

**CITY OF STERLING HEIGHTS
CORRIDOR IMPROVEMENT AUTHORITY**

**DEVELOPMENT PLAN
AND
TAX INCREMENT FINANCE PLAN**



Prepared By:



November 2006

CITY OF STERLING HEIGHTS CITY OFFICIALS

City Council

Mayor Richard J. Notte
Mayor Pro Tem Deanna Koski
Councilman Richard J. Bracci
Councilwoman Yvonne D. Kniaz
Councilman Joseph V. Romano
Councilwoman Maria G. Schmidt
Councilwoman Barbara A. Ziarko

City Manager Mark D. Vanderpool

Corridor Improvement Authority Board Members

Daniel Crombez
Salvatore D'Angelo
Denice A. Gerstenberg
Pat Lehman
Mary Marcinak
Douglas Skrzyniarz
Rose Tocco

Economic Development Manager
Lukas A. Bonner

CITY OF STERLING HEIGHTS, MICHIGAN • 40555 UTICA ROAD
P.O. BOX 8009 • Sterling Heights, MI 48311-8009 • (586) 446-CITY (2489)

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Executive Summary

The City Council of the City of Sterling Heights, Macomb County, Michigan, having determined that it is necessary for the best interests of the public to redevelop its commercial corridors and to promote economic growth, adopted a resolution on April 18th, 2006, declaring its intention to create and provide for the operation of an Authority. The resolution stated that the proposed development area met the following criteria in accordance Section 5 of Act 280 of the Public Acts of 2005 (PA 280):

- (a) Be adjacent to a road classified as an arterial or collector according to the federal highway administration manual “Highway Functional Classification - Concepts, Criteria, and Procedures;”
- (b) Contain at least 10 contiguous parcels or 5 contiguous acres;
- (c) More than ½ of the existing ground floor square footage in the development area is classified as commercial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c;
- (d) Residential use, commercial use, or industrial use has been allowed or conducted under the zoning ordinance or conducted in the entire development area, for the immediately preceding 30 years;
- (e) Is presently served by municipal water and sewer;
- (f) Zoned to allow for mixed use or high-density residential use;
- (g) The municipality agrees to all of the following:
 - (i) To expedite the local inspection and permitting process in the development area; and,
 - (ii) To modify its master plan to provide for walkable nonmotorized interconnections, including sidewalks and streetscapes throughout the development area.

In accordance with PA 280, on June 6th, 2006 the City Council held a public hearing to introduce an ordinance that would create the Corridor Improvement Authority. On August 15, 2006 the City Council adopted an ordinance establishing a Corridor Improvement Authority (CIA) and created a Board for the District (“District”).

The District is located in the north central portion of Sterling Heights and includes properties bordering Van Dyke Road between 18 ½ Mile Road to the north City limit and along Utica Road between Van Dyke Road and Triangle Drive, as shown on the District Map at Exhibit B.

Among the primary goals of the CIA for the District are:

- Enhancement of public spaces within the District;
- Delineation of the District through a consistent theme/style along District right of way;
- Provision of a unified building style to be implemented through development and re-development of properties within the District; and,

- Economic growth and increased property values.

As a necessary prerequisite to achievement of these goals, a Development Plan and Tax Increment Finance Plan have been prepared. The Development Plan outlines the improvements proposed within the District and the Tax Increment Finance Plan identifies the funding mechanism to be utilized to finance the proposed improvements.

Streetscape Design Guidelines have been prepared for the District. The guidelines include select specifications for paving, decorative lighting, site furnishings and landscaping. These amenities are intended to be constructed within the Van Dyke Road and Utica Road right of way as well as on private property as part of future development and redevelopment within the District.

The amenities planned for the District include:

- Colored/stamped concrete;
- Decorative lighting with banners;
- Brick pillars and fencing; and,
- Landscaping.

The Development Plan also includes potential façade improvements with selected styles and material specifications, access management improvements, property acquisition, floodplain/wetland mitigation, park space improvements, general infrastructure improvements and a business recruitment and retention program. As mentioned above, private development and redevelopment will incorporate the selected theme and styling implemented in the planned amenities for the District.

The Tax Increment Financing Plan (TIF Plan) has been prepared utilizing a base year (2006) taxable value for the District of \$28,182,500. Property value growth is calculated based on an annual inflationary growth and new investment in the District. Over the twenty-year development period, the estimated incremental tax revenues generated within the District is \$5,506,721.

It is the intent of the City and the CIA to finance the proposed projects from incremental tax revenues generated and captured from within the District. At this time, there are no plans for a District-wide special assessment. The CIA will be pursuing grants to help cover a portion of the streetscape project.

Introduction

The City of Sterling Heights is located in the west central region of Macomb County. The City encompasses 36.8 square miles and is bounded by M-59 to the north, Dequindre Road to the west, 14 Mile Road to the south and Hayes Road to the east. With a population approaching 130,000 residents, the City is the fourth largest municipality in the State of Michigan. Approximately 3,500 commercial and industrial businesses are located within the City.

A diversity of industrial uses are concentrated in the City's central corridor between Mound Road and Van Dyke Road, from 14 Mile Road and 19 Mile Road. Commercial uses are concentrated along two major corridors within the City; the Van Dyke corridor, which bisects the city from south to north, and M-59 which is the northernmost boundary of the City and traverses east to west.

The City Council, having determined that it is necessary for the best interests of the public to redevelop its commercial corridors and to promote economic growth, adopted a resolution on April 18th, 2006, declaring its intention to create and provide for the operation of an Authority. The resolution stated that the proposed development area met the following criteria in accordance Section 5 of PA 280:

- (a) Be adjacent to a road classified as an arterial or collector according to the federal highway administration manual "Highway Functional Classification - Concepts, Criteria, and Procedures;"
- (b) Contain at least 10 contiguous parcels or 5 contiguous acres;
- (c) More than ½ of the existing ground floor square footage in the development area is classified as commercial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c;
- (d) Residential use, commercial use, or industrial use has been allowed or conducted under the zoning ordinance or conducted in the entire development area, for the immediately preceding 30 years;
- (e) Is presently served by municipal water and sewer;
- (f) Zoned to allow for mixed use or high-density residential use;
- (g) The municipality agrees to all of the following:
 - (i) To expedite the local inspection and permitting process in the development area; and,
 - (ii) To modify its master plan to provide for walkable nonmotorized interconnections, including sidewalks and streetscapes throughout the development area.

In accordance with PA 280, on June 6th, 2006 the City Council held a public hearing to introduce an ordinance that would create the Corridor Improvement Authority. On August 15, 2006 the City Council adopted an ordinance establishing a Corridor Improvement Authority (CIA) and created a Board for the District ("District"). The CIA District is located in the north central portion of the City along Van Dyke Road from 18

½ Mile Road to the north City limit and along Utica Road from Van Dyke Road to Triangle Drive.

To meet the requirements of PA 280, it is necessary to prepare a Development Plan and TIF Plan for the CIA to adhere to when implementing and financing the District improvements.

The organization of the Development Plan and TIF Plan are in accordance with the requirements and follow the format presented in PA 280. The Development Plan must include a legal description and map of the district, a description of the proposed construction activities, an implementation schedule, estimated construction costs and other pertinent information regarding the District.

The TIF Plan provides a summary of the methods proposed to generate the revenue needed to fund the proposed projects. As outlined in the TIF Plan, funding for projects will be generated through tax increment financing, grants, local cooperation and funding eligible under Section 14 of PA 280.

Development Plan

The presentation of the Development Plan follows the statutory requirements of PA 280, specifically Section 21(2)(a) through (r). (MCL 125.2891(a) through (r)).

PA 280 requires that a development plan contain all of the following:

- (a) The designation of boundaries of the development area in relation to highways, streets, streams, or otherwise.
- (b) The location and extent of existing streets and other public facilities within the development area, designating the location, character, and extent of categories of public and private land uses then existing and proposed for the development area, including residential, recreational, commercial, industrial, education, and other uses, and including a legal description of the development area.
- (c) A description of existing improvements in the development area to be demolished, repaired, or altered, a description of any repairs and alterations, and an estimate of the time required for completion.
- (d) The location, extent, character, and estimated cost of the improvements including rehabilitation contemplated for the development area and an estimate of the time required for completion.
- (e) A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.
- (f) A description of any parts of the development area to be left as open space and the use contemplated for the space.
- (g) A description of any portions of the development area that the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms.
- (h) A description of desired zoning changes and changes in streets, street levels, intersections, traffic flow modifications, or utilities.
- (i) An 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.
- (j) 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 in any manner and for whose benefit the project is being undertaken if that information is available to the authority.
- (k) The procedures for bidding for the leasing, purchasing, or conveying in any manner 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 in any manner to those persons.

(l) Estimates of the number of persons residing in the development area and the number of families and individuals to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a development plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those units in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displaced families and individuals.

(m) A plan for establishing priority for the relocation of persons displaced by the development in any new housing in the development area.

(n) Provisions for the costs of relocating persons displaced by the development and financial assistance and reimbursement of expenses, including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the uniform relocation assistance and real property acquisition policies act of 1970, Public Law 91-646, 84 Stat. 1894.

(o) A plan for compliance with 1972 PA 227, MCL 213.321 to 231.332.

(p) The requirement that amendments to an approved development plan or tax increment plan must be submitted by the authority to the governing body for approval or rejection.

(q) A schedule to periodically evaluate the effectiveness of the development plan.

(r) Other material that the authority, local public agency, or governing body considers pertinent.

Section 21.(2)(a)

The designation of boundaries of the development area in relation to highways, streets, streams, or otherwise. (MCL 125.2891(2)(a)).

At the August 15, 2006 regular meeting, the City Council adopted an ordinance creating the CIA and establishing the boundaries of the development area now identified as the District.. Attached as Exhibit B is a map which delineates the boundaries of the District in relation to the adjacent highways, streets and streams.

Section 21.(2)(b)

The location and extent of existing streets and other public facilities within the development area, designating the location, character, and extent of categories of public and private land uses then existing and proposed for the development area, including residential, recreational, commercial, industrial, education, and other uses, and including a legal description of the development area. (MCL 125.2891(2)(b)).

Existing Land Uses

The location and extent of existing streets within the District are set forth at Exhibit B.

The existing public and private land uses within the District are shown on the land use plan adopted from the City's Master Plan and is attached as Exhibit D. The District is comprised of predominantly commercial and office uses, including, local convenience retail, restaurants, business and service oriented uses along with eight (8) residential properties. The current zoning map is attached as Exhibit E. There are currently no publicly owned properties in the District. Development within the District began during the **1950's** and will continue to occur in the future through development of the inventory of vacant parcels, in addition to the redevelopment of improved parcels.

Legal Description

A detailed legal description of the District is attached at Exhibit A.

Section 21.(2)(c)

A description of existing improvements in the development area to be demolished, repaired, or altered, a description of any repairs and alterations, and an estimate of the time required for completion. (MCL 125.2891(2)(c)).

To accomplish the goals established for the District, the CIA has identified a variety of projects which are described in detail under MCL 125.2891(2)(c). Of the projects identified by this Development Plan, the proposed commercial façade improvement program has the most potential to effect meaningful alteration of existing improvements within the District. For details on this program, please reference the following section of the Development Plan.

Section 21.(2)(d)The location, extent, character, and estimated cost of the improvements including rehabilitation contemplated for the development area and an estimate of the time required for completion. (MCL 125.2891(2)(d)).

Proposed improvements will be effectuated through the planning and implementation of projects designed to accomplish the stated goals for the District. A narrative summary of each proposed project and the location, extent, character and estimated cost of project improvements is presented below. Table 1 depicts the costs associated with the improvements.

- Streetscape Amenities

The streetscape project for the District includes the addition of decorative lighting with banners, colored/stamped concrete at seating areas, at crosswalks and along the back of curbs, brick pillars and fencing at Van Dyke/Utica Road intersection and at various locations along the roads and street trees and plantings along the roadways. Details regarding the proposed streetscape amenities are provided in the Streetscape Design Guidelines for the District at Exhibit C.

- Access Management

To improve access management throughout the District, a traffic study will be prepared to determine the ultimate needs of Van Dyke Avenue to meet the current and projected traffic volumes in addition to improving access to the properties within the District. The traffic study findings are critical to the planning and implementation of the streetscape amenities to avoid future conflicts with roadway improvements.

Based on these findings, the CIA may also attempt to consolidate curb cuts to maximize traffic and pedestrian safety throughout the corridor.

- Commercial Façade Improvement Program

It is envisioned that the CIA will work with financial institutions to create a revolving loan fund that will be used to finance improvements to the exterior of commercial buildings (such as facades, sidewalk, landscaping, parking lots, and screening). The program may also be established as a grant matching program.

This program will not be undertaken until a detailed implementation plan is developed which establishes the methods used to stimulate private investment in exterior building improvements that ultimately benefit the public ambiance of the District. The implementation plan shall be fully reviewed and approved by the CIA and City Council to assure compliance with all state and local laws regarding the expenditure of public funds and development regulations. Included at Exhibit C are samples of a few sites following the implementation of the façade improvements.

- Property Acquisition

Should properties become available within the District, the CIA may consider the purchasing them if such acquisition has the potential to prevent or reduce blight. This project will not be implemented to displace owners or occupants of property within the District.

- Floodplain/Wetland Mitigation

Due to the existence and predominance of floodplain and wetlands on the eastern edge of the District, a mitigation program may be necessary to supplement other projects in this area of the District.

- Park and Open Space Improvements

As noted, there are several parcels within the District that are severely impacted by both wetlands and floodplains. If in the future these parcels cannot be developed, a park / open space project will enhance the aesthetic and recreational benefits of these impacted areas.

The Clinton River runs along the eastern boundary of the District. A pedestrian/bike path has been established; however, The CIA can play an integral role in the enhancement of this unique recreational feature traversing the District. The CIA can be instrumental in planning the connectivity of adjacent neighborhoods via the path, thus establishing an opportunity to bring visitors into the District.

- General Infrastructure Improvements

Over the life of this District, it may be necessary to repair roads, sidewalks, or other utilities. Providing for the reimbursement of certain infrastructure activities on a particular parcel may be the incentive that sparks redevelopment. Consideration will also be given to the conversion of the private utilities (i.e.; electrical, telephone and cable) from overhead to underground. The CIA can coordinate and plan for these opportunities and provide recommendations to the City Council.

- Business Recruitment and Retention Program

The CIA will establish a Business Recruitment and Retention Program that involves activities such as, but not limited to, working with existing businesses to improve their marketability to consumers; development of advertising strategies; implementation of community events designed to bring residents into the District; and, identification of potential new business to recruit into the District.

- Planning/Economic Development Analyses

To measure the impact of the projects implemented within the District, the CIA may periodically prepare and study reports analyzing the economic changes taking place. Further studies into the potential benefit of projects will aid in the achievement of the goals for the District.

Table 1

Project Description	Estimated Cost	Implementation Period
Access Management – Van Dyke Traffic Study	\$40,000	Immediate Year 1
Streetscape Amenities	\$5,000,000	Short Term Year 1-5
Access Management – Curb Cut Consolidation	\$1,000,000	Year 1-20 On-Going
Commercial Facade Improvement Program	\$500,000	Year 1-20 On Going
Business Recruitment/Retention	\$100,000	Year 1-20 On-Going
Property Acquisition	\$3,000,000	Long Term ¹
Floodplain/Wetland Mitigation	\$1,000,000	Long Term
Park Space Improvements	\$1,000,000	Long Term
General Infrastructure Improvements	\$5,000,000	Long Term
Planning/Economic Studies	\$40,000	Long Term
Total Cost of Improvements	\$16,680,000	
Contingency 25%	\$4,170,000	
Grand Total	\$20,850,000 ²	

¹ Long Term means the projects will not occur after the duration of any bonds issued

² Subject to inflationary cost increases

Section 21.(2)(e)A statement of the construction or stages of construction planned, and the estimated time of completion of each stage. (MCL 125.2891(2)(e)).

A statement of construction stages planned for implementation of the District projects is presented in the preceding section of the Development Plan

The stages of construction pertain to the short-term streetscape amenities project. The phasing or stages of this project are dependent on the amount of incremental tax revenues generated in the District, the timing, amount, and issuance of bonds, and the securing of applicable grant dollars from State or Federal sources. The streetscape improvement project will be phase 1 of the development plan and will occur in years 1-5.

Section 21.(2)(f)

A description of any parts of the development area to be left as open space and the use contemplated for the space. (MCL 125.2891(2)(f)).

Currently, open space within the District lies within the northern portion along the Clinton River. The Huron Clinton Metropark Authority (HCMA) owns property along the north side of the Clinton River and the area is utilized for the pedestrian/bike path that will ultimately link Stoney Creek Metropark to Metro Beach Metropark. It is anticipated that other open space preservation opportunities will present themselves in the future.

Section 21.(2)(g)

A description of any portions of the development area that the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms. (MCL 125.2891(2)(g)).

Not applicable.

Section 21.(2)(h)

A description of desired zoning changes and changes in streets, street levels, intersections, traffic flow modifications, or utilities. (MCL 125.2891(2)(h)).

The City exercises zoning authority pursuant to Michigan Zoning Enabling Act, Public Act 110 of 2006, and the City's Zoning Ordinance and Map establish and define those zoning districts where specified uses may occur.

Zoning consists of dividing the community into districts or zones and regulating within such districts land use, and heights and area of buildings for the purpose of conserving and promoting the health, safety, and general welfare of the people of the community. Zoning also controls numerous aspects of development within each district, such as intensity and bulk of development, and requirements for parking, landscaping and signage. The zoning ordinance and its administration are the legislative and administrative acts or processes for carrying out the goals and objectives of the Master Land Use Plan. The CIA streetscape and landscape plan will be added to the overall City Master Streetscape Plan to ensure uniformity within the District.

A major component of the City's recent update of the Master Land Use Plan was redevelopment. In order to promote continued development and redevelopment of properties for mixed uses (residential, office, and commercial), City Council adopted a Planned Unit Development (PUD) option to the Zoning Ordinance.

A Planned Unit Development is one tool that allows greater flexibility than could otherwise be achieved by traditional zoning. A developer wishing to develop under the PUD option proposes an overall conceptual plan for the entire parcel, which can include mixed uses consistent with standards set forth in the PUD ordinance. The PUD option permits the developer and the City to have greater regulatory flexibility in the development of a complete and coordinated planned project rather than proceeding on a piecemeal basis which would possibly require one or more zoning changes or variances.

It is anticipated that the PUD option may be utilized in the development or redevelopment of parcels within the District. A primary motivating factor in this assessment is the maturity of the existing commercial and office uses within the District. It is not the intent of the CIA to recommend the initiation of any rezoning.

The proposed changes in streets, street levels, intersections, traffic flow modifications, or utilities are detailed in the preceding sections of this Development Plan. (MCL 125.2891(2)(d)).

Section 21.(2)(i)

An 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. (MCL 125.2891(2)(i)).

The total cost for the implementation of the projects as outlined in Table 1 above is approximately \$20,850,000. Given the credit of the City and the security to be pledged for any such indebtedness the Authority is confident that financing will be arranged on terms favorable to the CIA

The implementation of the projects within the District shall be financed through one or more of the following sources of funding:

- Tax Incremental Financing (TIF)
- Private cooperation throughout the District.
- Funding received through grant programs.
- Municipal participation (Staff and Administrative Support/Start Up Costs)
- Bonding for improvements

Section 21. (2)(j)

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 in any manner and for whose benefit the project is being undertaken if that information is available to the authority. (MCL 125.2891(2)(j)).

Not applicable.

Section 21.(2)(k)

The procedures for bidding for the leasing, purchasing, or conveying in any manner 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 in any manner to those persons. (MCL 125.2891(2)(k)).

Not applicable.

Section 21.(2)(l)

Estimates of the number of persons residing in the development area and the number of families and individuals to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a development plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those units in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displaced families and individuals. (MCL 125.2891(2)(l)).

There are approximately eight residential properties within the District. There are no plans to acquire any of these properties or to displace the residents as part of the Development Plan. Therefore, it is not necessary to conduct a survey or statistical analysis of the affected individuals.

Section 21.(2)(m)

A plan for establishing priority for the relocation of persons displaced by the development in any new housing in the development area. (MCL 125.2891(2)(m)).

Not applicable.

Section 21.(2)(n)

Provisions for the costs of relocating persons displaced by the development and financial assistance and reimbursement of expenses, including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the uniform relocation assistance and real property acquisition policies act of 1970, Public Law 91-646, 84 Stat. 1894. (MCL 125.2891(2)(n)).

Not applicable.

Section 21.(2)(o)

A plan for compliance with 1972 PA 227, MCL 213.321 to 231.332. (MCL 125.2891(2)(o)).

Not applicable.

Section 21.(2)(p)

The requirement that amendments to an approved development plan or tax increment plan must be submitted by the authority to the governing body for approval or rejection. (MCL 125.2891(2)(p)).

As required, the CIA shall submit amendments to the Development Plan or Tax Increment Plan to the governing body (City Council) for review and approval.

Section 21.(2)(q)

A schedule to periodically evaluate the effectiveness of the development plan. (MCL 125.2891(2)(q)).

The CIA will review and evaluate the effectiveness of the development plan at the first meeting of each year and determine the need to make any amendments in the plan and will do so in accordance with P A 280 (MCL 125.2891(2)(p)).

Section 21.(2)(r)

Other material that the authority, local public agency, or governing body considers pertinent. (MCL 125.2891(2)(r)).

Not applicable.

Tax Increment Financing Plan

The projects detailed within the Development Plan are designed to stimulate private sector investment within the District to achieve a true revitalization of a critical commercial corridor within the City. Proposed project expenditures are intended to directly stimulate potential commercial development and mixed use development construction projects. A number of potential funding sources are available to the CIA. The following narrative describes how programming expenditures will be funded.

It is the intention of this Plan to capture the incremental tax revenues generated within the District, and utilized ancillary funding sources such as grant programs, private cooperation, municipal participation, or other funding sources to which the CIA may be eligible for under Section 14 of P A 280 (MCL 125.2884).

Detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred, the duration of the program, and a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions. (MCL 125.2888).

Tax increment financing (TIF) is a governmental financing mechanism which contributes to economic growth and development by dedicating a portion of the tax base resulting from economic growth and development to certain public facilities and structures or improvements of the type designed and dedicated to public use and thereby facilitates certain projects which create economic growth and development.

The CIA adopts by reference and incorporates the contents of the Development Plan contained herein to be adopted simultaneously with the TIF Plan.

Tax Increment Procedure

TIF is a method of funding public investments in an area slated for redevelopment by capturing, for a time, all or a portion of the incremental tax revenues that results from increased property values through private investment and inflation. The capture of incremental tax revenues is applied only to the designated district for which a development plan has been prepared and approved by the CIA and governing body. This plan contains both the development plan and TIF plan.

PA 280 treats all increases in valuation resulting from the development plan whether in fact these increases bear any relation to the development, or from inflationary increases on taxable values in the district. With some exceptions, the incremental tax revenues levied by other governmental units are captured through the approved TIF Plan. These include the city, county, community college, SMART, HCMA, or any other millages that may apply in the future. The amount to be transmitted to a CIA is that portion of the tax levy of all of these applicable taxing bodies paid each year on real property. Personal property taxes, although eligible, have been excluded from capture within the boundaries of this district.

"Initial value" means the taxable value, of all the property within the boundaries of the district area at the time the ordinance establishing the tax increment financing plan is approved, as shown by the most recent assessment roll of the municipality at the time the ordinance is adopted. "Captured value," means the amount in any one year by which the current taxable value of the district, exceeds the initial value. Property for which a commercial facilities exemption certificate an industrial facilities exemption certificate, or a commercial housing facilities exemption certificate, is in effect shall not be considered to be property that is exempt from taxation and they will be included in the overall initial value of the district. Tax dollars accrued from any incremental increase in taxable value, as a result of new development or annual inflationary increases, above the initial value (base year total) will then be captured and used by the CIA for projects in the district.

Data presented in Table 2 represents the anticipated capture on the taxable value for the District through the year 2027. The base year (2006) Taxable Value for the District is \$28,182,500. The basic assumptions in this table are a 3% annual inflationary growth, and \$10 million in new investment, resulting in \$5 million in new taxable value.

Total Potential Revenue

The total potential TIF revenue available to the CIA from captured taxable value is displayed in Table 3. By the end of the term of this TIF Plan, it is estimated that approximately \$5,506,721 could be captured and used for the projects designated by the CIA for the District. The potential TIF revenue is derived from an estimated \$10 million in new investment, including a projected annual 3% inflationary growth in the District over a 20 year time period.

The TIF Plan will result in a reallocation of tax revenues from the local taxing jurisdictions to the CIA. The effect of this reallocation of revenues on all the taxing bodies is displayed in Table 3. As documented, 62.5% of the captured monies will come from city taxes.

Bonded Indebtedness to be Incurred

Certain state, federal, and local grants, loans, loan guarantees and other funding sources will be pursued for financing the projects approved for the District. The Development Plan can be financed through the authorization, issuance, and sale of revenue bonds, general obligation bonds and tax increment bonds. It is expected that the CIA and the City will incur not-to-exceed \$20,850,000 in bond indebtedness, subject to inflationary increases, to finance a portion of the projects, or improvements will also be implemented on a “pay-as-you-go” basis as tax increment revenues are transmitted to the CIA on an annual basis. The CIA intends to create a project fund to deposit captured tax increment revenues to be used to finance the projects described in the Development Plan as sufficient funds become available.

Duration of Program

The duration of this Development Plan and Tax Increment Financing Plan is 20 years or until all bond indebtedness issued to fund CIA projects and paid directly or indirectly from captured tax increment revenues is retired commencing on its adoption by the City Council in December 2006 and terminating at the end of the CIA’s fiscal year on June 30, 2027 unless the Development Plan and TIF Plan are amended to extend or shorten its duration.

Anticipated Capture Of Taxable Value
Sterling Heights CIA District

Table 2

Bond Year	Fiscal Year	Estimated Taxable Value (3% inflation)	Est. Taxable Value - New Development	Total Estimated Taxable Value	Initial Taxable Value (2006/07)	Estimated Captured Taxable Value
1	2007/08	29,027,975		29,027,975	28,182,500	845,475
2	2008/09	29,898,814	500,000	30,398,814	28,182,500	2,216,314
3	2009/10	31,310,779	750,000	32,060,779	28,182,500	3,878,279
4	2010/11	33,022,602	1,250,000	34,272,602	28,182,500	6,090,102
5	2011/12	35,300,780	1,000,000	36,300,780	28,182,500	8,118,280
6	2012/13	37,389,804	1,000,000	38,389,804	28,182,500	10,207,304
7	2013/14	39,541,498	500,000	40,041,498	28,182,500	11,858,998
8	2014/15	41,242,743		41,242,743	28,182,500	13,060,243
9	2015/16	42,480,025		42,480,025	28,182,500	14,297,525
10	2016/17	43,754,426		43,754,426	28,182,500	15,571,926
11	2017/18	45,067,058		45,067,058	28,182,500	16,884,558
12	2018/19	46,419,070		46,419,070	28,182,500	18,236,570
13	2019/20	47,811,642		47,811,642	28,182,500	19,629,142
14	2020/21	49,245,991		49,245,991	28,182,500	21,063,491
15	2021/22	50,723,371		50,723,371	28,182,500	22,540,871
16	2022/23	52,245,072		52,245,072	28,182,500	24,062,572
17	2023/24	53,812,424		53,812,424	28,182,500	25,629,924
18	2024/25	55,426,797		55,426,797	28,182,500	27,244,297
19	2025/26	57,089,601		57,089,601	28,182,500	28,907,101
20	2026/27	58,802,289		58,802,289	28,182,500	30,619,789
		Total	5,000,000			

Effect of Tax Capture on Government Entities
Sterling Heights CIA District

Table 3

Fiscal Year	Estimated Captured Taxable Value	Captured City Tax Rate *	Captured Non-City Tax Rate	Captured City Taxes	Captured Non-City Taxes	Total Annual Taxes Captured
2007/08	845,475	10.5430	6.4328	\$8,914	\$5,439	\$14,353
2008/09	2,216,314	10.6617	6.4328	23,630	14,257	37,887
2009/10	3,878,279	10.7250	6.4328	41,595	24,948	66,543
2010/11	6,090,102	10.7250	6.4328	65,316	39,176	104,493
2011/12	8,118,280	10.7250	6.4328	87,069	52,223	139,292
2012/13	10,207,304	10.7250	6.4328	109,473	65,662	175,135
2013/14	11,858,998	10.7250	6.4328	127,188	76,287	203,474
2014/15	13,060,243	10.7250	6.4328	140,071	84,014	224,085
2015/16	14,297,525	10.7250	6.4328	153,341	91,973	245,314
2016/17	15,571,926	10.7250	6.4328	167,009	100,171	267,180
2017/18	16,884,558	10.7250	6.4328	181,087	108,615	289,702
2018/19	18,236,570	10.7250	6.4328	195,587	117,312	312,899
2019/20	19,629,142	10.7250	6.4328	210,523	126,270	336,793
2020/21	21,063,491	10.7250	6.4328	225,906	135,497	361,403
2021/22	22,540,871	10.7250	6.4328	241,751	145,001	386,752
2022/23	24,062,572	10.7250	6.4328	258,071	154,790	412,861
2023/24	25,629,924	10.7250	6.4328	274,881	164,872	439,753
2024/25	27,244,297	10.7250	6.4328	292,195	175,257	467,452
2025/26	28,907,101	10.7250	6.4328	310,029	185,954	495,982
2026/27	30,619,789	10.7250	6.4328	328,397	196,971	525,368
			Total	\$3,442,031	\$2,064,689	\$5,506,721
			Percent of Total	62.5%	37.5%	100.0%

* Excludes voter approved millages (Proposal R)

**Captured Taxes
Non-City Government Entities**

Government Entity	Current Tax Rate	Percent of Total	Total Captured Non-City Taxes	Total Captured Non-City Taxes By Entity	Percent of District Taxes Captured
County	4.2058	65.4%	\$2,064,689	\$1,349,905	24.5%
MCC	1.4212	22.1%	2,064,689	456,152	8.3%
SMART	0.5912	9.2%	2,064,689	189,753	3.4%
HCMA	0.2146	3.3%	2,064,689	68,879	1.3%
Total	6.4328	100.0%		\$2,064,689	37.5%