



Item Number: 1

CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: July 16, 2024

TO: Mark Washington, City Manager

COMMITTEE: Committee of the Whole

LIAISON: Mark Washington, City Manager

FROM: Sarah Rainero, Economic Development Director Economic Development

SUBJECT: **Ordinance Amending Section 1.905 “Description of Downtown District” and Section 1.912 “The Development Plan and Tax Increment Financing Plan for Downtown Development Area No.1” of Chapter 21 “Downtown Development Authority” of Title I, “Administration” for the 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.**

On February 14, 2024, the City of Grand Rapids Downtown Development Authority approved and recommended to the City Commission an expansion of Development Area No. 1 and an amendment to the Development and Tax Increment Financing Plan for the City of Grand Rapids Downtown Development Area No. 1. As a component of that recommendation, Sections 1.905 and Section 1.912 of Chapter 21 of the Code of the City of Grand Rapids need to be amended to reflect a current legal description.

This City Commission considered and approved a resolution introducing the ordinance amendment and subsequently held a public hearing related to the proposed amendment on April 9, 2024.

Part 2 of Public Act 57 of 2018, as amended, requires that the City Commission wait not less than 60 days after the public hearing to finally consider adoption of the ordinance. That waiting period expired June 8.

Final adoption of this ordinance will accomplish two things—it will result in an amendment of the ordinance updating the boundary descriptions and it will amend the DDA Plan.

Additional information on the proposed amendments is included below, and staff from Downtown Grand Rapids Inc. will be present to answer any questions.

On March 5, 2024, the City Commission approved holding a public hearing for the proposed amendment of the Downtown Development Authority's 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 currently proposed amendment was recommended to the Commission by the DDA Board at their February 14, 2024, meeting.

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 in 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).

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%
3032 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 the statutorily required notice of the public hearing that was mailed to each affected property owner on March 18, 2024. Impacted taxing jurisdiction were sent a notice via certified mail of the proposed amendments on March 19, 2024.

Attachments


CORRECT IN FORM
DEPARTMENT OF LAW