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LANSING CONVEYANCE

House Bill 5069 (Substitute H-2) First Analysis (5-20-98)

Sponsor: Rep. Lynne Martinez
Committee: Regulatory Affairs

THE APPARENT PROBLEM:

The state Boys Training School (BTS) in Lansing was closed in 1972, a major portion of the land and buildings were sold to the Lansing School District in 1975, and the remaining land and buildings were declared surplus to the state in September of 1986. In 1992, the City of Lansing adopted a plan for development of a vacant parcel of the former BTS property. The parcel, approximately 23.5 acres, is bounded by residential neighborhoods to the west and north, Lansing Catholic Central High School to the east, and the Lansing School District (Eastern High School) to the south. Possible use of the land has included discussions on a joint educational venture between the Lansing School District and Sparrow Hospital for a health field training program, athletic fields for the Lansing School District, and public housing. Currently, the land is being used for community gardens and city baseball diamonds. At the request of the Department of Management and Budget, legislation has been initiated to convey the parcel to the City of Lansing.

THE CONTENT OF THE BILL:

The bill would convey a parcel of land in the City of Lansing, Ingham County, to the city. The land, currently under the jurisdiction of the Department of Management and Budget, would be conveyed by quitclaim deed approved by the attorney general. The net revenue received from the conveyance would have to be deposited in the state treasury and credited to the general fund. "Net revenue" would be defined as the proceeds from the sale of the property described in the bill less the reimbursement for any costs to the state associated with the sale.

The bill would permit the department to convey the property for either public use or to sell for residential development. If the property, or any part of it, was used for other than a public use, the city would have to pay at least the fair market value of the land as determined by an appraisal prepared by the state tax commission or an independent fee appraiser. If used

for a public use, then the consideration would be for less than fair market value with the conditions that any recreational fees charged to use the property would be the same for all members of the public regardless of residency, and that it would revert to the state if used for anything other than a public purpose. Further, the bill would specify that should the city dispute the state's right to repossess the land, the attorney general could bring an action to quiet title to and regain possession of the property.

If the property were not sold to the City of Lansing within one year of the bill's effective date, the director of the department would have to offer the property for sale on the open market for fair market value or by broker contract. If a buyer were not found, the director could order a reappraisal of the property, withdraw the property from sale, or determine that the property should be sold for less than fair market value because it was not in the best interest of the state to continue to hold and maintain the property.

The conveyance would not reserve the mineral rights to the state. However, if the minerals were later developed, one half of the revenue from the mineral development would have to be paid to the state.

FISCAL IMPLICATIONS:

According to an analysis prepared by the Department of Management and Budget, the state would benefit by not having to expend funds to maintain the property. Also, any sale of the land or a part of it, or any future mineral development, would result in additional revenue to the state. (5-4-98)

ARGUMENTS:

For:

The property of the former Boys Training School has been sold piecemeal through the years since its closure in 1972 and has been surplus to the state since 1986. The City of Lansing has indicated an interest in

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developing the land for public purposes. Discussions have included a project between Sparrow Hospital and the Lansing School District to build a facility on the site that could be used for a health field training program for high school students. The completion of that project would require the relocation of the high school's athletic fields, and the BTS property would prove a suitable site. The city is also looking into the feasibility of developing the balance of the property into public housing. If it is decided that public housing is not possible, the bill contains the flexibility for the city to sell a part of the parcel to developers and reimburse the state at fair market value, or to find other public uses for it. If for any reason the property is not conveyed to the city within a year of the bill's effective date, the bill would give the Department of Management and Budget the authority to sell the property at fair market value. The conveyance would relieve state taxpayers from the costs to maintain the property, and would benefit area residents and visitors if the land were developed according to the plans adopted by the City of Lansing.

POSITIONS:

The Department of Management and Budget supports the bill. (5-4-98)

The City of Lansing supports the bill. (5-15-98)

Analyst: S. Stutzky

■ 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.