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Priorities for Building a Strong Framework for Smart Statewide Land Use
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Priorities for Building a Strong Framework for Smart Statewide Land Use

Over 50 policymakers and representatives of statewide associations and organizations considered 16 strategic land use actions at a policy roundtable, "Advancing Linkages Between Brownfields Redevelopment and Greenfields Protection in Michigan," held on January 23, 2003. A total of 32 strategic actions were identified in an analysis conducted by the Great Lakes Commission and described in its report referred to as the Bridges Report. The Commission's analysis resulted from stakeholder meetings held across the Great Lakes Basin involving state, provincial, and local agency representatives.

Roundtable participants prioritized the 16 strategic actions based on their importance and achievability, and that process as well as the results were described in the Victor Institute's April 2003 publication. The participants selected the ten most important actions from the 16 actions that were presented. Four of the ten selected actions were also chosen by the participants for further discussion in breakout groups. In this month's publication, the top ten strategic actions and objectives are briefly described in their ranked order.

State Planning Goals and Interagency Coordination

Establishment of state planning goals to promote urban revitalization, greenfield protection, and development patterns that enhance neighborhoods and reduce public infrastructure and service costs emerged as the highest ranked policy option. Roundtable participants also decided that interagency coordination for state-funded projects should be considered with state planning goals. The combined option, then, recommends that state agencies coordinate state-funded projects and that state actions are consistent with state planning goals.

This action calls for the state to:

- Review and modify policies and programs to ensure their consistency in support of state planning goals and/or brownfields redevelopment, urban revitalization, and greenfields protection.
- Adopt policies that direct investments of state money for roads, sewers, water lines, schools, and other growth-related projects to areas benefiting from development and to avoid development of greenfields.
- Establish policies that require public facilities to either be in place or be consistent with a community's capital improvements program before new development can proceed.

Development of Local Comprehensive Plans

This option recommends development of local comprehensive land use plans. Statewide implementation of local comprehensive planning will require state encouragement and funding. This option is a logical complement to the first strategic action calling for establishment of statewide planning goals.

Development of local comprehensive land use plans is currently voluntary although recent legislation requires local planning commissions to consult with neighboring jurisdictions and regional planning commissions. Local units of government are also required to share proposed master plans with neighboring jurisdictions for review and comment before adoption. Although these recent steps have been taken to encourage rational local planning efforts, additional steps are needed to require local comprehensive plans that meet uniform and consistent standards.

Possible next steps to advance this action include passage of legislation to provide state funding or other incentives to develop and implement local comprehensive land use plans, and to create incentives for communities to communicate during the planning process.

Comprehensive Farmland Protection

Comprehensive farmland protection consists of four key elements:

- Funding for farmland preservation;
- Tax relief for farmers;
- Disincentives for farmland speculation/conversion; and
- Public education programs on farmland benefits and attributes.

Michigan's farmland protection program addresses most of these elements. Inadequate funding and weak disincentives for farmland speculation/conversion, however, impair the effectiveness of state programs.

The state's Farmland and Open Space Preservation Program, Public Act 116 (PA 116), provides tax relief to farmers and protects farmland from development. This incentive is obtained through temporary restrictive farmland covenant agreements. Over 50,000 agreements currently protect more than 4.3 million acres of state farmland.

Limited funding for purchase of development rights (PDR) is provided through the state Agriculture Preservation Fund. Revenue is generated for this fund from recapture monies (penalties on parcels sold before completion of their required terms under temporary restrictive covenants) under the PA 116 program. Development rights for 53 parcels covering 13,074 acres have been purchased since 1996. Over \$26 million was expended to acquire these development rights at an average cost of \$2,000 per acre.

Demand for purchase of development rights, however, far exceeds available funding. The state has received more than 1,300 applications from farm landowners to have their development rights purchased since 1997. In addition, demand for this funding is expected to increase as local units of government wanting to establish PDR programs become eligible for funding.

The PA 116 program targets farms owned and operated by full-time farmers for tax credits. However, over half of state farmers maintain off-farm jobs, and typically do not qualify for PA 116 tax credits. Expansion of PA 116 tax credits to include these farmers would strengthen the program.

The *Bridges Report* also recommends consideration of use value assessment for agricultural land. Adoption of



View of mixed rural and residential land use.

appropriate methods to determine use value assessments with clear understanding of local tax revenue implications would be necessary to implement use value assessment.

Building Abandonment Reform

As a highly visible sign of urban blight and decay, abandoned buildings offend a community's pride and contribute to arson, vandalism, and other criminal behaviors. Consequently, citizens fear the hazards of abandoned buildings to the safety of their children and their property values. This strategic action calls for passage of legislation to reform procedures for the condemnation and demolition of abandoned buildings.

Recent Legislative Action

Public Act 80 was signed into law by Governor Granholm July 21 to encourage rehabilitation or expedite removal of abandoned buildings in "urban core areas." These areas (81 cities, six townships, and one village) are defined by the Obsolete Property Rehabilitation Act of 2000, one of a series of laws enacted to expand and encourage brownfield redevelopment. PA 80 provides that where no attempt to rehabilitate an abandoned property has been made for 24 consecutive months, cities are enabled to remove a vacant structure before deterioration has caused the costs of repairs to exceed the structure's SEV (state equalized valuation). The state Housing Law had previously required that the costs of repairs exceed the structure's SEV before local governments could remove a vacant structure.

In addition, more effective tools are clearly needed to fight fraud and negligence in cases where owners avoid responsibility for abandoned buildings. Legislation should provide penalties or incentives to prevent financially able property owners from unloading functionally-obsolete structures by either allowing properties to tax revert or by selling properties to intermediaries who strip buildings of valuable materials and then allow properties to tax revert.

The *Bridges Report* recommends that representatives of real estate, development, and neighborhood organizations and local and state government representatives are involved in drafting legislation to achieve reform of building abandonment laws and procedures.

Funding for Brownfield Programs

Michigan brownfield finance programs have leveraged over 8,000 new jobs and nearly \$2 billion in new private-sector investments since 1991. Each brownfield grant or loan dollar has leveraged over \$34 in private investment. Bond sales authorized by voters under the 1988 Quality of Life and 1998 Clean Michigan Initiative ballot proposals funded the state brownfield redevelopment program. While bond sales to fund the current program have been suspended as a result of state budget shortages, local demand for brownfield assistance remains high. In December 2002, 47 Michigan communities requested \$23 million from the federal EPA's new Brownfield Redevelopment grant program.

Approximately \$50 million is needed over the next five years to meet anticipated demand for brownfield redevelopment assistance. Resumption of bond sales is needed in the short term. In the long term, consistent dedicated funding is needed.

Private Sector Financing Pool for Brownfield Redevelopment

As inadequate funding of brownfield redevelopment programs has been a chronic problem, a private sector financing pool for brownfield redevelopment is clearly needed.

This new financing pool would be created as a permanent and self-sustaining financing source in the tens of millions of dollars. This pool would also be designed to attract a significant level of investments and/or loan capital from banks and corporate participants. Its advantages include: creating an independent entity that is not subject to the same regulatory constraints as regu-

lated financial institutions; risk-sharing and portfolio diversification; "reasonable" rates of return to support large-scale investments by participating banks and corporations; a liability shield to help mitigate legal issues associated with investments in contaminated properties; and shared expertise in financing brownfield redevelopment.

Small-Scale Infill Development

The purpose of this recommended action is to promote small-scale infill development in urban areas by providing fee incentives and permit expediting procedures.

Recent passage of legislation to amend the Single Business Tax Act and Brownfield Redevelopment Financing Act addresses such promotion of infill development. These amendments extend Single Business Tax brownfield credits through 2007 and allow creation of brownfield-related tax increment financing programs through 2007. These programs have enjoyed considerable success since their establishment in the mid-90s.

Legislative action is still needed to establish specific fee incentives and /or permit expediting procedures and to promote infill in urban areas that are not necessarily brownfield sites.

Farmland and Open Space Mitigation

This strategic action recommends a mechanism that state agencies may use to mitigate the impacts of farmland conversion when no feasible or practical alternative is available. Where farmland loss/conversion results from state actions, the state would be required to purchase farmland or agricultural conservation easements in other areas. This option could be accomplished, in part, by executive order or through passage of legislation.

Greenfield Impact Assessments/Fees

The major thrust of this recommended action is to design impact fees that offset some portion of the costs of infrastructure and public services such as roads, sewer and water lines, emergency services, and schools. Fees are also recommended to cover the loss of natural services (for example, reduced infiltration capacity as a result of increased imperviousness) and ecological damages. An acreage exchange could also be established whereby an acre of greenfields must be protected for each acre of greenfields developed.

Strong Collaboration Results in Successful Land Use Policy Roundtable

The Great Lakes Commission established a broadly based steering committee including representatives of the Victor Institute and the Michigan Departments of Agriculture, Natural Resources, and Environmental Quality to assist in developing an agenda for discussion at the Brownfields-Greenfields Policy Roundtable on January 23, 2003.

This discussion of ten land use policy options selected by participants at the policy roundtable is not intended to be a definitive treatment of the numerous actions that a community might employ to improve land use policies. These ten actions are included among the 32 actions discussed in the Great Lakes Commission's 2001 report entitled *Linking Brownfields Redevelopment and Greenfields Protection for Sustainable Development* (referred to as the *Bridges Report*).

The need for linking greenfield-brownfield policy actions is based on the inescapable conclusion that current trends of agricultural land conversion for development and the existence of idle, urban brownfields seriously undermine prospects for a sustainable future. It is the balanced perspective of the Bridges Report that the promotion of efficient land use can revitalize urban areas, create viable communities, and preserve the unique qualities of rural areas and open spaces.

The complete proceedings of the policy roundtable are available at www.glc.org/announce/03/policyroundtable.pdf. The Victor Institute served as host of the Michigan roundtable. Similar state roundtables with EPA funding support are anticipated across the Great Lakes region.

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**Brownfield Redevelopment
and Greenfield Protection
Actions**

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