

Legislative Analysis



ALLOW CERTAIN CITIES AND TOWNSHIPS TO CREATE LAND BANKS

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House Bill 4375 as enacted

Public Act 52 of 2023

Sponsor: Rep. Kristian C. Grant

Committee: Local Government and Municipal Finance

Complete to 9-17-23

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

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

FISCAL IMPACT: The bill would have an indeterminate fiscal impact on the state and on local units of government. (See **Fiscal Information**, below, for a detailed discussion.)

THE APPARENT PROBLEM:

The Land Bank Fast Track 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.

Previously, *qualified city* meant a city with a first class school district, which meant that Detroit was the only city authorized to create a local land bank authority under the act. However, several cities and townships are located in counties that do not have county land banks, including Grand Rapids.¹ Grand Rapids city officials, among others, have proposed changes to the act to allow municipalities without access to a county land bank to take action on their own.

THE CONTENT OF THE BILL:

House Bill 4375 amends the definition of *qualified city* to additionally include a city or township 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 or township establishes its land bank authority. Other provisions of the act are also amended to reflect the inclusion of certain townships as qualified cities.

The bill specifies that a local land bank authority controls 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).

¹ The Kent County Land Bank was dissolved in 2018.

MCL 124.753

BACKGROUND INFORMATION:

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

FISCAL INFORMATION:

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 and townships that would be eligible for the qualified city status under the Land Bank Fast Track Act. It is unclear how many additional cities and townships 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 or township, 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.

ARGUMENTS:

For:

Supporters argue that the bill will improve local housing development efforts, since local land banks are best suited to meet a specific community's needs and it will be easier for municipalities to work with their own land bank than with the State Land Bank Authority.

Against:

Opponents of the bill expressed concerns about the potential for government overreach by a local land bank and for duplicated services when both a county and a city or township establish a land bank.

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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.