

Land Bank Fast Track Act Signed Into Law January 5, 2004: Revised Bill Allows Detroit and Other Cities to Determine Their Own Land Bank Strategy

A six-bill, bipartisan legislative package was approved by the House and Senate and signed by the Governor to create a State Land Bank Fast Track Authority and to authorize the creation of local land bank fast track authorities. The legislative package represents the first steps toward an innovative approach to getting land into productive hands and relieving the state and local units of tax reverted parcels. The legislative package provides the structure for a state and local land bank fast track authorities ("authorities") but the operation and agenda of each authority will largely be determined by each government unit (State, city, or county) upon its establishment of each authority.

Land Bank Fast Track Authorities

Public Act 258 (HB 4483) is the core of the Land Bank Fast Track Act. PA 258 establishes a state land bank authority that will be used to process tax reverted properties for the State of Michigan. On a local level, Public Act 258 enables (but does not mandate) the establishment of city and/or county land bank authorities upon the execution of an intergovernmental agreement between the city or county and the State Land Bank Fast Track Authority.

An authority (whether state or local) is accorded the right to hold and manage property (sale, lease, renovation, demolition, etc.). In addition to acquiring tax reverted properties, an authority could purchase property, could receive property as a gift in lieu of back taxes and penalties from delinquent property owners, or could receive property by transfer from another governmental unit.

An authority may borrow money, issue bonds, solicit grants, and retain proceeds it receives from the sale or rental of property in order to execute its responsibilities. Separate acts (PA 263 and PA 260) provide a mechanism for the authority to receive 50% of property taxes on authority-sold property for five years after the authority's disposition of the property. This mechanism will insure resources are dedicated to the redevelopment of distressed urban properties. The remaining 50% is distributed in pro rata shares to the entities that would otherwise receive the tax revenue.

In addition, PA 258 establishes a process by which title clearance and foreclosure proceedings may be accelerated in order to reintroduce neglected property to the housing market.

The Fast Track Land Bank legislation does not:

- authorize the Authority to condemn property or exercise eminent domain;
- give the Authority any power to levy taxes or special assessments;
- generate any increase on taxes on subject property;

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- exempt the property or the Authority from local zoning and land use laws;
- specify who has the power to appoint the members of a local authority or who is to be appointed to a local authority.

Opportunities for Detroit and Other Cities and Counties

The Fast Track Land Bank legislation allows the City of Detroit (and other cities and counties) to form a land bank but it is up to the City, in conjunction with the community, to determine if it will form a Detroit land bank authority and, if so, what composition, policies and agenda the Detroit land bank authority should have.

Legislative Package

Five other bills (PA 259/HB 4480, PA 260/HB 4482, PA 261/HB 4481, PA 262/HB 4488, and PA 263/HB 4484) were passed to implement the necessary changes to the law to make the land banks work. You may view the full text of these and other bills at www.michiganlegislature.org.

For more information on this and other policy issues, visit Community Legal Resources' website at www.clronline.org or contact CLR at 313-964-4130.

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