

# **Downtown Development Authority 1975 Public Act 197 (MCL 125.1651)**

## **I. Agency**

“The Downtown Development Authority of the City of \_\_\_\_\_.”

- (a) a statutory public body corporate with power to sue and be sued.
- (b) created by the governing body of the city or village.
- (c) referred to as a “DDA.”

## **II. Purpose**

To halt property value deterioration; to increase property tax valuation in its business district; to eliminate the causes of deterioration and to promote economic growth.

## **III. Eligible Projects**

After the governing body has properly established a DDA, a project may be undertaken only within the DDA district and only within a “development area” to which a properly adopted “development plan” and “tax increment financing plan” apply. A project must be for a public benefit.

## **IV. Ineligible Projects**

The power and authority of the act cannot be used for the personal benefit of a private person or corporation.

Exactly where public benefit ends and personal benefit begins is often a matter of local and professional judgment.

## **V. Establishing a DDA**

- (a) Only one (1) may be established.
- (b) The governing body makes findings:
  - (i) that there is a business district area within the municipality which it desires to designate as a “downtown district,”
  - (ii) that within such area the general property values are (and have been) deteriorating,
  - (iii) that property tax valuation must be increased in such area,
  - (iv) that the community must eliminate the causes of deterioration, and
  - (v) the economic growth must be promoted in such area.
- (c) Governing body sets a public hearing, based upon its resolution of intent to create a DDA.
- (d) Governing body gives notice of public hearing by publication, mailed notice and posting.
- (e) At public hearing governing body takes comments.
- (f) Not less than 60 days following the hearing, the governing body may adopt a proposed ordinance creating the DDA and designating the boundaries of the DDA district.
- (g) The ordinance must be published at least once in a local newspaper and filed with the Secretary of State.
- (h) The governing board of the DDA shall be appointed or may, for municipalities of less than 5,000, be the same as the planning commission.

## **VI. LEGAL STATUS OF DDA**

- (a) The DDA is a statutory public body corporate with power to sue and be sued.
- (b) The DDA board prepares and implements the development plan and tax increment plan.
- (c) Subject to Open Meetings Act and the Freedom of Information Act.
- (d) Make and enter into contracts necessary or incidental to the exercise of the powers under the act.
- (e) Acquire, own, convey, lease, lend and dispose of property, real and personal.
- (f) Tax, charge and collect fees, rents and charges.
- (g) Eminent domain only through municipality.

#### **VII. Process to Use Powers of the DDA**

Once established, the DDA may prepare and submit to the municipality, a development plan and a tax increment financing plan. The development plan provides the project and the process for implementing various public improvements in the DDA district (or a portion of the district). The tax increment financing plan outlines the means by which the development plan will be financed, including the use of tax increment revenue.

The municipality must then hold a public hearing on the adoption of the plan.

Once a plan is adopted by the municipality, tax increment revenues will be generated for the DDA development plan based on improvements to the property in the development area of the plan.

#### **VIII. Financial Benefits of the DDA and the Act**

The financial benefits of the DDA and the DDA Act are realized in the generation of tax increment revenues (commonly called TIF revenues), which are tax revenues that occur as the result of improvements to the taxable property in the development area (not including school taxes).

The DDA and the local municipality may issue bonds based on the receipt of TIF revenues generated from the increase in property value within the TIF development area.

#### **IX. Reporting Requirements**

Each year a DDA (or the municipality on behalf of the DDA) must report to the state tax commission regarding the tax increment revenues received and the extent to which school taxes have been retained and the reason therefore.