

ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY

**DEVELOPMENT PLAN AND TAX INCREMENT
FINANCING PLAN**

Prepared and Approved October 26, 1982

by the Ann Arbor Downtown Development Authority

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by Ann Arbor City Council

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by the Ann Arbor Downtown Development Authority

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by Ann Arbor City Council

**Renewal of the Ann Arbor Michigan
Downtown Development Authority
Development Plan and
Tax Increment Financing Plan**

2003-2033



**THE ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY MISSION
TO UNDERTAKE PUBLIC IMPROVEMENTS THAT HAVE THE GREATEST IMPACT IN
STRENGTHENING THE DOWNTOWN AREA AND ATTRACTING NEW PRIVATE INVESTMENTS.**

ACKNOWLEDGEMENTS

ANN ARBOR CITY COUNCIL

John Hieftje, Mayor
Kim Groome, Ward I
Robert M. Johnson, Ward I
Joan Lowenstein, Ward II

Mike Reid, Ward II
Jean Carlberg, Ward III
Heidi Cowing Herrell, Ward III

Margie Teall, Ward IV
Marcia Higgins, Ward IV
Christopher S. Easthope, Ward V
Wendy Woods, Ward V

ANN ARBOR DOWNTOWN DEVELOPMENT AUTHORITY

Rob Aldrich
Fred J. Beal
Gary Boren
Ron Dankert

Dave DeVarti
David Fritz
Robert Gillett
Rene Greff

Leah Gunn
John Hieftje
Lorri Sipes
Dave Solo

DOWNTOWN DEVELOPMENT AUTHORITY CITIZENS ADVISORY COUNCIL

Carolyn Arcure
Joseph Arcure
Tom Bartlett
Joan Blos
Peter Blos

Paul Dannels
Margaret Delaney
Ray Detter
Bob Henderson
Kerry McNulty Hoffman

Herbert Kaufer
Jane Kaufer
James Kern
Sue Kern
Audrey Libke

Carl Luckenbach
Jeff Mortimer
Kathleen Nolan
Maya Savarino
Richard Shackson

WASHTENAW COUNTY

Vivienne N. Armentrout
Barbara Levin Bergman
Robert Brackenbury

Leah Gunn
Jeff Irwin
Martha Kern

Ronnie Peterson
Wesley Prater
Rolland Sizemore Jr.

Stephen Solowczuk
Joseph J. Yekulis Jr.

ANN ARBOR DISTRICT LIBRARY

David Cahill
Connie Greene

William Kincaid
J.D Lindeberg
Barbara Murphy

Connie Powers
Edward Surovell

WASHTENAW COMMUNITY COLLEGE

Dr. Richard W. Bailey
Mary Branch

Jerry Jernigan
Richard J. Landau
Diana McKnight-Morton

David E. Rutledge
Mary Schroer

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I. Introduction

The Downtown Development Authority Act was passed in 1975 to give municipalities a tool for fighting the insidious decline and decay that was afflicting downtowns across America. As businesses and shoppers moved out to the townships, suburbs, and malls, downtowns became plagued with empty buildings, increased crime, and a shrinking tax base.

Although somewhat resistant to national and regional economic trends, downtown Ann Arbor was dramatically impacted by changes in buying habits and the construction of new shopping malls on the outer edges of the city which lured away retail and shoppers. In response, the Ann Arbor community, through the cooperation of the taxing authorities, created the Ann Arbor Downtown Development Authority as a vehicle for downtown urban renewal.

Since its creation in 1982, the DDA has been a significant and influential catalyst behind the revitalization and renewal of downtown Ann Arbor. Through careful stewardship, long-term planning and financing, an open dialog with the community, and an ongoing analysis of national trends and issues, the DDA has been able to lead the downtown through the difficult transformation from a daytime retail-based economy to a true mixed-use 24-hour community. And increasingly, over the past decade, the DDA has used its resources, expertise, and passionate volunteer board to address larger community goals and challenges like affordable housing, alternative transportation, and the fragility of independent businesses that help to define much of Ann Arbor's unique identity.

The downtown has changed a great deal in the past 20 years and so have the priorities of the community. Threats and challenges continue to evolve with changes in the economy and demographics, and they are every bit as real today as they were 20 years ago. These ongoing challenges cannot be met without the ongoing efforts of the DDA.

As stated by the International Downtown Association, "no matter how focused city leaders happen to be, and how dedicated business volunteers are, without a stable, funded, and well-staffed downtown organization, the effort is likely to fail. First, because downtowns need the kind of management only skilled professionals can provide. If you look at the range of [issues facing downtowns] you can see the sophistication and variety that are needed to deal with the legal, governance, programmatic, and operational issues that constantly bombard downtown organizations. Second, because city government leaders – whether elected or appointed – have many things to think about besides downtown. Neighborhoods have a major claim on their attention, and too much of [city government's] focus on downtown is good for neither neighborhoods nor downtowns. ... Finally, because downtown revitalization is a never-ending process. Just like suburban shopping centers, downtowns need regular [maintenance] ... Only a healthy downtown organization can be counted on to do these things regularly, in a coordinated fashion, and with a high level of proficiency." (Source I.D.A. Dialogue, February 2003.)

The downtown is the heart of our community and a resource for citizens throughout Washtenaw County. Downtown Ann Arbor reflects our social and economic diversity. It provides a wide spectrum of residential, commercial and service offerings, from upscale to funky, including homegrown and one-of-a-kind businesses, buildings, and a multitude of social gathering opportunities. A healthy downtown is an asset to our area's natural environment. An efficient density and mix of uses downtown can counterbalance the pull of suburban development helping to ensure future economic and environmental sustainability.

Looking ahead, therefore, compelling and prudent reasons exist not only for renewing the DDA with a second 30 Year Plan, but also for completing this renewal well before its 2012 expiration. Chief among them are:

Continuity: Renewal of the DDA protects the viability of the important projects and programs that are currently underway or in the planning stages.

Long-Term Planning and Financing: Many projects that have the greatest benefit to the community involve a great deal of public input, significant financial investment and procurement of long-term debt financing. The DDA operates on a ten year planning, maintenance, and budget plan. Now that the DDA is within 10 years of its expiration, any delay in the extension of the DDA will jeopardize the planning and execution of these projects as well as the repayment of the debt using TIF funds.

Stewardship: The DDA is the only agency whose sole purpose is to safeguard the growth and vitality of the downtown. It is the only agency charged with monitoring national downtown trends in order to anticipate changes in transportation, housing, service, and infrastructure needs. It is the only agency working with the community to help to sustain and protect those things that the community values most about our downtown. The DDA is also the only agency whose mission is to sustain that which is remarkable and necessary about Ann Arbor's downtown. This includes supporting the goals and concepts of the Ann Arbor Downtown Plan (1988), the Central Area Plan, (1992) and advocating for the resources and policies that enable these Plans to be realized.

Since 1982, much has been accomplished. But there are projects left to complete from the original plan and new needs arise as downtown continues to evolve and respond to new challenges. The revised DDA Plan focuses on the following objective areas:

- Identity
- Infrastructure
- Transportation
- Business Encouragement
- Housing
- Development Partnerships
- Community Services
- Sustainability

Working towards these objectives will facilitate the overall viability of the downtown area. It will enhance its attractiveness as a regional marketplace for goods and services, an employment center, a community-gathering place, a place to live, and the cultural and historical core of the community.

The DDA recognizes that the successful accomplishment of its mission and the successful implementation of this Plan depends upon a consistent and coordinated policy approach to downtown and near downtown issues by the DDA, City Council and City Administration. This Plan is an attempt to state those joint policy goals. The DDA recognizes that, over the course of the next 30 years, new issues and new challenges will arise that are not directly contained in or anticipated by this Plan. Consistent with its enabling language, the DDA commits to address these challenges through a good faith effort to work together with Council and Administration to address these issues in a cooperative way.

Effective Execution of the 1982 DDA Plan

Over the past 20 years, the DDA has been working under the framework established in the 1982 DDA Development/TIF Plans. These Plans identified nine objective areas for the DDA. What follows is a list of objectives along with a brief description of some of the projects and strategies that have been employed to meet them.

- **“Undertake improvements to existing and proposed public open space areas, pedestrian/bicycle linkages and transit system.”**

DDA pedestrian improvement projects have transformed the look and use of much of the downtown. Pedestrian friendly environments require more than maintained sidewalks. To be safe and inviting, sidewalks must be well lit, and crossings well marked. Potential areas of conflict between pedestrians, cyclists and motorized vehicles must be minimized. Signage and architectural design features must be scaled for pedestrians. Public art, trees and sidewalk amenities, parks and green spaces, curb cutouts, traffic volume and speed, and non-pedestrian sidewalk uses all contribute to the overall walkability of the downtown. The Main Street, State Street, Liberty, South University, Fourth Avenue, Liberty and Kerrytown areas have all benefited from DDA improvement projects.

Even while working to ensure sufficient automobile parking in the downtown, the DDA has worked to promote and facilitate walking, biking, and bus ridership. The DDA has worked to develop and support alternative transportation options into the downtown recognizing that they are good for the environment, reduce the number of parking spaces needed, and reduce traffic congestion. Partnering with the City, AATA, and the Chamber of Commerce, the DDA has been an active sponsor of the “Get!Downtown” program, which provides an array of transportation options and information for downtown employees. For the past three years the program has provided free “Go!Pass” bus passes, encouraged bike ridership, ride sharing, and the use of park and ride lots, with the DDA underwriting 90% of Go!Pass costs since its initial CMAQ grant expired.

- **“Construct parking facilities to support existing and new developments”**

Since 1982 the DDA has added over 1,800 public parking spaces to the City system including two new parking structures (Ann Ashley and Liberty Square) and two larger replacement structures (Fourth & Washington and Forest Avenue.)

In 1992, the DDA took over management of 70% of the City of Ann Arbor’s downtown parking system, including its seven parking structures, with the goal of addressing extensive long-term deterioration. Three of the structures needed replacement, the other four required extensive repairs. All were in need of equipment upgrades and basic maintenance. Since taking over management of the off-street system, the DDA has upgraded or replaced all seven city-owned structures; dramatically improved their customer service, accounting standards, and profitability; commissioned parking studies which have led to better parking policies and administration; and developed long-term maintenance and repair programs that will save taxpayers tens of millions of dollars over the life of the parking system.

In 2002, the DDA took over operation of the on-street parking meter system in order to meet the community’s goal of a self-sustaining downtown parking system. The DDA is now working to establish rates and policies that will ensure the long-term viability of the full system while serving the special needs of downtown stakeholders.

- **“Participate in programs to stimulate new, converted or renovated housing”**

The DDA has undertaken a variety of activities to promote a full range of housing in the downtown. These activities have included the support of housing and parking policies that have encouraged loft development in the downtown and the encouragement of the inclusion of housing in mixed use new construction projects. To support these activities in a focused way, the DDA created a separate Housing Fund in 1997. Most notably, the DDA has directed over \$1,000,000 to affordable housing initiatives in the downtown, including projects with Dawn Farm, Avalon Housing, First Centrum Corporation and the Local Initiatives Support Coalition. In each of these affordable developments, DDA funds have matched or supplemented City general fund or Housing Trust Fund support for the project.

- **“Participate in efforts to encourage mixed-use developments in conjunction with public improvements”**

Mixed-use development is a community value called for in the Ann Arbor Downtown Plan. It can promote efficient land use and enhance the potential for 24 hour a day activity. The DDA has been instrumental in supporting several important mixed-use developments by providing necessary parking, funding pedestrian improvement projects, facilitating land assembly, and providing grants to support the development of affordable housing units. Major projects have included Tally Hall/Liberty Square, One North Main, and Ashley Mews.

- **“Make available for development lands previously acquired by the City for the proposed Packard/Beakes by-pass if their use is not required.”**

The DDA was a central partner along with the City and Syndeco Realty in shaping the Ashley Mews development on Main Street at Packard. The project included sale of the City property, construction of a 9-story retail/office/residential building, 47 townhouse condominiums, a 120-space underground parking structure, and a public plaza and mews that provide a mid-block pedestrian connection from Ashley to Main Street.

- **“Participate in efforts to encourage the expansion of retail businesses”**

The DDA has actively supported downtown businesses through its partnerships with the four downtown Area Associations. This partnership has included cooperative advertising, free parking for holiday shopping and special events, collaborative marketing projects, and sponsorship of Area Association representatives to the International Downtown Association annual conference to strengthen our collective knowledge of national and regional trends and ideas from downtowns across the country.

Attracting New Private Investment, 1982 through 2002

During the DDA’s first twenty years approximately \$39 million of new real office and retail property was added to the downtown area through private development. This amount does not include construction by nonprofits such as the University, personal property taxable value additions of \$20 million, or assessed value growth in property value resulting from inflation, that is distributed to the taxing authorities. From 1982 to 2001, new real property development increased the downtown property tax base by 59%, or \$12.3 million, for the six taxing entities with jurisdiction in the DDA District.

II: Development Plan

Renewal Plan Goal and Objectives

The 2003-2033 DDA Renewal Plan reiterates the DDA's mission as follows:
TO UNDERTAKE PUBLIC IMPROVEMENTS THAT HAVE THE GREATEST IMPACT IN STRENGTHENING THE DOWNTOWN AREA AND ATTRACTING NEW PRIVATE INVESTMENTS.

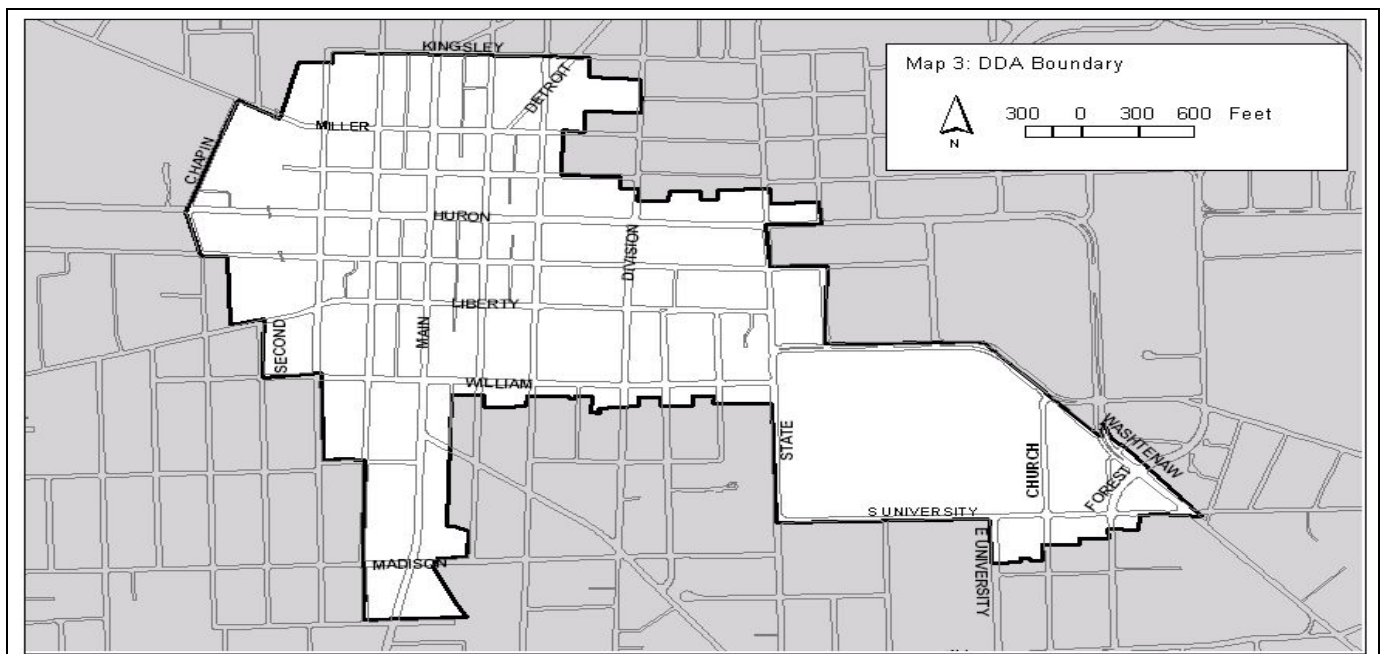
Upon renewal The DDA will continue to be a catalyst for maintaining and improving economic health and quality of life in the downtown area. The DDA will strive to meet this goal with strategies in eight key areas:

- Identity
- Infrastructure
- Transportation
- Business Encouragement
- Housing
- Development Partnerships
- Community Services
- Sustainability

The DDA will actively pursue partnerships with various organizations to fulfill its objectives. Partners may be found in both the private and public sectors, including developers and landowners, the City of Ann Arbor, Washtenaw County, Ann Arbor Public Schools, the Ann Arbor District Library, and the University of Michigan.

Boundaries of the Ann Arbor Downtown Development District

This DDA Renewal Plan maintains the original DDA district boundary as set forward in 1982.



In an effort to accomplish its mission, it is understood that the DDA may elect to participate in important projects outside the DDA District.

Identity

PRINCIPLES

It is what takes place in the heart of our community that gives rise to our Ann Arbor “brand” as a bohemian, politically aware, culturally active, “hip” and exciting place unlike any other. Downtown’s unique identity should be promoted as a compelling business and social asset. Many elements combine to make it special, including its history, attractiveness, vitality, quality of life, and wealth of cultural assets.

STRATEGIES

Celebrating Downtown Ann Arbor’s Unique History and Character

- Encourage downtown developments that complement the existing character of their neighborhoods. New developments should be attractive, harmonize with the height and massing of adjacent buildings, and be sensitive to pedestrian needs. This may include providing ground floor retail space where possible with numerous entrances and exits.
- Design DDA improvements and developments to complement the unique look of the city and the character of the surrounding neighborhood.
- Support the award-winning Historical Street Exhibit Program, which educates the public about the City’s rich and fascinating history, even as it enhances the downtown pedestrian experience.
- Encourage historic property owners to improve and restore the appearance of their building, including the provision of an historic façade improvement grant or loan program.
- Encourage public and private efforts to keep Ann Arbor an “arts friendly” community, including participating in efforts to provide studio and performance spaces in the downtown area.
- Work with others to promote the fact that nowhere else in the county, or indeed in the State, are there as many concerts, museums, theater performances, unique events, lectures, and other attractions in such a concentrated place. There is something for just about everyone all through the year.

Encouraging Enjoyable and Memorable Outdoor Social Life Downtown

In addition to providing for a more enjoyable pedestrian experience, the DDA’s improvements should encourage businesses to install sidewalk cafes and books stands to tempt passers by, and invite a host of special events that draw hundreds of thousands of people to the downtown each year. The DDA can encourage these activities with the following strategies:

- Create attractive and flexible pedestrian improvements that add to the excitement of walking through downtown Ann Arbor and can be utilized for special events and sidewalk sales.
- Make it possible for local business associations and civic groups to beautify the downtown with plantings, banners, and other installations, by providing planters, banner wires and brackets, and wider sidewalks where possible.
- Encourage programs to create and maintain art in public places in the downtown area.
- Encourage and support efforts by the Historic District Commission and by private developers to maintain and restore historically significant buildings in the downtown area.
- Support public activities that celebrate and commemorate the continuing evolution of downtown. Celebrate DDA accomplishments, including block parties commemorating the opening of a new parking structure, completion of a redesigned streetscape, etc.
- Ensure that sidewalks, street furniture, and other elements are regularly cleaned and maintained, as this communicates a great deal about the image of downtown.

Infrastructure

PRINCIPLES

Reinvesting to Maximize the Benefit of Existing and Future Infrastructure

Maintaining and investing in infrastructure is essential to downtown's ongoing stability and vitality. By providing consistent attention, the DDA ensures that facilities continue to serve the functional needs of residents, businesses, government agencies, visitors and others.

Infrastructure's physical form and condition, particularly sidewalks and parking facilities, communicate a great deal about a community's goals, values, and identity. Well-maintained, inviting, aesthetically pleasing elements make a strong quality statement about our community.

The strategies below are designed to address current and future needs. These strategies propose investments that are aimed at fortifying and increasing downtown's attractiveness to developers, businesses, residents, and visitors. Plans include maintenance and eventual replacement of downtown parking facilities and streetscape improvements, and strategies to maximize the use of downtown infrastructure and public open space.

STRATEGIES

Comprehensive and Ongoing Parking Structure Maintenance and Planning

- Continue DDA commitment to ongoing repairs and maintenance of downtown parking facilities, including structures and lots.
- Recognize that maintenance and repair are perpetual concerns and plan accordingly. This means conducting on-going structural assessments and anticipating maintenance and repair needs in one-year, five-year, and ten-year capital improvement plans.
- When making or supporting structural improvements and new development, consider not only cost concerns, but also the need for quality, aesthetics, safety, and longevity.
- Conduct regular and ongoing analyses of downtown development to anticipate and respond to parking needs.
- Provide new parking options as needed, and ensure that parking revenue funds remain available and committed to an on-going parking structure development, operations, and maintenance plan.
- Encourage the inclusion of parking facilities within new downtown developments, particularly underground parking.

Public Open Space and Sidewalk/Streetscape Improvement

- Install pedestrian improvements along select downtown streets. This includes replacing existing, worn sidewalks with pleasing sidewalk paving and/or bricking, improved lighting and signage, landscaping, etc. These improvements promote walking as the primary transportation mode and increase downtown's attractiveness for development and business.
- Support the creation of an Allen Creek Corridor Land Use Master Plan in collaboration with other public agencies and the private sector, including an analysis of land use, the potential development of a pedestrian/bike path along the rail line as envisioned by the Downtown Plan, as well as open space. The City could be encouraged to consider the possible acquisition of private property to enable plans to be realized.

- Encourage the City and the private sector to develop new, attractive open spaces, including additional public plazas (such as at Ashley Mews), and the development of through-block arcades, atrium spaces, and pocket parks throughout the downtown.
- Install new physical improvements (e.g. street furniture and lighting) to existing open spaces, including Liberty Plaza to enhance their use.
- Encourage pedestrian and non-motorized vehicular links from downtown to nearby residential areas and other significant areas of Ann Arbor (e.g. Old West Side, Lower Town, etc.) as a means to support downtown retail and reduce downtown automobile traffic.
- Consider the special needs of children, seniors, and the disabled when planning new sidewalk and streetscape improvements.
- Regularly maintain previous DDA improvements projects. This may include setting aside funds for anticipated future repairs. All pedestrian and streetscape improvements should be designed with high-quality yet easily maintained elements.
- The DDA will continue working in partnership with the City Parks Department and the Dean Fund to provide for maintenance and replacement of trees in the downtown, in addition to maintaining, improving and expanding downtown park areas.

Target Areas for New Streetscape Improvements

- Ashley St (North & South)
- First St (North & South)
- Fifth Ave (North & South)
- South Division
- Huron St (East and West)
- Ann St (East and West)
- South Main St between William and Mosley
- W. Washington between Ashley and Third St
- E. Washington between Thayer and Fifth Ave

Additional Infrastructure Strategies

- Promote the DDA's role in supporting the provision of downtown infrastructure. Public awareness of the DDA's role in maintaining and investing in downtown infrastructure will encourage communication between the public and DDA on how best to make improvements and maximize its use.
- Promote a philosophy of sustainability in all infrastructure improvements. Attentive maintenance to existing infrastructure and timely investment in well-designed, quality improvements will ensure that they will continue to serve downtown needs for years into the future. Attentive maintenance of City assets decreases the need for much larger, future capital expenditures by extending their useful life
- Support infrastructure improvements in anticipation of future technological needs of downtown, such as conduit for fiber optic wiring. This may include encouraging initiatives in partnership with the University of Michigan, the Washtenaw Development Council, and the City.
- Encourage alley improvements to facilitate deliveries, solid waste and recycling collection, improve alley cleanliness and attractiveness, assist pedestrian use, and discourage graffiti. Strategies may include inviting artists to paint murals in selected alleys, providing incentives for businesses to maintain a clean alleyway, repairing storm water inlets, repaving, etc.
- Encourage infrastructure-planning efforts by the City of Ann Arbor and the University of Michigan to improve and maintain public utilities, streets, water, and sanitary sewers.

Transportation

PRINCIPLES

Access to Downtown: Encouraging a Full Menu of Transportation Options

Transportation plays a critical role in the economic and social health of downtown. Overall, the strategies below focus on the continuing development of multiple and often intermodal transportation options for getting to and from downtown, as well as moving about the downtown.

Having multiple transportation options maximizes the feasibility of doing business, shopping, working, and living downtown. The availability and knowledge of a full menu of alternatives, as currently provided by the “Get!Downtown Program,” ensures that employees, residents, visitors and customers can select the transportation options that best fit their needs, schedules, and financial means, while lessening the number of automobiles on downtown streets. This in turn alleviates congestion and improves overall downtown traffic circulation.

STRATEGIES

Parking as an Element in Transportation Planning

Private automobiles will likely remain the most popular transportation choice for many downtown visitors, residents, and employees because cars provide fast, on-demand service. Land and financial limitations mean that the supply of parking at peak periods may never match demand. This makes developing a comprehensive parking and transportation program essential. This program should balance the multiple and complex needs of downtown including the following strategies:

- Emphasize that the parking system should be economically self-supporting, and that income from all parking sources must be reserved for system operations, maintenance, repair, and construction and parking alternatives. Doing so will ensure that these facilities are properly maintained and that programs are available to meet the needs of downtown patrons. Moreover, parking cost subsidies discourage the use of alternative transportations.
- Regularly review the number of parking spaces available to determine if additional parking is needed. This includes calculating current and anticipated parking demand and usage.
- Regularly assess downtown conditions and consider policy changes when necessary. This may include special needs, such as loading zone and handicapped parking space locations, 15-minute parking spaces for passenger drop-off and quick service needs like dry cleaning pickup and grocery drop off by residents, differentiating parking rates according to geographic location and time of day, aligning hours of operation with downtown business activity (e.g. restaurants may shift parking needs later into the day), etc. Residential permit programs may reduce the impact of near-downtown commuter parking in adjacent residential neighborhoods.
- Encourage on street parking for short term use whenever possible, as these spaces are preferred by customers and encourage the vitality of nearby retail. Also, on-street parking moderates traffic speeds, and promotes a sense of pedestrian safety.
- Promote parking awareness through prominent and well-lit locator maps and promotional activities to combat the perception that parking is unavailable. Greater promotion will enhance the downtown business environment and may reduce the need for future parking construction.

Traffic Calming On Downtown Streets

- On-street parking
- Brick or concrete pedestrian crosswalks
- Two-way traffic on previously one-way streets
- Moderated downtown speed limits

- Partner with the University of Michigan to identify the parking needs of UM students, faculty, staff, and visitors, with the goal of outlining action steps by the UM and community to meet these needs.
- Increase parking capacity at the freeway ring or on the outskirts of downtown to support increased use of alternative transportation and provide long-term vehicle storage opportunities for students and other downtown residents.
- Coordinate use and promotion of public parking after hours for special events and private sector needs, including use of Washtenaw County, City, and UM parking locations.

Public Transportation

A coordinated bus system with a downtown transit center maximizes downtown accessibility. The following strategies contribute to this public transit vision.

- Encourage the integration of UM and AATA bus systems and services.
- Explore the development of new transit centers or an expanded transit center downtown.
- Target and support downtown-friendly enhancements of the AATA bus system, including increased service during peak periods to encourage commuter use, targeted and extended hour service to and from Ypsilanti, a downtown circulator to make travel within the downtown area more convenient, and smaller vehicles.
- Encourage the development, use, and promotion of AATA Park and Ride lots.
- Promote the installation and ongoing maintenance of attractive and weather-protective bus shelters, as well as informational signage on downtown bus stops (including maps, bus routes and points of interest information).

Pedestrian and Non-Motorized Transportation

Encouraging pedestrian and non-motorized transportation provides several benefits. It alleviates traffic and parking congestion, promotes efficient transportation through dense areas, and provides foot traffic to support downtown businesses. An enjoyable pedestrian experience is one of downtown's principal attractions, as well as a necessary element in its social and economic life. Bicycling and walking are also environmentally friendly, and contribute to the unique personality of downtown Ann Arbor. Strategies to encourage this include:

- Study the possible conversion of additional streets from one-way to two-way traffic to make them more pedestrian-friendly as well as easier for visitors and new residents to navigate.
- Support commuter and recreational bike ridership to and through downtown, including the installation of bicycle lockers, bicycle racks, and placement of bicycle parking within the shelter of parking structures wherever feasible.
- Promote pedestrian and bicycle safety measures. This includes supporting educational programs and signage directed at reducing conflict between pedestrians, bicyclists, and drivers. Consideration should be given to planning details and their relevance to public safety, as well as the maintenance of public improvements to ensure pedestrian safety.
- Encourage development projects that preserve the downtown's sense of pedestrian scale. Consider project mass, scale, and compatibility with existing structures.
- Promote pedestrian enjoyment of downtown by encouraging an active street life, including the installation of street furniture, Historic Street Exhibits, sidewalk café seating, attractive plantings, attractive storefront displays, public art and exhibits, and the regular use of public areas for entertainment, parades or street fairs.

Business Encouragement

PRINCIPLES

Promoting Downtown as the Center of Commerce in our Community and Providing Support to Businesses

Commercial establishments play an immeasurable role in shaping the economic, social, and physical character and health of downtown, including creating a sense of uniqueness and place. Downtown Ann Arbor has seen commercial growth since the inception of the 1982 DDA Plan. Despite this growth, the downtown business environment continually requires attention and concern if it is to remain healthy, vibrant, and competitive.

Many of the businesses that add character to downtown Ann Arbor are small, independent stores that offer unique, one-of-a-kind goods and services. Their ongoing success is closely linked with the cultural and social identity of downtown and its perceived strength as a commercial district.

Retail tastes and trends are always changing – not only in what people shop for, but also why they shop. The role of retail in downtowns across America has changed tremendously over the last two decades and will do doubt continue to evolve in the future. Understanding important trends will enable downtown Ann Arbor to be in the best position to compete locally, regionally, and nationally for quality businesses and customer dollars.

STRATEGIES

- Undertake capital improvements that are geared towards increasing the commercial viability of downtown.
- Encourage appropriate public and private infill projects to increase commercial activity.
- Support strategies to retain and strengthen local retail businesses in the downtown area.
- Encourage the goals and cooperation of the four downtown Area Associations. Support local and regional promotional efforts by the Associations.
- Participate with property owners in efforts to attract new retail, businesses, and services to downtown that support residential needs. (*see Chapter on Housing.*) Encourage an appropriate mix of local retailers and regional/national retailers, as it strengthens downtown Ann Arbor's ability to draw retail shoppers. Collect and disseminate information about the downtown environment and commercial opportunities to support property owner efforts to attract a diversity of attractive businesses.
- Work with the City of Ann Arbor, the Chamber of Commerce, and the Washtenaw Development Council to encourage the retention of existing businesses and the attraction of new businesses to downtown.
- Identify downtown areas that are undergoing significant change or distress, and work with area stakeholders and property owners to develop strategies aimed at maintaining and strengthening commercial environments.
- Promote Ann Arbor's unique identity as a compelling business asset. Preservation, development, and marketing of those things that make Ann Arbor a special place is crucial to retaining current businesses and in attracting new businesses as well.

Housing

PRINCIPLES

Creating a 24-Hour Neighborhood with a Full Spectrum of Housing Options in the Downtown.

A local residential population is necessary for a dynamic, economically-strong 24-hour downtown. A substantial residential base near and in the downtown has a positive effect on the retail climate, local transportation systems, and quality of life. A densely inhabited city center creates an exciting place to live, and promotes a positive pedestrian atmosphere. In turn, downtown residents enjoy the convenient availability of community services, retail goods, cultural activities, and nearby employment.

To encourage a diverse downtown population, a wide variety of housing opportunities, retail and service business, food stores and other businesses providing basic goods and services should be available.

STRATEGIES

Interaction between Retail and Downtown Residential Development

A strong residential presence helps support retail selection. This includes not only residents living within the DDA district, but also residents in the neighborhoods adjacent to the downtown. The DDA can encourage this vital connection in several ways:

- Encourage mixed-use projects that feature retail businesses on lower floors and residential housing on upper floors.
- Work with the downtown area associations to strengthen the existing retail environment.
- Participate with the City and property owners in efforts to attract new retail and service businesses to downtown that support residential needs.

Interaction between the DDA District and Near-Downtown Neighborhoods

Maintaining and strengthening the traditional residential character of the near-downtown neighborhoods is essential for the economic and social sustainability of downtown Ann Arbor. These neighborhoods include the Oxbridge, Burns Park, Ann Arbor Hills, Old Fourth Ward, North Central, and Old West Side areas. Due to their close proximity to downtown, near-downtown neighborhoods face unique challenges to preserving their traditional residential character. For instance, the DDA recognizes the importance of high quality public schools in near downtown neighborhoods in maintaining the desirability and diversity of the neighborhoods. The strategies below are aimed towards preserving and improving the symbiotic relationship between downtown and its nearby neighborhoods.

- Resist development pressures and uses within these near-downtown neighborhoods that are not consistent with their residential nature.
- Consider the impacts of downtown development projects and improvements on near-downtown neighborhoods. This includes consideration of project design, massing, and height, possible future traffic impacts, and encouragement of elements that add to the attractiveness of living near downtown, such as open space.
- Continually monitor parking demand in near downtown neighborhoods by employees, residents, and visitors. Possible solutions can include the construction of new downtown parking, as well as the promotion of transportation alternatives and residential permit programs.

Residential Development Strategies

- In order to encourage and facilitate a full range of housing options, the DDA will work with developers to encourage a residential component to developments wherever feasible; the DDA will (in accord with policies adopted by City Council) encourage developer contributions to meet

moderate income housing needs, and will provide grants and loans to support housing affordable to lower income persons and families. The DDA will also support services and transportation programs to assure that the downtown remains a viable residential neighborhood.

- Participate in projects that increase the supply of housing.
- Provide affordable housing grants for downtown and near downtown residential development and redevelopment projects when necessary. Encourage and support programs and developments that provide housing for the downtown workforce.
- Work with the City Planning and Building Departments and with developers to streamline site plan review and to facilitate development that increases housing while meeting established community goals and priorities.
- Work with the DDA Citizens Advisory Council to support various strategies and projects to enhance downtown living.
- Promote downtown as a place for families with children, with the installation of park playground equipment and support for programs serving families and children, including the Hands On Museum, YMCA, the Ann Arbor District Library and others.
- Promote the development of a range of housing options to meet the needs of all income levels and consider ways to address unmet housing needs.

Downtown Housing and Transportation

In general, downtown residents are more likely to walk or use buses, and less likely to rely on automobiles for daily purposes than other area residents, thereby helping to ease traffic congestion on downtown and area streets. Nonetheless, most downtown residents will require nearby, convenient parking spaces for their vehicles.

The DDA can encourage this important relationship between downtown residential areas and transportation services in several ways:

- Participating in projects that increase the supply of housing.
- Providing residential parking permits as possible. This may need to take into account the large number of University of Michigan students living within the DDA District as downtown residents.
- Develop shared parking programs, taking into account the various kinds of patrons that will utilize parking spaces at different hours of the day.
- Create temporary loading/unloading zones on downtown streets for downtown residents to utilize for daily purposes such as unloading groceries.
- Work with downtown residents and other stakeholders to resolve potential noise and transportation conflicts in the alleys, including parking impediments and trash pickup schedules.
- Develop transportation programs for downtown residents to encourage bicycle and bus usage. This may include car and bicycle storage facilities, bus pass programs, and working with AATA to provide shelters and other amenities.
- Consider developing outskirt parking storage locations for residents, developing parking contracts for residential developments, and developing priorities for downtown residential parking.

Development Partnerships

PRINCIPLES

Leveraging Private and Public Funds to Create Greater Beneficial Impact

Partnering in downtown development projects enables the DDA to help guide development that realizes community goals and objectives. In particular, mixed-use projects and neighborhoods are part of the DDA's vision for future development in accordance with the Downtown Plan, as they promote a lively, vibrant, healthy, 24-hour downtown by bringing together different types of building users in one location.

STRATEGIES

Private Land Development

- Partner with developers to arrange and finance ancillary improvements necessitated by development, such as parking and streetscape improvements.
- Work with developers to address the public benefits portion of developers' projects, such as affordable housing or storm water management.

Potential Development Partnership Sites:

- First & William surface parking lot
- S. Fifth Avenue parking lot
- S. Ashley (Kline's) parking lot
- Fourth & Catherine parking lots
- Community High School parking lot
- The addition of three floors to the Liberty Square parking structure

Public Land Development

The City of Ann Arbor, University of Michigan, Washtenaw County, Ann Arbor District Library, and the Ann Arbor Public Schools control many desirable pieces of downtown real estate. Many of these sites are currently underdeveloped, or are the sites of functionally obsolete buildings that will eventually need replacement.

- Encourage the development of public land to meet community goals, and attract people and businesses to downtown Ann Arbor.
- Involve private developers in the development of public land to leverage as many private investment dollars as possible. This type of partnership draws upon the strengths of each entity: the public sector can provide the land and lower finance rates for funding public improvements necessitated by the development. The private sector contributes taxes, creative development ideas, development expertise, finances, and the marketing skills needed to make the project work.

Community Services

PRINCIPLES

Maintain the downtown as a center for government, public and community service

It is important that the downtown continue to be seen as a center for educational, governmental, social, and business services.

Historically, the downtown has been the location of many important services to the community. These services draw millions of persons each year and are critical to assuring the ongoing vitality of the downtown. These include programs and organizations of international significance, such as what is offered on the central campus of the University of Michigan, governmental services provided by the City and the County; city and county courts and court services; Ann Arbor Public Schools facilities; an award-winning regional library; several significant museums; several acclaimed public and private arts and entertainment venues; and a variety of public and private human service organizations, social services, and business services providers.

The DDA will continue to work with and support other public and non-profit institutions in maintaining a strong downtown presence.

The DDA will also continue to work to strengthen its communication and involvement with the Ann Arbor City Council, and other elected bodies to ensure DDA projects and policies contribute to the public good and are in alignment with City and County planning goals.

STRATEGIES

- Engage in joint planning efforts with other governmental entities so that the downtown remains a friendly environment for those entities and the publics they serve.
- Work with these entities to support expansions of or improvements to their downtown operations or facilities.
- Pursue partnerships with public sector groups and institutions to address community goals that cannot otherwise be met by the private sector. These projects offer the City, County, University of Michigan, Ann Arbor District Library and Ann Arbor Public Schools an important opportunity to bring uses into downtown that meet certain objectives that the public sphere is uniquely suited to tackle. For instance, the development of cultural assets that enrich and enliven the entire community. These partnerships can also address downtown needs that may not otherwise be fulfilled by the private sector (e.g. affordable housing, parking).
- Work with public and private services providers to plan for and support current and expanded downtown operations or facilities.
- Provide funding support for needs assessment studies which may help agencies provide better or more targeted programs to serve the more vulnerable members of our downtown.
- Provide assistance to Washtenaw County, City of Ann Arbor, Ann Arbor District Library, and the Ann Arbor Public Schools, including programs for child/passenger drop off and jury parking.

Sustainability

PRINCIPLES

Ensuring Downtown's Survival as a Vital and Viable Economic, Residential and Environmental Eco-System Throughout the 21st Century

Sustainable ideas and meet the requirements of the present without compromising the needs of the future. The DDA will embrace sustainability as a fundamental tenet of downtown development.

STRATEGIES

Economic Sustainability

- Promote a philosophy of sustainability in all improvements. Attentive maintenance to existing infrastructure, along with timely investment in well-designed, quality downtown improvements, will ensure that these facilities will continue to serve downtown needs for years into the future. Investment geared toward long-term performance lowers overall future maintenance and replacement costs.
- Demonstrate the concept that the downtown parking system can be made economically self-supporting, with parking revenues reserved for ongoing parking system operations, maintenance, repair, and construction, as well as parking alternatives.
- Discourage urban sprawl, encourage reinvestment in existing communities, and support more balanced regional development.

Physical Sustainability

- Provide regular and scheduled maintenance for previous DDA pedestrian improvements projects. Anticipate future repair needs by planning projects and setting aside funds as part of a long-term financial plan.
- Construct DDA developments with the goal of quality and longevity, so as to minimize long-term maintenance (see Infrastructure).
- Recognize that maintenance and repair are perpetual concerns, and thus must be anticipated in one-year, five-year, and ten-year capital improvements plans and on-going structural assessments

Environmental Sustainability

- Coordinate DDA activities with other sustainable planning efforts, including Washtenaw County, City of Ann Arbor, the University of Michigan, and the Ann Arbor Area Chamber of Commerce.
- Encourage energy efficiency in existing and future downtown developments.
- Support the creation of an Allen Creek Corridor Land Use Master Plan conducted in collaboration with others, including the potential development of a system of linked open spaces and a pedestrian/bicycle path along the rail line, as well as storm water mitigation.
- Encourage the preservation of open space, natural beauty, historic buildings, and critical environmental areas.
- Promote the development of downtown as a compact center for development.
- Encourage a variety of transportation choices, including mass-transit, biking, walking, etc. (see *Transportation*).
- Encourage local businesses and government agencies to use Earth-friendly strategies and procedures. These include using low emission vehicles, recycled/recyclable products and building materials, energy efficient lighting, etc.

- Work with the Huron River Watershed Council and others to educate the community about storm drains and water quality issues.
- Assist the City in meeting its Five-Year Solid Waste Plan to increase the percent of recyclables captured from the waste stream. Provide recycle containers on downtown sidewalks to enable pedestrians opportunities to recycle glass, newsprint, etc. Encourage composting efforts by downtown businesses.

Social Sustainability

- Create and maintain compact, walkable and safe downtown neighborhoods with opportunities for social interaction.
- Encourage mixed land uses that will promote a varied population throughout the day and night, and encourage the retention and attraction of businesses that serve a downtown and near downtown residential population.
- Foster distinctive, attractive neighborhoods with a strong and unique sense of place.
- Work towards collaboration with local governments and others to achieve cooperation and efficiency in public operations.
- Encourage citizen and stakeholder participation in development decisions to foster involvement, ownership and pride in community.

Other Renewal Plan Details

Renewal Plan Time Estimate, Cost Estimates and Financing

It is anticipated that the time necessary for completion of this Renewal Plan will be thirty years. The DDA Board committees shall meet regularly to formulate project recommendations, including project budgets, scope, construction schedules, and contractor selection. These recommendations shall be approved by the full Board and communicated to the public.

Revenue and expenditure estimates for the thirty years of this Renewal Plan can be found in Table 1: Sources and Uses of DDA Funds: TIF Fund (0003) and Table 2: Sources and Uses of DDA Funds: Parking Fund (0063).

The cost of completing the activities and improvements to be undertaken and financed by the Authority included in this Renewal Plan will be determined by the Authority and will be included in its regularly updated ten-year budget plan. The method by which these costs will be financed will be from one or more of the following sources:

- Proceeds from its tax increment financing plan as continued from 1982
- Revenues derived from DDA management of public parking facilities, including on-street meter parking
- Moneys borrowed and repaid, such as from the issuance of revenue bonds
- Donations received by the Authority for the performance of its functions
- Revenues from any property, building or facility-owned, leased, licensed, operated or sold by the Authority
- Monies obtained from other sources approved by the Ann Arbor City Council

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

Designation of Open Space

Nearly all of the Ann Arbor DDA District is built up, and little property remains for potential future open space. However, the DDA will work with the City Planning Commission, City Council, and downtown stakeholders to plan for any additional open space.

Portions of the Development Area to be Sold by the DDA or Leased from the City

At this time the Authority has no plans to sell, exchange or donate property to or from the City. The DDA leases seven parking structures and several parking lots from the City under a management agreement, which will expire in 2012.

Description of Zoning and Street Changes

At this time the DDA has no recommendations for zoning changes in the downtown, and looks forward to working with the Planning Commission on any future changes. The DDA Renewal Plan does not anticipate any future changes in city street levels, traffic patterns, and intersections, and utilities as a result of improvement projects. If at some future time these changes are deemed necessary, the DDA will work in close cooperation with the City Utility and Public Services Departments, as well as other outside agencies affected by such changes, including Washtenaw County, University of Michigan, Ann Arbor District Library, and Ann Arbor Public School District.

Conveyance of DDA Developments

All improvements undertaken by the DDA and described in this Renewal Plan will remain under public ownership with the City of Ann Arbor, another public entity created by the City of Ann Arbor, or in private ownership when a public objective would be served. The terms under which any land designated for new development will be sold to, leased or otherwise conveyed to private development interests by the DDA 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.

Estimates of the Number of Individuals To Be Displaced by DDA Activities

Current estimates show 3,300 individuals living in the Development District. The DDA Renewal Plan does not anticipate the displacement of any individuals as a result of DDA development activities. If as yet undetermined future developments necessitate the displacement of downtown residents, the DDA will comply fully with the tenets of PA 227 of the Public Acts of 1972, which provides for relocation assistance for displaced persons.

DDA Citizen's Advisory Council

PA 197 of the Public Acts of 1975 set forward that a development area citizens council would be established prior to creation of the DDA, and shall consist of no fewer than 9 members who are residents of the development area. The Ann Arbor DDA Citizen's Advisory Council was formed in 1982 and serves as an advisory body to the DDA and the City Council in the adoption and implementation of the DDA's Development and Tax Increment Financing Plans. Meetings of the Citizens Advisory Council are typically held monthly and are open to the public.

III. Tax Increment Financing Plan Extension

The DDA captures the portion of the tax levy on the assessed value of real and personal property located in the Development District that is due to new construction and improvements to existing buildings. It is anticipated that with the Renewal of the Ann Arbor DDA, its Tax Increment Financing Plan will be extended from its 1982 Plan to make possible the continued financing of the costs associated with carrying out and completing those activities and improvements contained in the Renewal Plan or any amendments thereto.

It is useful to note that the Ann Arbor DDA TIF capture is unique among Michigan DDA's, as it captures only the taxes levied on initial property assessments and it excludes from capture the assessed value growth in property value resulting from inflation. Other Michigan DDA's typically capture future tax increases generated by property value escalation; but in Ann Arbor, this is captured by the other taxing authorities. Thus, as the DDA works to generate increased economic activity in the downtown, one of the important offshoot benefits is tax revenue growth through increased valuations of downtown real and personal property for the other taxing authorities.

The DDA renewal is predicated on the concept that TIF revenues will continue to be captured as they are under the 1982 TIF Plan with one important change. Since passage of State Proposal A in 1992, the DDA no longer captures Ann Arbor Public School District and Washtenaw Intermediate School District funds except as previously committed for construction bonds issued before 1994.

The DDA submits an annual audit to the City of Ann Arbor that includes the status of the TIF account in compliance with the requirements of Section 15(3) of the State of Michigan Downtown Development Authority Act. The Authority also submits an annual report to the State Tax Commission on the status of its TIF account, including the initial assessed value of the District, revenue and expenditure amounts, and the amount of outstanding bond indebtedness.

Uses of Tax Increment Financing

The funds allocated by the DDA are intended to strengthen the downtown area and attract new private investments. This Plan recognizes that solutions to downtown problems (for example, traffic, access, and parking problems) may best be developed by spending funds outside the DDA district. Similarly, this Plan recognizes that a key to the future vitality of the downtown is stable and successful near downtown neighborhoods.

The DDA's administration of the City's parking system includes parking lots and parking structures both within and outside the DDA district. While this system is primarily located within the DDA district and is critical to the future vitality of the DDA district, the DDA's planning and goals for this system and these funds must be Citywide. To these ends, the test for DDA expenditures shall be their contribution to the vitality of the downtown as stated in this Plan.

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.

This Renewal plan is an extension of the 1982 Downtown Development Authority Plan. The initial assessed value remains the \$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 included. Presented in Appendix C, *DDA Tax Base and Revenue Information*, is a summary of the taxable value of all real and personal property in the Development District since 1982.

Estimate of Captured Assessed Value and TIF Revenues

Also provided in Appendix C are schedules of estimated increases in the current captured taxable value base 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.

As noted in Appendix C, the total dollar amount of captured taxable value to be realized by the DDA in Fiscal Year (FY) 2002 for all property items is estimated to be \$57.6 million. The captured taxable base is expected to increase by \$12.0 million in 2003 primarily due to the addition of Ashley Mews. The future captured taxable value base is expected to increase by an estimated 2.0 – 3.0% per year.

In estimating tax increment revenues a tax levy of 28.65 non-school mills was applied to the captured assessed totals for *ad valorem* real and personal property, which is the estimated millage rate for 2002. Through 2012, the tax revenues from the Captured Value are estimated to be a total of 176 million, of which the DDA would capture \$31 million or 17%. See Appendix C.

Use of TIF Revenue: Ten-Year Financial Plans

The current commitments of the DDA are described in detail in its Ten-Year Financial Plan. This document is updated, reviewed, and approved by the board on a biannual basis. The Ten-Year Plan outlines the expenses to all three funds used by the DDA (TIF Fund, Parking Fund, and Housing Fund), as well as transfers among the three funds.

The DDA Board will commit available funds, as described in the current Ten-Year Plan, 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. Such commitments may include, but are 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 and expenditure reserve
- Payments required to establish and maintain a sinking fund to provide funds for constructing and maintaining 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 as further project planning is undertaken.
- Administrative costs for the DDA and its projects

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.

Bonded Indebtedness to be Incurred

The specific project costs for accomplishing all activities described in the Renewal Plan for the Development District will be determined after further planning. These costs may be financed through an issuance of one or more series of bonds during the 30 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 revenues generated from 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.

Impact on Assessed Values and Tax Revenues

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, and the City of Ann Arbor and Washtenaw County.

For purposes of determining the estimated impact of this tax increment financing plan upon those taxing jurisdictions within the Development District, estimates of captured taxable values (see Appendix D) were used along with an estimated 28.61 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.

Appendix D describes the increase to date in tax revenues for local taxing authorities within the Development District.

Duration of the Plan

As stated previously, the extension of the DDA's TIF 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. With the renewal of the Ann Arbor Downtown Development Authority, its Plan duration shall be September 2003 through August 2033.

Sources and Uses of DDA Funds: An Overview

Since assuming management of the City's public parking system in 1992, the DDA has come to use its TIF primarily for new streetscape improvements projects and debt service; studies, analysis and planning; grants to downtown associations; and support for downtown housing developments.

In addition to TIF, parking revenues are the other major source of funds for DDA projects. In addition to managing the off-street system since 1982, the DDA assumed responsibility for the on-street meter system in 2002. Other parking-related income sources include interest and cellular antenna placement fees. Most DDA parking expenditures are for construction and debt service, as well as for operation and maintenance of the downtown parking system.

For accounting purposes, the DDA currently has three separate funds: the TIF Fund (0003); the DDA Parking Fund (0063); and the DDA Housing Fund (0001). In 1997 the DDA developed a detailed "Ten Year Financial Plan" which records actual expenditures for previous years and charts anticipated revenues and expenditures for the next ten years. This Plan is updated regularly and approved biannually by the DDA Board.

TIF Fund

The DDA has estimated its TIF income and expenditure for the next 30 years based on recent actual expenditures. Table 1, below, shows the predicted TIF income and expenditures for the next 30 years. Overall, 89.1% of the income for the TIF Fund is expected to come from property taxes, while 10.9% is expected to come from interest on the TIF Fund balance.

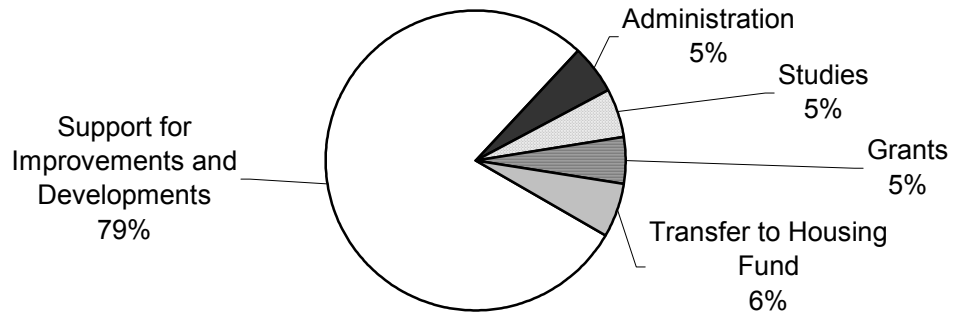
It is anticipated that the majority of TIF will continue to be utilized for efforts aimed at strengthening and improving the downtown. Given the diversity of issues confronting the downtown, expenditures will be made for a variety of purposes, including

- the planning, design, construction, and installation of pedestrian improvements, including new sidewalks, bicycle parking, trees, sidewalk furniture; alley improvements and other infrastructure. In light of the goal to create a pedestrian friendly downtown, these projects may include roadway improvements in and near downtown, wayfinding projects, and support for out-of-downtown parking and shuttle services.
- the payment of debt service for construction bonds.
- support for the DDA Housing Fund
- support other organizations working in the downtown area through grants
- façade improvement loans and/or grants in keeping with the DDA's Façade Improvement Program Guidelines
- support for important downtown developments that meet a public purpose in accordance with the DDA's Partnership Guidelines. The DDA recognizes the importance of housing to the downtown, and notes that the overall expenditures for housing related purposes may exceed the estimated annual allocations to the Housing Fund; the DDA estimates that an amount equal to or greater than 15% of total TIF expenditures may be spent on housing related purposes during the next 30 years.
- studies to direct future DDA work
- other projects that contribute to the DDA's mission

Table 1: Sources and Uses of DDA Funds: TIF Fund (003) Estimated

	<u>Actual</u> 1998-2002	<u>Predicted</u>		
		2003-2012	2013-2022	2023-2032
Income Source				
Property Taxes (est'd 2% Growth)	\$14,169,018	\$31,891,274	\$26,126,202	\$31,847,780
Interest (est'd 3% annual)	\$1,802,170	\$1,912,788	\$1,211,046	\$715,960
Expenditure Category				
Support for Improvements and Developments	\$8,073,805	\$32,924,175	\$19,968,676	\$26,853,537
Administration	\$951,537	\$1,857,329	\$1,640,235	\$1,953,824
Studies	\$489,628	\$1,690,203	\$1,774,713	\$1,863,449
Grants	\$1,256,736	\$827,455	\$1,913,607	\$2,279,462
Transfer to Housing Fund	\$1,273,798	\$2,000,000	\$2,000,000	\$2,000,000

Predicted TIF Expenditures, 2003-2033



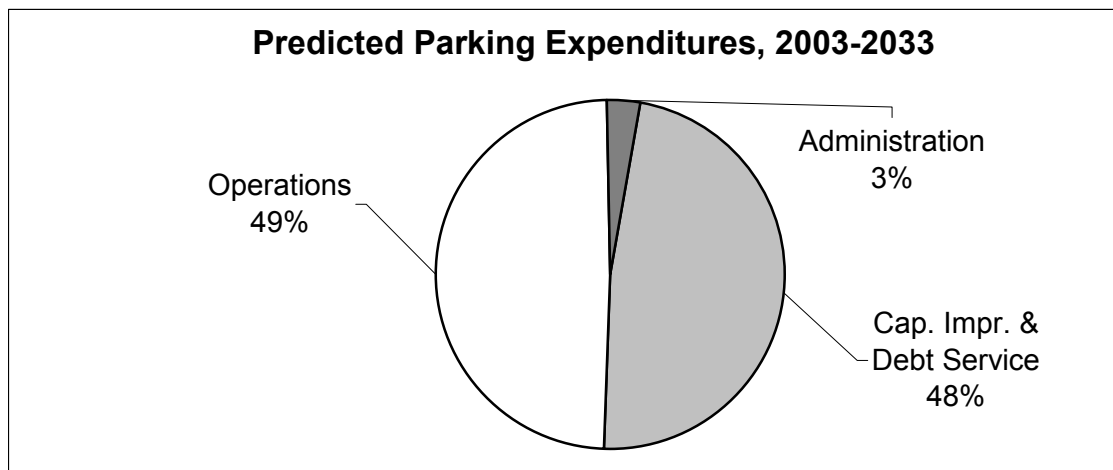
Parking Fund

The DDA's "Ten Year Financial Plan" also sets forward anticipated revenues and expenditures for the DDA's Parking Fund. The DDA has a management agreement with the City for operation of the on-street and off-street parking system that will expire in 2012, and it is anticipated that this agreement will be renewed at that time for the benefit of the community.

Anticipating renewal of this agreement, Table 2, below shows the predicted income and expenditures for the Parking Fund for the next 30 years. A substantial portion of the DDA's parking revenues will be used to pay for the on-going operation and maintenance of the parking system, including regular equipment upgrades and replacements. The other large area of expenditure is for ongoing long-term maintenance of the parking facilities, including significant concrete and pavement repairs when warranted, as well as debt service for construction projects.

Table 2: Sources and Uses of DDA Funds: Parking Fund (063) Estimated

	<u>Actual</u>		<u>Predicted</u>	
	1998-2002	2003-2012	2013-2022	2023-2032
Income Source				
Parking Revenue	\$34,707,112	\$104,140,310	\$107,264,519	\$112,627,745
Interest (3% annual)	\$929,144	\$2,889,922	\$1,396,163	\$1,396,163
Expenditure Category				
Capital Improvements and Debt Service	\$19,073,314	\$56,457,420	\$52,157,127	\$56,183,414
Operations	\$13,965,809	\$49,225,147	\$53,243,734	\$57,323,653
Administration	\$1,743,291	\$2,426,115	\$3,259,820	\$3,420,717

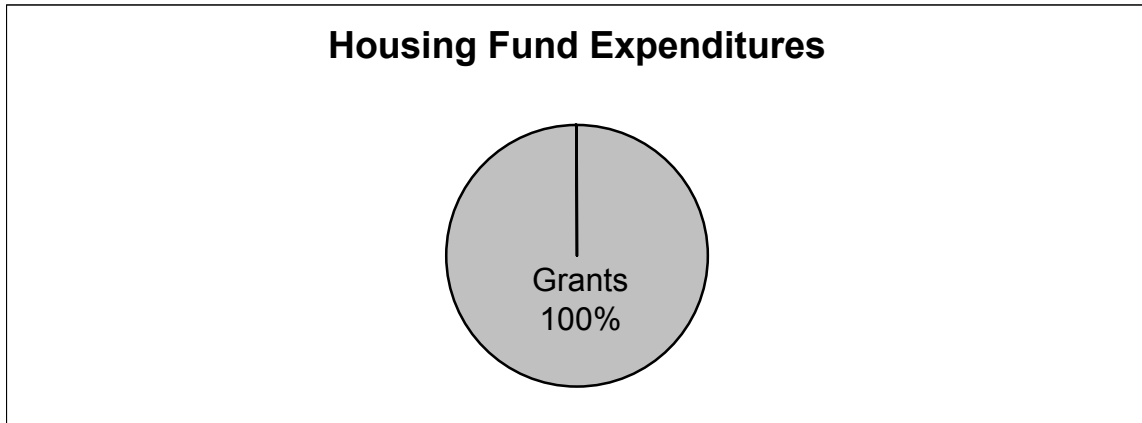


Housing Fund

The Housing Fund is seeded by the TIF Fund, which is predicted to represent 91.5% of its total income in the next 30 years. It will also receive income from interest on the balance, which is predicted to represent 8.5% of its total income through 2033. All DDA Housing Funds are used to fund housing grants for downtown housing development.

Table 2: Sources and Uses of DDA Funds: Housing Fund (063) Estimated

	<u>Actual</u>	<u>Predicted</u>		
	1998-2002	2003-2012	2013-2022	2023-2032
Income Source				
Contributions from TIF	\$1,273,798	\$2,000,000	\$2,000,000	\$2,000,000
Interest (3% annual)	\$118,713	\$156,041	\$22,853	\$29,708
Expenditure Category				
Grants	\$858,481	\$2,600,000	\$2,000,000	\$2,128,737



IV. Appendices

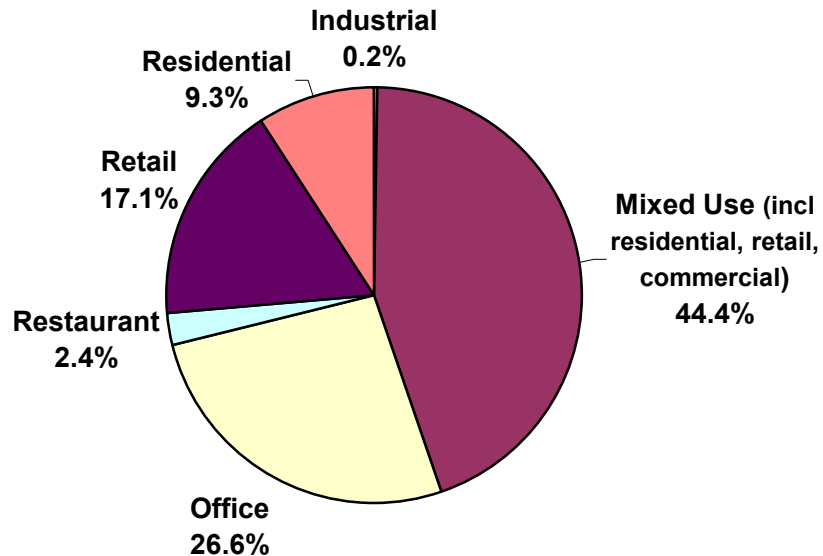
Appendix A: Private Development History, 1982-2000

DDA District

- **Table A1: Taxable Real Property Development Within the DDA District Since 1982**

Type of structure	Floor Area
Industrial	2,537 sq. ft.
Mixed Use	621,690 sq. ft.
Office	321,761 sq. ft.
Restaurant	28,691 sq. ft.
Retail	211,464 sq. ft.
Residential	112,627 sq. ft.
Total Development: 1,298,770 sq. ft.	

Chart A1: New Private Real Property Development within the DDA District (1982-2002)



- **Table A2: Industrial Use, Private Real Development Since 1982 in the DDA District**

Year	Development	(sq. ft.)	Construction Type	Address
1983	310 W. Ann	736	Renovation/Addition	310 W. Ann
1990	Kolossos Printing	1,801	Renovation/Addition	310 E. Washington
Total:		2,537		

- **Table A3: Mixed Use, Private Real Development Since 1982 in the DDA District**

Year	Development	area (sq. ft.)	Type of Construction	Address
1983	Ideation Building	9,737	Renovation/Addition	220 S. State
1984	Light Action Place	160	Renovation/Addition	564 S. Main
1984	Sloan Plaza	32,160	New Construction	505 E. Huron
n/a	n/a	60,967	New Construction	
1985	One North Main	150,274	New Construction	100 N. Main
n/a	n/a	23,002	New Construction	
1985	301 E. Liberty Building	99,455	New Construction	301 E. Liberty
1989	201 E. Catherine	30,537	Renovation/Addition	303 Detroit
1994	216/218 N. Fourth Ave.	690	New Construction	216/218 N. Fourth
1996	350 South Main Building	66,468	New Construction	350 S. Main
2001	Fifth Avenue Building	7,335	Renovation/Addition	155 N. Fifth
2001	Ashley Mews I	113,175	New Construction	414 S. Main
2003	Collegian (under construction)	27,710	New Construction	337 Maynard
Total:		621,690		

- **Table A4: Office Use, Private Real Development Since 1982 in the DDA District**

Year	Development	area (sq. ft.)	Type of Construction	Address
1982	Detroit Edison Headquarters	63,689	New Construction	425 S. Main
1983	Brauer Building	22,453	Renovation/Addition	300 N. Fifth
1984	Ashley Square	(2,088)	New Construction	121 N. Ashley
1984	Arbor Atrium	15,026	Renovation/Addition	311 W. Huron
1984	First Y Building	3,784	Renovation/Addition	110 N. Fourth
1985	100 N. First	236	Renovation/Addition	100 N. State
1986	Ann Arbor News addition	17,000	Renovation/Addition	340 E. Huron
1986 & 1990	N. Main St. Office	2,605	New Construction	425 N. Main
1987	Great Lakes Federal addition	98,500	Renovation/Addition	401 E. Liberty
1990	Miller/Ashley Office	44,428	New Construction	110 Miller
1990	219-1/2 N. Main St.	800	Renovation/Addition	219 1/2 N. Main
1996	Phoenix West	27,160	Renovation/Addition	117 N. First
1997	Davis & Kuhnke	312	Renovation/Addition	405 N. Main
1998	Schlenker Hardware	3,000	Renovation/Addition	213-215 W. Liberty
1999	Koh Building	12,144	New Construction	212 S. State
2000	Bank of Ann Arbor	7,920	Renovation/Addition	125 S. Fifth
2000	524 South Main St.	2,872	Renovation/Addition	524 S. Main
2000	Wolverine Temporaries Inc.	1,920	Renovation/Addition	315 N. Main
Total:		321,761		

• **Table A5: Restaurant Use, Private Real Development Since 1982 in the DDA District**

Year	Development	area (sq. ft.)	Type of Construction	Address
1984	Raja Rani	1,564	Renovation/Addition	400 S. Division
1984	Braun Court	462	Renovation/Addition	313-327 Braun Court
1986	Moveable Feast	562	Renovation/Addition	326-330 W. Liberty
1986	Zingerman's	720	Renovation/Addition	422 Detroit
1991	Zingerman's	2,998	Renovation/Addition	418 Detroit
1993	Argiero's	1,256	Renovation/Addition	300 Detroit
1995 & 1996	Pizza House	10,015	New Construction	618 Church
1997	The Earle Building	4,782	Renovation/Addition	119 W. Washington
1999	Aprill Building	4,928	Renovation/Addition	523 S. Main
2001	Pizza House	1,404	Renovation/Addition	618 Church
Total: 28,691				

• **Table A6: Retail Use, Private Real Development Since 1982 in the DDA District**

Year	Development	area (sq. ft.)	Type of Construction	Address
1984	Hamilton Square	8,712	Renovation/Addition	711 N. University
1984	Amoco	0	Renovation/Addition	300 N. Main
1985	Tally Hall	60,260	New Construction	515 E. Liberty
1986	504 S. Main	1,776	Renovation/Addition	504 S. Main
1986	South University Retail	26,855	New Construction	1220 S. University
1988	206/208 S. Ashley	21,499	Renovation/Addition	206/208 S. Ashley
1988	Kerrytown Shops addition	8,086	Renovation/Addition	407 N. Fifth Ave.
1988	South University Galleria	62,310	New Construction	1208-18 S. University
1990	Realco Development	19,450	New Construction	615 S. Main
1995	Herb David Guitar Studio	1,092	Renovation/Addition	302 E. Liberty
1999	Big Market	1,054	Renovation/Addition	341 E. Huron
1999	Downtown Home & Garden	370	Renovation/Addition	210/212/216 S. Ashley
Total: 211,464				

• **Table A7: Residential Use, Private Real Development Since 1982 in the DDA District**

Year	Development	area (sq. ft.)	Type of Construction	Address
1998	The Armory	14,807	Renovation/Addition	223 E. Ann
1998	The Amsterdammer	8,800	New Construction	1309 S. University
2001	Ashley Mews II	89,020	New Construction	426 S. Main
Total: 112,627				

Appendix B:

DDA District Commercial Establishment Survey, 1982-1999

This survey details the types of commercial uses within the DDA District in 1982 and 1999, and briefly analyzes the commercial land use changes that occurred within those years. This survey also includes data on commercial building development in the DDA between 1982 and 1999.

Methodology

The data within this report was compiled from the Ann Arbor, Michigan, Polk City Directories for 1982 and 1999. Polk published this directory annually with address-by-address data on businesses within a community through the year 2000. In addition, the City of Ann Arbor Building Department provided information on commercial building development within the District. Commercial land use data for each year is compiled block-by-block, with commercial establishments grouped by type.

The eight different types of commercial land use in the survey are defined as:

- Retail & Wholesale: Includes retail and wholesale commercial establishments, including gas stations, bakeries, ice cream parlors, convenience stores, hardware stores and lumber yards, opticians with on-site eyewear retail, computer and computer software retail stores, art galleries with works for sale, delicatessens that focus on retail, grocery stores (including co-operative groceries and markets), etc.
- Professional Offices: Includes offices for physicians, dentists, psychologists, psychiatrists, acupuncturists, lawyers, social workers, architects, engineers, urban planners, and others.
- Services (personal & business): Includes business consulting firms, Internet and other computer and data related services, automobile repair shops, tanning salons, massage parlors, hair care facilities, educational aid services, personal trainers, photocopying services, lithographing and bookbinding services, photography studios, recording studios, public relations firms, day care services, advertising agencies, employment agencies, etc.
- General Offices: Includes labor union offices, corporate office space, publishers (but not bookbinders), religious organizations (but not places of worship), political organizations, radio stations, television stations, newspaper publishers, etc.
- Restaurants, Cafes, & Taverns: Includes restaurants, taverns, pubs, diners, cafes, take-out eateries, delicatessens (but not those that focus exclusively on retail)
- Financial, Insurance, and Real Estate (FIRE): Includes real estate developers, banking institutions, brokers, investment firms, accountants and accounting services, actuarial services, insurance companies, property management companies, credit unions, etc.
- Manufacturing, Industrial, Warehousing: Includes storage facilities, newspaper publishing facilities, tool and die shops, woodworking facilities, etc.
- Miscellaneous: Includes theaters, private performance art companies, private schools, museums, hotels and motels, etc.

The categories above do not include public facilities, such as local, state, and federal government facilities, or the University of Michigan. Also excluded are places of worship, such as churches, temples, mosques, and synagogues. Each individual business is recorded as one

type of commercial use. No statistical consideration is given to the size of each individual business, and the survey does not track individual businesses.

The data set also includes commercial building construction and improvement data within the DDA District. This data reports the square feet of construction on each block within the DDA District between 1982 and 2000. This information, as well as the commercial land use survey data, is then used to make some general conclusions about development within the DDA.

Commercial Survey Results

There were significant shifts in the type of commercial establishments that took place from 1982 to 1999, although there was nearly no change in the total number of commercial establishments within the Development District.

The most significant shift in commercial establishments was a 60% increase in personal and business service establishments. Restaurants, cafes and taverns also increased, by 29%. The most significant loss was seen in the retail and wholesale sector, where 28% fewer establishments were found in 1999 than in 1982. See Table B1, below.

Almost 850,000 sq. ft. of commercial development was added to downtown during this period as well. Since this number does not include the conversion of single-family homes and apartments within the DDA into professional offices and businesses, the actual amount of commercial space added from 1982-1999 is probably somewhat higher than the figure above.

• **Table B1: Commercial Establishments by Type, 1982 and 1999**

Sector	1982	1999	Percent Change
Retail & Wholesale	328	237	-28%
Professional Offices	281	244	-13%
Services (personal & business)	166	266	60%
General Office	96	88	-8%
Restaurants, Cafes, & Taverns	77	99	29%
Financial, Insurance, Real Estate	111	119	7%
Manufacturing, Industrial, Warehousing	4	5	25%
Miscellaneous	20	20	0%
Total Commercial Uses	1083	1079	0%

Discussion of Commercial Establishment Changes from 1982 to 1999

Despite the addition of over 849,000 sq. ft. of commercial space and no major demolition of commercial buildings within the downtown area from 1982 to 1999, there was little overall change in the number of businesses downtown. Some possible reasons include:

- Downtown businesses needed more floor space for their operations in 1999 than in 1982. One influence may be proportional changes from 1982 to 1999 in the types of businesses downtown, such as the increase in personal and business services vis-à-vis other downtown commercial land uses in that period, towards those that have greater floor space needs. Another factor may be that downtown businesses, on average, have simply become larger spatially, due to success, the need for more space to support increased

economies of scale, and/or new business models. Also, changes in the technological infrastructure of businesses during this period may have necessitated larger workspaces to support the added infrastructure needed for computers and other electronic equipment.

- Smaller downtown businesses were supplanted by fewer, larger businesses. This would be consistent with the overall economic trends for the period: consolidation and merging of businesses, with the increased inability of smaller businesses, in many economic sectors, to compete with larger businesses.
- Individual commercial spaces downtown were annexed together for the needs of one business. As commercial establishments grew, or their business needs changed, they needed more space. For example, two adjoining, separate office, retail, or restaurant spaces were joined together into one larger work, retail, or restaurant space.
- Some upper-story office spaces were converted into residential uses

Overall trends include:

- A decrease in the number of retail establishments, mirroring overall trends in American downtowns. While Ann Arbor has avoided the crippling loss of retail stores that other downtowns have seen, the health of downtown retail still remains one of the most critical areas of DDA attention. Rent increases, the advent of big box retailing, and other factors helped contribute to the loss of downtown retail.
- An increase in the number of restaurants, cafes, and taverns. Restaurants now occupy much of the first-floor commercial space downtown that was formerly used by retail, in part because they are better able to afford higher rents, due to their ability to maximize revenue-generating floor space. The increase in restaurants, especially along Main Street and adjacent streets, has done much to make downtown Ann Arbor a regional attraction for entertainment.
- A boom in the downtown personal and business service sector

None of the overall results are surprising, given the general direction that most successful downtowns followed to adapt to changing business, cultural, and lifestyle patterns during the last 20 years. Ann Arbor is similar to other successful downtowns in that its local economy shifted towards the service and entertainment sectors. Downtown retail, while having suffered somewhat from consumer patterns and the changed economy in downtown Ann Arbor, still remains much stronger than in other regional downtowns.

Appendix C: DDA Tax Base Information

Table C1: Taxable Value Within the DDA District Since 1982

Fiscal Year Ending June 30	DDA Tax Base			Yearly Change	% Personal Property Change	% Real Property Change	% Total Change
	Personal Property	Real Property	Total Taxable Value				
1983	\$0	\$0	\$0	\$0			
1984	\$1,365,000	\$789,100	\$2,154,100	\$2,154,100			
1985	\$2,863,300	\$3,455,900	\$6,319,200	\$4,165,100	109.77%	337.95%	193.36%
1986	\$3,927,900	\$5,079,600	\$9,007,500	\$2,688,300	37.18%	46.98%	42.54%
1987	\$7,303,900	\$11,290,200	\$18,594,100	\$9,586,600	85.95%	122.27%	106.43%
1988	\$8,723,400	\$19,730,000	\$28,453,400	\$9,859,300	19.43%	74.75%	53.02%
1989	\$9,452,000	\$29,008,600	\$38,460,600	\$10,007,200	8.35%	47.03%	35.17%
1990	\$10,043,300	\$31,480,700	\$41,524,000	\$3,063,400	6.26%	8.52%	7.97%
1991	\$9,623,100	\$33,814,400	\$43,437,500	\$1,913,500	-4.18%	7.41%	4.61%
1992	\$9,635,400	\$34,688,300	\$44,323,700	\$886,200	0.13%	2.58%	2.04%
1993	\$10,387,100	\$32,158,000	\$42,545,100	(\$1,778,600)	7.80%	-7.29%	-4.01%
1994	\$11,097,600	\$31,146,700	\$42,244,300	(\$300,800)	6.84%	-3.14%	-0.71%
1995	\$12,983,800	\$29,777,100	\$42,760,900	\$516,600	17.00%	-4.40%	1.22%
1996	\$13,266,800	\$28,952,600	\$42,219,400	(\$541,500)	2.18%	-2.77%	-1.27%
1997	\$14,819,700	\$30,698,100	\$45,517,800	\$3,298,400	11.71%	6.03%	7.81%
1998	\$16,127,300	\$30,799,100	\$46,926,400	\$1,408,600	8.82%	0.33%	3.09%
1999	\$19,378,000	\$31,199,459	\$50,577,459	\$3,651,059	20.16%	1.30%	7.78%
2000	\$20,570,600	\$32,899,959	\$53,470,559	\$2,893,100	6.15%	5.45%	5.72%
2001	\$18,347,800	\$33,931,494	\$52,279,294	(\$1,191,265)	-10.81%	3.14%	-2.23%
2002	\$19,798,000	\$37,852,096	\$57,650,096	\$5,370,802	7.90%	11.55%	10.27%
2003	\$20,821,500	\$48,973,043	\$69,794,543	\$12,144,447	5.17%	29.38%	21.07%

Table C3: Projected Total Tax Base Growth 2003/04 Through 2032/33

Fiscal Year Ending June 30th	Total Taxable Value (Real and Personal Property)			% Total Change
	Realistic	Optimistic	Pessimistic	Realistic
2004	71,836,326	72,658,263	71,021,758	2.93%
2005	73,937,930	75,209,080	72,683,949	2.93%
2006	76,101,112	77,849,585	74,385,101	2.93%
2007	78,327,678	80,582,937	76,126,129	2.93%
2008	80,619,488	83,412,404	77,907,969	2.93%
2009	82,978,457	86,341,373	79,731,579	2.93%
2010	85,406,555	89,373,346	81,597,939	2.93%
2011	87,905,812	92,511,951	83,508,054	2.93%
2012	90,478,316	95,760,945	85,462,950	2.93%
2013	93,126,217	99,124,216	87,463,680	2.93%
2014	95,851,727	102,605,788	89,511,318	2.93%
2015	98,657,125	106,209,829	91,606,967	2.93%
2016	101,544,755	109,940,653	93,751,754	2.93%
2017	104,517,032	113,802,726	95,946,833	2.93%
2018	107,576,441	117,800,674	98,193,384	2.93%
2019	110,725,539	121,939,281	100,492,617	2.93%
2020	113,966,960	126,223,506	102,845,768	2.93%
2021	117,303,414	130,658,478	105,254,105	2.93%
2022	120,737,691	135,249,510	107,718,922	2.93%
2023	124,272,664	140,002,101	110,241,546	2.93%
2024	127,911,289	144,921,944	112,823,336	2.93%
2025	131,656,610	150,014,934	115,465,681	2.93%
2026	135,511,760	155,287,173	118,170,002	2.93%
2027	139,479,965	160,744,979	120,937,757	2.93%
2028	143,564,544	166,394,892	123,770,434	2.93%
2029	147,768,916	172,243,684	126,669,560	2.93%
2030	152,096,598	178,298,365	129,636,694	2.93%
2031	156,551,213	184,566,194	132,673,435	2.93%
2032	161,136,488	191,054,685	135,781,418	2.93%
2033	165,856,262	197,771,617	138,962,317	2.93%

Note: Estimates based on 2% annual increase in property tax base, 3% annual increase in parking revenues.

Estimated Total Tax Base Growth Through 2033

For the table below, the following rates of change are used:

	Realistic	Optimistic (+20%)	Pessimistic (-20%)
Personal Property	2.75%	3.30%	2.20%
Real Property	3.00%	3.60%	2.40%

Table C4: Estimated Total Tax Base Growth, Real and Personal Property (components of Table C2 above)

Fiscal Year Ending June 30	Personal Property			Real Property		
	Realistic	Optimistic	Pessimistic	Realistic	Optimistic	Pessimistic
2003	\$20,821,500	\$20,936,018	\$20,710,105	\$48,973,043	\$49,258,066	\$48,687,530
2004	\$21,394,091	\$21,626,907	\$21,165,727	\$50,442,234	\$51,031,356	\$49,856,031
2005	\$21,982,429	\$22,340,595	\$21,631,373	\$51,955,501	\$52,868,485	\$51,052,576
2006	\$22,586,946	\$23,077,834	\$22,107,263	\$53,514,166	\$54,771,751	\$52,277,837
2007	\$23,208,087	\$23,839,403	\$22,593,623	\$55,119,591	\$56,743,534	\$53,532,506
2008	\$23,846,309	\$24,626,103	\$23,090,683	\$56,773,179	\$58,786,301	\$54,817,286
2009	\$24,502,082	\$25,438,765	\$23,598,678	\$58,476,374	\$60,902,608	\$56,132,901
2010	\$25,175,890	\$26,278,244	\$24,117,849	\$60,230,666	\$63,095,102	\$57,480,090
2011	\$25,868,227	\$27,145,426	\$24,648,442	\$62,037,586	\$65,366,525	\$58,859,612
2012	\$26,579,603	\$28,041,225	\$25,190,707	\$63,898,713	\$67,719,720	\$60,272,243
2013	\$27,310,542	\$28,966,585	\$25,744,903	\$65,815,675	\$70,157,630	\$61,718,777
2014	\$28,061,582	\$29,922,483	\$26,311,291	\$67,790,145	\$72,683,305	\$63,200,027
2015	\$28,833,275	\$30,909,925	\$26,890,139	\$69,823,849	\$75,299,904	\$64,716,828
2016	\$29,626,190	\$31,929,952	\$27,481,722	\$71,918,565	\$78,010,700	\$66,270,032
2017	\$30,440,911	\$32,983,641	\$28,086,320	\$74,076,122	\$80,819,086	\$67,860,513
2018	\$31,278,036	\$34,072,101	\$28,704,219	\$76,298,405	\$83,728,573	\$69,489,165
2019	\$32,138,182	\$35,196,480	\$29,335,712	\$78,587,357	\$86,742,801	\$71,156,905
2020	\$33,021,982	\$36,357,964	\$29,981,098	\$80,944,978	\$89,865,542	\$72,864,671
2021	\$33,930,086	\$37,557,777	\$30,640,682	\$83,373,328	\$93,100,702	\$74,613,423
2022	\$34,863,164	\$38,797,183	\$31,314,777	\$85,874,527	\$96,452,327	\$76,404,145
2023	\$35,821,901	\$40,077,490	\$32,003,702	\$88,450,763	\$99,924,611	\$78,237,844
2024	\$36,807,003	\$41,400,048	\$32,707,783	\$91,104,286	\$103,521,897	\$80,115,553
2025	\$37,819,195	\$42,766,249	\$33,427,355	\$93,837,415	\$107,248,685	\$82,038,326

2026	\$38,859,223	\$44,177,535	\$34,162,756	\$96,652,537	\$111,109,638	\$84,007,246
2027	\$39,927,852	\$45,635,394	\$34,914,337	\$99,552,113	\$115,109,585	\$86,023,420
2028	\$41,025,868	\$47,141,362	\$35,682,452	\$102,538,677	\$119,253,530	\$88,087,982
2029	\$42,154,079	\$48,697,027	\$36,467,466	\$105,614,837	\$123,546,657	\$90,202,093
2030	\$43,313,316	\$50,304,029	\$37,269,751	\$108,783,282	\$127,994,336	\$92,366,944
2031	\$44,504,433	\$51,964,062	\$38,089,685	\$112,046,780	\$132,602,133	\$94,583,750
2032	\$45,728,305	\$53,678,876	\$38,927,658	\$115,408,184	\$137,375,809	\$96,853,760
2033	\$46,985,833	\$55,450,279	\$39,784,067	\$118,870,429	\$142,321,339	\$99,178,251

Appendix D: Estimated Tax Revenue Impact on Taxing Jurisdictions Within the DDA District

This report details the additional state equalized value/taxable value (SEV/TV) added to the DDA District since 1982 from new real property development, and the public revenues generated from new real property development within the DDA. Included within the report is the estimated growth of SEV/taxable value of new real property developments that the taxing jurisdictions within the DDA claim.¹ The report then analyses the impacts of these developments on both the DDA and the taxing entities from which the DDA receives its funding.

About the DDA District and Tax Increment Financing

Per Public Act 197 (1975), as amended, the Ann Arbor Downtown Development Authority collects the tax revenues levied by the City of Ann Arbor, Washtenaw County, the Ann Arbor Transportation Authority (AATA), Washtenaw Community College, and the Ann Arbor District Library on the *initial taxable value* of all new real and personal property within the DDA District. Before the passage of Proposal A in 1994, the DDA also received the tax revenues levied by the Ann Arbor Public Schools and the Washtenaw Intermediate School District on new property as well.

While the DDA collects the tax revenue from the initial assessed values of all new real and personal property, the municipal taxing jurisdictions from which the DDA receives its revenues collect the tax revenues from the increase in the SEV/taxable value of property within the District.

This arrangement, known as Tax Increment Financing (TIF), is intended to shift revenues from new property from the taxing jurisdictions to the DDA for financing public improvements and policies to stimulate new private development within the DDA District. In exchange for foregoing the tax revenue from the initial taxable values of new property, the individual taxing jurisdictions receive the future revenues from increased property values due in part to the development activities of the DDA within the DDA District. Overall, the goal is that the public improvements and policies that the DDA implements will not only increase the amount of real and personal

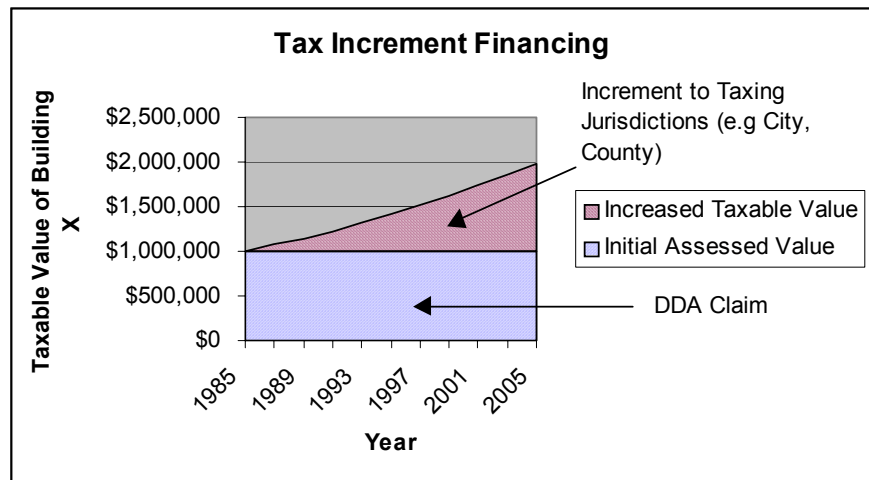


Chart 4: Tax increment financing (TIF) description.

¹ The "SEV/TV" is the assessed value of a property for tax purposes. This figure is multiplied by the millage rate each taxing jurisdiction levies on real and personal property to calculate the amount of tax owed by each property. Before Proposal A in 1994, this assessment figure was known as the **State Equalization Value (SEV)** of a property. After Proposal A in 1994, local tax assessments were based on the **taxable value (TV)** of a property.

property within the DDA District through new development and through increasing property values, but will also revitalize the downtown area and, through its stewardship, maintain and enhance its economic, physical, and social value.

Methodology

The data for this report is from DDA financial reports, tax assessment records from the City of Ann Arbor’s Assessor’s Division, property development records from the City’s Planning Department, and millage rates from the City Treasurer. To find the increase in SEV/TV of real property within the DDA District since 1982, a survey of over 140 new real property developments within the DDA District was undertaken to track each property’s SEV/TV growth since it entered the tax rolls. The SEV/TV growth of these individual properties was then combined to find the overall rate of SEV/TV growth for these sample properties. Next, this rate of growth was applied to the actual amount of the DDA’s real property base SEV/TV to get the estimated SEV/TV appreciation of all new DDA real property development.² Using the information above, the property tax millage rates of the taxing jurisdictions within the DDA was then applied to calculate the estimated amount of yearly public revenues generated by new real property development within the DDA District.

Results

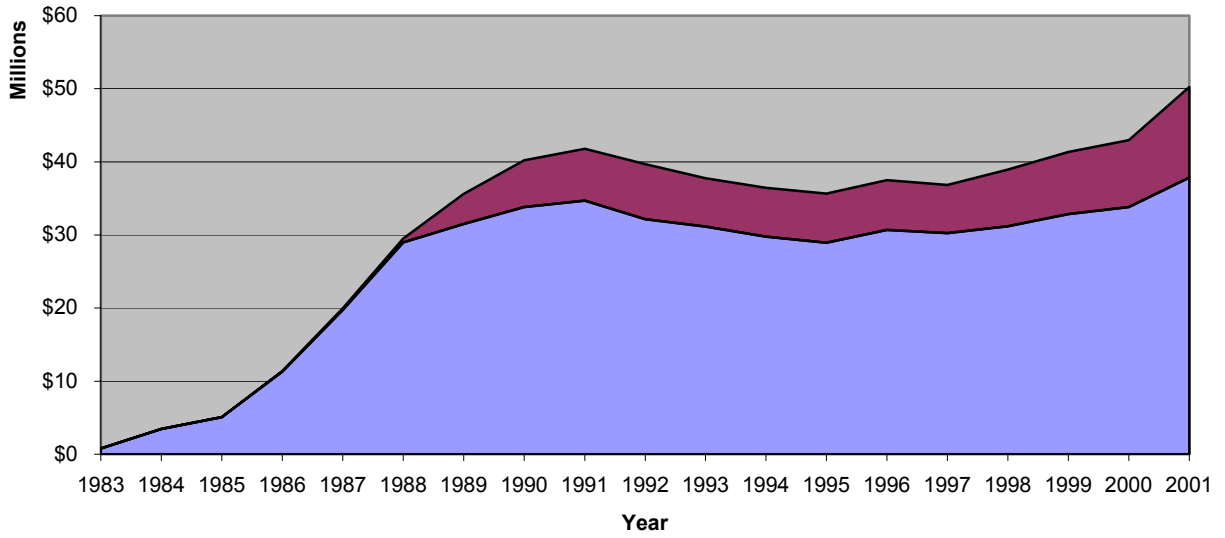
Table D1: DDA Taxable Base and Estimated SEV/TV Increment, 1983-2002

<u>Year</u>	<u>DDA Taxable Base</u>	<u>Estimated SEV/TV Increment</u>	<u>Year</u>	<u>DDA Taxable Base</u>	<u>Estimated SEV/TV Increment</u>
1983	\$789,100	\$0	1993	\$31,146,700	\$6,618,499
1984	\$3,455,900	\$0	1994	\$29,777,100	\$6,677,194
1985	\$5,079,600	\$0	1995	\$28,952,600	\$6,707,645
1986	\$11,290,200	\$115,672	1996	\$30,698,100	\$6,773,144
1987	\$19,730,000	\$250,210	1997	\$30,276,449	\$6,574,616
1988	\$29,008,600	\$491,865	1998	\$31,199,459	\$7,737,115
1989	\$31,480,700	\$4,121,542	1999	\$32,859,319	\$8,469,772
1990	\$33,814,400	\$6,384,156	2000	\$33,792,021	\$9,183,430
1991	\$34,688,300	\$7,096,818	2001	\$37,852,096	\$12,373,254
1992	\$32,158,000	\$7,538,092	2002	\$48,973,043	\$16,008,516

Table D1, above, describes the growth of both the DDA’s real property tax base and the estimated growth in SEV/TV from 1983-2002. Chart D1, below, describes this growth.

² The SEV/TV of the sampled real properties represented approximately 95% of the actual SEV/TV of the DDA ‘s real property tax base in 2000-2001.

Chart D1: Estimated Added Real Property Tax SEV/TV within the DDA District
(1983-2001, nominal)



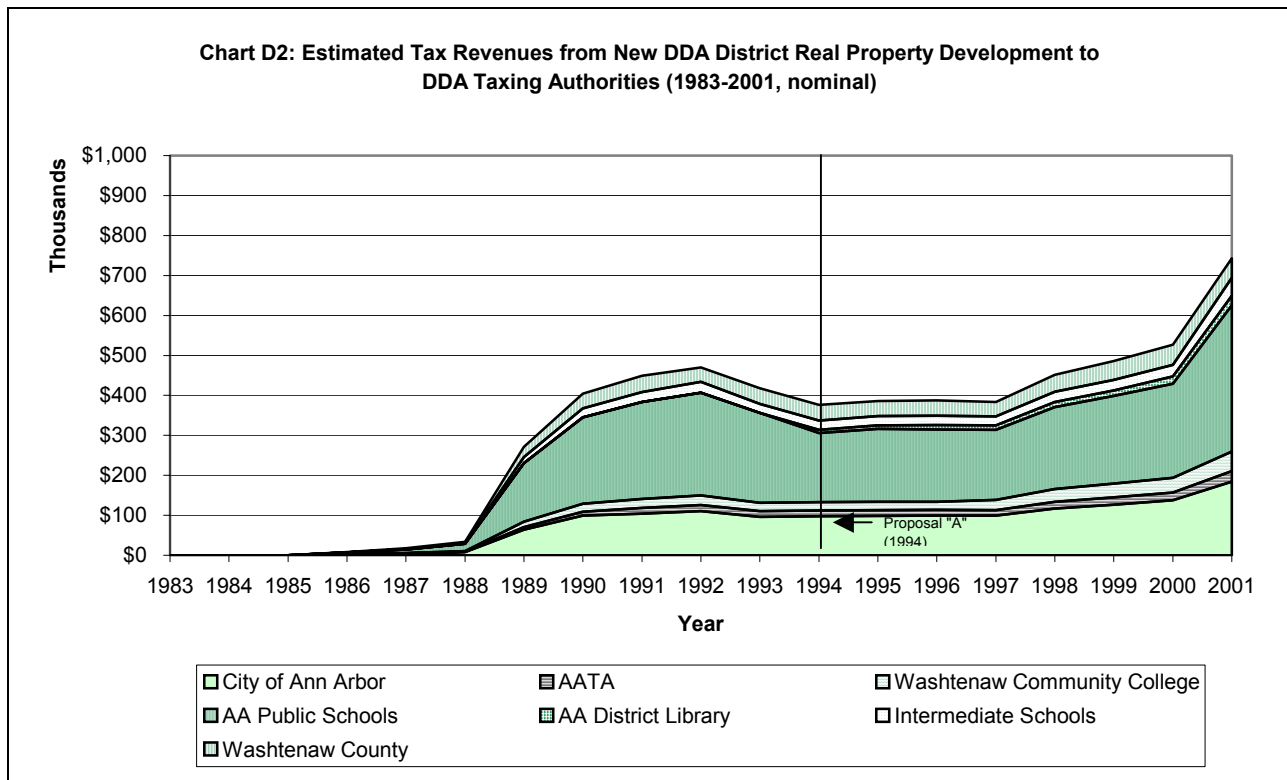
■ DDA Tax Base (nominal)

■ Estimated SEV/TV Increment (nominal)

- **Table D2: Estimated Public Revenues from New Real Property Development Within the DDA District**

	DDA	City of Ann Arbor	AATA	Washtenaw Community College	AA Public Schools	AA District Library	Intermediate Schools	Washtenaw County	Total Tax Revenues
1983	\$49,761	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$49,761
1984	\$227,087	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$227,087
1985	\$345,514	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$345,514
1986	\$767,282	\$1,958	\$231	\$307	\$4,338	\$0	\$259	\$768	\$775,143
1987	\$1,359,397	\$4,136	\$490	\$913	\$9,135	\$0	\$931	\$1,634	\$1,376,636
1988	\$1,972,295	\$8,032	\$738	\$1,776	\$18,081	\$0	\$1,800	\$3,015	\$2,005,737
1989	\$2,071,115	\$64,296	\$6,182	\$13,972	\$146,480	\$0	\$15,167	\$25,059	\$2,342,271
1990	\$2,143,495	\$99,082	\$9,576	\$20,046	\$216,295	\$0	\$22,600	\$37,092	\$2,548,186
1991	\$2,196,463	\$104,252	\$14,194	\$22,639	\$242,143	\$0	\$24,981	\$41,162	\$2,645,834
1992	\$2,004,087	\$110,735	\$15,076	\$24,047	\$257,200	\$0	\$26,534	\$36,183	\$2,473,860
1993	\$1,966,291	\$96,232	\$14,230	\$20,517	\$225,160	\$0	\$22,767	\$38,916	\$2,384,114
1994	\$1,677,474	\$97,986	\$14,359	\$20,633	\$172,506	\$8,573	\$22,970	\$39,128	\$2,053,629
1995	\$1,664,031	\$98,788	\$14,425	\$20,592	\$182,463	\$8,612	\$23,074	\$37,563	\$2,049,548
1996	\$1,754,603	\$99,233	\$14,566	\$19,913	\$181,144	\$11,176	\$23,300	\$37,800	\$2,141,733
1997	\$1,767,599	\$99,086	\$14,139	\$25,660	\$175,211	\$10,848	\$22,523	\$36,372	\$2,151,438
1998	\$1,821,996	\$117,257	\$16,639	\$31,745	\$204,725	\$12,766	\$25,662	\$43,041	\$2,273,830
1999	\$2,010,420	\$126,890	\$18,214	\$34,149	\$219,137	\$13,975	\$26,737	\$47,269	\$2,496,792
2000	\$1,938,429	\$137,660	\$19,648	\$36,682	\$235,342	\$17,908	\$28,754	\$50,800	\$2,465,223
2001	\$2,033,038	\$184,052	\$26,324	\$49,148	\$365,511	\$24,128	\$44,904	\$49,148	\$2,776,253

Chart D2, below, shows the information from Table D2 without the DDA revenue.



Analysis of Tax Base and Revenue Growth Patterns

Much of the growth in the DDA's taxable base occurred from 1985 to 1990 due to many major development projects within downtown Ann Arbor during this time. However, by 1991, the effects of several events at the macroeconomic level, as well as tax code changes at the federal and state level during the 1980s and 1990s, impacted the value of commercial real estate and the property tax revenues from it, beginning a four-year decrease in the DDA's taxable base that did not reverse until 1995. The impact of these events is even more pronounced if the DDA tax base and estimated SEV/TV increment are adjusted into 2001 constant dollars

The taxing authorities with jurisdiction over the DDA area increased their revenues dramatically during the late 1990s, despite the slow-down in real property development earlier in the decade. The incremental SEV/TV from which the taxing authorities receive revenues grew by 60% from 1995 to 2001, while the DDA SEV/TV base grew by 6%. In addition, the adjusted revenue for the DDA remained relatively flat during this period, rising 6% (less than 75% of that from 1988-1993, adjusted), while, for the taxing authorities within the DDA, from 1995 to 2001 the adjusted amount of tax revenue from new real property developments grew by 66% from \$446,000 (2001 const. dollars) in 1995 to \$743,000 (2001 const. dollars) in 2001.

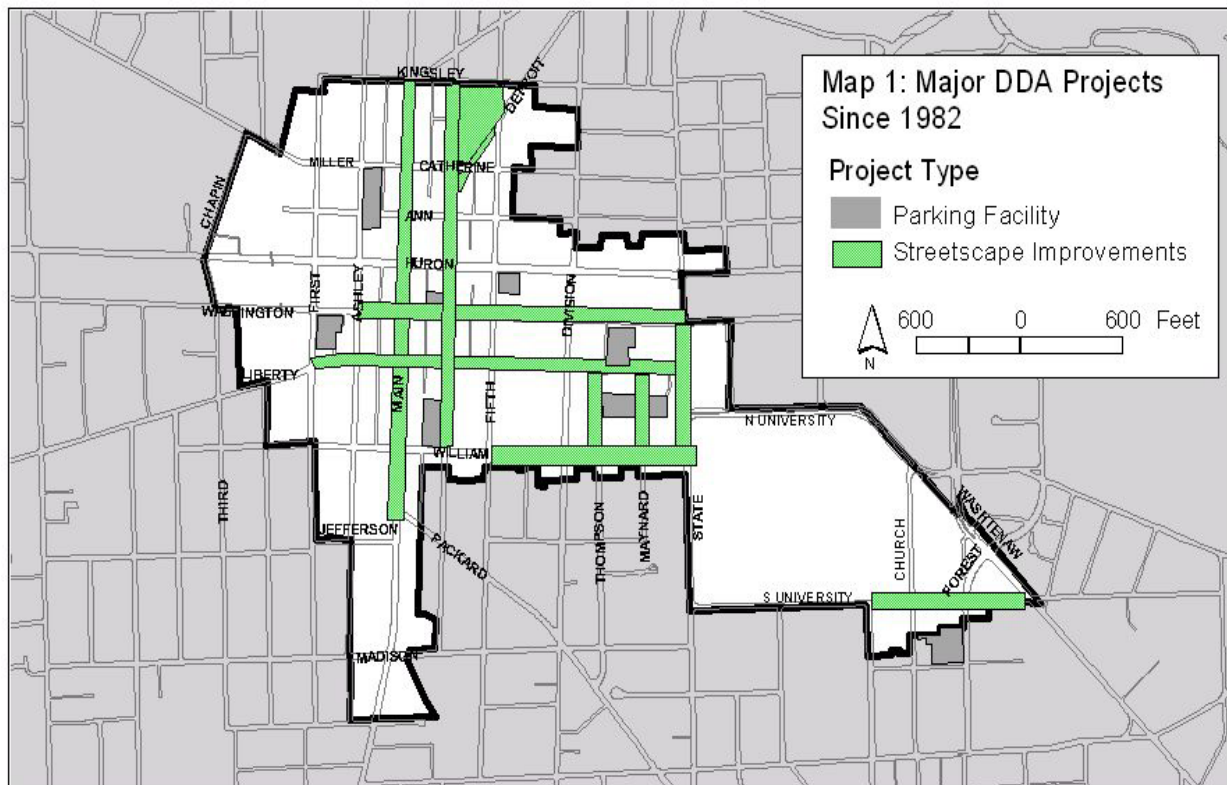
Appendix E: Notable DDA Projects Since 1982

• **Table E1: Detailed Listing of Major Projects Since 1982**

Fund	Project Type	Year	Project
0003	1. Streetscape	1982	Detroit Street/Farmer's Market Improvements
0003	1. Streetscape	1982	Liberty Street and South Fourth Avenue
0003	1. Streetscape	1989	Main Street Improvements
0003	1. Streetscape	1989	South University Improvements
0003	1. Streetscape	1990	Liberty Street and South Fourth Avenue
0003	1. Streetscape	1991	Alley between William & Liberty resurfaced
0003	1. Streetscape	1993	Detroit Street/Sculpture Plaza Improvements, incl lights
0003	1. Streetscape	1995	Kerrytown area street lights installed
0003	1. Streetscape	1995	Baker Commons landscaping & pedestrian improvements
0003	1. Streetscape	1995	Repair brick pavers and street lights on State/Liberty
0003	1. Streetscape	1996, 99	Sculpture Plaza seating, tables, umbrellas
0003	1. Streetscape	1997-02	Annual sponsorship of city maintenance walkthrough
0003	1. Streetscape	1998	Rebrick tree wells, E. Liberty/E. Washington
0003	1. Streetscape	1998	Tree planter at N.U. and Thayer
0003	1. Streetscape	1999	Pedestrian improvements funding for Ashley Mews
0003	1. Streetscape	2000-03	State Street Area Improvements Project
0003	1. Streetscape	2001	Repair tree wells on E. Liberty/E. Washington
0003	1. Streetscape	2001-02	Fourth Avenue sidewalk repairs and enhancements
0003	1. Streetscape	2003	Liberty Plaza Park repairs and enhancements
0003	1. Streetscape	2003	E.U./Church/Forest sidewalk repairs and enhancements
0003	3. Grants	1988	Downtown Handbook Project
0003	3. Grants	1988	Historical Street Exhibit Program seed grant
0003	3. Grants	1996-03	Grants to Downtown Area Associations, IDA Conference
0003	3. Grants	1997-98	Bicycle Coordinating Committee for bike hoops
0003	3. Grants	2000-01	IT Zone enhancement grants
0003	3. Grants	1999	Michigan Theater façade restoration grant
0003	3. Grants	1999	Holiday TV ad campaign with downtown associations
0003	3. Grants	1999-03	Get!Downtown Program grants and Go!Pass funding
0003	3. Grants	2001	Grant to enable an electrical transformer in a private alley
0003	3. Grants	2002	Hands On Museum to assist with building repairs
0003	3. Grants	2002	Washtenaw Housing Alliance for lights along Huron St
0003	3. Grants	2002	Historic Façade Loan Program created
0003	3. Grants	2003	Downtown web site created
0003	4. Studies	1986	Downtown model
0003	4. Studies	1988	Downtown Event Center feasibility study & task force support
0003	4. Studies	1989-90	Library lot task force support and study funding

Fund	Project Type	Year	Project
0003	4. Studies	1990	Downtown Pedestrian Improvements Plan
0003	4. Studies	1992	Ann Arbor Inn feasibility study
0003	4. Studies	1992	Parking/housing report
0063	4. Studies	1995	South Forest evaluation & potential uses study
0063	4. Studies	1995	Downtown parking demand study
0003	4. Studies	1995	Strategic planning study
0063	4. Studies	1997	Maynard and Fourth & William structure assessment
0063	4. Studies	1997	Liberty Sq., Ann Ashley, 1 st & Washington assessments
0063	4. Studies	1998	South Forest retail opportunities study
0003	4. Studies	2000	Two-way traffic analysis in the State St Area
0063	4. Studies	2000	Analysis of adding a floor to Fourth & William structure
0003	4. Studies	1999	State Street Area study commissioned from UM
0003	4. Studies	2001	South University Area study commissioned from UM
0003	5. Housing Grants	1989	YMCA single occupancy development support
0003	5. Housing Grants	1990	Moved William/Ashley house for Avalon Housing
0003	5. Housing Grants	1991	Day shelter renovation (S. Ashley)
0003	5. Housing Grants	1994	Ann Arbor Inn maintenance grant
0003	5. Housing Grants	1996	Homeless shelter assistance
0003	5. Housing Grants	1998	Support for housing on N. Ashley (Avalon project)
0003	5. Housing Grants	1999-00	LISC partnership challenge grants
0003	5. Housing Grants	1999	Ashley Mews affordable housing grant
0003	5. Housing Grants	1999	Courthouse Square leasehold improvements grant
0003	5. Housing Grants	2000	Courthouse Square elevator replacement grant
0003	5. Housing Grants	2000-01	Dawn Farm - Chapin Street house purchase grants
0003	5. Housing Grants	2001-03	Chamber Housing Innovation Program grants
0003	2. Parking - TIF	1984	Liberty Square construction
0003	2. Parking - TIF	1984	4 th & Washington repairs
0003	2. Parking - TIF	1985	Ann Ashley construction
0063	6. Parking	1982	South Forest repairs
0063	6. Parking	1984	Farmer's Market repairs, including parking lot repairs
0063	6. Parking	1988	4th/Washington, Forest & Maynard structure repairs
0063	6. Parking	1989	Kline's parking structure land purchase and design
0063	6. Parking	1989	4 th & William parking structure repairs
0063	6. Parking	1991	Additional 4 th & William repairs & expansion
0063	6. Parking	1992	Assumed management of off-street parking system
0063	6. Parking	1992	Equipment purchased for conversion to attended lots
0063	6. Parking	1992	4th & Washington, 1 st & Washington, 4 th & William repairs
0063	6. Parking	1992	S. Ashley (Kline) Lot constructed
0063	6. Parking	1993	Maynard repairs
0063	6. Parking	1996-97	1 st & Washington and 4 th & Washington emergency repairs

Fund	Project Type	Year	Project
0063	6. Parking	1997	Fifth/Huron surface lot construction
0063	6. Parking	1998	Sprint antenna installed on Ann Ashley deck
0063	6. Parking	1998	Ann Ashley renovation and equipment upgrade
0063	6. Parking	1998	Liberty Square renovation and equipment upgrade
0063	6. Parking	1998	Free employee shuttle – partnership with AATA
0063	6. Parking	1998-99	Maynard repairs, upgrades, enhancements
0063	6. Parking	1998-99	Fourth & Washington demo/construction
0063	6. Parking	1999-01	Elevator equipment and interior replacements
0063	6. Parking	1999-02	Parking equipment upgrades and replacements
0063	6. Parking	1999-01	Forest demolition & construction in partnership w/UM
0063	6. Parking	1999-02	Downtown walk & alternative transportation maps printed
0063	6. Parking	2000	1 st & Washington conditional appraisal
0063	6. Parking	2001	Installation of VoiceStream antenna on the Forest deck
0063	6. Parking	2001-03	1 st & Washington redevelopment project
0063	6. Parking	2001-02	4 th & William repairs, upgrades, enhancements
0063	6. Parking	2002	New landscaping and surfaces at various parking lots
0063	6. Parking	2002	Assumed responsibility for on-street parking system



Appendix F: The DDA Board

DDA Board Appointment, Terms and Qualifications

As set forward by PA 197 of the Public Acts of 1975, the DDA shall be under the supervision and control of a board of not less than 8 nor more than 12 members as determined by City Council. DDA Members are appointed by the chief executive officer of the municipality, subject to approval by Council, and shall serve four-year terms. The Act sets forward board membership as follows:

- 1 seat is reserved for a resident from within the DDA District
- 1 seat is reserved for the chief executive officer of the municipality
- The majority of seats shall be persons with an interest in property in the Downtown District

Powers of the DDA Board As Outlined by PA 197

- Prepare an analysis of economic changes taking place in the downtown district.
- Study and analyze the impact of metropolitan growth upon the downtown district.
- Plan and propose the construction, 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.
- Propose, plan, and implement an improvement to a public facility within the District to comply with the barrier free design requirements of the state construction code.
- Develop long-range plans 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.
- Implement any development plan in the District necessary to achieve the purposes of this act, in accordance with the powers of the Authority as granted by this act.
- Make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties.
- 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.
- 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.
- 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.
- Lease any building or property under its control, or any part thereof.
- Accept grants and donations of property, labor, or other things of value from a public or private source.
- Acquire and construct public facilities.

Original 1982 Ann Arbor Downtown Development Authority

John Swisher, III, Chairman	Richard Butts	Alan Mandel
Godfrey W. Collins, Vice Chair	Terry Chase	Vivian Shapiro
Dale Apley	Earl Greene	David Shipman
Eunice Burns	James Hart	Kent Whiteman

Original 1982 DDA Citizens Advisory Council

Debora Slee, Chairwoman	David Casto	Daniel Kaercher
Victor Adamo	Jean Contee	William Ternes
Richard Boyd	Eleonora diLiscia	Ellen Wilt
	James Frey	

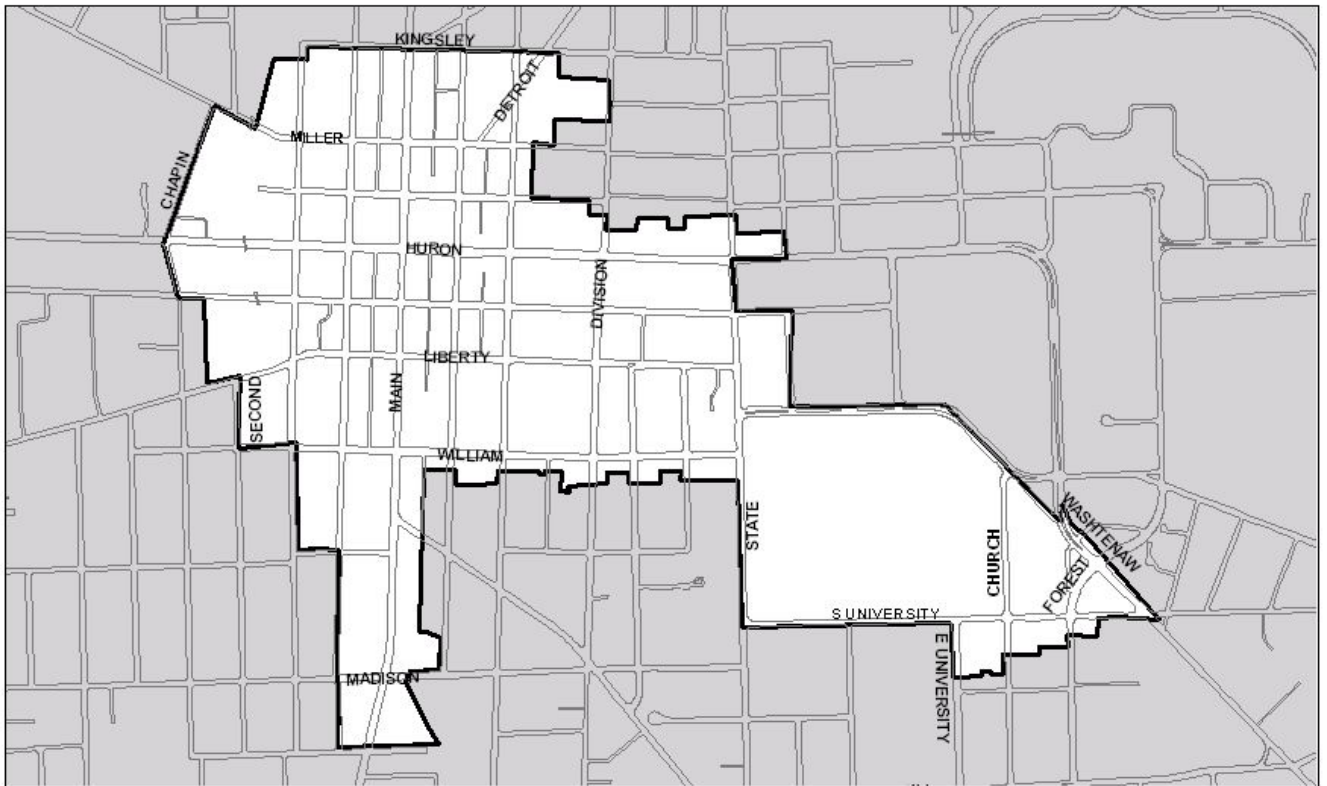
List of Previous DDA Board Members

<u>Board Member</u>	<u>Tenure</u>	<u>Board Member</u>	<u>Tenure</u>
Dale Apley	Jul-82 to Dec-85	Peter Long	Dec-90 to Sep-91
Eunice Burns	Jul-82 to Sep-88	Donald Mason	Dec-90 to Jul-91
Richard Butts	Jul-82 to May-86	Lorri Sipes	May-91 to --
Terry Chase	Jul-82 to Aug-87	Alfred Gatta	Aug-91 to Aug-95
Godfrey Collins	Jul-82 to Jul-88	Edward Surovell	Aug-91 to Sep-95
Earl Greene	Jul-82 to Sep-88	Dave DeVarti	Oct-91 to --
James Hart	Jul-82 to Nov-92	Leah Gunn	Oct-91 to --
Alan Mandel	Jul-82 to Jul-88	Kristen Hoppe	Oct-91 to May-94
Vivian Shapiro	Jul-82 to Oct-84	David Fritz	Dec-92 to --
David Shipman	Jul-82 to Jul-86	Ruth Scheckter	Dec-92 to Dec-95
John Swisher	Jul-82 to Aug-87	Karl Pohrt	May-93 to Jul-01
Kent Whiteman	Jul-82 to Aug-89	Paul Ungrodt, Jr.	Jun-94 to Jul-02
Debora Slee	Nov-84 to Jul-86	Robert Gillett	Nov-94 to --
Mary Reilly	Jan-86 to May-94	Winifred Northcross	Sep-95 to Dec-95
Ulrich Stoll	Jun-86 to Jul-89	Robert Gates	Oct-95 to Aug-98
Victor Adamo	Aug-86 to Aug-95	Deanna Relyea	Oct-95 to Sep-99
C. Ferchland	Sep-87 to Jan-89	Edward Shaffran	Oct-95 to Sep-99
George Sallade	Sep-87 to Sep-95	Neal Berlin	Jan-96 to Aug-01
Shirley Clarkson	Oct-87 to Feb-89	Maria Harshe	Jan-96 to Sep-00
Del Borgsdorf	Aug-88 to Nov-90	Ronald Dankert	Sep-98 to --
Jon Gordon	Aug-88 to Apr-93	Robert Aldrich	Oct-99 to --
Robert Anderson	Oct-88 to Nov-92	Fred Beal	Oct-99 to --
Joe O'Neal	Oct-88 to Jul-91	Rene Greff	Oct-00 to --
Gerald Jernigan	Feb-89 to Jul-91	Dave Solo	Sep-01 to --
Ann Black	Mar-89 to Nov-90	John Hieftje	Sep-01 to --
Sandra Campbell	Aug-89 to Apr-91		
Don Chisholm	Sep-89 to Sep-91		

Appendix G: The DDA District

DDA District Boundaries

The Ann Arbor Downtown Development District encompasses all or part of 67 city blocks, or approximately 271 acres, of which 80 acres are public rights-of-way. This DDA Renewal Plan maintains the original DDA district boundary,



Legal Description of the DDA 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 to the north right-of-way line of Willard, thence east to the west right-of-way line of South Forest Avenue, thence north 232 feet, thence easterly approximately 188 feet to the west line of Lot #9, Block 5, 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 a 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

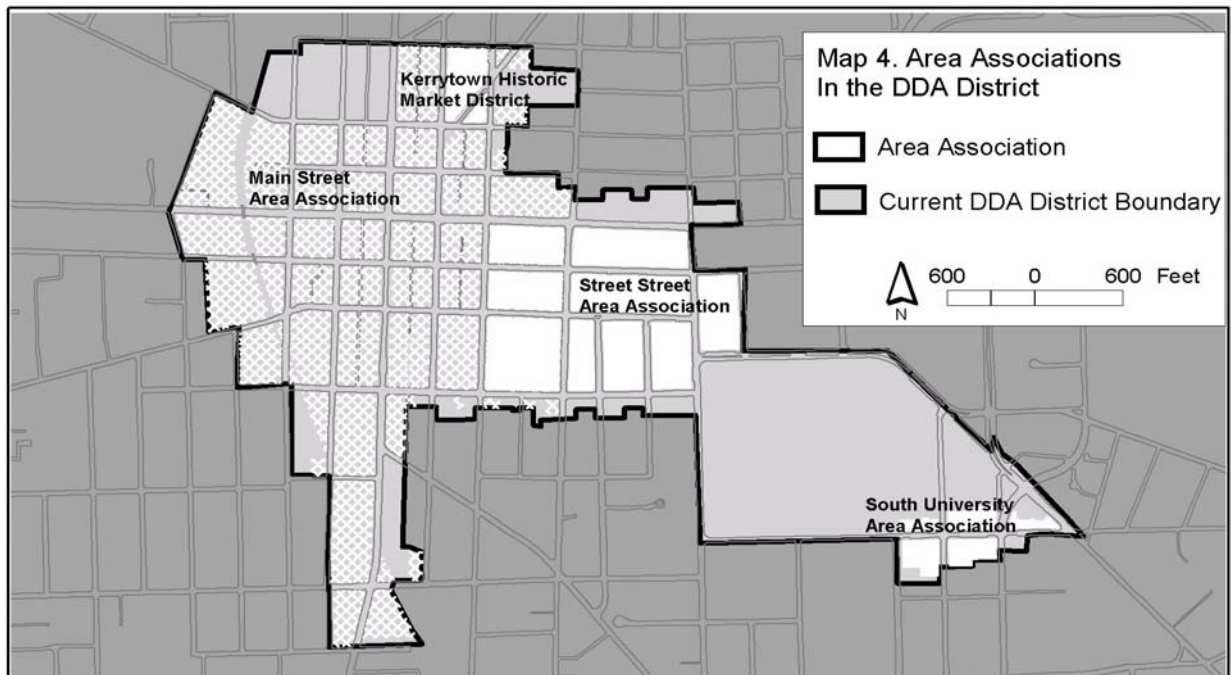
of Lot #17, of Assessor's Plat No. 8; thence south to the north line of Lot #18 of said plat; thence west to the east line of Lot #20 of said Assessor's Plat No. 8; thence north along the east line of said Lot #20 to the north line of said lot; thence west 150.08 feet to the east line of Lot #1 of Assessor's 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 off 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 #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, #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 of East and West Kingsley Street to the intersection of the right-of-way line of North First Street with the north right-of-way line of West Kingsley Street; thence south $4^{\circ} 02' 10''$ west 131.56 feet; thence north $83^{\circ} 23' 50''$ west 137.76 feet; thence south $15^{\circ} 31' 45''$ west 66 feet; thence south $15^{\circ} 01' 40''$ 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 West William Street; thence east along the south right-of-way line of West 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 northeasterly 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 appoint 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 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.

Political and Area Association Boundaries within the DDA

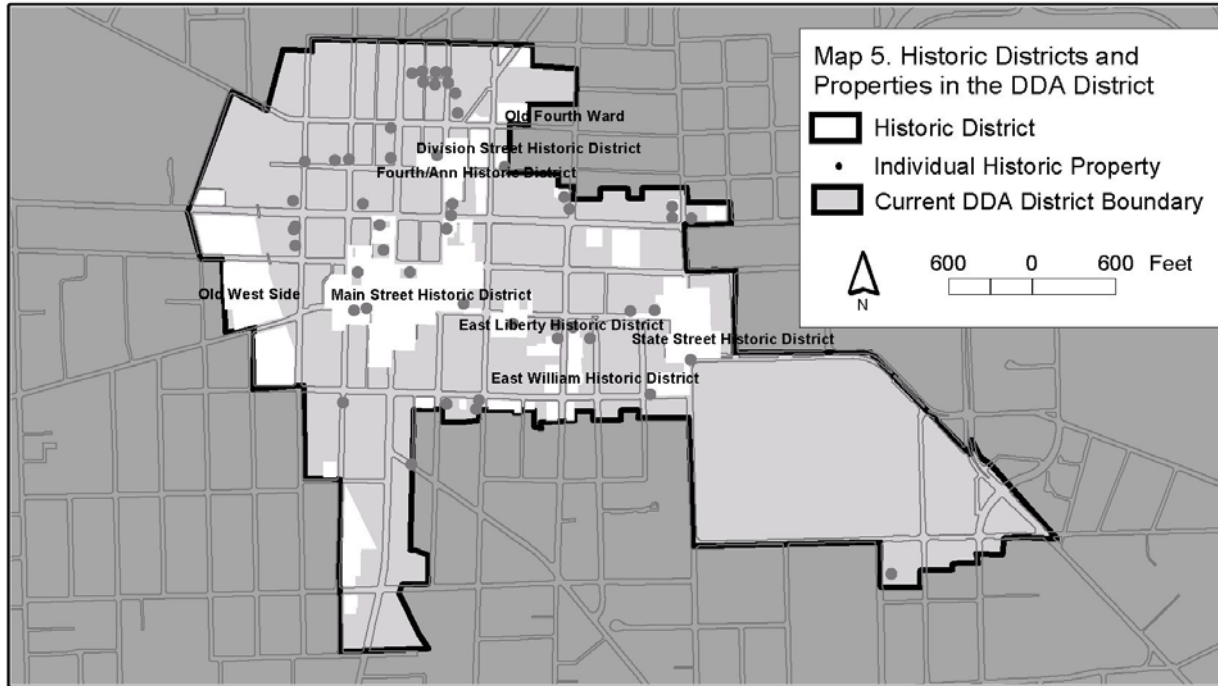
All five City wards represent portions of the DDA District.

Four downtown Area Associations are within the DDA District: Kerrytown District Association (formerly the Kerrytown Historic Market District), Main Street Area Association, South University Area Association, and State Street Area Association.



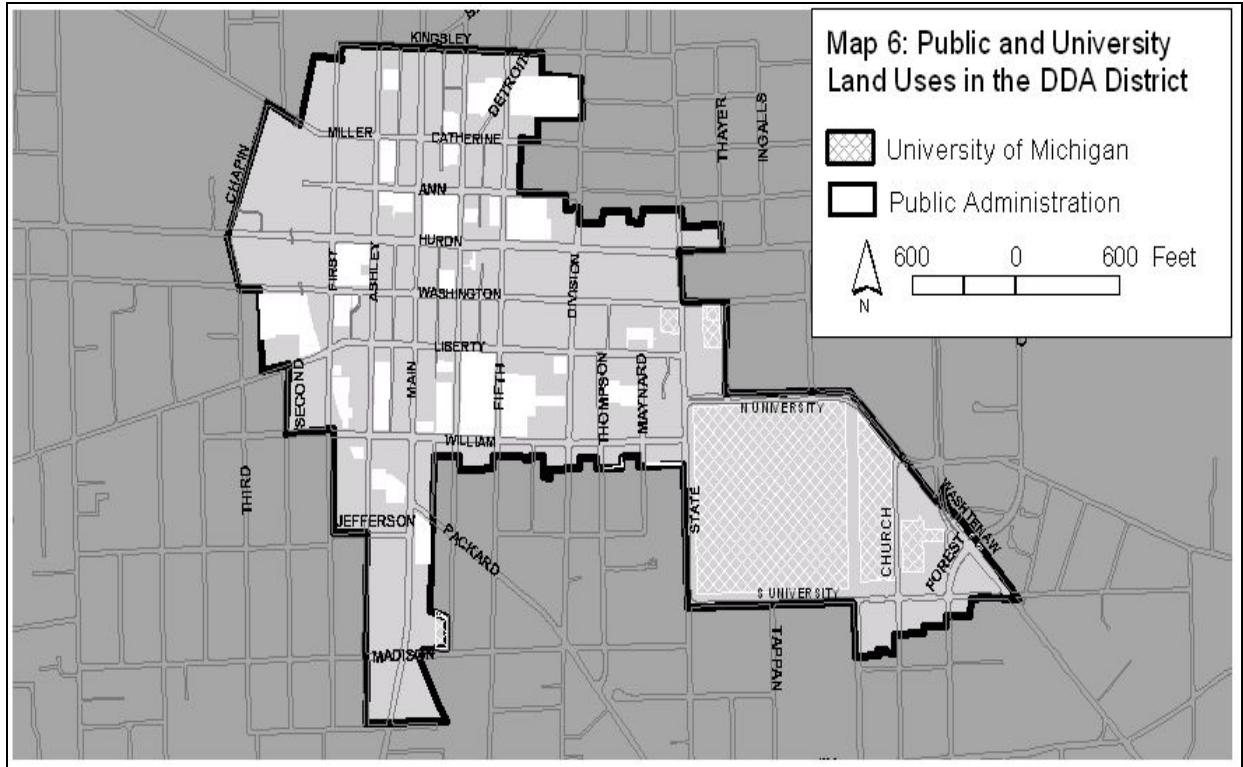
Historic Districts and Buildings within the DDA

An important aspect of downtown Ann Arbor's identity is its history, which is celebrated in its numerous older and historic buildings. These buildings are of a "human scale" and make downtown distinctive, attractive and user-friendly. Map 5, below, indicates the location of historic districts and buildings within the DDA boundaries. Overall, nine historic districts and 49 historic buildings are located within DDA boundaries.



Land Uses in the DDA District

The DDA District contains a diversity of public and private uses within a variety of neighborhoods. The characteristics of three general types of land uses found within the DDA are described below: public, commercial (non-residential), and residential.



Public Land Uses

Approximately 72 acres of land are currently in public use (excluding public rights-of-way), representing 37.6% of the parcel area within the district.

The University of Michigan occupies significant area within the District – 42 acres, or 21.8% of the total parcel acreage (not including public right-of-way). The University’s status as an entity with separate jurisdiction from the City of Ann Arbor means exemption from local taxes or control by local policy-making institutions. Consequently, the City and the DDA have limited official influence on its land-use practices; likewise, the University has little official influence on what actions the City and DDA take in downtown policy and development. However, the University and the downtown affect one another significantly, and a natural, and mutually rewarding partnership exists. The University’s students, faculty, and visitors impact the economic, social, and political landscape of the downtown area. At the same time, a vibrant downtown is an asset that helps attract the best talent and resources to the University of Michigan and, just as importantly, to the Ann Arbor community.

Other public uses in the Development District include the following:

Existing Public Land Developments:

- A portion of the University of Michigan Central Campus. Its buildings include several libraries, the College of Literature, Science, and Arts, museums, the School of Natural Resources and Environment, and many faculty and staff offices.
- City, County and Ann Arbor Public School buildings, other civic facilities (including historic buildings), and parks.

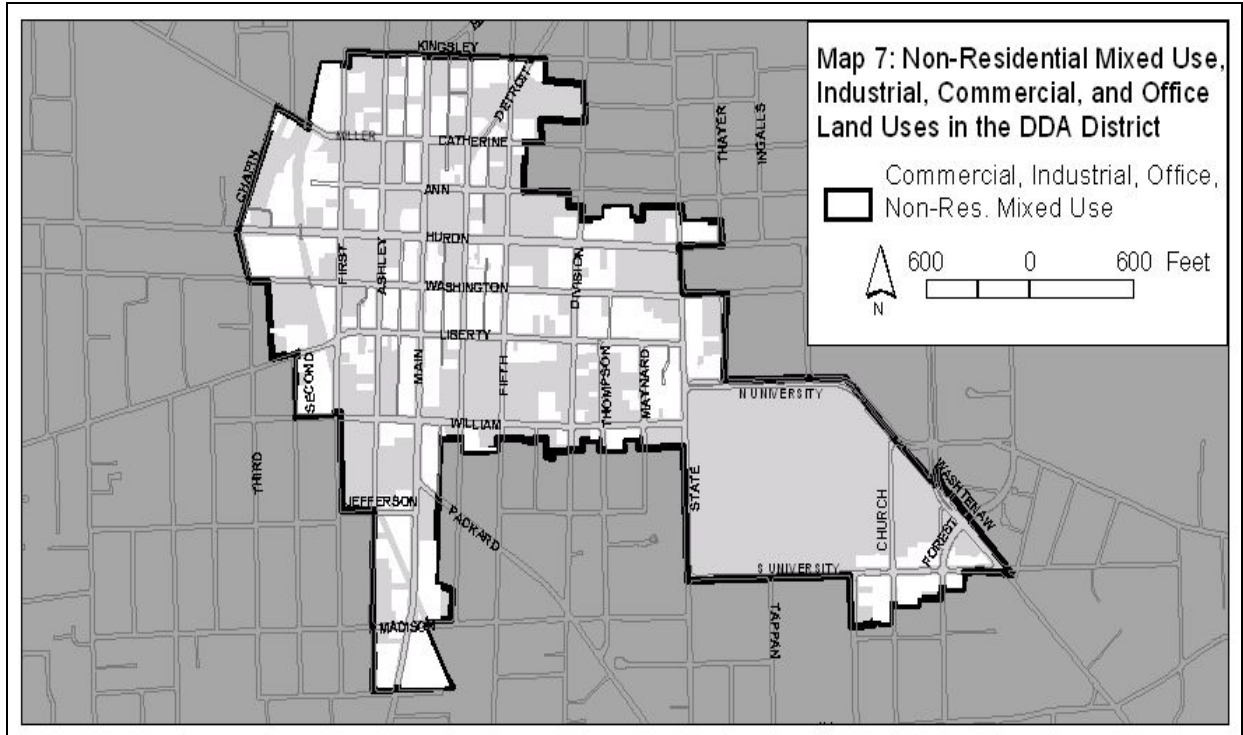
- Off-Street Public Parking Facilities. Within DDA boundaries are seven public parking structures, containing a total of 4,420 spaces, and nine public parking lots, containing a total of 830 spaces. There are also approximately 1,500-metered street parking spaces, in addition to several thousand spaces on the University of Michigan Central Campus.
- Farmers' Market, a City-owned canopy structure and accessory building in Kerrytown that is used for the sale of farm goods.
- The Ann Arbor Transportation Authority (AATA) Blake Transit Center, the central hub for countywide bus operations.
- Ninety-one acres of public right-of-way (streets and alleys), representing 31% of the district's area.

Recent Public Land Developments:

- The University of Michigan has undertaken a number of recent additions to existing buildings, including the Dow Laboratory, the Randall Laboratory, Haven Hall, Tappan Hall, the expansion and renovation of the Shapiro Undergraduate Library, and the renovation of Rackham and Hill Auditorium. The University has also added new facilities (both within and near the DDA boundaries), such as Tisch Hall, the School of Social Work Building, and construction of facilities for the Life Sciences Initiative.
- A public use easement for the privately owned walkway and plaza that passes through the Ashley Mews development at Main/Packard. Funding for the plaza, walkway, and other Ashley Mews pedestrian improvements were provided by the DDA.
- Michigan Theater renovation. Constructed in 1928, and now used as an entertainment center for movies, stage shows and performances, the theater recently underwent a series of improvements, including the addition of a 200-seat screening room, new air conditioning/heating system, the restoration of its original façade and marquee, and replacement of its box office and lobby. A DDA grant contributed to the renovation of the façade and outer lobby.
- The Ann Arbor Hands-On Museum, which has occupied a historic downtown fire station since 1982, underwent an extensive expansion and renovation in 1999 that quadrupled its exhibit space. A pending DDA grant will assist them with further repairs.
- Washtenaw County Annex Building. The County recently completed construction of a four-story building at the corner of N. Main & E. Ann Streets.

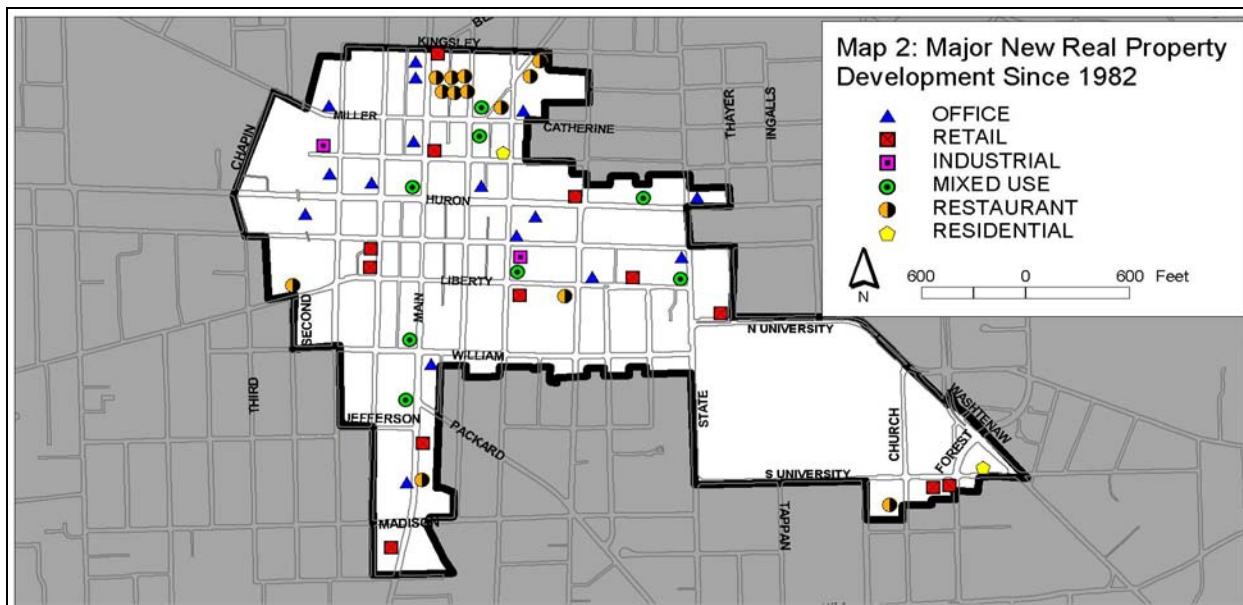
Commercial Land Uses

Approximately 67 acres of land are devoted to commercial activities in the DDA District, representing 34.7% of the total parcel acreage within the DDA. Nearly 1100 individual commercial businesses exist within the District. Included within this number are the three downtown hotels: The Campus Inn (208 rooms), the Bell Tower Hotel (66 rooms), and the Embassy Hotel (25 rooms); and manufacturers, such as the Eaton Plant on South First Street. Individual stores within downtown retail shopping buildings as well as multi-tenant buildings including the South Main Market, Galleria, Kerrytown Shops, etc.) are also represented. A complete commercial land use comparison between 1982 and 1999 for the Downtown Development District is in Appendix B.



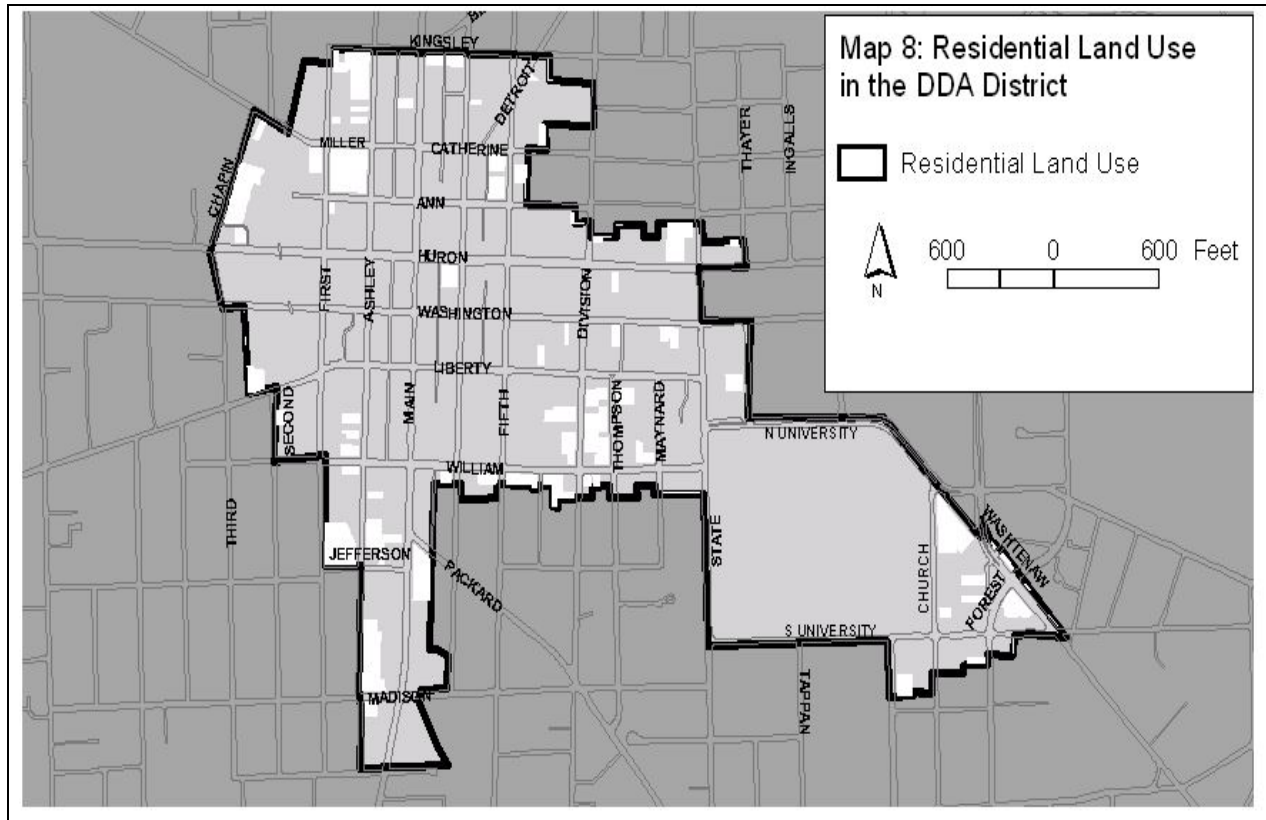
Recent Private Developments Include:

- Ashley Mews/Syndeco development at Main and Packard Streets, including a nine-story mixed-use building (first floor retail and two floors of penthouse residential) and 49 townhouses, with eight units set aside for affordable housing.
- The 350 South Main Building, at the northwest corner of Main & William, which includes first floor retail and three stories of office space.
- Redevelopment of the old Kline’s Department Store building into first floor retail and three floors of loft apartments.
- Schlenker Hardware Building restoration and addition on West Liberty Street



Residential Land Uses

A survey conducted by the DDA's Citizens Advisory Council in 2001 showed that approximately 3,300 residents lived in 1,836 dwelling units. Residential dwelling units include single-family homes (69 units), multiple-family homes and apartment buildings (1,542 units), lofts (121), single-room occupancy units (103), and spaces in a homeless shelter. This represents a ten percent increase in the number of residential units over 1982, when the District contained 1,674 dwelling units with an estimated 3,000 residents. Land used for residential (including mixed use with residential) covers 32 acres of the District, or 16.6% of the total parcel area.



Several residential trends in the downtown area were evident within the past two decades: 1.) conversion of some single family homes into professional offices during the 1980's (e.g., on Kingsley, North Main Street, and Division Street); 2.) conversion of upper-floor storage and obsolete office spaces into residential condominiums in mixed-use buildings; 3.) construction of residential space in new mixed-use buildings, as well as infill projects on marginal or long-vacant parcels of land. Recent projects include:

- Infill residential development on West William Street and South University.
- Conversion of the former National Guard Armory at Fifth Avenue & Ann Street into 13 residential condominium units.
- Conversion of a former racquetball club at Liberty & Main into residential condominium units.
- Conversion of the former Ann Arbor Inn into the Courthouse Square Apartment building, which provides 117 apartments for low income seniors.

- Conversion of former upstairs retail storage space into condominiums and loft apartments on Main Street, Fourth Avenue, State Street, Liberty Street, and others.
- Residential condominiums constructed in the One North Main building, Sloan Plaza, and Ashley Mews.

In the 1980's and 1990's the availability of affordable housing became an issue of increased focus as rents and sale prices in Ann Arbor increased dramatically. Affordable housing is defined as housing whose cost is no more than 30% of household income. In Ann Arbor, affordable housing projects have often targeted households earning 80% or less of the local median income, as defined by the U.S. Department of Housing and Urban Development (HUD).

Within the DDA District there are currently 138 privately owned units dedicated to affordable housing, including 117 units at Courthouse Square Apartments and 8 at Ashley Mews, as well as 64 City-owned units at Baker Commons. Many affordable units are managed by non-profit housing organizations such as Avalon Housing and the Washtenaw Affordable Housing Corporation.

Appendix H:

Purpose of the Michigan DDA Act and Creation of the Ann Arbor DDA

Act No. 197 of Public Acts of 1975 of the State of Michigan, as amended, 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 depends upon the problems and opportunities facing each particular downtown district and the development priorities sought by the community in the revitalization of its center. The Act is set forth in "Downtown Development Authority Act (PA 197 of 1975, as amended)," in Appendix I.

Creation of the 1982 Ann Arbor DDA

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 and DDA District boundary, effective May 26, 1982. The Authority was given all 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.

Determination of Necessity for the Continuation for the Ann Arbor Development District

The need for continuing the work and the funding of the DDA is clear. The future success of Ann Arbor's efforts to sustain a vital downtown 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 create new jobs, attract new businesses, and generate additional tax revenues.

Appendix I:

Downtown Development Authority Act

(PA 197 of 1975, as amended)

125.1651 Definitions. [M.S.A. 5.3010(1)]

Sec. 1. As used in this act:

(a) "Advance" means a transfer of funds made by a municipality to an authority or to another person on behalf of the authority in anticipation of repayment by the authority. Evidence of the intent to repay an advance may include, but is not limited to, an executed agreement to repay, provisions contained in a tax increment financing plan approved prior to the advance, or a resolution of the authority or the municipality.

(b) "Assessed value" means 1 of the following:

(i) For valuations made before January 1, 1995, the state equalized valuation as determined under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

(ii) For valuations made after December 31, 1994, the taxable value as determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(c) "Authority" means a downtown development authority created pursuant to this act.

(d) "Board" means the governing body of an authority.

(e) "Business district" means an area in the downtown of a municipality zoned and used principally for business.

(f) "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 specific local taxes are paid in lieu of property taxes as determined in subdivision (x), exceeds the initial assessed value. The state tax commission shall prescribe the method for calculating captured assessed value.

(g) "Chief executive officer" means the mayor or city manager of a city, the president or village manager of a village, or the supervisor of a township or, if designated by the township board for purposes of this act, the township superintendent or township manager of a township.

(h) "Development area" means that area to which a development plan is applicable.

(i) "Development plan" means that information and those requirements for a development set forth in section 17.

(j) "Development program" means the implementation of the development plan.

(k) "Downtown district" means an area in a business district that is specifically designated by ordinance of the governing body of the municipality pursuant to this act.

(l) "Eligible advance" means an advance made before August 19, 1993.

(m) "Eligible obligation" means an obligation issued or incurred by an authority or by a municipality on behalf of an authority before August 19, 1993 and its subsequent refunding by a qualified refunding obligation. Eligible obligation includes an authority's written agreement entered into before August 19, 1993 to pay an obligation issued after August 18, 1993 and before December 31, 1996 by another entity on behalf of the authority.

(n) "Fiscal year" means the fiscal year of the authority.

(o) "Governing body of a municipality" means the elected body of a municipality having legislative powers.

(p) "Initial assessed value" means the assessed value, as equalized, 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, as shown by the most recent assessment roll of the municipality for which equalization has been completed at the time the resolution is adopted. 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 specific local tax is paid in lieu of a property tax shall not be considered to be property that is exempt from taxation. The initial assessed value of property for which a specific local tax was paid in lieu of a property tax shall be determined as provided in subdivision (x). In the case of a municipality having a population of less than 35,000 which established an authority prior to 1985, created a district or districts, and approved a development plan or tax increment financing plan or amendments to a plan, and which plan or tax increment financing plan or amendments to a plan, and which plan expired by its terms December 31, 1991, the initial assessed value for the purpose of any plan or plan amendment adopted as an extension of the expired plan shall be determined as if the plan had not expired December 31, 1991. For a development area designated before 1997 in which a renaissance zone has subsequently been designated pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, the initial assessed value of the development area otherwise determined under this subdivision shall be reduced by the amount by which the current assessed value of the development area was reduced in 1997 due to the exemption of property under section 7ff of the general property tax act, 1893 PA 206, MCL 211.7ff, but in no case shall the initial assessed value be less than zero.

(q) "Municipality" means a city, village, or township.

(r) "Obligation" means a written promise to pay, whether evidenced by a contract, agreement, lease, sublease, bond, or note, or a requirement to pay imposed by law. An obligation does not include a payment required solely because of default upon an obligation, employee salaries, or consideration paid for the use of municipal offices. An obligation does not include those bonds that have been economically defeased by refunding bonds issued under this act. Obligation includes, but is not limited to, the following:

(i) A requirement to pay proceeds derived from ad valorem property taxes or taxes levied in lieu of ad valorem property taxes.

(ii) A management contract or a contract for professional services.

(iii) A payment required on a contract, agreement, bond, or note if the requirement to make or assume the payment arose before August 19, 1993.

(iv) A requirement to pay or reimburse a person for the cost of insurance for, or to maintain, property subject to a lease, land contract, purchase agreement, or other agreement.

(v) A letter of credit, paying agent, transfer agent, bond registrar, or trustee fee associated with a contract, agreement, bond, or note.

(s) "On behalf of an authority", in relation to an eligible advance made by a municipality, or an eligible obligation or other protected obligation issued or incurred by a municipality, means in anticipation that an authority would transfer tax increment revenues or reimburse the municipality from tax increment revenues in an amount sufficient to fully make payment required by the eligible advance made by the municipality, or eligible obligation or other protected obligation issued or incurred by the municipality, if the anticipation of the transfer or receipt of tax increment revenues from the authority is pursuant to or evidenced by 1 or more of the following:

(i) A reimbursement agreement between the municipality and an authority it established.

(ii) A requirement imposed by law that the authority transfer tax increment revenues to the municipality.

(iii) A resolution of the authority agreeing to make payments to the incorporating unit.

(iv) Provisions in a tax increment financing plan describing the project for which the obligation was incurred.

(t) "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.

(u) "Other protected obligation" means:

(i) A qualified refunding obligation issued to refund an obligation described in subparagraph (ii), (iii), or (iv), an obligation that is not a qualified refunding obligation that is issued to refund an eligible obligation, or a qualified refunding obligation issued to refund an obligation described in this subparagraph.

(ii) An obligation issued or incurred by an authority or by a municipality on behalf of an authority after August 19, 1993, but before December 31, 1994, to finance a project described in a tax increment finance plan approved by the municipality in accordance with this act before December 31, 1993, for which a contract for final design is entered into by or on behalf of the municipality or authority before March 1, 1994.

(iii) An obligation incurred by an authority or municipality after August 19, 1993, to reimburse a party to a development agreement entered into by a municipality or authority before August 19, 1993, for a project described in a tax increment financing plan approved in accordance with this act before August 19, 1993, and undertaken and installed by that party in accordance with the development agreement.

(iv) An obligation incurred by the authority evidenced by or to finance a contract to purchase real property within a development area or a contract to develop that property within the development area, or both, if all of the following requirements are met:

(A) The authority purchased the real property in 1993.

(B) Before June 30, 1995, the authority enters a contract for the development of the real property located within the development area.

(C) In 1993, the authority or municipality on behalf of the authority received approval for a grant from both of the following:

(I) The department of natural resources for site reclamation of the real property.

(II) The department of consumer and industry services for development of the real property.

(v) An ongoing management or professional services contract with the governing body of a county which was entered into before March 1, 1994 and which was preceded by a series of limited term management or professional services contracts with the governing body of the county, the last of which was entered into before August 19, 1993.

(vi) A loan from a municipality to an authority if the loan was approved by the legislative body of the municipality on April 18, 1994.

(vii) Funds expended to match a grant received by a municipality on behalf of an authority for sidewalk improvements from the Michigan department of transportation if the legislative body of the municipality approved the grant application on April 5, 1993 and the grant was received by the municipality in June 1993.

(viii) For taxes captured in 1994, an obligation described in this subparagraph issued or incurred to finance a project. An obligation is considered issued or incurred to finance a project described in this subparagraph only if all of the following are met:

(A) The obligation requires raising capital for the project or paying for the project, whether or not a borrowing is involved.

(B) The obligation was part of a development plan and the tax increment financing plan was approved by a municipality on May 6, 1991.

(C) The obligation is in the form of a written memorandum of understanding between a municipality and a public utility dated October 27, 1994.

(D) The authority or municipality captured school taxes during 1994.

(v) "Public facility" means a street, plaza, pedestrian mall, and any improvements to a street, plaza, or pedestrian mall 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. Public facility includes an improvement to a facility used by the public or a public facility as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351, which improvement is made to comply with the barrier free design requirements of the state construction code promulgated under the state construction code act of 1972, 1972 PA 230, MCL 125.1501 to 125.1531.

(w) "Qualified refunding obligation" means an obligation issued or incurred by an authority or by a municipality on behalf of an authority to refund an obligation if the refunding obligation meets both of the following:

(i) The net present value of the principal and interest to be paid on the refunding obligation, including the cost of issuance, will be less than the net present value of the principal and interest to be paid on the obligation being refunded, as calculated using a method approved by the department of treasury.

(ii) The net present value of the sum of the tax increment revenues described in subdivision (z)(ii) and the distributions under section 13b to repay the refunding obligation will not be greater than the net present value of the sum of the tax increment revenues described in subdivision (z)(ii) and the distributions under section 13 b to repay the obligation being refunded, as calculated using a method approved by the department of treasury.

(x) "Specific local tax" means a tax levied under 1974 PA 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the technology park development act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181 to 211.182. The initial assessed value or current assessed value of property subject to a specific local tax shall be the quotient of the specific local tax paid divided by the ad valorem millage rate. However, after 1993, the state tax commission shall prescribe the method for calculating the initial assessed value and current assessed value of property for which a specific local tax was paid in lieu of a property tax.

(y) "State fiscal year" means the annual period commencing October 1 of each year.

(z) "Tax increment revenues" means the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions upon the captured assessed value of real and personal property in the development area, subject to the following requirements:

(i) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions other than the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts upon the captured assessed value of real and personal property in the development area for any purpose authorized by this act.

(ii) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts upon the captured assessed value of real and personal property in the development area in an amount equal to the amount necessary, without regard to subparagraph (i), to repay eligible advances, eligible obligations, and other protected obligations.

(iii) Tax increment revenues do not include any of the following:

(A) Ad valorem property taxes attributable either to a portion of the captured assessed value shared with taxing jurisdictions within the jurisdictional area of the authority or to a portion of value of property that may be excluded from captured assessed value or specific local taxes attributable to such ad valorem property taxes.

(B) Ad valorem property taxes excluded by the tax increment financing plan of the authority from the determination of the amount of tax increment revenues to be transmitted to the authority or specific local taxes attributable to such ad valorem property taxes.

(C) Ad valorem property taxes exempted from capture under section 3(3) or specific local taxes attributable to such ad valorem property taxes.

(iv) The amount of tax increment revenues authorized to be included under subparagraph (ii), and required to be transmitted to the authority under section 14(1), from ad valorem property taxes and specific local taxes attributable to the application of the levy of the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, a local school district or an intermediate school district upon the captured assessed value of real and personal property in a development area shall be determined separately for the levy by the state, each school district, and each intermediate school district as the product of sub-subparagraphs (A) and (B):

(A) The percentage which the total ad valorem taxes and specific local taxes available for distribution by law to the state, local school district, or intermediate school district, respectively, bears to the aggregate amount of ad valorem millage taxes and specific taxes available for distribution by law to the state, each local school district, and each intermediate school district.

(B) The maximum amount of ad valorem property taxes and specific local taxes considered tax increment revenues under subparagraph (ii).

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1985, Act 221, Imd. Eff. Jan. 10, 1986;—Am. 1993, Act 323, Eff. Mar. 15, 1994;—Am. 1994, Act 280, Imd. Eff. July 11, 1994;—Am. 1994, Act 330, Imd. Eff. Oct. 14, 1994;—Am. 1994, Act 381, Imd. Eff. Dec. 28, 1994;—Am. 1996, Act 269, Imd. Eff. June 12, 1996;—Am. 1996, Act 454, Imd. Eff. Dec. 19, 1996;—Am. 1997, Act 202, Imd. Eff. Jan. 13, 1998.

Compiler's note: Enacting section 1 of Act 202 of 1997 provides: "The provisions of section 1 and section 13b, as amended by this amendatory act, are retroactive and effective for taxes levied after 1993."

125.1652 Authority; establishment; restriction; public body corporate; powers generally. [M.S.A. 5.3010(2)]

Sec. 2. (1) Except as otherwise provided in this subsection, a municipality may establish 1 authority. If, before November 1, 1985, a municipality establishes more than 1 authority, those authorities may continue to exist as separate authorities. Under the conditions described in section 3a, a municipality may have more than 1 authority within that municipality's boundaries. A parcel of property shall not be included in more than 1 authority created by this act.

(2) An authority shall be a public body corporate which may sue and be sued in any court of this state. An authority possesses all the powers necessary to carry out the purpose of its incorporation. The enumeration of a power in this act shall not be construed as a limitation upon the general powers of an authority.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1985, Act 159, Imd. Eff. Nov. 15, 1985.

125.1653 Resolution of intent to create and provide for operation of authority; public hearing on proposed ordinance creating authority and designating boundaries of downtown district; notice; exemption of taxes from capture; adoption, filing, and publication of ordinance; altering or amending boundaries. [M.S.A. 5.3010(3)]

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 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 or more than 40 days before the date of the hearing. Not less than 20 days before the hearing, the governing body proposing to create the authority shall also mail notice of the hearing to the property taxpayers of record in the proposed district and for a public hearing to be held after February 15, 1994 to the governing body of each taxing jurisdiction levying taxes that would be subject to capture if the authority is established and a tax increment financing plan is approved. Failure of a property taxpayer 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 or an official from a taxing jurisdiction with millage that would be subject to capture 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 the notice of public hearing, but it may eliminate described lands from the downtown district in the final determination of the boundaries.

(3) Not more than 60 days after a public hearing held after February 15, 1994, the governing body of a taxing jurisdiction levying ad valorem property taxes that would otherwise be subject to capture may exempt its taxes from capture by adopting a resolution to that effect and filing a copy with the clerk of the municipality proposing to create the authority. The resolution takes effect when filed with that clerk and remains effective until a copy of a resolution rescinding that resolution is filed with that clerk.

(4) Not less than 60 days 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.

(5) 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 pursuant to the same requirements for adopting the ordinance creating the authority.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

125.1654 Board; appointment, terms, and qualifications of members; vacancy; compensation and expenses; election of chairperson; oath; conducting business at public meeting; public notice; special meetings; removal of members; review; expense items and financial records; availability of writings to public; single board governing all authorities; member as resident or having interest in property; planning commission serving as board in certain municipalities. [M.S.A. 5.3010(4)]

Sec. 4. (1) Except as provided in subsections (7) and (8), an 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 the open meetings act, 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 if 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 the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

(7) By resolution of its governing body, a municipality having more than 1 authority may establish a single board to govern all authorities in the municipality. The governing body may designate the board of an existing authority as the board for all authorities or may establish by resolution a new board in the same manner as provided in subsection (1). A member of a board governing more than 1 authority may be a resident of or have an interest in property in any of the downtown districts controlled by the board in order to meet the requirements of this section.

(8) By ordinance, the governing body of a municipality that has a population of less than 5,000 may have the municipality's planning commission created pursuant to Act No. 285 of the Public Acts of 1931, being sections 125.31 to 125.45 of the Michigan Compiled Laws, serve as the board provided for in subsection (1).

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1978, Act 521, Imd. Eff. Dec. 20, 1978;—Am. 1985, Act 159, Imd. Eff. Nov. 15,

1985;—Am. 1987, Act 66, Imd. Eff. June 25, 1987.

125.1655 Director, acting director, treasurer, secretary, legal counsel, and other personnel. [M.S.A. 5.3010(5)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1656 Participation of employees in municipal retirement and insurance programs. [M.S.A. 5.3010(6)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1657 Powers of board. [M.S.A. 5.3010(7)]

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, 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) Plan, propose, and implement an improvement to a public facility within the development area to comply with the barrier free design requirements of the state construction code promulgated under the state construction code act of 1972, Act No. 230 of the Public Acts of 1972, being sections 125.1501 to 125.1531 of the Michigan Compiled Laws.
- (e) 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.
- (f) 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.
- (g) Make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties.
- (h) 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.
- (i) 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.
- (j) 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.
- (k) Lease any building or property under its control, or any part thereof.
- (l) Accept grants and donations of property, labor, or other things of value from a public or private source.
- (m) Acquire and construct public facilities.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1985, Act 221, Imd. Eff. Jan. 10, 1986.

125.1659 Authority as instrumentality of political subdivision. [M.S.A. 5.3010(9)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1660 Taking, transfer, and use of private property. [M.S.A. 5.3010(10)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1661 Financing activities of authority; disposition of money received by authority; municipal obligations. [M.S.A. 5.3010(11)]

Sec. 11. (1) The activities of the authority shall be financed from 1 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) Money borrowed and to be repaid as authorized by sections 13 and 13a.
- (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) Proceeds from a special assessment district created as provided by law.
- (g) Money obtained from other sources approved by the governing body of the municipality or otherwise authorized by law for use by the authority or the municipality to finance a development program.
- (h) Money obtained pursuant to section 13b.
- (i) Revenue from the federal facility development act, Act No. 275 of the Public Acts of 1992, being sections 3.931 to 3.940 of the Michigan Compiled Laws, or revenue transferred pursuant to section 11a of chapter 2 of the city income tax act, Act No. 284 of the Public Acts of 1964, being section 141.611a of the Michigan Compiled Laws.
- (j) Revenue from the federal data facility act, Act No. 126 of the Public Acts of 1993, being sections 3.951 to 3.961 of the Michigan Compiled Laws, or revenue transferred pursuant to section 11b of chapter 2 of the city income tax act, Act No. 284 of the Public Acts of 1964, being section 141.611b of the Michigan Compiled Laws.

(2) Money 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 money received by the municipality pursuant to this section, for or on account of the activities of the authority.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1981, Act 34, Imd. Eff. May 11, 1981;—Am. 1992, Act 279, Imd. Eff. Dec. 18, 1992;—Am. 1993, Act 122, Imd. Eff. July 20, 1993;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

125.1662 Ad valorem tax; borrowing in anticipation of collection. [M.S.A. 5.3010(12)]

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 the authority.

(2) The municipality may at the request of the authority borrow money and issue its notes therefore pursuant to the municipal finance act, 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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1983, Act 86, Imd. Eff. June 16, 1983.

125.1663 Revenue bonds. [M.S.A. 5.3010(13)]

Sec. 13. The authority may borrow money and issue its negotiable revenue bonds therefore 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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1664 Tax increment financing plan; preparation and contents; limitation; definition; public hearing; fiscal and economic implications; recommendations; agreements; modification of plan. [M.S.A. 5.3010(14)]

Sec. 14. (1) 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 maximum amount of bonded indebtedness to be incurred, and 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. The authority or municipality may exclude from captured assessed value growth in property value resulting solely from inflation. The plan shall set forth the method for excluding growth in property value resulting solely from inflation.

(2) The percentage of taxes levied for school operating purposes that is captured and used by the tax increment financing plan shall not be greater than the plan's percentage capture and use of taxes levied by a municipality or county for operating purposes. For purposes of the previous sentence, taxes levied by a county for operating purposes include only millage allocated for county or charter county purposes under the property tax limitation act, Act No. 62 of the Public Acts of 1933, being sections 211.201 to 211.217a of the Michigan Compiled Laws. For purposes of this subsection, tax increment revenues used to pay bonds issued by a municipality under section 16(1) shall be considered to be used by the tax increment financing plan rather than shared with the municipality. The limitation of this subsection does not apply to the portion of the captured assessed value shared pursuant to an agreement entered into before 1989 with a county or with a city in which an enterprise zone is approved under section 13 of the enterprise zone act, Act No. 224 of the Public Acts of 1985, being section 125.2113 of the Michigan Compiled Laws.

(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.

(4) Before the public hearing on the tax increment financing plan, the governing body shall provide a reasonable opportunity to the taxing jurisdictions levying taxes subject to capture to meet with the governing body. The authority shall fully inform the taxing jurisdictions of the fiscal and economic implications of the proposed development area. The taxing jurisdictions may present their recommendations at the public hearing on the tax increment financing plan. The authority may enter into agreements with the taxing jurisdictions 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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1979, Act 26, Imd. Eff. June 6, 1979;—Am. 1981, Act 34, Imd. Eff. May 11, 1981;—Am. 1986, Act 229, Imd. Eff. Oct. 1, 1986;—Am. 1988, Act 425, Imd. Eff. Dec. 27, 1988;—Am. 1989, Act 108, Imd. Eff. June 23, 1989;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

Compiler's note: Section 2 of Act 425 of 1988 provides: "This amendatory act is effective beginning with taxes levied in 1989. However, for taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were received by an authority are validated."

125.1665 Transmitting and expending tax increments revenues; reversion of surplus funds; abolition of tax increment financing plan; conditions; annual report on status of tax increment financing account; contents; publication. [M.S.A. 5.3010(15)]

Sec. 15. (1) The municipal and county treasurers shall transmit to the authority tax increment revenues.

(2) The authority shall expend the tax increment revenues 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 property tax limitations. 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. However, the tax increment financing plan shall not be abolished until the principal of, and interest on, bonds issued pursuant to section 16 have been paid or funds sufficient to make the payment have been segregated.

(3) Annually the authority shall submit to the governing body of the municipality and the state tax commission a report on the status of the tax increment financing account. The report shall be published in a newspaper of general circulation in the municipality and shall include the following:

- (a) The amount and source of revenue in the account.
- (b) The amount in any bond reserve account.
- (c) The amount and purpose of expenditures from the account.
- (d) The amount of principal and interest on any outstanding bonded indebtedness.
- (e) The initial assessed value of the project area.

- (f) The captured assessed value retained by the authority.
- (g) The tax increment revenues received.
- (h) The number of jobs created as a result of the implementation of the tax increment financing plan.
- (i) Any additional information the governing body or the state tax commission considers necessary.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1979, Act 26, Imd. Eff. June 6, 1979;—Am. 1981, Act 34, Imd. Eff. May 11, 1981;—Am. 1986, Act 229, Imd. Eff. Oct. 1, 1986;—Am. 1988, Act 425, Imd. Eff. Dec. 27, 1988;—Am. 1992, Act 279, Imd. Eff. Dec. 18, 1992;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

Compiler's note: Section 2 of Act 425 of 1988 provides: "This amendatory act is effective beginning with taxes levied in 1989. However, for taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were received by an authority are validated."

125.1666 General obligation bonds and tax increment bonds; qualified refunding obligation. [M.S.A. 5.3010(16)]

Sec. 16. (1) The municipality may by resolution of its governing body authorize, issue, and sell general obligation bonds subject to the limitations set forth in this subsection to finance the development program of the tax increment financing plan or to refund bonds issued under this section and shall pledge its full faith and credit for the payment of the bonds. The municipality may pledge as additional security for the bonds any money received by the authority or the municipality pursuant to section 11. The bonds shall mature in not more than 30 years and shall be subject to the municipal finance act, Act No. 202 of the Public Acts of 1943, being sections 131.1 to 139.3 of the Michigan Compiled Laws. Before the municipality may authorize the borrowing, the authority shall submit an estimate of the anticipated tax increment revenues and other revenue available under section 11 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. If the bonds are approved by the department of treasury in those instances in which an exception to prior approval is not available under section 11 of chapter III of Act No. 202 of the Public Acts of 1943, being section 133.11 of the Michigan Compiled Laws, or if the governing body of the municipality adopts the resolution authorizing the bonds and prior approval of the department of treasury is not required pursuant to section 11 of chapter III of Act No. 202 of the Public Acts of 1943, the estimate of the anticipated tax increment revenues and other revenue available under section 11 to be available for payment of principal and interest on the bonds shall be conclusive for purposes of this section. The bonds issued under this subsection shall be considered a single series for the purposes of Act No. 202 of the Public Acts of 1943.

(2) By resolution of its governing body, the authority may authorize, issue, and sell tax increment bonds subject to the limitations set forth in this subsection to finance the development program of the tax increment financing plan or to refund or refund in advance obligations issued under this act. The tax increment bonds issued by the authority under this subsection shall pledge solely the tax increment revenues of a development area in which the project is located or a development area from which tax increment revenues may be used for this project, or both. In addition or in the alternative, the bonds issued by the authority pursuant to this subsection may be secured by any other revenues identified in

section 11 as sources of financing for activities of the authority that the authority shall specifically pledge in the resolution. However, the full faith and credit of the municipality shall not be pledged to secure bonds issued pursuant to this subsection. The bonds shall mature in not more than 30 years and shall bear interest and be payable upon the terms and conditions determined by the authority in the resolution approving the bonds and shall be sold at public or private sale by the authority. The bond issue may include a sum sufficient to pay interest on the tax increment bonds until full development of tax increment revenues from the project and also a sum to provide a reasonable reserve for payment of principal and interest on the bonds. The resolution authorizing the bonds shall create a lien on the tax increment revenues and other revenues pledged by the resolution that shall be a statutory lien and shall be a first lien subject only to liens previously created. The resolution may provide the terms upon which additional bonds may be issued of equal standing and parity of lien as to the tax increment revenues and other revenues pledged under the resolution. Except for the requirement of Act No. 202 of the Public Acts of 1943 that the authority receive the approval or an exception from approval from the department of treasury prior to the issuance of bonds under this subsection, the terms of Act No. 202 of the Public Acts

of 1943 shall not apply to bonds issued pursuant to this subsection that pledge revenue received pursuant to section 11 for repayment of the bonds.

(3) Notwithstanding any other provision of this act, if the state treasurer determines that an authority or municipality can issue a qualified refunding obligation and the authority or municipality does not make a good faith effort to issue the qualified refunding obligation as determined by the state treasurer, the state treasurer may reduce the amount claimed by the authority or municipality under section 13b by an amount equal to the net present value saving that would have been realized had the authority or municipality refunded the obligation or the state treasurer may require a reduction in the capture of tax increment revenues from taxes levied by a local or intermediate school district or this state by an amount equal to the net present value savings that would have been realized had the authority or municipality refunded the obligation. This subsection does not authorize the state treasurer to require the authority or municipality to pledge security greater than the security pledged for the obligation being refunded.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1981, Act 34, Imd. Eff. May 11, 1981;—Am. 1983, Act 34, Imd. Eff. May 10, 1983;—Am. 1985, Act 159, Imd. Eff. Nov. 15, 1985;—Am. 1992, Act 279, Imd. Eff. Dec. 18, 1992;—Am. 1993, Act 122, Imd. Eff. July 20, 1993;—Am. 1993, Act 323, Eff. Mar. 15, 1994;—Am. 1996, Act 269, Imd. Eff. June 12, 1996.

125.1667 Development plan; preparation; contents; improvements related to qualified facility. [M.S.A. 5.3010(17)]

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 all of the following:

- (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, 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 that 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, or 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 units 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 that the authority, local public agency, or governing body considers pertinent.
- (3) A development plan may provide for improvements related to a qualified facility, as defined in the federal facility development act, Act No. 275 of the Public Acts of 1992, being sections 3.931 to 3.940 of the Michigan Compiled Laws, that is located outside of the boundaries of the development area but within the district, including the cost of construction, renovation, rehabilitation, or acquisition of that qualified facility or of public facilities and improvements related to that qualified facility.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1992, Act 279, Imd. Eff. Dec. 18, 1992;—Am. 1993, Act 122, Imd. Eff. July 20, 1993.

125.1668 Ordinance approving development plan or tax increment financing plan; public hearing; notice; record. [M.S.A. 5.3010(18)]

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

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1669 Development plan or tax increment financing plan as constituting public purpose; determination; ordinance; considerations. [M.S.A. 5.3010(19)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1670 Notice to vacate. [M.S.A. 5.3010(20)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1671 Development area citizens council; establishment; appointment and qualifications of members; representative of development area. [M.S.A. 5.3010(21)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1672 Development area citizens council; advisory body. [M.S.A. 5.3010(22)]

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

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1673 Consultation. [M.S.A. 5.3010(23)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1674 Development area citizens council; meetings; notice; record; information and technical assistance; failure to organize, consult, or advise. [M.S.A. 5.3010(24)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1675 Citizens district council as development area citizens council. [M.S.A. 5.3010(25)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1676 Notice of findings and recommendations. [M.S.A. 5.3010(26)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1677 Development area citizens council; dissolution. [M.S.A. 5.3010(27)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1678 Budget; cost of handling and auditing funds. [M.S.A. 5.3010(28)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1679 Historic sites. [M.S.A. 5.3010(29)]

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.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975.

125.1680 Dissolution of authority; disposition of property and assets; reinstatement of authority; contesting validity of proceedings, findings, and determinations. [M.S.A. 5.3010(30)]

Sec. 30. (1) An authority that 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 belong to the municipality.

(2) An authority established under this act before December 31, 1988, that is dissolved by ordinance of the governing body before September 30, 1990 and that is reinstated by ordinance of the governing body after notice and public hearing as provided in section 3(2) shall not be invalidated pursuant to a claim that, based upon the standards set forth in section 3(1), a governing body improperly determined that the necessary conditions existed for the reinstatement of an authority under the act if at the time the governing body established the authority the governing body determined or could have determined that the necessary conditions existed for the establishment of an authority under this act or could have determined that establishment of an authority under this act would serve to promote economic growth and notwithstanding that the boundaries of the downtown district are altered at the time of reinstatement of the authority.

(3) In the resolution of intent, the municipality shall set a date for the holding of a public hearing on the adoption of a proposed ordinance reinstating the authority. The procedure for publishing the notice of hearing, holding the hearing, and adopting the ordinance reinstating the authority shall be as provided in section 3(2), (4), and (5).

(4) The validity of the proceedings, findings, and determinations reinstating an authority shall be conclusive unless contested in a court of competent jurisdiction within 60 days after the last of the following occurs:

- (a) Publication of the ordinance reinstating the authority as adopted.
- (b) Filing of the ordinance reinstating the authority with the secretary of state.
- (c) May 27, 1993.

History: 1975, Act 197, Imd. Eff. Aug. 13, 1975;—Am. 1993, Act 42, Imd. Eff. May 27, 1993;—Am. 1993, Act 323, Eff. Mar. 15, 1994.

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RESOLUTION AUTHORIZING SUMMARY PUBLICATION OF ORDINANCE NO. 26-03
AMENDING ORDINANCE NO. 55-82 OF THE CITY OF ANN ARBOR WITH THE
ADOPTION OF THE MARCH 5, 2003 DEVELOPMENT PLAN AND TAX INCREMENT
FINANCING PLAN FOR THE ANN ARBOR DOWNTOWN DEVELOPMENT DISTRICT
BEING NEW SECTION 1:158 AND SECTION 1:589 OF TITLE I OF THE CODE OF
THE CITY OF ANN ARBOR

Whereas, Section 7.4 of the City Charter authorizes the publication by summary of ordinances over 500 words in length;

RESOLVED, That Ordinance No. 26-03 be published by the following summary:

Ordinance No. 26-03 amends the City Code by amending the Ordinance No. 55-82 of the City Ann Arbor with the adoption of the March 5, 2003 Development Plan and Tax Increment Financing Plan for the Ann Arbor Downtown Development District with new Sections 1:158 and 1:159 of Title I of the Code of the City of Ann Arbor. The new ordinance sections adopt findings and recommendations that the March 5, 2003 Development Plan and Tax Increment Financing Plan amending the October 26, 1982 Development Plan and Tax Increment Financing Plan constitutes a continuing public purpose and that the proposed developments are reasonable and necessary and that the Ann Arbor Downtown Development Authority has the ability to arrange financing to support the accomplishment of the proposed developments all of which are within the purposes of Act 197 of Public Acts of 1975, as amended being the Downtown Development Act of Michigan.

The complete text of this ordinance is available for inspection at the City Clerk's office on the 2nd floor of the Guy C. Larcom Municipal Building, 100 N. Fifth Ave., Ann Arbor.

Submitted by: DDA
Date: September 15, 2003

Ordinance To Amend Ordinance No. 55-82 of the City of Ann Arbor with the Adoption of the March 5, 2003 Development Plan and Tax Increment Financing Plan for the Ann Arbor Downtown Development District as Prepared and Approved by the Ann Arbor Downtown Development Authority Being New Section 1:158 and Section 1:589 of Title I of the Code of the City of Ann Arbor.

The City of Ann Arbor ordains:

Section 1: Section 1 of Ordinance No. 55-82 is hereby amended to read as follows:

Section 1:158 Preliminary Findings:

- (a) That a public hearing was held on the proposed March 5, 2003 Development Plan and Tax Increment Financing Plan for the Downtown District, amending the October 26, 1982 Development Plan and Tax Increment Financing Plan, 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 March 5, 2003 Development Plan and Tax Increment Financing Plan amending the October 26, 1982 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 developments identified March 5, 2003 Development Plan and Tax Increment Financing Plan are feasible and the Downtown Development Authority of the City of Ann Arbor has the ability to arrange the financing.
- (e) That the proposed developments identified in the March 5, 2003 Development Plan and Tax Increment Financing Plan are 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 Public Acts of 1975, as amended, in an efficient and economically satisfactory manner.

- (g) That the proposed March 5, 2003 Development Plan amending the October 26, 1982 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 change in zoning, streets, street levels, intersections and utilities are reasonably necessary for the proposed project and for the City of Ann Arbor.

Section 2: Section 2 of Ordinance 55-82 is amended to read as follows:

Section 1:589 Findings and Determination:

- (a) That based on the foregoing findings, it is hereby held and determined that the March 5, 2003 Development Plan and Tax Increment Financing Plan amending the October 26, 1982 Development Plan and Tax Increment Financing Plan for the Downtown District constitutes a continuing public purpose.
- (b) That the March 5, 2003 Development Plan and Tax Increment Financing Plan amending the October 26, 1982 Development Plan and Tax Increment Financing Plan for the Downtown Development District is hereby approved.

Section 3: Effective Date: This ordinance approving the March 5, 2003 Development Plan and Tax Increment Financing Plan amending the October 26, 1982 Development Plan and Tax Increment Financing Plan for the Downtown Development District is hereby determined to be immediately necessary for the preservation of health, welfare and safety and shall become effective immediately upon publication.

Approved September 15, 2003