

THE DOWNTOWN DEVELOPMENT PLAN

and

TAX INCREMENT FINANCING PLAN

Village of Dundee, Michigan

May 1988

DEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN
FOR THE
DUNDEE DOWNTOWN DEVELOPMENT DISTRICT

PREPARED BY THE
DUNDEE DOWNTOWN DEVELOPMENT AUTHORITY
VILLAGE OF DUNDEE, MICHIGAN

ADOPTED BY THE
DUNDEE DOWNTOWN DEVELOPMENT AUTHORITY
ON MAY 31, 1988

ADOPTED BY THE
DUNDEE VILLAGE COUNCIL
ON MAY 31, 1988

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Preface

In October of 1987, the Dundee Village Council assumed a leadership role in stimulating the economic revitalization of its community through the passage of Ordinance 87-1, creating a Downtown Development Authority pursuant to Act 197 of the Public Acts of 1975:

Over the ten to twenty year period preceeding the formation of a Downtown Development Authority, the Village experienced a deterioration in its central business district exemplified by instability of the retail sector, structural decline, and loss of employment base. Once a healthy and thriving area, the downtown district suffered greatly from the emergence of alternate, more competitive retail commercial opportunities in nearby metropolitan area. Even though there was a shift in shopping patterns and retail demands, the need to maintain a vital downtown core remained.

The private sector economy did not have the ability or resources to correct itself. Many business and civic organizations attempted to breathe life again into the downtown, but volunteer efforts could not devote the necessary time or expertise required to correct this market inefficiency. More often than not, attempts at revitalization ended in disorganization or frustration.

The Dundee Downtown Development Authority is charged with the responsibility of revitalizing the most integral and visible area of the community. The DDA's activities are to be centered around four main areas; these areas being:

1. Organizational Restructuring
2. Physical Improvements
3. Economic Development & Instruction
4. Community Promotion

Obviously, individual projects encompassing the four abovementioned areas will occur in defined phased sections - this will be addressed in detail in the development plan; however, the specific project accomplishment is not what the DDA was formed in response to. The important point to stress is that the Dundee Downtown Development Authority has been formed in response to fulfill a need in the community to function as a unified, concerted effort to improve the community.

Mission Statement:

The Dundee Downtown Development Authority is devoted to the planned and orderly economic revitalization of the downtown business district. The DDA will serve as a guiding force, facilitating public improvements in the downtown development district through coordinating, education, and promotion. The DDA seeks to strengthen existing businesses and encourage private developments.

By utilizing the legal, monetary, and organizational tools afforded under 197 P.A. 1975, the Downtown Development Authority will make Dundee a viable place to live, work, and do business.

INTRODUCTION

I. INTRODUCTION

A. Purpose of the Downtown Development Authority Act

Act No. 197 of the Public Acts of 1975 of the State of Michigan was created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interest in real and personal property; to authorize the creation of an authority; to authorize the levy and collection of taxes, and the use of increment financing in the accomplishment of specific downtown development activities contained in locally adopted plans for older or traditional central business districts.

The Act seeks to attack problems of downtown decline, strengthen existing areas and encourage new private developments in the downtown districts of our communities. It seeks to accomplish this goal by providing communities with the necessary legal monetary and organizational tools to revitalize downtown districts either through public initiated project undertakings or in concert with privately motivated development projects.

The manner in which downtown development authorities choose to make use of these tools does, of course, depend upon the problems and opportunities facing each particular downtown district and the development priorities sought by the community.

The full act is presented as Exhibit 3.

Creation of the Dundee Downtown Development Authority and the Dundee Downtown Development District

On November 3, 1987, the Board of Trustees of the Village of Dundee adopted Ordinance 87-1, creating the Dundee Downtown Development Authority effective November 25, 1987. A copy of Ordinance 87-1 is presented as Exhibit 1.

The Authority was given all of the powers and duties prescribed for a downtown development authority pursuant to the Act, except for the power to levy ad valorem taxes or real and tangible property in the district.

The Board of Trustees also designated the boundaries of the downtown district within which the Authority may legally work. These boundaries are shown on Map 1 and a legal description can be found in Exhibit 2.

On December 1, 1987, the Dundee Village Council approved the appointment of eight individuals to serve as the Authority Board.

B. Purpose of Creation of Dundee Downtown Development District

The creation of the Downtown Development Authority Act provides the legal mechanism for local officials to address the need for economic development in their central business district.

The Dundee Downtown Development District shown on Map 2, is the area designated by the Authority for implementing development activities and tax increment financing procedures set forth in the Act.

For purposes of designating a district and for establishing a tax increment finance plan, the State Act refers to a "downtown district" as being in a business district which is specifically designated by ordinance of the governing body of the municipality and a "business district" as being an area in the downtown of a municipality zoned and used principally for business.

For purposes of financing activities of the Authority within a district, tax increment plans can be established. By definition, a tax increment finance plan seeks to capitalize on and make use of the increased tax base created by economic development within the boundaries of a downtown district. The location of Dundee's Development District clearly meets this requirement.

The need for establishing a Development District is founded on the basis that the future success of downtown Dundee's efforts to revitalize its central area will depend, in large measure, upon the readiness and ability of its public corporate entity to initiate public improvements that strengthen the downtown area and to encourage and participate where feasible in the development of new private uses that clearly demonstrate the creation of new jobs, the attraction of new business and the generation of additional tax revenues.

C. Purpose of a Tax Increment Finance Plan for the Dundee Downtown Development District

The purpose of the Tax Increment Finance Plan and Development Plan for the Development District is to provide the legal authority and procedure for public financial participation necessary to assist the Authority in accomplishing a number of public and private development activities.

After detailed planning is accomplished, the Tax Increment Financing

Plan will outline financing for the following identified activities, where necessary:

1. Property appraisals, title searches, legal services, purchase negotiations, and eminent domain proceedings, etc.
2. Payments for real and personal property purchase.
3. Relocation assistance payments and compensation payments to displaced businesses and individuals.
4. Demolition and clearance of selected buildings.
5. Street/alley vacation and removal work.
6. Parking lot construction, maintenance, equipment and operation costs.
7. Public openspace and streetscape improvement work.
8. Street and utility reconstruction and improvement including utility relocation and replacement.
9. Engineering, architectural, legal studies, and surveys associated with the identification, designation and re-use of any historically significant structure, and
10. Acquire, construct, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair and operate other public facilities and buildings that, in the opinion of the Authority's Board, aid in the economic growth of the downtown district and/or is appropriate to the execution of the Development Plan.

DEVELOPMENT PLAN

DEVELOPMENT THROUGH PUBLIC - PRIVATE COOPERATION

As a preface to the actual Development Plan, the following activities, will be encouraged by the Downtown Development Authority, though not actually funded by public monies. Promotion overall development is not the sole responsibility of the Dundee Downtown Development Authority. A significant private investment is required in order to accomplish the level of revitalization desire by the community. Encouraged activities include the following:

1. Maintenance of the historic character of existing structures and encourage new development to conform with the historic identity of the development district.
2. Promote cooperation and unity among development area merchants.
3. Encourage renovation of rear building facades and create back entrances which are attractive and convenient to shoppers using parking areas behind the stores.
4. Improve, renovate and redevelop interiors and exteriors of commercial buildings. Develop second-story space to create increased, appropriate usage of buildings.

DEVELOPMENT PLAN

A. Boundries of the Dundee Downtown Development District

1. Map of the Dundee Downtown Development District

See Map 1 on page

2. Legal Description of the Boundries of the Dundee Downtown Development District

See Exhibit 2, Legal Description of the Development District and Tax Increment Financing Area.

3. General Description of Boundries and Size of District

The Dundee Downtown Development District encompasses an area consisting of approximately 20 acres. The district is generally defined as the central business district surrounding the Memorial Bandstand Park and those areas defined as commercial district on the east side of the River Raisin. The development district extends west along M-50 (south side) to U.S.-23. The extension of the district to that point is designated to integrate the commercial strip activities with the downtown area and community as a whole.

B. Existing Public Land Uses

Public uses in the Development District include the following;

1. Public streets and alleyways - defined in the Development Area Map (Map 1).
2. Dundee Municipal Building - Constructed in the 1890's, the Municipal Office Building is identified on Map 2 as being located at position A. Before housing the Municipal Offices, the structure was occupied by the Monroe County Bank.
3. Dundee Township Hall - Currently is the site of Township Administrative Office and Meeting Chambers. Dundee Township Hall is identified as position B.
4. Dundee Library - Construction completed in 1987, the 1/2 million dollar facility serves as the local branch of the Monroe County Library System. It is identified on Map 2 as position C.
5. Parking Facilities - The Village currently maintains three (3) municipal parking lots. Location of the parking areas are denoted as position D. Parking areas are located behind the central business strips in the Village. They are currently underdeveloped with the goal of upgrading included in the Development Plan.
6. Township Fire Hall - The volunteer fire department is housed at a location identified as position E. The current department has facilities and equipment to manage both fire and emergency rescue calls. Services for this public safety department are

shared by both the Village and the Township.

7. Dundee Old Mill Museum and Community Center - Situated on 14 acres of parkland, the Dundee Old Mill Museum and Community Center are a scenic and recreational focal point for the community. This multi-use facility is listed at position F.
8. Other Civic Facilities - Including Memorial Bandstand Park, Ford Park, Dundee Senior Citizens, U.S. Post Office, and various other municipally maintained open space areas.

C. Existing Private Land Uses

Private land uses in the Development District include the following:

1. Dundee Comfort Inn - Construction of a 64 unit motel commenced in early May of 1988 with completion slated for September 1, 1988. The motel will employ over 50 persons. The development was aided in part by a Michigan Department of Commerce Small Cities Community Development Block Grant, the proceeds of which will comprise a locally administered revolving loan fund to be used for community economic development activities.
2. Thirty-one (31) service type establishments, which includes five (5) restaurants.
3. Branch offices of two (2) banking institutions.
4. Forty-one (41) dwelling units containing approximately eight five (85) residents.
5. Six (6) retail establishments.

The private land use (overall land use map in Development District outlined in Map 3) in the Development District includes a mix of commercial, retail, office space, and residential dwelling units. Typical downtown business mix is concentrated in the "triangle area" of the Village with highway strip development occurring near the intersection of M-50 and U.S.-23. The area between these two commercial sectors is dominated by residential use and some professional office space.

D. Property Acquisition

1. Identification of Properties to be Acquired

The Authority may wish to acquire title to some properties located in the block bounded by Tecumseh, Main, Ypsilanti, VanNest and Barnum Streets. Also acquisition of title for properties may be necessary to accommodate public parking at various locations. Property acquisition may also be necessary in order to perform demonstration projects for resale or residential rehabilitation. The DDA may also wish to purchase properties for office space and

recreational uses.

The Village of Dundee would act in behalf of the Authority in purchasing, at fair market value, any privately owned properties in accordance with existing public policy.

2. Legal Basis for Acquisition of Privately Owned Properties

The legal basis under which the Village of Dundee or the Dundee Downtown Development Authority may take and transfer privately owned property for use in accordance with an approved Development Plan is provided under the Authority Board's powers, Section 7, item (g) of the Downtown Development Authority Act (No. 197 of P.A. 1975) where it states:

"Acquire by purchase or otherwise, on terms and conditions, and in a manner the Authority deems proper or own, convey, other wise dispose, or lease as lessor or lessee, land and other property, real or personal, or rights or interests therein, which the Authority determines is reasonably necessary to achieve the purposes of the act, and to grant or acquire licenses, easements, and options with respect thereof."

The Authority would determine that the taking of privately owned properties would be reasonably necessary in order to accomplish the land use and economic development objectives of the plan identified as creating more downtown jobs, more business, strengthening the tax base and stabilizing property values.

Further, said taking of private property by the Village of Dundee for conveyance to the Authority is provided for by Act 149 of the Public Acts of 1911, as amended, and Act 78 of the Public Acts of 1980, as amended, where it would serve a public use, purpose or benefit.

E. Existing Improvements in Development Area to be Demolished, Repaired or Altered Demolition

There are no plans at the present time to demolish any existing improvements in the Development District. However, based upon studies that are to be executed under the provisions of this plan, it may become necessary to demolish blighted, underdeveloped or inappropriately developed property to accommodate the recommendations of the studies. Proposals for such action will be brought before the Dundee Village Planning Commission for its recommendations and to the Village Council for approval.

Improvements

Existing improvements to be removed in the Development District may include portions of street resurfacing where pedestrian improvements consonant with studies are proposed to occur.

Repairs

Repairs of alterations to be made to existing building improvements in the development District, if any, which are to be financed wholly or partially by the Authority, will be carried out in accordance with the development and land use objectives of this plan, or modification thereof.

Estimate of Time for Completion

The estimate of time to complete any building demolitions, alterations or rehabilitation will be determined after further study.

F. Location, Extent, Character, and Estimated Cost of Improvements, Including Rehabilitation Contemplated for the Development District

Presented in Exhibit 5 is a summary description of the location, extent, character, and estimate cost of Phase I, II, and III improvements to be undertaken and financed by the Authority.

DEVELOPMENT PLAN

ORGANIZATIONAL: The DDA will act as a catalyst to unite community organizations in a sustained effort toward community improvement in cooperation with the Village Council by the following methods:

*on hold
due to funds*

1) The DDA will employ a Director who will be responsible for activities included, but not limited to: promotion of development activities within the Development District, working with financial institutions to establish loan incentive programs, coordinating activities with the Village government and providing a flow of information to Development Area merchants. Assume duties associated with implementing policies of the Authority Board.

Cost: \$25,000/year Time Frame: Life of Plan

2) Coordinate public/private organizations, establishing a close working relationship with various community groups and downtown merchants.

Cost: None

*of the manifest
July 22
Christmas*

3) Public education by instituting informational meetings relating to sales promotions, advertising, historic preservation, and special events to benefit DDA area merchants.

Cost: \$10,000 Time Frame: Life of Plan

PHYSICAL: The DDA will seek to improve or to assist in the improvement of the overall physical appearance of the Village of Dundee in order to enhance appeal to consumers, prospective business owners, tourists and residents by the following means:

In process

1) In the process of improving the overall appearance and function of the Development District, historic preservation will at all times be a prime consideration. As part of this goal, the Authority will promote the results of the Facade Study performed through funding by the U.S. Department of Interior/National Parks Service. Incentive programs may include the use of commercial banking loans provided by local financial institutions, low or no interest loans to qualified persons under the Village of Dundee Revolving Loan Program (funded by the U.S. Department of Housing and Urban Development), or through design rebate, deducting or lessening the burden of special assessments in the Development District.

Cost: None - Design Time Frame: 1989-1995 (Design Rebate
Rebate Program is Only).
impossible to calculate
at this time.

10) The DDA will establish a measured walking course through the district and, as part of this course will construct a riverside walk in Ford and Wolverine Parks. The DDA also will help fund a pedestrian bridge connecting Wolverine and Ford Parks in cooperation with the Village and its Parks and Recreation Board.

Cost: \$55,000

Time Frame: 1989-91

11) Restoration of rear facades and back entryways will be encouraged by the Authority.

Cost: None

12) As part of a program of riverfront recreational development, the Authority will aid in the construction of boat launching/landing facilities which will be of use to local residents and tourists. As part of this river access development, the Authority will cooperate with other organizations and the Village government in promoting riverbank stability and fish habitat enhancement.

Cost: \$30,000

Time Frame: 1995-2000

ECONOMIC:

1) The Authority will commission and assist in a professional market opinion research to determine a potentially successful mix of business types for the Development District and actively solicit potential business owners utilizing the results of such study and thereby encourage full occupancy of existing buildings in the district. The Authority will assist in coordinating the central business district and the U.S.-23 commercial strip.

Cost: \$4,000

Time Frame: 1988-89

2) The Authority will implement and administer a Community Development Block Grant revolving loan fund to assist qualified persons, business owners and activities in the Development District. The use of these funds will not be restricted to a sole commercial/retail enterprise use. The CDBG Revolving Loan Fund will be used to promote at large economic development in the Village of Dundee.

Cost: None to Authority

3) The Authority will institute and fund a program to provide space for offices and a small business incubator. This will involve the purchase or lease of facilities.

Cost: \$120,000

Time Frame: 1989-91

4) The Authority will take an active role in the purchase of blighted or unsightly properties, or properties included as purchasable or rehabilitable in 197 PA 1975. The Authority may renovate, restore, lease, sell or demolish any of said

properties.

Cost: \$200,000 (Initial) Time Frame: 1990-94

PROMOTIONAL: 1) In order to promote the general business well being of the Development District, the Authority will, in cooperation with other organizations, merchants and business people, assist in marketing the Development District by commissioning professionally prepared materials advertising the community and its virtues. The DDA will assist in funding and advertising special events in conjunction with local civic groups and business people.

Village Brochure
History of Dundee
Summerfest 7/22
Christmas
Dundee Holiday Festival

Cost: \$25,000 Time Frame: Life of Plan

2) To promote a feeling of well being in the Development District and encourage pedestrian traffic, the Authority may contract for the employment of a foot patrol law enforcement officer to patrol the development area. The Authority will also recommend a traffic control program to the Village Council for the Development District.

Cost: \$10,000/year Time Frame: Life of Plan

<u>Item</u>	<u>Description</u>	<u>Cost</u>	<u>Projected Completion Date</u>
PHASE I (Year 1)			
1)	Perform Historic Inventory, Facade Study and Retail Survey	\$12,000	October 1988
2)	Commission Streetscape Study	5,000	December 1988
3)	Hire Development Director to oversee and implement Authority policies	20,000/yr	Late 1988
4)	Coordinate public/private organizations, establishing close working relationship between community and DDA	---	----
PHASE II (Year 2-5)			
1)	Pedestrian Improvements A. Streetscape Recommendations B. Sidewalk Repair C. Lighting Improvements D. Utility Replacement	\$500-750,000	November 1989
2)	Facade Improvement Program	n/c	----
3)	Parking Areas A. Riley Street Lot B. Main Street Lot	\$40,000* 65,000	August 1990
4)	VanNest Block Rehabilitation	100,000	1989-93
5)	Recreation A. Pedestrian Bridge over River Raisin B. Walking Trails Along River	35,000 20,000	1989-90 1989-90
6)	Purchase/lease of Small Business Incubator and/or DDA Offices	110,000	1989-91
7)	Demonstration Project - Rehab of a bldg	100,000	1989-94
PHASE III (Year 6-20)			
1)	Expand Current Parking		
2)	Pedestrian Improvements		

*Denotes project already funded by Village of Dundee

- 3) Parkland/Recreational Improvements
- 4) Opera House
- 5) Other Public Improvements as Necessary

G. Existing and Planned Open Space Areas

Existing open space areas in the district consist of Memorial Bandstand Park, Ford Park, Riverside Park, and Wolverine Park. It is the intent of the Authority to cooperate with the Dundee Parks and Recreation Board in the development of recreational/cultural opportunities for parkland users. Projects such as the proposed pedestrian bridge crossing the River Raisin and walkways both at the river and through the downtown and residential areas are deemed highly beneficial and as a top priority by the Authority.

Parkland or openspace improvements pursued by the DDA will be consonant with the Village of Dundee's Recreation and Parklands Comprehensive Plan on file with the Michigan Department of Natural Resources. Proposed projects will not require property or easement acquisition.

H. Land Disposition to the Village of Dundee

The Authority expects to become involved with the Village of Dundee in the improvement/management of parking areas within the district boundaries. At this time, specific arrangements are now being considered; however, recommendations will be made pursuant to study of available alternatives.

I. Description of Desired Zoning Changes

There are no plans at this time to request changes in zoning. It is possible that certain studies which will be conducted may necessitate the need to recommend a possible amendment to the zoning map. In that event, the Dundee Planning Commission will be consulted and will be heavily involved in proposal packaging.

J. Proposed Right-of-Way Adjustments and Changes to Street Grades, Intersection, and Utilities

Once again there are no current changes desired; however, completion of a streetscape study or any other study similar in nature which may be commissioned by the Authority may have a bearing upon the need to make changes in any of the abovementioned items.

In the event that any changes are required, full participation from the Planning Commission, Village Council and/or any other governmental unit, will be solicited prior to executing and change.

K. Development Cost Estimates and Financing

The estimated cost of the total development planned by the Authority over a 20 year time span is \$2,116,000. Development will be financed on a "pay as you go" basis. The Authority may also purchase property under land contract or otherwise and undertake installment contract financing with the explicit approval of the Dundee Village Council.

Improvement costs may be financed from one or more of the following sources:

- Tax Increment Revenues
- Donations received by the Authority
- Revenues from any property, building, or facility owned, leased or sold by the Authority
- Moneys obtained from other sources approved by the Dundee Village Council

The proceeds to be received from tax increment revenues in the Development District, plus the availability of funds from other authorized sources, will be sufficient to finance all activities and improvements to be carried out under this Plan.

L. Identification of Private Interests, Parties or Individuals to Whom the Development will be Sold or is Being Undertaken

All improvements described in this Plan will remain under public ownership with the Village of Dundee or other public entity created by the Village of Dundee.

M. Proposed Land Disposition Terms and Bidding Procedures

The terms under which any land designated for new development will be sold to, leased or otherwise conveyed to private development interests shall be determined by the Authority upon approval by the Dundee Village Council.

The procedures by which purchase bids will be received and awarded will be in accordance with existing procedures and practices currently used by the Village of Dundee in disposing of other Village-owned property.

N. Estimates of the Number of Persons Residing in the Development District and the Number of Families and Individuals to be Displaced

Recent surveys indicate approximately eighty (80) persons residing in the Development District. The Development Plan does not call for the displacement of any residents; however, if studies on projects necessitate the displacement of any residents, the plan will be amended.

O. A Plan for Establishing Priority for the Relocation of Persons Displaced by the Development in any New Housing in the Development District

If any families, individuals, or businesses are found to require displacement, the Development Plan will be amended and a priority system for relocating displacements will be developed.

P. Provision for the Costs of Relocating Persons and Businesses Displaced by the Development and Financial Assistance and Reimbursements of Expenses

The Development Plan does not call for the displacement of any residents; however, if studies or projects necessitate the displacement of any residents, the Plan will be amended.

Q. Plan Provisions for Compliance with Act No. 227 of the Public Acts of 1972

The Development Plan does not call for the displacement of any residents; however, if studies or projects necessitate the displacement of any residents, the Plan will be amended.

TAX INCREMENT FINANCE PLAN

A. Sources of Funds for the DDA

The Downtown Development Authority Act authorizes several potential sources of funds for the Downtown Development Authority to use in financing its development activities, including the following:

1. Donations
2. A tax up to two (2) mills levied on the Downtown Development District upon approval of the City Commission, for use in financing the operations of the DDA or for the general fund of the authority for purposes of the authority.
3. Revenues from property owned by the DDA.
4. Moneys received from other sources approved by the City Commission.
5. Proceeds of a tax increment financing plan.

The following comments on the first five sources will put in perspective the need for considering the tax increment financing plan.

1. Donations: These funds could be from either individuals or corporations including philanthropic foundations. However, no sources of donations are known to be available to the DDA, particularly in terms of the estimated development cost of \$2,116,000.
2. Tax Levy: The Authority has determined that the DDA has gone on record that the potential tax levy will not be considered. It is counter-productive to the goal of the development plan. Levying a tax on the Downtown Development District, as a means of making a "public investment" greatly reduces the economic stimulation effect as the individual businesses would experience an immediate cost from the initial public development. In light of the trend in the tax base of the Downtown Development District, a real public investment is needed, rather than an indirect private investment to stimulate private market forces.
3. Revenues from Properties: Since the Dundee DDA owns no property, this is not a basic source of financing in this case. Any income from properties acquired during implementation of the development plan will be applied to costs of that implementation. Excess funds will be used to assist in the financing of other elements within this plan.
4. Other Sources: These might include any general revenues of the Village approved by the Village Council for use by the DDA. It is hoped that the Village will continue to pursue any available grants such as Small Cities Community Development Block Grants, which can be used to finance any portion of the development plan.
5. 100% of the Tax Increment dollars that accrue each year will be used to finance the development plan and to generate projects on a "pay as you go" basis.

EXPLANATION OF THE TAX INCREMENT FINANCING PROCEDURE

The tax increment financing procedure is contained within the DDA statute. The procedure may be proposed by a downtown development authority as a method of financing a downtown development plan. It then may be adopted by a city council, following consultation with the taxing units involved and a public hearing as required by statute. The essence of the tax increment financing procedure is as follows:

1. The public makes an investment in public improvements, and also potentially in facilities to be leased or sold to private owners, for the purpose of stimulating private investment in a specific downtown commercial area (the Downtown Development District). The investment may be made in response to a declining business climate and commercial tax base, or in response to a stable business climate and tax base which the public wishes to protect and develop.
2. Taxes generated from the subsequent growth in the tax base of the Downtown Development District are then used to retire the bonded debt. This tax base growth is called the "captured assessed value" (CAV). Specifically, it is the difference between the State Equalized Value (SEV) of the Downtown Development District at any point in time, and the SEV of the District in existence at the time of the adoption of the downtown development plan.
3. The taxes which are potentially available for retiring the debt of the downtown development plan include all the taxes normally levied by all the taxing units on the captured assessed value of the Downtown Development District. The Downtown Development Authority may enter into agreements with each of the taxing units to share a portion of the captured assessed value of the District. Any taxes generated by the captured assessed value, beyond the amount needed to meet the cost of the specific development project, are returned proportionately to the taxing units (a requirement of the statute).
4. When the specific development/financing plan is accomplished, the captured assessed value is released and the taxing units receive all the taxes levied on it from that point on.
5. Since only the growth in tax base (the captured assessed value) in the Downtown Development District is used to finance the development plan, the taxing units continue to receive their full tax levy on the District tax base in existence at the adoption of the development plan. In addition, any taxes generated by the captured assessed value beyond the amount required by the development plan are returned each year to the taxing units.

The justification of the tax increment financing procedure is based on the expectation that all or a portion of the "captured assessed value" which is created, following implementation of a downtown development plan, would not have occurred without the stimulation of the public investment

involved in the plan implementation; and therefore, the short-term investment made by the taxing units in forgoing part of the initial growth in tax revenues is repaid by the long-term benefit of substantially greater taxes realized from a significantly stronger commercial tax base.

B. The Tax Increment Financing Plan for the Dundee Downtown Development District

The specific tax increment financing plan proposed by the Downtown Development Authority is as follows:

1. Purpose: The purpose of this tax increment financing plan is to produce revenues sufficient to pay for the projects outlined in the development plan.
2. Maximum Amount of Indebtedness: The DDA, in any one year, will not pledge for annual debt service requirements in excess of 80% of the estimated tax increment revenue to be received from the development area for that given year. The total aggregate amount of borrowing shall not exceed an amount which the 80% of the estimated tax increment will service as to annual principal and interest requirements.
3. Initial Assessed Value: It is proposed that the City Commission adopt this plan before June 1, 1988 and that the "initial assessed value", (the base-year SEV from which the "captured assessed value" is calculated), shall be the 1987 (as of 9/30/87) State Equalized Valuation of the Dundee Downtown Development District, as finally determined by the State Tax Commission.
4. Portion of "Captured Assessed Value" to be used: Recognizing the declining value of the tax base in the Downtown Development District, the DDA proposed that all of the taxes levied by all taxing units on the captured assessed value of real and personal property within the District be used by the Authority to the extent needed from year to year to accomplish the above-stated purpose.
5. Duration of the Program: The duration of this tax increment financing plan shall be twenty (20) years or until any indebtedness is completely retired.

PROJECTIONS

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1994</u>	<u>1999</u>	<u>2004</u>	<u>2008</u>
red Assessed Value - 10/1	0	0	\$1,700,000	\$2,155,000	\$3,515,000	\$4,618,000	-\$5,134,000
rcial Development	0	\$1,700,000	\$ 430,000	1,200,000	900,000	280,000	250,000
Development	0	0	25,000	100,000	120,000	140,000	140,000
al Growth/ tionary Factor	0	0	0	60,000	83,000	96,000	100,000
red Assessed 9/30	0	\$1,700,000	\$2,155,000	\$3,515,000	\$4,618,000	\$5,134,000	\$5,624,000

PROJECTIONS GRANTS

1. Small Cities Community Development Block Grant
Awarded April 1988 \$400,000
Interest Accrued over life of Development Plan \$180,000
Revolving Loan fund est. payments from Comfort
Inn Project \$ 57,000 1 year
(1989-96)
2. U.S. Department of Interior/National Park Service
Intensive Level Inventory, Facade Study & Retail Survey
Awarded 1988 \$ 6,000
3. Michigan Department of Natural Resources
Recreational Services Division
Recreational Grants in cooperation with
Village of Dundee Parks & Recreation Board \$280,000
4. U.S. Department of Interior/National Park Service
Design Studies \$ 10,000

C. Reports

The Downtown Development Authority shall submit annually to the Dundee Village Council a report on the status of the tax increment financing account. Such report shall comply with the requirements of Section 15(3) of the Downtown Development Authority Act, a copy of which is provided herein.