

ALLOW CERTAIN CITIES TO CREATE LAND BANKS

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House Bill 4375 (H-1) as reported from committee
Sponsor: Rep. Kristian C. Grant
Committee: Local Government and Municipal Finance
Complete to 5-16-23

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

SUMMARY:

House Bill 4375 would amend the Land Bank Fast Track Act to allow a city with a population of 50,000 or more to create a local land bank authority as long as the city is not located in a county that already has a county land bank authority.

The act establishes the State Land Bank Authority to facilitate the coordinated acquisition, rehabilitation, and disposal of publicly owned property, including property foreclosed due to tax delinquency. A county or a *qualified city* can create a county or local land bank authority in partnership with the state authority and exercise the powers of a land bank authority in that county or city. Those powers include acquiring and owning property; initiating actions to quiet title to property; and managing, selling, exchanging, leasing, renovating, developing, or demolishing property in its inventory.

Currently, *qualified city* means a city with a first class school district, which means that Detroit is the only city now authorized to create a local land bank authority under the act.

The bill would amend the definition of *qualified city* to additionally include a city with a population of 50,000 or more that is located in a county that does not have a county land bank authority at the time the city establishes its land bank authority.

The bill would also specify that a local land bank authority would control the properties within its geographical boundaries unless it approves an intergovernmental agreement in accordance with the act, such as a partnership with the Michigan Economic Development Corporation (MEDC) or the Michigan State Housing Development Authority (MSHDA).

MCL 124.753

BACKGROUND:

The cities that would be newly eligible to create a local land bank authority under the bill include Grand Rapids, Kentwood, and Wyoming in Kent County; St. Clair Shores, Sterling Heights, and Warren in Macomb County; and Ann Arbor in Washtenaw County.

House Bill 4375 is similar to House Bill 4423 from the 2021-22 legislative session. HB 4423 was reported out of the Local Government and Municipal Finance Committee but did not advance to a full House vote.

FISCAL IMPACT:

House Bill 4375 would have an indeterminate fiscal impact on the state and on local units of government. The bill provides a revised definition that would increase the number of cities that would be eligible for the qualified city status under the Land Bank Fast Track Act. It is unclear how many additional cities would pursue the qualified city status and enter into an intergovernmental agreement with the Michigan State Land Bank Authority to establish a local land bank authority. Because of certain start-up costs, creating a new local land bank authority would increase local governmental costs by an unknown amount.

The act authorizes a qualified city land bank authority to exercise all the powers, duties, functions, and responsibilities of an authority under the Land Bank Fast Track Act. In the longer term, land bank operational costs would be financed through the activities of the local land bank and other private, local, state, or federal resources. Assuming that the State Land Bank Authority currently serves the city, the bill would reduce State Land Bank Authority duties and associated costs. A net fiscal impact for the State Land Bank Authority cannot be determined because it is unknown how many additional communities would pursue a land bank authority.

POSITIONS:

Representatives of the following entities testified in support of the bill:

- Michigan State Land Bank Authority (5-10-23)
- City of Grand Rapids (4-19-23)
- Michigan Municipal League (4-19-23)

The Home Builders Association of Michigan indicated support for the bill. (5-10-23)

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