

Legislative Analysis



PROPERTY CONVEYANCES WESTERN WAYNE CORRECTIONAL FACILITY

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5179

Sponsor: Representative Kurt Heise

Committee: Appropriations

Complete to August 24, 2014

A SUMMARY OF HOUSE BILL 5179 AS PASSED THE HOUSE 12-3-14

House Bill 5179 would authorize the State Administrative Board to convey all or portions of state-owned property in Wayne County. The property, located in the Township of Plymouth, is commonly known as the Western Wayne Correctional Facility and was formerly known as the Detroit House of Corrections. It is currently under the jurisdiction of the Department of Corrections (MDOC).

Approximate legal descriptions of the property are set forth in the bill and include all surplus, salvage, and scrap property or equipment remaining on the property as of the date of the conveyance.

The bill would require the State Administrative Board to convey the property to the Land Bank Fast Track Authority (LBFTA) for \$1.00. The LBFTA would be required to sell the property in a manner and on terms that the LBFTA determines would realize the greatest benefit to the state. The provisions of the bill would require the net revenue received from the sale of the property to be credited to the General Fund. Net revenue is defined in the bill as the proceeds of the sale less reimbursement for any costs associated with the sale of the property, including, but not limited to, administrative costs, including wages, salaries, and benefits; costs of reports and studies and other materials necessary to the preparation of the sale; environmental remediation; legal fees; and any litigation related to the conveyance of the property.

The property would be conveyed by a quitclaim deed approved by the Attorney General. The state would not reserve the oil, gas, or mineral rights on the property conveyed, but the purchaser or subsequent grantee would be required to pay the state one-half of any gross revenue generated from the development of oil, gas, or minerals found on, within, or under the conveyed property. Any payment would be required to be deposited in the General Fund.

The state would reserve all rights in aboriginal antiquities, including the right to explore, excavate, and take away the aboriginal antiquities. Aboriginal antiquities include mounds, earthworks, forts, burial and village sites, mines, and other relics lying on, within, or under the property.

BACKGROUND INFORMATION:

The property consists of approximately 126 acres with 15 buildings on location totaling 235,620 square feet. The property is the site of the Western Wayne County Correctional Facility, a state correctional facility, and has been vacant since 2005. Prior to state ownership, the property was owned by the City of Detroit and operated as the Detroit House of Corrections until 1986, at which point it was sold to the state. The site also served as an open dump for City of Detroit waste from the 1920s through the 1950s which led to the presence of waste materials on the property. The property is under the jurisdiction of the MDOC and has been declared surplus property.

FISCAL IMPACT:

The transfer to the LBFTA would provide net revenue to the General Fund of \$1.00. The provisions of the bill would require the LBFTA to sell the property in a manner that would realize the greatest benefit to the state. Any net revenue from the sale would be deposited in the General Fund. There would be some minimal savings to the MDOC as the department would be relieved of maintaining and securing the property. Maintenance and security costs would be transferred to the LBFTA as the new owner of the property. MDOC has stated that it would continue to cover the costs of maintenance and security if the property was transferred to the LBFTA.

An estimate of the fair market value of the property is not currently available, but it is presumed that the property has negative value in its current state due to the cost of remediation exceeding the anticipated value of the property clear of contamination. According to the Department of Technology, Management, and Budget (DTMB), a 2008 appraisal of the property valued it at \$2.1 million assuming the property was free and clear of contamination. A 2005 Report of Waste Distribution Study noted the presence of approximately 700,000 cubic feet of waste and provided four possible remediation alternatives to allow for redevelopment of the property. Depending on the level of remediation, the remediation options ranged from a cost of \$4.1 million to \$20.6 million. Any abatement of hazardous materials would add additional costs to the remediation estimate. In addition, prison structures would need to be demolished, which DTMB recently estimated to cost approximately \$10.0 million.

Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.