

MOVING DOWNTOWN FORWARD TIF PLAN

Amending TIF-97 to Support and Maintain a Strong and Prosperous Future

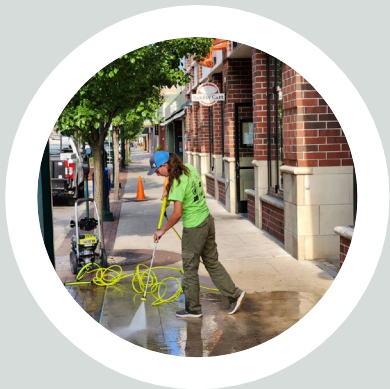
WHAT IS TAX INCREMENT FINANCING (TIF)?



Tax Increment Financing (TIF) embodies the concept of harnessing appreciation of property tax revenue within specified boundaries.

TIF is used to develop, construct and maintain community infrastructure that supports and promotes economic development.

The TIF tool is used by municipalities throughout Michigan and the nation to support and grow their downtown.



HOW DOES TIF WORK?



The property tax generated within the district at the time of the TIF formation is set as the “baseline.”

As development occurs within the TIF District, the property values appreciate, generating additional tax revenue.

The additional revenue above the baseline is captured by the city to fund the public infrastructure projects identified in the city approved TIF Plan.



TIF DISTRICTS



WHAT HAS (TIF-97) ACCOMPLISHED?



MOVING DOWNTOWN FORWARD TIF PLAN



WHAT IS IT?

- An amended and extended TIF-97 plan (MDF TIF Plan)
- Duration of 30 years
- Includes new public infrastructure projects and plan for continued maintenance of existing infrastructure
- Includes a regional cost sharing model to ensure more money is returned to all taxing jurisdictions

WHY NOW?

- TIF 97 expires in 2027 (two budget cycles from now)
- Planning and financing requires action now (MDF Plan implementation and bonding for projects)

CURRENT TAX CAPTURE APPROACH



The total increment capture paid by Downtown District property owners equates to 53-cents on the dollar of TIF funding, with the remaining 47-cents coming from the **regional taxing partners**.

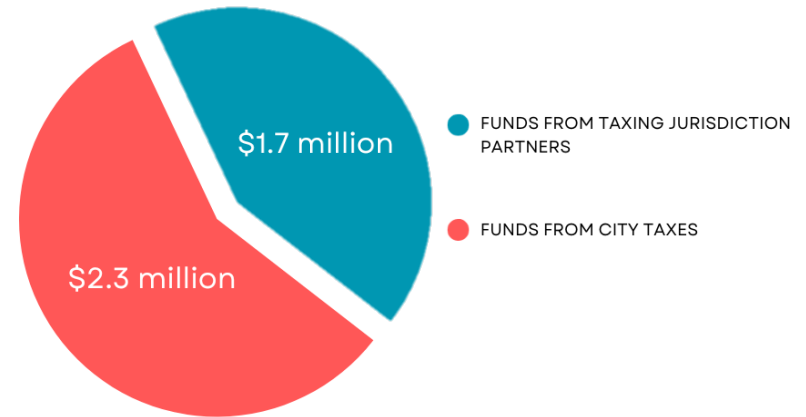
These partners benefit from having a strong and healthy downtown and share in the cost of community improvements that are enjoyed by the region.

This graph visually underscores what shifting financial responsibilities the city would realize without TIF.

Regional Taxing Partners

- Animal Control
- Commission on Aging
- Conservation District
- Road Commission
- Veterans Affairs
- GT County
- BATA
- Recreation Authority
- NMC

CURRENT REVENUE SHARING STRUCTURE



MOVING FORWARD GUIDING PRINCIPLES



Design a Great Place for All Ages and Future Generations

- Lower Boardman (Ottaway) River Improvements
- West End Mixed Use Development
- District-Wide Snowmelt System
- Mobility Improvements

Advance Climate Action, Sustainability, Renewable Energy, Energy Efficiency, and Resiliency

- Lower Boardman (Ottaway) River Improvements
- District-Wide Snowmelt System
- Stormwater Management
- Green Infrastructure
- Composting Program

Protect and Preserve Small Local Independent Businesses

- Retail Incubator
- Marketing for Business – Shop Local
- Communications
- Events to bring people Downtown
- Placemaking
- Writing Grants to Small Businesses

Champion the Development of Attainable and Workforce Housing

- West End Mixed Use Development
- Develop partnerships with housing non-profits, developers, and property owners on different housing opportunities

Support Job Growth and Varied Career Opportunities

- West End Mixed Use Development
- Retail incubator
- Permanent Farmer's Market shed

TAX INCREMENT FINANCING AND DEVELOPMENT PLAN



WHAT IS IN THE TAX INCREMENT FINANCING (TIF) PLAN?

- The Development Plan
- Details of the tax increment procedure
- The amount of bonded indebtedness to be incurred
- The duration of the plan

WHAT IS IN THE DEVELOPMENT PLAN?

The costs, location and resources for the implementation of the public improvements that are projected to take place in the DDA District and the anticipated private investment.

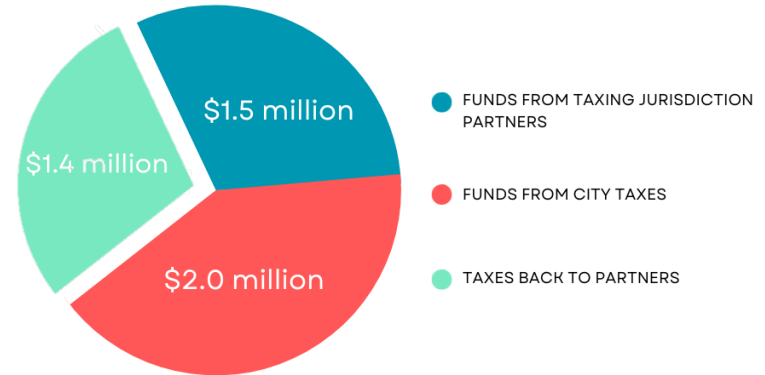
NEW APPROACH FOR TAX CAPTURE – TIF PLAN



In this MDF TIF Plan, the DDA and taxing partners are proposing an innovative fund-sharing arrangement. This arrangement would transfer the first seven years (1997 to 2004) of DDA captured revenue back to the regional taxing partners, in addition to sharing inflationary growth of each future year of the new Moving Downtown Forward TIF.

This will begin once the TIF Plan is amended/extended. 1997 through 2004 tax revenue capture totals roughly \$1.4 million; this amount would go back to the regional taxing jurisdictions annually in addition to 50% of inflationary growth.

FUTURE PROPOSED REVENUE SHARING STRUCTURE



NEW APPROACH FOR TAX CAPTURE – TIF PLAN



Items Regarding The Proposed TIF Plan To Consider

One.

Special millages to be exempt from capture with the new Amended Plan

Two.

Bonding Capacity

The Bonding Capacity has been identified at \$70,000,000 with the understanding that the bonding capacity would be for the full 30-year term of the TIF Plan. Bonding for the West-End Mixed-Use Development and Lower Boardman/Ottaway Riverwalk can occur up to a certain amount with bond proceeds not being used until the full project costs are identified.

MDF TIF INFRASTRUCTURE PROJECTS



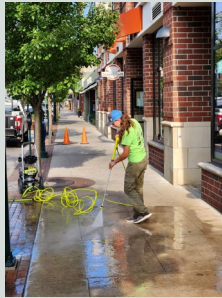
- Permanent Farmers Market Shed
- Rotary Square
- Mobility Improvements
- Open Space Improvements
- West End Mixed Use Development
- Lower Boardman/Ottaway Riverwalk



MDF TIF MAINTENANCE AND PLACEMAKING AMENITIES



- Sidewalk and Street Maintenance Improvements
- Bridge Improvements
- Way-Finding Signage
- Streetscaping
- Maintenance Operations and Cleaning
- Trash Removal
- Holiday Lights
- Planters and Landscaping
- Downtown Police Officer



OTHER ELIGIBLE PROJECTS AND ACTIVITIES



Beyond the project list, the MDF TIF Plan encompasses an array of eligible projects and activities under Public Act 57. These projects include, but are not limited to:

- Partnering with Housing Non-Profits to Provide Attainable Housing
- Utility, Alley and Street Improvements
- Public Art
- Renewable Energy and Energy Efficiency
- Retail Incubator
- Flexibility to address the unknown



WHAT HAPPENS IF FUNDING GOES AWAY



Without TIF in Traverse City, the city would lose approximately 43% of financial support from our regional taxing partners while assuming 100% of the maintenance costs of Downtown infrastructure.

WHY RESETTING TIF DOESN'T WORK



If TIF is reset to the baseline of 2027, there will not be enough TIF to get done the significant projects that look to the future and what community has identified as needed.

3 OPTIONS IF TIF ISN'T RENEWED



If TIF is not renewed, the city will have to fill a \$1.7 million hole in one of three ways:

1. Raise taxes
2. Cut other critical services
3. Allow the infrastructure to deteriorate and projects to halt

WHY IS THE DDA PROPOSING THIS AMENDMENT NOW?



TIF-97 is scheduled to sunset in 2027.

Lack of clarity creates significant financial uncertainty for the city's operations and capital budget.

We've solidified a shared vision for the future of downtown through the Moving Downtown Forward Planning Process, which included extensive community engagement as well as two years of DDA Board discussion.

To continue financing long-term community infrastructure projects and services, and help the community realize a shared vision for downtown's future.

TIMELINE



Dec/Jan: TIF Plan authorized for consideration to DACC

Jan. 2024: City Commission appoints DACC

Feb. 2024: DACC meets to discuss content of the TIF Plan and makes a recommendation

March 2024: DDA Board adopts resolution to approve the TIF Plan

April 2024: City Commission calls for public hearing for TIF Plan

May 2024: City Commission holds public hearing on TIF Plan and formally approves the TIF Plan



DISCUSSION