

# Hudsonville Downtown Development Authority Development Support Policy

Approved: October 5, 2016

The purpose of this policy is to promote economic development by using a portion of the increase in tax base resulting from private investment to reimburse a developer for needed building improvements.

This policy outlines the scenarios under which the Downtown Development Authority (DDA) may enter into a development agreement.

In accordance with the DDA Act (Public 197 of 1975, as amended) and the *Hudsonville Development and Tax Increment Financing Plan*, the DDA board has the authority to support economic development in the district by reimbursing private parties for expenses related to the construction of necessary public facilities, as defined below.

- "Public facility" means a street, plaza, pedestrian mall, and any improvements to a street, plaza, or pedestrian mall including street furniture and beautification, park, parking facility, recreational facility, right-of-way, structure, waterway, bridge, lake, pond, canal, utility line or pipe, building, and access routes to any of the foregoing, designed and dedicated to use by the public generally.
- "Public facility" also includes improvements to a building, structure, or improved area utilized for an educational, employment or housing, transportation or recreation purpose or for the purchase, rental or acquisition of goods and services which improvements are made to comply with the legal requirements of the State Construction Code for architectural designs which eliminate the type of barriers and hindrances that deter persons with disabilities from having access to and free mobility in and around a building or structure.

**Funding:** The DDA collects revenue to pay for public facilities through the Tax Increment Financing and Development (TIF) Plan. At the inception of the plan an initial taxable value of each property was established. The DDA captures the difference between this base value and the current value of the property.

When a property is improved, the DDA is able to capture the increased taxable value of that property. Local millage is then applied, which yields the "project tax increment." As of 2016, local millage adds up to approximately 16.67 mills. Thus, for every \$1,000 in captured taxable value, the DDA collects \$16.67.

**Guidelines:** In order for an economic redevelopment project to be eligible to receive DDA assistance, it must meet the following criteria:

1. The project site must be located within the DDA's Tax Increment Financing District.
2. The proposed redevelopment must conform to all building code and zoning ordinance requirements.
3. The proposed redevelopment must involve private investment of at least \$1,000,000.
4. The proposed redevelopment should include a public enhancement component.
5. Eligible expenses will be reimbursed for up to ten years, or the life of the TIF plan, whichever is less.
6. The maximum expenses eligible for reimbursement shall not exceed 10% of private investment and shall not exceed the actual cost of the public facilities installed.
7. This is a reimbursement program. A development agreement between the DDA and the developer will be written and will serve as a legally binding contract, which will enjoy the full effect of law. The agreement will include a schedule of estimated annual grant reimbursement payments.
8. Reimbursement will be at 75% of the annual local TIF capture generated by the approved project for single-use projects and 80% of the annual local TIF capture for mixed-use projects.
9. If the property is transferred or sold, the development agreement may be assigned to the new owner of the property with prior written consent by the DDA.
10. Developer shall provide a pro forma analysis of the project to the DDA's legal counsel. This analysis shall be used, in part, to verify the need for reimbursement and reasonableness of the request.
11. The DDA Board reserves the right to consider other incentives on a case-by-case basis.
12. The obligation of the DDA to reimburse the developer for eligible costs shall be subordinate to existing and future debt obligations of the DDA. To the extent that other debt obligations reduce the ability of the DDA to reimburse the developer, the term of reimbursement may be extended an appropriate period of time to assure reimbursement.

These guidelines may be modified or waived by the DDA Board at any time, and without notice. The policy must be reviewed every five years.