

City of Ithaca

Downtown Development Authority

Development Plan/

Tax Increment Finance Plan

March 2003

INTRODUCTION

The City of Ithaca Downtown Development Authority has been established in accordance with Michigan Act 197, 1975 as amended (see Appendix for Resolution of Intent to Establish DDA, Notice of Public Hearing, Ordinance to Adopt Resolution and Bylaws). The basic purpose of this Authority is to reestablish and maintain the vitality of the Central Business District of the City of Ithaca. The Authority District encompasses 110 total businesses, churches, fraternal lodges and approximately 32 residential uses. The development area does not include the entire DDA District.

A Redevelopment Plan for the downtown area was completed in the Fall of 1993, and a Downtown Plan/Tax Increment Finance Plan was developed in 1994 but never adopted. This document is an update of that original (1994) Tax Increment Finance Plan. Basic components of the Plan include parking, streetscape improvements, public recreation and new commercial development. Implementation for all activities and coordination with facilitating organizations has been built into this Plan.

Preliminary planning has advanced to the design stage. Funds obtained through this Plan will be used to develop the area according to the Redevelopment Plan including certain administrative costs for legal and design services. Both public and private funding commitments will be used to implement the Downtown Plan. Funds obtained through this Tax Increment Financing Plan will be used to develop the downtown area over the 15-year period of this Plan.

The purpose of this document is to establish Development Plan/Tax Increment Finance improvements in a Tax Increment Finance District within the boundary of the DDA of the City of Ithaca. This Development Plan/Tax Increment Finance Plan will be used to implement specific project components of the overall Downtown Redevelopment Plan as adopted by the Downtown Development Authority. Because this Plan is based upon the 1993 Redevelopment Plan, all Tax Increment Finance revenues captured as a result of this Amended Plan are generated from the base year of 2003.

The governing body provided a reasonable opportunity to the members of the Gratiot County Board of Commissioners and to meet with the governing body. The Authority fully informed members of the County Board of Commissioners of the fiscal and economic implications of the proposed development area.

The document contained herein may be amended from time to time in order to reflect expanded project or financing needs in order to carry out the goals and objectives of the Downtown Revitalization 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 City or County, are captured. All projects undertaken by the Tax Increment Financing Plan will be within the designated development area.

1.0 DESIGNATION OF BOUNDARIES OF THE DEVELOPMENT AREA IN RELATION TO HIGHWAYS, STREETS STREAMS, OR OTHERWISE (see Map 2)

The Ithaca Downtown Development Area is generally bounded by Elm Street on the west, Emerson Street on the north, US-127 on the east and the westerly extension of Fillmore Street and the Tuscola and Saginaw and Saginaw Railroad on the south including the South Ithaca Industrial Park.

The boundaries of this TIF/Development Plan are shown on Map 2.

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 USES EXISTING AND PROPOSED FOR THE DEVELOPMENT AREA, INCLUDING RESIDENTIAL, RECREATIONAL, COMMERCIAL, INDUSTRIAL, EDUCATIONAL, AND OTHER USES AND A LEGAL DESCRIPTION OF THE DEVELOPMENT AREA (see Map 2)

2.1 LOCATION AND EXTENT OF EXISTING STREETS WITHIN THE DEVEL-

DEVELOPMENT AREA

Streets within the development area include Emerson Street between Maple Street and Jeffrey Avenue; Center Street between Maple Street and US-127, Newark Street between Maple Street and Jeffrey Avenue; South Street between Main Street and the southerly extension of Maple Street, Pine River Street between Emerson Street and Fillmore Road, Maple Street between South Street and Emerson Street, Main Street between South Street and Emerson Street, Jeffrey Avenue between Newark Street and Emerson Street, Catherine Street between the Tuscola and Saginaw Bay Railroad and a point approximately 420 feet north of Center Street, Industrial Parkway, Elm Street south of Center Street, and Croswell Street between the Tuscola and Saginaw Railroad and Center Street. Most streets have curb and gutter and range from 66' right-of-way to 100' right-of-way (Center Street).

MAP 1

DDA DISTRICT

MAP 2

DEVELOPMENT AREA

2.2 LOCATION AND EXTENT OF PUBLIC FACILITIES WITHIN THE DEVELOPMENT AREA

All of the development area is served by the full range of public utilities (water, sanitary sewer and storm drains). The Ithaca municipal building, community center and police department exists within the development area in the block bounded by Maple, Emerson, Pine River and Center streets. The municipal library and museum are located on E. Center Street across from the community center. The Gratiot County Courthouse and annex as well as the Sheriff Department are located within the block bounded by Center Street, Jeffrey Avenue, Main Street and Newark Street. The U.S. Post Office is located in the block bordered by Emerson, Pine River, Center and Main streets.

2.3 LOCATION AND EXTENT OF EXISTING LAND USE

Land uses and activities existing within the Tax Increment Finance District consist of the following:

| Land Uses | Number |
|--------------------------------|--------|
| Commercial | 110 |
| Warehousing/Storage | 7 |
| Public/Quasi-Public Facilities | 12 |
| Residential Uses | 32 |
| Vacant Parcels | 38 |
| Vacant Buildings | 3 |

Street, including three blocks on the north side of Center (between Brown Street and U.S. 27) and four blocks on the south side of Center (between Nelson Street and U.S. 27). High-pressure sodium street lighting will be located on Center Street between Jeffrey Street and Catherine Street.

- c) Alleyways – Existing alleys behind the commercial buildings on both sides of Center Street will be improved with new pavement.
- d) Water and Sanitary Sewer – Sanitary sewer lines may be extended south of Pine River Avenue to the City limits to serve the fairgrounds. A bathroom facility will be constructed at the fairgrounds.
- e) Storm Sewer – Approximately 3,200 feet of curb and gutter would be constructed in Commerce Park on the south side of E. Center Street, off of Dilts Road and Crosswell Road. Storm sewers will be separated from sanitary sewer along Center Street from Maple Street to St. John Street and along Pine River Street between Emerson Street and Newark Street.
- f) Two “Welcome to Ithaca” signs will be placed at key entrances into the City.
- g) The exterior brick façade on the City’s Fire Department building will be tuck-pointed.
- h) The DDA will purchase and install street banners on existing light poles within the District.
- i) The DDA will, in conjunction with the Ithaca School District, construct a Child Care Center, to be managed by the School District.
- j) Parks and Recreation – The County Fairground property on S. Pine River Street will be developed as a recreation area, including soccer fields, R.V. Park, and other facilities as determined by the City and the DDA.

- k) The DDA will, in conjunction with the Chamber of Commerce, engage in marketing the DDA District, including developing, printing and distributing brochures.

Private improvements in the development area include:

- a) Parking – Private off–street parking areas would be constructed and improved along E. Center Street between U.S. 27 and Catherine Street, as well as in the business park off of Dilts Road and Crosswell Road.
- b) Buildings and Structures – New commercial structures, additions and remodeling will occur on E. Center Street, in the business park and in the Central Business District. Restoration will be undertaken on existing buildings within the Central Business District, including restoration and ongoing maintenance of building facades, improving interior retail spaces, providing rear entrances and renovating 2nd and 3rd floor spaces into apartments and offices.

3.2 A DESCRIPTION OF REPAIRS AND ALTERATIONS NECESSARY TO MAKE IMPROVEMENTS

- a) Renovation of storefronts and rear facades will be constructed over the period of this Plan within the development area. This construction will require some coordination in design. Materials should be matched with facade 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 facade improvements should highlight rear entrances and make business more accessible from off–street parking design, increasing pedestrian traffic and separating it from vehicular traffic in these areas.
- b) Controlled (appropriately spaced) curb cuts along E. Center Street will be required to facilitate off–street parking associated with new commercial development.

- c) Overhead utility lines located along the streets in the Central Business District will be relocated underground and existing poles and street lights will be removed and replaced with pedestrian lighting.
- d) Improvements to off-street parking lots may present temporary parking problems during construction. No more than one parking lot or portion of a lot should be under reconstruction at any one time to minimize the impacts of the expected decreased parking capacity downtown. The Development Plan proposes realignment of existing off-street parking to accommodate additional spaces.

3.3 AN ESTIMATE OF THE TIME REQUIRED FOR COMPLETION

The Development Plan is estimated to take 15 years to complete. Estimated completion date for public improvements is the year 2018. The capture of Tax Increment Finance revenue is to pay for public improvements; however, it is estimated to take approximately 15 years.

4.0 THE LOCATION, EXTENT, CHARACTER AND ESTIMATED COST OF THE IMPROVEMENTS INCLUDING REHABILITATION CONTEMPLATED FOR THE DEVELOPMENT AREA AND AN ESTIMATE OF 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, City Council, merchants and local residents.

DOWNTOWN PLAN/TAX INCREMENT FINANCE PLAN

4.1 THE LOCATION, EXTENT, CHARACTER AND ESTIMATED COST OF PUBLIC AND PRIVATE IMPROVEMENTS CONTEMPLATED FOR THE DEVELOPMENT AREA

| Area and Improvements | Cost Estimate |
|--|---------------|
| Parking Lot Improvements - N. Pine River between Center Street and W. Emerson Street | |
| Landscaping Pedestrian Access Parking Lot Improvements | |
| Total | \$34,000 |
| Parking Lot Improvements/Plaza - Newark Street between Alley and N. Pine River Street | |
| Landscaping Pedestrian Access Parking Lot Improvements Plaza | |
| Total | \$46,300 |
| Parking Lot Improvements - Main Street between Center Street and W. Emerson Street | |
| Landscaping Pedestrian Access Parking Lot Improvements | |
| Total | \$35,000 |
| Parking Lot Improvements - Newark Street between Main Street and Alley | |
| Landscaping Pedestrian Access Parking Lot Improvements | |
| Total | \$18,500 |
| Pedestrian Street Lights - Center Street | |
| Street Lights | |
| Total | \$34,000 |
| Pedestrian Street Lights - W. Emerson Street | |
| Street Lights | |

DOWNTOWN PLAN/TAX INCREMENT FINANCE PLAN

| Area and Improvements | Cost Estimate |
|---|---------------|
| Total | \$52,500 |
| Alley – Between Emerson Street and Newark Street | |
| Total | \$45,300 |
| Sanitary Sewer – Placement along S. Pine River to fairground and construction of public restrooms | |
| Total | \$317,000 |
| Construct separate storm sewer on Center Street between Maple Street and St. John Street and along Pine River Street between Emerson Street and Newark Street | |
| Total | \$261,000 |
| Construct Child Care Center | |
| Total | \$268,000 |
| Place two Welcome Signs at entrances to City | |
| Total | \$6,500 |
| Replace curb and sidewalk on North Pine River Street (1 block north of Center) and on South Pine River (2 blocks south of Center) | |
| Total | \$129,000 |
| Remove several existing deteriorated dwellings and replace with a parking lot | |
| Total | \$76,000 |
| Place banners on light posts | |
| Total | \$9,300 |
| Pedestrian Street Lights – S. Pine River | |
| Street Lights | |
| Total | \$67,000 |
| Pedestrian Street Lights – N. Pine River | |
| Street Lights | |

DOWNTOWN PLAN/TAX INCREMENT FINANCE PLAN

| Area and Improvements | Cost Estimate |
|---|---------------|
| Total | \$25,000 |
| Building Facade Renovation – Center Street between Main Street and Pine River Street | |
| Building Façade | |
| Total | \$190,000 |
| Pedestrian Street Lights – Jeffrey Street | |
| Street Lights | |
| Total | \$48,500 |
| Pedestrian Street Lights – Newark Street | |
| Street Lights | |
| Total | \$52,500 |
| Pedestrian Street Lights – Maple Street | |
| Street Lights | |
| Total | \$30,000 |
| Pedestrian Street Lights – Main Street | |
| Street Lights | |
| Total | \$58,000 |
| Sidewalks along E. Center Street | |
| Total | \$74,000 |
| Recreation Area | |
| Parking/Public Restroom/Soccer Field/RV Park, etc. | |
| Total | \$100,000 |
| Removal of overhead utility lines and placement underground | |
| Total | \$50,500 |
| Business Park – E. Center Street, Dilts Rd., Crosswell Rd. | |
| Storm Sewer Curb | |
| Total | \$47,000 |
| East Center Street Private Commercial Development (including private business park on | |

DOWNTOWN PLAN/TAX INCREMENT FINANCE PLAN

| Area and Improvements | Cost Estimate |
|--|---------------|
| Dilts Road) | |
| Total | \$1,200,000 |
| Tuck Point Exterior of Fire Department Building | |
| Total | \$24,000 |
| E. Center Street - Between Jeffrey Avenue and Catherine Street | |
| HPS Street Lights | 0 |
| Total | \$88,500 |
| TOTAL PUBLIC IMPROVEMENTS | \$2,187,400 |
| TOTAL PRIVATE AND NONPROFIT IMPROVEMENTS (NEW) | \$1,200,000 |
| TOTAL PRIVATE IMPROVEMENTS (RENOVATION) | \$190,000 |
| | |

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

Although there is no formal Open Space Plan, in the TIF Plan public open space is intended for selected areas within the Tax Increment Finance District. This includes the area surrounding the fairground and the Nature Preserve on S. Pine River Avenue.

6.0 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 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

Up to three dwelling units within close proximity to the County Courthouse may potentially be purchased for removal and subsequent construction of a parking lot.

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

8.1 CHANGES IN ZONING

The City's current Ordinance accommodates the concepts of this Plan, including a pedestrian-oriented Central Business District, a recreation commercial business district on S. Pine River, an automobile-oriented general commercial district in the E. Center Area, and a restricted office/commercial district on both sides of Center Street between Catherine Street and Jeffrey Street.

8.2 CHANGES IN STREETS, STREET LEVELS AND INTERSECTIONS

No street changes are anticipated in this Plan.

8.3 CHANGES IN UTILITIES

The Redevelopment Plan calls for removing existing overhead streetlights along N. Pine River, W. Emerson Street, S. Pine River Avenue, Jeffrey Street, Newark Street, Maple Street and Main Street. High Pressure Sodium street lights will be placed on both sides of Center Street between Catherine Street and Jeffrey Street. New curb and storm sewers will be placed in the Crosswell Rd. business park. Additional relocation or underground burial of utility lines within the DDA District, although not specifically identified in this Plan, may occur during the life of the Plan.

Storm and sanitary sewers will be separated on Center Street between Maple Street and S. John Street and along Pine River Street between Emerson Street and Newark Street.

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 public improvements being proposed in the Development Plan have an anticipated development cost of \$2,187,400 in 2003 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 is 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, or subsequent debts as a result of those activities, as indicated in this Plan or otherwise appropriate as provided in Michigan Act 197, P.A. 1975, as amended.

- a) Donations from foundations, corporations, groups, individuals or others.
- b) Money borrowed from a bank, savings and loan, or any other type of approved lender.
- c) Revenues from any property, building or facility, or a revenue bond secured by said revenues or the full faith and credit of the City.
- d) Proceeds of Tax Increments – As captured assessed value exceeds initial assessed value, tax increment revenues will accrue in significant enough amounts to provide meaningful working capital. It will 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 revenue

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 City.

- e) Special Assessment – Phases of the scheduled public improvements may be funded by special assessment bonds to the benefit of property owners within the District. A special assessment district could be established and property maps will detail property ownership and the amount of associated individual assessments. The property owners described therein would be assessed an annual fee. This fee will apply equally to all properties on the basis of total front footage or square footage. Specified benefits will be assigned to each property owner for work in place that is in conformance with the Downtown Development Plan as approved by the municipality. These benefits will be subject to change when increases or decreases in front footage or square footage occur on an individual basis.
- f) Potential Funding Sources – The City may apply for Community Development Block Grant funds to assist in public improvements associated with new job creation.

Transportation Enhancement Grants through the Michigan Department of Transportation could be obtained for streetscape improvements (beautification).

In conjunction with Transportation Enhancement and Community Development Block Grant funds for public improvements, the City could attract a developer/investor to construct proposed new buildings or rehabilitate existing properties in the DDA.

The cost of the construction of a community childcare facility could be shared between the DDA and Ithaca Public Schools, with assistance from State and Federal Grants.

- g) Money provided from any other sources approved by the City Council 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.

- h) The Authority may issue tax increment bonds or request the City to issue general obligation bonds. 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 may be to finance this Downtown Development Plan.

 - 2) Direct Payment: The DDA proposes to use the captured increase in assessed value for the first years of the Tax Increment Finance program to finance the improvement projects called for in this Plan. The partial costs of improvements of the estimated 15 years of the Tax Increment Finance program may 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 City and the Downtown Development Authority to adhere to the proposed project schedule.

 - 3) Bonded Indebtedness: The DDA may propose the sale of a bond issue in any year after the first year of the Tax Increment Finance program. The amount not to exceed 80% of anticipated tax revenues at present worth value can be bonded, to be repaid over 15 years.

- 4) Initial Taxable Value: It is proposed that the Ithaca City Council adopt this Amended Plan anytime before May 2003. The "initial taxable value" (i.e., the base-year SEV from which the "captured taxable value" is calculated) shall be the 2002 Taxable Valuation of the Ithaca Downtown Development District, as finally determined by the State Tax Commission.
- 5) Portion of "Captured Taxable Value" to be Used: The DDA proposes that a portion of the taxes levied by the City and a proportion of the taxes levied by Gratiot County on the captured assessed value of real, personal and IFT properties within the District be used by the Authority, to the extent needed from year to year to accomplish the above-stated purpose.
- 6) Duration of the Program: This Tax Increment Financing Plan shall be effective through the year 2018 or until any bonded indebtedness is completely retired.

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

This financing plan will act as an impetus to leverage loan money for individual businessmen to make improvements to their storefronts. The DDA will seek funds from various funding sources. Private sector funds can come from a 2-mill levy in the downtown area. These funds may be used for public improvements in this area to assist in leveraging low interest loans, or for management and operation of downtown services. The project development area has been estimated as the entire area under the DDA, and the improvements described in Section 4. The 2002 Taxable Value for property within the TIF district area is \$7,937,756. This constitutes the initial assessed value for purposes of this 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 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~~

Not applicable.

12.0 ~~ESTIMATES OF THE NUMBER OF 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~~

Under 100 persons reside in the DDA development area.

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

Fifteen families could potentially be displaced through the conversion of residential dwellings to commercial retail/service properties, and the development of a public parking facility within close proximity to County offices.

12.3 ~~A SURVEY OF THE INCOME AND RACIAL COMPOSITION OF THE FAMILIES AND INDIVIDUALS TO BE DISPLACED~~

The families and individuals to be displaced are all non-minority, lower and middle income.

12.4 A STATISTICAL DESCRIPTION OF THE HOUSING SUPPLY IN THE COMMUNITY

- a) The Number of Private and Public Units in Existence or Under Construction – There are 1,198 total housing units within the City of Ithaca, of those 1,143 or 95% are occupied. Seventy one percent of those are owner occupied and 29% are renter occupied. Seventy percent of all units (839 units) are single-family detached units. Since 1990, the City's housing stock has increased at an annual average of 0.7 percent. There are no public housing units within the City, although there are several FmHA apartment complexes.
- b) The Condition of Existing Housing Units – The general condition of housing in Ithaca appears to be average to above average, with approximately 205 homes built since 1980. All but five housing units are year-round and no units lack plumbing facilities. Only 17 units have more than 1.01 persons per room.
- c) The Annual Rate of Turnover of the Various Types of Housing and the Range of Rents and Sale Prices – The rate of total housing turnover in Ithaca averages approximately 6 percent of the occupied housing stock per year. Rents range from less than \$200 plus utilities to \$500 plus utilities. The median rent within the City was approximately \$290 plus utilities in 1990.
- d) An Estimate of the Total Demand for Housing in the Community – Demand for owner-occupied housing in the City of Ithaca is considered relatively high by County standards, while the demand for rental housing is also greater than the county average. In 1990, only 0.7% of the City's owner occupied housing was vacant, while 5.2% of all rental housing was vacant. An adequate and full range and supply of housing is available with average movement

in the market place. A new single-family development is expected in the future.

- e) The Estimated Capacity of Private and Public Housing Available to Displaced Families and Individuals – The residential vacancy rate within the City is approximately two percent (0.7% for owner-occupied and 5.2% for rental) representing a total of about 22 units (5 owner and 17 renter units). The 5 units available for owner-occupancy currently falls short of the estimated number of resident units (12) that may potentially be converted to commercial use.

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

The DDA and City will work with the owners and tenants of any residential units that are proposed to be removed to ensure that replacement housing is available within the City for any displaced tenants. If any new multiple-family housing is constructed within the City, the movement of some local residents into additional multiple-family housing should free up existing units for any low/moderate income residents who may be displaced. Any eligible displaced persons would not require placement on a priority basis.

14.0 PROVISION FOR THE COSTS 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 1970, BEING PUBLIC LAW 91-646, 42 (S.C. SECTIONS 4601, ET. SEQ.)

Relocation costs will be administered to eligible families for expenses incurred as the result of displacement. Provision of money for those expenses is expected to come from revenues associated with private sector development, including revenues from the sale of the residential properties.

15.0 A PLAN FOR COMPLIANCE WITH ACT NO. 227 OF THE PUBLIC ACTS OF

~~1972, BEING SECTIONS 213.321 TO 213.332 OF THE MICHIGAN COMPILED LAWS~~

The City fully intends to comply.

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 finance procedure has been in place under law with the DDA statute, Act 197 of 1975, as amended. A Downtown Development Authority as a method of financing a downtown development plan may propose the procedure. It then may be adopted by the 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) 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 a manner prescribed by the Authority.
- 3) Taxes generated from the 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 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.
- 4) The taxes that are potentially available to the Authority include all of the taxes normally levied by all the 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) 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 commercial tax base.

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-fifth of the largest combined annual principal and interest payment due on bonds issued, until the reserve account is equal to the largest combined annual interest and principal requirement during the life of the plan.
- 3) To pay the administrative and operating costs of the DDA and the City for the development area, including planning and promotion, to the extent provided in the annual budget of the Downtown Development Authority. The annual administrative and operating budget, including

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marketing, advertising, promotion and special events, shall be determined by the DDA and submitted to City Council for approval.

- 4) To finance, to the extent determined desirable by the Downtown Development Authority and approved by the City, 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 cost of any additional improvements to the development as determined necessary by the Downtown Development Authority and approved by the City Council.
- 6) To reimburse the City 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) 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 defined in the development plan or 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.

19.0 ~~THE AMOUNT OF BONDED INDEBTEDNESS TO BE INCURRED~~

It is not anticipated that any bonded indebtedness will be incurred to finance the improvements called for in this Plan.

20.0 ~~THE DURATION OF THE PROGRAM~~

The development program is scheduled for completion approximately 15 years following adoption of the Plan.

21.0 ~~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 taxable value by the total operating millage levied by all local taxing jurisdictions.

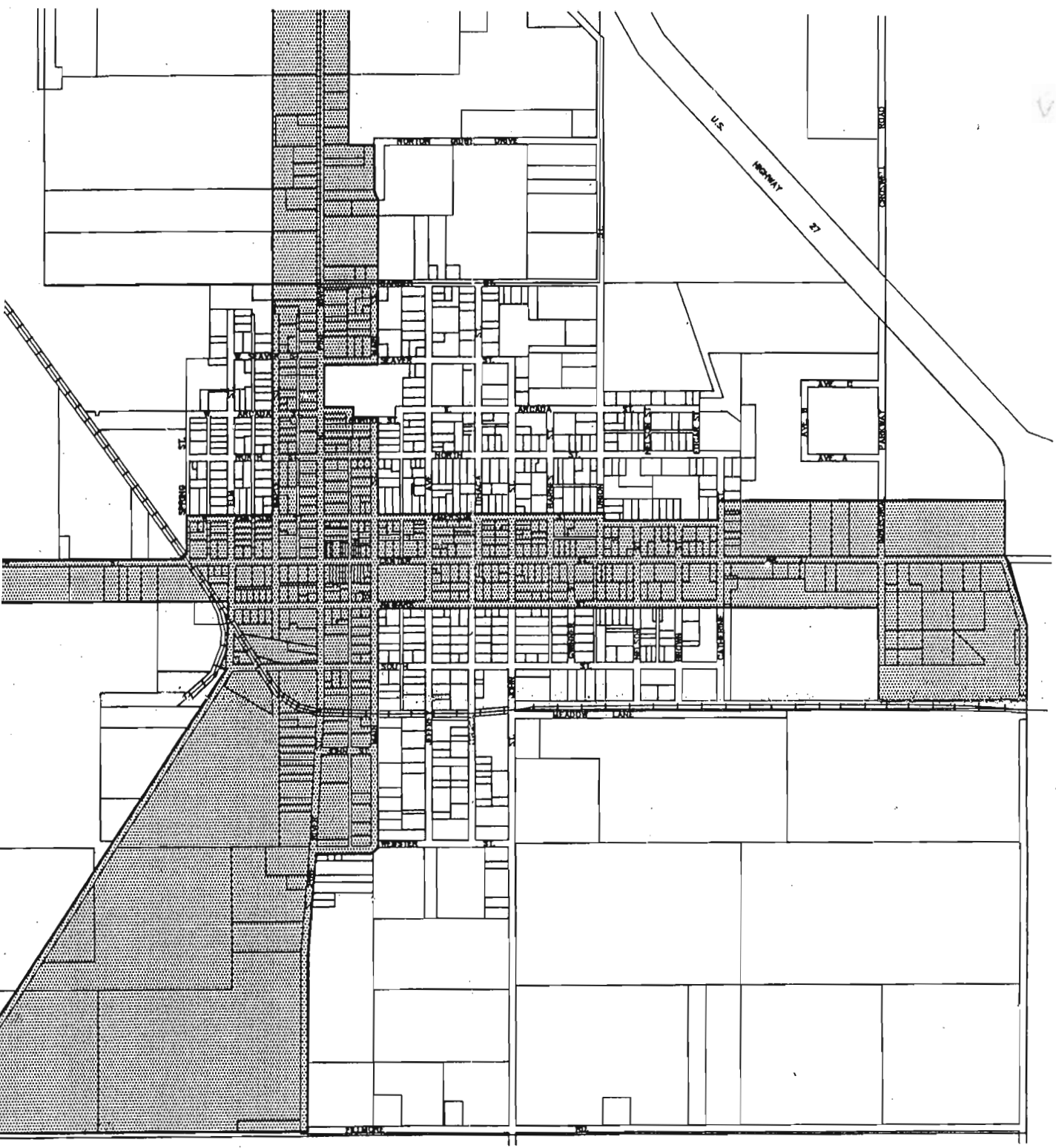
Since the tax increment financing plan generates revenue based only on the captured taxable value over and above the established level, the City and the County will still levy taxes against the 2002 taxable value of \$7,937,756. That taxable value will be used for taxing purposes by the taxing authorities throughout the life of the tax increment plan as adopted by the City of Ithaca. In effect, the taxable value is frozen at that level. All other taxing entities will assess according to each year's taxable values as if the Tax Increment Finance Program is not in place.

Over the past seven years, the City's State Equalized Value for real property increased at an annual rate of 15.1 percent while the County's real property SEV increased at an annual rate of 10.6%. During the seven-year period between 1994 and 2001, the annual rate of growth of real property SEV in the DDA District was 14.1 percent. The period between 1990 and 2000 was generally a time of aggressive economic development. It is likely that the rate of growth in the valuation of real property in the DDA District, City and County will decrease over the next 15-year period.

To derive a conservative estimate of the amount of taxes that could potentially be captured from both the City and County, assume a 50 percent reduction in the growth rate of taxable value between 1990 and 2000 for each jurisdiction and a 50 percent reduction in the valuation growth rate for the DDA District. DDA District = 6.8 percent; City = 5.5 percent; County = 5.2 percent. Also assume a continuation of the 1990–2000 average annual rate of increase of 2.9 percent for the City's millage and no net change in the County's millage.

If both the County and the City will agree to allow the DDA to capture 50 percent of the incremental real property taxes generated within the District over the next 15-years. That is, half of the millage rate that each jurisdiction applies to the taxable value on real property within the District will accrue to the DDA and the balance (50%) will go to the

jurisdiction for operating purposes.



DDA DISTRICT

MAP 1