

CORRIDOR IMPROVEMENT AUTHORITY ACT

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Senate Bill 34 (Substitute H-1)

Sponsor: Sen. Gilda Jacobs

House Committee: Commerce

Senate Committee: Economic Development, Small Business and Regulatory Reform

Complete to 11-23-05

A SUMMARY OF SENATE BILL 34 AS REPORTED FROM HOUSE COMMITTEE

The bill would create a new act, the Corridor Improvement Authority Act, under which municipalities could create special authorities to redevelop commercial corridors that are at least 30 years old. A municipality could establish multiple improvement authorities, but a single parcel of property could not be in more than one authority. Further, municipalities with such authorities could enter into agreements with adjoining municipalities to jointly operate and administer the authorities under an interlocal agreement under the Urban Cooperation Act. The bill would apply to cities, villages, and townships.

The key feature of the new kind of authority is that it would have jurisdiction over a development area that meets the following criteria:

**** The development area is adjacent to a road classified as an arterial or collector according to the federal highway administration.**

**** The development area contains at least ten contiguous parcels or at least five contiguous acres.**

**** More than one-half of the existing ground floor square footage in the development area is classified as commercial real property.**

**** Residential use, commercial use, or industrial use has been allowed and conducted under the zoning ordinance or conducted in the entire development area for the immediately preceding 30 years.**

**** The development area is currently served by municipal water and sewer.**

**** The area is zoned to allow for mixed use, including high-density residential use.**

**** The municipality has agreed to expedite local permitting and inspections in the area and to modify its master plan to provide for walkable, nonmotorized interconnections, including sidewalks and streetscapes throughout the area.**

Generally speaking, the provisions of the new act would mirror those of the Downtown Development Authority Act (MCL 125.1651 et seq.). A corridor improvement authority would be created and operated in a manner similar to a downtown development authority. Once created, a corridor improvement authority could establish a tax increment finance plan, levy a special assessment, and issue revenue bonds and notes. The authority would not have the ability to levy an ad valorem tax. It would be subject to the same kind of hearing and

notice requirements, Open Meetings requirements, and Freedom of Information requirements as a downtown development authority. It also would be governed by a board established in the same manner as the board of a downtown development authority. However, if the boundaries of an authority's development area were the same as those of an existing business improvement district, the local governing body could allow the BID board to act as the authority board.

If an authority created a tax increment finance authority (TIFA), it could not capture the state school property tax or local taxes levied by local and intermediate school districts.

The new act does not contain the requirement found in the DDA Act that a municipality must determine that a development district is needed to "halt property value deterioration and increase property tax valuation . . . in its business district." Instead, the new act requires the municipality to determine that it is "necessary for the best interests of the public to redevelop its commercial corridors and to promote economic growth."

HOUSE COMMITTEE ACTION:

The House Committee on Commerce made one technical amendment to the version passed by the Senate; it adds a reference to the Township Zoning Act. For additional information on the bill, see the Senate Fiscal Agency analysis dated 8-24-05.

FISCAL IMPACT:

The bill would not affect state revenues or school revenues. The impact on local revenues would depend on the number and nature of the development areas drawn by local units.

POSITIONS:

The Michigan Economic Development Corporation (MEDC) supports the bill. (11-1-05)

The Michigan Municipal League supports the bill. (11-1-05)

The Michigan Townships Association has indicated support for the bill. (11-1-05)

Support has been provided by the cities of Sterling Heights, Troy, and Wyoming, and by Shelby Township. (11-1-05)

The University Cultural Center Association, the Eight Mile Boulevard Association, and an association of ten communities along Woodward Avenue from Detroit to Pontiac indicated support for the bill. (11-1-05)

Legislative Analyst: Chris Couch

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