

CHAPTER 7
(DOWNTOWN DEVELOPMENT AUTHORITY)

AN ORDINANCE TO AMEND SECTION 1:156 OF CHAPTER 7 (DOWNTOWN DEVELOPMENT AUTHORITY) OF TITLE 1 OF THE CODE OF THE CITY OF ANN ARBOR

The City of Ann Arbor ordains:

Section 1. That Section 1:156 of Chapter 7 (Downtown Development Authority) of Title 1 of the Code of the City of Ann Arbor be amended as follows:

1:156. – Powers of the authority.

As provided in Act 197, the authority shall prepare a development plan and financing plan for the downtown district or a development area within the district. The authority must obtain City Council approval of all development and financing plans. The 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 shall not have the power to levy ad valorem taxes on the real and tangible personal property as finally equalized in the downtown district.
- (2) Tax increment financing: If the 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 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 the maximum captured taxable value shall be \$224,000,000. Each tax year thereafter, the maximum captured taxable value shall be increased by 3.5% per annum.

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 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. 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 in the near downtown area and improvement of housing in the near downtown area affordable to residents with very low income (below 50% AMI) 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 toward housing for very 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.

Section 2. This ordinance shall take effect and be in force on and after ten days from legal publication.