

**DOWNTOWN DEVELOPMENT AUTHORITY**  
**Act 197 of 1975**

AN ACT to provide for the establishment of a downtown development authority; to prescribe its powers and duties; to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; to authorize the use of tax increment financing; to reimburse downtown development authorities for certain losses of tax increment revenues; and to prescribe the powers and duties of certain state officials.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1988, Act 425, Imd. Eff. Dec. 27, 1988;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

*The People of the State of Michigan enact:*

**125.1651 Definitions.**

Sec. 1. As used in this act:

(a) "Advance" means a transfer of funds made by a municipality to an authority or to another person on behalf of the authority in anticipation of repayment by the authority. Evidence of the intent to repay an advance may include, but is not limited to, an executed agreement to repay, provisions contained in a tax increment financing plan approved prior to the advance, or a resolution of the authority or the municipality.

(b) "Assessed value" means 1 of the following:

(i) For valuations made before January 1, 1995, the state equalized valuation as determined under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(ii) For valuations made after December 31, 1994, the taxable value as determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(c) "Authority" means a downtown development authority created pursuant to this act.

(d) "Board" means the governing body of an authority.

(e) "Business district" means an area in the downtown of a municipality zoned and used principally for business.

(f) "Captured assessed value" means the amount in any 1 year by which the current assessed value of the project area, including the assessed value of property for which specific local taxes are paid in lieu of property taxes as determined in subdivision (aa), exceeds the initial assessed value. The state tax commission shall prescribe the method for calculating captured assessed value.

(g) "Catalyst development project" means a project that is located in a municipality with a population greater than 600,000, is designated by the authority as a catalyst development project, and is expected to result in at least \$300,000,000.00 of capital investment. There shall be no more than 1 catalyst development project designated within each authority.

(h) "Chief executive officer" means the mayor or city manager of a city, the president or village manager of a village, or the supervisor of a township or, if designated by the township board for purposes of this act, the township superintendent or township manager of a township.

(i) "Development area" means that area to which a development plan is applicable.

(j) "Development plan" means that information and those requirements for a development plan set forth in section 17.

(k) "Development program" means the implementation of the development plan.

(l) "Downtown district" means that part of an area in a business district that is specifically designated by ordinance of the governing body of the municipality pursuant to this act. A downtown district may include 1 or more separate and distinct geographic areas in a business district as determined by the municipality if the municipality enters into an agreement with a qualified township under section 3(7) or if the municipality is a city that surrounds another city and that other city lies between the 2 separate and distinct geographic areas. If the downtown district contains more than 1 separate and distinct geographic area in the downtown district, the separate and distinct geographic areas shall be considered 1 downtown district.

(m) "Eligible advance" means an advance made before August 19, 1993.

(n) "Eligible obligation" means an obligation issued or incurred by an authority or by a municipality on behalf of an authority before August 19, 1993 and its subsequent refunding by a qualified refunding

obligation. Eligible obligation includes an authority's written agreement entered into before August 19, 1993 to pay an obligation issued after August 18, 1993 and before December 31, 1996 by another entity on behalf of the authority.

(o) "Fire alarm system" means a system designed to detect and annunciate the presence of fire, or by-products of fire. Fire alarm system includes smoke detectors.

(p) "Fiscal year" means the fiscal year of the authority.

(q) "Governing body of a municipality" means the elected body of a municipality having legislative powers.

(r) "Initial assessed value" means the assessed value, as equalized, 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, as shown by the most recent assessment roll of the municipality for which equalization has been completed at the time the resolution is adopted. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero. For the purpose of determining initial assessed value, property for which a specific local tax is paid in lieu of a property tax shall not be considered to be property that is exempt from taxation. The initial assessed value of property for which a specific local tax was paid in lieu of a property tax shall be determined as provided in subdivision (aa). In the case of a municipality having a population of less than 35,000 that established an authority prior to 1985, created a district or districts, and approved a development plan or tax increment financing plan or amendments to a plan, and which plan or tax increment financing plan or amendments to a plan, and which plan expired by its terms December 31, 1991, the initial assessed value for the purpose of any plan or plan amendment adopted as an extension of the expired plan shall be determined as if the plan had not expired December 31, 1991. For a development area designated before 1997 in which a renaissance zone has subsequently been designated pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, the initial assessed value of the development area otherwise determined under this subdivision shall be reduced by the amount by which the current assessed value of the development area was reduced in 1997 due to the exemption of property under section 7ff of the general property tax act, 1893 PA 206, MCL 211.7ff, but in no case shall the initial assessed value be less than zero.

(s) "Municipality" means a city, village, or township.

(t) "Obligation" means a written promise to pay, whether evidenced by a contract, agreement, lease, sublease, bond, or note, or a requirement to pay imposed by law. An obligation does not include a payment required solely because of default upon an obligation, employee salaries, or consideration paid for the use of municipal offices. An obligation does not include those bonds that have been economically defeased by refunding bonds issued under this act. Obligation includes, but is not limited to, the following:

(i) A requirement to pay proceeds derived from ad valorem property taxes or taxes levied in lieu of ad valorem property taxes.

(ii) A management contract or a contract for professional services.

(iii) A payment required on a contract, agreement, bond, or note if the requirement to make or assume the payment arose before August 19, 1993.

(iv) A requirement to pay or reimburse a person for the cost of insurance for, or to maintain, property subject to a lease, land contract, purchase agreement, or other agreement.

(v) A letter of credit, paying agent, transfer agent, bond registrar, or trustee fee associated with a contract, agreement, bond, or note.

(u) "On behalf of an authority", in relation to an eligible advance made by a municipality, or an eligible obligation or other protected obligation issued or incurred by a municipality, means in anticipation that an authority would transfer tax increment revenues or reimburse the municipality from tax increment revenues in an amount sufficient to fully make payment required by the eligible advance made by the municipality, or eligible obligation or other protected obligation issued or incurred by the municipality, if the anticipation of the transfer or receipt of tax increment revenues from the authority is pursuant to or evidenced by 1 or more of the following:

(i) A reimbursement agreement between the municipality and an authority it established.

(ii) A requirement imposed by law that the authority transfer tax increment revenues to the municipality.

(iii) A resolution of the authority agreeing to make payments to the incorporating unit.

(iv) Provisions in a tax increment financing plan describing the project for which the obligation was incurred.

(v) "Operations" means office maintenance, including salaries and expenses of employees, office supplies, consultation fees, design costs, and other expenses incurred in the daily management of the authority and planning of its activities.

(w) "Other protected obligation" means:

(i) A qualified refunding obligation issued to refund an obligation described in subparagraph (ii), (iii), or (iv), an obligation that is not a qualified refunding obligation that is issued to refund an eligible obligation, or a qualified refunding obligation issued to refund an obligation described in this subparagraph.

(ii) An obligation issued or incurred by an authority or by a municipality on behalf of an authority after August 19, 1993, but before December 31, 1994, to finance a project described in a tax increment finance plan approved by the municipality in accordance with this act before December 31, 1993, for which a contract for final design is entered into by or on behalf of the municipality or authority before March 1, 1994 or for which a written agreement with a developer, titled preferred development agreement, was entered into by or on behalf of the municipality or authority in July 1993.

(iii) An obligation incurred by an authority or municipality after August 19, 1993, to reimburse a party to a development agreement entered into by a municipality or authority before August 19, 1993, for a project described in a tax increment financing plan approved in accordance with this act before August 19, 1993, and undertaken and installed by that party in accordance with the development agreement.

(iv) An obligation incurred by the authority evidenced by or to finance a contract to purchase real property within a development area or a contract to develop that property within the development area, or both, if all of the following requirements are met:

(A) The authority purchased the real property in 1993.

(B) Before June 30, 1995, the authority enters a contract for the development of the real property located within the development area.

(C) In 1993, the authority or municipality on behalf of the authority received approval for a grant from both of the following:

(I) The department of natural resources for site reclamation of the real property.

(II) The department of consumer and industry services for development of the real property.

(v) An ongoing management or professional services contract with the governing body of a county which was entered into before March 1, 1994 and which was preceded by a series of limited term management or professional services contracts with the governing body of the county, the last of which was entered into before August 19, 1993.

(vi) A loan from a municipality to an authority if the loan was approved by the legislative body of the municipality on April 18, 1994.

(vii) Funds expended to match a grant received by a municipality on behalf of an authority for sidewalk improvements from the Michigan department of transportation if the legislative body of the municipality approved the grant application on April 5, 1993 and the grant was received by the municipality in June 1993.

(viii) For taxes captured in 1994, an obligation described in this subparagraph issued or incurred to finance a project. An obligation is considered issued or incurred to finance a project described in this subparagraph only if all of the following are met:

(A) The obligation requires raising capital for the project or paying for the project, whether or not a borrowing is involved.

(B) The obligation was part of a development plan and the tax increment financing plan was approved by a municipality on May 6, 1991.

(C) The obligation is in the form of a written memorandum of understanding between a municipality and a public utility dated October 27, 1994.

(D) The authority or municipality captured school taxes during 1994.

(ix) An obligation incurred after July 31, 2012 by an authority, municipality, or other governmental unit to pay for costs associated with a catalyst development project.

(x) "Public facility" means a street, plaza, pedestrian mall, and any improvements to a street, plaza, or pedestrian mall including street furniture and beautification, park, parking facility, recreational facility, right-of-way, structure, waterway, bridge, lake, pond, canal, utility line or pipe, building, and access routes to any of the foregoing, designed and dedicated to use by the public generally, or used by a public agency. 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, which improvement is made to comply 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. Public facility also includes the acquisition, construction, improvement, and operation of a building owned or leased by the authority to be used as a retail business incubator.

(y) "Qualified refunding obligation" means an obligation issued or incurred by an authority or by a municipality on behalf of an authority to refund an obligation if 1 or more of the following apply:

(i) The obligation is issued to refund a qualified refunding obligation issued in November 1997 and any subsequent refundings of that obligation issued before January 1, 2010 or the obligation is issued to refund a

qualified refunding obligation issued on May 15, 1997 and any subsequent refundings of that obligation issued before January 1, 2010 in an authority in which 1 parcel or group of parcels under common ownership represents 50% or more of the taxable value captured within the tax increment finance district and that will ultimately provide for at least a 40% reduction in the taxable value of the property as part of a negotiated settlement as a result of an appeal filed with the state tax tribunal. Qualified refunding obligations issued under this subparagraph are not subject to the requirements of section 611 of the revised municipal finance act, 2001 PA 34, MCL 141.2611, if issued before January 1, 2010. The duration of the development program described in the tax increment financing plan relating to the qualified refunding obligations issued under this subparagraph is hereby extended to 1 year after the final date of maturity of the qualified refunding obligations.

(ii) The refunding obligation meets both of the following:

(A) The net present value of the principal and interest to be paid on the refunding obligation, including the cost of issuance, will be less than the net present value of the principal and interest to be paid on the obligation being refunded, as calculated using a method approved by the department of treasury.

(B) The net present value of the sum of the tax increment revenues described in subdivision (cc)(ii) and the distributions under section 13b to repay the refunding obligation will not be greater than the net present value of the sum of the tax increment revenues described in subdivision (cc)(ii) and the distributions under section 13b to repay the obligation being refunded, as calculated using a method approved by the department of treasury.

(iii) The obligation is issued to refund an other protected obligation issued as a capital appreciation bond delivered to the Michigan municipal bond authority on December 21, 1994 and any subsequent refundings of that obligation issued before January 1, 2012. Qualified refunding obligations issued under this subparagraph are not subject to the requirements of section 305(2), (3), (5), and (6), section 501, section 503, or section 611 of the revised municipal finance act, 2001 PA 34, MCL 141.2305, 141.2501, 141.2503, and 141.2611, if issued before January 1, 2012. The duration of the development program described in the tax increment financing plan relating to the qualified refunding obligations issued under this subparagraph is extended to 1 year after the final date of maturity of the qualified refunding obligations. The obligation may be payable through the year 2025 at an interest rate not exceeding the maximum rate permitted by law, notwithstanding the bond maturity dates contained in the notice of intent to issue bonds published by the municipality. An obligation issued under this subparagraph is a qualified refunding obligation only to the extent that revenues described in subdivision (cc)(ii) and distributions under section 13b to repay the qualified refunding obligation do not exceed \$750,000.00.

(iv) The obligation is issued to refund a qualified refunding obligation issued on February 13, 2008, and any subsequent refundings of that obligation, issued before December 31, 2018. Qualified refunding obligations issued under this subparagraph are not subject to the requirements of section 305(2), (3), (5), and (6), 501, 503, or 611 of the revised municipal finance act, 2001 PA 34, MCL 141.2305, 141.2501, 141.2503, and 141.2611. The duration of the development program described in the tax increment financing plan relating to the qualified refunding obligations issued under this subparagraph is extended to 1 year after the final date of maturity of the qualified refunding obligations. Revenues described in subdivision (cc)(ii) and distributions made under section 13b in excess of the amount needed for current year debt service on an obligation issued under this subparagraph may be paid to the authority to the extent necessary to pay future years' debt service on the obligation as determined by the board.

(z) "Qualified township" means a township that meets all of the following requirements:

(i) Was not eligible to create an authority prior to January 3, 2005.

(ii) Adjoins a municipality that previously created an authority.

(iii) Along with the adjoining municipality that previously created an authority, is a member of the same joint planning commission under the joint municipal planning act, 2003 PA 226, MCL 125.131 to 125.143.

(aa) "Specific local tax" means a tax levied under 1974 PA 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the technology park development act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181 to 211.182. The initial assessed value or current assessed value of property subject to a specific local tax shall be the quotient of the specific local tax paid divided by the ad valorem millage rate. However, after 1993, the state tax commission shall prescribe the method for calculating the initial assessed value and current assessed value of property for which a specific local tax was paid in lieu of a property tax.

(bb) "State fiscal year" means the annual period commencing October 1 of each year.

(cc) "Tax increment revenues" means the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions upon the captured assessed value of real and personal property in the development area, subject to the following requirements:

(i) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions other than the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts upon the captured assessed value of real and personal property in the development area for any purpose authorized by this act.

(ii) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts upon the captured assessed value of real and personal property in the development area in an amount equal to the amount necessary, without regard to subparagraph (i), to repay eligible advances, eligible obligations, and other protected obligations.

(iii) Tax increment revenues do not include any of the following:

(A) Ad valorem property taxes attributable either to a portion of the captured assessed value shared with taxing jurisdictions within the jurisdictional area of the authority or to a portion of value of property that may be excluded from captured assessed value or specific local taxes attributable to such ad valorem property taxes.

(B) Ad valorem property taxes excluded by the tax increment financing plan of the authority from the determination of the amount of tax increment revenues to be transmitted to the authority or specific local taxes attributable to such ad valorem property taxes.

(C) Ad valorem property taxes exempted from capture under section 3(3) or specific local taxes attributable to such ad valorem property taxes.

(D) Ad valorem property taxes levied under 1 or more of the following or specific local taxes attributable to those ad valorem property taxes:

(I) The zoological authorities act, 2008 PA 49, MCL 123.1161 to 123.1183.

(II) The art institute authorities act, 2010 PA 296, MCL 123.1201 to 123.1229.

(iv) The amount of tax increment revenues authorized to be included under subparagraph (ii) or (v), and required to be transmitted to the authority under section 14(1), from ad valorem property taxes and specific local taxes attributable to the application of the levy of the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, a local school district or an intermediate school district upon the captured assessed value of real and personal property in a development area shall be determined separately for the levy by the state, each school district, and each intermediate school district as the product of sub-subparagraphs (A) and (B):

(A) The percentage that the total ad valorem taxes and specific local taxes available for distribution by law to the state, local school district, or intermediate school district, respectively, bears to the aggregate amount of ad valorem millage taxes and specific taxes available for distribution by law to the state, each local school district, and each intermediate school district.

(B) The maximum amount of ad valorem property taxes and specific local taxes considered tax increment revenues under subparagraph (ii) or (v).

(v) Tax increment revenues include ad valorem property taxes and specific local taxes, in an annual amount and for each year approved by the state treasurer, attributable to the levy by this state under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and by local or intermediate school districts, upon the captured assessed value of real and personal property in the development area of an authority established in a city with a population of 600,000 or more to pay for, or reimburse an advance for, not more than \$8,000,000.00 for the demolition of buildings or structures on public or privately owned property within a development area that commences in 2005, or to pay the annual principal of or interest on an obligation, the terms of which are approved by the state treasurer, issued by an authority, or by a city on behalf of an authority, to pay not more than \$8,000,000.00 of the costs to demolish buildings or structures on public or privately owned property within a development area that commences in 2005.

(vi) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the levy by this state under the state education tax act, 1993 PA 331, MCL 211.201 to 211.906, and by local or intermediate school districts which were levied on or after July 1, 2010, upon the captured assessed value of real and personal property in the development area of an authority established in a city with a population of 600,000 or more to pay for, or reimburse an advance for, costs associated with the land acquisition, preliminary site work, and construction of a catalyst development project.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1985, Act 221, Imd. Eff. Jan. 10, 1986;—Am. 1993, Act 323, Eff. Mar. 15, 1994;—Am. 1994, Act 280, Imd. Eff. July 11, 1994;—Am. 1994, Act 330, Imd. Eff. Oct. 14, 1994;—Am. 1994, Act 381, Imd. Eff. Dec. 28, 1994;—Am. 1996, Act 269, Imd. Eff. June 12, 1996;—Am. 1996, Act 454, Imd. Eff. Dec. 19, 1996;—Am. 1997, Act 202, Imd. Eff. Jan. 13, 1998;—Am. 2003, Act 136, Imd. Eff. Aug. 1, 2003;—Am. 2004, Act 66, Imd. Eff. Apr. 20, 2004;—Am. 2004, Act 158, Imd. Eff. June 17, 2004;—Am. 2004, Act 196, Imd. Eff. July 8, 2004;—Am. 2005, Act 13, Imd. Eff. May 4, 2005;—Am. 2005, Act 115, Imd. Eff. Sept. 22, 2005;—Am. 2006, Act 659, Imd. Eff. Jan. 10, 2007;—Am. 2008, Act 35, Imd. Eff. Mar. 14, 2008;—Am. 2008, Act 225, Imd. Eff. July 17, 2008;—Am. 2011, Act 24, Imd. Eff. Apr. 28, 2011;—Am. 2012, Act 396, Imd. Eff. Dec. 19, 2012;—Am. 2013, Act

66, Imd. Eff. June 19, 2013.

**Compiler's note:** Enacting section 1 of Act 202 of 1997 provides: "The provisions of section 1 and section 13b, as amended by this amendatory act, are retroactive and effective for taxes levied after 1993."

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### **125.1651a Legislative findings.**

Sec. 1a. The legislature finds all of the following:

(a) That there exists in this state conditions of property value deterioration detrimental to the state economy and the economic growth of the state and its local units of government.

(b) That government programs are desirable and necessary to eliminate the causes of property value deterioration thereby benefiting the economic growth of the state.

(c) That it is appropriate to finance these government programs by means available to the state and local units of government in the state, including tax increment financing.

(d) That tax increment financing is a government financing program that contributes to economic growth and development by dedicating a portion of the increase in the tax base resulting from economic growth and development to facilities, structures, or improvements within a development area thereby facilitating economic growth and development.

(e) That it is necessary for the legislature to exercise its power to legislate tax increment financing as authorized in this act and in the exercise of this power to mandate the transfer of tax increment revenues by city, village, township, school district, and county treasurers to authorities created under this act in order to effectuate the legislative government programs to eliminate property value deterioration and to promote economic growth.

(f) That halting property value deterioration and promoting economic growth in the state are essential governmental functions and constitute essential public purposes.

(g) That economic development strengthens the tax base upon which local units of government rely and that government programs to eliminate property value deterioration benefit local units of government and are for the use of the local units of government.

(h) That the provisions of this act are enacted to provide a means for local units of government to eliminate property value deterioration and to promote economic growth in the communities served by those local units of government.

**History:** Add. 1988, Act 425, Imd. Eff. Dec. 27, 1988.

**Compiler's note:** Section 2 of Act 425 of 1988 provides: "This amendatory act is effective beginning with taxes levied in 1989. However, for taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were received by an authority are validated."

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

### **125.1652 Authority; establishment; restriction; public body corporate; powers generally.**

Sec. 2. (1) Except as otherwise provided in this subsection, a municipality may establish 1 authority. If, before November 1, 1985, a municipality establishes more than 1 authority, those authorities may continue to exist as separate authorities. Under the conditions described in section 3a, a municipality may have more than 1 authority within that municipality's boundaries. A parcel of property shall not be included in more than 1 authority created by this act.

(2) An authority shall be a public body corporate which may sue and be sued in any court of this state. An authority possesses all the powers necessary to carry out the purpose of its incorporation. The enumeration of a power in this act shall not be construed as a limitation upon the general powers of an authority.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1985, Act 159, Imd. Eff. Nov. 15, 1985.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

### **125.1653 Resolution of intent to create and provide for operation of authority; public hearing on proposed ordinance creating authority and designating boundaries of downtown district; notice; exemption of taxes from capture; adoption, filing, and publication of ordinance; altering or amending boundaries; agreement with adjoining municipality; agreement with qualified township.**

Sec. 3. (1) When the governing body of a municipality determines that it is necessary for the best interests

of the public to halt property value deterioration and increase property tax valuation where possible in its business district, to eliminate the causes of that deterioration, and to promote economic growth, the governing body may, by resolution, declare its intention to create and provide for the operation of an authority.

(2) In the resolution of intent, the governing body shall set a date for the holding of a public hearing on the adoption of a proposed ordinance creating the authority and designating the boundaries of the downtown district. Notice of the public hearing shall be published twice in a newspaper of general circulation in the municipality, not less than 20 or more than 40 days before the date of the hearing. Not less than 20 days before the hearing, the governing body proposing to create the authority shall also mail notice of the hearing to the property taxpayers of record in the proposed district and for a public hearing to be held after February 15, 1994 to the governing body of each taxing jurisdiction levying taxes that would be subject to capture if the authority is established and a tax increment financing plan is approved. Beginning June 1, 2005, the notice of hearing within the time frame described in this subsection shall be mailed by certified mail to the governing body of each taxing jurisdiction levying taxes that would be subject to capture if the authority is established and a tax increment financing plan is approved. Failure of a property taxpayer to receive the notice shall not invalidate these proceedings. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the proposed downtown district not less than 20 days before the hearing. The notice shall state the date, time, and place of the hearing, and shall describe the boundaries of the proposed downtown district. A citizen, taxpayer, or property owner of the municipality or an official from a taxing jurisdiction with millage that would be subject to capture has the right to be heard in regard to the establishment of the authority and the boundaries of the proposed downtown district. The governing body of the municipality shall not incorporate land into the downtown district not included in the description contained in the notice of public hearing, but it may eliminate described lands from the downtown district in the final determination of the boundaries.

(3) Not more than 60 days after a public hearing held after February 15, 1994, the governing body of a taxing jurisdiction levying ad valorem property taxes that would otherwise be subject to capture may exempt its taxes from capture by adopting a resolution to that effect and filing a copy with the clerk of the municipality proposing to create the authority. The resolution takes effect when filed with that clerk and remains effective until a copy of a resolution rescinding that resolution is filed with that clerk.

(4) Not less than 60 days after the public hearing, if the governing body of the municipality intends to proceed with the establishment of the authority, it shall adopt, by majority vote of its members, an ordinance establishing the authority and designating the boundaries of the downtown district within which the authority shall exercise its powers. The adoption of the ordinance is subject to any applicable statutory or charter provisions in respect to the approval or disapproval by the chief executive or other officer of the municipality and the adoption of an ordinance over his or her veto. This ordinance shall be filed with the secretary of state promptly after its adoption and shall be published at least once in a newspaper of general circulation in the municipality.

(5) The governing body of the municipality may alter or amend the boundaries of the downtown district to include or exclude lands from the downtown district pursuant to the same requirements for adopting the ordinance creating the authority.

(6) A municipality that has created an authority may enter into an agreement with an adjoining municipality that has created an authority to jointly operate and administer those authorities under an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

(7) A municipality that has created an authority may enter into an agreement with a qualified township to operate its authority in a downtown district in the qualified township under an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal agreement between the municipality and the qualified township shall provide for, but is not limited to, all of the following:

- (a) Size and makeup of the board.
- (b) Determination and modification of downtown district, business district, and development area.
- (c) Modification of development area and development plan.
- (d) Issuance and repayment of obligations.
- (e) Capture of taxes.
- (f) Notice, hearing, and exemption of taxes from capture provisions described in this section.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1993, Act 323, Eff. Mar. 15, 1994;—Am. 2004, Act 521, Imd. Eff. Jan. 3, 2005;—Am. 2005, Act 13, Imd. Eff. May 4, 2005;—Am. 2005, Act 115, Imd. Eff. Sept. 22, 2005.

**Popular name:** DDA

Popular name: Downtown Development Authority Act

**125.1653a Authority of annexing or consolidated municipality; obligations, agreements, and bonds.**

Sec. 3a. If a downtown district is part of an area annexed to or consolidated with another municipality, the authority managing that district shall become an authority of the annexing or consolidated municipality. Obligations of that authority incurred under a development or tax increment plan, agreements related to a development or tax increment plan, and bonds issued under this act shall remain in effect following the annexation or consolidation.

History: Add. 1985, Act 159, Imd. Eff. Nov. 15, 1985.

Popular name: DDA

Popular name: Downtown Development Authority Act

**125.1653b Ratification and validation of ordinance and actions; compliance.**

Sec. 3b. (1) An ordinance enacted by a municipality that has a population of less than 50,000 establishing an authority, creating a district, or approving a development plan or tax increment financing plan, or an amendment to an authority, district, or plan, and all actions taken under that ordinance, including the issuance of bonds, are ratified and validated notwithstanding that notice for the public hearing on the establishment of the authority, creation of the district, or approval of the development plan or tax increment financing plan, or on the amendment, was not published, posted, or mailed at least 20 days before the hearing, if the notice was published or posted at least 15 days before the hearing or the authority was established in 1984 by a village that filed the ordinance with the secretary of state not later than March, 1986. This section applies only to an ordinance adopted by a municipality before February 1, 1991, and shall include any bonds or amounts to be used by the authority to pay the principal of and interest on bonds that have been issued or that are to be issued by the authority, the incorporating municipality, or a county on behalf of the incorporating municipality. An authority for which an ordinance or amendment to the ordinance establishing the authority has been published before February 1, 1991 is considered for purposes of section 3(4) to have promptly filed the ordinance or amendment to the ordinance with the secretary of state if the ordinance or amendment to the ordinance is filed with the secretary of state before October 1, 1991. As used in this section, "notice was published" means publication of the notice occurred at least once.

(2) A development plan and tax increment financing plan approved by a resolution adopted by the village council of a village having a population of less than 3,000 before June 15, 1988 rather than by adoption of an ordinance is ratified and validated, if an amendment to the plans was adopted by the village council in compliance with sections 18 and 19.

(3) A development plan and tax increment financing plan approved by a resolution adopted by the village council of a village having a population of less than 7,000 before June 1, 1998 rather than by adoption of an ordinance is ratified and validated if an amendment to the plans was adopted by the village council in compliance with sections 18 and 19.

History: Add. 1989, Act 242, Imd. Eff. Dec. 21, 1989;—Am. 1991, Act 66, Imd. Eff. July 3, 1991;—Am. 1993, Act 42, Imd. Eff. May 27, 1993;—Am. 1993, Act 323, Eff. Mar. 15, 1994;—Am. 2006, Act 329, Imd. Eff. Aug. 10, 2006.

Popular name: DDA

Popular name: Downtown Development Authority Act

**125.1653c Proceedings or findings; validity.**

Sec. 3c. The validity of the proceedings or findings establishing an authority, or of the procedure, adequacy of notice, or findings with respect to the approval of a development plan or tax increment financing plan is conclusive with respect to the capture of tax increment revenues for an other protected obligation that is a bond issued after October 1, 1994.

History: Add. 1994, Act 381, Imd. Eff. Dec. 28, 1994.

Popular name: DDA

Popular name: Downtown Development Authority Act

**125.1653d Establishment or amendment of authority, district, or plan; notice; publication or posting.**

Sec. 3d. An ordinance enacted by a municipality that has a population of greater than 1,000 and less than 2,000 establishing an authority, creating a district, or approving a development plan or tax increment financing plan, or an amendment to an authority, district, or plan, and all actions taken or to be taken under that ordinance, including the issuance of bonds, are ratified and validated notwithstanding that notice for the



public hearing on the establishment of the authority, creation of the district, or approval of the development plan or tax increment financing plan, or on the amendment, was not published, posted, or mailed at least 20 days before the hearing, provided that the notice was either published or posted at least 10 days before the hearing or that the authority was established in 1990 by a municipality that filed the ordinance with the secretary of state not later than July 1991. This section applies only to an ordinance or an amendment adopted by a municipality before January 1, 1999 and shall include any bonds or amounts to be used by the authority to pay the principal of and interest on bonds that have been issued or that are to be issued by the authority or the incorporating municipality. An authority for which an ordinance or amendment to the ordinance establishing the authority has been published before February 1, 1991 is considered for purposes of section 3(3) to have promptly filed the ordinance or amendment to the ordinance with the secretary of state if the ordinance or amendment to the ordinance is filed with the secretary of state before December 31, 2002. The validity of the proceedings or findings establishing an authority described in this section, or of the procedure, adequacy of notice, or findings with respect to the approval of a development plan or tax increment financing plan for an authority described in this section is conclusive with respect to the capture of tax increment revenues for a bond issued after June 1, 2002 and before June 1, 2006. As used in this section, "notice was either published or posted" means either publication or posting of the notice occurred at least once.

History: Add. 2002, Act 460, Imd. Eff. June 21, 2002.

Popular name: DDA

Popular name: Downtown Development Authority Act

**125.1654 Board; appointment, terms, and qualifications of members; vacancy; compensation and expenses; election of chairperson; appointment as public official; oath; conducting business at public meeting; public notice; special meetings; removal of members; review; expense items and financial records; availability of writings to public; single board governing all authorities; member as resident or having interest in property; planning commission serving as board in certain municipalities; modification by interlocal agreement.**

Sec. 4. (1) Except as provided in subsections (7), (8), and (9), an authority shall be under the supervision and control of a board consisting of the chief executive officer of the municipality and not less than 8 or more than 12 members as determined by the governing body of the municipality. Members shall be appointed by the chief executive officer of the municipality, subject to approval by the governing body of the municipality. Not less than a majority of the members shall be persons having an interest in property located in the downtown district or officers, members, trustees, principals, or employees of a legal entity having an interest in property located in the downtown district. Not less than 1 of the members shall be a resident of the downtown district, if the downtown district has 100 or more persons residing within it. Of the members first appointed, an equal number of the members, as near as is practicable, shall be appointed for 1 year, 2 years, 3 years, and 4 years. A member shall hold office until the member's successor is appointed. Thereafter, each member shall serve for a term of 4 years. An appointment to fill a vacancy shall be made by the chief executive officer of the municipality for the unexpired term only. Members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses. The chairperson of the board shall be elected by the board. The rules of procedure or the bylaws of the authority may provide that a person be appointed to the board in his or her capacity as a public official, whether appointed or elected. The rules of procedure or bylaws may also provide that the public official's term shall expire upon expiration of his or her service as a public official. In addition, the public official's membership on the board expires on his or her resignation from office as a public official.

(2) Before assuming the duties of office, a member shall qualify by taking and subscribing to the constitutional oath of office.

(3) The business which the board may perform shall be conducted at a public meeting of the board held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of the meeting shall be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board shall adopt rules consistent with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, governing its procedure and the holding of regular meetings, subject to the approval of the governing body. Special meetings may be held if called in the manner provided in the rules of the board.

(4) Pursuant to notice and after having been given an opportunity to be heard, a member of the board may be removed for cause by the governing body. Removal of a member is subject to review by the circuit court.

(5) All expense items of the authority shall be publicized monthly and the financial records shall always be open to the public.

(6) In addition to the items and records prescribed in subsection (5), a writing prepared, owned, used, in the possession of, or retained by the board in the performance of an official function shall be made available to the public in compliance with the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(7) By resolution of its governing body, a municipality having more than 1 authority may establish a single board to govern all authorities in the municipality. The governing body may designate the board of an existing authority as the board for all authorities or may establish by resolution a new board in the same manner as provided in subsection (1). A member of a board governing more than 1 authority may be a resident of or have an interest in property in any of the downtown districts controlled by the board in order to meet the requirements of this section.

(8) By ordinance, the governing body of a municipality that has a population of less than 5,000 may have the municipality's planning commission created pursuant to former 1931 PA 285 or the Michigan planning enabling act, 2008 PA 33, MCL 125.3801 to 125.3885, serve as the board provided for in subsection (1).

(9) If a municipality enters into an agreement with a qualified township under section 3(7), the membership of the board may be modified by the interlocal agreement described in section 3(7).

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1978, Act 521, Imd. Eff. Dec. 20, 1978;—Am. 1985, Act 159, Imd. Eff. Nov. 15, 1985;—Am. 1987, Act 66, Imd. Eff. June 25, 1987;—Am. 2005, Act 115, Imd. Eff. Sept. 22, 2005;—Am. 2006, Act 279, Imd. Eff. July 7, 2006;—Am. 2012, Act 396, Imd. Eff. Dec. 19, 2012.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

### **125.1655 Director, acting director, treasurer, secretary, legal counsel, and other personnel.**

Sec. 5. (1) The board may employ and fix the compensation of a director, subject to the approval of the governing body of the municipality. The director shall serve at the pleasure of the board. A member of the board is not eligible to hold the position of director. Before entering upon the duties of his office, the director shall take and subscribe to the constitutional oath, and furnish bond, by posting a bond in the penal sum determined in the ordinance establishing the authority payable to the authority for use and benefit of the authority, approved by the board, and filed with the municipal clerk. The premium on the bond shall be deemed an operating expense of the authority, payable from funds available to the authority for expenses of operation. The director shall be the chief executive officer of the authority. Subject to the approval of the board, the director shall supervise, and be responsible for, the preparation of plans and the performance of the functions of the authority in the manner authorized by this act. The director shall attend the meetings of the board, and shall render to the board and to the governing body of the municipality a regular report covering the activities and financial condition of the authority. If the director is absent or disabled, the board may designate a qualified person as acting director to perform the duties of the office. Before entering upon the duties of his office, the acting director shall take and subscribe to the oath, and furnish bond, as required of the director. The director shall furnish the board with information or reports governing the operation of the authority as the board requires.

(2) The board may employ and fix the compensation of a treasurer, who shall keep the financial records of the authority and who, together with the director, shall approve all vouchers for the expenditure of funds of the authority. The treasurer shall perform such other duties as may be delegated to him by the board and shall furnish bond in an amount as prescribed by the board.

(3) The board may employ and fix the compensation of a secretary, who shall maintain custody of the official seal and of records, books, documents, or other papers not required to be maintained by the treasurer. The secretary shall attend meetings of the board and keep a record of its proceedings, and shall perform such other duties delegated by the board.

(4) The board may retain legal counsel to advise the board in the proper performance of its duties. The legal counsel shall represent the authority in actions brought by or against the authority.

(5) The board may employ other personnel deemed necessary by the board.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

### **125.1656 Participation of employees in municipal retirement and insurance programs.**

Sec. 6. The employees of an authority shall be eligible to participate in municipal retirement and insurance programs of the municipality as if they were civil service employees except that the employees of an authority are not civil service employees.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

Popular name: DDA

Popular name: Downtown Development Authority Act

**125.1657 Powers of board; creation, operation, or funding of retail business incubator.**

Sec. 7. (1) The board may:

- (a) Prepare an analysis of economic changes taking place in the downtown district.
  - (b) Study and analyze the impact of metropolitan growth upon the downtown district.
  - (c) 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 downtown district.
  - (d) 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 promulgated under the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.
  - (e) Develop long-range plans, in cooperation with the agency which is chiefly responsible for planning in the municipality, designed to halt the deterioration of property values in the downtown district and to promote the economic growth of the downtown district, and take such steps as may be necessary to persuade property owners to implement the plans to the fullest extent possible.
  - (f) Implement any plan of development in the downtown district necessary to achieve the purposes of this act, in accordance with the powers of the authority as granted by this act.
  - (g) Make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties.
  - (h) Acquire by purchase or otherwise, on terms and conditions and in a manner the authority considers proper 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 property, which the authority determines is reasonably necessary to achieve the purposes of this act, and to grant or acquire licenses, easements, and options with respect to that property.
  - (i) 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 that property, within the downtown district for the use, in whole or in part, of any public or private person or corporation, or a combination of them.
  - (j) Fix, charge, and collect fees, rents, and charges for the use of any building or property under its control or any part thereof, or facility therein, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority.
  - (k) Lease any building or property under its control, or any part of a building or property.
  - (l) Accept grants and donations of property, labor, or other things of value from a public or private source.
  - (m) Acquire and construct public facilities.
  - (n) Create, operate, and fund marketing initiatives that benefit only retail and general marketing of the downtown district.
  - (o) Contract for broadband service and wireless technology service in the downtown district.
  - (p) Operate and perform all duties and exercise all responsibilities described in this section in a qualified township if the qualified township has entered into an agreement with the municipality under section 3(7).
  - (q) Create, operate, and fund a loan program to fund improvements for existing buildings located in a downtown district to make them marketable for sale or lease. The board may make loans with interest at a market rate or may make loans with interest at a below market rate, as determined by the board.
  - (r) Create, operate, and fund retail business incubators in the downtown district.
- (2) If it is the express determination of the board to create, operate, or fund a retail business incubator in the downtown district, the board shall give preference to tenants who will provide goods or services that are not available or that are underserved in the downtown area. If the board creates, operates, or funds retail business incubators in the downtown district, the board and each tenant who leases space in a retail business incubator shall enter into a written contract that includes, but is not limited to, all of the following:
- (a) The lease or rental rate that may be below the fair market rate as determined by the board.
  - (b) The requirement that a tenant may lease space in the retail business incubator for a period not to exceed 18 months.
  - (c) The terms of a joint operating plan with 1 or more other businesses located in the downtown district.
  - (d) A copy of the business plan of the tenant that contains measurable goals and objectives.
  - (e) The requirement that the tenant participate in basic management classes, business seminars, or other business education programs offered by the authority, the local chamber of commerce, local community colleges, or institutions of higher education, as determined by the board.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1985, Act 221, Imd. Eff. Jan. 10, 1986;—Am. 2004, Act 196, Imd. Eff. July 8, 2004;—Am. 2005, Act 115, Imd. Eff. Sept. 22, 2005;—Am. 2008, Act 226, Imd. Eff. July 17, 2008.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

#### **125.1658 Board serving as planning commission; agenda.**

Sec. 8. If a board created under this act serves as the planning commission under section 2 of Act No. 285 of the Public Acts of 1931, being section 125.32 of the Michigan Compiled Laws, the board shall include planning commission business in its agenda.

**History:** Add. 1987, Act 66, Imd. Eff. June 25, 1987.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

#### **125.1659 Authority as instrumentality of political subdivision.**

Sec. 9. The authority shall be deemed an instrumentality of a political subdivision for purposes of Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

#### **125.1660 Taking, transfer, and use of private property.**

Sec. 10. A municipality may take private property under Act No. 149 of the Public Acts of 1911, as amended, being sections 213.21 to 213.41 of the Michigan Compiled Laws, for the purpose of transfer to the authority, and may transfer the property to the authority for use in an approved development, on terms and conditions it deems appropriate, and the taking, transfer, and use shall be considered necessary for public purposes and for the benefit of the public.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

#### **125.1661 Financing activities of authority; disposition of money received by authority; municipal obligations.**

Sec. 11. (1) The activities of the authority shall be financed from 1 or more of the following sources:

- (a) Donations to the authority for the performance of its functions.
- (b) Proceeds of a tax imposed pursuant to section 12.
- (c) Money borrowed and to be repaid as authorized by sections 13 and 13a.
- (d) Revenues from any property, building, or facility owned, leased, licensed, or operated by the authority or under its control, subject to the limitations imposed upon the authority by trusts or other agreements.
- (e) Proceeds of a tax increment financing plan, established under sections 14 to 16.
- (f) Proceeds from a special assessment district created as provided by law.
- (g) Money obtained from other sources approved by the governing body of the municipality or otherwise authorized by law for use by the authority or the municipality to finance a development program.
- (h) Money obtained pursuant to section 13b.
- (i) Revenue from the federal facility development act, Act No. 275 of the Public Acts of 1992, being sections 3.931 to 3.940 of the Michigan Compiled Laws, or revenue transferred pursuant to section 11a of chapter 2 of the city income tax act, Act No. 284 of the Public Acts of 1964, being section 141.611a of the Michigan Compiled Laws.

(j) Revenue from the federal data facility act, Act No. 126 of the Public Acts of 1993, being sections 3.951 to 3.961 of the Michigan Compiled Laws, or revenue transferred pursuant to section 11b of chapter 2 of the city income tax act, Act No. 284 of the Public Acts of 1964, being section 141.611b of the Michigan Compiled Laws.

(2) Money received by the authority and not covered under subsection (1) shall immediately be deposited to the credit of the authority, subject to disbursement pursuant to this act. Except as provided in this act, the municipality shall not obligate itself, nor shall it ever be obligated to pay any sums from public funds, other than money received by the municipality pursuant to this section, for or on account of the activities of the authority.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1981, Act 34, Imd. Eff. May 11, 1981;—Am. 1992, Act 279, Imd. Eff. Dec. 18, 1992;—Am. 1993, Act 122, Imd. Eff. July 20, 1993;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

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**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

**125.1662 Ad valorem tax; borrowing in anticipation of collection.**

Sec. 12. (1) An authority with the approval of the municipal governing body may levy an ad valorem tax on the real and tangible personal property not exempt by law and as finally equalized in the downtown district. The tax shall not be more than 1 mill if the downtown district is in a municipality having a population of 1,000,000 or more, or not more than 2 mills if the downtown district is in a municipality having a population of less than 1,000,000. The tax shall be collected by the municipality creating the authority levying the tax. The municipality shall collect the tax at the same time and in the same manner as it collects its other ad valorem taxes. The tax shall be paid to the treasurer of the authority and credited to the general fund of the authority for purposes of the authority.

(2) The municipality may at the request of the authority borrow money and issue its notes under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipation of collection of the ad valorem tax authorized in this section.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1983, Act 86, Imd. Eff. June 16, 1983;—Am. 2002, Act 234, Imd. Eff. Apr. 29, 2002.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

**125.1663 Revenue bonds.**

Sec. 13. The authority may borrow money and issue its negotiable revenue bonds therefor pursuant to Act No. 94 of the Public Acts of 1933, as amended, being sections 141.101 to 141.139 of the Michigan Compiled Laws. Revenue bonds issued by the authority shall not except as hereinafter provided be deemed a debt of the municipality or the state. The municipality by majority vote of the members of its governing body may pledge its full faith and credit to support the authority's revenue bonds.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

**125.1663a Borrowing money; issuing revenue bonds or notes; purpose; costs; security; pledge and lien of pledge valid and binding; filing or recordation not required; tax exemption; bonds or notes neither liability nor debt of municipality; statement; investment and deposit of bonds and notes.**

Sec. 13a. (1) The authority may with approval of the local governing body borrow money and issue its revenue bonds or notes to finance all or part of the costs of acquiring or constructing property in connection with the implementation of a development plan in the downtown district or to refund or refund in advance bonds or notes issued pursuant to this section. The costs which may be financed by the issuance of revenue bonds or notes may include the cost of purchasing, acquiring, constructing, improving, enlarging, extending, or repairing property in connection with the implementation of a development plan in the downtown district; any engineering, architectural, legal, accounting, or financial expenses; the costs necessary or incidental to the borrowing of money; interest on the bonds or notes during the period of construction; a reserve for payment of principal and interest on the bonds or notes; and a reserve for operation and maintenance until sufficient revenues have developed. The authority may secure the bonds and notes by mortgage, assignment, or pledge of the property and any money, revenues, or income received in connection therewith.

(2) A pledge made by the authority shall be valid and binding from the time the pledge is made. The money or property pledged by the authority immediately shall be subject to the lien of the pledge without a physical delivery, filing, or further act. The lien of such a pledge shall be valid and binding as against parties having claims of any kind in tort, contract, or otherwise, against the authority, irrespective of whether the parties have notice of the lien. Neither the resolution, the trust agreement, nor any other instrument by which a pledge is created need be filed or recorded.

(3) Bonds or notes issued pursuant to this section shall be exempt from all taxation in this state except inheritance and transfer taxes, and the interest on the bonds or notes shall be exempt from all taxation in this state, notwithstanding that the interest may be subject to federal income tax.

(4) The municipality shall not be liable on bonds or notes of the authority issued pursuant to this section and the bonds or notes shall not be a debt of the municipality. The bonds or notes shall contain on their face a statement to that effect.

(5) The bonds and notes of the authority may be invested in by all public officers, state agencies and

political subdivisions, insurance companies, banks, savings and loan associations, investment companies, and fiduciaries and trustees, and may be deposited with and received by all public officers and the agencies and political subdivisions of this state for any purpose for which the deposit of bonds is authorized.

**History:** Add. 1981, Act 151, Imd. Eff. Nov. 19, 1981.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

**125.1663b Insufficient tax increment revenues to repay advance or pay obligation; contents, time, and payment of claim; appropriation and distribution of aggregate amount; limitations; distribution subject to lien; obligation as debt or liability; certification of distribution amount; basis for calculation of distributions and claim reports.**

Sec. 13b. (1) If the amount of tax increment revenues lost as a result of the reduction of taxes levied by local school districts for school operating purposes required by the millage limitations under section 1211 of the school code of 1976, 1976 PA 451, MCL 380.1211, reduced by the amount of tax increment revenues received from the capture of taxes levied under or attributable to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause the tax increment revenues received in a fiscal year by an authority under section 15 to be insufficient to repay an eligible advance or to pay an eligible obligation, the legislature shall appropriate and distribute to the authority the amount described in subsection (5).

(2) Not less than 30 days before the first day of a fiscal year, an authority eligible to retain tax increment revenues from taxes levied by a local or intermediate school district or this state or to receive a distribution under this section for that fiscal year shall file a claim with the department of treasury. The claim shall include the following information:

(a) The property tax millage rates levied in 1993 by local school districts within the jurisdictional area of the authority for school operating purposes.

(b) The property tax millage rates expected to be levied by local school districts within the jurisdictional area of the authority for school operating purposes for that fiscal year.

(c) The tax increment revenues estimated to be received by the authority for that fiscal year based upon actual property tax levies of all taxing jurisdictions within the jurisdictional area of the authority.

(d) The tax increment revenues the authority estimates it would have received for that fiscal year if property taxes were levied by local school districts within the jurisdictional area of the authority for school operating purposes at the millage rates described in subdivision (a) and if no property taxes were levied by this state under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906.

(e) A list and documentation of eligible obligations and eligible advances and the payments due on each of those eligible obligations or eligible advances in that fiscal year, and the total amount of all the payments due on those eligible obligations and eligible advances in that fiscal year.

(f) The amount of money, other than tax increment revenues, estimated to be received in that fiscal year by the authority that is primarily pledged to, and to be used for, the payment of an eligible obligation or the repayment of an eligible advance. That amount shall not include excess tax increment revenues of the authority that are permitted by law to be retained by the authority for purposes that further the development program. However, that amount shall include money to be obtained from sources authorized by law, which law is enacted on or after December 1, 1993, for use by the municipality or authority to finance a development project.

(g) The amount of a distribution received pursuant to this act for a fiscal year in excess of or less than the distribution that would have been required if calculated upon actual tax increment revenues received for that fiscal year.

(h) A list and documentation of other protected obligations and the payments due on each of those other protected obligations in that fiscal year, and the total amount of all the payments due on those other protected obligations in that fiscal year.

(3) For the fiscal year that commences after September 30, 1993 and before October 1, 1994, an authority may make a claim with all information required by subsection (2) at any time after March 15, 1994.

(4) After review and verification of claims submitted pursuant to this section, amounts appropriated by the state in compliance with this act shall be distributed as 2 equal payments on March 1 and September 1 after receipt of a claim. An authority shall allocate a distribution it receives for an eligible obligation issued on behalf of a municipality to the municipality.

(5) Subject to subsections (6) and (7), the aggregate amount to be appropriated and distributed pursuant to this section to an authority shall be the sum of the amounts determined pursuant to subdivisions (a) and (b) minus the amount determined pursuant to subdivision (c), as follows:

(a) The amount by which the tax increment revenues the authority would have received for the fiscal year, excluding taxes exempt under section 7ff of the general property tax act, 1893 PA 206, MCL 211.7ff, if property taxes were levied by local school districts for school operating purposes at the millage rates described in subsection (2)(a) and if no property taxes were levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, exceed the tax increment revenues the authority actually received for the fiscal year.

(b) A shortfall required to be reported pursuant to subsection (2)(g) that had not previously increased a distribution.

(c) An excess amount required to be reported pursuant to subsection (2)(g) that had not previously decreased a distribution.

(6) The amount distributed under subsection (5) shall not exceed the difference between the amount described in subsection (2)(e) and the sum of the amounts described in subsection (2)(c) and (f).

(7) If, based upon the tax increment financing plan in effect on August 19, 1993, the payment due on eligible obligations or eligible advances anticipates the use of excess prior year tax increment revenues permitted by law to be retained by the authority, and if the sum of the amounts described in subsection (2)(c) and (f) plus the amount to be distributed under subsections (5) and (6) is less than the amount described in subsection (2)(e), the amount to be distributed under subsections (5) and (6) shall be increased by the amount of the shortfall. However, the amount authorized to be distributed pursuant to this section shall not exceed that portion of the cumulative difference, for each preceding fiscal year, between the amount that could have been distributed pursuant to subsection (5) and the amount actually distributed pursuant to subsections (5) and (6) and this subsection.

(8) A distribution under this section replacing tax increment revenues pledged by an authority or a municipality is subject to the lien of the pledge, whether or not there has been physical delivery of the distribution.

(9) Obligations for which distributions are made pursuant to this section are not a debt or liability of this state; do not create or constitute an indebtedness, liability, or obligation of this state; and are not and do not constitute a pledge of the faith and credit of this state.

(10) Not later than July 1 of each year, the authority shall certify to the local tax collecting treasurer the amount of the distribution required under subsection (5), calculated without regard to the receipt of tax increment revenues attributable to local or intermediate school district taxes or attributable to taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906.

(11) Calculations of distributions under this section and claims reports required to be made under subsection (2) shall be made on the basis of each development area of the authority.

(12) The state tax commission may provide that the reimbursement calculations under this section and the calculation of allowable capture of school taxes shall be made for each calendar year's tax increment revenues using a 12-month debt payment period used by the authority and approved by the state tax commission.

**History:** Add. 1993, Act 323, Eff. Mar. 15, 1994;—Am. 1994, Act 280, Imd. Eff. July 11, 1994;—Am. 1996, Act 269, Imd. Eff. June 12, 1996;—Am. 1996, Act 454, Imd. Eff. Dec. 19, 1996;—Am. 1997, Act 202, Imd. Eff. Jan. 13, 1998.

**Compiler's note:** Enacting section 1 of Act 202 of 1997 provides:  
"The provisions of section 1 and section 13b, as amended by this amendatory act, are retroactive and effective for taxes levied after 1993."

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

**125.1663c Retention and payment of taxes levied under state education tax act; conditions; application by authority for approval; information to be included; approval, modification, or denial of application by department of treasury; appropriation and distribution of amount; calculation of aggregate amount; lien; reimbursement calculations; legislative intent.**

Sec. 13c. (1) If the amount of tax increment revenues lost as a result of the personal property tax exemptions provided by section 1211(4) of the revised school code, 1976 PA 451, MCL 380.1211, section 3 of the state education tax act, 1993 PA 331, MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will reduce the allowable school tax capture received in a fiscal year, then, notwithstanding any other provision of this act, the authority, with approval of the department of treasury under subsection (3), may request the local tax collecting treasurer to retain and pay to the authority taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, to be used for the following:

(a) To repay an eligible advance.

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- (b) To repay an eligible obligation.
- (c) To repay an other protected obligation.

(2) Not later than June 15, 2008, not later than September 30, 2009, and not later than June 1 of each subsequent year, except for 2011, not later than June 15, an authority eligible under subsection (1) to have taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained and paid to the authority under this section, shall apply for approval with the department of treasury. The application for approval shall include the following information:

(a) The property tax millage rates expected to be levied by local school districts within the jurisdictional area of the authority for school operating purposes for that fiscal year.

(b) The tax increment revenues estimated to be received by the authority for that fiscal year based upon actual property tax levies of all taxing jurisdictions within the jurisdictional area of the authority.

(c) The tax increment revenues the authority estimates it would have received for that fiscal year if the personal property tax exemptions described in subsection (1) were not in effect.

(d) A list of eligible obligations, eligible advances, and other protected obligations, the payments due on each of those in that fiscal year, and the total amount of all the payments due on all of those in that fiscal year.

(e) The amount of money, other than tax increment revenues, estimated to be received in that fiscal year by the authority that is primarily pledged to, and to be used for, the payment of an eligible obligation, the repayment of an eligible advance, or the payment of an other protected obligation. That amount shall not include excess tax increment revenues of the authority that are permitted by law to be retained by the authority for purposes that further the development program. However, that amount shall include money to be obtained from sources authorized by law, which law is enacted on or after December 1, 1993, for use by the municipality or authority to finance a development plan.

(f) The amount of a distribution received pursuant to this act for a fiscal year in excess of or less than the distribution that would have been required if calculated upon actual tax increment revenues received for that fiscal year.

(3) Not later than August 15, 2008; for 2009, not later than February 3, 2010; for 2011 only, not later than 30 days after the effective date of the amendatory act that amended this sentence; and not later than August 15 for 2010, 2012, and each subsequent year, based on the calculations under subsection (5), the department of treasury shall approve, modify, or deny the application for approval to have taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained and paid to the authority under this section. If the application for approval contains the information required under subsection (2)(a) through (f) and appears to be in substantial compliance with the provisions of this section, then the department of treasury shall approve the application. If the application is denied by the department of treasury, then the department of treasury shall provide the opportunity for a representative of the authority to discuss the denial within 21 days after the denial occurs and shall sustain or modify its decision within 30 days after receiving information from the authority. If the application for approval is approved or modified by the department of treasury, the local tax collecting treasurer shall retain and pay to the authority the amount described in subsection (5) as approved by the department. If the department of treasury denies the authority's application for approval, the local tax collecting treasurer shall not retain or pay to the authority the taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the department does not prohibit a subsequent audit of taxes retained in accordance with the procedures currently authorized by law.

(4) Each year the legislature shall appropriate and distribute an amount sufficient to pay each authority the following:

(a) If the amount to be retained and paid under subsection (3) is less than the amount calculated under subsection (5), the difference between those amounts.

(b) If the application for approval is denied by the department of treasury, an amount verified by the department equal to the amount calculated under subsection (5).

(5) Subject to subsection (6), the aggregate amount under this section shall be the sum of the amounts determined under subdivisions (a) and (b) minus the amount determined under subdivision (c), as follows:

(a) The amount by which the tax increment revenues the authority would have received and retained for the fiscal year, excluding taxes exempt under section 7ff of the general property tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax exemptions described in subsection (1) were not in effect, exceed the tax increment revenues the authority actually received for the fiscal year.

(b) A shortfall required to be reported under subsection (2)(f) that had not previously increased a distribution.

(c) An excess amount required to be reported under subsection (2)(f) that had not previously decreased a distribution.

(6) A distribution or taxes retained under this section replacing tax increment revenues pledged by an



authority or a municipality are subject to any lien of the pledge described in subsection (1), whether or not there has been physical delivery of the distribution.

(7) Obligations for which distributions are made under this section are not a debt or liability of this state; do not create or constitute an indebtedness, liability, or obligation of this state; and are not and do not constitute a pledge of the faith and credit of this state.

(8) Not later than September 15 of each year, the authority shall provide a copy of the application for approval approved by the department of treasury to the local tax collecting treasurer and provide the amount of the taxes retained and paid to the authority under subsection (5).

(9) Calculations of amounts retained and paid and appropriations to be distributed under this section shall be made on the basis of each development area of the authority.

(10) The state tax commission may provide that the reimbursement calculations under this section and the calculation of allowable capture of school taxes shall be made for each calendar year's tax increment revenues using a 12-month debt payment period used by the authority and approved by the state tax commission.

(11) It is the intent of the legislature that, to the extent that the total amount of taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be retained under this section and section 11b of the local development financing act, 1986 PA 281, MCL 125.2161b, section 15a of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2665a, and section 12b of the tax increment financing act, 1980 PA 450, MCL 125.1812b, exceeds the difference of the total school aid fund revenue for the tax year minus the estimated amount of revenue the school aid fund would have received for the tax year had the tax exemptions described in subsection (1) and the earmark created by section 515 of the Michigan business tax act, 2007 PA 36, MCL 208.1515, not taken effect, the general fund shall reimburse the school aid fund the difference.

**History:** Add. 2008, Act 157, Imd. Eff. June 5, 2008;—Am. 2009, Act 213, Imd. Eff. Jan. 4, 2010;—Am. 2012, Act 510, Imd. Eff. Dec. 28, 2012.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

**125.1664 Tax increment financing plan; preparation and contents; limitation; public hearing; fiscal and economic implications; recommendations; agreements; modification of plan; catalyst development project.**

Sec. 14. (1) When the authority determines that it is necessary for the achievement of the purposes of this act, the authority shall prepare and submit a tax increment financing plan to the governing body of the municipality. The plan shall include a development plan as provided in section 17, a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred, and the duration of the program, and shall be in compliance with section 15. The plan shall contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located. The plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the authority shall be clearly stated in the tax increment financing plan. The authority or municipality may exclude from captured assessed value growth in property value resulting solely from inflation. The plan shall set forth the method for excluding growth in property value resulting solely from inflation.

(2) The percentage of taxes levied for school operating purposes that is captured and used by the tax increment financing plan shall not be greater than the plan's percentage capture and use of taxes levied by a municipality or county for operating purposes. For purposes of the previous sentence, taxes levied by a county for operating purposes include only millage allocated for county or charter county purposes under the property tax limitation act, 1933 PA 62, MCL 211.201 to 211.217a. For purposes of this subsection, tax increment revenues used to pay bonds issued by a municipality under section 16(1) shall be considered to be used by the tax increment financing plan rather than shared with the municipality. The limitation of this subsection does not apply to the portion of the captured assessed value shared pursuant to an agreement entered into before 1989 with a county or with a city in which an enterprise zone is approved under section 13 of the enterprise zone act, 1985 PA 224, MCL 125.2113.

(3) Approval of the tax increment financing plan shall be pursuant to the notice, hearing, and disclosure provisions of section 18. If the development plan is part of the tax increment financing plan, only 1 hearing and approval procedure is required for the 2 plans together.

(4) Before the public hearing on the tax increment financing plan, the governing body shall provide a reasonable opportunity to the taxing jurisdictions levying taxes subject to capture to meet with the governing body. The authority shall fully inform the taxing jurisdictions of the fiscal and economic implications of the proposed development area. The taxing jurisdictions may present their recommendations at the public hearing

on the tax increment financing plan. The authority may enter into agreements with the taxing jurisdictions and the governing body of the municipality in which the development area is located to share a portion of the captured assessed value of the district.

(5) A tax increment financing plan may be modified if the modification is approved by the governing body upon notice and after public hearings and agreements as are required for approval of the original plan.

(6) Under a tax increment financing plan that includes a catalyst development project, an authority may pledge available tax increment revenues of the authority as security for any bonds issued to develop and construct a catalyst development project.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1979, Act 26, Imd. Eff. June 6, 1979;—Am. 1981, Act 34, Imd. Eff. May 11, 1981;—Am. 1986, Act 229, Imd. Eff. Oct. 1, 1986;—Am. 1988, Act 425, Imd. Eff. Dec. 27, 1988;—Am. 1989, Act 108, Imd. Eff. June 23, 1989;—Am. 1993, Act 323, Eff. Mar. 15, 1994;—Am. 2012, Act 396, Imd. Eff. Dec. 19, 2012.

**Compiler's note:** Section 2 of Act 425 of 1988 provides: "This amendatory act is effective beginning with taxes levied in 1989. However, for taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were received by an authority are validated."

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

### **125.1665 Transmitting and expending tax increments revenues; reversion of surplus funds; abolition of tax increment financing plan; conditions; annual report on status of tax increment financing account; contents; publication.**

Sec. 15. (1) The municipal and county treasurers shall transmit to the authority tax increment revenues.

(2) The authority shall expend the tax increment revenues received for the development program only pursuant to the tax increment financing plan. Surplus funds shall revert proportionately to the respective taxing bodies. These revenues shall not be used to circumvent existing property tax limitations. The governing body of the municipality may abolish the tax increment financing plan when it finds that the purposes for which it was established are accomplished. However, the tax increment financing plan shall not be abolished until the principal of, and interest on, bonds issued pursuant to section 16 have been paid or funds sufficient to make the payment have been segregated.

(3) Annually the authority shall submit to the governing body of the municipality and the state tax commission a report on the status of the tax increment financing account. The report shall be published in a newspaper of general circulation in the municipality and shall include the following:

- (a) The amount and source of revenue in the account.
- (b) The amount in any bond reserve account.
- (c) The amount and purpose of expenditures from the account.
- (d) The amount of principal and interest on any outstanding bonded indebtedness.
- (e) The initial assessed value of the project area.
- (f) The captured assessed value retained by the authority.
- (g) The tax increment revenues received.
- (h) The number of jobs created as a result of the implementation of the tax increment financing plan.
- (i) Any additional information the governing body or the state tax commission considers necessary.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1979, Act 26, Imd. Eff. June 6, 1979;—Am. 1981, Act 34, Imd. Eff. May 11, 1981;—Am. 1986, Act 229, Imd. Eff. Oct. 1, 1986;—Am. 1988, Act 425, Imd. Eff. Dec. 27, 1988;—Am. 1992, Act 279, Imd. Eff. Dec. 18, 1992;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

**Compiler's note:** Section 2 of Act 425 of 1988 provides: "This amendatory act is effective beginning with taxes levied in 1989. However, for taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were received by an authority are validated."

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

### **125.1666 General obligation bonds and tax increment bonds; qualified refunding obligation.**

Sec. 16. (1) The municipality may by resolution of its governing body authorize, issue, and sell general obligation bonds subject to the limitations set forth in this subsection to finance the development program of the tax increment financing plan and shall pledge its full faith and credit for the payment of the bonds. The municipality may pledge as additional security for the bonds any money received by the authority or the municipality pursuant to section 11. The bonds are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. Before the municipality may authorize the borrowing, the authority shall submit an estimate of the anticipated tax increment revenues and other revenue available under section 11 to be available for payment of principal and interest on the bonds, to the governing body of the municipality. This

estimate shall be approved by the governing body of the municipality by resolution adopted by majority vote of the members of the governing body in the resolution authorizing the bonds. If the governing body of the municipality adopts the resolution authorizing the bonds, the estimate of the anticipated tax increment revenues and other revenue available under section 11 to be available for payment of principal and interest on the bonds shall be conclusive for purposes of this section. The bonds issued under this subsection shall be considered a single series for the purposes of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2801.

(2) By resolution of its governing body, the authority may authorize, issue, and sell tax increment bonds subject to the limitations set forth in this subsection to finance the development program of the tax increment financing plan. The tax increment bonds issued by the authority under this subsection shall pledge solely the tax increment revenues of a development area in which the project is located or a development area from which tax increment revenues may be used for this project, or both. In addition or in the alternative, the bonds issued by the authority pursuant to this subsection may be secured by any other revenues identified in section 11 as sources of financing for activities of the authority that the authority shall specifically pledge in the resolution. However, the full faith and credit of the municipality shall not be pledged to secure bonds issued pursuant to this subsection. The bond issue may include a sum sufficient to pay interest on the tax increment bonds until full development of tax increment revenues from the project and also a sum to provide a reasonable reserve for payment of principal and interest on the bonds. The resolution authorizing the bonds shall create a lien on the tax increment revenues and other revenues pledged by the resolution that shall be a statutory lien and shall be a first lien subject only to liens previously created. The resolution may provide the terms upon which additional bonds may be issued of equal standing and parity of lien as to the tax increment revenues and other revenues pledged under the resolution. Bonds issued under this subsection that pledge revenue received under section 11 for repayment of the bonds are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(3) Notwithstanding any other provision of this act, if the state treasurer determines that an authority or municipality can issue a qualified refunding obligation and the authority or municipality does not make a good faith effort to issue the qualified refunding obligation as determined by the state treasurer, the state treasurer may reduce the amount claimed by the authority or municipality under section 13b by an amount equal to the net present value saving that would have been realized had the authority or municipality refunded the obligation or the state treasurer may require a reduction in the capture of tax increment revenues from taxes levied by a local or intermediate school district or this state by an amount equal to the net present value savings that would have been realized had the authority or municipality refunded the obligation. This subsection does not authorize the state treasurer to require the authority or municipality to pledge security greater than the security pledged for the obligation being refunded.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1981, Act 34, Imd. Eff. May 11, 1981;—Am. 1983, Act 34, Imd. Eff. May 10, 1983;—Am. 1985, Act 159, Imd. Eff. Nov. 15, 1985;—Am. 1992, Act 279, Imd. Eff. Dec. 18, 1992;—Am. 1993, Act 122, Imd. Eff. July 20, 1993;—Am. 1993, Act 323, Eff. Mar. 15, 1994;—Am. 1996, Act 269, Imd. Eff. June 12, 1996;—Am. 2002, Act 234, Imd. Eff. Apr. 29, 2002.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

### **125.1667 Development plan; preparation; contents; improvements related to qualified facility.**

Sec. 17. (1) When a board decides to finance a project in the downtown district by the use of revenue bonds as authorized in section 13 or tax increment financing as authorized in sections 14, 15, and 16, it shall prepare a development plan.

(2) The development plan shall contain all of the following:

(a) The designation of boundaries of the development area in relation to highways, streets, streams, or otherwise.

(b) The location and extent of existing streets and other public facilities within the development area, shall designate the location, character, and extent of the categories of public and private land uses then existing and proposed for the development area, including residential, recreational, commercial, industrial, educational, and other uses, and shall include a legal description of the development area.

(c) A description of existing improvements in the development area to be demolished, repaired, or altered, a description of any repairs and alterations, and an estimate of the time required for completion.

(d) The location, extent, character, and estimated cost of the improvements including rehabilitation contemplated for the development area and an estimate of the time required for completion.

(e) A statement of the construction or stages of construction planned, and the estimated time of completion

of each stage.

(f) A description of any parts of the development area to be left as open space and the use contemplated for the space.

(g) A description of any portions of the development area that the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms.

(h) A description of desired zoning changes and changes in streets, street levels, intersections, or utilities.

(i) An estimate of the cost of the development, a statement of the proposed method of financing the development, and the ability of the authority to arrange the financing.

(j) Designation of the person or persons, natural or corporate, to whom all or a portion of the development is to be leased, sold, or conveyed in any manner and for whose benefit the project is being undertaken if that information is available to the authority.

(k) The procedures for bidding for the leasing, purchasing, or conveying in any manner of all or a portion of the development upon its completion, if there is no express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed in any manner to those persons.

(l) Estimates of the number of persons residing in the development area and the number of families and individuals to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a development plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those units in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displaced families and individuals.

(m) A plan for establishing priority for the relocation of persons displaced by the development in any new housing in the development area.

(n) Provision for the costs of relocating persons displaced by the development and financial assistance and reimbursement of expenses, including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the federal uniform relocation assistance and real property acquisition policies act of 1970, being Public Law 91-646, 42 U.S.C. sections 4601, et seq.

(o) A plan for compliance with Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

(p) Other material that the authority, local public agency, or governing body considers pertinent.

(3) A development plan may provide for improvements related to a qualified facility, as defined in the federal facility development act, Act No. 275 of the Public Acts of 1992, being sections 3.931 to 3.940 of the Michigan Compiled Laws, that is located outside of the boundaries of the development area but within the district, including the cost of construction, renovation, rehabilitation, or acquisition of that qualified facility or of public facilities and improvements related to that qualified facility.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1992, Act 279, Imd. Eff. Dec. 18, 1992;—Am. 1993, Act 122, Imd. Eff. July 20, 1993.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

### **125.1668 Ordinance approving development plan or tax increment financing plan; public hearing; notice; record.**

Sec. 18. (1) The governing body, before adoption of an ordinance approving or amending a development plan or approving or amending a tax increment financing plan, shall hold a public hearing on the development plan. Notice of the time and place of the hearing shall be given by publication twice in a newspaper of general circulation designated by the municipality, the first of which shall be not less than 20 days before the date set for the hearing. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the downtown district not less than 20 days before the hearing. Notice shall also be mailed to all property taxpayers of record in the downtown district not less than 20 days before the hearing. Beginning June 1, 2005, the notice of hearing within the time frame described in this subsection shall be mailed by certified mail to the governing body of each taxing jurisdiction levying taxes that would be subject to capture if the development plan or the tax increment financing plan is approved or amended.

(2) Notice of the time and place of hearing on a development plan shall contain: a description of the proposed development area in relation to highways, streets, streams, or otherwise; a statement that maps, plats, and a description of the development plan, including the method of relocating families and individuals

who may be displaced from the area, are available for public inspection at a place designated in the notice, and that all aspects of the development plan will be open for discussion at the public hearing; and other information that the governing body considers appropriate. At the time set for hearing, the governing body shall provide an opportunity for interested persons to be heard and shall receive and consider communications in writing with reference to the development plan. The hearing shall provide the fullest opportunity for expression of opinion, for argument on the merits, and for introduction of documentary evidence pertinent to the development plan. The governing body shall make and preserve a record of the public hearing, including all data presented thereat.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 2005, Act 13, Imd. Eff. May 4, 2005.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

**125.1669 Development plan or tax increment financing plan as constituting public purpose; determination; ordinance; considerations; amendments; incorporation of catalyst development project plan.**

Sec. 19. (1) The governing body after a public hearing on the development plan or the tax increment financing plan, or both, with notice of the hearing given in accordance with section 18, shall determine whether the development plan or tax increment financing plan constitutes a public purpose. If it determines that the development plan or tax increment financing plan constitutes a public purpose, it shall then approve or reject the plan, or approve it with modification, by ordinance based on the following considerations:

(a) The findings and recommendations of a development area citizens council, if a development area citizens council was formed.

(b) The plan meets the requirements set forth in section 17 (2).

(c) The proposed method of financing the development is feasible and the authority has the ability to arrange the financing.

(d) The development is reasonable and necessary to carry out the purposes of this act.

(e) The land included within the development area to be acquired is reasonably necessary to carry out the purposes of the plan and of this act in an efficient and economically satisfactory manner.

(f) The development plan is in reasonable accord with the master plan of the municipality.

(g) Public services, such as fire and police protection and utilities, are or will be adequate to service the project area.

(h) Changes in zoning, streets, street levels, intersections, and utilities are reasonably necessary for the project and for the municipality.

(2) Amendments to an approved development plan or tax increment plan must be submitted by the authority to the governing body for approval or rejection.

(3) Proposed amendments made to an approved development plan to incorporate a catalyst development project plan shall be submitted by the authority to the Michigan strategic fund for approval or rejection of that part of the plan relating to the catalyst development project. Amendments not approved or rejected under this subsection by the Michigan strategic fund within 45 days of submission for approval shall be considered approved.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 2012, Act 396, Imd. Eff. Dec. 19, 2012.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

**125.1670 Notice to vacate.**

Sec. 20. A person to be relocated under this act shall be given not less than 90 days' written notice to vacate unless modified by court order for good cause.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

**125.1671 Development area citizens council; establishment; appointment and qualifications of members; representative of development area.**

Sec. 21. (1) If a proposed development area has residing within it 100 or more residents, a development area citizens council shall be established at least 90 days before the public hearing on the development or tax increment financing plan. The development area citizens council shall be established by the governing body and shall consist of not less than 9 members. The members of the development area citizens council shall be

residents of the development area and shall be appointed by the governing body. A member of a development area citizens council shall be at least 18 years of age.

(2) A development area citizens council shall be representative of the development area.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

#### **125.1672 Development area citizens council; advisory body.**

Sec. 22. A development area citizens council established pursuant to this act shall act an advisory body to the authority and the governing body in the adoption of the development or tax increment financing plans.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

#### **125.1673 Consultation.**

Sec. 23. Periodically a representative of the authority responsible for preparation of a development or tax increment financing plan within the development area shall consult with and advise the development area citizens council regarding the aspects of a development plan, including the development of new housing for relocation purposes located either inside or outside of the development area. The consultation shall begin before any final decisions by the authority and the governing body regarding a development or tax increment financing plan. The consultation shall continue throughout the preparation and implementation of the development or tax increment financing plan.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

#### **125.1674 Development area citizens council; meetings; notice; record; information and technical assistance; failure to organize, consult, or advise.**

Sec. 24. (1) Meetings of the development area citizens council shall be open to the public. Notice of the time and place of the meetings shall be given by publication in a newspaper of general circulation not less than 5 days before the dates set for meetings of the development area citizens council. A person present at those meetings shall have reasonable opportunity to be heard.

(2) A record of the meetings of a development area citizens council, including information and data presented, shall be maintained by the council.

(3) A development area citizens council may request of and receive from the authority information and technical assistance relevant to the preparation of the development plan for the development area.

(4) Failure of a development area citizens council to organize or to consult with and be advised by the authority, or failure to advise the governing body, as provided in this act, shall not preclude the adoption of a development plan by a municipality if the municipality complies with the other provisions of this act.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

#### **125.1675 Citizens district council as development area citizens council.**

Sec. 25. In a development area where a citizens district council established according to Act No. 344 of the Public Acts of 1945, as amended, being sections 125.71 to 125.84 of the Michigan Compiled Laws, already exists the governing body may designate it as the development area citizens council authorized by this act.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

#### **125.1676 Notice of findings and recommendations.**

Sec. 26. Within 20 days after the public hearing on a development or tax increment financing plan, the development area citizens council shall notify the governing body, in writing, of its findings and recommendations concerning a proposed development plan.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

**125.1677 Development area citizens council; dissolution.**

Sec. 27. A development area citizens council may not be required and, if formed, may be dissolved in any of the following situations:

(a) On petition of not less than 20% of the adult resident population of the development area by the last federal decennial or municipal census, a governing body, after public hearing with notice thereof given in accordance with section 18 and by a 2/3 vote, may adopt an ordinance for the development area to eliminate the necessity of a development area citizens council.

(b) When there are less than 18 residents, real property owners, or representatives of establishments located in the development area eligible to serve on the development area citizens council.

(c) Upon termination of the authority by ordinance of the governing body.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

**125.1678 Budget; cost of handling and auditing funds.**

Sec. 28. (1) The director of the authority shall prepare and submit for the approval of the board a budget for the operation of the authority for the ensuing fiscal year. The budget shall be prepared in the manner and contain the information required of municipal departments. Before the budget may be adopted by the board, it shall be approved by the governing body of the municipality. Funds of the municipality shall not be included in the budget of the authority except those funds authorized in this act or by the governing body of the municipality.

(2) The governing body of the municipality may assess a reasonable pro rata share of the funds for the cost of handling and auditing the funds against the funds of the authority, other than those committed, which cost shall be paid annually by the board pursuant to an appropriate item in its budget.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

**125.1678a Exemption.**

Sec. 28a. Beginning January 1, 2010, the authority shall be exempt from all taxation on its earnings or property. Instruments of conveyance from an authority are exempt from transfer taxes under 1966 PA 134, MCL 207.501 to 207.513, and the state real estate transfer tax act, 1993 PA 330, MCL 207.521 to 207.537.

**History:** Add. 2012, Act 396, Imd. Eff. Dec. 19, 2012.

**125.1679 Historic sites.**

Sec. 29. (1) A public facility, building, or structure that is determined by the municipality to have significant historical interests shall be preserved in a manner as considered necessary by the municipality in accordance with laws relative to the preservation of historical sites. The preservation of facilities, buildings, or structures determined to be historic sites by a municipality shall include, at a minimum, equipping the historic site with a fire alarm system.

(2) An authority shall refer all proposed changes to the exterior of sites listed on the state register of historic sites and the national register of historic places to the applicable historic district commission created under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215, or the department of history, arts, and libraries for review.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 2001, Act 68, Imd. Eff. July 24, 2001;—Am. 2004, Act 66, Imd. Eff. Apr. 20, 2004.

**Compiler's note:** For transfer of powers and duties of department of history, arts, and libraries or the Michigan historical center relating to the identification, certification, and preservation of historical sites to the Michigan state housing development authority, see E.R.O. No. 2009-26, compiled at MCL 399.752.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

**125.1680 Dissolution of authority; disposition of property and assets; reinstatement of authority; contesting validity of proceedings, findings, and determinations.**

Sec. 30. (1) An authority that has completed the purposes for which it was organized shall be dissolved by ordinance of the governing body. The property and assets of the authority remaining after the satisfaction of the obligations of the authority belong to the municipality.

Rendered Thursday, December 8, 2016

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Michigan Compiled Laws Complete Through PA 327 of 2016

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(2) An authority established under this act before December 31, 1988, that is dissolved by ordinance of the governing body before September 30, 1990 and that is reinstated by ordinance of the governing body after notice and public hearing as provided in section 3(2) shall not be invalidated pursuant to a claim that, based upon the standards set forth in section 3(1), a governing body improperly determined that the necessary conditions existed for the reinstatement of an authority under the act if at the time the governing body established the authority the governing body determined or could have determined that the necessary conditions existed for the establishment of an authority under this act or could have determined that establishment of an authority under this act would serve to promote economic growth and notwithstanding that the boundaries of the downtown district are altered at the time of reinstatement of the authority.

(3) In the resolution of intent, the municipality shall set a date for the holding of a public hearing on the adoption of a proposed ordinance reinstating the authority. The procedure for publishing the notice of hearing, holding the hearing, and adopting the ordinance reinstating the authority shall be as provided in section 3(2), (4), and (5).

(4) The validity of the proceedings, findings, and determinations reinstating an authority shall be conclusive unless contested in a court of competent jurisdiction within 60 days after the last of the following occurs:

- (a) Publication of the ordinance reinstating the authority as adopted.
- (b) Filing of the ordinance reinstating the authority with the secretary of state.
- (c) May 27, 1993.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1993, Act 42, Imd. Eff. May 27, 1993;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act

#### **125.1681 Proceedings to compel enforcement of act; rules.**

Sec. 31. (1) The state tax commission may institute proceedings to compel enforcement of this act.

(2) The state tax commission may promulgate rules necessary for the administration of this act pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

**History:** Add. 1988, Act 425, Imd. Eff. Dec. 27, 1988.

**Compiler's note:** Section 2 of Act 425 of 1988 provides: "This amendatory act is effective beginning with taxes levied in 1989. However, for taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were received by an authority are validated."

**Popular name:** DDA

**Popular name:** Downtown Development Authority Act



# The Downtown Development Plan and Tax Increment Financing Plan



Ann Arbor, Michigan

November, 1982





**DEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN  
FOR THE  
ANN ARBOR DOWNTOWN DEVELOPMENT DISTRICT**

**PREPARED BY THE  
ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY  
CITY OF ANN ARBOR, MICHIGAN**

**ADOPTED BY THE  
ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY  
on October 26, 1982**

**ADOPTED BY THE  
ANN ARBOR CITY COUNCIL  
on November 22, 1982**



ACKNOWLEDGEMENTS

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Larry Hunter, Ward I  
Lowell Peterson, Ward I

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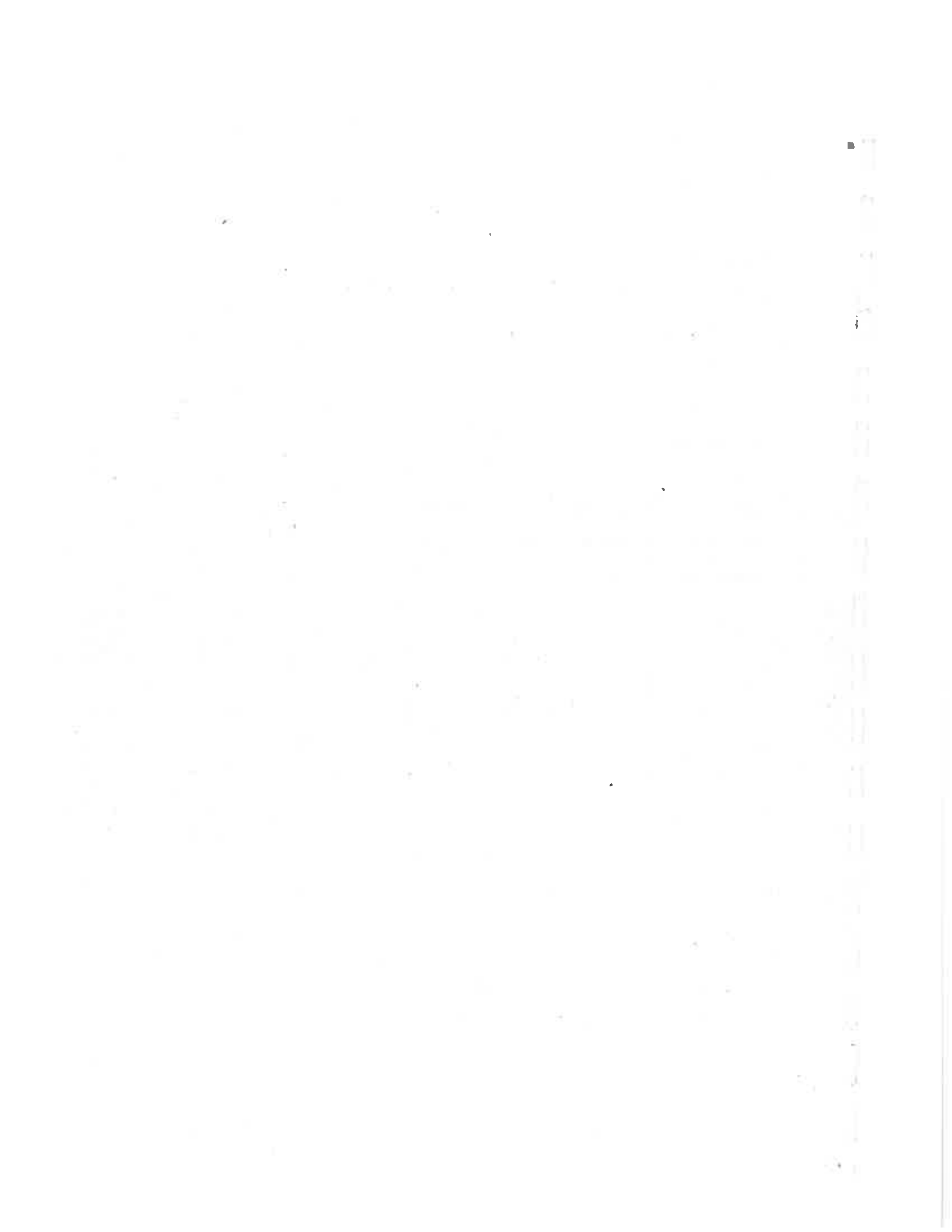
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1. INTRODUCTION.

A. Purpose of the Downtown Development Authority Act.

Act No. 197 of Public Acts of 1975 of the State of Michigan, commonly referred to as the Downtown Development Authority Act was created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interest in real and personal property; to authorize the creation of an authority; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally-adopted development plans for older or traditional central business districts of large and medium-sized Michigan cities.

The Act seeks to attack problems of urban decline, strengthen existing areas and encourage new private developments in the downtown districts of our communities. It seeks to accomplish this goal by providing communities with the necessary legal, monetary and organizational tools to revitalize downtown districts either through public-initiated project undertakings or in concert with privately motivated development projects.

The manner in which downtown development authorities choose to make use of these tools does, of course, depend on the problems and opportunities facing each particular downtown district and the development priorities sought by the community in the revitalization of its center.

The full Act in its entirety is set forth in Attachment 6.

B. Creation of the Ann Arbor Downtown Development Authority and the Ann Arbor Downtown Development District.

On May 10, 1982, the City Council of the City of Ann Arbor adopted Ordinance No. 14-82 which created the Ann Arbor Downtown Development Authority effective May 26, 1982. A copy of Ordinance No. 14-82 is inserted under Attachment 1.

The Authority was given all of the powers and duties prescribed for a downtown development authority pursuant to the Act, except for the power to levy ad valorem taxes on the real and tangible property in the district.

The City Council also designated the boundaries of the downtown district within which the Authority may legally work. These boundaries are shown on Map 1 and a legal description can be found in Attachment 2.

On July 12, 1982, the Ann Arbor City Council approved the appointment of ten individuals to serve on the Authority. On July 19, 1982 and August 2, 1982, the Ann Arbor City Council approved the appointments of the 11th and 12th individuals to serve on the 12-person Downtown Development Authority Board.

C. Activities of the Ann Arbor Downtown Development Authority.

Since the time of its creation in July, 1982, the Authority has scheduled and conducted weekly public meetings for the purpose of establishing procedures under which it would operate, to discuss downtown issues, priorities and objectives which it would address, to map out initial program strategies and approaches to downtown development, and to review current ongoing and planned new public and private development projects within the downtown district.



On July 28, 1982, the Authority adopted Robert's Rules of Order as its by-laws containing the purposes, powers and procedures under which it would operate.

The Authority has concentrated its efforts on identification and proposed implementation of those public improvements that are deficient in the downtown system and need to be provided in order to strengthen the district. Additional public parking facilities and more complete pedestrian/bicycle linkages will bolster existing commercial areas and accommodate the needs of new private developments.

In addition, the Authority is considering a developer's proposal for the development of a new mixed-use facility consisting of various types of restaurants and housing or offices within a one block area of the downtown district. Also being considered is a developer's proposal for two office buildings and a hotel/conference center along with retail shops and housing in a three-block area. The Authority's role in being involved in these developments has been, to date, one of encouraging additional commercial and housing opportunities, increased tax base, and providing public parking for the mixed-use developments and downtown area.

D. Legal Basis for the Ann Arbor Downtown Development District.

The creation of the Downtown Development Authority Act provides the legal mechanism for local officials to address the need for economic development in their central business district.

The Ann Arbor Downtown Development District shown on Map 2 is the area designated by the Authority for implementing development activities and tax increment financing procedures set forth in the Act.

For purposes of designating a district and for establishing a tax increment financing plan, the State Act refers to a "downtown district" as being in a business district which is specifically designated by ordinance of the governing body of the municipality and a "business district" as being an area in the downtown of a municipality zoned and used principally for business.

For purposes of financing activities of the Authority within a district, tax increment plans can be established. By definition, a tax increment financing plan seeks to capitalize on and make use of the increased tax base created by economic development within the boundaries of a downtown district. The location of Ann Arbor's Development District clearly meets this requirement.

The legal basis or support for the Development Plan and Tax Increment Financing Plan are identified in Act 197 of the Public Acts of 1975, as amended.

E. Basis of Authority's Determination of Necessity for the Ann Arbor Development District.

The need for establishing the Development District is founded on the basis that the future success of downtown Ann Arbor's current efforts to revitalize its central area will depend, in large measure, on the readiness and ability of its public corporate entity to initiate public improvements that strengthen the downtown area and to encourage and participate where feasible in the development of new private uses that clearly demonstrate the creation of new jobs, the attraction of new business, the generation of additional tax revenues.

Area of immediate downtown need which the Authority has identified as requiring their involvement and participation at this time and which this Plan is directed toward accomplishing are:

1. Increasing parking opportunities in downtown Ann Arbor through the construction of parking structures in the Main Street and State Street areas and areas in between.

There is a present need for 1,000-1,300 additional parking spaces in the downtown district. Inadequate parking availability has hindered the success of existing businesses and the construction of new developments. Accomplishing this need would contribute greatly to the attractiveness of downtown as a major regional market place for goods and services and as an employment center. In past years, attempts by the City and downtown interests to construct new parking facilities have been restricted due to financial limitations which clearly has demonstrated the necessity of the Authority's involvement in providing financial assistance in such parking projects.

The Authority will attempt to participate in efforts to encourage mixed-use developments in conjunction with public parking improvements.

2. The necessity of participating in the provision of planned open space areas and pedestrian/bicycle linkages to service the non-motorist needs of existing and new developments in the Development District. The continued existing uses and the strengthening of realization of new retail, service and residential uses in downtown Ann Arbor requires that their surrounding environments be appropriately planned and improved to facilitate safe

convenient and attractive non-motorist movement to and from activity centers in the downtown area. Additional amounts of open space areas and linkages will serve the leisure time and passive recreation needs of downtown workers, shoppers and residents and also provide a desirable setting for new building developments. The non-motorist nature of the University and community population necessitates the provision of strong linkages between dispersed activity centers in the Main Street/ State Street/South University/Kerrytown areas in the downtown district.

The Authority is convinced of the public necessity to participate in the development of these new uses and facilities through a Development Plan and Tax Increment Financing Plan.

3. Strengthening the existing district and attracting new private developments in efforts to increase the tax base of the downtown district. Where possible, public improvements will be undertaken that encourage private investment in the district, which will provide additional jobs and attract more residents.
4. Accomplishing each of these needs would contribute much to the overall viability of the downtown area because of the attractiveness of downtown as a regional market place for goods and services, an employment center and as a healthy living environment for residents.

F. Purpose of this Tax Increment Financing Plan for the Ann Arbor Downtown Development District.

The purpose of the Tax Increment Financing Plan and Development Plan for the Development District is to provide the legal authority and proce-

ture for public financial participation necessary to assist the Authority in accomplishing a number of public and private development activities.

After detailed planning is accomplished, the Tax Increment Financing Plan will outline financing for the following identified activities, where necessary:

1. Property appraisals, title searches, legal services, purchase negotiations, and eminent domain proceedings, etc.
2. Payments for real and personal property purchases,
3. Relocation assistance payments and compensation payments to displaced businesses and individuals,
4. Demolition and clearance of selected properties and buildings,
5. Street vacation and removal work,
6. Parking structure construction, equipment, maintenance, and operation,
7. Public open space and streetscape improvement work,
8. Street and utility reconstruction and improvement including utility relocation and replacement,
9. Engineering, architectural, legal studies, and surveys associated with the identification, designation and reuse of any historically significant commercial building, and
10. Acquire, construct, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair, and operate other public facilities and buildings that, in the opinion of the Authority's Board, aid in the economic growth of the downtown district and/or is appropriate to the execution of the Development Plan.

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SECTION II: DEVELOPMENT PLAN





## II. DEVELOPMENT PLAN.

### A. Boundaries of the Ann Arbor Downtown Development District.

1. Map of the Ann Arbor Downtown Development District. See Map 1 on page 9a.
2. Legal Description of the Boundaries of the Ann Arbor Downtown Development District. See Attachment 2, Legal Description of Development District and Tax Increment Financing Area.
3. General Description of Boundaries and Size of the Development District. The Ann Arbor Downtown Development District encompasses all or parts of 66 blocks generally bounded by West Kingsley Street on the north, Chapin/Second/South First/South Ashley Streets on the west, Mosley/East William/South University/Willard Streets on the south, and Washtenaw/South Thayer/midblock lot lines between East Ann and East Huron Streets/and midblock lot lines between North Fifth Avenue and North Division Street. In all, there are approximately 291 acres of land inclusive of public street rights-of-way within the Development District.

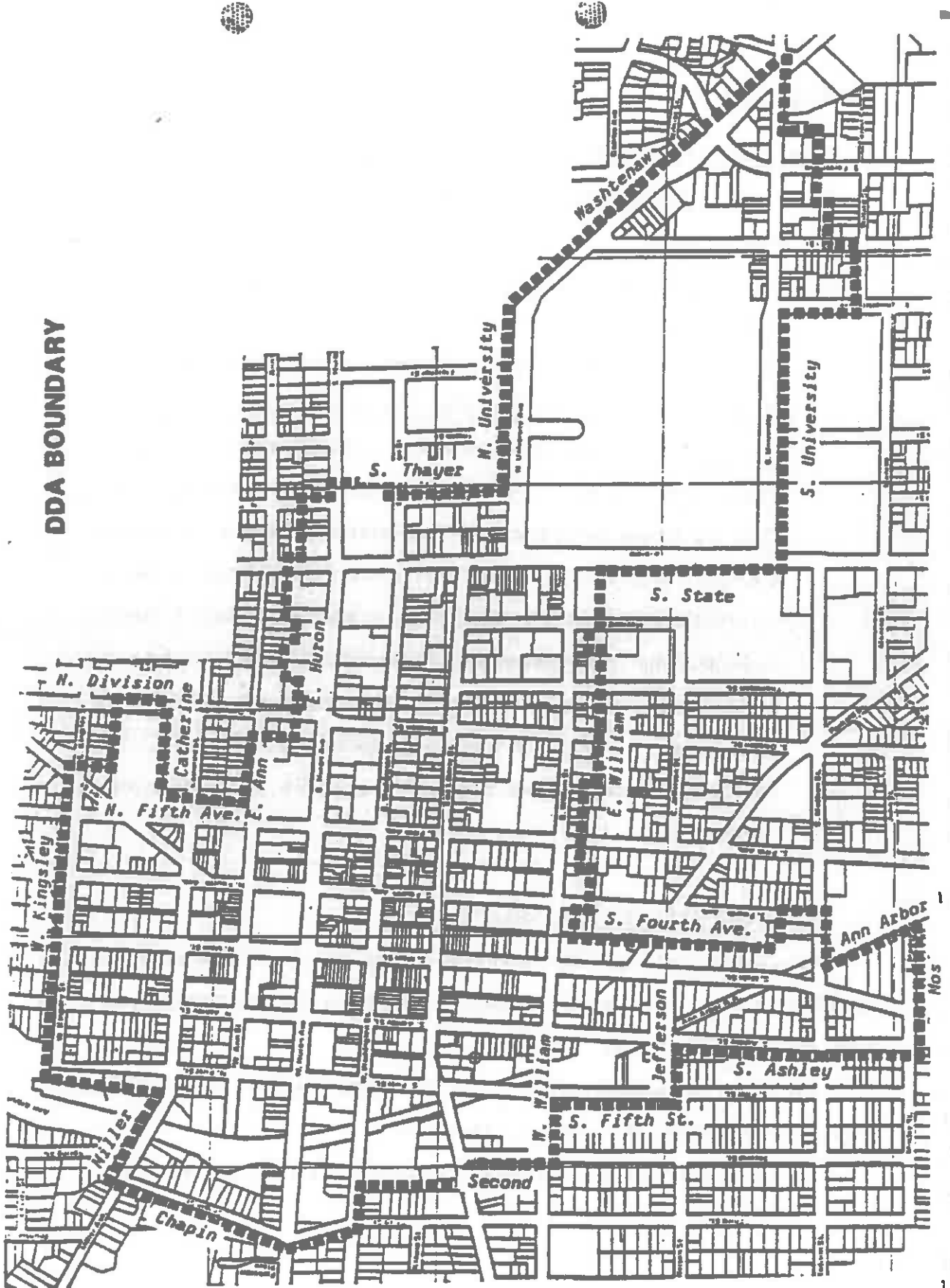
### B. Development Plan Goal and Objectives.

The overall goal of the Development Plan is to undertake public improvements that have greatest impact in strengthening the downtown area and attracting new private investments.

The specific objectives by which this Plan has been designed to accomplish the above goal are as follows:

1. Construct parking facilities to support existing and new developments.

**DDA BOUNDARY**



2. Participate in efforts to encourage mixed-use developments in conjunction with public improvements.
3. Undertake improvements to existing and proposed public open space areas, pedestrian/bicycle linkages and transit system.
4. Undertake improvements to existing streets and public utilities in order to stimulate new private investment in the area.
5. Participate in programs to stimulate new, converted or renovated housing.
6. Participate in efforts to encourage the expansion of retail businesses.
7. Make available for development lands previously acquired by the City for the proposed Packard/Beakes by-pass if their use is not required.
8. Retain historic and/or architecturally significant buildings having potential for activities consistent with development objectives.
9. Encourage energy efficiency in all projects and proposals.

C. Location, Character and Extent of Existing Public and Private Land Uses

The Development District is a downtown neighborhood that includes the Main Street, State Street, South University, and Farmers' Market/Kerrytown commercial areas as well as areas that connect and surround them. It contains a diversity of public and private land uses including commercial, office, civic, entertainment, convention, University, residential, industrial, open space, parking, vacant, and public street/pedestrian areas. A total of 1,215 non-residential establishments exist-

ed in the Development District as of February 28, 1982 and consisted of the following types of establishments: 346 retail and wholesale (28%), 315 professional office (26%), 269 service (personal and business) (22%), 121 general office (10%), 85 restaurants and taverns (7%), 25 banks and other financial (2%), 11 manufacturing, industrial, warehouse (1%), and 43 other miscellaneous (4%). Provided below and shown on Map 2 is an account of the character and extent of both public and private uses found in the downtown district today. More detailed block data is provided in Attachment 3.

1. Existing Public Land Uses. Public uses in the Development District include the following:

(a) Existing developments:

- (1) A portion of The University of Michigan Central Campus -- Occupies 49 acres in the 291-acre district and includes several libraries, the Engineering School, museums, Natural Science and Arts Schools. A new Alumni Building was recently constructed.
- (2) Michigan Theatre -- Constructed in 1928, and now used as an entertainment center for movies, stage shows and performances, in which voters passed ballot proposals in 1982 to pay the outstanding debt on this City-owned facility and make code-required building improvements.
- (3) Off-Street Parking Facilities -- Five parking structures including the Fourth/William carport addition containing a total of 2,660 spaces, and 11 parking lots containing a total of 712 spaces.

- (4) Farmers' Market--A City-owned canopy' structure and accessory building used for the sale of farm goods.
- (5) Ninety-one acres of public rights-of-way representing 31 percent of the district's area.
- (6) The Hands-On Museum, previously the City's central fire station, has been renovated and converted for this public use.
- (7) Other civic facilities including park plazas, historic buildings, government buildings, transit information center, dental clinic.

(b) Recent developments:

- (1) Baker Commons -- A newly-constructed, 63-unit public housing development for the elderly located at Packard and South Main Streets.
- (2) Fourth/William Carport Addition -- The addition of 375 newly-constructed parking spaces onto the existing 500-car parking structure.








In all, there are approximately 78 acres of land currently in public use, excluding public rights-of-way. This amount represents 27 percent of the district.

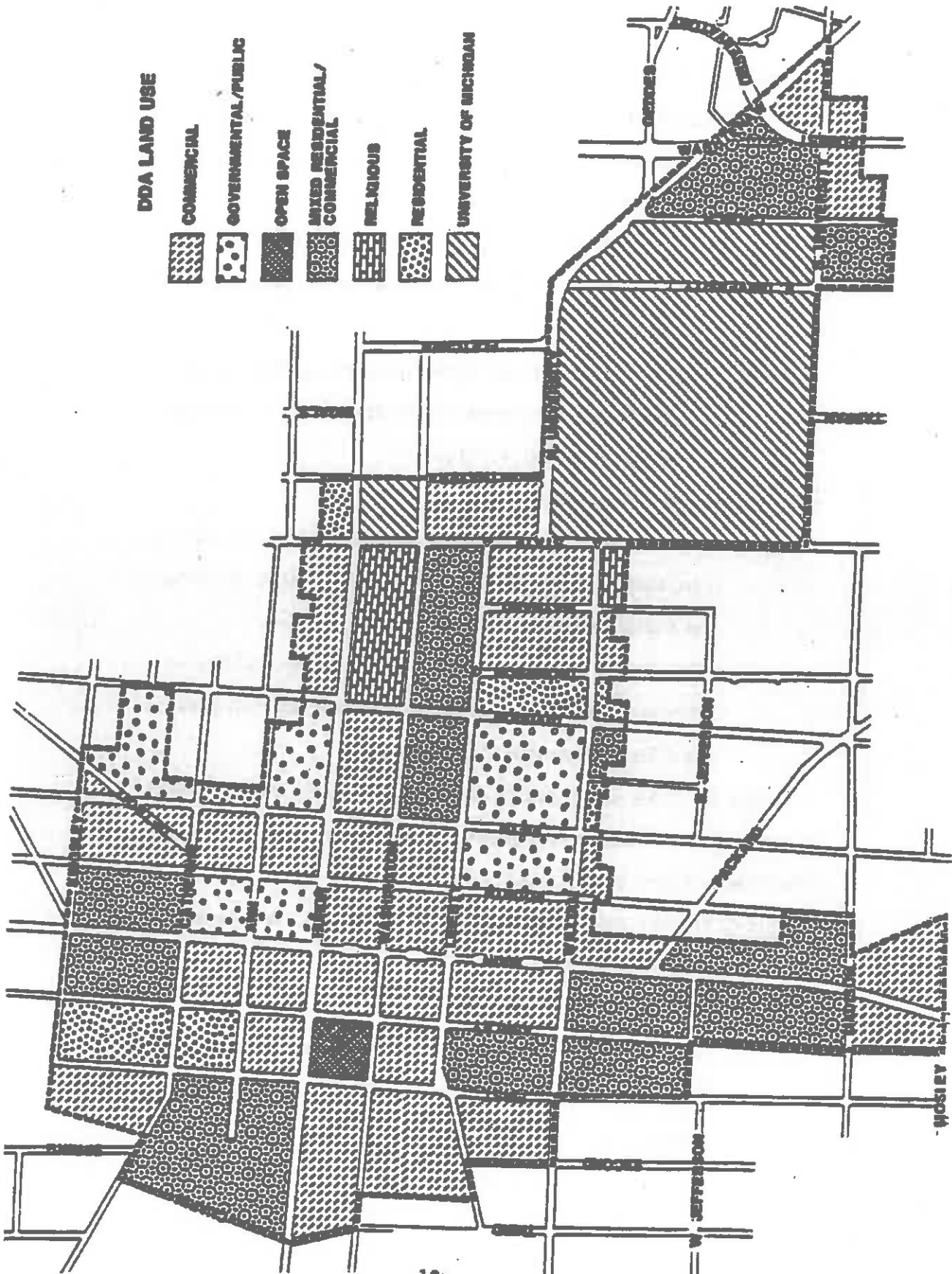
2. Existing Private Land Uses. Private uses in the Development District include the following:

(a) Existing developments:

- (1) The Ann Arbor Inn (now being renovated), Campus Inn and the Bell Tower Hotel, containing a total of 475 rooms.

**DDA LAND USE**

-  COMMERCIAL
-  GOVERNMENTAL/PUBLIC
-  OPEN SPACE
-  MIXED RESIDENTIAL/  
COMMERCIAL
-  RELIGIOUS
-  RESIDENTIAL
-  UNIVERSITY OF MICHIGAN



- (2) 346 commercial retail business establishments, including three specialty department stores.
- (3) 584 commercial service-type establishments, which include 85 restaurants.
- (4) Greyhound Bus Line Downtown Terminal Station.
- (5) Main offices of six banking and savings and loan establishments.
- (6) Eleven warehouse and industrial establishments, including the Turner Products (old Chrysler) plant on South First Street.
- (7) 1,674 dwelling units containing an estimated 3,000 residents.
- (8) Kerrytown Shops -- A retail market and specialty shops next to Farmers' Market.

(b) Recent developments:

- (1) The renovated First National Office Building (58,000 square feet), the Federal Building (78,300 square feet), the Federal Center (17,300 square feet), and the Michigan Square (28,000 square feet).

In all, there are approximately 122 acres of land devoted to private use type activities representing 42 percent of the Development District's total land area.

D. Location, Character and Extent of Proposed Land Uses.

The location, character and extent of those public and private land uses which will result from these and other planned development activities and also from the retention of existing uses are illustrated on Map 4 and described below.



1. Proposed Public Land Uses. The timing of public projects in the following phases may be interchangeable due to schedule variations or accelerated programming efforts. Proposed public land uses include the following:

Phase I:

- (a) Expansion of downtown parking to provide a new 500 to 700-space parking structure on East Washington Street between State and North Division Streets to serve existing and new developments in the State Street commercial area and central portion of the district. This public parking structure is planned to be part of a new mixed-use development consisting of commercial and residential or office uses.
- (b) Pedestrian improvements to include sidewalk pavers, planters, street trees, benches, street lighting, drainage, bicycle storage areas, and on-street parking refinements where desirable and necessary:
  - (1) Detroit Street pedestrian and parking improvements in front of Farmers' Market from Catherine Street to Fifth Avenue.
  - (2) Pedestrian improvements along Fourth Avenue from Catherine Street to East Liberty Street to connect Farmers' Market/Kerrytown with Liberty Street.
  - (3) Pedestrian improvements along Liberty Street from South First Street to Division Street, including a mini-plaza at Liberty and First Streets.
  - (4) Pedestrian connection(s) from the Forest Avenue parking structure to South University and/or Church Street.

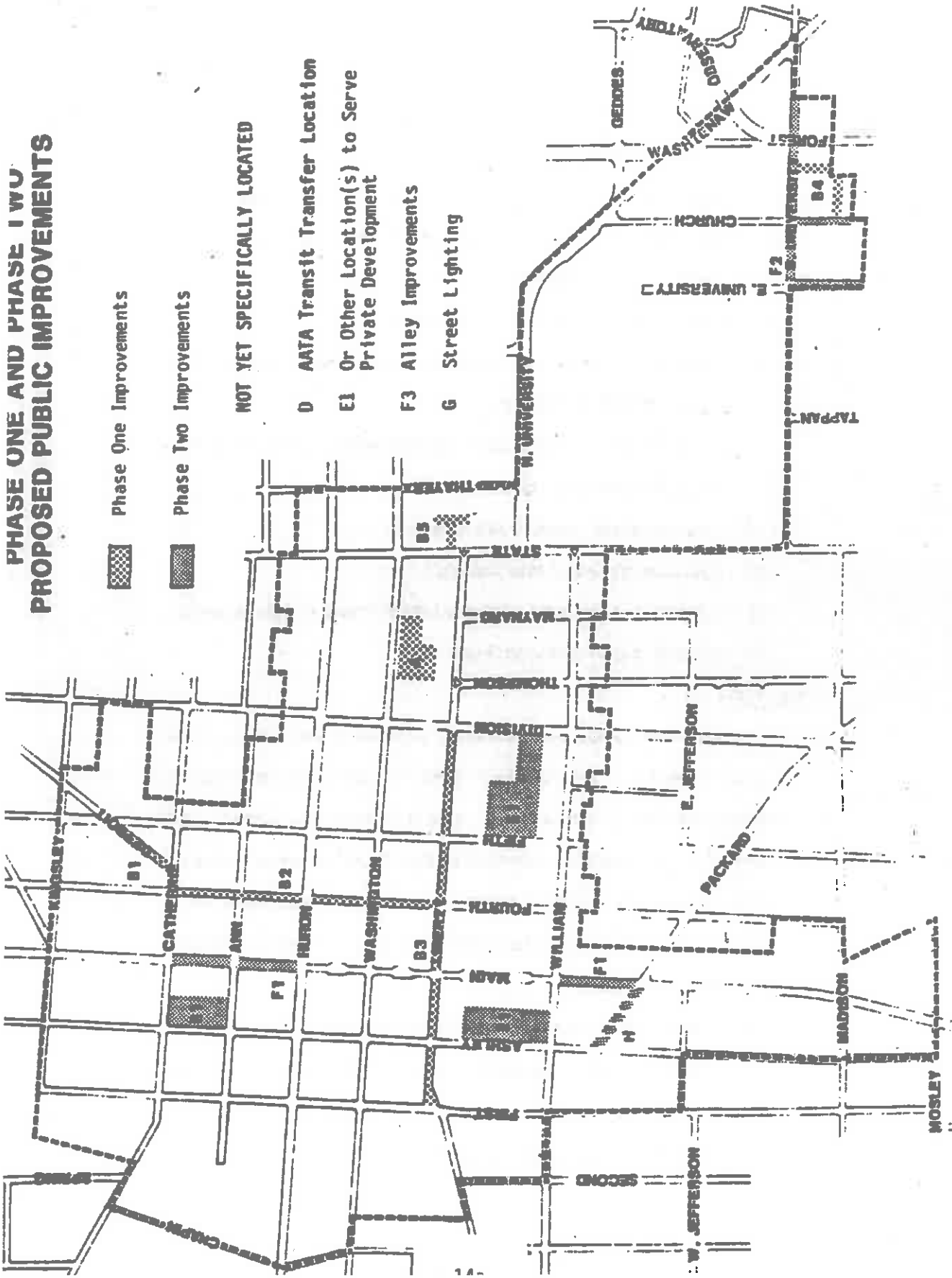


# PHASE ONE AND PHASE TWO PROPOSED PUBLIC IMPROVEMENTS

-  Phase One Improvements
-  Phase Two Improvements

NOT YET SPECIFICALLY LOCATED

- D AATA Transit Transfer Location
- E1 Or Other Location(s) to Serve Private Development
- F3 Alley Improvements
- G Street Lighting



- (5) Pedestrian improvements to the alley along the north side of the State Theater from State Street to the Thayer Street parking structure.
- (c) To study site and any acquisition/relocation needs for a parking structure to be constructed as part of Phase II.
- (d) Other public improvements:
  - (1) AATA transit transfer location.
  - (2) Farmers' Market improvements to include a new office and restroom building.
  - (3) Allen Creek storm sewer improvements along the Ann Arbor Railroad tracks.
  - (4) Downtown water main improvements.
  - (5) Downtown street resurfacing.
  - (6) Rehabilitation of commercial buildings and housing.
  - (7) Bicycle parking facilities.

Phase II:

- (e) Expansion of downtown parking to provide a new 500 to 700-space parking structure at Ashley and William Streets behind Kline's; or on the Library block on South Fifth Avenue; or at Ashley, Ann and Miller Streets west of North Main Street to serve existing and new developments in these areas; or other parking structures to serve existing and new developments.
- (f) Pedestrian improvements to include sidewalk pavers, planters, street trees, benches, street lighting, drainage, bicycle storage areas, and on-street parking refinements where desirable and necessary:

- (1) Dean Promenade extension on North Main Street from Catherine to Huron Streets, and South Main Street from William Street to Packard.
- (2) Pedestrian improvements on South University from East University to Washtenaw Avenue.
- (3) Alley improvements to accommodate pedestrian circulation.
- (g) General upgrading of street lighting and placing of utilities underground where necessary.
- (h) Consider the extension of Packard Road as a one-way street northerly to Ashley and/or First Streets if the Ashley Street parking structure is built and to study any other circulation improvements considered beneficial.
- (i) Other public improvements:
  - (1) Additional Farmers' Market improvements to complete overall program.
  - (2) Westside sanitary sewers in the Chapin/Miller area.
  - (3) Additional downtown water main improvements.
  - (4) Additional downtown street resurfacing.
  - (5) Additional rehabilitation of commercial buildings and housing.
  - (6) Some park, plaza and street tree improvements.

Phase III:

- (j) Expansion of downtown parking to provide up to three new 500 to 700-space parking structures to be built in conjunction with private developments.

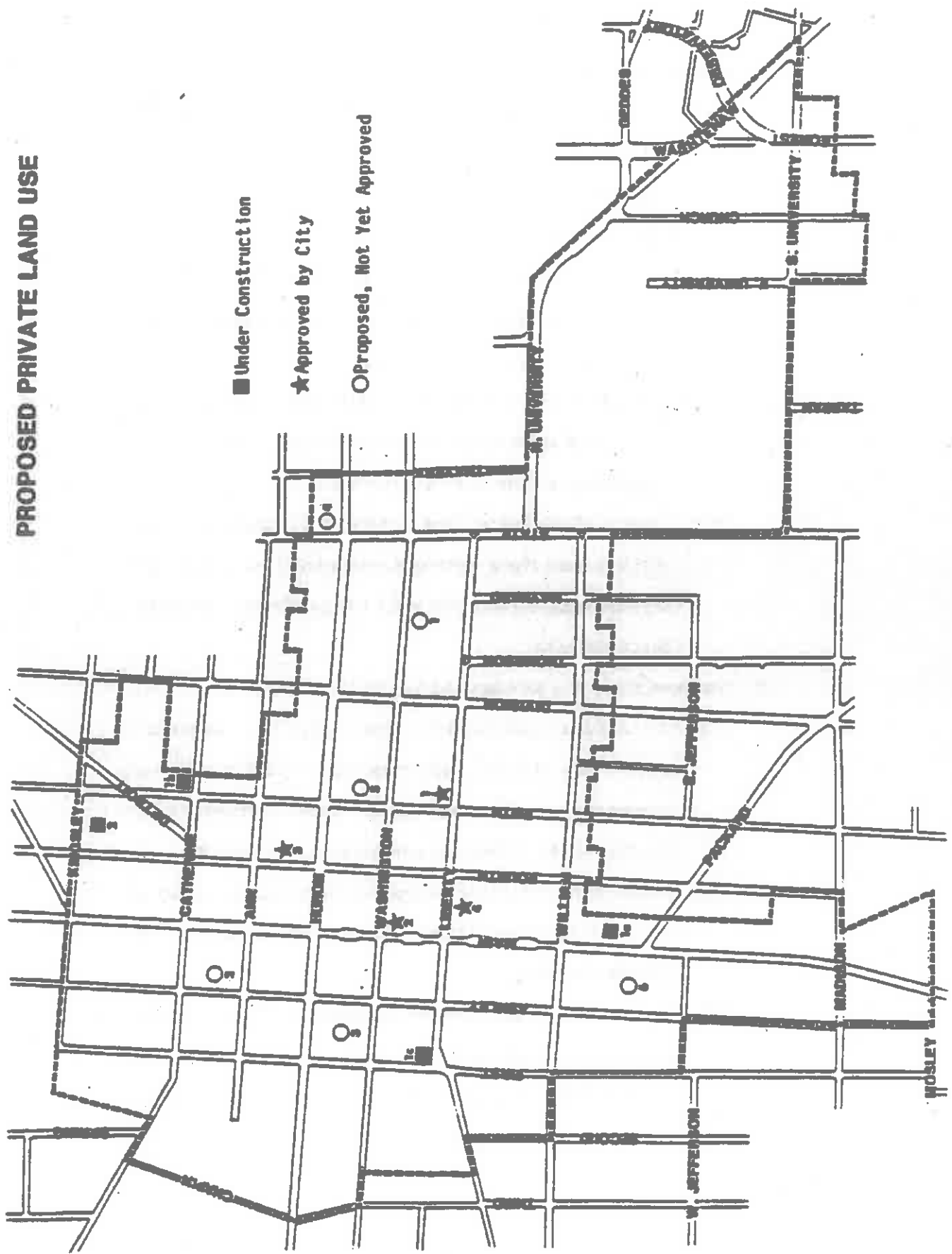
- (k) Pedestrian improvements to include sidewalk pavers, planters, street trees, benches, street lighting, drainage, bicycle storage areas, and on-street parking refinements where desirable and necessary.
  - (1) Improved pedestrian access to West Park from Ann Street.
  - (2) Pedestrian improvements on Ann and Washington Streets.
  - (3) Other necessary pedestrian improvements.
- (l) Park/Plaza improvements.
  - (1) Park/Plaza west of Main Street at Packard Road.
  - (2) Main and William Street Plaza at northeast corner.
  - (3) Ashley and Washington Street Plaza.
  - (4) Community High School Park.
- (m) Other public improvements will continue to be undertaken.
- (2) Proposed Private Land Uses. Proposed private land uses include the following:
  - (a) Under construction:
    - (1) Three major new office buildings including Detroit Edison Division Headquarters (64,000 square feet), Brauer Office Building (18,000 square feet) and First Liberty Building (18,000 square feet). Other smaller office building renovations and expansions have also been recently completed.
    - (2) Kerrytown Shops -- Retail market and specialty shops, now being expanded into a 50,000-square foot commercial retail facility.

# PROPOSED PRIVATE LAND USE

■ Under Construction

★ Approved by City

○ Proposed, Not Yet Approved



(b) Approved by City:

- (1) A new 60,000-square foot office/commercial building at the northeast corner of East Liberty Street and South Fifth Avenue.
- (2) A new 56,000-square foot office and residential use addition onto the existing renovated 58,000-square foot First National Building at the southeast corner of Main and Washington Streets.
- (3) Conversion of the First "Y" Building on North Fourth Avenue between East Huron and East Ann Streets into a 31,000-square foot office building.
- (4) A new 12,000-square foot office and commercial use addition onto the existing Pretzel Bell restaurant at the southeast corner of East Liberty Street and South Fourth Avenue.

(c) Proposed but not yet approved by City:

- (1) A mixed-use development consisting of commercial retail and housing supported by a public parking structure on East Washington Street between East Liberty, North State and North Division Streets.
- (2) A new office building supported by a public parking structure on North Ashley Street between Miller and West Ann Streets.
- (3) A mixed-use hotel/convention/commercial/residential development supported by a public parking structure on the block between West Huron, West Washington, South Ashley, and South First Streets.

- (4) Conversion of the 11,000-square foot old Grace Bible Church at the northeast corner of East Huron and North State Streets into a 250+ seat restaurant use.
- (5) A mixed-use hotel/convention/commercial/office development supported by a public parking structure on the west portion of the block bounded by East Huron Street, South Fifth Avenue and East Washington Street.
- (6) A mixed-use commercial/office/residential development on South Main Street west of the Packard Road intersection.
- (7) Additional commercial, office and residential uses in the general area of Main Street, State Street and South University Street.

The above-described planned public and private land uses for the Development District are consistent with the recommendations contained in the Ann Arbor Downtown Development and Conservation Strategy--a comprehensive set of short and long-term development objectives, goals and priorities adopted by the Ann Arbor City Planning Commission in 1975 and by City Council in 1976. Planned uses in the Phase I program have been reviewed by the DDA Development Area Citizens Council--a City-appointed group of downtown residents created by the Ann Arbor City Council to advise them on future development plans and programs within the district--who is in general agreement with the Phase I program. Several of their suggestions have been incorporated into this Plan, and some of their comments will be addressed as more detailed plans are prepared.

E. Property Acquisition.

1. Identification of Properties to be Acquired. The Authority may propose to acquire title to some properties located in the block bounded by East Washington Street, South Division Street, East Liberty Street, and South State Street, which is designated for a new mixed-use private development consisting of commercial and residential or office uses and to be supported by a new public parking structure. Also, acquisition of title for several properties may be necessary to accommodate public parking structures at various locations. Also, property acquisition may be necessary to accommodate a Downtown Transit Center to be operated by the Ann Arbor Transportation Authority. These properties may be privately owned, under City of Ann Arbor ownership, or under other public agency ownership.

The City of Ann Arbor would act in behalf of the Authority in purchasing, at fair market value, any private-owned properties in accordance with the City's Land Acquisition Policy as adopted.

2. Legal Basis for Acquisition of Private-Owned Properties. The legal basis under which the City of Ann Arbor or Ann Arbor Downtown Development Authority may take and transfer private-owned property for use in accordance with an approved Development Plan is provided under Authority Board's powers, Section 7, item (g) of the Downtown Development Authority Act (No. 197 of P.A. 1975) where it states:



"Acquire by purchase or otherwise, on terms and conditions and in a manner the Authority deems proper or own, convey, otherwise dispose, or lease as lessor or lessee, land and other property, real or person, or rights or interests therein, which the Authority determines is reasonably necessary to achieve the purposes of the act, and to grant or acquire licenses, easements, and options with respect thereof."

The Authority would determine that the taking of private-owned properties would be reasonably necessary in order to accomplish the land use and economic development objectives of the Plan identified earlier as creating more downtown jobs, more business, strengthening the tax base and stabilizing property values through the provision of sites to accommodate new commercial, residential or office development.

Further, said taking of private property by the City of Ann Arbor for conveyance to the Authority is provided for by Act No. 149 of the Public Acts of 1911, as amended, and Act 78 of the Public Acts of 1980, as amended, where it would serve a public use, purpose or benefit.

F. Existing Improvements to be Altered, Removed or Repaired.

1. Identification of Existing Buildings and Structures to be Demolished, Altered or Rehabilitated. Accomplishment of the Plan's development objectives for new mixed-use development, public parking and pedestrian improvements may require the demolition, removal and/or rehabilitation of buildings and structures. Detailed planning will be undertaken in order to determine these specific needs.

2. Other Existing Improvements to be Removed. Other existing improvements to be removed in the Development District may include minor portions of street resurfaces where pedestrian improvements are proposed to occur.
3. Description of Any Repairs or Alterations. Repairs or alterations to be made to existing building improvements in the Development District, if any, which are to be financed wholly or partially by the Authority, will be carried out in accordance with the development and land use objectives of this Plan, or modification thereof.
4. Estimate of Time Required for Completion of any Demolition. The estimate of time required to complete building demolitions, alterations and/or rehabilitation will be determined after further study.

6. Location, Extent, Character, and Estimated Cost of Improvements, Including Rehabilitation Contemplated for the Development District.

Presented in Table 5 is a summary description of the location, extent, character, and estimated cost of Phase I, II and III improvements to be undertaken and financed by the Authority.

As noted, the types of public improvement work to be carried out in Phase I include:

1. Expansion of downtown parking to provide a new 500 to 700-space parking structure on East Washington Street between State and North Division Streets to serve existing and new developments in the State Street commercial area and central portion of the district. This public parking structure will be part of a new

mixed-use development consisting of commercial and residential or office uses.

2. Pedestrian improvements to include sidewalk pavers, planters, street trees, benches, street lighting, drainage, bicycle storage areas and on-street parking refinements where desirable and necessary:

(a) Detroit Street pedestrian and parking improvements in front of Farmers' Market from Catherine Street to Fifth Avenue.

(b) Pedestrian improvements along Fourth Avenue from Catherine Street to East Liberty Street to connect Farmers' Market/Kerrytown with Liberty Street.

(c) Pedestrian improvements along Liberty Street from South First Street to Division Street, including a mini-plaza at Liberty and First Streets.

(d) Pedestrian connection(s) from the Forest Avenue parking structure to South University and/or Church Street.

(e) Pedestrian improvements to the alley along the north side of the State Theater from State Street to the Thayer Street parking structure.

3. To study site and any acquisition/relocation needs for a parking structure to be constructed as part of Phase II.

#### H. Planned New Development.

##### 1. New Downtown Parking.

(a) East Washington Street Project. This project will result in the planned development of a new mixed-use development

**TABLE 5**  
**PROPOSED IMPROVEMENTS**  
**ANN ARBOR DOWNTOWN DEVELOPMENT DISTRICT**

<u>PHASE I (Short-Range)</u>			
<u>Item Number</u>	<u>Extent and Character</u>	<u>Estimated Cost</u>	<u>Estimated Time of Completion</u>
A	Expansion of Downtown Parking 1. Parking Structure on East Washington Street	\$5,000,000	Fall 1984
B	Pedestrian Improvements 1. Along Detroit Street 2. Along Fourth Avenue 3. Along Liberty Street 4. From the South Forest Parking Structure 5. Along Alley by State Theater	120,000 325,000 450,000 50,000 30,000	Fall 1983 Summer 1984 Summer 1984 Fall 1983 Summer 1983
C	A study of site and any acquisition/relocation needs for a parking structure to be constructed as part of Phase II	0	Spring 1983
D	AATA Transit Transfer Station	(1)	Summer 1983
	<b>SUB-TOTAL</b>	<b><u>\$5,975,000</u></b>	
<u>PHASE II (Mid-Range)</u>			
E	Expansion of Downtown Parking 1. Parking structure at Ashley/William Streets, or Library Block, or Ashley/Ann/Miller, or other location to serve developments	\$5,500,000	Fall 1987
F	Pedestrian Improvements 1. Dean Promenade Extension 2. Along South University Street 3. Alley Improvements	300,000 300,000 150,000	Spring 1985 Summer 1986 Spring 1987
G	Overall Street Lighting	250,000	Summer 1988
H	Extend Packard Road northerly if South Ashley parking structure is built	150,000	Fall 1987
	<b>SUB-TOTAL</b>	<b><u>\$6,650,000</u></b>	
<u>PHASE III (Long-Range)</u>			
J	Expansion of Downtown Parking 1. Up to three parking structures to be built in conjunction with developments	\$20,000,000	---
K	Pedestrian Improvements	750,000	---
L	Park/Plaza Improvements	1,000,000	---
M	Other public improvements as necessary	750,000	---
	<b>SUB-TOTAL</b>	<b><u>\$22,500,000</u></b>	
	<b>TOTAL</b>	<b><u>\$35,125,000</u></b>	

(1) Funding amount and source, which are unknown at this time, will be determined when the current study is completed.

included. Presented in Attachment 3 is a summary of the current or "initial" assessed values (SEV) of all real and personal property in the Development District for 1982.

In order to provide for a more efficient and proper means of accounting assessed values on personal property in the Development District, the City of Ann Arbor will, by adoption of this Plan, establish a tax report filing system requiring owners of personal property to file on a yearly basis a separate report to the City Assessor of the estimated dollar value of all personal property in their possession located within the boundaries of the Development District.

B. Estimates of Captured Assessed Values and Tax Increment Revenues.

Provided in Attachment 4 are schedules on estimated dollar amounts of captured assessed values and tax increment revenues to be realized from increases in real and personal property values from new construction and improvements to existing buildings in the Development District. The estimates have taken into account expected increases in the current 1982 year as a result of additions of real and personal property.

As noted in Attachment 4, the total dollar amount of captured assessed value to be realized in 1983 for all property items is estimated to be \$2,000,000 State Equalized Value (SEV). For the 1984 tax year, the captured value is expected to increase by \$5,000,000 SEV, and by another \$5,000,000 SEV in 1985 with an estimated five percent per year increase in SEV on new construction.

In estimating tax increment revenues for the tax years, a tax levy of 60 mills was applied to the captured assessed totals for ad valorem real and personal property, which is the current estimated millage rate

### III. TAX INCREMENT FINANCING PLAN FOR ANN ARBOR DOWNTOWN DEVELOPMENT DISTRICT.

This tax increment financing plan is established to make possible the financing of all or a portion of the costs associated with the carrying out and completion of those activities and improvements contained in the officially adopted Development Plan for the Development District, or any amendments thereto.

#### A. Tax Increment Financing Procedure.

The tax increment financing procedure, as outlined in the Act, requires approval by the City, by ordinance, of a development plan and a tax increment financing plan. Following the approval of that ordinance, the municipal and county treasurers are required by law to transmit to the Downtown Development Authority that portion of the tax levy of all taxing bodies paid each year on the Captured Assessed Value of all real and personal property located in the Development District that is due to new construction and improvements to existing buildings. The tax amounts to be transmitted are hereinafter referred to as "Tax Increment Revenue". The "Captured Assessed Value" is defined as the amount in any one year, by which the current assessed value of real and personal property in the Development District, exceeds the initial assessed value for new construction and improvements to existing buildings. The "initial assessed value" is defined as the most recently assessed value of all real and personal taxable property within the boundaries of the Development District at the time the ordinance establishing the tax increment financing plan is approved. For this Plan, the initial assessed value is approximately \$100,000,000 State Equalized Value (SEV) for real and personal property for the 1982 tax year. Property exempt from taxation at the time of the determination of the initial assessed value has not been

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**SECTION III: TAX INCREMENT FINANCING PLAN**



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The City of Ann Arbor, acting in behalf of the Authority, will provide any technical relocation assistance necessary to insure that all displaced businesses are reasonably and adequately relocated in building facilities and sites located in other sections of the downtown district or the City at least equal to the locational advantages now offered at their present location.

The amounts and types of financial assistance and reimbursement expense payments to be provided to each displacee will be determined in accordance with the standards and provisions of the City's Relocation Policy.

S. Plan Provisions for Compliance with Act No. 227 of the Public Acts of 1972.

The relocation of any families, individuals or businesses shall also be carried out in accordance with the statutory requirements and provisions of State of Michigan Act No. 227 of the Public Acts of 1972.

The City of Ann Arbor, acting in behalf of the Authority, shall establish and implement a relocation assistance advisory program to assist displacees in obtaining and becoming established in comparable facilities elsewhere in the community.

The specific types of relocation advisory assistance to be provided to each displacee including, but not limited to, personal contact and consultation on technical services available, eligible relocation expenses, current information on comparable facilities available elsewhere in the community shall be part of the City's Relocation Policy.

O. Proposed Land Disposition Terms and Bidding Procedures.

The terms under which any land designated for new development will be sold to, leased or otherwise conveyed to private development interests shall be determined by the Authority upon approval by the Ann Arbor City Council.

The procedures by which purchase bids will be received and awarded will be in accordance with existing procedures and practices currently used by the City of Ann Arbor in disposing of other City-owned property.

P. Estimates of the Number of Persons Residing in the Development District and the Number of Families and Individuals to be Displaced.

Recent surveys indicate approximately 3,000 persons residing in the Development District. After further project planning is undertaken, any families, individuals or businesses who may be displaced as a result of property acquisition and clearance activities will be identified and relocated in accordance with City relocation standards.

Q. A Plan for Establishing Priority for the Relocation of Persons Displaced by the Development in any New Housing in the Development District.

If any families, individuals or businesses are found to require displacement, a priority plan for relocating displacements will be developed.

R. Provision for the Costs of Relocating Persons and Businesses Displaced by the Development and Financial Assistance and Reimbursement of Expenses.

The Plan will make provision for financial assistance and reimbursement of expenses incurred by those families, individuals or businesses to be displaced by project land acquisition and clearance activities.

ties and their cost amounts chargeable to these projects, including administrative expenses, surveys and planning, real estate purchases, relocation expenses, site clearance, public project improvements and contingencies, will be determined after further project planning is undertaken.

The method by which these costs will be financed will be from one or more of the following sources:

- Tax Increment Revenues
- Moneys borrowed from the issuance of revenue bonds
- Donations received by the Authority
- Revenues from any property, building or facility-owned, leased or sold by the Authority
- Moneys obtained from other sources approved by the Ann Arbor City Council

The proceeds to be received from tax increment revenues in the Development District, plus the availability of funds from other authorized sources, will be sufficient to finance all activities and improvements to be carried out under this Plan.

N. Identification of Private Interests, Parties or Individuals to Whom the Development Will Be Sold or is Being Undertaken.

All improvements described in this Plan will remain under public ownership with the City of Ann Arbor or other public entity created by the City of Ann Arbor.

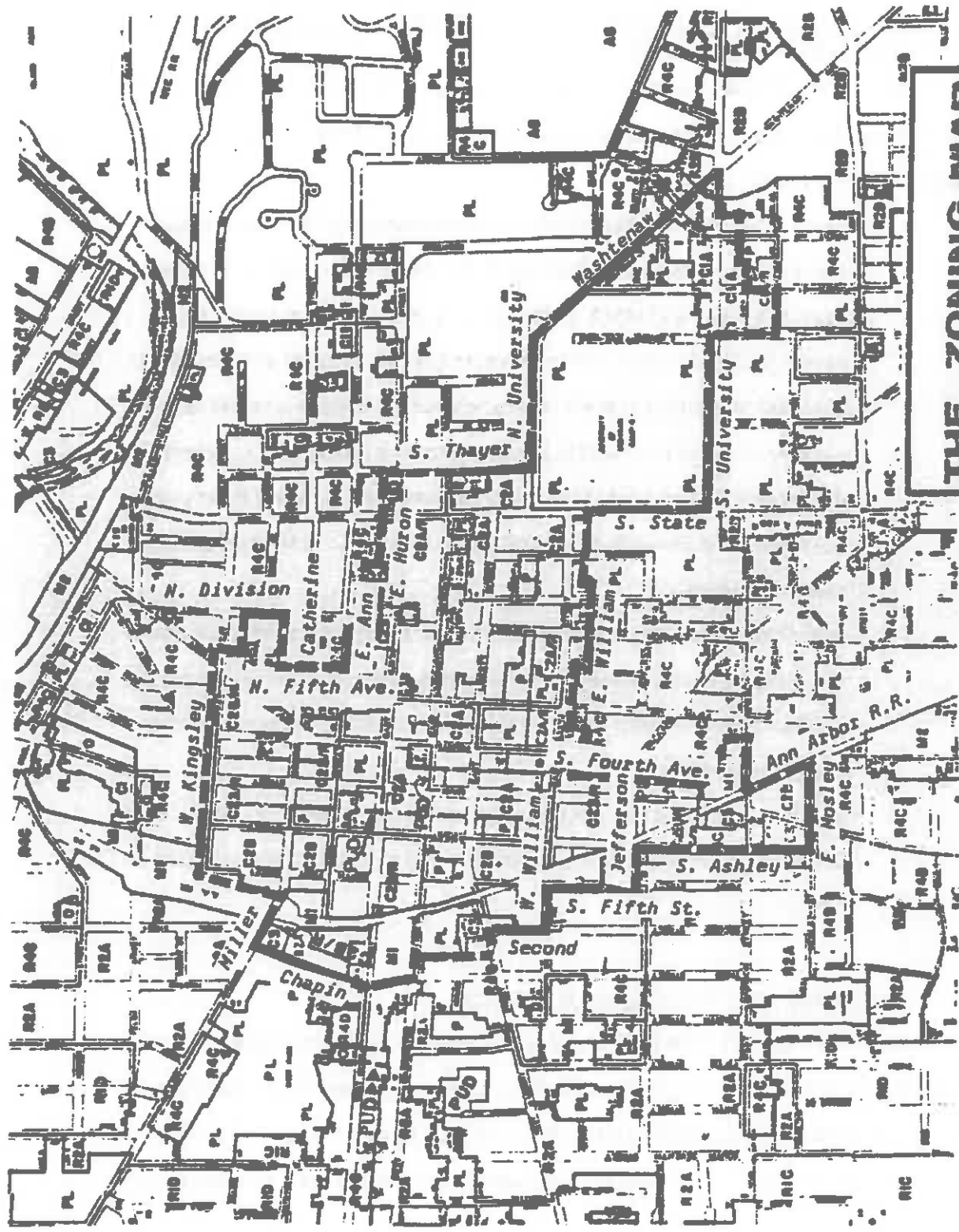
L. Proposed Right-of-Way Adjustments and Changes to Street Grades, Intersections and Utilities.

Those right-of-way adjustments and changes to existing streets and utilities called for in Phase I of this Plan, illustrated on Map 3, include the following:

1. As part of the Detroit Street improvements, the street segment fronting the Farmer's Market will be converted from a two-way street having parallel parking to a one-way street with angle parking on one side. This revision will create much-needed additional parking by the Farmers' Market, improve traffic circulation in this vicinity, and improve pedestrian movement. Pedestrian islands will also be constructed at key intersection locations in order to facilitate easier and safer pedestrian street crossings.
2. The proposed mini-plaza located on West Liberty Street at South First Street will reduce the pavement width in order to create a pedestrian-oriented open space and safer intersection for vehicular movement.
3. Any other changes to street grades, intersections and utilities will be determined after further project planning is undertaken.

M. Development Cost Estimates and Financing.

The total cost of completing all activities and improvements to be undertaken and financed by the Authority under this Plan is estimated to be \$35,125,000--\$5,975,000 for Phase I, \$6,650,000 for Phase II, and the remainder for Phase III. Detailed accounting of those items and activi-



**THE ZONING MAP**  
OF ANN ARBOR, MICHIGAN

residents. These improvements, such as the West Liberty/South First Street project, will be undertaken primarily within public rights-of-way, except for the pedestrian improvements from the South Forest parking structure and the alley improvements along the alley by the State Theater which will require easement agreements or land acquisition.

J. Land Disposition to the City of Ann Arbor.

The Authority may wish to acquire title to the City of Ann Arbor owned parcel of land and private lands in the proposed new East Washington Street development area, as well as private lands in the Main Street area to accommodate a new parking structure. Disposition of these parcels after clearance would be done in accordance with specific terms and conditions to be established by the Authority.

K. Description of Existing Zoning Changes and Proposed Changes.

The City's current Zoning Ordinance (Title V of the City Code - Zoning and Planning; Chapter 55 - Zoning) shall be applied to accomplish the development aims of this Plan. It is anticipated that the East Washington Street development will require a revision to PUD (Planned Unit Development) zoning in order to accommodate the mixed-use nature of the project. It is anticipated that any free-standing parking structures that are built will be rezoned to PL (Public Land). Pedestrian improvement projects are not anticipated to require any zoning revisions.

consisting of commercial and residential or office use to be constructed on a site identified on Map 4 as Development Site A. At this time, this project envisions approximately 29,000 square feet of commercial space, 60,000 square feet of office space, 70 residential units, and 500-700 public parking spaces.

(b) A parking structure in the Main Street area will serve existing business establishments and will assist in the improvement, expansion and attraction of businesses in this area.

2. Pedestrian Improvements. These improvements will strengthen linkages between activity centers to produce more effective pedestrian and non-motorist movement within the district. As a result, approved and proposed developments along these linkages will be encouraged.

#### I. Existing and Planned Open Space Areas.

Existing public open space areas in the district consist of Sculpture Park, Liberty Plaza and the University's Diag, as well as other spaces such as the Community High School site and the Federal Building plaza. Also, established pedestrian ways exist along segments of Main Street, Liberty Street, State Street, and South University Avenue.

The planned open space areas identified on Map 5 will extend and connect these pedestrian systems to facilitate pedestrian movement and access between major activity centers in the district, and to provide additional passive recreation area, facilities and visual amenities for existing and future downtown employees, visitors, shoppers, students, and



for 1982. These totals, in Attachment 4, show \$12,450,000 in SEV to be generated during the three years from 1983 to 1985 (Phase I), which will realize about \$750,000 in 1985. During the first 20 years of the program, the tax revenues from the Captured Value are estimated to be approximately \$9 million.

C. Use of Tax Increment Revenue.

The tax increment revenue paid to the Authority by the municipal and county treasurers are to be disbursed by the Authority from time to time in such manner as the Authority may deem necessary and appropriate in order to carry out the purposes of the Development Plan, including but not limited to the following:

- The principal, interest and reserve payments required for any bonded indebtedness to be incurred in its behalf for purposes provided in the Development Plan.
- Cash payments for initiating and completing any improvement or activity called for in the Development Plan.
- Any annual operating deficits that the Authority may incur from acquired and/or leased property in the Development District.
- Interest payments on any sums that the Authority should borrow before or during the construction of any improvement or activity to be accomplished by the Development Plan, after approval by the City of Ann Arbor.
- Payments required to establish and maintain a capital replacement reserve.
- Payments required to establish and maintain a capital expenditure reserve.

- Payments required to establish and maintain a sinking fund to provide funds for constructing parking facilities.
- Payments to pay the costs of any additional improvements to the Development District that are determined necessary by the Downtown Development Authority and approved by the Ann Arbor City Council.

Types of bonds to be issued in accomplishing this plan will be determined after further project planning is undertaken.

The Downtown Development Authority may modify its priority of payments at any time if within its discretion such modification is necessary to facilitate the development plan then existing.

D. Bonded Indebtedness to be Incurred.

The project costs for accomplishing all activities described in the Phase I Development Plan for the Development District are estimated to be \$5,975,000. These costs are to be financed through an issuance of one or more series of bonds during the 1983, 1984 and 1985 years when development activities are to be initiated and completed. Estimated revenues to be realized from taxes on "Captured Assessed Value" together with revenues from other sources including the City parking system, special assessments, grants, etc. will be adequate to provide for payment of principal and interest.

The amounts of bonded indebtedness to be incurred by the Authority and/or the City of Ann Arbor for all bond issues including payments of capitalized interest, principal and required reserve shall be determined by the City of Ann Arbor, upon the recommendations of the Authority. At the time of adoption of this Plan, the Authority's estimate of bonded indebtedness to be incurred by the Phase I project is \$6,010,000, including

project costs and bonding expenses. During the 30-year program, it is projected that \$35 million in bonds will be sold and that the taxes from the captured value plus other revenues will be adequate to retire these bonds.

E. Annual Surplus of Tax Increment Revenues.

To the extent that the tax increment revenues of the Authority in any one year exceed the sum necessary for the Authority to meet the commitments and payments as set forth above, said surplus funds shall revert proportionately to the respective taxing bodies as provided in Section 15(2) of the Act and Chapter 7, Section 1:156(2) of the City of Ann Arbor's Downtown Development Authority ordinance, which states:

"If the captured assessed valuation derived from new construction, and increase in value of property newly constructed or existing property improved subsequent thereto, grows at a rate faster than that anticipated in the tax increment plan, at least 50 percent of such additional amounts shall be divided among the taxing units in relation to their proportion of the current tax levies. If the captured assessed valuation derived from new construction grows at a rate of over twice that anticipated in the plan, all of such excess amounts over twice that anticipated shall be divided among the taxing units. Only after approval of the governmental units may these restrictions be removed.

"After the then earliest dated bond issue of the Downtown Development Authority is retired, the captured assessed valuation prior to the date of sale for that issue shall be returned to the rolls on the next succeeding tax levy.

"Tax funds that are paid to the Downtown Development Authority due to the captured assessed value shall first be used to pay the required amounts into the bond and interest redemption funds and the required reserves thereto. Thereafter, the funds shall be distributed as set forth above or shall be divided among the taxing units in relation to their proportion of the current tax levies."

F. Duration of the Plan.

As stated in the Act, the tax increment financing plan shall last no more than 30 years except as the same may be modified from time to time by the City Council of the City of Ann Arbor upon notice and upon public hearing and agreements as required by the Act.

G. Impact on Assessed Values and Tax Revenues.

The overall impact of the Development Plan is expected to generate increased economic activity in the Development District, the City of Ann Arbor and Washtenaw County at large. This increase in activity will, in turn, generate additional amounts of tax revenue to local taxing jurisdictions through increases in assessed valuations of real and personal property and from increases in personal income of new employment within the Development District, the City of Ann Arbor and Washtenaw County.

As identified earlier under Section B of this Plan, the expected increases in assessed valuation for new construction and improvements to existing buildings in the Development District have been estimated for the 1983, 1984 and 1985 tax years.

For purposes of determining the estimated impact of this tax increment financing plan upon those taxing jurisdictions within the Develop-

ment District, estimates of captured assessed values (see Attachment 4) were used along with an estimated 60-mill annual allocation to determine tax increment revenue amounts that would be shifted from these jurisdictions to the Downtown Development Authority to finance the project activities called for in the Development Plan. These estimated amounts are shown in Attachment 5 according to each taxing unit operating the Development District.

H. Use of the Captured Assessed Value.

The Development and Tax Increment Financing Plan provides for the use of the captured assessed value by the Downtown Development Authority for the purpose herein set forth.

I. Reports.

The Downtown Development Authority shall submit annually to the Ann Arbor City Council a report on the status of the tax increment financing account. Such report shall comply with the requirements of Section 15(3) of the Downtown Development Authority Act, a copy of which is provided under Attachment 6.

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14-82

First Reading: March 15, 1982                      Approved: May 10, 1982  
Public Hearing: Feb. 22 & Mar. 22, 1982              Effective: May 26, 1982

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF ANN ARBOR BY ADDING A NEW CHAPTER ENTITLED "DOWNTOWN DEVELOPMENT AUTHORITY", WHICH NEW CHAPTER SHALL BE DESIGNATED AS CHAPTER 7 OF TITLE I OF SAID CODE.

The City of Ann Arbor ordains:

Section 1. That Chapter 7 be added to Title I of the Code of the City of Ann Arbor to read as follows:

Chapter 7: Downtown Development Authority

- 1:150. Title. This ordinance shall be known as the "Downtown Development Authority Ordinance" of the City of Ann Arbor.
- 1:151. Purpose. The purpose of this ordinance is to create a public body corporate to act in the best interests of the City to halt property value deterioration, increase property tax valuation where possible in the business district of the City, eliminate the causes of that deterioration, and to promote economic growth pursuant to Act 197 of the Public Acts of 1975.
- 1:152. Definitions. The terms used herein shall have the same meaning as given them in Act 197 or as hereinafter in this section provided, unless the context clearly indicates to the contrary and shall be in addition to the terms provided in Act 197.
- (1) "Authority" means the Ann Arbor Downtown Development Authority.
  - (2) "Act 197" means Act No. 197 of the Public Acts of Michigan of 1975 as now in effect or hereafter amended.
  - (3) "City" means the City of Ann Arbor.
  - (4) "Council" means the Ann Arbor City Council.
  - (5) "Downtown District" means the downtown district designated herein.
- 1:153. Creation of Authority. There is hereby created pursuant to Act 197 the Ann Arbor Downtown Development Authority for the City of Ann Arbor, Michigan. The Authority shall be a public body corporate and shall be known and exercise its powers under title of "Ann Arbor Downtown Development Authority". The Authority may adopt a seal, may sue and be sued in any court of this State, and shall possess all of the powers necessary to carry out the purpose of its incorporation as provided herein and in Act 197. The enumeration of a power herein or in Act 197 shall not be construed as a limitation upon the general powers of the Authority.
- 1:154. Description of Downtown District. The boundaries of the downtown district in which the Authority shall exercise its powers as provided by Act 197 are hereby established as shown on the downtown districts map which accompanies this Chapter and which, with all notations, references and other information shown thereon, shall be as much a part of this Chapter as if fully described herein.
- 1:155. Board. The Authority shall be under the supervision and control of a board consisting of the Mayor or Administrator of the City and 11 members. The members shall be appointed by the Mayor subject to approval by the Council. Eligibility for membership on the Board and terms of office shall be as provided in Act 197. All members shall hold office until the member's successor is appointed.

1:156. Powers of the Authority. As provided in Act 197, the Authority shall prepare a development plan and financing plan for the downtown district or a development area within the district. The Authority must obtain City Council approval of all development and financing plans. The Authority shall possess all of the powers necessary to carry out the purposes of its incorporation and shall have all powers provided by Act 197 of the Public Acts of 1975 with the following exceptions:

- (1) Ad Valorem Taxes: The Authority shall not have the power to levy ad valorem taxes on the real and tangible personal property as finally equalized in the downtown district.
- (2) Tax Increment Financing: If the Downtown Development Authority proposes a tax increment financing plan, it shall only plan the use of that portion of the captured assessed value that is due to new construction and improvements to existing buildings after December 31, 1981 to implement the downtown plan and any amendments thereto.

If the captured assessed valuation derived from new construction, and increase in value of property newly constructed or existing property improved subsequent thereto, grows at a rate faster than that anticipated in the tax increment plan, at least 50 percent of such additional amounts shall be divided among the taxing units in relation to their proportion of the current tax levies. If the captured assessed valuation derived from new construction grows at a rate of over twice that anticipated in the plan, all of such excess amounts over twice that anticipated shall be divided among the taxing units. Only after approval of the governmental units may these restrictions be removed.

After the then earliest dated bond issue of the Downtown Development Authority is retired, the captured assessed valuation prior to the date of sale for that issue shall be returned to the rolls on the next succeeding tax levy.

Tax funds that are paid to the Downtown Development Authority due to the captured assessed value shall first be used to pay the required amounts into the bond and interest redemption funds and the required reserves thereto. Thereafter, the funds shall be distributed as set forth above or shall be divided among the taxing units in relation to their proportion of the current tax levies.

- (3) Planning Considerations: In developing a plan within the downtown area, the Downtown Development Authority shall consider the following:
  - (a) Tax increment financing shall only be one of the financing methods considered and should be coordinated with private and other public investment funds.
  - (b) If possible projects should also benefit properties of other governmental units within the downtown area.
  - (c) If tax increment financing is proposed, all governmental units levying a property tax shall be fully informed of this plan and any future amendments thereto. Such consultations are to be prior to any action by the City Council on the proposal. In event of additional projects, the restrictions on recapture in Item 2 would also apply.
  - (d) The plan for the downtown area should show that the property taxes realized for each governmental taxing unit, over the long term, should be greater than if the downtown development district did not exist.



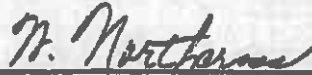
1:157. Termination. Upon completion of its purposes, the Authority may be dissolved by the Council. The property and assets of the Authority, after dissolution and satisfaction of its obligations, shall revert to the City.

Section 2. This ordinance shall take effect and be in force on and after ten (10) days from legal publication.

5/11/82  
GC/MND/lg/m

I hereby certify that the foregoing ordinance was adopted by the Council of the City of Ann Arbor at its special session of May 10, 1982, held in the Council Chamber, City Hall.

May 11, 1982



W. Northcross, City Clerk

  
Louis D. Belcher, Mayor

I hereby certify that the foregoing ordinance received legal publication in the Ann Arbor News on May 16, 1982.



W. Northcross, City Clerk

**DDA BOUNDARY**



Attachment 2

BOUNDARY DESCRIPTION OF THE

ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY DISTRICT

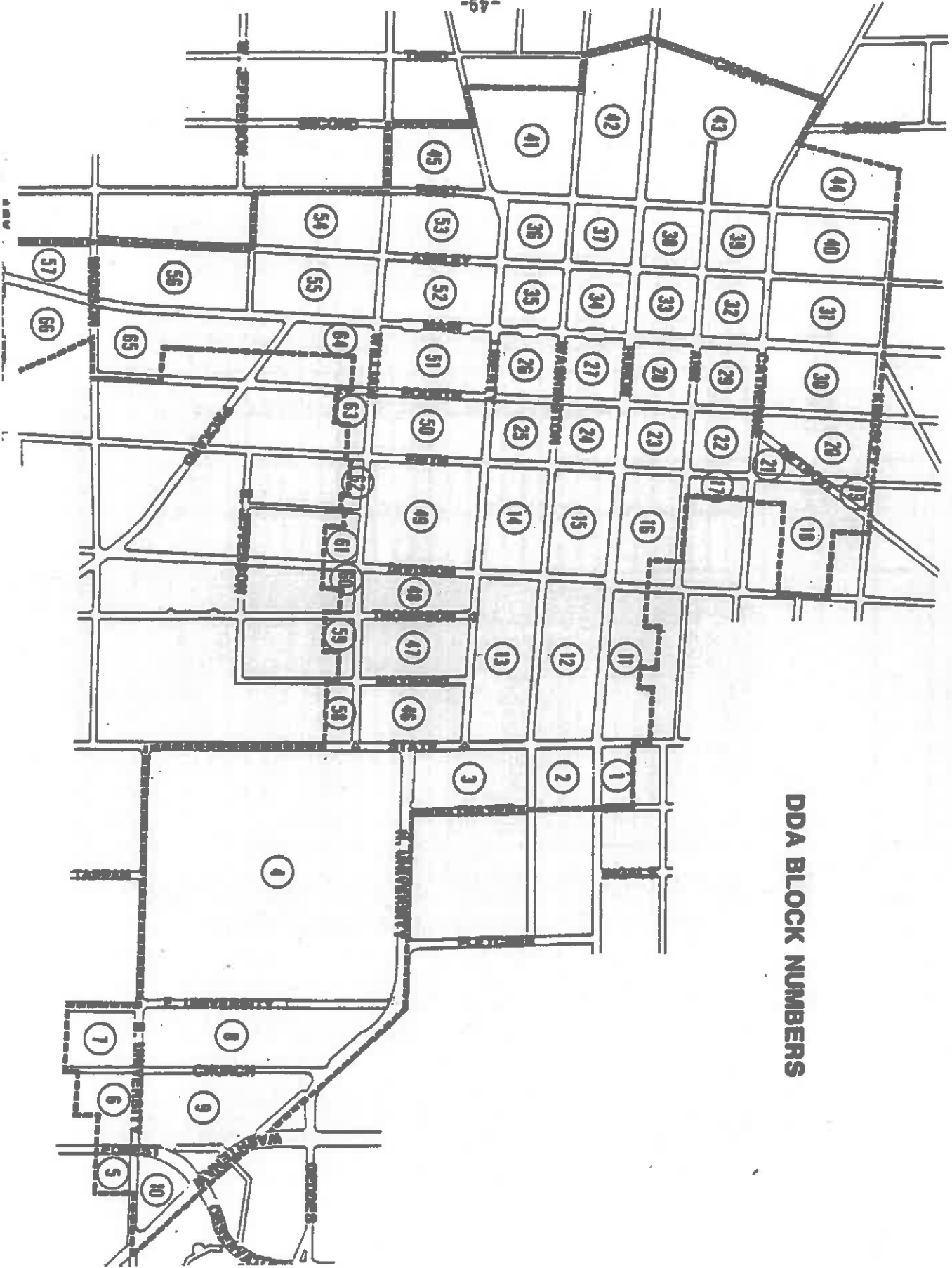
BEGINNING at the southwest corner of the intersection of South University and East University Streets rights-of-way; thence south along the west right-of-way line of East University Street approximately 330 feet; thence east to a point 132 feet west of the east right-of-way line of Church Street; thence north 27 feet; thence east 56 feet; thence south 15 feet; thence east to the east right-of-way line of Church Street; thence north along Church Street to the southwest corner of Lot #2, Block 1, R.S. Smith's Second Addition; thence easterly approximately 165 feet; thence north 44 feet; thence east approximately 360 feet to the west line of Lot #9, Block 5, R.S. Smith's Second Addition; thence north approximately 155 feet to the south right-of-way line of South University Street; thence east along the south right-of-way line of East University Street to the northeast right-of-way line of Washtenaw Avenue; thence northwesterly along said line to the north right-of-way line of North University Street; thence west along the north right-of-way line of North University Street to the east right-of-way line of South Thayer Street; thence north approximately 1,030 feet to the north line of Lot #1 of Eastern Addition (110 North Thayer Street); thence west to the east right-of-way line of North State Street; thence north approximately 70 feet; thence west to the northwest corner of Lot #17, of Assessor's Plat No. 8; thence south to the north line of Lot #18 of said plat; thence west to the east line of Lot #20 of said Assessor's Plat No. 8; thence north along the east line of said Lot #20 to the north line of said lot; thence west 150.08 feet to the east line of Lot #1 of Assessor's Plat No. 8; thence south to the southeast corner of said lot; thence westerly and southerly along the northwest side of Lot #22 and the north side of Lot #23 of Assessor's Plat No. 8 to the east right-of-way line of North Division Street; thence northwesterly to a point 4 feet south of the northeast corner of Lot #8 of original plat of Ann Arbor; thence west approximately 101 feet; thence north 3.3 feet; thence west to a point 27 feet east of the northwest corner of Lot #10, original plat of Ann Arbor; thence north along a line that is 27 feet west of the east line of Lot #10 to the north right-of-way line of Ann Street; thence west along the north right-of-way line of said street to a point that is 16.5 feet east of the southwest corner of Lot #2 of original plat of Ann Arbor; thence north 132 feet on a line parallel with the west line of said Lot #2 to a point that is 16.5 feet east of the northwest corner of Lot #2; thence east 10 feet along the north line of Lot #2; thence north 198 feet along a line parallel to and 40 feet west of the east line of Lot #15 of original plat of Ann Arbor to the southwest corner of Lot #149 of Assessor's Plat No. 29; thence east 74.37 feet to the southeast corner of Lot #150 of Assessor's Plat No. 29; thence north 132.35 feet to the northeast corner of Lot #150, Assessor's Plat No. 29; thence east along the north side of Lots #151, #152, #153, #154, #155, and #158 of Assessor's Plat No. 29, extended to the east side of the North Division Street right-of-way; thence north along the east right-of-way line of North Division Street to the northwest corner of Lot #2 of Assessor's Plat No. 6; thence west to the southwest corner of Lot #141 of Assessor's Plat No. 29; thence north along the west line of said lot extended to the north right-of-way line of East Kingsley Street; thence west along the north right-of-way line of East and West Kingsley Street to the intersection of the west right-of-way line of North First Street with the north right-of-way line of West Kingsley Street; thence

south 4° 02' 10" west 131.56 feet; thence north 83° 23' 50" west 137.76 feet; thence south 15° 31' 45" west 66 feet; thence south 15° 01' 40" west 350.49 feet to the north right-of-way line of Miller Avenue; thence northwest along the northeasterly right-of-way line of Miller Avenue to a point approximately 125 feet northwest of the northwest intersection of the rights-of-way of Spring Street and Miller Avenue; thence southwesterly along the northwest right-of-way of Chapin Street to intersect with the southwest right-of-way of Third Street; thence southeast along said southwest right-of-way line of Third Street to a point intersecting with the south right-of-way line of West Washington Street; thence east along said south right-of-way line of West Washington Street to the northeast corner of Lot #1 of Krause's Addition; thence south along the east side of Lots #1, #3, #4, #5, #6, #7, #8, and #9 of Krause's Addition to a point intersecting with the southeast right-of-way line of West Liberty Street; thence northeasterly along said southeasterly right-of-way line of West Liberty Street to a point intersecting with the west right-of-way line of Second Street; thence south along said west right-of-way line to the intersection of the west right-of-way line of Second Street with the south right-of-way line of William Street; thence east along the south right-of-way line of William Street to the west right-of-way line of First Street; thence south along the west right-of-way line of First Street to the intersection of the north right-of-way line of Jefferson Street with the west right-of-way line of First Street; thence east to the west right-of-way line of South Ashley Street; thence south along said west right-of-way line of South Ashley Street to the south right-of-way line of West Mosley Street; thence east along said south right-of-way line of West Mosley Street to the northwest right-of-way line of the Ann Arbor Railroad right-of-way; thence northwesterly along the northwest right-of-way line of said Ann Arbor Railroad to a point intersecting the south right-of-way line of West Madison Street; thence east along said south right-of-way line to a point in line with the extension of the east right-of-way line of South Fourth Avenue; thence north along the east right-of-way line of South Fourth Avenue to a point approximately 33 feet north of the southwest corner of Lot #7, Block 55, R5E, Ann Arbor Land Co's Addition; thence west to a point 33 feet north of the southwest corner of Lot #10, Block 55, R4E, Ann Arbor Land Co's Addition; thence north along the west side of Lots #10, #11, #12, #13, #14, #15, #16, #17, and #18 of said block, and continuing north along the east right-of-way line of 16-foot wide alley between Main Street and Fourth Avenue to a point 6 feet south of the northwest corner of Lot #15, Block 45, R4E, original plat of Ann Arbor; thence east to the west right-of-way line of South Fourth Avenue; thence south along said right-of-way line 99 feet to a point on said right-of-way line; thence east along a line parallel with and 31.5 feet south of north line of Lot #3, Block 45, R5E, original plat of Ann Arbor to the west line of Lot #14 of said block; thence south 1.5 feet, thence east to the west line of South Fifth Avenue; thence north along the west right-of-way line of South Fifth Avenue 36 feet; thence west approximately 132 feet to a point 3 feet north of the southwest corner of Lot #15 of said block; thence north 52 feet; thence east 132 feet to the west right-of-way line of South Fifth Avenue; thence northeasterly to a point 66 feet south of the northwest corner of Lot #1, Block 45, R6E, original plat of Ann Arbor; thence east 189 feet; thence south 16.5 feet; thence east to a point on the east right-of-way line of Hamilton Place approximately 50 feet north of the southwest corner of Lot #8 of said block; thence north approximately 25 feet; thence east 66.15 feet; thence south 138.1 feet; thence east 33 feet; thence north 66 feet; thence east to the southeast corner of Lot #2, Block 45, R7E, Ann Arbor Land Co's Addition; thence north 66 feet; thence east approximately 132 feet to the west right-of-way line

of Thompson Street; thence south 66 feet; thence east to the southeast corner of Lot #2, Block 45, R8E, Ann Arbor Land Co's Addition; thence north to the southwest corner of Lot #16 of said block; thence east 132 feet to the west right-of-way line of Maynard Street; thence south approximately 40 feet; thence east to the west right-of-way line of South State Street; thence south to the south right-of-way line of South University Street; thence east to the point of beginning.

10/25/82  
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**DDA BLOCK NUMBERS**

DOWNTOWN DEVELOPMENT AUTHORITY BLOCK DATA (cont'd.)

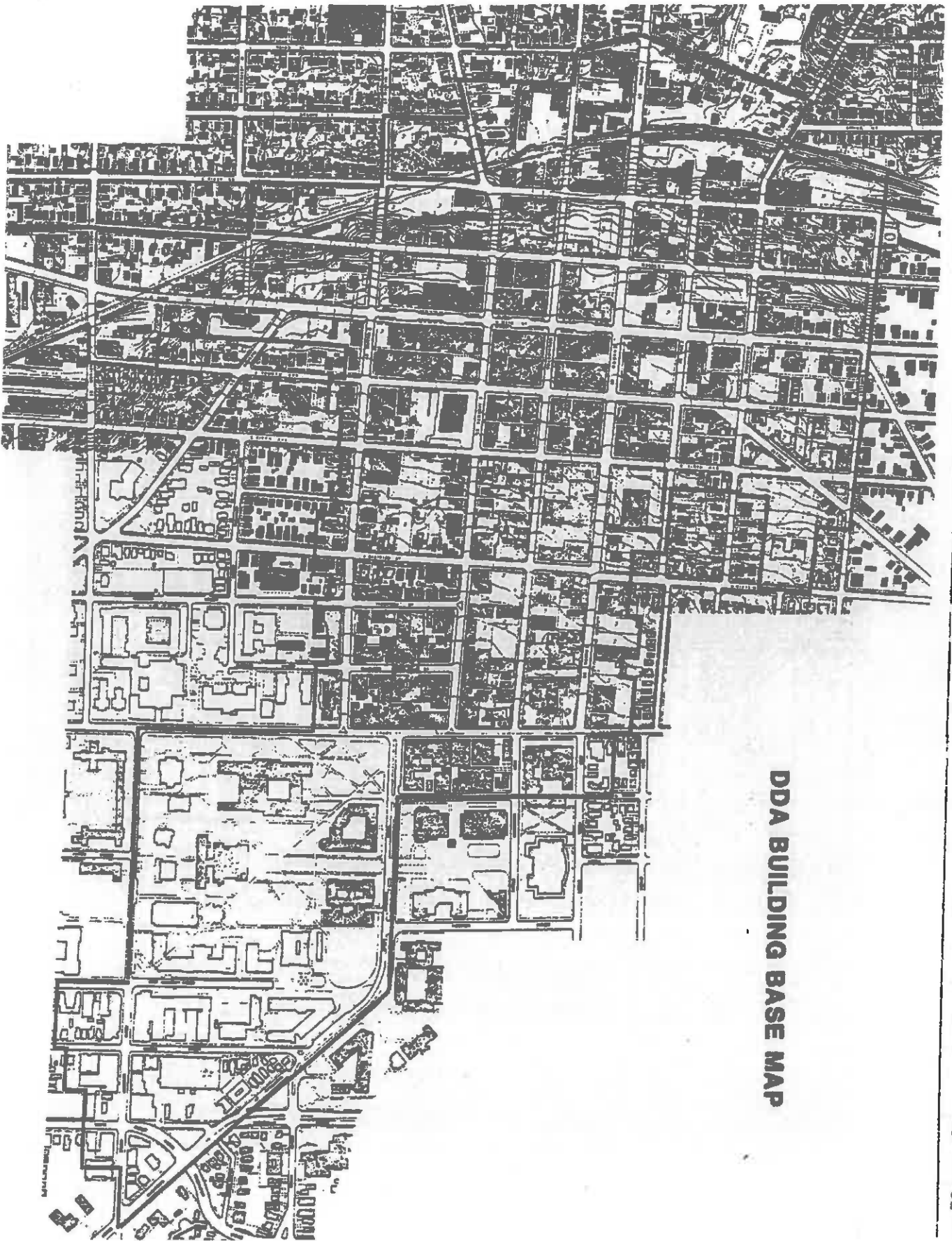
DDA Block #	Total Area (sq. ft.)	Total Area (acres)	Number of Parcels	Number of Structures	Predominant Land Use on Block	1980 Real Assessed Value	1981 Real Assessed Value	1982 Real Assessed Value
37	69,606	1.60	8	1	Open Space	244,800	360,200	369,400
38	69,858	1.60	5	7	Commercial	522,900	573,700	630,600
39	71,082	1.63	15	17	Residential	365,800	424,500	461,100
40	138,222	3.17	25	26	Residential	319,400	378,200	435,100
41	260,363	5.98	14	13	Commercial	322,600	416,800	435,300
42	187,567	4.31	11	12	Commercial	568,800	557,800	596,500
43	426,058	9.78	41	53	Mixed Residential/Commercial	825,500	927,400	1,007,600
44	81,664	1.87	2	1	Commercial	93,300	98,300	154,900
45	120,120	2.76	5	5	Commercial	535,200	579,300	526,100
46	122,434	2.81	27	23	Commercial	3,376,000	3,703,200	3,945,400
47	133,614	3.07	10	12	Commercial	4,319,600	4,394,600	4,630,400
48	91,941	2.11	23	30	Residential	1,175,700	1,337,500	1,453,100
49	262,378	6.02	25	22	Governmental/Public	1,110,900	1,402,400	2,094,000
50	136,224	3.13	4	5	Governmental/Public	1,891,200	1,901,600	1,910,500
51	130,755	3.00	20	17	Commercial	1,084,000	1,216,900	1,293,300
52	130,914	3.01	19	16	Commercial	1,168,100	1,263,700	1,317,700
53	134,384	3.09	23	17	Mixed Residential/Commercial	373,400	491,000	548,900
54	174,151	4.00	13	11	Mixed Residential/Commercial	376,400	443,400	467,600
55	152,318	3.50	19	17	Mixed Residential/Commercial	619,300	707,300	805,100
56	197,702	4.54	24	31	Mixed Residential/Commercial	603,300	715,700	754,100
57	65,714	1.51	8	9	Commercial	224,800	249,100	263,600
58	28,842	0.66	1	1	Religious	0	0	0
59	26,149	0.60	4	4	Commercial	1,146,400	1,429,800	1,519,700
60	16,830	0.39	5	6	Commercial	141,500	161,900	173,900
61	27,918	0.64	4	5	Mixed Residential/Commercial	308,600	346,800	395,600
62	15,960	0.37	5	5	Residential	129,300	162,700	170,600
63	36,498	0.84	3	3	Commercial	275,900	312,100	329,300
64	57,328	1.32	5	4	Commercial	456,800	499,900	530,200
65	129,117	2.96	9	10	Mixed Residential/Commercial	202,500	223,800	250,100
66	99,846	2.29	5	7	Commercial	330,300	366,500	394,100
<b>Total DDA (sq. ft.)</b>	<b>8,707,172</b>	<b>Total DDA (acres)</b>	<b>Total DDA # Parcels</b>	<b>Total DDA # Structures</b>		<b>Total 1980 Assessed Value</b>	<b>Total 1981 Assessed Value</b>	<b>Total 1982 Assessed Value</b>
			<b>794</b>	<b>785</b>		<b>58,638,500</b>	<b>66,549,500</b>	<b>72,401,200</b>

NOTE: Personal property assessed value for 1982 is estimated to be \$27,000,000.



DOWNTOWN DEVELOPMENT AUTHORITY BLOCK DATA

DDA Block #	Total Area (sq. ft.)	Total Area (acres)	Number of Parcels	Number of Structures	Predominant Land Use on Block	1980	1981	1982
						Real Assessed Value	Real Assessed Value	Real Assessed Value
1	34,848	0.80	5	6	Residential	96,100	113,900	113,900
2	95,832	2.20	1	1	University of Michigan	0	0	0
3	138,710	3.18	20	21	Commercial	2,362,800	2,604,300	2,765,200
4	1,755,468	40.30	1	13	University of Michigan	0	0	0
5	19,998	0.46	2	2	Commercial	287,900	302,600	317,300
6	58,130	1.33	9	9	Commercial	1,139,300	1,266,300	1,329,600
7	78,149	1.79	16	15	Mixed Residential/Commercial	1,341,000	1,432,200	1,488,200
8	290,800	6.68	7	11	University of Michigan	450,500	476,100	500,900
9	238,923	5.48	25	23	Mixed Residential/Commercial	3,451,400	3,667,500	3,749,300
10	47,064	1.08	7	7	Commercial	709,300	776,000	861,300
11	139,256	3.20	8	7	Commercial	2,681,200	2,961,800	3,087,900
12	205,461	4.72	11	11	Religious	789,500	876,800	963,400
13	213,864	4.91	18	16	Mixed Residential/Commercial	3,324,600	3,664,800	3,827,400
14	130,416	2.99	19	19	Mixed Residential/Commercial	1,198,700	1,432,100	1,519,900
15	130,799	3.00	7	5	Commercial	1,962,000	2,657,800	3,277,000
16	124,818	2.87	5	4	Governmental/Public	223,200	288,900	300,400
17	23,127	0.53	6	5	Residential	109,000	126,700	135,000
18	152,786	3.51	7	7	Governmental/Public	103,900	91,500	102,100
19	5,054	0.12	2	2	Commercial	56,000	61,300	72,600
20	81,431	1.87	8	9	Commercial	207,000	338,800	806,200
21	13,914	0.32	4	4	Commercial	61,900	68,700	74,200
22	61,386	1.41	10	13	Commercial	227,500	252,500	329,300
23	67,056	1.54	8	15	Commercial	310,400	710,300	799,600
24	64,881	1.49	16	15	Commercial	2,091,700	2,465,100	2,811,200
25	63,436	1.46	14	14	Commercial	1,585,700	2,199,500	2,360,200
26	65,670	1.51	22	20	Commercial	1,102,800	1,361,400	1,510,500
27	67,742	1.56	13	7	Commercial	4,339,100	4,724,800	4,777,000
28	69,696	1.60	1	1	Governmental/Public	0	0	0
29	67,809	1.56	16	11	Governmental/Public	170,600	223,700	253,500
30	131,523	3.02	25	22	Mixed Residential/Commercial	951,300	1,019,600	1,111,800
31	131,090	3.01	28	22	Mixed Residential/Commercial	685,100	773,100	867,200
32	65,596	1.51	11	11	Commercial	385,600	428,400	467,400
33	68,316	1.57	10	9	Commercial	386,100	442,900	484,300
34	66,037	1.52	17	14	Commercial	1,589,300	1,752,400	2,014,000
35	65,728	1.51	22	21	Commercial	965,400	1,115,500	1,209,600
36	76,801	1.76	11	9	Commercial	181,300	219,100	250,000



**DDA BUILDING BASE MAP**

100' 100' 100' 100'

Attachment 4

**ESTIMATED CAPTURED ASSESSED VALUE (SEV),  
TAX REVENUES FROM CAPTURED VALUE,  
AND BOND SCHEDULE  
ANN ARBOR DOWNTOWN DEVELOPMENT DISTRICT**

	<u>Initial Assessed Value</u>	<u>Total SEV (1)</u>	<u>SEV Captured from New Construction (2)</u>	<u>Tax Revenues from Captured Value (3)</u>	<u>Revenues from Other Sources (4)</u>	<u>Bond Issues</u>	<u>Estimated Annual P &amp; I on 15-Year Bonds (5)</u>
Phase I	1982	100,000,000	-----	-----	-----	-----	-----
	1983	107,000,000	2,000,000	120,000	80,000	2,000,000	200,000
	1984	117,450,000	7,100,000	426,000	174,000	4,000,000	600,000
Phase II	1985	128,673,000	12,450,000	747,000	58,000	500,000	805,000
	1986	140,726,000	18,070,000	1,080,000	325,000	2,500,000	1,405,000
	1987	153,662,000	23,970,000	1,438,000	367,000	4,000,000	1,805,000
	1988	167,546,000	30,170,000	1,810,000	304,000	-----	2,005,000
	1989	182,433,000	36,680,000	2,201,000	196,000	2,000,000	2,505,000
Phase III	1990	198,384,000	43,510,000	2,611,000	294,000	4,000,000	2,905,000
	1991	215,504,000	50,710,000	3,043,000	117,000	1,000,000	3,160,000
	1992	233,819,000	58,250,000	3,495,000	65,000	-----	3,560,000
	1993	253,420,000	66,160,000	3,967,000	-----	3,000,000	3,860,000
	1994	274,401,000	74,470,000	4,468,000	-----	3,000,000	4,460,000
	1995	296,841,000	83,190,000	4,991,000	-----	1,000,000	4,860,000
	1996	320,841,000	92,350,000	5,541,000	-----	-----	4,860,000
	1997	346,505,000	101,970,000	6,118,000	-----	4,000,000	5,245,000
	1998	373,930,000	112,070,000	6,724,000	-----	2,000,000	5,605,000
	1999	403,227,000	122,670,000	7,360,000	-----	2,000,000	5,205,000
	2000	434,518,000	133,800,000	8,028,000	-----	-----	5,305,000
	2001	467,934,000	145,490,000	8,729,000	-----	-----	5,055,000
	2002	503,601,000	157,760,000	9,466,000	-----	-----	4,055,000
	2003	541,671,000	170,650,000	10,239,000	-----	-----	4,040,000
	2004	582,284,000	184,180,000	11,051,000	-----	-----	3,200,000
2005	625,608,000	198,390,000	11,093,000	-----	-----	1,800,000	
2006	671,809,000	213,310,000	12,799,000	-----	-----	1,600,000	
2007	721,069,000	228,980,000	13,739,000	-----	-----	800,000	
2008	773,573,000	245,430,000	14,726,000	-----	-----	400,000	

- (1) Resulting from an assumed average five percent per year increase in SEV for existing property, plus \$5,000,000 per year increase in SEV from new construction and increased SEV on the new construction after 1982.
- (2) The SEV is based upon new construction, plus five percent per year increased SEV on new construction built after 1982.
- (3) Tax revenues from captured value are the result of a projected 60-mill levy on SEV captured from new construction (from preceding column).
- (4) Other revenue needed for balancing purposes will be pledged to the bond issues which will add another estimated 20 to 25 percent to the total revenue that will be pledged to pay off the bond issues. Other revenue sources may include special assessments, parking fees, grants, etc.
- (5) Bond issues are assumed to be 10 or 15 years with principal payments deferred during the first two years of each issue. Interest rates on bonds were assumed to be 10 percent.

**SUMMARY OF ESTIMATED TAX INCREMENT REVENUES ACCORDING TO TAXING JURISDICTIONS FOR 1983, 1984 and 1985 TAX YEARS**

**Ann Arbor Downtown Development District**

Assessment Item and Taxing Jurisdiction	1983 Tax Year Estimates			1984 Tax Year Estimates			1985 Tax Year Estimates		
	Captured(1) Assessed Value	Tax(2) Millage Rate	Tax Increment Revenue	Captured(1) Assessed Value	Tax(2) Millage Rate	Tax Increment Revenue	Captured(1) Assessed Value	Tax(2) Millage Rate	Tax Increment Revenue
<u>Real and Personal Property</u>									
City of Ann Arbor	\$2,000,000	.01500	\$30,000	\$7,100,000	.01500	\$106,500	\$12,450,000	.01500	\$186,800
Ann Arbor Public School District	\$2,000,000	.03400	\$68,000	\$7,100,000	.03400	\$241,000	\$12,450,000	.03400	\$423,300
Washtenaw County	\$2,000,000	.00650	\$13,000	\$7,100,000	.00650	\$46,200	\$12,450,000	.00650	\$80,900
Washtenaw Intermediate School District	\$2,000,000	.00195	\$3,900	\$7,100,000	.00195	\$13,900	\$12,450,000	.00195	\$24,300
Washtenaw Community College	\$2,000,000	.00265	\$5,300	\$7,100,000	.00265	\$18,800	\$12,450,000	.00265	\$33,000

(1) Includes only new construction and improvements to existing buildings.

(2) Based on current 1982 year estimated tax millage allocations.

Revised 10/26/82  
MMO/lg/m

First Reading	<u>November 1, 1982</u>	Approved	<u>November 22, 1982</u>
Public Hearing	<u>November 22, 1982</u>	Effective	<u>November 22, 1982</u>

DOWNTOWN DEVELOPMENT AUTHORITY PLAN

AN ORDINANCE ADOPTING THE DEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN FOR THE ANN ARBOR DOWNTOWN DEVELOPMENT DISTRICT PREPARED BY THE ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY.

The City of Ann Arbor ordains:

(1) Preliminary Findings:

- (a) That a public hearing was held on the proposed Development Plan and Tax Increment Financing Plan for the Downtown District, following the giving of notice thereof, all in accordance with Act 197 of the Public Acts of 1975, as amended.
- (b) That findings and recommendations of a development area citizens council have considered and have provided a source of plan input.
- (c) That the proposed Development Plan and Tax Increment Financing Plan meets the requirements set forth in Act 197 of the Public Acts of 1975, as amended.
- (d) That the proposed method of financing the proposed development is feasible and the Downtown Development Authority of the City of Ann Arbor has the ability to arrange the financing.
- (e) That the proposed development is reasonable and necessary to carry out the purposes of Act 197 of the Public Acts of 1975, as amended.
- (f) That any land included within the proposed development district which is deemed necessary to be acquired is reasonably necessary to carry out the purposes of the plan and of Act 197 of the Public Acts of 1975, as amended, in an efficient and economically satisfactory manner.
- (g) That the proposed Development Plan has been reviewed by the City Planning Commission and found to be in reasonable accord with the adopted plans of the City of Ann Arbor.
- (h) That public services, such as fire and police protection and utilities, are or will be adequate to service the proposed district.
- (i) That changes in zoning, streets, street levels, intersections and utilities are reasonably necessary for the proposed project and for the City of Ann Arbor.

(2) Findings and Determination:

- (a) That based upon the foregoing findings, it is hereby held and determined that the Development Plan and Tax Increment Financing Plan for the Downtown District constitutes a public purpose.
- (b) That the October 26, 1982 Development Plan and Tax Increment Financing Plan for the Downtown Development District is hereby approved.

- (3) Immediate Effect: This ordinance approving the Development Plan and Tax Increment Financing Plan for the Downtown Development District is hereby determined to be immediately necessary for the preservation of public health, welfare and safety and shall become effective immediately.

I hereby certify that the foregoing ordinance (No. 55-82) was approved by the Council of the City of Ann Arbor at its special session of November 22, 1982, held in the Council Chamber, City Hall.

I hereby certify that the foregoing ordinance was submitted to the Ann Arbor News to be published on November 30, 1982.

November 23, 1982

  
\_\_\_\_\_  
Linda J. Wise, Deputy City Clerk

Attachment 6

Act No. 197  
Public Acts of 1975  
Approved by Governor  
August 13, 1975

STATE OF MICHIGAN  
76TH LEGISLATURE  
REGULAR SESSION OF 1975

Introduced by Senator DeMaso

**ENROLLED SENATE BILL No. 163**

AN ACT to provide for the establishment of a downtown development authority; to prescribe its powers and duties; to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; and to authorize the use of tax increment financing.

*The People of the State of Michigan enact:*

Sec. 1. As used in this act:

- (a) "Authority" means a downtown development authority created pursuant to this act.
- (b) "Board" means the governing body of an authority.
- (c) "Business district" means an area in the downtown of a municipality zoned and used principally for business.
- (d) "Chief executive officer" means the mayor or city manager of a city, the president of a village or the supervisor of a township.
- (e) "Development area" means that area to which a development plan is applicable.
- (f) "Development plan" means that information and those requirements for a development set forth in section 17.
- (g) "Development program" means the implementation of the development plan.
- (h) "Downtown district" means an area in a business district which is specifically designated by ordinance of the governing body of the municipality pursuant to this act.
- (i) "Governing body of a municipality" means the elected body of a municipality having legislative powers.
- (j) "Municipality" means a city, village, or township.
- (k) "Operations" means office maintenance, including salaries and expenses of employees, office supplies, consultation fees, design costs, and other expenses incurred in the daily management of the authority and planning of its activities.
- (l) "Public facility" means a street, plaza, pedestrian mall, and any improvements thereto including street furniture and beautification, park, parking facility, recreational facility, right of way, structure, waterway, bridge, lake, pond, canal, utility line or pipe, building, and access routes to any of the foregoing, designed and dedicated to use by the public generally, or used by a public agency.

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**Sec. 2. (1)** A municipality may establish an authority. No parcel of property shall be included in more than 1 authority created by this act.

**(2)** The authority shall be a public body corporate which may sue and be sued in any court of this state. The authority possesses all the powers necessary to carry out the purpose of its incorporation. The enumeration of a power in this act shall not be construed as a limitation upon the general powers of the authority.

**Sec. 3. (1)** When the governing body of a municipality determines that it is necessary for the best interests of the public to halt property value deterioration and increase property tax valuation where possible in its business district, to eliminate the causes of that deterioration, and to promote economic growth, the governing body of that municipality may, by resolution, declare its intention to create and provide for the operation of an authority.

**(2)** In the resolution of intent, the governing body shall set a date for the holding of a public hearing on the adoption of a proposed ordinance creating the authority and designating the boundaries of the downtown district. Notice of the public hearing shall be published twice in a newspaper of general circulation in the municipality, not less than 20 nor more than 40 days before the date of the hearing. Notice shall also be mailed to the property taxpayers of record in the proposed district not less than 20 days before the hearing. Failure to receive the notice shall not invalidate these proceedings. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the proposed downtown district not less than 20 days before the hearing. The notice shall state the date, time, and place of the hearing, and shall describe the boundaries of the proposed downtown district. A citizen, taxpayer, or property owner of the municipality has the right to be heard in regard to the establishment of the authority and the boundaries of the proposed downtown district. The governing body of the municipality shall not incorporate land into the downtown district not included in the description contained in notice of public hearing, but it may eliminate described lands from the downtown district in the final determination of the boundaries.

**(3)** After the public hearing, if the governing body of the municipality intends to proceed with the establishment of the authority, it shall adopt, by majority vote of its members, an ordinance establishing the authority and designating the boundaries of the downtown district within which the authority shall exercise its powers. The adoption of the ordinance is subject to any applicable statutory or charter provisions in respect to the approval or disapproval by the chief executive or other officer of the municipality and the adoption of an ordinance over his veto. This ordinance shall be filed with the secretary of state promptly after its adoption and shall be published at least once in a newspaper of general circulation in the municipality.

**(4)** The governing body of the municipality may alter or amend the boundaries of the downtown district to include or exclude lands from the downtown district in accordance with the same requirements prescribed for adopting the ordinance creating the authority.

**Sec. 4. (1)** The authority shall be under the supervision and control of a board consisting of the chief executive officer of the municipality and 8 members appointed by the chief executive officer of the municipality, subject to approval by the governing body of the municipality. At least 5 of the members shall be persons having an interest in property located in the downtown district. At least 1 of the members shall be a resident of the downtown district, if the downtown district has 100 or more persons residing within it. Of the members first appointed, 2 shall be appointed for 1 year, 2 for 2 years, 2 for 3 years, and 2 for 4 years. A member shall hold office until the member's successor is appointed. Thereafter, a member shall serve for a term of 4 years. An appointment to fill a vacancy shall be made by the chief executive officer of the municipality for the unexpired term only. Members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses. The chairman of the board shall be elected by the board.

**(2)** Before assuming the duties of office, a member shall qualify by taking and subscribing to the constitutional oath of office.

**(3)** The board shall adopt rules governing its procedure and the holding of regular meetings, subject to the approval of the governing body. Special meetings may be held when called in the manner provided in the rules of the board. Meetings of the board shall be open to the public.

**(4)** Pursuant to notice and an opportunity to be heard, a member of the board may be removed for cause by the governing body. Removal of a member is subject to review by the circuit court.

**(5)** All expense items of the authority shall be publicized monthly and the financial records shall always be open to the public.



**Sec. 5. (1)** The board may employ and fix the compensation of a director, subject to the approval of the governing body of the municipality. The director shall serve at the pleasure of the board. A member of the board is not eligible to hold the position of director. Before entering upon the duties of his office, the director shall take and subscribe to the constitutional oath, and furnish bond, by posting a bond in the penal sum determined in the ordinance establishing the authority payable to the authority for use and benefit of the authority, approved by the board, and filed with the municipal clerk. The premium on the bond shall be deemed an operating expense of the authority, payable from funds available to the authority for expenses of operation. The director shall be the chief executive officer of the authority. Subject to the approval of the board, the director shall supervise, and be responsible for, the preparation of plans and the performance of the functions of the authority in the manner authorized by this act. The director shall attend the meetings of the board, and shall render to the board and to the governing body of the municipality a regular report covering the activities and financial condition of the authority. If the director is absent or disabled, the board may designate a qualified person as acting director to perform the duties of the office. Before entering upon the duties of his office, the acting director shall take and subscribe to the oath, and furnish bond, as required of the director. The director shall furnish the board with information or reports governing the operation of the authority as the board requires.

(2) The board may employ and fix the compensation of a treasurer, who shall keep the financial records of the authority and who, together with the director, shall approve all vouchers for the expenditure of funds of the authority. The treasurer shall perform such other duties as may be delegated to him by the board and shall furnish bond in an amount as prescribed by the board.

(3) The board may employ and fix the compensation of a secretary, who shall maintain custody of the official seal and of records, books, documents, or other papers not required to be maintained by the treasurer. The secretary shall attend meetings of the board and keep a record of its proceedings, and shall perform such other duties delegated by the board.

(4) The board may retain legal counsel to advise the board in the proper performance of its duties. The legal counsel shall represent the authority in actions brought by or against the authority.

(5) The board may employ other personnel deemed necessary by the board.

**Sec. 6.** The employees of an authority shall be eligible to participate in municipal retirement and insurance programs of the municipality as if they were civil service employees except that the employees of an authority are not civil service employees.

**Sec. 7.** The board may:

(a) Prepare an analysis of economic changes taking place in the downtown district.

(b) Study and analyze the impact of metropolitan growth upon the downtown district.

(c) Plan and propose the construction, the 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 downtown district.

(d) Develop long-range plans, in cooperation with the agency which is chiefly responsible for planning in the municipality, designed to halt the deterioration of property values in the downtown district and to promote the economic growth of the downtown district, and take such steps as may be necessary to persuade property owners to implement the plans to the fullest extent possible.

(e) Implement any plan of development in the downtown district necessary to achieve the purposes of this act, in accordance with the powers of the authority as granted by this act.

(f) Make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties.

(g) Acquire by purchase or otherwise, on terms and conditions and in a manner the authority deems proper or own, convey, or otherwise dispose of, or lease as lessor or lessee, land and other property, real or personal, or rights or interests therein, which the authority determines is reasonably necessary to achieve the purposes of this act, and to grant or acquire licenses, easements, and options with respect thereto.

(h) 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 thereto, within the downtown district for the use, in whole or in part, of any public or private person or corporation, or a combination thereof.

(i) Fix, charge, and collect fees, rents, and charges for the use of any building or property under its control or any part thereof, or facility therein, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority.

- (j) Lease any building or property under its control, or any part thereof.
- (k) Accept grants and donations of property, labor, or other things of value from a public or private source.
- (l) Acquire and construct public facilities.

Sec. 9. The authority shall be deemed an instrumentality of a political subdivision for purposes of Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

Sec. 10. A municipality may take private property under Act No. 149 of the Public Acts of 1911, as amended, being sections 213.21 to 213.41 of the Michigan Compiled Laws, for the purpose of transfer to the authority, and may transfer the property to the authority for use in an approved development, on terms and conditions it deems appropriate, and the taking, transfer, and use shall be considered necessary for public purposes and for the benefit of the public.

- Sec. 11. (1) The activities of the authority shall be financed from one or more of the following sources:
- (a) Donations to the authority for the performance of its functions.
  - (b) Proceeds of a tax imposed pursuant to section 12.
  - (c) Moneys borrowed and to be repaid as authorized by section 13.
  - (d) Revenues from any property, building, or facility owned, leased, licensed, or operated by the authority or under its control, subject to the limitations imposed upon the authority by trusts or other agreements.
  - (e) Proceeds of a tax increment financing plan, established under sections 14 to 16.
  - (f) Moneys obtained from other sources approved by the governing body of the municipality.

(2) Moneys received by the authority and not covered under subsection (1) shall immediately be deposited to the credit of the authority, subject to disbursement pursuant to this act. Except as provided in this act, the municipality shall not obligate itself, nor shall it ever be obligated to pay any sums from public funds, other than moneys received by the municipality pursuant to this section, for or on account of the activities of the authority.

Sec. 12. (1) An authority with the approval of the municipal governing body may levy an ad valorem tax on the real and tangible personal property not exempt by law and as finally equalized in the downtown district. The tax shall not be more than 1 mill if the downtown district is in a municipality having a population of 1,000,000 or more, or not more than 2 mills if the downtown district is in a municipality having a population of less than 1,000,000. The tax shall be collected by the municipality creating the authority levying the tax. The municipality shall collect the tax at the same time and in the same manner as it collects its other ad valorem taxes. The tax shall be paid to the treasurer of the authority and credited to the general fund of the authority for purposes of financing only the operations of the authority.

(2) The municipality may at the request of the authority borrow money and issue its notes therefor pursuant to Act No. 202 of the Public Acts of 1943, as amended, being sections 131.1 to 138.2 of the Michigan Compiled Laws, in anticipation of collection of the ad valorem tax authorized in this section.

Sec. 13. The authority may borrow money and issue its negotiable revenue bonds therefor pursuant to Act No. 94 of the Public Acts of 1933, as amended, being sections 141.101 to 141.139 of the Michigan Compiled Laws. Revenue bonds issued by the authority shall not except as hereinafter provided be deemed a debt of the municipality or the state. The municipality by majority vote of the members of its governing body may pledge its full faith and credit to support the authority's revenue bonds.

Sec. 14 (1) As used in this section and sections 15 and 16:

- (a) "Captured assessed value" means the amount in any 1 year, by which the current assessed value of the project area exceeds the initial assessed value.
- (b) "Initial assessed value" means the most recently assessed value 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. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero.

(2) When the authority determines that it is necessary for the achievement of the purposes of this act, the authority shall prepare and submit a tax increment financing plan to the governing body of the municipality. The plan shall include a development plan as provided in section 17, a detailed explanation of the tax increment procedure, the amount of bonded indebtedness to be incurred, the duration of the



program, and shall be in compliance with section 15. The plan shall contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located. The plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the authority shall be clearly stated in the tax increment financing plan.

(3) Approval of the tax increment financing plan shall be in accordance with the notice, hearing, and disclosure provisions of section 16. When the development plan is part of the tax increment financing plan, only 1 hearing and approval procedure is required for the 2 plans together.

(4) Before the public hearing on the tax increment financing plan, the governing body shall provide a reasonable opportunity to the members of the county board of commissioners of a county in which any portion of the development area is located and to the members of the school board of any school district in which any portion of the development area is located to meet with the governing body. The authority shall fully inform members of the county boards of commissioners and of the school boards of the fiscal and economic implications of the proposed development area. The members of the county boards of commissioners and of the school boards may present their recommendations at the public hearing on the tax increment financing plan. The authority may enter into agreements with the county board of commissioners, the school boards, and the governing body of the municipality in which the development area is located to share a portion of the captured assessed value of the district.

(5) A tax increment financing plan may be modified if the modification is approved by the governing body upon notice and after public hearings and agreements as are required for approval of the original plan.

Sec. 15. (1) The amount of tax increment to be transmitted to the authority by the municipal and county treasurers shall be that portion of the tax levy of all taxing bodies paid each year on real and personal property in the project area on the captured assessed value.

(2) The authority shall expend the tax increments received for the development program only in accordance with the tax increment financing plan. Surplus funds shall revert proportionately to the respective taxing bodies. These revenues shall not be used to circumvent existing levy limit laws. The governing body of the municipality may abolish the tax increment financing plan when it finds that the purposes for which it was established are accomplished.

(3) Annually the authority shall submit to the governing body of the municipality a report on the status of the tax increment financing account. The report shall include: the amount and source of revenue in the 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 increments received; and any additional information the governing body deems necessary. The report shall be published in a newspaper of general circulation in the municipality.

Sec. 16. The municipality may by resolution of its governing body authorize, issue, and sell general obligation bonds subject to the limitations herein set forth to finance the development program of the tax increment financing plan and shall pledge its full faith and credit for the payment of the bonds. The bonds shall mature in not more than 30 years and shall be subject to Act No. 202 of the Public Acts of 1943, as amended, being sections 131.1 to 135.2 of the Michigan Compiled Laws. Before the municipality may authorize the borrowing, the authority shall submit an estimate of the anticipated tax increment revenue to be available for payment of principal and interest on the bonds, to the governing body of the municipality. This estimate shall be approved by the governing body of the municipality by resolution adopted by majority vote of the members of the governing body, in the resolution authorizing the bonds, and when approved by the municipal finance commission shall be conclusive for purposes of this section. A municipality may not pledge for annual debt service requirements in any 1 year in excess of 41% of the estimated tax increment revenue to be received from a development area for that year, and the total aggregate amount of borrowing shall not exceed an amount which the 80% of the estimated tax increment will service as to annual principal and interest requirements. The bonds issued under this section shall be considered a single series for the purposes of Act No. 202 of the Public Acts of 1943, as amended.

Sec. 17. (1) When a board decides to finance a project in the downtown district by the use of revenue bonds as authorized in section 13 or tax increment financing as authorized in sections 14, 15, and 16, it shall prepare a development plan.

(2) The development plan shall contain:

(a) The designation of boundaries of the development area in relation to highways, streets, streams, or otherwise.

(b) The location and extent of existing streets and other public facilities within the development area and shall designate the location, character, and extent of the categories of public and private land uses then

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existing and proposed for the development area, including residential, recreational, commercial, industrial, educational, and other uses and shall include a legal description of the development area.

(c) A description of existing improvements in the development area to be demolished, repaired, or altered, a description of any repairs and alterations, and an estimate of the time required for completion.

(d) The location, extent, character, and estimated cost of the improvements including rehabilitation contemplated for the development area and an estimate of the time required for completion.

(e) A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.

(f) A description of any parts of the development area to be left as open space and the use contemplated for the space.

(g) A description of any portions of the development area which the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms.

(h) A description of desired zoning changes and changes in streets, street levels, intersections, and utilities.

(i) An estimate of the cost of the development, a statement of the proposed method of financing the development and the ability of the authority to arrange the financing.

(j) Designation of the person or persons, natural or corporate, to whom all or a portion of the development is to be leased, sold, or conveyed in any manner and for whose benefit the project is being undertaken if that information is available to the authority.

(k) The procedures for bidding for the leasing, purchasing, or conveying in any manner of all or a portion of the development upon its completion, if there is no express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed in any manner to those persons.

(l) Estimates of the number of persons residing in the development area and the number of families and individuals to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a development plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displaced families and individuals.

(m) A plan for establishing priority for the relocation of persons displaced by the development in any new housing in the development area.

(n) Provision for the costs of relocating persons displaced by the development and financial assistance and reimbursement of expenses, including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the federal uniform relocation assistance and real property acquisition policies act of 1970, being Public Law 91-848, 42 U.S.C. sections 4601, et seq.

(o) A plan for compliance with Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

(p) Other material which the authority, local public agency, or governing body deems pertinent.

Sec. 18. (1) The governing body, before adoption of an ordinance approving a development plan or tax increment financing plan, shall hold a public hearing on the development plan. Notice of the time and place of the hearing shall be given by publication twice in a newspaper of general circulation designated by the municipality, the first of which shall be not less than 20 days before the date set for the hearing. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the downtown district not less than 20 days before the hearing. Notice shall also be mailed to all property taxpayers of record in the downtown district not less than 20 days before the hearing.

(2) Notice of the time and place of hearing on a development plan shall contain: a description of the proposed development area in relation to highways, streets, streams, or otherwise; a statement that maps, plats, and a description of the development plan, including the method of relocating families and individuals who may be displaced from the area, are available for public inspection at a place designated in the notice, and that all aspects of the development plan will be open for discussion at the public hearing; and other information that the governing body deems appropriate. At the time set for hearing, the governing body shall provide an opportunity for interested persons to be heard and shall receive and consider communications in writing with reference thereto. The hearing shall provide the fullest opportunity for expression of opinion, for argument on the merits, and for introduction of documentary

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Sec. 25. In a development area where a citizens district council established according to Act No. 344 of the Public Acts of 1945, as amended, being sections 125.71 to 125.84 of the Michigan Compiled Laws, already exists the governing body may designate it as the development area citizens council authorized by this act.

Sec. 26. Within 20 days after the public hearing on a development or tax increment financing plan, the development area citizens council shall notify the governing body, in writing, of its findings and recommendations concerning a proposed development plan.

Sec. 27. A development area citizens council may not be required and, if formed, may be dissolved in any of the following situations:

(a) On petition of not less than 20% of the adult resident population of the development area by the last federal decennial or municipal census, a governing body, after public hearing with notice thereof given in accordance with section 18 and by a 2/3 vote, may adopt an ordinance for the development area to eliminate the necessity of a development area citizens council.

(b) When there are less than 18 residents, real property owners, or representatives of establishments located in the development area eligible to serve on the development area citizens council.

(c) Upon termination of the authority by ordinance of the governing body.

Sec. 28. (1) The director of the authority shall prepare and submit for the approval of the board a budget for the operation of the authority for the ensuing fiscal year. The budget shall be prepared in the manner and contain the information required of municipal departments. Before the budget may be adopted by the board, it shall be approved by the governing body of the municipality. Funds of the municipality shall not be included in the budget of the authority except those funds authorized in this act or by the governing body of the municipality.

(2) The governing body of the municipality may assess a reasonable pro rata share of the funds for the cost of handling and auditing the funds against the funds of the authority, other than those committed, which cost shall be paid annually by the board pursuant to an appropriate item in its budget.

Sec. 29. (1) A public facility, building, or structure which is determined by the municipality to have significant historical interests shall be preserved in a manner as deemed necessary by the municipality in accordance with laws relative to the preservation of historical sites.

(2) An authority shall refer all proposed changes to the exterior of sites listed on the state register of historic sites and the national register of historic places to the applicable historic district commission created under Public Act No. 169 of the Public Acts of 1970, being sections 399.201 to 399.212 of the Michigan Compiled Laws, or the secretary of state for review.

Sec. 30. An authority which has completed the purposes for which it was organized shall be dissolved by ordinance of the governing body. The property and assets of the authority remaining after the satisfaction of the obligations of the authority shall belong to the municipality.

This act is ordered to take immediate effect.

*Beverly S. Farnum*  
Secretary of the Senate.

*T. Thos. Thatcher*  
Clerk of the House of Representatives.

Approved \_\_\_\_\_

\_\_\_\_\_  
Governor.



evidence pertinent to the development plan. The governing body shall make and preserve a record of the public hearing, including all data presented thereat.

Sec. 19. (1) The governing body after a public hearing on the development plan or the tax increment financing plan, or both, with notice thereof given in accordance with section 18, shall determine whether the development plan or tax increment financing plan constitutes a public purpose. If it determines that the development plan or tax increment financing plan constitutes a public purpose, it shall then approve or reject the plan, or approve it with modification, by ordinance based on the following considerations:

(a) The findings and recommendations of a development area citizens council, if a development area citizens council was formed.

(b) The plan meets the requirements set forth in section 17 (2).

(c) The proposed method of financing the development is feasible and the authority has the ability to arrange the financing.

(d) The development is reasonable and necessary to carry out the purposes of this act.

(e) The land included within the development area to be acquired is reasonably necessary to carry out the purposes of the plan and of this act in an efficient and economically satisfactory manner.

(f) The development plan is in reasonable accord with the master plan of the municipality.

(g) Public services, such as fire and police protection and utilities, are or will be adequate to service the project area.

(h) Changes in zoning, streets, street levels, intersections, and utilities are reasonably necessary for the project and for the municipality.

(2) Amendments to an approved development plan or tax increment plan must be submitted by the authority to the governing body for approval or rejection.

Sec. 20. A person to be relocated under this act shall be given not less than 90 days' written notice to vacate unless modified by court order for good cause.

Sec. 21. (1) If a proposed development area has residing within it 100 or more residents, a development area citizens council shall be established at least 90 days before the public hearing on the development or tax increment financing plan. The development area citizens council shall be established by the governing body and shall consist of not less than 9 members. The members of the development area citizens council shall be residents of the development area and shall be appointed by the governing body. A member of a development area citizens council shall be at least 18 years of age.

(2) A development area citizens council shall be representative of the development area.

Sec. 22. A development area citizens council established pursuant to this act shall act as an advisory body to the authority and the governing body in the adoption of the development or tax increment financing plans.

Sec. 23. Periodically a representative of the authority responsible for preparation of a development or tax increment financing plan within the development area shall consult with and advise the development area citizens council regarding the aspects of a development plan, including the development of new housing for relocation purposes located either inside or outside of the development area. The consultation shall begin before any final decisions by the authority and the governing body regarding a development or tax increment financing plan. The consultation shall continue throughout the preparation and implementation of the development or tax increment financing plan.

Sec. 24. (1) Meetings of the development area citizens council shall be open to the public. Notice of the time and place of the meetings shall be given by publication in a newspaper of general circulation not less than 5 days before the dates set for meetings of the development area citizens council. A person present at those meetings shall have reasonable opportunity to be heard.

(2) A record of the meetings of a development area citizens council, including information and data presented, shall be maintained by the council.

(3) A development area citizens council may request of and receive from the authority information and technical assistance relevant to the preparation of the development plan for the development area.

(4) Failure of a development area citizens council to organize or to consult with and be advised by the authority, or failure to advise the governing body, as provided in this act, shall not preclude the adoption of a development plan by a municipality if the municipality complies with the other provisions of this act.



Act No. 521  
Public Acts of 1978  
Approved by Governor  
December 20, 1978

**STATE OF MICHIGAN  
79TH LEGISLATURE  
REGULAR SESSION OF 1978**

Introduced by Reps. Harrison, Larsen, Gingrass, Ryan, Edwards, Trim, Joseph F. Young, Virgil C. Smith, Monsma, Jondahl, Hollister, Raymond W. Hood, McNeely, Ferguson, Elliott, Cushingberry, Morris Hood, Jr., Collins, Vaughn, Spaniola, Barcia and Mathieu

**ENROLLED HOUSE BILL No. 6028**

AN ACT to amend section 4 of Act No. 197 of the Public Acts of 1975, entitled "An act to provide for the establishment of a downtown development authority; to prescribe its powers and duties; to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; and to authorize the use of tax increment financing," being section 125.1654 of the Compiled Laws of 1970.

*The People of the State of Michigan enact:*

Section 1. Section 4 of Act No. 197 of the Public Acts of 1975, being section 125.1654 of the Compiled Laws of 1970, is amended to read as follows:

Sec. 4. (1) The authority shall be under the supervision and control of a board consisting of the chief executive officer of the municipality and not less than 8 or more than 12 members as determined by the governing body of the municipality. Members shall be appointed by the chief executive officer of the municipality, subject to approval by the governing body of the municipality. Not less than a majority of the members shall be persons having an interest in property located in the downtown district. Not less than 1 of the members shall be a resident of the downtown district, if the downtown district has 100 or more persons residing within it. Of the members first appointed, an equal number of the members, as near as is practicable, shall be appointed for 1 year, 2 years, 3 years, and 4 years. A member shall hold office until the member's successor is appointed. Thereafter, each member shall serve for a term of 4 years. An appointment to fill a vacancy shall be made by the chief executive officer of the municipality for the unexpired term only. Members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses. The chairperson of the board shall be elected by the board.

(2) Before assuming the duties of office, a member shall qualify by taking and subscribing to the constitutional oath of office.

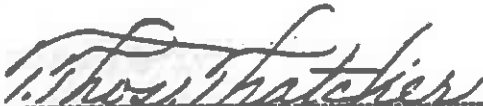
(3) The business which the board may perform shall be conducted at a public meeting of the board held in compliance with Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws. Public notice of the time, date, and place of the meeting shall be given in the manner required by Act No. 267 of the Public Acts of 1976. The board shall adopt rules consistent with Act No. 267 of the Public Acts of 1976 governing its procedure and the holding of regular meetings, subject to the approval of the governing body. Special meetings may be held when called in the manner provided in the rules of the board.

(4) Pursuant to notice and after having been given an opportunity to be heard, a member of the board may be removed for cause by the governing body. Removal of a member is subject to review by the circuit court.

(5) All expense items of the authority shall be publicized monthly and the financial records shall always be open to the public.

(6) In addition to the items and records prescribed in subsection (5), a writing prepared, owned, used, in the possession of, or retained by the board in the performance of an official function shall be made available to the public in compliance with Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

This act is ordered to take immediate effect.

  
Clerk of the House of Representatives.

  
Secretary of the Senate.

Approved \_\_\_\_\_

\_\_\_\_\_  
Governor.



Act No. 26  
Public Acts of 1979  
Approved by Governor  
June 6, 1979

STATE OF MICHIGAN  
80TH LEGISLATURE  
REGULAR SESSION OF 1979

Introduced by Senator Corbin

## ENROLLED SENATE BILL No. 208

AN ACT to amend sections 14 and 15 of Act No. 197 of the Public Acts of 1975, entitled "An act to provide for the establishment of a downtown development authority; to prescribe its powers and duties; to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; and to authorize the use of tax increment financing," being sections 125.1664 and 125.1665 of the Compiled Laws of 1970.

*The People of the State of Michigan enact:*

Section 1. Sections 14 and 15 of Act No. 197 of the Public Acts of 1975, being sections 125.1664 and 125.1665 of the Compiled Laws of 1970, are amended to read as follows:

Sec. 14. (.) As used in this section and sections 15 and 16:

(a) "Captured assessed value" means the amount in any 1 year, by which the current assessed value of the project area, including the assessed value of property for which a commercial facilities exemption certificate has been issued pursuant to Act No. 255 of the Public Acts of 1978, being sections 207.651 to 207.668 of the Michigan Compiled Laws, exceeds the initial assessed value.

(b) "Initial assessed value" means the most recently assessed value 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. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero. For the purpose of determining initial assessed value, property for which a commercial facilities exemption certificate issued pursuant to Act No. 255 of the Public Acts of 1978 is in effect shall not be considered to be property which is exempt from taxation.

(2) When the authority determines that it is necessary for the achievement of the purposes of this act, the authority shall prepare and submit a tax increment financing plan to the governing body of the municipality. The plan shall include a development plan as provided in section 17, a detailed explanation of the tax increment procedure, the amount of bonded indebtedness to be incurred, the duration of the program, and shall be in compliance with section 15. The plan shall contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located. The plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the authority shall be clearly stated in the tax increment financing plan.

(3) Approval of the tax increment financing plan shall be pursuant to the notice, hearing, and disclosure provisions of section 18. If the development plan is part of the tax increment financing plan, only 1 hearing and approval procedure is required for the 2 plans together.

(9)

(4) Before the public hearing on the tax increment financing plan, the governing body shall provide a reasonable opportunity to the members of the county board of commissioners of a county in which any portion of the development area is located and to the members of the school board of any school district in which any portion of the development area is located to meet with the governing body. The authority shall fully inform members of the county boards of commissioners and of the school boards of the fiscal and economic implications of the proposed development area. The members of the county boards of commissioners and of the school boards may present their recommendations at the public hearing on the tax increment financing plan. The authority may enter into agreements with the county board of commissioners, the school boards, and the governing body of the municipality in which the development area is located to share a portion of the captured assessed value of the district.

(5) A tax increment financing plan may be modified if the modification is approved by the governing body upon notice and after public hearings and agreements as are required for approval of the original plan.

Sec. 15. (1) The amount of tax increment to be transmitted to the authority by the municipal and county treasurers shall be that portion of the tax levy of all taxing bodies paid each year on real and personal property in the project area on the captured assessed value. For the purpose of this section, that portion of a commercial facilities tax levied pursuant to section 12 of Act No. 255 of the Public Acts of 1978, being section 207.662 of the Michigan Compiled Laws, which is attributable to the captured assessed value of the facility shall be included as a part of the tax increment to be transmitted to the authority.

(2) The authority shall expend the tax increments received for the development program only pursuant to the tax increment financing plan. Surplus funds shall revert proportionately to the respective taxing bodies. These revenues shall not be used to circumvent existing levy limit laws. The governing body of the municipality may abolish the tax increment financing plan when it finds that the purposes for which it was established are accomplished.

(3) Annually the authority shall submit to the governing body of the municipality a report on the status of the tax increment financing account. The report shall include: the amount and source of revenue in the 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 increments received; and any additional information the governing body considers necessary. The report shall be published in a newspaper of general circulation in the municipality.

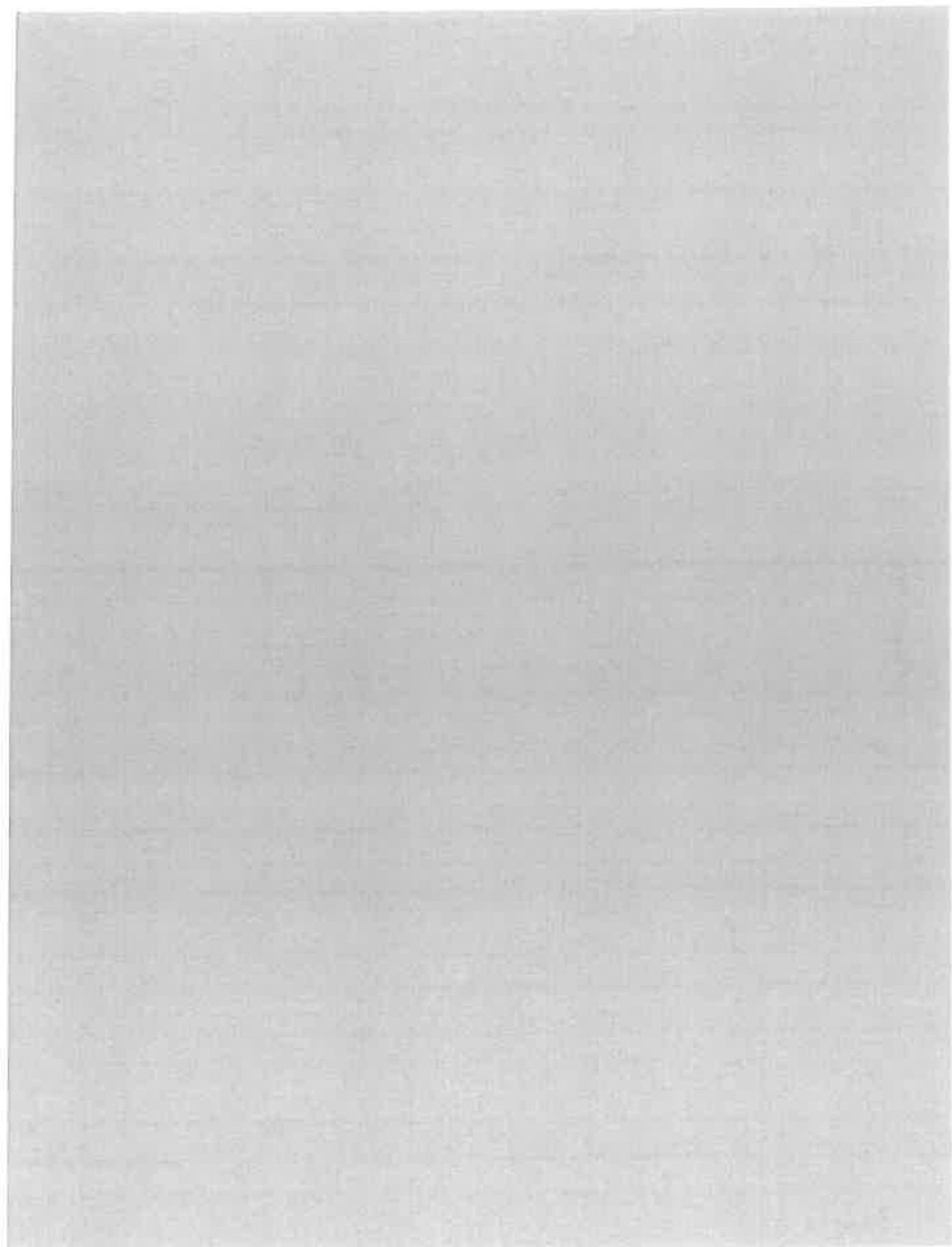
This act is ordered to take immediate effect.

Billy J. Farnum  
Secretary of the Senate.

T. Ross Thatcher  
Clerk of the House of Representatives.

Approved \_\_\_\_\_

\_\_\_\_\_  
Governor.





**ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY**  
**DEVELOPMENT PLAN AND TAX INCREMENT**  
**FINANCING PLAN**

**Prepared and Approved October 26, 1982**

by the Ann Arbor Downtown Development Authority

**Adopted as Ordinance 55-82, November 22, 1982**

by Ann Arbor City Council

**Amendment Prepared and Approved, March 5, 2003**

by the Ann Arbor Downtown Development Authority

**Adopted as Ordinance 26-03, September 15, 2003**

by Ann Arbor City Council

**Renewal of the Ann Arbor Michigan  
Downtown Development Authority  
Development Plan and  
Tax Increment Financing Plan**

**2003-2033**



**THE ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY MISSION  
TO UNDERTAKE PUBLIC IMPROVEMENTS THAT HAVE THE GREATEST IMPACT IN  
STRENGTHENING THE DOWNTOWN AREA AND ATTRACTING NEW PRIVATE INVESTMENTS.**

## ACKNOWLEDGEMENTS

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Joan Lowenstein, Ward II

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## I. Introduction

The Downtown Development Authority Act was passed in 1975 to give municipalities a tool for fighting the insidious decline and decay that was afflicting downtowns across America. As businesses and shoppers moved out to the townships, suburbs, and malls, downtowns became plagued with empty buildings, increased crime, and a shrinking tax base.

Although somewhat resistant to national and regional economic trends, downtown Ann Arbor was dramatically impacted by changes in buying habits and the construction of new shopping malls on the outer edges of the city which lured away retail and shoppers. In response, the Ann Arbor community, through the cooperation of the taxing authorities, created the Ann Arbor Downtown Development Authority as a vehicle for downtown urban renewal.

Since its creation in 1982, the DDA has been a significant and influential catalyst behind the revitalization and renewal of downtown Ann Arbor. Through careful stewardship, long-term planning and financing, an open dialog with the community, and an ongoing analysis of national trends and issues, the DDA has been able to lead the downtown through the difficult transformation from a daytime retail-based economy to a true mixed-use 24-hour community. And increasingly, over the past decade, the DDA has used its resources, expertise, and passionate volunteer board to address larger community goals and challenges like affordable housing, alternative transportation, and the fragility of independent businesses that help to define much of Ann Arbor's unique identity.

The downtown has changed a great deal in the past 20 years and so have the priorities of the community. Threats and challenges continue to evolve with changes in the economy and demographics, and they are every bit as real today as they were 20 years ago. These ongoing challenges cannot be met without the ongoing efforts of the DDA.

As stated by the International Downtown Association, "no matter how focused city leaders happen to be, and how dedicated business volunteers are, without a stable, funded, and well-staffed downtown organization, the effort is likely to fail. First, because downtowns need the kind of management only skilled professionals can provide. If you look at the range of [issues facing downtowns] you can see the sophistication and variety that are needed to deal with the legal, governance, programmatic, and operational issues that constantly bombard downtown organizations. Second, because city government leaders – whether elected or appointed – have many things to think about besides downtown. Neighborhoods have a major claim on their attention, and too much of [city government's] focus on downtown is good for neither neighborhoods nor downtowns. ... Finally, because downtown revitalization is a never-ending process. Just like suburban shopping centers, downtowns need regular [maintenance] ... Only a healthy downtown organization can be counted on to do these things regularly, in a coordinated fashion, and with a high level of proficiency." (Source I.D.A. Dialogue, February 2003.)

The downtown is the heart of our community and a resource for citizens throughout Washtenaw County. Downtown Ann Arbor reflects our social and economic diversity. It provides a wide spectrum of residential, commercial and service offerings, from upscale to funky, including homegrown and one-of-a-kind businesses, buildings, and a multitude of social gathering opportunities. A healthy downtown is an asset to our area's natural environment. An efficient density and mix of uses downtown can counterbalance the pull of suburban development helping to ensure future economic and environmental sustainability.

Looking ahead, therefore, compelling and prudent reasons exist not only for renewing the DDA with a second 30 Year Plan, but also for completing this renewal well before its 2012 expiration. Chief among them are:

Continuity: Renewal of the DDA protects the viability of the important projects and programs that are currently underway or in the planning stages.

Long-Term Planning and Financing: Many projects that have the greatest benefit to the community involve a great deal of public input, significant financial investment and procurement of long-term debt financing. The DDA operates on a ten year planning, maintenance, and budget plan. Now that the DDA is within 10 years of its expiration, any delay in the extension of the DDA will jeopardize the planning and execution of these projects as well as the repayment of the debt using TIF funds.

Stewardship: The DDA is the only agency whose sole purpose is to safeguard the growth and vitality of the downtown. It is the only agency charged with monitoring national downtown trends in order to anticipate changes in transportation, housing, service, and infrastructure needs. It is the only agency working with the community to help to sustain and protect those things that the community values most about our downtown. The DDA is also the only agency whose mission is to sustain that which is remarkable and necessary about Ann Arbor's downtown. This includes supporting the goals and concepts of the Ann Arbor Downtown Plan (1988), the Central Area Plan, (1992) and advocating for the resources and policies that enable these Plans to be realized.

Since 1982, much has been accomplished. But there are projects left to complete from the original plan and new needs arise as downtown continues to evolve and respond to new challenges. The revised DDA Plan focuses on the following objective areas:

- Identity
- Infrastructure
- Transportation
- Business Encouragement
- Housing
- Development Partnerships
- Community Services
- Sustainability

Working towards these objectives will facilitate the overall viability of the downtown area. It will enhance its attractiveness as a regional marketplace for goods and services, an employment center, a community-gathering place, a place to live, and the cultural and historical core of the community.

The DDA recognizes that the successful accomplishment of its mission and the successful implementation of this Plan depends upon a consistent and coordinated policy approach to downtown and near downtown issues by the DDA, City Council and City Administration. This Plan is an attempt to state those joint policy goals. The DDA recognizes that, over the course of the next 30 years, new issues and new challenges will arise that are not directly contained in or anticipated by this Plan. Consistent with its enabling language, the DDA commits to address these challenges through a good faith effort to work together with Council and Administration to address these issues in a cooperative way.

# Effective Execution of the 1982 DDA Plan

Over the past 20 years, the DDA has been working under the framework established in the 1982 DDA Development/TIF Plans. These Plans identified nine objective areas for the DDA. What follows is a list of objectives along with a brief description of some of the projects and strategies that have been employed to meet them.

- **“Undertake improvements to existing and proposed public open space areas, pedestrian/bicycle linkages and transit system.”**

DDA pedestrian improvement projects have transformed the look and use of much of the downtown. Pedestrian friendly environments require more than maintained sidewalks. To be safe and inviting, sidewalks must be well lit, and crossings well marked. Potential areas of conflict between pedestrians, cyclists and motorized vehicles must be minimized. Signage and architectural design features must be scaled for pedestrians. Public art, trees and sidewalk amenities, parks and green spaces, curb cutouts, traffic volume and speed, and non-pedestrian sidewalk uses all contribute to the overall walkability of the downtown. The Main Street, State Street, Liberty, South University, Fourth Avenue, Liberty and Kerrytown areas have all benefited from DDA improvement projects.

Even while working to ensure sufficient automobile parking in the downtown, the DDA has worked to promote and facilitate walking, biking, and bus ridership. The DDA has worked to develop and support alternative transportation options into the downtown recognizing that they are good for the environment, reduce the number of parking spaces needed, and reduce traffic congestion. Partnering with the City, AATA, and the Chamber of Commerce, the DDA has been an active sponsor of the “Get!Downtown” program, which provides an array of transportation options and information for downtown employees. For the past three years the program has provided free “Go!Pass” bus passes, encouraged bike ridership, ride sharing, and the use of park and ride lots, with the DDA underwriting 90% of Go!Pass costs since its initial CMAQ grant expired.

- **“Construct parking facilities to support existing and new developments”**

Since 1982 the DDA has added over 1,800 public parking spaces to the City system including two new parking structures (Ann Ashley and Liberty Square) and two larger replacement structures (Fourth & Washington and Forest Avenue.)

In 1992, the DDA took over management of 70% of the City of Ann Arbor's downtown parking system, including its seven parking structures, with the goal of addressing extensive long-term deterioration. Three of the structures needed replacement, the other four required extensive repairs. All were in need of equipment upgrades and basic maintenance. Since taking over management of the off-street system, the DDA has upgraded or replaced all seven city-owned structures; dramatically improved their customer service, accounting standards, and profitability; commissioned parking studies which have led to better parking policies and administration; and developed long-term maintenance and repair programs that will save taxpayers tens of millions of dollars over the life of the parking system.

In 2002, the DDA took over operation of the on-street parking meter system in order to meet the community's goal of a self-sustaining downtown parking system. The DDA is now working to establish rates and policies that will ensure the long-term viability of the full system while serving the special needs of downtown stakeholders.

- **“Participate in programs to stimulate new, converted or renovated housing”**

The DDA has undertaken a variety of activities to promote a full range of housing in the downtown. These activities have included the support of housing and parking policies that have encouraged loft development in the downtown and the encouragement of the inclusion of housing in mixed use new construction projects. To support these activities in a focused way, the DDA created a separate Housing Fund in 1997. Most notably, the DDA has directed over \$1,000,000 to affordable housing initiatives in the downtown, including projects with Dawn Farm, Avalon Housing, First Centrum Corporation and the Local Initiatives Support Coalition. In each of these affordable developments, DDA funds have matched or supplemented City general fund or Housing Trust Fund support for the project.

- **“Participate in efforts to encourage mixed-use developments in conjunction with public improvements”**

Mixed-use development is a community value called for in the Ann Arbor Downtown Plan. It can promote efficient land use and enhance the potential for 24 hour a day activity. The DDA has been instrumental in supporting several important mixed-use developments by providing necessary parking, funding pedestrian improvement projects, facilitating land assembly, and providing grants to support the development of affordable housing units. Major projects have included Tally Hall/Liberty Square, One North Main, and Ashley Mews.

- **“Make available for development lands previously acquired by the City for the proposed Packard/Beakes by-pass if their use is not required.”**

The DDA was a central partner along with the City and Syndeco Realty in shaping the Ashley Mews development on Main Street at Packard. The project included sale of the City property, construction of a 9-story retail/office/residential building, 47 townhouse condominiums, a 120-space underground parking structure, and a public plaza and mews that provide a mid-block pedestrian connection from Ashley to Main Street.

- **“Participate in efforts to encourage the expansion of retail businesses”**

The DDA has actively supported downtown businesses through its partnerships with the four downtown Area Associations. This partnership has included cooperative advertising, free parking for holiday shopping and special events, collaborative marketing projects, and sponsorship of Area Association representatives to the International Downtown Association annual conference to strengthen our collective knowledge of national and regional trends and ideas from downtowns across the country.

### **Attracting New Private Investment, 1982 through 2002**

During the DDA's first twenty years approximately \$39 million of new real office and retail property was added to the downtown area through private development. This amount does not include construction by nonprofits such as the University, personal property taxable value additions of \$20 million, or assessed value growth in property value resulting from inflation, that is distributed to the taxing authorities. From 1982 to 2001, new real property development increased the downtown property tax base by 59%, or \$12.3 million, for the six taxing entities with jurisdiction in the DDA District.

## II: Development Plan

### Renewal Plan Goal and Objectives

The 2003-2033 DDA Renewal Plan reiterates the DDA's mission as follows:

**TO UNDERTAKE PUBLIC IMPROVEMENTS THAT HAVE THE GREATEST IMPACT IN STRENGTHENING THE DOWNTOWN AREA AND ATTRACTING NEW PRIVATE INVESTMENTS.**

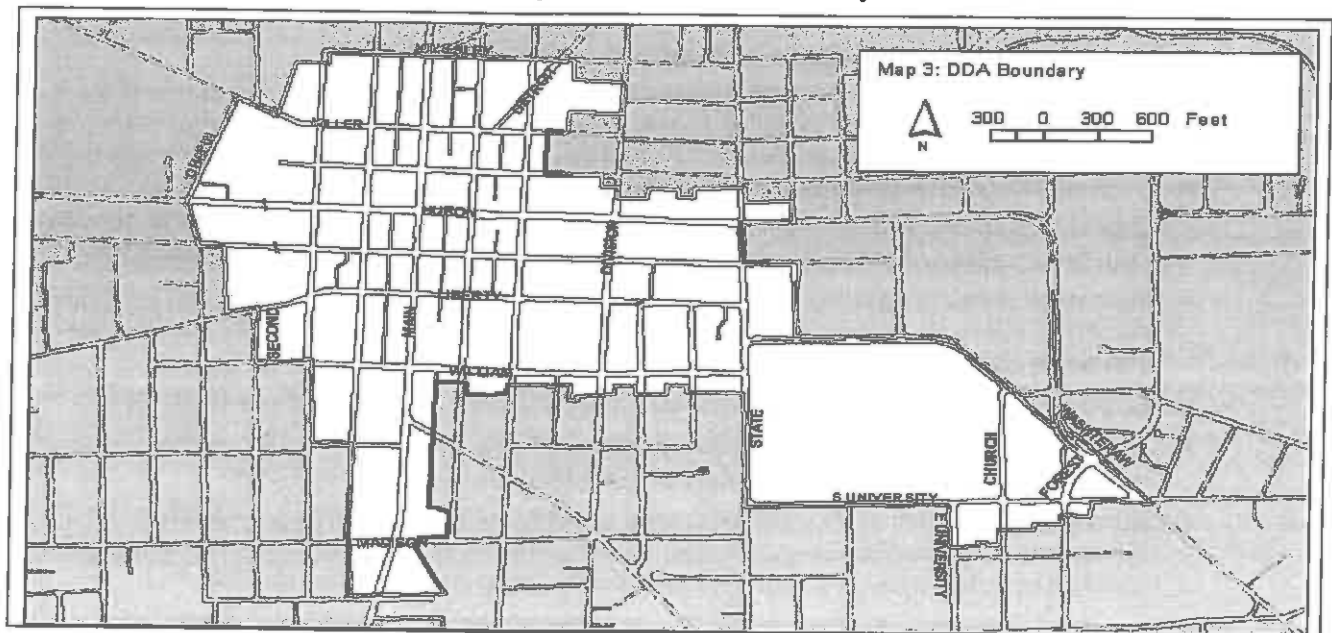
Upon renewal The DDA will continue to be a catalyst for maintaining and improving economic health and quality of life in the downtown area. The DDA will strive to meet this goal with strategies in eight key areas:

- Identity
- Infrastructure
- Transportation
- Business Encouragement
- Housing
- Development Partnerships
- Community Services
- Sustainability

The DDA will actively pursue partnerships with various organizations to fulfill its objectives. Partners may be found in both the private and public sectors, including developers and landowners, the City of Ann Arbor, Washtenaw County, Ann Arbor Public Schools, the Ann Arbor District Library, and the University of Michigan.

#### Boundaries of the Ann Arbor Downtown Development District

This DDA Renewal Plan maintains the original DDA district boundary as set forward in 1982.



In an effort to accomplish its mission, it is understood that the DDA may elect to participate in important projects outside the DDA District.

# Identity

## PRINCIPLES

It is what takes place in the heart of our community that gives rise to our Ann Arbor “brand” as a bohemian, politically aware, culturally active, “hip” and exciting place unlike any other. Downtown’s unique identity should be promoted as a compelling business and social asset. Many elements combine to make it special, including its history, attractiveness, vitality, quality of life, and wealth of cultural assets.

## STRATEGIES

### Celebrating Downtown Ann Arbor’s Unique History and Character

- Encourage downtown developments that complement the existing character of their neighborhoods. New developments should be attractive, harmonize with the height and massing of adjacent buildings, and be sensitive to pedestrian needs. This may include providing ground floor retail space where possible with numerous entrances and exits.
- Design DDA improvements and developments to complement the unique look of the city and the character of the surrounding neighborhood.
- Support the award-winning Historical Street Exhibit Program, which educates the public about the City’s rich and fascinating history, even as it enhances the downtown pedestrian experience.
- Encourage historic property owners to improve and restore the appearance of their building, including the provision of an historic façade improvement grant or loan program.
- Encourage public and private efforts to keep Ann Arbor an “arts friendly” community, including participating in efforts to provide studio and performance spaces in the downtown area.
- Work with others to promote the fact that nowhere else in the county, or indeed in the State, are there as many concerts, museums, theater performances, unique events, lectures, and other attractions in such a concentrated place. There is something for just about everyone all through the year.

### Encouraging Enjoyable and Memorable Outdoor Social Life Downtown

In addition to providing for a more enjoyable pedestrian experience, the DDA’s improvements should encourage businesses to install sidewalk cafes and books stands to tempt passers by, and invite a host of special events that draw hundreds of thousands of people to the downtown each year. The DDA can encourage these activities with the following strategies:

- Create attractive and flexible pedestrian improvements that add to the excitement of walking through downtown Ann Arbor and can be utilized for special events and sidewalk sales.
- Make it possible for local business associations and civic groups to beautify the downtown with plantings, banners, and other installations, by providing planters, banner wires and brackets, and wider sidewalks where possible.
- Encourage programs to create and maintain art in public places in the downtown area.
- Encourage and support efforts by the Historic District Commission and by private developers to maintain and restore historically significant buildings in the downtown area.
- Support public activities that celebrate and commemorate the continuing evolution of downtown. Celebrate DDA accomplishments, including block parties commemorating the opening of a new parking structure, completion of a redesigned streetscape, etc.
- Ensure that sidewalks, street furniture, and other elements are regularly cleaned and maintained, as this communicates a great deal about the image of downtown.

# Infrastructure

## PRINCIPLES

### Reinvesting to Maximize the Benefit of Existing and Future Infrastructure

Maintaining and investing in infrastructure is essential to downtown's ongoing stability and vitality. By providing consistent attention, the DDA ensures that facilities continue to serve the functional needs of residents, businesses, government agencies, visitors and others.

Infrastructure's physical form and condition, particularly sidewalks and parking facilities, communicate a great deal about a community's goals, values, and identity. Well-maintained, inviting, aesthetically pleasing elements make a strong quality statement about our community.

The strategies below are designed to address current and future needs. These strategies propose investments that are aimed at fortifying and increasing downtown's attractiveness to developers, businesses, residents, and visitors. Plans include maintenance and eventual replacement of downtown parking facilities and streetscape improvements, and strategies to maximize the use of downtown infrastructure and public open space.

## STRATEGIES

### Comprehensive and Ongoing Parking Structure Maintenance and Planning

- Continue DDA commitment to ongoing repairs and maintenance of downtown parking facilities, including structures and lots.
- Recognize that maintenance and repair are perpetual concerns and plan accordingly. This means conducting on-going structural assessments and anticipating maintenance and repair needs in one-year, five-year, and ten-year capital improvement plans.
- When making or supporting structural improvements and new development, consider not only cost concerns, but also the need for quality, aesthetics, safety, and longevity.
- Conduct regular and ongoing analyses of downtown development to anticipate and respond to parking needs.
- Provide new parking options as needed, and ensure that parking revenue funds remain available and committed to an on-going parking structure development, operations, and maintenance plan.
- Encourage the inclusion of parking facilities within new downtown developments, particularly underground parking.

### Public Open Space and Sidewalk/Streetscape Improvement

- Install pedestrian improvements along select downtown streets. This includes replacing existing, worn sidewalks with pleasing sidewalk paving and/or bricking, improved lighting and signage, landscaping, etc. These improvements promote walking as the primary transportation mode and increase downtown's attractiveness for development and business.
- Support the creation of an Allen Creek Corridor Land Use Master Plan in collaboration with other public agencies and the private sector, including an analysis of land use, the potential development of a pedestrian/bike path along the rail line as envisioned by the Downtown Plan, as well as open space. The City could be encouraged to consider the possible acquisition of private property to enable plans to be realized.

- Encourage the City and the private sector to develop new, attractive open spaces, including additional public plazas (such as at Ashley Mews), and the development of through-block arcades, atrium spaces, and pocket parks throughout the downtown.
- Install new physical improvements (e.g. street furniture and lighting) to existing open spaces, including Liberty Plaza to enhance their use.
- Encourage pedestrian and non-motorized vehicular links from downtown to nearby residential areas and other significant areas of Ann Arbor (e.g. Old West Side, Lower Town, etc.) as a means to support downtown retail and reduce downtown automobile traffic.
- Consider the special needs of children, seniors, and the disabled when planning new sidewalk and streetscape improvements.
- Regularly maintain previous DDA improvements projects. This may include setting aside funds for anticipated future repairs. All pedestrian and streetscape improvements should be designed with high-quality yet easily maintained elements.
- The DDA will continue working in partnership with the City Parks Department and the Dean Fund to provide for maintenance and replacement of trees in the downtown, in addition to maintaining, improving and expanding downtown park areas.

**Target Areas for New Streetscape Improvements**  
 Ashley St (North & South)  
 First St (North & South)  
 Fifth Ave (North & South)  
 South Division  
 Huron St (East and West)  
 Ann St (East and West)  
 South Main St between William and Mosley  
 W. Washington between Ashley and Third St  
 E. Washington between Thayer and Fifth Ave

**Additional Infrastructure Strategies**

- Promote the DDA's role in supporting the provision of downtown infrastructure. Public awareness of the DDA's role in maintaining and investing in downtown infrastructure will encourage communication between the public and DDA on how best to make improvements and maximize its use.
- Promote a philosophy of sustainability in all infrastructure improvements. Attentive maintenance to existing infrastructure and timely investment in well-designed, quality improvements will ensure that they will continue to serve downtown needs for years into the future. Attentive maintenance of City assets decreases the need for much larger, future capital expenditures by extending their useful life
- Support infrastructure improvements in anticipation of future technological needs of downtown, such as conduit for fiber optic wiring. This may include encouraging initiatives in partnership with the University of Michigan, the Washtenaw Development Council, and the City.
- Encourage alley improvements to facilitate deliveries, solid waste and recycling collection, improve alley cleanliness and attractiveness, assist pedestrian use, and discourage graffiti. Strategies may include inviting artists to paint murals in selected alleys, providing incentives for businesses to maintain a clean alleyway, repairing storm water inlets, repaving, etc.
- Encourage infrastructure-planning efforts by the City of Ann Arbor and the University of Michigan to improve and maintain public utilities, streets, water, and sanitary sewers.



# Transportation

## PRINCIPLES

### Access to Downtown: Encouraging a Full Menu of Transportation Options

Transportation plays a critical role in the economic and social health of downtown. Overall, the strategies below focus on the continuing development of multiple and often intermodal transportation options for getting to and from downtown, as well as moving about the downtown.

Having multiple transportation options maximizes the feasibility of doing business, shopping, working, and living downtown. The availability and knowledge of a full menu of alternatives, as currently provided by the "Get!Downtown Program," ensures that employees, residents, visitors and customers can select the transportation options that best fit their needs, schedules, and financial means, while lessening the number of automobiles on downtown streets. This in turn alleviates congestion and improves overall downtown traffic circulation.

## STRATEGIES

### Parking as an Element in Transportation Planning

Private automobiles will likely remain the most popular transportation choice for many downtown visitors, residents, and employees because cars provide fast, on-demand service. Land and financial limitations mean that the supply of parking at peak periods may never match demand. This makes developing a comprehensive parking and transportation program essential. This program should balance the multiple and complex needs of downtown including the following strategies:

- Emphasize that the parking system should be economically self-supporting, and that income from all parking sources must be reserved for system operations, maintenance, repair, and construction and parking alternatives. Doing so will ensure that these facilities are properly maintained and that programs are available to meet the needs of downtown patrons. Moreover, parking cost subsidies discourage the use of alternative transportations.
- Regularly review the number of parking spaces available to determine if additional parking is needed. This includes calculating current and anticipated parking demand and usage.
- Regularly assess downtown conditions and consider policy changes when necessary. This may include special needs, such as loading zone and handicapped parking space locations, 15-minute parking spaces for passenger drop-off and quick service needs like dry cleaning pickup and grocery drop off by residents, differentiating parking rates according to geographic location and time of day, aligning hours of operation with downtown business activity (e.g. restaurants may shift parking needs later into the day), etc. Residential permit programs may reduce the impact of near-downtown commuter parking in adjacent residential neighborhoods.
- Encourage on street parking for short term use whenever possible, as these spaces are preferred by customers and encourage the vitality of nearby retail. Also, on-street parking moderates traffic speeds, and promotes a sense of pedestrian safety.
- Promote parking awareness through prominent and well-lit locator maps and promotional activities to combat the perception that parking is unavailable. Greater promotion will enhance the downtown business environment and may reduce the need for future parking construction.

#### Traffic Calming On Downtown Streets

- On-street parking
- Brick or concrete pedestrian crosswalks
- Two-way traffic on previously one-way streets
- Moderated downtown speed limits

- Partner with the University of Michigan to identify the parking needs of UM students, faculty, staff, and visitors, with the goal of outlining action steps by the UM and community to meet these needs.
- Increase parking capacity at the freeway ring or on the outskirts of downtown to support increased use of alternative transportation and provide long-term vehicle storage opportunities for students and other downtown residents.
- Coordinate use and promotion of public parking after hours for special events and private sector needs, including use of Washtenaw County, City, and UM parking locations.

#### Public Transportation

A coordinated bus system with a downtown transit center maximizes downtown accessibility. The following strategies contribute to this public transit vision.

- Encourage the integration of UM and AATA bus systems and services.
- Explore the development of new transit centers or an expanded transit center downtown.
- Target and support downtown-friendly enhancements of the AATA bus system, including increased service during peak periods to encourage commuter use, targeted and extended hour service to and from Ypsilanti, a downtown circulator to make travel within the downtown area more convenient, and smaller vehicles.
- Encourage the development, use, and promotion of AATA Park and Ride lots.
- Promote the installation and ongoing maintenance of attractive and weather-protective bus shelters, as well as informational signage on downtown bus stops (including maps, bus routes and points of interest information).

#### Pedestrian and Non-Motorized Transportation

Encouraging pedestrian and non-motorized transportation provides several benefits. It alleviates traffic and parking congestion, promotes efficient transportation through dense areas, and provides foot traffic to support downtown businesses. An enjoyable pedestrian experience is one of downtown's principal attractions, as well as a necessary element in its social and economic life. Bicycling and walking are also environmentally friendly, and contribute to the unique personality of downtown Ann Arbor. Strategies to encourage this include:

- Study the possible conversion of additional streets from one-way to two-way traffic to make them more pedestrian-friendly as well as easier for visitors and new residents to navigate.
- Support commuter and recreational bike ridership to and through downtown, including the installation of bicycle lockers, bicycle racks, and placement of bicycle parking within the shelter of parking structures wherever feasible.
- Promote pedestrian and bicycle safety measures. This includes supporting educational programs and signage directed at reducing conflict between pedestrians, bicyclists, and drivers. Consideration should be given to planning details and their relevance to public safety, as well as the maintenance of public improvements to ensure pedestrian safety.
- Encourage development projects that preserve the downtown's sense of pedestrian scale. Consider project mass, scale, and compatibility with existing structures.
- Promote pedestrian enjoyment of downtown by encouraging an active street life, including the installation of street furniture, Historic Street Exhibits, sidewalk café seating, attractive plantings, attractive storefront displays, public art and exhibits, and the regular use of public areas for entertainment, parades or street fairs.

# Business Encouragement

## PRINCIPLES

### Promoting Downtown as the Center of Commerce in our Community and Providing Support to Businesses

Commercial establishments play an immeasurable role in shaping the economic, social, and physical character and health of downtown, including creating a sense of uniqueness and place. Downtown Ann Arbor has seen commercial growth since the inception of the 1982 DDA Plan. Despite this growth, the downtown business environment continually requires attention and concern if it is to remain healthy, vibrant, and competitive.

Many of the businesses that add character to downtown Ann Arbor are small, independent stores that offer unique, one-of-a-kind goods and services. Their ongoing success is closely linked with the cultural and social identity of downtown and its perceived strength as a commercial district.

Retail tastes and trends are always changing – not only in what people shop for, but also why they shop. The role of retail in downtowns across America has changed tremendously over the last two decades and will do doubt continue to evolve in the future. Understanding important trends will enable downtown Ann Arbor to be in the best position to compete locally, regionally, and nationally for quality businesses and customer dollars.

## STRATEGIES

- Undertake capital improvements that are geared towards increasing the commercial viability of downtown.
- Encourage appropriate public and private infill projects to increase commercial activity.
- Support strategies to retain and strengthen local retail businesses in the downtown area.
- Encourage the goals and cooperation of the four downtown Area Associations. Support local and regional promotional efforts by the Associations.
- Participate with property owners in efforts to attract new retail, businesses, and services to downtown that support residential needs. (*see Chapter on Housing.*) Encourage an appropriate mix of local retailers and regional/national retailers, as it strengthens downtown Ann Arbor's ability to draw retail shoppers. Collect and disseminate information about the downtown environment and commercial opportunities to support property owner efforts to attract a diversity of attractive businesses.
- Work with the City of Ann Arbor, the Chamber of Commerce, and the Washtenaw Development Council to encourage the retention of existing businesses and the attraction of new businesses to downtown.
- Identify downtown areas that are undergoing significant change or distress, and work with area stakeholders and property owners to develop strategies aimed at maintaining and strengthening commercial environments.
- Promote Ann Arbor's unique identity as a compelling business asset. Preservation, development, and marketing of those things that make Ann Arbor a special place is crucial to retaining current businesses and in attracting new businesses as well.

# Housing

## PRINCIPLES

### Creating a 24-Hour Neighborhood with a Full Spectrum of Housing Options in the Downtown.

A local residential population is necessary for a dynamic, economically-strong 24-hour downtown. A substantial residential base near and in the downtown has a positive effect on the retail climate, local transportation systems, and quality of life. A densely inhabited city center creates an exciting place to live, and promotes a positive pedestrian atmosphere. In turn, downtown residents enjoy the convenient availability of community services, retail goods, cultural activities, and nearby employment.

To encourage a diverse downtown population, a wide variety of housing opportunities, retail and service business, food stores and other businesses providing basic goods and services should be available.

## STRATEGIES

### Interaction between Retail and Downtown Residential Development

A strong residential presence helps support retail selection. This includes not only residents living within the DDA district, but also residents in the neighborhoods adjacent to the downtown. The DDA can encourage this vital connection in several ways:

- Encourage mixed-use projects that feature retail businesses on lower floors and residential housing on upper floors.
- Work with the downtown area associations to strengthen the existing retail environment.
- Participate with the City and property owners in efforts to attract new retail and service businesses to downtown that support residential needs.

### Interaction between the DDA District and Near-Downtown Neighborhoods

Maintaining and strengthening the traditional residential character of the near-downtown neighborhoods is essential for the economic and social sustainability of downtown Ann Arbor. These neighborhoods include the Oxbridge, Burns Park, Ann Arbor Hills, Old Fourth Ward, North Central, and Old West Side areas. Due to their close proximity to downtown, near-downtown neighborhoods face unique challenges to preserving their traditional residential character. For instance, the DDA recognizes the importance of high quality public schools in near downtown neighborhoods in maintaining the desirability and diversity of the neighborhoods. The strategies below are aimed towards preserving and improving the symbiotic relationship between downtown and its nearby neighborhoods.

- Resist development pressures and uses within these near-downtown neighborhoods that are not consistent with their residential nature.
- Consider the impacts of downtown development projects and improvements on near-downtown neighborhoods. This includes consideration of project design, massing, and height, possible future traffic impacts, and encouragement of elements that add to the attractiveness of living near downtown, such as open space.
- Continually monitor parking demand in near downtown neighborhoods by employees, residents, and visitors. Possible solutions can include the construction of new downtown parking, as well as the promotion of transportation alternatives and residential permit programs.

### Residential Development Strategies

- In order to encourage and facilitate a full range of housing options, the DDA will work with developers to encourage a residential component to developments wherever feasible; the DDA will (in accord with policies adopted by City Council) encourage developer contributions to meet

moderate income housing needs, and will provide grants and loans to support housing affordable to lower income persons and families. The DDA will also support services and transportation programs to assure that the downtown remains a viable residential neighborhood.

- Participate in projects that increase the supply of housing.
- Provide affordable housing grants for downtown and near downtown residential development and redevelopment projects when necessary. Encourage and support programs and developments that provide housing for the downtown workforce.
- Work with the City Planning and Building Departments and with developers to streamline site plan review and to facilitate development that increases housing while meeting established community goals and priorities.
- Work with the DDA Citizens Advisory Council to support various strategies and projects to enhance downtown living.
- Promote downtown as a place for families with children, with the installation of park playground equipment and support for programs serving families and children, including the Hands On Museum, YMCA, the Ann Arbor District Library and others.
- Promote the development of a range of housing options to meet the needs of all income levels and consider ways to address unmet housing needs.

#### Downtown Housing and Transportation

In general, downtown residents are more likely to walk or use buses, and less likely to rely on automobiles for daily purposes than other area residents, thereby helping to ease traffic congestion on downtown and area streets. Nonetheless, most downtown residents will require nearby, convenient parking spaces for their vehicles.

The DDA can encourage this important relationship between downtown residential areas and transportation services in several ways:

- Participating in projects that increase the supply of housing.
- Providing residential parking permits as possible. This may need to take into account the large number of University of Michigan students living within the DDA District as downtown residents.
- Develop shared parking programs, taking into account the various kinds of patrons that will utilize parking spaces at different hours of the day.
- Create temporary loading/unloading zones on downtown streets for downtown residents to utilize for daily purposes such as unloading groceries.
- Work with downtown residents and other stakeholders to resolve potential noise and transportation conflicts in the alleys, including parking impediments and trash pickup schedules.
- Develop transportation programs for downtown residents to encourage bicycle and bus usage. This may include car and bicycle storage facilities, bus pass programs, and working with AATA to provide shelters and other amenities.
- Consider developing outskirt parking storage locations for residents, developing parking contracts for residential developments, and developing priorities for downtown residential parking.

# Development Partnerships

## PRINCIPLES

### Leveraging Private and Public Funds to Create Greater Beneficial Impact

Partnering in downtown development projects enables the DDA to help guide development that realizes community goals and objectives. In particular, mixed-use projects and neighborhoods are part of the DDA's vision for future development in accordance with the Downtown Plan, as they promote a lively, vibrant, healthy, 24-hour downtown by bringing together different types of building users in one location.

## STRATEGIES

### Private Land Development

- Partner with developers to arrange and finance ancillary improvements necessitated by development, such as parking and streetscape improvements.
- Work with developers to address the public benefits portion of developers' projects, such as affordable housing or storm water management.

### Potential Development Partnership Sites:

- First & William surface parking lot
- S. Fifth Avenue parking lot
- S. Ashley (Kline's) parking lot
- Fourth & Catherine parking lots
- Community High School parking lot
- The addition of three floors to the Liberty Square parking structure

### Public Land Development

The City of Ann Arbor, University of Michigan, Washtenaw County, Ann Arbor District Library, and the Ann Arbor Public Schools control many desirable pieces of downtown real estate. Many of these sites are currently underdeveloped, or are the sites of functionally obsolete buildings that will eventually need replacement.

- Encourage the development of public land to meet community goals, and attract people and businesses to downtown Ann Arbor.
- Involve private developers in the development of public land to leverage as many private investment dollars as possible. This type of partnership draws upon the strengths of each entity: the public sector can provide the land and lower finance rates for funding public improvements necessitated by the development. The private sector contributes taxes, creative development ideas, development expertise, finances, and the marketing skills needed to make the project work.

# Community Services

## PRINCIPLES

### Maintain the downtown as a center for government, public and community service

It is important that the downtown continue to be seen as a center for educational, governmental, social, and business services.

Historically, the downtown has been the location of many important services to the community. These services draw millions of persons each year and are critical to assuring the ongoing vitality of the downtown. These include programs and organizations of international significance, such as what is offered on the central campus of the University of Michigan, governmental services provided by the City and the County; city and county courts and court services; Ann Arbor Public Schools facilities; an award-winning regional library; several significant museums; several acclaimed public and private arts and entertainment venues; and a variety of public and private human service organizations, social services, and business services providers.

The DDA will continue to work with and support other public and non-profit institutions in maintaining a strong downtown presence.

The DDA will also continue to work to strengthen its communication and involvement with the Ann Arbor City Council, and other elected bodies to ensure DDA projects and policies contribute to the public good and are in alignment with City and County planning goals.

## STRATEGIES

- Engage in joint planning efforts with other governmental entities so that the downtown remains a friendly environment for those entities and the publics they serve.
- Work with these entities to support expansions of or improvements to their downtown operations or facilities.
- Pursue partnerships with public sector groups and institutions to address community goals that cannot otherwise be met by the private sector. These projects offer the City, County, University of Michigan, Ann Arbor District Library and Ann Arbor Public Schools an important opportunity to bring uses into downtown that meet certain objectives that the public sphere is uniquely suited to tackle. For instance, the development of cultural assets that enrich and enliven the entire community. These partnerships can also address downtown needs that may not otherwise be fulfilled by the private sector (e.g. affordable housing, parking).
- Work with public and private services providers to plan for and support current and expanded downtown operations or facilities.
- Provide funding support for needs assessment studies which may help agencies provide better or more targeted programs to serve the more vulnerable members of our downtown.
- Provide assistance to Washtenaw County, City of Ann Arbor, Ann Arbor District Library, and the Ann Arbor Public Schools, including programs for child/passenger drop off and jury parking.

# Sustainability

## PRINCIPLES

### Ensuring Downtown's Survival as a Vital and Viable Economic, Residential and Environmental Eco-System Throughout the 21<sup>st</sup> Century

Sustainable ideas and meet the requirements of the present without compromising the needs of the future. The DDA will embrace sustainability as a fundamental tenet of downtown development.

## STRATEGIES

### Economic Sustainability

- Promote a philosophy of sustainability in all improvements. Attentive maintenance to existing infrastructure, along with timely investment in well-designed, quality downtown improvements, will ensure that these facilities will continue to serve downtown needs for years into the future. Investment geared toward long-term performance lowers overall future maintenance and replacement costs.
- Demonstrate the concept that the downtown parking system can be made economically self-supporting, with parking revenues reserved for ongoing parking system operations, maintenance, repair, and construction, as well as parking alternatives.
- Discourage urban sprawl, encourage reinvestment in existing communities, and support more balanced regional development.

### Physical Sustainability

- Provide regular and scheduled maintenance for previous DDA pedestrian improvements projects. Anticipate future repair needs by planning projects and setting aside funds as part of a long-term financial plan.
- Construct DDA developments with the goal of quality and longevity, so as to minimize long-term maintenance (see Infrastructure).
- Recognize that maintenance and repair are perpetual concerns, and thus must be anticipated in one-year, five-year, and ten-year capital improvements plans and on-going structural assessments

### Environmental Sustainability

- Coordinate DDA activities with other sustainable planning efforts, including Washtenaw County, City of Ann Arbor, the University of Michigan, and the Ann Arbor Area Chamber of Commerce.
- Encourage energy efficiency in existing and future downtown developments.
- Support the creation of an Allen Creek Corridor Land Use Master Plan conducted in collaboration with others, including the potential development of a system of linked open spaces and a pedestrian/bicycle path along the rail line, as well as storm water mitigation.
- Encourage the preservation of open space, natural beauty, historic buildings, and critical environmental areas.
- Promote the development of downtown as a compact center for development.
- Encourage a variety of transportation choices, including mass-transit, biking, walking, etc. (see *Transportation*).
- Encourage local businesses and government agencies to use Earth-friendly strategies and procedures. These include using low emission vehicles, recycled/recyclable products and building materials, energy efficient lighting, etc.



- Work with the Huron River Watershed Council and others to educate the community about storm drains and water quality issues.
- Assist the City in meeting its Five-Year Solid Waste Plan to increase the percent of recyclables captured from the waste stream. Provide recycle containers on downtown sidewalks to enable pedestrians opportunities to recycle glass, newsprint, etc. Encourage composting efforts by downtown businesses.

#### Social Sustainability

- Create and maintain compact, walkable and safe downtown neighborhoods with opportunities for social interaction.
- Encourage mixed land uses that will promote a varied population throughout the day and night, and encourage the retention and attraction of businesses that serve a downtown and near downtown residential population.
- Foster distinctive, attractive neighborhoods with a strong and unique sense of place.
- Work towards collaboration with local governments and others to achieve cooperation and efficiency in public operations.
- Encourage citizen and stakeholder participation in development decisions to foster involvement, ownership and pride in community.

## Other Renewal Plan Details

### Renewal Plan Time Estimate, Cost Estimates and Financing

It is anticipated that the time necessary for completion of this Renewal Plan will be thirty years. The DDA Board committees shall meet regularly to formulate project recommendations, including project budgets, scope, construction schedules, and contractor selection. These recommendations shall be approved by the full Board and communicated to the public.

Revenue and expenditure estimates for the thirty years of this Renewal Plan can be found in Table 1: Sources and Uses of DDA Funds: TIF Fund (0003) and Table 2: Sources and Uses of DDA Funds: Parking Fund (0063).

The cost of completing the activities and improvements to be undertaken and financed by the Authority included in this Renewal Plan will be determined by the Authority and will be included in its regularly updated ten-year budget plan. The method by which these costs will be financed will be from one or more of the following sources:

- Proceeds from its tax increment financing plan as continued from 1982
- Revenues derived from DDA management of public parking facilities, including on-street meter parking
- Moneys borrowed and repaid, such as from the issuance of revenue bonds
- Donations received by the Authority for the performance of its functions
- Revenues from any property, building or facility-owned, leased, licensed, operated or sold by the Authority
- Monies obtained from other sources approved by the Ann Arbor City Council

The proceeds to be received from tax increment revenues from the Development District, plus the availability of funds from other authorized sources, including management of the downtown public parking system, will be sufficient to finance all activities and improvements to be carried out under this Renewal Plan.

### Designation of Open Space

Nearly all of the Ann Arbor DDA District is built up, and little property remains for potential future open space. However, the DDA will work with the City Planning Commission, City Council, and downtown stakeholders to plan for any additional open space.

### Portions of the Development Area to be Sold by the DDA or Leased from the City

At this time the Authority has no plans to sell, exchange or donate property to or from the City. The DDA leases seven parking structures and several parking lots from the City under a management agreement, which will expire in 2012.

### Description of Zoning and Street Changes

At this time the DDA has no recommendations for zoning changes in the downtown, and looks forward to working with the Planning Commission on any future changes. The DDA Renewal Plan does not anticipate any future changes in city street levels, traffic patterns, and intersections, and utilities as a result of improvement projects. If at some future time these changes are deemed necessary, the DDA will work in close cooperation with the City Utility and Public Services Departments, as well as other outside agencies affected by such changes, including Washtenaw County, University of Michigan, Ann Arbor District Library, and Ann Arbor Public School District.

### Conveyance of DDA Developments

All improvements undertaken by the DDA and described in this Renewal Plan will remain under public ownership with the City of Ann Arbor, another public entity created by the City of Ann Arbor, or in private ownership when a public objective would be served. The terms under which any land designated for new development will be sold to, leased or otherwise conveyed to private development interests by the DDA shall be determined by the Authority upon approval by the Ann Arbor City Council. The procedures by which purchase bids will be received and awarded will be in accordance with existing procedures and practices currently used by the City of Ann Arbor in disposing of other City-owned property.

### Estimates of the Number of Individuals To Be Displaced by DDA Activities

Current estimates show 3,300 individuals living in the Development District. The DDA Renewal Plan does not anticipate the displacement of any individuals as a result of DDA development activities. If as yet undetermined future developments necessitate the displacement of downtown residents, the DDA will comply fully with the tenets of PA 227 of the Public Acts of 1972, which provides for relocation assistance for displaced persons.

### DDA Citizen's Advisory Council

PA 197 of the Public Acts of 1975 set forward that a development area citizens council would be established prior to creation of the DDA, and shall consist of no fewer than 9 members who are residents of the development area. The Ann Arbor DDA Citizen's Advisory Council was formed in 1982 and serves as an advisory body to the DDA and the City Council in the adoption and implementation of the DDA's Development and Tax Increment Financing Plans. Meetings of the Citizens Advisory Council are typically held monthly and are open to the public.

### **III. Tax Increment Financing Plan Extension**

The DDA captures the portion of the tax levy on the assessed value of real and personal property located in the Development District that is due to new construction and improvements to existing buildings. It is anticipated that with the Renewal of the Ann Arbor DDA, its Tax Increment Financing Plan will be extended from its 1982 Plan to make possible the continued financing of the costs associated with carrying out and completing those activities and improvements contained in the Renewal Plan or any amendments thereto.

It is useful to note that the Ann Arbor DDA TIF capture is unique among Michigan DDA's, as it captures only the taxes levied on initial property assessments and it excludes from capture the assessed value growth in property value resulting from inflation. Other Michigan DDA's typically capture future tax increases generated by property value escalation; but in Ann Arbor, this is captured by the other taxing authorities. Thus, as the DDA works to generate increased economic activity in the downtown, one of the important offshoot benefits is tax revenue growth through increased valuations of downtown real and personal property for the other taxing authorities.

The DDA renewal is predicated on the concept that TIF revenues will continue to be captured as they are under the 1982 TIF Plan with one important change. Since passage of State Proposal A in 1992, the DDA no longer captures Ann Arbor Public School District and Washtenaw Intermediate School District funds except as previously committed for construction bonds issued before 1994.

The DDA submits an annual audit to the City of Ann Arbor that includes the status of the TIF account in compliance with the requirements of Section 15(3) of the State of Michigan Downtown Development Authority Act. The Authority also submits an annual report to the State Tax Commission on the status of its TIF account, including the initial assessed value of the District, revenue and expenditure amounts, and the amount of outstanding bond indebtedness.

### **Uses of Tax Increment Financing**

The funds allocated by the DDA are intended to strengthen the downtown area and attract new private investments. This Plan recognizes that solutions to downtown problems (for example, traffic, access, and parking problems) may best be developed by spending funds outside the DDA district. Similarly, this Plan recognizes that a key to the future vitality of the downtown is stable and successful near downtown neighborhoods.

The DDA's administration of the City's parking system includes parking lots and parking structures both within and outside the DDA district. While this system is primarily located within the DDA district and is critical to the future vitality of the DDA district, the DDA's planning and goals for this system and these funds must be Citywide. To these ends, the test for DDA expenditures shall be their contribution to the vitality of the downtown as stated in this Plan.

### **Tax Increment Financing Procedure**

The tax increment financing procedure, as outlined in the Act, requires approval by the City, by ordinance, of a development plan and a tax increment financing plan. Following the approval of that ordinance, the municipal and county treasurers are required by law to transmit to the Downtown Development Authority that portion of the tax levy of all taxing bodies paid each year on the Captured Assessed Value of all real and personal property located in the Development District

that is due to new construction and improvements to existing buildings. The tax amounts to be transmitted are hereinafter referred to as "Tax Increment Revenue". The "Captured Assessed Value" is defined as the amount in any one year, by which the current assessed value of real and personal property in the Development District, exceeds the initial assessed value for new construction and improvements to existing buildings. The "initial assessed value" is defined as the most recently assessed value of all real and personal taxable property within the boundaries of the Development District at the time the ordinance establishing the tax increment financing plan is approved.

This Renewal plan is an extension of the 1982 Downtown Development Authority Plan. The initial assessed value remains the \$100,000,000 State Equalized Value (SEV) for real and personal property for the 1982 tax year. Property exempt from taxation at the time of the determination of the initial assessed value has not been included. Presented in Appendix C, *DDA Tax Base and Revenue Information*, is a summary of the taxable value of all real and personal property in the Development District since 1982.

## **Estimate of Captured Assessed Value and TIF Revenues**

Also provided in Appendix C are schedules of estimated increases in the current captured taxable value base and tax increment revenues to be realized from increases in real and personal property values from new construction and improvements to existing buildings in the Development District.

As noted in Appendix C, the total dollar amount of captured taxable value to be realized by the DDA in Fiscal Year (FY) 2002 for all property items is estimated to be \$57.6 million. The captured taxable base is expected to increase by \$12.0 million in 2003 primarily due to the addition of Ashley Mews. The future captured taxable value base is expected to increase by an estimated 2.0 – 3.0% per year.

In estimating tax increment revenues a tax levy of 28.65 non-school mills was applied to the captured assessed totals for *ad valorem* real and personal property, which is the estimated millage rate for 2002. Through 2012, the tax revenues from the Captured Value are estimated to be a total of 176 million, of which the DDA would capture \$31 million or 17%. See Appendix C.

## **Use of TIF Revenue: Ten-Year Financial Plans**

The current commitments of the DDA are described in detail in its Ten-Year Financial Plan. This document is updated, reviewed, and approved by the board on a biannual basis. The Ten-Year Plan outlines the expenses to all three funds used by the DDA (TIF Fund, Parking Fund, and Housing Fund), as well as transfers among the three funds.

The DDA Board will commit available funds, as described in the current Ten-Year Plan, from time to time in such manner as the Authority may deem necessary and appropriate in order to carry out the purposes of the Development Plan. Such commitments may include, but are not limited to, the following:

- The principal, interest and reserve payments required for any bonded indebtedness to be incurred in its behalf for purposes provided in the Development Plan
- Cash payments for initiating and completing any improvement or activity called for in the Development Plan

- Any annual operating deficits that the Authority may incur from acquired and/or leased property in the Development District
- Interest payments on any sums that the Authority should borrow before or during the construction of any improvement or activity to be accomplished by the Development Plan, after approval by the City of Ann Arbor
- Payments required to establish and maintain a capital replacement and expenditure reserve
- Payments required to establish and maintain a sinking fund to provide funds for constructing and maintaining parking facilities
- Payments to pay the costs of any additional improvements to the Development District that are determined necessary by the Downtown Development Authority and approved by the Ann Arbor City Council
- Types of bonds to be issued in accomplishing this plan will be determined as further project planning is undertaken.
- Administrative costs for the DDA and its projects

The Downtown Development Authority may modify its priority of payments at any time if within its discretion such modification is necessary to facilitate the Development Plan then existing.

## **Bonded Indebtedness to be Incurred**

The specific project costs for accomplishing all activities described in the Renewal Plan for the Development District will be determined after further planning. These costs may be financed through an issuance of one or more series of bonds during the 30 years when development activities are to be initiated and completed. Estimated revenues to be realized from taxes on Captured Assessed Value together with revenues from other sources, including revenues generated from the City parking system, special assessments, grants, etc., will be adequate to provide for payment of principal and interest.

The amounts of bonded indebtedness to be incurred by the Authority and/or the City of Ann Arbor for all bond issues including payments of capitalized interest, principal and required reserve shall be determined by the City of Ann Arbor, upon the recommendations of the Authority.

## **Impact on Assessed Values and Tax Revenues**

The Development Plan is expected to generate increased economic activity in the Development District, the City of Ann Arbor and Washtenaw County at large. This increase in activity will, in turn, generate additional amounts of tax revenue to local taxing jurisdictions through increases in assessed valuations of real and personal property and from increases in personal income of new employment within the Development District, and the City of Ann Arbor and Washtenaw County.

For purposes of determining the estimated impact of this tax increment financing plan upon those taxing jurisdictions within the Development District, estimates of captured taxable values (see Appendix D) were used along with an estimated 28.61 mill annual allocation to determine tax increment revenue amounts that would be shifted from these jurisdictions to the Downtown Development Authority to finance the project activities called for in the Development Plan.

Appendix D describes the increase to date in tax revenues for local taxing authorities within the Development District.

## **Duration of the Plan**

As stated previously, the extension of the DDA's TIF plan shall last no more than 30 years, except as the same may be modified from time to time by the City Council of the City of Ann Arbor upon notice and upon public hearing and agreements as required by the Act. With the renewal of the Ann Arbor Downtown Development Authority, its Plan duration shall be September 2003 through August 2033.

## **Sources and Uses of DDA Funds: An Overview**

Since assuming management of the City's public parking system in 1992, the DDA has come to use its TIF primarily for new streetscape improvements projects and debt service; studies, analysis and planning; grants to downtown associations; and support for downtown housing developments.

In addition to TIF, parking revenues are the other major source of funds for DDA projects. In addition to managing the off-street system since 1982, the DDA assumed responsibility for the on-street meter system in 2002. Other parking-related income sources include interest and cellular antenna placement fees. Most DDA parking expenditures are for construction and debt service, as well as for operation and maintenance of the downtown parking system.

For accounting purposes, the DDA currently has three separate funds: the TIF Fund (0003); the DDA Parking Fund (0063); and the DDA Housing Fund (0001). In 1997 the DDA developed a detailed "Ten Year Financial Plan" which records actual expenditures for previous years and charts anticipated revenues and expenditures for the next ten years. This Plan is updated regularly and approved biannually by the DDA Board.

## TIF Fund

The DDA has estimated its TIF income and expenditure for the next 30 years based on recent actual expenditures. Table 1, below, shows the predicted TIF income and expenditures for the next 30 years. Overall, 89.1% of the income for the TIF Fund is expected to come from property taxes, while 10.9% is expected to come from interest on the TIF Fund balance.

It is anticipated that the majority of TIF will continue to be utilized for efforts aimed at strengthening and improving the downtown. Given the diversity of issues confronting the downtown, expenditures will be made for a variety of purposes, including

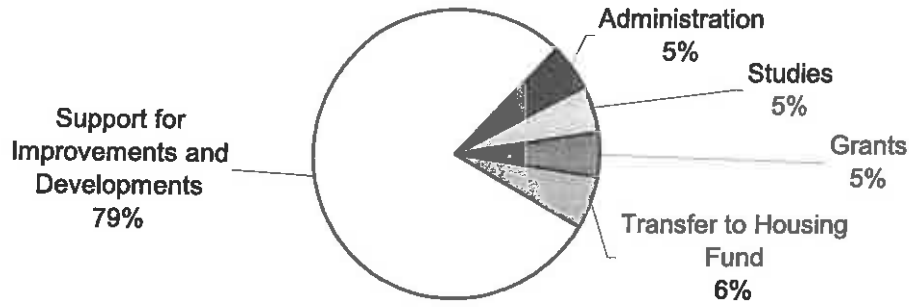
- the planning, design, construction, and installation of pedestrian improvements, including new sidewalks, bicycle parking, trees, sidewalk furniture; alley improvements and other infrastructure. In light of the goal to create a pedestrian friendly downtown, these projects may include roadway improvements in and near downtown, wayfinding projects, and support for out-of-downtown parking and shuttle services.
- the payment of debt service for construction bonds.
- support for the DDA Housing Fund
- support other organizations working in the downtown area through grants
- façade improvement loans and/or grants in keeping with the DDA's Façade Improvement Program Guidelines
- support for important downtown developments that meet a public purpose in accordance with the DDA's Partnership Guidelines. The DDA recognizes the importance of housing to the downtown, and notes that the overall expenditures for housing related purposes may exceed the estimated annual allocations to the Housing Fund; the DDA estimates that an amount equal to or greater than 15% of total TIF expenditures may be spent on housing related purposes during the next 30 years.
- studies to direct future DDA work
- other projects that contribute to the DDA's mission

**Table 1: Sources and Uses of DDA Funds: TIF Fund (003) Estimated**

	<u>Actual</u>	<u>Predicted</u>		
	1998-2002	2003-2012	2013-2022	2023-2032
<b>Income Source</b>				
Property Taxes (est'd 2% Growth)	\$14,169,018	\$31,891,274	\$26,126,202	\$31,847,780
Interest (est'd 3% annual)	\$1,802,170	\$1,912,788	\$1,211,046	\$715,960
<b>Expenditure Category</b>				
Support for Improvements and Developments	\$8,073,805	\$32,924,175	\$19,968,676	\$26,853,537
Administration	\$951,537	\$1,857,329	\$1,640,235	\$1,953,824
Studies	\$489,628	\$1,690,203	\$1,774,713	\$1,863,449
Grants	\$1,256,736	\$827,455	\$1,913,607	\$2,279,462
Transfer to Housing Fund	\$1,273,798	\$2,000,000	\$2,000,000	\$2,000,000



### Predicted TIF Expenditures, 2003-2033



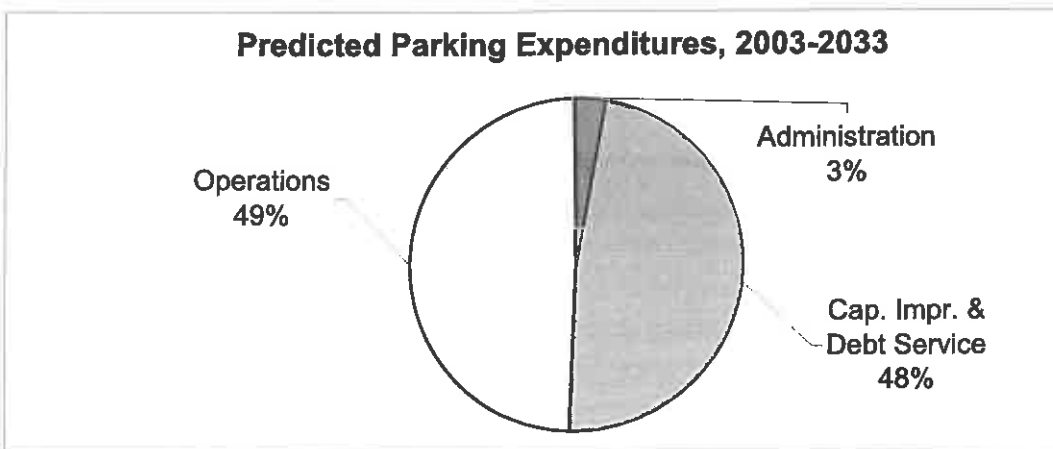
## Parking Fund

The DDA's "Ten Year Financial Plan" also sets forward anticipated revenues and expenditures for the DDA's Parking Fund. The DDA has a management agreement with the City for operation of the on-street and off-street parking system that will expire in 2012, and it is anticipated that this agreement will be renewed at that time for the benefit of the community.

Anticipating renewal of this agreement, Table 2, below shows the predicted income and expenditures for the Parking Fund for the next 30 years. A substantial portion of the DDA's parking revenues will be used to pay for the on-going operation and maintenance of the parking system, including regular equipment upgrades and replacements. The other large area of expenditure is for ongoing long-term maintenance of the parking facilities, including significant concrete and pavement repairs when warranted, as well as debt service for construction projects.

**Table 2: Sources and Uses of DDA Funds: Parking Fund (063) Estimated**

	<u>Actual</u>	<u>Predicted</u>		
	1998-2002	2003-2012	2013-2022	2023-2032
<b>Income Source</b>				
Parking Revenue	\$34,707,112	\$104,140,310	\$107,264,519	\$112,627,745
Interest (3% annual)	\$929,144	\$2,889,922	\$1,396,163	\$1,396,163
<b>Expenditure Category</b>				
Capital Improvements and Debt Service	\$19,073,314	\$56,457,420	\$52,157,127	\$56,183,414
Operations	\$13,965,809	\$49,225,147	\$53,243,734	\$57,323,653
Administration	\$1,743,291	\$2,426,115	\$3,259,820	\$3,420,717

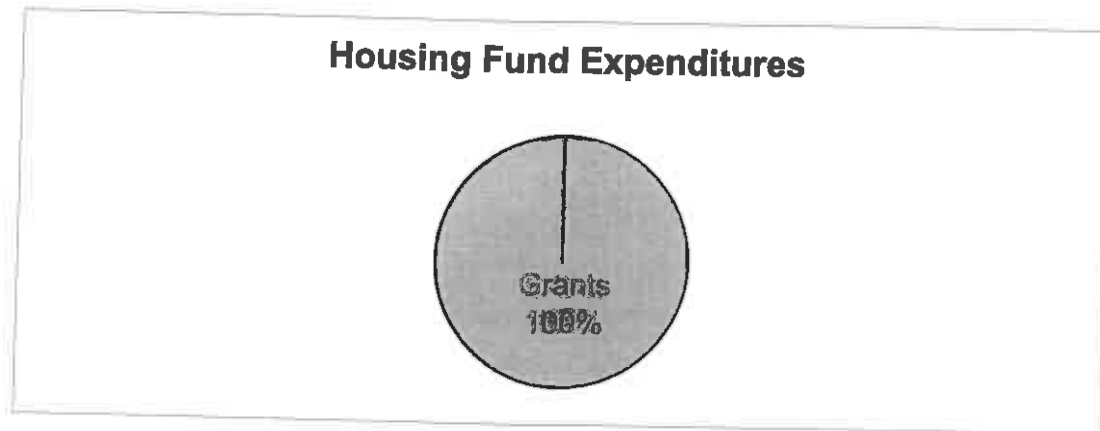


## Housing Fund

The Housing Fund is seeded by the TIF Fund, which is predicted to represent 91.5% of its total income in the next 30 years. It will also receive income from interest on the balance, which is predicted to represent 8.5% of its total income through 2033. All DDA Housing Funds are used to fund housing grants for downtown housing development.

**Table 2: Sources and Uses of DDA Funds: Housing Fund (063) Estimated**

	<u>Actual</u>	<u>Predicted</u>		
	1998-2002	2003-2012	2013-2022	2023-2032
<b>Income Source</b>				
Contributions from TIF	\$1,273,798	\$2,000,000	\$2,000,000	\$2,000,000
Interest (3% annual)	\$118,713	\$156,041	\$22,853	\$29,708
<b>Expenditure Category</b>				
Grants	\$858,481	\$2,600,000	\$2,000,000	\$2,128,737



## IV. Appendices

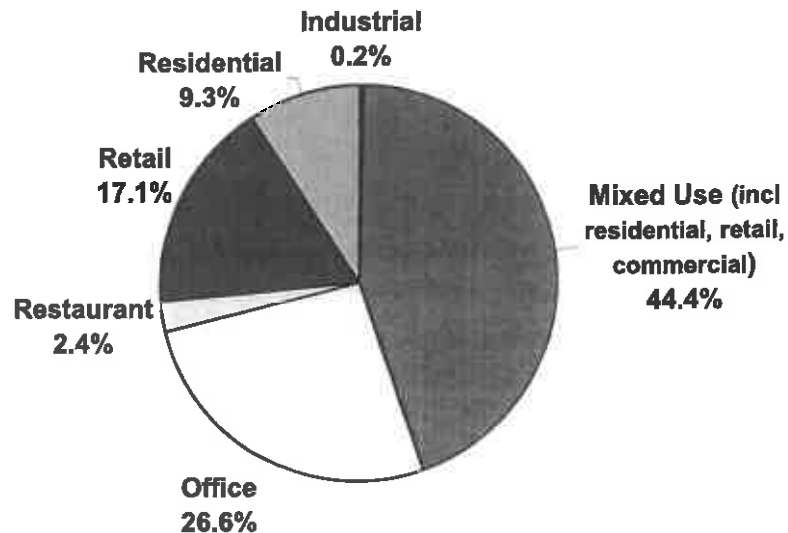
### Appendix A: Private Development History, 1982-2000

#### DDA District

- **Table A1: Taxable Real Property Development Within the DDA District Since 1982**

Type of structure	Floor Area
Industrial	2,537 sq. ft.
Mixed Use	621,690 sq. ft.
Office	321,761 sq. ft.
Restaurant	28,691 sq. ft.
Retail	211,464 sq. ft.
Residential	112,627 sq. ft.
<b>Total Development:</b>	<b>1,298,770 sq. ft.</b>

**Chart A1: New Private Real Property Development within the DDA District (1982-2002)**



• **Table A2: Industrial Use, Private Real Development Since 1982 in the DDA District**

Year	Development	(sq. ft.)	Construction Type	Address
1983	310 W. Ann	736	Renovation/Addition	310 W. Ann
1990	Kolossos Printing	1,801	Renovation/Addition	310 E. Washington
<b>Total:</b>		<b>2,537</b>		

• **Table A3: Mixed Use, Private Real Development Since 1982 in the DDA District**

Year	Development	area (sq. ft.)	Type of Construction	Address
1983	Ideation Building	9,737	Renovation/Addition	220 S. State
1984	Light Action Place	160	Renovation/Addition	564 S. Main
1984	Sloan Plaza	32,160	New Construction	505 E. Huron
n/a	n/a	60,967	New Construction	
1985	One North Main	150,274	New Construction	100 N. Main
n/a	n/a	23,002	New Construction	
1985	301 E. Liberty Building	99,455	New Construction	301 E. Liberty
1989	201 E. Catherine	30,537	Renovation/Addition	303 Detroit
1994	216/218 N. Fourth Ave.	690	New Construction	216/218 N. Fourth
1996	350 South Main Building	66,468	New Construction	350 S. Main
2001	Fifth Avenue Building	7,335	Renovation/Addition	155 N. Fifth
2001	Ashley Mews I	113,175	New Construction	414 S. Main
2003	Collegian (under construction)	27,710	New Construction	337 Maynard
<b>Total:</b>		<b>621,690</b>		

• **Table A4: Office Use, Private Real Development Since 1982 in the DDA District**

Year	Development	area (sq. ft.)	Type of Construction	Address
1982	Detroit Edison Headquarters	63,689	New Construction	425 S. Main
1983	Brauer Building	22,453	Renovation/Addition	300 N. Fifth
1984	Ashley Square	(2,088)	New Construction	121 N. Ashley
1984	Arbor Atrium	15,026	Renovation/Addition	311 W. Huron
1984	First Y Building	3,784	Renovation/Addition	110 N. Fourth
1985	100 N. First	236	Renovation/Addition	100 N. State
1986	Ann Arbor News addition	17,000	Renovation/Addition	340 E. Huron
1986 & 1990	N. Main St. Office	2,605	New Construction	425 N. Main
1987	Great Lakes Federal addition	98,500	Renovation/Addition	401 E. Liberty
1990	Miller/Ashley Office	44,428	New Construction	110 Miller
1990	219-1/2 N. Main St.	800	Renovation/Addition	219 1/2 N. Main
1996	Phoenix West	27,160	Renovation/Addition	117 N. First
1997	Davis & Kuhnke	312	Renovation/Addition	405 N. Main
1998	Schlenker Hardware	3,000	Renovation/Addition	213-215 W. Liberty
1999	Koh Building	12,144	New Construction	212 S. State
2000	Bank of Ann Arbor	7,920	Renovation/Addition	125 S. Fifth
2000	524 South Main St.	2,872	Renovation/Addition	524 S. Main
2000	Wolverine Temporaries Inc.	1,920	Renovation/Addition	315 N. Main
<b>Total:</b>		<b>321,761</b>		

• **Table A5: Restaurant Use, Private Real Development Since 1982 in the DDA District**

Year	Development	area (sq. ft.)	Type of Construction	Address
1984	Raja Rani	1,564	Renovation/Addition	400 S. Division
1984	Braun Court	462	Renovation/Addition	313-327 Braun Court
1986	Moveable Feast	562	Renovation/Addition	326-330 W. Liberty
1986	Zingerman's	720	Renovation/Addition	422 Detroit
1991	Zingerman's	2,998	Renovation/Addition	418 Detroit
1993	Argiero's	1,256	Renovation/Addition	300 Detroit
1995 & 1996	Pizza House	10,015	New Construction	618 Church
1997	The Earle Building	4,782	Renovation/Addition	119 W. Washington
1999	Aprill Building	4,928	Renovation/Addition	523 S. Main
2001	Pizza House	1,404	Renovation/Addition	618 Church
		<b>Total:</b>	<b>28,691</b>	

• **Table A6: Retail Use, Private Real Development Since 1982 in the DDA District**

Year	Development	area (sq. ft.)	Type of Construction	Address
1984	Hamilton Square	8,712	Renovation/Addition	711 N. University
1984	Amoco	0	Renovation/Addition	300 N. Main
1985	Tally Hall	60,260	New Construction	515 E. Liberty
1986	504 S. Main	1,776	Renovation/Addition	504 S. Main
1986	South University Retail	26,855	New Construction	1220 S. University
1988	206/208 S. Ashley	21,499	Renovation/Addition	206/208 S. Ashley
1988	Kerrytown Shops addition	8,086	Renovation/Addition	407 N. Fifth Ave.
1988	South University Galleria	62,310	New Construction	1208-18 S. University
1990	Realco Development	19,450	New Construction	615 S. Main
1995	Herb David Guitar Studio	1,092	Renovation/Addition	302 E. Liberty
1999	Big Market	1,054	Renovation/Addition	341 E. Huron
1999	Downtown Home & Garden	370	Renovation/Addition	210/212/216 S. Ashley
		<b>Total:</b>	<b>211,464</b>	

• **Table A7: Residential Use, Private Real Development Since 1982 in the DDA District**

Year	Development	area (sq. ft.)	Type of Construction	Address
1998	The Armory	14,807	Renovation/Addition	223 E. Ann
1998	The Amsterdammer	8,800	New Construction	1309 S. University
2001	Ashley Mews II	89,020	New Construction	426 S. Main
		<b>Total:</b>	<b>112,627</b>	

## Appendix B: DDA District Commercial Establishment Survey, 1982-1999

This survey details the types of commercial uses within the DDA District in 1982 and 1999, and briefly analyzes the commercial land use changes that occurred within those years. This survey also includes data on commercial building development in the DDA between 1982 and 1999.

### Methodology

The data within this report was compiled from the Ann Arbor, Michigan, Polk City Directories for 1982 and 1999. Polk published this directory annually with address-by-address data on businesses within a community through the year 2000. In addition, the City of Ann Arbor Building Department provided information on commercial building development within the District. Commercial land use data for each year is compiled block-by-block, with commercial establishments grouped by type.

The eight different types of commercial land use in the survey are defined as:

- Retail & Wholesale: Includes retail and wholesale commercial establishments, including gas stations, bakeries, ice cream parlors, convenience stores, hardware stores and lumber yards, opticians with on-site eyewear retail, computer and computer software retail stores, art galleries with works for sale, delicatessens that focus on retail, grocery stores (including co-operative groceries and markets), etc.
- Professional Offices: Includes offices for physicians, dentists, psychologists, psychiatrists, acupuncturists, lawyers, social workers, architects, engineers, urban planners, and others.
- Services (personal & business): Includes business consulting firms, Internet and other computer and data related services, automobile repair shops, tanning salons, massage parlors, hair care facilities, educational aid services, personal trainers, photocopying services, lithographing and bookbinding services, photography studios, recording studios, public relations firms, day care services, advertising agencies, employment agencies, etc.
- General Offices: Includes labor union offices, corporate office space, publishers (but not bookbinders), religious organizations (but not places of worship), political organizations, radio stations, television stations, newspaper publishers, etc.
- Restaurants, Cafes, & Taverns: Includes restaurants, taverns, pubs, diners, cafes, take-out eateries, delicatessens (but not those that focus exclusively on retail)
- Financial, Insurance, and Real Estate (FIRE): Includes real estate developers, banking institutions, brokers, investment firms, accountants and accounting services, actuarial services, insurance companies, property management companies, credit unions, etc.
- Manufacturing, Industrial, Warehousing: Includes storage facilities, newspaper publishing facilities, tool and die shops, woodworking facilities, etc.
- Miscellaneous: Includes theaters, private performance art companies, private schools, museums, hotels and motels, etc.

The categories above do not include public facilities, such as local, state, and federal government facilities, or the University of Michigan. Also excluded are places of worship, such as churches, temples, mosques, and synagogues. Each individual business is recorded as one

type of commercial use. No statistical consideration is given to the size of each individual business, and the survey does not track individual businesses.

The data set also includes commercial building construction and improvement data within the DDA District. This data reports the square feet of construction on each block within the DDA District between 1982 and 2000. This information, as well as the commercial land use survey data, is then used to make some general conclusions about development within the DDA.

**Commercial Survey Results**

There were significant shifts in the type of commercial establishments that took place from 1982 to 1999, although there was nearly no change in the total number of commercial establishments within the Development District.

The most significant shift in commercial establishments was a 60% increase in personal and business service establishments. Restaurants, cafes and taverns also increased, by 29%. The most significant loss was seen in the retail and wholesale sector, where 28% fewer establishments were found in 1999 than in 1982. See Table B1, below.

Almost 850,000 sq. ft. of commercial development was added to downtown during this period as well. Since this number does not include the conversion of single-family homes and apartments within the DDA into professional offices and businesses, the actual amount of commercial space added from 1982-1999 is probably somewhat higher than the figure above.

• **Table B1: Commercial Establishments by Type, 1982 and 1999**

<b>Sector</b>	<b>1982</b>	<b>1999</b>	<b>Percent Change</b>
Retail & Wholesale	328	237	-28%
Professional Offices	281	244	-13%
Services (personal & business)	166	266	60%
General Office	96	88	-8%
Restaurants, Cafes, & Taverns	77	99	29%
Financial, Insurance, Real Estate	111	119	7%
Manufacturing, Industrial, Warehousing	4	5	25%
Miscellaneous	20	20	0%
<b>Total Commercial Uses</b>	<b>1083</b>	<b>1079</b>	<b>0%</b>

**Discussion of Commercial Establishment Changes from 1982 to 1999**

Despite the addition of over 849,000 sq. ft. of commercial space and no major demolition of commercial buildings within the downtown area from 1982 to 1999, there was little overall change in the number of businesses downtown. Some possible reasons include:

- Downtown businesses needed more floor space for their operations in 1999 than in 1982. One influence may be proportional changes from 1982 to 1999 in the types of businesses downtown, such as the increase in personal and business services vis-à-vis other downtown commercial land uses in that period, towards those that have greater floor space needs. Another factor may be that downtown businesses, on average, have simply become larger spatially, due to success, the need for more space to support increased



economies of scale, and/or new business models. Also, changes in the technological infrastructure of businesses during this period may have necessitated larger workspaces to support the added infrastructure needed for computers and other electronic equipment.

- Smaller downtown businesses were supplanted by fewer, larger businesses. This would be consistent with the overall economic trends for the period: consolidation and merging of businesses, with the increased inability of smaller businesses, in many economic sectors, to compete with larger businesses.
- Individual commercial spaces downtown were annexed together for the needs of one business. As commercial establishments grew, or their business needs changed, they needed more space. For example, two adjoining, separate office, retail, or restaurant spaces were joined together into one larger work, retail, or restaurant space.
- Some upper-story office spaces were converted into residential uses

Overall trends include:

- A decrease in the number of retail establishments, mirroring overall trends in American downtowns. While Ann Arbor has avoided the crippling loss of retail stores that other downtowns have seen, the health of downtown retail still remains one of the most critical areas of DDA attention. Rent increases, the advent of big box retailing, and other factors helped contribute to the loss of downtown retail.
- An increase in the number of restaurants, cafes, and taverns. Restaurants now occupy much of the first-floor commercial space downtown that was formerly used by retail, in part because they are better able to afford higher rents, due to their ability to maximize revenue-generating floor space. The increase in restaurants, especially along Main Street and adjacent streets, has done much to make downtown Ann Arbor a regional attraction for entertainment.
- A boom in the downtown personal and business service sector

None of the overall results are surprising, given the general direction that most successful downtowns followed to adapt to changing business, cultural, and lifestyle patterns during the last 20 years. Ann Arbor is similar to other successful downtowns in that its local economy shifted towards the service and entertainment sectors. Downtown retail, while having suffered somewhat from consumer patterns and the changed economy in downtown Ann Arbor, still remains much stronger than in other regional downtowns.

## Appendix C: DDA Tax Base Information

**Table C1: Taxable Value Within the DDA District Since 1982**

Fiscal Year Ending June 30	DDA Tax Base			Yearly Change	% Personal Property Change	% Real Property Change	% Total Change
	Personal Property	Real Property	Total Taxable Value				
1983	\$0	\$0	\$0	\$0			
1984	\$1,365,000	\$789,100	\$2,154,100	\$2,154,100			
1985	\$2,863,300	\$3,455,900	\$6,319,200	\$4,165,100	109.77%	337.95%	193.36%
1986	\$3,927,900	\$5,079,600	\$9,007,500	\$2,688,300	37.18%	46.98%	42.54%
1987	\$7,303,900	\$11,290,200	\$18,594,100	\$9,586,600	85.95%	122.27%	106.43%
1988	\$8,723,400	\$19,730,000	\$28,453,400	\$9,859,300	19.43%	74.75%	53.02%
1989	\$9,452,000	\$29,008,600	\$38,460,600	\$10,007,200	8.35%	47.03%	35.17%
1990	\$10,043,300	\$31,480,700	\$41,524,000	\$3,063,400	6.26%	8.52%	7.97%
1991	\$9,623,100	\$33,814,400	\$43,437,500	\$1,913,500	-4.18%	7.41%	4.61%
1992	\$9,635,400	\$34,688,300	\$44,323,700	\$886,200	0.13%	2.58%	2.04%
1993	\$10,387,100	\$32,158,000	\$42,545,100	(\$1,778,600)	7.80%	-7.29%	-4.01%
1994	\$11,097,600	\$31,146,700	\$42,244,300	(\$300,800)	6.84%	-3.14%	-0.71%
1995	\$12,983,800	\$29,777,100	\$42,760,900	\$516,600	17.00%	-4.40%	1.22%
1996	\$13,266,800	\$28,952,600	\$42,219,400	(\$541,500)	2.18%	-2.77%	-1.27%
1997	\$14,819,700	\$30,698,100	\$45,517,800	\$3,298,400	11.71%	6.03%	7.81%
1998	\$16,127,300	\$30,799,100	\$46,926,400	\$1,408,600	8.82%	0.33%	3.09%
1999	\$19,378,000	\$31,199,459	\$50,577,459	\$3,651,059	20.16%	1.30%	7.78%
2000	\$20,570,600	\$32,899,959	\$53,470,559	\$2,893,100	6.15%	5.45%	5.72%
2001	\$18,347,800	\$33,931,494	\$52,279,294	(\$1,191,265)	-10.81%	3.14%	-2.23%
2002	\$19,798,000	\$37,852,096	\$57,650,096	\$5,370,802	7.90%	11.55%	10.27%
2003	\$20,821,500	\$48,973,043	\$69,794,543	\$12,144,447	5.17%	29.38%	21.07%

**Table C3: Projected Total Tax Base Growth 2003/04 Through 2032/33**

Fiscal Year Ending June 30th	Total Taxable Value (Real and Personal Property)			% Total Change
	Realistic	Optimistic	Pessimistic	Realistic
2004	71,836,326	72,658,263	71,021,758	2.93%
2005	73,937,930	75,209,080	72,683,949	2.93%
2006	76,101,112	77,849,585	74,385,101	2.93%
2007	78,327,678	80,582,937	76,126,129	2.93%
2008	80,619,488	83,412,404	77,907,969	2.93%
2009	82,978,457	86,341,373	79,731,579	2.93%
2010	85,406,555	89,373,346	81,597,939	2.93%
2011	87,905,812	92,511,951	83,508,054	2.93%
2012	90,478,316	95,760,945	85,462,950	2.93%
2013	93,126,217	99,124,216	87,463,680	2.93%
2014	95,851,727	102,605,788	89,511,318	2.93%
2015	98,657,125	106,209,829	91,606,967	2.93%
2016	101,544,755	109,940,653	93,751,754	2.93%
2017	104,517,032	113,802,726	95,946,833	2.93%
2018	107,576,441	117,800,674	98,193,384	2.93%
2019	110,725,539	121,939,281	100,492,617	2.93%
2020	113,966,960	126,223,506	102,845,768	2.93%
2021	117,303,414	130,658,478	105,254,105	2.93%
2022	120,737,691	135,249,510	107,718,922	2.93%
2023	124,272,664	140,002,101	110,241,546	2.93%
2024	127,911,289	144,921,944	112,823,336	2.93%
2025	131,656,610	150,014,934	115,465,681	2.93%
2026	135,511,760	155,287,173	118,170,002	2.93%
2027	139,479,965	160,744,979	120,937,757	2.93%
2028	143,564,544	166,394,892	123,770,434	2.93%
2029	147,768,916	172,243,684	126,669,560	2.93%
2030	152,096,598	178,298,365	129,636,694	2.93%
2031	156,551,213	184,566,194	132,673,435	2.93%
2032	161,136,488	191,054,685	135,781,418	2.93%
2033	165,856,262	197,771,617	138,962,317	2.93%

Note: Estimates based on 2% annual increase in property tax base, 3% annual increase in parking revenues.

### Estimated Total Tax Base Growth Through 2033

For the table below, the following rates of change are used:

	Realistic	Optimistic (+20%)	Pessimistic (-20%)
Personal Property	<b>2.75%</b>	3.30%	2.20%
Real Property	<b>3.00%</b>	3.60%	2.40%

**Table C4: Estimated Total Tax Base Growth, Real and Personal Property (components of Table C2 above)**

Fiscal Year Ending June 30	Personal Property			Real Property		
	Realistic	Optimistic	Pessimistic	Realistic	Optimistic	Pessimistic
2003	\$20,821,500	\$20,936,018	\$20,710,105	\$48,973,043	\$49,258,066	\$48,687,530
2004	<b>\$21,394,091</b>	\$21,626,907	\$21,165,727	<b>\$50,442,234</b>	\$51,031,356	\$49,856,031
2005	<b>\$21,982,429</b>	\$22,340,595	\$21,631,373	<b>\$51,955,501</b>	\$52,868,485	\$51,052,576
2006	<b>\$22,586,946</b>	\$23,077,834	\$22,107,263	<b>\$53,514,166</b>	\$54,771,751	\$52,277,837
2007	<b>\$23,208,087</b>	\$23,839,403	\$22,593,623	<b>\$55,119,591</b>	\$56,743,534	\$53,532,506
2008	<b>\$23,846,309</b>	\$24,626,103	\$23,090,683	<b>\$56,773,179</b>	\$58,786,301	\$54,817,286
2009	<b>\$24,502,082</b>	\$25,438,765	\$23,598,678	<b>\$58,476,374</b>	\$60,902,608	\$56,132,901
2010	<b>\$25,175,890</b>	\$26,278,244	\$24,117,849	<b>\$60,230,666</b>	\$63,095,102	\$57,480,090
2011	<b>\$25,868,227</b>	\$27,145,426	\$24,648,442	<b>\$62,037,586</b>	\$65,366,525	\$58,859,612
2012	<b>\$26,579,603</b>	\$28,041,225	\$25,190,707	<b>\$63,898,713</b>	\$67,719,720	\$60,272,243
2013	<b>\$27,310,542</b>	\$28,966,585	\$25,744,903	<b>\$65,815,675</b>	\$70,157,630	\$61,718,777
2014	<b>\$28,061,582</b>	\$29,922,483	\$26,311,291	<b>\$67,790,145</b>	\$72,683,305	\$63,200,027
2015	<b>\$28,833,275</b>	\$30,909,925	\$26,890,139	<b>\$69,823,849</b>	\$75,299,904	\$64,716,828
2016	<b>\$29,626,190</b>	\$31,929,952	\$27,481,722	<b>\$71,918,565</b>	\$78,010,700	\$66,270,032
2017	<b>\$30,440,911</b>	\$32,983,641	\$28,086,320	<b>\$74,076,122</b>	\$80,819,086	\$67,860,513
2018	<b>\$31,278,036</b>	\$34,072,101	\$28,704,219	<b>\$76,298,405</b>	\$83,728,573	\$69,489,165
2019	<b>\$32,138,182</b>	\$35,196,480	\$29,335,712	<b>\$78,587,357</b>	\$86,742,801	\$71,156,905
2020	<b>\$33,021,982</b>	\$36,357,964	\$29,981,098	<b>\$80,944,978</b>	\$89,865,542	\$72,864,671
2021	<b>\$33,930,086</b>	\$37,557,777	\$30,640,682	<b>\$83,373,328</b>	\$93,100,702	\$74,613,423
2022	<b>\$34,863,164</b>	\$38,797,183	\$31,314,777	<b>\$85,874,527</b>	\$96,452,327	\$76,404,145
2023	<b>\$35,821,901</b>	\$40,077,490	\$32,003,702	<b>\$88,450,763</b>	\$99,924,611	\$78,237,844
2024	<b>\$36,807,003</b>	\$41,400,048	\$32,707,783	<b>\$91,104,286</b>	\$103,521,897	\$80,115,553
2025	<b>\$37,819,195</b>	\$42,766,249	\$33,427,355	<b>\$93,837,415</b>	\$107,248,685	\$82,038,326

2026	<b>\$38,859,223</b>	\$44,177,535	\$34,162,756	<b>\$96,652,537</b>	\$111,109,638	\$84,007,246
2027	<b>\$39,927,852</b>	\$45,635,394	\$34,914,337	<b>\$99,552,113</b>	\$115,109,585	\$86,023,420
2028	<b>\$41,025,868</b>	\$47,141,362	\$35,682,452	<b>\$102,538,677</b>	\$119,253,530	\$88,087,982
2029	<b>\$42,154,079</b>	\$48,697,027	\$36,467,466	<b>\$105,614,837</b>	\$123,546,657	\$90,202,093
2030	<b>\$43,313,316</b>	\$50,304,029	\$37,269,751	<b>\$108,783,282</b>	\$127,994,336	\$92,366,944
2031	<b>\$44,504,433</b>	\$51,964,062	\$38,089,685	<b>\$112,046,780</b>	\$132,602,133	\$94,583,750
2032	<b>\$45,728,305</b>	\$53,678,876	\$38,927,658	<b>\$115,408,184</b>	\$137,375,809	\$96,853,760
2033	<b>\$46,985,833</b>	\$55,450,279	\$39,784,067	<b>\$118,870,429</b>	\$142,321,339	\$99,178,251

## Appendix D: Estimated Tax Revenue Impact on Taxing Jurisdictions Within the DDA District

This report details the additional state equalized value/taxable value (SEV/TV) added to the DDA District since 1982 from new real property development, and the public revenues generated from new real property development within the DDA. Included within the report is the estimated growth of SEV/taxable value of new real property developments that the taxing jurisdictions within the DDA claim.<sup>1</sup> The report then analyses the impacts of these developments on both the DDA and the taxing entities from which the DDA receives its funding.

### About the DDA District and Tax Increment Financing

Per Public Act 197 (1975), as amended, the Ann Arbor Downtown Development Authority collects the tax revenues levied by the City of Ann Arbor, Washtenaw County, the Ann Arbor Transportation Authority (AATA), Washtenaw Community College, and the Ann Arbor District Library on the *initial taxable value* of all new real and personal property within the DDA District. Before the passage of Proposal A in 1994, the DDA also received the tax revenues levied by the Ann Arbor Public Schools and the Washtenaw Intermediate School District on new property as well.

While the DDA collects the tax revenue from the initial assessed values of all new real and personal property, the municipal taxing jurisdictions from which the DDA receives its revenues collect the tax revenues from the increase in the SEV/taxable value of property within the District.

This arrangement, known as Tax Increment Financing (TIF), is intended to shift revenues from new property from the taxing jurisdictions to the DDA for financing public improvements and policies to stimulate new private development within the DDA District. In exchange for foregoing the tax revenue from the initial taxable values of new property, the individual taxing jurisdictions receive the future revenues from increased property values due in part to the development activities of the DDA within the DDA District. Overall, the goal is that the public improvements and policies that the DDA implements will not only increase the amount of real and personal

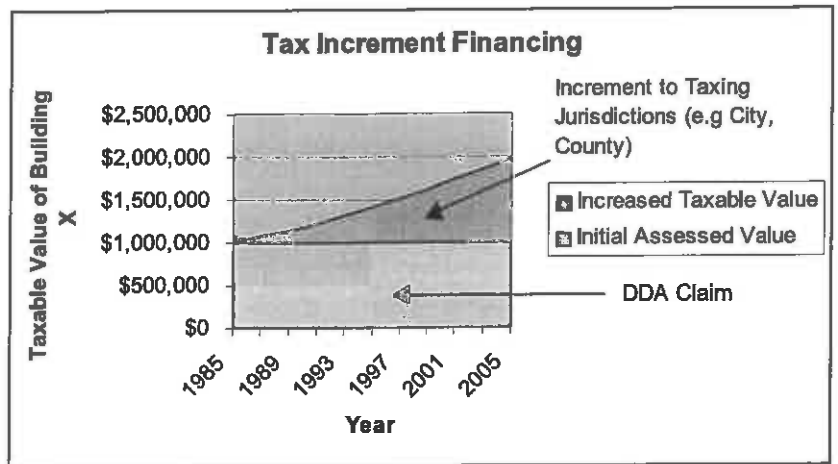


Chart 4: Tax increment financing (TIF) description.

<sup>1</sup> The "SEV/TV" is the assessed value of a property for tax purposes. This figure is multiplied by the millage rate each taxing jurisdiction levies on real and personal property to calculate the amount of tax owed by each property. Before Proposal A in 1994, this assessment figure was known as the **State Equalization Value (SEV)** of a property. After Proposal A in 1994, local tax assessments were based on the **taxable value (TV)** of a property.

property within the DDA District through new development and through increasing property values, but will also revitalize the downtown area and, through its stewardship, maintain and enhance its economic, physical, and social value.

**Methodology**

The data for this report is from DDA financial reports, tax assessment records from the City of Ann Arbor's Assessor's Division, property development records from the City's Planning Department, and millage rates from the City Treasurer. To find the increase in SEV/TV of real property within the DDA District since 1982, a survey of over 140 new real property developments within the DDA District was undertaken to track each property's SEV/TV growth since it entered the tax rolls. The SEV/TV growth of these individual properties was then combined to find the overall rate of SEV/TV growth for these sample properties. Next, this rate of growth was applied to the actual amount of the DDA's real property base SEV/TV to get the estimated SEV/TV appreciation of all new DDA real property development.<sup>2</sup> Using the information above, the property tax millage rates of the taxing jurisdictions within the DDA was then applied to calculate the estimated amount of yearly public revenues generated by new real property development within the DDA District.

**Results**

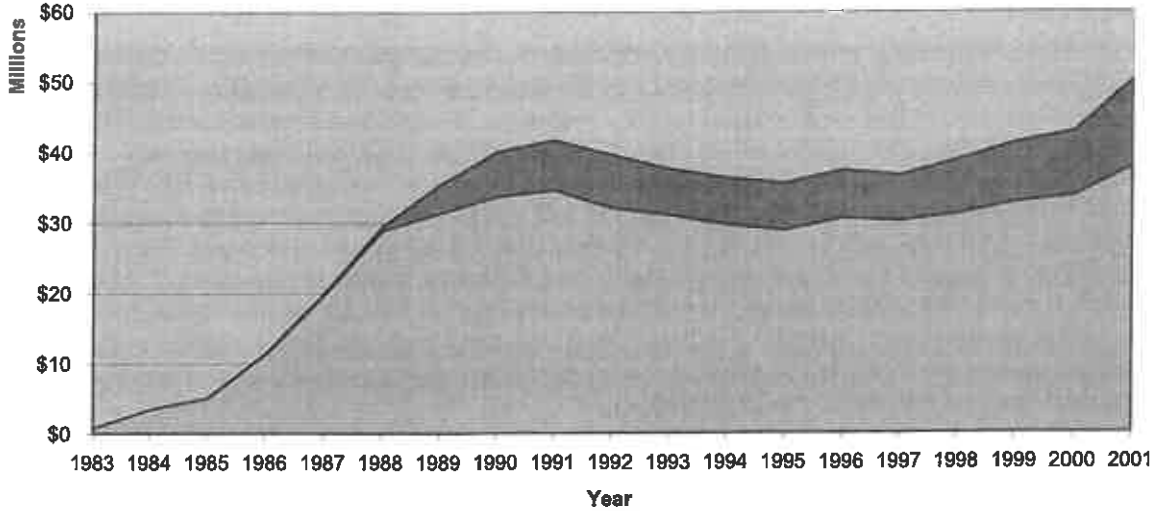
**Table D1: DDA Taxable Base and Estimated SEV/TV Increment, 1983-2002**

<u>Year</u>	<u>DDA Taxable Base</u>	<u>Estimated SEV/TV Increment</u>	<u>Year</u>	<u>DDA Taxable Base</u>	<u>Estimated SEV/TV Increment</u>
1983	\$789,100	\$0	1993	\$31,146,700	\$6,618,499
1984	\$3,455,900	\$0	1994	\$29,777,100	\$6,677,194
1985	\$5,079,600	\$0	1995	\$28,952,600	\$6,707,645
1986	\$11,290,200	\$115,672	1996	\$30,698,100	\$6,773,144
1987	\$19,730,000	\$250,210	1997	\$30,276,449	\$6,574,616
1988	\$29,008,600	\$491,865	1998	\$31,199,459	\$7,737,115
1989	\$31,480,700	\$4,121,542	1999	\$32,859,319	\$8,469,772
1990	\$33,814,400	\$6,384,156	2000	\$33,792,021	\$9,183,430
1991	\$34,688,300	\$7,096,818	2001	\$37,852,096	\$12,373,254
1992	\$32,158,000	\$7,538,092	2002	\$48,973,043	\$16,008,516

Table D1, above, describes the growth of both the DDA's real property tax base and the estimated growth in SEV/TV from 1983-2002. Chart D1, below, describes this growth.

<sup>2</sup> The SEV/TV of the sampled real properties represented approximately 95% of the actual SEV/TV of the DDA's real property tax base in 2000-2001.

**Chart D1: Estimated Added Real Property Tax SEV/TV within the DDA District  
(1983-2001, nominal)**



■ DDA Tax Base (nominal)

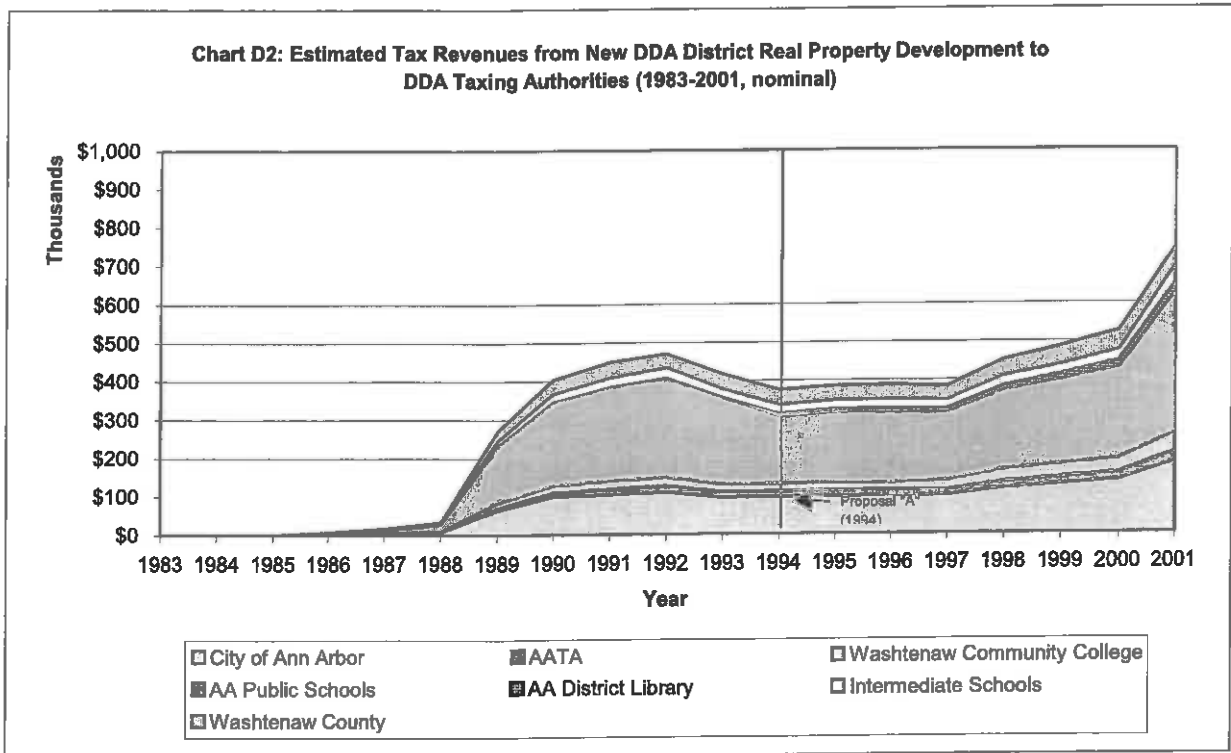
■ Estimated SEV/TV Increment (nominal)



• **Table D2: Estimated Public Revenues from New Real Property Development Within the DDA District**

	DDA	City of Ann Arbor	AATA	Washtenaw Community College	AA Public Schools	AA District Library	Intermediate Schools	Washtenaw County	Total Tax Revenues
1983	\$49,761	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$49,761
1984	\$227,087	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$227,087
1985	\$345,514	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$345,514
1986	\$767,282	\$1,958	\$231	\$307	\$4,338	\$0	\$259	\$768	\$775,143
1987	\$1,359,397	\$4,136	\$490	\$913	\$9,135	\$0	\$931	\$1,634	\$1,376,636
1988	\$1,972,295	\$8,032	\$738	\$1,776	\$18,081	\$0	\$1,800	\$3,015	\$2,005,737
1989	\$2,071,115	\$64,296	\$6,182	\$13,972	\$146,480	\$0	\$15,167	\$25,059	\$2,342,271
1990	\$2,143,495	\$99,082	\$9,576	\$20,046	\$216,295	\$0	\$22,600	\$37,092	\$2,548,186
1991	\$2,196,463	\$104,252	\$14,194	\$22,639	\$242,143	\$0	\$24,981	\$41,162	\$2,645,834
1992	\$2,004,087	\$110,735	\$15,076	\$24,047	\$257,200	\$0	\$26,534	\$36,183	\$2,473,860
1993	\$1,966,291	\$96,232	\$14,230	\$20,517	\$225,160	\$0	\$22,767	\$38,916	\$2,384,114
1994	\$1,677,474	\$97,986	\$14,359	\$20,633	\$172,506	\$8,573	\$22,970	\$39,128	\$2,053,629
1995	\$1,664,031	\$98,788	\$14,425	\$20,592	\$182,463	\$8,612	\$23,074	\$37,563	\$2,049,548
1996	\$1,754,603	\$99,233	\$14,566	\$19,913	\$181,144	\$11,176	\$23,300	\$37,800	\$2,141,733
1997	\$1,767,599	\$99,086	\$14,139	\$25,660	\$175,211	\$10,848	\$22,523	\$36,372	\$2,151,438
1998	\$1,821,996	\$117,257	\$16,639	\$31,745	\$204,725	\$12,766	\$25,662	\$43,041	\$2,273,830
1999	\$2,010,420	\$126,890	\$18,214	\$34,149	\$219,137	\$13,975	\$26,737	\$47,269	\$2,496,792
2000	\$1,938,429	\$137,660	\$19,648	\$36,682	\$235,342	\$17,908	\$28,754	\$50,800	\$2,465,223
2001	\$2,033,038	\$184,052	\$26,324	\$49,148	\$365,511	\$24,128	\$44,904	\$49,148	\$2,776,253

Chart D2, below, shows the information from Table D2 without the DDA revenue.



Analysis of Tax Base and Revenue Growth Patterns

Much of the growth in the DDA's taxable base occurred from 1985 to 1990 due to many major development projects within downtown Ann Arbor during this time. However, by 1991, the effects of several events at the macroeconomic level, as well as tax code changes at the federal and state level during the 1980s and 1990s, impacted the value of commercial real estate and the property tax revenues from it, beginning a four-year decrease in the DDA's taxable base that did not reverse until 1995. The impact of these events is even more pronounced if the DDA tax base and estimated SEV/TV increment are adjusted into 2001 constant dollars

The taxing authorities with jurisdiction over the DDA area increased their revenues dramatically during the late 1990s, despite the slow-down in real property development earlier in the decade. The incremental SEV/TV from which the taxing authorities receive revenues grew by 60% from 1995 to 2001, while the DDA SEV/TV base grew by 6%. In addition, the adjusted revenue for the DDA remained relatively flat during this period, rising 6% (less than 75% of that from 1988-1993, adjusted), while, for the taxing authorities within the DDA, from 1995 to 2001 the adjusted amount of tax revenue from new real property developments grew by 66% from \$446,000 (2001 const. dollars) in 1995 to \$743,000 (2001 const. dollars) in 2001.

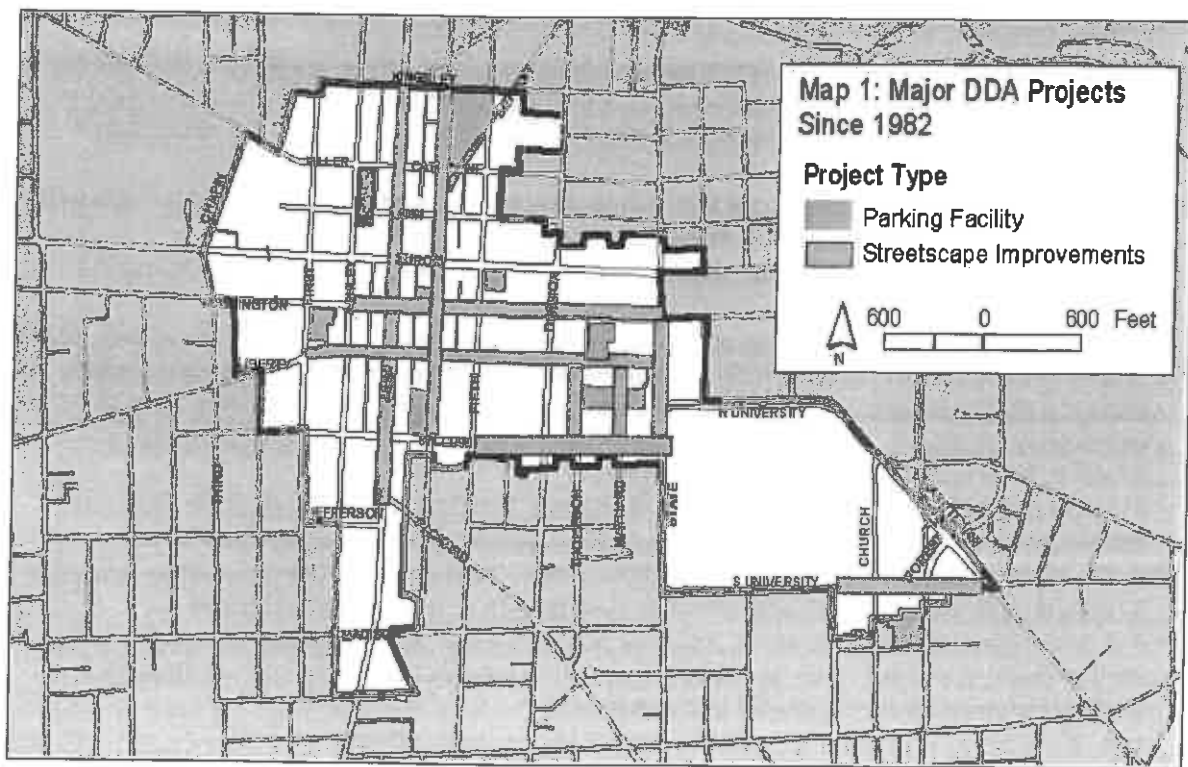
## Appendix E: Notable DDA Projects Since 1982

• **Table E1: Detailed Listing of Major Projects Since 1982**

Fund	Project Type	Year	Project
0003	1. Streetscape	1982	Detroit Street/Farmer's Market Improvements
0003	1. Streetscape	1982	Liberty Street and South Fourth Avenue
0003	1. Streetscape	1989	Main Street Improvements
0003	1. Streetscape	1989	South University Improvements
0003	1. Streetscape	1990	Liberty Street and South Fourth Avenue
0003	1. Streetscape	1991	Alley between William & Liberty resurfaced
0003	1. Streetscape	1993	Detroit Street/Sculpture Plaza Improvements, incl lights
0003	1. Streetscape	1995	Kerrytown area street lights installed
0003	1. Streetscape	1995	Baker Commons landscaping & pedestrian improvements
0003	1. Streetscape	1995	Repair brick pavers and street lights on State/Liberty
0003	1. Streetscape	1996, 99	Sculpture Plaza seating, tables, umbrellas
0003	1. Streetscape	1997-02	Annual sponsorship of city maintenance walkthrough
0003	1. Streetscape	1998	Rebrick tree wells, E. Liberty/E. Washington
0003	1. Streetscape	1998	Tree planter at N.U. and Thayer
0003	1. Streetscape	1999	Pedestrian improvements funding for Ashley Mews
0003	1. Streetscape	2000-03	State Street Area Improvements Project
0003	1. Streetscape	2001	Repair tree wells on E. Liberty/E. Washington
0003	1. Streetscape	2001-02	Fourth Avenue sidewalk repairs and enhancements
0003	1. Streetscape	2003	Liberty Plaza Park repairs and enhancements
0003	1. Streetscape	2003	E.U./Church/Forest sidewalk repairs and enhancements
0003	3. Grants	1988	Downtown Handbook Project
0003	3. Grants	1988	Historical Street Exhibit Program seed grant
0003	3. Grants	1996-03	Grants to Downtown Area Associations, IDA Conference
0003	3. Grants	1997-98	Bicycle Coordinating Committee for bike hoops
0003	3. Grants	2000-01	IT Zone enhancement grants
0003	3. Grants	1999	Michigan Theater façade restoration grant
0003	3. Grants	1999	Holiday TV ad campaign with downtown associations
0003	3. Grants	1999-03	Get!Downtown Program grants and Go!Pass funding
0003	3. Grants	2001	Grant to enable an electrical transformer in a private alley
0003	3. Grants	2002	Hands On Museum to assist with building repairs
0003	3. Grants	2002	Washtenaw Housing Alliance for lights along Huron St
0003	3. Grants	2002	Historic Façade Loan Program created
0003	3. Grants	2003	Downtown web site created
0003	4. Studies	1986	Downtown model
0003	4. Studies	1988	Downtown Event Center feasibility study & task force support
0003	4. Studies	1989-90	Library lot task force support and study funding

<b>Fund</b>	<b>Project Type</b>	<b>Year</b>	<b>Project</b>
0003	4. Studies	1990	Downtown Pedestrian Improvements Plan
0003	4. Studies	1992	Ann Arbor Inn feasibility study
0003	4. Studies	1992	Parking/housing report
0063	4. Studies	1995	South Forest evaluation & potential uses study
0063	4. Studies	1995	Downtown parking demand study
0003	4. Studies	1995	Strategic planning study
0063	4. Studies	1997	Maynard and Fourth & William structure assessment
0063	4. Studies	1997	Liberty Sq., Ann Ashley, 1 <sup>st</sup> & Washington assessments
0063	4. Studies	1998	South Forest retail opportunities study
0003	4. Studies	2000	Two-way traffic analysis in the State St Area
0063	4. Studies	2000	Analysis of adding a floor to Fourth & William structure
0003	4. Studies	1999	State Street Area study commissioned from UM
0003	4. Studies	2001	South University Area study commissioned from UM
0003	5. Housing Grants	1989	YMCA single occupancy development support
0003	5. Housing Grants	1990	Moved William/Ashley house for Avalon Housing
0003	5. Housing Grants	1991	Day shelter renovation (S. Ashley)
0003	5. Housing Grants	1994	Ann Arbor Inn maintenance grant
0003	5. Housing Grants	1996	Homeless shelter assistance
0003	5. Housing Grants	1998	Support for housing on N. Ashley (Avalon project)
0003	5. Housing Grants	1999-00	LISC partnership challenge grants
0003	5. Housing Grants	1999	Ashley Mews affordable housing grant
0003	5. Housing Grants	1999	Courthouse Square leasehold improvements grant
0003	5. Housing Grants	2000	Courthouse Square elevator replacement grant
0003	5. Housing Grants	2000-01	Dawn Farm - Chapin Street house purchase grants
0003	5. Housing Grants	2001-03	Chamber Housing Innovation Program grants
0003	2. Parking - TIF	1984	Liberty Square construction
0003	2. Parking - TIF	1984	4 <sup>th</sup> & Washington repairs
0003	2. Parking - TIF	1985	Ann Ashley construction
0063	6. Parking	1982	South Forest repairs
0063	6. Parking	1984	Farmer's Market repairs, including parking lot repairs
0063	6. Parking	1988	4th/Washington, Forest & Maynard structure repairs
0063	6. Parking	1989	Kline's parking structure land purchase and design
0063	6. Parking	1989	4 <sup>th</sup> & William parking structure repairs
0063	6. Parking	1991	Additional 4 <sup>th</sup> & William repairs & expansion
0063	6. Parking	1992	Assumed management of off-street parking system
0063	6. Parking	1992	Equipment purchased for conversion to attended lots
0063	6. Parking	1992	4th & Washington, 1 <sup>st</sup> & Washington, 4 <sup>th</sup> & William repairs
0063	6. Parking	1992	S. Ashley (Kline) Lot constructed
0063	6. Parking	1993	Maynard repairs
0063	6. Parking	1996-97	1 <sup>st</sup> & Washington and 4 <sup>th</sup> & Washington emergency repairs

Fund	Project Type	Year	Project
0063	6. Parking	1997	Fifth/Huron surface lot construction
0063	6. Parking	1998	Sprint antenna installed on Ann Ashley deck
0063	6. Parking	1998	Ann Ashley renovation and equipment upgrade
0063	6. Parking	1998	Liberty Square renovation and equipment upgrade
0063	6. Parking	1998	Free employee shuttle – partnership with AATA
0063	6. Parking	1998-99	Maynard repairs, upgrades, enhancements
0063	6. Parking	1998-99	Fourth & Washington demo/construction
0063	6. Parking	1999-01	Elevator equipment and interior replacements
0063	6. Parking	1999-02	Parking equipment upgrades and replacements
0063	6. Parking	1999-01	Forest demolition & construction in partnership w/UM
0063	6. Parking	1999-02	Downtown walk & alternative transportation maps printed
0063	6. Parking	2000	1 <sup>st</sup> & Washington conditional appraisal
0063	6. Parking	2001	Installation of VoiceStream antenna on the Forest deck
0063	6. Parking	2001-03	1 <sup>st</sup> & Washington redevelopment project
0063	6. Parking	2001-02	4 <sup>th</sup> & William repairs, upgrades, enhancements
0063	6. Parking	2002	New landscaping and surfaces at various parking lots
0063	6. Parking	2002	Assumed responsibility for on-street parking system



# **Appendix F: The DDA Board**

## **DDA Board Appointment, Terms and Qualifications**

As set forward by PA 197 of the Public Acts of 1975, the DDA shall be under the supervision and control of a board of not less than 8 nor more than 12 members as determined by City Council. DDA Members are appointed by the chief executive officer of the municipality, subject to approval by Council, and shall serve four-year terms. The Act sets forward board membership as follows:

- 1 seat is reserved for a resident from within the DDA District
- 1 seat is reserved for the chief executive officer of the municipality
- The majority of seats shall be persons with an interest in property in the Downtown District

## **Powers of the DDA Board As Outlined by PA 197**

- Prepare an analysis of economic changes taking place in the downtown district.
- Study and analyze the impact of metropolitan growth upon the downtown district.
- 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 downtown district.
- Propose, plan, and implement an improvement to a public facility within the District to comply with the barrier free design requirements of the state construction code.
- Develop long-range plans designed to halt the deterioration of property values in the downtown district and to promote the economic growth of the downtown district, and take such steps as may be necessary to persuade property owners to implement the plans to the fullest extent possible.
- Implement any development plan in the District necessary to achieve the purposes of this act, in accordance with the powers of the Authority as granted by this act.
- Make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties.
- Acquire by purchase or otherwise, on terms and conditions and in a manner the authority deems proper or own, convey, or otherwise dispose of, or lease as lessor or lessee, land and other property, real or personal, or rights or interests therein, which the Authority determines is reasonably necessary to achieve the purposes of this act, and to grant or acquire licenses, easements, and options with respect thereto.
- 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 thereto, within the downtown district 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 building or property under its control or any part thereof, or facility therein, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority.
- Lease any building or property under its control, or any part thereof.
- Accept grants and donations of property, labor, or other things of value from a public or private source.
- Acquire and construct public facilities.

## Original 1982 Ann Arbor Downtown Development Authority

John Swisher, III, Chairman  
 Godfrey W. Collins, Vice Chair  
 Dale Apley  
 Eunice Burns

Richard Butts  
 Terry Chase  
 Earl Greene  
 James Hart

Alan Mandel  
 Vivian Shapiro  
 David Shipman  
 Kent Whiteman

## Original 1982 DDA Citizens Advisory Council

Debora Slee, Chairwoman  
 Victor Adamo  
 Richard Boyd

David Casto  
 Jean Contee  
 Eleonora diLiscia  
 James Frey

Daniel Kaercher  
 William Ternes  
 Ellen Wilt

## List of Previous DDA Board Members

<u>Board Member</u>		<u>Tenure</u>		<u>Board Member</u>		<u>Tenure</u>	
Dale	Apley	Jul-82	to Dec-85	Peter	Long	Dec-90	to Sep-91
Eunice	Burns	Jul-82	to Sep-88	Donald	Mason	Dec-90	to Jul-91
Richard	Butts	Jul-82	to May-86	Lorri	Sipes	May-91	to --
Terry	Chase	Jul-82	to Aug-87	Alfred	Gatta	Aug-91	to Aug-95
Godfrey	Collins	Jul-82	to Jul-88	Edward	Surovell	Aug-91	to Sep-95
Earl	Greene	Jul-82	to Sep-88	Dave	DeVarti	Oct-91	to --
James	Hart	Jul-82	to Nov-92	Leah	Gunn	Oct-91	to --
Alan	Mandel	Jul-82	to Jul-88	Kristen	Hoppe	Oct-91	to May-94
Vivian	Shapiro	Jul-82	to Oct-84	David	Fritz	Dec-92	to --
David	Shipman	Jul-82	to Jul-86	Ruth	Scheckter	Dec-92	to Dec-95
John	Swisher	Jul-82	to Aug-87	Karl	Pohrt	May-93	to Jul-01
Kent	Whiteman	Jul-82	to Aug-89	Paul	Ungrodt, Jr.	Jun-94	to Jul-02
Debora	Slee	Nov-84	to Jul-86	Robert	Gillett	Nov-94	to --
Mary	Reilly	Jan-86	to May-94	Winifred	Northcross	Sep-95	to Dec-95
Ulrich	Stoll	Jun-86	to Jul-89	Robert	Gates	Oct-95	to Aug-98
Victor	Adamo	Aug-86	to Aug-95	Deanna	Relyea	Oct-95	to Sep-99
C.	Ferchland	Sep-87	to Jan-89	Edward	Shaffran	Oct-95	to Sep-99
George	Sallade	Sep-87	to Sep-95	Neal	Berlin	Jan-96	to Aug-01
Shirley	Clarkson	Oct-87	to Feb-89	Maria	Harshe	Jan-96	to Sep-00
Del	Borgsdorf	Aug-88	to Nov-90	Ronald	Dankert	Sep-98	to --
Jon	Gordon	Aug-88	to Apr-93	Robert	Aldrich	Oct-99	to --
Robert	Anderson	Oct-88	to Nov-92	Fred	Beal	Oct-99	to --
Joe	O'Neal	Oct-88	to Jul-91	Rene	Greff	Oct-00	to --
Gerald	Jernigan	Feb-89	to Jul-91	Dave	Solo	Sep-01	to --
Ann	Black	Mar-89	to Nov-90	John	Hieftje	Sep-01	to --
Sandra	Campbell	Aug-89	to Apr-91				
Don	Chisholm	Sep-89	to Sep-91				

# Appendix G: The DDA District

## DDA District Boundaries

The Ann Arbor Downtown Development District encompasses all or part of 67 city blocks, or approximately 271 acres, of which 80 acres are public rights-of-way. This DDA Renewal Plan maintains the original DDA district boundary,



## Legal Description of the DDA District

Beginning at the southwest corner of the intersection of South University and East University Streets rights-of-way; thence south along the west right-of-way line of East University Street to the north right-of-way line of Willard, thence east to the west right-of-way line of South Forest Avenue, thence north 232 feet, thence easterly approximately 188 feet to the west line of Lot #9, Block 5, R.S. Smith's Second Addition; thence easterly approximately 165 feet; thence north 44 feet; thence east approximately 360 feet to the west line of Lot #9, Block 5, R. S. Smith's Second Addition; thence north approximately 155 feet to the south right-of-way line of South University Street; thence east along a south right-of-way line of East University Street to the northeast right-of-way line of Washtenaw Avenue; thence northwesterly along said line to the north right-of-way line of North University Street; thence west along the north right-of-way line of North University Street to the east right-of-way line of South Thayer Street; thence north approximately 1,030 feet to the north line of Lot #1 of Eastern Addition (110 North Thayer Street); thence west to the east right-of-way line of North State Street; thence north approximately 70 feet; thence west to the northwest corner



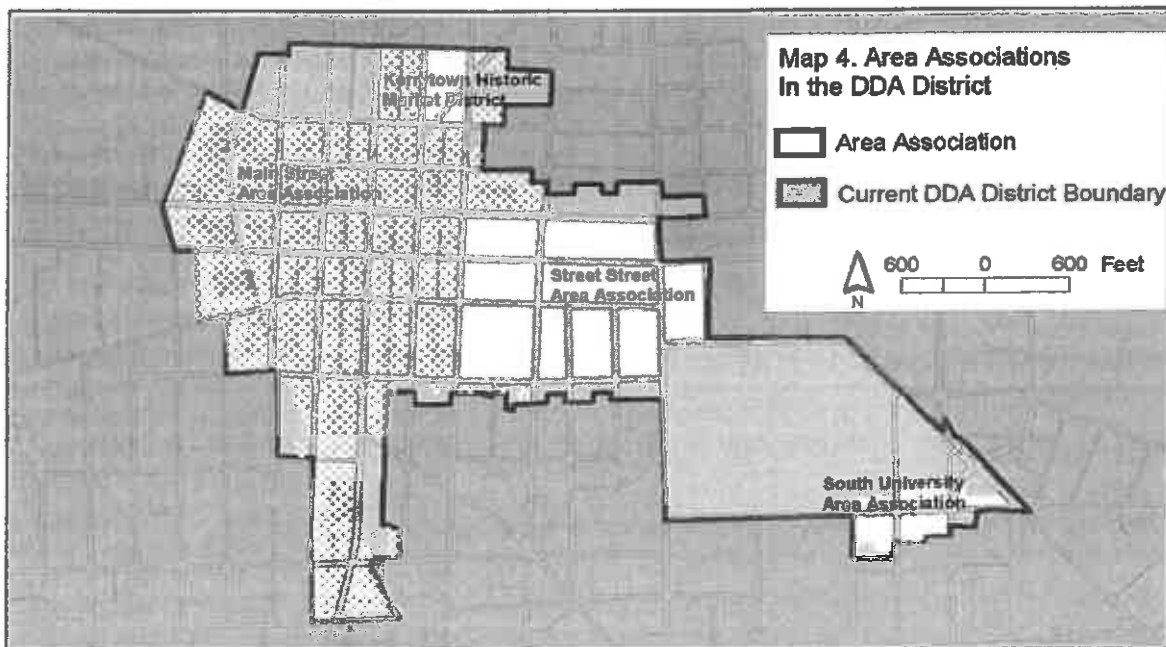
of Lot #17, of Assessor's Plat No. 8; thence south to the north line of Lot #18 of said plat; thence west to the east line of Lot #20 of said Assessor's Plat No. 8; thence north along the east line of said Lot #20 to the north line of said lot; thence west 150.08 feet to the east line of Lot #1 of Assessor's Plat No. 8; thence south to the southeast corner of said lot; thence westerly and southerly along the northwest side of Lot #22 and the north side of Lot #23 of Assessor's Plat No. 8 to the east right-of-way line of North Division Street; thence northwesterly to a point 4 feet south of the northeast corner of Lot #8 of original plat of Ann Arbor; thence west approximately 101 feet; thence north 3.3 feet; thence west to a point 27 feet east of the northwest corner of Lot #10, original plat of Ann Arbor; thence north along a line that is 27 feet west of the east line of Lot #10 to the north right-of-way line of Ann Street; thence west along the north right-of-way line of said street to a point that is 16.5 feet east of the southwest corner of Lot #2 of original plat of Ann Arbor; thence north 132 feet on a line parallel with the west line of said Lot #2 to a point that is 16.5 feet east off the northwest corner of Lot #2; thence east 10 feet along the north line of Lot #2; thence north 198 feet along a line parallel to and 40 feet west of the east line of Lot #15 of original plat of Ann Arbor to the southwest corner of Lot #149 of Assessor's Plat No. 29; thence east 74.37 feet to the southeast corner of Lot #150 of Assessor's Plat #29; thence north 132.35 feet to the northeast corner of Lot #150, Assessor's Plat No. 29; thence east along the north side of Lots #151, #153, #154, #155, and #158 of Assessor's Plat No. 29, extended to the east side of the North Division Street right-of-way; thence north along the east right-of-way line of North Division Street to the northwest corner of Lot #2 of Assessor's Plat No. 6; thence west to the southwest corner of Lot #141 of Assessor's Plat No. 29; thence north along the west line of said lot extended to the north right-of-way line of East Kingsley Street; thence west along the north right-of-way of East and West Kingsley Street to the intersection of the right-of-way line of North First Street with the north right-of-way line of West Kingsley Street; thence south  $4^{\circ} 02' 10''$  west 131.56 feet; thence north  $83^{\circ} 23' 50''$  west 137.76 feet; thence south  $15^{\circ} 31' 45''$  west 66 feet; thence south  $15^{\circ} 01' 40''$  west 350.49 feet to the north right-of-way line of Miller Avenue; thence northwest along the northeasterly right-of-way line of Miller Avenue to a point approximately 125 feet northwest of the northwest intersection of the rights-of-way of Spring Street and Miller Avenue; thence southwesterly along the northwest right-of-way of Chapin Street to intersect with the southwest right-of-way of Third Street; thence southeast along said southwest right-of-way line of Third Street to a point intersecting with the south right-of-way line of West Washington Street; thence east along said south right-of-way line of West Washington Street to the northeast corner of Lot #1 of Krause's Addition; thence south along the east side of Lots #1, #3, #4, #5, #6, #7, #8, and #9 of Krause's Addition to a point intersecting with the southeast right-of-way line of West Liberty Street; thence northeasterly along said southeasterly right-of-way line of West Liberty Street to a point intersecting with the west right-of-way line of Second Street; thence south along said west right-of-way line to the intersection of the west right-of-way line of Second Street with the south right-of-way line of West William Street; thence east along the south right-of-way line of West William Street to the west right-of-way line of First Street; thence south along the west right-of-way line of First Street to the intersection of the north right-of-way line of Jefferson Street with the west right-of-way line of First Street; thence east to the west right-of-way line of South Ashley Street; thence south along said west right-of-way line of South Ashley Street to the south right-of-way line of West Mosley Street; thence east along said south right-of-way line of West Mosley Street to the northwest right-of-way line of the Ann Arbor Railroad right-of-way; thence northeasterly along the northwest right-of-way line of said Ann Arbor Railroad to a point intersecting the south right-of-way line of West Madison Street; thence east along said south right-of-way line to a point in line with the extension of the east right-of-way line of South Fourth Avenue; thence north along the east right-of-way line of South Fourth Avenue to a point approximately 33 feet north of the southwest corner of Lot #7, Block 55, R5E, Ann Arbor Land Co.'s Addition; thence west to a point 33 feet north of the southwest corner of Lot #10, Block 55, R4E, Ann Arbor Land Co.'s Addition; thence north along the west side of Lots #10, #11, #12, #13, #14, #15, #16, #17, and #18 of said block, and continuing north along the east right-of-way line of

16-foot wide alley between Main Street and Fourth Avenue to a point 6 feet south of the northwest corner of Lot #15, Block 45, R4E, original plat of Ann Arbor; thence east to the west right-of-way line of South Fourth Avenue; thence south along said right-of-way line 99 feet to a point on said right-of-way line; thence east along a line parallel with and 31.5 feet south of north line of Lot #3, Block 45, R5E, original plat of Ann Arbor to the west line of Lot #14 of said block; thence south 1.5 feet, thence east to the west line of South Fifth Avenue; thence north along the west right-of-way line of South Fifth Avenue 36 feet; thence west approximately 132 feet to a point 3 feet north of the southwest corner of Lot #15 of said block; thence north 52 feet; thence east 132 feet to the west right-of-way line of South Fifth Avenue thence northeasterly to a point 66 feet south of the northwest corner of Lot #1, Block 45, R6E, original plat of Ann Arbor; thence east 189 feet; thence south 16.5 feet; thence east to a point on the east right-of-way line of Hamilton Place approximately 50 feet north of the southwest corner of Lot #8 of said block; thence north approximately 25 feet; thence east 66.15 feet; thence south 138.1 feet; thence east 33 feet; thence north 66 feet; thence east to the southeast corner of Lot #2, Block 45, R7E, Ann Arbor Land Co.'s Addition; thence north 66 feet, thence east approximately 132 feet to the west right-of-way line of Thompson Street; thence south 66 feet; thence east to the southeast corner of Lot #2, Block 45, R8E, Ann Arbor Land Co.'s Addition; thence north to the southwest corner of Lot #16 of said block; thence 132 feet to the west right-of-way line of Maynard Street; thence south approximately 40 feet; thence east to the west right-of-way line of South State Street; thence south to the south right-of-way line of South University Street; thence east to the point of beginning.

**Political and Area Association Boundaries within the DDA**

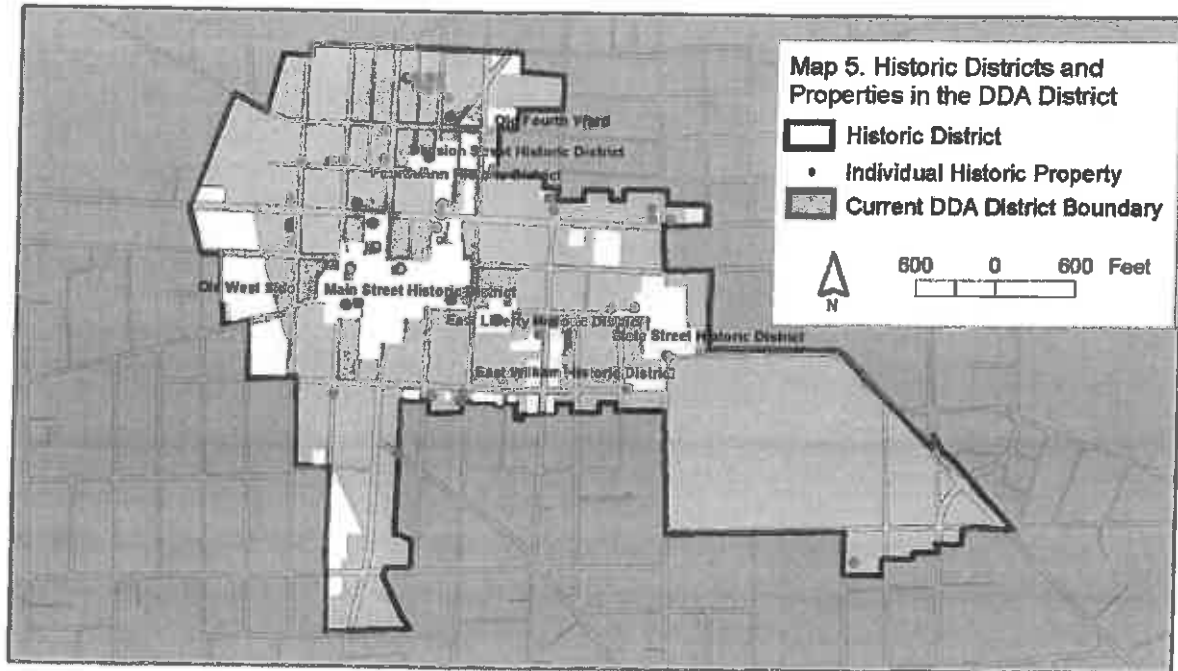
All five City wards represent portions of the DDA District.

Four downtown Area Associations are within the DDA District: Kerrytown District Association (formerly the Kerrytown Historic Market District), Main Street Area Association, South University Area Association, and State Street Area Association.



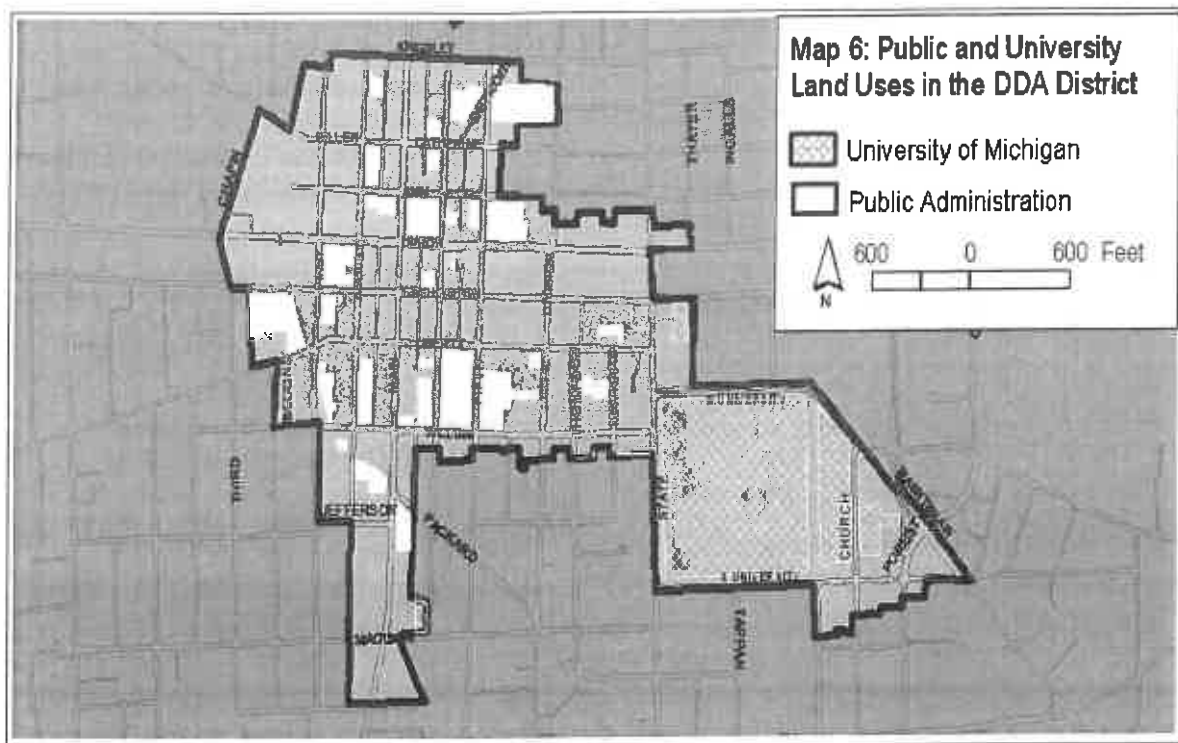
## Historic Districts and Buildings within the DDA

An important aspect of downtown Ann Arbor's identity is its history, which is celebrated in its numerous older and historic buildings. These buildings are of a "human scale" and make downtown distinctive, attractive and user-friendly. Map 5, below, indicates the location of historic districts and buildings within the DDA boundaries. Overall, nine historic districts and 49 historic buildings are located within DDA boundaries.



## Land Uses in the DDA District

The DDA District contains a diversity of public and private uses within a variety of neighborhoods. The characteristics of three general types of land uses found within the DDA are described below: public, commercial (non-residential), and residential.



## **Public Land Uses**

Approximately 72 acres of land are currently in public use (excluding public rights-of-way), representing 37.6% of the parcel area within the district.

The University of Michigan occupies significant area within the District – 42 acres, or 21.8% of the total parcel acreage (not including public right-of-way). The University’s status as an entity with separate jurisdiction from the City of Ann Arbor means exemption from local taxes or control by local policy-making institutions. Consequently, the City and the DDA have limited official influence on its land-use practices; likewise, the University has little official influence on what actions the City and DDA take in downtown policy and development. However, the University and the downtown affect one another significantly, and a natural, and mutually rewarding partnership exists. The University’s students, faculty, and visitors impact the economic, social, and political landscape of the downtown area. At the same time, a vibrant downtown is an asset that helps attract the best talent and resources to the University of Michigan and, just as importantly, to the Ann Arbor community.

Other public uses in the Development District include the following:

### **Existing Public Land Developments:**

- A portion of the University of Michigan Central Campus. Its buildings include several libraries, the College of Literature, Science, and Arts, museums, the School of Natural Resources and Environment, and many faculty and staff offices.
- City, County and Ann Arbor Public School buildings, other civic facilities (including historic buildings), and parks.

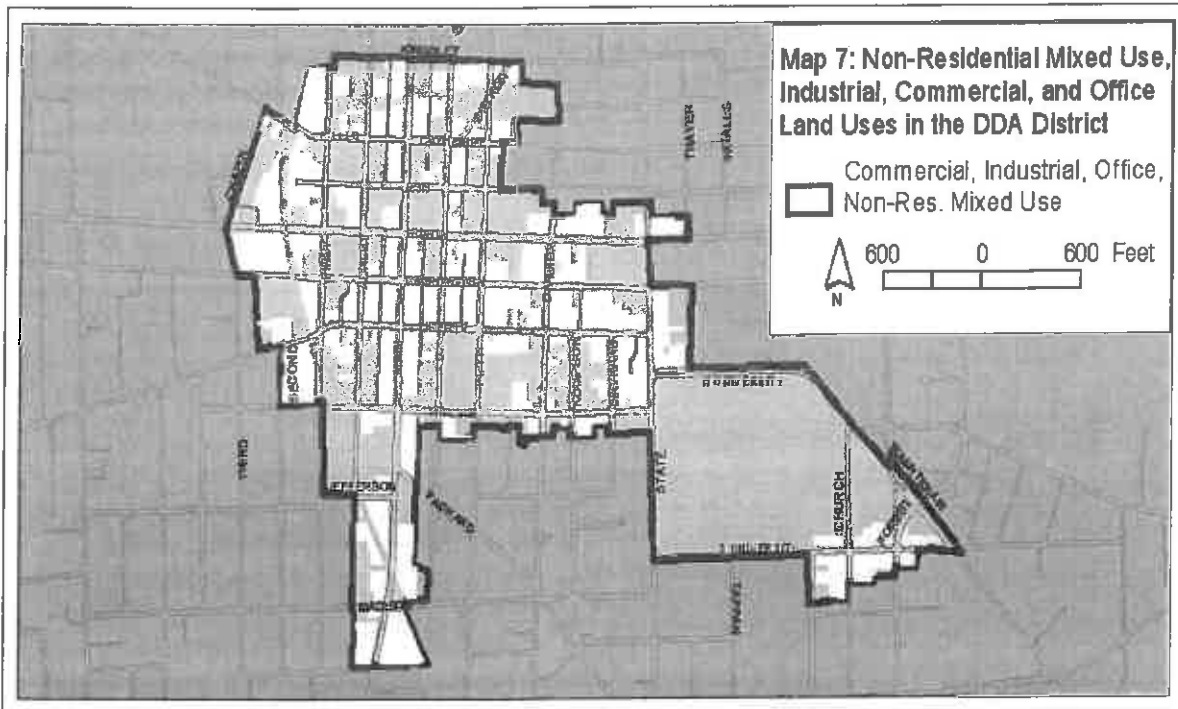
- **Off-Street Public Parking Facilities.** Within DDA boundaries are seven public parking structures, containing a total of 4,420 spaces, and nine public parking lots, containing a total of 830 spaces. There are also approximately 1,500-metered street parking spaces, in addition to several thousand spaces on the University of Michigan Central Campus.
- **Farmers' Market,** a City-owned canopy structure and accessory building in Kerrytown that is used for the sale of farm goods.
- **The Ann Arbor Transportation Authority (AATA) Blake Transit Center,** the central hub for countywide bus operations.
- **Ninety-one acres of public right-of-way (streets and alleys),** representing 31% of the district's area.

#### Recent Public Land Developments:

- **The University of Michigan** has undertaken a number of recent additions to existing buildings, including the Dow Laboratory, the Randall Laboratory, Haven Hall, Tappan Hall, the expansion and renovation of the Shapiro Undergraduate Library, and the renovation of Rackham and Hill Auditorium. The University has also added new facilities (both within and near the DDA boundaries), such as Tisch Hall, the School of Social Work Building, and construction of facilities for the Life Sciences Initiative.
- **A public use easement** for the privately owned walkway and plaza that passes through the Ashley Mews development at Main/Packard. Funding for the plaza, walkway, and other Ashley Mews pedestrian improvements were provided by the DDA.
- **Michigan Theater renovation.** Constructed in 1928, and now used as an entertainment center for movies, stage shows and performances, the theater recently underwent a series of improvements, including the addition of a 200-seat screening room, new air conditioning/heating system, the restoration of its original façade and marquee, and replacement of its box office and lobby. A DDA grant contributed to the renovation of the façade and outer lobby.
- **The Ann Arbor Hands-On Museum,** which has occupied a historic downtown fire station since 1982, underwent an extensive expansion and renovation in 1999 that quadrupled its exhibit space. A pending DDA grant will assist them with further repairs.
- **Washtenaw County Annex Building.** The County recently completed construction of a four-story building at the corner of N. Main & E. Ann Streets.

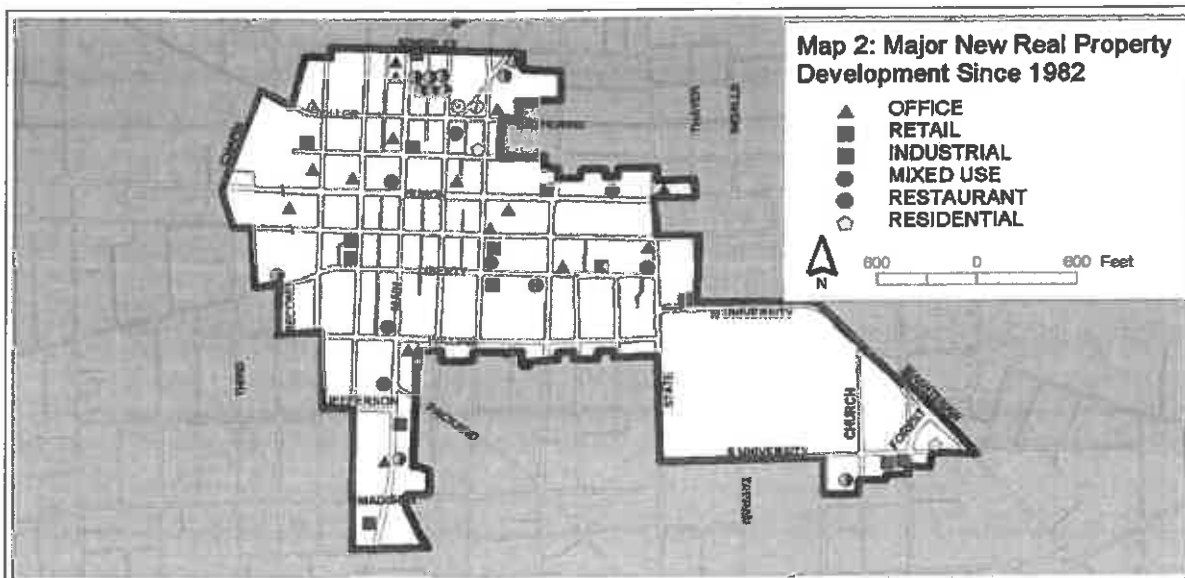
### **Commercial Land Uses**

Approximately 67 acres of land are devoted to commercial activities in the DDA District, representing 34.7% of the total parcel acreage within the DDA. Nearly 1100 individual commercial businesses exist within the District. Included within this number are the three downtown hotels: The Campus Inn (208 rooms), the Bell Tower Hotel (66 rooms), and the Embassy Hotel (25 rooms); and manufacturers, such as the Eaton Plant on South First Street. Individual stores within downtown retail shopping buildings as well as multi-tenant buildings including the South Main Market, Galleria, Kerrytown Shops, etc.) are also represented. A complete commercial land use comparison between 1982 and 1999 for the Downtown Development District is in Appendix B.



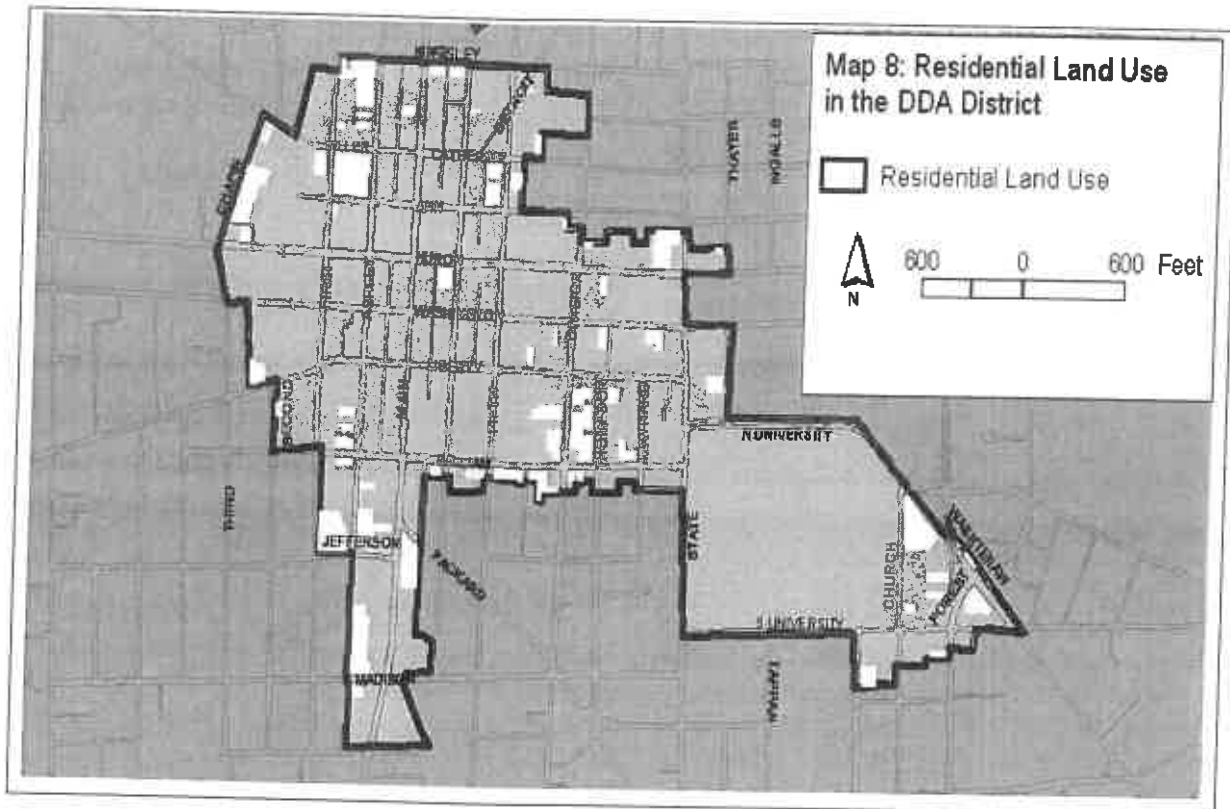
Recent Private Developments Include:

- Ashley Mews/Syndeco development at Main and Packard Streets, including a nine-story mixed-use building (first floor retail and two floors of penthouse residential) and 49 townhouses, with eight units set aside for affordable housing.
- The 350 South Main Building, at the northwest corner of Main & William, which includes first floor retail and three stories of office space.
- Redevelopment of the old Kline’s Department Store building into first floor retail and three floors of loft apartments.
- Schlenker Hardware Building restoration and addition on West Liberty Street



## Residential Land Uses

A survey conducted by the DDA's Citizens Advisory Council in 2001 showed that approximately 3,300 residents lived in 1,836 dwelling units. Residential dwelling units include single-family homes (69 units), multiple-family homes and apartment buildings (1,542 units), lofts (121), single-room occupancy units (103), and spaces in a homeless shelter. This represents a ten percent increase in the number of residential units over 1982, when the District contained 1,674 dwelling units with an estimated 3,000 residents. Land used for residential (including mixed use with residential) covers 32 acres of the District, or 16.6% of the total parcel area.



Several residential trends in the downtown area were evident within the past two decades: 1.) conversion of some single family homes into professional offices during the 1980's (e.g., on Kingsley, North Main Street, and Division Street); 2.) conversion of upper-floor storage and obsolete office spaces into residential condominiums in mixed-use buildings; 3.) construction of residential space in new mixed-use buildings, as well as infill projects on marginal or long-vacant parcels of land. Recent projects include:

- Infill residential development on West William Street and South University.
- Conversion of the former National Guard Armory at Fifth Avenue & Ann Street into 13 residential condominium units.
- Conversion of a former racquetball club at Liberty & Main into residential condominium units.
- Conversion of the former Ann Arbor Inn into the Courthouse Square Apartment building, which provides 117 apartments for low income seniors.

- Conversion of former upstairs retail storage space into condominiums and loft apartments on Main Street, Fourth Avenue, State Street, Liberty Street, and others.
- Residential condominiums constructed in the One North Main building, Sloan Plaza, and Ashley Mews.

In the 1980's and 1990's the availability of affordable housing became an issue of increased focus as rents and sale prices in Ann Arbor increased dramatically. Affordable housing is defined as housing whose cost is no more than 30% of household income. In Ann Arbor, affordable housing projects have often targeted households earning 80% or less of the local median income, as defined by the U.S. Department of Housing and Urban Development (HUD).

Within the DDA District there are currently 138 privately owned units dedicated to affordable housing, including 117 units at Courthouse Square Apartments and 8 at Ashley Mews, as well as 64 City-owned units at Baker Commons. Many affordable units are managed by non-profit housing organizations such as Avalon Housing and the Washtenaw Affordable Housing Corporation.



## **Appendix H:**

# **Purpose of the Michigan DDA Act and Creation of the Ann Arbor DDA**

Act No. 197 of Public Acts of 1975 of the State of Michigan, as amended, commonly referred to as the Downtown Development Authority Act, was created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interest in real and personal property; to authorize the creation of an authority; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally-adopted development plans for older or traditional central business districts of large and medium-sized Michigan cities.

The Act seeks to attack problems of urban decline, strengthen existing areas, and encourage new private developments in the downtown districts of our communities. It seeks to accomplish this goal by providing communities with the necessary legal, monetary, and organizational tools to revitalize downtown districts either through public-initiated project undertakings or in concert with privately motivated development projects. The manner in which downtown development authorities choose to make use of these tools depends upon the problems and opportunities facing each particular downtown district and the development priorities sought by the community in the revitalization of its center. The Act is set forth in "Downtown Development Authority Act (PA 197 of 1975, as amended)," in Appendix I.

## **Creation of the 1982 Ann Arbor DDA**

On May 10, 1982, the City Council of the City of Ann Arbor adopted Ordinance No. 14-82 which created the Ann Arbor Downtown Development Authority and DDA District boundary, effective May 26, 1982. The Authority was given all powers and duties prescribed for a downtown development authority pursuant to the Act, except for the power to levy ad valorem taxes on the real and tangible property in the district.

## **Determination of Necessity for the Continuation for the Ann Arbor Development District**

The need for continuing the work and the funding of the DDA is clear. The future success of Ann Arbor's efforts to sustain a vital downtown will depend, in large measure, on the readiness and ability of its public corporate entity to initiate public improvements that strengthen the downtown area and to encourage and participate where feasible in the development of new private uses that create new jobs, attract new businesses, and generate additional tax revenues.

# Appendix I:

## Downtown Development Authority Act

(PA 197 of 1975, as amended)

125.1651 Definitions. [M.S.A. 5.3010(1)]

Sec. 1. As used in this act:

(a) "Advance" means a transfer of funds made by a municipality to an authority or to another person on behalf of the authority in anticipation of repayment by the authority. Evidence of the intent to repay an advance may include, but is not limited to, an executed agreement to repay, provisions contained in a tax increment financing plan approved prior to the advance, or a resolution of the authority or the municipality.

(b) "Assessed value" means 1 of the following:

(i) For valuations made before January 1, 1995, the state equalized valuation as determined under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(ii) For valuations made after December 31, 1994, the taxable value as determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(c) "Authority" means a downtown development authority created pursuant to this act.

(d) "Board" means the governing body of an authority.

(e) "Business district" means an area in the downtown of a municipality zoned and used principally for business.

(f) "Captured assessed value" means the amount in any 1 year by which the current assessed value of the project area, including the assessed value of property for which specific local taxes are paid in lieu of property taxes as determined in subdivision (x), exceeds the initial assessed value. The state tax commission shall prescribe the method for calculating captured assessed value.

(g) "Chief executive officer" means the mayor or city manager of a city, the president or village manager of a village, or the supervisor of a township or, if designated by the township board for purposes of this act, the township superintendent or township manager of a township.

(h) "Development area" means that area to which a development plan is applicable.

(i) "Development plan" means that information and those requirements for a development set forth in section 17.

(j) "Development program" means the implementation of the development plan.

(k) "Downtown district" means an area in a business district that is specifically designated by ordinance of the governing body of the municipality pursuant to this act.

(l) "Eligible advance" means an advance made before August 19, 1993.

(m) "Eligible obligation" means an obligation issued or incurred by an authority or by a municipality on behalf of an authority before August 19, 1993 and its subsequent refunding by a qualified refunding obligation. Eligible obligation includes an authority's written agreement entered into before August 19, 1993 to pay an obligation issued after August 18, 1993 and before December 31, 1996 by another entity on behalf of the authority.

(n) "Fiscal year" means the fiscal year of the authority.

(o) "Governing body of a municipality" means the elected body of a municipality having legislative powers.

(p) "Initial assessed value" means the assessed value, as equalized, 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, as shown by the most recent assessment roll of the municipality for which equalization has been completed at the time the resolution is adopted. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero. For the purpose of determining initial assessed value, property for which a specific local tax is paid in lieu of a property tax shall not be considered to be property that is exempt from taxation. The initial assessed value of property for which a specific local tax was paid in lieu of a property tax shall be determined as provided in subdivision (x). In the case of a municipality having a population of less than 35,000 which established an authority prior to 1985, created a district or districts, and approved a development plan or tax increment financing plan or amendments to a plan, and which plan or tax increment financing plan or amendments to a plan, and which plan expired by its terms December 31, 1991, the initial assessed value for the purpose of any plan or plan amendment adopted as an extension of the expired plan shall be determined as if the plan had not expired December 31, 1991. For a development area designated before 1997 in which a renaissance zone has subsequently been designated pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, the initial assessed value of the development area otherwise determined under this subdivision shall be reduced by the amount by which the current assessed value of the development area was reduced in 1997 due to the exemption of property under section 7ff of the general property tax act, 1893 PA 206, MCL 211.7ff, but in no case shall the initial assessed value be less than zero.

(q) "Municipality" means a city, village, or township.

(r) "Obligation" means a written promise to pay, whether evidenced by a contract, agreement, lease, sublease, bond, or note, or a requirement to pay imposed by law. An obligation does not include a payment required solely because of default upon an obligation, employee salaries, or consideration paid for the use of municipal offices. An obligation does not include those bonds that have been economically defeased by refunding bonds issued under this act. Obligation includes, but is not limited to, the following:

(i) A requirement to pay proceeds derived from ad valorem property taxes or taxes levied in lieu of ad valorem property taxes.

(ii) A management contract or a contract for professional services.

(iii) A payment required on a contract, agreement, bond, or note if the requirement to make or assume the payment arose before August 19, 1993.

(iv) A requirement to pay or reimburse a person for the cost of insurance for, or to maintain, property subject to a lease, land contract, purchase agreement, or other agreement.

(v) A letter of credit, paying agent, transfer agent, bond registrar, or trustee fee associated with a contract, agreement, bond, or note.

(s) "On behalf of an authority", in relation to an eligible advance made by a municipality, or an eligible obligation or other protected obligation issued or incurred by a municipality, means in anticipation that an authority would transfer tax increment revenues or reimburse the municipality from tax increment revenues in an amount sufficient to fully make payment required by the eligible advance made by the municipality, or eligible obligation or other protected obligation issued or incurred by the municipality, if the anticipation of the transfer or receipt of tax increment revenues from the authority is pursuant to or evidenced by 1 or more of the following:

(i) A reimbursement agreement between the municipality and an authority it established.

(ii) A requirement imposed by law that the authority transfer tax increment revenues to the municipality.

(iii) A resolution of the authority agreeing to make payments to the incorporating unit.

(iv) Provisions in a tax increment financing plan describing the project for which the obligation was incurred.

(t) "Operations" means office maintenance, including salaries and expenses of employees, office supplies, consultation fees, design costs, and other expenses incurred in the daily management of the authority and planning of its activities.

(u) "Other protected obligation" means:

(i) A qualified refunding obligation issued to refund an obligation described in subparagraph (ii), (iii), or (iv), an obligation that is not a qualified refunding obligation that is issued to refund an eligible obligation, or a qualified refunding obligation issued to refund an obligation described in this subparagraph.

(ii) An obligation issued or incurred by an authority or by a municipality on behalf of an authority after August 19, 1993, but before December 31, 1994, to finance a project described in a tax increment finance plan approved by the municipality in accordance with this act before December 31, 1993, for which a contract for final design is entered into by or on behalf of the municipality or authority before March 1, 1994.

(iii) An obligation incurred by an authority or municipality after August 19, 1993, to reimburse a party to a development agreement entered into by a municipality or authority before August 19, 1993, for a project described in a tax increment financing plan approved in accordance with this act before August 19, 1993, and undertaken and installed by that party in accordance with the development agreement.

(iv) An obligation incurred by the authority evidenced by or to finance a contract to purchase real property within a development area or a contract to develop that property within the development area, or both, if all of the following requirements are met:

(A) The authority purchased the real property in 1993.

(B) Before June 30, 1995, the authority enters a contract for the development of the real property located within the development area.

(C) In 1993, the authority or municipality on behalf of the authority received approval for a grant from both of the following:

(I) The department of natural resources for site reclamation of the real property.

(II) The department of consumer and industry services for development of the real property.

(v) An ongoing management or professional services contract with the governing body of a county which was entered into before March 1, 1994 and which was preceded by a series of limited term management or professional services contracts with the governing body of the county, the last of which was entered into before August 19, 1993.

(vi) A loan from a municipality to an authority if the loan was approved by the legislative body of the municipality on April 18, 1994.

(vii) Funds expended to match a grant received by a municipality on behalf of an authority for sidewalk improvements from the Michigan department of transportation if the legislative body of the municipality approved the grant application on April 5, 1993 and the grant was received by the municipality in June 1993.

(viii) For taxes captured in 1994, an obligation described in this subparagraph issued or incurred to finance a project. An obligation is considered issued or incurred to finance a project described in this subparagraph only if all of the following are met:

(A) The obligation requires raising capital for the project or paying for the project, whether or not a borrowing is involved.

(B) The obligation was part of a development plan and the tax increment financing plan was approved by a municipality on May 6, 1991.

(C) The obligation is in the form of a written memorandum of understanding between a municipality and a public utility dated October 27, 1994.

(D) The authority or municipality captured school taxes during 1994.

(v) "Public facility" means a street, plaza, pedestrian mall, and any improvements to a street, plaza, or pedestrian mall including street furniture and beautification, park, parking facility, recreational facility, right of way, structure, waterway, bridge, lake, pond, canal, utility line or pipe, building, and access routes to any of the foregoing, designed and dedicated to use by the public generally, or used by a public agency. 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, which improvement is made to comply with the barrier free design requirements of the state construction code promulgated under the state construction code act of 1972, 1972 PA 230, MCL 125.1501 to 125.1531.

(w) "Qualified refunding obligation" means an obligation issued or incurred by an authority or by a municipality on behalf of an authority to refund an obligation if the refunding obligation meets both of the following:

(i) The net present value of the principal and interest to be paid on the refunding obligation, including the cost of issuance, will be less than the net present value of the principal and interest to be paid on the obligation being refunded, as calculated using a method approved by the department of treasury.

(ii) The net present value of the sum of the tax increment revenues described in subdivision (z)(ii) and the distributions under section 13b to repay the refunding obligation will not be greater than the net present value of the sum of the tax increment revenues described in subdivision (z)(ii) and the distributions under section 13 b to repay the obligation being refunded, as calculated using a method approved by the department of treasury.

(x) "Specific local tax" means a tax levied under 1974 PA 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the technology park development act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181 to 211.182. The initial assessed value or current assessed value of property subject to a specific local tax shall be the quotient of the specific local tax paid divided by the ad valorem millage rate. However, after 1993, the state tax commission shall prescribe the method for calculating the initial assessed value and current assessed value of property for which a specific local tax was paid in lieu of a property tax.

(y) "State fiscal year" means the annual period commencing October 1 of each year.

(z) "Tax increment revenues" means the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions upon the captured assessed value of real and personal property in the development area, subject to the following requirements:

(i) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions other than the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts upon the captured assessed value of real and personal property in the development area for any purpose authorized by this act.

(ii) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts upon the captured assessed value of real and personal property in the development area in an amount equal to the amount necessary, without regard to subparagraph (i), to repay eligible advances, eligible obligations, and other protected obligations.

(iii) Tax increment revenues do not include any of the following:

(A) Ad valorem property taxes attributable either to a portion of the captured assessed value shared with taxing jurisdictions within the jurisdictional area of the authority or to a portion of value of property that may be excluded from captured assessed value or specific local taxes attributable to such ad valorem property taxes.

(B) Ad valorem property taxes excluded by the tax increment financing plan of the authority from the determination of the amount of tax increment revenues to be transmitted to the authority or specific local taxes attributable to such ad valorem property taxes.

(C) Ad valorem property taxes exempted from capture under section 3(3) or specific local taxes attributable to such ad valorem property taxes.

(iv) The amount of tax increment revenues authorized to be included under subparagraph (ii), and required to be transmitted to the authority under section 14(1), from ad valorem property taxes and specific local taxes attributable to the application of the levy of the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, a local school district or an intermediate school district upon the captured assessed value of real and personal property in a development area shall be determined separately for the levy by the state, each school district, and each intermediate school district as the product of sub-subparagraphs (A) and (B):

(A) The percentage which the total ad valorem taxes and specific local taxes available for distribution by law to the state, local school district, or intermediate school district, respectively, bears to the aggregate amount of ad valorem millage taxes and specific taxes available for distribution by law to the state, each local school district, and each intermediate school district.

(B) The maximum amount of ad valorem property taxes and specific local taxes considered tax increment revenues under subparagraph (ii).

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1985, Act 221, Imd. Eff. Jan. 10, 1986;—Am. 1993, Act 323, Eff. Mar. 15, 1994;—Am. 1994, Act 280, Imd. Eff. July 11, 1994;—Am. 1994, Act 330, Imd. Eff. Oct. 14, 1994;—Am. 1994, Act 381, Imd. Eff. Dec. 28, 1994;—Am. 1996, Act 269, Imd. Eff. June 12, 1996;—Am. 1996, Act 454, Imd. Eff. Dec. 19, 1996;—Am. 1997, Act 202, Imd. Eff. Jan. 13, 1998.

**Compiler's note:** Enacting section 1 of Act 202 of 1997 provides: "The provisions of section 1 and section 13b, as amended by this amendatory act, are retroactive and effective for taxes levied after 1993."

**125.1652 Authority; establishment; restriction; public body corporate; powers generally. [M.S.A. 5.3010(2)]**

**Sec. 2.** (1) Except as otherwise provided in this subsection, a municipality may establish 1 authority. If, before November 1, 1985, a municipality establishes more than 1 authority, those authorities may continue to exist as separate authorities. Under the conditions described in section 3a, a municipality may have more than 1 authority within that municipality's boundaries. A parcel of property shall not be included in more than 1 authority created by this act.

(2) An authority shall be a public body corporate which may sue and be sued in any court of this state. An authority possesses all the powers necessary to carry out the purpose of its incorporation. The enumeration of a power in this act shall not be construed as a limitation upon the general powers of an authority.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1985, Act 159, Imd. Eff. Nov. 15, 1985.

**125.1653 Resolution of intent to create and provide for operation of authority; public hearing on proposed ordinance creating authority and designating boundaries of downtown district; notice; exemption of taxes from capture; adoption, filing, and publication of ordinance; altering or amending boundaries. [M.S.A. 5.3010(3)]**

**Sec. 3.** (1) When the governing body of a municipality determines that it is necessary for the best interests of the public to halt property value deterioration and increase property tax valuation where possible in its business district, to eliminate the causes of that deterioration, and to promote economic growth, the governing body may, by resolution, declare its intention to create and provide for the operation of an authority.

(2) In the resolution of intent, the governing body shall set a date for the holding of a public hearing

on the adoption of a proposed ordinance creating the authority and designating the boundaries of the downtown district. Notice of the public hearing shall be published twice in a newspaper of general circulation in the municipality, not less than 20 or more than 40 days before the date of the hearing. Not less than 20 days before the hearing, the governing body proposing to create the authority shall also mail notice of the hearing to the property taxpayers of record in the proposed district and for a public hearing to be held after February 15, 1994 to the governing body of each taxing jurisdiction levying taxes that would be subject to capture if the authority is established and a tax increment financing plan is approved. Failure of a property taxpayer to receive the notice shall not invalidate these proceedings. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the proposed downtown district not less than 20 days before the hearing. The notice shall state the date, time, and place of the hearing, and shall describe the boundaries of the proposed downtown district. A citizen, taxpayer, or property owner of the municipality or an official from a taxing jurisdiction with millage that would be subject to capture has the right to be heard in regard to the establishment of the authority and the boundaries of the proposed downtown district. The governing body of the municipality shall not incorporate land into the downtown district not included in the description contained in the notice of public hearing, but it may eliminate described lands from the downtown district in the final determination of the boundaries.

(3) Not more than 60 days after a public hearing held after February 15, 1994, the governing body of a taxing jurisdiction levying ad valorem property taxes that would otherwise be subject to capture may exempt its taxes from capture by adopting a resolution to that effect and filing a copy with the clerk of the municipality proposing to create the authority. The resolution takes effect when filed with that clerk and remains effective until a copy of a resolution rescinding that resolution is filed with that clerk.

(4) Not less than 60 days after the public hearing, if the governing body of the municipality intends to proceed with the establishment of the authority, it shall adopt, by majority vote of its members, an ordinance establishing the authority and designating the boundaries of the downtown district within which the authority shall exercise its powers. The adoption of the ordinance is subject to any applicable statutory or charter provisions in respect to the approval or disapproval by the chief executive or other officer of the municipality and the adoption of an ordinance over his veto. This ordinance shall be filed with the secretary of state promptly after its adoption and shall be published at least once in a newspaper of general circulation in the municipality.

(5) The governing body of the municipality may alter or amend the boundaries of the downtown district to include or exclude lands from the downtown district pursuant to the same requirements for adopting the ordinance creating the authority.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

**125.1654 Board; appointment, terms, and qualifications of members; vacancy; compensation and expenses; election of chairperson; oath; conducting business at public meeting; public notice; special meetings; removal of members; review; expense items and financial records; availability of writings to public; single board governing all authorities; member as resident or having interest in property; planning commission serving as board in certain municipalities. [M.S.A. 5.3010(4)]**

**Sec. 4. (1)** Except as provided in subsections (7) and (8), an authority shall be under the supervision and control of a board consisting of the chief executive officer of the municipality and not less than 8 or more than 12 members as determined by the governing body of the municipality. Members shall be appointed by the chief executive officer of the municipality, subject to approval by the governing body of the municipality. Not less than a majority of the members shall be persons having an interest in property located in the downtown district. Not less than 1 of the members shall be a resident of the downtown district, if the downtown district has 100 or more persons residing within it. Of the members first appointed, an equal number of the members, as near as is practicable, shall be appointed for 1 year, 2 years, 3 years, and 4 years. A member shall hold office until the member's successor is appointed. Thereafter, each member shall serve for a term of 4 years. An appointment to fill a vacancy shall be made by the chief executive officer of the municipality for the unexpired term only. Members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses. The chairperson of the board shall be elected by the board.

(2) Before assuming the duties of office, a member shall qualify by taking and subscribing to the constitutional oath of office.

(3) The business which the board may perform shall be conducted at a public meeting of the board held in compliance with the open meetings act, Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws. Public notice of the time, date, and place of the meeting shall be given in the manner required by Act No. 267 of the Public Acts of 1976. The board shall adopt rules consistent with Act No. 267 of the Public Acts of 1976 governing its procedure and the holding of regular meetings, subject to the approval of the governing body. Special meetings may be held if called in the manner provided in the rules of the board.

(4) Pursuant to notice and after having been given an opportunity to be heard, a member of the board may be removed for cause by the governing body. Removal of a member is subject to review by the circuit court.

(5) All expense items of the authority shall be publicized monthly and the financial records shall always be open to the public.

(6) In addition to the items and records prescribed in subsection (5), a writing prepared, owned, used, in the possession of, or retained by the board in the performance of an official function shall be made available to the public in compliance with the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

(7) By resolution of its governing body, a municipality having more than 1 authority may establish a single board to govern all authorities in the municipality. The governing body may designate the board of an existing authority as the board for all authorities or may establish by resolution a new board in the same manner as provided in subsection (1). A member of a board governing more than 1 authority may be a resident of or have an interest in property in any of the downtown districts controlled by the board in order to meet the requirements of this section.

(8) By ordinance, the governing body of a municipality that has a population of less than 5,000 may have the municipality's planning commission created pursuant to Act No. 285 of the Public Acts of 1931, being sections 125.31 to 125.45 of the Michigan Compiled Laws, serve as the board provided for in subsection (1).

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1978, Act 521, Imd. Eff. Dec. 20, 1978;—Am. 1985, Act 159, Imd. Eff. Nov. 15,

1985;—Am. 1987, Act 66, Imd. Eff. June 25, 1987.

**125.1655 Director, acting director, treasurer, secretary, legal counsel, and other personnel. [M.S.A. 5.3010(5)]**

**Sec. 5. (1)** The board may employ and fix the compensation of a director, subject to the approval of the governing body of the municipality. The director shall serve at the pleasure of the board. A member of the board is not eligible to hold the position of director. Before entering upon the duties of his office, the director shall take and subscribe to the constitutional oath, and furnish bond, by posting a bond in the penal sum determined in the ordinance establishing the authority payable to the authority for use and benefit of the authority, approved by the board, and filed with the municipal clerk. The premium on the bond shall be deemed an operating expense of the authority, payable from funds available to the

authority for expenses of operation. The director shall be the chief executive officer of the authority. Subject to the approval of the board, the director shall supervise, and be responsible for, the preparation of plans and the performance of the functions of the authority in the manner authorized by this act. The director shall attend the meetings of the board, and shall render to the board and to the governing body of the municipality a regular report covering the activities and financial condition of the authority. If the director is absent or disabled, the board may designate a qualified person as acting director to perform the duties of the office. Before entering upon the duties of his office, the acting director shall take and subscribe to the oath, and furnish bond, as required of the

director. The director shall furnish the board with information or reports governing the operation of the authority as the board requires.

(2) The board may employ and fix the compensation of a treasurer, who shall keep the financial records of the authority and who, together with the director, shall approve all vouchers for the expenditure of funds of the authority. The treasurer shall perform such other duties as may be delegated to him by the board and shall furnish bond in an amount as prescribed by the board.

(3) The board may employ and fix the compensation of a secretary, who shall maintain custody of the official seal and of records, books, documents, or other papers not required to be maintained by the treasurer. The secretary shall attend meetings of the board and keep a record of its proceedings, and shall perform such other duties delegated by the board.

(4) The board may retain legal counsel to advise the board in the proper performance of its duties. The legal counsel shall represent the authority in actions brought by or against the authority.

(5) The board may employ other personnel deemed necessary by the board.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

#### **125.1656 Participation of employees in municipal retirement and insurance programs. [M.S.A. 5.3010(6)]**

**Sec. 6.** The employees of an authority shall be eligible to participate in municipal retirement and insurance programs of the municipality as if they were civil service employees except that the employees of an authority are not civil service employees.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

#### **125.1657 Powers of board. [M.S.A. 5.3010(7)]**

**Sec. 7.** The board may:

- (a) Prepare an analysis of economic changes taking place in the downtown district.
- (b) Study and analyze the impact of metropolitan growth upon the downtown district.
- (c) 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 downtown district.
- (d) 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 promulgated under the state construction code act of 1972, Act No. 230 of the Public Acts of 1972, being sections 125.1501 to 125.1531 of the Michigan Compiled Laws.
- (e) Develop long-range plans, in cooperation with the agency which is chiefly responsible for planning in the municipality, designed to halt the deterioration of property values in the downtown district and to promote the economic growth of the downtown district, and take such steps as may be necessary to persuade property owners to implement the plans to the fullest extent possible.
- (f) Implement any plan of development in the downtown district necessary to achieve the purposes of this act, in accordance with the powers of the authority as granted by this act.
- (g) Make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties.
- (h) Acquire by purchase or otherwise, on terms and conditions and in a manner the authority deems proper or own, convey, or otherwise dispose of, or lease as lessor or lessee, land and other property, real or personal, or rights or interests therein, which the authority determines is reasonably necessary to achieve the purposes of this act, and to grant or acquire licenses, easements, and options with respect thereto.
- (i) 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 thereto, within the downtown district for the use, in whole or in part, of any public or private person or corporation, or a combination thereof.
- (j) Fix, charge, and collect fees, rents, and charges for the use of any building or property under its control or any part thereof, or facility therein, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority.
- (k) Lease any building or property under its control, or any part thereof.
- (l) Accept grants and donations of property, labor, or other things of value from a public or private source.
- (m) Acquire and construct public facilities.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1985, Act 221, Imd. Eff. Jan. 10, 1986.

#### **125.1659 Authority as instrumentality of political subdivision. [M.S.A. 5.3010(9)]**

**Sec. 9.** The authority shall be deemed an instrumentality of a political subdivision for purposes of Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1660 Taking, transfer, and use of private property. [M.S.A. 5.3010(10)]**

**Sec. 10.** A municipality may take private property under Act No. 149 of the Public Acts of 1911, as amended, being sections 213.21 to 213.41 of the Michigan Compiled Laws, for the purpose of transfer to the authority, and may transfer the property to the authority for use in an approved development, on terms and conditions it deems appropriate, and the taking, transfer, and use shall be considered necessary for public purposes and for the benefit of the public.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1661 Financing activities of authority; disposition of money received by authority; municipal obligations. [M.S.A. 5.3010(11)]**

**Sec. 11.** (1) The activities of the authority shall be financed from 1 or more of the following sources:

- (a) Donations to the authority for the performance of its functions.
- (b) Proceeds of a tax imposed pursuant to section 12.
- (c) Money borrowed and to be repaid as authorized by sections 13 and 13a.
- (d) Revenues from any property, building, or facility owned, leased, licensed, or operated by the authority or under its control, subject to the limitations imposed upon the authority by trusts or other agreements.
- (e) Proceeds of a tax increment financing plan, established under sections 14 to 16.
- (f) Proceeds from a special assessment district created as provided by law.
- (g) Money obtained from other sources approved by the governing body of the municipality or otherwise authorized by law for use by the authority or the municipality to finance a development program.
- (h) Money obtained pursuant to section 13b.
- (i) Revenue from the federal facility development act, Act No. 275 of the Public Acts of 1992, being sections 3.931 to 3.940 of the Michigan Compiled Laws, or revenue transferred pursuant to section 11a of chapter 2 of the city income tax act, Act No. 284 of the Public Acts of 1964, being section 141.611a of the Michigan Compiled Laws.
- (j) Revenue from the federal data facility act, Act No. 126 of the Public Acts of 1993, being sections 3.951 to 3.961 of the Michigan Compiled Laws, or revenue transferred pursuant to section 11b of chapter 2 of the city income tax act, Act No. 284 of the Public Acts of 1964, being section 141.611b of the Michigan Compiled Laws.

(2) Money received by the authority and not covered under subsection (1) shall immediately be deposited to the credit of the authority, subject to disbursement pursuant to this act. Except as provided in this act, the municipality shall not obligate itself, nor shall it ever be obligated to pay any sums from public funds, other than money received by the municipality pursuant to this section, for or on account of the activities of the authority.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1981, Act 34, Imd. Eff. May 11, 1981;—Am. 1992, Act 279, Imd. Eff. Dec. 18, 1992;—Am. 1993, Act 122, Imd. Eff. July 20, 1993;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

**125.1662 Ad valorem tax; borrowing in anticipation of collection. [M.S.A. 5.3010(12)]**

**Sec. 12.** (1) An authority with the approval of the municipal governing body may levy an ad valorem tax on the real and tangible personal property not exempt by law and as finally equalized in the downtown district. The tax shall not be more than 1 mill if the downtown district is in a municipality having a population of 1,000,000 or more, or not more than 2 mills if the downtown district is in a municipality having a population of less than 1,000,000. The tax shall be collected by the municipality creating the authority levying the tax. The municipality shall collect the tax at the same time and in the same manner as it collects its other ad valorem taxes. The tax shall be paid to the treasurer of the authority and credited to the general fund of the authority for purposes of the authority.

(2) The municipality may at the request of the authority borrow money and issue its notes therefore pursuant to the municipal finance act, Act No. 202 of the Public Acts of 1943, as amended, being sections 131.1 to 138.2 of the Michigan Compiled Laws, in anticipation of collection of the ad valorem tax authorized in this section.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1983, Act 86, Imd. Eff. June 16, 1983.

**125.1663 Revenue bonds. [M.S.A. 5.3010(13)]**

**Sec. 13.** The authority may borrow money and issue its negotiable revenue bonds therefore pursuant to Act No. 94 of the Public Acts of 1933, as amended, being sections 141.101 to 141.139 of the Michigan Compiled Laws. Revenue bonds issued by the authority shall not except as hereinafter provided be deemed a debt of the municipality or the state. The municipality by majority vote of the members of its governing body may pledge its full faith and credit to support the authority's revenue bonds.



History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1664 Tax increment financing plan; preparation and contents; limitation; definition; public hearing; fiscal and economic implications; recommendations; agreements; modification of plan. [M.S.A. 5.3010(14)]**

**Sec. 14.** (1) When the authority determines that it is necessary for the achievement of the purposes of this act, the authority shall prepare and submit a tax increment financing plan to the governing body of the municipality. The plan shall include a development plan as provided in section 17, a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred, and the duration of the program, and shall be in compliance with section 15. The plan shall contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located. The plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the authority shall be clearly stated in the tax increment financing plan. The authority or municipality may exclude from captured assessed value growth in property value resulting solely from inflation. The plan shall set forth the method for excluding growth in property value resulting solely from inflation.

(2) The percentage of taxes levied for school operating purposes that is captured and used by the tax increment financing plan shall not be greater than the plan's percentage capture and use of taxes levied by a municipality or county for operating purposes. For purposes of the previous sentence, taxes levied by a county for operating purposes include only millage allocated for county or charter county purposes under the property tax limitation act, Act No. 62 of the Public Acts of 1933, being sections 211.201 to 211.217a of the Michigan Compiled Laws. For purposes of this subsection, tax increment revenues used to pay bonds issued by a municipality under section 16(1) shall be considered to be used by the tax increment financing plan rather than shared with the municipality. The limitation of this subsection does not apply to the portion of the captured assessed value shared pursuant to an agreement entered into before 1989 with a county or with a city in which an enterprise zone is approved under section 13 of the enterprise zone act, Act No. 224 of the Public Acts of 1985, being section 125.2113 of the Michigan Compiled Laws.

(3) Approval of the tax increment financing plan shall be pursuant to the notice, hearing, and disclosure provisions of section 18. If the development plan is part of the tax increment financing plan, only 1 hearing and approval procedure is required for the 2 plans together.

(4) Before the public hearing on the tax increment financing plan, the governing body shall provide a reasonable opportunity to the taxing jurisdictions levying taxes subject to capture to meet with the governing body. The authority shall fully inform the taxing jurisdictions of the fiscal and economic implications of the proposed development area. The taxing jurisdictions may present their recommendations at the public hearing on the tax increment financing plan. The authority may enter into agreements with the taxing jurisdictions and the governing body of the municipality in which the development area is located to share a portion of the captured assessed value of the district.

(5) A tax increment financing plan may be modified if the modification is approved by the governing body upon notice and after public hearings and agreements as are required for approval of the original plan.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1979, Act 26, Imd. Eff. June 6, 1979;—Am. 1981, Act 34, Imd. Eff. May 11, 1981;—Am. 1986, Act 229, Imd. Eff. Oct. 1, 1986;—Am. 1988, Act 425, Imd. Eff. Dec. 27, 1988;—Am. 1989, Act 108, Imd. Eff. June 23, 1989;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

Compiler's note: Section 2 of Act 425 of 1988 provides: "This amendatory act is effective beginning with taxes levied in 1989. However, for taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were received by an authority are validated."

**125.1665 Transmitting and expending tax increments revenues; reversion of surplus funds; abolition of tax increment financing plan; conditions; annual report on status of tax increment financing account; contents; publication. [M.S.A. 5.3010(15)]**

**Sec. 15.** (1) The municipal and county treasurers shall transmit to the authority tax increment revenues.

(2) The authority shall expend the tax increment revenues received for the development program only pursuant to the tax increment financing plan. Surplus funds shall revert proportionately to the respective taxing bodies. These revenues shall not be used to circumvent existing property tax limitations. The governing body of the municipality may abolish the tax increment financing plan when it finds that the purposes for which it was established are accomplished. However, the tax increment financing plan shall not be abolished until the principal of, and interest on, bonds issued pursuant to section 16 have been paid or funds sufficient to make the payment have been segregated.

(3) Annually the authority shall submit to the governing body of the municipality and the state tax commission a report on the status of the tax increment financing account. The report shall be published in a newspaper of general circulation in the municipality and shall include the following:

- (a) The amount and source of revenue in the account.
- (b) The amount in any bond reserve account.
- (c) The amount and purpose of expenditures from the account.
- (d) The amount of principal and interest on any outstanding bonded indebtedness.
- (e) The initial assessed value of the project area.

- (f) The captured assessed value retained by the authority.
- (g) The tax increment revenues received.
- (h) The number of jobs created as a result of the implementation of the tax increment financing plan.
- (i) Any additional information the governing body or the state tax commission considers necessary.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1979, Act 26, Imd. Eff. June 6, 1979;—Am. 1981, Act 34, Imd. Eff. May 11, 1981;—Am. 1986, Act 229, Imd. Eff. Oct. 1, 1986;—Am. 1988, Act 425, Imd. Eff. Dec. 27, 1988;—Am. 1992, Act 279, Imd. Eff. Dec. 18, 1992;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

**Compiler's note:** Section 2 of Act 425 of 1988 provides: "This amendatory act is effective beginning with taxes levied in 1989. However, for taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were received by an authority are validated."

**125.1666 General obligation bonds and tax increment bonds; qualified refunding obligation. [M.S.A. 5.3010(16)]**

**Sec. 16.** (1) The municipality may by resolution of its governing body authorize, issue, and sell general obligation bonds subject to the limitations set forth in this subsection to finance the development program of the tax increment financing plan or to refund bonds issued under this section and shall pledge its full faith and credit for the payment of the bonds. The municipality may pledge as additional security for the bonds any money received by the authority or the municipality pursuant to section 11. The bonds shall mature in not more than 30 years and shall be subject to the municipal finance act, Act No. 202 of the Public Acts of 1943, being sections 131.1 to 139.3 of the Michigan Compiled Laws. Before the municipality may authorize the borrowing, the authority shall submit an estimate of the anticipated tax increment revenues and other revenue available under section 11 to be available for payment of principal and interest on the bonds, to the governing body of the municipality. This estimate shall be approved by the governing body of the municipality by resolution adopted by majority vote of the members of the governing body in the resolution authorizing the bonds. If the bonds are approved by the department of treasury in those instances in which an exception to prior approval is not available under section 11 of chapter III of Act No. 202 of the Public Acts of 1943, being section 133.11 of the Michigan Compiled Laws, or if the governing body of the municipality adopts the resolution authorizing the bonds and prior approval of the department of treasury is not required pursuant to section 11 of chapter III of Act No. 202 of the Public Acts of 1943, the estimate of the anticipated tax increment revenues and other revenue available under section 11 to be available for payment of principal and interest on the bonds shall be conclusive for purposes of this section. The bonds issued under this subsection shall be considered a single series for the purposes of Act No. 202 of the Public Acts of 1943.

(2) By resolution of its governing body, the authority may authorize, issue, and sell tax increment bonds subject to the limitations set forth in this subsection to finance the development program of the tax increment financing plan or to refund or refund in advance obligations issued under this act. The tax increment bonds issued by the authority under this subsection shall pledge solely the tax increment revenues of a development area in which the project is located or a development area from which tax increment revenues may be used for this project, or both. In addition or in the alternative, the bonds issued by the authority pursuant to this subsection may be secured by any other revenues identified in

section 11 as sources of financing for activities of the authority that the authority shall specifically pledge in the resolution. However, the full faith and credit of the municipality shall not be pledged to secure bonds issued pursuant to this subsection. The bonds shall mature in not more than 30 years and shall bear interest and be payable upon the terms and conditions determined by the authority in the resolution approving the bonds and shall be sold at public or private sale by the authority. The bond issue may include a sum sufficient to pay interest on the tax increment bonds until full development of tax increment revenues from the project and also a sum to provide a reasonable reserve for payment of principal and interest on the bonds. The resolution authorizing the bonds shall create a lien on the tax increment revenues and other revenues pledged by the resolution that shall be a statutory lien and shall be a first lien subject only to liens previously created. The resolution may provide the terms upon which additional bonds may be issued of equal standing and parity of lien as to the tax increment revenues and other revenues pledged under the resolution. Except for the requirement of Act No. 202 of the Public Acts of 1943 that the authority receive the approval or an exception from approval from the department of treasury prior to the issuance of bonds under this subsection, the terms of Act No. 202 of the Public Acts

of 1943 shall not apply to bonds issued pursuant to this subsection that pledge revenue received pursuant to section 11 for repayment of the bonds.

(3) Notwithstanding any other provision of this act, if the state treasurer determines that an authority or municipality can issue a qualified refunding obligation and the authority or municipality does not make a good faith effort to issue the qualified refunding obligation as determined by the state treasurer, the state treasurer may reduce the amount claimed by the authority or municipality under section 13b by an amount equal to the net present value saving that would have been realized had the authority or municipality refunded the obligation or the state treasurer may require a reduction in the capture of tax increment revenues from taxes levied by a local or intermediate school district or this state by an amount equal to the net present value savings that would have been realized had the authority or municipality refunded the obligation. This subsection does not authorize the state treasurer to require the authority or municipality to pledge security greater than the security pledged for the obligation being refunded.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1981, Act 34, Imd. Eff. May 11, 1981;—Am. 1983, Act 34, Imd. Eff. May 10, 1983;—Am. 1985, Act 159, Imd. Eff. Nov. 15, 1985;—Am. 1992, Act 279, Imd. Eff. Dec. 18, 1992;—Am. 1993, Act 122, Imd. Eff. July 20, 1993;—Am. 1993, Act 323, Eff. Mar. 15, 1994;—Am. 1996, Act 269, Imd. Eff. June 12, 1996.

**125.1667 Development plan; preparation; contents; improvements related to qualified facility. [M.S.A. 5.3010(17)]**

**Sec. 17.** (1) When a board decides to finance a project in the downtown district by the use of revenue bonds as authorized in section 13 or tax increment financing as authorized in sections 14, 15, and 16, it shall prepare a development plan.

(2) The development plan shall contain all of the following:

- (a) The designation of boundaries of the development area in relation to highways, streets, streams, or otherwise.
- (b) The location and extent of existing streets and other public facilities within the development area, shall designate the location, character, and extent of the categories of public and private land uses then existing and proposed for the development area, including residential, recreational, commercial, industrial, educational, and other uses, and shall include a legal description of the development area.
- (c) A description of existing improvements in the development area to be demolished, repaired, or altered, a description of any repairs and alterations, and an estimate of the time required for completion.
- (d) The location, extent, character, and estimated cost of the improvements including rehabilitation contemplated for the development area and an estimate of the time required for completion.
- (e) A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.
- (f) A description of any parts of the development area to be left as open space and the use contemplated for the space.
- (g) A description of any portions of the development area that the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms.
- (h) A description of desired zoning changes and changes in streets, street levels, intersections, or utilities.
- (i) An estimate of the cost of the development, a statement of the proposed method of financing the development, and the ability of the authority to arrange the financing.
- (j) Designation of the person or persons, natural or corporate, to whom all or a portion of the development is to be leased, sold, or conveyed in any manner and for whose benefit the project is being undertaken if that information is available to the authority.
- (k) The procedures for bidding for the leasing, purchasing, or conveying in any manner of all or a portion of the development upon its completion, if there is no express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed in any manner to those persons.
- (l) Estimates of the number of persons residing in the development area and the number of families and individuals to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a development plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those units in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displaced families and individuals.
- (m) A plan for establishing priority for the relocation of persons displaced by the development in any new housing in the development area.
- (n) Provision for the costs of relocating persons displaced by the development and financial assistance and reimbursement of expenses, including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the federal uniform relocation assistance and real property acquisition policies act of 1970, being Public Law 91-646, 42 U.S.C. sections 4601, et seq.
- (o) A plan for compliance with Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.
- (p) Other material that the authority, local public agency, or governing body considers pertinent.

(3) A development plan may provide for improvements related to a qualified facility, as defined in the federal facility development act, Act No. 275 of the Public Acts of 1992, being sections 3.931 to 3.940 of the Michigan Compiled Laws, that is located outside of the boundaries of the development area but within the district, including the cost of construction, renovation, rehabilitation, or acquisition of that qualified facility or of public facilities and improvements related to that qualified facility.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1992, Act 279, Imd. Eff. Dec. 18, 1992;—Am. 1993, Act 122, Imd. Eff. July 20, 1993.

**125.1668 Ordinance approving development plan or tax increment financing plan; public hearing; notice; record. [M.S.A. 5.3010(18)]**

**Sec. 18.** (1) The governing body, before adoption of an ordinance approving a development plan or tax increment financing plan, shall hold a public hearing on the development plan. Notice of the time and place of the hearing shall be given by publication twice in a newspaper of general circulation designated by the municipality, the first of which shall be not less than 20 days before the date set for the hearing. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the downtown district not less than 20 days before the hearing. Notice shall also be mailed to all property taxpayers of record in the downtown district not less than 20 days before the hearing.

(2) Notice of the time and place of hearing on a development plan shall contain: a description of the proposed development area in relation to highways, streets, streams, or otherwise; a statement that maps, plats, and a description of the development plan, including the method of relocating families and individuals who may be displaced from the area, are available for public inspection at a place designated in the notice, and that all aspects of the development plan will be open for discussion at the public hearing; and other information that the governing body deems appropriate. At the time set for hearing, the governing body shall provide an opportunity for interested persons to be heard and shall receive and consider communications in writing with reference thereto. The hearing shall provide the fullest opportunity for expression of opinion, for argument on the merits, and for introduction of documentary evidence pertinent to the development plan. The governing body shall make and preserve a record of the public hearing, including all data presented thereat.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1669 Development plan or tax increment financing plan as constituting public purpose; determination; ordinance; considerations. [M.S.A. 5.3010(19)]**

**Sec. 19.** (1) The governing body after a public hearing on the development plan or the tax increment financing plan, or both, with notice thereof given in accordance with section 18, shall determine whether the development plan or tax increment financing plan constitutes a public purpose. If it determines that the development plan or tax increment financing plan constitutes a public purpose, it shall then approve or reject the plan, or approve it with modification, by ordinance based on the following considerations:

- (a) The findings and recommendations of a development area citizens council, if a development area citizens council was formed.
- (b) The plan meets the requirements set forth in section 17 (2).
- (c) The proposed method of financing the development is feasible and the authority has the ability to arrange the financing.
- (d) The development is reasonable and necessary to carry out the purposes of this act.
- (e) The land included within the development area to be acquired is reasonably necessary to carry out the purposes of the plan and of this act in an efficient and economically satisfactory manner.
- (f) The development plan is in reasonable accord with the master plan of the municipality.
- (g) Public services, such as fire and police protection and utilities, are or will be adequate to service the project area.
- (h) Changes in zoning, streets, street levels, intersections, and utilities are reasonably necessary for the project and for the municipality.

(2) Amendments to an approved development plan or tax increment plan must be submitted by the authority to the governing body for approval or rejection.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1670 Notice to vacate. [M.S.A. 5.3010(20)]**

**Sec. 20.** A person to be relocated under this act shall be given not less than 90 days' written notice to vacate unless modified by court order for good cause.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1671 Development area citizens council; establishment; appointment and qualifications of members; representative of development area. [M.S.A. 5.3010(21)]**

**Sec. 21.** (1) If a proposed development area has residing within it 100 or more residents, a development area citizens council shall be established at least 90 days before the public hearing on the development or tax increment financing plan. The development area citizens council shall be established by the governing body and shall consist of not less than 9 members. The members of the development area citizens council shall be residents of the development area and shall be appointed by the governing body. A member of a development area citizens council shall be at least 18 years of age.

(2) A development area citizens council shall be representative of the development area.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1672 Development area citizens council; advisory body. [M.S.A. 5.3010(22)]**

**Sec. 22.** A development area citizens council established pursuant to this act shall act an advisory body to the authority and the governing body in the adoption of the development or tax increment financing plans.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1673 Consultation. [M.S.A. 5.3010(23)]**

**Sec. 23.** Periodically a representative of the authority responsible for preparation of a development or tax increment financing plan within the development area shall consult with and advise the development area citizens council regarding the aspects of a development plan, including the development of new housing for relocation purposes located either inside or outside of the development area. The consultation shall begin before any final decisions by the authority and the governing body regarding a development or tax increment financing plan. The consultation shall continue throughout the preparation and implementation of the development or tax increment financing plan.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1674 Development area citizens council; meetings; notice; record; information and technical assistance; failure to organize, consult, or advise. [M.S.A. 5.3010(24)]**

**Sec. 24. (1)** Meetings of the development area citizens council shall be open to the public. Notice of the time and place of the meetings shall be given by publication in a newspaper of general circulation not less than 5 days before the dates set for meetings of the development area citizens council. A person present at those meetings shall have reasonable opportunity to be heard.

(2) A record of the meetings of a development area citizens council, including information and data presented, shall be maintained by the council.

(3) A development area citizens council may request of and receive from the authority information and technical assistance relevant to the preparation of the development plan for the development area.

(4) Failure of a development area citizens council to organize or to consult with and be advised by the authority, or failure to advise the governing body, as provided in this act, shall not preclude the adoption of a development plan by a municipality if the municipality complies with the other provisions of this act.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1675 Citizens district council as development area citizens council. [M.S.A. 5.3010(25)]**

**Sec. 25.** In a development area where a citizens district council established according to Act No. 344 of the Public Acts of 1945, as amended, being sections 125.71 to 125.84 of the Michigan Compiled Laws, already exists the governing body may designate it as the development area citizens council authorized by this act.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1676 Notice of findings and recommendations. [M.S.A. 5.3010(26)]**

**Sec. 26.** Within 20 days after the public hearing on a development or tax increment financing plan, the development area citizens council shall notify the governing body, in writing, of its findings and recommendations concerning a proposed development plan.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1677 Development area citizens council; dissolution. [M.S.A. 5.3010(27)]**

**Sec. 27.** A development area citizens council may not be required and, if formed, may be dissolved in any of the following situations:

(a) On petition of not less than 20% of the adult resident population of the development area by the last federal decennial or municipal census, a governing body, after public hearing with notice thereof given in accordance with section 18 and by a 2/3 vote, may adopt an ordinance for the development area to eliminate the necessity of a development area citizens council.

(b) When there are less than 18 residents, real property owners, or representatives of establishments located in the development area eligible to serve on the development area citizens council.

(c) Upon termination of the authority by ordinance of the governing body.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1678 Budget; cost of handling and auditing funds. [M.S.A. 5.3010(28)]**

**Sec. 28. (1)** The director of the authority shall prepare and submit for the approval of the board a budget for the operation of the authority for the ensuing fiscal year. The budget shall be prepared in the manner and contain the information required of municipal departments. Before the budget may be adopted by the board, it shall be approved by the governing body of the municipality. Funds of the municipality shall not be included in the budget of the authority except those funds authorized in this act or by the governing body of the municipality.

(2) The governing body of the municipality may assess a reasonable pro rata share of the funds for the cost of handling and auditing the funds against the funds of the authority, other than those committed, which cost shall be paid annually by the board pursuant to an appropriate item in its budget.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1679 Historic sites. [M.S.A. 5.3010(29)]**

**Sec. 29.** (1) A public facility, building, or structure which is determined by the municipality to have significant historical interests shall be preserved in a manner as deemed necessary by the municipality in accordance with laws relative to the preservation of historical sites.

(2) An authority shall refer all proposed changes to the exterior of sites listed on the state register of historic sites and the national register of historic places to the applicable historic district commission created under Public Act No. 169 of the Public Acts of 1970, being sections 399.201 to 399.212 of the Michigan Compiled Laws, or the secretary of state for review.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975.

**125.1680 Dissolution of authority; disposition of property and assets; reinstatement of authority; contesting validity of proceedings, findings, and determinations. [M.S.A. 5.3010(30)]**

**Sec. 30.** (1) An authority that has completed the purposes for which it was organized shall be dissolved by ordinance of the governing body. The property and assets of the authority remaining after the satisfaction of the obligations of the authority belong to the municipality.

(2) An authority established under this act before December 31, 1988, that is dissolved by ordinance of the governing body before September 30, 1990 and that is reinstated by ordinance of the governing body after notice and public hearing as provided in section 3(2) shall not be invalidated pursuant to a claim that, based upon the standards set forth in section 3(1), a governing body improperly determined that the necessary conditions existed for the reinstatement of an authority under the act if at the time the governing body established the authority the governing body determined or could have determined that the necessary conditions existed for the establishment of an authority under this act or could have determined that establishment of an authority under this act would serve to promote economic growth and notwithstanding that the boundaries of the downtown district are altered at the time of reinstatement of the authority.

(3) In the resolution of intent, the municipality shall set a date for the holding of a public hearing on the adoption of a proposed ordinance reinstating the authority. The procedure for publishing the notice of hearing, holding the hearing, and adopting the ordinance reinstating the authority shall be as provided in section 3(2), (4), and (5).

(4) The validity of the proceedings, findings, and determinations reinstating an authority shall be conclusive unless contested in a court of competent jurisdiction within 60 days after the last of the following occurs:

- (a) Publication of the ordinance reinstating the authority as adopted.
- (b) Filing of the ordinance reinstating the authority with the secretary of state.
- (c) May 27, 1993.

**History:** 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1993, Act 42, Imd. Eff. May 27, 1993;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

Rendered 05/30/2001 2:25:42 PM Page 21 MCL Complete Through PA 5 of 2001. Courtesy of [www.MichiganLegislature.Org](http://www.MichiganLegislature.Org) © 2001 Legislative Council, State of Michigan

**RESOLUTION AUTHORIZING SUMMARY PUBLICATION OF ORDINANCE NO. 26-03  
AMENDING ORDINANCE NO. 55-82 OF THE CITY OF ANN ARBOR WITH THE  
ADOPTION OF THE MARCH 5, 2003 DEVELOPMENT PLAN AND TAX INCREMENT  
FINANCING PLAN FOR THE ANN ARBOR DOWNTOWN DEVELOPMENT DISTRICT  
BEING NEW SECTION 1:158 AND SECTION 1:589 OF TITLE I OF THE CODE OF  
THE CITY OF ANN ARBOR**

Whereas, Section 7.4 of the City Charter authorizes the publication by summary of ordinances over 500 words in length;

RESOLVED, That Ordinance No. 26-03 be published by the following summary:

Ordinance No. 26-03 amends the City Code by amending the Ordinance No. 55-82 of the City Ann Arbor with the adoption of the March 5, 2003 Development Plan and Tax Increment Financing Plan for the Ann Arbor Downtown Development District with new Sections 1:158 and 1:159 of Title I of the Code of the City of Ann Arbor. The new ordinance sections adopt findings and recommendations that the March 5, 2003 Development Plan and Tax Increment Financing Plan amending the October 26, 1982 Development Plan and Tax Increment Financing Plan constitutes a continuing public purpose and that the proposed developments are reasonable and necessary and that the Ann Arbor Downtown Development Authority has the ability to arrange financing to support the accomplishment of the proposed developments all of which are within the purposes of Act 197 of Public Acts of 1975, as amended being the Downtown Development Act of Michigan.

The complete text of this ordinance is available for inspection at the City Clerk's office on the 2nd floor of the Guy C. Larcom Municipal Building, 100 N. Fifth Ave., Ann Arbor.

Submitted by: DDA  
Date: September 15, 2003

**Ordinance To Amend Ordinance No. 55-82 of the City of Ann Arbor with the Adoption of the March 5, 2003 Development Plan and Tax Increment Financing Plan for the Ann Arbor Downtown Development District as Prepared and Approved by the Ann Arbor Downtown Development Authority Being New Section 1:158 and Section 1:589 of Title I of the Code of the City of Ann Arbor.**

The City of Ann Arbor ordains:

Section 1: Section 1 of Ordinance No. 55-82 is hereby amended to read as follows:

Section 1:158      Preliminary Findings:

- (a) That a public hearing was held on the proposed March 5, 2003 Development Plan and Tax Increment Financing Plan for the Downtown District, amending the October 26, 1982 Development Plan and Tax Increment Financing Plan, following the giving of notice thereof, all in accordance with Act 197 of the Public Acts of 1975, as amended.
- (b) That findings and recommendations of a development area citizens council have considered and have provided a source of plan input.
- (c) That the proposed March 5, 2003 Development Plan and Tax Increment Financing Plan amending the October 26, 1982 Development Plan and Tax Increment Financing Plan meets the requirements set forth in Act 197 of the Public Acts of 1975, as amended.
- (d) That the proposed method of financing the proposed developments identified March 5, 2003 Development Plan and Tax Increment Financing Plan are feasible and the Downtown Development Authority of the City of Ann Arbor has the ability to arrange the financing.
- (e) That the proposed developments identified in the March 5, 2003 Development Plan and Tax Increment Financing Plan are reasonable and necessary to carry out the purposes of Act 197 of the Public Acts of 1975, as amended.
- (f) That any land included within the proposed development district which is deemed necessary to be acquired is reasonably necessary to carry out the purposes of the plan and of Act 197 of Public Acts of 1975, as amended, in an efficient and economically satisfactory manner.



- (g) That the proposed March 5, 2003 Development Plan amending the October 26, 1982 Development Plan has been reviewed by the City Planning Commission and found to be in reasonable accord with the adopted plans of the City of Ann Arbor.
- (h) That public services, such as fire and police protection and utilities, are or will be adequate to service the proposed district.
- (i) That change in zoning, streets, street levels, intersections and utilities are reasonably necessary for the proposed project and for the City of Ann Arbor.

Section 2: Section 2 of Ordinance 55-82 is amended to read as follows:

Section 1:589      Findings and Determination:

- (a) That based on the foregoing findings, it is hereby held and determined that the March 5, 2003 Development Plan and Tax Increment Financing Plan amending the October 26, 1982 Development Plan and Tax Increment Financing Plan for the Downtown District constitutes a continuing public purpose.
- (b) That the March 5, 2003 Development Plan and Tax Increment Financing Plan amending the October 26, 1982 Development Plan and Tax Increment Financing Plan for the Downtown Development District is hereby approved.

Section 3: Effective Date: This ordinance approving the March 5, 2003 Development Plan and Tax Increment Financing Plan amending the October 26, 1982 Development Plan and Tax Increment Financing Plan for the Downtown Development District is hereby determined to be immediately necessary for the preservation of health, welfare and safety and shall become effective immediately upon publication.

Approved September 15, 2003

