Cadillac Downtown Development Authority

Elevator Grant Policy

Effective July 31, 2002

Introduction:
In accordance with the DDA Act (Michigan PA 197 of 1975, as amended), as well as the *Cadillac DDA Development and Tax Increment Financing Plans*, the Cadillac DDA has the ability to pay for the installation of elevators in public buildings, or buildings that are open to the public. The purpose of funding such improvements is to promote economic redevelopment and reinvestment in downtown Cadillac, which would otherwise not occur without such public assistance. The *Cadillac DDA Development Plan* specifically addresses this matter as follows:

> In accordance with Board powers, the DDA reserves the right to fund barrier-free access improvements to any structure within the development district. Such improvements will be approved at the discretion of the Board only in conjunction with private redevelopment of such structures, which have incurred property value deterioration, and/or have stood at least 50% vacant for six months or more.

The purpose of this policy is to further define the above statement to provide for its fair and reasonable implementation. This policy statement is the product of much consideration and study by the Cadillac DDA Board, led by its DDA Elevator Policy Study Committee.

Funding Issues:
The DDA collects its revenue to pay for elevator purchases through its Tax Increment Financing (TIF) Plan. Tax increments are captured tax dollars, based on the difference between the initial taxable value of a property prior to redevelopment and current taxable value. When a property is improved after the initial year has been established, the DDA is able to capture the increased taxable value of that property. Local millage is then applied, which yields the tax increment. As of 2002, local millage adds up to approximately 25.6 mills. Thus, for every $1,000 in captured taxable value, the DDA collects $25.60. Obviously then, a property must be improved, taxable, and included in the DDA's current Tax Increment Financing Plan in order to yield the DDA a tax increment. The DDA shall determine on a case-by-case basis how much TIF revenue a proposed redevelopment project will yield.

Elevator Grant Eligibility and Requirements:
In order for an economic redevelopment project to be eligible to receive a DDA elevator grant, it must satisfy all of the following criteria:

1. The project site must be located within the DDA District.

2. The proposed redevelopment must conform to all building code and zoning ordinance requirements. A zoning variance or special use permit, if necessary and approved by the Cadillac Zoning Board of Appeals is also acceptable. The property to be redeveloped must have also experienced a decline in value or have been at least 50% vacant for six (6) or more months.

3. The proposed redevelopment must result in the retention and/or creation of permanent jobs, or the addition of residents to the downtown at a rate of 1 job or 1 resident per $10,000 of DDA elevator grant.

4. The proposed redevelopment must involve significant private investment so as to yield tax increment financing revenues, which will in turn be used by the DDA to make an elevator grant. More specifically, the DDA elevator grant to private investment ratio shall not fall below $1 : $5 (for every $1 in DDA elevator grant funding, at least $5 in private investment must be expended on the redevelopment project).

5. The maximum elevator grant the DDA will make for any project shall not exceed the estimated ten (10) year TIF capture generated by that project, or the life of the TIF plan, whichever is less. The grant shall also not exceed the estimated cost of the elevator to be installed as part of the redevelopment project. The grant shall be applied to the purchase cost of the elevator only. Elevator installation, shaft construction, etc. are not eligible costs.

6. DDA elevator grants shall be administered and paid to the developer on a reimbursement basis, as fully described in the development agreement entered into between the DDA and developer. The agreement shall be written in accordance with the terms of this policy and will serve as a legally binding contract, which will enjoy the full effect of law. The agreement will include a schedule of estimated annual grant reimbursement payments, but in no case shall reimbursement installments exceed the annual TIF capture generated by the approved redevelopment project. In the event of a transfer or sale of the redeveloped property, this agreement shall be assigned to the new owner of the redeveloped property with prior written consent by the DDA, which will not be unreasonably withheld. The proposed new buyer of the redevelopment will be required to submit information to the DDA regarding proposed job and/or resident additions and any other information required by the DDA to make a determination regarding the assignment of the grant.

Example of a Redevelopment Project with Approved Elevator Grant:

Redevelopment Project Site:	110 N. Mitchell Street
Initial Taxable Value of Site prior to Redevelopment:	$100,000 (2002)

Redevelopment activities are designed by local architect and will include renovation of the second and third floors of the building to create two office suites on the second floor and six apartment units on the third floor. Plans are reviewed by the City building department and approved. Plans call for the installation of a three-stop elevator to provide barrier-free access to the second and third floors. Developer makes application to the DDA for an elevator grant. Estimated cost to purchase elevator is $60,000.

Estimated New Permanent Jobs: 4
Estimated New Residents: 12
Estimated Current Taxable Value of Site following Redevelopment: $300,000 (2004)
Captured Taxable Value $200,000
Estimated Annual Tax Increment Financing Revenue ($200,000 x 0.0256) = $5,120
Maximum Elevator Grant (annual TIF revenue x 10) = **$51,200** (note that minimum job creation/resident addition requirement was also satisfied).

DDA Grant Investment ($51,200) to Private Investment ($400,000) Ratio = **1 : 7.8**