

Ann Arbor City Council Regular Session: April 1, 2013
Email Redactions List Pursuant to Council Resolution R-09-386

<u>Sent Time</u>	<u>Received Time</u>	<u>To</u>	<u>From</u>	<u>CC</u>	<u>Redactions</u>	<u>Reason for Redaction</u>
		There are no emails to redact.				

Allen, Jane

From: Lumm, Jane
Sent: Monday, April 01, 2013 8:44 PM
To: Hieftje, John; Kailasapathy, Sumi; Briere, Sabra; Petersen, Sally; Lumm, Jane; Taylor, Christopher (Council); Kunselman, Stephen; Teall, Margie; Higgins, Marcia; Warpehoski, Chuck; Anglin, Mike
Cc: Beaudry, Jacqueline; Powers, Steve; Fales, Mary Joan; Postema, Stephen
Subject: C-1 Amendment
Attachments: Memo DDA Ordinance Amendment _Lumm.doc
Importance: High

Dear Council,

I plan to introduce the attached amendment. I am introducing it on behalf of the HHSAB (Sabra and I serve on the HHSAB.) At the March HHSAB meeting, Susan Pollay addressed the Bd. re: the proposed ordinance amendments, and, specifically, raised concerns that the ordinance language, as proposed, would limit the DDA's ability to support affordable housing initiatives in the downtown district and the near downtown residential neighborhoods (the current DDA development plan speaks to promoting housing opportunities in the downtown area, promoting a range of housing options and providing affordable housing grants for downtown and near downtown developments when necessary).

The HHSAB passed a resolution to address this concern, and the proposed ordinance language change as noted in the attached memo translates the resolution into the requisite ordinance language.

Thanks for your consideration and very sorry not to provide this sooner, Jane

From: Fales, Mary Joan
Sent: Mon 4/1/2013 6:27 PM
To: Lumm, Jane
Cc: Postema, Stephen
Subject: Memo to Council - Amendment

For your consideration

Mary Joan Fales, Senior Assistant City Attorney
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MEMORANDUM

TO: Mayor and Council
FROM: Council member Lumm
DATE: April 1, 2013
SUBJECT: Chapter 7 of City Code - Amendment to Amendment to the DDA Ordinance (Section 1:156(4))

I propose to offer an amendment to the new Section 1:156(4) proposed to be added to Section 1:156 as part of the amendments sponsored by Council members Kunselman and Kailasapathy.

The 2003 DDA Development Plan's stated mission is, in part, to "undertake public improvements that have the greatest impact in strengthening the downtown area." The DDA Development Plan identifies strategies in eight key areas to meet this goal. One of the stated key areas is housing; maintaining a strong residential presence in the district and in the neighborhoods adjacent to downtown which would support and be supported by downtown businesses.

Although housing options in downtown are identified in the DDA Development Plan as an economic catalyst, the use of tax increment financing for housing projects is not specifically mentioned in the DDA Act (Act 197 of 1975). To ensure that funds continue to be available as provided for in DDA Development Plan, I propose to move to amend Section 1:156(4) to delete the word "be" and insert the phrase "meet one of the adopted development plan goals" after the word "must", delete the phrase "specifically allowed under Act 197" and add after word "district" add "and near downtown neighborhoods" as indicated below:

- (4) *Development Plan Projects:* In identifying, approving, and financing possible projects to meet the goals of the plan, the authority shall comply with the following:

If tax increment financing is used as the financing method for an approved authority project, the project must be MEET ONE OF THE ADOPTED DEVELOPMENT PLAN GOALS ~~specifically allowed under Act 197~~ and directly benefit properties within the downtown development district OR NEAR-DOWNTOWN NEIGHBORHOODS.

Allen, Jane

From: Beaudry, Jacqueline
Sent: Monday, April 01, 2013 8:20 PM
To: Anglin, Mike; Beaudry, Jacqueline; Bowden (King), Anissa; Briere, Sabra; Crawford, Tom; Hieftje, John; Higgins, Marcia; Higgins, Sara; Kailasapathy, Sumi; Kunselman, Stephen; Lumm, Jane; Petersen, Sally; Postema, Stephen; Powers, Steve; Satterlee, Joanna; Schopieray, Christine; Taylor, Christopher (Council); Teall, Margie; Walker, Nancy; Warpehoski, Chuck; Wondrash, Lisa
Subject: FW: Impact of C-1 (ordinance amendment to Chapter 7 - DDA)
Attachments: DDA council questions 040113.pdf

Jacqueline Beaudry, City Clerk

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Think Green! Please don't print this e-mail unless absolutely necessary.

From: Powers, Steve
Sent: Monday, April 01, 2013 8:10 PM
To: Beaudry, Jacqueline
Subject: Impact of C-1 (ordinance amendment to Chapter 7 - DDA)

I'm struggling to understand the ***impact*** of the proposed changes to the DDA funding.

I understand that the DDA budget for the next two years didn't anticipate the growth projected for FY14 in the TIF capture.

This is true. The DDA does not receive confirmation of the revenues generated by new construction until after the City confirms its tax rolls. This information was only recently provided. The DDA used best available information when it established its budgets for FY 2013/14 and FY 2014/15.

The budget the DDA presented at our last working session showed revenues from TIF of about \$4 million and \$3.8 million for FY 14 & 15, respectively. The City's revised forecast for TIF captures indicates revenues would be closer to \$4.5 million (FY14) and \$4.6 million (FY15). Were the ordinance as written - in the substitute ordinance that the Council may take up tonight - to pass second reading and be implemented, the City estimates the actual TIF capture would be about \$3.6 million (FY14) and \$3.7 million (FY15). Please help me understand the impact these changes could have for the DDA's budget as presented.

Immediate we understand from City staff that the DDA would lose \$373,000 in FY 14 and \$74,000 from its FY 15 budget. The impact would be the loss of DDA construction dollars for the remaining downtown curb ramp replacements and replacement of the Main Street street lights. Beyond the immediate, the proposed amendment would prevent the DDA from undertaking a number of other projects that are in the planning stages, as there would not be substantive funds available for things like streetscape improvements for quite a while.

Would the DDA be able to continue to make its debt payments (bonds for the parking structures) into the future?

Yes, the DDA's obligation for bond payments for the parking structures is a part of the City/DDA Parking Agreement. The DDA has a duty under the contract to make bond payments, operate the parking system, and keep the parking system under good repair.

Would the DDA be able to continue to make grant payments to the City for the Courts/Police building bond?

This is less clear. There is no obligation tying the DDA to this grant.

Would the DDA be able to continue to provide funding for affordable housing?

Again, this is less clear. The DDA's ability to make affordable housing grants is affected by the amount of revenues it has available.

Would the DDA be able to provide energy grants or otherwise provide incentives to help local businesses meet sustainability goals?

Once again, this is less clear. The amount of revenues available will affect the DDA's ability to support important projects like this.

Would the DDA be able to help fund additional police officers?

Earlier this year the DDA had a robust discussion about the importance of a clean and safe

downtown, and the ways the DDA could assist. No decision was made about the best way to participate. However, the DDA budget includes \$300,000 for grants, which could be designated upon DDA board approval.

Are there any other aspects of DDA activities that could be impacted by the ordinance change that I haven't mentioned? And if so, please identify any and all impacts this change would make to the DDA's budget.

The proposed ordinance would change the rules for the DDA's tax capture now that \$67 million in project costs (First & Washington, Fifth & Division, Library Lane) have only recently been incurred.

As part of its financial planning for these big projects, the DDA budgeted to use its fund balances to pay for construction-related elements not paid for by bonds. Now that these projects have been completed, the DDA had anticipated rebuilding its TIF fund balance for future projects. If the proposed ordinance is approved, any sizeable future projects will be forestalled for many years.

Beyond budget constraints, DDA activities may also be impacted by other elements of the proposed ordinance. It is unclear what is meant by the proposed language that a project "must be specifically allowed under Act 197". The State DDA Statute sets forward a lengthy list of DDA Board powers, but under 125.165.2 the Statute goes on to say "An authority possesses all the powers necessary to carry out the purpose of its incorporation. The enumeration of a power in this act shall not be construed as a limitation upon the general powers of an authority." Given the broad powers provided to the DDA by the State, it is not clear what current or prospective DDA projects the proposed ordinance aims to address.