

# City of Hart TIF Plan, Amendment No. 1

FOR FY2020 – FY2027

ADOPTED NOVEMBER 26, 2019

# City of Hart Amended TIF Plan Table of Contents

## Contents

City of Hart Amended TIF Plan Table of Contents .....	0
City of Hart TIF Plan .....	1
I. Purpose .....	1
II. Explanation of the Tax Increment Procedure .....	1
III. Maximum Amount of Bonded Indebtedness to be Incurred.....	2
IV. Duration of the TIF Program .....	2
V. Estimated Impact of Tax Increment Financing on Applicable Taxing Jurisdictions in Which the Development Area is Located .....	3
VI. Proposed Improvements for the TIF Program .....	3
Appendix 1 TIF Development Plan Boundaries .....	A1
Appendix 2 TIF Development Plan .....	A2
Table 1 TIF Financing Revenue Projections .....	T1

# City of Hart TIF Plan

## 2019 Tax Increment Financing (TIF) Plan Amendment No. 1

### **I. Purpose**

The purpose of this amended Tax Increment Financing (TIF) Plan is to produce revenues sufficient to carry out the public improvement and investment detailed in the amended Development Plan attached to and incorporated in this document. The Tax Increment Finance Authority (TIFA) is authorized to prepare and submit the plan to its governing body. This TIF Plan amendment includes the amended Development Plan, and a detailed explanation of the tax increment procedure, any maximum amount of bonded indebtedness to be incurred, the duration of the program, the impact of tax increment financing on the assessed values of all applicable taxing jurisdictions in which the development area is located, and a statement of the portion of the captured assessed value to be used by the TIFA.

### **II. Explanation of the Tax Increment Procedure**

As provided in Public Act No., 57 of 2018, known as the “recodified tax increment financing act”, tax increment financing (TIF) is a government financing program that contributes to economic growth and development by dedicating a portion of the increase in the tax base resulting from economic growth and development to facilities, structures, or improvements within a TIFA Development Area thereby facilitating economic growth and development. Tax increment financing is the process of expending new property tax dollars for improvements that generally benefit the parcels that pay the taxes. Tax dollars generated from new private property developments and from improvements to existing private property within a designated development area are “captured” and utilized by the TIFA to finance public improvements within that development area. This process supports and encourages continued private investment.

To utilize tax increment financing, the TIFA must prepare a development plan and a tax increment financing plan. Both plans are submitted to the City Council. The Council must adopt the plans by resolution. As described above, the plans specify the initial taxable value; estimate the taxable value, and provide for the expenditure of the funds. These plans may be amended in the future to reflect changes desired by the TIFA. All amendments must follow the procedures of the Act.

Captured value is defined in the Act, as the amount, in any one year, by which the current taxable value of the development area exceeds the initial taxable value. Initial taxable value is defined as the taxable value, as equalized, of all the taxable property within the boundaries of the development area at the time the resolution establishing the tax increment-financing plan is approved, as shown by the most recent assessment roll of the municipality.

Such funds transmitted to a TIFA are termed “tax increment revenues.” Tax increment revenues are the amount of ad valorem and specific local taxes attributable to the application of the levy of all taxing jurisdictions other than the state education tax and local or intermediate school districts upon the taxable value of real and personal property in the development area.

City of Hart  
2019 Tax Increment Financing (TIF) Plan  
Amendment No. 1

Tax Increment Financing earmarks or “captures” tax revenues that result from the growth in taxable value, but only those incremental revenues for properties lying within the designated TIF district. TIF districts **do not increase** taxes.

The City of Hart established its TIF (and TIFA) district in 1983, and extended its TIF in 1997, and again in 2012 (Appendix 1).

The funds potentially available from tax increment financing are calculated in this example by:

1. estimating the potential increase in taxable value of all properties within the established Tax Increment District (the TIFA District)
2. calculating the “Captured Taxable Value” from that increase
3. multiplying that value by the applicable millage rate
4. arriving at the resulting Tax Increment Revenue captured for the district

For example (**these are not actual values**) :

Current Year Taxable Value	\$31,000,000
Initial Year Taxable Value	\$30,000,000
<hr/>	
= Captured taxable value	\$1,000,000
x Millage rate	<b>15 mills</b>
<hr/>	
= Tax Increment Revenue	\$15,000

In this illustration \$15,000 in tax increment funds would be available for the proposed TIFA improvements given the property value increase and millage rate in this example.

The initial taxable value for this Plan was \$2,995,300 (see Table 1) for properties in the Central Business District in 1997. The applicable tax levy for tax increment purposes in the TIFA Development Area will be the total millage levied by the eligible taxing jurisdictions that opted in when the City of Hart TIFA was originally created.

**III. Maximum Amount of Bonded Indebtedness to be Incurred**

No indebtedness will be incurred.

**IV. Duration of the TIF Program**

The TIF plan will coincide with the Development Plan, running from 2019 through 2027.

This plan will expire with the collection of taxes due in December 2027 unless it is amended to extend or shorten its duration in accordance with the amendment process in P.A. 57 of 2018, the Recodified Tax Increment Financing Act.

City of Hart  
2019 Tax Increment Financing (TIF) Plan  
Amendment No. 1

**V. Estimated Impact of Tax Increment Financing on Applicable Taxing Jurisdictions in Which the Development Area is Located**

The taxing units affected by this Tax Increment Financing Plan and their 2018 millage rates are illustrated in Table 1. The Authority proposes that all of the eligible taxes levied on the taxable value within the Development Area be used by the Authority to the extent needed from year to year to accomplish the purposes of this Tax Increment Financing Plan. The proposed creation of the Development Area shall in no way diminish the existing taxable values of property within the area boundaries. The local taxing jurisdictions shall, therefore, suffer no loss of existing tax revenues.

The TIFA proposes to continue to improve and strengthen the Development Area. This is to be accomplished by using the additional tax revenues generated in the Development Area to make public improvements and induce private redevelopment. It is anticipated that the public improvement proposed for the Development Area, and the private improvements they induce will provide long-term stability and growth in the TIFA District. This will greatly benefit all taxing jurisdictions, which to a significant degree are dependent upon the well-being of the TIFA District for stability and growth. This benefit will result from increases in property valuations surrounding the Development Area; increases in property valuations in the Development Area at the time this Tax Increment Financing Plan is completed; and increases in property valuation throughout the entire community.

Pursuant to Act 57 Of 2018, the Authority shall fully inform the taxing jurisdictions connected to the TIFA of the fiscal and economic implications of the Plan.

**VI. Proposed Improvements for the TIF Program**

On an annual basis, the amount of funds available will require the TIFA to prioritize and determine what projects can be undertaken to accomplish as much as possible of the projects shown in the amended Development Plan. (Appendix 2)

TIF funds are used for projects established during community surveys, focus groups, and meetings; and during the public meetings by the TIFA Board of Directors. The projects and implementation of those projects are also subject to approval of the elected members of the Hart City Council.

100% of the Tax Increment Financing revenues are proposed to be used by the TIFA to fund the development area enhancement and revitalization programs.

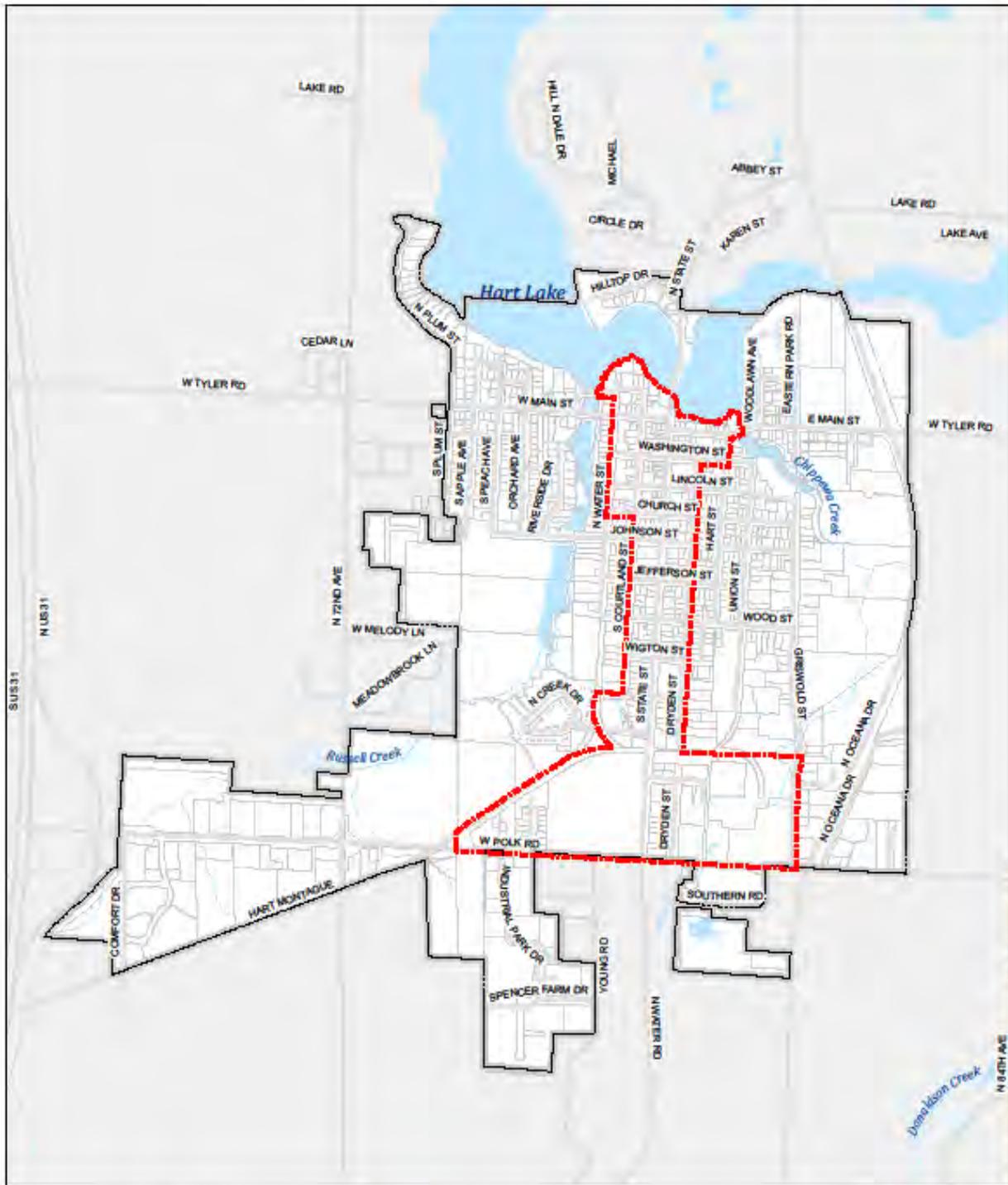
TIF funds are used for economic redevelopment projects that are an investment in the future vitality of the TIF district. They can be used for enhancements as outlined in the Development Plan including:

City of Hart  
2019 Tax Increment Financing (TIF) Plan  
Amendment No. 1

- a. Develop additional financial incentives for targeted, key improvements to properties within the TIF District.
  - a. Develop and implement a Property Improvement Grant Program. This grant program will provide assistance to businesses and property owners within the TIFA boundary that wish to make improvements or enhancements. The program will be implemented by the TIFA Administrator and the TIF board, and guidelines will be developed for the program.
- b. Complete next phases of the Hart Commons by potentially adding a performance shelter, adding lake access and expanding the park's boundaries.
- c. Support the development of and eventual maintenance of the downtown Pocket Park.
- d. Improve the wayfinding signage system to connect the city to its many character-defining elements.
- e. A study of the existing parking system and policies and a plan for future parking needs in the downtown area will be developed by 2022.
- f. Non-vehicular traffic improvements will be made throughout the District during the next 10 years. Such improvements will be made on an annual basis as determined by the TIFA board. Available funds and need will be the basis for determining which, if any, improvements are made.
- g. Provide administrative services for the Tax Increment Finance Authority through a contractual agreement, or direct hire. The TIFA Administrator will be responsible for activities including, but not limited to: updating plans; administrative assistance to the TIFA Board, its Affiliates, and the City of Hart staff. In addition, the TIFA Administrator will be responsible for working with the Board and City of Hart to implement TIFA projects.
  - a. Participate in the development of plans for downtown promotional events and marketing and work with relevant entities to implement.
  - b. Implement a business recruitment and retention program. This effort will look at developing information for present and future businesses including available properties, business opportunities, demographics, city permit and application process, local contacts, and historical information.

# Appendix 1

## TIFA Development Plan Boundaries



  
 SCALE: 1" = 1,500'

**Legend**

-  TIFA District (205 acres)
-  Corporate Boundaries

CITY OF HART  
 OCEANA COUNTY, MI  
**TIFA DISTRICT**  
*Prein & Newhof*  
 213030

*Designation of the boundaries of the Development Area*

The City of Hart Tax Increment Finance Authority (TIFA) encompasses approximately 205 acres of land and includes residential, commercial, and mixed-use properties. The Area is bounded on the south by Polk Road, on the east by Dryden and Griswold Streets, on the north by Hart Lake, and on the west by Water and Courtland Streets. The designated development area shall encompass the entire Tax Increment Finance Authority District, and its legal boundaries are:

Polk Road from western city limit to Griswold Street, Hanson Street from State Street to Dryden Street, Chatagua Street from Water Street to Dryden Street, Wigton Street from Courtland Street to Dryden Street, Wood Street from Courtland Street to Dryden Street, Jefferson Street from Courtland Street to Dryden Street, Johnson Street from Courtland Street to Dryden Street, Church Street from Water Street to Dryden Street, Lincoln Street from Water Street to Dryden Street, Washington Street from Water Street to Hart Street, Main Street from Water Street to Chippewa Creek, Mechanic Street from Water Street to Courtland Street, Water Street from Church Street to Hart Lake, Courtland Street from Chatagua Street to Mechanic Street, State Street from Polk Road to Hart Lake, Dryden Street from Polk Road to Washington Street, Hart Street from Washington Street to Main Street, Parmington Street from Polk Road to its dead end, and Griswold Street from Polk Road to a point 1,350 feet north of Polk Road.

*Location and extent of existing public facilities*

The Area includes several public facilities, including Hart Commons Park, Hart City Hall and Police Department, Liberty Park, Hart Area Public Library, Hart Area Fire Department, City Public Works Garage, Hart Hydro Department and Diesel Plant, Hart-Montague State Rail Trail Park, Oceana County Council on Aging Bus and County Ambulance Garage, Oceana County Building and Sheriff's Department.

*Location, extent, character and extent of the categories of public and private land uses*

The Area is characterized by a mixture of land uses, predominantly zoned and utilized for industrial and commercial businesses. The northern third of the Area constitutes the downtown district, the middle third is a mix of light commercial activities, and the southern third is industrial. Future land uses, as adopted in the 2017 City of Hart Master Plan, retains the historic downtown district while minimizing the industrial sector for greater residential and commercial development.

## Appendix 2

# City of Hart TIFA Development Plan 2019-2027

Available at: [www.cityofhart.org/tifa.php](http://www.cityofhart.org/tifa.php)

*Description of the improvements to be made in the development area, any repairs and alterations necessary to make those improvements, an estimate of the time required for the improvements, estimates of the cost of the development and the proposed method of financing the development.*

a. Develop additional financial incentives for targeted, key improvements to properties within the TIF District.

The intent of the TIFA is to promote residential and economic growth in the City of Hart. In order to facilitate this goal, the TIFA will explore and possibly implement economic development incentives. Incentives will be targeted to align with the City's Master Plan as well as the broader economic objectives of the county and surrounding region. Businesses that drive local competitive advantage, innovation, productivity and wage gains will be prioritized.

Potential incentives to be considered include, but are not limited to:

- Brownfield Redevelopment
- Property Improvement Grant Program (The TIFA will cap the Property Improvement Grant Program at 50% of its tax capture funds.)
- Obsolete Property Rehabilitation
- Micro Loan Program
- Broadband Access for Businesses
- Non-vehicular improvement cost share

Incentives will be offered throughout the district through 2027. Such incentives will be offered on an annual basis as determined by the TIFA Board. Available funds, alignment with the City, county and regional economic development strategies and evaluation of the potential Return on Investment will be the basis for determining which, if any, incentives shall be offered.

b. Complete next phases of the Hart Commons by potentially adding a performance shelter, adding lake access and expanding the park's boundaries.

Hart Commons is located in the center of the downtown business district and is the location for all community events that involve the core community, entertainment, parades, sale days, holiday celebrations and related events as well as being the principal gathering space for the community. The initial phases of the development have been completed for the park. Additional phases of the park plan include potentially obtaining an easement from the owners of the Dairy Delight to construct an accessible boardwalk, with railings, to connect the adjacent, city-owned parking lot and small lake overlook deck to the larger sections of the Hart Commons. A space-appropriate performance shelter is envisioned for the large deck where most entertainment currently takes place. Future developments include exploring accessibility from the lakeshore to facilitate access to the downtown and Hart Commons by kayakers and small boat operators. With each new phase of development, additional public inputs and feedback will be solicited to ensure alignment with the community's vision.

*Estimated costs and timelines:*

Acquisition and construction of performance shelter:	\$60,000.00
Timeline:	Spring, 2022
Acquisition of easement, construction of boardwalk:	\$50,000.00
Timeline:	Spring, 2023

c. Support the development of and eventual maintenance of the downtown Pocket Park.

In 2016, the City of Hart purchased the property at 33 S. State Street, consisting of a vacant lot that had once been a downtown commercial building. The intent of the purchase was to create a pocket park as part of the city’s placemaking efforts. On June 14<sup>th</sup>, 2018, Hart Main Street, an affiliate of the TIFA, conducted a Design Charette in the lot to invite the community to share ideas about the community would like the pocket park to look like. Over 100 people participated in the Design Charette, and 91 comment cards were collected.

The city’s engineering firm, Prein & Newhof and the Hart Main Street Design Committee met to process and review the collected input. Design drawings were created and submitted to the City for its consideration. Later that year, the City of Hart applied for and received a Community Development Block Grant from the Michigan Economic Development Corporation to build the park in accordance with the design submitted by Hart Main Street. 10% of the total costs are committed by the TIFA, as the required grant cash match. The TIFA will cap its annual maintenance contribution to 20% of the total annual maintenance costs for the Pocket Park.

*Estimated costs and timelines:*

Total project costs:	\$360,000.00
TIFA match:	36,000.00
Timeline: (Complete engineering, construction & build-out)	Fall of 2020

d. Improve the wayfinding signage system to connect the city to its many character-defining elements.

Wayfinding is the experience of an individual making their way through an unfamiliar environment. When the information needed is provided in a thoughtful and cohesive fashion, the unfamiliar quickly becomes comfortable, friendly and welcoming. Consistency in terminology and graphics builds trust in a wayfinding program and give the user the confidence that the information presented is accurate, up-to-date and part of an overall system.

Connecting public spaces that showcase Hart’s neighborhoods and unique character, promoting walking and bicycling, promoting the history of Hart and its historic architecture and creating a consistent image for the TIF District are all goals of a wayfinding system.

*Estimated costs and timelines:*

Total project costs, including planning and design,  
fabrication and installation: \$95,000.00  
Timeline: Jan-Dec. 2025

e. A study of the existing parking system and policies and a plan for future parking needs in the downtown area will be developed by 2022.

The goals for this study are to evaluate current supply and demand conditions within the TIF District, especially in the core downtown. Based on the findings of such a study, recommendations will be made for any changes to parking policies/ordinances and parking management, using a review of the existing off-street parking requirements and guidelines set forth in the City of Hart Municipal Code, and incorporating industry best practices. Any parking study will be cost-shared with the City of Hart.

*Estimated costs and timelines:*

Comprehensive parking system and policies study, with plan: \$50,000.00  
Timeline: Jan-Dec., 2022

f. Non-vehicular traffic improvements will be made throughout the District during the next 10 years.

Such improvements will be made on an annual basis as determined by the TIFA board. Available funds and need will be the basis for determining which, if any, improvements are made. Any improvements will be guided by the City's Master Plan, Capital Improvement Plan and sidewalk improvement strategies designed by the City's Department of Public Works.

*Estimated costs and timelines:*

Range of TIF contribution to non-vehicular traffic improvements: \$10,000 to \$25,000/year  
Timeline: Annually

g. Provide administrative services for the Tax Increment Finance Authority through a contractual agreement.

The TIFA Administrator will be responsible for activities including, but not limited to: updating plans; administrative assistance to the TIFA Board, its Affiliates, and the City of Hart staff. In addition, the TIFA Administrator will be responsible for working with the Board and City of Hart to implement TIFA projects. Projects intended for the TIF Administrator include, but are not limited to:

- a. Participate in the development of plans for downtown promotional events and marketing and work with relevant entities to implement.
- b. Implement a business recruitment and retention program. This effort will look at developing information for present and future businesses including available

properties, business opportunities, demographics, city permit and application process, local contacts, and historical information.

*Estimated costs and timelines:*

Estimated costs to contract with or direct hire: \$ 75,000.00/year  
Timeline: Annually

*Description of any parts of the development area to be left as open space and the use contemplated for the space.*

Limited open space is intended for selected areas within the Area. The anticipated high demand for commercial and industrial activities along with future residential development within the Area do not lend themselves towards large open spaces.

Public open spaces will be used passively for lighting, seating, trash receptacles and landscaping. Private open spaces, through zoning requirements, will be primarily characterized by landscaped buffer strips.

*Description of any portions of the development area which the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms.*

The Authority may sell, donate, exchange, or lease to or from the City any properties it may own. Terms will be developed to ensure fiscal and legal viability.

*Description of desired zoning changes and changes in streets, street levels, intersections, and utilities.*

The City of Hart Planning Commission has established a future land use map which includes the Development Area. Any desired zoning changes will conform to this map. Streets may be changed by improving surface quality, leveling intersections, and improving pedestrian facilities. Utilities will be improved where needed.

*Estimate of the cost of the development, a statement of the proposed method of financing the development, and the ability of the authority to arrange the financing.*

The entire development cost is estimated at \$1,191,000. The developments will be financed by capturing new improvements in the Area minus any losses at the time of the improvement or loss for the remaining duration of the Authority. Inflation, positive adjustments, and negative adjustments will not be captured. These funds, in addition to any donations, grants, special assessments, or assistance from other outside agencies will be used to fund the projects either on a pay-as-you-go method, or through debt retirement. The Authority will have the ability to arrange financing either on its own or with the full faith and credit of the City pledged.

*Designation of the person or persons, natural or corporate, to whom all or a portion of the development is to be leased, sold, or conveyed and for whose benefit the project is being undertaken, if that information is available to the authority.*

This information is not available to the Authority at the time of this amendment.

*The procedures for bidding for the leasing, purchasing, or conveying of all or a portion of the development upon its completion, if there is no express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed to those persons.*

Bidding procedures will follow the same guidelines as established by the Council and will most likely include sealed bids in instances where there is no expressed or implied agreement. Any lease payments will be based upon the cost of any acquisition and renovation.

*Estimates of the number of persons residing in the development area and the number of families and individuals to be displaced.*

Less than 100 persons live within the Area and none are anticipated to be displaced by any of the activities of the Authority.

# Table 1

## TIFA Tax Increment Financing Revenue Projection 2019

CITY OF HART

TAX INCREMENT FINANCE AUTHORITY  
TAX INCREMENT FINANCING REVENUE PROJECTION

12/31/2018

Taxing Authority	Estimated 2018 Millage Rate	TIFA District			Tax Increment Financing Captured Tax Revenues
		TIFA District Property Tax Revenue Based on TV of \$31,795,595	2018 Property Tax Revenue Based on TV of \$33,272,188	Property Tax Levi Increase In 2018 \$1,476,593	
Oceana County:					
Allocated	4.8500	154,208.64	161,370.11	7,161.47	7,161.47
Senior Citizen	0.4964	15,783.33	16,516.31	732.98	732.98
ECMCF Improvements	0.0000	0.00	0.00	0.00	0.00
Ambulance & EMS	0.2482	7,891.67	8,258.16	366.49	366.49
Totals		<u>177,883.64</u>	<u>186,144.58</u>	<u>8,260.94</u>	<u>8,260.94</u>
City of Hart:					
Operating	5.9888	190,417.46	199,260.48	8,843.02	8,843.02
Street Millage	0.9882	<u>31,420.41</u>	<u>32,879.58</u>	<u>1,459.17</u>	<u>1,459.17</u>
Totals		221,837.87	232,140.06	10,302.19	10,302.19
Cemetery:					
Operating	0.1600	5,087.30	5,323.55	236.25	236.25
Hart Public Schools:					
Operating	1.0992	34,949.72	36,572.79	1,623.07	1,623.07
Extra Voted	0.9875	31,398.15	32,856.29	1,458.14	1,458.14
Special Operating	0.0000	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Totals		<u>66,347.87</u>	<u>69,429.08</u>	<u>3,081.21</u>	<u>3,081.21</u>
Total Property Tax Levied		<u><u>439,736.27</u></u>	<u><u>460,157.69</u></u>	<u><u>20,421.42</u></u>	<u><u>20,421.42</u></u>