

Introduction

A Corridor Improvement Authority (CIA) allows the use of tax increment financing to make capital improvements within an established commercial district. It allows communities that already have Downtown Development Authorities (DDAs) to extend similar benefits to aging commercial corridors outside the DDA district or that extend through more than one municipality.

Authorizing legislation

2005 PA 280, MCL 125.2871-125.2899, authorizes a city, village or township to create one or more Corridor Improvement Authorities.

What is the purpose of the Act?

The Act is a tax increment financing (TIF) tool to promote economic development. A CIA is designed to assist economic development and redevelopment in established commercial districts. It allows communities to combine tax dollars from a variety of sources to leverage economic development dollars.

How can this Act be used?

Specifically, this Act allows TIF to be used for commercial and economic growth in commercial districts in cities, villages and townships. Local units can use taxes arising from increased property values through TIF to pay for improvements to commercial areas along arterial or collector streets and roads.

Corridor improvements may include improvements to the land, as well as constructing, rehabilitating, preserving, equipping or maintaining buildings within the development district for public or private use.

These improvements may be financed initially through bonding, which may be repaid from the enhanced property tax revenue stream, special assessments and fees.

How is this Act different?

This Act is designed to rehabilitate, renovate and prevent the deterioration of established commercial business districts not eligible under the DDA Act. The district must be adjacent to a road classified as an arterial or collector road by the Federal Highway Administration, contain at least 10 contiguous parcels or five contiguous acres with more than 1/2 of the existing ground floor square footage classified as commercial property under the General Property Tax Act. In addition, residential commercial or industrial use must have been allowed under the zoning ordinance for the immediately preceding 30 years, the area must be presently served by municipal water and sewer and the area must be zoned for mixed use including high density residential.

In addition, a municipality may have more than one CIA, and a CIA may be intergovernmental.

What are the financing options?

- Tax increment revenues
- Sale of bonds
- Special assessments

Establishing a Corridor Improvement Authority

Note: The following steps are offered as general guidelines only. A municipality should consult with an attorney prior to initiating the process creating a CIA.

1. Adopt a resolution declaring intent.
2. Publish (20-40 days before the hearing), post (20 days before the hearing in 20 places) and mail (to the governing body of each taxing jurisdiction 20 days before the hearing) notice of public hearing.
3. Hold public hearing on the establishment of the authority and on the boundaries of the district.
4. Adopt an ordinance not less than 60 days following the public hearing establishing the authority and designating the boundaries of the proposed development area.
5. File and publish the ordinance.
6. Appoint the board.

Reporting requirements

An annual report must be submitted to the municipality and to the state tax commission indicating the amount and source of revenue in the account, the amount in any bond reserve account, the amount and purpose of expenditures from the account, the amount of principal and interest on any outstanding bonded indebtedness, the initial assessed value of the project area, the captured assessed value retained by the authority, the tax increment revenues received, the increase in the state equalized valuation as a result of the implementation of the tax increment financing plan, the type and cost of capital improvements made in the development area, and any additional information the governing body considers necessary.

Provisions of the Corridor Improvement Authority Act

- Authorizes a city, village or township to create one or more Corridor Improvement Authorities by ordinance after providing notice and holding a public hearing. The local unit shall also designate the development area boundaries by the ordinance.
- Provides for the supervision and control of an authority by a board that includes the city, village or township chief executive officer and five to nine additional members. At least one member of the board shall be a resident of the district or of an area within ½ mile of the district and a majority of the board shall have a ownership or business interest in the development area.
- Allows a board to hire a director to serve as chief executive officer of the authority, subject to the approval of the city, village or township governing body and other personnel as it feels necessary.
- Allows an authority to prepare and submit to the city, village or township governing body a tax increment financing plan, which must include a development plan for the authority's development area. TIF plans and development plans are subject to public hearings and affected local taxing jurisdictions must be notified. The governing body of another taxing jurisdiction may, by resolution, exempt its taxes from capture during the plan adoption process.
- Provides for the financing of authority activities, including borrowing money and issuing bonds. The authority could issue negotiable revenue bonds under the Revenue Bond Act and could, with local unit approval, issue

revenue bonds or notes to finance all or part of the costs of acquiring or constructing property. The local unit is not liable on such debt.

- Allows an authority to authorize, issue, and sell bonds to finance a TIF plan's development program. A city or village may make a limited tax pledge to support the authority's TIF bonds or notes with governing body approval but needs voter approval to pledge its unlimited full faith and credit for authority bonds or notes.
- Requires a city, village or township to dissolve an authority after it has completed its purpose, and provides that the authority's property and assets remaining after the satisfaction of its obligations would belong to the local unit.
- Allows the governing body, at the request of the CIA board, from time to time to amend either the development or TIF plans. It may also amend the boundaries of the CIA district. However, caution should be taken amending either the plan or the boundaries as the other taxing units (county, schools, etc.) may opt out.

Corridor Improvement Authority board powers:

- Prepare an analysis of economic changes taking place in the development area.
- Study and analyze the impact of metropolitan growth upon the development area.
- Plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility, an existing building, or a multiple-family dwelling unit which may be necessary or appropriate to the execution of a plan which, in the opinion of the board, aids in the economic growth of the development area.
- Plan, propose, and implement an improvement to a public facility within the development area to comply with the barrier free design requirements of the state construction code (1972 PA 230, MCL 125.150).
- Develop long-range plans, in cooperation with the agency that is chiefly responsible for planning in the municipality, designed to halt the deterioration of property values in the development area and to promote the economic growth of the development area, and take steps as may be necessary to persuade property owners to implement the plans to the fullest extent possible.
- Implement any plan of development in the development area necessary to achieve the purposes of this act in accordance with the powers of the authority granted by this act.
- Make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties.
- On terms and conditions and in a manner and for consideration the authority considers proper or for no consideration, acquire by purchase or otherwise, or own, convey, or otherwise dispose of, or lease as lessor or lessee, land and other property, real or personal, or rights or interests in the property, that the authority determines is reasonably necessary to achieve the purposes of this act, and to grant or acquire licenses, easements, and options.
- Improve land and construct, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair, and operate any building, including multiple-family dwellings, and any necessary or desirable appurtenances to those buildings, within the development area for the use, in whole or in part, of any public or private person or corporation, or a combination thereof.
- Fix, charge, and collect fees, rents, and charges for the use of any facility, building, or property under its control or any part of the facility, building, or property, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority.
- Lease, in whole or in part, any facility, building, or property under its control.
- Accept grants and donations of property, labor, or other things of value from a public or private source.

- Acquire and construct public facilities.
- Conduct market research and public relations campaigns, develop, coordinate, and conduct retail and institutional promotions, and sponsor special events and related activities.
- Contract for broadband service and wireless technology service in a development area.