

TRAVERSE HOSPITAL PROJECT

Senate Bill 631 (Substitute H-2)
First Analysis (6-4-92)

Sponsor: Sen. George A. McManus, Jr.
House Committee: Economic
Development and Energy
Senate Committee: Local Government and
Urban Development

THE APPARENT PROBLEM:

Two local governmental units, Traverse City and Garfield Township, are interested in a joint venture to redevelop the site of the now-closed Traverse City Regional Psychiatric Hospital, which is located in both communities. The instrument chosen for the redevelopment project is a little used 1941 law, the Urban Redevelopment Corporations Law, under which a redevelopment corporation can be created for the purposes, generally speaking, of "clearing, replanning, rehabilitating, modernizing, beautifying, and reconstructing substandard and insanitary areas." The act provides the redevelopment corporations with the ability to grant limited tax exemptions and powers of condemnation, among other things. However, the act applies only to cities. Legislation is being sought that would allow Garfield Township to participate on an equal footing in the joint redevelopment effort with Traverse City.

THE CONTENT OF THE BILL:

The bill would amend the Urban Redevelopment Corporation Law to specify that the act applies to townships in the same manner and to the same extent as it applies to cities in cases where the development area is limited to property that had been used for a state office, hospital, prison, institution of higher education, or other state facility.

MCL 125.901

FISCAL IMPLICATIONS:

The Senate Fiscal Agency reports that the bill would have no fiscal impact on state or local government. (2-20-92)

ARGUMENTS:

For:

The aim of the bill is to permit a township to participate as an equal partner in a joint venture with a city under the Urban Redevelopment Corporations Law under certain circumstances. That act currently applies only to cities. Under the act, local planning commissions and legislative bodies have significant roles, although the redevelopment work is done by a specially created corporation. On the advice of municipal and township attorneys and bond counsel, two communities plan to use the act to engage in a large-scale redevelopment of the Traverse City Regional Psychiatric Hospital, involving some 65 buildings and 1.5 million square feet.

Against:

Some people have questioned whether the act in question, a rarely used 50-year-old "slum clearance" law, is the appropriate tool to use for the project envisioned in the Traverse City area.

Response:

City and township officials say they have been advised that this act is the one best suited to their particular needs. It allows a private development corporation to coordinate the many private interests involved while maintaining public control through the local planning boards and legislative bodies. It also allows for incentives (e.g. special tax treatment) for private development.

POSITIONS:

The Michigan Townships Association supports the bill. (6-2-92)

The Michigan Municipal League supports the substitute version of the bill. (6-2-92)

Representatives from the city of Traverse City and
Garfield Township testified in support of the bill.
(6-2-92)

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