



SURVEY OF ECONOMIC DEVELOPMENT PROGRAMS IN MICHIGAN

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CITIZENS RESEARCH COUNCIL OF MICHIGAN

MAIN OFFICE 38777 West Six Mile Road, Suite 208 • Livonia, MI 48152-3974 • 734-542-8001 • Fax 734-542-8004

LANSING OFFICE 124 West Allegan, Suite 1502 • Lansing, MI 48933 • 517-485-9444 • Fax 517-485-0423

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**MISCELLANEOUS ECONOMIC DEVELOPMENT
AUTHORITIES**

Building Authorities
Land Reclamation and Improvement Authorities
State and County Land Bank Fast Track Authorities

BUILDING AUTHORITIES

Enabling Act, Major Amendments, Statutory Citation

1948 PA 31 (1st Ex. Sess.); M.C.L. 123.951 et seq.

Summary Program Description

Building Authority legislation enables local units of government to acquire and/or develop buildings and sites for public use.

Eligibility and Benefits

Counties, cities, villages, and townships may incorporate 1 or more Building Authorities for the acquisition, development, operation, and maintenance of buildings, parking lots and structures, recreational facilities, stadiums, and other sites necessary for the effective use of these facilities. Joint authorities between 1 or more units of government, or a school district and any combination of 1 or more units of government, are allowable. Intermediate school districts may also incorporate Building Authorities with constituent school districts for the purpose of acquiring, developing, or maintaining facilities for special needs children.

Building Authorities may acquire property through purchase, construction, gift, devise, or condemnation. Established Building Authorities have full condemnation powers under the provisions of appropriate state statutes. The legislative body of any incorporating unit, by majority vote, may also transfer property owned by the incorporating unit to the authority.

The authority may enter into contracts with the incorporating units to acquire and lease property for a period not to exceed 50 years. Unless otherwise stated in the contract, obligations are considered general obligations of the incorporating units. The acquisition and lease of buildings, parking lots and structures, recreational facilities, stadiums, and other necessary sites must constitute a benefit to and a legitimate public purpose of the authority and incorporating unit(s).

Building Authorities may issue revenue bonds in anticipation of cash rental paid by the incorporating units to the authority. In turn, incorporating units may levy ad valorem taxes to pay the cash rental in anticipation of which bonds are issued. These taxes may be levied without limitation and are in addition to other taxes that the incorporating units are authorized to levy. Incorporating units may also raise funds to pay the authority from sublease revenues, from revenue earned from operation of the property, or from money received from the state or other governmental units.

LAND RECLAMATION AND IMPROVEMENT AUTHORITIES

Enabling Act; Statutory Citation

1992 PA 173; M.C.L. 125.2451 et seq.

Summary Program Description

This act allows public or private interests to reclaim blighted areas within townships, including land previously used for mining, commercial, or industrial purposes, and to convert that property to useful recreational, residential, or commercial purposes.

Eligibility and Benefits

Blighted areas are lands that were used for mining, commercial, or industrial purposes, the use of which disturbed the natural qualities of the land. Blighted areas must not be currently used for residential, recreation, or commercial purposes, but must have the potential to be reclaimed for such purposes, i.e. the land cannot be a "facility" as defined by part 201 of 1994 PA 451 (see Appendix F for a definition) and cannot be on the National Priorities List established pursuant to Public Law 96-510, 42, U.S.C. 9605.

Any individual, corporation, government, or other legal entity may file a petition—signed by all property owners within the proposed district boundaries—with the Department of Treasury to establish a Land Reclamation and Improvement Authority. After a public hearing, the Department of Treasury may approve the establishment of the authority if the proposed authority district contains 1 or more blighted areas that in total are not less than 20 percent of the total area of the authority district (which must be over 300 acres), or 100 acres, whichever is less; the proposed district had less than 100 residents when the petition was filed; the proposed district is located within 1 or 2 townships, but only 1 county, and; the blighted area can be reclaimed.

Statutory benefits include authorization to carry out improvements, implement development plans to improve blighted areas, make and enter into contracts, acquire by purchase or condemnation property, and fix and charge rents or let leases for property acquired under this act. The State Treasurer shall exercise the power of condemnation on behalf of the authority pursuant to the Uniform Condemnation Procedures Act, 1980 PA 87. Activities of the authority may be financed through contributions of property or labor, revenues from lease or operation of the properties, special assessments imposed by the authority, proceeds of bonds and notes issued in anticipation of the collection of special assessments, and other legal sources.

STATE AND COUNTY LAND BANK FAST TRACK AUTHORITIES

Enabling Act; Statutory Citation

2003 PA 258; M.C.L. 124.751 et seq.

Summary Program Description

Land Bank Fast Track Authorities promote the economic redevelopment of tax foreclosed and other properties and are capable of assisting in expediting quiet title.

Eligibility and Benefits, courtesy of Michigan State Land Bank Fast Track Authority

PA 258 created the state-level Michigan Land Bank Fast Track Authority (MLBFTA), which county “foreclosing governmental units” or a “qualified city” may enter into an intergovernmental agreement with to create a county or local authority.

A “qualified city” means any city that contains a first class school district (Detroit).

County “foreclosing governmental units” are county treasurers that choose to act as property tax foreclosing governmental units.

A state, county, or qualified city authority may take any action, provide any notice, or institute any proceeding necessary to clear or quiet title to property held by the authority in order to establish ownership, including by not limited to, expedited quiet title and foreclosure action. Quiet title action establishes the authority’s title to real property by “quieting” others’ claims to the title. Quiet title action does not provide a clear title per se, but does clear known or perceived title defects. Authorities may hold and own property conveyed by governmental entities or private interests. Authorities may acquire, lease, convey, demolish, rehabilitate or remediate real or personal property for the purposes of development or assembly for sale or lease, to preserve property value, or to protect any lien held by the authority. Authorities may convey property for any amount of consideration that is proper, fair, valuable and in the best interest of the community. Authorities shall not assist or expend funds for, or related to, the development of a casino; authorities may not condemn property, exercise eminent domain or levy special assessments or taxes.

Authorities may retain proceeds from sale of property and 50 percent of the revenues from the specific tax levied pursuant to the Tax Reverted Clean Title Act for 5 years after sale or conveyance of property. The authorities’ capacity to hold land tax free can facilitate land assembly for major projects. Parcels that have been held in a land bank are thereby qualified as brownfields, and the benefits associated with that program (See pages 41 and 75). Authorities may also finance activities through issuance of notes and bonds. Authority property, income and activities are tax exempt.

Terms and Performance Guarantees

The Act establishes procedures for expedited quiet title and foreclosure of property or interests in tax reverted property held by an authority. After the authority files a petition with the circuit court, the clerk immediately sets a date for a hearing on the petition. The authority must follow procedures to identify and inform persons with interest in the property of the pending foreclosure and hearing date. Within 10 days of the hearing, the court will issue judgment on shifting fee simple (complete) ownership to the authority. After judgment, all liens against the property and all recorded or unrecorded interests, except for specified restrictions, are extinguished. An appeal may be made within 21 days.

Data and Source

The Michigan State Land Bank Fast Track Authority inventory of property may be accessed at: www.mcgi.state.mi.us/mlbfta/

County land bank authorities in Michigan consist of Calhoun, Genesee, Grand Traverse, Ingham, Jackson, Muskegon, Saginaw and Wayne Counties.

Since fiscal year 2005, the Michigan Land Bank Fast Track Authority has returned to the tax rolls more than 650 properties from the state's inventory of tax reverted parcels.

Source: Michigan State Land Bank Fast Track Authority

Discussion

The Land Bank Fast Track Authority Act's focus is promoting economic growth through the coordinated disposition of tax reverted properties. Land Banks can also raise money and assemble larger parcels for sale, for public use, or for "banking" until the market develops. Land Bank Fast Track Authorities' success at selling these properties will depend on the extent to which the acquired properties are able to be put to productive and economically viable uses. The Land Bank Fast Track Authority Act was tie-barred with several bills that amended the General Property Tax Act and the Brownfield Redevelopment Financing Act, and authorized the Tax Reverted Clean Title Act. All Authority properties qualify for Brownfield designation and are eligible for funding through the Brownfield Redevelopment Financing Act, P.A. 381 of 1996 (See page 73).

NON-PROFIT HOUSING PROPERTY DEVELOPMENT PROGRAM

The Michigan Land Bank Fast Track Authority and the Michigan State Housing Development Authority (MSHDA) transfer certain state-owned, tax-reverted properties at no financial cost to non-profit organizations for the development of affordable housing. Non-profits must have 501(c)(3) status, a feasible plan for use of the property that is consistent with the community's redevelopment plan, and must be able to demonstrate sufficient capacity and funding to carry out a project that will be of equal or better quality to comparable housing units in the community.

Requests should be submitted to:

Michigan Land Bank Fast Track Authority
300 North Washington Square
Lansing, MI 48913
517-335-7810

ADJACENT LOT DISPOSITION PROGRAM

The Michigan Land Bank Fast Track Authority (MLBFTA) sells individual parcels of property to adjacent property owners for a nominal cost plus property costs if the properties:

- Share at least a 75 percent common boundary;
- The property is not buildable or able to be developed independently according to local zoning/building code;
- The parcel is not part of a proposed development requiring land assembly (as determined by MLBFTA).

For more information on the Adjacent Lot Disposition Program, contact the MLBFTA at the address or phone number listed above.