



City of Troy Downtown Development Authority

Troy DDA Quality Development Initiative (QDI)

BACKGROUND

In order to prevent further deterioration and to encourage economic development of the Downtown District, the City of Troy established its Downtown Development Authority (DDA) pursuant to Act 197 of 1975 and an ordinance adopted by the Troy City Council on July 12, 1993. Troy's DDA district is generally centered on a 3.25 mile stretch of Big Beaver Road from just east of Rochester Road to just west of Coolidge. The Troy DDA seeks to preserve and encourage economic development and redevelopment of the DDA district to ensure that Troy's DDA continues to be a vibrant and prosperous area.

QDI RATIONALE

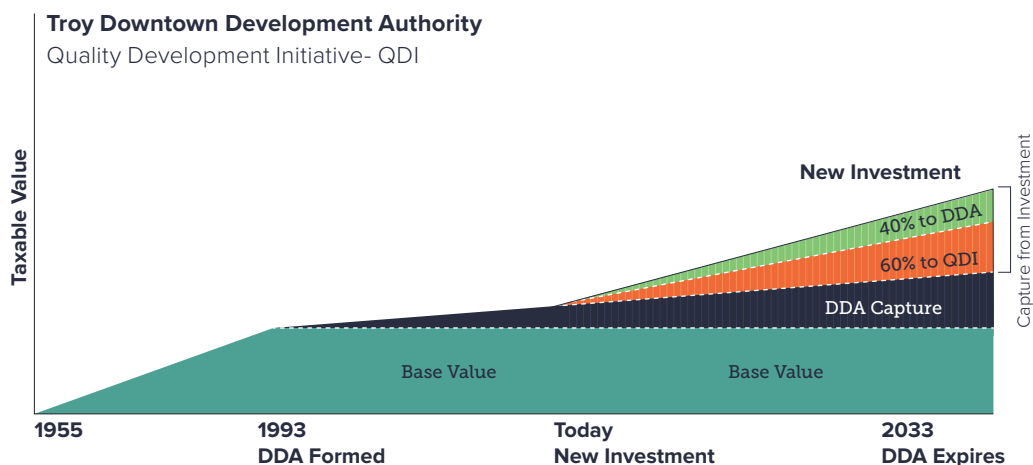
To further the Troy DDA's mission, the Troy DDA Plan was amended and the QDI was adopted by the Troy City Council on July 24, 2017. Today's successful downtown districts include a mix of land uses, density, open space, multi-modal transportation options (including non-motorized transportation means), vibrant streetscapes with pedestrian activity, high quality development and amenities, natural features, art and culture. Troy's Big Beaver Corridor Study of 2006, Master Plan of 2008 with subsequent update and Zoning Ordinance of 2011 have all had a positive impact

on today's DDA district by encouraging key elements that go into a successful downtown. The QDI provides an additional DDA tool used to further encourage the development of the key components that make up successful downtown environments.

Parking structures and storm water detention/retention facilities for mixed use developments are often difficult to finance or may not necessarily achieve the quality, scale and scope desired by the local community. The QDI could therefore be a valuable tool to help finance a portion of a project's public improvements and help encourage high quality.

QDI STRUCTURE

The City of Troy seeks to encourage mixed use development in the DDA district. These mixed use developments will require parking structures and other public improvements such as storm water detention facilities. Cost of public facilities is one of the financial hurdles for developers. The QDI will provide some gap funding to developers. The developers can finance their developments on the private market and utilize the QDI as an annual cash incentive. The time limit of the QDI is limited by the sunset of the DDA in 2033.





QDI STRUCTURE (CONT.)

For development and redevelopment projects that significantly improve a mixed use site compared to the previous use, the taxable value of the site will increase upon project completion.

Through the DDA district, increases in the taxable value of the property are captured by the DDA to be directed back into the DDA for permitted uses to meet the goals of the DDA. The QDI proposes utilizing 60% of the annual tax increment increase of the target property to be used for public facilities and enhancement. The funds can be used to financially supplement the developer on an annual basis for a portion of the cost of these public improvements.

The DDA should have the flexibility to adjust the amount of the annual payment, not to exceed 60% of new investment and its additional tax capture. There should also be flexibility in the length or term of the QDI, but in no case could the annual financial assistance go beyond the life of the DDA, 2033. By providing project financing assistance for public improvements, the DDA can encourage the development of high quality mixed use developments in the DDA district and further contribute to the economic development of Troy's DDA district.

QDI STANDARDS

In determining eligibility for QDI assistance, a proposed project shall meet the following standards:

1. The project has a public use and public benefit.
2. The project shall have a privately owned public facility.
3. The project is consistent with the City of Troy Master Plan.
4. The project is consistent with the vision set forth by the Big Beaver Corridor Study.
5. The project shall contain mixed use development.
6. The total QDI assistance payments shall not be greater than 60% of the cost to construct the privately owned public facility.

7. The QDI assistance shall be generated from the project's new DDA capture and shall not exceed 60% of the new DDA tax capture from the new investment.

8. The project shall feature a parking facility or facilities (structure or underground). A minimum of 50% of the project site's total parking requirements must be accommodated by the proposed parking facility or facilities.

9. Parking structure projects shall achieve high quality design standards and be constructed with high quality materials.

10. The project shall successfully go through any review and permit processes required by the City of Troy.

11. Storm water detention projects, along with sanitary sewers, storm sewers, water mains, detention basins, grading and rear yard drainage, paving, soil erosion and sedimentation control, site improvement plans and sidewalks shall follow best management practices. Practices may not apply to all conditions, and alternate solutions may be permitted as approved by the City Engineer.

The QDI Standards as herein presented are intended to provide a sound, reasonable basis for the design and implementation of potential projects. They are not intended as a substitute for sound planning and engineering judgment. These standards incorporate the City of Troy Standard Details and the City of Troy Specifications.

CONCLUSION

The QDI proposes the use of new investment and additional tax increment funds to encourage the development of high quality mixed use developments. QDI provides annual financial assistance to assist in financing public facilities in the Troy DDA district. The program offers a valuable economic development tool that can help act as a catalyst for the development of mixed use developments that meet the demands of today's market.