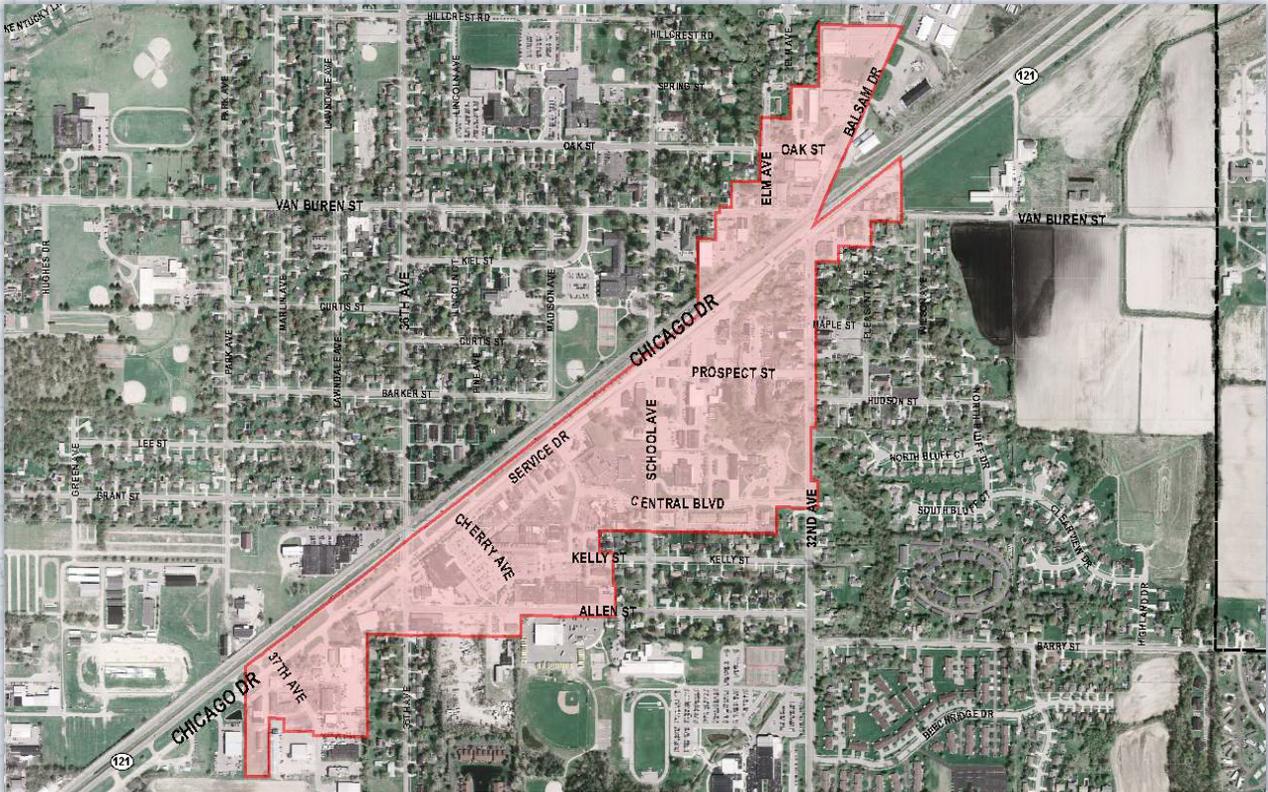


# CITY OF HUDSONVILLE

## DOWNTOWN DEVELOPMENT AUTHORITY



2012-2041  
DEVELOPMENT AND  
TAX INCREMENT FINANCING PLAN

Approved 2012



**CITY OF HUDSONVILLE DOWNTOWN DEVELOPMENT AUTHORITY  
2012-2041 DEVELOPMENT AND TAX INCREMENT FINANCING PLAN**

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# CHAPTER 1

## INTRODUCTION

In an effort to correct and prevent deterioration in business districts, the Michigan State Legislature created a tool to assist in revitalization and act as a catalyst for redevelopment of downtown areas through Act 197, P.A. of Michigan, 1975, enacting the Downtown Development Authority Act. This Act facilitates a community's effort to be proactive in promoting economic growth so downtown blight and deterioration can be more easily avoided. Where possible, the purpose of a Downtown Development Authority is to increase property tax valuation and eliminate the causes of deterioration in an effort to promote economic growth.

While the City of Hudsonville Downtown Development Authority District (DDA) does not bear a strong resemblance to a traditional downtown area, it is intended to serve as the economic heart, a primary gathering place, and as the identity for the community. Since the DDA enabling act is proactive in preventing deterioration and promoting economic growth, the DDA Plan expansions and amendments that have taken place thus far have been appropriate.

## HISTORY

In 1983 the Hudsonville City Commission adopted an ordinance establishing the City of Hudsonville DDA. Since that time the boundaries of the DDA District were amended in 1986, 1994, 1997, 2003, and 2010.

Two years later (May 22, 1985) a Downtown Development & Tax Increment Financing Plan (TIF) was adopted by the City Commission. A TIF is the designated area where Tax Increment Revenues are captured for the purpose of funding improvements. The Plan was subsequently amended in 1986, 1993, 1996, and 2002. These amendments included:

### AMENDMENT #1

December 22, 1986. Street, storm sewer, sanitary sewer, water and sidewalk improvements were added. The TIF was also extended from 15 to 20 years.

### AMENDMENT #2

November 9, 1993. The Cherry Avenue Retail and Infrastructure Project was added. This included a public 260 vehicle parking lot, relocating Cherry Avenue and a Chicago Drive (M-121) crossover, along with sanitary, water and storm system improvements. The TIF was also extended 25 years to 2018.

### AMENDMENT #3

August 13, 1996. The Post Office Project at the northeast corner of Central Boulevard and School Avenue was added.

### AMENDMENT #4

January 7, 2003. Veterans Park at the northwest corner of Central Boulevard and 32nd Avenue was added. The park features statues representing the various branches of the military and contains a memorial wall with plaques honoring local military personnel. Events are held on formal holidays and there are other city and DDA sponsored events, classroom visits and more.

## RECENT ACTIVITY

Since 2006, there has been a steady decline in property values as Michigan's economy has faltered. This has resulted in reduced revenues for the DDA.

Despite this trend, the DDA has been increasingly active in recent years. The following is a list of key actions that have recently taken place within the DDA.

- Supported the approval of the 2006 Architectural Design Elements Portfolio.
- Supported the approval of the 2007 Downtown Master Plan.
- Purchased eight properties between 2008 and 2011 in the triangle block bordered by Chicago Drive, 32nd Avenue and Prospect Street for potential redevelopment.



TRIANGLE BLOCK WITH VACANT PROPERTY THE  
DDA HAS PURCHASED

- Installed a welcome sign with a digital reader board at the west end of Central Boulevard in 2009.



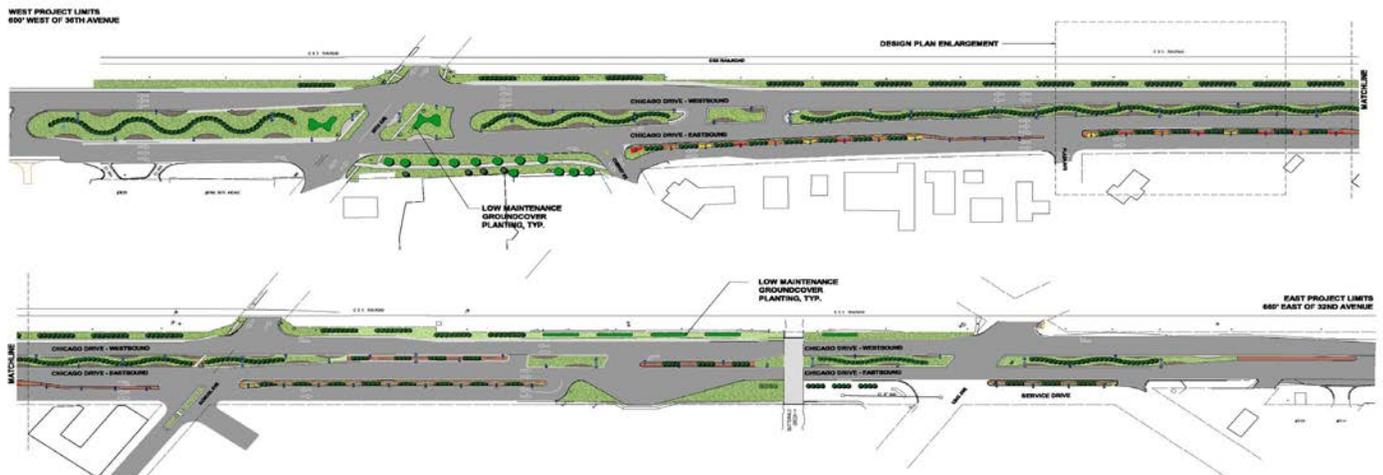
WELCOME SIGN AT  
CENTRAL BLVD.

- In 2010 a millage was passed for the Hudsonville Public Schools system that will enable the expenditure of approximately eighty million dollars. More than fifty million dollars of those expenditures are planned for capital reinvestment adjacent to downtown, including the addition of a new high school building, a fine arts center, natatorium, and a bus garage. These improvements are expected to have a significant positive impact on the downtown area.

**HUDSONVILLE PUBLIC SCHOOL PROPERTY WITH DOWNTOWN IN THE BACKGROUND**



- Commissioned a detailed landscape plan for the Chicago Drive corridor in 2011. The plan has been endorsed by MDOT.



**CHICAGO DRIVE LANDSCAPE PLAN**

- Installed two phases of decorative streetlights along Chicago Drive in 2010 and 2011. There are 53 - 29' decorative light poles and 33 - 18' decorative light poles over a 4,600' stretch of Chicago Drive from 37th Avenue to east of 32nd Avenue.
- Repaved the Cherry Avenue parking lot in 2011.
- Replaced trees in the Cherry Avenue parking lot sidewalk and all the Ash trees in the parking lot area in 2011.
- Planted trees in part of the Chicago Drive median in 2011.
- In 2011, the City Commission approved the 2011-2016 City of Hudsonville Strategic Plan. The plan provides a clear set of goals and objectives that will help to guide the decisions of our City Commission on downtown redevelopment issues.



- Designed and installed a decorative welcome sign at the north end of Cherry Avenue in 2011. This was part of an initiative to install matching signs throughout the city that were also installed for the following places:
  - Hughes Park
  - Sunrise Park
  - Nature Center
  - City entrance signs at the east and west city limits, and along 32nd Ave by I-196



- Sponsored city events such as the summer concert series, holiday parade and the Dr. Seuss art exhibit.
- Installed decorative street light banners in 2011. Christmas wreaths, banners and lighted garland were also purchased.
- Supported approval of the 2012 Downtown Zoning Ordinance.



- Supporting the efforts to develop a Dr. Seuss-themed children's learning center and sculpture park.



- In 2012, the city applied for an acquisition grant through the Michigan Department of Natural Resources to enable a City Square (Village Green) feature. The Strategic Plan includes goals and objectives that support this project. It is also shown and promoted in the Downtown Master Plan, Recreation Plan, and in this plan. The City Square is intended as a cornerstone for creating a vibrant healthy downtown. This will be Hudsonville's main gathering place intended for heavy use by the public for various events, thereby bringing people into the downtown to further enhance the viability of our downtown businesses by sparking redevelopment and reinvestment, along with creating a stronger community bond.



## PURPOSE

The purpose of this plan is to amend the 1985 Downtown Development & Tax Increment Financing Plan. Due to recent improvements, current activity, and the age of the existing plan, it has become evident that a new plan is needed to establish direction for future improvements. The DDA proposes a plan that will provide significant long-range benefits to the community. It asks the taxing units to defer revenue for a time to undertake specific activities that will result in increased development and an increased tax base for the City and all other affected taxing authorities. This plan will become the *City of Hudsonville Downtown Development Authority 2012-2041 Development and Tax Increment Financing Plan*.



DOWNTOWN LOOKING SOUTH

## COORDINATION WITH THE CITY COMMISSION

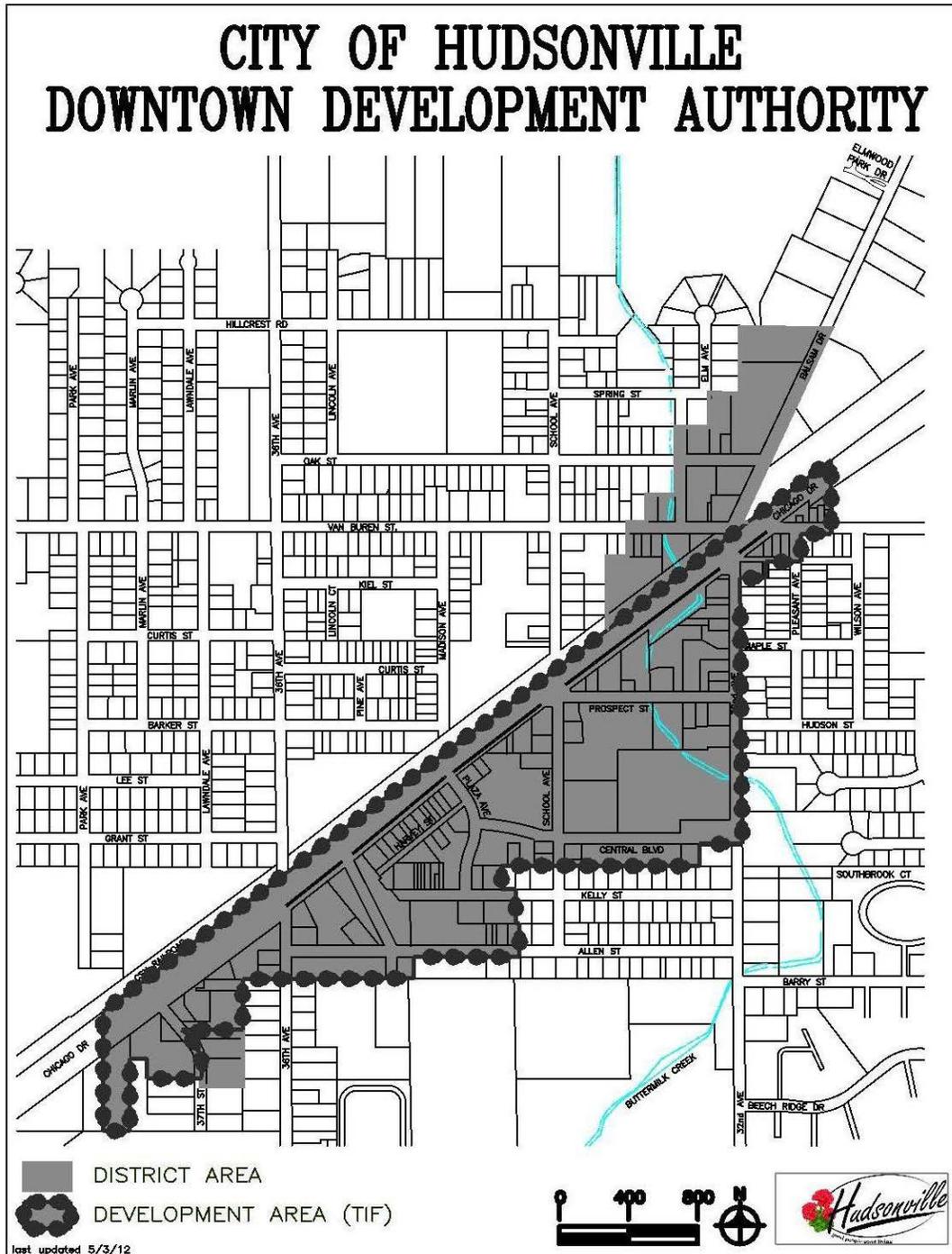
It is recognized that the Downtown Development Authority is an autonomous body that has self-discretion over the expenditure of DDA and TIF funds which are appropriated within the city's annual budget. However as a matter of good practice, it is recommended that the DDA Board and City Commission meet jointly at least once annually to discuss the prioritization of capital improvement projects. In addition, the DDA and City Commission shall meet jointly prior to making any expenditure that exceeds \$100,000 or if considering a project which requires issuance of debt. The purpose of such a meeting is to provide an opportunity for open dialog and to achieve consensus on capital improvements funded by DDA and TIF dollars.

# CHAPTER 2

## LAND USE & DISTRICT CHARACTERISTICS

The DDA district boundaries do not perfectly align with the boundaries of the TIF development area. Map 1 below show the current boundaries of the DDA District Area and the DDA Development Area.

**MAP 1**  
**DOWNTOWN DEVELOPMENT AUTHORITY AREA**



## LAND USE

The Downtown Development Authority is 79.77 acres in area, excluding street rights-of-way. Most of the land area in the DDA is comprised of commercial uses, with a total of 69.3% in the commercial and office use categories. There is also a significant amount of public land uses with the Public and Park uses totaling 18.3% of the land. The main Public uses are City Hall, Department of Public Works, and the Post Office. In 2012, Hudsonville Public Schools purchased 1.48 acres of land south of Allen Street which will convert about 2% of land from commercial to public use. The DDA owns 3 of the 5.21 acres of vacant land.

**TABLE 1**  
**LAND USE BREAKDOWN FOR THE DDA**

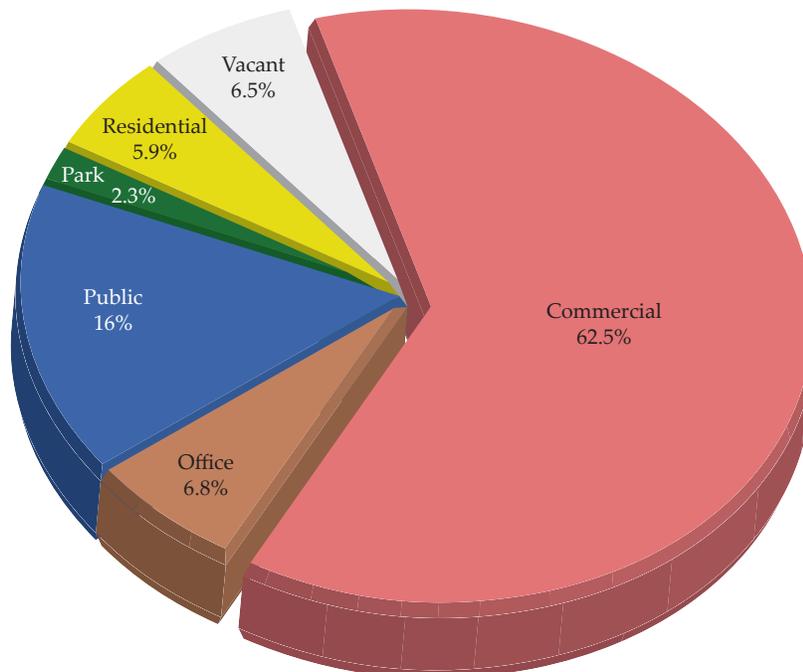
	2012 Acreage <sup>1</sup>	Percentage
Commercial	49.83 <sup>2</sup>	62.5%
Office	5.42	6.8%
Public	12.77	16.0%
Park	1.84	2.3%
Residential	4.69	5.9%
Vacant	5.21 <sup>3</sup>	6.5%
<b>TOTALS</b>	<b>79.77</b>	<b>100%</b>

<sup>1</sup> CALCULATIONS DO NOT INCLUDE EXISTING RIGHTS-OF-WAY, WHICH TOTAL 35.14 ACRES.

<sup>2</sup> COMMERCIAL USES MAY INCLUDE RESIDENTIAL UNITS OR OFFICE USES ON THE SAME LOT.

<sup>3</sup> VACANT IS PROPERTY WITHOUT IMPROVEMENTS, NOT VACATED BUILDINGS.

**FIGURE 1**  
**LAND USE BREAKDOWN**





## ZONING

The zoning of the DDA property changed significantly on January 25, 2012 when the City of Hudsonville Downtown Zoning Ordinance was adopted. The majority of the downtown property was rezoned to newly created districts. The new districts are Hud 5, 6 and 7, and Public Open Space. Surrounding the newly created districts in the DDA remain original districts from the citywide zoning ordinance, which are I-1, CBD-2 and PF. The Public Open Space and Public Facilities Zone Districts are very similar and when a new citywide ordinance is adopted they will likely be in the same Zone District. The properties zoned CBD-2 will likely be in Hud 5 or Hud 6.

The new zoning districts will allow more diversification in land uses, which will encourage redevelopment by providing greater flexibility, so the current minimal amount of mixed uses may increase in the future. Hud 7 is the most intense zone district, with Hud 5 enabling a greater amount of residential uses. There is a total of 7.5% of the land zoned for public uses with 89.4% of the land having an emphasis on commercial use. Table 2 below, provides a more detailed breakdown of zoning within the DDA.

**TABLE 2  
ZONING BREAKDOWN FOR THE DDA**

	Acreage <sup>1</sup>	Percent
Hud 5	32.08	40.5%
Hud 6	15.39	19.4%
Hud 7	3.01	3.8%
Public Open Space	2.62	3.3%
Public Facilities	3.35	4.2%
Central Business District Two (CBD-2)	20.35	25.7%
Industrial (I-1)	1.89	2.4%
Single-Family Residential (R-1-C)	0.50	0.6%
<b>TOTALS</b>	<b>79.18</b>	<b>100%</b>

<sup>1</sup>ZONING ACREAGE WAS CALCULATED USING REGIS. THE CALCULATION IS DIFFERENT THAN THE USE ACREAGE DUE TO THE ADDITIONAL RIGHT-OF-WAY IN THE ZONING ORDINANCE.

# CHAPTER 3

## DOWNTOWN DEVELOPMENT PLAN

### THE DEVELOPMENT PLAN

The City of Hudsonville Downtown Development Authority (DDA) proposes to construct numerous public improvements in the downtown district, which utilize funds from the Tax Increment Financing Plan (TIF). This plan intends to stimulate the downtown business district economy and encourage new private investment in the downtown business district properties.

During the fall of 2011 and early 2012, the DDA Board of Directors met to discuss possible capital improvement projects for the development district. Capital improvement projects were reviewed, and then prioritized by their perceived importance by the Board of Directors. The general improvements are explained below.

### THE DEVELOPMENT PLAN SCHEDULE

There are two plans, the Short Range Plan and the Long Range Plan, which were created by the DDA Board of Directors. The Short Range Plan is intended for action within the next five years (i.e. 2012 to 2016). Projects have been broken down into 5 categories. It is noted that the order of these categories does not infer prioritization of preference. The level of interest is presented as high, medium or low. The approximate timing, cost and funding source are also included.

Although there is not a specific category for “walkability”, this is an emphasis from the City of Hudsonville Master Plan and the City of Hudsonville 2011-2016 Strategic Plan that is addressed by a number of the redevelopment projects throughout the lists below.

### DEVELOPMENT AREA CITIZEN’S COUNCIL

A citizen’s council is not necessary because there are less than 100 residents residing within the development area. There are no plans for displacing residents within the development area.

# SHORT RANGE PLAN

## A. DOWNTOWN REDEVELOPMENT

**HIGH**      **CITY SQUARE (VILLAGE GREEN)**  
*\$3,000,000*  
*2012 TO 2013*  
**CITY COMMISSION, DNR, MDOT AND DDA**

Coordinate with the city on the construction of the City Square feature as recommended in the Downtown Master Plan, Recreation Plan and Strategic Plan. The focal point of this project is the centrally-located Village Green that will serve as an active gathering place and further enhance the viability of our downtown businesses. Streets will be realigned around the perimeter of the park as shown on the image below and utilities will be relocated underground.

**CITY SQUARE AS PROPOSED  
 IN DOWNTOWN MASTER  
 PLAN**



**HIGH**      **STREET PATTERN MODIFICATION**  
*\$300,000*  
*2012 TO 2016*  
**CITY COMMISSION AND DDA**

Coordinate with the city on the modification of the street pattern in alignment with the Downtown Master Plan.

**HIGH**      **PROPERTY ACQUISITION FOR PARKING LOTS**  
*\$500,000*  
*2012 TO 2016*  
**DDA**

Explore options to buy and maintain public parking lots as a means to incentivize redevelopment.

**HIGH**      **ESTABLISH PUBLIC/PRIVATE PARTNERSHIPS IN OUR COMMUNITY THAT FURTHER THE DOWNTOWN REDEVELOPMENT VISION OF THE MASTER PLAN**  
**\$150,000**  
**ONGOING**  
**DDA**

Negotiate terms of purchase and/or relocation of their business to accommodate the public improvement components of the Master Plan for this Strategic Plan objective.

**B. DDA/TIF BOUNDARY ANALYSIS**

**MED/HIGH**      **DDA/TIF BOUNDARY ANALYSIS**  
**\$0**  
**2012**  
**CITY COMMISSION AND DDA**

Consider unifying/expanding DDA and TIF boundaries as necessary. The area north of Chicago Drive and a few parcels along 37th Avenue are within the DDA, but are not included within the TIF. It could be appropriate for the DDA and TIF boundaries to be unified so that all DDA properties have the financial means for improvement.

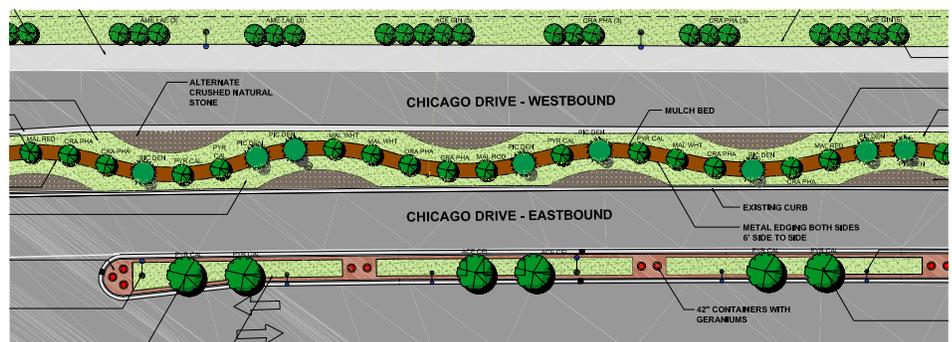
**C. CITY BEAUTIFICATION**

**HIGH**      **LIGHT POLE DECORATIONS**  
**\$5,000**  
**ONGOING**  
**CITY COMMISSION AND DDA**

Install amenities on the city’s decorative lights, including banners, flags and Christmas decorations creating a more inviting appearance and adding a pleasant seasonal charm along the main corridors.

**MED**      **M-121 LANDSCAPING**  
**\$600,000**  
**2012 TO 2016**  
**CITY COMMISSION AND DDA**

Install landscaping along the Chicago Drive corridor based on the completed landscape plan. Landscaping will have a significant impact on giving Chicago Drive a more pleasant appearance, and diverting views away from the overhead power lines and poles.



## D. TRIANGLE PROPERTY

**HIGH**      **PROPERTY ACQUISITION**  
*\$800,000*  
 2012 TO 2014  
**CITY COMMISSION AND DDA**

Continue to purchase properties as they become available in the triangle block where the DDA already owns many parcels to facilitate future development as needed.

**HIGH**      **DETERMINATION OF ALTERNATE DEVELOPMENT PLAN FOR TRIANGLE BLOCK**  
*\$0*  
 2012 TO 2014  
**DDA**

Coordinate an alternative development plan for the triangle block with the Planning Commission in accordance with the Strategic Plan in the event that the Dr. Seuss Park does not come to fruition.

## E. OTHER PROJECTS

**HIGH**      **CITY SPONSORED PUBLIC EVENTS**  
*\$6,000*  
 2012 TO 2016  
**CITY COMMISSION AND DDA**

Continue to financially support city sponsored public events such as the summer concert series and holiday parade.



SUMMER CONCERT AT VETERANS PARK



MEMORIAL DAY AT VETERANS PARK

**MED**      **BUSINESS EXPANSION SUPPORT**  
*\$50,000*  
**ONGOING**  
**MEDC AND DDA**

Provide seed money to assist with commercial construction for new businesses and businesses that want to expand.

**MED** **BUTTERMILK CREEK PATHWAY**  
\$200,000  
2012 TO 2013  
DDA & CITY

Coordinate with the city to improve the Buttermilk Creek corridor and create a pedestrian greenway linkage. This project may require the acquisition of right-of-way inside and outside of the DDA Boundaries.

**MED** **BURY OVERHEAD UTILITY LINES**  
\$1,000,000  
2012 TO 2016  
CITY COMMISSION AND DDA

Bury overhead utility lines as opportunities arise to improve overall aesthetics throughout the DDA.

**MED/LOW** **FARMERS MARKET DEVELOPMENT**  
\$100,000  
2013 TO 2016  
USDA AND DDA

Support the development of a permanent Farmers Market facility/structure. A permanent canopy would provide the market with greater visibility and help it to grow.



CURRENT FARMERS MARKET

**LOW** **EXTENSION OF IMPROVEMENTS BEYOND THE CORE**  
\$500,000  
2015 TO 2016  
CITY COMMISSION AND DDA

Install other wayfinding improvements such as signage, lighting, decorations and landscaping that can tie in the 32nd Avenue corridor with the downtown to show a natural connection to the downtown to draw in additional traffic.

# LONG RANGE PLAN

## WAYFINDING SIGNAGE

\$20,000

*CITY COMMISSION & DDA*

Add signage to guide 32nd Avenue traffic into the downtown area. This improvement should not occur until after redevelopment of the downtown is complete to avoid having to later update the signs.

## 32ND AVENUE CORRIDOR ENHANCEMENT

\$1,500,000

*MDOT, CITY COMMISSION AND DDA*

Streetscape improvements coordinated with the ultimate widening of 32nd Avenue to include decorative streetlights, sidewalk widening and other corridor improvements.

## ADDITIONAL DECORATIVE STREET LIGHTS

\$1,000,000

*CITY COMMISSION AND DDA*

Install decorative streetlights along streets such as Central Boulevard and Chicago Drive to enhance their appearance.

## TRAIN DEPOT

\$200,000

*MDOT, CITY COMMISSION AND DDA*

Construct a train depot in Hudsonville.

**ORIGINAL HUDSONVILLE  
TRAIN DEPOT**



# CHAPTER 4

## DOWNTOWN DEVELOPMENT AUTHORITY FUND SOURCES

### FINANCING SOURCES

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

1. Donations;
2. A tax of up to two (2) mills levied on the DDA district upon approval of the City Commission for use in financing DDA activities;
3. Proceeds from general obligation bond issues;
4. Revenues from property owned by the DDA;
5. Monies received from other sources approved by the City Commission; and
6. Proceeds of a tax increment financing plan.

The following comments relate to the funding sources. These comments will try to put into perspective the need for consideration of tax increment financing as a means of funding the improvements summarized in Chapter 3.

1) **DONATIONS** - These funds could be from either individuals or corporations, including philanthropic foundations or from special activities sponsored by the DDA.

2) **TAX LEVY** - Limited to two (2) mills, this source could provide the DDA district with a constant stream of funds similar to a special assessment levy on the district. Originally, Act 197 limited the use of these funds to finance the “operations” of the authority. However, the law was amended in June 1983 to allow this millage to be used for any purpose (Act 86, P.A. of 1983).

Currently the DDA District levies 1.0 mil, which according to the 2011 Ottawa County Apportionment Report, translated into \$14,768 in 2011. This millage is still primarily used for the operations of the DDA. For comparison, the other two communities in Ottawa County with a DDA, the cities of Holland and Grand Haven, respectively levy 1.8333 and 1.8448 mills.

3) **BOND PROCEEDS** - These funds are provided in the Act as a “source of financing,” however, it could be better termed that they are a source of borrowing, not an actual source of capital.

The DDA recommends this option as a means to finance large scale proposed improvements in the development plan. The DDA should exercise caution when borrowing for any capital project, taking into consideration the potential risk of defaulting.

4) **REVENUE FROM PROPERTIES** - The DDA owns eight parcels on 3 acres of property in the DDA district. These parcels were purchased to facilitate development on the triangle block south of Chicago Drive, west of 32nd Avenue and north of Prospect Street. The DDA could use the sale of these properties for potential revenue.



5) **OTHER SOURCES** - These sources might include any general revenues of the City. It may also come from special assessments approved by the Board for the DDA's use or through special grants.

6) **TAX INCREMENT FINANCING** - This procedure allows the DDA to capture a tax levied on increases in the Taxable Value (TV) of the district which are attributable to the growth caused by improvements financed with the revenue from increased taxes.

The DDA favors this approach because it does not establish a new tax but merely captures a portion of increased tax revenue to use for a specific purpose.

The DDA feels this is the most viable option to finance the proposed development projects. The following section provides further information regarding the tax increment-financing plan.

The DDA recommends that Tax Increment Financing be used as a major source of revenue to finance development projects.

## **EXPLANATION OF TAX INCREMENT FINANCING PROCEDURE**

Public Act 197, the enabling legislation for Downtown Development Authorities introduced the concept of Tax Increment Financing to economic development projects in Michigan. By using this financing method a Downtown Development Authority (DDA), with the approval of the municipality, can "capture" a portion of the revenue gained from taxes to implement a development plan. Tax increment financing is not a new tax, but simply earmarks increasing tax revenue for activities specified in a DDA development plan. The Tax Increment Financing process is typically carried out in the following manner:

1. A DDA determines it is necessary to make public improvements to stimulate economic growth in a downtown business district. It defines the public improvements and identifies costs in a development plan;
2. The DDA determines if it wants to make the improvements by issuing bonds or by collecting a portion of the taxes in the area to be used at a later date to actually implement improvements;
3. The DDA captures the taxes or a portion of taxes generated by subsequent growth stimulated by the public investment. This tax base growth is called the "captured assessed value." More specifically, it is the difference between the Taxable Value (TV) in the district that exists at the time of adoption of the plan and subsequent increases in Taxable Value (TV). For example, if at the time a DDA plan was adopted the Taxable Value (TV) of property was \$150,000 and five years later the property's TV was \$200,000, the DDA could capture the taxes generated from the \$50,000 increase.
4. The taxes which are potentially available for collection to pay for the future project include all the normally levied taxes by all the taxing units on the captured assessed value of the DDA district except local school and state education taxes. (The DDA may enter into agreements with each of the taxing units to share a portion of the captured assessed value). Revenues collected beyond the amount needed to meet the cost of the specific development project would be returned proportionately to the taxing units.

5. When implementation of the development is completed, the captured assessed value is released and all affected taxing units receive all the taxes levied from that point.
6. During the time the tax increment plan is in effect the taxing units continue to receive the tax revenue from the DDA's total Taxable Value (TV) in the base year. If the DDA collects more money than it needs, to implement the plan the excess amount of funds are returned to the taxing units.
7. In order to be implemented, the tax increment-financing plan must be approved by an ordinance enacted by the City after a public hearing is held.
8. While the plan is in effect the DDA shall submit to the City an annual report on the status of the tax increment financing account. The report shall also be published in a newspaper.



# CHAPTER 5

## THE TAX INCREMENT FINANCING PLAN FOR THE CITY OF HUDSONVILLE

### DOWNTOWN DEVELOPMENT AUTHORITY DISTRICT

The City of Hudsonville Downtown Development Authority (DDA) proposes the following tax increment financing plan:

1. **PURPOSE** - The purpose of this tax increment-financing plan is to capture the revenue gained from increased development in the downtown area to pay for the improvements specified in the development plan.
2. **FINANCING PLAN** - The DDA proposes to accumulate sufficient revenue from the captured taxable value to make the principal and interest payments on borrowed money. The maximum amount of bonded indebtedness will not exceed total principal and interest payments. The DDA also recommends that any excess funds be used to fund projects on a “pay as we go” schedule.
3. **INITIAL TAXABLE VALUE** – On May 22, 1985 the City Commission adopted its first District Development Plan and Tax Increment Financing Plan (TIF). The “initial taxable value” - which is the base year Taxable Value from which the “captured assessed value” is calculated - was the 1985 Taxable Value of the tax increment-financing district as determined by the State Tax Commission.
4. **CAPTURED TAXABLE REVENUE TO BE USED** - The DDA proposes that all of the tax revenue levied by all eligible taxing units on the captured taxable value of real and personal property within the district be used by the authority for the proposed projects. In 1985, the original base for the DDA development district was \$5,142,600. Of note is that part of the DDA is not within the TIF with the biggest area being all of the property north of Chicago Drive along with a few parcels on the east side of 37th Avenue (see Map 1 on page 7).
5. **PLAN DURATION** – Tax Increment Financing Plan is currently effective until December 9, 2018. To enable completion of this plan’s proposed projects the effective date of this Tax Increment Financing Plan will be extended to July 31, 2041.
6. **PROJECTION OF CAPTURED TAXABLE VALUE AND REVENUE** - Table 4 provides the projected captured taxable value in the DDA.

**TABLE 4**  
**TIF CAPTURED REVENUE – ENTIRE DDA DISTRICT (2012)**

Year of Original Base	Original Value	Current Value	Captured Taxable Value	Estimated Annual Income
1985	5,142,600	12,939,270	7,796,670	121,525

The projected revenue in Table 5 on the following page is based on capturing taxes generated from the captured taxable value. As the law indicates, any revenue produced from the captured taxable value that exceeds projections can be returned to the taxing units on a proportional basis. The total revenue that is projected is based on a conservative 0.5% annual growth rate. If 1% were used as the annual growth rate, an additional \$500,000 would be produced by the year 2041.

**TABLE 5**  
**CITY OF HUDSONVILLE DDA**  
**PROJECTED TAX INCREMENT REVENUES**

	Total Value	Original Value	Captured Taxable Value	Tax Increment Revenues	Total Revenue
2012	12,939,270	5,142,600	7,796,670	121,525	621,525
2013	13,003,966	5,142,600	7,861,366	122,534	744,059
2014	13,068,986	5,142,600	7,926,386	123,547	867,606
2015	13,134,331	5,142,600	7,991,731	124,566	992,171
2016	13,200,003	5,142,600	8,057,403	125,589	1,117,760
2017	13,266,003	5,142,600	8,123,403	126,618	1,244,378
2018	13,332,333	5,142,600	8,189,733	127,652	1,372,030
2019	13,398,994	5,142,600	8,256,394	128,691	1,500,721
2020	13,465,989	5,142,600	8,323,389	129,735	1,630,456
2021	13,533,319	5,142,600	8,390,719	130,784	1,761,240
2022	13,600,986	5,142,600	8,458,386	131,839	1,893,079
2023	13,668,991	5,142,600	8,526,391	132,899	2,025,978
2024	13,737,336	5,142,600	8,594,736	133,964	2,159,943
2025	13,806,023	5,142,600	8,663,423	135,035	2,294,978
2026	13,875,053	5,142,600	8,732,453	136,111	2,431,089
2027	13,944,428	5,142,600	8,801,828	137,192	2,568,281
2028	14,014,150	5,142,600	8,871,550	138,279	2,706,560
2029	14,084,221	5,142,600	8,941,621	139,371	2,845,932
2030	14,154,642	5,142,600	9,012,042	140,469	2,986,400
2031	14,225,415	5,142,600	9,082,815	141,572	3,127,972
2032	14,296,542	5,142,600	9,153,942	142,681	3,270,653
2033	14,368,025	5,142,600	9,225,425	143,795	3,414,448
2034	14,439,865	5,142,600	9,297,265	144,915	3,559,363
2035	14,512,064	5,142,600	9,369,464	146,040	3,705,403
2036	14,584,625	5,142,600	9,442,025	147,171	3,852,574
2037	14,657,548	5,142,600	9,514,948	148,308	4,000,881
2038	14,730,836	5,142,600	9,588,236	149,450	4,150,331
2039	14,804,490	5,142,600	9,661,890	150,598	4,300,929
2040	14,878,512	5,142,600	9,735,912	151,752	4,452,681
2041	14,952,905	5,142,600	9,810,305	152,911	4,605,592

NOTE: TABLE ASSUMES AN ANNUAL GROWTH OF 1/2%.

## IMPACT ON TAXING UNITS

The taxing units affected by the TIF are:

- City of Hudsonville
- Ottawa County

In judging the impact of tax increment financing, several actions must be considered: 1) the amount of millage levied; 2) the percent of the tax increment financing district of the taxing unit's total Taxable Value; 3) the increased Taxable Value the taxing unit could use if the plan were not in place; and 4) the overall community benefit of increasing the tax base. Table 6 below, summarizes the taxing units and how the TIF affects them.

**TABLE 6**  
**AFFECT OF TIF PLAN**

Taxing Unit <sup>1</sup>	Tax Levy	Taxable Value of Taxing Unit <sup>1</sup>	Taxable Value of TIF area <sup>2,3</sup>	TIF as a Percent of Unit's Total TV
Hudsonville	11.2303	214,435,294	13,563,601	6.33
Ottawa County	4.3565	9,401,932,735	13,563,601	0.14
<b>TOTAL</b>	<b>15.5868</b>	---	---	---

<sup>1</sup> DOES NOT INCLUDE RENAISSANCE ZONES

<sup>2</sup> SOURCE: 2011 OTTAWA COUNTY APPORTIONMENT REPORT

<sup>3</sup> 2011 TV OF ENTIRE DDA IS 14,738,385

As can be seen in Table 7, below, the impact on Hudsonville is greatest because it levies the largest millage rate and has the largest taxable value within the DDA between the two taxing authorities. Ottawa County is the only other source for additional DDA project funding. The following table shows the impact when each taxing unit's percentage of total millage is translated into the proposed share of the development cost.

**TABLE 7**  
**SHARE OF THE DEVELOPMENT COSTS BY TAXING UNIT**

Taxing Unit	Percentage of Total	Share of Development Costs (over 30 years)
Hudsonville	72.05	3,318,332
Ottawa County	27.95	1,287,260
<b>TOTAL</b>	<b>100.0</b>	<b>4,605,592</b>

## **DDA DEBT**

The DDA also currently captures taxes from Hudsonville Public Schools, Ottawa Area Intermediate School District, and the Michigan State Education Tax for outstanding debt service on the 1994 bonds that will end in 2014. Once the bond is paid in full the DDA will no longer capture taxes from those taxing entities. A total of \$49,600 is owed on the bond for FY 2013 and 2014.

## **JUSTIFICATION OF THE TAX INCREMENT FINANCING PLAN**

The DDA feels it is imperative that public improvements in the downtown district continue. It strongly believes that without these public improvements the downtown business district could follow a declining path. Public improvements that are possible due to deferred revenue from the taxing units will provide long-range benefits, including an increased tax base. The DDA also feels that public improvements can serve as a catalyst for businesses to make improvements to their respective buildings and facilities.

There are a lot of unknown proposed costs within the plan. The DDA Board of Directors will look at the priority list in determining which projects will take priority, keeping in mind how much money is available.

In implementing this plan, the taxing authorities should eventually realize additional revenue from the increased development in the city of Hudsonville. The initial revenue will pay for the proposed downtown improvements.

## **SUMMARY**

The DDA recommends adoption of this amended plan in total to be used to finance the various public improvement projects included in the development plan. The DDA recognizes that there are other sources of funding. Due to the uncertainty and anomalous nature of these funding methods (e.g., grants, private donations, etc.), the DDA reserves the right to fund projects through these sources when made available.



**DOWNTOWN HUDSONVILLE WITH PUBLIC SCHOOL PROPERTY IN THE BACKGROUND**



