

Village of Homer, Michigan

DDA

Tax Increment Financing Plan

INTRODUCTION

The Homer Downtown Development Authority has been established in accordance with Michigan Act, 197, 1975. The basic purpose of this Authority is to restore and maintain the vitality of business in the Village of Homer. The Authority district encompasses businesses, government facilities, fraternal lodge, and residences.

A Development Plan for the area is a part of this document. Basic components of the Plan include a market study, public utility improvements, parking and alley improvements, wayfinding signage, and a façade program. Implementation for all activities and coordination with facilitating organizations has been built into this plan.

Funds obtained through this plan will be used to develop the area according to the Development Plan including certain administrative costs for legal and design services. Both public and private funding commitments will be used to implement the Plan. Funds may be obtained through both public bond sale and incremental improvements over the 20-year period of this Plan.

The purpose of this document is to establish Development Plan/Tax Increment Finance Improvements within the boundary of the DDA of the Village of Homer. This Development Plan/Tax Increment Finance Plan will be used to implement specific project components of the Development Plan as adopted by the Downtown Development Authority.

The governing body shall hold a Public Hearing before adoption of an ordinance approving the Development Plan/Tax Increment Financing Plan. Notice of the time and place of the hearing shall be given by publication twice in a newspaper of general circulation designated by the municipality, the first of which shall not be less than 20 days before the date of the hearing. Notice of the hearing shall be posted in at least twenty (20) conspicuous and public places in the Downtown District not less than twenty (20) days before the hearing. Notice shall also be mailed to all property taxpayers of record in the Downtown District not less than 20 days before the hearing.

The notice of the time and place of hearing on a Development Plan shall contain: a description of the proposed development area in relation to highways, streets, streams, or otherwise; a statement that maps, plats, and description of the Development Plan, including the method of relocating families and individuals who may be displaced from the area, are available for public inspection at a place designated in the notice, and that all aspects of the development plan will be open for discussion at the Public Hearing; and other information that the governing body deems appropriate.

At the time set for hearing, the governing body shall provide an opportunity for interested persons to be heard and shall receive and consider communications in writing with reference thereto. The hearing will provide the fullest opportunity for expression of opinion, for arguments on the merits, and for introduction of documentary evidence pertinent to the Development Plan/Tax Increment Finance Plan.

Before the Public Hearing on the Development Plan/Tax Increment Financing Plan, the governing body shall provide a reasonable opportunity to the members of the County Board of Commissioners of Calhoun County, Homer Township, Kellogg Community College, Calhoun County Intermediate School District, and the Homer School Board in which the Development Area is located to meet with the governing body. The Authority shall fully inform members of the County Board of Commissioners and of the School Board the fiscal and economic implications of the proposed Development Area. The members of the County Board of Commissioners and of the School Board may present their recommendations at the Public Hearing of the Development Plan/Tax Increment Financing Plan.

The document contained herein may be amended from time to time in order to reflect expanded project of financing needs in order to carry out the goals and objective of the Development Plan. Any such amendments will be in accordance with the requirements of Public Act 197, 1975 as amended. Only those tax increases within the "Development Area", not the entire area affected such as the County or School Districts, are captured. All projects undertaken by the Tax Increment Financing Plan will be within the designated Development Area.

**DOWNTOWN DEVELOPMENT PLAN
TAX INCREMENT FINANCING AND DEVELOPMENT PLAN
VILLAGE OF HOMER, MICHIGAN**

I. GENERAL

This report is intended to describe the goals and objective of the Downtown Development Authority considered necessary to implement a Development Plan in downtown Homer. It is intended that this Plan will establish the basis for projects and will describe what steps must be taken to accomplish the implementation of these projects and this plan. After it has been adopted, the Downtown Plan should be all of the following:

- 1) A long-range guide for evaluating proposals for physical changes and for scheduling improvements in the central business district.
- 2) A framework for developing policies for zoning ordinances, building codes, and other public codes, and ordinances.
- 3) A guide for making recommendations and establishing priorities in the downtown capital improvement program.
- 4) A foundation for conducting more specific and detailed studies of the central business district and for assessing possible improvements and developments.
- 5) A source of information and a statement of policy which is useful to citizens and businessmen in making private investment decisions.

II. STATEMENT OF OVERALL DOWNTOWN DEVELOPMENT GOALS

The Village of Homer is seeking to strengthen the position of its downtown and adjacent areas. The following goals have been identified by the Downtown Development Authority and are the basis for determining the objective and projects described in this area:

- Assure the future of the downtown area as a viable commercial center and guarantee its economic well being.
- Reinforce the Village's existing retail and commercial activity area through programs of physical redevelopment and improvements which will enhance the viability of the downtown.
- Assure the success of downtown redevelopment project by developing programs which will facilitate and compliment each other.
- Provide a means for the Village to expand its economic base and employment opportunities.

- Encourage new development in forms and patterns which preserve and enhance the character of the downtown and community.
- Assure the preservation, enhancement, and maintenance of places, and structures of historical, cultural, or architectural value to the downtown, and discourage remodeling which would destroy the character of these significant places/structures.
- Provide good access to downtown facilities for all types of vehicular traffic and pedestrians, particularly the elderly and handicapped.
- Stimulate marketing and promotional efforts to attract retail businesses and shoppers to the downtown.
- Explore all financial opportunities available to the Village for redevelopment activities and seek new sources of funding wherever possible.

III. STATE OF PROJECT OBJECTIVES

Redevelopment and design objectives for the Village of Homer's Downtown Development District are as follows:

- 1) Establish design guidelines and development controls for the Downtown Development District to ensure that the developmental goals previously identified may be realized and provide for a harmonious redevelopment program.
- 2) Provide and renovate public facilities, utilities, telecommunications, landscaping, and other features necessary to adequately serve and enhance the downtown area.
- 3) Develop a façade and storefront renovation program which will unite the different types of architecture in the downtown, while maintaining its historical characteristics.
- 4) Develop guidelines and conduct improvements for an overall streetscape and alley system that further enhances the aesthetic appeal of the district.
- 5) Consolidate and intensify the downtown district as a specialized shopping environment.
- 6) Improve pedestrian and vehicular access through the creation of off-street parking facilities and wayfinding signage.
- 7) Eliminate structures which are blighting influences or which become incompatible land uses and detract from the economic welfare and overall appearance of the downtown.

IV. REDEVELOPMENT PROJECTS

The redevelopment projects provided for in this Plan are intended to initiate development in the Downtown Development District. The goals and objectives described in this plan are to be achieved by undertaking projects which will enhance the Downtown as well as visually and physically connect the development area as a cohesive entity. These redevelopment projects will increase awareness and provide for pedestrian connections between the primary arteries, parking areas and downtown businesses. Focal points and public areas will be identified which will create a more advantageous and attractive environment. Building renovation programs and resources will lead to physical development actions and achieve design objectives of façade restoration and rear entrance improvements.

1.0 DESIGNATION OF BOUNDARIES FO THE DEVELOPMENT AREA IN RELATION TO HIGHWAYS, STREETS, STREAMS, OR OTHERWISE (SEE MAP 1)

The Homer Development Area is generally bounded on the west by Burgess, the south by Adams, the north by Leigh, and the east by Byron, as shown on Map 1.

Comment [SW1]: What are the correct boundary streets?

The boundaries of this Development Plan coincide with the boundaries of the Downtown Development Authority.

2.0 LOCATION AND EXTENT OF EXISTING STREETS AND OTHER PUBLIC FACILITIES WITHIN THE DEVELOPMENT AREA AND THE LOCATION, CHARACTER, AND EXTENT OF THE CATEGORIES OF PUBLIC AND PRIVATE LAND USED EXISTING AND PROPOSED FOR THE DEVELOPMENT AREA, INCLUDING RESIDENTIAL, RECREATIONAL, COMMERCIAL, INDUSTRIAL, EDUCATIONAL, AND OTHER USED AND A LEGAL DESCRIPTION OF THE DEVELOPMENT AREA (SEE MAP 1)

2.1 LOCATION AND EXTENT OF EXISTING STREETS WITHIN THE DEVELOPMENT AREA

Streets within the development area include parts of Burgess, Main, Hillsdale (M-99), Sophia, Clinton, Lake, Webster, Leigh (M-60), Clay, and Byron.

Comment [SW2]: Am I missing any streets?

Most streets have curb and gutter and are two lanes.

2.2 LOCATION AND EXTENT OF PUBLIC FACILITIES WITHIN THE DEVELOPMENT AREA

One Hundred (100) percent of the Development Area is served by the following public utilities: sanitary sewer, water, and storm drains. Five Village Buildings and the Library are in the Development Area. The Municipal Building is located at the corner of Webster

and Main in the Development Area. The existing water towers are located on Leigh (M-60) in the Development Area. The Community House is located on Adams in the Development Area. The Fire Museum is located on Main Street in the Development Area. The Library is located on the corner of Main and Hillsdale (M-99) in the Development Area.

2.3 LOCATION AND EXTEND OF EXISTING LAND USE

Land use and activities existing within the Tax Increment Finance District consist of the following: Table 1 and Map 1.

2.4 LOCATION, CHARACTER, AND EXTENT OF THE CATEGORIES OF THE PROPOSED PUBLIC AND PRIVATE LAND USES IN THE DDA

No changes in land use are proposed at this time. Efforts will be made to ensure that individual land use activities are grouped together in accordance with the degree of compatibility between them. Efforts will be made to maximize areas to be left as open space. Future development will be adequately served through existing or proposed utility services; and public services such as fire and police protection are adequate to serve the development area.

2.5 DEVELOPMENT AREA

The parcels numbers and addresses of the properties included within the Tax Increment Finance District consist of the following: Table 1 and Map 1.

3.0 A DESCRIPTION OF IMPROVEMENTS TO BE MADE IN THE DEVELOPMENT AREA, A DESCRIPTION OF ANY REPAIRS AND ALTERATIONS NECESSARY TO MAKE THOSE IMPROVEMENTS, AND AN ESTIMATE OF THE TIME REQUIRED FOR COMPLETION OF THE IMPROVEMENTS

3.1 A DESCRIPTION OF IMPROVEMENTS TO BE MADE IN THE DEVELOPMENT AREA

Improvements in the Development Area include, but will not be limited to, the following:

- a) Farmer Market Improvements—improve the existing Farmers Market to attract consumers to the central business district and provide more opportunities for regional farmers to sell their produce.
- b) Market Study—complete an analysis of the development and business potential for the central business district

- c) **Façade Improvements and Program**—certain repair, replacement, and renovation of building façade in accordance with the DDA Plan will occur in the area. These exterior renovations will be under the direction of the DDA plan.
- d) **Wayfinding Signage and Marketing Campaign**—create a consistent plan to market the central business district and update signage to effectively navigate consumers to the DDA area.
- e) **Wireless Telecommunications**—provide free wireless internet access, otherwise known as a “wi-fi hotspot” to create a sense of place in the downtown area. The DDA propose to contract for broadband and wireless technology services in the downtown district.
- f) **Overhead Utilities**—lines located along streets and alleyways in the central business district will be relocated underground and existing poles will be removed.
- g) **Alley and Streetscape Improvements**—landscaping, pedestrian, parking, paving, traffic flow and utility improvements are planned for the alleys and rear facades in the DDA area.
- h) **Overhead Utility**—lines located along streets and alleyways in the central business district will be relocated underground and existing poles will be removed.
- i) **Public Area and Building Improvements**—public areas and buildings located within the DDA are scheduled for improvements.

3.2 A DESCRIPTION OF REPAIRS AND ALTERATIONS NECESSARY TO MAKE IMPROVEMENTS

- a) **Building fronts and rear facades** may be constructed and/or renovated over the period of this plan, within the development area. This construction will require some coordination in design. Preferably, materials would be matched with façade improvements of other buildings as well as streetscape and sidewalk treatments. This will create an overall theme pulling all the buildings together and establishing strong visual unification. Rear façade and/or alley improvements should highlight rear entrances and make business more accessible from off-street parking design, increasing pedestrian traffic.
- b) **Alley and streetscape improvements** may present temporary parking problems during construction. No more than one parking lot should be under reconstruction at one time.

3.3 AN ESTIMATE OF THE TIME REQUIRED FOR COMPLETION

The Development Plan is estimated to take 20 years to complete. Estimated completion date is the year 2030.

4.0 THE LOCATION, EXTENT, CHARACTER AND ESTIMATED COST OF THE IMPROVEMENTS INCLUDING REHABILITATION CONTEMPLATED FOR THE DEVELOPMENT AREA AND AN ESTIMATE OF THE TIME REQUIRED FOR COMPLETION INCLUDING A STATEMENT OF THE CONSTRUCTION OR STAGES OF CONSTRUCTION PLANNED, AND THE ESTIMATED TIME OF COMPLETION OF EACH STAGE.

The improvements proposed in this Development Plan/Tax Increment Finance Plan are recommended improvements. They are, however, susceptible to change over time in accordance with defined needs and desires of the Downtown Development Authority, Village Council and local residents.

4.1 THE IMPROVEMENTS CONTEMPLATED FOR THE DEVELOPMENT AREA, PROPOSED CONSTRUCTION PHASES AND COMPLETION SCHEDULE

PROJECT WORK ELEMENT	YEAR	COST IN 2009 DOLLARS
1) Farmers Market Improvements	2010/2011	\$40,000
2) Market Study	2010	\$30,000
3) Façade Program	2010/2011	\$100,000
4) Wayfinding Signage and Marketing Campaign	2011	\$45,000
5) Telecommunications Infrastructure	2012	\$20,000
6) Overhead Utilities	2013/2014	\$100,000
7) Alley Improvements	2013/2014	\$100,000
8) Public Area and Building Improvements	2015	\$75,000
TOTAL		\$510,000

5.0 A DESCRIPTION OF ANY PARTS OF THE DEVELOPMENT AREA LEFT AS OPEN SPACE AND THE USE CONTEMPLATED FOR THE SPACE

Certain public open space is intended to remain in selected areas within the Tax Increment Finance District. The Greg Barton Olympic Circle at Main Street and Hillsdale Street and the Kalamazoo River Water Area.

6.0 DESCRIPTIONS OF ANY PORTIONS OF THE DEVELOPMENT AREA WHICH THE AUTHORITY DESIRES TO SELL, DONATE, EXCHANGE, OR LEASE TO OR FROM THE MUNICIPALITY AND THE PROPOSED TERMS

The Authority does not plan to sell, donate, exchange, or lease any land in the development area to or from the municipality.

7.0 PROPERTIES TO BE ACQUIRED

The Development Plan calls for no specific property to be purchased.

8.0 A DESCRIPTION OF DESIRED ZONING CHANGES AND CHANGES IN STREETS, STREET LEVELS, INTERSECTIONS, AND UTILITIES

No Changes are proposed at this time.

8.1 CHANGES IN ZONING

No changes in zoning should be required within the Development Area as a result of this project. Other possible changes are the addition of more complete sign control and architectural design requirements and procedures for the district.

Comment [SW3]: Will any Zoning Changes be required for potential future uses?

8.2 CHANGES IN STREETS, STREET LEVELS, AND INTERSECTIONS

Minor grade changes to accommodate drainage may be required.

8.3 CHANGES IN UTILITIES

The planned utility expansion will have a positive impact on the DDA/TIF area, by providing greater water service capacity to local businesses. Incidental renovation will occur within the water distribution and service system, as well as storm sewer drainage improvements to facilitate street improvements within the DDA.

9.0 AN ESTIMATE OF THE COST OF THE DEVELOPMENT, A STATEMENT OF THE PROPOSED METHOD OF FINANCING THE DEVELOPMENT AND THE ABILITY OF THE AUTHORITY TO ARRANGE THE FINANCING

9.1 AN ESTIMATE OF THE COST OF THE DEVELOPMENT

The improvements being proposed in the Development Plan have an estimated development cost of approximately \$510,000, in 2010 dollars.

9.2 A STATEMENT OF THE PROPOSED METHOD OF FINANCING THE DEVELOPMENT

The activities of the authority and the development of public improvements shall be financed from one or more of the following sources. Where receipt of specific funds are indicated as being anticipated by the Authority, methods of repayment will be established as necessary. Where repayment is not necessary, funds shall be credited to the Authority's general fund for the purpose of financing only those activities, as indicated in this Plan or otherwise appropriate as provided in Michigan Act 197, P.A. 1975.

- a) Donations from foundations, corporations, groups, individuals, or others.
- b) Revenues from any property, building or facility, or a revenue bond secured by said revenues or the full faith and credit of the Village.
- c) Proceeds to Tax Increments - as captured assessed value exceeds initial assessed value, tax increment revenues will accrue in significant enough amounts to provide meaningful working capital, or fund annual bond retirement. It will also be possible to use these annual revenues to help finance subsequent phases of the scheduled public improvements. The Authority may use tax increment proceeds on an annual basis, spending or obligating only as much revenues as is generated, or it may decide that the revenue is substantial enough to warrant the sale of tax increment bonds, or it may use that revenue to repay general obligation bonds sold by the municipality.
- d) Potential additional funding sources - The village may apply for Community Development Block Grant Funds to assist in public improvements. The Village could also apply for other funds available through the Michigan Department of Transportation (MDOT), Michigan Economic Development Corporation (MEDC), Michigan Department of Natural Resources and Environment (MDNRE), and other agencies. Additional funding sources include contributions and Downtown Development Authority sponsored fund raisers.

- e) **Money provided from any other sources approved by the governing body or the municipality or received by the Authority in any other way shall be deposited to the credit of the Authority, subject to disbursement in accordance with this plan.**
- f) **The Authority may issue Tax Increment Bonds or request the municipality to issue revenue or general obligation bonds, or utilize the County DPW bonding capacity. The proposed issuance of these bonds would be structured as follows:**
 - 1) **Purpose:** The purpose of this Tax Increment Financing Plan is to produce revenues sufficient to pay the principal, interest, administrative costs, including agent fees, and accounting costs for the bond issue which is proposed to finance this Downtown Development Plan.
 - 2) **District Payment:** The DDA may wish to use the captured increase in assessed value for the first year of the Tax Increment Finance Program to finance the initial improvement cost of bonding for the projects called for in this plan. The entire or partial costs of improvements of the Tax Increment Finance Plan will be paid directly from revenues resulting from captured increases in assessments. It must be emphasized that the sequence of projects and the time allocated for completing those projects is only a proposal. Conditions, events, and available financing will certainly affect the ability of the Village and the Downtown Development Authority to adhere to the proposed project schedule.
 - 3) **Bonded Indebtedness:** The DDA proposes the sales of a bond issue in any year of the Tax Increment Finance in the amount not to exceed \$250,000 to be repaid not to exceed 20 years. A possible capital recovery schedule is shown in Table 2.
 - 4) **Initial Assessed Value:** It is proposed that the Village Council adopt this Plan anytime before December 31, 2010, and therefore, that the "initial assessed value" (i.e., the base-year SEV from which the "Captured Assessed Value" is calculated shall be the 2010 State Equalized Valuation of the Homer Downtown Development District, as finally determined by the State Tax Commission.
 - 5) **Potion of "Captured Assessed Value" to be used:** The DDA proposes that all of the taxes levied by all taxing units on the captured assessed value of real and personal properties within the district be used by the Authority, to the extent needed from year to year to accomplish the above stated purposes.
 - 6) **Duration of the Program:** The duration of this Tax Increment Financing Plan shall be the longer of 20 years or until any bond indebtedness is completely retired.

- 7) **Project of captured assessed value and revenue:** A projection captured assessed value is presented in Table 2.

Based on this projection, an estimated millage rate for all taxing units of 38.9424 mills may be applied to the captured assessed value to estimate the potential tax revenues available to the DDA. This is presented in table and compared to the capital recovery needs based on proposed bond issues not to exceed \$250,000.

9.3 A STATEMENT OF THE ABILITY OF THE AUTHORITY TO ARRANGE THE FINANCING

This financing plan will act as an impetus to lever loan money for individual businesses to make improvements. The DDA will seek funds from various funding sources. The project development area has been estimated as the entire area under the DDA, and the improvements described in section 4.

This constitutes the initial assessed value for purposes of this plan. The estimated improvements in the taxable value are shown in Table 2. The estimated annual revenue amounts shown as captured taxes will be available to finance the Development Plan.

10.0 DESIGNATION OF THE PERSON OR PERSONS, NATURAL OR CORPORATE TO WHOM ALL OR A PORTION OF THE DEVELOPMENT IS TO BE SOLD, LEASED OR CONVEYED IN ANY MANNER AND FOR WHOSE BENEFIT THE PROJECT IS BEING UNDERTAKEN IF THAT INFORMATION IS AVAILABLE TO THE AUTHORITY

Not applicable

11.0 THE PROCEDURES FOR BIDDING FOR THE LEASING, PURCHASING OR CONVEYING IN ANY MANNER OF ALL OF A PORTION OF THE DEVELOPMENT UPON ITS COMPLETION IF THERE IS NO EXPRESS OR IMPLIED AGREEMENT BETWEEN THE AUTHORITY AND PERSONS, NATURAL OR CORPORATE, THAT ALL OR A PORTION OF THE DEVELOPMENT WILL BE LEASED, SOLD, OR CONVEYED IN ANY MANNER TO THOSE PERSONS

Not applicable

12.0 ESTIMATES OF THE NUMBER OR PERSONS RESIDING IN THE DEVELOPMENT AREA AND THE NUMBER OF FAMILIES AND INDIVIDUALS TO BE DISPLACED. IF OCCUPIED RESIDENCES ARE DESIGNATED FOR ACQUISITION AND CLEARANCE BY THE AUTHORITY A DEVELOPMENT PLAN SHALL INCLUDE A SURVEY OF THE FAMILIES AND INDIVIDUALS TO BE DISPLACED

12.1 AN ESTIMATE OF THE NUMBER OF PERSONS RESIDING IN THE DEVELOPMENT AREA

Approximately 60 persons reside in the DDA Development area.

Comment [SW4]: How many residents live with the DDA area? It can be an estimate.

12.2 AN ESTIMATE OF THE NUMBER OF FAMILIES AND INDIVIDUALS TO BE DISPLACED

No families or individuals are scheduled to be displaced.

13.0 A PLAN FOR ESTABLISHING PRIORITY FOR THE RELOCATION OF PERSONS DISPLACED BY THE DEVELOPMENT IN ANY NEW HOUSING IN THE DEVELOPMENT AREA

Not applicable.

14.0 PROVISIONS FOR THE COSTS OF RELOCATING PERSONS DISPLACED BY THE DEVELOPMENT AND FINANCIAL ASSISTANCE AND REIMBURSEMENT OF EXPENSES, INCLUDING LITIGATION EXPENSES AND EXPENSES INCIDENTAL TO THE TRANSFER OF TITLE IN ACCORDANCE WITH THE STANDARDS AND PROVISIONS OF THE FEDERAL UNIFORM RELOCATION ACTS OF 1970, BEING PUBLIC LAW 91-646, 42 (S.C. SECTIONS 4601, ET. SEQ.).

Not applicable

15.0 A PLAN FOR COMPLIANCE WITH ACT NO 277 OF THE PUBLIC ACTS OF 1972, BEING SECTIONS 213.321 TO 213.332 OF THE MICHIGAN COMPLIED LAWS.

Not applicable

16.0 OTHER MATERIAL WHICH THE AUTHORITY, LOCAL PUBLIC AGENCY, OR GOVERNING BODY DEEMS PERTINENT

Not applicable

17.0 A DETAILED EXPLANATION OF THE TAX INCREMENT PROCEDURE

The Tax increment Financing procedure was new to Michigan Law with the DDA Statute, but has been effectively used in several other States, and in Michigan since 1975. 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 the Village Council, following consultations 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 business area. The investment may be made in response to a declining business climate and tax base, or in response to a stable business climate and tax base which the public wishes to protect and develop.**
- 2) **Bonds may be issued to finance the improvements. This is not mandatory, as tax increments received may be used in any manner the authority desires, provided those uses are described in this plan. Should increments be sufficient to warrant the selling of bonds (Tax Increment Bonds) these bonds are retired in the manner prescribed by the Authority.**
- 3) **Taxes generated from subsequent growth in the tax base of the Downtown Development District are retained and utilized by the Authority. 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 at any point in time, and the SEV of a District in existence at the time of the adoption of the Downtown Development Plan.**
- 4) **The taxes which are potentially available to the Authority include all of the taxes normally levied by all taxing units on the captured assessed value of the Downtown Development District. The plan may provide for the use of part or all of the captured assessed value. If the Downtown Development Authority chooses it may enter into agreements with each of the taxing units to share a portion of the captured assessed value of the district. Should the Authority find it necessary to use all of the captured assessed value, it shall be clearly stated in this Plan.**
- 5) **When the specified 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.**
- 6) **Since only the growth in tax base (the captured assessed value) on non-debt retirement millage 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.**

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 foregoing part of the initial growth in tax revenues is repaid by the long-term benefit of substantially greater taxes realized from a significantly stronger tax base.

The Act requires that a Village establish a Tax Increment Finance Authority (TIFA) through the DDA to serve as the organization responsible to oversee the planning and implementation of the Tax Increment Plan. Once established, a DDA/TIF has the responsibility to plan, arrange, finance, and implement its redevelopment program in a variety of ways enumerated in the law. The DDA/TIF can issue both revenue bonds and tax increment bonds necessary to finance the eligible activities of the redevelopment program. The Homer DDA/TIF may plan to issue bonds.

The Act requires the DDA/TIF to hold public hearings, submit any development or financing plans to the Village's governing body for approval, and consult with other local taxing bodies and citizen's groups when necessary.

18.0 PRIORITY OF USE OF MONIES IN THE PROJECT FUND

The money credited to the project fund and on hand therein from time-to-time shall annually be used in the following manner and following order of priority:

- 1) To pay into the debt retirement fund, or funds, for all outstanding series of bonds, if any, issued pursuant to this plan, an amount equal to the interest and principal coming due (in the case of principal whether by maturity or mandatory redemption) prior to the next collection of taxes, less any credit for sums on hand in the debt retirement fund.
- 2) To establish a reserve account for payment of principal and interest on bonds issued pursuant to this plan, an amount equal to one-fifty of the largest combined annual principal and interest payments due on bonds issued, until the reserve account is equal to the largest combined annual interest and principal requirements during the life of the plan.
- 3) To pay the administrative and operating costs of the DDA and Village for the development area, including planning and promotion, to the extent provided in the annual budget of the Downtown Development Authority.
- 4) To finance, to the extent determined desirable by the Downtown Development Authority and approved by the Village, the cost of improvements as set forth in the development plan to the extent those costs are not financed from the proceeds of bonds.
- 5) To finance the costs of any additional improvements to the development as determined necessary by the Downtown Development and approved by the Village Council.
- 6) To reimburse the Village with interest for funds advanced to acquire property, clear land, make preliminary plans and improvements necessary for the development of the development area in accordance with this plan.

- 7) To finance, to the extent desirable or necessary by the Downtown Development Authority, as determined by inclusion in its annual budget for said fiscal year, funding and administration of a revolving loan program to provide financial assistance to qualifying parties and projects (based upon procedures and criteria to be established by the Downtown Development Authority) in the development area for the purpose of improving, renovating, repairing, altering, or expanding existing private facilities, or construction of new private facilities, or construction of new private facilities, including a reserve in an amount established from time-to-time by the Authority to meet losses incurred in such loans and/or to expand funds available for loan.

18.1 EXCESS TAX INCREMENT RECEIPT

Any tax increment receipts in excess of those needed under the preceding paragraphs would revert to the taxing jurisdictions or would be used for future development activities within the development area, as expanded to include all or parts of the Downtown Development District pursuant to amendment or modification of this Development Plan and Tax Increment Financing Plan pursuant to applicable provisions of P.A. 197 and other laws.

19. THE AMOUNT OF BONDED INDEBTEDNESS TO BE INCURRED

A Tax Increment Bond not to exceed \$250,000 may be issued under the Development Plan/Tax Increment Finance Plan.

20.0 THE DURATION OF THE PROGRAM

The development program is scheduled for completion approximately 20 years following the adoption of the Plan.

21.0 ANNUAL REPORT

Annually the authority shall submit to the governing body of the Municipality and the State Tax Commission a report on the status of the Tax Increment Financing account pursuant to P.A. 197 as amended.

22.0 A STATEMENT OF THE ESTIMATED IMPACT OF TAX INCREMENT FINANCING ON THE ASSESSED VALUES OF ALL TAXING JURISDICTIONS IN WHICH THE DEVELOPMENT AREA IS LOCATED

Under a tax increment financing plan, the annual revenue generated in any given year is calculated by multiplying the captured assessed value by the total millage levied by all local taxing jurisdictions. At the present time, (Table 2 presents a breakdown of total millage by taxing jurisdictions), total millage levied is 33.1817. Table 3 also shows the

relative value of the property taxes generated for the DDA District and individual taxing jurisdictions.

Since the Tax Increment Financing Plan generates TIF revenue based only on the captured taxable value over and above the established level, each taxing jurisdiction will still levy taxes against its current 2009 taxable value. That taxable value will be used for taxing purposes by the taxing authorities throughout the life of the Tax Increment Plan as adopted by the Village of Homer. In effect, the taxable value is frozen at that level for taxing purposes in the Development Area only. Provided in Table 1 is a schedule of estimated dollar amounts of tax increment revenues to be realized by DDA.

22.1 IMPACT ON THE VILLAGE

As further analysis, assume that the total taxable value of Homer, for any given year, shows an across-the-board increase of 2.5 percent. Since the development area's SEV represents approximately 9 percent of the Village's total SEV, the amount of Village revenue diverted during the first year to the Tax Increment Financing Plan amounts to a small portion of the total property tax revenue generated by the Village. As a final point, it should be noted that for each dollar contributed to the tax increment financing plan by the Village of Homer, additional dollars are contributed by the remaining jurisdictions.

22.2 IMPACT ON THE INTERMEDIATE SCHOOL DISTRICT

The Calhoun Intermediate School District levies 6.2057 mills and will receive property taxes of approximately \$14,156. During 2011, the DDA/TIF will capture increases in property taxes of approximately \$717. This will have a minor impact on the ISD.

22.3 IMPACT ON THE COUNTY

Calhoun County levies 6.7925 mills and will receive property taxes of approximately \$12,266. During 2011, the DDA/TIF will capture increases in property taxes of approximately \$857. This will have a minor impact on the County.

22.4 IMPACT ON KELLOGG COMMUNITY COLLEGE

Kellogg Community College levies 2.9193 mills and will receive property taxes of approximately \$8,465. During 2011, the DDA/TIF will capture increases in property taxes of approximately \$368. This will have a minor impact on Kellogg Community College.

22.5 IMPACT ON THE HOMER TOWNSHIP

Homer Township levies 0.9146mills and will receive property taxes of approximately . During 2011, the DDA/TIF will capture increases in property taxes of approximately \$106. This will have a minor impact on Homer Township.

22.6 IMPACT ON THE HOMER LIBRARY

Homer Library levies 1.0 mills and will receive property taxes of approximately 2,397. During 2011, the DDA/TIF will capture increases in property taxes of approximately \$115. This will have a minor impact on Homer Library.

TABLE 3: ESTIMATED TAXES FOR LOCAL TAXING JURISDICTIONS-2011

TAXING AUTHORITY	MILLAGE RATE	TOTAL TAXES FOR DDA	DDA TAX INCREMENT	LOCAL INCREMENT
Village of Homer	15.9738	\$38,284	\$1,845	\$36,439
Calhoun County	5.3770	\$12,887	\$621	\$12,266
Calhoun ISD	6.2057	\$14,873	\$717	\$14,156
Kellogg Community College	3.7106	\$8,893	\$429	\$8,465
Homer Township	0.9146	\$2,192	\$106	\$2,086
Homer Library	1.0000	\$2,397	\$115	\$2,281
TOTAL	33.1817	\$79,525	\$3,832	\$75,693

NOTICE OF INTENT RESOLUTION NO. 10-01

Village of Homer
County of Calhoun, Michigan

RESOLUTION OF INTENT CALLING A PUBLIC HEARING REGARDING THE AMENDING OF THE DESIGNATED DOWNTOWN DISTRICT AND ADOPTING A DEVELOPMENT AND TAX INCREMENT FINANCING PLAN

WHEREAS, the Village of Homer, County of Calhoun, Michigan (the "Village") is authorized by the provisions of Act 197, Public Acts of Michigan, 1975, as amended ("Act 197"), to create a downtown development authority, and

WHEREAS, it is necessary, for the best interests of the public, to halt property value deterioration and increase property tax valuation where possible in the business district of the Village, to eliminate the causes of such deterioration, and to promote economic growth, and

WHEREAS, a proposed ordinance amending the designate downtown district, as adopted on April 15, 1991, and adopting a development and tax increment financing plan pursuant to Act 197 has been presented to the village Council, and

WHEREAS, it is necessary to conduct a public hearing in connection with the consideration of such proposed ordinance as required by Act 197, now, therefore,

BE IT RESOLVED THAT:

1. The Village Council determines that it is necessary for the best interests of the public to amend the boundaries of the downtown development authority pursuant to Act 197 in order to halt property value deterioration and increase property tax valuation where possible in the business district of the Village, to eliminate the causes of such deterioration, and to promote economic growth, and the Village Council hereby declares its intention to amend the boundaries and adopt a development and tax increment financing plan for the operation of a downtown development authority pursuant to Act 197.
2. The amended designated downtown district subject to the jurisdiction of the downtown development authority as provided in Act 197 is hereby tentatively designated to be as set forth in Exhibit A attached hereto and made part hereof.
3. The development and tax increment financing plan subject to the approval of the governing body and certain procedures as provided in Act 197 is hereby tentatively designated to be as set forth in Exhibit B attached hereto and made part hereof.
4. There shall be a public hearing on the 5th day of April, 2010, at 6:45 o'clock p.m. in the Village Council Chambers at Village Hall to consider adoption by the Village Council of an ordinance amending the designate downtown district, adopting a development and tax increment financing plan, and setting out certain procedures in connection therewith.
5. The Village Clerk shall cause notice of said public hearing to be published in the Homer Index, a newspaper of general circulation in the Village, twice before the public hearing. The notice shall be published not less than 20 or more than 40 days before the date set for the public hearing. The notice shall be published as a display advertisement prominent in size. The Clerk also shall cause the notice to be mailed by first class not less than 20 days prior to the hearing to all property taxpayers of record in the proposed downtown district as shown by the most recent tax roll of the Village and to the governing body of each taxing jurisdiction

levying taxes that will be subject to capture if the proposed Development and Tax Increment Financing Plan is approved. The Clerk also shall post, or cause the posting of, the notice in at least 20 conspicuous and public places in the proposed downtown district not less than 20 days before the hearing.

6. The notice of the public hearing shall be in substantially the following form:

NOTICE OF PUBLIC HEARING

**Village of Homer
County of Calhoun, Michigan**

**ON THE AMENDING OF THE DESIGNATED DOWNTOWN DISTRICT AND
ADOPTING A DEVELOPMENT AND TAX INCREMENT FINANCING PLAN**

TO ALL INTERESTED PERSONS IN THE VILLAGE OF HOMER AND IMPACTED TAXING JURISDICTIONS:

PLEASE TAKE NOTICE that the village Council of the Village of Homer, County of Calhoun, Michigan will hold a public hearing on the 5th day of April, 2010 at 6:45 o'clock p.m., in the Village Hall, 130 E. Main St., Homer, Michigan, to consider the adoption of an ordinance amending the boundaries of the designated downtown district and adopting a development and tax increment financing plan, pursuant to Act 197 of the Public Acts of Michigan of 1975, as amended.

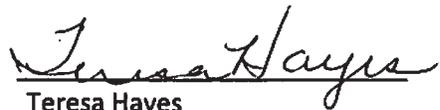
PROPOSED BOUNDARIES

The boundaries of the proposed amended downtown district within which the downtown development authority shall exercise its powers are as set forth in Exhibit A attached hereto and made part hereof.

At the public hearing, all citizens, taxpayers, taxing jurisdictions and property owners of the Village of Homer desiring to address the Village Council shall be afforded an opportunity to be heard in regard to the amending of the designated downtown district and adopting the development and tax increment financing plan.

FURTHER INFORMATION may be obtained from the Village staff at Village Hall.

This notice is given by order of the Village Council of the Village of Homer, County of Calhoun, Michigan.



**Teresa Hayes
Homer Village Clerk**

7. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

Motion: Warner

Support: Michael

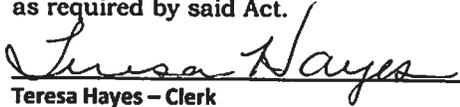
Ayes: Burkwalt, George, Michael, Robison, Warner and Miller

Nays: None

Abstained: None

Absent: Sherman

I, hereby certify that the above Resolution is a true and complete copy of the Resolution that was duly adopted by the Village Council of the Village of Homer, County of Calhoun, State of Michigan, at a regular meeting held on March 1, 2010, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.


Teresa Hayes – Clerk

3/2/10
Date

Attachment: Exhibit A and Exhibit B

NOTICE OF PUBLIC HEARING

Village of Homer
County of Calhoun, Michigan

**ON THE AMENDING OF THE DESIGNATED DOWNTOWN DISTRICT AND
ADOPTING A DEVELOPMENT AND TAX INCREMENT FINANCING PLAN**

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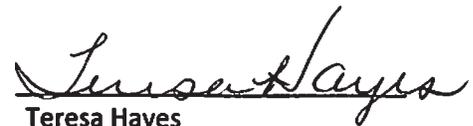
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FURTHER INFORMATION may be obtained from the Village staff at Village Hall.

This notice is given by order of the Village Council of the Village of Homer, County of Calhoun, Michigan.



Teresa Hayes
Homer Village Clerk