



**House
Legislative
Analysis
Section**

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EXPAND SHOPPING AREAS REDEVELOPMENT ACT

House Bill 5447 (Substitute H-2)
House Bill 5698 with committee amendment
House Bill 5699 with committee amendment
Sponsor: Rep. Judith Miller

First Analysis (5-8-90)
Committee: Economic Development & Energy

THE APPARENT PROBLEM:

The shopping areas redevelopment act allows a city with a master plan, in conjunction with the redevelopment of a principal shopping area, to conduct projects such as the construction of malls and pedestrian walkways, the operation of off-street parking lots, and the improvement of public streets. Qualifying cities may finance, maintain, and operate the projects using different financing methods, including the levying of special assessments against properties based on the extent to which the properties would benefit from the entire project. The act currently limits the use of funds from special assessments to the "redevelopment of a principal shopping area." Some people feel the act should be amended to allow for the use of funds for both "development" and "redevelopment" of a principal shopping "district" (rather than an "area"). Also, in order to attract more business to a principal shopping district some feel funds raised under the act could be used effectively to promote economic activity within the shopping district through various marketing strategies and public relations campaigns; the act, however, does not specifically authorize this. Finally, as the act now applies only to cities with a master plan, some would like to extend this authority to other types of municipalities with similar shopping districts such as townships and villages.

THE CONTENT OF THE BILL:

The shopping areas redevelopment act currently permits a city with a master plan for its own physical development, which includes plans for redevelopment of a principal shopping area, to undertake various activities relative to a shopping area redevelopment project and to pay for these activities using various financing methods. The bills would amend various acts to expand the scope of the shopping areas redevelopment act so that, in addition to cities, the act would apply to townships and villages that met the bills' requirements. Also, the bills would expand the scope of activities that would qualify for financing under the act. The bills are tie-barred to each other.

House Bill 5447 would amend the shopping areas redevelopment act (MCL 125.981, et al.) to extend the authority granted to a city under the act to a municipality (which would include villages and general law and charter townships) that had a qualifying physical development master plan. Under the bill, the master plan would have to include either an urban design plan designating a principal shopping "district" (instead of an "area"), or would have to include a plan for development or redevelopment of the shopping district for a municipality to conduct various activities related to promoting the principal shopping district and to fund these activities as specified in the act. (A "principal shopping district" would mean a portion of a municipality defined by the

municipality's legislative body that was predominantly commercial and contained at least 10 retail businesses.)

Additional activities. Among activities currently authorized by the act, the bill specifies that a municipality could promote economic activity in its principal shopping district by undertakings including, but not limited to, conducting market research and public relations campaigns, developing and coordinating retail and institutional promotions, and sponsoring special events and related activities.

Board Composition. The act provides for the ongoing maintenance, supervision, and operation of a principal shopping area by a special board composed mainly of persons who own or operate businesses located in the designated shopping area. The bill specifies that if the boundaries of a principal shopping district within a municipality were the same as those of a downtown district designated under the Downtown Development Authority (DDA) Act — which establishes and governs DDAs to promote economic growth in downtown districts — the municipality's governing body could provide that the DDA's board members would compose the principal shopping district's board. However, if a DDA's board members did not make up a principal shopping district's board, the shopping district board's composition would be the same as currently provided for in the act.

Other provisions. The bill further specifies that there would be a rebuttable presumption that a principal shopping district project would specially benefit all nonresidential properties located within the principal shopping district. If a municipal charter authorized special assessments but did not authorize them for the act's purposes, the charter's authorizing provisions would be made applicable to the act's purposes without amendment to the charter. Finally, powers granted by the act would be in addition to and not in derogation of any other powers granted by law or charter.

House Bill 5698 would amend Public Act 188 of 1954 (MCL 41.722 and 41.723), which provides for the incorporation and regulation of general law townships, to permit a general law township to effect improvements through activities authorized under the shopping areas redevelopment act.

Written objection, petition. The act allows a township to make improvements unless written objections are filed with the township board at or before a township hearing. If written objections are filed or if a township board requires a petition on the matter before proceeding, the board is prohibited from performing the improvement until a petition, signed by a specific number of local land owners, is filed with the board.

H.B.s 5447, 5698 & 5699 (5-8-90)

The bill specifies that improvements planned under the shopping areas redevelopment act could not be performed if written objections were made by record owners of land constituting more than 20 percent of the total land area in the proposed special assessment district. If the improvement was limited to one or a combination of certain improvements permitted in the shopping areas redevelopment act (which deal with controlling vehicular and pedestrian traffic), written objections would have to be filed by record owners of land constituting more than 20 percent of the total frontage on the public street, highway, or alley to prevent the board from proceeding with the improvements. If written objections were filed that met these requirements, the township board could not proceed with the improvement until a petition was filed by the record owners of land constituting more than 50 percent of the total land area in the special assessment district (as established by the township board). If the improvement was related to regulating vehicular or pedestrian traffic, the petition would have to be signed by record owners of land constituting more than 50 percent of the total frontage upon the public street, highway, or alley to prevent township action on the improvement(s).

House Bill 5699 would amend the charter township act (MCL 42.31) to permit a charter township to make a local or public improvement according to provisions specified under House Bill 5447 and the shopping areas redevelopment act.

FISCAL IMPLICATIONS:

Fiscal information is not available.

ARGUMENTS:

For:

The bills would expand the scope of the shopping areas redevelopment act so that it would apply to municipalities other than just cities that had qualifying physical development master plans relative to shopping districts. Also, House Bill 5477 would clarify that revenue raised under the act could be used for "development" (as well as redevelopment) of a principal shopping district, and to promote economic activity in a shopping district through various marketing and public relations strategies. House Bill 5698 would specifically ensure that local landowners would have a say in whether or not special shopping district assessments in general law townships should be made and how the funds from them would be used to improve a shopping district (as is currently granted under the act to landowners affected by assessments in a city). As charter townships are incorporated under Public Act 31 of 1947, House Bill 5699 merely would amend this act to authorize charter townships to make improvements according to provisions in the shopping areas redevelopment act. Ultimately, the bills could provide municipalities with a simple yet accountable option to use special assessment funds for promoting designated shopping districts.

POSITIONS:

The Michigan Retailers Association supports the bills. (5-3-90)

The Michigan Merchants Council supports the bills. (5-3-90)

The Michigan Municipal League supports the bills. (5-7-90)