

Ann Arbor Council OKs deal with DDA

Ann Arbor News (MI) - Tuesday, September 16, 2003

Author: TOM GANTERT

After holding the future of the Downtown Development Authority in limbo for 16 months, the Ann Arbor City Council on Monday approved a new 30-year deal for the DDA on the premise it will spend more of its money on affordable housing.

With a 10-0 vote, the council extended what many hoped would be an olive branch to the DDA. The city and the DDA have had a tense relationship that has been strained for years in arguments over parking structures, money and conflicting personal relationships.

The City Council and the DDA both use tax money to keep Ann Arbor's downtown chugging along in what both boast is one of the economic pearls of the state. The nonprofit DDA captures a portion of property taxes from new developments built in its district, also known as tax-increment financing (TIF).

Just how to spend that nearly \$3 million a year has been a source of friction between the city and DDA.

"There has been a history of cutting deals more than partnering," said DDA board Chairwoman Rene Greff, who owns the Arbor Brewing Co. "It's fantastic there was a unanimous vote from the council. It really shows they understand the importance of a vital downtown to the entire community.

"We are forging relationships. I think it is a big breakthrough."

For 16 months, the relationship became more and more strained as the renewal appeared on and off the council's agenda. Several times, DDA members left meetings angry and confused, wondering what the holdup was.

Rumors were flying that the City Council wanted the DDA to pay for the proposed city hall expansion and was trying to hold the renewal as a bargaining chip. DDA Executive Director Susan Pollay, who is a city employee, says the DDA hasn't been asked to pay for a city hall expansion, but would be willing to tackle such project.

Then, the amount of money the DDA sets aside for affordable housing projects become an issue.

The DDA sets aside 6 percent of its TIF money for housing. The council wanted a higher percentage and asked for 15 percent, or about \$450,000 a year.

The breakthrough, Greff said, came Sunday night at a caucus meeting. The council agreed on contractual language that allowed the DDA wiggle room to say it "may" spend up to 15 percent or more on housing-related purposes.

The city would trust the DDA to live up to its intentions.

Council Members Kim Groome, D-1st Ward, and Heidi Herrell, D-3rd Ward, said they had reservations about that, but still voted to approve the renewal.

"Part of this vote was an effort to show good faith," Groome said after the meeting. "But it is going to be two ways. I think both sides have to work on that."

The debate brought out residents in a public hearing who spoke for about an hour.

"Healthy downtowns equal healthy communities," said the Main Street Area Association Event Coordinator Ellie Serras. "It's the gathering place. It's a place where our community shares its feelings. It ain't broken. Don't fix it. Just renew it."

While some people were concerned about the amount of money the DDA puts aside for affordable housing, others said allowing the DDA to capture property taxes is a form of corporate welfare that takes money from taxpayers to help businesses.

The new plan replaces the old 30-year plan that was created in 1982 and would have expired in 2012. DDA officials said they needed the contract extension now to allow them to do long-term planning, including obtaining financing for various projects.

The DDA has received about \$2.8 million a year in TIF revenue the past five years. The DDA also manages the on-street and off-street parking system for the city. That is expected to bring in another \$10 million a year.

Besides running the parking system, the DDA also does streetscape projects and helps put on downtown events.