

City of Southgate  
Downtown Development Authority

**Development Plan and  
Tax Increment Financing Plan**  
May 2002

City of Southgate  
DOWNTOWN DEVELOPMENT AUTHORITY  
DEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN

TABLE OF CONTENTS

|   |    |
|---|----|
| Purpose of the Downtown Development Authority Act                         | 1  |
| Creation of the Downtown Development Authority                            | 1  |
| Basis for the Development Plan  | 1  |
| <b>General Development Plan</b>   |    |
| General Development Plan  | 3  |
| <b>Development Plan</b>   |    |
| 1. Designation of Boundaries of the Development Plan                      | 4  |
| 2A. Location and Extent of Existing Streets and other Facilities          | 6  |
| 2B Existing Public and Private Land Uses within the Development Area      | 6  |
| 3. Location and Extent of Proposed Public and Private Land Uses           | 6  |
| 4 Development Area Boundary Description of the Development Area           | 7  |
| 5 Existing Improvements to be Demolished, Repaired or Altered             | 7  |
| 6 Location, Extent, Character and Estimated Cost of Improvements          | 9  |
| 7 Statement of the Construction or Stages of Construction Planned         | 10 |
| 8 Parts of the Development to be Left as Open Space                       | 10 |
| 9 Portions of the Development Area to Sell, Donate, Exchange or Lease     | 10 |
| 10 Desired Zoning Changes and Changes in Streets                          | 10 |
| 11 Estimate of the Cost of Development, Proposed Method of Financing      | 10 |
| 12 Designation of Person(s) to Benefit from Improvements                  | 10 |
| 13 Procedures for Bidding Conveyance of Property                          | 11 |
| 14 Estimate Number of Persons Residing in the Development Area            | 11 |
| 15 Plan for Establishing Priority for the Relocation of Persons Displaced | 11 |
| 16 Provision for the Costs of Relocation                                  | 11 |
| 17 A Plan for Compliance with Act 227 of PA 1972                          | 12 |
| <b>Tax Increment Financing Plan</b>                                       |    |
| 1. Definitions as used in this Plan                                       | 13 |
| 2. Purpose of the Tax Increment Financing Plan                            | 13 |
| 3. Explanation of the Tax Increment Procedure                             | 14 |
| 4. Taxing Jurisdictions Agreements  | 14 |
| 5. Property Valuations and Captured Revenue                               | 15 |
| 6. Maximum Indebtedness   | 19 |
| 7. Use of Captured Revenues   | 19 |
| 8. Duration of the Program  | 19 |
| 9. Plan Impact on Local Taxing Jurisdictions                              | 19 |
| 10. Release of Captured Revenues  | 19 |
| 11. Assumptions of Tax Increment Financing Plan                           | 20 |
| 12. Operating Agreement between DDA and Local Unit of Government          | 20 |
| 13. Relationship of the TIF Plan with Other Funding Programs              | 20 |
| 14. Relationship to the Community Master Plan                             | 20 |
| 15. Submission of an Annual Report to Governing Body                      | 20 |

### Tables

|   |  |    |
|---|--|----|
| 1 | Estimated Cost of Improvements         | 8  |
| 2 | Initial Assessed Valuation             | 15 |
| 3 | Anticipated Millage to be Captured     | 16 |
| 4 | Anticipated Captured Taxable Valuation | 17 |
| 5 | Anticipated Captured Revenue           | 18 |

### Maps

|   |   |   |
|---|---|---|
| 1 | City of Southgate Downtown Development Authority District | 2 |
| 2 | Development Plan Area Boundary                            |   |

### Exhibits

1. Ordinance No 747 Establishing the Southgate DDA
2. Resolution Establishing Public Hearing for the Development Plan and Tax Increment Financing Plan
3. Resolution from the DDA Board Adopting the Development Plan and Tax Increment Financing Plan
3. Ordinance No. \_\_\_ adopting the Development Plan and Tax Increment Financing Plan.

**City of Southgate  
Downtown Development Authority  
DEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN**

**Purpose Of The Downtown Development Authority Act**

Act 197 of Public Acts of 1975, as amended, of the State of Michigan, commonly referred to as the Downtown Development Authority Act, was created in part to correct and prevent deterioration within business districts; to promote economic growth and revitalization; to encourage commercial revitalization and historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation of a downtown development authority board; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific development activities contained in locally-adopted development plans.

The Act seeks to attack problems of urban decline, strengthen existing areas and encourage new private developments in Michigan downtowns, business districts, and corridors. It seeks to accomplish this goal by providing communities with the necessary legal, monetary and organizational tools to revitalize economically distressed areas either through public-initiated projects or in concert with privately motivated development projects. The manner in which downtown development authorities choose to make use of these tools does, of course, depend on the problems and opportunities facing each particular redevelopment area and the development priorities sought by the community and board in the revitalization of its area.

**Creation of the Downtown Development Authority**

On May 8, 2002, the City Council of the City of Southgate adopted an Ordinance, No. 747 creating a Downtown Development Authority under Public Act 197 of 1975, and designating the boundaries of the Authority district within which the Authority will exercise its powers. The district includes, generally, the Eureka Road Corridor business area from Allen Road to Fort Street.

**Basis For The Development Plan**

The Downtown Development Authority Act provides the legal mechanism for local officials to address the need for economic development in the redevelopment district. In the City of Southgate, the Development Authority District, subject of this Development Plan, can be generally described as incorporating public right-of-way along both sides of Eureka Road and portions of Toledo Highway from Superior to Eureka Road. This Development Plan states the type of projects in the downtown development district and the expiration of the plan.



**Map/Graphic 1**  
City of Southgate Downtown Development Authority District



## GENERAL DEVELOPMENT PLAN

The need for establishing the Development District described in Section 4 (referred to as "Development Area") is founded on the basis that the future success of Southgate's current effort to revitalize its corridor business district will depend, in large measure, on the readiness and ability of its public sector to initiate public improvements that strengthen the business corridor, and to encourage and participate where feasible in the development of new private uses that clearly demonstrate the creation of new jobs, the attraction of new business, and the generation of additional tax revenues.

The General Development Plan referenced herein suggests the following:

- ⊙ Strategic redevelopment of the commercial corridor within the district by encouraging the reinvestment of public and private funds,
- ⊙ Efforts to create development opportunities for new and in-fill commercial and residential developments,
- ⊙ Efforts to integrate commercial and residential properties within the development area,
- ⊙ Efforts to decrease existing vacant commercial floor space,
- ⊙ The need to rehabilitate or remove blighted structures,
- ⊙ Efforts to revitalize under performing and vacant shopping centers,
- ⊙ Installation of infrastructure improvements, including pedestrian and beautification improvements, that would support and strengthen the corridor district, such as streetscape improvements, linkages between businesses, and linkages with public facilities,
- ⊙ Efforts to increase maintenance levels of existing private and public properties,
- ⊙ Integration of transportation enhancements that improve vehicular access management, that minimize curb cuts along Eureka, that maximize internal connections between private facilities, and that improve linkages with intersecting arterial roads and with adjacent residential areas, and
- ⊙ Promotion of the corridor through marketing efforts and special events.

## DEVELOPMENT PLAN

### **1. Designation of Boundaries of the Development Area**

The Development Area boundary is located within the jurisdictional limits of the City of Southgate and the Southgate Downtown Development Authority. The City of Southgate established the Downtown Development Authority pursuant to Act 197 of Public Acts of 1975, as amended, through adoption and publication of a City Council Ordinance 747, adopted May 8, 2002. The Downtown Development Authority Development Area boundary is contiguous with the Authority's District as illustrated on Map 1 and can be generally described as incorporating public right-of-way along both sides of Eureka Road from Allen Road to Fort Street, and both sides of Toledo Highway between Superior and Eureka Road.



**Map/Graphic 2**  
Development Plan Area Boundary





## 2A. Location and Extent of Existing Streets and other Public Facilities

Public land uses, within the Development Area, include right-of-ways under the jurisdiction of the City of Southgate, Wayne County, and State of Michigan. Public facilities within the development area include the City Hall, Auditorium, DPW, Fire Station, Library, Police Station and District Court, and Golf Course.

## 2B. Location, Character and Extent of Existing Public and Private Land Uses within the Development Area

Existing land uses within the Development Area are composed of public and private land uses.

### Public Land Uses

Public land uses include public right-of-ways along Eureka Road and portions of Toledo Highway between Eureka and Superior. In addition to public right-of-ways, there are several public land uses including the municipal complex located on the west side of Dix-Toledo Highway, the Municipal Golf Course located behind the Municipal Complex, and a public park located at the corner of Superior and Dix-Toledo Highway.

### Private Land Uses

- A. Residential – There are 18 residential properties within the development area. Fifteen homes are classified as “homestead” properties, and 3 are classified as “non-homestead” properties.
- B. Commercial – Commercial properties within the development area include the corridor businesses along Eureka Road. The corridor business area reflects a typical commercial strip development pattern that is oriented to vehicular traffic, with large setbacks in front of buildings, on-site parking lots, and no on-street parking. The corridor is dominated by vehicular traffic and is not oriented for pedestrians or other non-motorized travel, such as bicycles. For example, commercial uses along Eureka Road include fast-food restaurants with drive-through facilities, car dealerships, auto repair facilities, family restaurants, gas stations with convenience stores, several “strip” shopping centers, and “Big Box” retailers.
- C. Offices – There are a number of professional offices including professional and administrative, legal, and medical located within the business district.

### Vacant Land

There are parcels of land available for development within the Development Area. These consist primarily of former developed properties, which are for lease or sale, and vary, in size from small parcels to large “Big Box” sites.

## 3. Location and Extent of Proposed Public and Private Land Uses.

The Development Plan envisions the integration of public and private land uses as a method of strengthening the economic base of the Development Area. This will be accomplished by improving the public infrastructure adjacent to, and in conjunction with existing private development. Specifically, the Downtown Development Authority plans to utilize seven distinct strategies to the revitalization and enhancement of the Southgate business district, and these include:

- ① To induce private reinvestment through the installation of public improvements that will provide parking and pedestrian access to existing commercial establishments and underutilized properties.
- ② To stimulate redevelopment, the Downtown Development Authority may purchase, renovate and resell certain properties that are currently deteriorated, and improve public property adjacent to commercial areas where commercial investment is already occurring.
- ③ Provide assistance to local business and property owners through the use of low interest loans, merchants retention programs and coordinated advertising, promotion and marketing.
- ④ The DDA in cooperation with the private sector will utilize the use of public-private partnerships to spawn redevelopment and revitalization projects, such as in-fill projects, and the redevelopment of "greyfields" which are underutilized or marginally viable shopping centers.
- ⑤ Work in conjunction with adjacent communities, and their DDA's, to coordinate a regional redevelopment and revitalization approach to Eureka Road Corridor.
- ⑥ Provide funding to rehabilitate or remove blighted structures which pose health, safety, and welfare concerns.
- ⑦ In conjunction with the City of Southgate provide funding assistance for the provisions and continuation of public facilities within the Development Area.

#### 4. Development Area Boundary Description of the Development Area

The boundaries of the Downtown Development Authority are illustrated on the map entitled "Map/Graphic 2" and as generally described as follows:

1. The north side of Eureka Road from Allen Road east to Toledo Highway.
2. The westerly side of Toledo Highway from Eureka Road northerly to Superior Avenue.
3. The easterly side of Toledo Highway from Superior Avenue southerly to Eureka Road.
4. The north side of Eureka Road from Toledo Highway east to Fort Street.
5. The south side of Eureka Road from Fort Street west to Toledo Highway.
6. The easterly and westerly side of Toledo Highway south of Eureka Road.
7. The south side of Eureka Road from Toledo Road west to Allen Road.
8. The City of Southgate City Hall Complex and Golf Course Property.
9. The west side of Trenton Road from Eureka Road south to the south line of Kiwanis Park.

The detailed legal description for the Downtown Development Area Boundary is incorporated as an Exhibit to this plan.

#### 5. Existing Improvements in the Development Area to be Demolished, Repaired or Altered and Time Required for Completion.

The proposed development program for the Development Area incorporates the integration of public and private improvements. The overall project descriptions and schedule of phasing for projects in the Development Plan have been delineated in the next section by their respective location within the Development Area.

Projects outlined in this section provide the Downtown Development Authority with the latitude to approach a variety of projects needed to revitalize the business district within the Development Area. The scope of the projects identified are general in context and as specific projects are authorized by the DDA their costs, sequencing, and timeframes will be defined in greater detail.

**Table 1**  
Estimated Cost of Improvements

| Project                             | Project Description   | Estimated Cost      |
|-------------------------------------|---|---------------------|
| 1                                   | Corridor Enhancements Along Toledo Highway and Eureka Road                    | \$6,850,000         |
| 2                                   | Relocation or Burial of Overhead Utility Lines                                | \$2,500,000         |
| 3                                   | Removal of Non-Conforming Signage   | \$275,000           |
| 4                                   | Traffic Access Management Improvements  | \$2,750,000         |
| 5                                   | Building, Façade, and Site Assistance Program                                 | \$3,500,000         |
| 6                                   | Property Acquisition and Pre-Development Expenses                             | \$4,500,000         |
| 7                                   | Reconstruction, Maintenance, and New Construction of Municipal Infrastructure | \$5,000,000         |
| 8                                   | Redevelopment and Infill Development Assistance                               | \$8,000,000         |
| 9                                   | Rehabilitation or Removal of Blighted Properties                              | \$3,000,000         |
| 10                                  | Reconstruction, Maintenance, and New Construction of Public Facilities        | \$2,500,000         |
| 11                                  | Zoning, Design Studies, Promotion & Marketing                                 | \$125,000           |
| <b>Total Program (2002 Dollars)</b> |   | <b>\$39,000,000</b> |

- 1 Corridor Enhancements Along Toledo Highway and Eureka Road – Projects would include improvements within the public right-of-way, and areas covered by easements, consisting of lighting, sidewalks, drive approaches, pedestrian plazas and areas, street trees, signage, traffic signalization, and other enhancement elements deemed appropriate by the DDA.
- 2 Relocation and Burial of Overhead Utility Lines – Projects related to the burial of overhead utility poles and lines in areas visually and physically impacted by these appurtenances.
- 3 Removal of Non-Conforming Signage – This would include costs associated with enforcement of sign codes and the removal of non-conforming signage.
- 4 Traffic Access Management Improvements – Project and program expenses related to making traffic access management improvements such as closure of curb cuts and removal of drive approaches, consolidation of curb cuts, consolidation of parking lots, and reorganization of drive approaches and deceleration lanes, and other improvements deemed appropriate by the DDA.

- 5 Building, Façade, and Site Assistance Program – A program structured to offer small businesses access to low interest and/or grant funds to renovate storefronts and facades, remove non-conforming signs, improve the overall exterior appearance of their buildings and site, and make renovations to bring the subject building in compliance with local and state building codes. In exchange for this assistance property owners will be required to follow design guidelines adopted by the DDA.
- 6 Property Acquisition and Pre-Development Expenses – Certain projects within the Development Area will require property acquisition by the DDA in order to induce their redevelopment. Further, expenses associated with the pre-development of property including, but not limited to, appraisals, property surveys, feasibility studies, market studies, conceptual designs, will be needed as part of these redevelopment efforts.
- 7 Reconstruction, Maintenance, and New Construction of Municipal Infrastructure – Provide funding for infrastructure expenses associated with redevelopment and enhancement projects.
- 8 Redevelopment and Infill Development Assistance – Provide funding to assist with the redevelopment of under performing or vacant parcels and properties within the Development Area.
- 9 Rehabilitation or Removal of Blighted Properties – Provide funding to acquire, condemn, or renovate blighted buildings and properties.
- 10 Reconstruction, Maintenance, and New Construction of Public Facilities – Provide funding assistance for the reconstruction, maintenance, and new construction of those public facilities within the Development Area which enhance or support the revitalization of the business district. Further, funds can be appropriated for the procurement of cultural assets, including but limited to, public art, and traveling art exhibits, which enhance the business district and the overall Southgate community.
- 11 Zoning, Design Studies, Grants, Promotion & Marketing – Provide funding for non-construction activities such as zoning ordinance revisions and new zoning provisions for the properties within the Development Area, design studies, preparation of grant applications, promotion, and marketing programs, and other expenses as deemed appropriate by the DDA.

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

Projects proposed for implementation in the development area delineate various public improvements confined to the public right of way. Cost estimates listed in Table 1 are estimated costs and will be refined as design plans are completed for individual projects.

**7. A Statement of the Construction or Stages of Construction Planned, and the Estimated Time of Completion.**

The time schedule for construction of the public improvement program for projects enumerated in the Development Plan would occur over the next twenty-five (25) to thirty (30) years and would be contingent on the availability of other funding sources to leverage forecasted tax increment revenues. Improvements proposed in this plan are considered public-private initiatives and therefore involve close coordination with the City of Southgate, state and federal agencies, and private developers and property owners.

**8. Parts of the Development Area to be Left as Open Space and Contemplated Use.** Concerning the public improvements outlined, open space within that portion of the Development Area covered by the Development Plan will be confined to right-of-ways, pedestrian walks along streetscapes, and the Southgate Municipal Complex.

**9. Portions of the Development Area which the Authority Desires to Sell, Donate, Exchange, or Lease to or From the Municipality and the Proposed Terms.**

Currently there are no properties that the Downtown Development Authority owns that it desires to sell, donate, exchange, or lease to or from the City of Southgate.

**10. Desired Zoning Changes and Changes in Streets, Street Levels, Intersections and Utilities.**

There are zoning changes needed to encourage or accommodate the level of redevelopment and development envisioned by this Development Plan. Suggested zoning changes may include the adoption of a special overlay zoning district which would promote the mixture and integration of mixed land uses including, but not limited to, retail, general business, office, and residential. Further, depending the scope of projects there maybe the occasion to modify the configuration and/or geometrics of a public roadway, street, or alley.

**11. An Estimate of the Cost of the Development, Proposed Method of Financing and Ability of the Authority to Arrange the Financing.**

Financing for the public improvement projects outlined in Section 6 would be provided through funds generated by the Tax Increment Financing Plan induced by annual increases in property valuations from natural growth and new construction within the Development Area. Further, the Downtown Development Authority other sources of project and program financing may include special assessment districts, business improvement districts, federal and state grant programs, and any other funding programs that the Authority and the City of Southgate deem beneficial.

**12. Designation of Person or Persons, Natural or Corporate, to whom all or a portion of the Development is to be Leased, Sold, or Conveyed in any manner and for whose benefit the Project is being undertaken if that information is available to the Authority.**

The public improvements undertaken in the Development Plan will remain in public ownership for the public benefit. Although components of the projects outlined (ie. lighting and landscaping) may benefit adjacent commercial property owners, they are public assets to be managed by the municipality.

13. The Procedures for Bidding for the Leasing, Purchasing, or Conveying of all or a portion of the Development upon its completion, if there is no expressed 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 to those Persons.

Currently there are no agreements for property conveyance between the City of Southgate, Southgate Downtown Development Authority or any person(s); natural or corporate for properties within that portion of the Development Area covered by the Development Plan. All land acquisitions, if any, would be done by mutual agreement between the seller and Authority, as property becomes available. Any such sale, lease or exchange shall be conducted by the Downtown Development Authority pursuant to requirements specified in Act 197 of Public Acts of 1975, as amended, with the consent of the City of Southgate. If needed, more detailed procedures will be developed before the transactions are executed, according to applicable City policy and Michigan state law.

14. Estimates of the Number of Persons residing in the Development Area and the Number of Families and Individuals to be Displaced.

On the basis of a review of the properties within the Downtown Development Authority District and Development Area it is estimated that there are fewer than 100 individuals who reside within the Development Area. This estimate was based on a physical inventory of dwelling units within the Development Area and assessment records noting property listed as "homestead," and, "non-homestead." As a result, the City of Southgate did not establish the Area Development Citizens Council pursuant to Section 21 of Act No. 197 of 1975, as amended.

The Development Plan does not require the acquisition and clearance of occupied residential property or the displacement of individuals and families within that portion of the Development Area covered by the Development Plan.

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

There are no plans to displace or relocate persons within the boundaries of the Development Area at this time. However, if the DDA does engage in a project which results in the relocation or displacement of persons the DDA will follow the Standards and Provisions of the Federal Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970. In the event persons are displaced as part of a new housing development then those persons will have priority to occupy that new housing in compliance with the Standards and Provisions of the Federal Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970.

16. Provision for the Costs 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 Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

There are no plans to displace or relocate persons within the boundaries of the Development Area at this time. However, if the DDA does engage in a project which results in the relocation or displacement of persons the DDA will follow the Standards and Provisions of the Federal Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970.

17. A Plan for compliance with the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and Act 227 of the Public Acts of 1972. There are no plans to displace or relocate persons within the boundaries of the Development Area at this time. However, if the DDA does engage in a project which results in the relocation or displacement of persons the DDA will follow the Standards and Provisions of the Federal Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970.

## TAX INCREMENT FINANCING PLAN

### 1. Definitions as Used in This Plan.

- a. "Captured Taxable Value" (the "CTV") means the amount in any one (1) year by which the current taxable value, including the taxable value of property for which specific local taxes are paid in lieu of property taxes as determined, exceeds the initial taxable value.
- b. "Initial Taxable Value" (the "ITV") means the taxable value, as equalized, of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved as shown by the most recent assessment roll of the municipality for which the equalization has been completed at the time the resolution is adopted. Property exempt from taxation at the time of the determination of the initial taxable value shall be included as zero. For the purpose of determining initial taxable value, property for which a specific local tax is paid in lieu of a property tax shall not be considered to be property that is exempt from taxation. The initial taxable value of property for which a specific local tax was paid in lieu of a property tax shall be determined as provided in subdivision (c.) below.
- c. "Specific Local Taxes" mean a tax levied under Act 198 of the Public Acts of 1974, being sections 207.551 to 207.571 of the Michigan Compiled Laws, the commercial redevelopment act, Act No. 255 of the Public Acts of 1978, being section 207.651 to 207.668 of the Michigan Compiled Laws, the technology park development act, Act No. 385 of the Public Acts of 1984, being sections 207.701 to 207.718 of the Michigan Compiled Laws and Act No. 189 of the Public Acts of 1953, being sections 211.181 and 211.182 of the Michigan Compiled Laws. The initial taxable value or current taxable value of property subject to specific local tax shall be the quotient of the specific local tax paid divided by the ad valorem millage rate.
- d. "Tax Increment Revenues" means the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions upon the capture taxable value of real and personal property in the development area subject to requirement specified in Act No. 197 of the Public Acts of 1975, as amended.

### 2. Purpose of the Tax Increment Financing Plan

The City of Southgate Downtown Development Authority District was established pursuant to Ordinance 747, as adopted May 8, 2002, because the City experienced notable property value deterioration in various locations throughout the community. In order to halt property tax value deterioration, increase property tax valuations and facilitate the overall economic growth of its business district, it is deemed to be beneficial and necessary to create and provide for the operation of a Downtown Development Authority in the City under the provisions of Act 197 Public Acts of Michigan, 1975 as amended (the "Act").

The "Downtown Development Authority Act", authorizes the Authority to prepare a Tax Increment Financing Plan (the "Plan"), which includes the Development Plan, a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred or reimbursed, duration of the program, the impact of tax increment financing on the taxable values of all taxing jurisdictions in which the development area is located, and a statement of the portion of the captured taxable value to be used by the Authority. The benefit of using tax increment financing as a method to



finance district improvements is that all local units of government levying taxes within the City of Southgate contribute to the revitalization of the business district. Prior to legislative authorization of tax increment financing, only the municipality provided tax revenues for revitalization activities while the other taxing authorities shared in the benefits of the revitalization efforts. The City of Southgate deems it to be in the best interest of the City and the Downtown Development District to adopt the 2002 Tax Increment Financing Plan for the Downtown Development District.

### 3. Explanation of the Tax Increment Procedure

The theory of tax increment financing holds that investment in necessary capital improvements in a designated area within a municipality will result in greater property tax revenues from that area than would otherwise occur if no special development were undertaken. This section is intended to explain the tax increment procedure.

- a. In order to provide a Downtown Development Authority with the means of financing development proposals, the Act affords the opportunity to undertake tax increment financing of development programs. These programs must be identified in a tax increment financing plan, which has been approved by the governing body of a municipality. Tax increment financing permits the Authority to capture incremental tax revenues attributable to increases in value of real and personal property located within an approved development area. The increases in property value may be attributable to new construction, rehabilitation, remodeling, alterations, additions or any other factors that cause growth in value.
- b. At the time the resolution or ordinance establishing a tax increment financing plan is adopted, the sum of the most recently taxable values, as equalized, of those taxable properties located within the development area is established as the "Initial Taxable Value" (the "ITV"). Property exempt from taxation at the time of determination of the Initial Taxable value is included as zero. In each subsequent year, the total real and personal property within the district, including abated property on separate rolls, is established as the "Current Taxable value."
- c. The amount by which the total taxable value exceeds the ITV is the Captured Taxable Value (the "CTV"). During the period in which a tax increment financing plan is in effect, local taxing jurisdictions continue to receive ad valorem taxes based on the ITV. Property taxes paid on a predetermined portion of the CTV in years subsequent to the adoption of tax increment financing plan, however, are payable to an authority for the purposes established in the tax increment financing plan.

### 4. Taxing Jurisdiction Agreements

Tax increment revenues for the Downtown Development Authority ("DDA") result from the application of the general tax rates of the incorporated municipalities and all other political subdivisions which levy taxes in the development area to the captured taxable value. Since the Plan may provide for the use of all or part of the captured tax increment revenue, the DDA may enter into agreements with any of the taxing units to share a portion of the revenue of the District.

The Authority intends to utilize all captured revenue, as referenced in Table 4, from the District until the projects addressed in the Development Plan are completed and until any bonded indebtedness is paid, whichever is the later occurrence.

811

## 5. Property Valuations and Captured Revenue

The property valuation on which tax increment revenues will be captured is the difference between the Initial Assessed Valuation and the Current Assessed Valuation. The purpose of this section is to set forth the Initial Assessed Valuation, the projected Captured Assessed Valuation and the anticipated increment revenues to be received by the Authority from the local taxing jurisdictions, including the City of Southgate, Wayne County, and any other authorities or special tax districts that may be eligible to levy property taxes within the boundaries of the Downtown Development Authority, herein collectively referred to as the "Local Taxing Jurisdictions."

- a. The Initial Assessed Valuation is established based on the 2002 taxable valuations on real property and on all non-exempt parcels within that portion of the Development Area as of December 31, 2001. The Initial Assessed Valuation of the Authority is set forth below. Only real property is subject to capture in this plan.

**Table 2**  
**Initial Assessed Valuation**

|                            |               |
|----------------------------|---------------|
| Taxable Property Valuation | \$58, 889,300 |
| <i>December 31, 2001</i>   |               |

- b. The anticipated Captured Taxable Value ("CTV") is equivalent to the annual total taxable value, within the Development Area boundaries, less the Initial Taxable value as described above. The tax increment revenues are then the product of all millages levied by all taxing units in the Development Area on the CTV. The CTV is projected based on a number of factors including historical growth patterns, recent construction trends, economic indicators and the impact of certain development projects anticipated to be undertaken by the Downtown Development Authority. For projection purposes, the annual growth rate for the remainder of the forecast (2002 - 2043) is factored at 2.0% for real property and 0.5% for personal property. A more detailed depiction of the Captured Taxable Valuations can be found in Table 3.
- c. The Authority will receive that portion of the tax levy of all taxing jurisdictions paid each year on the Captured Taxable Value of the eligible property included in the Development Area. The Authority may use the revenues for any legal purpose as is established under the Act including the payment of principal and interest on bonds.

The Treasurer will collect the general property taxes from property owners in the development area district. After taxes are collected, the Treasurer will deduct that portion of the total tax revenues that is derived from captured taxable value within the development area and distribute them to the DDA to use for purposes outlined in the development plan and in Section 7, Use of Captured Revenues, below. A review of the 2002 millage rates for all Local Taxing Jurisdictions in the development area is as set forth in Table 2.

**Table 3**  
**Anticipated Millage To Be Captured**

|                                | Millage<br>Amount |
|--------------------------------|-------------------|
| City of Southgate              |                   |
| City Operating                 | 10.336            |
| Rubbish                        | 2.4806            |
| Police/Fire Retirement         | 0.95              |
| Library                        | 0.9858            |
| Streets                        | 1.9715            |
| <b>Total City of Southgate</b> | <b>16.7239</b>    |
| Wayne County                   |                   |
| County Operating               | 6.6556            |
| County Jail                    | 0.9432            |
| Wayne County Parks             | 0.2473            |
| <b>Total Wayne County</b>      | <b>7.8461</b>     |
| Huron Clinton Metro Parks      | 0.2186            |
| RESA                           | 1.9753            |
| Wayne County Community College | 2.4995            |
| EPA Levy                       | 1.8879            |
| <b>Total Millage Amount</b>    | <b>31.1513</b>    |

**Table 4  
Anticipated Captured Taxable Valuation**

| Year<br>0 | Year<br>2001 | Real<br>Property<br>Taxable<br>\$55,889,300 | Captured<br>Real<br>Taxable | Total<br>Captured<br>Taxable |
|-----------|--------------|---|-----------------------------|------------------------------|
| 1         | 2002         | \$57,007,086                                | \$1,117,786                 | \$1,117,786                  |
| 2         | 2003         | \$58,147,228                                | \$2,257,928                 | \$2,257,928                  |
| 3         | 2004         | \$59,310,172                                | \$3,420,872                 | \$3,420,872                  |
| 4         | 2005         | \$60,496,376                                | \$4,607,076                 | \$4,607,076                  |
| 5         | 2006         | \$61,706,303                                | \$5,817,003                 | \$5,817,003                  |
| 6         | 2007         | \$62,940,429                                | \$7,051,129                 | \$7,051,129                  |
| 7         | 2008         | \$64,199,238                                | \$8,309,938                 | \$8,309,938                  |
| 8         | 2009         | \$65,483,223                                | \$9,593,923                 | \$9,593,923                  |
| 9         | 2010         | \$66,792,887                                | \$10,903,587                | \$10,903,587                 |
| 10        | 2011         | \$68,128,745                                | \$12,239,445                | \$12,239,445                 |
| 11        | 2012         | \$69,491,320                                | \$13,602,020                | \$13,602,020                 |
| 12        | 2013         | \$70,881,146                                | \$14,991,846                | \$14,991,846                 |
| 13        | 2014         | \$72,298,769                                | \$16,409,469                | \$16,409,469                 |
| 14        | 2015         | \$73,744,744                                | \$17,855,444                | \$17,855,444                 |
| 15        | 2016         | \$75,219,639                                | \$19,330,339                | \$19,330,339                 |
| 16        | 2017         | \$76,724,032                                | \$20,834,732                | \$20,834,732                 |
| 17        | 2018         | \$78,258,513                                | \$22,369,213                | \$22,369,213                 |
| 18        | 2019         | \$79,823,683                                | \$23,934,383                | \$23,934,383                 |
| 19        | 2020         | \$81,420,157                                | \$25,530,857                | \$25,530,857                 |
| 20        | 2021         | \$83,048,560                                | \$27,159,260                | \$27,159,260                 |
| 21        | 2022         | \$84,709,531                                | \$28,820,231                | \$28,820,231                 |
| 22        | 2023         | \$86,403,722                                | \$30,514,422                | \$30,514,422                 |
| 23        | 2024         | \$88,131,796                                | \$32,242,496                | \$32,242,496                 |
| 24        | 2025         | \$89,894,432                                | \$34,005,132                | \$34,005,132                 |
| 25        | 2026         | \$91,692,321                                | \$35,803,021                | \$35,803,021                 |
| 26        | 2027         | \$93,526,167                                | \$37,636,867                | \$37,636,867                 |
| 27        | 2028         | \$95,396,690                                | \$39,507,390                | \$39,507,390                 |
| 28        | 2029         | \$97,304,624                                | \$41,415,324                | \$41,415,324                 |
| 29        | 2030         | \$99,250,717                                | \$43,361,417                | \$43,361,417                 |
| 30        | 2031         | \$101,235,731                               | \$45,346,431                | \$45,346,431                 |
| 31        | 2032         | \$103,260,446                               | \$47,371,146                | \$47,371,146                 |
| 32        | 2033         | \$105,325,655                               | \$49,436,355                | \$49,436,355                 |
| 33        | 2034         | \$107,432,168                               | \$51,542,868                | \$51,542,868                 |
| 34        | 2035         | \$109,580,811                               | \$53,691,511                | \$53,691,511                 |
| 35        | 2036         | \$111,772,427                               | \$55,883,127                | \$55,883,127                 |
| 36        | 2037         | \$114,007,876                               | \$58,118,576                | \$58,118,576                 |
| 37        | 2038         | \$116,288,033                               | \$60,398,733                | \$60,398,733                 |
| 38        | 2039         | \$118,613,794                               | \$62,724,494                | \$62,724,494                 |
| 39        | 2040         | \$120,986,070                               | \$65,096,770                | \$65,096,770                 |
| 40        | 2041         | \$123,405,791                               | \$67,516,491                | \$67,516,491                 |

**Table 5  
Anticipated Captured Revenue**

| Year<br>0 | Year<br>2001 | Total<br>Captured<br>Taxable | Captured<br>Revenues<br>31.1513 | Total<br>Accumulated<br>Revenues |
|-----------|--------------|------------------------------|---------------------------------|----------------------------------|
| 1         | 2002         | \$1,117,786                  | \$34,820                        | \$34,820                         |
| 2         | 2003         | \$2,257,928                  | \$70,337                        | \$105,158                        |
| 3         | 2004         | \$3,420,872                  | \$106,565                       | \$211,722                        |
| 4         | 2005         | \$4,607,076                  | \$143,516                       | \$355,239                        |
| 5         | 2006         | \$5,817,003                  | \$181,207                       | \$536,446                        |
| 6         | 2007         | \$7,051,129                  | \$219,652                       | \$756,098                        |
| 7         | 2008         | \$8,309,938                  | \$258,865                       | \$1,014,963                      |
| 8         | 2009         | \$9,593,923                  | \$298,863                       | \$1,313,826                      |
| 9         | 2010         | \$10,903,587                 | \$339,661                       | \$1,653,487                      |
| 10        | 2011         | \$12,239,445                 | \$381,275                       | \$2,034,762                      |
| 11        | 2012         | \$13,602,020                 | \$423,721                       | \$2,458,483                      |
| 12        | 2013         | \$14,991,846                 | \$467,015                       | \$2,925,498                      |
| 13        | 2014         | \$16,409,469                 | \$511,176                       | \$3,436,674                      |
| 14        | 2015         | \$17,855,444                 | \$556,220                       | \$3,992,895                      |
| 15        | 2016         | \$19,330,339                 | \$602,165                       | \$4,595,060                      |
| 16        | 2017         | \$20,834,732                 | \$649,029                       | \$5,244,089                      |
| 17        | 2018         | \$22,369,213                 | \$696,830                       | \$5,940,919                      |
| 18        | 2019         | \$23,934,383                 | \$745,587                       | \$6,686,506                      |
| 19        | 2020         | \$25,530,857                 | \$795,319                       | \$7,481,825                      |
| 20        | 2021         | \$27,159,260                 | \$846,046                       | \$8,327,872                      |
| 21        | 2022         | \$28,820,231                 | \$897,788                       | \$9,225,659                      |
| 22        | 2023         | \$30,514,422                 | \$950,564                       | \$10,176,223                     |
| 23        | 2024         | \$32,242,496                 | \$1,004,396                     | \$11,180,619                     |
| 24        | 2025         | \$34,005,132                 | \$1,059,304                     | \$12,239,923                     |
| 25        | 2026         | \$35,803,021                 | \$1,115,311                     | \$13,355,234                     |
| 26        | 2027         | \$37,636,867                 | \$1,172,437                     | \$14,527,671                     |
| 27        | 2028         | \$39,507,390                 | \$1,230,707                     | \$15,758,378                     |
| 28        | 2029         | \$41,415,324                 | \$1,290,141                     | \$17,048,519                     |
| 29        | 2030         | \$43,361,417                 | \$1,350,764                     | \$18,399,283                     |
| 30        | 2031         | \$45,346,431                 | \$1,412,600                     | \$19,811,884                     |
| 31        | 2032         | \$47,371,146                 | \$1,475,673                     | \$21,287,556                     |
| 32        | 2033         | \$49,436,355                 | \$1,540,007                     | \$22,827,563                     |
| 33        | 2034         | \$51,542,868                 | \$1,605,627                     | \$24,433,190                     |
| 34        | 2035         | \$53,691,511                 | \$1,672,560                     | \$26,105,751                     |
| 35        | 2036         | \$55,883,127                 | \$1,740,832                     | \$27,846,583                     |
| 36        | 2037         | \$58,118,576                 | \$1,810,469                     | \$29,657,052                     |
| 37        | 2038         | \$60,398,733                 | \$1,881,499                     | \$31,538,551                     |
| 38        | 2039         | \$62,724,494                 | \$1,953,950                     | \$33,492,501                     |
| 39        | 2040         | \$65,096,770                 | \$2,027,849                     | \$35,520,350                     |
| 40        | 2041         | \$67,516,491                 | \$2,103,226                     | \$37,623,576                     |

#### **6. Maximum Indebtedness**

The maximum amount of indebtedness to be incurred by the DDA will be limited to only those projects identified in the Development Plan and will be limited by the annual revenues available to Downtown Development Authority for bond interest and principal payments. This amount may vary depending on the size of the Development Area District, the type and intensity of development and redevelopment, and the balance of indebtedness owed by the DDA on previous bond issues or loans. A description of the various projects, and the actual amounts expected to be financed, are as set forth in the Development Plan. Revenues captured will be used to accomplish projects in the Development Area.

#### **7. Use of Captured Revenues**

Revenues captured through this Tax Increment Financing Plan will be used to finance those improvements and projects outlined in the Development Plan in accordance with procedures specified in this Plan. Further, captured revenues can be used to finance current financial obligations of the DDA, to pay for costs associated with the administration and operation of the Development and Tax Increment Plans, and to pay for costs approved and incurred by the City/DDA in implementing both the Development Plan and the Tax Increment Financing Plan, including the preparation of a conceptual downtown design plan, market study, zoning ordinance, business recruitment program, property acquisition/disposition plan, and a special events program.

#### **8. Duration of the Program**

The 2002 Development Plan and Tax Increment Financing Plan shall extend until such time that all projects and programs identified in the Development Plan have been completed, or until such time that Downtown Development Authority decides that the objectives of the Development Plan have been substantially completed. The revenue forecasts are based on a 40-year forecast in order to quantify probable tax increment revenues but the duration of the plan can extend beyond this timeframe.

#### **9. Plan Impact on Local Taxing Jurisdictions**

The Authority recognizes that future development and continued enhancements in the DDA business area will not be likely in the absence of tax increment financing. The Authority also recognizes that enhancement of the value of nearby property will indirectly benefit all local governmental units included in this plan. It is expected that the effected local taxing jurisdictions will experience a gain in property tax revenues from improvement made in the Development Area during the duration of the plan and should realize increased property tax revenues thereafter as a result of activities financed by the plan. Such future benefits cannot be accurately quantified at this time. In addition, the Plan does not capture taxable valuations from personal property which is a source of added revenues to taxing jurisdictions.

#### **10. Release of Captured Revenues After Completion of Plan**

When the Development and Financing Plans have been accomplished, the captured revenue is released and the local taxing jurisdictions receive all the taxes levied on it from that point on.

#### 11. Assumptions of Tax Increment Financing Plan

The following assumptions were considered in the formulation of the Tax Increment Financing Plan:

- A. Real Property valuations are based on the 2002 actual State Taxable Value (S.T.V.) and reflect an increase of 2.0% each year thereafter. These increases are net of any additions or subtractions due to new construction, property acquisition, relocation, or other factors, based on an analysis of valuations for the past five years provided by the City of Southgate.
- B. Personal property valuations are excluded from tax increment finance plan capture.
- C. Costs provided for the various development projects enumerated in the Development Plan are estimated costs in 2002 dollars. Final costs are determined after the Authority approves the final designs.

#### 12. Operating Agreement Between Downtown Development Authority and Local Unit of Government Regarding Use of Tax Increment Revenues

The Downtown Development Authority will not spend any funds outside of those annually approved through the budget process and shall not commit to any loans, leases, or purchases without sufficient evidence of an adequate revenue source to support the proposal.

#### 13. Relationship of the Tax Increment Financing Plan with Other Funding Programs

As discussed in the Development Plan, the revitalization of the downtown business district and Eureka corridor will include tax increment financing and other forms of intergovernmental and private financing such as grants, special assessments, and loans. It is strongly recommended that tax increment financing revenues be used to leverage other funds in order to implement the planned program.

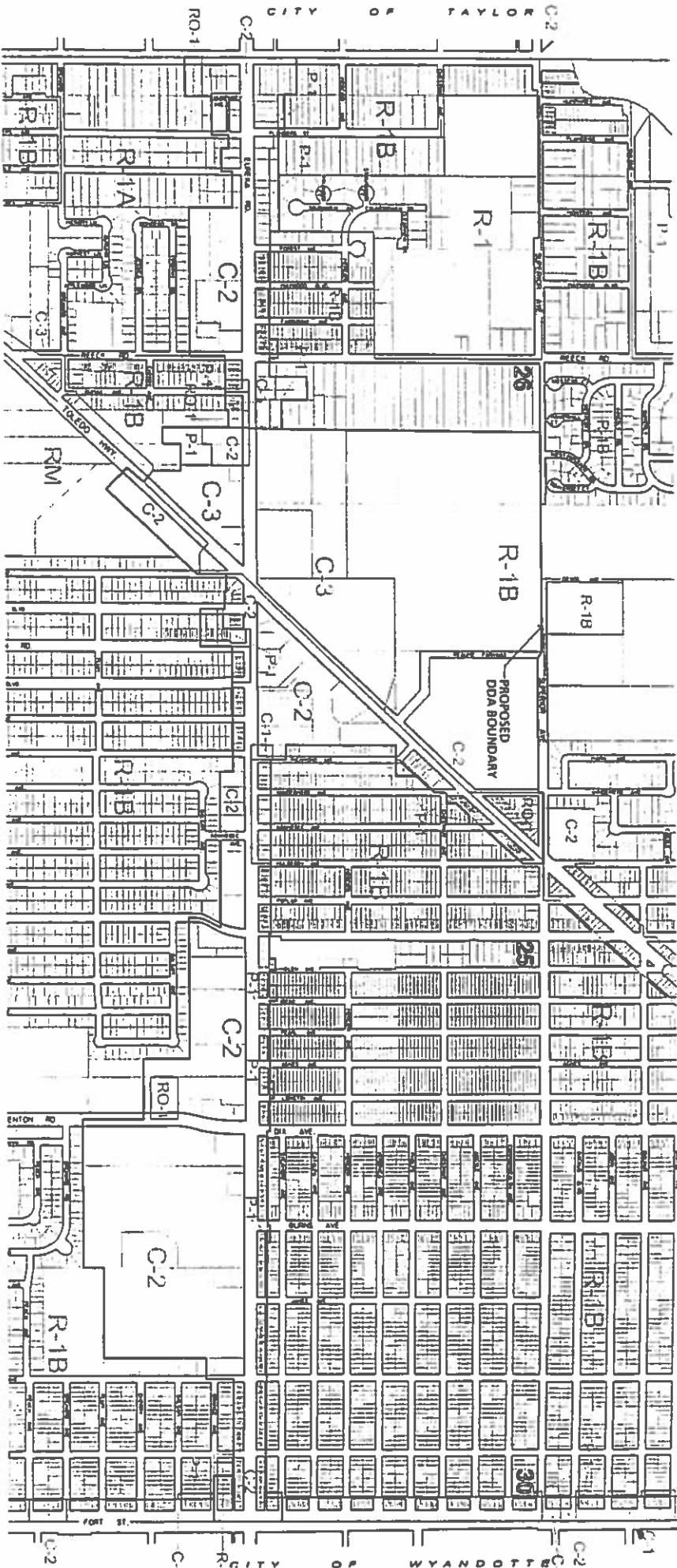
#### 14. Relationship to Community Master Plan

The Development Plan indicates the need to revitalize the business areas of the community, which is an integral component of the community's redevelopment program and master plan.

If it is determined that any portions of the Master Plan conflict with the provisions of the Downtown Development and Financing Plan, then the Development and/or Financing Plan shall be adopted as a component of the Master Plan pursuant to Section 8 of Act 285 of 1931; the Municipal Planning Act, as amended by Public Act 265 of 2001.

#### 15. Submission of an Annual Report to Governing Body and State Tax Commission

Annually, the Authority shall submit to the City of Southgate and the State Tax Commission a report on the status of the tax increment financing account. The report shall include those items enumerated in Section 15 (3) of Act 179 of 1975 (MCL 125.1665). Further, the report shall be published in a newspaper of general circulation.



**DOWNTOWN DEVELOPMENT  
BOUNDARY AREA**

Becker & Raeder  
 a s i  
 Planning & Architecture  
 10000 Lakeshore Blvd.  
 Suite 100  
 Chicago, IL 60643

