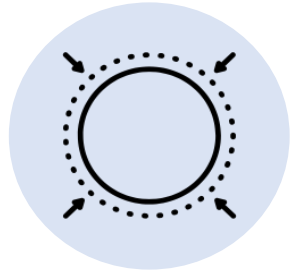


An aerial photograph of the Ann Arbor city skyline, featuring various buildings and a construction crane in the background. The entire image is covered with a semi-transparent blue filter.

DDA DEVELOPMENT AND TIF PLAN UPDATE

Ann Arbor City Council Work Session 4.17.25

1



BOUNDARY

The District boundary determines where the DDA can use TIF to fund capital improvements and programs.

2



FINANCE PLAN

The estimated future TIF revenue and how the DDA will use this revenue to fund projects and programs within the District.

3



PROJECTS AND PROGRAMS

What the DDA can accomplish.





Key Decision Scenarios for Development Plan

Decisions related to our **boundary** (1) and **financing** (2) will impact our **capacity to implement projects/programs** (3) in our Development Plan.

1. GAINSHARE MODEL

Will either be adopted or remain capped

Scenario A



Boundary
Expansion



Gainshare
Model

Scenario B



Boundary
Expansion



Gainshare
Model

Scenario C



Boundary
Expansion



Gainshare
Model

Scenario D



Boundary
Expansion



Gainshare
Model

2. DDA BOUNDARY EXPANSION

Will either expand or remain the same

BOUNDARY + REVENUE = CAPACITY



Moderate
Boundary
Expansion

+



Gainshare
Model

=



Value-Based
Outcomes

Expands the areas where the
DDA can respond to evolving
needs

Provides more funding for
infrastructure needs,
downtown service team, and
affordable housing

Best aligns with the
outcomes important to the
community

“SCENARIO D” IS RECOMMENDED

What do we want to accomplish tonight?

- 1. Review Plan Requirements**
- 2. Review three key decisions and potential project and program outcomes**
 1. DDA Boundary
 2. DDA Funding
 3. Draft Scenarios - Impacts to Projects and Programs
- 3. City Council discussion and feedback**



PLAN REQUIREMENTS

State Statute

DDA Development Plan Requirements

Michigan ACT 57 of 2018 requires all DDA's to create a Development Plan and TIF Plan. The Development Plan establishes the boundary, and identifies the activities and projects the DDA will participate in.

Tax Increment Finance Plan

The TIF Plan establishes procedures, requirements, and methods for the collection and use of tax increment revenues, in order to carry out the activities of the DDA.

A blue-tinted photograph of a town square. In the background, a tall clock tower with a bell tower on top stands prominently. The square is filled with pedestrians walking across a crosswalk. A white SUV is parked on the street. The scene is set in a town with brick buildings and street lamps.

UNDERSTANDING KEY DECISIONS

Breaking down three plan requirements

A blue-tinted photograph of two children sitting on a modern, white, curved playground structure in a grassy area with trees in the background. The image serves as a background for the text.

VALUE DRIVEN CAPITAL PROJECTS

Responding to evolving needs

Value-Driven

Comprehensive Plan Values

AFFORDABLE

EQUITABLE

SUSTAINABLE

DYNAMIC

DDA Development Plan Goals



Safe, comfortable streets



Connected community with inviting & active public spaces



A robust, diverse population & livable downtown



Thriving & diverse local economy



Equitable, just access for all people



A resilient & sustainable downtown

Value-Driven Projects

Thriving downtowns invest in placemaking, parks, transit, utilities, streets, non-motorized transportation, housing, and sustainability.



Fund across project categories

Maximizing Benefit

Emphasize large, multi-faceted projects that cut across strategic values.

The DDA can partner on a planned City capital project to enhance placemaking, safety, and access elements.

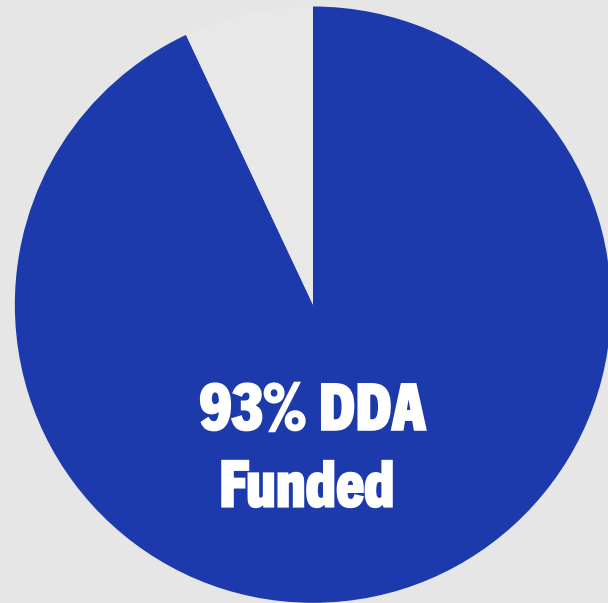
-OR-

Lead complex projects that address multiple needs through a single funding source.

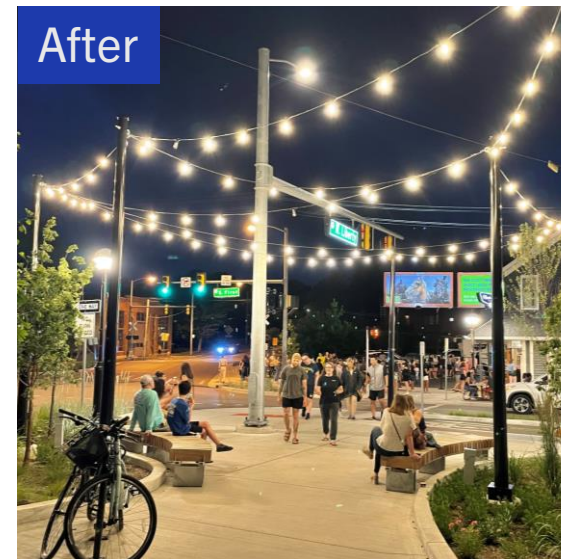


The Fifth & Detroit Project (2019) addressed multiple needs, such as transportation safety, streetscape, stormwater, and utilities.

Maximizing Benefit



The First and Ashley Project (2021) addressed multiple needs, such as transportation safety, streetscape, stormwater, and utilities.



Maximizing Benefit

Continue focused improvements, maintenance, and tactical interventions.

- The DDA provides focused improvements to maintain a high quality of place and advance specific goals, including:
 - Maintenance and repairs unique to DDA District
 - Housing Commission utility and streetscape support
 - Elevate Public Art Program



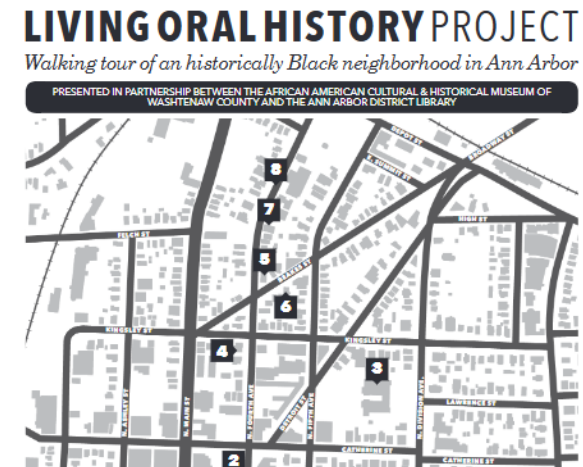
David Zinn Partnership (Elevate)



121 W Catherine Utility Support



Annual DDA Repairs



Ann Street Mural Collaboration (Elevate)

Leveraging Investment

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 projects and maintenance costs would be the responsibility of the City alone.



For every **\$1** the City invests, **\$.82** is leveraged to invest in value-based infrastructure.



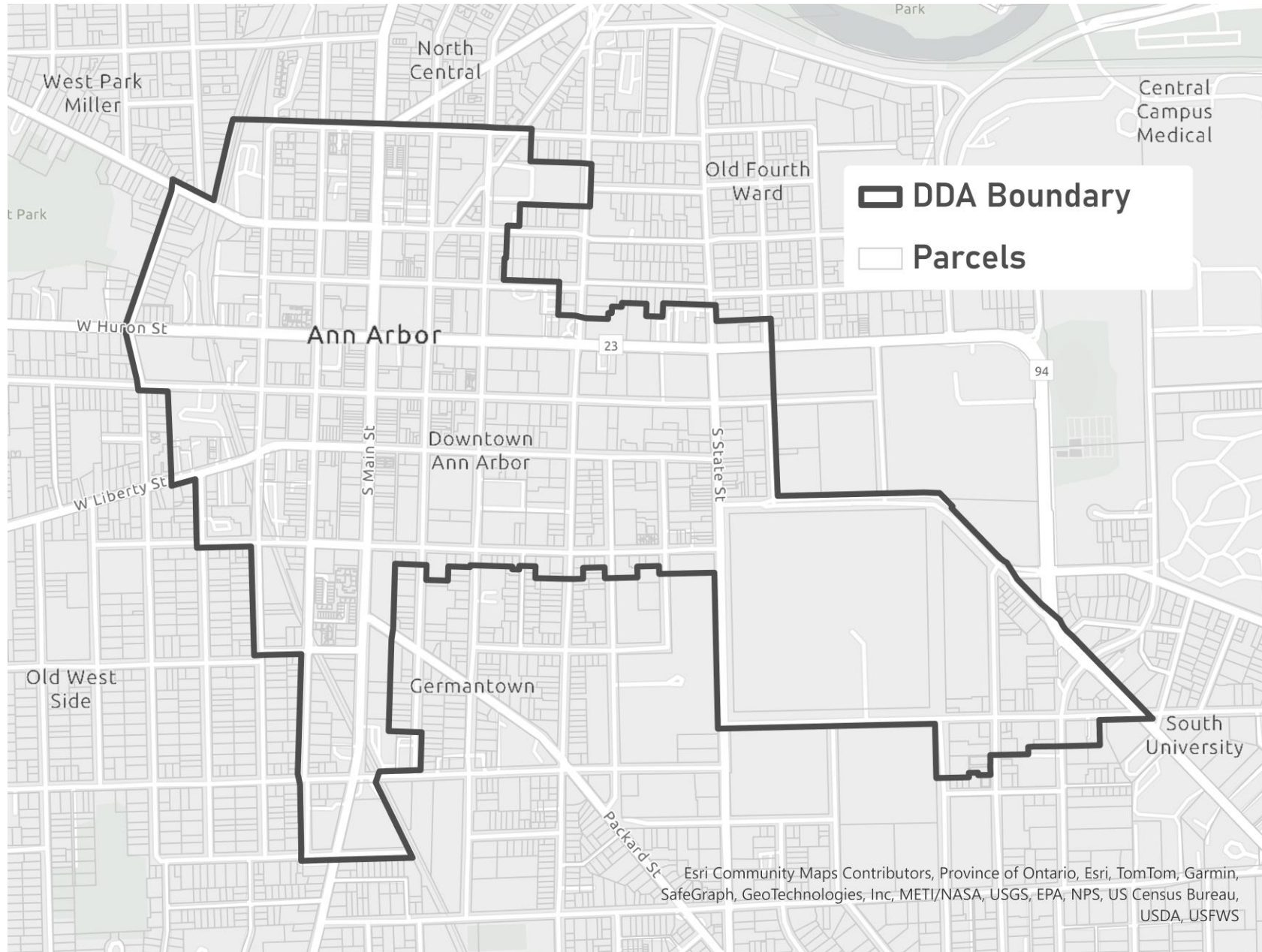
The State St. Project (2023) addressed multiple needs, such as transportation safety, accessibility, streetscape, stormwater, and utilities.

A blue-tinted photograph of a city street at night. The scene is illuminated by warm string lights hanging across the street. In the foreground, several people are sitting on a curved wooden bench. A bicycle is parked on the left. In the background, a crowd of people is walking across the street, and a car is visible on the right. Street signs and traffic lights are visible in the distance.

BOUNDARY

How does the DDA Boundary affect our
Development Plan?

Current Boundary Status



1 TIF District

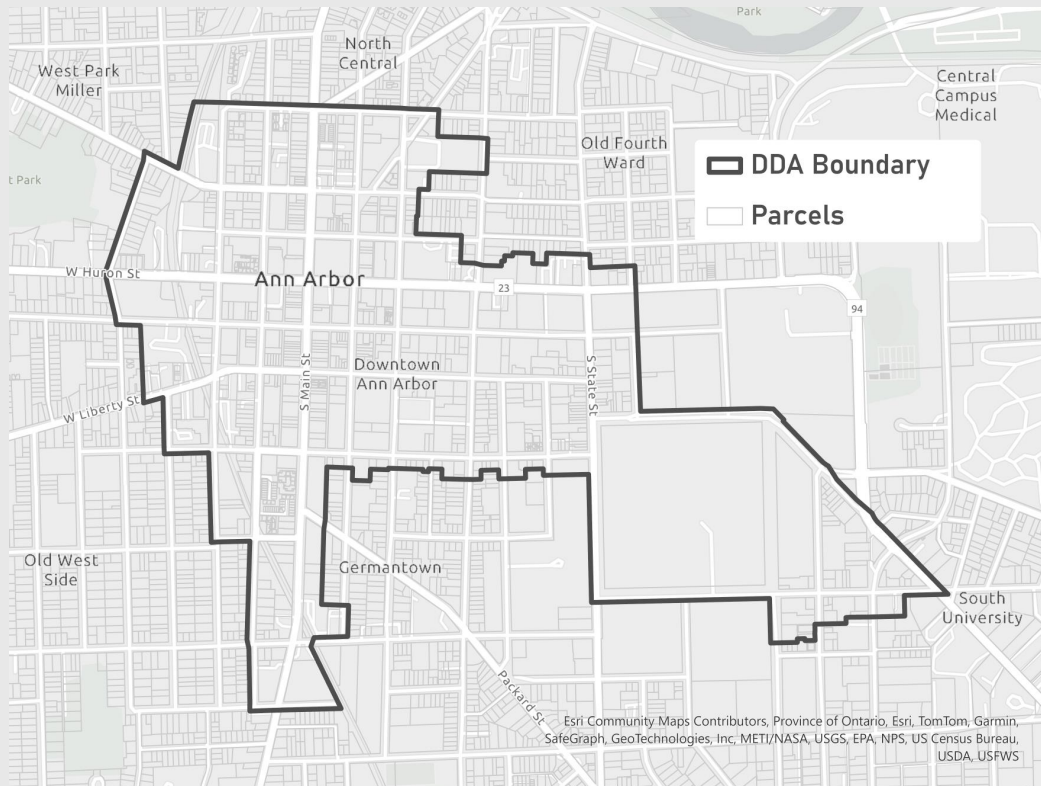
67 city blocks; 271 acres

- We capture TIF dollars only within this boundary.
- We can use our TIF dollars only within this boundary.
- We can implement projects and programs only within this boundary.

BOUNDARIES - Comparison Between Other DDAs

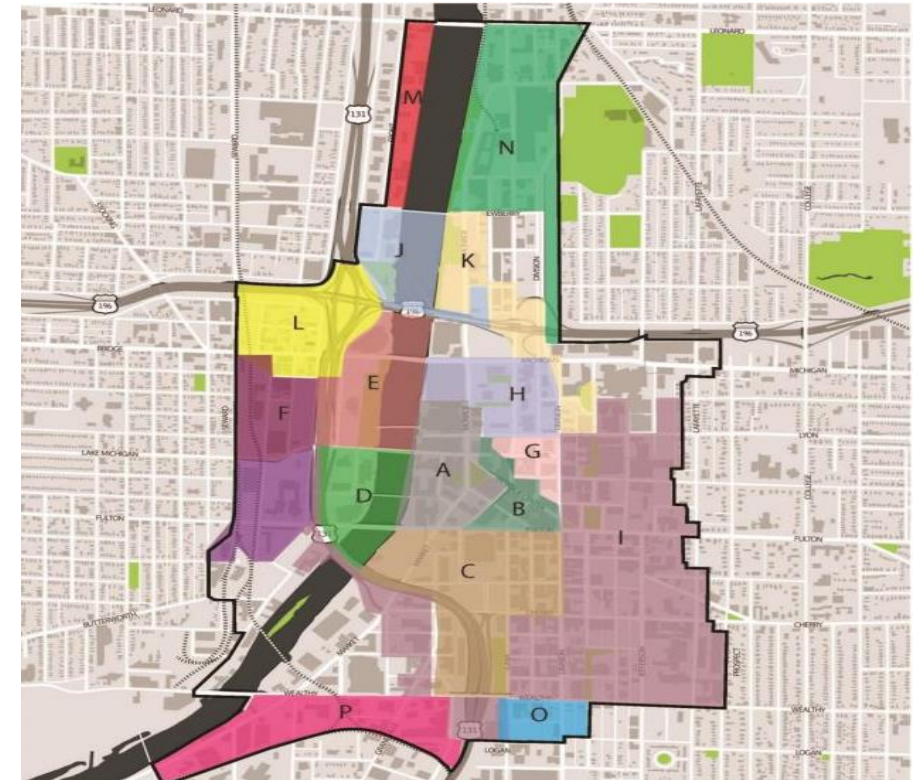
Ann Arbor DDA

1 TIF District; 271 acres



Downtown Grand Rapids Inc.

16 TIF Districts; 873 acres



BOUNDARY

Responding to evolving needs



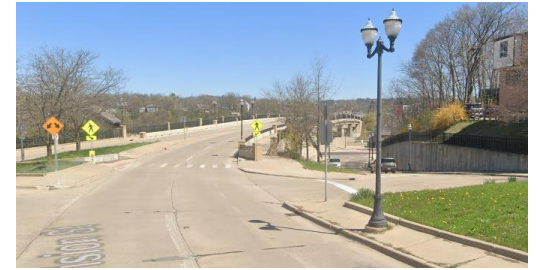
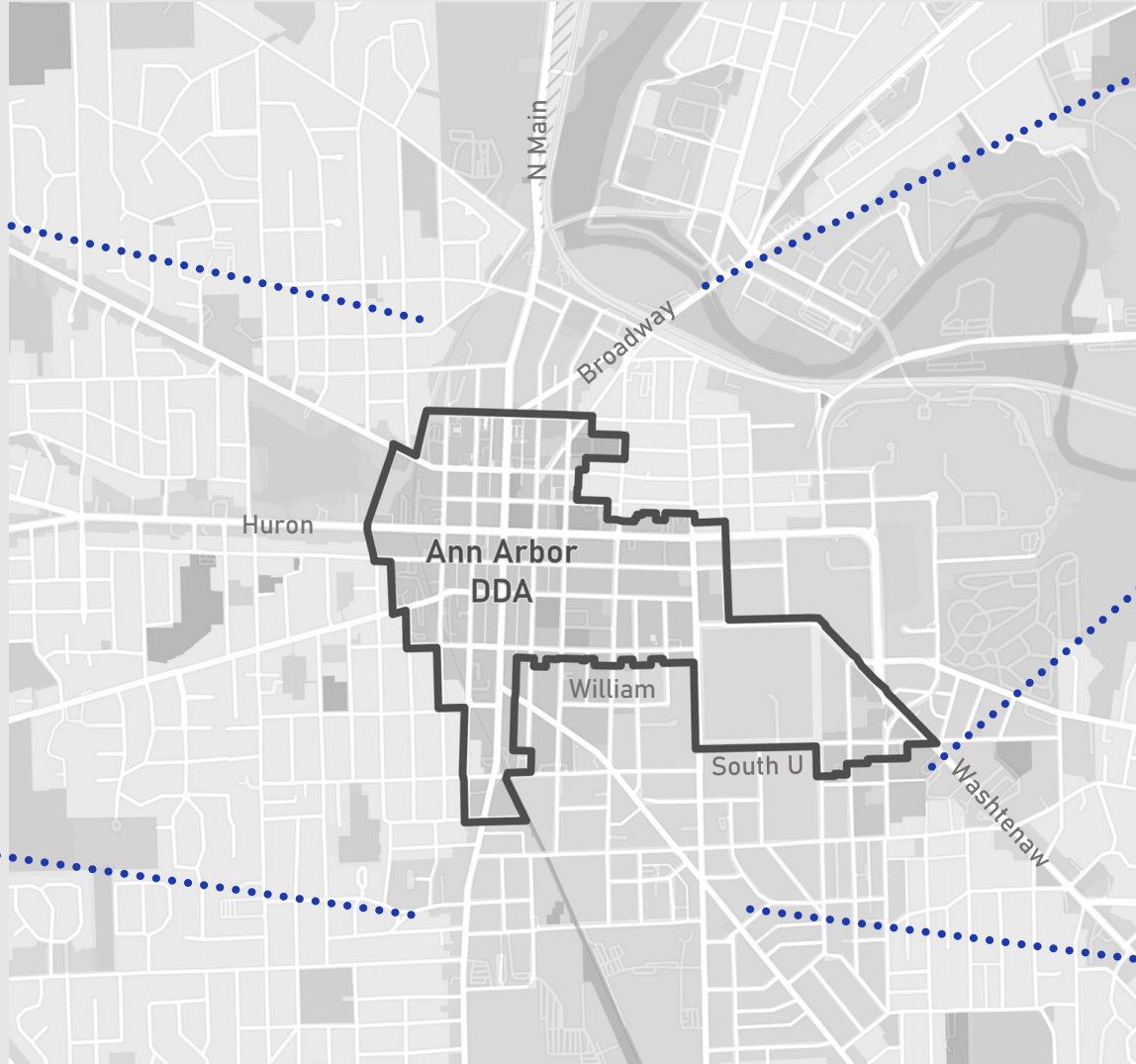
Responding to Evolving Needs



Desire to improve North Main Street Gateway and connections to North Main Street businesses



Desire to improve South Main Street Gateway and connections to existing commercial



Need to strengthen connections northward to the river, Lower Town, and the Plymouth corridor

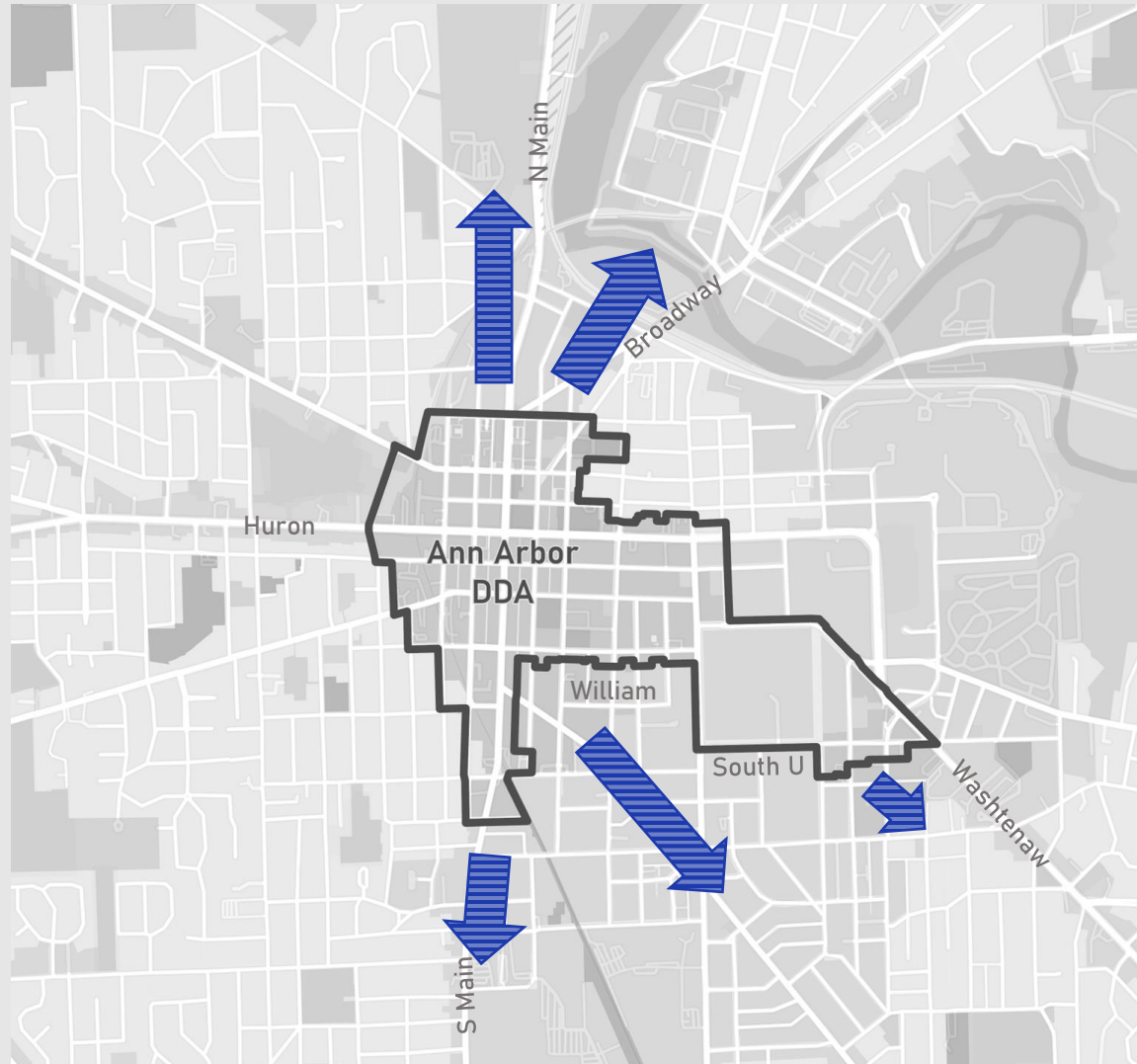


Respond to development activity outside of the South U district



Respond to increased activity and development in and around the Packard Triangle

Aligning DDA Boundary with Needs



Boundary Exploration

The DDA can help achieve City goals by investing in:

- Public spaces
- The street environment
- Connections to existing business districts, neighborhoods, and community assets
- Utilities
- Affordable housing
- Maintenance of amenities

These are complex projects that the DDA can help advance.

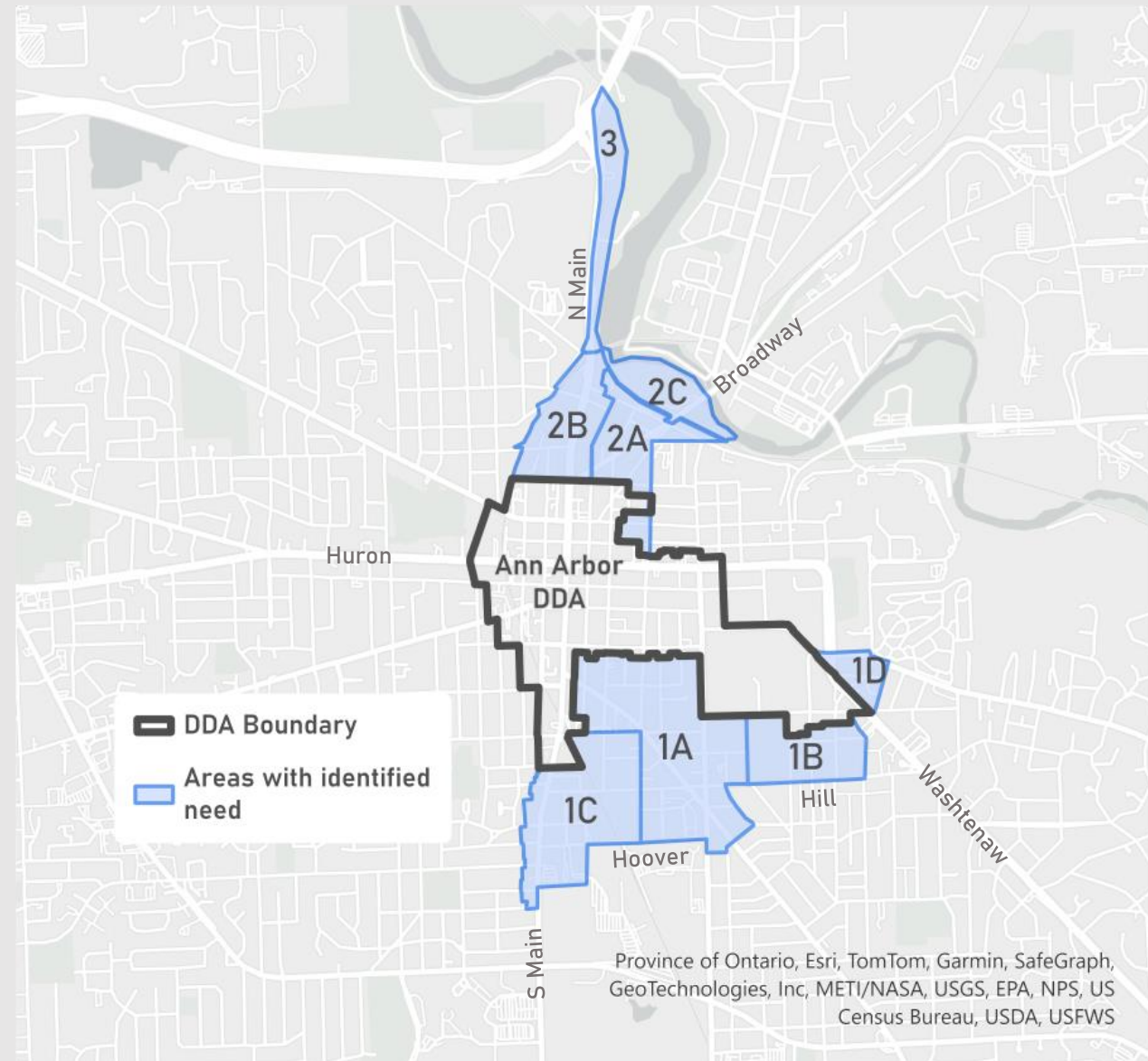
Boundary Exploration

Possible expansion areas were organized around:

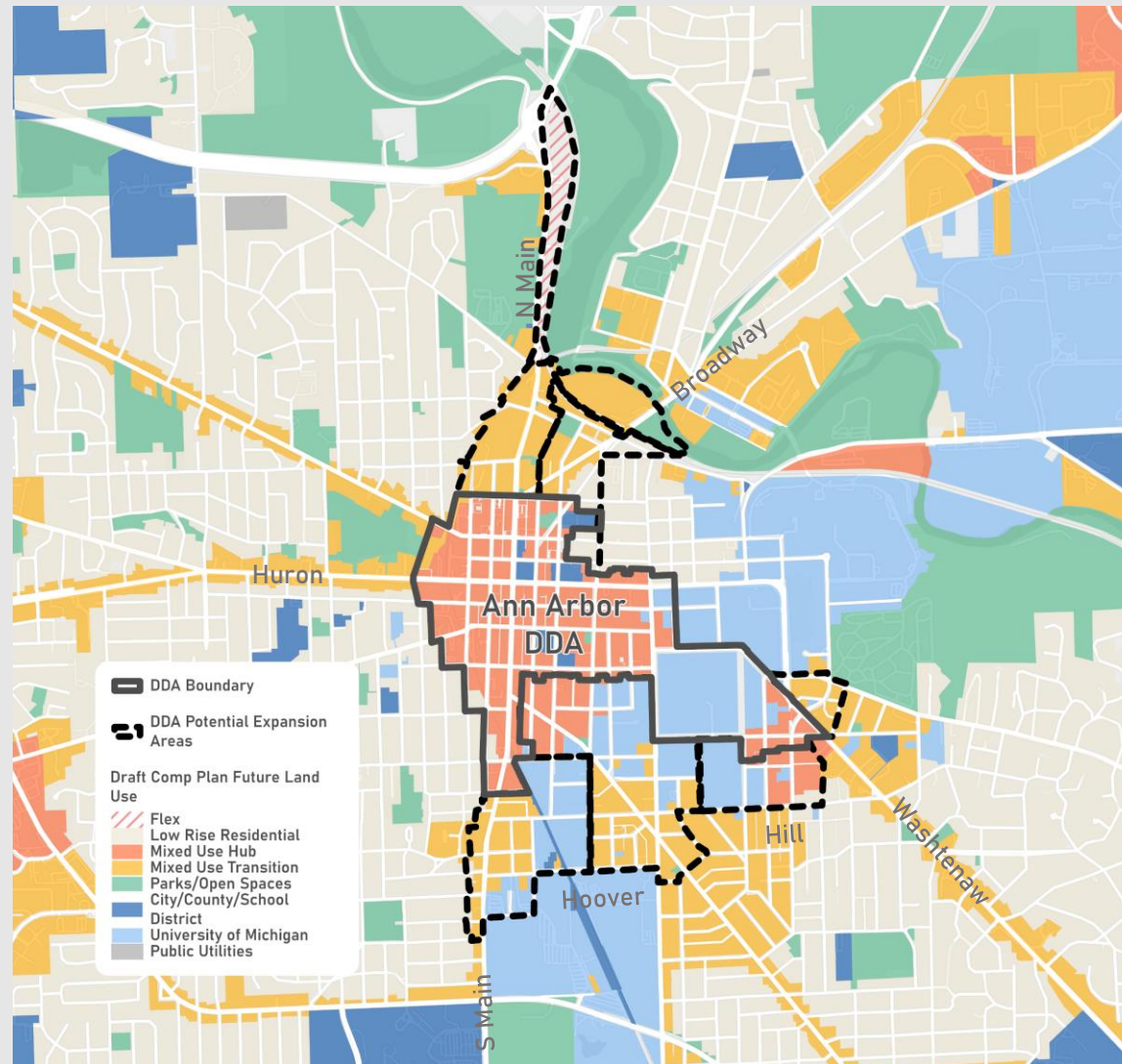
- Potential infrastructure needs
- Connections to business districts & key corridors
- Parcel boundaries

DDA boundaries must be contiguous.

Areas Where Infrastructure Needs Were Explored



Land Use Goals – Ongoing Comprehensive Plan Coordination



Boundary Exploration

Boundary exploration areas align with the current Comprehensive Plan recommendations.

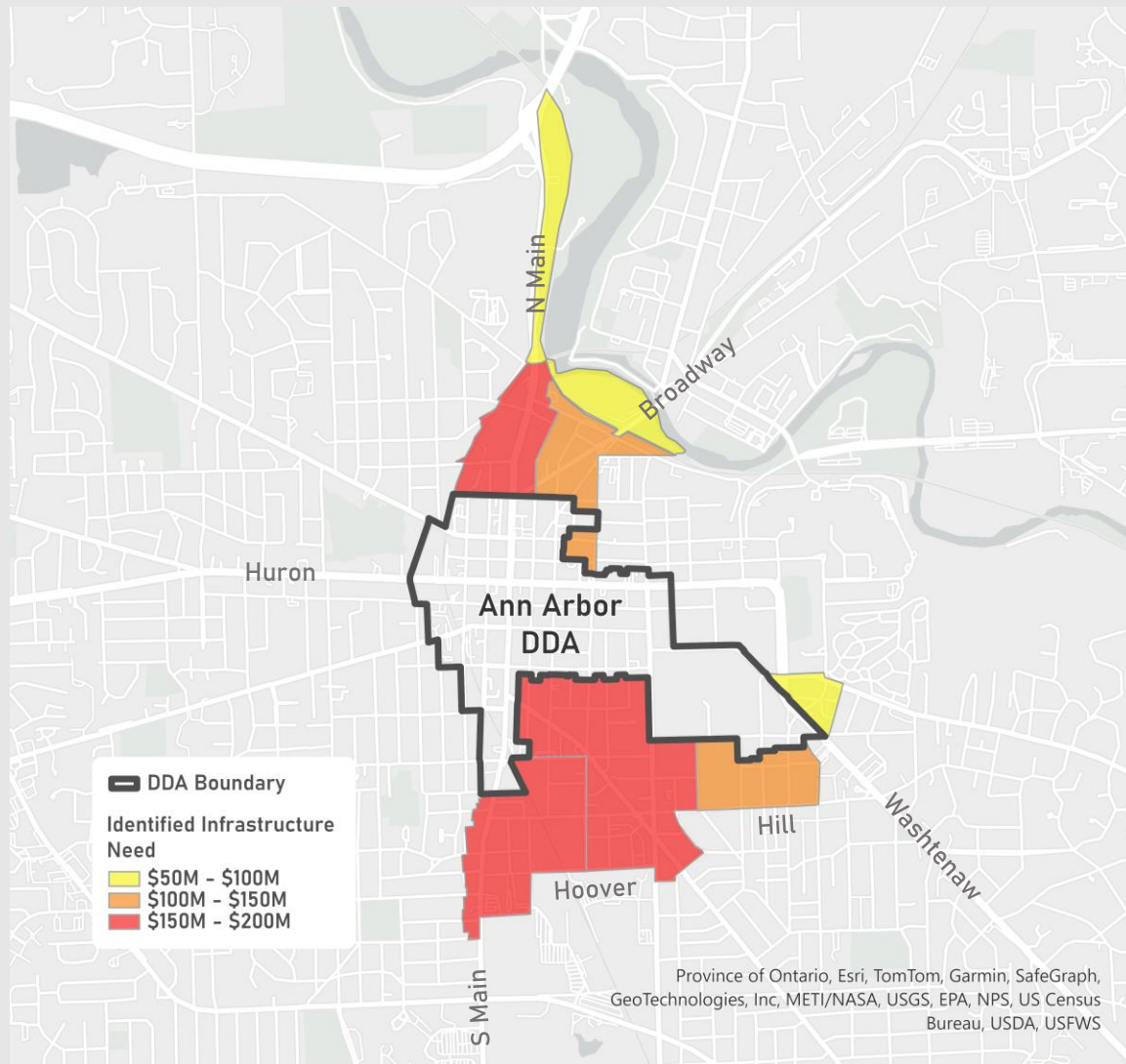
The DDA boundary does not require or trigger a land use change.

The DDA boundary can support services and critical infrastructure in these areas.

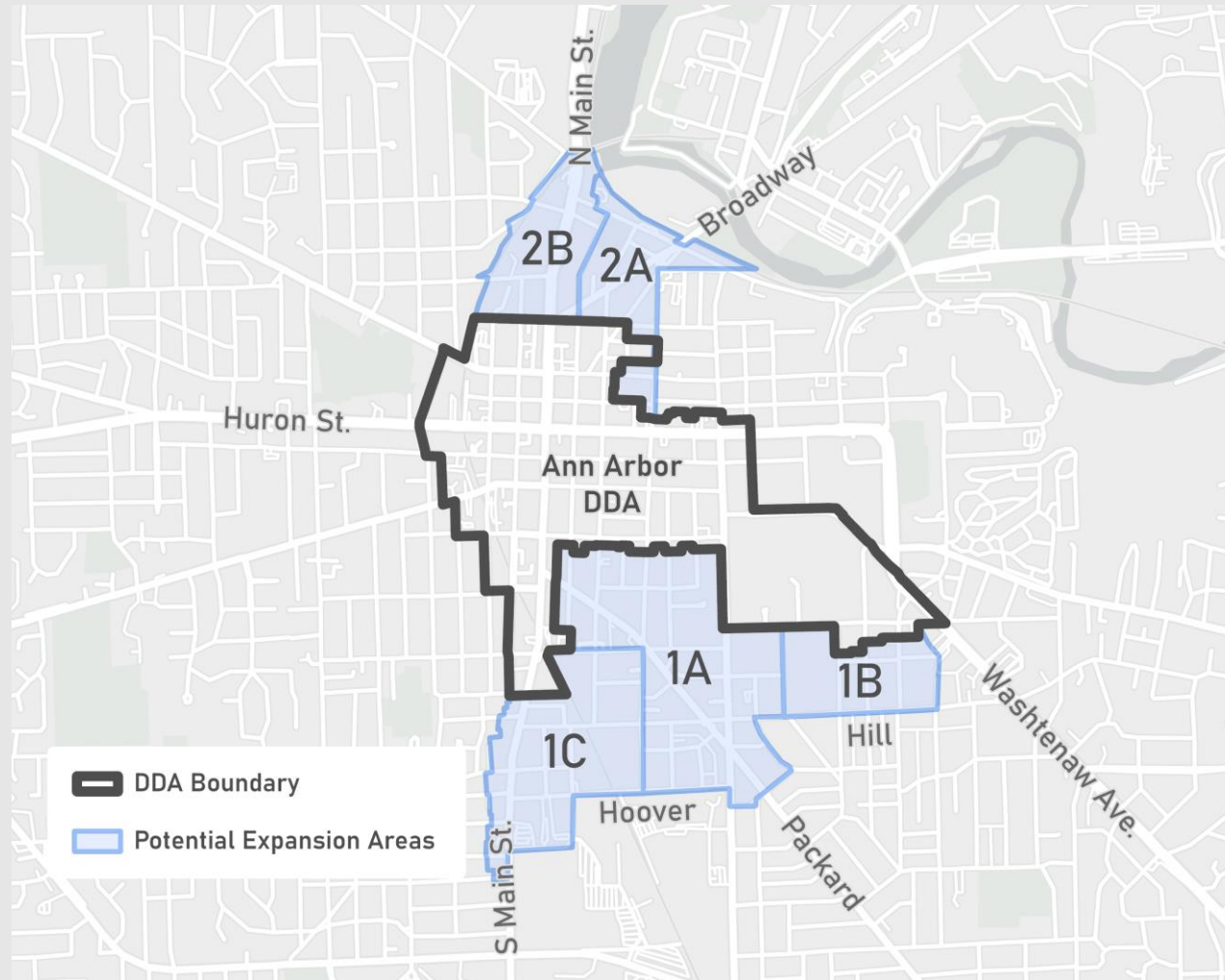
Boundary Exploration

Areas directly north and south of downtown have the greatest identified needs and opportunity.

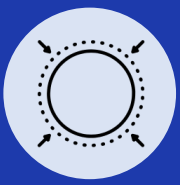
Infrastructure Needs



Recommended DDA Boundary



**Potential DDA
Boundary that has
the greatest benefit
to support City land
use and quality of life
goals and advance
complex projects.**



Boundary Expansion - Potential Outcomes

A larger DDA boundary would allow us to expand value-driven projects and programs to a greater area.

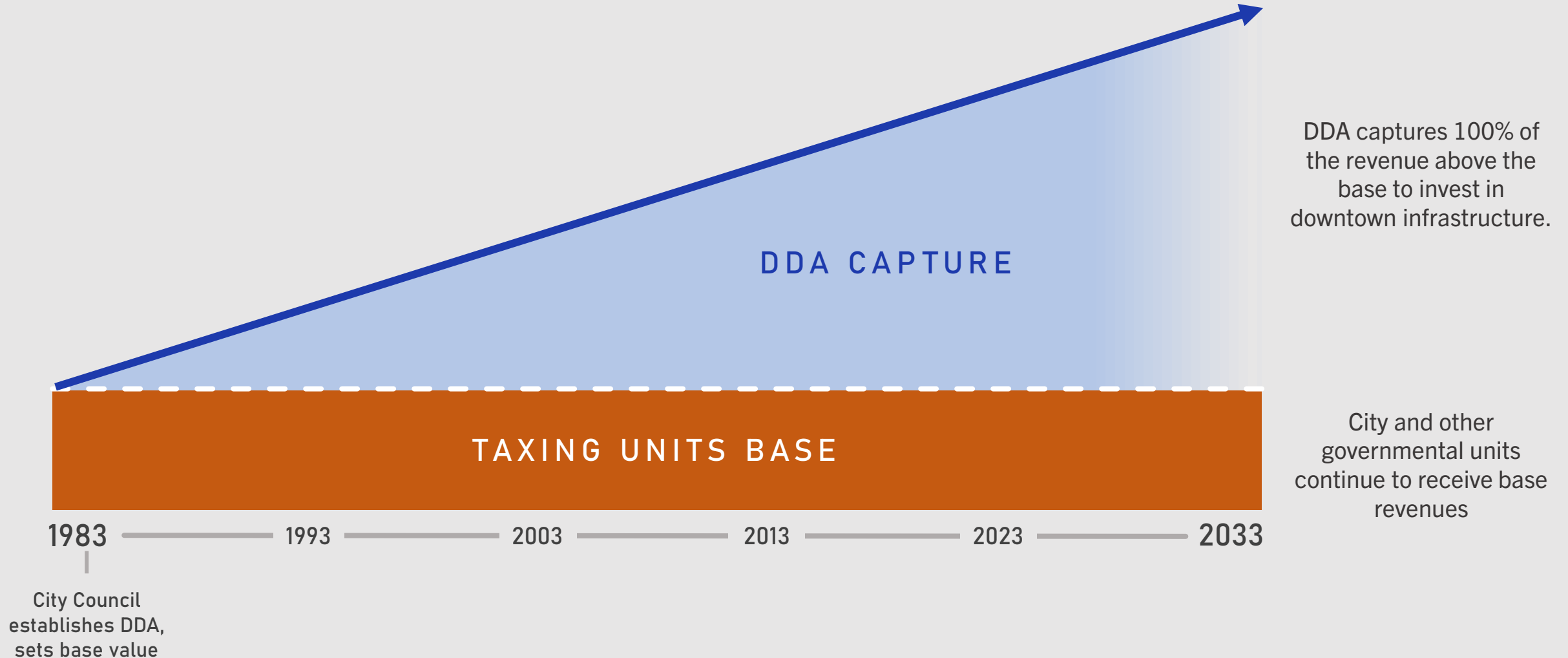
- Participate in new areas to address evolving needs
- Help offset public utility pressures
- Make connections to business districts just outside of our boundaries
- Expands affordable housing investment areas

An aerial photograph of a city skyline, featuring various buildings and a construction crane in the distance. The entire image is overlaid with a semi-transparent blue filter. The text is positioned on the left side of the image.

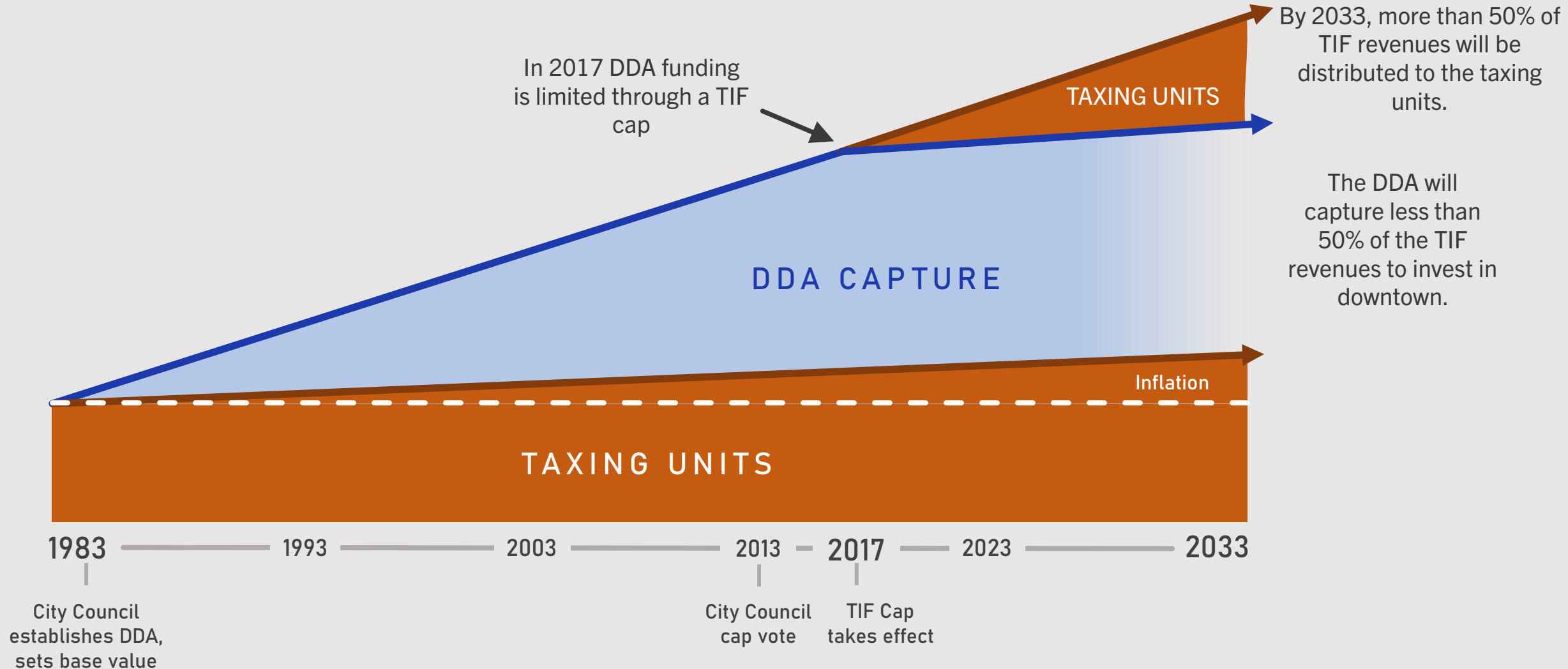
FINANCE PLAN

How does the TIF Cap affect our Development Plan?

Standard TIF Model

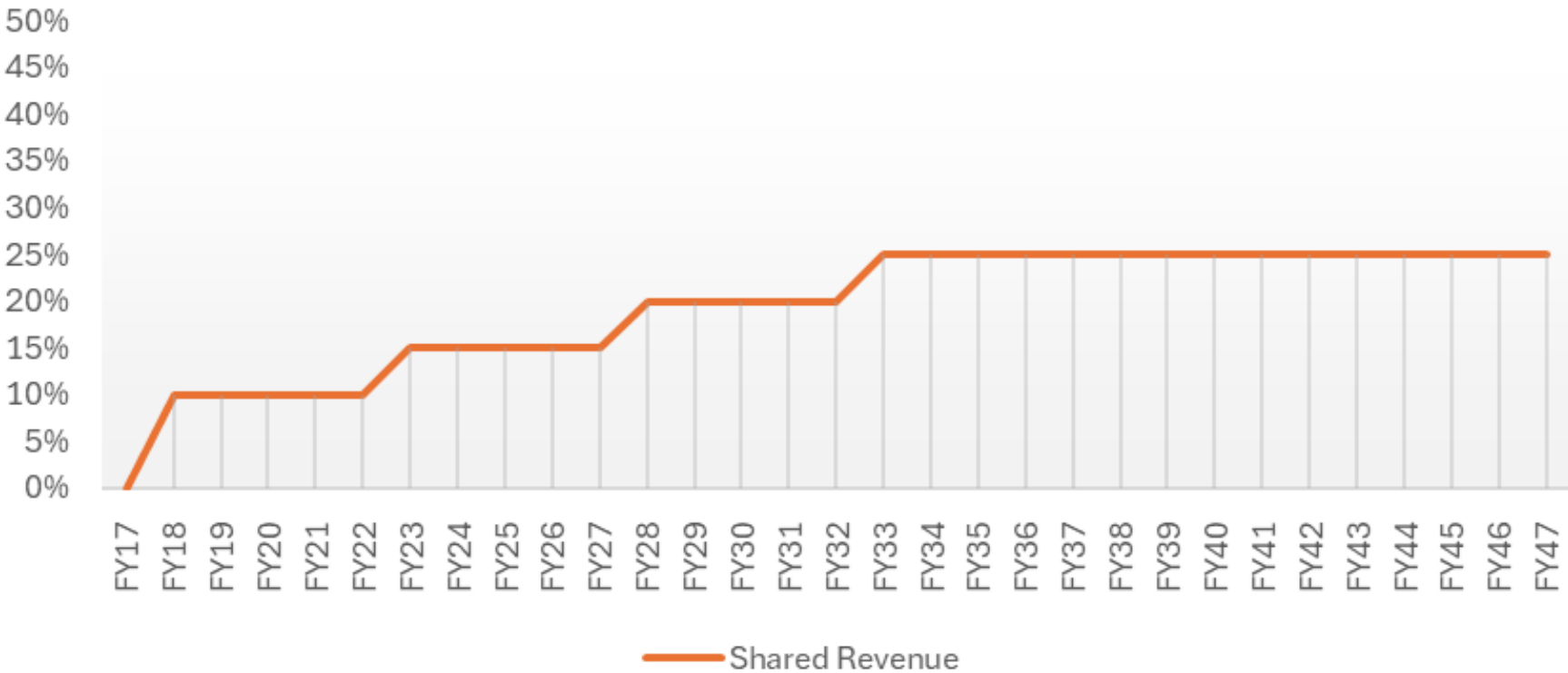


Current TIF Cap Model – Unique to Ann Arbor



Grand Rapids Gainshare Model

Gainshare Steps in Grand Rapids Model



Grand Rapids collaborated on a Gainshare Model in FY18

The model uses a stepped approach to sharing TIF Revenues with the taxing units:

- 10% years 1-5
- 15% years 6-10
- 20% years 11-15
- 25% years 16 and beyond**

Original District - Recommended Gainshare Model

The gainshare percentage is fixed at just above the FY 2026 TIF share of 28% to the governmental units

Taxing units receive 30% of revenue

DDA receives 70% of revenue to invest in downtown infrastructure

Everyone shares in growth

TIF Cap

Gainshare Model

DDA CAPTURE

Inflation

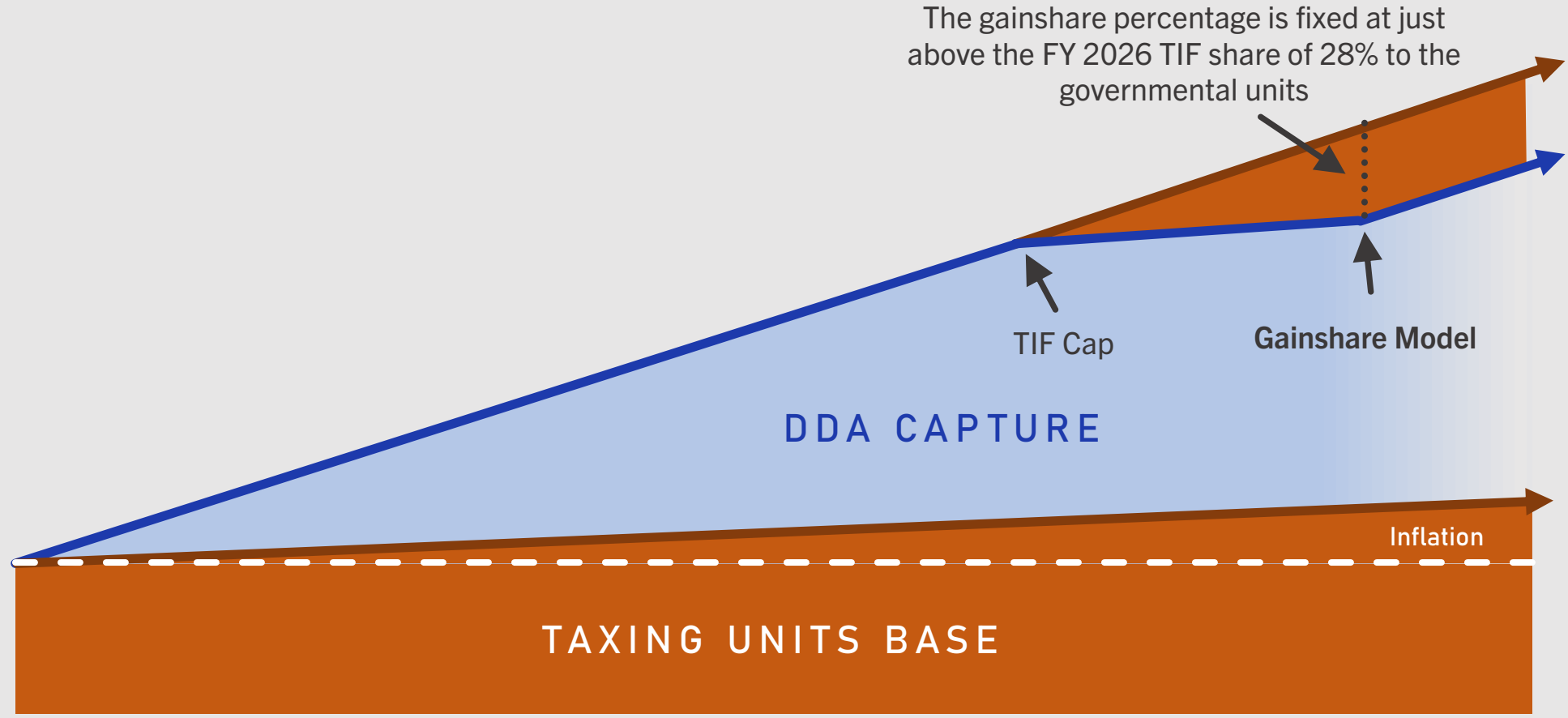
TAXING UNITS BASE

1983 1993 2003 2013 2017 2023 2026 2033

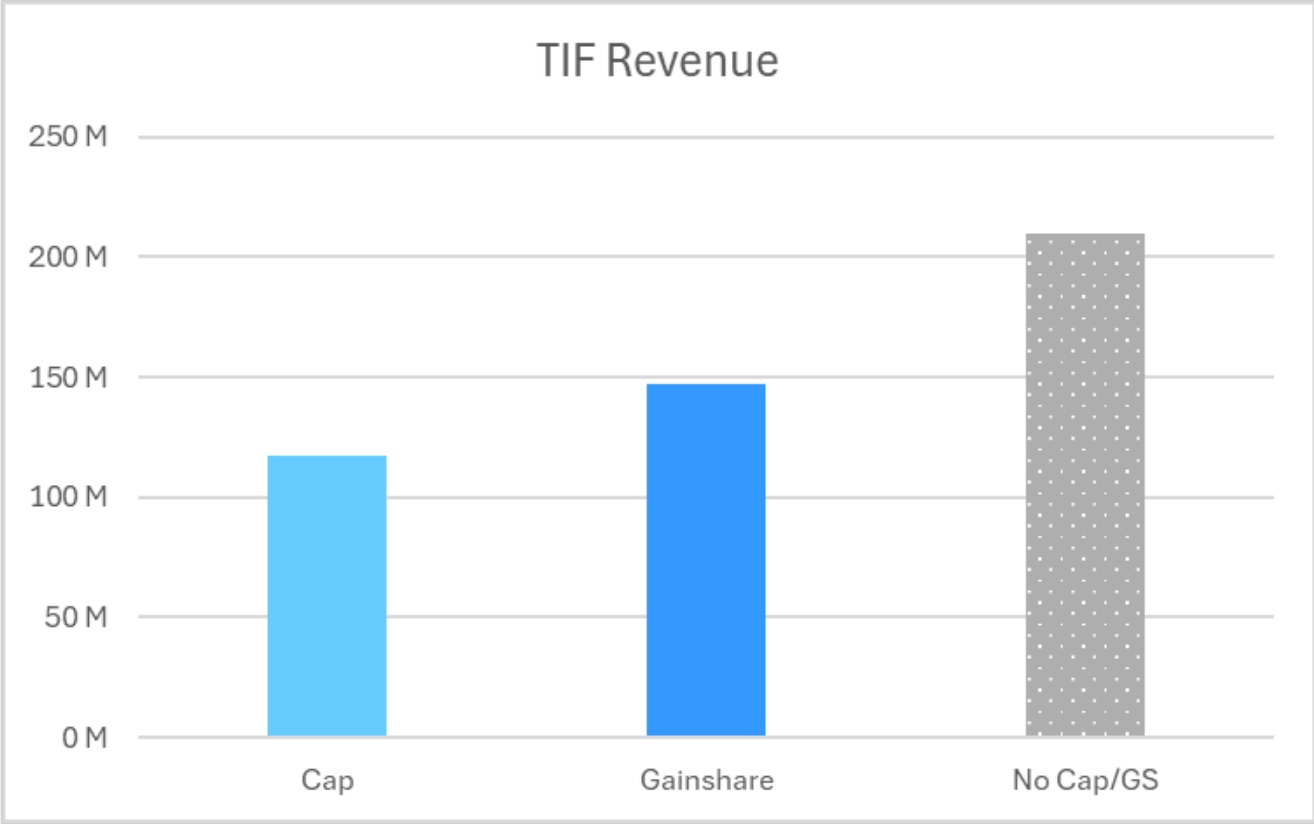
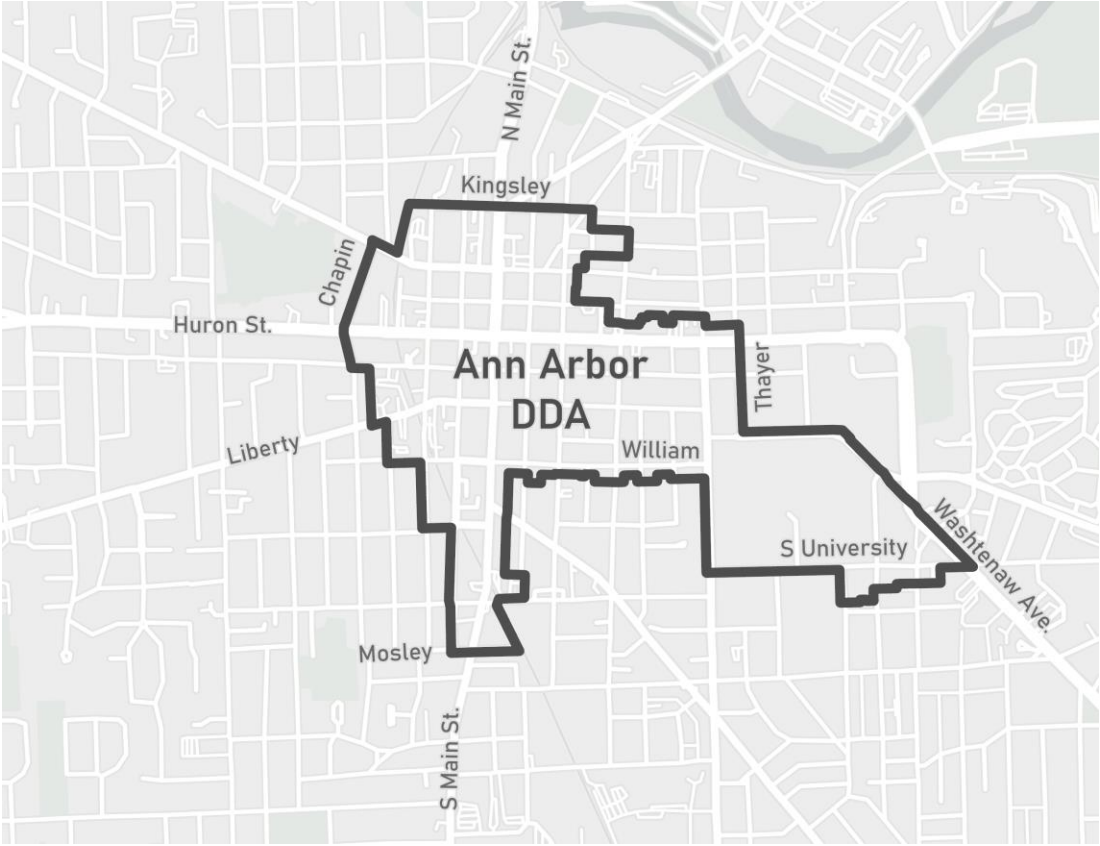
City Council establishes DDA, sets base value

City Council cap vote TIF Cap takes effect

Gainshare Model



Original District – 10-Year Revenue Projections



Original District	3.5% Cap	30% Gainshare	No Cap/ Gainshare
10-Year Projections	\$117M	\$147M	\$210M

Downtown Service Team

- Addressing the service gap that exists today
- Outside of core DDA purpose
- Currently limited by funding
- Can be implemented by having a dedicated and consistent revenue source

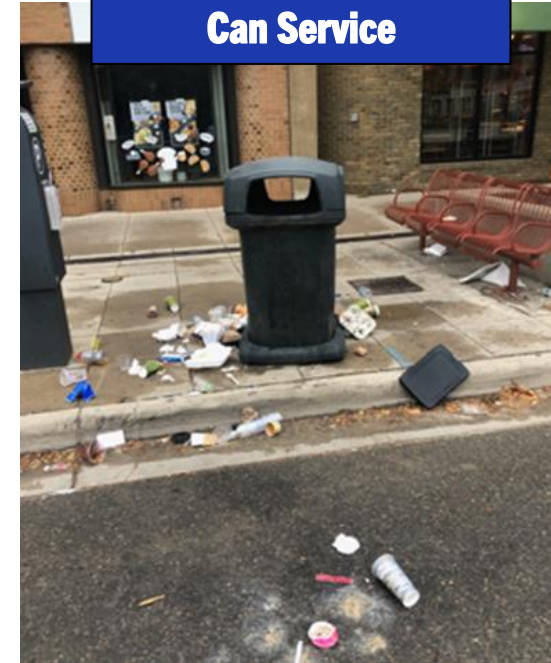
Snow Removal & Ice Melt Application



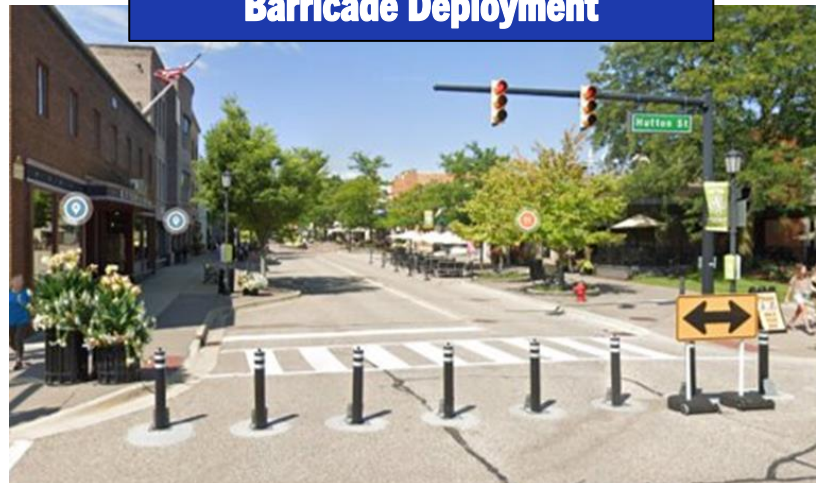
Landscape Maintenance



Supplemental Trash Can Service



Barricade Deployment

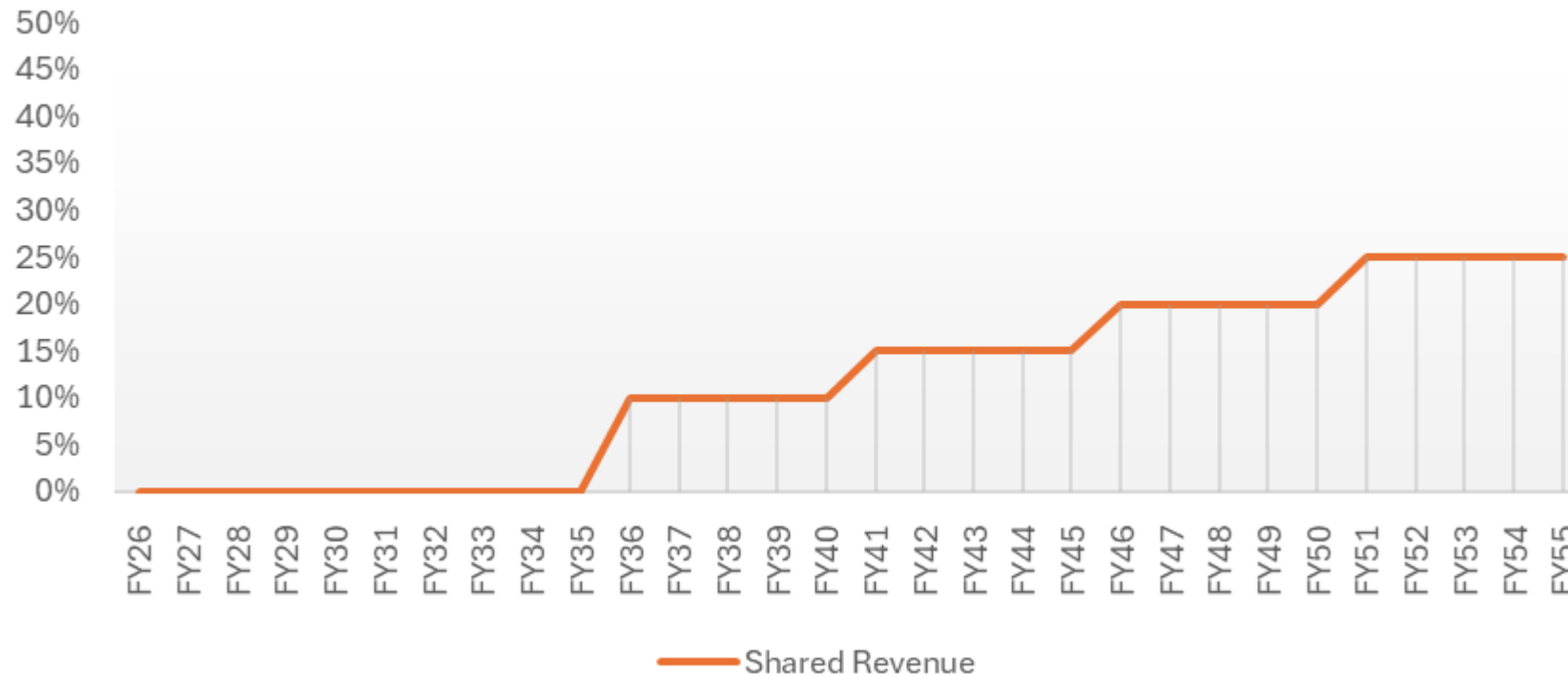


Trash Removal



Expanded Areas – Proposed Gainshare Model

Gainshare Steps in Expanded Districts

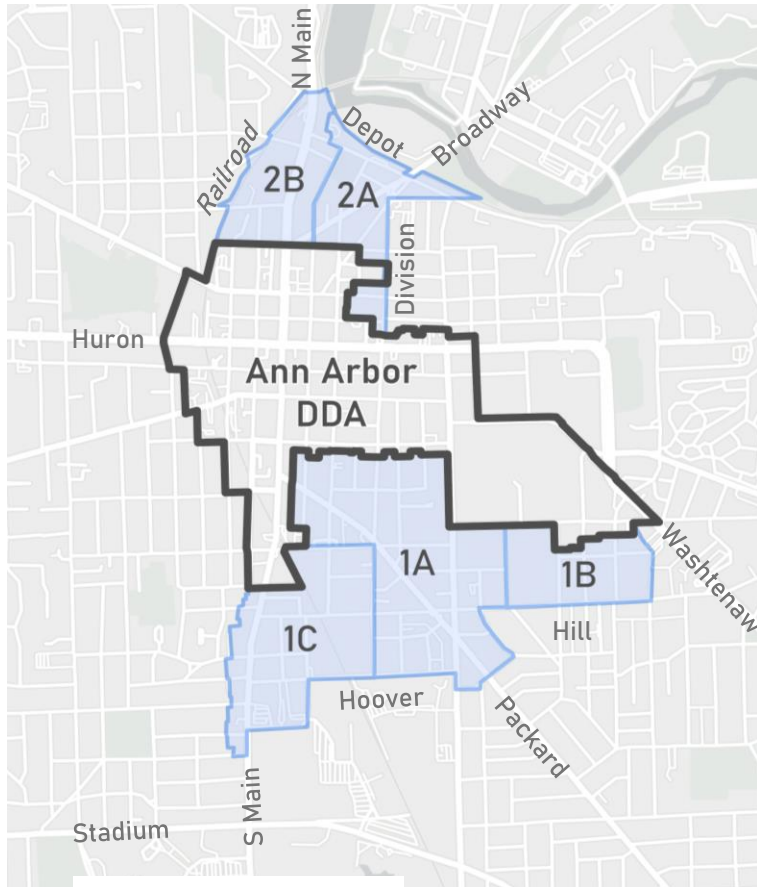


The proposed Gainshare Model for the expanded areas follows the Grand Rapids Model and maps the percentage of TIF that would be shared with the taxing units over the course of the plan

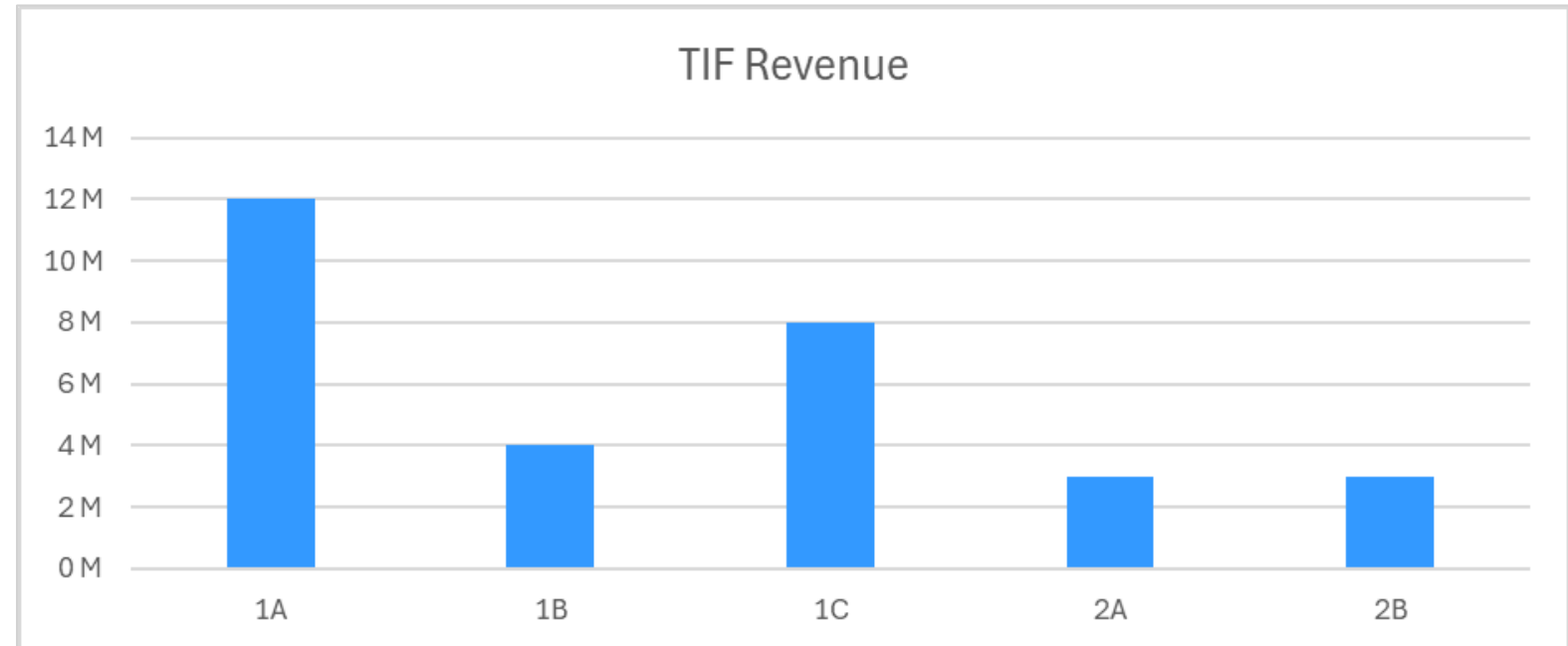
For the expanded areas, the steps begin in year 11, allowing establishment of revenues before gainsharing is implemented:

0%	years 1-10
10%	years 11-15
15%	years 16-20
20%	years 21-25
25%	years 26-30

Expansion Areas – 10-Year Revenue Projections



DDA Boundary
Potential Expansion Areas



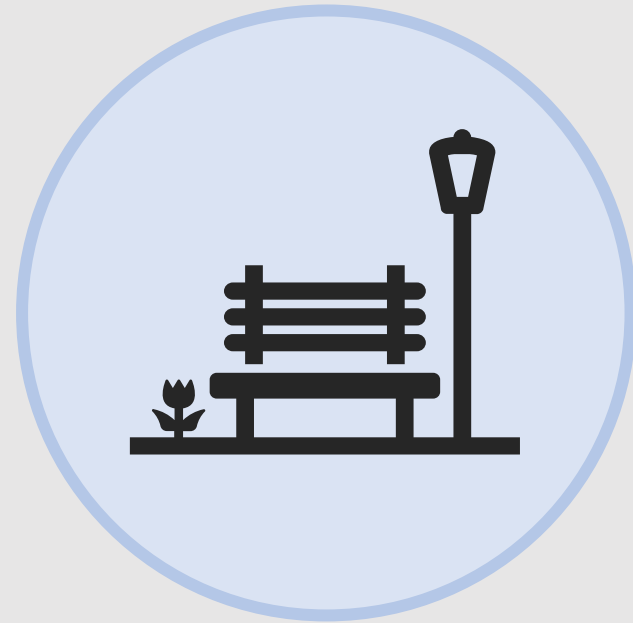
Expanded Districts	1A (Packard)	1B (S. Univ)	1C (S. Main)	2A (Broadway /Beakes)	2B (N. Main)	Total
10-Year Projections	\$12M	\$4M	\$8M	\$3M	\$3M	\$30M



TIF Gainshare - Key Takeaways

The gainshare model will allow the DDA to expand benefit.

- Funds the Downtown Service Team
- Fund more projects
- Fund larger-scale projects
- Maintain areas within our boundary to a higher degree



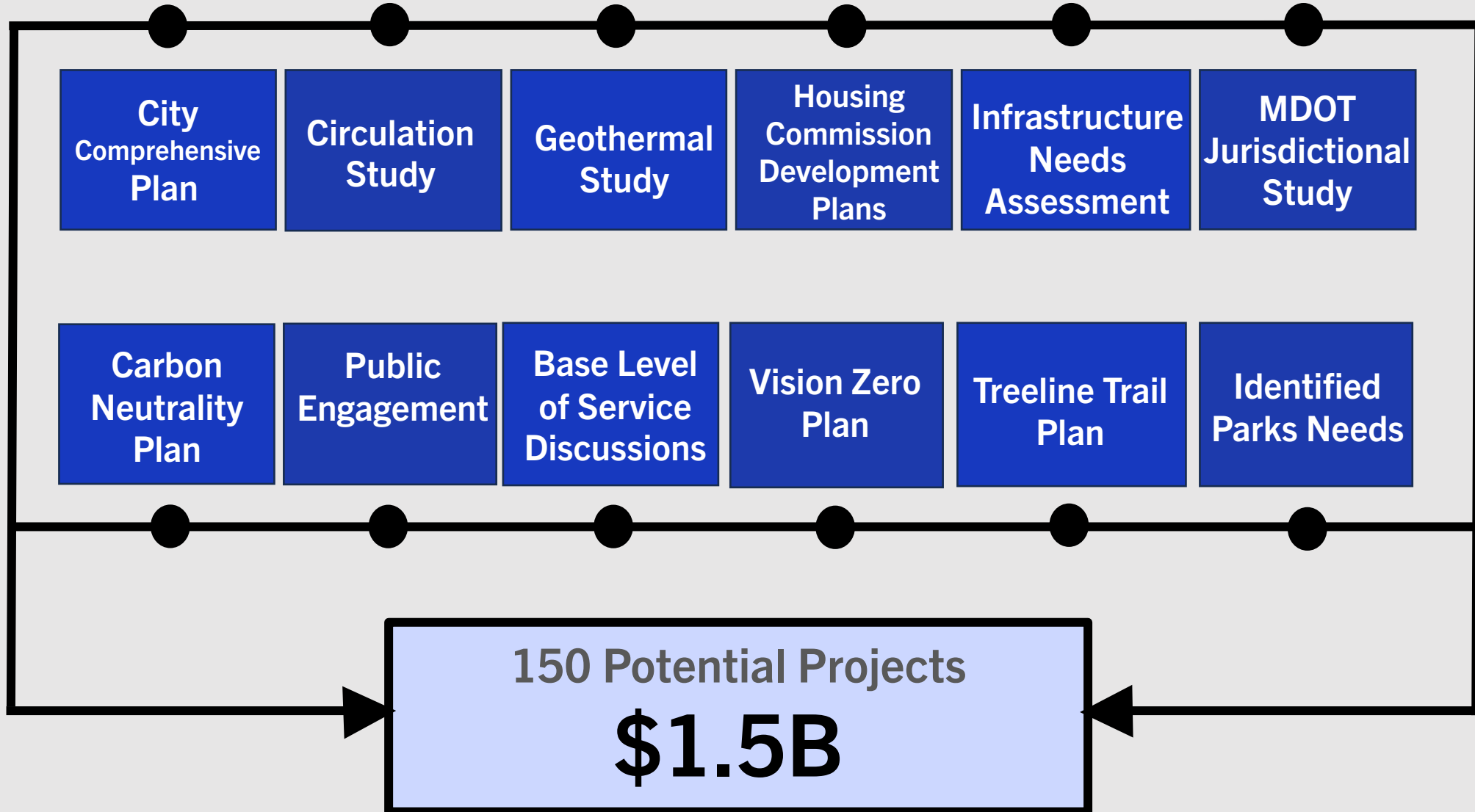


POTENTIAL NEAR-TERM PROJECTS

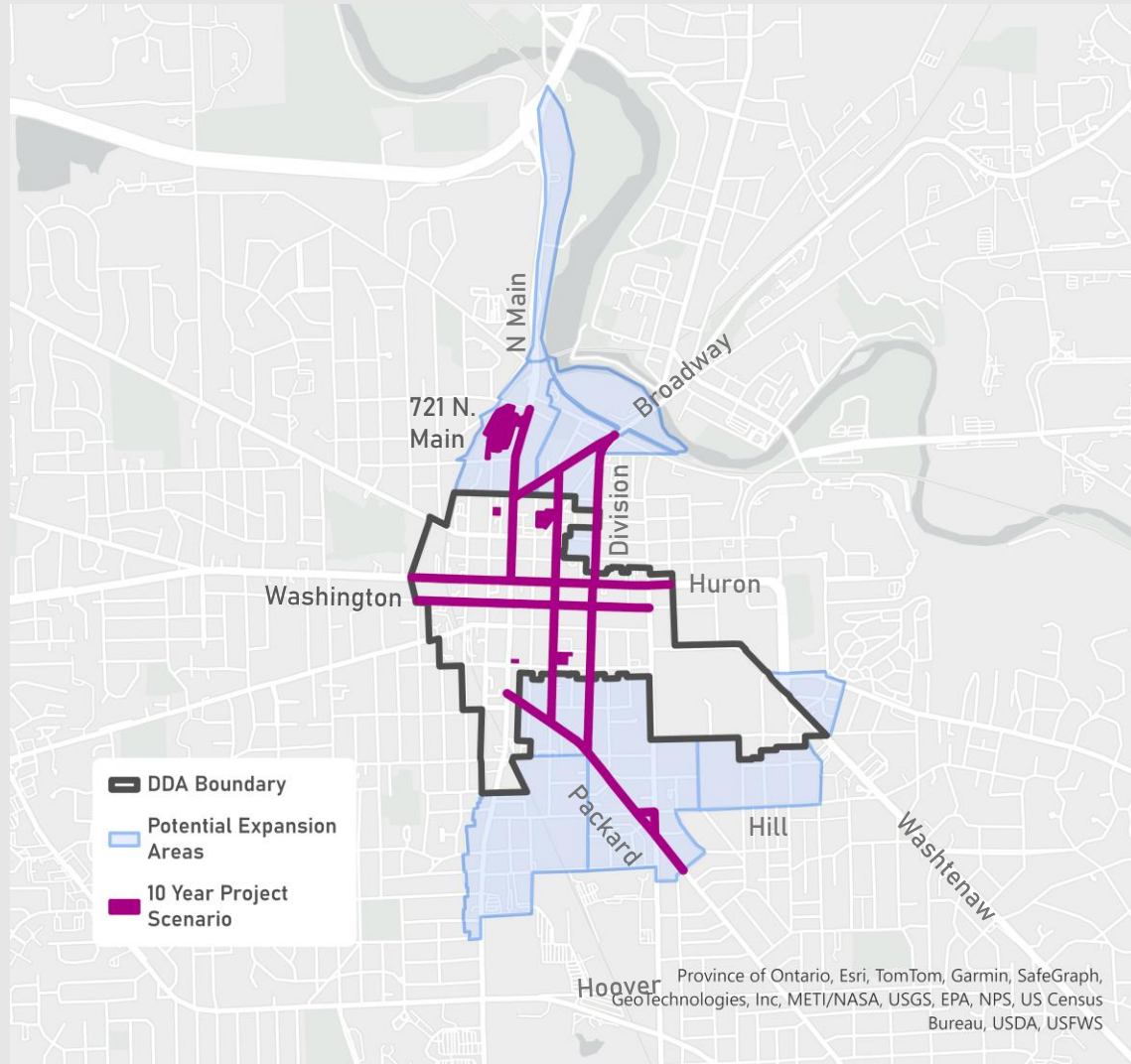
Ten-year timeframe (2026-2035)

PROCESS

Identifying Potential Projects and Programs



Ten-Year Project Scenario Example



Potential Projects (2026-2035)

Potential Projects (2026-2035)	Estimated Total Cost
Event Bollards	\$6,000,000
Farmers Market*	\$21,000,000
E/W Huron Bus Rapid Transit (BRT)*	\$21,700,000
Housing Commission Utility Support*	\$400,000
New Downtown Library Utility Support*	\$580,000
Washington Street Reconstruction*	\$24,640,000
Packard Streetlighting	\$4,000,000
N. Main Streetscape*	\$3,270,000
Division Bikeway	\$1,220,000
721 N. Main Park & Trail*	\$17,540,000
Sustainable Energy Support (e.g., geothermal, solar, etc)	\$20,000,000
N/S BRT Support & Fifth/Div/Beakes *	\$25,524,250
Total potential need	\$149,144,250

**Projects include storm, sanitary, and/or water utilities*

DDA Annual Maintenance, Streetlight Maintenance, and Elevate Art Projects assumed in all scenarios

Event Bollards



Street Projects
(N Main, Washington, Packard, Broadway interchange)



Geothermal



Farmers Market



Bus Rapid Transit



721 N. Main



Utilities

Utility investment:

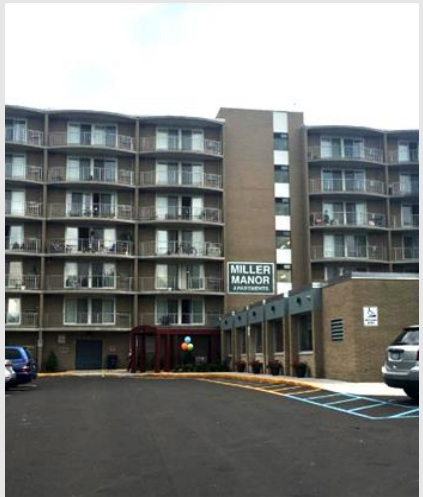
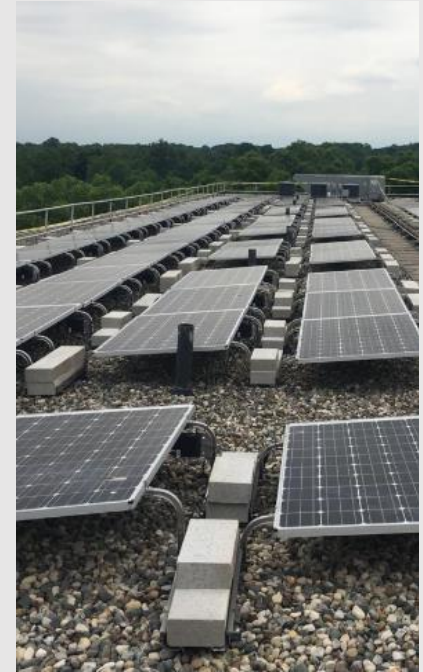
A critical tool to support housing goals and a resilient downtown.



Affordable Housing

Infrastructure Investment:
Upsize utilities and support public realm restoration on AAHC projects.

Grants: Long-time DDA affordable housing fund is unique among Michigan DDAs.



DDA Funding Priorities

Consider DDA funding capacity and highest infrastructure need



**If DDA funds remain restricted,
prepare to contract or reduce
activities.**

Reduce funding levels, number of projects, and/or emphasize those projects that won't happen without DDA support.



**If DDA funds increase, provide
added support for projects
threatened by federal funding cuts.**

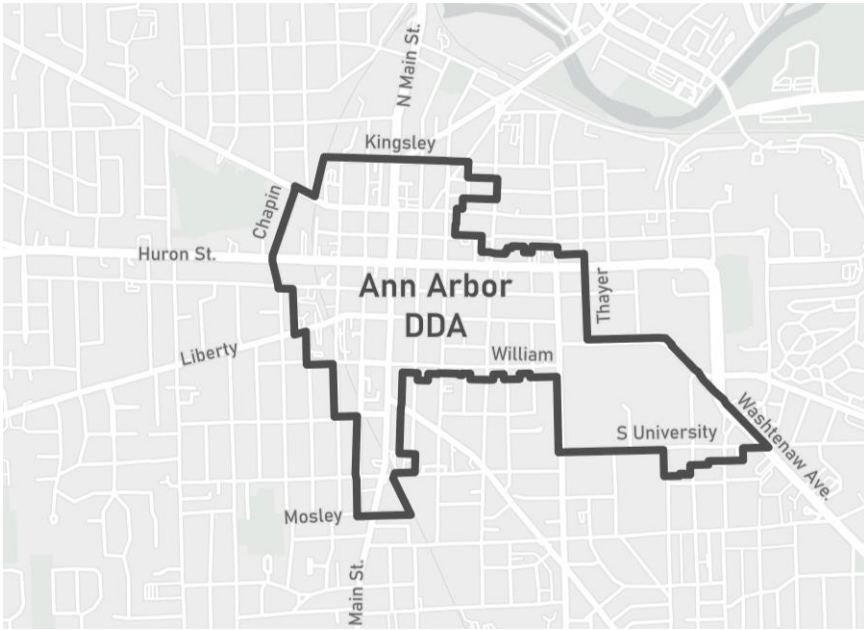
Including affordable housing infrastructure, transit, sustainable energy, and non-motorized projects.



REVENUE PROJECTIONS

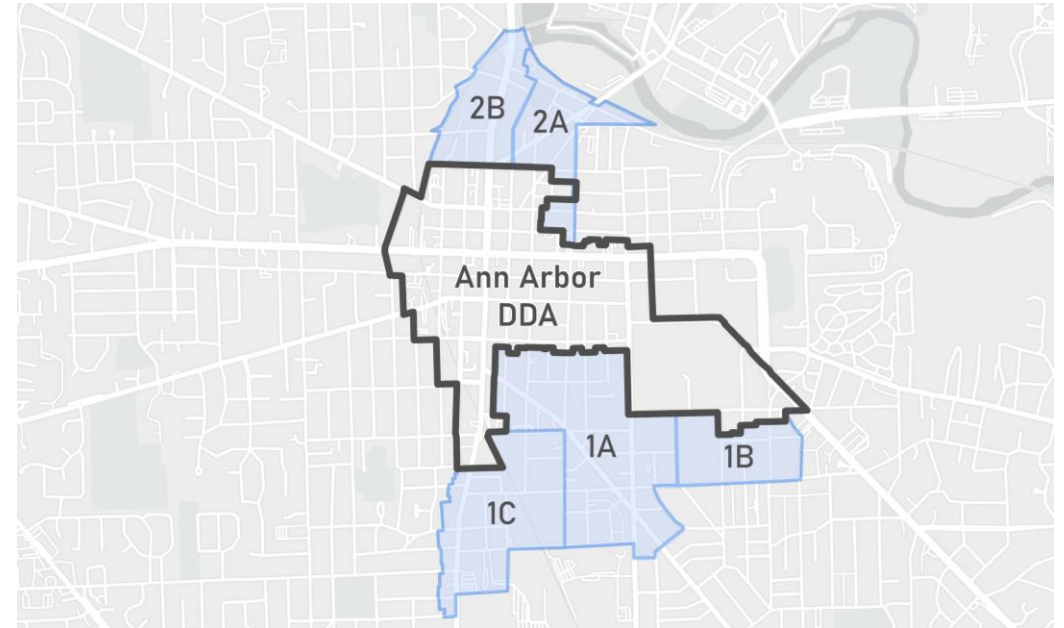
Ten-year timeframe (2026-2035)

Assumptions – 10-Year Projections



Original District

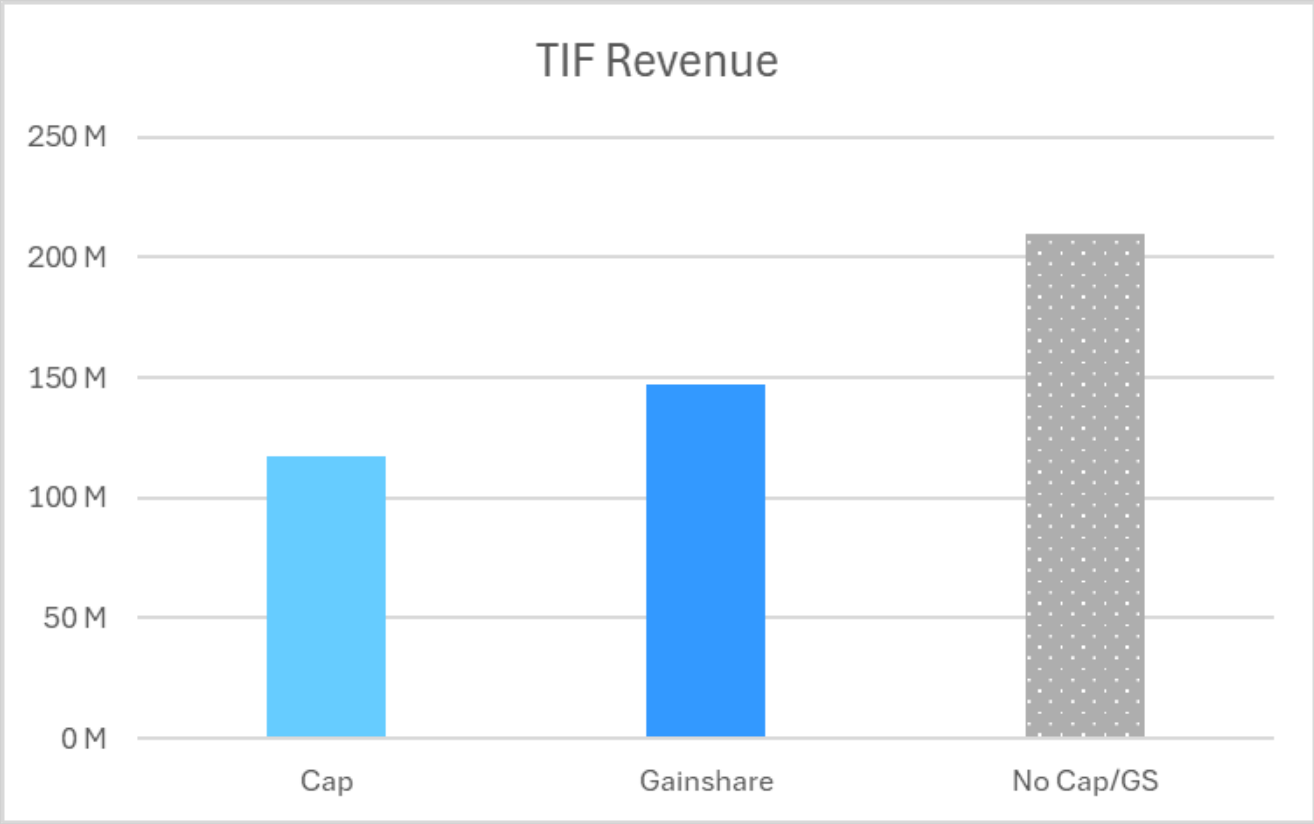
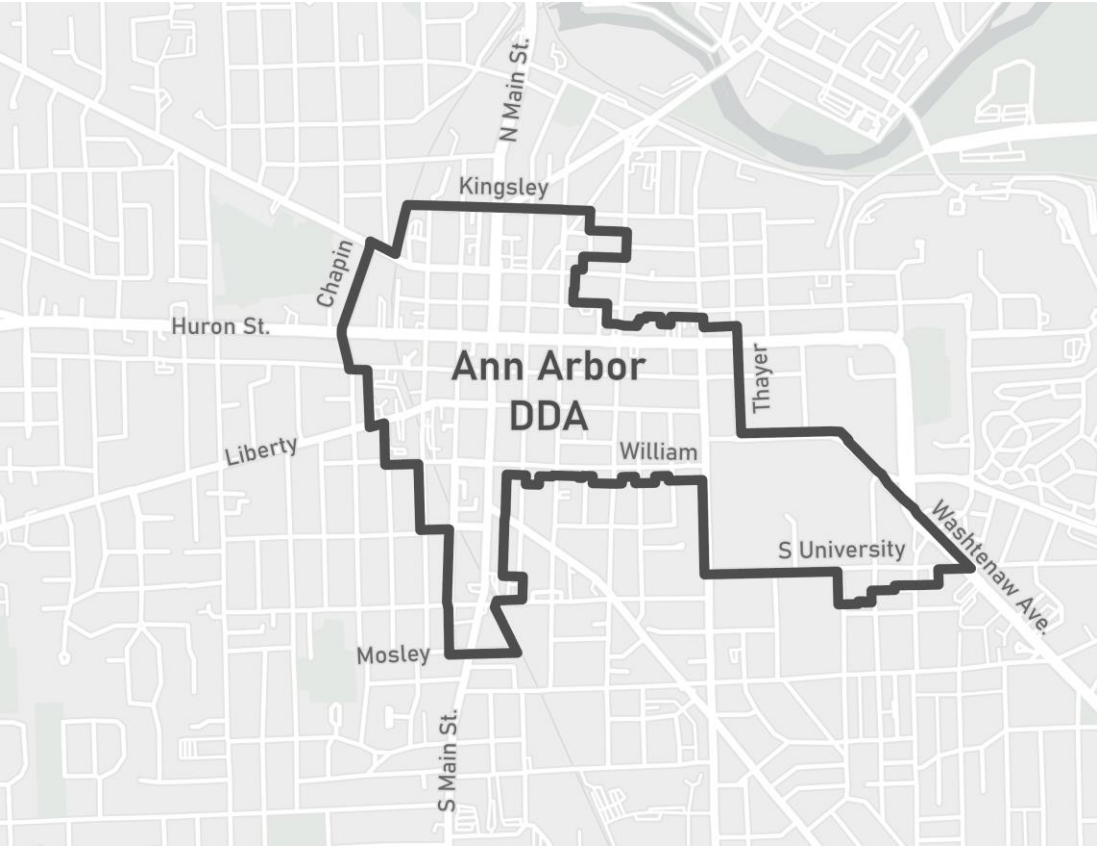
- **Growth** - Non-capped growth based on historic rate in (9%) - *future growth uncertain*
- **Share** - Gainshare model projects a flat 30/70 split across the plan period
- **Cap** – Cap model remains at 3.5% capped growth
- **Millage Rates** - FY25 rates
- **Project Costs** - FY25 dollars



Expanded Area

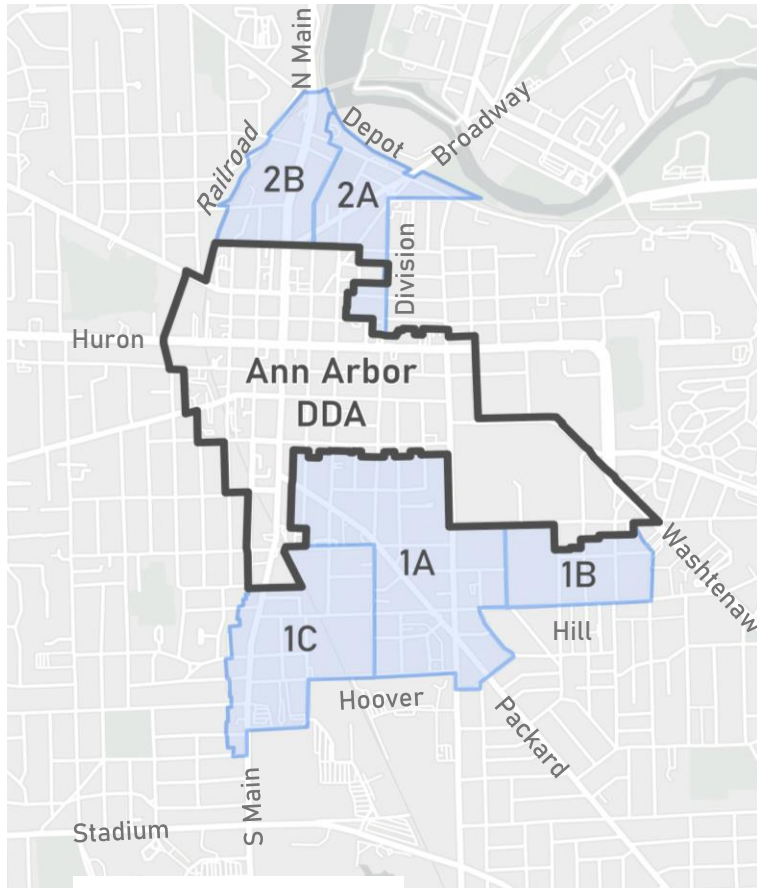
- **Slow Beginning** - No TIF revenue for FY26
- **Growth** - Historic 9% south of downtown, more moderate 3.5% north
- **Gainshare Steps** - No share the first 10 years of the plan, stepped over the next 20 years, reaching 25% by the end of plan
- **Opt In** - Expansion area projections assume all taxing units opt-in
- **Millage Rates** – FY25 rates
- **Project Costs** - FY25 dollars

Original District – 10-Year Revenue Projections

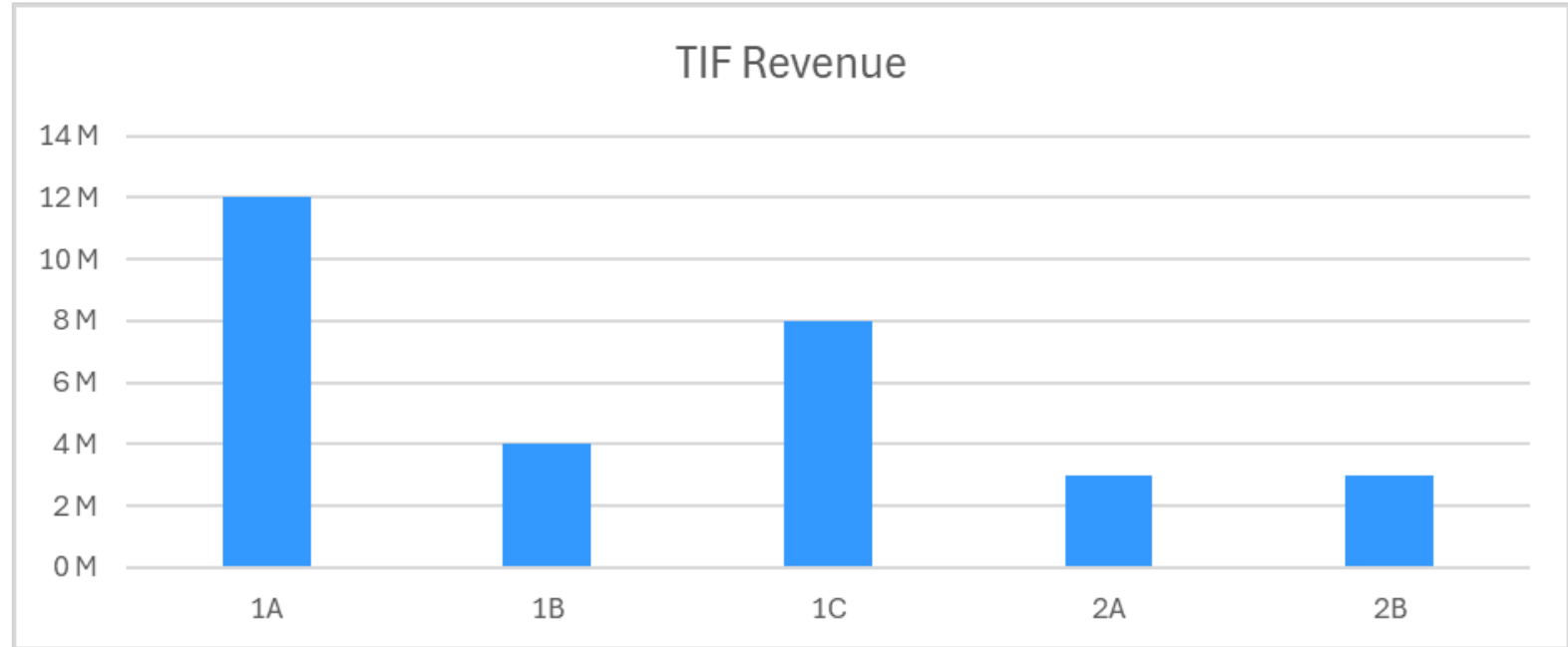


Original District	3.5% Cap	30% Gainshare	No Cap/ Gainshare
10-Year Projections	\$117M	\$147M	\$210M

Expansion Areas – 10-Year Revenue Projections



DDA Boundary
 Potential Expansion Areas



Expanded Districts	1A (Packard)	1B (S. Univ)	1C (S. Main)	2A (Broadway /Beakes)	2B (N. Main)	Total
10-Year Projections	\$12M	\$4M	\$8M	\$3M	\$3M	\$30M

An aerial photograph of a city skyline, likely Boston, with a blue color overlay. The image shows various buildings, including a prominent skyscraper on the right and a construction crane. The text is overlaid on the center of the image.

POTENTIAL SCENARIOS

Boundaries, TIF Revenue, and Projects/Programs (2026-2035)



Key Decision Scenarios for Development Plan

Decisions related to our **boundary** (1) and **financing** (2) will impact our **capacity to implement projects/programs** (3) in our Development Plan.

1. GAINSHARE MODEL

Will either be adopted or remain capped

2. DDA BOUNDARY EXPANSION

Will either expand or remain the same

Scenario A



Boundary
Expansion



Gainshare
Model

Scenario B



Boundary
Expansion



Gainshare
Model

Scenario C



Boundary
Expansion



Gainshare
Model

Scenario D



Boundary
Expansion



Gainshare
Model

NO Boundary Expansion

Scenario A



Boundary
Expansion



Gainshare
Model

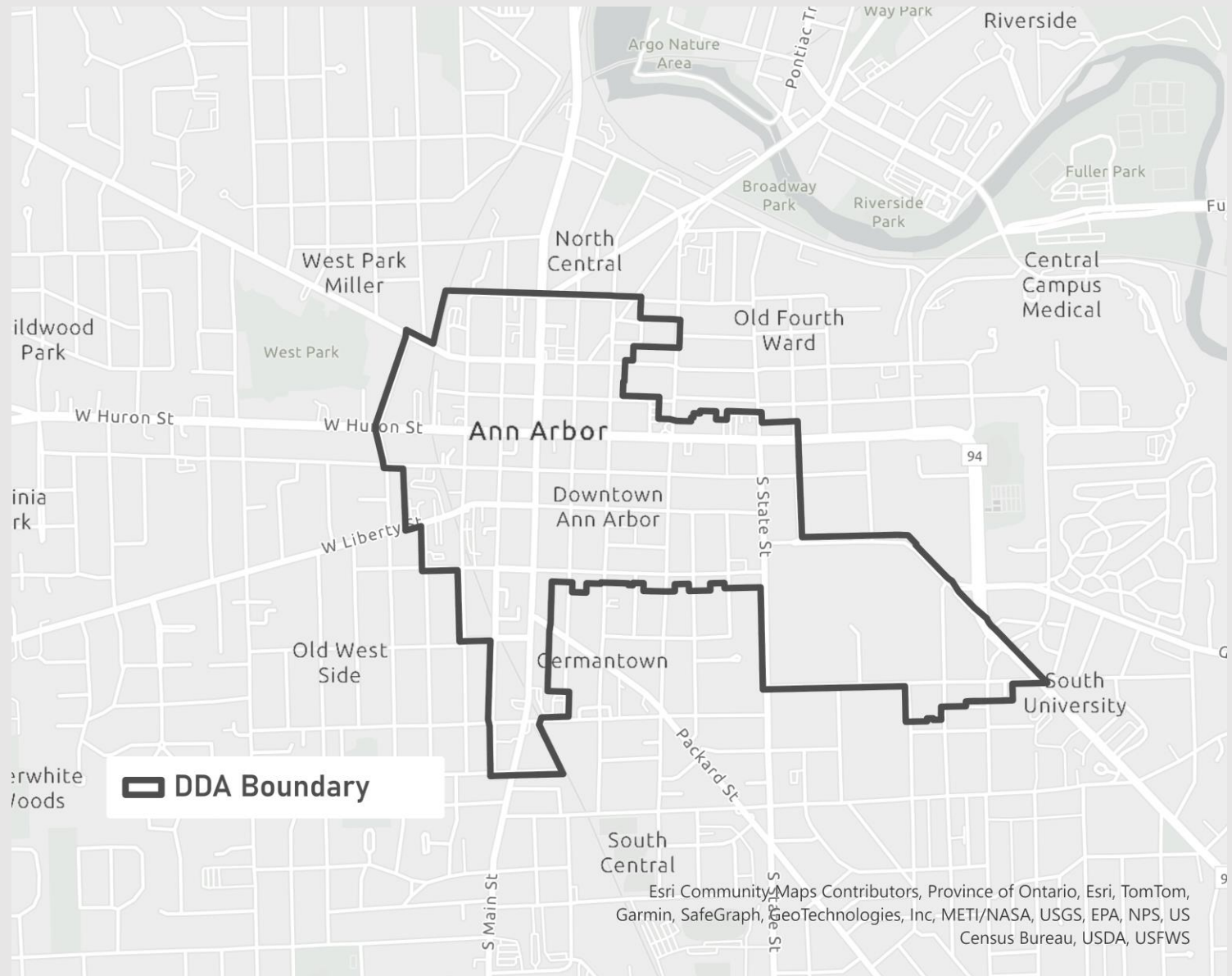
Scenario B



Boundary
Expansion



Gainshare
Model



NO Boundary Expansion + NO Gainshare Model

Potential Projects (2026-2035)

	Estimated Cost
Event Bollards	\$6,000,000
Farmers Market *	\$21,000,000
E/W Huron Bus Rapid Transit (BRT)*	\$21,700,000
Housing Commission Utility Support*	\$400,000
New Downtown Library Utility Support*	\$580,000
Washington Street Reconstruction*	\$24,640,000
Packard Streetlighting	\$4,000,000
N. Main Streetscape*	\$3,270,000
Division Bikeway	\$1,220,000
721 N. Main Park & Trail*	\$17,540,000
Sustainable Energy Support (e.g., geothermal, solar, etc.)	\$20,000,000
N/S BRT Support & Fifth/Div/Beakes *	\$25,524,250
Total potential need	\$97,590,000

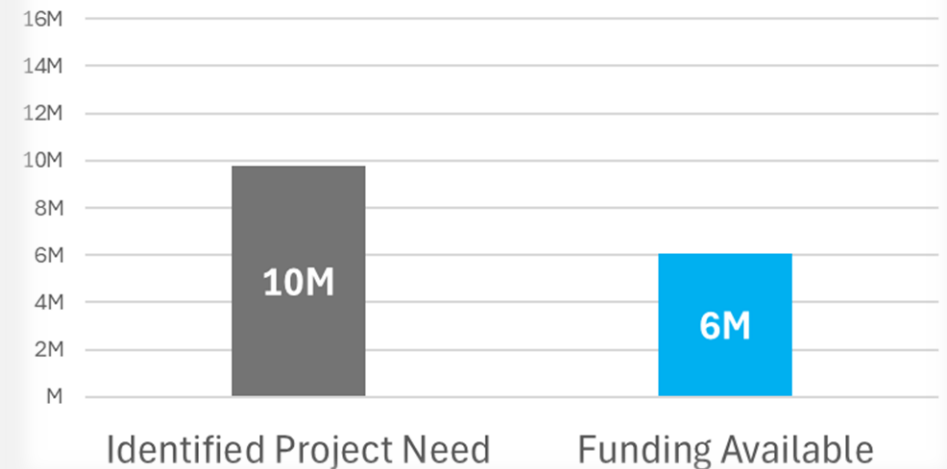
*Projects include storm, sanitary, and/or water utilities

DDA Annual Maintenance & Streetlight Maintenance assumed in all scenarios



ANNUAL AVERAGE

No Expansion + No 30% Gainshare



ANNUAL AVERAGE

Service Team

\$0

Affordable Housing Fund

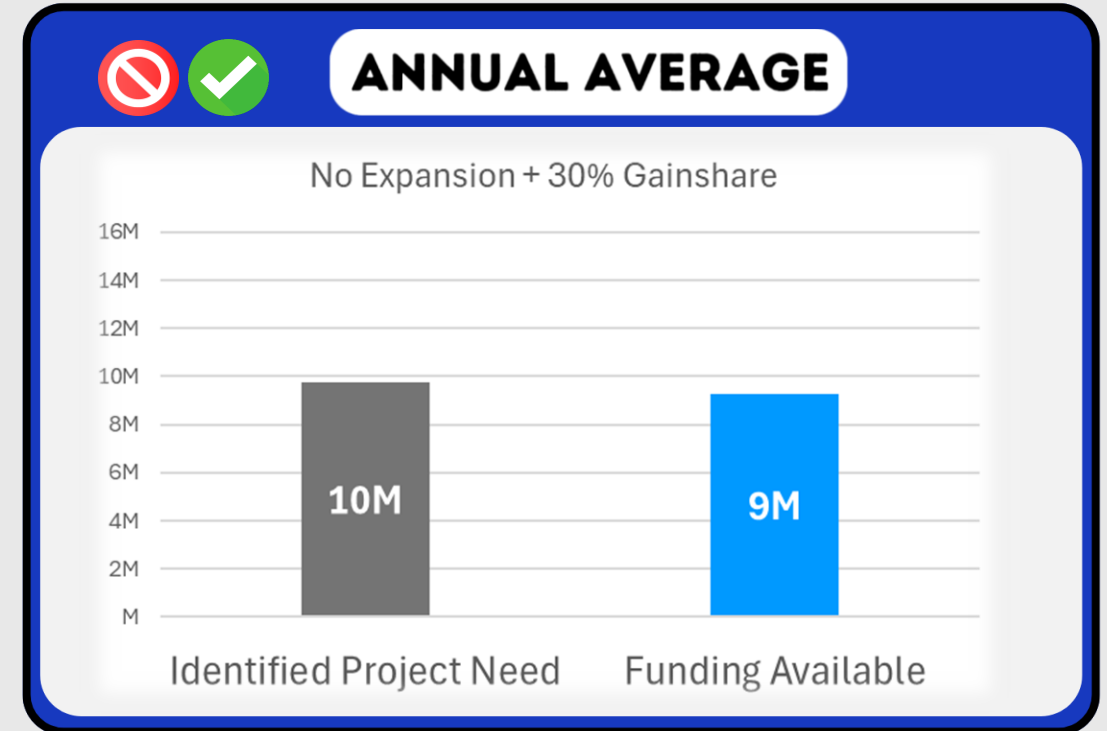
\$500K

NO Boundary Expansion + **Gainshare Model**

Potential Projects (2026-2035)	Estimated Cost
Event Bollards	\$6,000,000
Farmers Market*	\$21,000,000
E/W Huron Bus Rapid Transit (BRT)*	\$21,700,000
Housing Commission Utility Support*	\$400,000
New Downtown Library Utility Support*	\$580,000
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Packard Streetlighting	\$4,000,000
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Division Bikeway	\$1,220,000
721 N. Main Park & Trail*	\$17,540,000
Sustainable Energy Support (e.g., geothermal, solar, etc.)	\$20,000,000
N/S BRT Support & Fifth/Div/Beakes *	\$25,524,250
Total potential need	\$97,590,000

*Projects include storm, sanitary, and/or water utilities

DDA Annual Maintenance & Streetlight Maintenance assumed in all scenarios



ANNUAL AVERAGE	
Service Team	\$1M
Affordable Housing Fund	\$620K

Boundary Expansion

Scenario C



Boundary
Expansion



Gainshare
Model

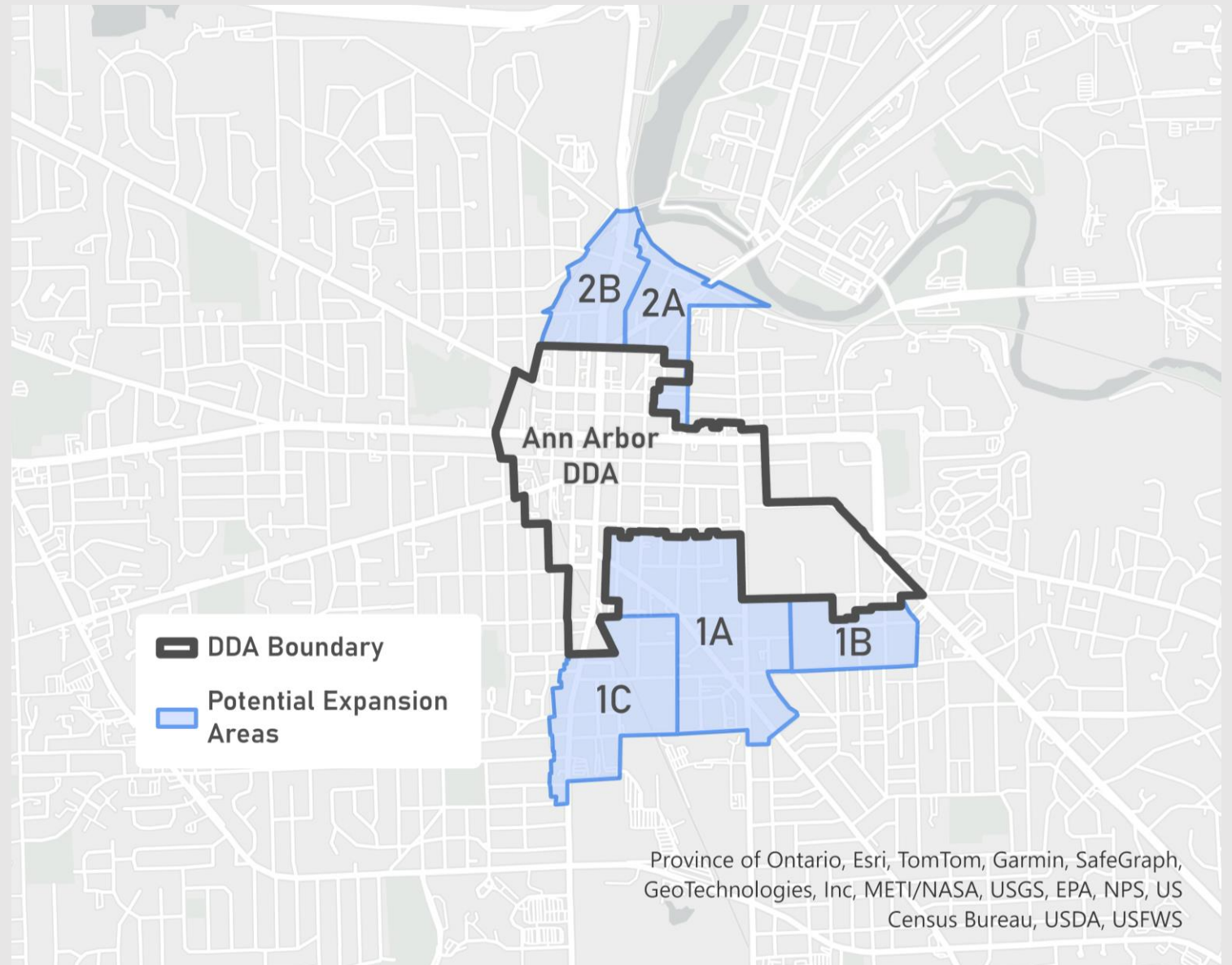
Scenario D



Boundary
Expansion



Gainshare
Model

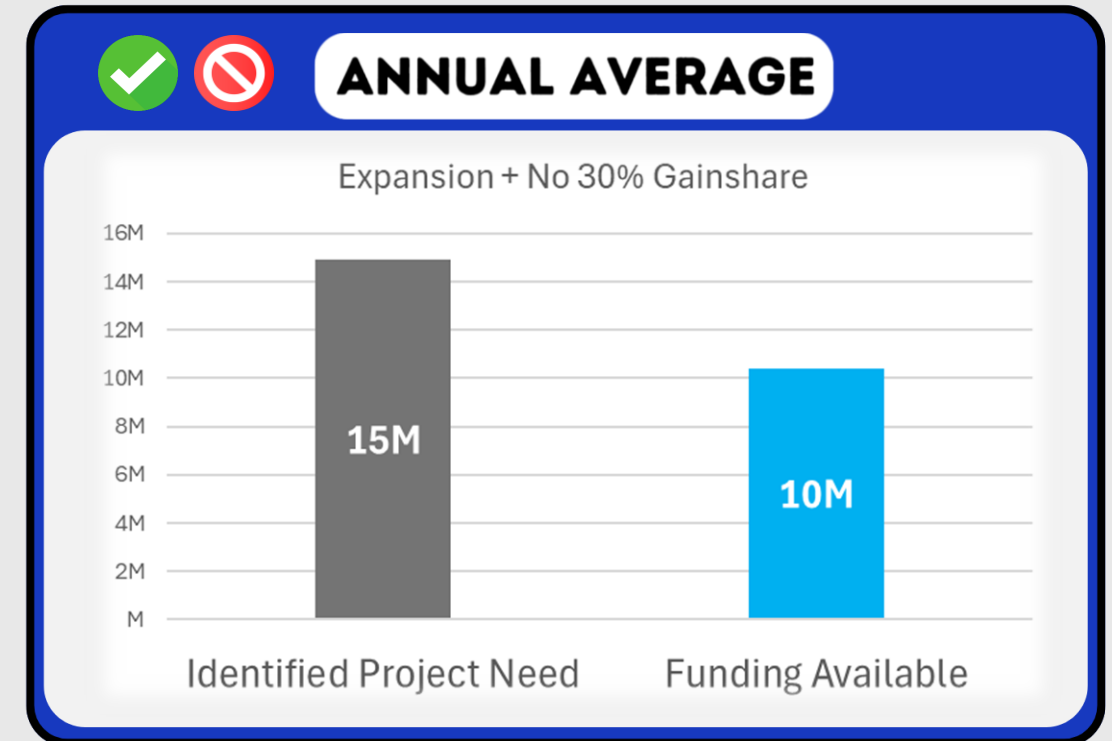


Boundary Expansion + **NO Gainshare Model**

Potential Projects (2026-2035)	Estimated Cost
Event Bollards	\$6,000,000
Farmers Market*	\$21,000,000
E/W Huron Bus Rapid Transit (BRT)*	\$21,700,000
Housing Commission Utility Support*	\$400,000
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N. Main Streetscape*	\$6,540,000
Division Bikeway	\$1,220,000
721 N. Main Park & Trail*	\$17,540,000
Sustainable Energy Support (e.g., geothermal, solar, etc.)	\$20,000,000
N/S BRT Support & Fifth/Div/Beakes *	\$25,524,250
Total potential need	\$149,144,250

*Projects include storm, sanitary, and/or water utilities

DDA Annual Maintenance & Streetlight Maintenance assumed in all scenarios



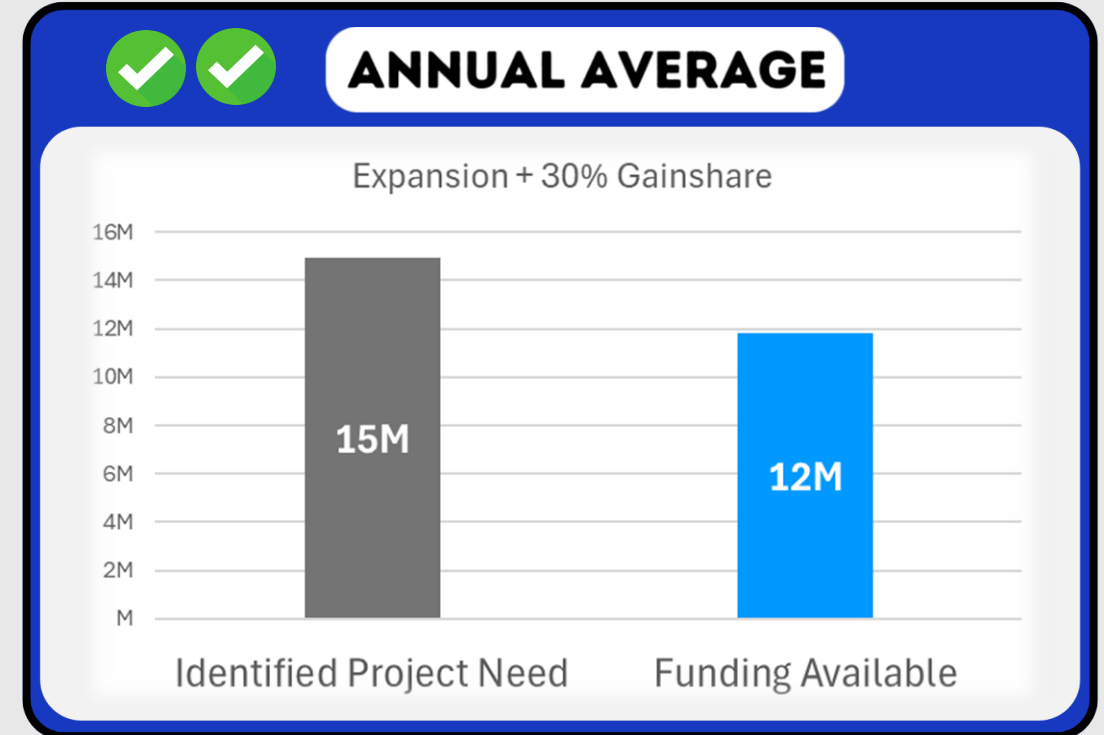
ANNUAL AVERAGE	
Service Team	\$0
Affordable Housing Fund	\$620K

Boundary Expansion + **Gainshare Model**

Potential Projects (2026-2035)	Estimated Cost
Event Bollards	\$6,000,000
Farmers Market*	\$21,000,000
E/W Huron Bus Rapid Transit (BRT)*	\$21,700,000
Housing Commission Utility Support*	\$400,000
New Downtown Library Utility Support*	\$580,000
Washington Street Reconstruction*	\$24,640,000
Packard Streetlighting	\$4,000,000
N. Main Streetscape*	\$3,270,000
Division Bikeway	\$1,220,000
721 N. Main Park & Trail*	\$17,540,000
Sustainable Energy Support (e.g., geothermal, solar, etc.)	\$20,000,000
N/S BRT Support & Fifth/Div/Beakes *	\$25,524,250
Total potential need	\$149,144,250

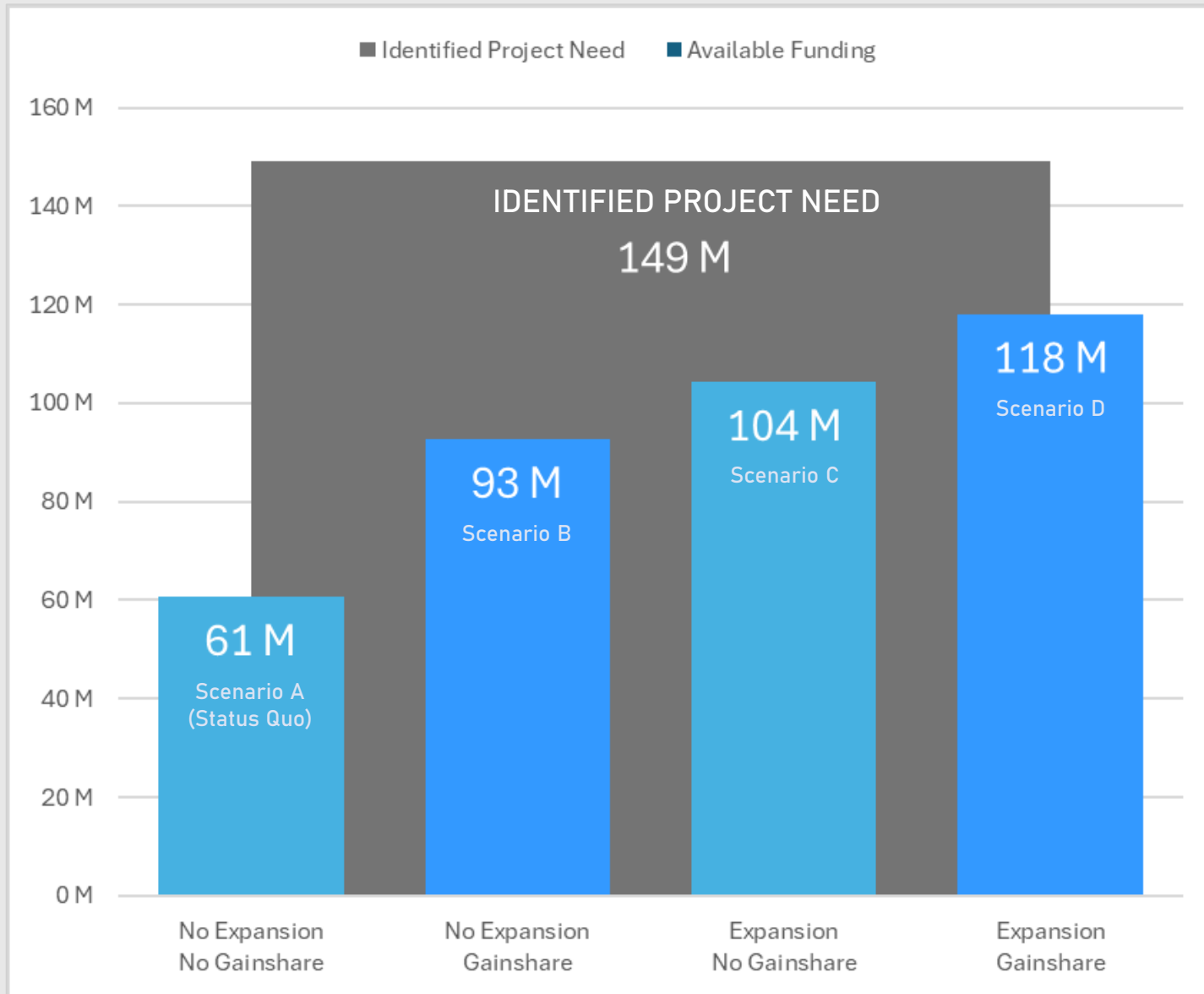
*Projects include storm, sanitary, and/or water utilities

DDA Annual Maintenance & Streetlight Maintenance assumed in all scenarios



ANNUAL AVERAGE	
Service Team	\$1M
Affordable Housing Fund	\$750K

10-Year Project Funding by Scenario



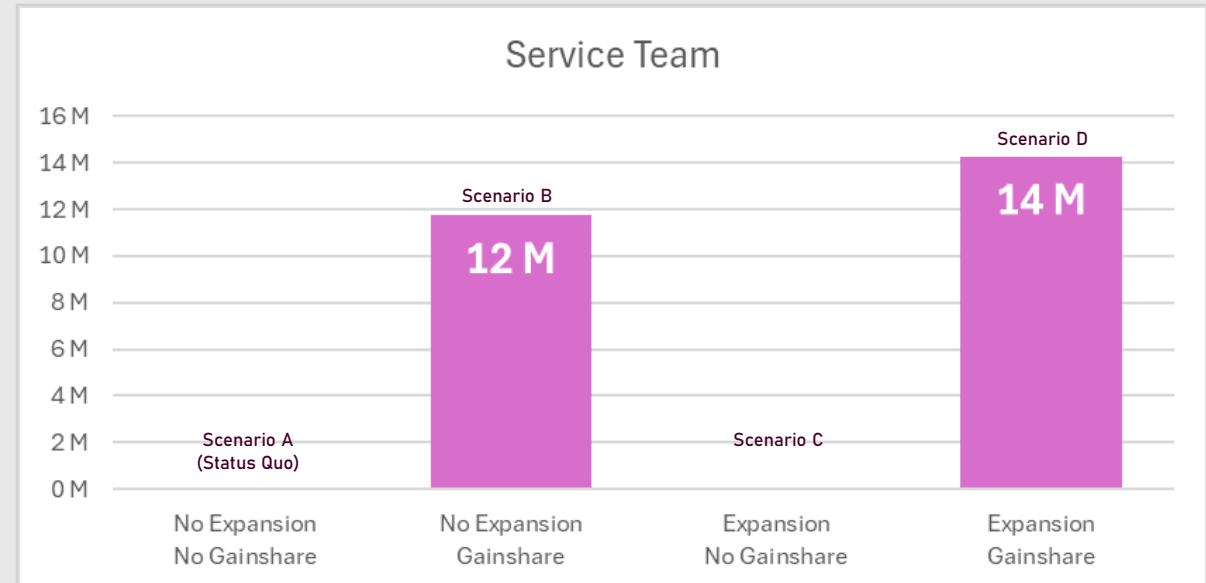
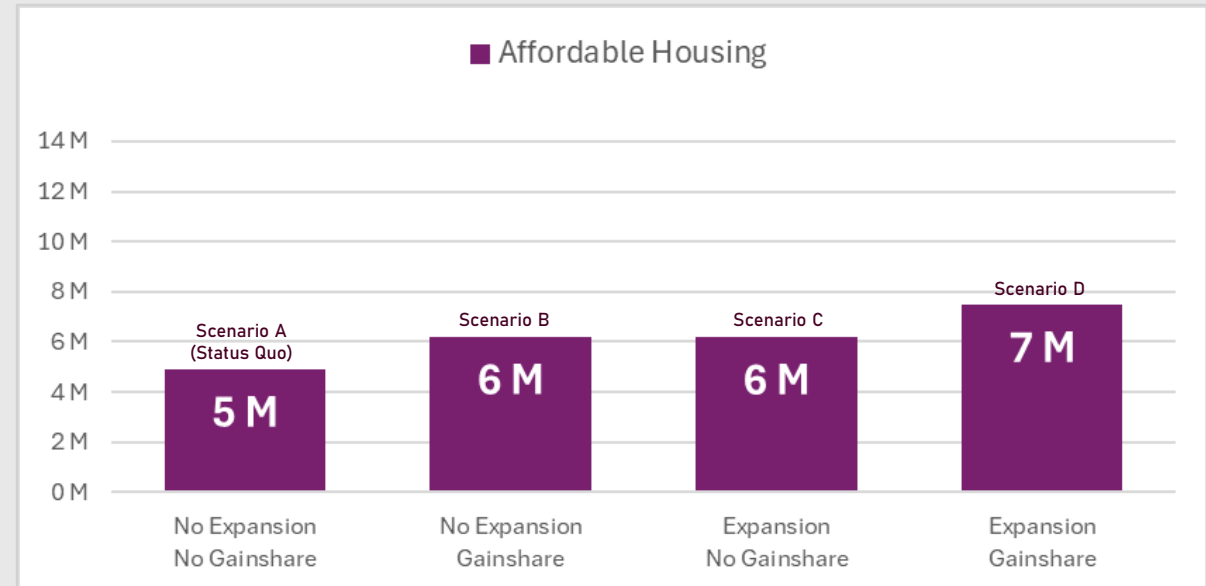
Project Funding 10-Year Impacts

- **Scenario D** provides **2x** the funding of our current scenario and the largest area for potential investment.
- All scenarios require partnership with other City and governmental units to meet needs or reduced project scopes.

10-Year Housing & Service Team by Scenario

Affordable Housing & Service Team 10-Year Impacts

- **Scenario D** provides the most affordable housing funding and the greatest boundary area for investment
- **Both Scenarios B and D** provide funding for a downtown service team



DDA Development Plan + Coordination

Next Steps

PLANNING EFFORTS	2023				2024				2025				2026			
	Spr	Sum	Fall	Win	Spr	Sum	Fall	Win	Spr	Sum	Fall	Win	Spr	Sum	Fall	Win
Downtown Circulation Study																
Downtown Development Plan																
City Comp Plan																
City CIP																

AUG 18TH
City Council
considers the
DDA Plan

BOUNDARY + REVENUE = CAPACITY



Moderate
Boundary
Expansion

+



Gainshare
Model

=



Value-Based
Outcomes

Expands the areas where the
DDA can respond to evolving
needs

Provides more funding for
infrastructure needs,
downtown service team, and
affordable housing

Best aligns with the
outcomes important to the
community

“SCENARIO D” IS RECOMMENDED

Let's Discuss!