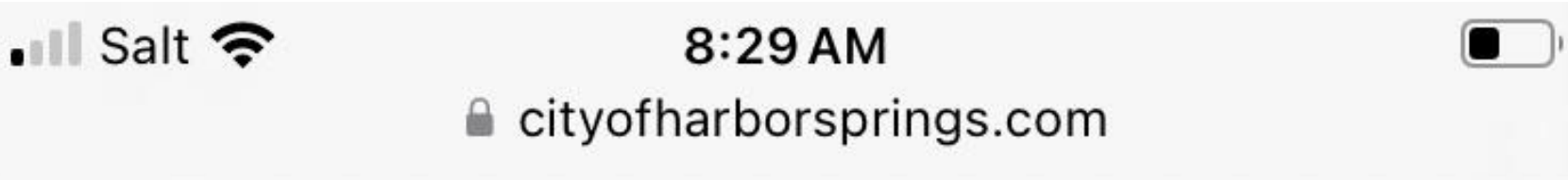


# Interesting History of the DDA in Harbor Springs

*A look at where the DDA came from - and what that history tells us today.*

- The Harbor Springs DDA has had two lives - one beginning in 1982 and one restarted in 2011.
- Understanding that history helps the community evaluate what the DDA was built to do - and whether it still needs to do it.
- This section draws on public records, meeting minutes, and firsthand accounts from board members.

# Partial History by Kathy Breighner



The Harbor Springs Downtown Development Authority (DDA) has had two lives, one in the 80s – 90s and the other beginning again in 2011. The first group began in 1982 and used Tax Increment Financing (TIF), that then allowed capture from school systems, for many downtown projects such as parking lots and help with architectural changes to storefronts.

With TIF funds diminishing (property values declined and state regulations disallowed the capture from school taxes, the DDA dissolved. Fast forward to 2011 and a group of Downtown business people – Kathie Breighner, Jody Ewbank, Mary Ellen Hughes, and Rachel Smolinski (newly hired as executive director of Harbor, Inc.) attended a placemaking conference in Traverse City. Buoyed by what was presented, the group added other members and began looking at restarting the DDA.

Using a DDA specialist with the Northern Lakes Economic Alliance (NLEA), the placemaking group went through the multi-step, state-regulated process to reform the DDA. The group, which had expanded to include Mary Catherine Hannah, Jeff Graham, Andy Bultman, Jeff James, Rob Mossburg and more, brought in a national expert on placemaking in 2012 to hold a several day visioning session that included seasonal and year round residents.

## History - 2 of 3

One of the earliest projects of the newly formed DDA was a winter open house of available downtown business properties – 17 of them! One of the major hopes for the DDA was to be able to entice businesses to Harbor Springs to fill the empty spaces. In most years since the open house, there have been just a few vacant spaces.

The DDA contracted with Harbor, Inc. to have Executive Director Smolinski oversee operations. Again, using NLEA assistance, the DDA began the extensive process of putting another TIF in place. At this time the DDA had essentially no budget, funding only from grants and donations, and was working completely with a part time director and an all volunteer board. The TIF began in 2015 which brought in \$8,136 followed in 2016 by \$0 – there was no improvement of property values to generate a capture. The new TIF put in place a starting point for 2014 for central business district (CBD) property values which allowed for a “capture” in future years in the difference between the starting and current values. The state mandated funding partners for the TIF were Emmet County, North Central Michigan College, the City of Harbor Springs, and the Cemetery Commission. The capture of a TIF costs nothing to the property owner but instead dollars paid by them go to the DDA instead of the funding partner.

## History - 3 of 3

Emmet County paid their required capture monies the first two years of the TIF but then withheld the funds believing they had the right to opt out of the capture. State law allows this opt out for funding partners if a DDA is newly created or if the physical boundaries of the DDA change. Neither of these applied here. Many hours of discussion took place between the DDA and the County, with neither wanting to dive into legal steps that could harm the ongoing

---

relationships of the parties. In 2024, an agreement was reached that met the needs of both entities and the budget going forward would include the County participation.

The DDA members are downtown business owners, property owners, and residents along with the Mayor and those members bring a variety of perspectives to the business community. If you are one of those representatives, thank you.

Respectfully,

Kathie Breighner  
Past DDA Chair  
Past Business Owner  
and Perpetual Community Volunteer

# History – July 22, 1986 “DDA on Hold” Read the story on the next two slides

PAGE 10—Petoskey News-Review Tuesday, July 22, 1986

## Harbor council puts hold on DDA project until public comment

By DIANNE MURRAY  
News-Review staff writer

HARBOR SPRINGS — Council directed the downtown development authority (DDA) not to proceed with its next projects — parking behind State Street stores — until the public comments on the proposals.

Council hopes to resolve concerns about the projects before the DDA begins work. Past DDA projects have come under fire from the public and council, who felt they weren't made fully aware of the projects. The DDA believed approval of the master plan spelling out projects to be tackled gave it the green light to proceed. The public also had an opportunity to comment at meetings, DDA members have pointed out in the past.

Before proceeding with negotiations to purchase and improve for parking the MacGregor and Benno parcels behind State Street stores, from East Bay to Main streets, the DDA asked council to comment on the projects.

The DDA is negotiating various options to purchase the properties, including three-year land contracts.

Since the DDA's funding source expires in 1987, the authority requested a legal opinion to deter-

mine who would be liable to complete the contracts should the DDA not exist. Council requested this be resolved before property is purchased.

The administration could not immediately answer whether the DDA also may have enough money “banked” to acquire and complete the projects.

The DDA is funded through a tax increment financing plan (TIFA) which defers some property tax revenues from the downtown area to the DDA for improvements. To continue, the TIFA would need to be renewed by several governing bodies.

Both council and the DDA want to resolve who would be responsible for the payments should be the DDA funding dissolve one year into a three-year land contract, for example.

The city attorney's opinion on the matter is being sought.

DDA members are negotiating to purchase the MacGregor parcel for \$75,000. Three payments of \$25,000, commencing January 1987 at 11 percent on the unpaid balance, is being considered.

Negotiations continue for purchase of the Benno property, with a suggested price of \$38,000.

# **In 1986 Harbor Council puts hold on DDA Project until public comment**

## **News Review 7.22.86**

By Dianne Murray

News-Review staff writer

HARBOR SPRINGS - Council directed the downtown development authority (DDA) not to proceed with State Street parking behind State Street stores until public comments on the proposals. Council hopes to resolve concerns about the projects before the DDA begins work.

Past DDA projects have come under fire from the public and council, who felt they weren't made fully aware of the projects. The DDA believed approval of the master plan spelling out projects had given it the green light to proceed. The public also had an opportunity to comment at meetings, DDA members have pointed out in the past.

Before proceeding with negotiations to purchase and improve for parking behind the MacGregor and Benno parcels behind State Street stores, from East Bay to Main streets, the DDA asked council to comment on the proposals. The DDA is negotiating various options to purchase the properties, including three-year land contracts.

## Harbor Light Story 7.22.1986 (cont.)

Since the DDA's funding source expires in 1987, the authority has requested a legal opinion to determine who would be liable to complete the contracts should the DDA not exist. Council requested this be resolved before the property is purchased. The administration could not immediately answer whether the DDA also may have enough money "banked" to acquire and complete the projects.

The DDA is funded through a tax increment financing plan (TIFA) which defers some property tax revenues from the downtown area to the DDA for improvements. To continue, the TIFA would need to be renewed by several governing bodies.

Both council and the DDA want to resolve who would be responsible for the payments should the DDA funding dissolve one year into a three-year land contract, for example. The city attorney's opinion on the matter is being sought. DDA members are negotiating to purchase the MacGregor parcel for \$75,000. Three payments of \$25,000, commencing January 1987 at 11 percent on the unpaid balance, is being considered. Negotiations continue for purchase of the Benno property, with a suggested price of \$38,000.

## The Purpose of the DDA

The DDA proposes to continue to improve and strengthen the Development Area. This is to be accomplished by using the additional tax revenues generated in the Development Area to make public improvements and induce private redevelopment. It is anticipated that the public improvement proposed for the Development Area, and the private improvements they induce will provide long-term stability and growth in the Downtown District. This will greatly benefit all taxing jurisdictions, which to a significant degree are dependent upon the well-being of the Downtown District for stability and growth. This benefit will result from increases in property valuations surrounding the Development Area; increases in property valuations in the Development Area at the time this Tax Increment Financing Plan is completed; and increases in property valuation throughout the entire community.

## The Early Years & First Iteration (1979 – 2003)

- 1979-1982: The Harbor Springs DDA is initially created by the City Council pursuant to the state's Downtown Development Authority Act (Public Act 197 of 1975).
- 1980s-1990s: During its "first life," the DDA uses Tax Increment Financing (TIF) to fund downtown projects such as parking lots and storefront architectural changes.
- 1985: The City deeds several easements and properties to the DDA to create the "Merchants Walkway," a gathering space for merchants, residents, and visitors.
- 2003: The DDA ceases meeting and becomes dormant due to declining property values and state regulation changes that disallowed the capture of school taxes.

## Why the DDA Went Dormant (2003)

By 2003, two major factors converged to eliminate the DDA's funding:

- **Declining Property Values:** The TIF mechanism only generates revenue when property values rise above the “base year” value. When the local real estate market declined, there was no increment to capture - meaning no new tax money flowed to the DDA.
- **Loss of School Tax Capture:** Changes in Michigan state law - beginning with amendments around 1994 - disallowed DDAs from capturing the State Education Tax or local school district taxes. Since school taxes make up a significant share of any property tax bill, losing this capture severely crippled the DDA's revenue.

*With no increment to capture and no school tax revenue, the DDA dissolved and went completely dormant - remaining so for eight years, until a 2011 placemaking summit in Traverse City sparked community action to re-establish the board and create a new TIF plan.*

## The Reawakening (2011 – 2012)

- March 2011: Local business leaders attend a Placemaking Summit in Traverse City, sparking a movement to revitalize the dormant DDA.
- Summer 2011: The DDA is officially reawakened and reorganized under a Main Street USA committee structure.
- 2012: The DDA is formally re-established via City Ordinance No. 180.
- July 2012: The DDA funds and orchestrates the Wade-Trim Downtown Enhancement Study, hosting design workshops and focus groups for nearly 300 residents to build a new downtown vision.

## Establishing the Financial Foundation (2014 – 2015) and beyond

- 2014: The initial base year taxable value is established at \$31.8 million for the DDA's new TIF plan.
- May 2014: City Council establishes a Principal Shopping District (PSD) that shares boundaries and board members with the DDA, allowing for a special assessment on commercial properties.
- May 2014: Consultants Wade and Trim working with DDA leadership, deliver the Development Vision plan first commissioned in 2012
- Public hearings for the public and City Council expected to read and understand the DDAs 'Development Plans' (2014, 2018, 2015-2022 amended, 2023-2038) then approve by a City Council vote.
- 2015: The DDA's first official Tax Increment Financing (TIF) plan of its "second life" is formally adopted to run through 2017.
- There would have been twice a year reporting from DDA to City Council where oversight of described plans were monitored by City Council and the community.
- The DDA 2014-2017 Development '4-point plan' for Main St Organization model that includes 'street scape design'.
- A resource for those documents and more can be accessed at [cityofharborsprings.com/government/downtown-development-authority-dda/dda-documents/](http://cityofharborsprings.com/government/downtown-development-authority-dda/dda-documents/)

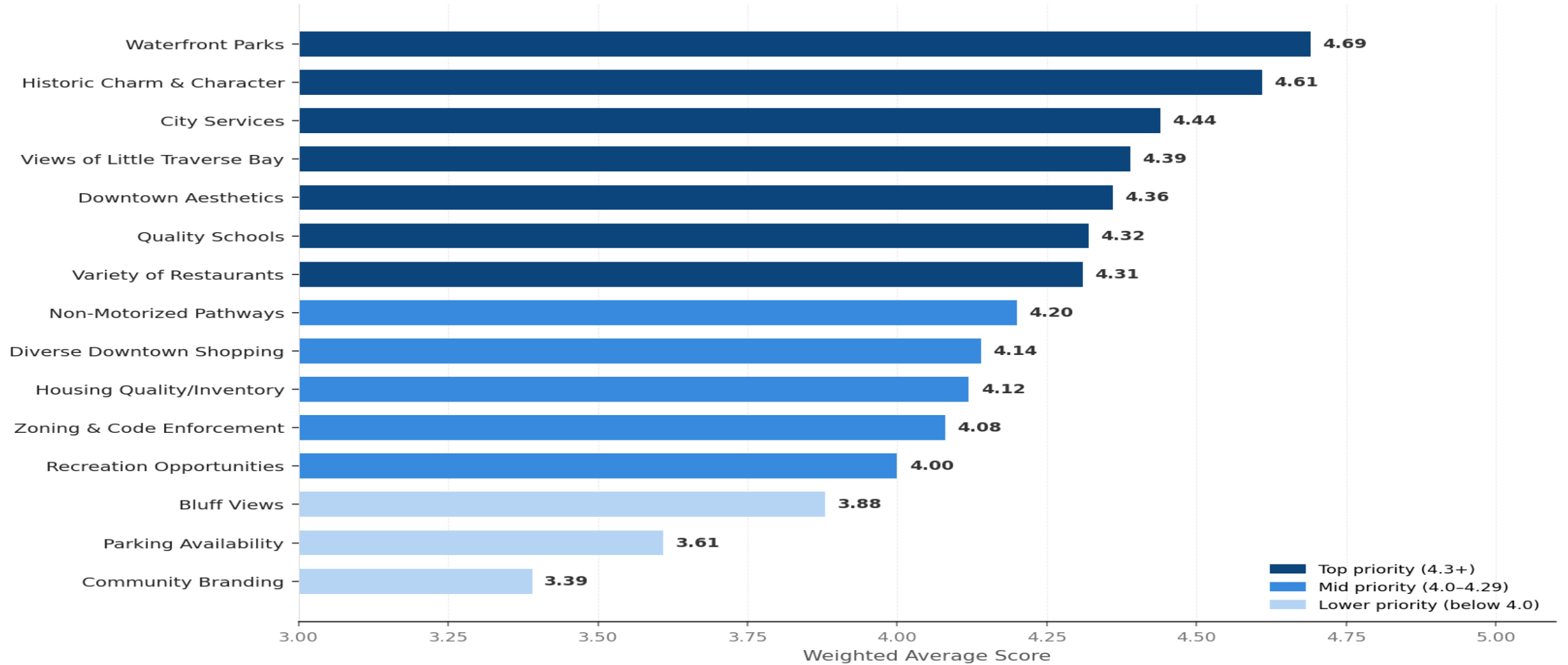
## **First Wave of Infrastructure Improvements (2017 – 2019)**

- 2017: Phase 1 of the downtown Wayfinding system (vehicular guide signs) is completed.
- 2017: Electrical infrastructure and holiday “twinkle” lighting are successfully installed on the trees lining Third Street.
- 2018: The TIF Plan is renewed to run through 2022.
- 2018: An existing vacant city-owned lot at Third and Spring Streets is developed into a new 20-25 space public parking lot.
- 2019: Phases 2 and 3 of the Wayfinding system (pedestrian and identification signs) are completed.

## Navigating the Pandemic & Continued Upgrades (2020 – 2022)

- 2020: The DDA raises funds to place new picnic tables in Marina Park and distributes COVID-19 relief grants to downtown businesses.
- Master Plan Survey 2020-2021 ‘Street Scape’ term first used. Survey #2 Q6 [‘Quaint and Vibrant Harbor Springs’](#). *See next slide.*
- 2021: The DDA assists the City with planning and improving Marina Park, focusing on landscaping, outdoor dining, and a game area.
- 2022: The Wayfinding signage project is completely finalized, directory kiosks are updated, and major downtown street light bulbs/globes are replaced to meet energy efficiency and aesthetic standards.

# Master Plan Survey #2: 'Quaint and Vibrant' Harbor Springs — weighted average score, all respondents



## A New Long-Term Vision (2023)

- Annual budget approvals of the DDA's budget where the 'Streetscape' was mentioned, via public hearings, and via City Council's vote in the budget every year beginning 2023. (By approving the budget for the DDA, the Streetscape financing has effectively been approved four times, 2023, 2024, 2025, and 2026).
- 2023: MEDC directs the City that its zoning grant funding depends on adding RRC Baseline Report criteria – including 'Placemaking' and outdoor dining standards – into the zoning code.
- 2023: The DDA Development Plan Amendment No. 2 and TIF Plan Amendment No. 2 are adopted.
- 15-Year Extension: These amendments extend the DDA and TIF plans for 15 years, covering the period from 2023 through 2038.
- Financial Scope: The new plan outlines an estimated \$1.37 million in projects, allocating significant funds for a future Streetscape Project, downtown lighting, and the unfinished Merchants' Walkway.

## Transitions and Execution (2024)

- January 2024: Becky Goodman is officially hired as the new, part-time DDA Director.
- Spring 2024: Emmet County officially agrees to a 50/50 split of its captured tax revenue with the DDA through 2038, ending a years-long dispute over the County's TIF contribution.
- Summer/Fall 2024: Construction officially begins on Phase 1 of the long-awaited Merchants Walkway project.
- November 2024: A contentious city zoning ordinance (Ordinance 439) is repealed by voters via ballot referendum, reflecting heavy community pushback against density and Redevelopment Ready Community (RRC) growth initiatives.

## Recent Controversies & Milestones (2025)

- Summer 2025: The DDA officially assumes management of the annual Sidewalk Sales event from the Chamber of Commerce.
- Fall 2025: A DDA streetscape beautification project to paint downtown lampposts blue halts after significant public pushback, resulting in the City Council requesting the DDA to pause the contract, rethink the color, and seek further public input.
- Late 2025: The DDA creates a formal Board Orientation packet to streamline the onboarding of new board members and finalizes the FY 2026 budget.

## Looking Ahead: 2026 and Beyond

- January 14, 2026: the first meeting of 2026 included officer elections and final budget adoption.
- Merchants Walkway project continues: Phase 1 construction continues; Phase 2 planning underway for the historic 1985 gathering space.
- Streetscape Project: Major planned investment using TIF funds through 2038; public input process ongoing following the lamppost color controversy.
- TIF Revenue: Emmet County 50/50 split secured through 2038, providing a stable, long-term funding base for DDA projects.
- Downtown Lighting: Ongoing upgrades and improvements on Third Street to meet both energy efficiency and community standards.
- Board Development: New orientation materials in place to support continuity and informed governance going forward.

## The New York Parking Lot: A 1988 Deal, Forgotten for Decades

- **June 9, 1988:** The New York parking lot is deeded directly to the DDA by a former owner, MacGregor - not to the City of Harbor Springs.
- **The original deal:** The DDA agreed to pave the lot in exchange for MacGregor accommodating a dumpster site for the New York Restaurant - a practical, local arrangement typical of the DDA's early hands-on approach to downtown improvement.
- **Then forgotten:** Over the following decades - through the DDA's dormancy, its reawakening, and years of active operation - the ownership details were lost. Both the DDA and the City of Harbor Springs assumed the lot was City-owned property.

## The New York Parking Lot: The 2025 Discovery

- **July 21, 2025 — City Council Packet:** The City announces it has discovered - through its own research - that it does not own the New York parking lot. The lot had been deeded to the DDA. As a result, all future maintenance, improvements, and management of the lot must be handled by the DDA. The finding is reiterated in the August 4, 2025 Council Packet.
- **August 13, 2025 — DDA Board Meeting:** The DDA publicly announces it owns the New York Parking Lot. The discovery is described as having been made “almost accidentally” and is characterized as “big news” - as neither the DDA nor the City had any awareness of the 1988 deed.
- **What it means going forward:** The DDA now holds clear responsibility for the lot - a significant asset it did not know it had. This adds a new dimension to the DDA’s role as a steward of downtown Harbor Springs property and infrastructure.

*Source: July 21 and August 4, 2025 City Council Packets; DDA Board Meeting, August 13, 2025*