

## **Southtown Corridor Improvement Authority Development Support Policy**

### **Introduction**

The Southtown Corridor Improvement Authority (the "Southtown CIA") wishes to encourage and facilitate new, strategic investment in its development area. The Southtown CIA Board of Directors (the "Board") has the authority under Public Act 57 of 2018 (the "Act") to support the development or redevelopment of properties in its development area. This will be accomplished by entering into development agreements with private parties, and reimbursing said private parties for eligible expenses related to the construction of public facilities, as defined below, in conjunction with new private development projects.

### **Objective**

The objectives of this policy are:

- 1) To promote economic growth and development consistent with the priorities of the Southtown CIA by dedicating a portion of the taxes captured from the increased tax base resulting from private investment to support public improvements within the Southtown CIA development area.
- 2) To outline the conditions under which the Southtown CIA may consider funding eligible public improvements proposed in conjunction with new, privately funded projects.
- 3) To establish a program under which the Southtown CIA, by contributing to the financing of a development project, can attract additional public or private investment in the district.

### **Definition of Public Facility (Public Act 57 of 2018)**

"Public facility" means a street, plaza, pedestrian mall, and any improvements to a street, plaza, or pedestrian mall including street furniture and beautification, sidewalk, trail, lighting, traffic flow modification, park, parking facility, recreational facility, right-of-way, structure, waterway, bridge, lake, pond, canal, utility line or pipe, transit-oriented development, transit-oriented facility, or building, including access routes, that are either designed and dedicated to use by the public generally or used by a public agency, or that are located in a qualified development area and are for the benefit of or for the protection of the health, welfare, or safety of the public generally, whether or not used by 1 or more business entities, provided that any road, street, or bridge shall be continuously open to public access and that other property shall be located in public easements or rights-of-way and designed to accommodate foreseeable development of public facilities in adjoining areas. Public facility includes an improvement to a facility used by the public or a public facility as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351, if the improvement complies with the barrier-free design requirements of the state construction code promulgated under the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

## **Funding Public Facilities**

The Southtown CIA collects the majority of its revenue through capture of incremental tax dollars, or tax increment revenue (“TIR”), as authorized by the Act and the Southtown Tax Increment Financing and Development Plans (the “TIF Plan”). TIR is derived when the millages capturable by the Southtown CIA are levied on the difference between the initial taxable value of property in its development area and its current value. For project-specific investments to which this Policy applies, the increased taxable value resulting from private investment on property in the Southtown CIA’s development area would be subject to TIR capture by the Southtown CIA. When eligible public facilities are constructed in conjunction with a private investment, the Southtown CIA has an opportunity to invest a portion of the increased TIR generated to reimburse a private developer for these eligible public facilities. Both the Southtown CIA and the private developer benefit from this arrangement.

## **Development Support Guidelines**

For a project to be eligible to receive assistance under this Policy, it must satisfy the criteria below.

- 1) The project site must be located within the Southtown CIA’s TIF Plan development area, as approved by the City Commission on January 10, 2017, or any future modifications duly approved by the Southtown CIA and the City Commission.
- 2) The developer of a project must propose the construction of public facilities, as defined by the Act, in connection with the project.
- 3) The proposed development must comply to all applicable building code and zoning ordinance requirements.
- 4) The proposed development will be evaluated for compatibility with the Southtown Business Area Specific Plan (the “Southtown BASP”), as approved by the City Commission on December 3, 2019.
- 5) The proposed development must result in at least one of the following in the development area: 1) the retention of permanent jobs, 2) the creation of permanent jobs, 3) the addition of residential units, or (4) the creation of new greenspace available to the public.
- 6) The developer/contractor must submit an Inclusion Plan for Economic Development incentives which sets quantifiable goals for MBE, WBE and MLBE contractor participation for both construction and professional services and describes the efforts and initiatives to be utilized to achieve those goals.
- 7) The applicant agrees to participate in any public art program or initiative that Southtown may develop, which may include implementing public art as part of the infrastructure of a project or providing space within the project (i.e. on a building wall), pursuant to the City of Grand Rapids Arts Advisory Council, if required.
- 8) The maximum number of years of property specific TIR reimbursement following completion of a project shall not exceed the lesser of 1) 15 years, or 2) the number of

years required for full reimbursement of a predetermined investment amount in eligible public facilities. A project will be deemed complete when the increase in taxable value for a project reaches at least 50% of the estimated total increase in taxable value at the time of approval.

- 9) The Southtown CIA will reimburse the developer/general contractor in one of two ways: Annual reimbursements of the lesser of (a) 1/15<sup>th</sup> of the actual documented cost of eligible activities, or (b) 75% of the annual TIR attributable to the project not to exceed the actual documented cost of eligible activities for a period not to exceed 15 years. Under this policy, TIR shall be determined by the application of all millages captured by the Southtown CIA in any given year to the incremental increase of taxable value of the property that results from the applicant's project.
- 10) Unless otherwise determined by the Southtown CIA, development support shall be administered and paid to the developer on a reimbursement basis, as fully described in the development agreement between the Southtown CIA and the developer. The agreement shall be written in accordance with the terms of this Policy and will serve as a legally binding contract.
- 11) In the event of a transfer or sale of property, the development agreement may (but is not required to) be assigned to the new owner of the property with prior written consent of the Southtown CIA, provided, however, the sale of individual residential condominium units constituting a part of the project shall not require assignment of the agreement or approval of the Southtown CIA.
- 12) The approval of the Southtown CIA to enter into an agreement to reimburse an applicant for eligible expenses shall expire unless construction on the project begins within two years after the Southtown CIA approves project assistance.

### **Application Process**

The Southtown CIA will prepare an application which must be submitted by any applicant seeking development support. The application may be amended from time to time, but will include at a minimum:

- Project description.
- Project renderings and site plans.
- Explanation of how the proposed project is compatible with the Southtown BASP and any other relevant guidelines provided by the Southtown CIA.
- Description of applicant's process for contracting with MBE/WBE subcontractors, and aspirational goals for MBE/WBE participation, or if the applicant is also applying for incentives through the City's Economic Development Department, a copy of the Inclusion Plan.

Applications submitted for consideration of Development Support will be reviewed by the Economic Development Office and presented to the Southtown CIA with a summary memo that describes the project, the request for assistance, and compatibility with the Development Support Guidelines contained in this Policy, as well as any other relevant information.

The Southtown CIA will review the project and make a determination by vote at a public meeting of the Board consistent with the procedures of their by-laws.

### **Administration**

The Development Support Program will be administered by the City of Grand Rapids Economic Development Office and the City Attorney's Office as counsel for the benefit of the Southtown CIA, in strict accordance with approvals made by the Southtown CIA.

### **Amendments**

The Southtown CIA, in its sole discretion, may make amendments to this Policy as it deems appropriate. The most current version of this Policy will be made available on the Southtown CIA's website.

### **Waiver**

The Southtown CIA, in its sole discretion, may choose to waive all or any part of this Policy if it determines such a waiver to be in the Southtown CIA's best interest.

Approved by the Southtown CIA at a meeting open to the public on January 20, 2021.