

An Ordinance to Amend Sections 1:155, Section 1:156 and Add a New Section Which New Section Shall Be Designated as Section 1:160 of Chapter 7, Downtown Development Authority, Title I of the Code of the City of Ann Arbor.

The City of Ann Arbor Ordains:

Section 1. That Section 1:155 of Chapter 7 of Title 1 of the Code of the City of Ann Arbor be amended to read as follows:

1:155. Board.

The authority shall be under the supervision and control of a board consisting of the mayor or administrator of the city and 11 members. The appointment of the Mayor as the designated appointee to the board shall be done annually and subject to approval by a majority vote of Council. If Council does not approve at the first meeting in December by majority vote the appointment of the Mayor, the Administrator shall be the designated appointee for that period. The members shall be appointed by and terms of office shall be as provided in Act 197, with the following exceptions, which shall be effective following the November 2014 regular election:

- (1) Except for the Mayor as provided above or by mutual written agreement of the taxing jurisdictions levying taxes that are subject to capture by the authority, no public official of any taxing jurisdiction levying taxes that are subject to capture by the authority shall be eligible for appointment, whether in his or her official capacity or as an individual; and
- (2) No member may serve more than 2 consecutive full terms.

All members shall hold office until the member's successor is appointed.

Section 2. That Section 1:156 of Chapter 7 of Title 1 of the Code of the City of Ann Arbor be amended to read as follows:

1:156. Powers of the authority.

As provided in Act 197, the authority shall prepare a development plan and financing plan for the downtown district or a development area within the district. The authority must obtain city council approval of all development and financing plans. The authority shall possess all of the powers necessary to carry out the purposes of its incorporation and shall have all powers provided by Act 197 ~~of the Public Acts of 1975~~ with the following exceptions:

- (1) *Ad valorem taxes:* The authority shall not have the power to levy ad valorem taxes on the real and tangible personal property as finally equalized in the downtown district.
- (2) *Tax increment financing:* If the ~~downtown development~~ authority proposes a tax increment financing plan, it shall only plan the use of that portion of the captured assessed taxable value that is due to new construction and

improvements to existing buildings after December 31, 1981 to implement the downtown plan and any amendments thereto.

Effective with the 2013 tax year and every tax year thereafter, taxes captured under an adopted tax increment financing plan shall be calculated and allocated among taxing authorities in accordance with the following:

If the captured assessed taxable valuation derived from new construction, ~~and increase in value of property newly constructed~~ or the increase in value of existing property improved subsequent thereto, ~~grows at a rate faster~~ is greater than that anticipated and adopted in the tax increment plan, at least 50% of such additional amounts shall be divided among the taxing units in relation to their proportion of the current tax levies. If the captured assessed taxable valuation derived from new construction ~~grows at a rate of over~~ is greater than twice that anticipated and adopted in the plan, all of such excess additional amounts over twice that anticipated shall be divided among the taxing units in relation to their proportion of the current tax levies.

The authority shall determine the difference between the actual captured value and the adopted tax increment financing plan capture value using the realistic tax base growth calculation identified in the plan for real and personal property for each tax year. Absent designation of a realistic tax base growth calculation in any adopted plan, the application of this section shall utilize the mean of all values illustrated by year.

Only after approval notice to and the opportunity to comment of by the governmental units may these restrictions be removed.

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

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

- (3) *Planning eConsiderations; Development Plan*: In developing a plan within the downtown area, the ~~downtown development~~ authority shall consider the following:
- (a) Tax increment financing shall only be 1 of the financing methods considered and should be coordinated with private and other public investment funds.
 - (b) If possible projects should also benefit properties of other governmental units within the downtown area.

- (c) If tax increment financing is proposed, all governmental units levying a property tax shall be fully informed of this plan and any future amendments thereto. Such consultations are to be prior to any action by the city council on the proposal. In event of additional projects, the restrictions on recapture in Item 2 would also apply.
- (d) The plan for the downtown area should show that the property taxes realized for each governmental taxing unit, over the long term, should be greater than if the downtown development district did not exist.

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

If tax increment financing is used as the financing method for an approved authority project, the project must meet one of the adopted development plan goals and directly benefit properties within the downtown development district and near-downtown neighborhoods.

Section 3: That Chapter 7 of Title 1 of the Code of the City of Ann Arbor be amended to add a new Section, designated as Section 1:160, to read as follows:

1:160. Annual Report

The authority shall prepare a tax increment financing (TIF) account Annual Report, consistent with the requirements of and in the form specified by the State of Michigan and file it with the City Clerk on or before the first regular session of City Council in January each year. Filing the authority's TIF account Annual Report with the City Clerk shall be in addition to and not as a replacement for any statutory or regulatory filing or publication requirements governing the TIF account Annual Report.

Section 4: In the event any court of competent jurisdiction shall hold any provision of this Ordinance invalid or unenforceable, such holding shall not invalidate or render unenforceable any other provision thereof.

Section 5: This Ordinance shall take effect ten days after passage and publication.

As Amended by Ann Arbor City Council on April 1, 2013