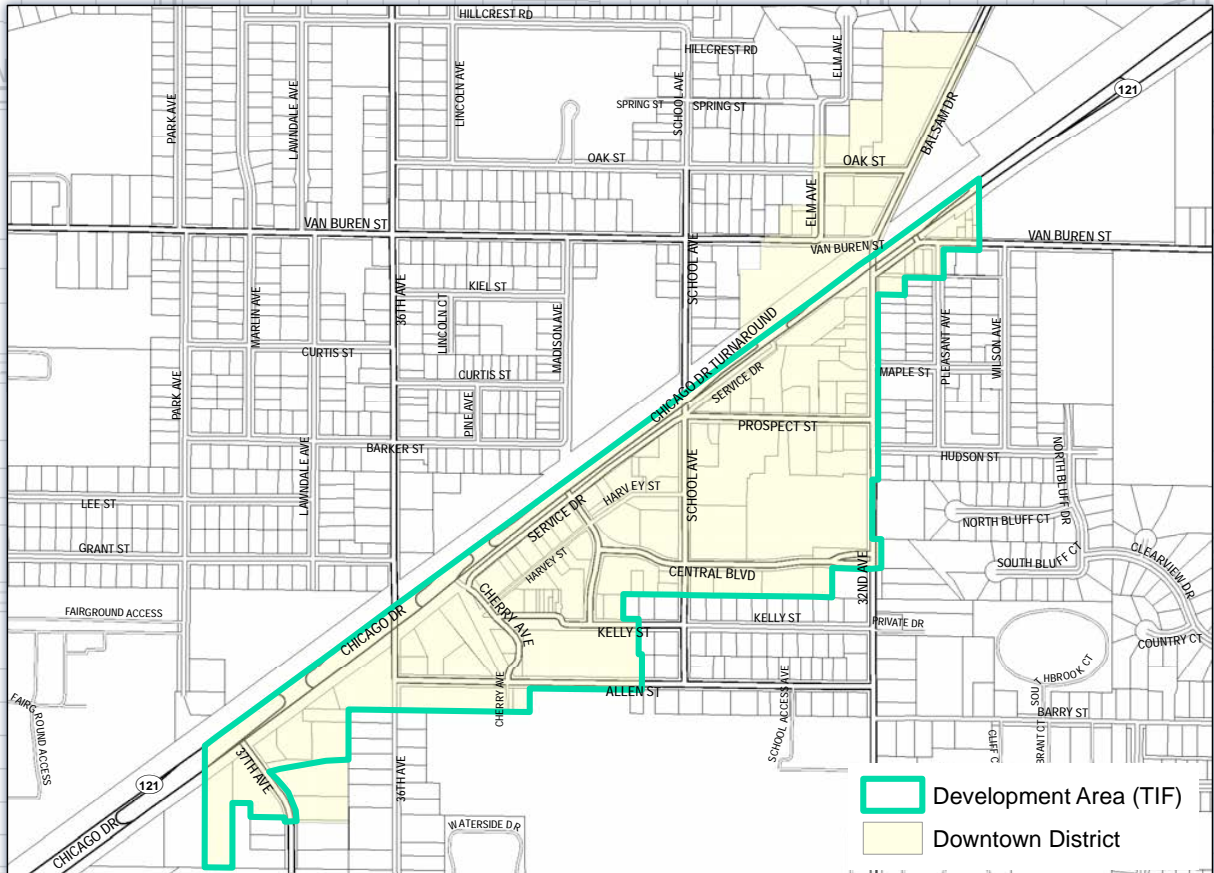


# CITY OF HUDSONVILLE

## DOWNTOWN DEVELOPMENT AUTHORITY



### 2021-2041 DEVELOPMENT AND TAX INCREMENT FINANCING PLAN

Adopted - 3.2021





**CITY OF HUDSONVILLE DOWNTOWN DEVELOPMENT AUTHORITY**  
**2021-2041 DEVELOPMENT AND TAX INCREMENT FINANCING PLAN**

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# CHAPTER 1: INTRODUCTION

## **PURPOSE OF DOWNTOWN DEVELOPMENT AUTHORITY**

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, of the Public Acts of Michigan of 1975, as amended, enacting the Downtown Development Authority Act. In 2018, Part 2 of Act 57 of the Public Acts of Michigan of 2018 (the ‘Act’) recodified the previous Downtown Development Authority legislation. The Act facilitates a community’s effort to be proactive in promoting economic growth so downtown blight and deterioration can be more easily avoided. 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 (the ‘Downtown District’) 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 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.

## **CREATION OF CITY OF HUDSONVILLE DOWNTOWN DEVELOPMENT AUTHORITY**

In 1983 the Hudsonville City Commission adopted an ordinance establishing the City of Hudsonville DDA. Since that time the boundaries of the Downtown District were amended in 1986, 1994, 1997, 2003, and 2010. Two years after its initial adoption (May 22, 1985) a Downtown Development & Tax Increment Financing Plan (the ‘Plan’) was adopted by the City Commission. The 1985 Plan designated where Tax Increment Revenues are captured for the purpose of funding improvements. The 1985 Plan was subsequently amended in 1986, 1993, 1996, 2003, 2010, and 2012. These amendments included:

### **AMENDMENT #1**

December 22, 1986. Street, storm sewer, sanitary sewer, water and sidewalk improvements were added. The Plan 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 1985 Plan 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 Blvd and 32nd Avenue was added.

### **AMENDMENT #5**

November 9, 2010. Properties along 32nd Avenue were added.

### **AMENDMENT #6**

July 10, 2012. The 1985 Plan was extended 23 years to 2041. Downtown infrastructure projects were added.

## **SUMMARY OF ACTIVITIES**

Since 2010, the DDA has been increasingly active. The following is a list of key actions that have taken place within the DDA Downtown District since the last plan update.

- In June, 2017, the Terra Square Farmers Market and Event Center was completed and now hosts the farmers market, private events, and community fitness programs. Terra Square is also home to the Work Space, a co-work environment and tenant space leased to a restaurant.
- The City of Hudsonville, in partnership with the DDA, constructed a woonerf through the downtown. The Harvey Street woonerf is programmed through the farmers market and hosts a community event every Thursday night in July called Happenings on Harvey.
- Implemented the Chicago Drive Landscaping plan, beautifying Chicago Drive and drawing attention to the business district through creative landscaping.
- Constructed a section of the Buttermilk Creek Trail from 32nd Avenue to Prospect Street.
- The DDA acquired a blighted home in the downtown and removed the home, making the site ready for redevelopment.
- The DDA acquired a key redevelopment property and actively marketed it for redevelopment.
- The City of Hudsonville received the State Redevelopment Ready Certification.
- The DDA sponsored several downtown community festivals and concerts.
- Adopted a Development Support Policy to encourage development in the downtown. In 2018, the DDA utilized this policy to support the construction of the Hudson Center, a three-story building along the Harvey Street woonerf.
- To address parking concerns, the City of Hudsonville added parking capacity along Service Drive by converting sections of the roadway to one-way and adding angled parking, added parking capacity along Harvey Street, added landscaping and striping to on street parking areas on School Street, and facilitated shared parking agreements between local businesses.
- Acquired a parcel from West Michigan Community Bank for the purpose of realigning Plaza Avenue and creating a temporary parking lot until the Village Green can be constructed.
- Continued beautification efforts on light poles and with flower pots and installed new light poles in 2010.
- The City Commission adopted the Imagine Hudsonville 2030 Master Plan.
- The City Commission approved the 2018-2022 Strategic Plan.



## **ORIGINAL AND CONTINUING GOALS**

The original purposes of the Hudsonville Downtown Development Authority, as identified in the by-laws adopted in 1983, are to act as a Downtown Development Authority in accordance with Act 197 of the Public Acts of 1975, as amended, and include, but are not limited to, the correction and prevention of deterioration in business districts, the encouragement of historic preservation, the creation and implementation of development plans in the Downtown District, and the promotion of economic growth in the Downtown District.

Remaining consistent with the original purpose of the creation of the Downtown Development Authority, continuing goals are centered around the correction and prevention of deterioration in business districts, the encouragement of historic preservation, the creation and implementation of development plans in the district, and the promotion of economic growth.

Specific goals for the Downtown Development Authority are detailed in Chapter 2.



## **PURPOSE OF PLAN**

The purpose of this Plan is to amend in its entirety the 1985 Plan. Due to changes in the landscape through the completion of projects and the current market, it has become evident that an updated plan is needed to continue establishing 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 2021-2041 Development and Tax Increment Financing Plan (the '2021 Plan')*.



It is recognized that the DDA 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, it is recommended that the DDA and City Commission 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.

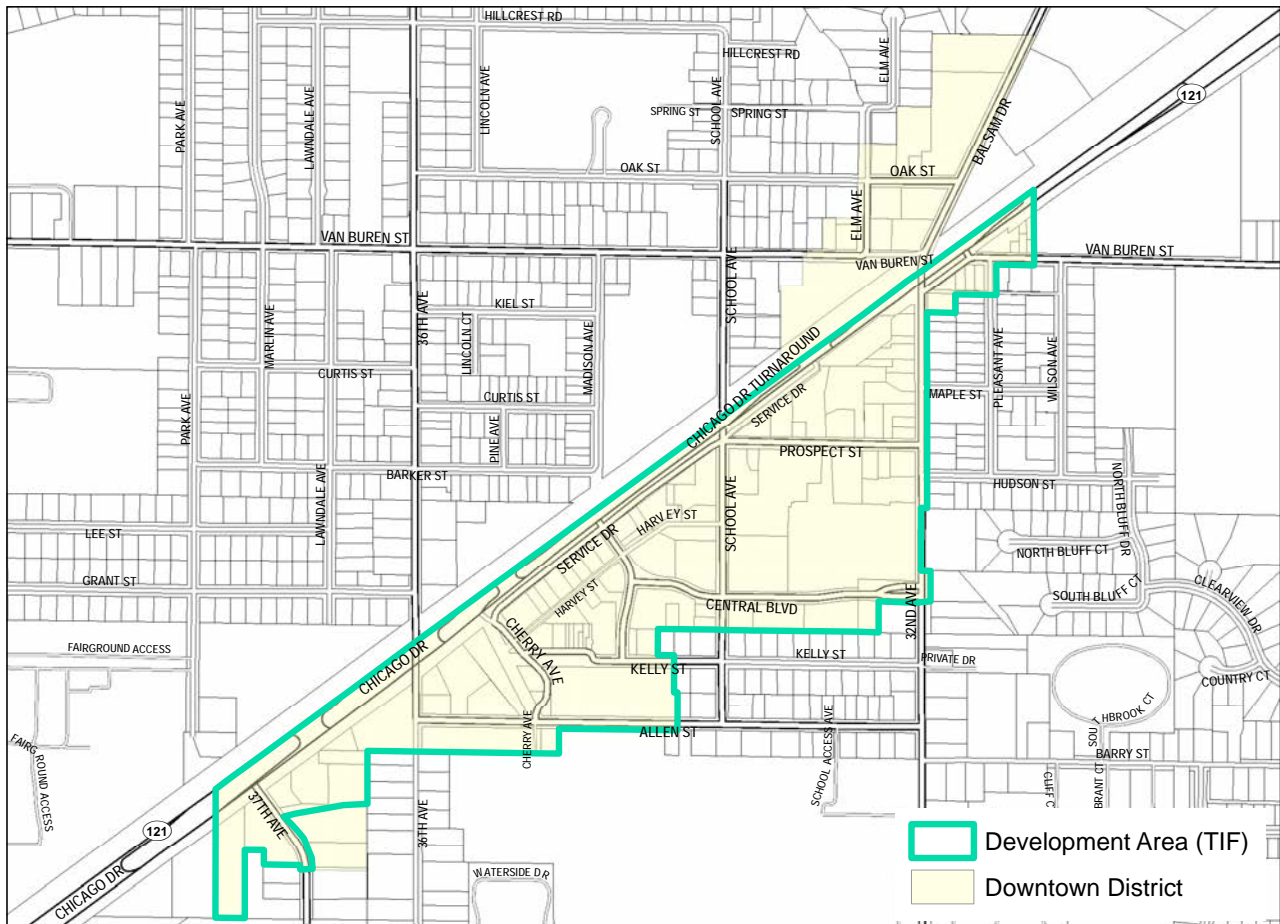


# CHAPTER 2: DEVELOPMENT PLAN

## BOUNDARIES OF DEVELOPMENT AREA

The Downtown District boundaries do not perfectly align with the boundaries of the Development Area. Map 1 below show the current boundaries of the Downtown District and the Development Area.

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



# LEGAL DESCRIPTION OF DEVELOPMENT AREA

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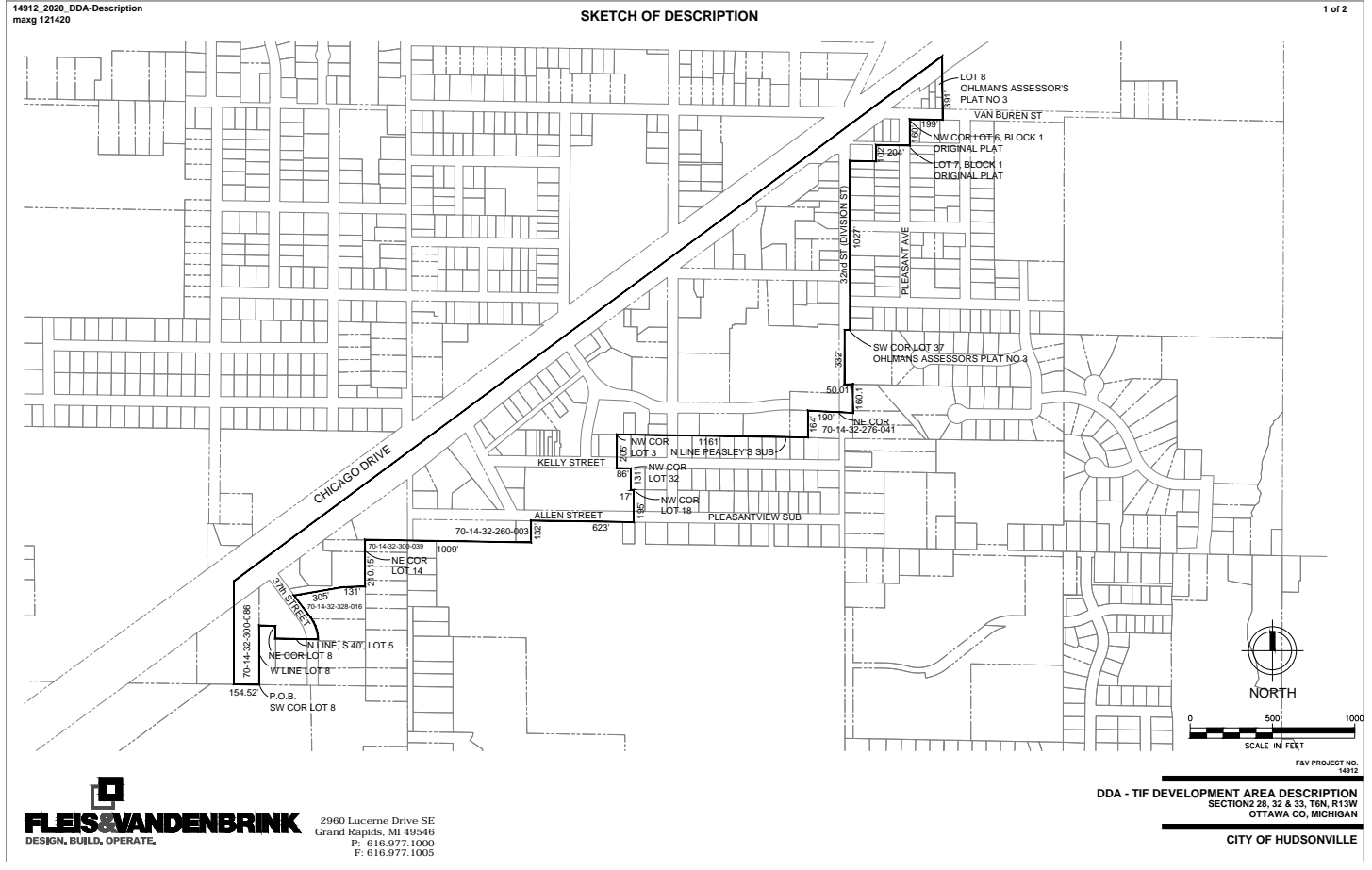
## SKETCH OF DESCRIPTION

2 C

### DDA-TIF DEVELOPMENT AREA DESCRIPTION:

A parcel of land situated in Sections 32 and 33, Town 6 North Range 13 West, Ottawa county, City of Hudsonville, Michigan, further described as follows:

Beginning at the Southwest corner of Lot 8 of the Hudsonville Industrial Center Plat and running Thence South 89°10'22" East 154.52 Feet; thence North 00° 25' 00" East along the West line of parcel 70-14-32-300-086 and it's extension northerly to the centerline of Chicago Drive; Thence Northeastly along the centerline of Chicago Drive 5375 feet more or less to the Northerly extension of the East Line of Lot 8 of Ohlman's Assessor's Plat No 3; Thence South along said line and it's extension 391 feet more or less to the South line of Van Buren Street; Thence West along the South line of said street 199 feet, more or less, to the Northwest corner of Lot 6, Block 1 of the Original Plat of the City of Hudsonville, and the East line of Pleasant Avenue; Thence South along the East line of Pleasant Avenue 160 feet, more or less, to the Northwest corner of Lot 7 of said plat; Thence West along the North line of Lot 23, Block 2 and it's extension Easterly 204 feet to the Northwest Corner of said Lot 23 of said plat; Thence South along the West line of Lots 23 and 22 102 feet, more or less, to the Southwest corner of Lot 22, Block 2 of said plat; Thence Northwestly to a point on the East line of Lot 7, Block 2, 2.0 feet North of the Northeast corner of Lot 8, Block 2; Thence Westerly on a line 2.0 feet North of the North line of Lot 8 to the East line of Division Street (now 32<sup>nd</sup> street); Thence South along the East line of 32<sup>nd</sup> Street 1027 feet, more or less, to the Southwest corner of Lot 37, Ohlman's Assessor's Plat No. 3; Thence Westerly to the line common to Sections 32 and 33, T6N R13W; Thence Southerly along said line 332 feet, more or less, to a point 670.51 feet South of the West ¼ corner of Section 33; Thence South 89°48'24" East 50.01 FT; thence South 01°01'50" East 160.1 feet; Thence Northwestly to a point 824 feet North of the Southeast corner of Section 33 and the Northeast corner of parcel number 70-14-32-276-041; Thence West 190 feet to the West line of said parcel; Thence South along said line 164 feet more or less to the North line of Peaseleys subdivision; Thence Westerly along said line 1161 feet, more or less, to the Northwest corner of Lot 13, Peaseleys Subdivision; Thence Southerly along said West line 205 feet, more or less, to the South line of Kelly Street; Thence Easterly along said line 86 feet, more or less, to the Northwest corner of Lot 32, Peaseleys Subdivision; Thence Southerly along the West line of said Lot 131 feet more or less to the Southwest corner of said lot; thence Easterly along the South line of said plat 17 feet, more or less, to the Northwest corner of Lot 18 Pleasantview Subdivision; Thence South along the west line of said lot and its extension Southerly 195 feet more or less to the South line of Allen Street; Thence Westerly along said line 623 feet more or less to a point 717 feet East and 132 feet North of the Southwest corner of Lot 33, Ohlman's Assessor's Plat no 1 and the East line of parcel number 70-14-43-32-260-003; thence Southerly along said line 132 feet more or less to the South line of said plat; Thence westerly along the South line of said plat and it's Westerly extension 1009 feet, more or less, to the Northwest corner of parcel number 70-14-32-300-039; thence Southerly along said West line to the Northeast corner of Lot 14 of the Hudson Industrial Center plat; Thence South 01°33'30" East 210.15 along the East line of said lot to the North line of parcel number 70-14-32-328-016; Thence South 88°35'32" West along said line 131 feet; Thence continuing along said line South 80°28'38" West 305 feet to the Easterly line of 37<sup>th</sup> Street; Thence continuing along the east line of said 37<sup>th</sup> Street to a point East of a point 40 feet North of the Northeast corner of Lot 6 of said plat; Thence West to the West line of 37<sup>th</sup> Street to a point 40 feet North of the Northeast corner of Lot 6, being the North line of the South 40 feet of lot 5 of said plat; Thence Westerly on said North line of the South 40 feet of lot 5 of said plat to the West line of said Lot; Thence North along the East line of Lot 8 of said plat to the Northeast corner of said Lot; thence West to the West line of said Lot; thence Southerly along said line to the Southwest corner of lot 8 of said plat and the Point of Beginning.





## **CONTINUING OBJECTIVES OF DEVELOPMENT PLAN**

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

In 2020, the DDA Board of Directors met to discuss possible capital improvement projects for the Downtown District. Capital improvement projects were reviewed, and then prioritized by their perceived importance by the Board of Directors. The general improvements are explained below.

## **DEVELOPMENT PLAN SCHEDULE**

Projects have been broken down into focus areas. 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 2018-2022 Strategic Plan that is addressed by a number of the redevelopment projects included in the lists below.

# LOCATION, CHARACTER, EXTENT, AND ESTIMATED COST OF CONTINUING & PROPOSED PROJECTS

## **DOWNTOWN REDEVELOPMENT**

<b><i>HIGH</i></b>	<b><i>VILLAGE GREEN</i></b> <i>\$3,000,000</i> <i>2025-2030</i> <b><i>CITY, DNR, MDOT AND DDA</i></b>
--------------------	--

Coordinate with the City on the acquisition of property and construction of the Town Square feature as recommended in the Master Plan, Recreation Plan and Strategic Plan. The focal point of this project is an active gathering place that may feature a splash pad, amphitheater, or snowmelt system. Streets will be realigned around the perimeter of the park as shown on the image below. This park incorporated the Harvey Street woonerf. Utilities are to be relocated underground as part of the woonerf project.



<b><i>HIGH</i></b>	<b><i>ACQUIRE KEY REDEVELOPMENT SITES AND WORK WITH PRIVATE PARTNERS TO REDEVELOP SITES IN ACCORDANCE WITH THE MASTER PLAN</i></b> <i>\$500,000</i> <b><i>ONGOING</i></b> <b><i>DDA</i></b>
--------------------	--

Explore options to buy property that can be utilized to incentivize redevelopment. Development of sites could be uses such as parking, trails, pedestrian spaces, or sold to a developer interested in redeveloping the site in accordance with the vision of the DDA.

<b><i>MED</i></b>	<b><i>DEVELOPMENT SUPPORT</i></b> <i>\$50,000</i> <b><i>ONGOING</i></b> <b><i>MEDC AND DDA</i></b>
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Provide support for businesses and developers using the Development Support Policy. Provide support for businesses through a facade improvement program. Identify needs for other development support opportunities and create policies and programs that support continued growth and redevelopment.

## INFRASTRUCTURE

**HIGH**      **PARKING ANALYSIS & DEVELOPMENT OF PUBLIC PARKING**  
*\$500,000*  
**ONGOING**  
**DDA**

Conduct a study to analyze the current and future demand for parking in downtown Hudsonville. Based on the results of the study, add parking capacity, as needed. This could include modifications, acquisition, or development of parking, both surface or parking structures.

**HIGH**      **TRANSIT-ORIENTED DEVELOPMENT SUPPORT**  
*\$100,000*  
**MDOT, CITY AND DDA**

Support transit-oriented development initiatives which promote mobility choices. This includes, but is not limited to, the installation of bus shelters, commuter parking lots, bike lanes, sidewalks, bike racks, and other accommodations for multi-model transportation choices within the Downtown District.

**HIGH**      **STREET PATTERN MODIFICATION**  
*\$175,000*  
**2022-2023**  
**CITY AND DDA**

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

**HIGH**      **PUBLIC INFRASTRUCTURE AND PEDESTRIAN AMENITIES**  
*\$80,000*  
**ONGOING**  
**CITY COMMISSION AND DDA**

Enhance public infrastructure, including creating, maintaining and supporting access to public transportation, utilities, and technology. Add amenities that will make downtown more vibrant and connected including, but not limited to, seating, garbage and recycling receptacles, audio systems, bike racks, signage, pedestrian walkways and structures, public restrooms, lighting, public wi-fi, and charging stations. Maintenance of existing infrastructure is also a priority.

**MED**      **BUTTERMILK CREEK PATHWAY**  
*\$100,000*  
**2025 TO 2030**  
**DDA AND 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 Downtown District.

**MED**            **WAYFINDING SIGNAGE**  
\$150,000  
2021-2022  
**CITY AND DDA**

Add signage to guide 32nd Avenue and Chicago Drive traffic into the downtown district.

**MED**            **BURY OVERHEAD UTILITY LINES**  
\$400,000  
2021 TO 2025  
**CITY AND DDA**

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

**LOW**            **32ND AVENUE CORRIDOR ENHANCEMENT**  
\$1,500,000  
2025-2030  
**MDOT, CITY AND DDA**

Streetscape improvements coordinated with any roadway improvements on 32nd Avenue to include decorative streetlights, sidewalk widening and other corridor improvements.

## **CITY BEAUTIFICATION & PROMOTION**

**HIGH**            **BEAUTIFICATION EFFORTS**  
\$200,000  
**ONGOING**  
**CITY AND DDA**

Undertake beautification initiatives including, but not limited to, landscaping, streetscaping, lighting, art, signage, decorations, park features, plantings, and water features.

**HIGH**            **PUBLIC ART AND CULTURE**  
\$10,000  
**ONGOING**  
**CITY AND DDA**

Install public art, both temporary and permanent. Support art and culture related programs and events in the downtown.



**MED**                    **LANDSCAPING AND PLANTINGS**  
                               **\$20,000**  
                               **ONGOING**  
                               **CITY AND DDA**

Significant investment was made into new landscaping on M-121, Service Drive, and Harvey Street. Additional landscaping, plantings, or street tree plantings may also be undertaken throughout the Downtown District.

**MED**                    **MARKETING**  
                               **\$30,000**  
                               **ONGOING**  
                               **CITY AND DDA**

Pursue promotional and marketing initiatives that support and promote the downtown district. They may include events, banners and signs, decor.

**MED**                    **ADDITIONAL DECORATIVE STREET LIGHTS**  
                               **\$1,000,000**  
                               **2025-2030**  
                               **CITY AND DDA**

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

# LOCATION, CHARACTER, AND EXTENT OF EXISTING PUBLIC & PRIVATE LAND USES

The Downtown District is 78.49 acres in area, excluding street rights-of-way. Most of the land area in the DDA is comprised of commercial and office uses, with a total of 83.67%. The DDA currently owns 5.5 acres of land.

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

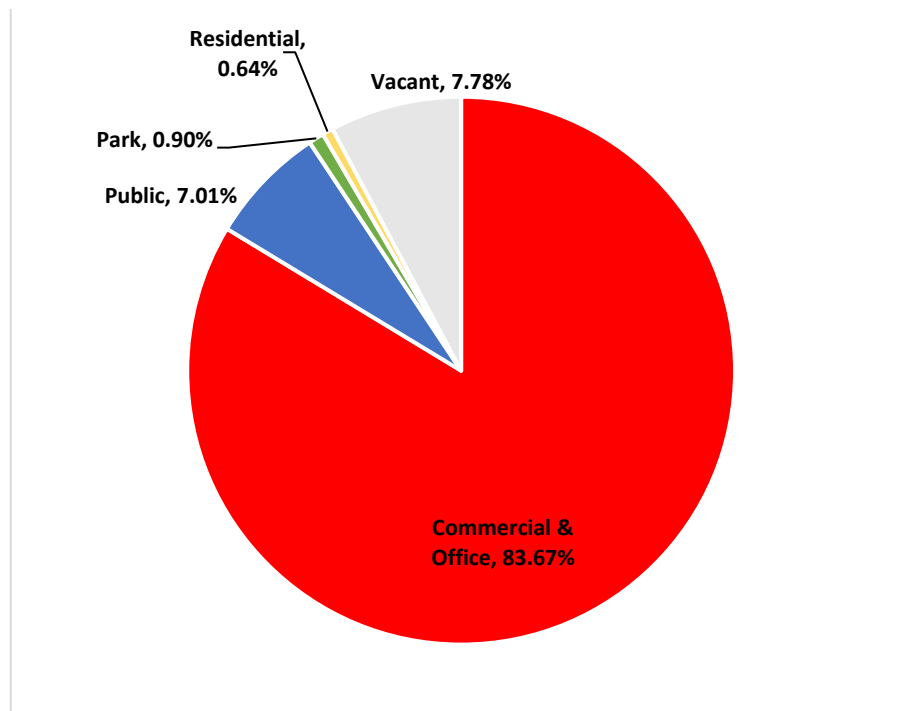
	2020 Acreage <sup>1</sup>	Percentage
Commercial and Office <sup>2</sup>	65.67	83.67%
Public	5.5	7.01%
Park	0.71	0.9%
Residential	0.5	0.64%
Vacant <sup>3</sup>	6.11	7.78%
<b>TOTALS</b>	<b>78.49</b>	<b>100%</b>

<sup>1</sup> CALCULATIONS DO NOT INCLUDE EXISTING RIGHTS-OF-WAY, WHICH TOTAL 36.4 ACRES.

<sup>2</sup> COMMERCIAL AND OFFICE ARE COMBINED BECAUSE THEY OCCUPY THE SAME ZONE DISTRICTS

<sup>3</sup> VACANT IS PROPERTY WITHOUT IMPROVEMENTS, NOT VACATED BUILDINGS REMOVED FROM COMMERCIAL ACRE-AGE

**FIGURE 1  
LAND USE BREAKDOWN**



# LOCATION, CHARACTER, AND EXTENT OF PROPOSED LAND USES



**TABLE 2  
FUTURE LAND USE BREAKDOWN FOR THE DDA**

	Acreage <sup>1</sup>	Percentage
Commercial <sup>2</sup>	52.78	67.24%
Office	3.15	4.01%
Public	13.38	17.05%
Park <sup>3</sup>	2.57	3.27%
Residential	0.5	0.64%
Vacant <sup>4</sup>	6.11	7.78%
<b>TOTALS</b>	<b>78.49</b>	<b>100%</b>

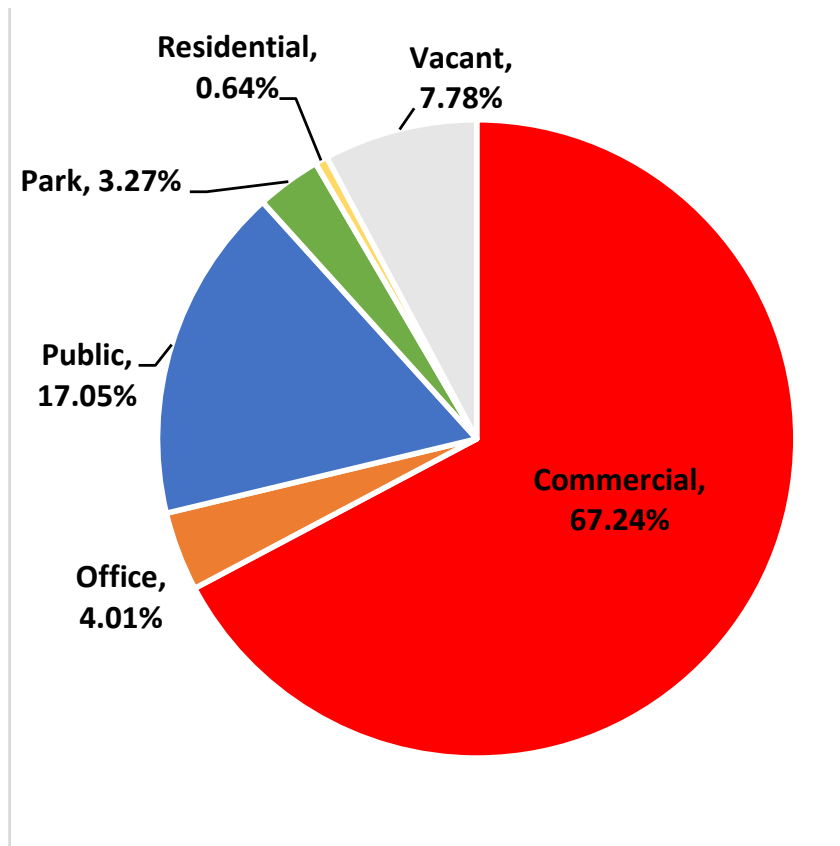
<sup>1</sup> CALCULATIONS DO NOT INCLUDE EXISTING RIGHTS-OF-WAY, WHICH TOTAL 36.4 ACRES.

<sup>2</sup> COMMERCIAL INCLUDES TOWN/NEIGHBORHOOD CENTER, MIXED USE, AND CENTRAL BUSINESS DISTRICT.

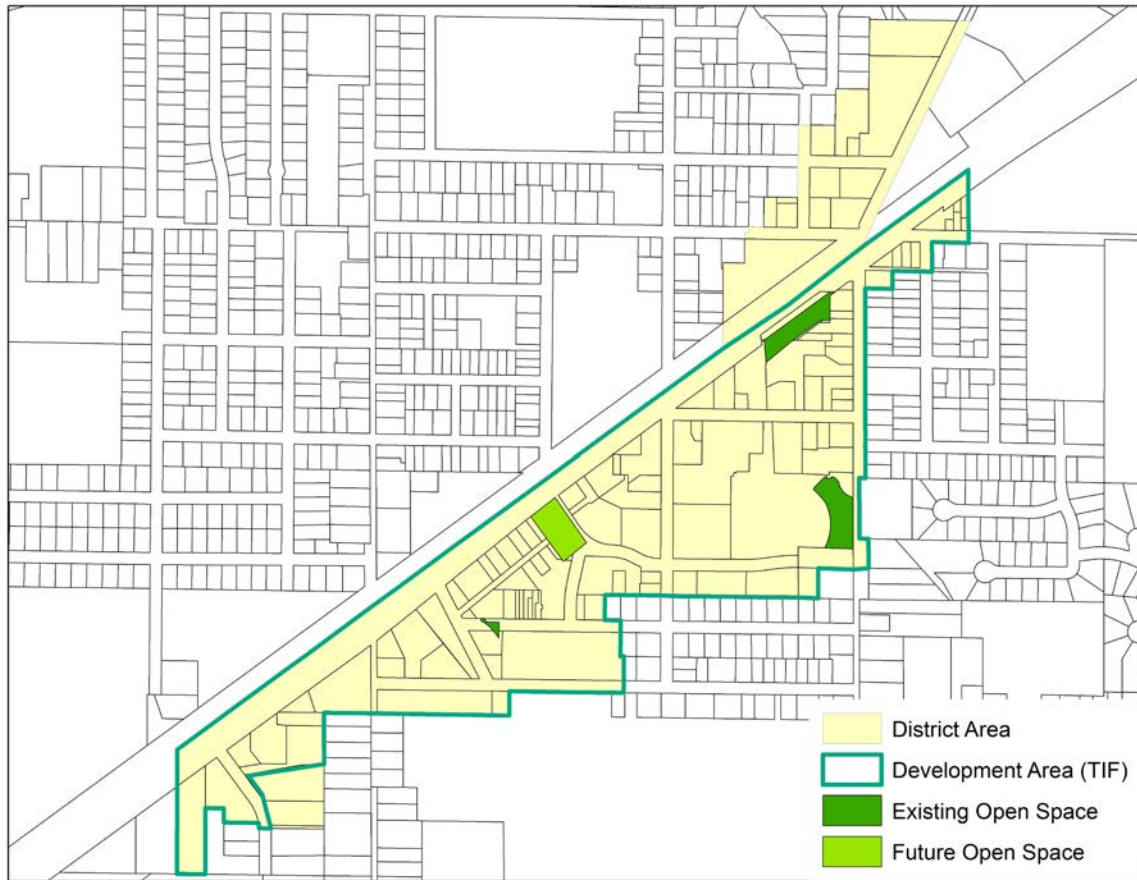
<sup>3</sup> PARK INCLUDES FUTURE VILLAGE GREEN

<sup>4</sup> VACANT IS PROPERTY WITHOUT IMPROVEMENTS, NOT VACATED BUILDINGS.

**FIGURE 2**



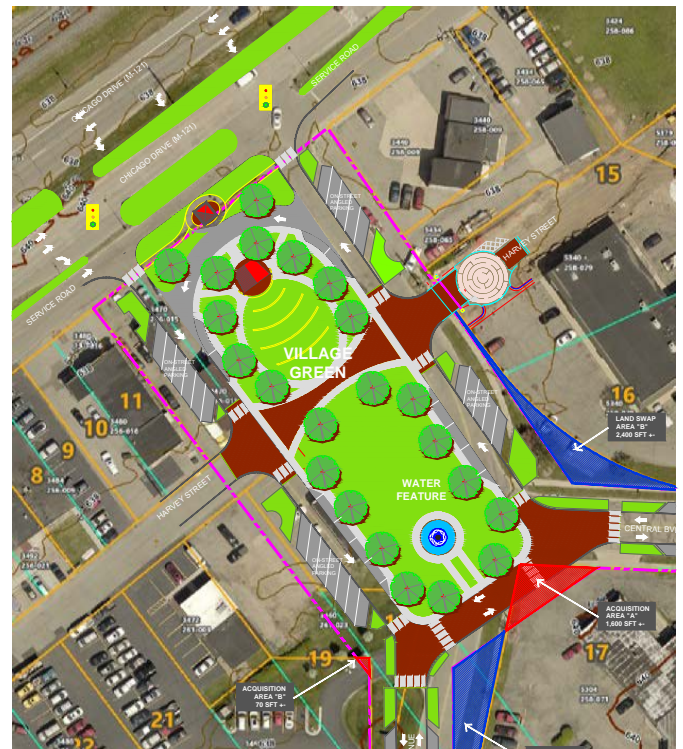
# EXISTING & PLANNED OPEN SPACE AREAS



## PLANNED OPEN SPACE AREAS:

The primary open space area addition to the Downtown District is the Village Green, which is identified in this development plan as a critical project in the success of the downtown redevelopment.

The focal point of this project is an active gathering place that will further enhance the viability of the downtown businesses. Streets will be realigned around the perimeter of the park as shown on the image. This park incorporates the Harvey Street woonerf.





## **EXISTING ZONING & PROPOSED CHANGES**

The zoning within the Development Area 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 at that time. The new districts are Hud 5, 6 and 7, and Public Open Space.

The new zoning districts allow more diversification in land uses, which encourages redevelopment by providing greater flexibility so the current minimal amount of mixed uses may increase in the future. Hud 7 is the most intense zoning district, with Hud 5 enabling a greater amount of residential uses. Hud 6 promotes a mix of commercial and residential activities in a variety of forms and building types, although its development intensity is less than that of the HUD 7 District. There is a total of 10.28% of the land zoned for public uses with 89.72% of the land having an emphasis on commercial use. Table 2 below, provides a more detailed breakdown of existing zoning within the Development Area.

**TABLE 2  
ZONING BREAKDOWN FOR THE DEVELOPMENT AREA**

	Acreage <sup>1</sup>	Percent
Hud 5	32.43	41.32%
Hud 6	14.0	17.84%
Hud 7	3.52	4.48%
Public Open Space	2.57	3.27%
Public Facilities	5.5	7.01%
Central Business District Two (CBD-2)	18.09	23.05%
Industrial (I-1)	1.88	2.40%
Single-Family Residential (R-1-C)	0.5	0.64%
<b>TOTALS</b>	<b>78.49</b>	<b>100.00%</b>

### **PROPOSED CHANGES**

There are no currently proposed changes.

### **STREET CHANGES**

Along with the Village Green project, there are several street changes planned. Both Central Boulevard and Plaza Avenue will be realigned to accommodate the addition of the open green space. A new section of road will also be added along the west side of the Village Green for access from Chicago Drive.

## **DEVELOPMENT COST ESTIMATES & FINANCING**

The development costs in the Development Plan exceed 7.8 million dollars. The anticipated captured Tax Increment revenue through 2041 is just over 3.8 million dollars. Depending on the timing of each project in the Development Plan, it may be necessary to obtain funds from other sources.

The DDA is not generally authorized to borrow money independent from the City of Hudsonville; they are, however, permitted to assist in debt payments towards projects listed in this plan that are financed through the City of Hudsonville. This partnership between the City of Hudsonville and the DDA is critical in the completion of projects identified as priorities.

## **PRIVATE DEVELOPMENT INVOLVEMENT**

One of the goals identified in the Development Plan is to acquire key redevelopment sites and work with private partners to redevelop sites in accordance with the Master Plan.

At the time of this Plan, the DDA owns 14 parcels, 13 of which are slated for redevelopment, and one of which is a downtown parking lot. In the case of each redevelopment parcel, the DDA will work to identify a suitable private for-profit, or non-profit partner who has the capacity and expertise to develop the property in alignment with the Master Plan.

## **LAND DISPOSITION TERMS**

The sale price for all DDA-owned parcels will be at fair market value, determined either by the assessed value or appraised value. The Hudsonville Downtown Development Authority will utilize purchase and development agreements to ensure that the parcels are redeveloped in accordance with the Development Plan and Master Plan goals.

## **ESTIMATE OF RESIDENTS AND DISPLACEMENT**

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. In fact, as part of the redevelopment of downtown, it is expected that additional housing options at a variety of price points will be added to the market, creating options for new residents in the Development Area.

A downtown resident currently serves on the DDA Board.





## **DEVELOPMENT SUPPORT PROGRAM**

In 2018, the DDA adopted a Development Support Policy. The purpose of this policy is to promote economic development by using a portion of Tax Increment revenues realized by the increase in tax base resulting from a project to reimburse the developer.

## **OTHER POTENTIAL DEVELOPMENT INCENTIVES**

The Hudsonville Downtown Development Authority actively seeks opportunities to encourage development in the Downtown District. The Hudsonville Downtown Development Authority has a strong relationship with the Michigan Economic Development Corporation and has become a Redevelopment Ready Community, which makes incentive programs through the State accessible.

The Hudsonville Downtown Development Authority currently qualifies for the issuance of Redevelopment Liquor Licenses, and is able to recommend businesses to the Liquor Control Commission for approval through this program.

The Hudsonville Downtown Development Authority works closely with the Ottawa County Brownfield Redevelopment Authority and will partner as needed to administer assistance programs to sites identified as 'Brownfields'.

For catalytic projects, the DDA has also supported the use of the use of Act 210 of the Public Acts of Michigan of 2005, as amended.

# CHAPTER 3: TAX INCREMENT FINANCE PLAN

## **TIF FINANCING PROCEDURE**

The Act authorizes the use of several potential sources of funds by the DDA in financing its development activities, including the following:

1. Donations;
2. A tax of up to two (2) mills levied on the downtown district properties upon approval of the City Commission;
3. Proceeds from bond fundraising;
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 potential funding sources.

**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 mills, this source could provide the Downtown District funds. Currently the DDA levies 1.0 mil, which generated \$16,662 in 2020. This revenue source is primarily used for the DDA's operating costs.

**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 improvements in the Development Plan.

**4) REVENUE FROM PROPERTIES** - The DDA currently owns 13 parcels of property in the Downtown District that were purchased to facilitate development. The DDA could use the sale or lease of these properties for potential revenue.

**5) OTHER SOURCES** - These sources include any other general revenues of the City. It may also come from special assessments approved by the City or through special grants.

**6) TAX INCREMENT FINANCING** - TIF is the primary revenue source for the DDA. This procedure allows the DDA to capture taxes levied on increases in the Taxable Value of property in the Downtown District. This approach does not establish a new tax but merely captures a portion of increased tax revenue. The DDA believes this is the most viable option of financing its development plan.



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

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, with the approval of the creating municipality, can “capture” a portion of the revenue gained from property taxes to implement its Development Plan. Tax increment financing is not a new tax, but simply earmarks increasing tax revenue for activities specified in a development plan. The tax increment financing process is carried out in the following manner:

1. A downtown development authority determines it is necessary to make public improvements to stimulate economic growth in a Downtown District. It defines the public improvements and identifies costs in a development plan.
2. The downtown development authority determines whether to make the improvements by issuing bonds, or by utilizing a portion of the collected property taxes in a development area to be used to implement the plan.
3. The downtown development authority captures the property taxes or a portion of property taxes generated by growth stimulated in the development area. This tax base growth is called the “captured assessed value.” More specifically, it is the difference between the taxable value in the district that exists at the time of adoption of the initial development plan and subsequent increases in taxable value. For example, if at the time a plan was adopted the taxable value of property was \$150,000 and five years later the property’s taxable value is \$200,000, the downtown development authority could capture the property taxes or portion of the property taxes generated from the \$50,000 increase.
4. The property taxes which are available for “capture” include all normally levied property taxes by all the taxing units on the captured assessed value of property in a development area except local school operating and state education taxes, and other specific exemptions provided in the Act (A downtown development authority may enter into agreements with taxing units to share a portion of the captured assessed value). Revenues collected beyond the amount needed to meet the cost of a development plan would be returned proportionately to the taxing units.
5. When implementation of the development plan is completed, the captured assessed value is released and all affected taxing units receive all the property taxes levied thereafter.
6. During the time the tax increment financing plan is in effect the taxing units continue to receive the tax revenue from the DDA’s total taxable value of property in the base year.
7. In order to be implemented, the City Commisison must approve the tax increment financing plan by an ordinance enacted after a public hearing.
8. While the tax increment financing plan is in effect the downtown development authority shall maintain a website, file an annual report to the state and creating municipality, and host at least two public informational meetings.

## **SUMMARY OF TIF 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 projects and improvements specified in the Development Plan.
2. **FINANCING PLAN** - The DDA utilizes captured revenue from property taxes resulting from increases in taxable value in the Development Area to fund projects and improvements in the Development Plan. The DDA may contribute to the debt service on a bond issued by the City for downtown development, but may not issue its own bonds.
3. **INITIAL TAXABLE VALUE** – On May 22, 1985, the City Commission adopted its first District Development Plan and Tax Increment Financing Plan. 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 DDA downtown district. In 1985, the original base year for the DDA development district, the taxable value was \$5,142,600.
4. **CAPTURED TAXABLE REVENUE TO BE USED** - All eligible tax increment revenue levied by taxing units on the captured assessed value of real and personal property within the Development Area should be used by the DDA to implement the Development Plan.
5. **PLAN DURATION** – Tax Increment Financing Plan is currently effective through July 31, 2041.
6. **PROJECTION OF CAPTURED TAX INCREMENT REVENUE** - Table 5 provides the projected 2021 tax increment revenue.



# **ESTIMATES OF CAPTURED TAX INCREMENT REVENUE**

The projected tax increment revenue in Table 5 is based on capturing taxes generated from the captured taxable value. The total revenue that is projected is based on a conservative 0.5% annual growth rate.

**TABLE 4**

Year of Original Base	Original Value	Current Value	Captured Taxable Value	Estimated Annual Income
1985	5,142,600	15,367,801	10,371,183	172,804

**TABLE 5: PROJECTED TAX INCREMENT REVENUES**

	Taxable Value	Original Value	Captured Value	Tax Increment Revenues
2021	15,444,640	5,142,600	10,423,039	\$173,668.67
2022	15,521,863	5,142,600	10,475,154	\$174,537.02
2023	15,599,473	5,142,600	10,527,530	\$175,409.70
2024	15,677,470	5,142,600	10,580,168	\$176,286.75
2025	15,755,857	5,142,600	10,633,068	\$177,168.19
2026	15,834,637	5,142,600	10,686,234	\$178,054.03
2027	15,913,810	5,142,600	10,739,665	\$178,944.30
2028	15,993,379	5,142,600	10,793,363	\$179,839.02
2029	16,073,346	5,142,600	10,847,330	\$180,738.21
2030	16,153,712	5,142,600	10,901,567	\$181,641.90
2031	16,234,481	5,142,600	10,956,075	\$182,550.11
2032	16,315,653	5,142,600	11,010,855	\$183,462.86
2033	16,397,232	5,142,600	11,065,909	\$184,380.18
2034	16,479,218	5,142,600	11,121,239	\$185,302.08
2035	16,561,614	5,142,600	11,176,845	\$186,228.59
2036	16,644,422	5,142,600	11,232,729	\$187,159.73
2037	16,727,644	5,142,600	11,288,893	\$188,095.53
2038	16,811,282	5,142,600	11,345,337	\$189,036.01
2039	16,895,339	5,142,600	11,402,064	\$189,981.19
2040	16,979,815	5,142,600	11,459,074	\$190,931.09
2041	17,064,714	5,142,600	11,516,370	\$191,885.75

NOTE: TABLE ASSUMES AN ANNUAL GROWTH OF 0.5%.

## **ESTIMATED IMPACT ON TAXING JURISDICTIONS**

The taxing units affected by the Tax Increment Financing Plan 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 impact of the TIF on taxing units.

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

Taxing Unit <sup>1</sup>	Tax Levy 2020	Taxable Value of Taxing Unit	Taxable Value of TIF area <sup>1</sup>	TIF as a Percent of Unit's Total TV
Hudsonville	11.2303	\$250,382,049	\$15,367,801	6.14
Ottawa County	5.4317	\$12,476,415,505	\$15,367,801	0.12
<b>TOTAL</b>	<b>16.6620</b>	---	---	---

<sup>21</sup> SOURCE: 2020 OTTAWA COUNTY EQUALIZATION REPORT

## **USE OF TAX INCREMENT REVENUES**

Tax Increment Revenues will be utilized to achieve the goals outlined in the Development Plan, which are centered around the correction and prevention of deterioration in business districts, the encouragement of historic preservation, the creation and implementation of development plans in the Development Area, and the promotion of economic growth.

## **BONDED INDEBTEDNESS**

The DDA is committed to assisting with the debt service on the 2016 Quality of Life bonds that were issued by the City, which proceeds were used for the Chicago Drive Landscaping, Terra Square Farmers Market, and Harvey Street woonerf projects. Specifically, the DDA has committed 20% of its tax capture annually to the repayment of this debt. The DDA may choose to make similar commitments to future debt incurred by the city for projects in the Development Plan.



## **DURATION OF THE PLAN**

The Development and Tax Increment Financing Plan is in effect through 2041.

## **USE OF CAPTURED ASSESSED VALUES**

The DDA believes it is imperative that public improvements in the Development Area continue. It strongly believes that without these public improvements the Development Area could decline. Public improvements made possible from Tax Increment Revenue from taxing units will provide long-range benefits to the community, including an increased tax base and improved quality of life for residents. The DDA also believes that public improvements can serve as a catalyst for downtown property owners to make improvements to their respective buildings and facilities.

The DDA Board of Directors refers to the Development Plan in determining when to undertake projects, keeping in mind available funds.



# CHAPTER 4: REPORTING REQUIREMENTS

In compliance with the Recodified Tax Increment Financing Act 57 of the Public Acts of Michigan of 2018, the DDA utilizes the following means for public reporting.

## **WEBSITE**

The DDA will maintain a page on the City's website. The DDA page is regularly maintained and will include access to the following:

1. Minutes of all DDA board meetings.
2. Annual DDA budget, including encumbered and unencumbered fund balances.
3. Annual audits.
4. Currently adopted development plan.
5. Currently adopted tax increment finance plan, if currently capturing tax increment revenues.
6. Current staff contact information.
7. A listing of current contracts with a description of those contracts and other documents related to management and services provided.
8. An updated annual synopsis of activities including:
  - For any tax increment revenues described in the annual audit that are not expended within 5 years of their receipt, a description that provides the following:
    - The reasons for accumulating those funds and the uses for which those funds will be expended.
    - A time frame when the funds will be expended.
    - If any funds have not been expended within 10 years of receipt, of the amount of those funds, and a written explanation of why those funds have not been expended.
  - List of accomplishments, including progress made on development plan and tax increment finance plan goals and objectives for the immediately preceding fiscal year.
  - List of projects and investments, including active and completed projects for the immediately preceding fiscal year.
  - List of events/promotional campaigns for the immediately preceding fiscal year.

These records and documents will be made available for the current fiscal year and the four preceding fiscal years. This specific reporting started with the 2018/2019 fiscal year; as such, during the first four years of reporting, a full four years of preceding data will not be available.

## **ANNUAL INFORMATIONAL MEETINGS**

Each year, the DDA shall hold not fewer than two informational meetings. Notice of an informational meeting shall be posted on the City's website not less than 14 days before the date of the informational meeting. Not less than 14 days before the informational meeting, the DDA shall mail notice of the informational meeting to the governing body of each taxing jurisdiction levying taxes that are subject to capture, ie: the City and Ottawa County. As an alternative to mailing notice of the informational meeting, the DDA may notify the clerk of the governing body of each taxing jurisdiction levying taxes that are subject to capture by the DDA, ie: the City and Ottawa County, by electronic mail. The informational meetings may be held in conjunction with other public meetings of the DDA or the City.

# **ANNUAL REPORT**



Annually, on a form and in the manner prescribed by the Michigan Department of Treasury, the DDA shall submit to the City Commission, the governing body of a taxing unit levying taxes subject to capture by the DDA and the Michigan Department of Treasury, a report on the status of the tax increment financing account.

The DDA may submit by electronic means the report described below to the City and the governing body of a taxing unit levying taxes subject to capture by the DDA.

The report shall include all of the following:

- The name of the DDA.
- The date the DDA was formed, the date the tax increment financing plan is set to expire or terminate, and whether the tax increment financing plan expired during the immediately preceding fiscal year.
- The date the authority began capturing tax increment revenues.
- The current base year taxable value of the Development Area.
- The unencumbered fund balance for the immediately preceding fiscal year.
- The encumbered fund balance for the immediately preceding fiscal year.
- The amount and source of revenue in the account, including the amount of revenue from each taxing jurisdiction.
- The amount in any bond reserve account and, if any, the amount and purpose of expenditures from the account.
- The amount and purpose of expenditures from the account.
- The amount of principal and interest on any outstanding bonded indebtedness.
- The initial assessed value of the Development Area by property tax classification.
- The captured assessed value retained by the authority by property tax classification.
- The tax increment revenues received for the immediately preceding fiscal year.
- Whether the DDA amended its Development Plan or its tax increment financing plan within the immediately preceding fiscal year and if the DDA amended either plan, a link to the current development plan or tax increment financing plan that was amended.
- Any additional information the City Commission or the Michigan Department of Treasury considers necessary.

The report shall be filed with the Michigan Department of Treasury at the same time as the annual financial report is filed with the Michigan Department of Treasury under the Uniform Budgeting and Accounting Act.

