


THE DEVELOPMENT AND
TAX INCREMENT FINANCING PLAN
OF THE
HOUGHTON DOWNTOWN DEVELOPMENT DISTRICT

CITY OF HOUGHTON DOWNTOWN DEVELOPMENT AUTHORITY
HOUGHTON, MICHIGAN

JANUARY 12, 1983



I. TAX INCREMENT FINANCING PLAN

A. Introduction:

This Development and Tax Increment Financing Plan is developed to enable the City of Houghton Downtown Development Authority to finance the public improvements necessary and/or desirable for the development of the Development District in accordance with the Development Plan for that area.

B. Tax Increment Financing Procedure.

The Tax Increment Financing as outlined in Act 197, P.A. 1975, as amended, requires the adoption by the City, by ordinance of a Development and a Tax Increment Financing Plan. Following the adoption of that ordinance, the Houghton City and County Treasurers are required by law to transmit to the Downtown Development Authority that portion of the tax levy of all taxing bodies paid each year on the "Captured Assessed Value" of all real and personal property located within the Development Area, less any future extra voted millage that may be assessed by the City or County for special purposes once the ordinance has been adopted. The "Captured Assessed Value" is defined as the amount in any year by which the total current assessed value of all real and personal property in the Development Area exceeds the total assessed value of all the real and personal property in the Development Area as determined on the assessment roll of the City. Attached hereto as Exhibit 1 is a schedule of the assessed value as of December 31, 1981 of all real and personal property in the Development Area ("The Initial Assessed Value").

Detailed estimates of tax increment revenues will be approved by the Downtown Development Authority and submitted to the City Council prior to the issuance of any tax increment bonds under this plan. The procedures to be followed will be set forth by the professional bonding consultant and approved by the City attorney.

C. Bonded Indebtedness to be Incurred.

The total estimated cost of specific improvements for which bonds are to be sold which are enumerated in the various development stages contemplated in the Development Plan is \$2,020,000.00.

These estimates do not include payment of interest on bonds during development of tax increment revenues, the cost of issuing the bonds or provisions for reserves for payment of the bonds. The maximum of bonded indebtedness to be incurred is \$5,000,000.00.

The project costs for the Development Area shall be financed by one or more series of tax increment bonds issued by the City, from tax increment revenues as shall be determined by the City Council, from U.D.A.G. grants or loans and Block grants or combinations thereof, based on recommendations of the D.D.A. as the development progresses. Other project costs shall be funded from proceeds of bonds or from tax increment revenues as shall be expedient. In addition to the costs set forth in this plan, the City Council shall, based upon the recommendation of the D.D.A., in each resolution authorizing a series of bonds, determine the amount of capitalized interest and reserves, if any, necessary to be included in the bonds and amount, if any, of tax increment revenues to be set aside as a reserve for payment of principal and interest on the bonds.

D. Use of Tax Increments.

The tax increment revenues generated by the Development Area pursuant to the Development Plan, as it now exists or is hereafter amended, shall be used:

First: To pay into the Debt Retirement Fund, or Funds, for all outstanding series of bonds 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.

Second: To pay the administrative and operating costs for the D.D.A. and City for the Development Area, including planning and promotion, to the extent provided in the annual budget of the D.D.A.

Third: To pay, to the extent determined desirable by the D.D.A. and approved by the City Council, the cost of completing the remaining public improvements as set forth in the Development

Plan to the extent those costs are not financed by the proceeds of Bonds, UDAG Grants or Loans or Block Grants.

Fourth: To pay the cost of any additional improvements to the Development that are determined necessary for the D.D.A. and approved by the City Council.

Fifth: To reimburse the City 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.

Any tax increment receipts in excess of those needed under the preceding paragraphs would revert to the individual taxing jurisdictions or would be used for future development activities within the Development Area, as defined in the Development Plan or as expanded to include all or parts of the Downtown Development District pursuant to amendment or modification of the Development Plan and this Tax Increment Financing Plan pursuant to applicable provisions of Act No. 197 and other laws.

E. Duration of the Tax Increment Plan.

The Tax Increment Plan shall last 30 years. The 30 year term may be extended by amendment or modification of this Development and Tax Increment Plan to incorporate future development activities within part or all of the Downtown Development District.

F. Impact on other Taxing Jurisdictions.

The assessed values in the Development Area has begun to fall since the state law mandating that equalization be done by class rather than applying one factor city-wide. In 1982 the assessed value of the Development Area represented 22 percent of the assessed value of the entire City. If the Development Plan and Tax Increment Financing Plan are not implemented, these assessed values will continue to decline at a much more rapid rate. This would result in lower tax revenues to all taxing jurisdictions. Inasmuch as the "captured taxes" are those which are generated by the stimulus of the Development Plan being implemented, the taxing units could not have depended on them to be available for their use. Therefore, the Downtown Development Authority feels very strongly

that in reality the individual taxing units will not realize any tax increase, but will lose tax base in the Downtown Development District, if the Development Project is not undertaken.

II. DEVELOPMENT PLAN

A. Designation of Boundaries of the Development Area in Relation to Highways, Streets, Portage Lake and Boundaries.

The Development Area is a rectangular shape area bounded by the east end of Franklin Square on the east, Portage Lake on the north, present west City limits on the west and 100' north of South Ave. extended from west City limits to Fifth Street; thence north of Houghton Ave. from Fifth to Third Streets; thence 100' north of Houghton Avenue from Third to Isle Royale Street; thence north of Montezuma Ave. from Isle Royale Street to the east end of Franklin Square, the point of beginning. Exhibit #2 contains a map showing the boundaries. Exhibit #2A contains the legal description of the boundaries.

B. The Location and Extent of the Existing Streets, Public Facilities and Private Development within the Development Area and the Location, Character and Extent of the Proposed Public and Private Development Including Residential, Recreational and other uses.

Exhibits #3 and #4 indicate the existing and proposed land uses in the Development Area. Existing land uses in the Development Area can be largely characterized as vacant land, isolated residential properties, small retail, wholesale and service businesses, municipal parks and parking lots. Exhibit #1 details the property descriptions and uses. The area contains City Hall, the United States Post Office and the Isle Royale National Park Headquarters.

The proposed Public Development is envisioned as being constructed in four stages as captured taxes from the private sector development are available. It is anticipated that the initial stage of Public and Private Development will breed further private investment thus providing additional captured tax revenues; to enable subsequent stages of the public plan to occur.

Shelden Avenue will be reconstructed in accordance with

the approved Downtown Parking Plan. New metal street lighting poles with underground service will be installed; wide pedestrian rest areas will be constructed at the ends of each block with large combination planter and seating rest area provided; parallel parking will remain within each block between the rest areas; sidewalk widths will be reduced so as to increase the travel lanes of Shelden Avenues (US41) to 28' total.

Lake Avenue will be extended from Quincy Street westward under the Bridge to intersect Memorial Road (M26) at the west City Limits. This extension will generally follow the shoreline of Portage Lake where possible and will incorporate a sidewalk on its north shoulder to promote public usage of the shoreline. Existing Broadside Mooring Facilities will be upgraded and public fishing sites will be installed along the entire street length. Wood light poles and underground service will be installed to promote twenty-four hour access while providing necessary safety to the users.

A public boat launch ramp will be constructed at the foot of Quincy Street and additional boat mooring slips and Broadside Mooring Space will be installed between Huron and Isle Royale Streets. Cantilever type fishing platforms will be installed at various locations along the full length of the districts shoreline at locations where they will not interfere with boating or other water activities. The public parks located within the district will be upgraded to provide day use activities leisure relaxation.

Two additional streets would receive all weather street coverings similar to Huron Street. These will be Quincy Street from Shelden Avenue to Lake Avenue and Pewabic Street from Montezuma Avenue to Shelden Avenue.

Present Isle Royale Street between Montezuma Avenue and Shelden Avenue will be relocated thru a new 73 car municipal parking lot to Portage Street. This new system will provide two way traffic to the governmental and banking section of the Downtown while substantially reducing the grade (slope) of the roadways. The resulting parking lot will provide the necessary spaces to promote further private sector capital investment in the area.

Dodge Street between Montezuma Avenue and Shelden Avenue will be closed and replaced with a 40 car Municipal Parking Lot. A 40 car Municipal Parking Lot will be constructed adjacent to the southwest intersection of Quincy Street and Shelden Avenue while a 93 car Municipal Lot will be built between Huron Street and Isle Royale Street from Lake Avenue north to the previously mentioned boating improvements along Portage Lake. The resulting 246 additional public parking slots will supplement the present 530 to insure that adequate municipal parking is present for the necessary private sector investment.

Finally, Block 3 thru Block 8 of north Shelden Avenue will be interconnected with a series of interior passageways thru the existing structures. Roadways will be spanned with overhead pedestrian "sky galleries" thus resulting in a system which will allow Downtown shoppers and residents to move throughout the Downtown Area in a climatized environment. Additional "sky galleries" will span Shelden Avenue at Isle Royale, Huron and Quincy Streets to integrate the south Shelden Avenue businesses with the north side. Interconnections will then be provided within the south 9, 10, 13 and 14 blocks of Shelden Avenue.

C. A Description of Existing Improvements in the Development Area to be Demolished, Repaired or Altered, A Description of Any Repairs and Alterations and an Estimate of Time Required for Completion:

Exhibit #4 and #5 provide the general development stages to accomplish the plan.

Under Stage I (1983/84) one active industrial construction company property will be acquired, namely Mattila Construction, Block F Assessor's File #31-52-205-005-00. This property will be converted into a Municipal Parking Lot. Mattila Construction has no intention of going out of business but has indicated that they will either renovate and relocate into their vacant building immediately west of their present property or consolidate their total operation at their existing Hancock yard and warehouse facility. No resident displacement or loss of employment is anticipated. Time frame for this stage is 1983/84.

Under Stage III an existing private parking lot and warehouse owned by Kirkish Furniture and located in south Block 9 of Sheldon Ave., Assessor's File #31-52-219-00100 and 31-52-219-003-00 will be purchased by the City for a new 40 car municipal lot to serve that section of Downtown. Together with the funds from the purchase, the City will assist Kirkish in obtaining a U.D.A.G. loan to construct a new Furniture Store immediately south of their existing facility. This new facility will have customer access from both Montezuma on the south and the newly constructed municipal lot on the north. A portion of their existing retail facility would replace the lost warehouse. No resident displacement or loss of employment is anticipated. Time frame for this stage is 1985/86.

Also under Stage III two residential homes and a street closing will be necessary. One of the homes is a private residence while the other is student rental. These acquisitions are necessary to construct a 40 car municipal parking lot in the south 12 Block. The residences are Assessor's File #31-52-222-006-00 and 31-52-222-007-00. The pavement on the closed Dodge Street will be removed and the utilities will be relocated as required. All relocated persons displaced by this development will be handled in strict accordance with the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, being Public Law 91-646(42) U.S.C. Section 4601. The time frame for this stage is 1985/86.

Under Stage IV 1986/87 the Seven-Up Bottling Company, Block 8, Assessor's File #31-52-218-001-00 will be purchased to provide necessary right-of-way for the Lake Avenue extension westward underneath the Bridge to the West City Limits. An attempt will be made to couple the purchase price of this facility with a U.D.A.G. loan to construct a new plant on the Isle Royale Sands or another suitable location with the City of Houghton. It is not anticipated that Seven-Up Bottling Company will go out of business.

D. The Location, Extent Character and Estimated Cost of the Improvements including Rehabilitation Contemplated for the Development Area, and an Estimated Time Required for Completion.

The Development will be accomplished in four stages.

Stage #1 will include Shelden Avenue Renovation; Huron Street Sky Gallery; 13 Block South Walkways; Boat Launch Ramp; and North Huron/Isle Royale Parking. The cost of this stage is estimated at \$680,000.00 and will be funded with T.I.F. bonds. This will result in the private sector construction of the Lake Huron Housing and Commercial Building \$700,000.00 and the Main Street Inn Phase II \$1,000,000.00.

Stage II will include the North Quincy Street Covering; Quincy Street Sky Gallery and Block 8 Walkways; Park Improvements; Isle Royale Street Sky Gallery and North 4 Block Interior Walkways. Stage II has an estimated cost of \$310,000.00 and will be financed with T.I.F. bonds. This will trigger a private sector investment by the Houghton National Bank of \$1,000,000.00 and King's Inn Phase III of \$500,000.00 plus Douglass House Renovation \$500,000.00.

Stage III will include the Shelden Ave. Sky Gallery in the 10 Block plus the 9 and 11 Block south parking lots. The estimated cost of this stage is \$350,000.00 and will be financed by T.I.F. bonds.

Private sector investments in this stage are a new furniture store, an apartment complex, a retail store and a wholesale facility renovation for a total value of \$2,000,000.00.

Stage IV will include the relocation of Seven-up Bottling the West Lake Ave. Extension with appurtenances and the West End Shoreline Development. The cost of this stage is estimated at \$650,000.00 and will be financed with T.I.F. bonds. This stage will be coordinated with the development by the Lakeshore Development Corporation (Mr. Lacey). Total private sector investment, \$3,500,000.00.

The estimated time for the completion of all stages is 5 years. The estimated cost breakdown are shown in Exhibits #5 and #6.

E. Statement of the Construction or Stages of Construction Planned and the Estimated Completion of Each Stage.

The construction will be in four stages as outlined in Exhibits #5 and #6. Each stage will take approximately one year to complete with a total development period of 1983 through 1988.

F. A Description of Any Parts of the Development Area to be Left As Open Space and the Use Contemplated for the Space.

Wherever projects abut the shoreline of Portage Lake, it will be developed as Public Recreational. The existing parks within the Development area will be retained and upgraded to better serve the residents and visitors to the Downtown.

G. A Description 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 Purpose.

There will be no sale of lands from or to the Authority by the City. Dodge Street will be vacated and leased to the Authority for the term of the bonds for one dollar. The purpose of the lease will be for the construction and maintenance of off street parking. The Authority will convey to the City the completed Lake Ave. Extension from Quincy Street to the West City Limits.

H. A Description of Desired Zoning Changes and Changes in Streets, Street Levels, Intersections and Utilities.

Dodge Street from Montezuma Avenue to Sheldon Avenue will be vacated as part of a new 40 car Municipal Parking Lot. Isle Royale Street between Montezuma Avenue and Sheldon Avenue will be reconstructed so as to reduce it's grade (slope), provide two way traffic and connect with Portage Street to the east. Utilities within these streets will be relocated as necessary so that easements are either completely eliminated or kept to a minimum.

No zoning changes are required for this construction since the properties are already B-3, which is the Central Business District zoning for the City.

I. An Estimated Cost of the Development, a Statement of the Proposed method of Financing the Development, and the Ability of the Authority to Arrange the Financing.

Exhibits #5 and #6 contain estimated costs of the development. The Development will be financed by a series of tax increment bonds issued by the City of Houghton on captured tax generated by the private sector development within the district. One Community

Development Block Grant will be needed to assist with Stage I and U.D.A.G. loans will be needed to assist the private sector.

J. Designation of the Person or Persons, Natural or Corporate, to Whom All or a Portion of the Development Area is to be Leased, Sold or Conveyed in any Manner and to Whose Benefit the Project is Being Undertaken if that Information is Available to the Authority.

The Authority will not lease, sell or convey any of the Development Area to any person or persons, natural or corporate.

K. The Procedures for Bidding for the Leasing, Purchasing or Conveying in any Manner of all or 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.

All public projects within the Development Area will be bid on a competitive basis. The interior doors between the downtown buildings on the interior Passageway Project will be conveyed to the individual property owners with a written agreement that they will be maintained in good repair for the term of the bonds, and that the public will have free and continuous access thru the passageways during normal business hours. This provided the structure is not destroyed in excess of 50%.

L. Estimates of the Number of Persons Residing in the Development Area, and the Numbers of Families and Individuals to be Displaced.

There are an estimated 512 individuals living within the Development Area. There will be one family of two and six University students, a total of 8 individuals that will be displaced by the development.

M. A Plan for Establishing Priority for the Relocation of Persons Displaced by the Development and any new Housing in the Development Area.

All persons relocated will be handled in strict accordance with Federal Law 91-646(42) USC Section 4601, Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

In addition, every will be made to commence negotiations early on to minimize the trauma associated with a relocation. In addition, every attempt will be made to locate suitable housing for the displaced within the same neighborhood.

N. Provision for the Cost of Relocating Persons Displaced by the Development and Financial Assistance and Reimbursement of Expenses, Including Litigation Expenses and Expenses Incident to the Transfer of Title in Accordance with the Standards and Provisions of the uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Being Public Law 91-646(42)USC Section 4601.

The provisions of Public Law 91-646(42) USC Section 4601 will be strictly adhered to.

O. A plan for Compliance with Act #227 of Public Acts of 1972 Being Sections 213.321 and 213.332 of the Michigan Compiled Law.

The Authority will adhere strictly to the Requirements of Act #227 of Public Acts of 1972 being sections 213.321 and 213.332.

P. Other Materials that the Authority, Local Public Agency or governing Body Deems Pertinent.

NONE.