

# Hazel Park Shopping Center

## Description of Problem

The City of Hazel Park had a corner located in the center of their downtown with older buildings with upstairs apartments and runs down businesses. The city wanted to redevelop the entire corner. A Downtown Development Authority had been established but had problems. A downtown hotel had entered bankruptcy and the old owner had requested a significant reduction in its property assessment and it had been approved by the State Tax Tribunal. The impact on the TIF district would be devastating. In addition, the city had obtained a commitment from the state to widen John R Street, its major north-south artery. The expansion was going to destroy much of the parking and have a destructive impact on the businesses. We provided project management of the entire activity to the DDA.

## Solution

1. In regard to the tax assessment issue, we negotiated a reduction in total taxes the owner wanted from the tax tribunal decision. We then established a Consent Judgement that reduced the taxes substantially for the first year, which established the initial assessed valuation and had the assessment increasing annually. The end result was a total decrease in assessment but an increase in the tax increment since the taxes increased.



2. We then expanded the DDA District to cover the entire commercial and industrial area of the city. This provided us a broad enough tax base to make the financing for the downtown project tax exempt.



3. In order to redevelop the corner property we initiated a chain of activities.

- a. Prepared a DDA Plan with a tax increment financing plan for the site
- b. Prepared a detailed retail market analysis to determine the retail potential for the site
- c. Prepared an RFP to find a developer, conducted interviews and with the DDA selected the Developer.
- d. Negotiated a Development Agreement with a clause that required the Developer to be responsible for any increased cost and for demolition.
- e. Negotiated the purchase of all of the property, relocated tenants, and included eminent domain for one property due to a family conflict in decision making.
- f. Structured the bond issue for the Michigan Bond Authority for \$1.8 million to be repaid by the tax increment generated by the entire DDA district.

4. We initiated the road improvement program with the following actions:

- a. Expanded the downtown district to obtain tax increment financing to finance the city share of the widening project and to add off street parking including an eminent domain taking of a few properties.
- b. The road widening project required that we renegotiate with the State Transportation Department to add on-street parking. This required detailed review of the right-of-way design and careful design of turn lanes
- c. In order to improve lighting, the state agreed to permit us to use decorative lighting with special prisms that had narrow coverage for the sidewalk and wide coverage for the street.

