

## CLOSURE OF THE URBAN LAND ASSEMBLY LOAN FUND

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<http://www.house.mi.gov/hfa>

**House Bill 5163 as introduced**  
**Sponsor: Rep. Kurt Heise**  
**Committee: Appropriations**

Analysis available at  
<http://www.legislature.mi.gov>

**Complete to 1-19-16**

### SUMMARY:

The Urban Land Assembly Act was enacted in 1981 as a revolving loan fund program to assist local governments experiencing economic distress and decline with assembling parcels of real property for economic development purposes. Loan funding may be used by the local government for the direct costs of acquisition of land, demolition, relocation, and site improvements necessary to make the land desirable for economic development. Repayment of the loan is made by the municipality upon the sale or lease of the land and the loan must be repaid not later than 10 years after the sale or lease of the real property. The program is administered by the Michigan Economic Development Corporation.

House Bill 5163 would end the Urban Land Assembly program, close the Urban Land Assembly Loan Fund, and transfer all proceeds in the fund and loan repayments due to the fund to the Land Bank Fast Track Fund. The Michigan Urban Land Assembly Act, 1981 PA 171, would be repealed.

The bill would also make technical adjustments to Section 18 of the Land Bank Fast Track Act by replacing “state authority” with references to “Department of Talent and Economic Development” to align the statutory departmental references with Executive Order 2014-12 organizational changes.

### FISCAL IMPACT:

House Bill 5163 would eliminate the Michigan Urban Land Assembly program and transfer all funds and receivables in the Urban Land Assembly Loan Fund to the Land Bank Fast Track Fund for uses outlined under the Land Bank Fast Track Act.

As of January 2016, the balance of the Urban Land Assembly Loan Fund was \$4,172,500. Since the inception of the Michigan Urban Land Assembly program, 32 loans have been approved with 3 projects still open as of January 2016. Receivables on the three outstanding projects at the close of January 2016 totaled \$5,110,258. However, \$2.0 million of the outstanding balance is no longer being considered receivable due to the Detroit bankruptcy proceedings. No new grants or loans have been approved since FY 2010, with only five projects approved since FY 2000.

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