DOWNTOWN DEVELOPMENT AUTHORITY Regular Meeting of April 21, 2015 Meeting Room – 8:00 A.M.

The regular meeting of the DDA Board was called to order at 8:07 a.m.

ROLL CALL

Present: Mary Starring, Mayor Chris Johnson, Lynda Heaton, Margene

Buckhave, Greg Presley, Shawn Riley

Absent: Carolann Ayers, Excused, Jim Long, Excused, John Casey, Excused

Also Present: City Manager/Patrick Sullivan, DDA Director/Lori Ward, DDA Marketing

& Communications Coordinator/Christa Williams, DDA Planning Coordinator/Kate Knight, Karolyn Pargo/City Assessor, Matt Wilk/Northville Public School Board Liaison, Resident/Fred Sheill

AUDIENCE COMMENTS

None

APPROVAL OF AGENDA

Consent agenda as follows:

- Minutes of DDA Meeting March 18, 2015
- PR Summary March 2015
- Financial Statement of March 2015
- Invoice Report March 2015

Motion by Heaton, seconded by Johnson, to approve the Consent Agenda. Motion carried unanimously.

FINANCIAL IMPACT TO DDA

Ward stated that at the April DDA Board meeting a discussion occurred regarding the impact that Proposal A and the Headlee Amendment have had on the DDA's TIF capture and revenue in general. At the budget hearings held on April 14, 2015, City Assessor Karolyn Pargo presented information regarding the same topic. Ward invited Pargo to make the same presentation to the DDA Board.

Pargo provided the definition of assessed and taxable values:

- Assessed value includes select information about the property, and the market value of the property. It is then assessed a value which is approximately 50% of the total value of the property.
- Taxable values take into account most of the same information as Assessed value, without the market value of the property. This will also include the previous year's taxable value; any physical changes to the property, and the current consumer price index (CPI). Once this data has been compiled, a capped value is designated for the property. Once both the assessed and the capped values are determined, the lesser of those two values becomes the taxable value.

The taxable value multiplied by the millage rate equals the taxes on the property. There are two state laws that affect taxes directly:

- 1. Headlee Amendment affects the millage rate. This amendment was designed to limit the revenue growth for cities. Anytime the total tax rate for a city rise more than the CPI, the millage rate will be rolled back. New construction will always be a taxable gain, never a rollback.
- 2. Proposal A affects the value of a property. In 1994, Proposal A determined that taxes would no longer be determined merely on the value of the property. It states that for the purposes of taxation, the tax rate cannot increase more than the rate of CPI, with a cap at 5%, for as long as the owner remains the same. When there is a transfer of ownership, the taxable cap is removed. In this instance, the taxable value becomes the assessed value until a new taxable value can be calculated. The current taxable value citywide for the City of Northville is 20% less than the assessed value.

Business personal property tax now has a new exemption. Any business that has less than \$40,000 assessed business and building value, or less than \$80,000 cash value do not pay personal property taxes.

Mayor Johnson stated that when Proposal A legislation was passed, it created a cap on the taxable value, thus minimizing the impact of increased taxes. However, Proposal A also removes the floor, thereby permitting taxable values to continue to decline.

POTENTIAL REVENUE FOR THE CADY STREET DEVELOPMENT

Greg Presley presented the background for the development of the Cady Street Corridor. Ward presented the potential financial impact that the redevelopment of the Cady Street Corridor would have for the DDA, using the proposed square footage and the impact of Presley's proposed use of the land (commercial and residential).

Ward then broke out the different proposals of phase one values with mixed use (commercial and residential), approximately 70,000 square feet, with a five story-self parked building. For this proposal, only 10,000 would be commercial, and at \$150/sq. feet, there would be approximately \$19,000 in additional TIF revenue moving forward.

The 60,000 of proposed residential could potentially provide \$150,000 in additional TIF revenue going forward.

The proposed construction is the only real revenue growth opportunity for the DDA. Presley raised the question "Do we want to concentrate on this idea, or do we remain laissez faire?" Ward stated that the City Council has met regarding the proposed projects and development of the Cady Street Corridor. Per Pat Sullivan, Council at their last meeting decided that rather than issue an RFP on just two of the lots, they wish to open it up and have an RFP on the entire paved parking lot on the south side of Cady Street (lots 171-175). Ward and Sullivan have requested title work because they know Northville Downs has first-right-of-refusal (FROR) on a portion of that property. After extensive research, Sullivan has found that the City has deeds to the property, but documentation regarding Northville Downs FROR, has not yet been found. Sullivan has contacted Northville Downs and asked them to provide the documentation. Once the issue is resolved, the proposal for the RFP will go back to City Council to determine which lots to include in the City's RFP. The presentation was made to provide a look at long-term viability of the DDA. Presley requested that Staff investigate the possibility of acquiring the mentioned properties on Cady Street, in order to sell it to a developer. thus trying to control the development of the property.

DDA BOARD COMPOSITION

Presley requested that the topic of the DDA Board Composition be postponed until the May 19, 2015 DDA Board meeting. The topics for the agenda should include: adding Board members; how to ensure that a quorum is met for each meeting with the possibility of updating the by-laws; and digital participation in the meetings, which will ultimately be a City Council final decision.

COMMITTEE UPDATES

Design Committee

None

Marketing Mix Committee

None.

Parking Committee

None

Organizational Committee

None

COMMUNICATION

Board and Staff Communications

The next DDA Board meeting is May 19, 2015.

Meeting adjourned at 9:54 a.m.

Respectfully submitted,

Christa Williams Northville DDA DDA Secretary Marketing & Communication Coordinator