

DOWNTOWN DEVELOPMENT AUTHORITY
OF THE CITY OF NILES

AMENDMENT TO
AMENDED AND RESTATED DEVELOPMENT PLAN
AND TAX INCREMENT FINANCING PLAN

Recommended by the Development Area Citizen Council on December 17, 2018

Approved and Recommended by the Downtown Development Authority
of the City of Niles on December 17, 2018

Approved by the City Council of the City of Niles on January 21, 2019

I. INTRODUCTION

A. *The Downtown Development Authorities Act*

Act No. 197 of the Michigan Public Acts of 1975, as amended, MCLA § 125.1651 *et. seq.* (the "**Original DDA Act**") was enacted to provide a means for local units of government to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; and to authorize the use of tax increment financing.

The Authority (as defined below) was created, and the Original Plan and the Restated Plan (each as defined below) were adopted, pursuant to the Original DDA Act. Effective as of January 1, 2019, the Original DDA Act was repealed in its entirety and replaced by Part 2 of Act No. 57 of the Michigan Public Acts of 2018 (the "**DDA Act**"). The provisions of the DDA Act are substantially the same as the provisions of the Original DDA Act.

B. *Establishment of the Authority and Adoption of the Development Plan and Tax Increment Financing Plan*

The Downtown Development Authority of the City of Niles (the "**Authority**") was created on July 11, 1979 by adoption of Ordinance No. 251 by the City Council of the City of Niles (the "**City**"). The Authority and the City Council approved and adopted the Development Plan and Tax Increment Financing Plan (the "**Original Plan**") on September 12, 1988.

On April 27, 1998, the City Council adopted Ordinance No. ____¹ approving the expansion of the boundaries of the Downtown District and the Development Area. On October 26, 1998, the Authority and the City Council held a hearing to approve the Amended and Restated Development and Tax Increment Financing Plan (the "**Restated Plan**"), and following such hearing, the City adopted Ordinance No. ____² approving the Restated Plan.

Since the Restated Plan was adopted, the Authority and the City have undertaken several projects and improvements in and with respect to the Development Area and have entered into a wide range of financial commitments. This Amendment to the Amended and Restated Development Plan and Tax Increment Financing Plan (the "**2019 Amendment**") provides the City and the other taxing jurisdictions with updated information regarding the capture and use of tax increment revenues by the Authority and describes additional proposed projects.

The 2019 Amendment is an extension of the Restated Plan and must be read in concert with the Restated Plan. The 2019 Amendment refers to certain portions of the Restated Plan but

¹ Please provide a copy of the Ordinance.

² Please provide a copy of the Ordinance.

does not replace, repeal or abrogate any provision of the Restated Plan, unless expressly stated. (The Restated Plan, as amended by the 2019 Amendment, is referred to herein as the "**2019 Amended Plan**".)

II. AMENDMENT TO DEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN

The Restated Plan proposed construction of/or improvements to roads, utilities, streetscapes, vehicular parking, storefronts/façades, the riverfront park library, pedestrian walks, and parking within the Development Area as well as projects to increase residential and commercial density in the Development Area, market and promote the Development Area, and establish design and rehabilitation standards within the Development Area. The Authority and the City have implemented a portion of the development program outlined in the Restated Plan, and economic growth has occurred in the Development Area as a result of these activities. Persistent and continual additional improvements are necessary for desired development to continue.

A. *Boundaries of the Development Area*

The boundaries of the Development Area shall remain co-terminus with the boundaries of the Downtown District as established in the Restated Plan. The boundaries of the Downtown District and the Development Area are shown on Map B of the Restated Plan, and a legal description is set forth as Exhibit 2 of the Restated Plan. This 2019 Amendment does not change the boundaries of the Downtown District or the Development Area.

B. *Past Projects and Improvements*

The status of some of the past projects and improvements under the Restated Plan are highlighted below:

- Market Study (Section II(C)(4)(a) of the Restated Plan). The Restated Plan proposed periodic market studies to determine the demand in square footage for various types of activities, and also to ascertain the best combination and positioning of activities in the Development Area prior to the construction of physical redevelopment activities. Market studies were completed in 2004, 2011 and 2016 and provided the Authority with valuable information relating to (a) retail space, (b) office space, (c) housing, and (d) open space/recreation demand in the Development Area.
- Provisions of Public Utilities and Facilities (Section II(C)(4)(d) of the Restated Plan). The Restated Plan proposed projects to public utilities and facilities throughout the Development Area as incentives for public/private joint ventures and enhanced the visual aesthetics of the Development Area by installing such public utilities and facilities underground. The Authority has installed black fiber throughout the Development Area to provide internet services to businesses.
- Design and Rehabilitation Standards (Section II(C)(4)(g) of the Restated Plan). The Restated Plan proposed developing design and rehabilitation standards in order to

provide parameters for development and redevelopment in the Development Area. This project is complete as the Authority has developed guidelines to direct rehabilitation of existing buildings and insure compatibility of new construction with existing architectural styles in the Development Area.

- Marketing & Promotion (Section II(C)(4)(i) of the Restated Plan). The Restated Plan proposed developing a marketing and promotions vehicle to arrange events to draw shoppers to the Development Area and community events. The Authority has successfully created the Downtown Revolution logo.
- Raising Developable Land Along Front Street (Section II(C)(4)(n) of the Restated Plan). The Restated Plan proposed to raze two areas on Front Street which have great development potential but lie within the flood plain. This project has been completed to the extent possible and resulted in additional development.
- Fishing Pier in Riverfront Park (Section II(C)(4)(o) of the Restated Plan). The Restated Plan proposed developing a floating fishing pier/canoe launch on the St. Joseph River as an alternative to constructing a boat launch. This project has been completed.
- Fifth Street Improvements (Section II(C)(4)(p) of the Restated Plan). The Restated Plan proposed redeveloping Fifth Street to trigger development in surrounding areas. Since the Restated Plan was adopted, Chemical Bank moved onto Fifth Street, and the Old Folders Building was razed and such property is ready for redevelopment.
- Building Rehabilitation Program(Section II(C)(4)(q) of the Restated Plan). The Restated Plan proposed allocating up to \$200,000 for short term advances for approved building rehabilitation contracts. The Authority has allocated \$69,500 for building contracts and taken loans from the City to assist with rehabilitating the Riverfront Café and the Gallery Building.
- Pedestrian-Friendly Areas (Section II(C)(4)(r) of the Restated Plan): The Restated Plan proposed developing or redeveloping "pedestrian friendly" public areas, including softening the streetscape and vistas and installing underground sprinkling systems and utilities. The Authority has installed underground sprinklers in public spaces, and all lamp posts have water/sprinkling systems.
- DDA Administration (Section II(C)(4)(s) of the Restated Plan): The Restated Plan proposed hiring staff and utilizing engineers, attorneys, financial advisors, marketing specialists and others as needed to assist with the development, maintenance and implementation of the Restated Plan. The Authority has retained one staff person since 2000.

C. *Continuous and Proposed Projects and Improvements*

All of the projects described in Section II(C)(4) of the Restated Plan shall continue as active projects under the 2019 Amended Plan, except for Design and Rehabilitation Standards (subsection (o)), Raising Developable Land Along Front Street (subsection (n)) and Fishing Pier in Riverfront Park (subsection (o)) each of which have been completed. In addition, the following projects and improvements are proposed in this 2019 Amendment:

1. Maintaining Fishing Pier in Riverfront Park. This 2019 Amendment proposes to provide funding for the maintenance of the floating fishing pier/canoe launch on the St. Joseph River that was constructed under the Restated Plan.
2. Hotel Recruitment. A hotel in the Development Area will increase commercial development and draw more people downtown. *[INSERT DESCRIPTION OF WHAT THE AUTHORITY WILL OR WANTS TO DO]*

D. *Estimated Cost and Time for Projects*

Presented in the following table is a summary description of each project proposed under the 2019 Amended Plan and the estimated cost and estimated time required for completion.

SUMMARY OF PROPOSED IMPROVEMENTS
DOWNTOWN DEVELOPMENT AUTHORITY OF THE CITY OF NILES

	<u>Proposed Improvement</u>	<u>Estimated Cost³</u>	<u>Estimated Completion Period⁴</u>
1.	Market Study	\$25,000	2018-2028
2.	Acquisition of Property	160,000	2018-2028
3.	Provision of New Residential Space	75,000	2018-2028
4.	Provisions of Public Utilities and Facilities	150,000	2018-2028
5.	Streetscape Improvements	400,000	2018-2028

³ Please update these as needed. We left the amounts for continuing projects the same as in the Restated Plan.

⁴ Please confirm.

6.	Improvements to Parking Areas, Alleyways and Real Entrances	100,000	2018-2028
7.	Storefront/Facade & Building Rehabilitation	200,000	2018-2028
8.	Marketing & Promotion	70,000	2018-2028
9.	Increased Residential Density in Downtown Niles	100,000	2018-2028
10.	Increased Commercial Development in Downtown Niles	40,000	2018-2028
11.	Improved Streetscapes in Downtown Niles	_____	2018-2028
12.	Riverfront Park Improvements	300,000	2018-2028
13.	Maintaining Fishing Pier in Riverfront Park	_____	018-2028
14.	Fifth Street Improvements	100,000	2018-2028
15.	Building Rehabilitation Program	100,000	2018-2028
16.	Pedestrian-Friendly Areas	_____	2018-2028
17.	Hotel Recruitment	_____	2018-2028
18.	DDA Administration	<u>40,000</u>	2018-2028
	TOTAL	\$_____	

E. Description of Desired Zoning Changes

A change in zoning is not contemplated with this 2019 Amendment.

F. Estimates of the Number of Persons Residing on the Property to Which the Plan Applies and the Number of Families and Individuals to be Displaced

There are more than 100 persons residing in the Development Area. Consequently, in accordance with the DDA Act, a Development Area Citizens Council has been appointed. The Development Area Citizens Council has recommended this 2019 Amendment to the City Council for approval. No displacement of families in the Development Area is contemplated by this 2019 Amendment.

G. Compliance with Act 227 of the Michigan Public Acts of 1972

The 2019 Amended Plan meets the requirements of Act 227 of the Michigan Public Acts of 1972, as amended, in that there are no displaced persons or businesses.

H. Financing of the Projects and Programs

The DDA Act calls for a development plan to show the proposed method(s) of financing its development plan and the ability of the Authority to arrange the financing. The Restated Plan has identified the methods used to finance projects and programs previously included in the Restated Plan. Appendix A indicates the estimated tax increment revenues available to the Authority to pay the obligations and program commitments described in the 2019 Amended Plan. For purposes of this estimate, the estimated tax increment revenues are assumed to remain the same each year, but the amount of actual tax increment revenues will be subject to such factors as changes in the taxable value of properties located in the development area and any changes in millage rates.

The prior projects and programs catalogued in the 2019 Amended Plan have been paid for in several ways, including funding programs on an annual expenditure basis from tax increment revenues.⁵

The proposed projects may be paid for by the Authority through the sale of one or more series of tax increment bonds pursuant to Section 216 of the DDA Act (MCL 125.4216) or from any source of funding authorized by Section 211 of the DDA Act (MCL 125.4211). Tax increment revenues that are not required to repay debt service on any tax increment bonds may be used to fund projects set forth in the 2019 Amended Plan on a "pay-as-you-go" basis.

I. Maximum Amount of Bonded Indebtedness

At the time of adoption of this 2019 Amendment, the DDA estimates that the maximum aggregate amount of bonded indebtedness which may be incurred during the term of the 2019 Amended Plan is approximately \$1,500,000, including project costs and issuance expenses.

J. Duration of the 2019 Amended Plan

This 2019 Amendment extends the duration of the 2019 Amended Plan through the collection of the December 2028 tax levy. The term of the 2019 Amended Plan may be modified from time to time by the City Council of the City of Niles upon notice and upon public hearing and amendments as required by the DDA Act. The Authority may enter into agreements with taxing jurisdictions to share the tax increment revenues generated by the Tax Increment Financing Plan.

⁵ Are there any other means that the Authority has used to finance projects, such as grants or donations?

K. Estimated Impact on Taxing Jurisdictions⁶

The estimated impact of tax increment financing on taxing jurisdictions is shown in Appendix A. The impact is a function of various factors, including the tax rates that are established and levied by each taxing jurisdiction, the appreciation or depreciation of properties located within the Development Area, and the amount of tax increment revenues retained annually by the Authority. The projections set forth in Exhibit 6 are based on appreciation only. As identified earlier, the expected increases in assessed valuation for property and new construction in the Development Area have been estimated for the 1999 through 2028 tax years. Any surplus funds of the Authority that are not used to further the development program or for debt service on outstanding bonds shall revert proportionally to the respective taxing jurisdictions. Presently, the Authority does not anticipate a return of annual capture to the taxing jurisdictions based upon a "surplus" status.

L. Reports

The Restated Plan contained reporting requirements consistent with the Original DDA Act. Commencing January 1, 2019, the Authority will comply with the reporting requirements provided in Part 9 of Act No. 57 of the Michigan Public Acts of 2018 (MCL 125.4901-125.4915).

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⁶ We will update this section as needed once the spreadsheets are completed.