

**MICHIGAN URBAN LAND ASSEMBLY ACT**  
**Act 171 of 1981**

AN ACT to provide for the creation of an urban land assembly fund to assist eligible municipalities in the acquisition of certain real property for economic development purposes; to prescribe procedures and criteria for loan eligibility and for the issuance and repayment of loans; to transfer certain revenues, records, and the authority to receive certain loan repayments to the urban land assembly fund; and to prescribe the powers and duties of the department of commerce and of municipalities and certain administering agencies.

**History:** 1981, Act 171, Imd. Eff. Dec. 3, 1981.

*The People of the State of Michigan enact:*

**125.1851 Short title.**

Sec. 1. This act shall be known and may be cited as the "Michigan urban land assembly act".

**History:** 1981, Act 171, Imd. Eff. Dec. 3, 1981.

**Compiler's note:** For transfer of powers and duties of department of commerce under Act 171 of 1981 to the chief executive officer of Michigan jobs commission, see E.R.O. No. 1994-8, compiled at MCL 408.47 of the Michigan Compiled Laws.

**125.1852 Definitions.**

Sec. 2. As used in this act:

(a) "Administering agency" means a municipality or nonprofit development organization designated by a municipality and authorized by the municipality to plan and implement a project.

(b) "Application" means an application for a loan from the fund.

(c) "Department" means the department of commerce.

(d) "Displacement" means the moving of persons from a project area to another sector of the municipality, another municipality, or another governmental unit.

(e) "Fund" means the urban land assembly fund created in section 3.

(f) "Loan" means a disbursement of money available from the fund to the administering agency for project purposes.

(g) "Municipality" means a city which meets funding eligibility requirements established by the department.

(h) "Project" means the assembly of urban parcels of real property within a municipality for economic development purposes, excluding land to be used by a public utility. Project may include, but is not limited to, the purchase, demolition, relocation, and site improvements required to make the land marketable.

(i) "Project area" means the boundaries of the real property to be purchased as described in the project plan.

(j) "Project plan" means the information required by the department for review of a proposed project.

**History:** 1981, Act 171, Imd. Eff. Dec. 3, 1981.

**125.1853 Urban land assembly loan fund; creation; administration; use; operation on revolving basis; total amount of loans.**

Sec. 3. (1) An urban land assembly loan fund is created within the state treasury and shall be administered by the department.

(2) The fund shall be used in assembling parcels of real property within municipalities for economic development purposes for municipalities which meet the funding eligibility requirements set forth by the department.

(3) The fund shall operate on a revolving basis. Annual appropriations, repayments to the fund, and all interest earned by the fund shall be available for future urban land assembly projects.

(4) The total amount of loans of money from the fund which a municipality may receive in any 1 year shall not exceed 1/2 of the assets in the fund.

**History:** 1981, Act 171, Imd. Eff. Dec. 3, 1981.

**Compiler's note:** For transfer of powers and duties of department of commerce under Act 171 of 1981 to the chief executive officer of Michigan jobs commission, see E.R.O. No. 1994-8, compiled at MCL 408.47 of the Michigan Compiled Laws.

**125.1854 Disbursement of money from fund.**

Sec. 4. The disbursement of money from the fund shall be determined by the department and provided to municipalities which file an application pursuant to section 6 and which meet the funding eligibility requirements established by the department consistent with criteria described in section 5.

**History:** 1981, Act 171, Imd. Eff. Dec. 3, 1981.

#### **125.1855 Eligibility; primary consideration to municipalities with high unemployment.**

Sec. 5. To be eligible under this act for a loan for a project, a municipality shall meet eligibility criteria established by the department. The department shall give primary consideration to those municipalities with high unemployment.

**History:** 1981, Act 171, Imd. Eff. Dec. 3, 1981.

#### **125.1856 Application for loan; contents; guidelines for evaluating economic impact of proposed projects; system for ordering priority of projects.**

Sec. 6. (1) An administering agency requesting a loan shall file an application with the department. The application shall include the following:

(a) Proof and certification that at least 1 of the funding eligibility requirements set forth by the department has been met.

(b) A demonstration that within the municipality a severe shortage of industrial real property parcels exists for new or expanded industrial development, or a demonstration that within the municipality a shortage of commercial real property parcels exists in the area under the jurisdiction of a downtown development authority pursuant to Act No. 197 of the Public Acts of 1975, as amended, being sections 125.1651 to 125.1680 of the Michigan Compiled Laws.

(c) A project plan.

(d) A description of the project's consistency with the municipality's plans for economic development and the municipality's master plan, if a master plan has been adopted.

(e) A description of the planned real property acquisition for industrial use of at least 10 contiguous acres, or a planned acquisition for industrial use of a critical parcel of less than 10 acres, if the department determines that the municipality making the application has presented sufficient documentation demonstrating the critical nature of obtaining the parcel for industrial development purposes, or in a downtown development authority area.

(f) A description of the planned industrial or commercial reuse of the project area and, if displacement is to occur, a plan for providing for the persons to be displaced.

(g) A description of the economic impact of the proposed project, including but not limited to the types of impact described in subsection (2).

(h) The administering agency shall certify to the department that at the time the project plan is approved by the department, the project shall not have the effect of transferring employment from a city of this state to the city in which the project is to be located. This restriction shall not prevent the approval of a project if the governing body of each city from which employment is to be transferred consents by resolution to the transfer.

(2) The department shall develop guidelines for evaluating the economic impact of the proposed projects and a system for ordering the priority of projects shall be implemented. The department shall give priority to those projects which:

(a) Yield the highest number of new jobs per loan fund dollar invested.

(b) Receive contributions equal to 1/2 of the project cost from the private sector, or from local or federal governments, or from both.

(c) Make long term contributions to the local tax base.

(d) Contribute significantly to neighborhood revitalization.

(e) Identify a potential immediate user for the property to be purchased.

**History:** 1981, Act 171, Imd. Eff. Dec. 3, 1981.

#### **125.1857 Loan document; contents; execution; changes to project; annual report.**

Sec. 7. (1) A loan document shall be executed between the department and the applicant which shall include a description of the project, and provisions for repayment of the loan. Following the execution of the loan document, changes to the project shall not be made by the applicant without the written approval of the department.

(2) The administering agency shall submit an annual report to the department, which shall include those items required by the department.

**History:** 1981, Act 171, Imd. Eff. Dec. 3, 1981.

#### **125.1858 Repayment into fund of proceeds from sale or lease of land and improvements to industrial or commercial user; amount repaid; repayment of remainder of loan; sale of real**

**property at less than cost of acquisition.**

Sec. 8. (1) Upon sale or lease of the real property, the administering agency shall repay into the fund a portion of the proceeds from the sale or lease of land and improvements within a project to an industrial or commercial user. The amount repaid shall be in the same proportion to the total proceeds received from the sale or lease as the original contribution from the fund is to the total cost of the project.

(2) If repayment in accordance with subsection (1) does not fully repay the loan, the remainder of the loan shall be repaid pursuant to the provisions of the loan document. In determining the provisions of repayment of the remainder of the loan, the department shall take into consideration the economic impact criteria contained in section 6(2) and the demonstrated need to sell the land below total project cost in accordance with subsection (3). The remainder of the loan shall be repaid no later than 10 years after the sale or lease of the real property by the administering agency.

(3) The administering agency may sell real property to an industrial or commercial user at less than the administering agency's cost of acquisition, if the administering agency demonstrates to the department the need to lower the cost of the real property to make the land economically competitive with similar parcels of real property, and if loan repayments to the fund are made in accordance with subsections (1) and (2).

**History:** 1981, Act 171, Imd. Eff. Dec. 3, 1981.

**125.1859 Annual report.**

Sec. 9. The department shall annually report to the legislature on the use of the fund. The report shall include the following:

- (a) A list and description of approved projects.
- (b) The number of jobs created by approved projects.
- (c) Other accomplishments of the fund.
- (d) The department's recommendations on the continuation or cessation of the fund as well as other recommendations for changes in the fund.

**History:** 1981, Act 171, Imd. Eff. Dec. 3, 1981.

**125.1860 Transfer of funds for urban land banking purposes, loan interest, authority to receive repayments, and related records to fund.**

Sec. 10. All funds for urban land banking purposes, including unexpended appropriations made under Act No. 401 of the Public Acts of 1978, interest earned on loans and investments of funds for urban land banking purposes, and the authority to receive repayments of interest and principal on loans made of funds for urban land banking purposes, and all related records shall be transferred intact from the Michigan state housing development authority to the fund created by this act.

**History:** 1981, Act 171, Imd. Eff. Dec. 3, 1981.

**125.1861 Rules.**

Sec. 11. The agency shall promulgate rules to implement this act. The rules shall be promulgated pursuant to Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.315 of the Michigan Compiled Laws.

**History:** 1981, Act 171, Imd. Eff. Dec. 3, 1981.