible?***

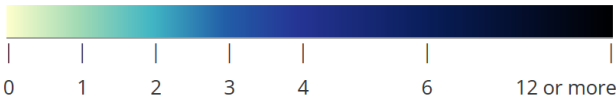
Rural areas that lack any existing broadband speed of at least 10 Mbps downstream and 1 Mbps upstream is eligible (see map)

Cass County, MI



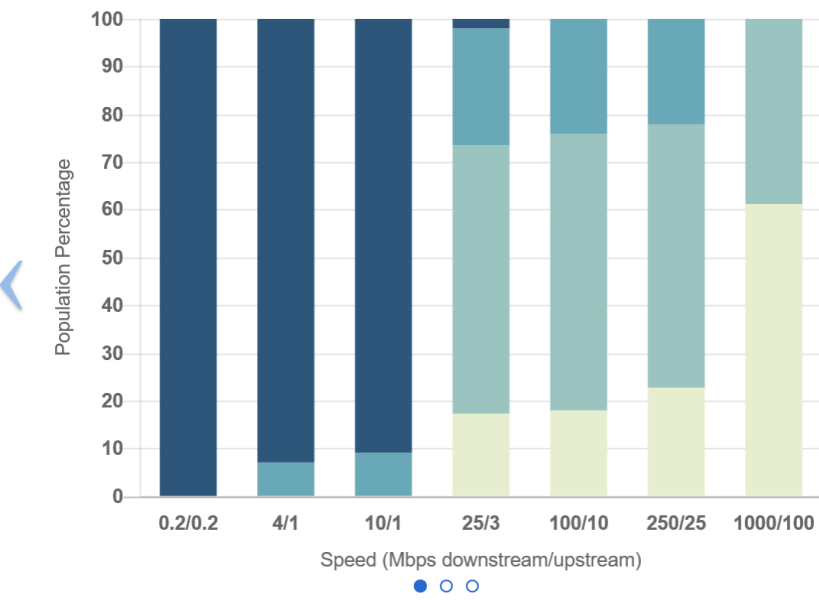
Cass County, MI

Number of Fixed Residential Broadband Providers



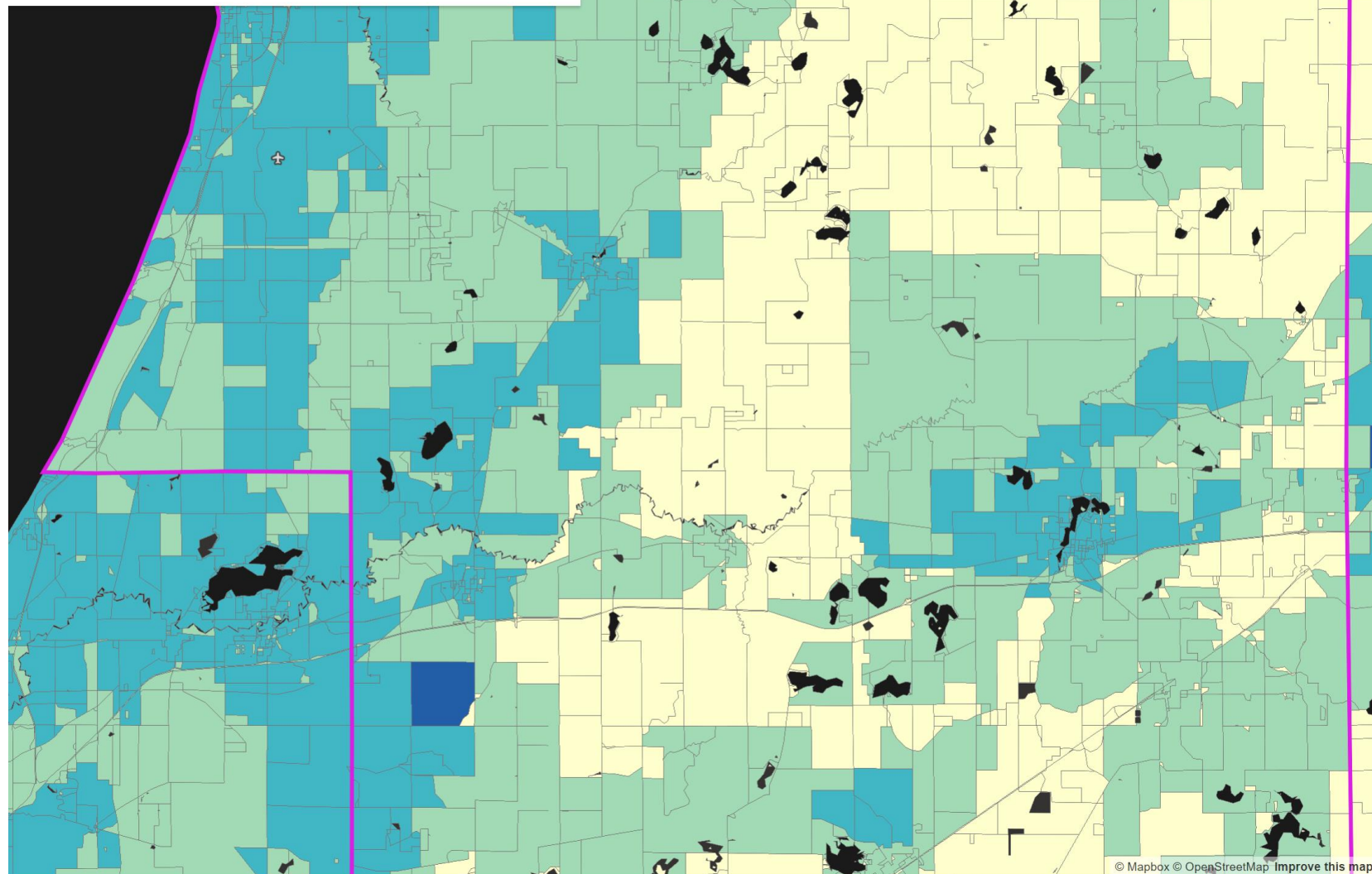
Broadband

**Technology** ADSL, Cable, Fiber, Fixed Wireless, Satellite, Other  
**Speed** ≥ 25/3 Mbps  
**Date** December 2016 (*latest public release*)





Van Buren County, MI



## Van Buren County, MI

### Number of Fixed Residential Broadband Providers

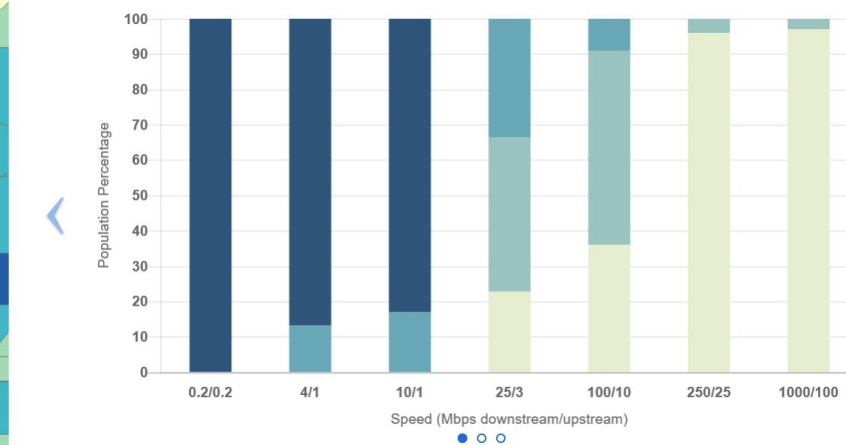


### Broadband

**Technology** ADSL, Cable, Fiber, Fixed Wireless, Satellite, Other

**Speed**  $\geq 25/3$  Mbps

**Date** December 2016 (*latest public release*)



# USDA Rural Development: Community Connect (Broadband Infrastructure Grants)

***To be eligible for a Community Connect grant, the Project must:***

- Serve a **Proposed Funded Service Area (PFSA)** in which Broadband Service does not exist
- Offer service at the Broadband Grant Speed to all residents and business customers within the **PFSA**
- Offer free service at the Broadband Grant Speed to all **Critical Community Facilities (CCF)** located within the **PFSA** for at least 2 years starting from the time service becomes available to each **CCF**
- Provide a **Community Center** with at least two Computer Access Points and wireless access at the Broadband Grant Speed, free of all charges to users for at least 2 years and is open and accessible to area residents before, during and after normal working hours and on Saturday and/or Sunday

# USDA Rural Development: Community Connect (Broadband Infrastructure Grants)

- Elements of a Complete Application:***
- Standard Form 424, SAM Registration and Other Documentation
  - Executive Summary
  - Scoring Criteria Documentation
  - System Design (including Environmental Questionnaire)
  - Service Area Demographics
  - Scope of Work
  - Community-Oriented Connectivity Plan
  - Financial Information and Sustainability
  - Statement of Experience
  - Evidence of Funding Commitments from Other Sources
  - Compliance with Other Federal Statutes and Regulations

# ***Thank you!***



## **Ryan D. Fellows, Assoc. Planner**

- Joined SWMPC in May 2016
- Previous City Mgr, Bangor &
- Asst. City Mgr, New Buffalo
- Serving SW Mich. since 2007:

1. New Buffalo Harbor dredging (plan/imp.)
  2. Passenger rail improvements (plan/imp.)
  3. N.B. Downtown Develop. Authority (est.)
  4. Oselka Park improvements (\$2M grant/imp.)
  5. Water Plant expansion (\$3M grant adm.)
  6. Safe Route to School (\$585k grant app.)
- ✓ B.A., Political Science, GVSU, Allendale, MI

## ***Major program areas at SWMPC:***

- **Economic Development Planning**  
Comprehensive Econ. Dev. Strategy  
Twin Cities Harbor
- **Transportation Planning**  
Westrain Passenger Rail Coalition  
Napier Corridor Ped. & Bicycle Study  
SW Mich. Alliance for Regional Trails  
Long Range Plan
- **Community Planning**  
Village of Stevensville Master Plan

## ***Contact Information:***

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