

Purpose of a DDA – And Whether It Is Being Met

Should Harbor Springs review its DDA? This is not a critique — it is a governance review question.

- This report makes the case for a structured community review of the DDA.
- The review is framed as a responsible governance exercise - asking whether the DDA still serves the purpose it was created for.
- A clear pattern exists: DDAs tend to be reconsidered when a DDA can no longer justify its existence — through duplication, financial exposure, or lack of results - communities start asking how we achieve a more productive purpose

Why a review makes sense

Periodic reflection helps ensure that public tools continue to serve the public purpose for which they were created.

- A community review can reaffirm what is working while identifying new priorities.
- Harbor Springs has a vibrant downtown. Taking a fresh look at the DDA is not about criticism.
- Healthy communities ask questions, evaluate their institutions, and adapt when necessary.
- A thoughtful review could simply be the next step in that tradition.
- The real question is about DDA money
- It is not just about what the law allows.
- It is about how broadly a local DDA chooses to interpret it.
- That is where the real policy conversation is.

A New Board, An Inherited Mandate

This DDA Board is a new Board. A new board inherits the commitments, the contracts, and the consequences of decisions it had no part in making. One member has been here before. The rest are starting without a map. Beckett & Raeder can provide context.

But their context is not the same as Harbor Springs institutional knowledge - and institutional knowledge is exactly what this board needs when it is being asked to execute a long-term plan on behalf of a community that has been watching for a long time.

A Real example of a Township leaving the DDA: Scio Township

Other Michigan communities have reviewed their DDAs. Scio Township is a case worth understanding that DDAs are not permanent. Michigan law says a DDA "shall be dissolved when it has completed the purposes for which it was organized."

- Scio Township, near Ann Arbor, created its DDA in 1988 to solve specific problems along Jackson Road.
- At that time, the area had contaminated water, narrow roads, no water/sewer infrastructure, and declining property values.
- The DDA used tax increment financing (TIF) to fund major improvements: water/sewer service, the Jackson Road boulevard, and other infrastructure projects.
- Over time, these projects helped stimulate development and rising property values.
- Traverse City also put their DDA to a public vote. Detroit and Traverse City have both done thorough DDA reviews. Scio Township is a clear case of a community deciding a DDA had completed its mission.

Why Scio Township dissolved its DDA

Township leaders argued those funds should return to the agencies voters intended. That same question can apply here.

- 1. Mission accomplished: the original infrastructure problems had been solved. Property values had been rising for decades.
- 2. Captured tax money was sitting unused: millions sat in DDA accounts with no immediate projects planned.
- 3. Voter-approved millages were being diverted: the DDA captured taxes voters intended for mental health, libraries, parks, public safety, and community colleges.
- 4. After 37 years, the township board voted 4-2 to dissolve the authority. Their conclusion: the original purpose had been fulfilled.

Why communities revisit their DDA – Let Us Review

- Communication between the DDA and the community has been lost
- Misunderstanding of the purpose, process and results
- Purpose completed - the original problems are solved
- Financial rebalancing - tax money could serve other priorities
- Low activity/limited value - not much is happening or projects completed
- Governance reset - new leadership or community direction with new staff
- Duplication of effort - other groups cover the same work or want to be in charge
- Quality of life over expansion - different priorities now and other uses of the TIF dollar
- Reduced public confidence - trust needs rebuilding now before the planning consultants make decisions, without full and educated community involvement

When is a DDA most effective?

- **Driving growth:** where there is a clear redevelopment need: vacant storefronts, disinvestment, lack of activity, blight buildings, and with true measurements of projects and process.
- **Filling infrastructure gaps:** streets, utilities, parking need public investment to unlock private investment.
- **Scheduling events:** when the business owners can better reap the rewards of street traffic and purchasing power. Elongation of the selling seasons and building the economic benefits of the shoulder seasons for shops downtown.
- **Clear capacity:** the DDA shows they can manage budgets, projects, contractors and consultants with accountability.
- **Building a coherent downtown identity:** so that Harbor Springs is known for something specific - not just a collection of shops, but a town with a character, history and a story that draws people back.
- **Serving as institutional memory:** keeping track of what was promised, what was built, what was spent, and what the community said it wanted - so each new city council or board isn't starting from scratch.

When is a DDA most effective? (continued)

- **Leveraging TIF strategically:** capturing the increment of monies from rising property values and reinvesting it directly back into the business district - so **growth funds more growth.**
- **Being the connective tissue between the city and the business community:** translating what merchants need into language city government can act on, and vice versa.
- **Maintaining and activating public space:** clean, well-lit, welcoming streetscapes and gathering spaces don't happen by accident - they require an entity with both the mandate and the budget to own them.
- **Recruiting and retaining businesses that fill gaps in the local economy:** identifying what the downtown is missing and actively working to fill those holes rather than waiting for the market to do it.
- **Positioning for regional growth:** The DDA can be the most effective when it prepares downtown for opportunity before it arrives - not after. Harbor Springs sits at the intersection of three powerful regional draws: the expanding Traverse City airport bringing more visitors into northern Michigan, the enduring magnetism of Mackinac Island, and the Tunnel of Trees as one of Michigan's most beloved scenic corridors. A well-functioning DDA can ensure that when those travelers pass through or stop in Harbor Springs, they find a downtown that is ready to welcome them, capture their spending, and give them a reason to come back.

When is a DDA Less Effective

- **When the priority is preserving** what already works rather than catalyzing new growth — that may be exactly where Harbor Springs is right now. The community must decide. **Ask: growth for what group?**
- **No clear redevelopment need** - no vacant storefronts to fill, no blight to address, no infrastructure gap to close
- **Cosmetic spending** - TIF money directed at surface improvements rather than strategic investment
- **Event creep** - absorbing or joining up with events the Chamber handles without difficulty, and scheduling activity during months when businesses are dark instead of during the shoulder seasons, when the actual need exists.
- **Growth for growth's sake** - chasing sponsorships and expansion to justify the board's existence rather than to serve a defined community need. Every dollar of TIF captured is a dollar that could go to infrastructure or to schools, employee needs and training, housing, public safety, or the county.
- **Public money** deserves a sharper reason than keeping the board busy.

When is a DDA Less Effective (continued)

- Harbor Springs may be in an interesting position right now - the downtown works. It is charming, it is visited, and it is valued. The question the community has to answer is whether the DDA exists to protect what is already good, or to push toward something better. Those are two very different jobs.
- **When the spending stays on the surface** - painting lampposts and planting flowers are not wrong. But they are not what TIF money was designed for. There is a difference between maintenance and transformation.
- The DDA is most powerful when it has a problem only it can solve. The problems must be clearly defined.

Resident's Views – Voices Worth Hearing

"The price tag for a DDA Director? \$100,000 a year. That's a lot of money. "

"DDAs in the post-COVID era may be well past their prime — especially in a community of 1,300 voters and 1,600 parcels."

"Our town is uniquely placed. We are small and wealthy. We can drive ourselves."

"We never needed the RRC to tell us what to do, nor do we need a DDA for Harbor Springs."

"Stop with the MEDC/RRC state guidance and make way for local, organic initiatives. No one who calls themselves a Northern Michigan resident wants state placemaking imposed on the town they call home."

These are not a fringe view. The November 2024 repeal of Ordinance 439 by ballot referendum suggests it reflects a significant current of community opinion. It deserves a serious answer — not a dismissal.

A DDA plan is only as good as the conversation that shaped it.

Has that conversation happened yet in Harbor Springs? Close the gap first. Then plan.

- Every dollar of DDA money spent on this downtown must earn its place. It must be unique to Harbor Springs. It must be historically grounded. It must reflect who we are - not who a consultant's template says we should be.
- Public confidence in the DDA is not where it needs to be. Before any consultant's plan moves forward, that gap has to close.
- A plan the community doesn't trust won't hold. A consultant who doesn't listen won't hear what matters. And a downtown shaped without the people it serves will feel like exactly that.
- Harbor Springs has seen this before. Beckett & Raeder can map the road. They cannot tell us where we want to go. They can organize the conversation. They cannot have it for us. They can deliver a plan.
- They cannot decide what Harbor Springs values, who it is for, or what kind of downtown it wants to be in 2038. That is not a consulting question.
- It is a Harbor Springs question - and it must be answered before any plan, any streetscape, any dollar spent means anything at all.