

POINT V
URBAN ECONOMIC DEVELOPMENT AUTHORITY

"ESTABLISH AN URBAN ECONOMIC DEVELOPMENT AUTHORITY WITH SPECIAL LAND ASSEMBLY AND FINANCING POWER TO PROMOTE THE ECONOMIC AND PHYSICAL DEVELOPMENT OF DETROIT, TO CREATE JOBS, AND TO PRODUCE HOUSING."

"THE URBAN ECONOMIC DEVELOPMENT AUTHORITY (UEDA) WOULD;

- a. AID EXISTING AND NEW BUSINESS FIRMS AND NOT-FOR-PROFIT ECONOMIC ENTERPRISES (SCHOOLS, HOSPITALS, ETC.) IN ASSEMBLING LAND, PREPARING PLANS AND SITES, AND IN FINANCING THEIR OPERATIONS;
- b. ISSUE INDUSTRIAL REVENUE BONDS TO CHANNEL AID TO FIRMS WILLING TO STAY IN DETROIT OR TO LOCATE HERE (WHILE RECOGNIZING THE \$5 MILLION DOLLAR OR SIMILAR LIMITS ON THIS AID);
- c. ENGAGE IN ALL PHASES OF FINANCING AND DEVELOPING OF HOUSING AND RELATED RETAIL SERVICES."

INTRODUCTORY STATEMENT

The task force feel very strongly that it is necessary to establish an Urban Economic Development Authority which is separate and distinct from departments of city government. Even though departments of city government, such as the Community Development Commission, are concerned with similar issues, they have other responsibilities as well as built-in restraints which do not permit them to respond as effectively as a separate Urban Economic Development Authority, which is self-sustaining (except for initial start-up grants), and is required to effectively perform at all times in order to remain in business.

We, therefore, urge that everything possible be done at the state level to create permissive legislation that will enable the creation of an Urban Economic Development Authority that will serve the needs of Detroit.

PURPOSE OF THE AUTHORITY

The task force recommends that an Urban Economic Development Authority promote development and/or redevelopment in at least the following areas:

- Industrial
- Commercial
- Housing (low, medium and high income)
- Civic Projects (government, educational, cultural, etc.)
- Land Use Improvements
- Recreational
- Institutional
- Transportation

The task force also feels that there will be many instances where the Authority will be called upon to carry out training programs for the operation and maintenance of such projects, and that provisions should be made to carry out these functions.

ORGANIZATION OF THE AUTHORITY

The task force explored the possibility of private corporations and public corporations similar to that of New York State Urban Development and felt unanimously that a public corporation similar to the Urban Development Corporation in New York State and to those described in pending legislation before the Michigan State Legislature was most desirable.

LAND ASSEMBLY POWERS

The Urban Economic Development Authority should have the power to:

- Purchase Land
- Acquire Land by Eminent Domain
- Lease, Sell and Convey Land

In addition, the task force felt that the public ownership of land by either city, county or state units of government was highly desirable in certain critical areas needing development and urged that we push for the type of legislation that will make public ownership of land for this purpose possible, so that land can be leased to private developers or the Urban Economic Development Authority who agree to develop such land according to a predetermined plan that will fulfill urgent community needs.

Coupled with public ownership of land and the lease of such land to either private corporations or the Urban Economic Development Authority is the need for legislation which would permit units of government -- city, county or state

level -- to acquire and write down land for sale or lease to developers who would develop such land according to a conceptual plan that would meet with the approval of the government body or bodies involved.

PLANNING POWERS

The task force recommends that the Urban Economic Development Authority initiate, conceptualize and promote development plans which in their judgment fulfill urgent community needs. Each project plan must be approved by the government body or bodies involved for compliance with zoning and building codes.

FINANCING POWERS

The task force recommends that an Urban Economic Development Authority have the power to accept private loans and/or government grants, mortgage property and issue revenue bonds.

TAXES

An Urban Economic Development Authority should have:

- Tax exempt status
- Power to use tax increment from appreciated land value
- Seed money grants for the purpose of organizing the Authority and operating it for a limited time until it is able to be self-sustaining.

The task force urges serious consideration be given to implementing the philosophy of higher taxes on land and lower taxes on improvements. This is a matter which would not only apply to projects developed by the Authority, but would apply to other development groups as well. This should be pursued through necessary state legislation. If it appears impossible or undesirable to accomplish this as a statewide measure within a reasonable period of time, a possible compromise would be permissive legislation which can be applied at the local level.

GEOGRAPHIC SCOPE OF THE AUTHORITY

The task force studied several alternative scopes for the Authority. They included:

1. Downtown Development Authority
2. City Development Authority, or County Development Authority -- Municipal Development Authority
3. Regional Development Authority
4. State Development Authority

Bills have already been prepared for submittal to the State Legislature which will provide permissive legislation for a Downtown Development Authority and a Municipal Development Authority.

The task force feels that a state or regional geographic scope for the development authority is preferable provided the interest of each municipality is properly promoted while at the same time promoting the interests of all municipalities within the state or region. Although a great deal of progress has been made in educating citizens and governing bodies regarding advantages of regional and state wide efforts toward solving urban problems, many years will be required before state or regional urban development authorities will be acceptable to Michigan citizens. The task force believes that our long range objectives should be a state or regional Urban Economic Development Authority. However, the task force feels that our immediate objective should be the creation of a Municipal Urban Economic Development Authority. We should also support permissive state legislation for downtown development authorities.

RECOMMENDATIONS

The task force recommends that Senate Bill 667 permitting the creation of municipal development authorities be reviewed in detail toward the end that changes can be negotiated to reflect the purposes, organization and assembly powers, planning powers, financing powers, taxes, etc. spelled out in this report.

The task force further recommends that when such permissive legislation is passed that a Municipal Urban Economic Development Authority be created at the Wayne County level. The interest of each city and township must be promoted while at the same time promoting the interest of all cities and townships within the county.

The task force further recommends that the draft of permissive legislation for downtown development authorities be reviewed for compatibility with details of this report. How such permissive legislation might apply to downtown Detroit will require further study of such an authority's relationship to the above municipal development authority and already existing public and private development groups in Detroit.

Keeping in mind the urgency of moving rapidly with the economic development of our city, the task force feels very strongly that the above recommendation can be implemented within the next few months if we are willing to spend the time and effort to bring together the necessary parties at the state, city and county level to modify pending legislation to accommodate the recommendations made in this report. We suggest that the Mayor appoint a special task force comprised of representatives of business, labor, government and the community for the

purpose of developing the detailed strategy for implementing these recommendations as well as carrying out this strategy by working with the necessary individuals at the city, county and state level. It is our hope that a municipal Urban Economic Development Authority at the county level will be completely organized by the end of 1974 and ready for business by the first of 1975. It is our further hope that decisions regarding downtown development will also be made by this time.

REFERENCE MATERIAL

The chairman of the subcommittee has on file copies of the following material studied by the subcommittee:

- The New York State Development Corporation Act
- The Michigan SB 667 proposed Urban Development Bill
- The Michigan Act 250 Urban Development Bill
- The City Ordinance 709-G Community Development Commission
- The Downtown Development Authority Bill
- The Missouri Development Act
- The New Detroit City Charter
- The Michigan State Housing Development Authority Act
- Special State Task Force Report Dated January 31, 1973 ,
which proposed the Michigan Regional Economic Expansion
and Development Authorities.
- Regional New Town Design - Metropolitan Fund , Inc. ,
Report of 1971
- A Tabulation which shows comparative data on various urban
development organizations.

The Chairman also has on file minutes of meetings of the task force and drafts of this final report.