

Dexter-Elmhurst Property Conveyance

House Bill 4480 As Introduced

Sponsor: Representative Cushingberry

Analysis Completed: February 16, 2010

SUMMARY OF THE BILL:

House Bill 4480 would authorize the State Administrative Board to convey all or portions of state owned property in Wayne County. The property is located in the City of Detroit and is currently under the jurisdiction of the Department of Human Services.

An approximate legal description of the property is set forth in the bill and the property would include all surplus, salvage, and scrap property or equipment.

The bill would require DMB to convey the property through competitive bidding, public auction, real estate brokerage services, offering the property for sale for fair market value to a local unit or units of government, or offering the property for sale for less than fair market value to a local unit or units of government.

Before offering the property for public sale, DMB would be required to offer the property to Wayne County or to an entity formed by Wayne County for \$1.00. Wayne County or the entity formed by Wayne County would have first right of purchase for 120 days after the effective date of the bill.

If the property is sold to a local unit or units of government for less than fair market value, or if sold to Wayne County or to an entity formed by Wayne County, the property would be required to be used exclusively for public purposes. Any fees, terms, or conditions applied for use of the property, or waivers of those fees, terms, or conditions, would be required to be applied uniformly to all members of the public. The State would be authorized to reenter and repossess the property if these conditions were not met.

If the local unit or units of government, or Wayne County, or an entity formed by Wayne County, intend to convey the property within 10 years after purchasing the property, they would be required to notify DMB and DMB would retain a right to first purchase the property at the original sale price within 90 days after the notice was given. If DMB waived the right, the local unit, Wayne County, or entity formed by Wayne County would be required to pay the State 40% of the difference between the sale price of conveyance and the sale price of the subsequent sale.

The property would be conveyed by a quitclaim deed approved by the Attorney General. The State would not reserve oil, gas, or mineral rights to the conveyed property, but the purchaser or any grantee would have to pay one-half of any gross revenue generated from the development of

oil, gas, or minerals. The State would reserve all rights in aboriginal antiquities, including the right to explore, excavate, and take them. Aboriginal antiquities include mounds, earthworks, forts, burial and village sites, mines, and other relics.

Net revenue received under the bill would be credited to the General Fund.

FISCAL IMPACT:

The property, more commonly referred to as the Dexter-Elmhurst Community Services Center, contains approximately 25,000 usable square feet of ground floor space and forty standard parking spaces. The Center is run by the Dexter-Elmhurst Advisory Board, a domestic non-profit corporation, and provides a variety of community programs and activities including the following: a Detroit Police mini station, Michael Lee Searcy Community and Development Center, Earned Income Tax Credit Initiative, Detroit Public Schools Safe and Drug Free Schools & Communities Second Step Violence Prevention Program, MDUBA Associates, Detroit Girl Scouts, academic programs in Math, English, Social Studies, and Science, and recreation, arts & crafts, and Yoga classes through a joint effort with the United Way and S.O.A.R.S. (Strengthening Our Academic and Resiliency Skills).

If Wayne County or an entity formed by Wayne County purchased the property, the net revenue to the State would be \$1.00. If the property was sold to someone other than Wayne County or an entity formed by Wayne County, the net revenue to the State would be the proceeds from the sale less reimbursement for administrative costs, costs of reports, studies, and environmental remediation, legal fees, and any litigation costs related to the conveyance of the property.

Also, there would be an indeterminate amount of revenue to the State if the purchaser or any grantee develops oil, gas, or minerals found on, within, or under the property.

Fiscal Analyst: Robin R. Risko

■ 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.