

**Kalamazoo Downtown Economic Growth Authority
(DEGA)**

FREQUENTLY ASKED QUESTIONS

QUICK FACTS

What is being proposed?

In partnership with the City of Kalamazoo, Downtown Kalamazoo Incorporated (DKI) is proposing the creation of a Downtown Economic Growth Authority (DEGA) in order to continue to be able to make strategic investments in downtown infrastructure and support further development and inclusive growth in Downtown. The creation of the new authority must be approved by the Kalamazoo City Commission.

The creation of the Downtown Economic Growth Authority accomplishes three important actions for Downtown Kalamazoo:

- 1) Replaces and resets the existing Downtown Development Authority (DDA) Tax Increment Financing (TIF) funding model to enable key investments to be made in downtown infrastructure again.
- 2) Implements strategic boundary modifications to direct investments to key areas just outside the existing DDA boundary and remove properties that may have a negative impact on the ability of the new authority to collect TIF dollars.
- 3) Opens the ability to leverage State dollars for local investment.

Why is the new authority needed?

The current DDA TIF funding model is based on the downtown landscape of the 1980s. The Upjohn Company had multiple buildings with hundreds of employees; Gilmore's Department Store and Jacobson's were anchors on the pedestrian mall. Over time, changes to the downtown employment and real estate market have transformed our downtown into the home of world-class breweries and entrepreneurial start-ups that has made it difficult to keep up with the demand for people wanting to live in our new urban environment. The current funding model no longer meets the needs of today's downtown. Despite the growth occurring in the central business district, the outdated funding model has resulted in ZERO tax increment financing dollars in 2018 for the first time in 30 years.

The new Downtown Economic Growth Authority is an innovative update to the DDA TIF funding model, with an ability to leverage additional state matching dollars for investments in downtown. The new authority will reset the funding base according to today's downtown landscape, allowing for continued investment in locally determined economic development priorities that will keep the positive momentum growing.

What does this mean for my taxes?

Taxpayers will see no change in their taxes. In fact, because of the City's decision to reduce property taxes by more than 35% in 2017, most taxpayers will continue to pay lower taxes than they did in 2016.

The updated TIF model does not institute a new tax, but will dedicate incremental growth in taxes paid within the central business district to reinvest in core district needs.

How will this positively impact the community?

This updated funding model positions downtown Kalamazoo for the shared prosperity vision in our city, outlined by the City's [Imagine Kalamazoo](#) Master Plan and the UpJohn Institute's [Urban Growth Initiative](#) report. The Downtown Economic Growth Authority will make strategic investments in downtown infrastructure to support further development and create an environment where people want to shop, work and play, and address specific needs expressed by the community.

ADDITIONAL BACKGROUND

About DKI

Downtown Kalamazoo Incorporated (DKI) is a nonprofit organization that works with both the public and private sectors to preserve and enhance the economic health of Kalamazoo's downtown area and, in turn, the Kalamazoo community.

DKI was created in 1989 by the City and local partners to serve as the coordinating entity for Downtown development. DKI provides the City of Kalamazoo professional staff, management, oversight, support, and leadership to the existing Downtown Development Authority (DDA), as well as Downtown Tomorrow Incorporated (DTI), a nonprofit organization focused on downtown revitalization. As part of this partnership, DKI manages a full range of responsibilities that include:

- Placemaking
- Business Recruitment and Retention
- Development & Project Coordination
- Planning
- Events & Marketing
- Building & Façade Grants
- Maintenance & Sanitation
- Parking Management

These priorities are designed to establish Downtown Kalamazoo as an accessible, diverse, green, progressive and vibrant urban center.

The City of Kalamazoo and Downtown Kalamazoo Incorporated (DKI) are jointly proposing the creation of a Downtown Economic Growth Authority (DEGA) in order to continue to be able to make strategic investments in downtown infrastructure and support further development and inclusive growth in Downtown.

- **What is a Downtown Economic Growth Authority?**

Downtown authorities are designed to be catalysts in the development of a community's downtown district and assist with funding improvements along commercial corridors. Downtown authorities can be established by any city, village or township, and are defined by a geographic boundary around the central business district and/or commercial corridors downtown.

Once established, the authority creates a development plan, mapping out specific investments and improvements to be made within its boundaries, along with a tax increment financing (TIF) plan identifying funding mechanisms.

The new Downtown Economic Growth Authority will be established under the Corridor Improvement Authority Act and will work in partnership with the existing Downtown Development Authority (DDA). On behalf of the City of Kalamazoo, Downtown Kalamazoo Incorporated will manage activities, downtown development efforts and administration of the new authority in close coordination with the existing DDA.

- **What is "TIF"? How does it work?**

"TIF" stands for *tax increment financing*. TIF is a market-driven financing mechanism that captures the value of improved property within a specified geographic boundary to pay for the cost of community improvements within that boundary. The Michigan Legislature established TIF to empower communities with the flexibility to invest in locally determined economic development priorities. The tool is most commonly used to support private investment and development, clean up blighted property, catalyze revitalization efforts and elevate quality of life.

The TIF model does not institute a new tax, but rather, dedicates incremental growth in taxes paid within the central business district to reinvest in core district needs. Decisions about how TIF dollars are allocated are informed by community input and implemented by a board of representatives of the community.

- **Where will the new authority capture TIF dollars?**

Employing tax increment financing, the new authority will capture values within a specified boundary Downtown. The boundaries of the new authority are consistent with those of the central business district and the existing DDA, with minor changes based on changes in the downtown landscape since the 1980s.

The changes in boundary will enable the Downtown Economic Growth Authority to make investments along key corridors identified in the Imagine Kalamazoo Master Plan. These revisions will improve connections between downtown and surrounding neighborhoods. This is consistent with feedback received through Imagine Kalamazoo and aligns with the City's goal to create a more connected City.

- **Will the community have an opportunity to give input in the kinds of improvements that are funded?**

Absolutely, and we encourage it! The new Downtown Economic Growth Authority, the existing DDA, and DKI all welcome community input, participation and feedback.

Like the DDA, board meetings of the Downtown Economic Growth Authority will be open to the public and the new authority will be required to publish monthly financial reports. Above and beyond basic requirements of the authority, the proposal to create a Downtown Economic Growth Authority is part of a broader organizational restructuring of Downtown Kalamazoo Incorporated. DKI plans to create four community-led coalitions focused on:

- 1) People
- 2) Place
- 3) Experience
- 4) Growth

We invite Downtown community members who have interest in getting involved further with Downtown activities to reach out to us directly and we can help you get connected. Community members can reach us at dki@dki.org or 269-344-0795.

- **Who will oversee the new authority?**

The Downtown Economic Growth Authority will be governed by a board of directors, appointed by the Mayor and approved by the City Commission. At least one of those directors must be a resident of the district. Board meetings will be open to the public and the new authority will be required to publish monthly financial reports.

Downtown Kalamazoo Incorporated will manage activities, downtown development efforts and administration of the new authority in close coordination with the existing DDA.

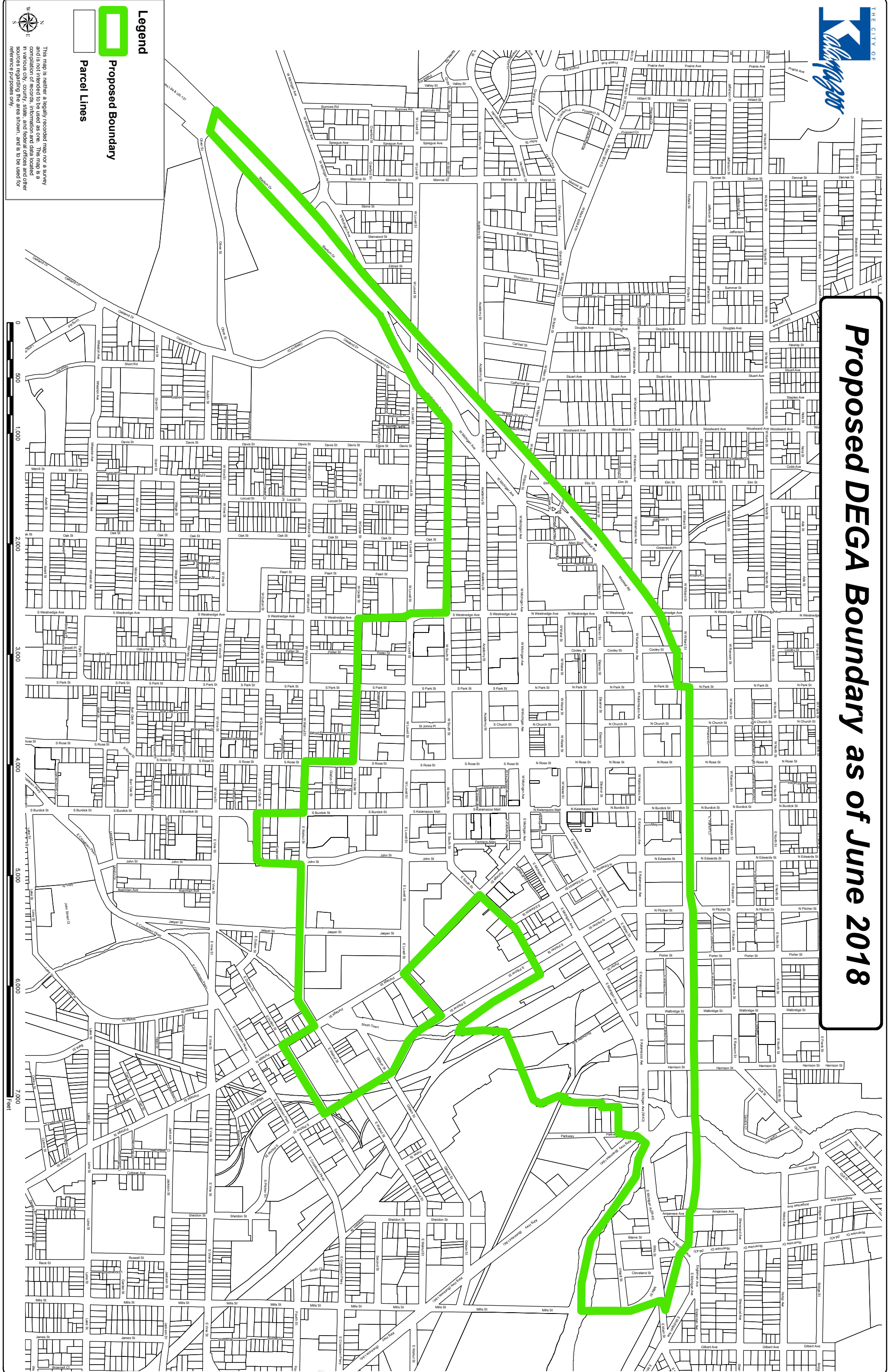
- **How is this authority different from the DDA?**

The Downtown Economic Growth Authority is a continuation of the DDA TIF funding model, with an ability to leverage additional state dollars for investments in downtown. The new authority will realign the funding model for future investments in locally determined economic development priorities.

- **What will happen to the existing DDA?**

The DDA will work in partnership with the new Downtown Economic Growth Authority, coordinating strategic investments in Downtown. The DDA TIF district will be dissolved, but the DDA will continue its current responsibilities, which include management of the City's Downtown parking system and oversight of investments through an existing levy Downtown.

Proposed DEGA Boundary as of June 2018



Legend

- Proposed Boundary
- Parcel Lines

This map is neither a legally recorded map nor a survey and is not intended to be used as one. This map is a compilation of records, information and data located in various city, county, state, and federal offices and other sources regarding the area shown, and is to be used for reference purposes only.

