

VILLAGE OF HOMER
Frequently Asked Questions (FAQ)
About
Downtown Development Authorities (DDAs)

What is a Downtown Development Authority (DDA)?

A Downtown Development Authority is a special purpose district, created and operated under the auspices of the Village Council, intended to foster economic development and revitalization of downtown areas.

How common is it for a local government to have a DDA?

DDA's are a common feature in many Michigan communities that empower business and civic leaders to take an active role in downtown revitalization efforts. Local governments have been allowed to create DDA's since 1975, when the enabling legislation was enacted in Public Act 197 of 1975. As of 2006, according to the Citizens Research Council of Michigan, there were over 275 DDA's in Michigan.

Why is the Village of Homer considering the formation of a DDA?

The Village of Homer actually created a DDA on April 15, 1991. However, a DDA board was never appointed by the Village Council and the DDA never became an active authority. The Village is now considering reviving the DDA and appointing a DDA board. The DDA and board would work to make the Village area a more attractive and inviting community in which to live and conduct business. It would showcase the pride that we already have for our community.

The DDA would play an important role in financing and carrying out needed public improvements within the Authority boundaries that will help achieve this goal.

Who can serve on the DDA Board?

The DDA board would consist of the chief executive officer of the municipality (Village Manager) and not less than 8 or more than 12 members. The members will be appointed by the Village Manager, subject to approval by the Village Council. A majority of the board members must have an interest (owner, principal, employee, etc.) in the property located within the DDA boundaries. If the district has 100 or more person residing within the DDA, not less than 1 member of the board must be a resident of the district.

Since the DDA Board would be appointed, not elected, what assurance is there that the DDA would be accountable to the public?

A number of measures ensure the accountability of the DDA Board to the citizens:

- The DDA Board would be a public body, whose meetings and records would be open to the public and subject to the Open Meetings Act and Freedom of Information Act, just like other official Village Boards and Commissions.
- The DDA can only carry out projects that are included in the “development plan.” The “plan” is subject to review and approval by the Village Council. In addition, when there are 100 or more residents in the development area, the plan is subject to review and recommendation by the “development area citizens council” required to be established under State statute.
- The financing authority of a DDA (property tax millage and tax increment financing) is subject to the approval of the Village Council.

Isn't a DDA only intended to be used in commercial areas? Why are residential areas being considered for inclusion in the DDA boundary?

Both the residential and commercial portions of the Village are important and necessary elements of its history, character and vitality. Inclusion of residential neighborhoods in the DDA boundary creates the flexibility for DDA funding sources to be used for making public improvements in those areas in the future that would enhance their value, attractiveness and desirability as a place to live.

Input into the nature and timing of any public improvements in neighborhoods would be obtained from a “development area citizens council” that would be established after the DDA board is appointed.

Is the proposed DDA boundary already determined?

Yes. In 1991, when the Village Council established the DDA, they also established the boundaries. The Village Council may modify the boundaries of the DDA. However, it may not add land to the boundaries without amending the existing ordinance. To amend the existing boundaries to include or exclude parcels from the DDA would require the same requirements for adopting the ordinance creating the authority.

Can a DDA impose increased property taxes in the DDA District?

No. A DDA Board has **no independent authority** to levy a property tax. The DDA statute does permit up to 2 mills of property taxes to be levied by a DDA (within the DDA district only, not in the entire Village), but only with the approval of the Village Council.

It is not contemplated that the Homer DDA would have a property tax levy. Instead, it is anticipated that the primary revenue source for the DDA would be "tax increment revenues," which are described later in this document. This is the pattern that has been established by the many DDAs throughout Michigan. Many communities have chosen not to levy the 2 mills of property. It is anticipated that the Village of Homer will follow this trend.

Can a DDA condemn property in order to acquire it for DDA use?

No. A DDA has no eminent domain (condemnation) authority. Only the Village Council has the authority to acquire property through condemnation. It is not anticipated that any property would be acquired by condemnation within the DDA district.

If the DDA has no property tax levy, how will it finance its activities and projects?

It is anticipated that the major revenue source for financing DDA projects and activities will be "tax increment financing (TIF)" revenues, **which does not result in any increase in the amount of property taxes paid by any property owner.**

Using TIF procedures, future growth in property tax revenue that would ordinarily be paid to traditional taxing jurisdictions is paid instead to the DDA, for a specified number of years, to pay for the cost of public improvement projects undertaken by the DDA.

Can a DDA Board independently finance and carry out public improvement projects in the District?

No. The DDA's projects and their financing are subject to Village Council approval. In order to issue revenue bonds or use tax increment financing, the DDA must prepare a "development and tax increment financing plan." This document must identify the projects the DDA intends to carry out, and the methods it plans to use to finance these projects. The plan is subject to approval by the Village Council, after a public hearing. The plan is also subject to review and input from a "development area citizens council," having 9 or more members who are residents of the development area, if the area has 100 or more residents.

The Village Council has final approval authority over the projects that are undertaken and financed by the DDA, through its authority to review and approve this plan.

