

# ANNUAL REPORT | JULY 2011

ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY





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The State of Michigan passed the Downtown Development Authority Act (PA 197 of 1975) to give municipalities a tool for combatting downtown decline and promoting economic growth. The City of Ann Arbor created the Ann Arbor Downtown Development Authority (DDA) (ordinance No 14-82) in 1982 and renewed it in 2003. Over its history, the DDA has been a significant and influential catalyst for the revitalization of downtown Ann Arbor.

The Ann Arbor DDA created this Annual Report in June 2011 to serve as a tool to track the DDA's work and inform the public about the DDA's impact in the downtown. This report evaluates information tracked on a fiscal year basis - from July to June, unless otherwise noted.

## WELCOME

Welcome to the June 2011 Ann Arbor DDA Annual Report. Since the DDA's creation in 1982, it has been a significant 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 ongoing awareness of national trends and issues, the DDA is helping to support downtown's transition from a daytime retail-based district to a diverse center of activity and commerce that supports Michigan's emerging new economy.

The DDA uses its resources, expertise, and passionate volunteer board to work toward important community goals and address challenges. The downtown has changed a great deal in the past 20 years and so have the priorities and needs of the community. But what has remained constant is that downtown continues to face many new and recurrent challenges. The Ann Arbor DDA remains ever-vigilant, working to address these challenges.

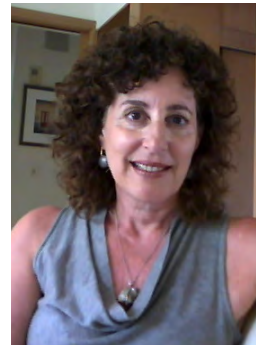
As stated by the International Downtown Association,

"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. We are proud to be part of the DDA and advocating on behalf of our wonderful downtown. We hope you'll join us.



**Susan Pollay**  
DDA Executive Director



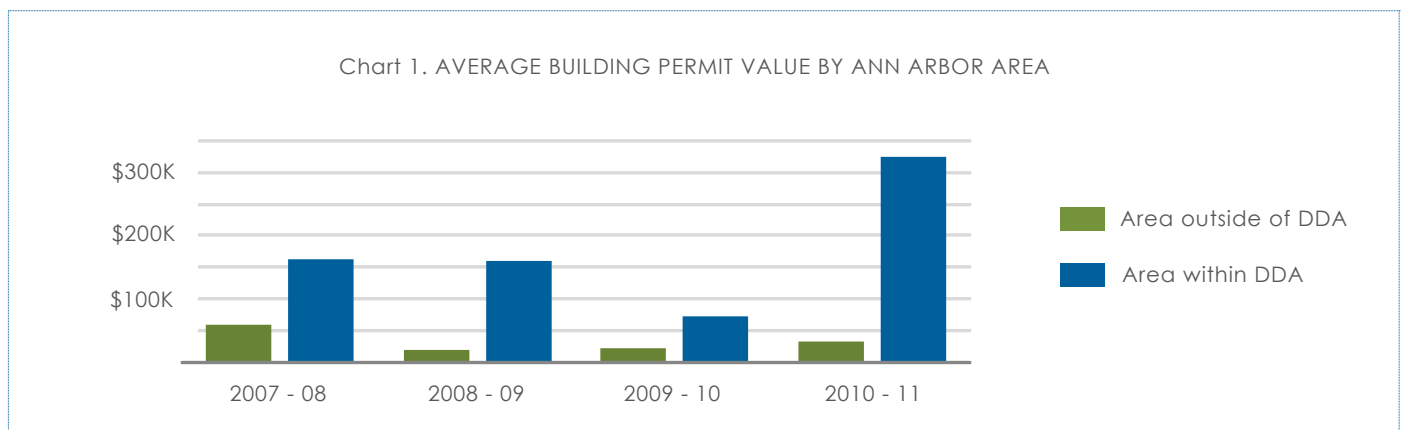
**Joan Lowenstein**  
DDA Board Chair

*Susan Pollay* and *Joan Lowenstein*

DDAs were created by the State of Michigan as a tool to counteract central city decline and ensure that the heart of our cities and regions receive careful stewardship and long-term consideration. Since the Ann Arbor Downtown Development Authority's (DDA's) inception in 1982, it has worked continuously to meet its mission: **to undertake public improvements that have the greatest impact in strengthening the downtown area and attracting new private investments.**

Over the past 28 years, the DDA has invested in downtown infrastructure, buildings, and public spaces--providing the framework for increased sidewalk activity, a vibrant social scene, and a greater quality of life. With the commitment, clear focus and perseverance of the DDA, significant private investments have been made in the downtown, the residential population increased, and the tax base expanded. Over the same period as the DDA's efforts:

- The private sector has invested **\$292 million** in downtown construction plus incalculable amounts into business expansions, improvements, and investments.<sup>i</sup>
- More than **2.7 million** square feet of new building square footage has been constructed in the DDA District (not including the University of Michigan's construction projects located within and immediately adjacent to the DDA District)<sup>ii</sup>
- The assessed value for downtown property has increased by **525%**, from approximately \$72 million to \$450 million, in 2010.<sup>iii</sup>
- The DDA's stewardship has encouraged quality-building and business investment in the downtown, even during Michigan's most recent difficult economic times.
  - Despite making up less than 2% of the City's land area, since 2007- 08, the DDA District has accounted for about 8% of the total number of building permits issued by the City, and **32%** of the value of construction that has occurred annually.<sup>iv</sup>
  - This development enabled the City of Ann Arbor to receive new building, planning, and inspection fees (over a half million dollars in 2010), providing much-needed revenue to be used on City services.<sup>v</sup>



The DDA's work continued in 2010 - 2011. Over the next few pages, we will review the efforts that took place over the past year.

## CAPITAL IMPROVEMENTS

DDA investment in infrastructure, including water mains, sidewalks, and parking has been essential to downtown stability and growth. Significant projects in 2010 - 11 included the following:

### Library Lane Parking Structure & Pedestrian Enhancements

The 2006 Downtown Development Strategies Report prepared by Calthorpe Associates set forward a community vision for the central core area that called for strengthening the connections between the four commercial areas by redeveloping the library parking lot, including an underground parking structure. In support of this vision, in 2009, Ann Arbor City Council approved a DDA project for the Library Lot that includes:

- Three new 12" water mains
- Enhanced electrical infrastructure
- **670** underground parking spaces
- A new service alley to accommodate businesses along E. Liberty Street and, as expressed in the Calthorpe Report, a future building atop the parking structure.
- A new midblock street ("Library Lane") to provide safe, easy Library access
- Extensive pedestrian improvements

The new underground parking structure is designed to support a future public plaza and building, and has been planned to be as sustainable as possible, with materials from the site reused as part of the structural concrete, **100%** storm water detention, and **22** electric car charging stations. By June 2011, the project was approximately 60% constructed, with completion expected by end of March 2012.



Photo 2



Photo 3

### Fifth & Division Improvements

The DDA recognizes that every downtown resident, customer, employee, and visitor is a pedestrian for at least some of their time spent downtown; therefore improving pedestrian conditions is a key goal. After many years of planning, the DDA's Fifth Avenue and Division Street improvement project is nearly complete and has transitioned these vital one-way streets into pedestrian and business friendly environments.

The project includes expanded sidewalks and bump-outs at intersections, dozens of on-street parking spaces, bike lanes, many new trees and planters, seating, and pedestrian-scale LED lights. Paid for in part with a **\$1 million** State Transportation Enhancement Grant, this project is enhancing the attractiveness and walkability of the midtown core and encouraging new investment by such projects as 411 Lofts, City of Ann Arbor Municipal Center, Mani Osteria restaurant, and Bar Louie.

### Parking and Transportation System Capital Improvements

The DDA is committed to ongoing parking facility maintenance program, and this year invested nearly \$2 million into keeping facilities in good repair. The DDA has also invested in new technology to increase parking patron payment options. Its epark machines enable patrons to pay by credit card and cell phone at 71 machines. Annual surveys show a high approval rating by parking patrons, indicating that the DDA's thoughtful stewardship is having the intended impact.

The DDA also uses its parking funds to pay for transportation infrastructure, and this year expanded the number of bicycle hoops and in-street bike racks, and addressed trip hazards on downtown sidewalks.

*"Our goal for Mani Osteria & Bar was to create a warm and inviting environment for our guests...a hub for the community and a destination in midtown Ann Arbor. The addition of the newly designed DDA streetscape has brought energy to midtown and our restaurant. The vitality of our space begins on the street before you even enter our doors..."*

~ Adam Baru, Owner, Mani Osteria & Bar



Photo 4

DDA GRANTS

DDA grants have allowed the DDA to partner with nonprofits, building owners, the City, and other taxing authorities to achieve its mission for downtown. Significant DDA grant programs in 2010/11 included the following

getDowntown Program

A key DDA strategy is to increase the number and attractiveness of transportation options for downtown users. As part of this, in 1999, the DDA helped create the getDowntown transportation demand management program and for the past 12 years, has been a vital program funder. In 2010 - 2011 the DDA strengthened its commitment to getDowntown and its signature program, the go!Pass, which is an unlimited use transit pass for downtown employees. The DDA subsidizes 96% of the cost of for this pass, a commitment that enables more than 7,000 downtown employees access to affordable transportation, and makes doing business and working in downtown more attractive.

Zingerman's Brownfield Grant

The DDA is dedicated to supporting important economic development opportunities in the Downtown, particularly those that have a significant positive impact on its health, identity and vibrancy. Zingerman's Deli has been an important downtown institution since the early 1980's, regularly receiving national attention and drawing many thousands of annual visitors. In partnership with the City of Ann Arbor and the State of Michigan, the DDA supported Zingerman's 10,400 sq ft expansion by providing in-kind and other support to Zingerman's Brownfield Grant.

*"The DDA has been a great partner for Zingerman's...They've been instrumental in finding areas to help us financially and in kind, contributing to our ability to remain in the downtown area. It has been a wonderful experience."*

~ Paul Saginaw, Co-founder, Zingerman's



Photo 5



Photo 6

### Energy Conservation Grant Program

The DDA Energy Grant program was designed to help downtown building and business owners reduce their energy use and costs, and help meet the Mayor's Green Energy Challenge. Ending its third year, the program has completed a total of 127 energy audits which identified over \$3.7 million worth of improvements. DDA energy-saving rebates encouraged 28 property owners to make a total of **\$650,000** worth of energy improvements, saving **\$87,000/yr** in energy costs and moving the community closer to its energy goals.

*"The DDA was instrumental in motivating and educating us as a major owner in the downtown to make significant investments in energy conservation. They planted the seed and we are now proud to say that we are leading the way in the downtown today in our Green Partnership with Google and at our other buildings as well."*

~ Albert M. Berriz, CEO McKinley, Inc

### Municipal Center Grant

At the request of the Ann Arbor City Council, in 2008 the DDA committed **\$8 million** toward the construction of a new police and court building and, in 2011, the City of Ann Arbor's Municipal Center building opened to City employees and the public. The DDA's grant enabled the City to continue providing quality services in the downtown, an important strategy called out in the DDA's 2003 Renewal Plan.



Photo 7

### Support for Housing

The DDA has a long-standing commitment to increase the number of downtown residents and the number of downtown housing options, including a spectrum of housing affordability. Affordable housing commitments in 2010 - 11 included:

- A **\$218,050** grant for energy-saving/residential improvements at the Delonis Center
- A **\$500,000** grant for 39 affordable housing units at Avalon Housing Corporation's Near North Project

## SPOTLIGHT: HOUSING

The 2010 U.S. census revealed that since 2000 the DDA District population increased by nearly 30%, and there are now 4,067 people living in the DDA District. This residential growth took place during a time that the majority of the State and the City lost population.

The DDA's effort to ensure that the district is a more attractive place to live, work, and play, makes it a more attract place to invest in as well. In 2010 - 11, private downtown development projects added considerable square footage, created new residential and commercial options, enhanced sidewalk activity, and contributed to the downtown tax base (See Chart 2). The DDA is the sole public entity dedicated to encouraging private investment in the downtown. It captures about **17.5%** of the total amount of taxes generated within the DDA District; in 2010 - 11 that meant **\$3.6 of the \$21.3 million** taxes paid downtown.<sup>vi</sup>

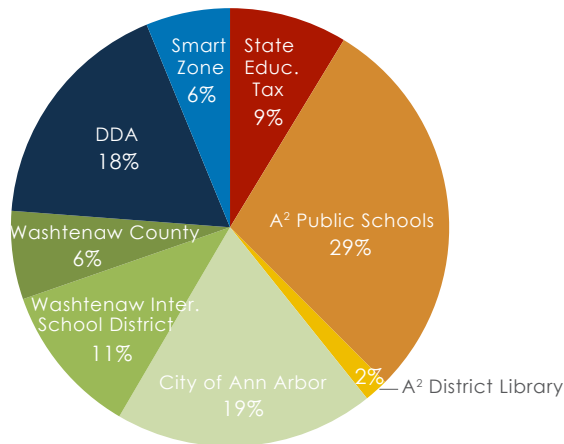
Notable private sector investment within the DDA District in 2010-11 included:

- **The Landmark** (601 S. Forest). Construction began on a mixed-use South University-area development with 175 residential units, including 146 parking spaces, 8,612 sq ft of ground floor retail space, for a total of 227,000 square feet.
- **CVS Pharmacy**. Construction was completed for this new State Street-area project that restored an historic building façade and included a 13,040 sq ft expansion.
- **Zaragon West**. Construction began on a mixed use development in the State Street area, containing 99 residential units, 40 parking spaces, 3,400 square feet of retail space, for a total of about 100,000 square feet.
- **Zingerman's Deli Expansion**. After much planning, work began in fall 2010. This Kerrytown-Area project will include a 10,400 sq ft expansion, and preservation of its historic buildings.



Photo 8

Chart 2. DISBURSEMENT OF TAXES CAPTURED WITHIN THE DDA DISTRICT IN 2010-11



TOTAL TAX CAPTURE WITHIN THE DDA DISTRICT IN 2010 - 11 WAS **\$21,262,678.72**

### SPOTLIGHT: SMARTZONE

Separate from the Ann Arbor DDA's TIF, the Ann Arbor/Ypsilanti Smartzone also captures a TIF from within the Ann Arbor DDA District (approximately **\$1.3 million** in 2010/2011). It directs most of this TIF to **SPARK**, a regional agency that uses it to meet its mission of promoting, recruiting, and retaining high tech businesses in Washtenaw County and Southeast Michigan.

The DDA's Tax Increment Financing (TIF) is derived from some of the increase in taxes generated by new building construction in the DDA District since 1982 which is then directed into downtown purposes called out in the DDA Development Plan. The A<sup>2</sup>DDA TIF is fairly unique among Michigan DDAs as it does not include tax increases created by property value escalation or by inflation.

The DDA also manages the Public Parking System and uses parking revenue to maintain facilities, make parking improvements, and fund sustainable transportation projects. Below is an overview of DDA's TIF and Parking Funds for the 2010 - 2011 fiscal year (FY).

Chart 3. ANN ARBOR DDA TIF FUND EXPENDITURES IN 2010 - 11

Income	
Property Taxes	\$3,809,100.00
Interest	\$23,285.00
Miscellaneous	\$13,145.00
Use of Fund Balance	\$765,714.00
<b>Total</b>	<b>\$4,611,244.00</b>
Expenses	
Administrative	\$465,111.00
Debt Service	\$2,764,234.00
Capital Projects Down Payments	\$96,155.00
Grants	\$795,686.00
Miscellaneous	\$390,058.00
Transfers to Housing Fund	\$100,000.00
<b>Total</b>	<b>\$4,611,244.00</b>

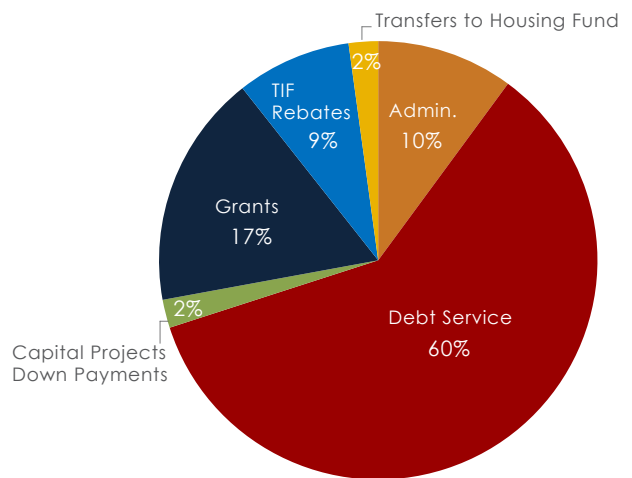
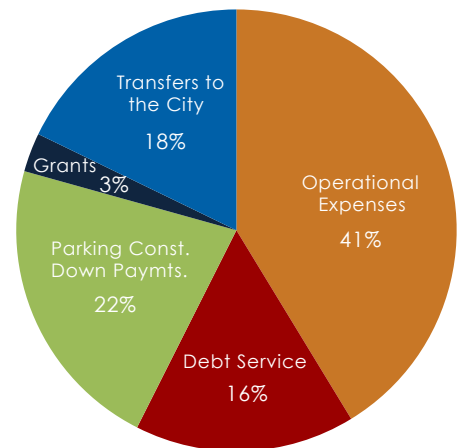


Chart 4. ANN ARBOR DDA PARKING FUND EXPENDITURES IN 2010 - 11

Income	
Parking Revenue	\$15,323,086.00
Interest	\$794.00
Use of Fund Balance	\$824,330.00
<b>Total</b>	<b>\$16,148,210.00</b>
Expenses	
Operational Expenses	\$6,720,058.00
Debt Service	\$2,607,170.00
Parking Const. Down Payments	\$3,524,139.00
Alternative Transportation Grants	\$424,487.00
Transfers to the City	\$2,872,356.00
<b>Total</b>	<b>\$16,148,210.00</b>



There will be more opportunities in 2011 - 2012 for the DDA to continue strengthening our downtown, and working toward the vision set forward by our community. These will include:

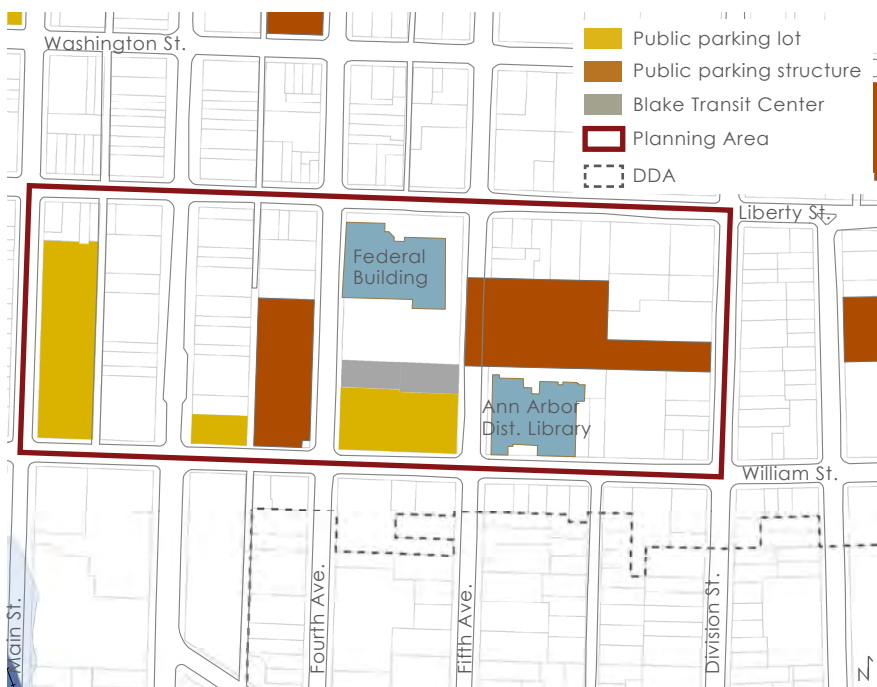
**Facilitating the RFP Process for Downtown City-Owned Properties**

The community has shared its vision for how redevelopment should take place downtown through the recent Calthorpe and A2D2 processes. The DDA has been asked by City Council to build on this work by establishing a redevelopment approach for the City's S. Ashley (Kline), S. Main (Palio's), former YMCA, and Library parking lots, and the first floor of the 4<sup>th</sup> & William structure. The DDA will use the next year as an opportunity to work with the community to shape strategies for how these parcels can be used to meet the community's goals. This work will lead to a recommended concept/regulating plan for City Council input and approval, which would then set the basis for any future City effort to sell these properties for redevelopment.

**Completing DDA Capital Improvements Projects**

The DDA will complete construction of its Fifth and Division Improvements project this fall. The Library Lane Underground Parking Structure project is anticipated to be completed by Spring 2012. Additionally, ten downtown curb ramps will be replaced in Fall 2011.

Map 1. CITY-OWNED LOTS PLANNING AREA



### BOARD MEMBERS 2010/2011

Twelve volunteer board members serve on the DDA. State statute sets forward that these positions shall be filled as follows: 1 seat for the Mayor or City Administrator, 1 seat for a resident of the DDA District, 7 seats for downtown property owners, downtown employees or individuals with an interest in downtown real estate, and 3 seats for citizens-at-large.

**Gary Boren** - Vice Chair, appointed to the Board in 2003

Gary Boren is a downtown resident that has served on the boards of the American Civil Liberties Union, Michigan Bar Association, Detroit Bar Association, Detroit Consumer Bankruptcy Association, the Ann Arbor New Jewish Agenda, and the Ann Arbor Area Committee for Peace.

**Newcombe Clark** - Appointed to the Board in 2009

Newcombe Clark is an Ann Arbor native, a U of M graduate, and a downtown resident. In addition to his DDA duties, he's served as a board member on the Ann Arbor Chamber of Commerce, U of M Museum of Art, Ann Arbor Symphony, Michigan Theater, and as President of the Main Street Area Association.

**Russ Collins** - Secretary; Partnerships Committee Co-Chair, appointed to the Board in 2005

Russ Collins is an Ann Arbor native who has been the Executive Director of the Michigan Theater since 1982. In addition, he serves on the State Street Area Association, teaches film at EMU, hosts "Cinema Chat" on WEMU, and presides at the Ann Arbor/Ypsilanti Area Chamber of Commerce's Early Edition program. He also created, and now operates, Art House Convergence.

**Leah Gunn** - Appointed to the Board in 1991

Leah Gunn is a Washtenaw County Commissioner and chair of the Urban County Executive Committee. She has been involved with the 2000 Natural Areas Millage, the Greenbelt Campaign, and the District Library Millage Committee.

**Robert Guenzel** - Appointed to the Board in 2010

Bob Guenzel is on the Board of Directors for Ann Arbor SPARK, teaches at the UM's Ford School and serves as Chair of the Washtenaw Housing Alliance and Co-Chair of the Washtenaw County Health Initiative. Bob served as the Administrator for Washtenaw County for 16 years (retiring in 2010), the Chair of the Washtenaw Development Council, and the board member of the Alliance for Innovation Group, and Success by Six.

**Roger Hewitt** - Treasurer; Bricks & Money Committee Co-Chair, appointed to the Board in 2004

Roger Hewitt owns two downtown businesses, Red Hawk and Revive and Replenish, and previously served on the Board of the State Street Area Association, and as a member of the Downtown Rezoning Steering Committee.

**John Hieftje**

John Hieftje is the Mayor of Ann Arbor. Mr. Hieftje has been a very active community leader, serving on the boards of numerous area organizations, including the Ann Arbor Summer Festival, Michigan Theater, Huron River Watershed Council, and Lake Superior Conservancy and Watershed Council. He is the Co-Chair of the Washtenaw Metro Alliance, and has served as Chair of Recycle Ann Arbor and of Urban Core Mayors of Michigan.

## ABOUT THE ANN ARBOR DDA

**Joan Lowenstein** - Chair, appointed to the Board in 2007

Joan Lowenstein is an attorney at Jaffe Raitt Heuer & Weiss, located in the First National Building in downtown Ann Arbor. She served on City Council from 2002-2008, doubling as a planning commissioner for part of that time.

**John Mouat** - Transportation Committee Chair, appointed to the Board in 2007

John Mouat is a partner in Mitchell and Mouat Architects, Inc., a downtown Ann Arbor firm specializing in Community Architecture. He has been active with a number of civic organizations and served on the boards of City of Ann Arbor Housing Policy, Ann Arbor YMCA, Washtenaw Area Transit Study, and Ann Arbor Civic Theater.

**Keith Orr** - Appointed to the Board in 2009

Keith Orr co-owns the \aut\ BAR as well as the Common Language Bookstore in downtown Ann Arbor and is actively involved with the Kerrytown District Association

**Sandi Smith** - Partnerships Committee Co-Chair, appointed to the Board in 2004

Sandi Smith is a City Council member and a downtown business owner. She was the Washtenaw Rainbow Action Project Director for 5 years, and has also served on the Ann Arbor Area Board of Directors.

**John Splitt** - Bricks & Money Committee Co- Chair, appointed to the Board in 2006

John Splitt owns a small downtown business, Gold Bond Cleaners, and is an Ann Arbor native. He is also a board member of the State Street Area Association.

### DDA STAFF

The DDA works with a small, energetic, and talented staff comprised of:

**Susan Pollay**, Executive Director | [spollay@a2dda.org](mailto:spollay@a2dda.org)

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**Julie Uden**, Management Assistant | [juden@a2dda.org](mailto:juden@a2dda.org)

**Amber Miller**, Planning and Research Specialist | [amiller@a2dda.org](mailto:amiller@a2dda.org)

**Alysia Giatas**, Intern | [agiatas@a2dda.org](mailto:agiatas@a2dda.org)



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Photo 10

## CITATIONS

- <sup>i</sup> City of Ann Arbor building permit records and reports
- <sup>ii</sup> City of Ann Arbor building permit and site plan records
- <sup>iii</sup> City of Ann Arbor Assessor's Office and: Ann Arbor DDA (1982). *Ann Arbor Downtown Development Authority Development Plan and Tax Increment Financing Plan*
- <sup>iv</sup> City of Ann Arbor building permit records
- <sup>v</sup> United States Census Bureau (2011) 2010 *United States Centennial Census, City of Ann Arbor block-level data.* <http://factfinder2.census.gov/main.html>
- <sup>vi</sup> United States Census Bureau (2011) 2010 *United States Centennial Census, City of Ann Arbor block-level data.* <http://factfinder2.census.gov/main.html>

## IMAGES

Front Cover: A<sup>2</sup>DDA/A. Giatas

Photo 1: Main Street shops. Ann Arbor CVB

Photo 2: Library Lot construction. The Christman Company

Photo 3: Library Lane proposal. Luckenbach | Ziegelman Architects

Photo 4: 4th & Washington structure. A<sup>2</sup>DDA/J. Lowenstein

Photo 5: Ann Arbor getDowntown

Photo 6: Zingerman's expansion. Hannah Metler.

Photo 7: Ann Arbor Municipal Center. A<sup>2</sup>DDA/J. Uden

Photo 8: State Street CVS. A<sup>2</sup>DDA/J. Lowenstein

Photo 9: 5<sup>th</sup> & Division improvements. A<sup>2</sup>DDA/A. Giatas

Photo 10: Downtown skyline looking east. <http://en.academic.ru/pictures/enwiki/65/Annarborskyline.jpg>

Back Cover: First National Building. Ann Arbor CVB

## CHARTS

Chart 1: City of Ann Arbor (2010 /11) *Building Permit Reports*.

Charts 2-4: A<sup>2</sup>DDA data.

## MAPS

Map 1: Created by A<sup>2</sup>DDA.

REPORT DESIGN A. Giatas



ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY

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