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House Bill 6638 (Substitute H-1 as passed by the House)
House Bill 6639 (Substitute H-1 as passed by the House)
Sponsor: Representative LaMar Lemmons III (H.B. 6638)
Representative Leon Drolet (H.B. 6639)
House Committee: Commerce (H.B. 6638)
Government Operations (H.B. 6639)
Senate Committee: Transportation

Date Completed: 12-12-06

CONTENT

House Bills 6638 (H-1) and 6639 (H-1) would amend Public Act 208 of 1949 (which regulates neighborhood area improvements) and Public Act 344 of 1945 (which governs blighted area rehabilitation), respectively, to define the term "blighted property", allow a municipality to acquire blighted property only by condemnation, and require eminent domain proceedings to be conducted in accordance with the State Constitution.

Under the bills, "blighted property" would mean property that meets any of the following criteria:

- Has been declared a public nuisance in accordance with a local housing, building, plumbing, fire, or other related code or ordinance.
- Is an attractive nuisance because of physical condition or use.
- Is a fire hazard or is otherwise dangerous to the safety of people or property.
- Has the utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for at least one year so that the property is unfit for its intended use.
- Is improved real property that has remained vacant for five consecutive years and is not maintained in accordance with applicable local housing or property maintenance codes or ordinances.
- Has code violations posing a severe and immediate health or safety threat and has not been substantially rehabilitated within one year after the receipt of notice to rehabilitate from the appropriate code enforcement agency or final determination of any appeal, whichever is later.
- Is tax reverted property owned by a municipality, a county, or the State.
- Is owned or under the control of a land bank fast track authority under the Land Bank Fast Track Act.

Each bill specifies that the sale, lease, or transfer of tax reverted property or property owned or under the control of a land bank fast track authority would not result in the loss to the property of the status as blighted for purposes of the Act that would be amended.

Under Public Act 344 of 1945, a municipality (a county, city, village, or township) may bring about the rehabilitation of blighted areas and the prevention, reduction, or elimination of blight, blighting factors, or causes of blight, and for that purpose may acquire real property

by purchase, gift, exchange, or condemnation, and may lease, sell, renovate, improve, or exchange real property in accordance with the Act. House Bill 6639 (H-1) specifies that the municipality could acquire real property by purchase, gift, or exchange, and could acquire blighted property by condemnation. Additionally, the bill specifies that a municipality could lease, sell, renovate, improve, or exchange blighted property or other real property in accordance with the Act and the State Constitution.

Both Public Act 208 of 1949 and Public Act 3444 of 1945 authorize a municipality to acquire fee simple title in real property by purchase, gift, exchange, condemnation, or otherwise, and apply that property to the purposes of the Act. Under the bills, a municipality could acquire real property by purchase, gift, or exchange, and could acquire blighted property by condemnation.

The Acts allow a local legislative body to institute and prosecute proceedings under the power of eminent domain in accordance with laws of the State or provisions of any local charter relative to condemnation. Under the bills, a local legislative body could institute and prosecute eminent domain proceedings by authority of the Act for blighted property or by authority of other State law authorizing the condemnation of property for public use. Eminent domain proceedings would have to be instituted and prosecuted in accordance with the State Constitution, as well as State law or local charter.

Additionally, each bill would delete a provision stating that the Act's purposes are declared to be public purposes within the meaning of the Constitution, State laws, and charters relative to the power of eminent domain.

MCL 125.942 & 125.944 (H.B. 6638)
125.72 et al. (H.B. 6639)

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bills would have an indeterminate effect on State and local revenue and expenses depending upon the characteristics of the property affected by the bills.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.