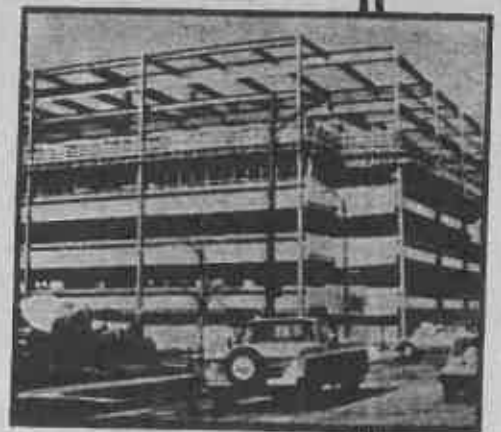


# The Downtown Development Plan and Tax Increment Financing Plan



Ann Arbor, Michigan

November, 1982



DEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN  
FOR THE  
ANN ARBOR DOWNTOWN DEVELOPMENT DISTRICT.

PREPARED BY THE  
ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY  
CITY OF ANN ARBOR, MICHIGAN

ADOPTED BY THE  
ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY  
on October 26, 1982

ADOPTED BY THE  
ANN ARBOR CITY COUNCIL  
on November 22, 1982

ACKNOWLEDGEMENTS

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SECTION I: INTRODUCTION

I. INTRODUCTION.

A. Purpose of the Downtown Development Authority Act.

Act No. 197 of Public Acts of 1975 of the State of Michigan, commonly referred to as the Downtown Development Authority Act was created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interest in real and personal property; to authorize the creation of an authority; to authorize the levy and collection of taxes, the issuance of bonds and the use of tax increment financing in the accomplishment of specific downtown development activities contained in locally-adopted development plans for older or traditional central business districts of large and medium-sized Michigan cities.

The Act seeks to attack problems of urban decline, strengthen existing areas and encourage new private developments in the downtown districts of our communities. It seeks to accomplish this goal by providing communities with the necessary legal, monetary and organizational tools to revitalize downtown districts either through public-initiated project undertakings or in concert with privately motivated development projects.

The manner in which downtown development authorities choose to make use of these tools does, of course, depend on the problems and opportunities facing each particular downtown district and the development priorities sought by the community in the revitalization of its center.

The full Act in its entirety is set forth in Attachment 6.

B. Creation of the Ann Arbor Downtown Development Authority and the Ann Arbor Downtown Development District.

On May 10, 1982, the City Council of the City of Ann Arbor adopted Ordinance No. 14-82 which created the Ann Arbor Downtown Development Authority effective May 26, 1982. A copy of Ordinance No. 14-82 is inserted under Attachment 1.

The Authority was given all of the powers and duties prescribed for a downtown development authority pursuant to the Act, except for the power to levy ad valorem taxes on the real and tangible property in the district.

The City Council also designated the boundaries of the downtown district within which the Authority may legally work. These boundaries are shown on Map 1 and a legal description can be found in Attachment 2.

On July 12, 1982, the Ann Arbor City Council approved the appointment of ten individuals to serve on the Authority. On July 19, 1982 and August 2, 1982, the Ann Arbor City Council approved the appointments of the 11th and 12th individuals to serve on the 12-person Downtown Development Authority Board.

C. Activities of the Ann Arbor Downtown Development Authority.

Since the time of its creation in July, 1982, the Authority has scheduled and conducted weekly public meetings for the purpose of establishing procedures under which it would operate, to discuss downtown issues, priorities and objectives which it would address, to map out initial program strategies and approaches to downtown development, and to review current ongoing and planned new public and private development projects within the downtown district.

On July 28, 1982, the Authority adopted Robert's Rules of Order as its by-laws containing the purposes, powers and procedures under which it would operate.

The Authority has concentrated its efforts on identification and proposed implementation of those public improvements that are deficient in the downtown system and need to be provided in order to strengthen the district. Additional public parking facilities and more complete pedestrian/bicycle linkages will bolster existing commercial areas and accommodate the needs of new private developments.

In addition, the Authority is considering a developer's proposal for the development of a new mixed-use facility consisting of various types of restaurants and housing or offices within a one block area of the downtown district. Also being considered is a developer's proposal for two office buildings and a hotel/conference center along with retail shops and housing in a three-block area. The Authority's role in being involved in these developments has been, to date, one of encouraging additional commercial and housing opportunities, increased tax base, and providing public parking for the mixed-use developments and downtown area.

D. Legal Basis for the Ann Arbor Downtown Development District.

The creation of the Downtown Development Authority Act provides the legal mechanism for local officials to address the need for economic development in their central business district.

The Ann Arbor Downtown Development District shown on Map 2 is the area designated by the Authority for implementing development activities and tax increment financing procedures set forth in the Act.

For purposes of designating a district and for establishing a tax increment financing plan, the State Act refers to a "downtown district" as being in a business district which is specifically designated by ordinance of the governing body of the municipality and a "business district" as being an area in the downtown of a municipality zoned and used principally for business.

For purposes of financing activities of the Authority within a district, tax increment plans can be established. By definition, a tax increment financing plan seeks to capitalize on and make use of the increased tax base created by economic development within the boundaries of a downtown district. The location of Ann Arbor's Development District clearly meets this requirement.

The legal basis or support for the Development Plan and Tax Increment Financing Plan are identified in Act 197 of the Public Acts of 1975, as amended.

E. Basis of Authority's Determination of Necessity for the Ann Arbor Development District.

The need for establishing the Development District is founded on the basis that the future success of downtown Ann Arbor's current efforts to revitalize its central area will depend, in large measure, on the readiness and ability of its public corporate entity to initiate public improvements that strengthen the downtown area and to encourage and participate where feasible in the development of new private uses that clearly demonstrate the creation of new jobs, the attraction of new business, the generation of additional tax revenues.

Area of immediate downtown need which the Authority has identified as requiring their involvement and participation at this time and which this Plan is directed toward accomplishing are:

1. Increasing parking opportunities in downtown Ann Arbor through the construction of parking structures in the Main Street and State Street areas and areas in between.

There is a present need for 1,000-1,300 additional parking spaces in the downtown district. Inadequate parking availability has hindered the success of existing businesses and the construction of new developments. Accomplishing this need would contribute greatly to the attractiveness of downtown as a major regional market place for goods and services and as an employment center. In past years, attempts by the City and downtown interests to construct new parking facilities have been restricted due to financial limitations which clearly has demonstrated the necessity of the Authority's involvement in providing financial assistance in such parking projects.

The Authority will attempt to participate in efforts to encourage mixed-use developments in conjunction with public parking improvements.

2. The necessity of participating in the provision of planned open space areas and pedestrian/bicycle linkages to service the non-motorist needs of existing and new developments in the Development District. The continued existing uses and the strengthening of realization of new retail, service and residential uses in downtown Ann Arbor requires that their surrounding environments be appropriately planned and improved to facilitate safe

convenient and attractive non-motorist movement to and from activity centers in the downtown area. Additional amounts of open space areas and linkages will serve the leisure time and passive recreation needs of downtown workers, shoppers and residents and also provide a desirable setting for new building developments. The non-motorist nature of the University and community population necessitates the provision of strong linkages between dispersed activity centers in the Main Street/State Street/South University/Kerrytown areas in the downtown district.

The Authority is convinced of the public necessity to participate in the development of these new uses and facilities through a Development Plan and Tax Increment Financing Plan.

3. Strengthening the existing district and attracting new private developments in efforts to increase the tax base of the downtown district. Where possible, public improvements will be undertaken that encourage private investment in the district, which will provide additional jobs and attract more residents.
4. Accomplishing each of these needs would contribute much to the overall viability of the downtown area because of the attractiveness of downtown as a regional market place for goods and services, an employment center and as a healthy living environment for residents.

F. Purpose of this Tax Increment Financing Plan for the Ann Arbor Downtown Development District.

The purpose of the Tax Increment Financing Plan and Development Plan for the Development District is to provide the legal authority and proce-

ture for public financial participation necessary to assist the Authority in accomplishing a number of public and private development activities.

After detailed planning is accomplished, the Tax Increment Financing Plan will outline financing for the following identified activities, where necessary:

1. Property appraisals, title searches, legal services, purchase negotiations, and eminent domain proceedings, etc.
2. Payments for real and personal property purchases,
3. Relocation assistance payments and compensation payments to displaced businesses and individuals,
4. Demolition and clearance of selected properties and buildings,
5. Street vacation and removal work,
6. Parking structure construction, equipment, maintenance, and operation,
7. Public open space and streetscape improvement work,
8. Street and utility reconstruction and improvement including utility relocation and replacement,
9. Engineering, architectural, legal studies, and surveys associated with the identification, designation and reuse of any historically significant commercial building, and
10. Acquire, construct, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair, and operate other public facilities and buildings that, in the opinion of the Authority's Board, aid in the economic growth of the downtown district and/or is appropriate to the execution of the Development Plan.



SECTION II: DEVELOPMENT PLAN

## II. DEVELOPMENT PLAN.

### A. Boundaries of the Ann Arbor Downtown Development District.

1. Map of the Ann Arbor Downtown Development District. See Map 1 on page 9a.
2. Legal Description of the Boundaries of the Ann Arbor Downtown Development District. See Attachment 2, Legal Description of Development District and Tax Increment Financing Area.
3. General Description of Boundaries and Size of the Development District. The Ann Arbor Downtown Development District encompasses all or parts of 66 blocks generally bounded by West Kingsley Street on the north, Chapin/Second/South First/South Ashley Streets on the west, Mosley/East William/South University/Willard Streets on the south, and Washtenaw/South Thayer/midblock lot lines between East Ann and East Huron Streets/and midblock lot lines between North Fifth Avenue and North Division Street. In all, there are approximately 291 acres of land inclusive of public street rights-of-way within the Development District.

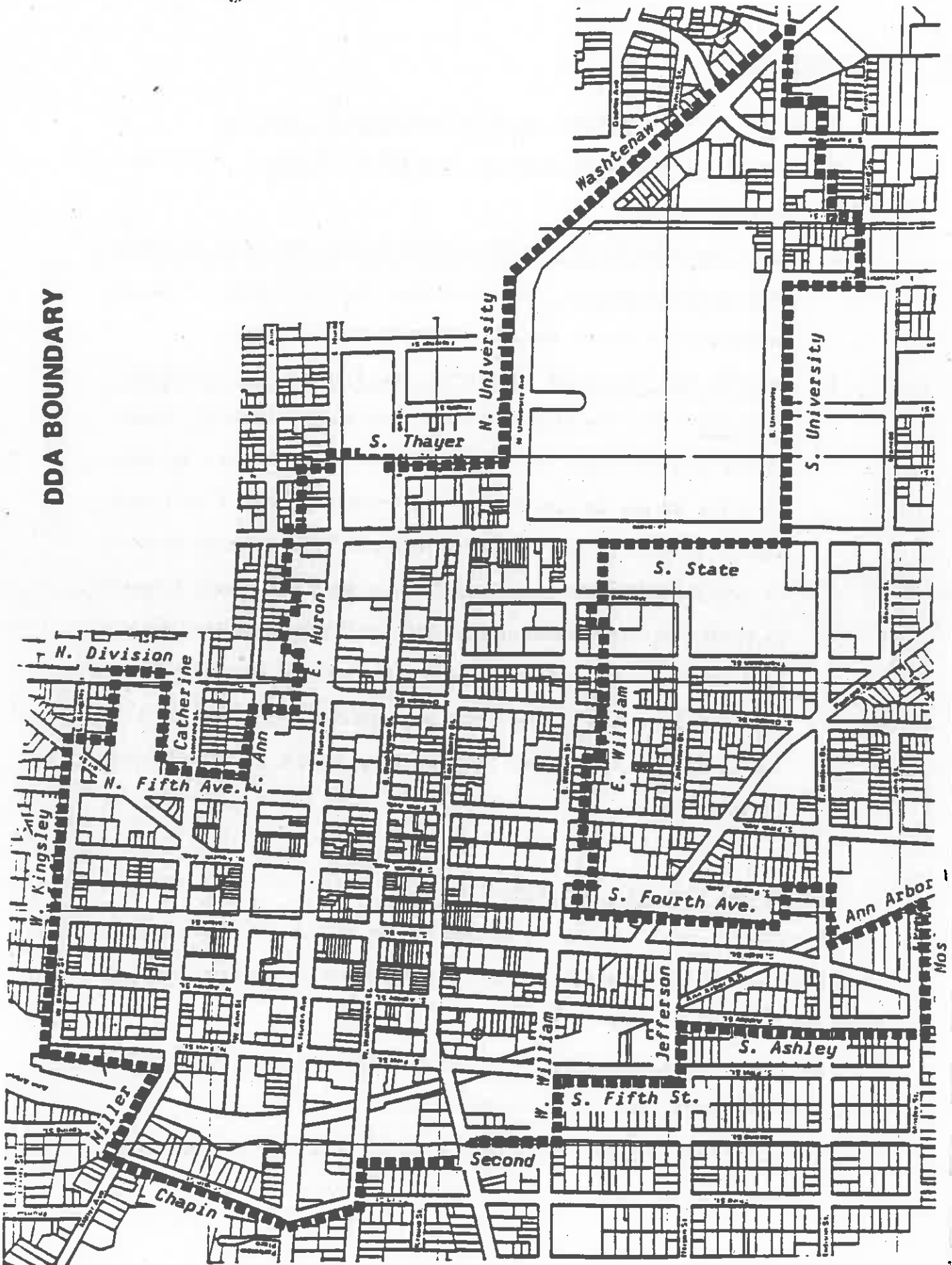
### B. Development Plan Goal and Objectives.

The overall goal of the Development Plan is to undertake public improvements that have greatest impact in strengthening the downtown area and attracting new private investments.

The specific objectives by which this Plan has been designed to accomplish the above goal are as follows:

1. Construct parking facilities to support existing and new developments.

**DDA BOUNDARY**



2. Participate in efforts to encourage mixed-use developments in conjunction with public improvements.
3. Undertake improvements to existing and proposed public open space areas, pedestrian/bicycle linkages and transit system.
4. Undertake improvements to existing streets and public utilities in order to stimulate new private investment in the area.
5. Participate in programs to stimulate new, converted or renovated housing.
6. Participate in efforts to encourage the expansion of retail businesses.
7. Make available for development lands previously acquired by the City for the proposed Packard/Beakes by-pass if their use is not required.
8. Retain historic and/or architecturally significant buildings having potential for activities consistent with development objectives.
9. Encourage energy efficiency in all projects and proposals.

C. Location, Character and Extent of Existing Public and Private Land Uses

The Development District is a downtown neighborhood that includes the Main Street, State Street, South University, and Farmers' Market/Kerrytown commercial areas as well as areas that connect and surround them. It contains a diversity of public and private land uses including commercial, office, civic, entertainment, convention, University, residential, industrial, open space, parking, vacant, and public street/pedestrian areas. A total of 1,215 non-residential establishments exist-

ed in the Development District as of February 28, 1982 and consisted of the following types of establishments: 346 retail and wholesale (28%), 315 professional office (26%), 269 service (personal and business) (22%), 121 general office (10%), 85 restaurants and taverns (7%), 25 banks and other financial (2%), 11 manufacturing, industrial, warehouse (1%), and 43 other miscellaneous (4%). Provided below and shown on Map 2 is an account of the character and extent of both public and private uses found in the downtown district today. More detailed block data is provided in Attachment 3.

1. Existing Public Land Uses. Public uses in the Development District include the following:

(a) Existing developments:

- (1) A portion of The University of Michigan Central Campus -- Occupies 49 acres in the 291-acre district and includes several libraries, the Engineering School, museums, Natural Science and Arts Schools. A new Alumni Building was recently constructed.
- (2) Michigan Theatre -- Constructed in 1928, and now used as an entertainment center for movies, stage shows and performances, in which voters passed ballot proposals in 1982 to pay the outstanding debt on this City-owned facility and make code-required building improvements.
- (3) Off-Street Parking Facilities -- Five parking structures including the Fourth/William carport addition containing a total of 2,660 spaces, and 11 parking lots containing a total of 712 spaces.

- (4) Farmers' Market--A City-owned canopy structure and accessory building used for the sale of farm goods.
- (5) Ninety-one acres of public rights-of-way representing 31 percent of the district's area.
- (6) The Hands-On Museum, previously the City's central fire station, has been renovated and converted for this public use.
- (7) Other civic facilities including park plazas, historic buildings, government buildings, transit information center, dental clinic.

(b) Recent developments:

- (1) Baker Commons -- A newly-constructed, 63-unit public housing development for the elderly located at Packard and South Main Streets.
- (2) Fourth/William Carport Addition -- The addition of 375 newly-constructed parking spaces onto the existing 500-car parking structure.

In all, there are approximately 78 acres of land currently in public use, excluding public rights-of-way. This amount represents 27 percent of the district.








2. Existing Private Land Uses. Private uses in the Development

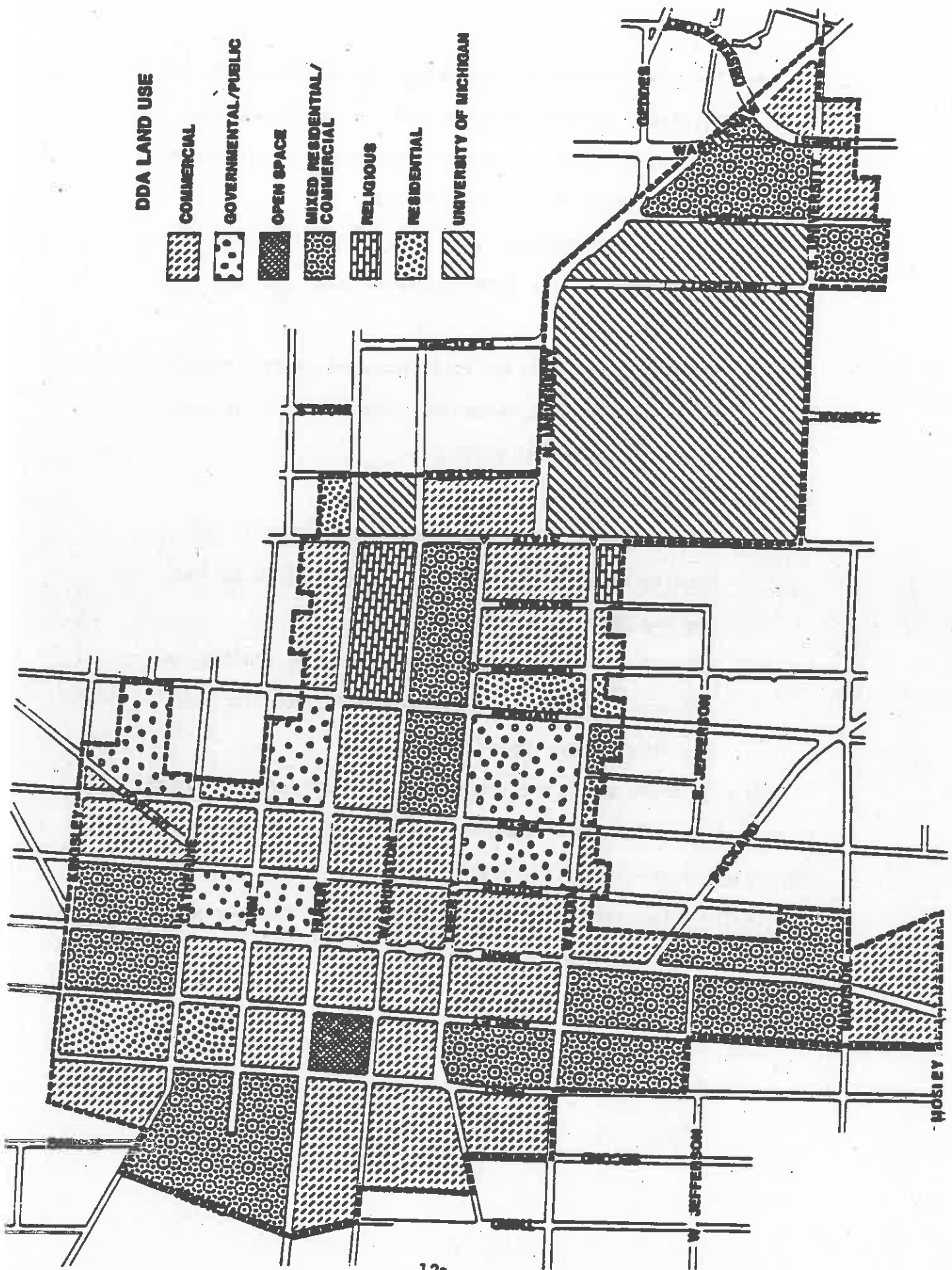
District include the following:

(a) Existing developments:

- (1) The Ann Arbor Inn (now being renovated), Campus Inn and the Bell Tower Hotel, containing a total of 475 rooms.

**DDA LAND USE**

-  **COMMERCIAL**
-  **GOVERNMENTAL/PUBLIC**
-  **OPEN SPACE**
-  **MIXED RESIDENTIAL/COMMERCIAL**
-  **RELIGIOUS**
-  **RESIDENTIAL**
-  **UNIVERSITY OF MICHIGAN**



- (2) 346 commercial retail business establishments, including three specialty department stores.
- (3) 584 commercial service-type establishments, which include 85 restaurants.
- (4) Greyhound Bus Line Downtown Terminal Station.
- (5) Main offices of six banking and savings and loan establishments.
- (6) Eleven warehouse and industrial establishments, including the Turner Products (old Chrysler) plant on South First Street.
- (7) 1,674 dwelling units containing an estimated 3,000 residents.
- (8) Kerrytown Shops -- A retail market and specialty shops next to Farmers' Market.

(b) Recent developments:

- (1) The renovated First National Office Building (58,000 square feet), the Federal Building (78,300 square feet), the Federal Center (17,300 square feet), and the Michigan Square (28,000 square feet).

In all, there are approximately 122 acres of land devoted to private use type activities representing 42 percent of the Development District's total land area.

D. Location, Character and Extent of Proposed Land Uses.

The location, character and extent of those public and private land uses which will result from these and other planned development activities and also from the retention of existing uses are illustrated on Map 4 and described below.



1. Proposed Public Land Uses. The timing of public projects in the following phases may be interchangeable due to schedule variations or accelerated programming efforts. Proposed public land uses include the following:

Phase I:

- (a) Expansion of downtown parking to provide a new 500 to 700-space parking structure on East Washington Street between State and North Division Streets to serve existing and new developments in the State Street commercial area and central portion of the district. This public parking structure is planned to be part of a new mixed-use development consisting of commercial and residential or office uses.
- (b) Pedestrian improvements to include sidewalk pavers, planters, street trees, benches, street lighting, drainage, bicycle storage areas, and on-street parking refinements where desirable and necessary:
  - (1) Detroit Street pedestrian and parking improvements in front of Farmers' Market from Catherine Street to Fifth Avenue.
  - (2) Pedestrian improvements along Fourth Avenue from Catherine Street to East Liberty Street to connect Farmers' Market/Kerrytown with Liberty Street.
  - (3) Pedestrian improvements along Liberty Street from South First Street to Division Street, including a mini-plaza at Liberty and First Streets.
  - (4) Pedestrian connection(s) from the Forest Avenue parking structure to South University and/or Church Street.

# PHASE ONE AND PHASE TWO PROPOSED PUBLIC IMPROVEMENTS

Phase One Improvements

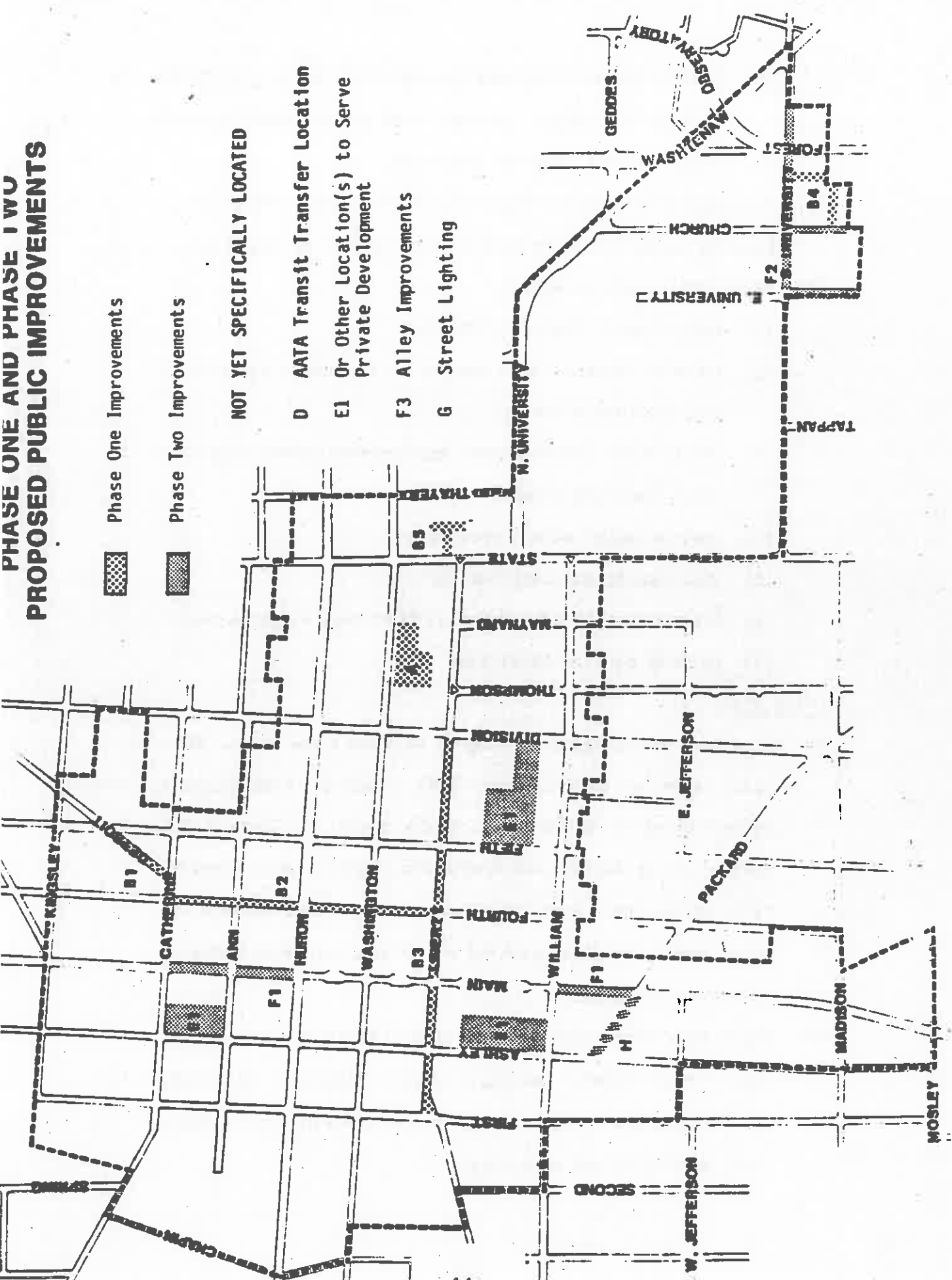


Phase Two Improvements



NOT YET SPECIFICALLY LOCATED

- D AATA Transit Transfer Location
- E1 Or Other Location(s) to Serve Private Development
- F3 Alley Improvements
- G Street Lighting



- (5) Pedestrian improvements to the alley along the north side of the State Theater from State Street to the Thayer Street parking structure.
- (c) To study site and any acquisition/relocation needs for a parking structure to be constructed as part of Phase II.
- (d) Other public improvements:
- (1) AATA transit transfer location.
  - (2) Farmers' Market improvements to include a new office and restroom building.
  - (3) Allen Creek storm sewer improvements along the Ann Arbor Railroad tracks.
  - (4) Downtown water main improvements.
  - (5) Downtown street resurfacing.
  - (6) Rehabilitation of commercial buildings and housing.
  - (7) Bicycle parking facilities.

Phase II:

- (e) Expansion of downtown parking to provide a new 500 to 700-space parking structure at Ashley and William Streets behind Kline's; or on the Library block on South Fifth Avenue; or at Ashley, Ann and Miller Streets west of North Main Street to serve existing and new developments in these areas; or other parking structures to serve existing and new developments.
- (f) Pedestrian improvements to include sidewalk pavers, planters, street trees, benches, street lighting, drainage, bicycle storage areas, and on-street parking refinements where desirable and necessary:

- (1) Dean Promenade extension on North Main Street from Catherine to Huron Streets, and South Main Street from William Street to Packard.
  - (2) Pedestrian improvements on South University from East University to Washtenaw Avenue.
  - (3) Alley improvements to accommodate pedestrian circulation.
- (g) General upgrading of street lighting and placing of utilities underground where necessary.
- (h) Consider the extension of Packard Road as a one-way street northerly to Ashley and/or First Streets if the Ashley Street parking structure is built and to study any other circulation improvements considered beneficial.
- (i) Other public improvements:
- (1) Additional Farmers' Market improvements to complete overall program.
  - (2) Westside sanitary sewers in the Chapin/Miller area.
  - (3) Additional downtown water main improvements.
  - (4) Additional downtown street resurfacing.
  - (5) Additional rehabilitation of commercial buildings and housing.
  - (6) Some park, plaza and street tree improvements.

Phase III:

- (j) Expansion of downtown parking to provide up to three new 500 to 700-space parking structures to be built in conjunction with private developments.

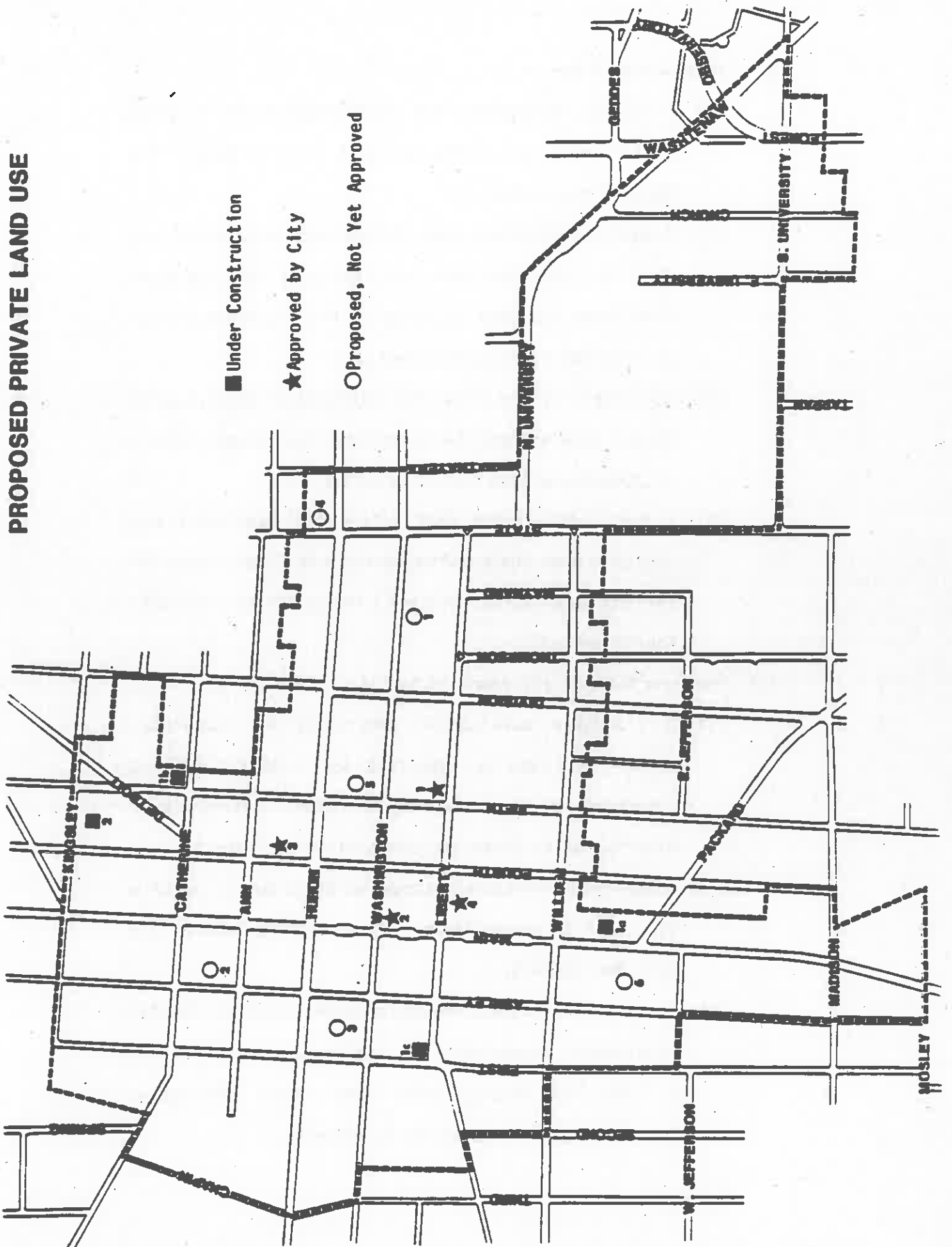
- (k) Pedestrian improvements to include sidewalk pavers, planters, street trees, benches, street lighting, drainage, bicycle storage areas, and on-street parking refinements where desirable and necessary.
  - (1) Improved pedestrian access to West Park from Ann Street.
  - (2) Pedestrian improvements on Ann and Washington Streets.
  - (3) Other necessary pedestrian improvements.
- (1) Park/Plaza improvements.
  - (1) Park/Plaza west of Main Street at Packard Road.
  - (2) Main and William Street Plaza at northeast corner.
  - (3) Ashley and Washington Street Plaza.
  - (4) Community High School Park.
- (m) Other public improvements will continue to be undertaken.
- (2) Proposed Private Land Uses. Proposed private land uses include the following:
  - (a) Under construction:
    - (1) Three major new office buildings including Detroit Edison Division Headquarters (64,000 square feet), Brauer Office Building (18,000 square feet) and First Liberty Building (18,000 square feet). Other smaller office building renovations and expansions have also been recently completed.
    - (2) Kerrytown Shops -- Retail market and specialty shops, now being expanded into a 50,000-square foot commercial retail facility.

**PROPOSED PRIVATE LAND USE**

■ Under Construction

★ Approved by City

○ Proposed, Not Yet Approved



(b) Approved by City:

- (1) A new 60,000-square foot office/commercial building at the northeast corner of East Liberty Street and South Fifth Avenue.
- (2) A new 56,000-square foot office and residential use addition onto the existing renovated 58,000-square foot First National Building at the southeast corner of Main and Washington Streets.
- (3) Conversion of the First "Y" Building on North Fourth Avenue between East Huron and East Ann Streets into a 31,000-square foot office building.
- (4) A new 12,000-square foot office and commercial use addition onto the existing Pretzel Bell restaurant at the southeast corner of East Liberty Street and South Fourth Avenue.

(c) Proposed but not yet approved by City:

- (1) A mixed-use development consisting of commercial retail and housing supported by a public parking structure on East Washington Street between East Liberty, North State and North Division Streets.
- (2) A new office building supported by a public parking structure on North Ashley Street between Miller and West Ann Streets.
- (3) A mixed-use hotel/convention/commercial/residential development supported by a public parking structure on the block between West Huron, West Washington, South Ashley, and South First Streets.

- (4) Conversion of the 11,000-square foot old Grace Bible Church at the northeast corner of East Huron and North State Streets into a 250+ seat restaurant use.
- (5) A mixed-use hotel/convention/commercial/office development supported by a public parking structure on the west portion of the block bounded by East Huron Street, South Fifth Avenue and East Washington Street.
- (6) A mixed-use commercial/office/residential development on South Main Street west of the Packard Road intersection.
- (7) Additional commercial, office and residential uses in the general area of Main Street, State Street and South University Street.

The above-described planned public and private land uses for the Development District are consistent with the recommendations contained in the Ann Arbor Downtown Development and Conservation Strategy--a comprehensive set of short and long-term development objectives, goals and priorities adopted by the Ann Arbor City Planning Commission in 1975 and by City Council in 1976. Planned uses in the Phase I program have been reviewed by the DDA Development Area Citizens Council--a City-appointed group of downtown residents created by the Ann Arbor City Council to advise them on future development plans and programs within the district--who is in general agreement with the Phase I program. Several of their suggestions have been incorporated into this Plan, and some of their comments will be addressed as more detailed plans are prepared.



E. Property Acquisition.

1. Identification of Properties to be Acquired. The Authority may propose to acquire title to some properties located in the block bounded by East Washington Street, South Division Street, East Liberty Street, and South State Street, which is designated for a new mixed-use private development consisting of commercial and residential or office uses and to be supported by a new public parking structure. Also, acquisition of title for several properties may be necessary to accommodate public parking structures at various locations. Also, property acquisition may be necessary to accommodate a Downtown Transit Center to be operated by the Ann Arbor Transportation Authority. These properties may be privately owned, under City of Ann Arbor ownership, or under other public agency ownership.

The City of Ann Arbor would act in behalf of the Authority in purchasing, at fair market value, any private-owned properties in accordance with the City's Land Acquisition Policy as adopted.

2. Legal Basis for Acquisition of Private-Owned Properties. The legal basis under which the City of Ann Arbor or Ann Arbor Downtown Development Authority may take and transfer private-owned property for use in accordance with an approved Development Plan is provided under Authority Board's powers, Section 7, item (g) of the Downtown Development Authority Act (No. 197 of P.A. 1975) where it states:

"Acquire by purchase or otherwise, on terms and conditions and in a manner the Authority deems proper or own, convey, otherwise dispose, or lease as lessor or lessee, land and other property, real or personal, or rights or interests therein, which the Authority determines is reasonably necessary to achieve the purposes of the act, and to grant or acquire licenses, easements, and options with respect thereof."

The Authority would determine that the taking of private-owned properties would be reasonably necessary in order to accomplish the land use and economic development objectives of the Plan identified earlier as creating more downtown jobs, more business, strengthening the tax base and stabilizing property values through the provision of sites to accommodate new commercial, residential or office development.

Further, said taking of private property by the City of Ann Arbor for conveyance to the Authority is provided for by Act No. 149 of the Public Acts of 1911, as amended, and Act 78 of the Public Acts of 1980, as amended, where it would serve a public use, purpose or benefit.

F. Existing Improvements to be Altered, Removed or Repaired.

1. Identification of Existing Buildings and Structures to be Demolished, Altered or Rehabilitated. Accomplishment of the Plan's development objectives for new mixed-use development, public parking and pedestrian improvements may require the demolition, removal and/or rehabilitation of buildings and structures. Detailed planning will be undertaken in order to determine these specific needs.

2. Other Existing Improvements to be Removed. Other existing improvements to be removed in the Development District may include minor portions of street resurfaces where pedestrian improvements are proposed to occur.
3. Description of Any Repairs or Alterations. Repairs or alterations to be made to existing building improvements in the Development District, if any, which are to be financed wholly or partially by the Authority, will be carried out in accordance with the development and land use objectives of this Plan, or modification thereof.
4. Estimate of Time Required for Completion of any Demolition. The estimate of time required to complete building demolitions, alterations and/or rehabilitation will be determined after further study.

G. Location, Extent, Character, and Estimated Cost of Improvements, Including Rehabilitation Contemplated for the Development District.

Presented in Table 5 is a summary description of the location, extent, character, and estimated cost of Phase I, II and III improvements to be undertaken and financed by the Authority.

As noted, the types of public improvement work to be carried out in Phase I include:

1. Expansion of downtown parking to provide a new 500 to 700-space parking structure on East Washington Street between State and North Division Streets to serve existing and new developments in the State Street commercial area and central portion of the district. This public parking structure will be part of a new

mixed-use development consisting of commercial and residential or office uses.

2. Pedestrian improvements to include sidewalk pavers, planters, street trees, benches, street lighting, drainage, bicycle storage areas and on-street parking refinements where desirable and necessary:
  - (a) Detroit Street pedestrian and parking improvements in front of Farmers' Market from Catherine Street to Fifth Avenue.
  - (b) Pedestrian improvements along Fourth Avenue from Catherine Street to East Liberty Street to connect Farmers' Market/Kerrytown with Liberty Street.
  - (c) Pedestrian improvements along Liberty Street from South First Street to Division Street, including a mini-plaza at Liberty and First Streets.
  - (d) Pedestrian connection(s) from the Forest Avenue parking structure to South University and/or Church Street.
  - (e) Pedestrian improvements to the alley along the north side of the State Theater from State Street to the Thayer Street parking structure.
3. To study site and any acquisition/relocation needs for a parking structure to be constructed as part of Phase II.

#### H. Planned New Development.

##### 1. New Downtown Parking.

- (a) East Washington Street Project. This project will result in the planned development of a new mixed-use development

TABLE 5  
**PROPOSED IMPROVEMENTS**  
**ANN ARBOR DOWNTOWN DEVELOPMENT DISTRICT**

<u>PHASE I (Short-Range)</u>			
<u>Item Number</u>	<u>Extent and Character</u>	<u>Estimated Cost</u>	<u>Estimated Time of Completion</u>
A	Expansion of Downtown Parking 1. Parking Structure on East Washington Street	\$5,000,000	Fall 1984
B	Pedestrian Improvements 1. Along Detroit Street 2. Along Fourth Avenue 3. Along Liberty Street 4. From the South Forest Parking Structure 5. Along Alley by State Theater	120,000 325,000 450,000 50,000 30,000	Fall 1983 Summer 1984 Summer 1984 Fall 1983 Summer 1983
C	A study of site and any acquisition/relocation needs for a parking structure to be constructed as part of Phase II	0	Spring 1983
D	AATA Transit Transfer Station	(1)	Summer 1983
	<b>SUB-TOTAL</b>	<b><u>\$5,975,000</u></b>	
<u>PHASE II (Mid-Range)</u>			
E	Expansion of Downtown Parking 1. Parking structure at Ashley/William Streets, or Library Block, or Ashley/Ann/Miller, or other location to serve developments	\$5,500,000	Fall 1987
F	Pedestrian Improvements 1. Dean Promenade Extension 2. Along South University Street 3. Alley Improvements	300,000 300,000 150,000	Spring 1985 Summer 1986 Spring 1987
G	Overall Street Lighting	250,000	Summer 1988
H	Extend Packard Road northerly if South Ashley parking structure is built	150,000	Fall 1987
	<b>SUB-TOTAL</b>	<b><u>\$6,650,000</u></b>	
<u>PHASE III (Long-Range)</u>			
J	Expansion of Downtown Parking 1. Up to three parking structures to be built in conjunction with developments	\$20,000,000	---
K	Pedestrian Improvements	750,000	---
L	Park/Plaza Improvements	1,000,000	---
M	Other public improvements as necessary	750,000	---
	<b>SUB-TOTAL</b>	<b><u>\$22,500,000</u></b>	
	<b>TOTAL</b>	<b><u>\$35,125,000</u></b>	

(1) Funding amount and source, which are unknown at this time, will be determined when the current study is completed.

included. Presented in Attachment 3 is a summary of the current or "initial" assessed values (SEV) of all real and personal property in the Development District for 1982.

In order to provide for a more efficient and proper means of accounting assessed values on personal property in the Development District, the City of Ann Arbor will, by adoption of this Plan, establish a tax report filing system requiring owners of personal property to file on a yearly basis a separate report to the City Assessor of the estimated dollar value of all personal property in their possession located within the boundaries of the Development District.

B. Estimates of Captured Assessed Values and Tax Increment Revenues.

Provided in Attachment 4 are schedules on estimated dollar amounts of captured assessed values and tax increment revenues to be realized from increases in real and personal property values from new construction and improvements to existing buildings in the Development District. The estimates have taken into account expected increases in the current 1982 year as a result of additions of real and personal property.

As noted in Attachment 4, the total dollar amount of captured assessed value to be realized in 1983 for all property items is estimated to be \$2,000,000 State Equalized Value (SEV). For the 1984 tax year, the captured value is expected to increase by \$5,000,000 SEV, and by another \$5,000,000 SEV in 1985 with an estimated five percent per year increase in SEV on new construction.

In estimating tax increment revenues for the tax years, a tax levy of 60 mills was applied to the captured assessed totals for ad valorem real and personal property, which is the current estimated millage rate

### III. TAX INCREMENT FINANCING PLAN FOR ANN ARBOR DOWNTOWN DEVELOPMENT DISTRICT.

This tax increment financing plan is established to make possible the financing of all or a portion of the costs associated with the carrying out and completion of those activities and improvements contained in the officially adopted Development Plan for the Development District, or any amendments thereto.

#### A. Tax Increment Financing Procedure.

The tax increment financing procedure, as outlined in the Act, requires approval by the City, by ordinance, of a development plan and a tax increment financing plan. Following the approval of that ordinance, the municipal and county treasurers are required by law to transmit to the Downtown Development Authority that portion of the tax levy of all taxing bodies paid each year on the Captured Assessed Value of all real and personal property located in the Development District that is due to new construction and improvements to existing buildings. The tax amounts to be transmitted are hereinafter referred to as "Tax Increment Revenue". The "Captured Assessed Value" is defined as the amount in any one year, by which the current assessed value of real and personal property in the Development District, exceeds the initial assessed value for new construction and improvements to existing buildings. The "initial assessed value" is defined as the most recently assessed value of all real and personal taxable property within the boundaries of the Development District at the time the ordinance establishing the tax increment financing plan is approved. For this Plan, the initial assessed value is approximately \$100,000,000 State Equalized Value (SEV) for real and personal property for the 1982 tax year. Property exempt from taxation at the time of the determination of the initial assessed value has not been

**SECTION III: TAX INCREMENT FINANCING PLAN**



The City of Ann Arbor, acting in behalf of the Authority, will provide any technical relocation assistance necessary to insure that all displaced businesses are reasonably and adequately relocated in building facilities and sites located in other sections of the downtown district or the City at least equal to the locational advantages now offered at their present location.

The amounts and types of financial assistance and reimbursement expense payments to be provided to each displacee will be determined in accordance with the standards and provisions of the City's Relocation Policy.

S. Plan Provisions for Compliance with Act No. 227 of the Public Acts of 1972.

The relocation of any families, individuals or businesses shall also be carried out in accordance with the statutory requirements and provisions of State of Michigan Act No. 227 of the Public Acts of 1972.

The City of Ann Arbor, acting in behalf of the Authority, shall establish and implement a relocation assistance advisory program to assist displacees in obtaining and becoming established in comparable facilities elsewhere in the community.

The specific types of relocation advisory assistance to be provided to each displacee including, but not limited to, personal contact and consultation on technical services available, eligible relocation expenses, current information on comparable facilities available elsewhere in the community shall be part of the City's Relocation Policy.

O. Proposed Land Disposition Terms and Bidding Procedures.

The terms under which any land designated for new development will be sold to, leased or otherwise conveyed to private development interests shall be determined by the Authority upon approval by the Ann Arbor City Council.

The procedures by which purchase bids will be received and awarded will be in accordance with existing procedures and practices currently used by the City of Ann Arbor in disposing of other City-owned property.

P. Estimates of the Number of Persons Residing in the Development District and the Number of Families and Individuals to be Displaced.

Recent surveys indicate approximately 3,000 persons residing in the Development District. After further project planning is undertaken, any families, individuals or businesses who may be displaced as a result of property acquisition and clearance activities will be identified and relocated in accordance with City relocation standards.

Q. A Plan for Establishing Priority for the Relocation of Persons Displaced by the Development in any New Housing in the Development District.

If any families, individuals or businesses are found to require displacement, a priority plan for relocating displacements will be developed.

R. Provision for the Costs of Relocating Persons and Businesses Displaced by the Development and Financial Assistance and Reimbursement of Expenses.

The Plan will make provision for financial assistance and reimbursement of expenses incurred by those families, individuals or businesses to be displaced by project land acquisition and clearance activities.

ties and their cost amounts chargeable to these projects, including administrative expenses, surveys and planning, real estate purchases, relocation expenses, site clearance, public project improvements and contingencies, will be determined after further project planning is undertaken.

The method by which these costs will be financed will be from one or more of the following sources:

- Tax Increment Revenues
- Moneys borrowed from the issuance of revenue bonds
- Donations received by the Authority
- Revenues from any property, building or facility-owned, leased or sold by the Authority
- Moneys obtained from other sources approved by the Ann Arbor City Council

The proceeds to be received from tax increment revenues in the Development District, plus the availability of funds from other authorized sources, will be sufficient to finance all activities and improvements to be carried out under this Plan.

N. Identification of Private Interests, Parties or Individuals to Whom the Development Will Be Sold or is Being Undertaken.

All improvements described in this Plan will remain under public ownership with the City of Ann Arbor or other public entity created by the City of Ann Arbor.

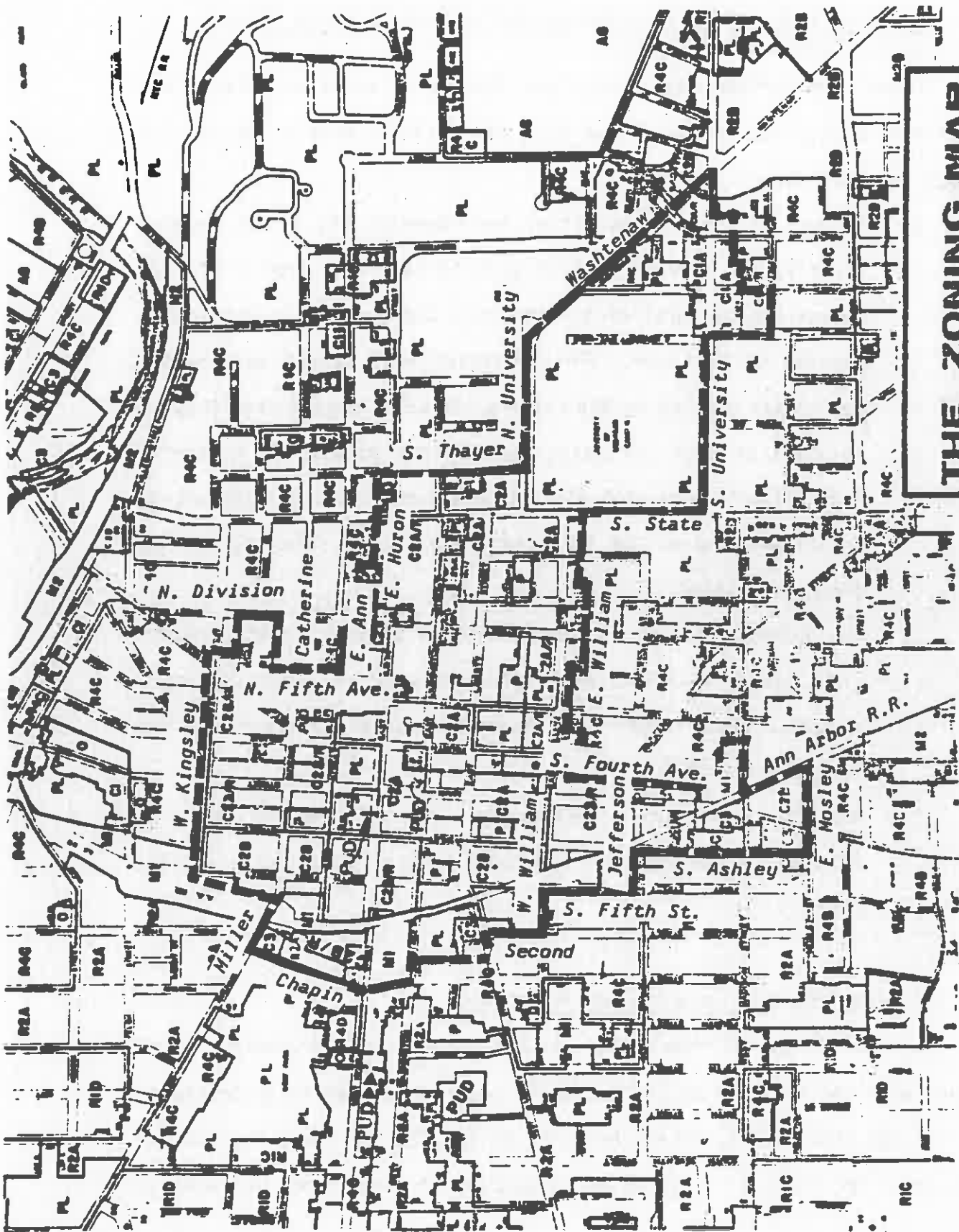
L. Proposed Right-of-Way Adjustments and Changes to Street Grades, Intersections and Utilities.

Those right-of-way adjustments and changes to existing streets and utilities called for in Phase I of this Plan, illustrated on Map 3, include the following:

1. As part of the Detroit Street improvements, the street segment fronting the Farmer's Market will be converted from a two-way street having parallel parking to a one-way street with angle parking on one side. This revision will create much-needed additional parking by the Farmers' Market, improve traffic circulation in this vicinity, and improve pedestrian movement. Pedestrian islands will also be constructed at key intersection locations in order to facilitate easier and safer pedestrian street crossings.
2. The proposed mini-plaza located on West Liberty Street at South First Street will reduce the pavement width in order to create a pedestrian-oriented open space and safer intersection for vehicular movement.
3. Any other changes to street grades, intersections and utilities will be determined after further project planning is undertaken.

M. Development Cost Estimates and Financing.

The total cost of completing all activities and improvements to be undertaken and financed by the Authority under this Plan is estimated to be \$35,125,000--\$5,975,000 for Phase I, \$6,650,000 for Phase II, and the remainder for Phase III. Detailed accounting of those items and activi-



**THE ZONING MAP**  
OF ANN ARBOR, MICHIGAN

residents. These improvements, such as the West Liberty/South First Street project, will be undertaken primarily within public rights-of-way, except for the pedestrian improvements from the South Forest parking structure and the alley improvements along the alley by the State Theater which will require easement agreements or land acquisition.

J. Land Disposition to the City of Ann Arbor.

The Authority may wish to acquire title to the City of Ann Arbor owned parcel of land and private lands in the proposed new East Washington Street development area, as well as private lands in the Main Street area to accommodate a new parking structure. Disposition of these parcels after clearance would be done in accordance with specific terms and conditions to be established by the Authority.

K. Description of Existing Zoning Changes and Proposed Changes.

The City's current Zoning Ordinance (Title V of the City Code - Zoning and Planning; Chapter 55 - Zoning) shall be applied to accomplish the development aims of this Plan. It is anticipated that the East Washington Street development will require a revision to PUD (Planned Unit Development) zoning in order to accommodate the mixed-use nature of the project. It is anticipated that any free-standing parking structures that are built will be rezoned to PL (Public Land). Pedestrian improvement projects are not anticipated to require any zoning revisions.

consisting of commercial and residential or office use to be constructed on a site identified on Map 4 as Development Site A. At this time, this project envisions approximately 29,000 square feet of commercial space, 60,000 square feet of office space, 70 residential units, and 500-700 public parking spaces.

(b) A parking structure in the Main Street area will serve existing business establishments and will assist in the improvement, expansion and attraction of businesses in this area.

2. Pedestrian Improvements. These improvements will strengthen linkages between activity centers to produce more effective pedestrian and non-motorist movement within the district. As a result, approved and proposed developments along these linkages will be encouraged.

I. Existing and Planned Open Space Areas.

Existing public open space areas in the district consist of Sculpture Park, Liberty Plaza and the University's Diag, as well as other spaces such as the Community High School site and the Federal Building plaza. Also, established pedestrian ways exist along segments of Main Street, Liberty Street, State Street, and South University Avenue.

The planned open space areas identified on Map 5 will extend and connect these pedestrian systems to facilitate pedestrian movement and access between major activity centers in the district, and to provide additional passive recreation area, facilities and visual amenities for existing and future downtown employees, visitors, shoppers, students, and

for 1982. These totals, in Attachment 4, show \$12,450,000 in SEV to be generated during the three years from 1983 to 1985 (Phase I), which will realize about \$750,000 in 1985. During the first 20 years of the program, the tax revenues from the Captured Value are estimated to be approximately \$9 million.

C. Use of Tax Increment Revenue.

The tax increment revenue paid to the Authority by the municipal and county treasurers are to be disbursed by the Authority from time to time in such manner as the Authority may deem necessary and appropriate in order to carry out the purposes of the Development Plan, including but not limited to the following:

- The principal, interest and reserve payments required for any bonded indebtedness to be incurred in its behalf for purposes provided in the Development Plan.
- Cash payments for initiating and completing any improvement or activity called for in the Development Plan.
- Any annual operating deficits that the Authority may incur from acquired and/or leased property in the Development District.
- Interest payments on any sums that the Authority should borrow before or during the construction of any improvement or activity to be accomplished by the Development Plan, after approval by the City of Ann Arbor.
- Payments required to establish and maintain a capital replacement reserve.
- Payments required to establish and maintain a capital expenditure reserve.



- Payments required to establish and maintain a sinking fund to provide funds for constructing parking facilities.
- Payments to pay the costs of any additional improvements to the Development District that are determined necessary by the Downtown Development Authority and approved by the Ann Arbor City Council.

Types of bonds to be issued in accomplishing this plan will be determined after further project planning is undertaken.

The Downtown Development Authority may modify its priority of payments at any time if within its discretion such modification is necessary to facilitate the development plan then existing.

D. Bonded Indebtedness to be Incurred.

The project costs for accomplishing all activities described in the Phase I Development Plan for the Development District are estimated to be \$5,975,000. These costs are to be financed through an issuance of one or more series of bonds during the 1983, 1984 and 1985 years when development activities are to be initiated and completed. Estimated revenues to be realized from taxes on "Captured Assessed Value" together with revenues from other sources including the City parking system, special assessments, grants, etc. will be adequate to provide for payment of principal and interest.

The amounts of bonded indebtedness to be incurred by the Authority and/or the City of Ann Arbor for all bond issues including payments of capitalized interest, principal and required reserve shall be determined by the City of Ann Arbor, upon the recommendations of the Authority. At the time of adoption of this Plan, the Authority's estimate of bonded indebtedness to be incurred by the Phase I project is \$6,010,000, including

project costs and bonding expenses. During the 30-year program, it is projected that \$35 million in bonds will be sold and that the taxes from the captured value plus other revenues will be adequate to retire these bonds.

E. Annual Surplus of Tax Increment Revenues.

To the extent that the tax increment revenues of the Authority in any one year exceed the sum necessary for the Authority to meet the commitments and payments as set forth above, said surplus funds shall revert proportionately to the respective taxing bodies as provided in Section 15(2) of the Act and Chapter 7, Section 1:156(2) of the City of Ann Arbor's Downtown Development Authority ordinance, which states:

"If the captured assessed valuation derived from new construction, and increase in value of property newly constructed or existing property improved subsequent thereto, grows at a rate faster than that anticipated in the tax increment plan, at least 50 percent of such additional amounts shall be divided among the taxing units in relation to their proportion of the current tax levies. If the captured assessed valuation derived from new construction grows at a rate of over twice that anticipated in the plan, all of such excess amounts over twice that anticipated shall be divided among the taxing units. Only after approval of the governmental units may these restrictions be removed.

"After the then earliest dated bond issue of the Downtown Development Authority is retired, the captured assessed valuation prior to the date of sale for that issue shall be returned to the rolls on the next succeeding tax levy.

"Tax funds that are paid to the Downtown Development Authority due to the captured assessed value shall first be used to pay the required amounts into the bond and interest redemption funds and the required reserves thereto. Thereafter, the funds shall be distributed as set forth above or shall be divided among the taxing units in relation to their proportion of the current tax levies."

F. Duration of the Plan.

As stated in the Act, the tax increment financing plan shall last no more than 30 years except as the same may be modified from time to time by the City Council of the City of Ann Arbor upon notice and upon public hearing and agreements as required by the Act.

G. Impact on Assessed Values and Tax Revenues.

The overall impact of the Development Plan is expected to generate increased economic activity in the Development District, the City of Ann Arbor and Washtenaw County at large. This increase in activity will, in turn, generate additional amounts of tax revenue to local taxing jurisdictions through increases in assessed valuations of real and personal property and from increases in personal income of new employment within the Development District, the City of Ann Arbor and Washtenaw County.

As identified earlier under Section B of this Plan, the expected increases in assessed valuation for new construction and improvements to existing buildings in the Development District have been estimated for the 1983, 1984 and 1985 tax years.

For purposes of determining the estimated impact of this tax increment financing plan upon those taxing jurisdictions within the Develop-

ment District, estimates of captured assessed values (see Attachment 4) were used along with an estimated 60-mill annual allocation to determine tax increment revenue amounts that would be shifted from these jurisdictions to the Downtown Development Authority to finance the project activities called for in the Development Plan. These estimated amounts are shown in Attachment 5 according to each taxing unit operating the Development District.

H. Use of the Captured Assessed Value.

The Development and Tax Increment Financing Plan provides for the use of the captured assessed value by the Downtown Development Authority for the purpose herein set forth.

I. Reports.

The Downtown Development Authority shall submit annually to the Ann Arbor City Council a report on the status of the tax increment financing account. Such report shall comply with the requirements of Section 15(3) of the Downtown Development Authority Act, a copy of which is provided under Attachment 6.

I4-82

First Reading: March 15, 1982 Approved: May 10, 1982Public Hearing: Feb. 22 & Mar. 22, 1982 Effective: May 26, 1982

AN ORDINANCE TO AMEND THE CODE OF THE CITY OF ANN ARBOR BY ADDING A NEW CHAPTER ENTITLED "DOWNTOWN DEVELOPMENT AUTHORITY", WHICH NEW CHAPTER SHALL BE DESIGNATED AS CHAPTER 7 OF TITLE I OF SAID CODE.

The City of Ann Arbor ordains:

Section 1. That Chapter 7 be added to Title I of the Code of the City of Ann Arbor to read as follows:

Chapter 7: Downtown Development Authority

- 1:150. Title. This ordinance shall be known as the "Downtown Development Authority Ordinance" of the City of Ann Arbor.
- 1:151. Purpose. The purpose of this ordinance is to create a public body corporate to act in the best interests of the City to halt property value deterioration, increase property tax valuation where possible in the business district of the 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) "City" means the City of Ann Arbor.
  - (4) "Council" means the Ann Arbor City Council.
  - (5) "Downtown District" means the downtown district designated herein.
- 1:153. Creation of Authority. There is hereby created pursuant to Act 197 the Ann Arbor Downtown Development Authority for the City of Ann Arbor, Michigan. The 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 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.
- 1:154. Description of Downtown District. The boundaries of the downtown district in which the Authority shall exercise its powers as provided by Act 197 are hereby established as shown on the downtown 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 shall be under the supervision and control of a Board consisting of the Mayor or Administrator of the City and 11 members. The members shall be appointed by the Mayor subject to approval by the Council. Eligibility for membership on the Board and terms of office shall be as provided in Act 197. All members shall hold office until the member's successor is appointed.

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 of the Public Acts of 1975 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 Downtown Development Authority proposes a tax increment financing plan, it shall only plan the use of that portion of the captured assessed 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.

If the captured assessed valuation derived from new construction, and increase in value of property newly constructed or existing property improved subsequent thereto, grows at a rate faster than that anticipated in the tax increment plan, at least 50 percent of such additional amounts shall be divided among the taxing units in relation to their proportion of the current tax levies. If the captured assessed valuation derived from new construction grows at a rate of over twice that anticipated in the plan, all of such excess amounts over twice that anticipated shall be divided among the taxing units. Only after approval of the governmental units may these restrictions be removed.

After the then earliest dated bond issue of the Downtown Development Authority is retired, the captured assessed valuation prior to the date of sale for that issue shall be returned to the rolls on the next succeeding tax levy.

Tax funds that are paid to the Downtown Development Authority due to the captured assessed value shall first be used to pay the required amounts into the bond and interest redemption funds and the required reserves thereto. Thereafter, the funds shall be distributed as set forth above or shall be divided among the taxing units in relation to their proportion of the current tax levies.

- (3) **Planning Considerations:** In developing a plan within the downtown area, the Downtown Development Authority shall consider the following:
  - (a) Tax increment financing shall only be one 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.

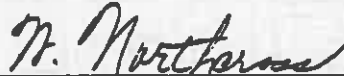
1:157. Termination. Upon completion of its purposes, the Authority may be dissolved by the Council. The property and assets of the Authority, after dissolution and satisfaction of its obligations, shall revert to the City.

Section 2. This ordinance shall take effect and be in force on and after ten (10) days from legal publication.

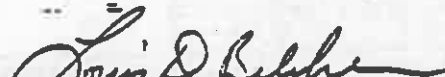
5/11/82  
GC/MWO/lg/m

I hereby certify that the foregoing ordinance was adopted by the Council of the City of Ann Arbor at its special session of May 10, 1982, held in the Council Chamber, City Hall.

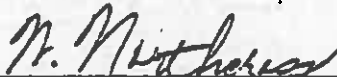
May 11, 1982



W. Northcross, City Clerk

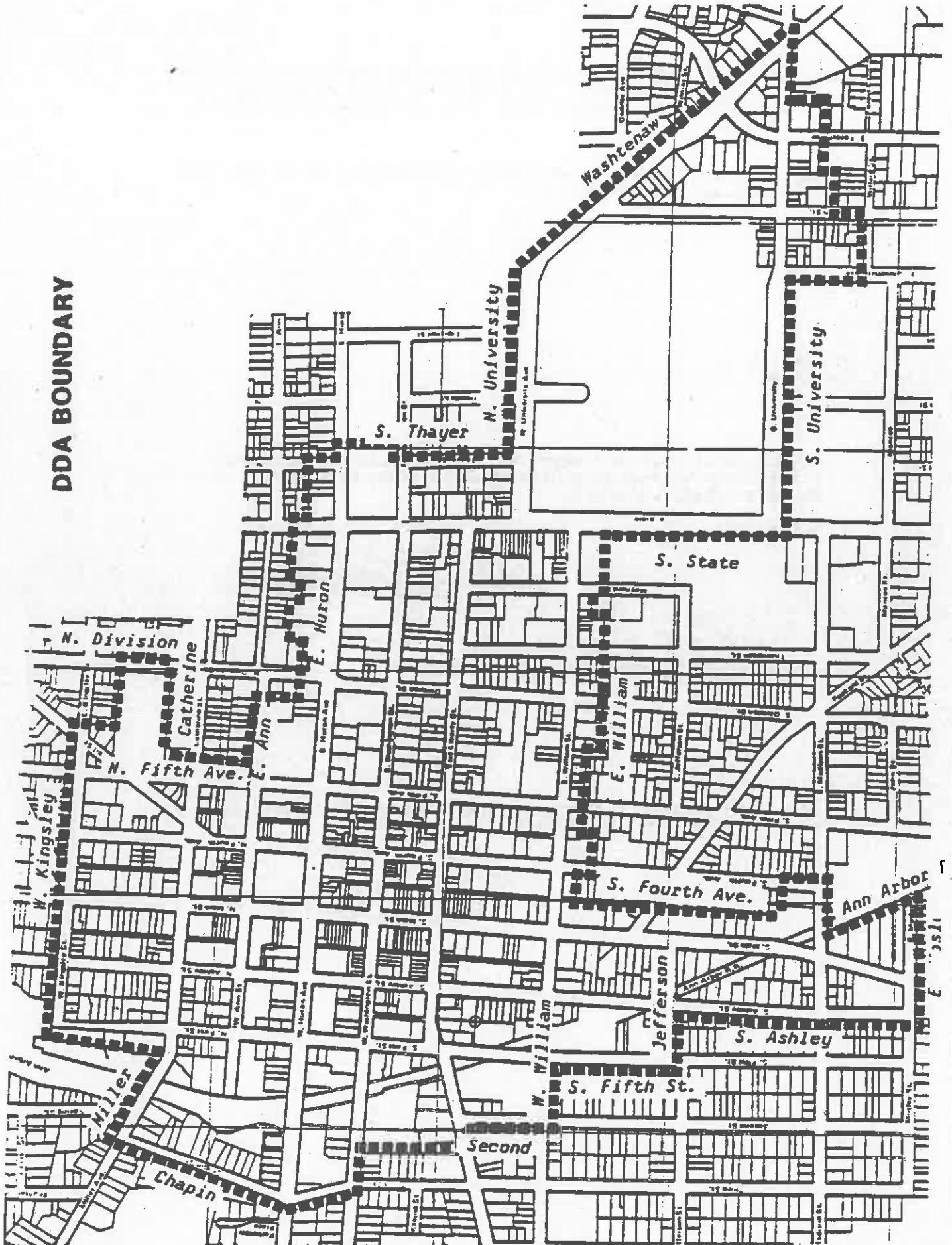
  
Louis D. Belcher, Mayor

I hereby certify that the foregoing ordinance received legal publication in the Ann Arbor News on May 16, 1982.



W. Northcross, City Clerk

**DDA BOUNDARY**





Attachment 2

BOUNDARY DESCRIPTION OF THE

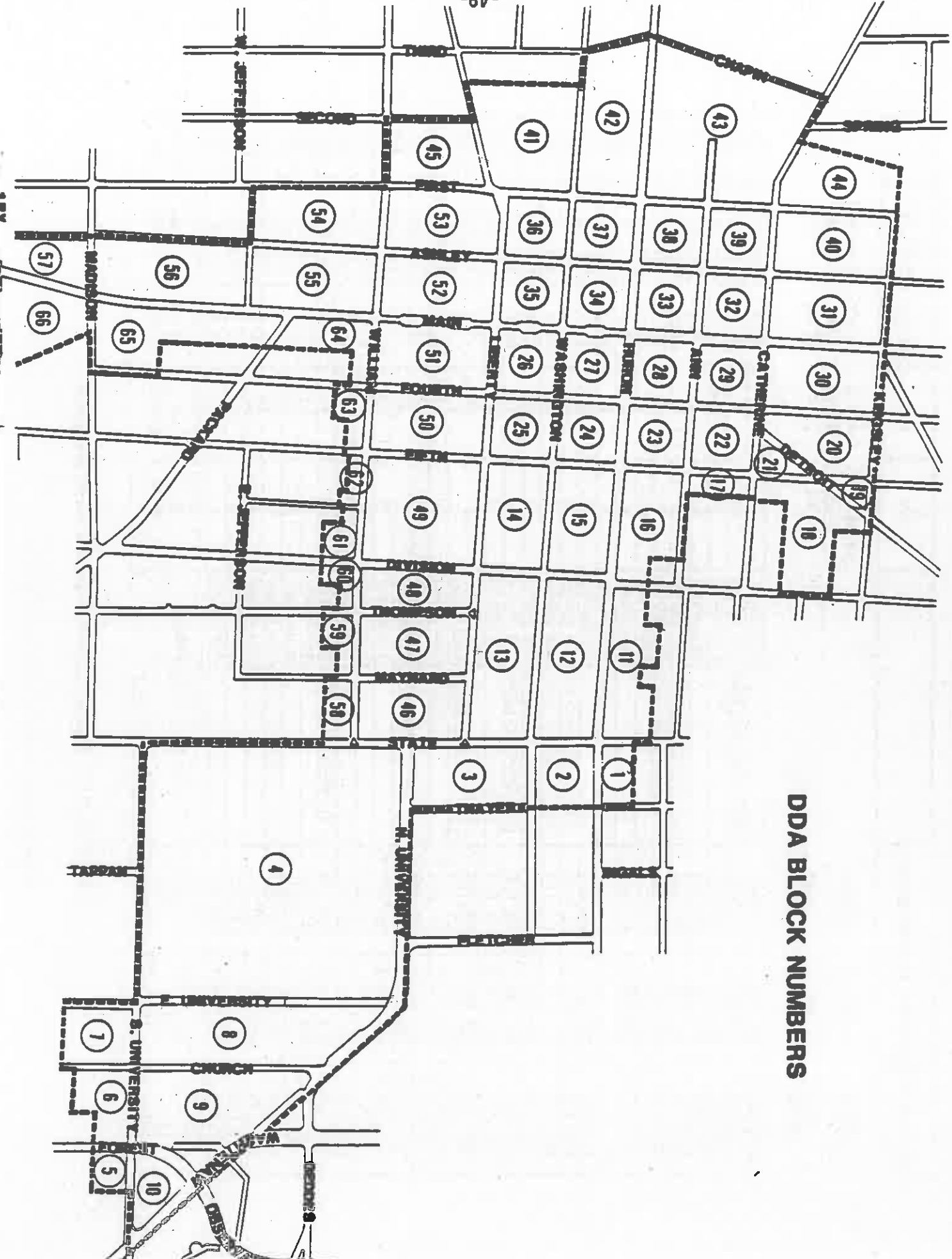
ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY DISTRICT

BEGINNING at the southwest corner of the intersection of South University and East University Streets rights-of-way; thence south along the west right-of-way line of East University Street approximately 330 feet; thence east to a point 132 feet west of the east right-of-way line of Church Street; thence north 27 feet; thence east 56 feet; thence south 15 feet; thence east to the east right-of-way line of Church Street; thence north along Church Street to the southwest corner of Lot #2, Block 1, R.S. Smith's Second Addition; thence easterly approximately 165 feet; thence north 44 feet; thence east approximately 360 feet to the west line of Lot #9, Block 5, R.S. Smith's Second Addition; thence north approximately 155 feet to the south right-of-way line of South University Street; thence east along the south right-of-way line of East University Street to the northeast right-of-way line of Washtenaw Avenue; thence northwesterly along said line to the north right-of-way line of North University Street; thence west along the north right-of-way line of North University Street to the east right-of-way line of South Thayer Street; thence north approximately 1,030 feet to the north line of Lot #1 of Eastern Addition (110 North Thayer Street); thence west to the east right-of-way line of North State Street; thence north approximately 70 feet; thence west to the northwest corner of Lot #17, of Assessor's Plat No. 8; thence south to the north line of Lot #18 of said plat; thence west to the east line of Lot #20 of said Assessor's Plat No. 8; thence north along the east line of said Lot #20 to the north line of said lot; thence west 150.08 feet to the east line of Lot #1 of Assessor's Plat No. 8; thence south to the southeast corner of said lot; thence westerly and southerly along the northwest side of Lot #22 and the north side of Lot #23 of Assessor's Plat No. 8 to the east right-of-way line of North Division Street; thence northwesterly to a point 4 feet south of the northeast corner of Lot #8 of original plat of Ann Arbor; thence west approximately 101 feet; thence north 3.3 feet; thence west to a point 27 feet east of the northwest corner of Lot #10, original plat of Ann Arbor; thence north along a line that is 27 feet west of the east line of Lot #10 to the north right-of-way line of Ann Street; thence west along the north right-of-way line of said street to a point that is 16.5 feet east of the southwest corner of Lot #2 of original plat of Ann Arbor; thence north 132 feet on a line parallel with the west line of said Lot #2 to a point that is 16.5 feet east of the northwest corner of Lot #2; thence east 10 feet along the north line of Lot #2; thence north 198 feet along a line parallel to and 40 feet west of the east line of Lot #15 of original plat of Ann Arbor to the southwest corner of Lot #149 of Assessor's Plat No. 29; thence east 74.37 feet to the southeast corner of Lot #150 of Assessor's Plat No. 29; thence north 132.35 feet to the northeast corner of Lot #150, Assessor's Plat No. 29; thence east along the north side of Lots #151, #152, #153, #154, #155, and #158 of Assessor's Plat No. 29, extended to the east side of the North Division Street right-of-way; thence north along the east right-of-way line of North Division Street to the northwest corner of Lot #2 of Assessor's Plat No. 6; thence west to the southwest corner of Lot #141 of Assessor's Plat No. 29; thence north along the west line of said lot extended to the north right-of-way line of East Kingsley Street; thence west along the north right-of-way line of East and West Kingsley Street to the intersection of the west right-of-way line of North First Street with the north right-of-way line of West Kingsley Street; thence

south 4° 02' 10" west 131.56 feet; thence north 83° 23' 50" west 137.76 feet; thence south 15° 31' 45" west 66 feet; thence south 15° 01' 40" west 350.49 feet to the north right-of-way line of Miller Avenue; thence northwest along the northeasterly right-of-way line of Miller Avenue to a point approximately 125 feet northwest of the northwest intersection of the rights-of-way of Spring Street and Miller Avenue; thence southwesterly along the northwest right-of-way of Chapin Street to intersect with the southwest right-of-way of Third Street; thence southeast along said southwest right-of-way line of Third Street to a point intersecting with the south right-of-way line of West Washington Street; thence east along said south right-of-way line of West Washington Street to the northeast corner of Lot #1 of Krause's Addition; thence south along the east side of Lots #1, #3, #4, #5, #6, #7, #8, and #9 of Krause's Addition to a point intersecting with the southeast right-of-way line of West Liberty Street; thence northeasterly along said southeasterly right-of-way line of West Liberty Street to a point intersecting with the west right-of-way line of Second Street; thence south along said west right-of-way line to the intersection of the west right-of-way line of Second Street with the south right-of-way line of William Street; thence east along the south right-of-way line of William Street to the west right-of-way line of First Street; thence south along the west right-of-way line of First Street to the intersection of the north right-of-way line of Jefferson Street with the west right-of-way line of First Street; thence east to the west right-of-way line of South Ashley Street; thence south along said west right-of-way line of South Ashley Street to the south right-of-way line of West Mosley Street; thence east along said south right-of-way line of West Mosley Street to the northwest right-of-way line of the Ann Arbor Railroad right-of-way; thence northwesterly along the northwest right-of-way line of said Ann Arbor Railroad to a point intersecting the south right-of-way line of West Madison Street; thence east along said south right-of-way line to a point in line with the extension of the east right-of-way line of South Fourth Avenue; thence north along the east right-of-way line of South Fourth Avenue to a point approximately 33 feet north of the southwest corner of Lot #7, Block 55, R5E, Ann Arbor Land Co's Addition; thence west to a point 33 feet north of the southwest corner of Lot #10, Block 55, R4E, Ann Arbor Land Co's Addition; thence north along the west side of Lots #10, #11, #12, #13, #14, #15, #16, #17, and #18 of said block, and continuing north along the east right-of-way line of 16-foot wide alley between Main Street and Fourth Avenue to a point 6 feet south of the northwest corner of Lot #15, Block 45, R4E, original plat of Ann Arbor; thence east to the west right-of-way line of South Fourth Avenue; thence south along said right-of-way line 99 feet to a point on said right-of-way line; thence east along a line parallel with and 31.5 feet south of north line of Lot #3, Block 45, R5E, original plat of Ann Arbor to the west line of Lot #14 of said block; thence south 1.5 feet, thence east to the west line of South Fifth Avenue; thence north along the west right-of-way line of South Fifth Avenue 36 feet; thence west approximately 132 feet to a point 3 feet north of the southwest corner of Lot #15 of said block; thence north 52 feet; thence east 132 feet to the west right-of-way line of South Fifth Avenue; thence northeasterly to a point 66 feet south of the northwest corner of Lot #1, Block 45, R6E, original plat of Ann Arbor; thence east 189 feet; thence south 16.5 feet; thence east to a point on the east right-of-way line of Hamilton Place approximately 50 feet north of the southwest corner of Lot #8 of said block; thence north approximately 25 feet; thence east 66.15 feet; thence south 138.1 feet; thence east 33 feet; thence north 66 feet; thence east to the southeast corner of Lot #2, Block 45, R7E, Ann Arbor Land Co's Addition; thence north 66 feet; thence east approximately 132 feet to the west right-of-way line

of Thompson Street; thence south 66 feet; thence east to the southeast corner of Lot #2, Block 45, R8E, Ann Arbor Land Co's Addition; thence north to the southwest corner of Lot #16 of said block; thence east 132 feet to the west right-of-way line of Maynard Street; thence south approximately 40 feet; thence east to the west right-of-way line of South State Street; thence south to the south right-of-way line of South University Street; thence east to the point of beginning.

10/25/82  
MWO/lg/m



**DDA BLOCK NUMBERS**

DOWNTOWN DEVELOPMENT AUTHORITY BLOCK DATA (cont'd.)

DDA Block #	Total Area (sq.ft.)	Total Area (acres)	Number of Parcels	Number of Structures	Predominant Land Use on Block	1980 Real Assessed Value	1981 Real Assessed Value	1982 Real Assessed Value
37	69,606	1.60	8	1	Open Space	244,800	360,200	369,400
38	69,858	1.60	5	7	Commercial	522,900	573,700	630,600
39	71,082	1.63	15	17	Residential	365,800	424,500	461,100
40	138,222	3.17	25	26	Residential	319,400	378,200	435,100
41	260,363	5.98	14	13	Commercial	322,600	416,800	435,300
42	187,567	4.31	11	12	Commercial	568,800	557,800	596,500
43	426,058	9.78	41	53	Mixed Residential/Commercial	825,500	927,400	1,007,600
44	81,664	1.87	2	1	Commercial	93,300	98,300	154,900
45	120,120	2.76	5	5	Commercial	535,200	579,300	526,100
46	122,434	2.81	27	23	Commercial	3,376,000	3,703,200	3,945,400
47	133,614	3.07	10	12	Commercial	4,319,600	4,394,600	4,630,400
48	91,941	2.11	23	30	Residential	1,175,700	1,337,500	1,453,100
49	262,378	6.02	25	22	Governmental/Public	1,110,900	1,402,400	2,094,000
50	136,224	3.13	4	5	Governmental/Public	1,891,200	1,901,600	1,910,500
51	130,755	3.00	20	17	Commercial	1,084,000	1,216,900	1,293,300
52	130,914	3.01	19	16	Commercial	1,168,100	1,263,700	1,317,700
53	134,384	3.09	23	17	Mixed Residential/Commercial	373,400	491,000	548,900
54	174,151	4.00	13	11	Mixed Residential/Commercial	376,400	443,400	467,600
55	152,318	3.50	19	17	Mixed Residential/Commercial	619,300	707,300	805,100
56	197,702	4.54	24	31	Mixed Residential/Commercial	603,300	715,700	754,100
57	65,714	1.51	8	9	Commercial	224,800	249,100	263,600
58	28,842	0.66	1	1	Religious	0	0	0
59	26,149	0.60	4	4	Commercial	1,146,400	1,429,800	1,519,700
60	16,830	0.39	5	6	Residential	141,500	161,900	173,900
61	27,918	0.64	4	5	Mixed Residential/Commercial	308,600	346,800	395,600
62	15,960	0.37	5	5	Residential	129,300	162,700	170,600
63	36,498	0.84	3	3	Commercial	275,900	312,100	329,300
64	57,328	1.32	5	4	Commercial	456,800	499,900	530,200
65	129,117	2.96	9	10	Mixed Residential/Commercial	202,500	223,800	250,100
66	99,846	2.29	5	7	Commercial	330,300	368,500	394,100

Total DDA (sq.ft.)      Total DDA (acres)      Total DDA # Parcels      Total DDA # Structures

8,707,172	199.89	794	785	58,638,500	66,549,500	72,401,200
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NOTE: Personal property assessed value for 1982 is estimated to be \$27,000,000.

DOWNTOWN DEVELOPMENT AUTHORITY BLOCK DATA

DDA Block #	Total Area (sq.ft.)	Total Area (acres)	Number of Parcels	Number of Structures	Predominant Land Use on Block	1980 Real Assessed Value	1981 Real Assessed Value	1982 Real Assessed Value
1	34,848	0.80	5	6	Residential	96,100	113,900	113,900
2	95,832	2.20	1	1	University of Michigan	0	0	0
3	138,710	3.18	20	21	Commercial	2,362,800	2,604,300	2,765,200
4	1,755,468	40.30	1	13	University of Michigan	0	0	0
5	19,998	0.46	2	2	Commercial	287,900	302,600	317,300
6	58,130	1.33	9	9	Commercial	1,139,300	1,266,300	1,329,600
7	78,149	1.79	16	15	Mixed Residential/Commercial	1,341,000	1,432,200	1,488,200
8	290,800	6.68	7	11	University of Michigan	450,500	476,100	500,900
9	238,923	5.48	25	23	Mixed Residential/Commercial	3,451,400	3,667,500	3,749,300
10	47,064	1.08	7	7	Commercial	709,300	776,000	861,300
11	139,256	3.20	8	7	Commercial	2,681,200	2,961,800	3,087,900
12	205,461	4.72	11	11	Religious	789,500	876,800	963,400
13	213,864	4.91	18	16	Mixed Residential/Commercial	3,324,600	3,664,800	3,827,400
14	130,416	2.99	19	19	Mixed Residential/Commercial	1,198,700	1,432,100	1,519,900
15	130,799	3.00	7	5	Commercial	1,962,000	2,657,800	3,277,000
16	124,818	2.87	5	4	Governmental/Public	223,200	288,900	300,400
17	23,127	0.53	6	5	Residential	109,000	126,700	135,000
18	152,786	3.51	7	7	Governmental/Public	103,900	91,500	102,100
19	5,054	0.12	2	2	Commercial	56,000	61,300	72,600
20	81,431	1.87	8	9	Commercial	207,000	338,800	806,200
21	13,914	0.32	4	4	Commercial	61,900	68,700	74,200
22	61,386	1.41	10	13	Commercial	227,500	252,500	329,300
23	67,056	1.54	8	9	Commercial	310,400	710,300	799,600
24	64,881	1.49	16	15	Commercial	2,091,700	2,465,100	2,811,200
25	63,436	1.46	14	14	Commercial	1,585,700	2,199,500	2,360,200
26	65,670	1.51	22	20	Commercial	1,102,800	1,361,400	1,510,500
27	67,742	1.56	13	7	Commercial	4,339,100	4,724,800	4,777,000
28	69,696	1.60	1	1	Governmental/Public	0	0	0
29	67,809	1.56	16	11	Governmental/Public	170,600	227,700	253,500
30	131,523	3.02	25	22	Mixed Residential/Commercial	951,300	1,019,600	1,111,800
31	131,090	3.01	28	22	Mixed Residential/Commercial	685,100	773,100	867,200
32	65,596	1.51	11	11	Commercial	385,600	429,400	467,400
33	68,316	1.57	10	9	Commercial	386,100	442,900	484,300
34	66,037	1.52	17	14	Commercial	1,589,300	1,752,400	2,014,000
35	65,728	1.51	22	21	Commercial	965,400	1,115,500	1,209,600
36	76,801	1.76	11	9	Commercial	181,300	219,100	250,000



DDA BUILDING BASE MAP

116  
102  
02

Attachment 4

ESTIMATED CAPTURED ASSESSED VALUE (SEV),

TAX REVENUES FROM CAPTURED VALUE,

AND BOND SCHEDULE

ANN ARBOR DOWNTOWN DEVELOPMENT DISTRICT

	<u>Initial Assessed Value</u>	<u>Total SEV (1)</u>	<u>SEV Captured from New Construction (2)</u>	<u>Tax Revenues from Captured Value (3)</u>	<u>Revenues from Other Sources (4)</u>	<u>Bond Issues</u>	<u>Estimated Annual P &amp; I on 15-Year Bonds (5)</u>
Phase I	1982	100,000,000	-----	-----	-----	-----	-----
	1983	107,000,000	2,000,000	120,000	80,000	2,000,000	200,000
	1984	117,450,000	7,100,000	426,000	174,000	4,000,000	600,000
Phase II	1985	128,673,000	12,450,000	747,000	58,000	500,000	805,000
	1986	140,726,000	18,070,000	1,080,000	325,000	2,500,000	1,405,000
	1987	153,662,000	23,970,000	1,438,000	367,000	4,000,000	1,805,000
	1988	167,546,000	30,170,000	1,810,000	304,000	-----	2,005,000
Phase III	1989	182,433,000	36,680,000	2,201,000	196,000	2,000,000	2,505,000
	1990	198,384,000	43,510,000	2,611,000	294,000	4,000,000	2,905,000
	1991	215,504,000	50,710,000	3,043,000	117,000	1,000,000	3,160,000
	1992	233,819,000	58,250,000	3,495,000	65,000	-----	3,560,000
	1993	253,420,000	66,160,000	3,967,000	-----	3,000,000	3,860,000
	1994	274,401,000	74,470,000	4,468,000	-----	3,000,000	4,460,000
	1995	296,841,000	83,190,000	4,991,000	-----	1,000,000	4,860,000
	1996	320,843,000	92,350,000	5,541,000	-----	-----	4,960,000
	1997	346,505,000	101,970,000	6,118,000	-----	4,000,000	5,245,000
	1998	373,930,000	112,070,000	6,724,000	-----	2,000,000	5,605,000
	1999	403,227,000	122,670,000	7,360,000	-----	2,000,000	5,205,000
	2000	434,518,000	133,800,000	8,028,000	-----	-----	5,305,000
	2001	467,934,000	145,490,000	8,729,000	-----	-----	5,055,000
	2002	503,601,000	157,760,000	9,466,000	-----	-----	4,055,000
	2003	541,671,000	170,650,000	10,239,000	-----	-----	4,040,000
	2004	582,284,000	184,180,000	11,051,000	-----	-----	3,200,000
2005	625,608,000	198,390,000	11,093,000	-----	-----	1,800,000	
2006	671,809,000	213,310,000	12,799,000	-----	-----	1,600,000	
2007	721,069,000	228,980,000	13,739,000	-----	-----	800,000	
2008	773,573,000	245,430,000	14,726,000	-----	-----	400,000	

- (1) Resulting from an assumed average five percent per year increase in SEV for existing property, plus \$5,000,000 per year increase in SEV from new construction and increased SEV on the new construction after 1982.
- (2) The SEV is based upon new construction, plus five percent per year increased SEV on new construction built after 1982.
- (3) Tax revenues from captured value are the result of a projected 60-mill levy on SEV captured from new construction (from preceding column).
- (4) Other revenue needed for balancing purposes will be pledged to the bond issues which will add another estimated 20 to 25 percent to the total revenue that will be pledged to pay off the bond issues. Other revenue sources may include special assessments, parking fees, grants, etc.
- (5) Bond issues are assumed to be 10 or 15 years with principal payments deferred during the first two years of each issue. Interest rates on bonds were assumed to be 10 percent.



**SUMMARY OF ESTIMATED TAX INCREMENT REVENUES ACCORDING TO TAXING JURISDICTIONS FOR 1983, 1984 and 1985 TAX YEARS**

**Ann Arbor Downtown Development District**

Assessment Item and Taxing Jurisdiction	1983 Tax Year Estimates			1984 Tax Year Estimates			1985 Tax Year Estimates		
	Captured(1) Assessed Value	Tax(2) Millage Rate	Tax Increment Revenue	Captured(1) Assessed Value	Tax(2) Millage Rate	Tax Increment Revenue	Captured(1) Assessed Value	Tax(2) Millage Rate	Tax Increment Revenue
<u>Real and Personal Property</u>									
City of Ann Arbor	\$2,000,000	.01500	\$30,000	\$7,100,000	.01500	\$106,500	\$12,450,000	.01500	\$186,800
Ann Arbor Public School District	\$2,000,000	.03400	\$68,000	\$7,100,000	.03400	\$241,000	\$12,450,000	.03400	\$423,300
Washtenaw County	\$2,000,000	.00650	\$13,000	\$7,100,000	.00650	\$46,200	\$12,450,000	.00650	\$80,900
Washtenaw Intermediate School District	\$2,000,000	.00195	\$3,900	\$7,100,000	.00195	\$13,900	\$12,450,000	.00195	\$24,300
Washtenaw Community College	\$2,000,000	.00265	\$5,300	\$7,100,000	.00265	\$18,800	\$12,450,000	.00265	\$33,000

(1) Includes only new construction and improvements to existing buildings.

(2) Based on current 1982 year estimated tax millage allocations.

Revised 10/26/82  
MMO/lg/m

First Reading	<u>November 1, 1982</u>	Approved	<u>November 22, 1982</u>
Public Hearing	<u>November 22, 1982</u>	Effective	<u>November 22, 1982</u>

DOWNTOWN DEVELOPMENT AUTHORITY PLAN

AN ORDINANCE ADOPTING THE DEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN FOR THE ANN ARBOR DOWNTOWN DEVELOPMENT DISTRICT PREPARED BY THE ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY.

The City of Ann Arbor ordains:


(1) Preliminary Findings:

- (a) That a public hearing was held on the proposed Development Plan and Tax Increment Financing Plan for the Downtown District, following the giving of notice thereof, all in accordance with Act 197 of the Public Acts of 1975, as amended.
- (b) That findings and recommendations of a development area citizens council have considered and have provided a source of plan input.
- (c) That the proposed Development Plan and Tax Increment Financing Plan meets the requirements set forth in Act 197 of the Public Acts of 1975, as amended.
- (d) That the proposed method of financing the proposed development is feasible and the Downtown Development Authority of the City of Ann Arbor has the ability to arrange the financing.
- (e) That the proposed development is reasonable and necessary to carry out the purposes of Act 197 of the Public Acts of 1975, as amended.
- (f) 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 197 of the Public Acts of 1975, as amended, in an efficient and economically satisfactory manner.
- (g) That the proposed Development Plan has been reviewed by the City Planning Commission and found to be in reasonable accord with the adopted plans of the City of Ann Arbor.
- (h) That public services, such as fire and police protection and utilities, are or will be adequate to service the proposed district.
- (i) That changes in zoning, streets, street levels, intersections and utilities are reasonably necessary for the proposed project and for the City of Ann Arbor.

(2) Findings and Determination:

- (a) That based upon the foregoing findings, it is hereby held and determined that the Development Plan and Tax Increment Financing Plan for the Downtown District constitutes a public purpose.
- (b) That the October 26, 1982 Development Plan and Tax Increment Financing Plan for the Downtown Development District is hereby approved.

- (3) Immediate Effect: This ordinance approving the Development Plan and Tax Increment Financing Plan for the Downtown Development District is hereby determined to be immediately necessary for the preservation of public health, welfare and safety and shall become effective immediately.



I hereby certify that the foregoing ordinance (No. 55-82) was approved by the Council of the City of Ann Arbor at its special session of November 22, 1982, held in the Council Chamber, City Hall.

I hereby certify that the foregoing ordinance was submitted to the Ann Arbor News to be published on November 30, 1982.

November 23, 1982

  
Linda J. Wise, Deputy City Clerk

Act No. 197  
Public Acts of 1975  
Approved by Governor  
August 13, 1975

STATE OF MICHIGAN  
78TH LEGISLATURE  
REGULAR SESSION OF 1975

Introduced by Senator DeMaso

# ENROLLED SENATE BILL No. 163

AN ACT to provide for the establishment of a downtown development authority; to prescribe its powers and duties; to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; and to authorize the use of tax increment financing.

*The People of the State of Michigan enact:*

Sec. 1. As used in this act:

- (a) "Authority" means a downtown development authority created pursuant to this act.
- (b) "Board" means the governing body of an authority.
- (c) "Business district" means an area in the downtown of a municipality zoned and used principally for business.
- (d) "Chief executive officer" means the mayor or city manager of a city, the president of a village or the supervisor of a township.
- (e) "Development area" means that area to which a development plan is applicable.
- (f) "Development plan" means that information and those requirements for a development set forth in section 17.
- (g) "Development program" means the implementation of the development plan.
- (h) "Downtown district" means an area in a business district which is specifically designated by ordinance of the governing body of the municipality pursuant to this act.
- (i) "Governing body of a municipality" means the elected body of a municipality having legislative powers.
- (j) "Municipality" means a city, village, or township.
- (k) "Operations" means office maintenance, including salaries and expenses of employees, office supplies, consultation fees, design costs, and other expenses incurred in the daily management of the authority and planning of its activities.
- (l) "Public facility" means a street, plaza, pedestrian mall, and any improvements thereto including street furniture and beautification, park, parking facility, recreational facility, right of way, structure, waterway, bridge, lake, pond, canal, utility line or pipe, building, and access routes to any of the foregoing, designed and dedicated to use by the public generally, or used by a public agency.

Sec. 2. (1) A municipality may establish an authority. No parcel of property shall be included in more than 1 authority created by this act.

(2) The authority shall be a public body corporate which may sue and be sued in any court of this state. The 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 the authority.

Sec. 3. (1) When the governing body of a municipality determines that it is necessary for the best interests of the public to halt property value deterioration and increase property tax valuation where possible in its business district, to eliminate the causes of that deterioration, and to promote economic growth, the governing body of that municipality may, by resolution, declare its intention to create and provide for the operation of an authority.

(2) In the resolution of intent, the governing body shall set a date for the holding of a public hearing on the adoption of a proposed ordinance creating the authority and designating the boundaries of the downtown district. Notice of the public hearing shall be published twice in a newspaper of general circulation in the municipality, not less than 20 nor more than 40 days before the date of the hearing. Notice shall also be mailed to the property taxpayers of record in the proposed district not less than 20 days before the hearing. Failure to receive the notice shall not invalidate these proceedings. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the proposed downtown district not less than 20 days before the hearing. The notice shall state the date, time, and place of the hearing, and shall describe the boundaries of the proposed downtown district. A citizen, taxpayer, or property owner of the municipality has the right to be heard in regard to the establishment of the authority and the boundaries of the proposed downtown district. The governing body of the municipality shall not incorporate land into the downtown district not included in the description contained in notice of public hearing, but it may eliminate described lands from the downtown district in the final determination of the boundaries.

(3) After the public hearing, if the governing body of the municipality intends to proceed with the establishment of the authority, it shall adopt, by majority vote of its members, an ordinance establishing the authority and designating the boundaries of the downtown district within which the authority shall exercise its powers. The adoption of the ordinance is subject to any applicable statutory or charter provisions in respect to the approval or disapproval by the chief executive or other officer of the municipality and the adoption of an ordinance over his veto. This ordinance shall be filed with the secretary of state promptly after its adoption and shall be published at least once in a newspaper of general circulation in the municipality.

(4) The governing body of the municipality may alter or amend the boundaries of the downtown district to include or exclude lands from the downtown district in accordance with the same requirements prescribed for adopting the ordinance creating the authority.

Sec. 4. (1) The authority shall be under the supervision and control of a board consisting of the chief executive officer of the municipality and 8 members appointed by the chief executive officer of the municipality, subject to approval by the governing body of the municipality. At least 5 of the members shall be persons having an interest in property located in the downtown district. At least 1 of the members shall be a resident of the downtown district, if the downtown district has 100 or more persons residing within it. Of the members first appointed, 2 shall be appointed for 1 year, 2 for 2 years, 2 for 3 years, and 2 for 4 years. A member shall hold office until the member's successor is appointed. Thereafter, a member shall serve for a term of 4 years. An appointment to fill a vacancy shall be made by the chief executive officer of the municipality for the unexpired term only. Members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses. The chairman of the board shall be elected by the board.

(2) Before assuming the duties of office, a member shall qualify by taking and subscribing to the constitutional oath of office.

(3) The board shall adopt rules governing its procedure and the holding of regular meetings, subject to the approval of the governing body. Special meetings may be held when called in the manner provided in the rules of the board. Meetings of the board shall be open to the public.

(4) Pursuant to notice and an opportunity to be heard, a member of the board may be removed for cause by the governing body. Removal of a member is subject to review by the circuit court.

(5) All expense items of the authority shall be publicized monthly and the financial records shall always be open to the public.



Sec. 5. (1) The board may employ and fix the compensation of a director, subject to the approval of the governing body of the municipality. The director shall serve at the pleasure of the board. A member of the board is not eligible to hold the position of director. Before entering upon the duties of his office, the director shall take and subscribe to the constitutional oath, and furnish bond, by posting a bond in the penal sum determined in the ordinance establishing the authority payable to the authority for use and benefit of the authority, approved by the board, and filed with the municipal clerk. The premium on the bond shall be deemed an operating expense of the authority, payable from funds available to the authority for expenses of operation. The director shall be the chief executive officer of the authority. Subject to the approval of the board, the director shall supervise, and be responsible for, the preparation of plans and the performance of the functions of the authority in the manner authorized by this act. The director shall attend the meetings of the board, and shall render to the board and to the governing body of the municipality a regular report covering the activities and financial condition of the authority. If the director is absent or disabled, the board may designate a qualified person as acting director to perform the duties of the office. Before entering upon the duties of his office, the acting director shall take and subscribe to the oath, and furnish bond, as required of the director. The director shall furnish the board with information or reports governing the operation of the authority as the board requires.

(2) The board may employ and fix the compensation of a treasurer, who shall keep the financial records of the authority and who, together with the director, shall approve all vouchers for the expenditure of funds of the authority. The treasurer shall perform such other duties as may be delegated to him by the board and shall furnish bond in an amount as prescribed by the board.

(3) The board may employ and fix the compensation of a secretary, who shall maintain custody of the official seal and of records, books, documents, or other papers not required to be maintained by the treasurer. The secretary shall attend meetings of the board and keep a record of its proceedings, and shall perform such other duties delegated by the board.

(4) The board may retain legal counsel to advise the board in the proper performance of its duties. The legal counsel shall represent the authority in actions brought by or against the authority.

(5) The board may employ other personnel deemed necessary by the board.

Sec. 6. The employees of an authority shall be eligible to participate in municipal retirement and insurance programs of the municipality as if they were civil service employees except that the employees of an authority are not civil service employees.

Sec. 7. The board may:

- (a) Prepare an analysis of economic changes taking place in the downtown district.
- (b) Study and analyze the impact of metropolitan growth upon the downtown district.
- (c) Plan and propose the construction, the renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility, an existing building, or a multiple-family dwelling unit which may be necessary or appropriate to the execution of a plan which, in the opinion of the board, aids in the economic growth of the downtown district.
- (d) Develop long-range plans, in cooperation with the agency which is chiefly responsible for planning in the municipality, designed to halt the deterioration of property values in the downtown district and to promote the economic growth of the downtown district, and take such steps as may be necessary to persuade property owners to implement the plans to the fullest extent possible.
- (e) Implement any plan of development in the downtown district necessary to achieve the purposes of this act, in accordance with the powers of the authority as granted by this act.
- (f) Make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties.
- (g) Acquire by purchase or otherwise, on terms and conditions and in a manner the authority deems proper or own, convey, or otherwise dispose of, or lease as lessor or lessee, land and other property, real or personal, or rights or interests therein, which the authority determines is reasonably necessary to achieve the purposes of this act, and to grant or acquire licenses, easements, and options with respect thereto.
- (h) Improve land and construct, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair, and operate any building, including multiple-family dwellings, and any necessary or desirable appurtenances thereto, within the downtown district for the use, in whole or in part, of any public or private person or corporation, or a combination thereof.
- (i) Fix, charge, and collect fees, rents, and charges for the use of any building or property under its control or any part thereof, or facility therein, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority.

- (j) Lease any building or property under its control, or any part thereof.
- (k) Accept grants and donations of property, labor, or other things of value from a public or private source.
- (l) Acquire and construct public facilities.

Sec. 9. The authority shall be deemed an instrumentality of a political subdivision for purposes of Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

Sec. 10. A municipality may take private property under Act No. 149 of the Public Acts of 1911, as amended, being sections 213.21 to 213.41 of the Michigan Compiled Laws, for the purpose of transfer to the authority, and may transfer the property to the authority for use in an approved development, on terms and conditions it deems appropriate, and the taking, transfer, and use shall be considered necessary for public purposes and for the benefit of the public.

Sec. 11. (1) The activities of the authority shall be financed from one or more of the following sources:

- (a) Donations to the authority for the performance of its functions.
- (b) Proceeds of a tax imposed pursuant to section 12.
- (c) Moneys borrowed and to be repaid as authorized by section 13.
- (d) Revenues from any property, building, or facility owned, leased, licensed, or operated by the authority or under its control, subject to the limitations imposed upon the authority by trusts or other agreements.
- (e) Proceeds of a tax increment financing plan, established under sections 14 to 16.
- (f) Moneys obtained from other sources approved by the governing body of the municipality.

(2) Moneys received by the authority and not covered under subsection (1) shall immediately be deposited to the credit of the authority, subject to disbursement pursuant to this act. Except as provided in this act, the municipality shall not obligate itself, nor shall it ever be obligated to pay any sums from public funds, other than moneys received by the municipality pursuant to this section, for or on account of the activities of the authority.

Sec. 12. (1) An authority with the approval of the municipal governing body may levy an ad valorem tax on the real and tangible personal property not exempt by law and as finally equalized in the downtown district. The tax shall not be more than 1 mill if the downtown district is in a municipality having a population of 1,000,000 or more, or not more than 2 mills if the downtown district is in a municipality having a population of less than 1,000,000. The tax shall be collected by the municipality creating the authority levying the tax. The municipality shall collect the tax at the same time and in the same manner as it collects its other ad valorem taxes. The tax shall be paid to the treasurer of the authority and credited to the general fund of the authority for purposes of financing only the operations of the authority.

(2) The municipality may at the request of the authority borrow money and issue its notes therefor pursuant to Act No. 202 of the Public Acts of 1943, as amended, being sections 131.1 to 138.2 of the Michigan Compiled Laws, in anticipation of collection of the ad valorem tax authorized in this section.

Sec. 13. The authority may borrow money and issue its negotiable revenue bonds therefor pursuant to Act No. 94 of the Public Acts of 1933, as amended, being sections 141.101 to 141.139 of the Michigan Compiled Laws. Revenue bonds issued by the authority shall not except as hereinafter provided be deemed a debt of the municipality or the state. The municipality by majority vote of the members of its governing body may pledge its full faith and credit to support the authority's revenue bonds.

Sec. 14 (1) As used in this section and sections 15 and 16:

- (a) "Captured assessed value" means the amount in any 1 year, by which the current assessed value of the project area exceeds the initial assessed value.
- (b) "Initial assessed value" means the most recently assessed value of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero.

(2) When the authority determines that it is necessary for the achievement of the purposes of this act, the authority shall prepare and submit a tax increment financing plan to the governing body of the municipality. The plan shall include a development plan as provided in section 17, a detailed explanation of the tax increment procedure, the amount of bonded indebtedness to be incurred, the duration of the

program, and shall be in compliance with section 15. The plan shall contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located. The plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the authority shall be clearly stated in the tax increment financing plan.

(3) Approval of the tax increment financing plan shall be in accordance with the notice, hearing, and disclosure provisions of section 18. When the development plan is part of the tax increment financing plan, only 1 hearing and approval procedure is required for the 2 plans together.

(4) Before the public hearing on the tax increment financing plan, the governing body shall provide a reasonable opportunity to the members of the county board of commissioners of a county in which any portion of the development area is located and to the members of the school board of any school district in which any portion of the development area is located to meet with the governing body. The authority shall fully inform members of the county boards of commissioners and of the school boards of the fiscal and economic implications of the proposed development area. The members of the county boards of commissioners and of the school boards may present their recommendations at the public hearing on the tax increment financing plan. The authority may enter into agreements with the county board of commissioners, the school boards, and the governing body of the municipality in which the development area is located to share a portion of the captured assessed value of the district.

(5) A tax increment financing plan may be modified if the modification is approved by the governing body upon notice and after public hearings and agreements as are required for approval of the original plan.

Sec. 15. (1) The amount of tax increment to be transmitted to the authority by the municipal and county treasurers shall be that portion of the tax levy of all taxing bodies paid each year on real and personal property in the project area on the captured assessed value.

(2) The authority shall expend the tax increments received for the development program only in accordance with the tax increment financing plan. Surplus funds shall revert proportionately to the respective taxing bodies. These revenues shall not be used to circumvent existing levy limit laws. The governing body of the municipality may abolish the tax increment financing plan when it finds that the purposes for which it was established are accomplished.

(3) Annually the authority shall submit to the governing body of the municipality a report on the status of the tax increment financing account. The report shall include: the amount and source of revenue in the account; the amount and purpose of expenditures from the account; the amount of principal and interest on any outstanding bonded indebtedness; the initial assessed value of the project area; the captured assessed value retained by the authority; the tax increments received; and any additional information the governing body deems necessary. The report shall be published in a newspaper of general circulation in the municipality.

Sec. 16. The municipality may by resolution of its governing body authorize, issue, and sell general obligation bonds subject to the limitations herein set forth to finance the development program of the tax increment financing plan and shall pledge its full faith and credit for the payment of the bonds. The bonds shall mature in not more than 30 years and shall be subject to Act No. 202 of the Public Acts of 1943, as amended, being sections 131.1 to 138.2 of the Michigan Compiled Laws. Before the municipality may authorize the borrowing, the authority shall submit an estimate of the anticipated tax increment revenue to be available for payment of principal and interest on the bonds, to the governing body of the municipality. This estimate shall be approved by the governing body of the municipality by resolution adopted by majority vote of the members of the governing body, in the resolution authorizing the bonds, and when approved by the municipal finance commission shall be conclusive for purposes of this section. A municipality may not pledge for annual debt service requirements in any 1 year in excess of 80% of the estimated tax increment revenue to be received from a development area for that year, and the total aggregate amount of borrowing shall not exceed an amount which the 80% of the estimated tax increment will service as to annual principal and interest requirements. The bonds issued under this section shall be considered a single series for the purposes of Act No. 202 of the Public Acts of 1943, as amended.

Sec. 17. (1) When a board decides to finance a project in the downtown district by the use of revenue bonds as authorized in section 13 or tax increment financing as authorized in sections 14, 15, and 16, it shall prepare a development plan.

(2) The development plan shall contain:

(a) The designation of boundaries of the development area in relation to highways, streets, streams, or otherwise.

(b) The location and extent of existing streets and other public facilities within the development area and shall designate the location, character, and extent of the categories of public and private land uses then



existing and proposed for the development area, including residential, recreational, commercial, industrial, educational, and other uses and shall include a legal description of the development area.

(c) A description of existing improvements in the development area to be demolished, repaired, or altered, a description of any repairs and alterations, and an estimate of the time required for completion.

(d) The location, extent, character, and estimated cost of the improvements including rehabilitation contemplated for the development area and an estimate of the time required for completion.

(e) A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.

(f) A description of any parts of the development area to be left as open space and the use contemplated for the space.

(g) A description of any portions of the development area which the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms.

(h) A description of desired zoning changes and changes in streets, street levels, intersections, and utilities.

(i) An estimate of the cost of the development, a statement of the proposed method of financing the development and the ability of the authority to arrange the financing.

(j) Designation of the person or persons, natural or corporate, to whom all or a portion of the development is to be leased, sold, or conveyed in any manner and for whose benefit the project is being undertaken if that information is available to the authority.

(k) The procedures for bidding for the leasing, purchasing, or conveying in any manner of all or a portion of the development upon its completion, if there is no express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed in any manner to those persons.

(l) Estimates of the number of persons residing in the development area and the number of families and individuals to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a development plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displaced families and individuals.

(m) A plan for establishing priority for the relocation of persons displaced by the development in any new housing in the development area.

(n) Provision for the costs of relocating persons displaced by the development and financial assistance and reimbursement of expenses, including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the federal uniform relocation assistance and real property acquisition policies act of 1970, being Public Law 91-646, 42 U.S.C. sections 4601, et seq.

(o) A plan for compliance with Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

(p) Other material which the authority, local public agency, or governing body deems pertinent.

Sec. 18. (1) The governing body, before adoption of an ordinance approving a development plan or tax increment financing plan, shall hold a public hearing on the development plan. Notice of the time and place of the hearing shall be given by publication twice in a newspaper of general circulation designated by the municipality, the first of which shall be not less than 20 days before the date set for the hearing. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the downtown district not less than 20 days before the hearing. Notice shall also be mailed to all property taxpayers of record in the downtown district not less than 20 days before the hearing.

(2) Notice of the time and place of hearing on a development plan shall contain: a description of the proposed development area in relation to highways, streets, streams, or otherwise; a statement that maps, plats, and a description of the development plan, including the method of relocating families and individuals who may be displaced from the area, are available for public inspection at a place designated in the notice, and that all aspects of the development plan will be open for discussion at the public hearing; and other information that the governing body deems appropriate. At the time set for hearing, the governing body shall provide an opportunity for interested persons to be heard and shall receive and consider communications in writing with reference thereto. The hearing shall provide the fullest opportunity for expression of opinion, for argument on the merits, and for introduction of documentary

Sec. 25. In a development area where a citizens district council established according to Act No. 344 of the Public Acts of 1945, as amended, being sections 125.71 to 125.84 of the Michigan Compiled Laws, already exists the governing body may designate it as the development area citizens council authorized by this act.

Sec. 26. Within 20 days after the public hearing on a development or tax increment financing plan, the development area citizens council shall notify the governing body, in writing, of its findings and recommendations concerning a proposed development plan.

Sec. 27. A development area citizens council may not be required and, if formed, may be dissolved in any of the following situations:

(a) On petition of not less than 20% of the adult resident population of the development area by the last federal decennial or municipal census, a governing body, after public hearing with notice thereof given in accordance with section 18 and by a 2/3 vote, may adopt an ordinance for the development area to eliminate the necessity of a development area citizens council.

(b) When there are less than 18 residents, real property owners, or representatives of establishments located in the development area eligible to serve on the development area citizens council.

(c) Upon termination of the authority by ordinance of the governing body.

Sec. 28. (1) The director of the authority shall prepare and submit for the approval of the board a budget for the operation of the authority for the ensuing fiscal year. The budget shall be prepared in the manner and contain the information required of municipal departments. Before the budget may be adopted by the board, it shall be approved by the governing body of the municipality. Funds of the municipality shall not be included in the budget of the authority except those funds authorized in this act or by the governing body of the municipality.

(2) The governing body of the municipality may assess a reasonable pro rata share of the funds for the cost of handling and auditing the funds against the funds of the authority, other than those committed, which cost shall be paid annually by the board pursuant to an appropriate item in its budget.

Sec. 29. (1) A public facility, building, or structure which is determined by the municipality to have significant historical interests shall be preserved in a manner as deemed necessary by the municipality in accordance with laws relative to the preservation of historical sites.

(2) An authority shall refer all proposed changes to the exterior of sites listed on the state register of historic sites and the national register of historic places to the applicable historic district commission created under Public Act No. 169 of the Public Acts of 1970, being sections 399.201 to 399.212 of the Michigan Compiled Laws, or the secretary of state for review.

Sec. 30. An authority which has completed the purposes for which it was organized shall be dissolved by ordinance of the governing body. The property and assets of the authority remaining after the satisfaction of the obligations of the authority shall belong to the municipality.

This act is ordered to take immediate effect.

*Belle S. Farnum*  
Secretary of the Senate.

*W. Howard Thatcher*  
Clerk of the House of Representatives.

Approved \_\_\_\_\_

\_\_\_\_\_  
Governor.

evidence pertinent to the development plan. The governing body shall make and preserve a record of the public hearing, including all data presented thereat.

Sec. 19. (1) The governing body after a public hearing on the development plan or the tax increment financing plan, or both, with notice thereof given in accordance with section 18, shall determine whether the development plan or tax increment financing plan constitutes a public purpose. If it determines that the development plan or tax increment financing plan constitutes a public purpose, it shall then approve or reject the plan, or approve it with modification, by ordinance based on the following considerations:

(a) The findings and recommendations of a development area citizens council, if a development area citizens council was formed.

(b) The plan meets the requirements set forth in section 17 (2).

(c) The proposed method of financing the development is feasible and the authority has the ability to arrange the financing.

(d) The development is reasonable and necessary to carry out the purposes of this act.

(e) The land included within the development area to be acquired is reasonably necessary to carry out the purposes of the plan and of this act in an efficient and economically satisfactory manner.

(f) The development plan is in reasonable accord with the master plan of the municipality.

(g) Public services, such as fire and police protection and utilities, are or will be adequate to service the project area.

(h) Changes in zoning, streets, street levels, intersections, and utilities are reasonably necessary for the project and for the municipality.

(2) Amendments to an approved development plan or tax increment plan must be submitted by the authority to the governing body for approval or rejection.

Sec. 20. A person to be relocated under this act shall be given not less than 90 days' written notice to vacate unless modified by court order for good cause.

Sec. 21. (1) If a proposed development area has residing within it 100 or more residents, a development area citizens council shall be established at least 90 days before the public hearing on the development or tax increment financing plan. The development area citizens council shall be established by the governing body and shall consist of not less than 9 members. The members of the development area citizens council shall be residents of the development area and shall be appointed by the governing body. A member of a development area citizens council shall be at least 18 years of age.

(2) A development area citizens council shall be representative of the development area.

Sec. 22. A development area citizens council established pursuant to this act shall act as an advisory body to the authority and the governing body in the adoption of the development or tax increment financing plans.

Sec. 23. Periodically a representative of the authority responsible for preparation of a development or tax increment financing plan within the development area shall consult with and advise the development area citizens council regarding the aspects of a development plan, including the development of new housing for relocation purposes located either inside or outside of the development area. The consultation shall begin before any final decisions by the authority and the governing body regarding a development or tax increment financing plan. The consultation shall continue throughout the preparation and implementation of the development or tax increment financing plan.

Sec. 24. (1) Meetings of the development area citizens council shall be open to the public. Notice of the time and place of the meetings shall be given by publication in a newspaper of general circulation not less than 5 days before the dates set for meetings of the development area citizens council. A person present at those meetings shall have reasonable opportunity to be heard.

(2) A record of the meetings of a development area citizens council, including information and data presented, shall be maintained by the council.

(3) A development area citizens council may request of and receive from the authority information and technical assistance relevant to the preparation of the development plan for the development area.

(4) Failure of a development area citizens council to organize or to consult with and be advised by the authority, or failure to advise the governing body, as provided in this act, shall not preclude the adoption of a development plan by a municipality if the municipality complies with the other provisions of this act.

Act No. 521  
Public Acts of 1978  
Approved by Governor  
December 20, 1978

**STATE OF MICHIGAN  
79TH LEGISLATURE  
REGULAR SESSION OF 1978**

Introduced by Reps. Harrison, Larsen, Gingrass, Ryan, Edwards, Trim, Joseph F. Young, Virgil C. Smith, Monsma, Jondahl, Hollister, Raymond W. Hood, McNeely, Ferguson, Elliott, Cushingberry, Morris Hood, Jr., Collins, Vaughn, Spaniola, Barcia and Mathieu

**ENROLLED HOUSE BILL No. 6028**

AN ACT to amend section 4 of Act No. 197 of the Public Acts of 1975, entitled "An act to provide for the establishment of a downtown development authority; to prescribe its powers and duties; to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; and to authorize the use of tax increment financing," being section 125.1654 of the Compiled Laws of 1970.

*The People of the State of Michigan enact:*

Section 1. Section 4 of Act No. 197 of the Public Acts of 1975, being section 125.1654 of the Compiled Laws of 1970, is amended to read as follows:

Sec. 4. (1) The authority shall be under the supervision and control of a board consisting of the chief executive officer of the municipality and not less than 8 or more than 12 members as determined by the governing body of the municipality. Members shall be appointed by the chief executive officer of the municipality, subject to approval by the governing body of the municipality. Not less than a majority of the members shall be persons having an interest in property located in the downtown district. Not less than 1 of the members shall be a resident of the downtown district, if the downtown district has 100 or more persons residing within it. Of the members first appointed, an equal number of the members, as near as is practicable, shall be appointed for 1 year, 2 years, 3 years, and 4 years. A member shall hold office until the member's successor is appointed. Thereafter, each member shall serve for a term of 4 years. An appointment to fill a vacancy shall be made by the chief executive officer of the municipality for the unexpired term only. Members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses. The chairperson of the board shall be elected by the board.

(2) Before assuming the duties of office, a member shall qualify by taking and subscribing to the constitutional oath of office.

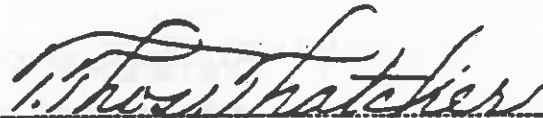
(3) The business which the board may perform shall be conducted at a public meeting of the board held in compliance with Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws. Public notice of the time, date, and place of the meeting shall be given in the manner required by Act No. 267 of the Public Acts of 1976. The board shall adopt rules consistent with Act No. 267 of the Public Acts of 1976 governing its procedure and the holding of regular meetings, subject to the approval of the governing body. Special meetings may be held when called in the manner provided in the rules of the board.

(4) Pursuant to notice and after having been given an opportunity to be heard, a member of the board may be removed for cause by the governing body. Removal of a member is subject to review by the circuit court.

(5) All expense items of the authority shall be publicized monthly and the financial records shall always be open to the public.

(6) In addition to the items and records prescribed in subsection (5), a writing prepared, owned, used, in the possession of, or retained by the board in the performance of an official function shall be made available to the public in compliance with Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

This act is ordered to take immediate effect.



Clerk of the House of Representatives.



Secretary of the Senate.

Approved \_\_\_\_\_

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Governor.

Act No. 26  
Public Acts of 1979  
Approved by Governor  
June 6, 1979

STATE OF MICHIGAN  
80TH LEGISLATURE  
REGULAR SESSION OF 1979

Introduced by Senator Corbin

## ENROLLED SENATE BILL No. 208

AN ACT to amend sections 14 and 15 of Act No. 197 of the Public Acts of 1975, entitled "An act to provide for the establishment of a downtown development authority; to prescribe its powers and duties; to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; and to authorize the use of tax increment financing," being sections 125.1664 and 125.1665 of the Compiled Laws of 1970.

*The People of the State of Michigan enact:*

Section 1. Sections 14 and 15 of Act No. 197 of the Public Acts of 1975, being sections 125.1664 and 125.1665 of the Compiled Laws of 1970, are amended to read as follows:

Sec. 14. (1) As used in this section and sections 15 and 16:

(a) "Captured assessed value" means the amount in any 1 year, by which the current assessed value of the project area, including the assessed value of property for which a commercial facilities exemption certificate has been issued pursuant to Act No. 255 of the Public Acts of 1978, being sections 207.651 to 207.668 of the Michigan Compiled Laws, exceeds the initial assessed value.

(b) "Initial assessed value" means the most recently assessed value of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero. For the purpose of determining initial assessed value, property for which a commercial facilities exemption certificate issued pursuant to Act No. 255 of the Public Acts of 1978 is in effect shall not be considered to be property which is exempt from taxation.

(2) When the authority determines that it is necessary for the achievement of the purposes of this act, the authority shall prepare and submit a tax increment financing plan to the governing body of the municipality. The plan shall include a development plan as provided in section 17, a detailed explanation of the tax increment procedure, the amount of bonded indebtedness to be incurred, the duration of the program, and shall be in compliance with section 15. The plan shall contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located. The plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the authority shall be clearly stated in the tax increment financing plan.

(3) Approval of the tax increment financing plan shall be pursuant to the notice, hearing, and disclosure provisions of section 18. If the development plan is part of the tax increment financing plan, only 1 hearing and approval procedure is required for the 2 plans together.

(9)

(4) Before the public hearing on the tax increment financing plan, the governing body shall provide a reasonable opportunity to the members of the county board of commissioners of a county in which any portion of the development area is located and to the members of the school board of any school district in which any portion of the development area is located to meet with the governing body. The authority shall fully inform members of the county boards of commissioners and of the school boards of the fiscal and economic implications of the proposed development area. The members of the county boards of commissioners and of the school boards may present their recommendations at the public hearing on the tax increment financing plan. The authority may enter into agreements with the county board of commissioners, the school boards, and the governing body of the municipality in which the development area is located to share a portion of the captured assessed value of the district.

(5) A tax increment financing plan may be modified if the modification is approved by the governing body upon notice and after public hearings and agreements as are required for approval of the original plan.

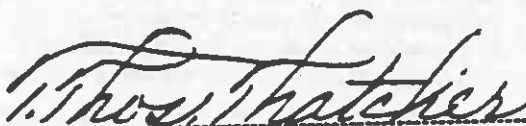
Sec. 15. (1) The amount of tax increment to be transmitted to the authority by the municipal and county treasurers shall be that portion of the tax levy of all taxing bodies paid each year on real and personal property in the project area on the captured assessed value. For the purpose of this section, that portion of a commercial facilities tax levied pursuant to section 12 of Act No. 255 of the Public Acts of 1978, being section 207.662 of the Michigan Compiled Laws, which is attributable to the captured assessed value of the facility shall be included as a part of the tax increment to be transmitted to the authority.

(2) The authority shall expend the tax increments received for the development program only pursuant to the tax increment financing plan. Surplus funds shall revert proportionately to the respective taxing bodies. These revenues shall not be used to circumvent existing levy limit laws. The governing body of the municipality may abolish the tax increment financing plan when it finds that the purposes for which it was established are accomplished.

(3) Annually the authority shall submit to the governing body of the municipality a report on the status of the tax increment financing account. The report shall include: the amount and source of revenue in the account; the amount and purpose of expenditures from the account; the amount of principal and interest on any outstanding bonded indebtedness; the initial assessed value of the project area; the captured assessed value retained by the authority; the tax increments received; and any additional information the governing body considers necessary. The report shall be published in a newspaper of general circulation in the municipality.

This act is ordered to take immediate effect.

  
Secretary of the Senate.

  
Clerk of the House of Representatives.

Approved \_\_\_\_\_

\_\_\_\_\_  
Governor.