

ANN ARBOR DDA POLICY REGARDING GRANT REQUESTS FOR BROWNFIELD OR OTHER STATE OF MICHIGAN PROGRAMS REQUIRING A LOCAL MATCH

Ann Arbor DDA Brownfield Guidelines

- The A2 DDA mission is to spark private reinvestment within its DDA District and strengthen the downtown.
- The DDA always refers to its mission and its Development Plan when considering any grant request to be used as a local match for a State of Michigan incentive program. It is the goal of the DDA to promote the economic growth and development of properties within its DDA District by private investment.
- An important way for the DDA to accomplish its mission is to provide a DDA grant as the local match to support State-eligible projects in the DDA District because the DDA's participation could help downtown developers leverage state funds.
- The DDA Development Plan sets forward important DDA values, such as walkability, sustainability, building design, mix of downtown uses, mix of downtown users, and downtown Ann Arbor's unique identity. The DDA has full discretion to determine if a project meets these values, and to determine whether a grant should be awarded to any project.
- The DDA also has full discretion to determine if it chooses to prioritize its grant funding to help stimulate new private development within a particular subarea of its DDA District.
- The DDA is particularly interested in supporting eligible projects that have the clear potential to encourage or trigger other private tax-generating new development in the immediate vicinity. This can be defined as nearby properties that are within the DDA District, privately owned, not located in an historic district, and have not had significant public or private investment in the past ten years. If the DDA determines that it wishes to make a grant in support of a project with the goal to encourage development on nearby properties it is with the understanding that these adjacent properties may likely need less (or no) DDA financial involvement to be successful.
- The DDA will not forgo its TIF capture from a project; the DDA may elect to provide a grant to a project utilizing its funds, or it may elect to provide all or some of its support using such in-kind elements as access to parking for contractors or construction staging.
- To support a State-eligible project, the DDA will only invest in the eligible infrastructure that would benefit not only the proposed project, but also a larger public good. By way

of example, this may include sidewalk/streetscape improvements, upsizing water, storm or sewer mains, creating a concrete pad for a new trash compactor or electrical transformer to serve a larger area, or fire hydrants.

The DDA has the discretion to provide a grant up to an amount sufficient to fully leverage State of Michigan Brownfield participation through State school taxes, to support Eligible Activities on properties with approved Brownfield Plans. When contemplating a possible local matching grant award, the DDA will consider the total Brownfield eligible expense amount anticipated to be authorized by the State, and it will then review the scale of a potential DDA matching grant using the following criteria with which it will evaluate a project:

1. Addresses a documented gap in the marketplace or underserved markets of commerce
2. Will act as a catalyst for additional revitalization of the area in which it is located
3. Is “connected” to the adjacent sidewalk with uses on the first floor that are showcased using large transparent windows and doorways to give pedestrians a point of interest to look at as they walk by the project
4. Creates a large office floor plate
5. Will facilitate the creation of a large number of new permanent jobs
6. Is a mixed use development, that will encourage activity in the daytime, evening, and weekend, such as a development with a mix of commercial and residential
7. Adds to downtown’s residential density
8. Reuses vacant buildings, reuses historical buildings, and/or redevelops blighted property
9. Number of affordable housing units created on site or funded by the project elsewhere in the community, which are beyond what is required by the City
10. Environmental design exceeds City requirements
11. Architecturally significant building or project design
12. Strengthens Ann Arbor’s national visibility

If awarded, the DDA grant will be paid out over time, and the amount released will at no point be greater than the amount of new TIF paid by the developer of the new project. The DDA reserves the right to adjust the amount of each portion of its grant to best benefit the DDA’s budget and other considerations.

In the event of a sale or transfer of the development, the DDA’s grant may be assigned to the new owner of the property upon prior written consent of the DDA, provided, however, that the project has not been substantially modified since the time of the DDA’s grant approval.

Ann Arbor DDA Brownfield Grants

- The DDA's grant will automatically expire by June 30th at the end of the fiscal year following the fiscal year the grant was approved by the DDA if a developer has not requested and received all necessary City construction permits, and the project footings/foundations are not completely installed. The DDA grant will automatically expire by June 30th at the end of the third fiscal year following the fiscal year the grant was approved by the DDA if construction has not been completed and a CO issued for the project.
- The Ann Arbor DDA Brownfield Grant Guidelines are distinct from any other Ann Arbor DDA Grant Policy or Guidelines.

Ann Arbor DDA Brownfield Policy Changes and Reservation of DDA Rights

The DDA reserves the right to modify these Brownfield Grant guidelines at any time and without notice. The DDA reserves the right to eliminate its Brownfield Grant program at any time and without notice. DDA partnerships in Brownfield projects are completely voluntary on the part of the DDA and Developer. Proposed Brownfield applications require review by City Council and WCBRA, and grant approval by the DDA is no guarantee that the proposed Brownfield Plan will be reviewed or approved by the City and WCBRA. Grant approval will also be contingent on DDA review and approval of any subsequent substantial changes made prior to or during construction, which must be fully disclosed on an on-going basis.

DDA Brownfield Process

- A Developer shall meet with a DDA subcommittee prior to submitting a Brownfield grant request to the DDA, to enable DDA members to become familiar with the proposed project.
- An application to the DDA must include a presentation about the project to the full DDA board at a regularly-scheduled board meeting.
- The Developer making a grant application to the DDA must submit a full financial pro forma, including purchase cost and construction cost breakdown, sources and uses including any equity positions that constitute managing member position, rental income or condo sale prices, tax assumptions, and recurring expenses, etc. The Developer will provide the DDA with the funds (estimated to be \$3,500-\$5,000) so that the DDA may hire a real estate development consultant to assess the project pro forma

and inform the DDA about the project's financial feasibility, profitability, and any gap to be covered.

· All applicants submitting Brownfield grant requests to the DDA shall be provided with a copy of this policy, and shall also execute a receipt for it. The receipt shall expressly state that the applicant has received the DDA Brownfield policy, has read and understands it, and agrees to its terms, as an essential requirement of the application process.