



CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: March 5, 2024

TO: Mark Washington, City Manager

COMMITTEE: Committee of the Whole

LIAISON: Mark Washington, City Manager

FROM: Jonathan Klooster, Interim Economic Development Director
Economic Development

SUBJECT: **Resolution Establishing April 9, 2024, as the date for a public hearing to consider approval of an expansion of the City of Grand Rapids Downtown Development Authority Development Area No. 1 and an amended Development and Tax Increment Financing Plan for Downtown Development Area No. 1.**

Attached is a resolution setting April 9, 2024 at 2:00 pm as the date and time of a public hearing to consider an expansion of the City of Grand Rapids Downtown Development Authority (DDA) Development Area No. 1 and an amended Development and Tax Increment Financing Plan for Downtown Development Area No 1.

On February 14, 2024 the Downtown Development Authority (DDA) Board approved a resolution recommending that the City Commission amend the Tax Increment Finance and Development Plans (Plans) for Grand Rapids Development Area No 1. Those Plans were first approved in 1980 and have been updated 16 previous times, most recently in 2016.

The Downtown Development Authority Act of 1975 (PA 197), recodified in Act 57 of 2018 (Act 57), allows for the establishment of tax increment finance districts following the preparation of the Plans approved by the governing body of the municipality. They must be approved by passing an ordinance, and identify the boundary, planned activities, tax increment capture procedures, and estimates of financial impacts to taxing jurisdictions.

To bring the Plans up to date, and to further align them with the vision put forth in GR Forward and ongoing community planning activities, a further boundary amendment and two new tax capture districts are being recommended. A description of those new Districts is provided below and shown on the attached map.

District Q includes property north of Wealthy Street, east of the Grand River south of Cherry Street, and west of Finney Street. To the west of the Grand River, it includes the properties along Front Ave to Watson Street

and the area bounded by Butterworth Street, Lexington Avenue, Watson Street, and Front Avenue. It also includes the area south of Wealthy Street to the Oxford Trails Bridge.

District R includes the property at the northwest corner of Michigan Street and Monroe Avenue where the United States Post Office and The Rowe commercial building are located.

The proposed amendments help further the goals of GR Forward by bringing the DDA tools and tax increment revenues to areas along and adjacent to the Grand River that are likely to be redeveloped in the coming years. Specific projects that could be supported include the Grand River Greenway (District Q), a new Downtown amphitheater (District Q) and the future redevelopment of the Post Office (District R).

In addition to the boundary amendment, the Plans continue the DDA's commitment to "gainshare" revenues with local taxing jurisdictions to ensure they share in the growth of Downtown. Since being approved in 2016 more than \$5 million has been returned to local jurisdictions via gainsharing, and an additional \$100 million is projected to be returned over the life of these Plans. The schedule for annual revenue return is shown in the table below.

| Tax Levy Years | DDA Fiscal Years | Revenue Annual Return |
|-----------------------|-------------------------|------------------------------|
| 2022 through 2026 | 2023 through 2027 | 15% |
| 2027 through 2031 | 2028 through 2032 | 20% |
| 2032 through 2054 | 2033 through 2054 | 25% |

Along with gainsharing the Plans also preserves the language of not capturing special millages passed after 2016 and extends the life of the Plans 30 years to 2054.

The Plans as approved and recommended by the DDA are attached. Also included is a resolution that would establish April 9, 2024 as the date the City Commission will hold the public hearing concerning the amendments. A notice of this hearing will be mailed to each affected property owner prior to the hearing in accordance with State law.

Attachments

Prepared by Jonathan Klooster, Interim Economic Development Director

Your COMMITTEE OF THE WHOLE recommends the adoption of the following resolution establishing April 9, 2024, as the date for the public hearing to consider approval of an expansion of the City of Grand Rapids Downtown Development Authority Development Area No. 1 and an amended Development and Tax Increment Financing Plan for Downtown Development Area No. 1.

WHEREAS:

1. The City of Grand Rapids Downtown Development Authority (the “DDA”) Grand Rapids Downtown Development Area No. 1, as from time to time expanded (“Development Area No. 1”) was initially established by the City Commission in 1979 after a public hearing pursuant to Act 197 of the Public Acts of Michigan of 1979, as amended, MCL 125.1651 et seq. (“Act 197”), (as recodified in Part 2 of Act 57 of 2018, as amended (“Act 57”)); and
2. In 1980 the DDA prepared the initial Development and Tax Increment Financing Plan for the City of Grand Rapids Downtown Development Area No. 1, as from time to time amended (the “Plan”), which Plan was approved and recommended by the DDA Board of Directors (the “DDA Board”) to the City Commissioner and after public hearing approved by the City Commission; and
3. Since the initial establishment of Development Area No. 1 there have been expansions thereto and amendments to the Plan approved in accordance with Act 197; and
4. The DDA Board has approved and recommended to the City Commission a further expansion of Development Area No. 1 (“Expanded Development Area No. 1”) and a further amendment to the Plan (the “Amended Plan”); and,
5. Pursuant to Act 57, the City Commission may consider the approval of Expanded Development Area No. 1 and the Amended Plan after conducting a public hearing with respect thereto upon giving such notice as required by Act 57; and
6. Prior to holding a public hearing on the Amended Plan a reasonable opportunity must be given to the taxing jurisdictions levying taxes subject to capture by the DDA (the “Taxing Units”) to meet with the City Commission; and,
7. The City Commission desires (a) to consider the approval of the Expanded Development Area No. 1 and the Amended Plan through the adoption of an ordinance amending Sections 1.905 and 1.912 of Chapter 21 of Title I of the Grand Rapids City Code (the “Ordinance Amendment”); (b) to set the time and date for a meeting with the Taxing Units and notify the Taxing Units of such meeting as required by Act 57; and (c) to set the time and date for a public hearing regarding Expanded Development Area No. 1 and the Amended Plan and to cause such a notice of the public hearing to be given as required by Act 57; therefore

RESOLVED:

1. That the City Commission will meet with the Taxing Units on April 9, 2024 at 2:00 p.m. in the City Commission Chambers, 9th Floor, City Hall, to discuss and receive input from the Taxing Units regarding the Amended Plan and the Taxing Units shall be provided written notice by first class mail of the meeting and the Amended Plan at least 10 days before the meeting; and
2. That a public hearing be held on April 9, 2024 at 2:00 p.m. in the City Commission Chambers, 9th Floor, City Hall, to consider the approval of the Expanded Development Area No. 1 and the Amended Plan and that public notice of said public hearing be given in accordance with Act 57, by (i) publication twice in The Grand Rapids Press, a newspaper of general circulation in the City, the first of which shall be not less than 20 days before the public hearing, (ii) posted in at least 20 conspicuous and public places in the Expanded Development Area No. 1 not less than 20 days before the public hearing, (iii) mailed by first class mail to all property taxpayers of record in Expanded Development Area No. 1 not less than 20 days before the public hearing, and (iv) mailed by certified mail to the governing body of the Taxing Units not less than 20 days before the public hearing; and
3. That the City Clerk shall cause all notices to be published, mailed or posted as required by this resolution and Act 57; and
4. That all resolutions or parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

CORRECT IN FORM

DEPARTMENT OF LAW