

Tax Increment Financing Authorities



Background

Tax increment financing (TIF) provides a means for an eligible district, area, or property to capture increases in property tax revenue from other taxing authorities to help fund certain eligible activities. This is accomplished by freezing the district’s property values at a baseline value at the time the TIF capture is approved. Any increase in property taxes that results from activities such as new construction, property improvements, or a property’s increased market valuation remain with the TIF authority to fund eligible costs.

The use of TIF authorities has been an extremely popular way, during times of increasing property values, to help fund eligible public projects in authority districts. However, with the decline in property values in recent years, the ability to use revenue generated by increases in property values has diminished or disappeared altogether. In this regard, local government finances have been further challenged in situations where projects were financed through the use of bonded debt to be repaid by anticipated captured revenues. Even with future property value increases, this situation will continue to pose



challenges due to the caps on property tax increases associated with Proposal A and the Headlee Amendment. Consult with your legal and financial advisors to consider all alternatives.

Although current financial challenges have stunted the use of TIF revenues to help fund projects, depending on the situation, the use of these authorities to facilitate development can still provide assistance to some communities, depending on the given objectives and situation. Your community may want to explore the following tools, in particular, to help facilitate commercial and industrial redevelopment activities.

Authorities in Michigan eligible to use TIF to raise revenues in commercial/industrial areas are:

- Brownfield Redevelopment Authority can be used to clean up contaminated sites in defined districts as well as functionally obsolete or blighted properties in qualified communities. (See Brownfield Redevelopment Authority in the SEMCOG Toolkit for more information.)
- Corridor Improvement Authority (CIA) assists communities with funding improvements in commercial corridor districts outside of their main commercial or downtown areas. Municipalities may create one or more CIAs, and can extend to more than one municipality. (See Corridor Improvement Authority in SEMCOG Toolkit for more information.)
- Downtown Development Authority (DDA) may be created to promote growth in a community's downtown business district.
- [Local Development Financing Authority \(LDFA\)](#) may be created by cities, villages, and urban townships to encourage local commercial or industrial development, to prevent conditions of unemployment, and to promote growth.
- Tax Increment Finance Authority (TIFA) helps eligible cities stop the decline of property value in a specific area. TIFAs are also designed to increase property tax valuation and address the causes for the decline in property values. Communities may no longer create new TIFAs or expand the boundaries of an existing TIFA. Effectively, the tool has been replaced by the LDFA. Communities whose targeted principle corridor is within the TIFA district may be able to effectively use this tool to assist with redevelopment efforts.

Key Features

- Tax increment finance (TIF) authorities capture the increase in property tax levies above and beyond the year in which the authority was established, from all taxing jurisdictions subject to the tax capture.
- TIF authorities are public corporate bodies that are created primarily to plan and finance development and redevelopment of a designated area.
- TIF authorities can typically be used to finance infrastructure and public improvements subject to the specific enabling legislation.

Brownfield Redevelopment Authority



Photo courtesy of ASTI Environmental. Industrial reuse by 965 Wanda, LLC in Ferndale.

Background

One of the byproducts of Michigan's industrial legacy is the presence of contaminated properties. These properties, which are frequently found in the urban core and along principal corridors, present a number of redevelopment challenges, including legal ramifications and cleanup and redevelopment costs that may be significantly greater than building on greenfields, or undeveloped land. Michigan has created several tools to help overcome the obstacles, including cost-effective cleanup options,

causation-based liability, liability protection for new owners, state funding for cleanups, and grant and loan programs.

A Brownfield Redevelopment Authority is an important tool for communities. Local governments can create Brownfield Redevelopment Authorities to help facilitate the planning and financing required to redevelop eligible properties. A key feature is that an authority may use tax increment financing (TIF) to help fund eligible activities and local revolving loan funds, subject to the approval process briefly described below.

Essentially, eligible properties are ones that have been contaminated, or are adjacent or contiguous to contaminated property, whether they have been used for commercial, industrial, public, or residential purposes. In certain qualifying local government units, the eligible properties are expanded to include blighted and functionally obsolete properties and historic resources. This expanded list of eligible properties also covers property that is owned or controlled by a land bank fast track authority. State law defines property that is eligible property due to contamination, known as a "facility," in Part 201 of the Natural Resources and Environmental Protection Act (NREPA) and the Brownfield Redevelopment Financing Act (PA 381 of 1996, as amended).

Brownfield Redevelopment Authorities (BRA) review proposals to redevelop eligible property, determine what financial incentives are necessary to assist in their redevelopment, and review brownfield plans that identify the costs and benefits of brownfield projects. An authority's board may implement a brownfield plan, subject to approval by the municipality, which allows the BRA to capture local tax increment revenue without approval from the State of Michigan. However, the BRA may not capture revenue levied for school operating purposes until the brownfield plan has been approved by either the Michigan Department of Environmental Quality (for environmental response activities) or Michigan Strategic Fund (for non-environmental activities seeking TIF capture of school operating funds).



Key Features

- Repurposing of contaminated, blighted, or functionally obsolete properties;
- Ability to use tax increment financing to fund eligible cleanup and redevelopment activities;
- Brownfield Redevelopment Authorities can use a portion of captured TIF funds to create a local site remediation revolving loan fund; and
- When property within a brownfield redevelopment authority is owned or controlled by a land bank fast track authority, eligible properties include not only contaminated ones, but also blighted and functionally obsolete property, whether or not they are located in a qualifying local government unit.

Example

See Industrial Reuse and Environmental Remediation case study in Case Studies & Resources section of SEMCOG Toolkit.

Resources

[Michigan Economic Development Corporation](#) assists with the non-environmental activities associated with brownfields. Their brownfield redevelopment resource page provides information on a number of topics, including:

- How to establish a Brownfield Redevelopment Authority and adopt a brownfield plan;
- Qualified local government units (for use of blighted and functionally obsolete provisions of the brownfield laws); and,
- Eligible Michigan Strategic Fund (MSF) non-environmental activities guidance (as of August 2013).

Michigan Department of Environmental Quality oversees the environmental aspects of brownfield redevelopment. Their [brownfield redevelopment page](#) provides detailed information on several topics, including:

- Brownfield Funding Sources
- Brownfield Redevelopment Financing Act (Act 381) work Plan Instructions; and
- How to Establish a Brownfield Redevelopment Authority and Adopt a Brownfield Plan.

U.S. Environmental Protection Agency provides funding and information for brownfield and land revitalization:

- [EPA Brownfield Program](#)
- [EPA Brownfield Grants and Funding](#)

Corridor Improvement Authority

Background

Commercial development patterns have extended from traditional downtown areas to transportation corridors radiating from them and beyond. Aging corridors face many of the same redevelopment challenges as downtown business districts. For a number of years, downtown business districts were able to form Downtown Development Authorities to assist them with promoting growth and use tax increment financing to assist in financing improvements. A corresponding tool has been created to assist with promoting growth along traditional business areas outside downtowns and along corridors – Corridor Improvement Authority.

A Corridor Improvement Authority (CIA) provides a means for municipalities to fund improvements along commercial corridors that are located outside of their existing main commercial or downtown areas. These are established areas that have been in existence for over 30 years and with at least a 51 percent first floor commercial area. A CIA has many of the same features as a Downtown Development Authority (DDA); however, a community can have more than one CIA. Additionally, a CIA may extend to more than one community. The CIA district is required by law to meet several additional requirements, some of which include:

- The corridor must be adjacent to, or within 500 feet of, a road classified as an arterial or collector, according to Federal Highway Administration definitions.
- The corridor must contain at least 10 contiguous parcels or at least five contiguous acres, zoned to allow for mixed-use and high-density residential, and have more than half of the existing first floor ground space square footage classified as commercial real property.
- The area must be served at present by municipal water and sewer.
- The municipality must also agree to expedite the local permitting and inspection process in the development area and also agree to modify its master plan to provide for walkable/bikeable connections, including sidewalks and streetscapes throughout the area.

Key Features

- Ability to use tax increment financing to fund eligible activities.
- Correct and prevent deterioration in business districts along corridors beyond the traditional downtown business area.
- Ability to extend to two or more municipalities.

Resources

[Michigan Economic Development Corporation Corridor Improvement Authority Fact Sheet.](#)

State of Michigan [Corridor Improvement Authority Act.](#)

Community Development Block Grant (CDBG)



Background

The Community Development Block Grant (CDBG) program provides grants to eligible communities for community revitalization and expansion of economic opportunities. This federal program was established in 1974 and is administered by the U.S. Department of Housing and Urban Development (HUD). It provides 1,209 local governments and states with an annual allocation determined by Congress. The main programs are:

- Community Development Block Grant Entitlement Communities program for large communities and urban counties;
- State-Administered CDBG, which distributes CDBG funds to smaller communities that do not receive CDBG directly; and
- Section 108 Loan Guarantee Program.

Through these programs, CDBG can contribute to the revitalization of communities along transportation corridors in Southeast Michigan. CDBG is distributed by formula to entitlement communities and states. Entitlement grantees include:

- principal cities of Metropolitan Statistical Areas;
- other metropolitan cities with populations of at least 50,000; and



- qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities).

To receive annual funds, entitlement communities and states must develop a consolidated plan that identifies how they will use the funding. The list of eligible activities includes, but is not limited to:

- acquisition of property;
- relocation and demolition;
- rehabilitation of existing structures;
- business assistance to support economic development and job creation;
- energy conservation; and
- construction of public facilities and infrastructure improvements.

Additionally, the expenditure of CDBG funds must meet at least one of the following national objectives:

- benefit low-to-moderate-income individuals;
- assist in elimination or prevention of blight; or
- address urgent needs that threaten the health or welfare of the community.

The CDBG Entitlement Communities formula program provides funding to 45 communities and urban counties in Michigan, including 25 in Southeast Michigan. Each community decides on its own priorities (from the list of eligible activities) through a community planning and public participation process.

At the state level, funding is provided from HUD to the Michigan Strategic Fund for distribution to eligible non-entitlement communities. On behalf of the Michigan Strategic Fund, the Michigan Economic Development Corporation (MEDC) administers the economic and community development portions of CDBG, and the Michigan State Housing Development Authority (MSHDA) administers housing and neighborhood revitalization activities. State CDBG funds may be used to conduct the following activities:

- economic development/business development;
- downtown development;
- planning;
- blight elimination;
- infrastructure upgrades; and
- a variety of activities including housing rehabilitation and new construction to meet a community's individual housing needs.

In terms of economic development, CDBG can be used for various job creation and retention activities; establishing or expanding small businesses, as well as special economic development activities such as commercial and industrial facility improvements; or assistance to private-for-profit entities including grants, loans, and loan guarantees. The Section 108 Loan Guarantee Program is also used for economic development. Through this program, entitlement communities, states, and non-entitlement communities assisted by states may transform a portion of their CDBG funds into federally guaranteed loans. Using this financing tool, HUD guarantees a loan, allowing communities to pursue large-scale economic development and/or physical revitalization projects that can renew entire neighborhoods.



Key Features

- Wide range of uses, flexible, can be adapted for unique community needs;
- Can be used to assist local units of government as well as local businesses; and
- Can support commercial, residential, and mixed-use developments.

See Background section above for more details on CDBG features.

Resource with Examples

A SEMCOG Quick Facts report, [*Community Development Block Grant: Impact on Southeast Michigan*](#), includes information on regional best practices. It highlights local examples of CDBG funds used for economic development, public facilities, community services, and housing/neighborhood revitalization.

Additional Resources

Information on the [Community Development Block Grant from the U.S. Department of Housing and Urban Development \(HUD\)](#).

Information on [CDBG Entitlement Communities from HUD](#).

Information on [State Administered CDBG from HUD](#).

Information on the [Section 108 Loan Guarantee Program from HUD](#) and a [Study of HUD's Section 108 Loan Guarantee Program](#), including examples.

MEDC Fact Sheet on [CDBG Business Development Initiatives](#).

MEDC Fact Sheet on [CDBG Community Development Initiatives](#).

State of Michigan [CDBG Program Application Guide](#) for eligible activities administered by MEDC.

[State of Michigan Consolidated Plan](#), Michigan State Housing Development Authority.

Code Enforcement and Property Maintenance Initiatives



Photo credit: City of Ferndale, MI

Background

Effectively enforcing building and housing codes is a key ingredient in many neighborhood revitalization efforts. Communities often find that the long-term success of any revitalization efforts hinges on cleaning up or redeveloping problem properties that deter investors, frustrate existing residents, and generally contribute to an environment of fear, disorder, and crime.

Local governments can use code enforcement initiatives and policies to maintain building standards and encourage higher quality neighborhoods. Violations of municipal code can include anything from unmaintained housing or business exteriors, to inoperable vehicles, to snow and ice removal. The goal of a code enforcement strategy is to prevent substandard buildings from becoming vacant, abate public nuisances, and, if necessary, locate and demolish buildings that are abandoned or beyond repair. Such comprehensive approaches require a blend of compliance and enforcement remedies along with strategic use of rehabilitation resources and property maintenance assistance programs.

Key Features

- Include enforcement of residential, commercial, and industrial properties.
- Be both *proactive* in targeting enforcement areas and *reactive* in quickly responding to citizen complaints and concerns.
 - A proactive code enforcement program will often have inspectors travel parcel-by-parcel to inspect the exterior premises of residential, commercial, and industrial sites.
- Improve communication between code enforcement agencies, law enforcement, and community stakeholders/developers.
- Partner with residents and businesses – including civic, religious, and neighborhood organizations – to monitor and report potential violations

Examples

City of Southfield – The "[Eyes on Southfield](#)" program recognizes every resident and business owner's vested interest in maintaining property by keeping the city clean and attractive. Southfield's Code



Compliance Department canvasses the city seven days a week to monitor conditions of homes and neighborhoods and also responds to residents' complaints within a 24-to-48-hour time period. To allow residents to easily notify the city of code or blight issues, the city established a 24-hour-a-day phone number.

City of Sterling Heights – The [SHINE \(Sterling Heights Initiative for Neighborhood Excellence\)](#) program helps maintain properties and protect resident property investments. The city partners with neighborhoods to organize local cleanups and provides opportunities for neighbors to volunteer to assist in property maintenance for those in need.

City of Ferndale – Provides information on frequently asked code enforcement questions on its [Web site](#) and allows residents to submit requests to code enforcement online.

Commercial Districts: Principal Shopping District, Business Improvement District, Business Improvement Zone

Background

Eligible communities have the ability to create commercial districts that have specific capabilities to facilitate improvements in their commercial districts.

The Principal Shopping District Act of 1961 provides cities, villages, and urban townships (urban townships are defined in the Local Development Financing Act of 1986) with the ability to create Principal Shopping Districts (PSD) and Business Improvement Districts (BID). Both PSDs and BIDs can levy special assessments in addition to ad valorem property taxes for district improvement. Additionally, the act provides for creation of Business Improvement Zones (BIZs) in cities and villages only; BIZs have special assessment authorization to finance necessary improvements and maintenance for a seven-year period.



- Principal Shopping District (PSD) may be created within the municipality in a commercial area containing a minimum of 10 retail businesses.
- Business Improvement District (BID) is defined as one or more portions of an eligible municipality or combinations of contiguous portions of two or more municipalities and is predominately commercial or industrial use.
- Business Improvement Zone (BIZ) can be created by a petition drive of at least 30 percent of the property owners within a proposed zone, and the subsequent adoption by the majority of property owners.

The Principal Shopping District Act also provides information on the process for creating each type of district, as well as required representation on the boards.

Key Features

Through its Principal Shopping District/Business Improvement District, a municipality may:



- Maintain/modify roads and pedestrian walkways, or regulate vehicular traffic or parking, subject to approval of the governmental body with jurisdiction over the road;
- Acquire, maintain, and operate properties, off-street parking lots, or contract for such operation by others;
- Construct, maintain, and operate malls with bus stops, information centers, and other buildings that serve the public interest;
- Acquire, maintain, and operate real or personal property necessary to implement the act;
- Promote economic activity in the district, specifically by initiating market research, public relations campaigns, institutional promotions, and sponsorship of special events and related activities;
- Levy special assessments against land or interests in land, or both; and
- Issue bonds to cover the capital costs of the project.

Business Improvement Zones have the ability to do the following:

- Acquire (through purchase, lease, or gift), construct, improve, or operate park and planting areas; and plant and maintain trees, shrubs, and flowers within the zone;
- Acquire, construct, clean, improve, or relocate sidewalks, street curbing, street medians, fountains, and lighting within the zone area;
- Develop and propose lighting standards within the zone area;
- Provide or contract with public or private entities for security services or purchase security-related equipment or technology;
- Promote economic activity in the zone by sponsoring cultural or recreational activities; recruiting developers and businesses; promoting and marketing businesses, retail, or industrial development; engaging in public relations and market research; and
- Acquire, maintain, and operate real or personal property.

Example

The City of Birmingham's [Principal Shopping District](#) was formed to unify businesses throughout Birmingham, as well as to create programs and events that promote Birmingham's retail core.

Resources

[Act 120 of 1961, as amended. Principal Shopping Districts and Business Improvement Districts](#) authorized creation of PSDs, BIDs, and BIZs.

Michigan Economic Development Corporation provides information on [PSDs, BIDs, and BIZs](#).

Commercial Rehabilitation Act

Background

The Commercial Rehabilitation Act (Public Act 210 of 2005) provides a tax abatement incentive of up to 10 years, used to encourage rehabilitation of commercial property for end use as a commercial business or multi-family residential facility. The property must be located within an established Commercial Rehabilitation District, which must be approved by the local unit of government's legislative body. This tool is available to all communities in Michigan.

Key Features

The Commercial Rehabilitation Act:

- Provides cities, villages, and townships with the ability to grant a property tax abatement for a period of one-to-10 years for owners of certain rehabilitated commercial facilities in designated districts.
- Specifies that the Commercial Rehabilitation District must be at least three acres in size unless it is located in a downtown or business area, or contains a qualified food establishment located in a Core Community as defined by the Obsolete Property and Rehabilitation Act (PA 146 of 2000).
- Defines commercial property as being a building or group of contiguous buildings of commercial property that is 15 years or older, whose primary purpose is that of a commercial enterprise or multifamily residential use, or vacant property which, within the immediately preceding 15 years, was commercial property.
- Freezes the taxable value of the building and exempts the new investment from local taxes – the abatement does not apply to taxes on land, personal property tax, local school operating taxes, or the State Education Tax (SET).

Exemptions are not effective until approved by the State Tax Commission, which is the body responsible for final approval and issuance of certificates.

Resources

Michigan Economic Development Corporation [Fact Sheet on the Commercial Rehabilitation Act](#).

State of Michigan Commercial Rehabilitation Act [Frequently Asked Questions](#).

[Commercial Rehabilitation Act \(PA 210 of 2005, as amended\)](#).

Creating Safer Environments

Background

Public safety relies on many factors including policing, environmental design, and the behavior of residents in a community. Aside from changes in policing methods, numerous strategies can be effective in reducing crime along transportation corridors.

Redevelopment along corridors presents opportunities for communities to make adjustments in the outward physical environment that may prevent crime. Particular attention should be paid to lighting and design, as these elements affect road safety for motor vehicles and personal safety for pedestrians and cyclists.



Additionally, community-building efforts can be combined with public safety measures to create safe and vibrant communities. Establishing a neighborhood watch or business watch group can provide participants with a stronger sense of community while increasing public safety.

Key Features

Crime prevention through environmental design (CPTED) uses design elements of the built environment including buildings, landscaping, and lighting to increase community safety. By creating spaces that strategically combine these elements, CPTED seeks to reduce fear and increase visibility in public spaces. Measures that increase the sense of safety along commercial corridors may lead to an increase in local business activity.

Lighting can create a sense of security and improve safety for users of public space and sidewalks while positively contributing to the character of a community.

Landscaping and the natural environment in general have been proven to reduce/prevent crime in urban areas. Appropriate landscaping that gives users a sense of enclosure while still providing visibility can increase public safety while improving the look of a streetscape or public space. Studies comparing the incidence of criminal activity at public housing buildings have documented up to a 52 percent reduction in total crimes at buildings with greater amounts of vegetation.¹ Greener urban areas lead to healthier and

¹ Wolf, K.L. (2010) Crime and Fear – A Literature Review. Green Cities: Good Health. www.greenhealth.washington.edu



more social interactions between adults and children, as well as lower levels of graffiti, property crimes, and violent crimes.²

Extended programming and use of public spaces may also deter criminal activity by increasing the number of visitors during peak times for criminal activity. This approach may reduce crime even more if the new activities are targeted to engage populations that might otherwise participate in criminal activity.

A [neighborhood watch](#) is an organized group of community residents who cooperate with local police to report any criminal or suspicious behavior in their neighborhood. By actively monitoring neighborhood activity, a neighborhood watch group may reduce the incidence of crime.

Similar in concept to a neighborhood watch, a [business watch](#) works with local business owners in a community or along a corridor to monitor and report suspicious activity.

Graffiti abatement and prevention initiatives can make communities feel safer and reduce fear of crime along commercial and industrial corridors, particularly ones with numerous vacant properties. Such initiatives may seek to reduce opportunities for vandals to deface property or may provide monetary rewards for information leading to a vandal's conviction.

Examples

[Strategies and corresponding case studies compiled by the National Crime Prevention Council](#) include information and examples of CPTED ordinances/guidelines, business watch, neighborhood watch, safe design of public areas

In Los Angeles, one [successful crime prevention strategy](#) provides [expanded park programming](#) during summer months, when criminal activity is at its peak.

Graffiti prevention and abatement techniques have been used by many communities including [New York City](#) and [San Diego](#), both of which provide rewards for information leading to the arrest and conviction of graffiti vandals. Additionally, several communities have employed use of tools such as [Graffiti Tracker](#), which help communities identify repeat offenders. Some communities have come up with unique solutions to battle graffiti, including [San Antonio](#), where the city has teamed up with multiple organizations to wipe out graffiti.

Additional Resources

Several studies compiled by the University of Washington indicate there is a link [between trees and crime prevention in urban areas](#).

The Project for Public Spaces provides information on [lighting use and design for public safety](#) and the [role of design in creating safer parks](#). Additionally, they have compiled a [guide to preventing and removing graffiti](#). The concepts discussed are also applicable to public safety along corridors.

Graffiti Hurts provides [tips for preventing graffiti](#).

² Kuo, Frances. (2003). The Role of Arboriculture in a Healthy Social Ecology. Journal of Arboriculture.

The graphic features the SEMCOG logo in blue at the top center. Below it, the title "Creating Successful Corridors" is written in a large green font. Underneath the title, the subtitle "Planning & Implementation Tools" is written in a smaller blue font. The entire text is framed by two stylized, curved lines that resemble roadways or corridors, one on the left and one on the right, with a horizontal line passing through the center of the graphic.

SEMCOG
Creating Successful Corridors
Planning & Implementation Tools

In addition to the information and examples referenced above, the National Crime Prevention Council provides [training opportunities](#) for those interested in learning about crime prevention through environmental design.

The U.S. Department of Justice provides a wealth of information on implementing crime prevention through environmental design strategies [for community police](#) and [others](#).

Dangerous Building Ordinance



Photo at left depicts the demolition of 35218 Michigan Avenue West (Butler Building) in process in Wayne, Michigan. In the background to the right is 35164 Michigan Avenue West (the “Palace” theater), which was also declared “dangerous” under the city’s program. The Palace Theater, having been declared “dangerous,” was donated to the city by the nonprofit owner, after which the city demolished the building. The two city-owned sites were then combined as evidenced in the “after” photo at right. (Photos courtesy of the City of Wayne, MI)

Background

A municipality’s Dangerous Building Ordinance is an important tool for local governments. When used in conjunction with other tools, it can be further enhanced as a tool that influences redevelopment activity. The use of these tools in tandem in certain circumstances may help the municipality gain direct control over key properties.

Many municipalities have adopted Dangerous Building Ordinances that are based on provisions of the Michigan Housing Law (MCL 125.539 et seq.). The act provides a definition for dangerous buildings, which also applies to commercial buildings or structures. Procedures for dealing with dangerous buildings are specified in the act.

The act allows for nuisance abatement on private property. Note that the definition of “dangerous” does not require structural unsoundness. If the building is demolished pursuant to the provisions of the act, an assessment for the cost of demolition may be placed against property. This assessment may lead to delinquent taxes.

This tool can be used in conjunction with the state’s tax reversion process. If the property does fall into tax forfeiture, the municipality may gain direct control over the property subject to its statutory right of refusal of purchase (preceded by the state’s right of first refusal of purchase).

This process can be time-consuming and take several years to consummate. However, it can be an effective way for a community to eliminate blight along key corridors and gain direct control over new development.



Key Features

This tool provides local governments with a process for dealing with dangerous buildings by:

- defining buildings that are dangerous;
- providing guidelines for property owners to remedy the situation; and
- setting the process for demolition of properties that are not brought into compliance within a stipulated timeframe.

With proper planning, this tool can be used effectively in conjunction with the tax reversion process to eliminate blight and guide new development.

Example

The City of Wayne adopted a Dangerous Building Ordinance to guide its efforts to eliminate dangerous buildings. The following case example demonstrates how the City of Wayne effectively used this ordinance in combination with the state's tax reversion process.

The commercial building referred to as the "Butler Building" was located on Michigan Avenue West, in the heart of downtown Wayne. The building was declared dangerous in 2005, and by 2010 had come under direct control of the City of Wayne after completion of the state's tax reversion process (see before and after photos at the top of this tool). The timeline was as follows:

- 2005: Butler Building declared dangerous.
- 2006: In *Grizel L. Butler (Plaintiffs) v. City of Wayne (Defendants)* in Wayne County Circuit Court, Judge Mary Beth Kelly ordered dismissal of the lawsuit against the city, and reaffirmed the city's Dangerous Building Ordinance.
- 2006: Butler Building demolished by city.
- 2007: Taxes became delinquent.
- 2010: Tax reversion (of 2007 taxes); city acquisition.

The exercise of the city's right to prevent a (September) auction of a property by the County Treasurer, required that the city pay in advance to the treasurer what would have been the "minimum bid" at the auction (i.e., the accumulated taxes, along with interest, penalties, and fees). The city was then deeded the property by the County Treasurer. [Note: Cities, themselves, at the time of resale, after covering all costs, must return any "excess" (i.e., profit) to the County Treasurer.]

The process took five years, and was certainly not a "quick fix." However, the blight was removed, and the City of Wayne now controls a key development site. As of November 2012, 48 buildings have been identified as dangerous. Of these, 29 have been repaired and 17 have been demolished (seven by the owners, 10 by the city). Two cases are currently pending.

Resources

The State of Michigan Land Bank Fast Track Authority provides [tax reversion information](#) resources.

Design Guidelines and Standards



Northville, MI

Background

Design guidelines and standards are tools for guiding and regulating development of the built environment. These tools are currently used in many communities throughout the region. Instead of focusing on use, design guidelines and standards apply to structure and form. They are generally used by communities to enhance their sense of place and uphold certain characteristics in the built environment. Communities may implement design guidelines, standards, or a combination depending upon their particular needs.

The use of design guidelines and standards can be targeted along specific corridors identified by a community. They can be used on their own or in conjunction with complementary redevelopment tools and policies like form-based codes, complete streets, and green infrastructure. Visible change along a corridor as a result of implementing these tools may be incremental or immediate, depending upon many factors. Communities along corridors can customize the use of these tools for their unique needs and preferences.

Key Features

Both guidelines and standards can be applied to numerous aspects of development including, but not limited to:

- Building height, density, architectural style, accessibility, and signage
- Parking structures and off-street parking
- Landscape aesthetics and green infrastructure
- Sidewalk placement and accessibility
- Driveway spacing, drainage, and curb cuts
- Street lighting and streetscapes

Guidelines and standards may be applied broadly across a zoning ordinance, or to specific zones. Often, guidelines and standards work within overlay zones and can be used to enhance the effects of other design strategies employed by a community. General differences between guidelines and standards are summarized below.



Guidelines

- Not required by ordinance
- Advisory only
- Broad interpretation and application
- Project-specific

Standards

- Codified as part of ordinance
- Required
- Strict interpretation and application
- Universal

Examples

City of Ann Arbor: Over a period of several years, Ann Arbor engaged in a process to determine which strategy it would use to promote high-quality design and enhance the pedestrian experience in its downtown. The result of this process was a document that reflects overall community preferences, the [Downtown Ann Arbor Design Guidelines](#), adopted in 2011.

City of Northville: Northville has developed a set of design standards and guidelines for its designated historic district. This district is not considered a separate zoning district (see the [zoning map](#)), but all development within it is subject to review and approval by the Historic District Commission. The commission uses these [design standards](#) when evaluating proposed developments or property improvements in the historic district.

Form-Based Codes

Background

The form-based code model of zoning was developed as an alternative to traditional zoning. Unlike its more conventional counterpart, form-based code zoning focuses on regulating outward appearance rather than use. Although form-based codes may regulate use to some extent, their primary goal is to develop or maintain a community’s distinct character. The use of form-based codes can result in increased pedestrian safety, sustainable development practices, and incorporation of transit systems. A community may elect to implement form-based codes in addition to or in lieu of its existing ordinance to promote future development in a manner consistent with its vision.



There are three types of form-based codes:

- A **mandatory** form-based code may require an update to a community’s master plan or a separate sub-area plan. It can replace a zoning ordinance completely, or it may be implemented as a mandatory district within the existing framework.
- A **parallel**, or optional, form-based code does not replace the existing zoning ordinance, but rather provides property owners with an alternative set of development standards. Generally implemented as overlay districts, parallel form-based codes provide incentives to developers, such as density bonuses, in exchange for compliance.
- **Floating** form-based codes are not planned, but are drafted by property owners who wish to construct developments not allowed under an existing zoning ordinance. Although they arise from the developer’s perception of what a community desires, they are ultimately submitted to the community for final approval.

Key Features

- Provides more predictable outcomes for streetscapes and public spaces.
- Increases mixed-use development as well as diversity in architecture and materials.
- Easily adapts for use in existing communities by maintaining the character of historic neighborhoods while allowing new infill development.



- Promotes walkability and automobile traffic calming.
- Can be easier to enforce than traditional zoning due to a community's desire to improve and/or maintain its own quality of life.

Examples

To date, several communities in Southeast Michigan have implemented form-based codes:

City of Birmingham: Birmingham currently has two overlay districts that rely on form-based codes. The older of these, the Downtown Overlay District, has been in place since 1996. Due to this district's overwhelming success in revitalizing Birmingham's downtown, particularly along heavily traveled corridors like Woodward Avenue, the city established another mandatory district in 2007—the Triangle Overlay District. The Triangle Overlay District zoning ordinance as well as the urban design plan for this district can be found [here](#). The entire Birmingham zoning ordinance can be found [here](#) (see Article 3: Overlay Districts).

Pittsfield Charter Township: In 2013, Pittsfield adopted a new zoning ordinance which incorporates the use of form-based codes. The township chose to implement form-based districts to regulate urban form and encourage efficient, mixed-use development that is consistent with its [2010 Master Plan](#). Several districts identified by the [zoning map](#) are classified as Form-Based Mixed Use Districts. Each district has a separate regulating plan based upon street and site types which specifies the permissible forms of development. The zoning ordinance can be found [here](#) (see Article 5: Form-Based Mixed Use Districts).

City of Rochester Hills: Rochester Hills has adopted several optional overlay districts, called Flex Business Overlay Districts, scattered along commercial corridors including Rochester Road. In the city's 2007 Master Plan, it identified its intent to increase mixed use and to emphasize the importance of design in new developments. The resulting zoning ordinance offers incentives to developers who choose to follow the optional set of standards. Developments under this form-based code have more flexibility in regards to use, density, road frontage, and other items. A copy of the zoning ordinance can be found [here](#) (see Article 8: Flex Business Overlay Districts).

Additional Resources

The [Form-Based Codes Institute](#) provides additional sample codes as well as general information about form-based codes.

Land Bank Authority



Background

A land bank is a public authority that is created to efficiently acquire, hold, manage, and develop tax foreclosed property as well as other vacant, blighted, obsolete, and abandoned properties, in order to bring them back to productive use. The Michigan Land Bank Fast Track Act, PA 258 of 2003, created the Michigan Land Bank Fast Track Authority and allows for creation of additional land bank fast track authorities at the county level throughout the state as well as for the City of Detroit. Land bank authorities are useful in encouraging private investment in disinvested communities due to their ability to uniquely reposition properties for reuse.

Key Features

The Land Bank Fast Track Act and subsequent supporting legislative acts and amendments provide land bank authorities with specific tools including:

- A revised definition of “blighted” property in reference to the Brownfield Redevelopment Financing Act (amended as PA 259 of 2003) which includes all land-bank-owned properties, thereby allowing for the possibility of financing redevelopment through collaboration with a local brownfield authority.
- The ability to conduct expedited quiet title proceedings in order to clear title to any property held by the land bank. This allows land banks to optimally situate these properties for reuse by private individuals and developers.
- The creation of a five-year, 50 percent tax capture on sold or transferred properties.
- Property tax exemption.
- The authority to sell, lease, demolish, maintain, rehabilitate, and improve properties in its inventory.

Examples

[State of Michigan Land Bank](#) – The Michigan Land Bank Fast Track Authority can work with local government in multiple ways. Foreclosing county governmental units may enter into intergovernmental agreements with the Michigan Land Bank in order to create local county land banks. Alternatively, communities not wishing to establish a land bank may also enter into intergovernmental agreements with



the Michigan Land Bank for the purpose of property acquisition, land assembly, and other activities allowed by the Land Bank Fast Track Act.

The Michigan Land Bank maintains its own inventory of tax-reverted, vacant, and abandoned properties throughout the state. These properties are listed [online](#) and are available for purchase by interested parties.

[Genesee County Land Bank](#) – The Genesee County Michigan Land Bank has been recognized as a leading organization in applying land bank tools to stabilize neighborhoods and revitalizing the City of Flint and its surrounding areas. The land bank has used the tax foreclosure process to acquire residential, commercial, and industrial properties, working with public, private, and nonprofit partners. The land bank has 10 programs: Planning and Outreach, Brownfield Redevelopment, Development, Adopt-a-Lot, Clean and Green, Demolition, Housing Renovation, Sales, Side Lot Transfer, and Foreclosure Prevention.

Resources

[Center for Community Progress, Land Banks and Land Banking \(2011 report\)](#).

[SEMCOG Regional Housing Needs and Neighborhood Resiliency Strategy for Southeast Michigan](#), November 2012: The establishment of land banks is one of the recommended local action strategies in this report. This recommendation is part of the regional effort to stabilize neighborhoods and return vacant, abandoned, and foreclosed properties to active use.

Low Income Housing Tax Credits

Background

Low Income Housing Tax Credits (LIHTC) promote financing of affordable rental housing development for low-income households. Under this program, federal housing tax credits are awarded to developers of qualified projects. The LIHTC program is based on Section 42 of the Internal Revenue Code, which was enacted by Congress in 1986 to provide the private market with an incentive to invest in affordable rental housing.

Each state receives tax credits annually based on a per capita formula. The Michigan State Housing Development Authority (MSHDA) administers the program for the State of Michigan, overseeing development of the [state's Qualified Allocation Plan](#) (QAP). In the state's annual QAP, MSHDA defines its housing goals, requirements, and priorities for the year, in addition to those required by federal code. Local support for projects is an integral part of the process.

The QAP also specifies the means through which LIHTC applications are scored and how credits are allocated. LIHTC projects fall into either a nine percent tax credit category (subsidizing approximately 70 percent of eligible project costs) or four percent tax credit category (subsidizing approximately 30 percent of eligible project costs). In essence, the nine percent tax credit program, which is awarded on a competitive basis, was designed to subsidize eligible development costs for new construction and substantial rehabilitation of housing projects that are not otherwise federally subsidized. Conversely, projects with over 50 percent of costs financed through tax-exempt private activity bonds can participate in the four percent tax credit program, and are eligible for funding through other federal sources, such as the Community Development Block Grant (CDBG) program.

A project's owners must agree to maintain set-aside minimums on a portion of the rental units, meeting one of two low-income occupancy requirements – either the 20/50 Rule or the 40/60 Rule for set-aside minimums. This means that either 20 percent of the units must be for households with income at or below 50 percent of the Area Median Income (AMI), or 40 percent of the units must be for households with income at or below 60 percent of the AMI. Rent and income restrictions must be maintained on these rental units for at least 18 years.

The tax credits can either be retained by the project developer or sold to an investor or syndicator (essentially a group of investors) in order to raise equity capital for the housing project. Credits reduce tax liability on a dollar-for-dollar basis spread over a 10-year period.

Key Features

- Low Income Housing Tax Credits are awarded to projects based on the State of Michigan's Qualified Allocation Plan, developed by the Michigan State Housing Development Authority.
- Housing can be new construction or acquisition/rehab, and must be affordable for at least an 18 year period.
- Project investors receive federal tax credits for a 10-year period. However, this is based on performance; no tax credit can be taken by investors unless the housing is suitable for occupancy. Previously claimed tax credits are subject to recapture due to disposition of the property, non-compliance, or casualty loss.



- Local support for a project is an integral part of the process. This may include tax abatements, local zoning modifications, site plan approvals, and provision of supportive services to targeted tenants.

Resources

[State of Michigan Low Income Housing Tax Credit Program \(LIHTC\)](#)

Federal Code - Low income housing credit: [26 U.S.C. 42](#)

U.S. Department of Housing and Urban Development – [HUD LIHTC Database](#) contains information on projects and housing units that have been placed in service (current through 2011). The database provides information that includes project address; number of units and low income units; number of bedrooms; year credit was allocated; year project placed in service; whether project was new construction or rehab; and sources of project financing.

[HUD Income limits data](#) to assist in LIHTC calculations.

[The National Equity Fund](#), an affiliate of Local Initiatives Support Corporation (LISC), is one of the leading syndicators of low income housing tax credits (LIHTC).

Michigan Community Revitalization Program

Background

The Michigan Community Revitalization Program (MCRP) is a new incentive program that is available through the Michigan Strategic Fund, in cooperation with the Michigan Economic Development Corporation. It replaces the state's Brownfield and Historic tax credits, which were eliminated under business tax restructuring (i.e., elimination of Michigan Business Tax) in 2011. This program provides grants, loans, or other economic assistance of up to \$10 million in loans and \$1 million in grants, limited to \$10 million in total state support and 25 percent of qualifying investment.

For the real property to qualify as eligible property, it must be one or more of the following:

- Facility (i.e., environmentally contaminated property as defined by state law);
- Blighted;
- Functionally obsolete;
- Historic resource; and/or
- Adjacent or contiguous to property that is a facility, blighted, functionally obsolete, or a historic resource, and if development of this adjacent property is estimated to increase the taxable value of the facility, blighted, functionally obsolete, or historic resource property.

Key Features

The applicant must demonstrate need for the Michigan Community Revitalization Program financial incentive, as well as a compelling business case showing that if awarded the incentive, the project would be financially and economically sound. The Michigan Strategic Fund considers a number of factors when considering support for projects, including preference for projects that:

- Revitalize regional urban areas, particularly those located in downtowns or traditional commercial centers.
- Act as a catalyst for additional investment in a community.
- Have local community and financial support.
- Reuse vacant or historic buildings.
- Promote mixed-use development and walkable communities and sustainable development.

Examples

Eastern Market Corporation (Shed 5 Renovations)

The project includes renovation of functionally obsolete market shed structure and construction of a Community Kitchen (CK) within the shed. The end use of Shed 5 will be that of a regional hub for local food production, processing, distribution, and retailing; an incubator for specialty food producers; a provider of culinary and nutritional education via the CK; a center for plant and flower sales and a facilitator of community engagement by way of increased public space allowing for more public gatherings. The project is located in a traditional commercial center and qualified for an MCRP award for being functionally obsolete.

Woodward Brown Associates (The Balmoral)

This project involved constructing a new, five-story, mixed-used structure of approximately 88,000 square feet, to be known as the Balmoral, located on the corner of Woodward Avenue and Brown Street in the City of Birmingham. Uses of the new building will include commercial office, retail, and residential. The first floor will include space for a drive-through to accommodate a bank or pharmacy tenant, and will include a ramp to below-grade parking. Floors two through four will be built for commercial office space, with a small portion devoted to residential space. The fifth floor will be used for residential units, including exterior patio space. The project is located in a downtown and qualified for an MCRP award as a brownfield facility.

Heart of Howell

The project will fully renovate the exterior and interior of three historic properties in downtown Howell. The project will entail a full interior renovation to white-box stage for the first floor and build out for the second and third floors for office/commercial space. The three real property parcels total approximately 10,602 square feet, and are located at 118, 120, and 122 West Grand River Avenue in the City of Howell. The project includes a total of 21,570 square feet of office and commercial space. The first floor of the three buildings will be occupied by a single restaurant tenant and the remaining floors will be for office/retail space. The project is located in a downtown and qualified for an MCRP award for being functionally obsolete.



Photo courtesy of Heart of Howell

Hotel Sterling Wyandotte

The project will renovate and convert a long vacant and obsolete former Sears building, located at 3063 Biddle Avenue in the City of Wyandotte into a 21-room boutique hotel, conference, and banquet facility. The three-story, approximately 27,600 square-foot building was constructed in 1940 and vacated by Sears in the 1970s. It has been significantly underused since that time and requires extensive upgrades to meet current market standards. The project will also include rehabilitation of an approximately 1,400 square foot, single-story commercial structure located at 3061 Biddle Avenue, which will be leased for a complementary use. The project is located in a downtown and qualified for an MCRP award for being functionally obsolete.



Resources

MEDC Fact Sheet on the [Michigan Community Revitalization Program](#)

[Michigan Community Revitalization Program Guidelines](#)

Neighborhood Enterprise Zones

Background

A Neighborhood Enterprise Zone (NEZ) is an area designated by a qualified local governmental unit in which tax incentives are provided for new and rehabilitated residential housing. This program was established at the state level by [PA 147 of 1992](#). Through use of these zones, communities can encourage revitalization of residential areas by reducing the amount of taxes collected on eligible properties for a set period of time.

Tax reduction may make neighborhood enterprise zones more attractive to potential homebuyers or may be incentive enough for residents to purchase homes where they would normally rent. When located near major transportation corridors, they may help stabilize these areas and be an effective means of boosting interest and investment by providing a ready customer base for any potential businesses.

Key Features

- Rehabilitated or newly constructed residential facilities in qualifying neighborhoods may be eligible for reduced taxes.
- Neighborhood enterprise zone tax replaces the property tax for the newly-built or rehabilitated facility, but does not affect the property taxes collected on the land on which the facility stands.
- Rental apartments may qualify if they are in mixed-use buildings containing retail space at street level and are located in qualified districts.
- Local governments can allow zones to be in effect for a period of up to 15 years.
- After a neighborhood enterprise zone is established, new owners and/or developers are responsible for obtaining individual certificates.
- Certificates can be effective for up to 17 years, depending upon the local government's preference.
- If a property with an active neighborhood enterprise zone certificate is sold, the certificate may be transferrable to the new owner under certain conditions, maintaining the affordability of owning a home within the neighborhood.
- Certificates may be revoked for multiple reasons including, but not limited to:
 - Facility is no longer a homestead or residential
 - Unpaid property taxes or unpaid NEZ tax
 - Non-compliance with building codes

Example

[City of Wyandotte](#): NEZs have been a highly successful redevelopment tool for Wyandotte. In 1992, the city established three NEZs, which were so effective at spurring redevelopment efforts that another four zones were created in 2007. Yet another zone, the city's eighth, was established in 2009.



Additional Resources

Michigan Economic Development Corporation (MEDC), information on [Neighborhood Enterprise Zones](#) and the process of establishing them.

State of Michigan Department of Treasury, information on [NEZ tax exemption](#) and links to application materials.

Obsolete Property Rehabilitation Act

Background

The Obsolete Property Rehabilitation Act (OPRA) is an incentive used to encourage redevelopment of obsolete buildings in qualifying communities (also referred to as "Core Communities") by means of property tax exemptions of up to 12 years. Properties must meet eligibility requirements, including a statement of obsolescence by the local assessor. The end-use of these buildings must be commercial or mixed-use building projects in order to qualify.

Key Features

- Qualified local governmental units (as defined by PA 146 of 2000) may establish obsolete property rehabilitation districts.
- Owners of obsolete property can apply for tax abatements for commercial facilities undergoing rehabilitation in these eligible districts. Essentially, the value of the rehabilitation to the property's building and improvements is exempt from most property taxes for up to 12 years. Land and personal property are not abated.
- Additionally, the State Treasurer may exempt the property from one-half of school mills (school operating taxes and State Education Tax) for a period of up to six years (the treasurer is limited to 25 such exemptions per year).
- The local assessor must provide a statement of building obsolescence.

Examples

[Christman Building \(Lansing\)](#)

[Michigan Obsolete Property Rehabilitation Exemption Activity Reports](#)

Resources

[Obsolete Property and Rehabilitation Act "OPRA"](#) (Public Act 146 of 2000)

[Qualifying communities under PA 146 of 2000](#) (as amended) – Also referred to as "Core Communities" – Most recently adopted by the State Tax Commission at its June 12, 2012 meeting.

Michigan Department of Treasury [resources on the OPRA exemption](#).

Michigan Economic Development Corporation Fact Sheet on the [Obsolete Property Rehabilitation Act](#).

Redevelopment Ready Communities

Background

The State of Michigan's Redevelopment Ready Communities® (RRC) Program is a statewide program that supports communities readying themselves for redevelopment. RRC is a strategic tool leading change in the development culture for communities, encouraging communities to adopt innovative strategies and efficient processes that build confidence among businesses and developers. RRC provides guidance to communities on making places that will attract people and economic growth.

The RRC program was originally launched by the Michigan Suburbs Alliance (MSA) in Southeast Michigan in 2003. MSA worked collaboratively with public and private leaders, and economic development and planning experts to achieve a program deemed valuable by all sectors. As of 2012, the Michigan Economic Development Corporation, in collaboration with the Michigan State Housing Development Authority, is building upon the foundation MSA created, and expanding the program statewide.

RRC measures and then certifies communities that integrate transparency, predictability, and efficiency into their development practices with the goal of realizing a community-supported redevelopment vision that is inviting to investors. When a community becomes a certified Redevelopment Ready Community, it signals that it has effective development practices and support of the community.

Key Features

- Work to streamline and modernize their regulatory documents and internal processes, making it easy and efficient to develop in their community.
- Establish clear redevelopment goals and is proactive in reaching set goals. Community stakeholders are engaged for input, priority sites, and financial incentives are identified.
- Seek to continually advance the community by promoting smart growth principles, embracing cutting edge reinvestment tools, and making the redevelopment process more effective.
- Advertise to developers that their community is committed to minimizing approval hurdles and willing to use financial incentives available.

Resources

Michigan Economic Development Corporation, working in collaboration with the Michigan State Housing Development Authority, administers the [Michigan Redevelopment Ready Communities program](#). For more information, e-mail RRC@michigan.org, or contact the Michigan Economic Development Corporation at (517) 373-9808.

Sidewalk Improvement Program



Background

In order to promote safety in neighborhoods and improve the appearance of the community, municipalities may adopt a sidewalk improvement ordinance and/or program. Typically part of a community's Capital Improvement Plan, a sidewalk improvement program may include developing and enforcing a sidewalk repair ordinance that authorizes the municipality to require property owners to comply and indicates which parties are financially responsible for maintenance and repairs. In many communities, the quality and accessibility of public sidewalks within neighborhoods are often in less-than-acceptable condition. This can include cracks, gaps, uneven elevation, and/or grass and weed intrusion within the pedestrian pathway. As replacement and repairs of sidewalks are scheduled and implemented, they are often aligned with development, upgrades, or compliance with the Americans with Disabilities Act (ADA) accessibility requirements.

Key Features

- Provides municipalities with a mechanism to install, repair, and/or upgrade sidewalk networks in a timely, orderly, and efficient manner.
- Sidewalk repair programs for an entire municipality are generally scheduled over a span of several years and concentrated in pre-determined targeted sub-areas on an annual basis.
- Provides property owners with a sense of when they might be subject to a special assessment to pay for scheduled sidewalk repairs.

Examples

[City of Ferndale](#) The city's Sidewalk Replacement Program divides the city into 10 sidewalk districts. One sidewalk district is inspected each year in order to determine if any portion of the sidewalk is in need of replacement. This inspection takes place in the fall prior to the sidewalk district year. For example, the 2013 sidewalk district was evaluated in the fall of 2012. If, after inspection, it is determined that an abutting property owner's sidewalk is in need of replacement, the homeowner will be notified accordingly.



[City of Royal Oak](#) The city's Sidewalk Improvement Program addresses and replaces deficient public sidewalks over a six-year period.

[Canton Township](#) The township inspects sidewalks in designated neighborhoods on an annual basis in order to determine if any portion of the sidewalk is in need of replacement. If, after inspection, the township determines that a homeowner's sidewalk is in need of repair, the homeowner is notified accordingly.

Vacant Property Registration Ordinance



Before and after example of vacant property cleanup. (Photos courtesy of the City of Warren, MI.)

Background

Vacant properties can quickly become blighted, dangerous, and magnets for crime. Intervention in maintaining vacant property is critical to staving off the spiral of neighborhood and commercial district decline. The rapidly changing nature of property ownership and occupancy status has made it difficult for local government, as well as neighbors, to track the status of property. Often it is unclear whether a commercial or residential property is occupied, being improved, for sale, foreclosed, or abandoned.

To combat this, many local governments have adopted Vacant Property Registration Ordinances that not only enable them to track a property's status, but create an additional incentive for property holders to aggressively market and improve property so that it can return to an active use that enhances, rather than detracts from, the value of the surrounding neighborhood and market. Enacting a vacant property ordinance can help municipalities keep track of vacant inventories and hold owners accountable for neglect and blight. An effective vacant property ordinance should include both commercial/industrial and residential properties.



Key Features

- Mandatory contact information of the owner (point of contact for every owner of a vacant building)
 - Should include a local point of contact who can respond to issues in a timely fashion as they arise. If owner is located outside the region, contact information for a local property manager/servicer should be included.
- Registration and/or annual fees that cover the costs city departments incur when monitoring vacant properties.
 - This fee may be modest to cover the basic costs associated with maintaining the program. However, penalties for failure to register within a defined time period should be substantial as to incentivize timely registration.
- Mandatory maintenance standards
 - Should be transparent to owners and enforced by the community
- A designated “vacant property coordinator”
 - The most successful programs have a coordinator (potentially code enforcement officer, public safety, or newly created position)

Examples

[City of Dearborn](#)

- Annual registration fee of \$150 covers 12 months of monitoring inspections
- Property must be registered within 90 days of vacancy

[City of Eastpointe](#)

- Registration and inspection fee of \$250

[Macomb Township](#)

- Safety and maintenance inspection fee of \$175
- Inspection must be scheduled within 30 days of registration

Resources

[Southeast Michigan Council of Governments](#) (SEMCOG) provides members with face-to-face technical assistance, draft ordinance language data analysis, and resources developing and implementing a Vacant Property Registration Ordinance that aligns with a community’s unique characteristics.