

# Traverse City Downtown Development Authority Study Session

Friday, May 5, 2023

**12:00 pm**

Commission Chambers, Governmental Center  
400 Boardman Avenue  
Traverse City, Michigan 49684



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The City of Traverse City and Downtown Development Authority are committed to a dialog that is constructive, respectful and civil. We ask that all individuals interacting verbally or in writing with board members honor these values.

Downtown Development Authority:  
c/o Jean Derenzy, CEO  
(231) 922-2050  
Web: [www.dda.downtowntc.com](http://www.dda.downtowntc.com)  
303 East State Street, Suite C  
Traverse City, MI 49684

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**Welcome to the Traverse City Downtown Development Authority  
study session**

**Agenda**

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<b>1. CALL TO ORDER</b>	
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<b>2. ROLL CALL</b>	
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<b>3. TOPICS OF DISCUSSION</b>	
A. Housing Discussion (Scott Howard, Jean Derenzy)	4 - 5
<a href="#">Housing Discussion Memo (Scott Howard, Jean Derenzy) - PDF</a>	
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<b>4. PUBLIC COMMENT</b>	
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<b>5. ADJOURNMENT</b>	



# CITY COMMISSION

## GOALS & OBJECTIVES

### 2022-2023

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#### **HOUSING & HOMELESSNESS**

Increase opportunities for more diverse housing through public and private options.



#### **ACCESS & MOBILITY**

Invest in multi-modal mobility strategies and existing and future infrastructure so that individuals of all ages, abilities and income have a network of complete, barrier free, safe, year round access to our community's amenities and basic needs.



#### **CONNECTING PEOPLE WITH EACH OTHER AND NATURE**

Invest in facilities and amenities in order to create vibrant City spaces that connect all people to nature and to each other.



#### **ECONOMIC DEVELOPMENT**

The City will foster economic development by adopting a growth mentality and by conserving and maintaining natural resources. It will work with partners to invest in and maintain amenities that support a wide variety of industries, build the workforce, and attract well-paying jobs with the region's future in mind.



#### **WATER SYSTEMS**

Proactively and consistently maintain, conserve, and manage water and water systems to reduce harm to the systems themselves as well as public health and safety.



#### **CLIMATE CHANGE**

Address climate within all of our City priorities, goals, policies, and actions.



Downtown Development Authority  
303 E. State Street  
Traverse City, MI 49684  
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231-922-2050

## Memorandum

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To: DDA Board of Directors

From: Scott Howard, DDA Attorney  
Jean Derenzy, DDA CEO

Date: May 3, 2023

Subject: May 5<sup>th</sup> Study Session Discussion Regarding Housing

This study session is a starting point of an exploration process to clarify the DDA's role in addressing housing needs, including potential projects, services, investments, and constraints.

The data and the public's will could not be any clearer: We need more affordable and attainable housing in the community. Informed by robust public engagement regarding needs and preferences and by market-based information, one of the Guiding Principles in the DDA's *Moving Downtown Forward Plan* is to "champion the development of workforce and attainable housing."

The DDA is exploring ways to support the availability of affordable and attainable housing as well as to "advance climate action, sustainability, renewable energy, energy efficiency, and resiliency" (another Guiding Principle) in the downtown area it serves. We're thinking about this in the context of the opportunities and constraints we operate within in terms of our legal authority, our role, financing tools, state and other incentives, and public and nonprofit and private partners' strengths, resources, and tools.

The DDA is not a developer and does not have control of how private property owners choose to develop the land they own in the downtown. The City governs the regulation of land use through the City's zoning ordinance, and the City's Charter limits building heights; these regulations, governed by the City and its citizens, can impact affordability.

As a component unit of City government, the DDA has relatively limited tools to support the development of housing. When resources allow, we have supported the creation of affordable and attainable housing in other ways. Most recently, by:

- Supporting – through staff time, relationships, expertise, and by covering the cost of the property survey – the partnership effort led by the City and Homestretch to develop the Lot O.

- Budgeting and allocating funding toward the costs of public infrastructure that serves housing downtown developments, such as public streetscaping, heated public sidewalks, and sewer leads.
- Advocating for the City's consideration and use of Neighborhood Enterprise Zones as a way to incentivize and lower the costs of privately owned and developed housing downtown.

The DDA has not directly funded or subsidized housing efforts in the past. We are starting the process based on the Board's interest during the budget process, to learn more about the potential legal considerations, benefits, and drawbacks of using tools, including Tax Increment Financing, to support the development of affordable and attainable housing in the downtown, including through subsidies that may reduce costs for residents.

We are also aware that downtown has some of the highest real estate costs in the region, and that making payments to supporting housing development in the downtown may not have the highest return-on-investment of public dollars related to supporting housing development; it may be possible for the City or other governmental entities to leverage the same dollar amount, or even a lesser amount, for more impact in terms of the number of housing units. Layering and leveraging various incentives to obtain the best results for housing has been identified for years by the Michigan State Housing Development Authority and other affordable housing experts. We have an opportunity to be part of the layering and leveraging, while knowing we cannot and will not be solving affordable housing challenges alone as a DDA.

We will not be making any decisions at this meeting. We will share information about what we know and what we want to learn more about. We will present our understanding of the way we may utilize tools like Tax Increment Financing within the boundaries of the TIF districts, and potentially within the boundaries of the DDA's service area (which are different boundaries).

We want to hear your thoughts and questions, including what you want to learn more about. We may also look to learn from other communities, who have directly funded or publicly subsidized housing in their downtown to learn more about the tools that have been most effective for them. We want to hear how you, as a body, would like the DDA to work with potential partners like the City Housing Commission, and/or nonprofit partners like Housing North, Homestretch, or others.

Please come ready to share your ideas and questions.