

- **Chapter 7 - DOWNTOWN DEVELOPMENT AUTHORITY**

- **1:150. - Title.**

This chapter shall be known as the "downtown development authority ordinance" of the City of Ann Arbor.

- **1:151. - Purpose.**

The purpose of this chapter is to create a public body corporate to act in the best interests of the ~~city~~City to halt property value deterioration, increase property tax valuation where possible in the business district of the ~~city~~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) "Act 57" means Act No. 57 of the Public Acts of Michigan of 2018 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~~Expanded district" means the downtown district designated herein.

(6) "Initial assessed value" of the expanded district means the sum of the initial assessed value of the expansion area at May 01, 2025 as equalized by the State of Michigan, and the adjusted initial assessed value of the original district at May 01, 2025, as equalized by the State, being the initial assessed value of that district as adjusted for inflation and uncapping since the establishment of the Authority. The initial assessed value for the expanded district shall be \$712,395,164.

(7) "Adjusted initial assessed value" of the expanded district means the initial assessed value as adjusted for growth attributed to inflation and uncapping. This value will be used to calculate captured assessed value.

(8) “Current assessed value” means the assessed value of properties within the expanded district. The current assessed value on May 01, 2025 is established as \$1,143,318,781.

(9) “Captured assessed value” means the difference between the current assessed value and the adjusted initial assessed value of the expanded district.

- **1:153. - Creation of ~~authority~~Authority.**

There is hereby created pursuant to Act 197 the Ann Arbor Downtown Development Authority for the City of Ann Arbor, Michigan. The ~~authority~~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~~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~~Authority.

- **1:154. - Description of ~~downtownexpanded~~ district.**

The boundaries of the ~~downtownexpanded~~ district, as established on May 1, 1982 and amended on \_\_\_\_\_, in which the ~~authority~~Authority shall exercise its powers as provided by Act 197 are ~~hereby established designated~~ as shown on the ~~downtownexpanded~~ 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~~Authority shall be under the supervision and control of a board consisting of the Mayor or administrator of the ~~city~~City and 11 members. The members shall be appointed by and terms of office shall be as provided in Act 197, with the following exception which shall be effective with the first appointment to the board after the effective date of the ordinance from which this section is derived:

- (1) No member may serve more than 3 consecutive full terms and may be reappointed after a lapse of 4 years. All members shall hold office until the member's successor is appointed.

- **1:156. - Powers of the ~~authority~~Authority.**

As provided in Act 197, the ~~authority~~Authority shall prepare a development plan and financing plan for the ~~downtownexpanded~~ district or a development area within the district. The ~~authority~~Authority must obtain City Council approval of all development and

financing plans. The ~~authority~~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 with the following exceptions:

(1) *Ad valorem taxes*: The ~~authority~~Authority shall not have the power to levy ad valorem taxes on the real and tangible personal property as finally equalized in the ~~downtown~~expanded district.

(2) *Tax increment financing*: If the ~~authority~~Authority proposes a tax increment financing plan, it shall only plan the use of that portion of the captured taxable value that is due to ~~net~~ new construction and improvements to existing buildings after December 31, 1981 to implement the downtown plan and any amendments thereto.

Beginning with the ~~2016~~ tax year 2026, the ~~maximum~~Authority shall retain 70% of all tax increment revenues as calculated on the captured ~~taxable~~assessed value ~~shall, returning the remaining 30% of tax increment revenues to the local tax levying authorities.~~

~~TIF distributions made by the City Treasurer will be \$224,000,000.00. Each tax year thereafter, the maximum based on the captured taxable assessed value shall be increased by 3.5% per annum at the time of each distribution, as adjusted by the City's Assessing Department based on changes authorized by the General Property Tax Act and General Tax law, as amended.~~

Only after notice to and the opportunity to comment by the governmental units may these restrictions be removed.

(3) *Planning considerations*: In developing a plan within the downtown area, the ~~authority~~Authority shall consider the following:

(a) Tax increment financing shall only be 1 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.

(e) Tax increment financing seed funds for the Housing Fund shall be budgeted effective tax year 2016 at an amount no less than \$300,000.00. Every year thereafter the minimum amount budgeted shall be adjusted at the same rate of increase as the increase in the total TIF capture. The funds deposited in the DDA housing fund are to be spent on planning, development and improvement of housing in the near downtown area affordable to residents with incomes at or below 60% of the Area Median Income (AMI), as published by HUD and consistent with the Washtenaw County Office of Community and Economic Development (OCED) affordable housing needs assessment, as updated from time to time. Nothing in this section shall be interpreted to limit the DDA ability to invest more than \$300,000.00 toward housing for low-income residents. Nor does it limit DDA ability to invest in development of additional housing affordable to residents at a diverse range of income levels.

- **1:157. - Termination.**

Upon completion of its purposes, the ~~authority~~Authority may be dissolved by the Council. The property and assets of the ~~authority~~Authority, after dissolution and satisfaction of its obligations, shall revert to the ~~city~~City.

- **1:158. - Preliminary findings.**

~~(a) (a) That the initial Development Plan and Tax Increment Financing Plan was duly adopted on October 26, 1982 and duly amended on March 5, 2003, each in accordance with Act 197.~~

~~(b) \_\_\_\_~~ That a public hearing was held on the proposed ~~March 5, 2003~~[insert date] Development Plan and Tax Increment Financing Plan for the ~~Downtown~~Expanded District, amending the ~~October 26, 1982~~March 5, 2003 Development Plan and Tax Increment Financing Plan; following the giving of notice thereof, all in accordance with Act ~~197~~57 of the Public Acts of ~~1975~~2018, as amended:

~~(b.)~~(c) That findings and recommendations of a development area citizens council have considered and have provided a source of plan input, ~~as applicable.~~

~~(ed)~~ That the proposed [insert date] Development Plan and Tax Increment Financing Plan, amending the 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 ~~19757~~ of the Public Acts of ~~1975~~2018, as amended.

~~(de)~~ That the proposed method of financing the proposed developments identified ~~March 5, 2003~~in the ~~[insert date]~~ 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.

~~(ef)~~ That the proposed developments identified in the ~~March 5, 2003~~~~[insert date]~~ Development Plan and Tax Increment Financing Plan are reasonable and necessary to carry out the purposes ~~of Act 197~~of~~57~~ of the Public Acts of ~~1975~~2018, as amended.

~~(fg)~~ 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 19757~~ of ~~the~~ Public Acts of ~~1975~~2018, as amended, in an efficient and economically satisfactory manner.

~~(gh)~~ That the proposed ~~March 5, 2003~~~~[insert date]~~ Development Plan ~~amending the October 26, 1982 Development Plan has been reviewed by the City Planning Commission and is~~ found to be in reasonable accord with the adopted ~~master~~ plans of the City of Ann Arbor.

~~(hi)~~ That public services, such as fire and police protection and utilities, are or will be adequate to service the proposed district.

~~(ij)~~ That change in zoning, streets, street levels, intersections and utilities are reasonably necessary for the proposed project and for the City of Ann Arbor.

- **1:159. - Findings and determination.**

(a) That based on the foregoing findings, it is hereby held and determined that the ~~March 5, 2003~~~~[insert date]~~ 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 amendment amending the October 26, 1982~~~~(b) That the~~ ~~[insert date]~~ Development Plan and Tax Increment Financing Plan for the Downtown Development District is hereby approved.

~~{Ord. No. 26-03, § 2, 9-15-03}~~

~~Note—See editor's note at § 1:158.~~

- **1:160. - Annual report.**

The ~~authority~~Authority shall prepare, file with the State Tax Commission and the ~~city~~City, and publish in a newspaper of general circulation in the ~~city~~City a tax increment financing (TIF) account Annual Report consistent with the requirements of and in the form specified by the State of Michigan within 30 days of receipt of audited financial results.

The ~~authority~~Authority shall submit their capital budgets to incorporate them into the ~~city's~~City's capital improvement plan (CIP). The ~~authority~~Authority shall at the time they submit their budget for Council approval identify that portion of the budget which is operating and that which is capital projects.

[illegible]