

Brownfield Redevelopment Authority of City of Madison Heights

Memorandum

Date: May 5, 2026
To: Melissa Marsh, City Manager
From: Giles Tucker, Director of Community & Economic Development
Subject: 28220 John R Rd Brownfield TIF Plan

The purpose of the Brownfield Redevelopment Financing Act (PA 381) and Brownfield Tax Increment Financing (TIF) is to encourage reinvestment in abandoned, contaminated, blighted or functionally obsolete properties. A brownfield TIF project does so by “capturing” the increase in taxable value of a property after redevelopment and using this capture to reimburse the developer for common upfront costs that prohibit redevelopment like environmental remediation, demolition, and infrastructure improvements (defined as “eligible activities” in PA 381).

Owner of Miller Family Dentistry in Warren Dr. Jonathan Miller has purchased the former McDonald’s Restaurant site located at 28220 John R Rd to develop a new 9,500 square foot professional offices building. Half of this building will be home to his dental practice, along with up to 15 FTE employees and the other half will be available for another medical or professional office tenant. This project is estimated to be a total capital investment of \$3.7 million including property acquisition. The project has received preliminary site plan approval and is currently undergoing full engineering plan review. Construction is expected to begin in 2026 and is estimated to be substantially completed within 12 months.

Basis for Brownfield Eligibility

This site was the location of a former McDonald’s that has been vacant for over five years, after its ownership was moved to a new location at the corner of 12 Mile Rd and John R Rd in Madison Heights. The property has a restrictive covenant that does not allow for a new restaurant development and is significant disrepair. The property is considered “Eligible Property” as defined by Act 381, Section 2 because the property is determined to be “Functionally Obsolete” as defined by Act 381, or adjacent and contiguous to Eligible Property.

Summary of Eligible Activities & Total Reimbursement

Tax Increment Financing revenues will be used to reimburse costs of eligible activities as permitted by Act 381. It is important to note that cost estimates may increase or decrease depending on unknown conditions as the project is under development. The total “not to exceed” cost discussed later is the maximum amount of reimbursement allowed for this plan unless the Plan is amended by the MHBRA & City Council. The following are estimates for each of these eligible activity areas:

1. Pre-Approved Activities	
a. Workplan exempt activities	\$10,791
b. Asbestos Assessment and Removal	\$2,450
c. Demolition	\$121,088
2. Site Preparation	\$403,554
3. Infrastructure Improvements	\$294,681
4. Preparation and Implementation Costs	\$30,000
5. Contingency 15%	\$124,885

The total estimated cost of Eligible Activities subject to reimbursement to the owner from tax increment revenues is \$832,565 with a potential \$124,885 contingency, resulting in a total, not to exceed cost of \$987,450 unless the Plan is amended and approved by the MHBRA and City Council. At the time of Plan Submission, it is estimated that \$987,450 of the total eligible activities will be reimbursed over 28 years.

Implications for the Madison Heights Brownfield Redevelopment Authority (MHBRA)

Public Act 381 allows the MHBRA to capture administrative fees to cover the costs of administering the plan over the course of its duration. The plan includes the capture of \$2500 for admin fees for the duration of the plan for a total of \$75,000. The MHBRA is also able to capture millages for 5 years following developer reimbursement to be used in accordance with the requirements of Act 381. However, Act 381 limits the duration of a Brownfield TIF plan to 35 years from the date of the adoption of the plan, and no more than 30 years of actual tax capture. While the included tables estimate these activities will be reimbursed within 28 years, it is not certain if the MHBRA will capture any millages for the BRA revolving fund at the end of this plan.

Public Act 381 requires that a proposed Brownfield Plan must be approved by the Governing Body of the municipality. It has been the practice of Madison Heights to include a recommendation from the MHBRA within the agenda item for council consideration.

MHBRA Action

On April 16th, 2026 the MHBRA reviewed the 28220 John R Rd Brownfield plan and recommended that City Council approve the plan as presented.

Public Hearing

A Public Hearing will be conducted at the City Council Meeting of May 11, 2026, prior to the consideration of this project by City Council. Notice of this Public Hearing was sent via certified mail and email to all taxing jurisdictions impacted by the Brownfield Plan.

Staff Recommendation

Staff recommends that City Council adopt a resolution to the Brownfield Plan for 28820 John R Rd as presented and to authorize the Mayor and City Clerk to sign the Reimbursement Agreement and to authorize the City Attorney to make minor modifications for effectuation.