



Legislation Text

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Resolution to Direct the City Administrator to Implement New Processes and Programs to Support Placemaking and Tax Base Improvements

On December 18, 2023 the Administrator's Office provided to the Council a report titled *A New Approach to Economic Development*, wherein a series of reforms to our economic development and land development processes were recommended to the Council. The report is the result of more than a year of work directed by the Economic Development Corporation of Ann Arbor with support from members of Council to examine how the city could become more effective and efficient at pursuing economic development initiatives. The report can be found at the following link:

<https://a2gov.legistar.com/LegislationDetail.aspx?ID=6455353&GUID=9953264D-8091-454D-8178-7E569BF0A22C>

The City Council was briefed on the contents of the report in meetings on December 11, 2023 and February 12, 2024. In addition, individual briefings were offered to each member of the Council and the Mayor.

Following these discussions, four resolutions have been prepared for Council's consideration endorsing the findings of the report and providing direction back to the City Administrator to implement certain recommendations provided in the report. This resolution addresses the creation of an economic development office and the implementation of policy directives to guide the organization's approach to land development writ large. Accompanying resolutions will direct 1) strategies for supporting housing affordability by pursuing housing development at all income levels, 2) strategies for supporting sustainability in the built environment, and 3) strategies for supporting place-making and tax base improvements.

Prepared by: John Fournier, Deputy City Administrator

Reviewed by: Milton Dohoney Jr., City Administrator

Approved by: Milton Dohoney Jr., City Administrator

Whereas, In December of 2023 the City Administrator's Office provided a report to the City Council and the board of the Economic Development Corporation with a comprehensive analysis of the city's economic development processes and recommendations for improvement, and the City Council was briefed on the findings of this report at its planning session on December 11, 2023, at its work session on February 12, 2024, and in individual briefings with Councilmembers starting in January of 2024;

Whereas, Among the key findings of the report are that the city of Ann Arbor requires stronger strategic direction from the Council on what to prioritize in our approach to land development, that an office of economic development should be established, that the city should be more engaged in acquisition and disposition of property interests to achieve our public policy objectives in the built environment, that the city's site plan requirements are too extensive and our civil plan review processes too burdensome, and that a series of investments and process improvements should be pursued to improve our overall performance in these areas;

Whereas, One of the most important purposes of this report is to provide guidance on the importance of protecting the city's tax base and of supporting placemaking initiatives that create destination corridors for visitors and investment;

Whereas, As the University of Michigan has continued to acquire property in the city, they have also chipped away at the city's tax base costing taxpayers \$2.4 million annually in lost revenue just from property acquisitions the University has completed since the year 2000;

Whereas, Pursuing placemaking doesn't just help create quality, walkable neighborhoods that bolster a strong quality of life in Ann Arbor, but can also support the tax base and provide needed funding to the community to ensuring the certain parcels are developed to their potential as allowed under the zoning code; and

Whereas, Four resolutions have been prepared to provide direction to the city administration on these important issues, this being the fourth among them;

RESOLVED, That the City Council directs the City Administrator to pursue the following changes to city processes in an effort to protect the tax base from further encroachment by tax-exempt entities, and to support placemaking:

1. The City Council endorses and directs the city administrator to pursue a strategy of property acquisition and disposition for certain strategically important parcels to ensure that they are developed according to our public policy objectives and added to the tax rolls;
2. The City Administrator shall establish a fund and develop a funding strategy to finance this activity, so that property acquisitions do not necessarily need to be funded out of the general fund or the fund balance whenever these opportunities are presented;

RESOLVED, That a sub-quorum working group of the City Council shall be established to explore a Charter Amendment to Section 14.3(a) of the charter to allow interests in real property to be more easily transacted, and to specifically explore the questions of whether an eight-vote majority should be required from the Council to approve a real estate transaction, whether development agreements should be approved in the same manner as their corresponding site plans, and whether these transactions should be held to the same council approval threshold as for any other contract under the requirements of the charter, in addition to any other changes or questions the Council members or the City Administrator may see fit to explore; This working group shall provide a recommendation back to the Council by July 1, 2024.

RESOLVED, That unless otherwise specified these changes shall be completed and communicated to the Council no later than June 30, 2025.

RESOLVED, That the City Administrator shall explore hiring a consultant to help research and write these ordinances and process changes if staff capacity does not exist to do so within the timeframes specified; and the City Administrator shall endeavor to provide an estimate to the Council for the cost of such services as soon as is feasible; and

RESOLVED, That the City Administrator is authorized to bring forth any ordinance changes and budget amendments and other resolutions that require the action of Council to execute the provisions

of this resolution, and is otherwise authorized to take any necessary administrative action to implement this resolution.

Sponsored by: Councilmembers Cornell, Briggs, Disch and Eyer