

Proposed Flint Township Downtown Development Authority (DDA) Corridor Improvement Authorities (CIAs)

What is Proposed?

The Township is proposing consideration of establishing a Downtown Development Authority (DDA) authorized by PA 197 of 1975 the Downtown Development Authority Act and a two Corridor Improvement Authorities (CIAs) authorized by PA 280 of 2005, the Corridor Improvement Authority Act. Maps of the boundaries of the three authorities are shown below

What is the Purpose of these Districts?

These districts allow the Township to capture taxes from other taxing jurisdictions such as Genesee County through Tax Increment Financing and use them for improvements within the boundaries of the district to promote the commercial vitality of those areas.

Why Three Authorities?

Under the Downtown Development Authority Act the DDA boundaries must be contiguous, it must consist primarily of commercial property and only one authority is permitted per jurisdiction. These rules would prevent inclusion of the areas along Beecher Road and Bristol Road that the township wanted to assist. The Corridor Improvement Authority Act allows multiple CIA districts provided they are within 500 feet of an arterial road and at least 50% of the floor area of buildings in the district are commercial. Using this act allowed the Beecher Road and Bristol Road to be included in this project

What is the Process for Establishment of a DDA or CIA

The steps in establishing a DDA or CIA are

- Township Board adopts a notice of intent to consider establishing a DDA or CIA
- A notice is published in the paper of a public hearing on establishing a DDA or CIA identifying the preliminary boundaries of the district. The notice is also mailed to the owners of any property within the preliminary boundaries
- A public hearing is held by the Township Board
- The Township Board waits at least 60 days to allow taxing jurisdictions to opt-out if they wish
- The Township Board votes to approve or not approve the establishment of the DDA or CIA. The Township Board cannot increase the size of the district but they can choose to remove parcels that were in the preliminary boundaries from the boundaries of the approved district
- The Township Supervisor appoints DDA or CIA Board members with Township Board approval

What is Tax Increment Financing?

Tax Increment Financing (TIF) is a tool authorized to be used by DDAs and CIAs. When a DDA or CIA Board adopts a TIF Plan and Development Plan, the property tax revenue from the properties in the district that go to various taxing jurisdictions is “frozen”. These are referred to the base values. As property values within the district increase, the property taxes generated by

that increased values above the base values go to the DDA or CIA. When the TIF Plan and Development Plan expire the capture ceases.

For example: If you have a DDA or CIA with a base taxable value of \$1,000,000 that generates a total of \$40,000 in property taxes for all of the various taxing jurisdictions from which it can collect taxes. The first year of the TIF the taxable value of the properties in the district increase to \$1,100,000 resulting in \$44,000 in property taxes. The increase (or tax increment) of \$4,000 is captured by the DDA or CIA captures taxes that are equal to let's say \$100,000. T

If the next year the taxable value increases to \$1,200,000 and the taxes increase to \$48,000, then the DDA or CIA would capture \$8,000.

Will Tax Increment Financing Increase my Property Taxes?

No. Tax increment taxes does not increase taxes, it just redirects a portion of it to the DDA or the CIA.

Are all taxes levied in the DDA or CIA boundaries captured?

No. Under state law taxes levied by local and intermediate school district and by libraries are exempt from capture. In addition, during the process of establishing DDA or CIA districts other taxing jurisdictions can "opt out" of the TIF plan. Our experience is that few taxing jurisdictions have chosen to opt-out from local DDA or CIA TIF Plans.

How Can the TIF Funds Be Spent?

The state acts authorizing DDAs and CIAs limits the use of the TIF funds. They can only be used for activities or improvements within the boundaries of the DDA or CIA. Common improvement include infrastructure (streets, sidewalks, water, sewer, storm drains, lighting, etc.), streetscape improvements or construction or renovation of property. Other items many DDAs or CIAs pay for are for services provided within the district including payments to the police or fire departments for services, snow plowing, street lighting, etc. Many districts also use DDA funds to pay for studies or marketing plans designed to promote commercial development. Any items that money is spent on must be in the Development Plan adopted along with the TIF Plan.

Who Runs the DDA or CIA?

DDAs or CIAs are run by a governing board appointed by the Township Supervisor with approval by the Township Board. The Township Supervisor is automatically a member of each board. The DDA or CIA boards are required to prepare a budget showing how they are proposing to spend their revenue for that year. The Township Board must approve that budget. The DDA or CIA boards cannot spend money that is not in their budget. The DDA or CIA boards are authorized to hire a director, but only with the approval of the Township Boars

How are the TIF and Development Plans Adopted?

Once the DDA or CIA Boards prepare a TIF and Development Plan for their district:

- A notice is published in the paper of a public hearing by the Township Board to review the TIF and Development Plans. The notice is also mailed to the owners of any property within the district boundaries

- A public hearing is held by the Township Board. At that same meeting the Township Board can vote to approve or not approve the TIF and Development Plans

Is There Currently an Estimate of How Much Money Each Proposed District Would Capture?

No. Those estimates are part of the requirement for what is included in a TIF Plan which would be prepared by each governing board

Is the township still accountable for all the road maintenance, beautification sidewalk maintenance, code enforcement or no code enforcement? Would township money be used in these areas or would it be handled by resources that are within all three of these areas?

The township retains jurisdiction of the areas within the DDA or CIA districts. Because the Township Board must approve the DDA or CIA budget, they can determine the extent to which township general funds vs. DDA funds are used to address improvements or services within the DDA or CIA districts.

Since the Township's Taxes Would Also Be Captured, How Would the Township Makeup the Deficiency?

The deficiency can be made up by shifting the source of revenue for improvements or services within the DDA or CIA districts to the DDA or CIA TIF funds. And since it is expected that other taxing jurisdictions taxes will also be captured, the overall amount of funds available to spend would be greater.

Will the residential or exempt property in the DDA or CIA districts be changed to a commercial status?

The fact that property is in a DDA or CIA district does not affect it's assessing classification.

Does establishing a DDA or CIA change zoning of properties?

No, it has no affect. Zoning is a power of the Township Board and any rezoning is required to go through a public hearing processed outlined in the Michigan Zoning Enabling Act.

Will the DDA or CIA Create Added Bureaucracy?

Establishment of a DDA or CIA does not require any additional "bureaucracy" other than the appointment of the governing board. The Township Board will decide if any staff is required, but many DDAs and CIAs are run by their communities existing staff and the governing board.

What are the Powers of the DDA or CIA Governing Boards?

Their powers are outlined in the Downtown Development Authority Act (Section 7) and the Corridor Improvement Authority Act (Section 11). While the Downtown Development Authority Act for example lists 18 separate powers, they can be summarized as

- Prepare and implement plans for the DDA including the TIF and Development Plan
- Buy, sell, own, or lease property in the DDA
- Build, demolish, repair or expand buildings in the DDA
- Construct or repair infrastructure in the DDA
- Create and fund marketing programs for the DDA

- Receive donations
- Operate a loan fund to make improvements to existing buildings in the DDA
- Operate a retail business incubator in the DDA

How Long can a TIF and Development Plan go for?

The length of the TIF plan is required to be established in the TIF Plan. Many are established for 20 – 30 years at the Township Boards discretion chooses. They can be amended to extend their life or to shorten them.

What Point in the Adoption Process Does the Township Board Need to Decide Whether or not to Establish a DDA?

There is no set time. The Board will need to wait until the 60-day “opt-out” period expires in February but it can choose to take action then or wait. However the DDA or CIA must be established before a TIF Plan can be adopted and if the plan is not adopted by State Equalization Day (4th Monday in May) the base year for the TIF will be calculated using the 2018 rather than the 2107 assessments, which means that any increase in taxable value from 2017 to 2018 would not be captured.

Would DDA and the two CIA’s TIF Plan be separate?

Yes. They would individually capture the area within their specific geographic area.