

TAX INCREMENT FINANCING PLAN

TAX INCREMENT FINANCING PLAN FOR CITY OF CLAWSON DOWNTOWN DEVELOPMENT AUTHORITY

A. EXPLANATION OF THE TAX INCREMENT PROCEDURE.

As provided in P.A. 197 of 1975, as amended, tax increment financing is an effective financing tool for the redevelopment of designated development areas within a Downtown Development Authority District. Tax increment financing is the process of expending new property tax dollars for improvements that generally benefit the source of the taxes. Tax dollars generated from new private property developments and from improvements and to existing private property within a designated development area are "captured" and utilized by the DDA to finance public improvements within the development area. This process supports and encourages continued private investment.

To utilize tax increment financing, the DDA must prepare a development plan and a tax increment financing plan. Both plans are submitted to the City Council. The Council must approve the plans. The plans specify the initial assessed value, estimate the captured assessed value, and provide for the expenditure of the funds. These plans may be amended to reflect changes desired by the DDA or the City. All amendments must follow the procedures of the Act.

"Captured assessed value" is defined in the Act, as the amount, in any one year, by which the current assessed value of the development area exceeds the initial assessed value. "Initial assessed value" is defined as the most recently assessed value, as finally equalized by the State board of equalization, of all the value, as finally equalized by the State board of equalization, of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved. In the case of a change in the boundaries of a development area, the initial assessed value of those properties added is based upon the SEV in effect at the time of change. Unaffected properties maintain the same initial assessed valuation as originally determined. Properties deleted from a development area have the appropriate initial assessed valuation removed from the DDA base.

Beginning with the next tax collection following the approval of the plans and for each collection in years covered by the plans, municipal and county treasurers must transmit directly to the DDA, the applicable portion of the tax levy set by the taxing units on the real and personal property in the development area.

Such funds transmitted to a DDA are termed "tax increment revenues". The tax increment revenue is computed as the levy on the captured assessed value, including that portion of any commercial facilities tax levied pursuant to P.A. 255 of 1978 and that portion on an industrial facilities tax levied pursuant to P.A. 198 of 1974 attributable to the captured assessed value.

The original initial assessed value for this plan was the assessed value of all real and personal property in the development area as determined on December 31, 1989 and finally equalized by the state in May, 1990. This is commonly considered the SEV for 1990. Additional properties brought into the district by amendment have the value as stated in Table D-4. The original 1990 development area real property had an initial assessed value of \$5,626,600. The 1990 personal property assessment in the development area is \$753,400. The individual tax items are listed in Appendix D along with amended totals.

The district land area falls within one school district – the Clawson District.

The applicable tax levy for tax increment purposes in the DDA Development Area will be the total millage reduced by the amount of debt service millage levied. The intent of the DDA is to allow all voted and separately identified debt millage to pass through to the taxing units.

Under this tax increment financing plan, the tax levy on the entire captured assessed valuation is to be collected by the DDA. The DDA and City may enter into agreements with the Clawson School District and the City of Clawson to share a portion of the captured assessed value of the expanded district. The tax increment revenues will be expended in the manner as set forth in this plan. Projected estimates of the SEV growth and the tax increment revenues to be received by the DDA are included in Tables 2 and 3.

B. MAXIMUM AMOUNT OF BONDED INDEBTEDNESS TO BE INCURRED.

The DDA will explore the possibility of bonding against future revenues to supply the funds required to accomplish larger public improvement projects. The extent of the indebtedness and the timing of the debt retirement will be determined by the extent of the tax increment revenues. Appendix A includes a discussion and summary of bonding requirements. The maximum indebtedness, as projected in Appendix A, could not exceed the ability to service the debt from tax increments. Only 80% of projected DDA revenues are available as debt service funds. This is a requirement of P.A. 197 of 1975.

C. DURATION OF THE DEVELOPMENT PROGRAM.

The duration of the tax increment financing plan is thirty (30) years, commencing upon approval by the City Council in 1991 and will cease with tax collections due in December 2020, unless this plan is amended to extend or shorten its duration.

D. STATEMENT OF THE ESTIMATED IMPACT OF TAX INCREMENT FINANCING ON TAXING JURISDICTIONS IN WHICH THE DEVELOPMENT AREA IS LOCATED.

The most important impact of this plan on the effected taxing jurisdictions is that the SEV with the District will remain constant for the taxing jurisdictions over the life of this plan. No decrease in the aggregate SEV will occur from the 1990 SEV level for

the original district and the 1991 SEV for parcels added by amendment. Any increase in the SEV over the stated level will become the base upon which DDA revenues are computed. Designated debt service millage levies will be exempted from captured. The debt millage will be collected in the normal manner on both new SEV and the initial SEV and paid in full to the appropriate taxing units.

The actual dollars collected by the taxing jurisdictions vary significantly from year to year. The funds will be based upon an annual levy approved by the governing body of each unit.

The Clawson School District is not within the formula for funding guarantees by the State of Michigan, therefore a shift in revenue from Clawson Schools to the DDA will occur. The district will continue to receive the taxes generated on the initial assessed valuation of the development area and may be reimbursed by the DDA pursuant to any agreement entered between the DDA, the City of Clawson and the Clawson School District, to share in a portion of the captured assessed value of the expanded district. The benefit of any SEV increase on the original 1991 parcels will accrue to the DDA.

The estimates of taxes to be captured in this report are based upon the 1991 tax rates levied by the taxing units. The applicable millage rates are summarized in Table 1. Since the millage rate will vary each year according to the annual approved rates, these rates should be considered illustrative only and not considered firm rates.

TABLE 1

**CITY OF CLAWSON
DOWNTOWN DEVELOPMENT AUTHORITY
APPLICABLE TAX RATES
1991**

<u>Jurisdiction</u>	<u>Tax Rate</u>	<u>Debt Service</u>	<u>DDA Capture</u>
City of Clawson	15.1596	-	15.1596
Clawson School District	43.1800	.4600	42.7200
Oakland County	5.0446	-	5.0446
Intermediate School District	2.1945	-	2.1945
Oakland Co. Comm. College	<u>1.0788</u>	<u>.2000</u>	<u>.8788</u>
Total Levy	66.6575	.6600	65.9975

The projected annual SEV growth and projected DDA capture are summarized in Table A at a modest 3% rate. The effect of the mandated freeze on state equalized value for the 1992 SEV is considered in the tables, however other potential changes to the property tax system, as discussed by State Officials and others at the time of the writing of this plan are not reflected. No new construction values are added.

The taxes captured from each taxing jurisdiction on real property are projected in Table 3.

Personal Property assessments, although part of the initial assessed value in the district, are not considered in these revenue projections. Personal property assessments are extremely difficult to project. Built-in factors in the assessment process lower the SEV each year that the personal property is held. An Anticipated net increase in personal property assessments will provide a financial cushion for the projections as presented. The initial personal property tax parcels are listed in Appendix D.

TABLE 2
CITY OF CLAWSON – DDA
PROJECTED SEV

	DEVELOPMENT AREA SEV (3% ANNUAL GROWTH)	PROJECTED OTHER CHANGES TO SEV	TOTAL SEV	INITIAL CAPTURED VALUE (1990)	ICAV FROM AMENDMENT 1992	TOTAL IACV	CAPTURED TAX INCREMENT	DDA CAPTURED TAX
1991	6,171,000	-171,600a	5,999,400	5,626,600		5,626,600	372,800	\$24,181
1992	5,999,400	1,357,000b	7,356,400	5,626,600	634,100	6,260,700	1,095,700	\$72,313
1993	7,577,092	292,000c	7,869,092	5,626,600	634,100	6,260,700	1,608,392	\$106,150
1994	8,105,165	292,000c	8,397,165	5,626,600	634,100	6,260,700	2,136,465	\$141,001
1995	8,649,080		8,649,080	5,626,600	634,100	6,260,700	2,388,380	\$157,627
1996	8,908,552		8,908,552	5,626,600	634,100	6,260,700	2,647,852	\$174,752
1997	9,175,809		9,175,809	5,626,600	634,100	6,260,700	2,915,109	\$192,390
1998	9,451,083		9,451,083	5,626,600	634,100	6,260,700	3,190,383	\$210,557
1999	9,734,615		9,734,615	5,626,600	634,100	6,260,700	3,473,915	\$229,270
2000	10,026,654		10,026,654	5,626,600	634,100	6,260,700	3,765,954	\$248,544
2001	10,327,453		10,327,453	5,626,600	634,100	6,260,700	4,066,753	\$268,396
2002	10,637,277		10,637,277	5,626,600	634,100	6,260,700	4,376,577	\$288,843
2003	10,956,395		10,956,395	5,626,600	634,100	6,260,700	4,695,695	\$309,904
2004	11,285,087		11,285,087	5,626,600	634,100	6,260,700	5,024,387	\$331,597
2005	11,623,640		11,623,640	5,626,600	634,100	6,260,700	5,362,940	\$353,941
2006	11,972,349		11,972,349	5,626,600	634,100	6,260,700	5,711,649	\$376,955
2007	12,331,520		12,331,520	5,626,600	634,100	6,260,700	6,070,820	\$400,659
2008	12,701,465		12,701,465	5,626,600	634,100	6,260,700	6,440,765	\$425,074
2009	13,082,509		13,082,509	5,626,600	634,100	6,260,700	6,821,809	\$450,222
2010	13,474,984		13,474,984	5,626,600	634,100	6,260,700	7,214,284	\$476,125
2011	13,879,234		13,879,234	5,626,600	634,100	6,260,700	7,618,534	\$502,804
2012	14,295,611		14,295,611	5,626,600	634,100	6,260,700	8,034,911	\$530,284
2013	14,724,479		14,724,479	5,626,600	634,100	6,260,700	8,463,779	\$558,588
2014	15,166,214		15,166,214	5,626,600	634,100	6,260,700	8,905,514	\$587,742
2015	15,621,200		15,621,200	5,626,600	634,100	6,260,700	9,360,500	\$617,770
2016	16,089,836		16,089,836	5,626,600	634,100	6,260,700	9,829,136	\$648,698
2017	16,572,531		16,572,531	5,626,600	634,100	6,260,700	10,311,831	\$680,555
2018	17,069,707		17,069,707	5,626,600	634,100	6,260,700	10,809,007	\$713,367
2019	17,581,798		17,581,798	5,626,600	634,100	6,260,700	11,321,098	\$747,164
2020	18,109,252		18,109,252	5,626,600	634,100	6,260,700	11,848,552	\$781,975
Total		1,769,400						\$11,607,448

- a. Adjustment to Parcel 20-34-355-050
- b. Value increase through boundary change
- c. Projected buildout of Maple Grove Condominiums

NOTE: Based upon Real Property SEV only.

TABLE 3

**CITY OF CLAWSON – DDA
PROJECTED CAPTURE BY JURISDICTION**

	CITY PORTION	CLAWSON SCHOOLS	OAKLAND COUNTY	INTERMED SCHOOLS	OAKLAND COMM COLL	TOTAL DDA COLLECTION	SCHOOL REIMBURSEMENT (MAXIMUM)	DDA COLLECTION LESS MAX REIMBURSEMENT TO CLAWSON SCHOOLS
1991	\$5,697	\$15,500	\$1,880	\$815	\$289	\$24,181	\$0	\$24,181
1992	\$16,610	\$46,808	\$5,527	\$2,405	\$963	\$72,313	\$23,193	\$49,120
1993	\$24,383	\$68,711	\$8,114	\$3,530	\$1,413	\$106,150	\$37,176	\$68,974
1994	\$32,388	\$91,270	\$10,778	\$4,688	\$1,878	\$141,001	\$51,578	\$89,423
1995	\$36,207	\$102,032	\$12,048	\$5,241	\$2,099	\$157,627	\$53,938	\$103,689
1996	\$40,140	\$113,116	\$13,357	\$5,811	\$2,327	\$174,752	\$56,369	\$118,382
1997	\$44,192	\$124,533	\$14,706	\$6,397	\$2,562	\$192,390	\$58,873	\$133,517
1998	\$48,365	\$136,293	\$16,094	\$7,001	\$2,804	\$210,577	\$61,452	\$149,106
1999	\$52,663	\$148,406	\$17,525	\$7,624	\$3,053	\$229,270	\$64,108	\$165,162
2000	\$57,090	\$160,882	\$18,998	\$8,264	\$3,310	\$248,544	\$66,844	\$181,700
2001	\$61,650	\$173,732	\$20,515	\$8,924	\$3,574	\$268,396	\$69,662	\$198,734
2002	\$66,347	\$186,967	\$22,078	\$9,604	\$3,846	\$288,843	\$72,564	\$216,279
2003	\$71,185	\$200,600	\$23,688	\$10,305	\$4,127	\$309,904	\$75,554	\$234,350
2004	\$76,168	\$214,642	\$25,346	\$11,026	\$4,415	\$331,597	\$78,633	\$252,964
2005	\$81,300	\$229,105	\$27,054	\$11,769	\$4,713	\$353,941	\$81,805	\$272,136
2006	\$86,586	\$244,002	\$28,813	\$12,534	\$5,019	\$376,955	\$85,072	\$291,883
2007	\$92,031	\$259,345	\$30,625	\$13,322	\$5,335	\$400,659	\$88,437	\$312,222
2008	\$97,639	\$275,149	\$32,491	\$14,134	\$5,660	\$425,074	\$91,902	\$333,172
2009	\$103,416	\$291,428	\$34,413	\$14,970	\$5,995	\$450,222	\$95,472	\$354,750
2010	\$109,366	\$308,194	\$36,393	\$15,832	\$6,340	\$476,125	\$99,149	\$376,976
2011	\$115,494	\$325,464	\$38,432	\$16,719	\$6,695	\$502,804	\$102,936	\$399,868
2012	\$121,806	\$343,251	\$40,533	\$17,633	\$7,061	\$530,284	\$106,837	\$423,477
2013	\$128,308	\$361,573	\$42,696	\$18,574	\$7,438	\$558,588	\$110,854	\$447,734
2014	\$135,004	\$380,444	\$44,925	\$19,543	\$7,826	\$587,742	\$114,993	\$472,749
2015	\$141,901	\$399,881	\$47,220	\$20,542	\$8,226	\$617,770	\$119,255	\$498,514
2016	\$149,006	\$419,901	\$49,584	\$21,570	\$8,638	\$648,698	\$123,646	\$525,053
2017	\$156,323	\$440,521	\$52,019	\$22,629	\$9,062	\$680,555	\$128,168	\$552,387
2018	\$163,860	\$461,761	\$54,527	\$23,720	\$9,499	\$713,367	\$132,825	\$580,542
2019	\$171,623	\$483,637	\$57,110	\$24,844	\$9,949	\$747,164	\$137,623	\$609,541
2020	\$179,619	\$506,170	\$59,771	\$26,002	\$10,413	\$781,975	\$142,564	\$639,411
Total	\$2,666,369	\$7,513,317	\$887,261	\$385,973	\$154,528	\$11,607,448	\$2,531,482	\$9,075,966

NOTE: Based upon Real Property SEV only.

E. PLAN FOR THE EXPENDITURE OF CAPTURED ASSESSED VALUE BY THE AUTHORITY.

1. Estimate of Tax Increment Revenues

Tables 2 and 3 also provide estimates for the Tax Increment revenues accruing to the DDA. Additional increases in the assessed valuation for the development area may result from other new construction, expansion, rehabilitation, or further appreciation of property values.

2. Expenditure of Tax Increment Revenues

The program and schedule for the expenditure of tax increment revenues to accomplish the proposed public improvements for the DDA Development Area is included in Appendix B. Cost estimates within the Appendix are estimates current to the date of adoption. All estimates are based solely upon concepts. They are not developed from construction drawings. No inflationary factor is forecasted. Stated estimates include fees for design, preparation of construction drawings or other professional services to the extent stated.

Any additional tax increment revenues beyond those projected in this plan will:

- 1) be used to expedite any debt service,
- 2) further the implementation of the public improvement program, or
- 3) be returned, pro-rata, to the taxing units.

Should the tax increment revenues be less than projected, the DDA may choose to:

- 1) Collect and hold the captured revenues until a sufficient amount is available to implement specific public improvement
- 2) Consider implementing public improvement projects based upon the ability to match existing funds with expenditures while seeking out additional funding sources.
- 3) Amend the development plan and/or tax increment financing plan to allow for alternative projects and funding.

2006 UPDATE

All references and considerations concerning TIFA and the school district are no longer applicable. Tax proposal A when instituted, eliminated TIFA revenues for DDA's from school districts except to retire bonds and/or debt contracts.

APPENDIX A – Preliminary Financing Analysis

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The DDA anticipates completing projects on a “pay-as-you-go” basis, committing funds only as dollars become available. A projection of available funds is presented in Table A-1.

The DDA is empowered, with permission of the City Council, to issue bonds against proposed revenues. The state act allows for no more than 80% of the anticipated tax increment revenues to be used for debt service. In practice a Limited Tax General Obligation (LTGO) Bond Issue would be required. The City would pledge anticipated tax increment revenues to repay the bonds. The General Fund of the City must be pledged to pay any shortfall of funds required to meet the debt service of the bond issue. For this reason a conservative approach is taken in estimating available funds.

The cost effectiveness of bonding is limited by the amount of debt service that would be available. A portion of the debt service can be capitalized over the first three years of an issue. Since initial DDA Tax Increment revenues are small, it is anticipated that bonding would not be effective until year four. Bonds could be issued with the proceeds used to fund major projects of the Urban Design Plan.

The feasibility of bonding or of any form of long term financing is dependant upon the credit rating of the City and the condition of the financial market. An uncertain 1992 financial climate coupled with the small initial tax increment revenue available makes the fiscal effectiveness of bonds questionable at this time. The uncertainty about future property tax revenues created by the various proposals to modify the property tax structure in the State of Michigan will be another major variable in any financing package.

A very preliminary estimate indicates that a bond of \$1,200,000 is feasible in 1992 with an interest rate of 6.5% with final payments during the year 2008. If the Clawson Schools reimbursement were included, a bond of \$1,850,000 could be packaged in 1992 at 6.5% interest with final debt service during 2010. The question of bond marketability would require a detailed analysis.

Other financing arrangements are available to the DDA such as private placement, loans from other City Funds, and loans against assets or future revenues from financial institutions.

2006 UPDATE

Proposal A's elimination of captured revenues from the school district (even a reduced 80% portion) has had dramatic effect on DDA income and projected income for the DDA. In 2004, actual captured revenues were \$109,000; 1/3rd of what was originally projected on Table A-1. Without additional development for increased SEV, it is safe to assume that the projected revenues in Table A-1 are two thirds higher than what will realistically be generated.

The DDA has no outstanding bonds and does not anticipate a bond initiative. Revenues are currently being used to develop plans, fund grant & promotional

programs, pay for professional services and fund the debt and interest payments to the city for streetscape improvements made in the mid-90's. In 2006, a balance of \$417,727 is owed the city and current repayment agreements indicate a payment schedule until 2013.

The Design Framework Plan calls for capital improvements to public spaces within the district including additional streetscape work, installation of on-street parking and implementation of new public streets. The DDA intends to fund these improvements with grants which may be matched through TIFA income, and various other sources.

TABLE A-1

**CITY OF CLAWSON – DDA
ANNUAL & CUMULATIVE TAX INCREMENT REVENUES
FOR FINANCAING PURPOSES**

	DDA CAPTURED TAX	CUMULATIVE CAPTURED TAX AT 100%	80% OF CAPTURED TAXES	CUMULATIVE CAPTURED TAX AT 80%
1991	\$24,181	\$24,181	\$19,345	\$19,345
1992	\$72,313	\$96,484	\$57,851	\$77,196
1993	\$106,150	\$202,644	\$84,920	\$162,115
1994	\$141,001	\$343,646	\$112,801	\$274,917
1995	\$157,627	\$501,273	\$126,102	\$401,018
1996	\$174,752	\$676,024	\$139,801	\$540,819
1997	\$192,390	\$868,414	\$153,912	\$694,731
1998	\$210,557	\$1,078,972	\$168,446	\$863,177
1999	\$229,270	\$1,308,241	\$183,416	\$1,046,593
2000	\$248,544	\$1,556,785	\$198,835	\$1,245,428
2001	\$268,396	\$1,825,180	\$214,716	\$1,460,144
2002	\$288,843	\$2,114,024	\$231,075	\$1,691,219
2003	\$309,904	\$2,423,928	\$247,923	\$1,939,142
2004	\$331,597	\$2,755,525	\$265,278	\$2,204,420
2005	\$353,941	\$3,109,465	\$283,152	\$2,487,572
2006	\$376,955	\$3,486,420	\$301,564	\$2,789,136
2007	\$400,659	\$3,887,079	\$320,527	\$3,109,663
2008	\$425,074	\$4,312,153	\$340,060	\$3,449,723
2009	\$450,222	\$4,762,376	\$360,178	\$3,809,900
2010	\$476,125	\$5,238,500	\$380,900	\$4,190,800
2011	\$502,804	\$5,741,304	\$402,243	\$4,593,044
2012	\$530,284	\$6,271,588	\$424,227	\$5,017,271
2013	\$558,588	\$6,830,177	\$446,871	\$5,464,141
2014	\$587,742	\$7,417,918	\$470,193	\$5,934,335
2015	\$617,770	\$8,035,688	\$494,216	\$6,428,550
2016	\$648,698	\$8,684,386	\$518,959	\$6,947,509
2017	\$680,555	\$9,364,941	\$544,444	\$7,491,953
2018	\$713,367	\$10,078,309	\$570,694	\$8,062,647
2019	\$747,164	\$10,825,473	\$597,731	\$8,660,378
2020	\$781,975	\$11,607,448	\$625,580	\$9,285,958

NOTE: Based upon Real Property SEV only.
Amounts include ALL collections of the DDA, including funds reimbursed to the Clawson school district.

APPENDIX B – Budget and Project Schedule

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Project Summary

A. Urban Design Plan Implementation

The *Downtown Clawson Framework Urban Design Plan* for the general area of the DDA Development District was adopted by the DDA and Planning Commission on October 28, 2004 and City Council on November 1, 2004. This plan establishes the eligible project components for expenditure of funds collected by the DDA. These components include but are not limited to:

- Streetscape
- New streets
- Parking areas (including on-street, lots and garages)
- Street furniture
- Street decorations – banners, flowers, etc
- Lighting
- Administration
- Elements within the Main Street program

The *Downtown Clawson Framework Urban Design Plan* projects will be funded by a number of different sources, including tax increment revenues, grants, private development, and various city sources. The budget required to implement the components of the Urban Design Plan will be approved by the DDA and the City on an annual basis upon the total available revenue for implementing projects.

Any funds collected by the DDA in excess of the annual funds needed for administration and planning activities of the DDA, will be placed into a capital improvement fund for the DDA District. The available funds will be budgeted annually for the direct payment of public improvements within the development area, for debt service on any financing arrangement, or will be allowed to accumulate until sufficient revenues are available for implementation of a program component.

B. Design Plan Implementation

The *Downtown Clawson Framework Urban Design Plan* for the Development Area of the DDA includes a final chapter which outlines an implementation strategy with specific tasks. Enclosed is a pro forma (Appendix F) which identifies funding for additional planning/engineering. Capital improvements identified in the *Downtown Clawson Framework Urban Design Plan* are multi-million in total. Detailed cost estimates will be developed as each component of the plan is developed into final design plans. The estimates developed are adopted by reference in this Development Plan and Tax Increment Financing Plan and is considered to be an integral part of the tax increment procedure.

The objectives section of the Development Plan includes examples of typical projects that may be funded by the tax increment revenues. The budget required to implement the components of the design plan will be based upon the available revenues as projected in the tax increment financing plan and annual ProForma.

Any funds in excess of the annual funds needed for administration and planning activities of the DDA will be placed into a capital improvement fund for the DDA District. The available funds will be budgeted annually for public improvements within the development area as scheduled within the *Downtown Clawson Framework Urban Design Plan* or, as an alternative, for debt service on long term financing.

C. Administrative Costs

The DDA will be responsible for all administrative costs of the operation. All general fund expenses incurred by the City on behalf of the DDA shall be reimbursed by the DDA. The administrative costs will be determined on an annual basis and approved jointly by the City as part of the City budget and the DDA budget. All costs of the organization of the DDA and annual administrative costs will be carried forward on the books of account of the DDA and the City. No reimbursement to the City will occur during the first three (3) fiscal years of the DDA. Reimbursements will be made according to a schedule established jointly by the City Council and the DDA Board beginning as part of the budget process of the City in year four. All administrative costs will be recorded and audited separately of capital expenditures.

D. Capital Improvement Fund

A Capital Improvement Fund will be established for the DDA. This fund will be to record all revenues and expenditures related to the DDA. Any funds advanced to the DDA for Capital Improvement purposes will be deposited within this fund. The advancing funds shall, by joint resolution of the DDA and the source (for example City Council), be advanced only upon a contractual obligation to repay the funds by the DDA. The purposes of this fund will be:

- Receiving revenues.
- Holding invested tax increment funds.
- Accumulating a fund balance for bonding purposes.
- Transferring funds for administrative purposes.
- Transferring funds for debt service.
- Payment of current capital expenditures.

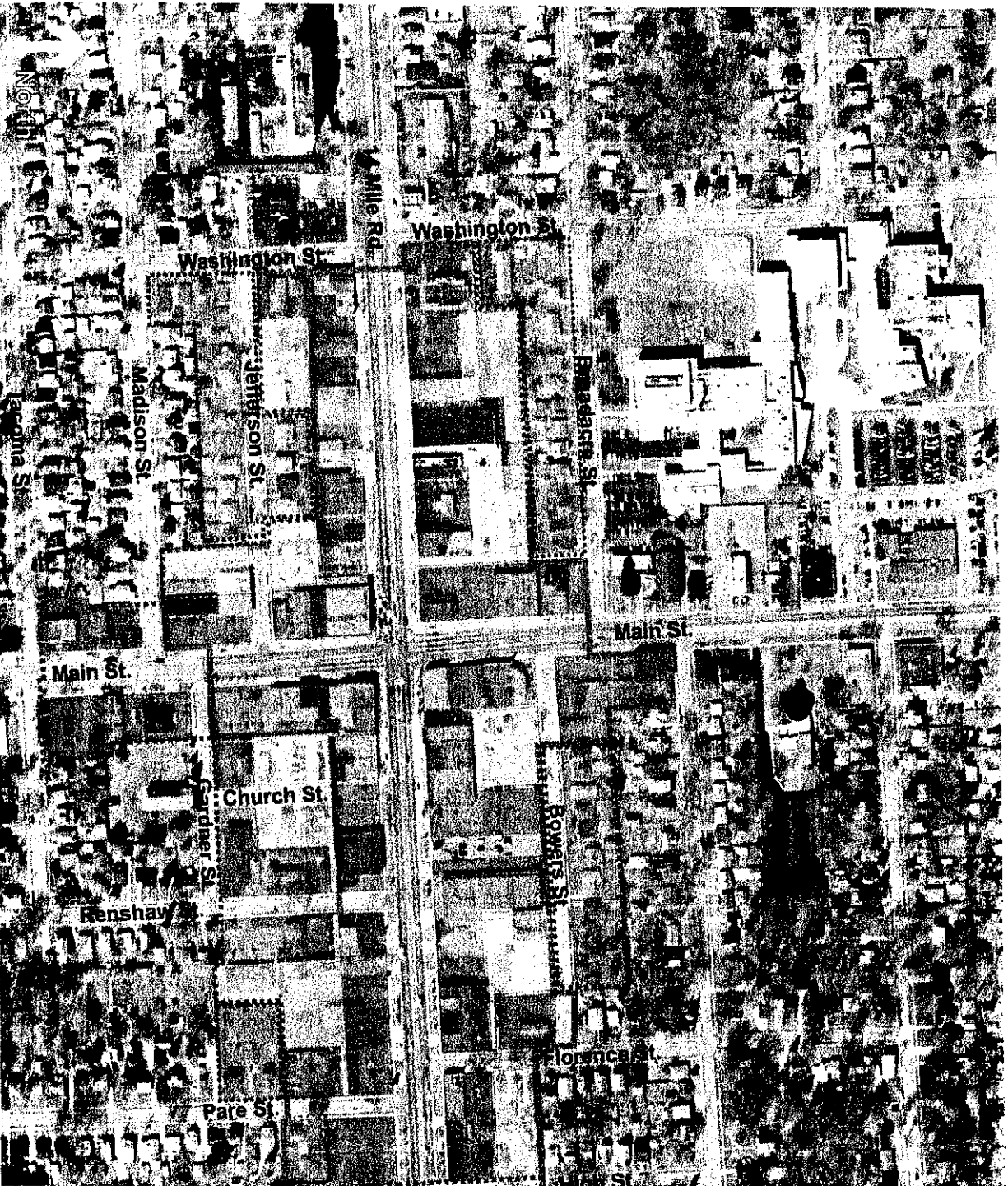
EXPENDITURE OF TAX INCREMENT CAPTURE

In each year, Tax Increment Captures will be placed into the DDA Capital Improvement Fund and used to pay capital expenditures or debt service on bonds or another long term financing arrangement. The budgeted expenditures of the Capital Improvement

Fund will be based upon the *Downtown Clawson Framework Urban Design Plan*. Administrative costs will be budgeted based upon available funds and requirements.

The City anticipates completing certain public improvement projects with the input and cooperation of the DDA. Projects supported financially by the City may or may not be included within the budget of the DDA. Only projects initiated under contractual obligations with the DDA to repay funds shall be included within the DDA budget.

MAP 4



- Mixed Use
- Parking
- Transitional Residential
- DDA Boundary
- Central Mixed Development District-1 (CMD-1)
- Central Mixed Development District-2 (CMD-2)



Figure 3

Future Land Use Scenario City of Clawson Downtown Parking Study

Oakland County
Michigan

Note: Adapted from the "Downtown Clawson Framework Urban Design Plan" (2004)

FACILITIES AND SERVICES

- Develop the Downtown in a manner that complements and improves existing activities and functions.
- Support regulatory and enforcement measures to ensure a well-maintained and attractive district.
- Assist in providing the public improvements needed to attract new private investment.
- Promote both public and private re-investment in existing infrastructure and building.
- Maximize the investment in the current road network and public facilities through extended maintenance activities.

BUILDING/SITE IMPROVEMENTS

- Support high standards for future site improvements and new developments as a method to upgrade the quality of the Downtown Area and to ensure the long-term viability and existence of the business district.
- Eliminate current sources of blight, such as sign disrepair and sign clutter, poor property maintenance practices, and inappropriate land uses.
- Encourage a high standard of property maintenance on both private and public property.

LAND USE

- Conserve and revitalize existing private operations by eliminating incompatible uses of land or structures.
- Encourage the appropriate development of vacant parcels and redevelopment of other parcels as necessary to more efficiently utilize land.
- Consolidate smaller land parcels to encourage higher density development, redevelopment, or expansion.
- Provide transitional style housing to protect the single-family residential neighborhoods adjacent to the commercial area.
- Improve and expand the existing street network and the related vehicular and pedestrian access points.

DDA/ORGANIZATION

- Provide, in the DDA, an organization that unifies the owners and operators of businesses in the Downtown Area, thus fostering a spirit of cooperation.
- Utilize revitalization programs and processes which have demonstrated success.
- Use the DDA as coordinator between the City and the Business Community, to develop solutions of mutual concerns.
- Improve the overall quality of life within the City in innovative ways that are beneficial to all facets of the community.
- Employ volunteers and staff who are committed to the downtown to plan implement and develop programs sustaining a viable downtown.