

**DEVELOPMENT AND  
TAX INCREMENT  
FINANCING PLAN**

**CITY OF HANCOCK  
DOWNTOWN DEVELOPMENT AUTHORITY  
REVISED: APRIL, 1993**

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# CITY OF HANCOCK DOWNTOWN DEVELOPMENT AUTHORITY

## Development and Tax Increment Financing Plan Revised: April, 1993

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Prepared by the City of Hancock Downtown Development Authority  
with assistance from  
U.P. Engineers & Architects, Inc.  
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## INTRODUCTION

The City of Hancock DDA was established under Public Act 197 of 1975 to plan and implement downtown economic development. The Hancock DDA has had a Development and Tax Increment Finance Plan in effect since September of 1984. The plan has resulted in positive changes to downtown, including street lighting improvements, parking, and waterfront development.

This Development and Tax Increment Finance Plan is a revision of the plan that has been in effect since 1984. The plan is amended and revised to reflect the recent expansion of the DDA district and changing needs and priorities of the community.

The City of Hancock Downtown Development Authority has prepared this Development and Tax Increment Financing Plan in accordance with Public Act 197 of 1975. The purpose of this Plan is to establish and finance a development program for the improvement and economic development of commercial and industrial areas in the City of Hancock.

## DEVELOPMENT PLAN

### A. Development Area Boundaries

The development area encompasses the entire DDA District. A boundary map and legal description is included in the Appendix.

### B. Existing Land Use

The development area includes a mix of land uses. A Land Use Map is included in the Appendix.

### C. Improvement Program

This section of the Development Plan provides a general improvements program. The program focuses upon upgrading public infrastructure that will encourage private development, investment, and the creation of jobs.

The Improvement Program is outlined below:

## DOWNTOWN

### Streetscape/Beautification:

New sidewalks, lighting, signage, trees, and street furnishings are needed throughout downtown. These improvements will improve downtown's image, public appeal and safety. Quincy Street and downtown side streets are proposed for improvement. Downtown's theme lighting is proposed to be extended to the bridge on the east and to Lincoln Drive on the west.

### Parking:

Off-street parking lots are needed throughout downtown. Land will be acquired as it becomes available and parking lots and structures constructed.

### Waterfront Linkage:

Street, sidewalk, lighting and landscape improvements are proposed for Tezcuco Street, in order to provide a visual and functional linkage with Hancock's waterfront.

## WATERFRONT

The City's location on Portage Lake provides a number of opportunities for economic development and improving the quality of life in the City. Proposed improvements are outlined below:

### Waterfront Road/Walkways:

Access is the major constraint to waterfront development. Waterfront road and pedestrian walkway improvements will be carried out in accordance with the City's Waterfront Development Plan.

### Utilities:

Sewer and water improvements will be needed to accommodate public and private development.

### Waterfront Recreation Improvements:

Public access and recreation development are key features of the City's waterfront development. TIF revenues may be used to match recreation grants for waterfront recreation facilities.

## HEALTH SERVICE INDUSTRY

Public improvements may be necessary to support expansion of the health service industry in Hancock, including street, utilities, and parking.

## REDEVELOPMENT ACTIVITIES

As opportunities present themselves, the DDA may actively pursue the development of key properties. Acquisition, site cost write-downs, site work, rehabilitation, leasing arrangements, etc., are allowed by P.A.197 of 1975 and are appropriate DDA activities.

### D. Project Cost Data

Preliminary cost information for the improvement program has been compiled for planning purposes and is listed below:

<u>PROJECT</u>	<u>ESTIMATED COST</u>
Streetscape/Beautification	\$250,000
Parking	800,000
Waterfront Linkage	250,000
Waterfront Road/Walkways	400,000
Utilities	100,000
Waterfront Recreation Improvements	300,000
Health Service Industry Public Improvements	500,000
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	\$2,600,000

### E. Project Schedule

The projects will be implemented as funds become available. The TIF Plan will be in effect through the year 2014.

- F. Open-Space  
The Development Plan provides for recreational development along Portage Lake.
- G. Transactions Between City and DDA  
The DDA and City will work cooperatively on improvements and development of the City. No specific transactions are noted at this time.
- H. Zoning  
No zoning changes are proposed at this time in the Development Area.
- I. Project Financing  
Financing the projects included in this plan will be on a "pay as you go" basis. Projects will be constructed as funds are accumulated over time. TIF revenues may also be used to match Federal and State grants. Bonds may be sold with TIF revenues pledged for repayment, as provided by P.A. 197 of 1975.
- J. Residential/Business Displacement and Relocation  
No residential or business displacement is anticipated at this time.

### TAX INCREMENT FINANCING PLAN

In order to finance the public improvements identified in the Development Plan, the Downtown Development Authority is proposing the use of Tax Increment Financing (TIF) as authorized by Public Act 197 of 1975. Simply stated, TIF allows the capture of tax dollars generated by new private development projects and improvements for financing necessary for public improvements.

In order to use TIF, a Downtown Development Authority must follow a public and legal process. A Development and TIF Plan must be prepared in accordance with Public Act 197 of 1975. A public hearing before the City Council must be scheduled and public notices published, posted and mailed in accordance with the Act. A reasonable opportunity must be provided to the County Board of Commissioners and to members of the Board of Education for comment. The public hearing shall allow for public comment on the plan and all aspects of the plan shall be open for discussion.

After the public hearing on the Development and Tax Increment Financing Plan, the City Council shall determine whether the program constitutes a public purpose. If it determines that a public purpose is served, it shall then approve the plan by ordinance based upon the following considerations, as set for in Public Act 97 of 1975:

- a) The findings and recommendation of a development area citizens council, if a development area citizens council was formed. In the City of Hancock, a 1984 ordinance eliminated this requirement, as allowed by Public Act 197 of 1975.
- b) The plan meets the requirements set forth in Section 17(2) of Public Act 197 of 1975.
- c) The proposed method of financing the development is feasible and the Authority has the ability to arrange the financing.
- d) The development is reasonable and necessary to carry out the purposes of this Act.

- e) The land included within the development area to be acquired is reasonably necessary to carry out the purposes of the plan and of this Act in an efficient and economically satisfactory manner.
- f) The Development Plan is in reasonable accord with the Master Plan of the City of Hancock.
- g) Public services, such as fire and police protection and utilities, are or will be adequate to service the project area.
- h) Changes in zoning, streets, street levels, intersections, and utilities are reasonably necessary for the project and for the municipality.

All amendments to an approved Development and Tax Increment Finance Plan must be submitted by the Downtown Development Authority to the City Council for approval or rejection.

### DETERMINATION OF TAX INCREMENT

In accordance with Public Act 197 of 1975 Section 14(1), the following definitions shall apply to this section of the plan:

- a) "Captured Assessed Value" means the amount in any one year, by which the current assessed value of the project area exceeds the initial assessed value.
- b) "Initial Assessed Value" means the base year or the most recently assessed value of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero.

The initial assessed value of all real and personal taxable property within the boundaries of the Development Area is \$11,072,726. Using data from the City Assessors office, it is possible to estimate the assessed valuation which will be added to the Development Area, resulting in a 1993 assessed value that is greater than the initial assessed value (\$12,410,480). This difference is called the captured assessed value. The tax increment amount is that portion of the tax levy of all taxing bodies paid each year on real or personal property in the Development Area on the captured assessed value. This tax increment is to be transmitted by the City and County Treasurers to the Downtown Development Authority for the development program in accordance with the tax increment financing plan. The estimated tax increment is determined as follows:

1993 District Valuation:	12,410,480
Initial Assessed Valuation:	- 11,072,726
Capture Assessed Value:	<u>\$1,337,754</u>

Tax Increment: \$1,337,754 (CAV) x 60,2555 \* (LEVY) = \$80,604.00  
(to be used for public improvements program)

NOTE: The Hancock DDA is not proposing to use millage pledged for school debt retirement for the calculation of tax increment revenues.

## ESTIMATE OF IMPACT ON OTHER JURISDICTIONS

Based upon the assumptions above, the estimate of the 1992 impact on other taxing jurisdictions is as follows:

<u>Jurisdiction</u>	<u>Mill Levy</u>	<u>Tax Increment</u>
City of Hancock	14.9955	20,060
Hancock Schools*	32.06	42,888
Intermediate School District	2.4	3,210
Houghton County	6.3	8,427
Medical Care Facility	3	4,013
Houghton County Road Commission	1.5	2,006
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	60.2555	\$80,604

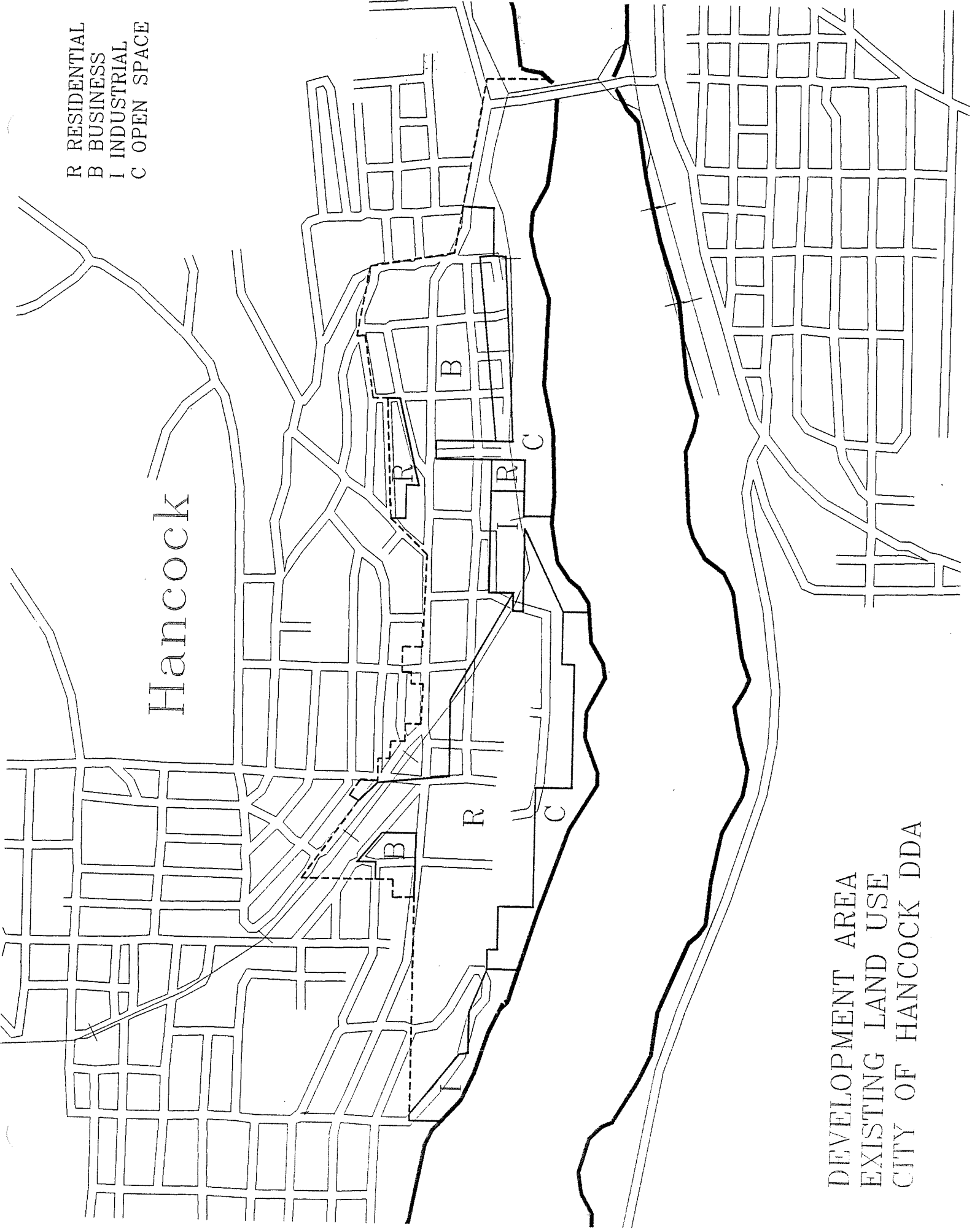
## COMPARISON OF TAXING JURISDICTION AND DDA DISTRICT SEV

<u>Taxing Jurisdiction</u>	<u>1992 SEV</u>	<u>DDA District SEV</u>	<u>% in DDA District</u>
City of Hancock	\$35,080,108	11,072,726	31.5%
Hancock Schools	51,219,151	11,072,726	22.0%
ISD	382,501,575	11,072,726	0.03%
Houghton County	263,877,361	11,072,726	0.04%

*\*excludes voted school millage for debt retirement.*

R RESIDENTIAL  
B BUSINESS  
I INDUSTRIAL  
C OPEN SPACE

Hancock



DEVELOPMENT AREA  
EXISTING LAND USE  
CITY OF HANCOCK DDA