

Legislative Analysis



ALLOW CERTAIN CITIES TO CREATE LAND BANKS

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House Bill 4423 as reported from committee

Sponsor: Rep. David LaGrand

Committee: Local Government and Municipal Finance

Complete to 1-27-22

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

SUMMARY:

House Bill 4423 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 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. The act provides that a land bank authority can acquire and own property; initiate actions to quiet title to property; and manage, sell, exchange, lease, renovate, develop, or demolish property in its inventory. The act also allows a county or a *qualified city* to create a county or local land bank authority in partnership with the state authority and to exercise the powers of an authority in that county or city.

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.

MCL 124.753

BACKGROUND:

The cities that would be newly eligible to create a local land bank authority under the bill appear to include Grand Rapids, Kentwood, and Wyoming in Kent County; St. Clair Shores, Sterling Heights, and Warren in Macomb County; Farmington Hills, Novi, Pontiac, Rochester Hills, Royal Oak, Southfield, and Troy in Oakland County; and Ann Arbor in Washtenaw County.

FISCAL IMPACT:

The bill would have an indeterminate fiscal impact on state and local governments. The revised definition would expand the number of cities that would be eligible for qualified city status under the Land Bank Fast Track Act. That said, it is unclear how many cities, if eligible, would pursue this status and enter into an intergovernmental agreement with the Michigan State Land Bank Authority to establish a local land bank authority. The establishment of a new local land bank authority in a qualified city would impose certain start-up costs.

Pursuant to the act, a qualified city land bank authority may 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 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 what communities would pursue a land bank authority. Any fiscal impact also would depend on the effectiveness of a local land bank compared to the existing structure in the local unit.

POSITIONS:

Representatives of the City of Grand Rapids testified in support of the bill. (11-3-21)

The following entities indicated support for the bill (11-3-21):

- Economic Development Leaders for Michigan
- Michigan Municipal League

Legislative Analyst: Rick Yuille
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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.