

Legislative Analysis



LOCAL HISTORIC DISTRICT PROTOCOLS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5952 (Substitute H-1)

Sponsor: Rep. Joan Bauer

Committee: New Economy and Quality of Life

First Analysis (4-21-08)

BRIEF SUMMARY: The bill would modify the protocols that local study committees and government officials must follow, in order to designate an historic district in a county, city, village, or township. Among other things, it provides timeframes during which the preliminary report (containing the photographic inventory) must be filed, the public hearing set, and the final report transmitted to the State Historic Preservation Office of the Michigan Historical Center.

FISCAL IMPACT: The bill would have no significant fiscal impact on the Department of History, Arts, and Libraries, or on local governmental units.

THE APPARENT PROBLEM:

Since the creation in 1970 of the Local Historic Districts Act, 66 Michigan communities have established historic districts. During the past 30 years, there have been vital restoration and preservation efforts underway in Birmingham, Traverse City, Marquette, Flint, Jackson, Lansing, Lincoln Park, Pleasant Ridge, Pontiac, Rochester, Detroit, Benton Harbor, East Lansing, Saginaw, Kalamazoo, Grand Rapids, Holland, Ann Arbor, Saugatuck, Ypsilanti, Allegan, Houghton, Mackinac, Cheboygan, and many other communities.

The State Office of Historic Preservation reports there are over 700 local historic districts in the state, protecting over 20,000 resources. Michigan also boasts 1,500 historical markers (all privately funded), and 1,600 listings on the National Register of Historic Places.

According to the 2006 update of its study *Investing in Michigan's Future: The Economic Benefits of Historic Preservation*, the Michigan Historic Preservation Network reports that between 1971 and 2000, more than \$819 million were privately invested in state and federal rehabilitation tax credit projects, creating more than 22,250 jobs and a total economic impact of \$1.7 billion. Those efforts have returned almost \$32 million in once-abandoned or dilapidated properties to local tax rolls since 1971. In the ensuing five years—2001 to 2005—private investment spurred over \$902 million to Michigan's economy, for a total economic impact of more than \$1.93 billion, and the creation of more than 22,000 jobs.

In 1999, the legislature enacted the State Historic Preservation Tax Credit Program. The report notes that "the two billion dollars invested in just five years far surpassed the

cumulative investments of the past thirty years. What's more, assuming the Michigan Treasury processed all credits that qualified in the 2001-2005 period, Michigan's economy benefited from an additional \$11.43 in economic impacts for every \$1 of credit issued."

Although restoration efforts assisted by federal and state tax credits continue in many local communities (despite the statewide economic slowdown), the statute that enables the creation of local historic districts does not have a timeline for research and deliberations. Consequently, some historic district study efforts stall, and the preservation of local historical assets is thwarted. Legislation has been introduced to update the statute, and put timelines in place.

THE CONTENT OF THE BILL:

House Bill 5952 (H-1) would amend the Local Historic Districts Act to modify the protocols local government officials must follow in order to designate an historic district.

Currently under the law, a local unit of government (county, city, village, or township) may, by ordinance, establish one or more historic districts. Before doing so, it must appoint an historic district study committee which conducts a photographic inventory and basic research on the resources within each proposed district; determines the total number of historic and non-historic resources (guided by selection criteria developed by the U.S. Secretary of Interior, and by the Michigan Department of History, Arts, and Libraries); prepares a preliminary historic district study committee report; and transmits that report to the local planning body, the department, the Michigan Historical Commission, and to the State Historic Preservation Review Board. Copies of the preliminary report must also be made available to the public. House Bill 5952 would retain these provisions, but specify that the preliminary report must be transmitted within *18 months* after appointment of the committee (or of referral to a standing committee).

The current law also requires that a public hearing (held under the Open Meetings Act), be held within 60 days after the preliminary report is transmitted, and that owners of property within the proposed historic district (as listed on the tax rolls) must be sent notice of that meeting (delivered by first-class mail), no less than 14 days before it occurs. After the public hearing, the committee and the local legislative body have up to one year to submit a final report and recommendation. House Bill 5952 would retain these notice provisions, but would require that within *six months* after the date of the public hearing, the *committee* submit a final report (including any recommendations from the local planning body), to the local legislative unit. If the recommendation is to establish an historic district (or districts), the final report must include a draft of a proposed ordinance, and the bill adds, "a list of the historical and non-historic resources identified by street number and address."

After receiving the final report, the local legislative body can, at its discretion, introduce and pass or reject an ordinance. House Bill 5952 specifies, however, that the local unit of government cannot adopt an ordinance establishing one or more historic districts later

than *one year* after receipt of the final report. The bill also allows local government officials to extend that time-limit for not more than one year (by adopting a single resolution).

Currently the law requires that local officials file a copy of any ordinance (including the legal descriptions of the properties located within the historical district) with the register of deeds. And, the law prohibits the local unit from passing an ordinance establishing a contiguous historic district less than 60 days after a majority of the property owners within the proposed historic district have approved the creation of a district, as evident in their written petition. House Bill 5952 would retain the filing requirement, but eliminate the prohibition establishing a contiguous historic district in less than 60 days.

Finally, House Bill 5952 specifies that within 45 days after adopting an ordinance, the local unit must provide the State Historic Preservation Office of the Michigan Historical Center of the Department of History, Arts, and Libraries with a copy of the final report of the historic district study committee, *and* the ordinance establishing the historic district.

MCL 399.203

BACKGROUND INFORMATION:

To learn more about the efforts of the State Historic Preservation Office to "build a future with historic places," visit <http://www.michigan.gov/shpo>

ARGUMENTS:

For:

As the State Historic Preservation Network notes, local historic districts add value to the lives of all Michigan residents and visitors, because they preserve invaluable cultural, aesthetic, and educational resources. Districts preserve historic resources, stabilize neighborhoods, create jobs, and attract tourists. Their advantages are clear, and well-documented. They make communities more lively and livable.

Although the officials in 66 Michigan communities have established historic districts, more preservation advocates in villages, cities, townships, and counties could do so. Their efforts would be easier if the law guiding them contained timelines that spur development. This bill ensures a timely research and development process in the local community. It allows local officials, property owners, and historic district advocates to prepare the preliminary report containing the photographic inventory of historic places, set public hearings, and transmit their final report and ordinance to the State Historic Preservation Office of the Michigan Historical Center in an orderly manner.

POSITIONS:

The State Historic Preservation Office and the Department of History, Arts, and Libraries support the bill. (4-17-08)

Preservation Wayne-Detroit supports the bill. (4-17-08)

The Michigan Historic Preservation Network supports the bill. (4-17-08)

The Michigan Municipal League supports the bill. (4-17-08)

The Christman Company supports the bill. (4-17-08)

Karp and Associates support the bill. (4-17-08)

The Lansing Economic Development Corporation supports the bill. (4-17-08)

Legislative Analyst: J. Hunault
Fiscal Analyst: Mark Wolf

■ 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.