

An aerial photograph of a city skyline, heavily filtered with a blue color. The image shows a dense urban area with various building heights and styles. A prominent tall building is visible on the right side. The sky is a uniform blue, and the overall scene is a high-angle view of a city's downtown area.

DOWNTOWN DEVELOPMENT AUTHORITIES

Outline

1. Downtown Economic Development Tools
2. What is a DDA?
3. How does A2 compare to other DDA's?

Economic Development Tools

State-Authorized Financing Tools (sample)

Economic Development Tool	Eligible projects/activities	Primary Funding Source
DDA Downtown Development Authority	Public improvements focused in DDA District and within approved DDA/TIF plans	TIF
LDFA Local Development Financing Authority	Public facility to benefit industrial park and transit	TIF
TIFA Tax Increment Finance Authority	Within defined TIFA area	TIF
BIZ Business Improvement Zone	Beautification activities & security	Special Assessment
BID Business Improvement District	Improvements, maintenance, security, and beautification	Special Assessment
Other Tools		
Area Association	Events and promotion	Membership dues & sponsorship

Downtown A2 Tools



DDA + LDFA

DDA focuses on public improvements.

LDFA funds/services are contracted to SPARK.



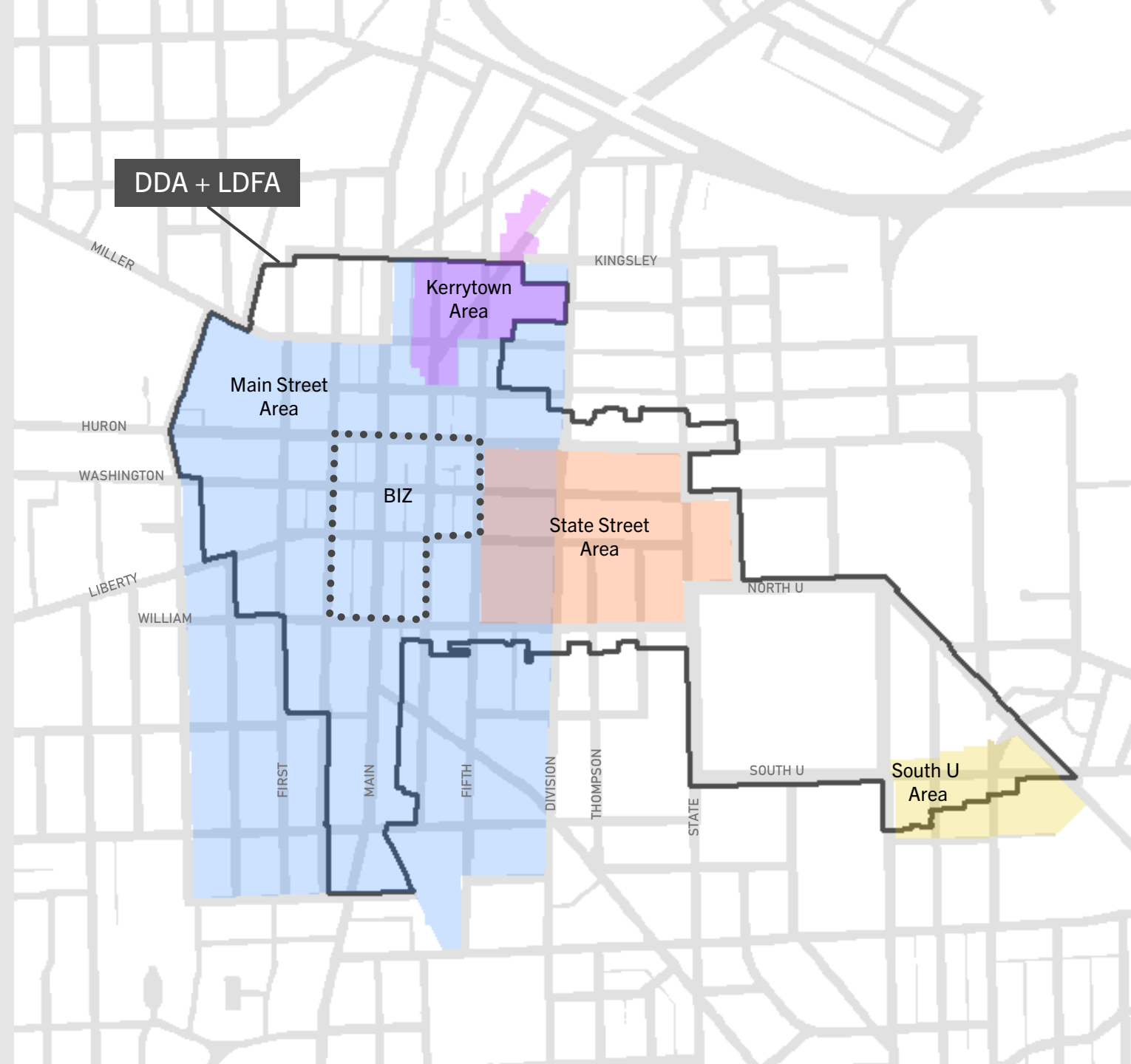
Main Street Area BIZ

BIZ services include snow removal, sidewalk cleaning, landscaping, and graffiti removal.



Area Associations

Area Assoc. collect dues and sponsorship to fund events and advocate on behalf of businesses.

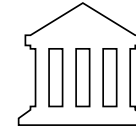


DDA OVERVIEW

A blue-tinted photograph of a city street at night. The scene is illuminated by strings of warm white lights hanging across the street. In the foreground, a bicycle is parked on the left. Several people are walking and sitting on modern, curved benches. In the background, there are streetlights, traffic signs, and a building with a sign that says "P.L. LAWYERS". The overall atmosphere is vibrant and urban.

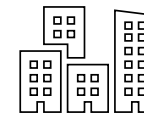
What is a Downtown Development Authority (DDA)?

A component-unit of the City (or Village or Township) in which it is established



AUTHORIZATION

Local governments may create a DDA in an area primarily zoned & used for business (only 1 per municipality)*



PURPOSE

To correct and prevent the deterioration of a downtown district

**Per MI PA57 of 2018 - the Recodified Tax Increment Financing Act*

DDA Activities Allowed by State Legislation

Implement projects and programs:

- Development Plan
- Market studies
- Public facility acquisition and construction (street, plaza, pedestrian mall, right of way, recreation facility, etc)
- Public facility improvements to comply with barrier free design
- Marketing initiatives
- Broadband service contracts
- Building improvement loan program
- Retail business incubators
- Land improvements (construct, maintain, and operate buildings)

Plan for and administer the projects and programs:

- Develop long-range plan with City Departments
- Construct and maintain public facilities and building improvements
- Make and enter into contracts
- Buy and sell property (and grant easements)
- Charge fees and rents for use of building/property
- Accept grants and donations

How are DDA's funded?

State Legislation allows:

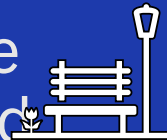
- Tax Increment Revenues
- Millage (up to 2 mills)
- Special assessments
- Revenue bonds
- Revenues from property owned or leased by the DDA
- Grants and/or donations

Most DDA's rely heavily on Tax Increment Financing (TIF). Some City code further restricts funding.

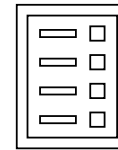
What is Tax Increment Financing (TIF)?

The capture of a portion of taxes within an established district to fund capital improvements.

TIF is the only regional revenue sharing tool in Michigan to fund downtown infrastructure.



How can TIF be used?



TIF can be spent on projects in approved TIF Plans, with a focus on activities that would not happen without this funding tool.

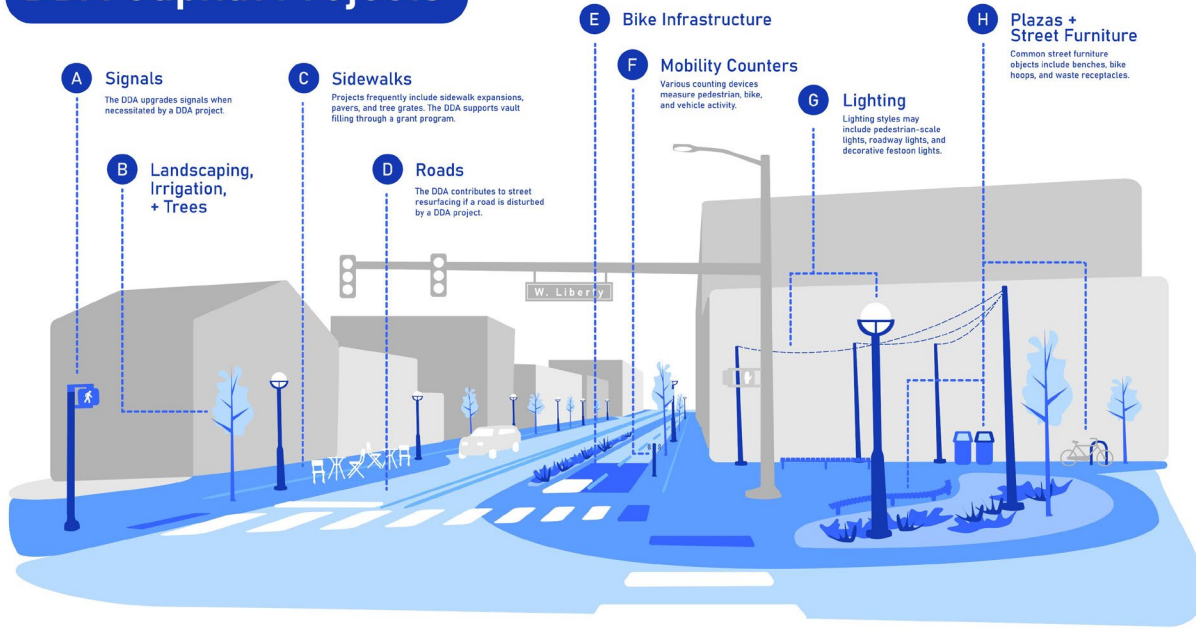


TIF cannot be used for personal benefit of a person or corporation.

TIF – Infrastructure Funding Tool

Regional contributions from the County, Library, AAATA, and WCC help fund capital projects and maintenance in a regional downtown. Without this tool in place, all future infrastructure project and maintenance costs would be the responsibility of the City alone.

DDA Capital Projects

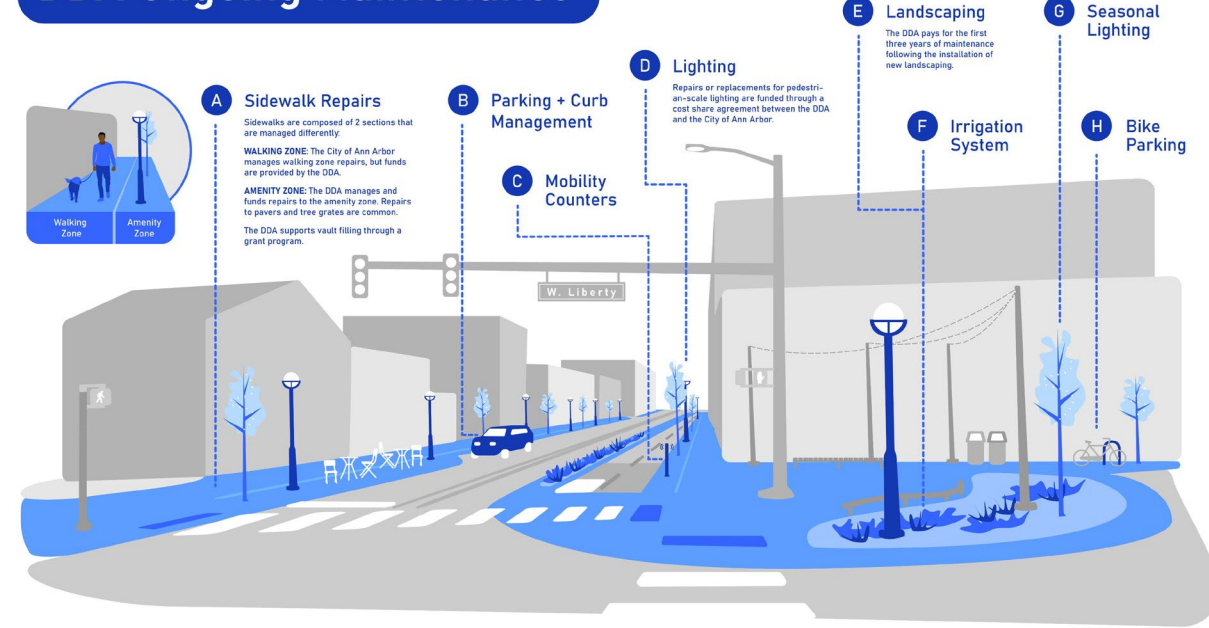


UNDERGROUND INVESTMENTS:

I Watermain Upsizing

J Stormwater Infrastructure

DDA Ongoing Maintenance



OTHER MAINTENANCE ACTIVITIES:

I Studies

J Post-Construction Monitoring

An aerial photograph of a city skyline, likely Ann Arbor, Michigan, with a blue color overlay. The image shows a dense urban area with various buildings, including a prominent tall building on the right. The text is overlaid on the left side of the image.

THREE MICHIGAN DDA'S

Ann Arbor | Grand Rapids | Traverse City



Overview

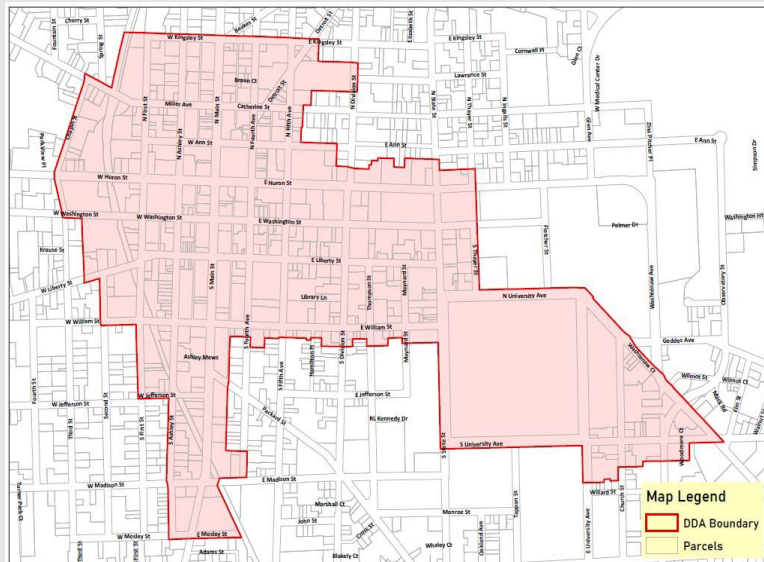
Organizational Structure

Ann Arbor	Grand Rapids	Traverse City
<p data-bbox="379 644 568 686">DDA-only.</p> <p data-bbox="379 948 889 1090">Manages and maintains the municipal parking system through City contract.</p>	<p data-bbox="1011 644 1485 836">DDA is managed by an umbrella downtown organization, Downtown Grand Rapids Inc. (DGRI).</p> <p data-bbox="1011 948 1449 1090">Manages the DDA, TIFA, and DID through City contract.</p>	<p data-bbox="1617 644 1829 686">DDA –only.</p> <p data-bbox="1617 948 2142 1290">Manages the municipal parking system, Farmer’s Market, and Art Commission through City contract. Also manages the Downtown Traverse City Area Association.</p>

Overview

Ann Arbor DDA

- 1 TIF District; 271 acres
- 8 employees, 12 board members
- Total TIF Revenue: \$8.4M



Ann Arbor DDA

Downtown Grand Rapids Inc.

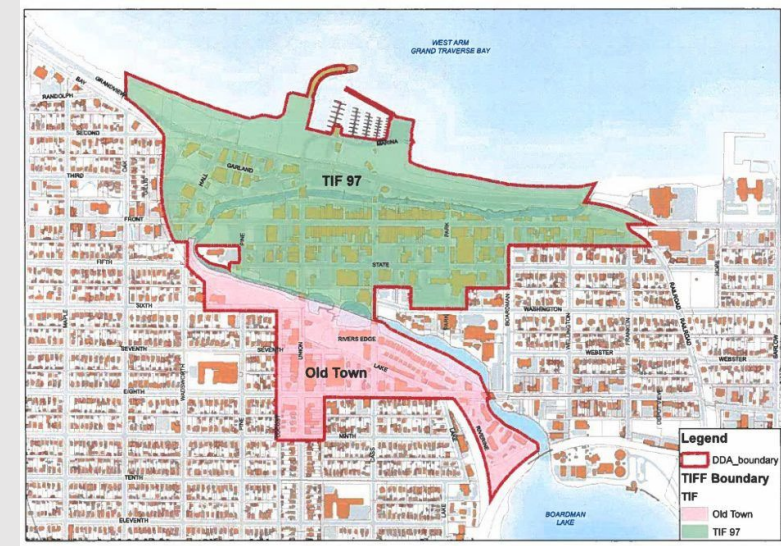
- 16 TIF Districts; 873 acres total
- 18 employees, 9 board members
- Total revenue: \$11.4M



Downtown Grand Rapids Inc.

Traverse City DDA

- 2 TIF Districts; 193 acres total
- 8 employees, 12 board members
- Total revenue: \$7.13M

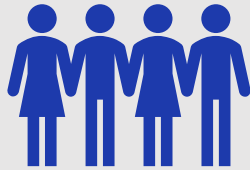


Downtown Traverse City



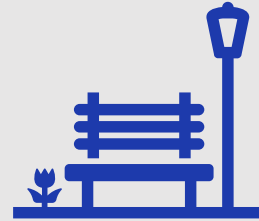
DDA COMPONENT

SIMILARITIES



1. Mission & values

- Equity/serving all people
- Vibrant, local economies
- Resilient, sustainable downtown (infrastructure & mobility)
- Affordable, inclusive housing
- Create great places/invest in public space



2. Use of TIF revenue

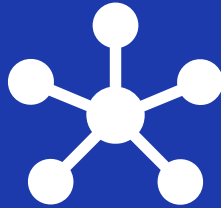
- Focus on capital planning and projects to meet the greater mission.



3. Common challenge

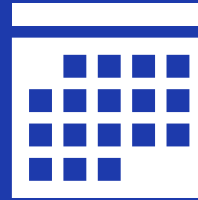
- Misconceptions about DDA role & TIF use.
- More education is needed to communicate TIF as a tool to achieve community goals, particularly hard to fund infrastructure projects.

DIFFERENCES



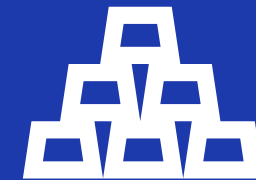
1. Organizational structure & funding tools.

- Shift toward common management of downtown funding tools to increase benefit.



2. Frequency of Development Plans and boundary updates.

- Updates averaging every 5-6 years.



3. How revenue sharing is pursued

- Ann Arbor – City Council driven, change to City Code
- Grand Rapids and Traverse City – following State Statute for TIF revenue sharing.

Mission / Values

Ann Arbor

Undertake public Improvements to strengthen downtown.

- Equitable access + safe, comfortable streets
- Connected community w/streets as civic space
- Affordable & inclusive community
- Resilient, energy responsible
- Vibrant & thriving local economy
- Responsible design & implementation

Grand Rapids

Elevate downtown as the best-in-class heart of an American City.

- Implement a 21st century mobility strategy
- Reinvest in public space, culture, & inclusive programming.
- Restore the river as a draw & create a connected & equitable river corridor
- Create a true, diverse downtown neighborhood
- Expand job opportunities & ensure local economic vitality

Traverse City

Provide a world class downtown that is active, thriving, and inclusive.

- Design a great place for all ages and for future generations.
- Champion the development of attainable and workforce housing.
- Advance climate action, sustainability, renewable energy, energy efficiency and resiliency.
- Protect and preserve small independent businesses.
- Support job growth and varied career opportunities.

DDA Funding Tools

Ann Arbor	Grand Rapids	Traverse City
<ul style="list-style-type: none">• TIF	<ul style="list-style-type: none">• TIF• Non-tax revenue<ul style="list-style-type: none">• Parking lot leases & sales• Vendor fees• Donations• Grants	<ul style="list-style-type: none">• TIF• Millage• Grants

Capital Projects

~85-90% of TIF expenditures go toward capital design, construction, and debt

	Ann Arbor	Grand Rapids	Traverse City
Streetscape	Yes	Yes	Yes
Accessibility & Mobility Improvements	Yes	Yes	Yes
Public restrooms	Yes	Yes	Yes
Wayfinding	Yes	Yes	Yes
Plazas & Public Space	Yes	Yes	No
Resilience & Stormwater	Yes	No	Yes
Affordable Housing Utility Upsizing	Yes	No	No
Recreation & River Improvements	No	Yes	Yes
New Parking Structures	No	No	Yes
Public Wifi	No	No	Yes

Grants & Programs

~10-15% of TIF expenditures + other funding sources

	Ann Arbor	Grand Rapids	Traverse City
GRANTS			
Affordable Housing Grants	Yes	No	No
Brownfield Grants	No*	Yes	Yes
Other Development Grants	No	Yes	No
Vault Grants	Yes		
Art Grants	Yes	Yes	Yes
PROGRAMS & OTHER			
Retail Incubator	No	Yes	Yes
Events	No	Yes**	Yes**
Holiday Lights	Yes	Yes**	Yes
Annual Reports & Market Studies	Yes	Yes	Yes
On-going cleaning & beautification	No	Yes-robust**	Yes – sidewalk cleaning

*A2 DDA no longer captures Brownfield dollars due to the TIF cap. **Non-TIF funding sources.

COMPARISON:

Grants & Programs



SIMILAR:

Overall & close adherence to statute



DIFFERENT:

A2 DDA program funding emphasis is on affordable housing



DIFFERENT:

GR and TC program funding emphasis is on retail



DIFFERENT:

More diverse revenue sources support more diverse activities, such as events and cleaning and beautification.

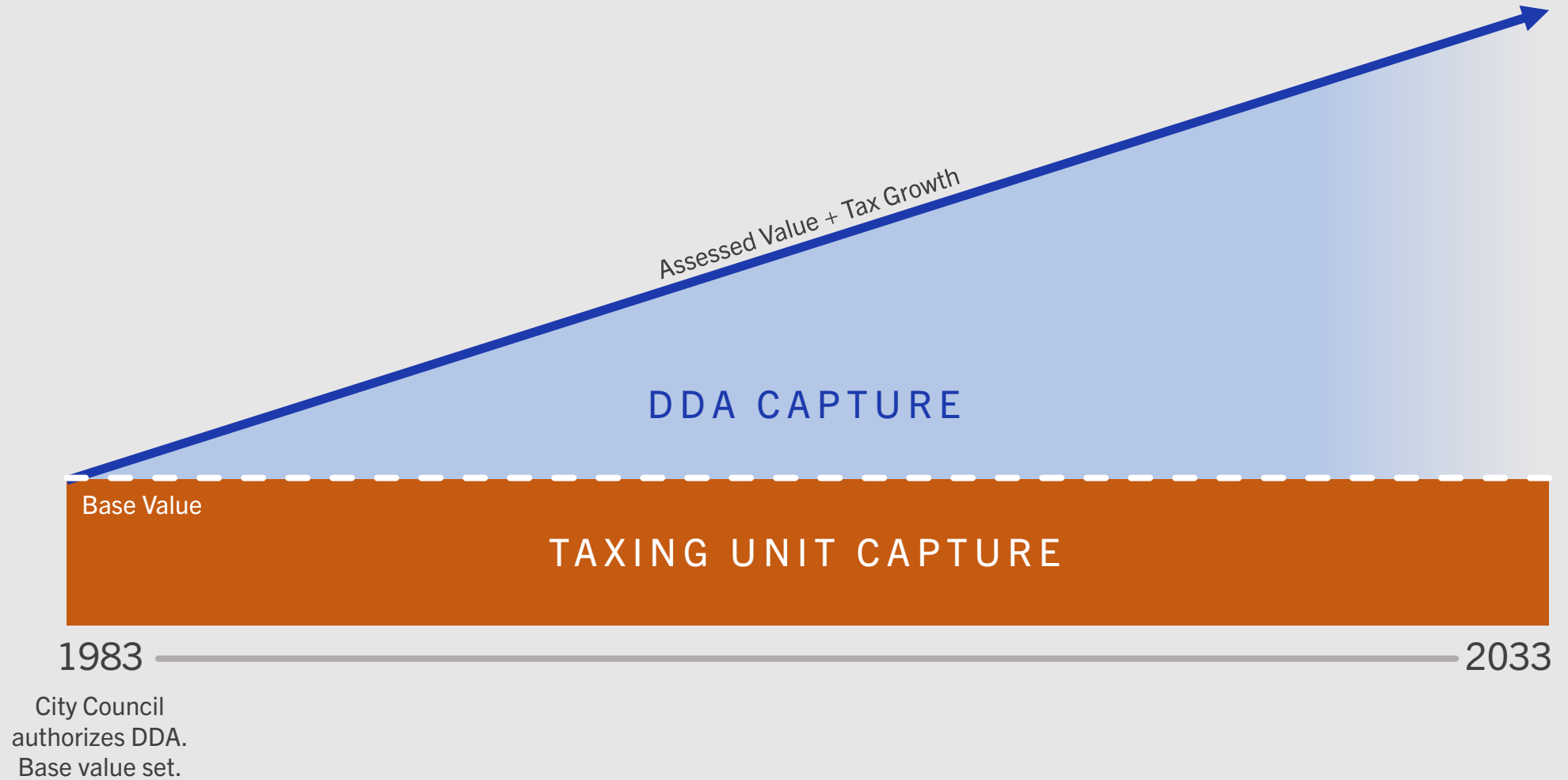
Development and TIF Plan Latest Update and Process

Ann Arbor	Grand Rapids	Traverse City
Development Plan: 2003	Development Plan: 2016	Development Plan: 2016
TIF Plan: 2003	TIF Plans: 2016	TIF plans: 2011 & 2016
	Update underway	Update underway
	2016 update - informed by a community-driven Downtown Plan	Current update - informed by community-driven downtown vision

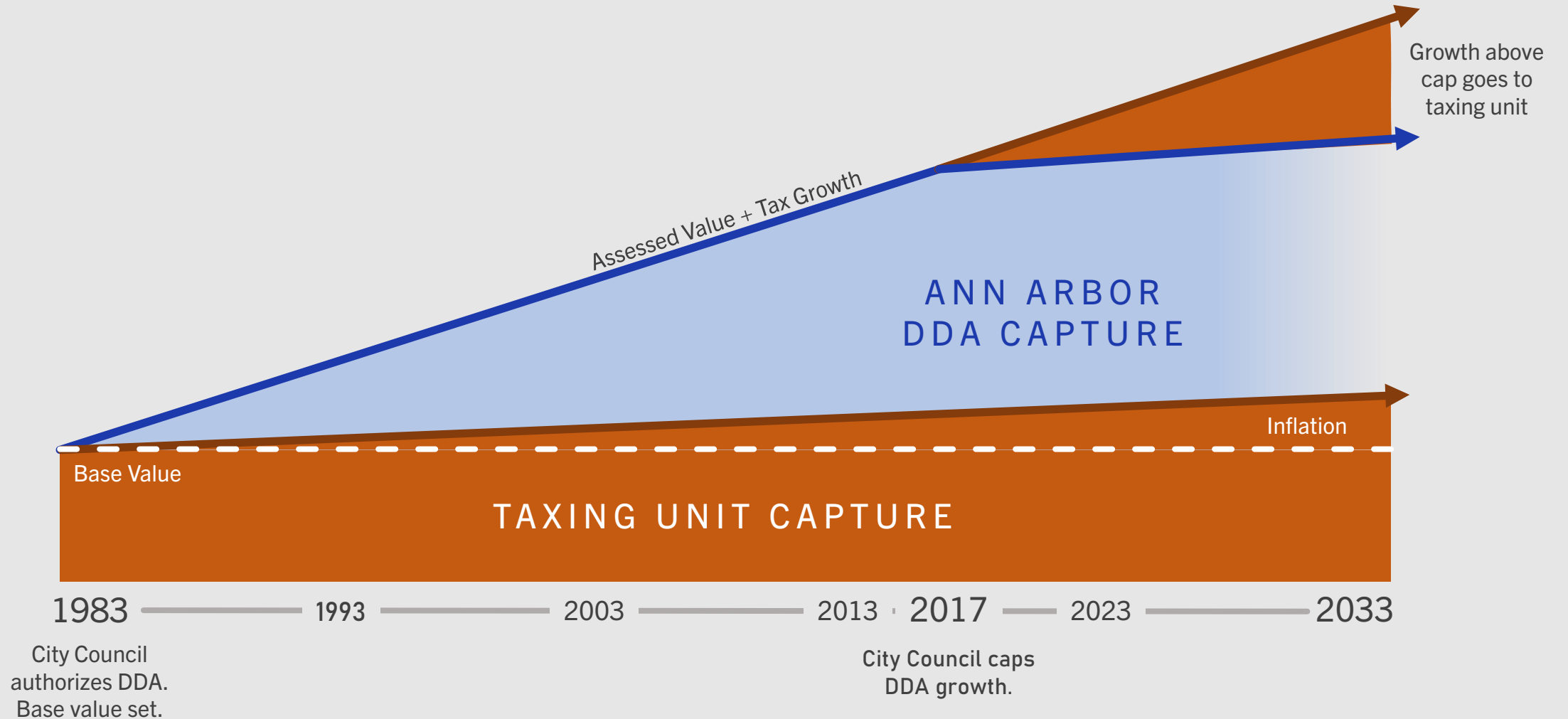
TIF Redistribution



Typical DDA TIF Capture



Ann Arbor DDA TIF Capture



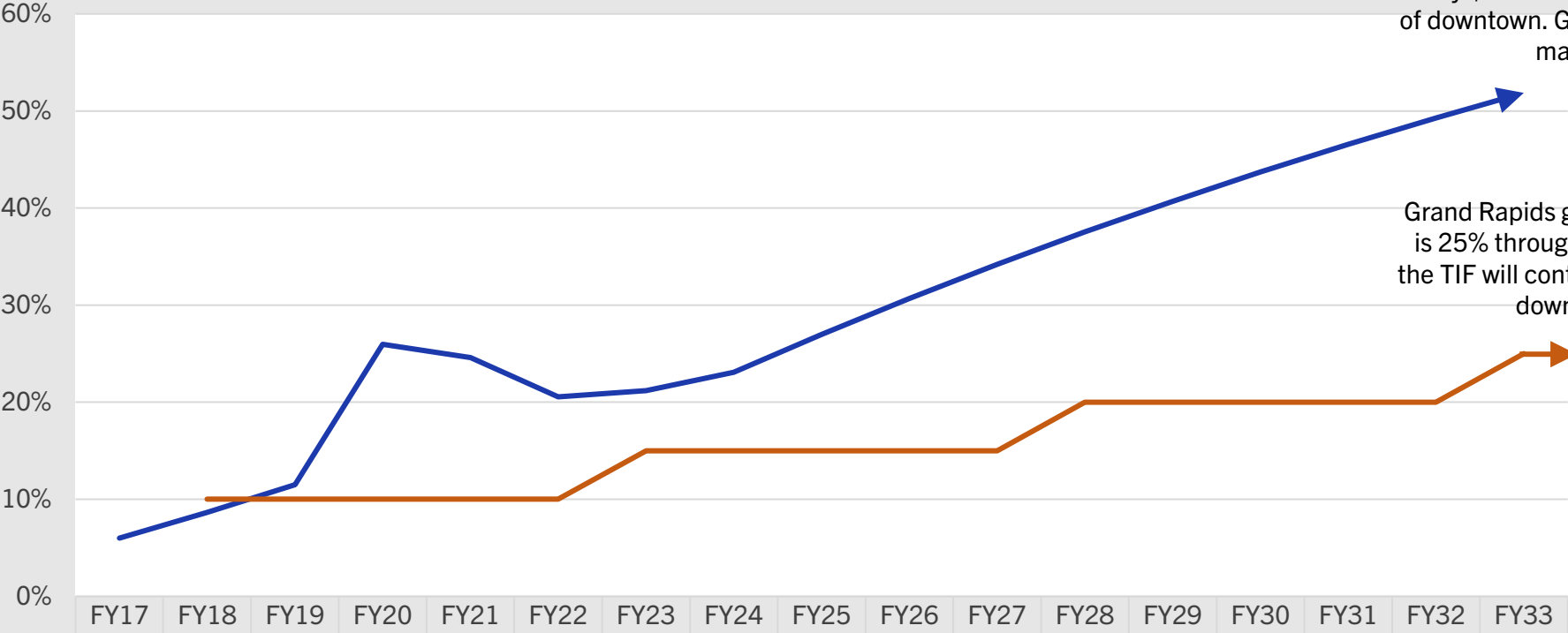
TIF Redistribution

State Statute allows the DDA to enter into agreements with the taxing jurisdictions to share a portion of the captured assessed value of the district.

Ann Arbor	Grand Rapids	Traverse City
<p data-bbox="379 679 835 772">Revenue cap – unsustainable approach.</p> <ul data-bbox="379 832 901 1325" style="list-style-type: none"><li data-bbox="379 832 802 972">• Other taxing units capture inflationary increases.<li data-bbox="379 1036 901 1325">• City Council implemented a <u>3.5% cap</u> on the annual increase in taxable value capturable by the DDA starting in 2017.	<p data-bbox="1009 679 1505 772">Gain sharing – sustainable approach.</p> <ul data-bbox="1009 832 1480 1279" style="list-style-type: none"><li data-bbox="1009 832 1480 925">• DDA captures inflationary increases.<li data-bbox="1009 1036 1480 1279">• Gain sharing implemented collaboratively as part of renewal and expansion.	<p data-bbox="1615 679 2104 722">Nothing in place currently.</p> <ul data-bbox="1615 832 2155 1225" style="list-style-type: none"><li data-bbox="1615 832 2155 925">• DDA captures inflationary increases.<li data-bbox="1615 1036 2155 1225">• Collaborative gain sharing discussions underway as part of renewal discussions.

Gain Sharing vs. Revenue Cap

Ann Arbor vs Grand Rapids
Revenue Sharing % of TIF



By 2031, only about 50% of the A2 TIF will be available to invest in downtown – nearly \$8M will be diverted outside of downtown. Gainsharing is not maxed.

Grand Rapids gain sharing max is 25% through 2047. 75% of the TIF will continue be invested downtown.

➔ Ann Arbor Cap
➔ Grand Rapids Gainshare