SUBJECT: CORRIDOR IMPROVEMENT AUTHORITY

PURPOSE: To define program goals and requirements for the establishment of one or more Corridor Improvement Authorities (“Authority”) and designation of one or more Corridor Improvement Districts (“District”) within the City of Grand Rapids (“City”). For the purposes of this Policy, District shall mean a Development Area as described in the Corridor Improvement Authority Act, Act 280 of the Public Acts of Michigan of 2005, as amended (“Act 280”).

POLICY:

A. Background

Public Act 280 of 2005 specifically authorizes local units of government to establish one or more District Authorities 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 and development areas in the districts; to promote the economic growth of the districts; to create a board and prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; to authorize the use of tax increment financing; to prescribe the powers and duties of certain state officials; and to provide for rule promulgation.

B. Goals

The City’s goals in establishing an Authority and designating an area as a District are to:

1. Correct and prevent deterioration in business districts and revitalize existing long-established commercial corridors;
2. Improve and maintain retail and commercial areas located within the District and encourage redevelopment and private investment in existing buildings and businesses;

3. Promote and stimulate economic growth and encourage investment within the District;

4. Promote infrastructure and structural improvements within the District;

5. Encourage historic preservation;

6. Increase the value of real property; and

7. Implement the City’s Master Plan, and the economic and community development strategies.

C. Requirements for Designation

Request for a District designation shall be initiated by a neighborhood business association or formalized group of stakeholders. A written request to establish an Authority shall be submitted to the City’s Economic Development Office. The applicant shall seek to include other stakeholders such as residents, schools, neighborhood associations, or other institutions in the process. The City will designate no more than 4 (four) Districts a year.

The following are the requirements for establishment of an Authority and designation of a District:

1. **Commercial Corridor in Transition or Decline.** The neighborhood business association or formalized group of stakeholders shall demonstrate the need for increased commercial activity and financial capacity of commercial property owners to restore, upgrade and expand their commercial buildings, and that public and/or private infrastructure is in need of repair and/or upgrades; and that the improvement and development of commercial structures and improvements to infrastructure within existing commercial corridors are desirable. Other relevant indicators shall be included.

2. **Plans.** The intended activities for the District shall be consistent with the City’s Master Plan. Designation of a District area shall be compatible with the City Commission Strategic Plan and applicable economic and community development strategies.
3. **Area-Specific Plan or Neighborhood Revitalization Plan.** Prior to designation of a District, an Area-Specific Plan, neighborhood revitalization plan or other appropriate plans must be in place at the time the application is made to demonstrate the need for investment in a geographic area. The benefit of revitalizing the proposed area should be described. Benefits may be economic and/or social. Presence of a catalyst development is a benefit; however, it should be consistent with an existing plan.

4. **Marketing.** The District Authority must be able to commit to actively market the area.

5. **Additional Resources.** Other anticipated resources to contribute to the overall revitalization of the area shall be identified. These resources may include, but not be limited to private investment, technical assistance, public infrastructure, special lending programs, community institutions, and historic tax credits.

6. **Sustainability.** A request for designation of a District shall include a sustainability plan that demonstrates financial capability to sustain a District. The plan shall include a match from revenue sources other than Tax Increment Financing, such as a Business Improvement District, in accordance with Act 120 of the Public Acts of Michigan of 1961, as amended, entitled Principal Shopping Districts and Business Improvement Districts. The Authority must be able to demonstrate that the proceeds to be received from tax increment revenues in the District, plus the funds from other authorized sources, will be sufficient to finance all activities and improvements to be carried out in the District. External costs incurred by the City of Grand Rapids, such as audit and bonding costs, shall be repaid and reimbursed by the Authority.

D. **Annual Reporting**

With the preparation of the Authority’s annual budget, the Authority shall assess the District’s progress in achieving planned objectives, examine the projects undertaken in the current year and those projects planned for the next fiscal year, and provide a written report to the City Commission.

Every five years, the Authority shall review the pertinent Plans, updated property value and tax capture information within the District, and any changes within the District to evaluate the effectiveness of the District designation, and consider any possible amendments to the District necessary to further accomplish the objectives of Act 280 and the City’s Policy.

Annually the Authority shall submit to the City Commission and the State Tax Commission a report on the status of the tax increment financing account.
E. Limitations on Tax Increment Revenues Captured by a Corridor Improvement Development Area (District)

The following caps would apply individually to each separately created District.

1. **Cap on Total Tax Increment Revenue.** Within each District, the City will impose a limit on the total amount of future property tax revenue that may be captured and used in accordance with a District tax increment financing plan (“District Plan”). When and if the total captured assessed value exceeds the initial assessed value (as both terms are defined in Act 280 of the Public Acts of Michigan of 2005, as amended) by 75%, for the subsequent years, the tax increment revenues on the captured assessment value above the 75% cap, shall be 60% of capturable tax increment revenues.

2. **Limitation on Inflation-Driven Tax Increment Revenue.** Notwithstanding paragraph 1, in any year in which the inflation rate as defined in, and calculated pursuant to, Section 34d of the General Property Tax Act, Act 206 of the Public Acts of Michigan of 1893, as amended (MCL 211.34d), exceeds 5%, the City Commission may direct that the captured assessed value upon which tax increment revenues are calculated pursuant to a District Plan be capped at the amount of captured assessed value attributable to “additions” as defined in State Tax Commission Bulletin No. 3 of 1995 as currently interpreted by applicable law, plus taxable value attributable to the uncapping of prior taxable value plus not more than 105% of the prior year’s captured assessed value.

F. Limitation on Bonds Issuance by the Corridor Improvement Authority

The Corridor Improvement Authority established by the City shall not be authorized to issue bonds, notes or other evidence of indebtedness pledging the unlimited or limited full faith and credit of the City as otherwise is permitted by Act 280 of the Public Acts of Michigan of 2005, as amended.

G. Amendments to the Plan

In accordance with Act 280, the Authority reserves the right to amend the Plan to add new improvement projects, extend the duration of the Plan, or for other lawful purposes. Any amendments to the Plan shall be approved by the Authority and the City Commission in accordance with the requirements of Act 280.

H. Dissolution of the Authority

An Authority that has completed the purposes for which it was organized shall be dissolved by resolution of the City. The property and assets of the Authority remaining after the satisfaction of the obligations of the Authority shall belong to the City of Grand Rapids.
I. Administration of the Policy

Administration and implementation of this Policy is the responsibility of the Economic Development Department.