

## URBAN REDEVELOPMENT CORPORATIONS LAW Act 250 of 1941

AN ACT to provide for the creation of urban redevelopment corporations for the purpose of clearing, replanning, rehabilitating, modernizing, beautifying, and reconstructing substandard and insanitary areas; to provide for the powers and duties of urban redevelopment corporations and certain local units of government; to grant limited tax exemptions and powers of condemnation; and to provide for certain regulations and control by public agencies.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—Am. 1945, Act 102, Eff. Sept. 6, 1945;—Am. 1968, Act 325, Imd. Eff. July 3, 1968;—Am. 1992, Act 138, Imd. Eff. July 15, 1992.

*The People of the State of Michigan enact:*

### **125.901 Urban redevelopment corporations law; short title; applicability to townships.**

Sec. 1. (1) This act shall be known and may be cited as the "urban redevelopment corporations law."

(2) This act applies to townships in the same manner and to the same extent as it applies to cities. However, the development area in a township shall be limited to property that was used for a state office, hospital, prison, institution of higher education, or other state facility.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.901;—Am. 1992, Act 138, Imd. Eff. July 15, 1992.

**Compiler's note:** The catchlines following the act section numbers were incorporated as part of the act as enacted.

### **125.902 Legislative findings; policy of state; purpose of act.**

Sec. 2. It is declared that in the cities of the state substandard and insanitary areas exist which have resulted from inadequate planning, excessive land coverage, lack of proper light, air, and open space, pollution, neglect, defective design and arrangement of buildings, lack of proper sanitary facilities, and the existence of buildings, which, by reason of age, obsolescence, inadequate or outmoded design, or physical deterioration, have become economic or social liabilities, or both; that such conditions are prevalent in areas where substandard, insanitary, outworn or outmoded industrial, commercial or residential buildings and polluted and neglected water courses prevail, and are conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, crime and poverty; that such conditions impair the economic value of large areas, infecting them with economic blight, and that such areas are characterized by depreciated values, impaired investments, and reduced capacity to pay taxes; that such conditions are chiefly in areas which are so subdivided into small parcels in divided ownerships and frequently with defective titles, that their assembly for purposes of clearance, replanning, rehabilitation and reconstruction is difficult and costly; that the existence of such conditions and the failure to clear, replan, rehabilitate or reconstruct these areas result in a loss of population in some areas, and congestion and over-crowding in other areas and further deterioration, accompanied by added costs to the communities for creation of new public facilities and services elsewhere; that it is difficult and uneconomic for individual owners independently to undertake to remedy such conditions; that it is desirable to encourage owners of property or holders of claims thereon in such areas to join together and with outsiders in corporate groups for the purpose of the clearance, replanning, rehabilitation, modernization, improvement and reconstruction of such areas by joint action; that it is necessary to create, with proper safeguards, inducements and opportunities for the employment of private investment and equity capital in the clearance, replanning, rehabilitation, modernization, improvement and reconstruction of such areas; that such conditions require the employment of such capital on an investment rather than a speculative basis, allowing, however, the widest latitude in the amortization of any indebtedness created thereby; that such conditions further require the acquisition at fair prices of adequate areas, the gradual clearance of such areas through demolition of existing obsolete, inadequate, unsafe and insanitary buildings and the redevelopment of such areas under proper supervision with appropriate planning, land use and construction policies; that the clearance, replanning, rehabilitation, modernization, improvement and reconstruction of such areas on a large scale basis are necessary for the public welfare; that the clearance, replanning, reconstruction, modernization, improvement and rehabilitation of such areas are public uses and purposes for which private property may be acquired; that such substandard and insanitary areas constitute a menace to the health, safety, morals, welfare and reasonable comfort of the citizens of the state; that such conditions require the creation of the agencies, instrumentalities and corporations hereinafter described, which are hereby declared to be agencies and instrumentalities of the state, for the purpose of attaining the ends herein recited; that the protection and promotion of the health, safety, morals, welfare and reasonable comfort of the citizens of the state are matters of public concern; and the necessity in the public interest for the provisions hereinafter enacted is hereby declared as a matter of legislative determination.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.902;—Am. 1968, Act 325, Imd. Eff. July 3, 1968.

### **125.903 Urban redevelopment corporations law; definitions.**

Sec. 3. The following terms, whenever used or referred to in this act, shall, unless a different intent clearly appears from the context, be construed as follows:

The term "area" shall mean a portion of a city which a planning commission has found or shall find to be substandard or insanitary, so that the clearance, replanning, rehabilitation, modernization, improvement or reconstruction thereof is necessary or advisable to effectuate the public purposes declared in section 2. An area may include any buildings or improvements not in themselves substandard or insanitary, and any real property, whether improved or unimproved, the inclusion of which is deemed necessary for the effective clearance, replanning, reconstruction, modernization, improvement or rehabilitation of the area of which such buildings, improvements or real property form a part.

The term "assessed valuation" with respect to any local tax on any parcel of real property shall mean the value of such parcel, including therein buildings and improvements as well as land, as assessed by the respective official, bureau, board, commission or agency charged with assessing the same for such local tax.

The term "city" shall mean and be deemed to relate to any city in the state.

The term "development" shall mean a specific work, repair or improvement to put into effect a development plan. The term shall include the real property, buildings, and improvements owned, constructed, managed or operated by a redevelopment corporation.

The term "development area" shall mean that portion of an area to which a development plan is applicable.

The term "development cost" shall mean the amount determined by the supervising agency to be the actual cost of the development, or of the part thereof for which such determination is made, and shall include, among other costs, the reasonable costs of planning the development, including preliminary studies and surveys, neighborhood planning, and architectural, engineering and other professional services, the reasonable value of the services performed by or for the incorporators of a redevelopment corporation in connection with the development plan prior to the time when the redevelopment corporation was incorporated or became a redevelopment corporation, the costs of financing the development, including carrying charges during construction, working capital in such reasonable amount as shall be approved by the supervising agency, the actual cost of the real property or any part thereof where acquired partly or wholly in exchange for securities, plus an amount which shall be approved by the supervising agency as being equal to the reasonable value of the real property acquired therefor, the actual cost of demolition of existing structures, the actual cost of utilities, landscaping and roadways and improvement and beautification of water courses, the actual cost of construction, equipment and furnishing of buildings and improvements, including architectural, engineering, builder's and other professional fees, the actual cost of reconstruction, rehabilitation, remodeling or initial repair of existing buildings and improvements, reasonable management and operation costs until the development is ready for use, and the actual cost of improving that portion of the development area which is to remain as open space, and the cost of relocating families displaced by the redevelopment, together with such additions to development cost as shall equal the actual cost of additions to or changes in the development in accordance with the original development plan or after approved changes in or amendments thereto.

The term "development plan" shall mean a plan for the redevelopment of all or any part of an area, and shall include any amendments thereto approved in accordance with the requirements of paragraph 5 of section 4.

The term "dividend year" shall mean, whether or not there exists a maximum exemption period with respect to any 1 or more parcels of real property, any of the recurrent periods of 1 year each ending on the last day of the calendar month immediately preceding the calendar month in which the assessment rolls for the purpose of city taxes on real property are finally warranted to the official, bureau, board, commission or agency charged with collecting such taxes. The first dividend year may be a period of less than 1 year commencing with the beginning of the execution of the development plan and ending on such last day of such calendar month.

The term "local legislative body" shall mean the board of aldermen, common council, commission or other board or body vested by the charter of the city or other law with jurisdiction to adopt or enact ordinances or local laws.

The terms "local taxation" and "local tax" shall include state, county, city, and school taxes, any special district taxes, and any other tax on real property, but shall not include special assessments for local benefit improvements.

The term "maximum assessed valuation" shall mean, with respect to any local tax on any parcel of real property, the assessed valuation of such parcel appearing on the first assessment roll warranted to the official, bureau, board, commission or agency charged with collecting the particular local tax involved, after the

completion of the development plan for the particular parcel and together with certification to that effect by the supervising agency to the official, bureau, board, commission or agency charged with the duty of determining and fixing the valuation of real property for local taxation purposes.

The term "maximum exemption period" shall mean, with respect to any parcel of real property, the period of maximum assessed valuation for that particular parcel as designated in the ordinance or local law adopted or enacted by the local legislative body pursuant to paragraph 1 of section 12.

The term "maximum dividend" shall mean, with respect to any dividend year an amount equal to 10% of the development cost less all amounts payable during the dividend year as interest on, but not as amortization of, any indebtedness of the redevelopment corporation. The maximum dividend, however, may be apportioned in accordance with the provisions of section 13. The maximum dividend may change from time to time in accordance with changes in development cost, in outstanding indebtedness and in capital structure due to refunding operations.

The term "mortgage" shall mean a mortgage, trust indenture, deed of trust, building and loan contract or other instrument creating a lien on real property, and the indebtedness secured by each of them.

The term "neighborhood unit" shall mean a primarily residential district having the facilities necessary for well-rounded family living, such as schools, parks, playgrounds, parking areas and local shopping districts.

The term "planning commission" shall mean the official bureau, board, commission or agency of the city authorized to prepare, adopt and amend or modify plans for the development and improvement of the city generally.

The term "real property" shall include lands, buildings, improvements, land under water, waterfront property, and any and all easements, franchises and hereditaments, corporeal or incorporeal, and every estate, interest, privilege, easement, franchise and right therein, or appurtenant thereto, legal or equitable, including right of ways, terms for years and liens, charges, or incumbrances by mortgage, judgment or otherwise.

The term "redevelopment" shall mean the clearance, replanning, reconstruction or rehabilitation of a substandard or insanitary area, and the provision of such industrial, commercial, residential or public structures and spaces as may be appropriate, including recreational and other facilities incidental or appurtenant thereto.

The term "redevelopment corporation" shall mean a corporation organized pursuant to the corporation laws of the state whose certificate of incorporation shall comply with the requirements of section 6.

The term "state" shall mean the state of Michigan.

The term "supervising agency" shall mean the official, bureau, commission or agency appointed, established or designated pursuant to section 5.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—Am. 1945, Act 102, Eff. Sept. 6, 1945;—CL 1948, 125.903;—Am. 1968, Act 325, Imd. Eff. July 3, 1968.

## **125.904 Development plans; contents; approval; requirements; amendments; fees.**

Sec. 4. Development plans and approval thereof.

1. A development plan shall contain:

(a) A metes and bounds or a statement of the boundaries by streets, or other reasonably definite legal description of the redevelopment area;

(b) A statement of the various stages, if more than 1 stage is intended, by which the development is proposed to be constructed or undertaken, and the estimated time within which each stage is to be completed. The initial stage of the redevelopment plan shall be stated in reasonable detail. Subsequent stages shall be stated by brief general description in the original redevelopment plan, and in reasonable detail in amendments to the redevelopment plan made pursuant to subsection 5 of this section;

(c) A provision for all reasonable costs of relocating persons displaced during the completion of a stage of the redevelopment plan in decent, safe and sanitary dwellings adequate to their needs and within their financial means in reasonably convenient locations not less desirable than the development area with respect to utilities and facilities;

(d) Each redevelopment plan or stage thereof presented for approval shall contain such of the following items relevant to the proposed plan or stage;

(i) A description of the existing buildings or improvements in the development area, to be demolished immediately, if any;

(ii) A description of existing buildings or improvements, in the development area not to be demolished immediately, if any, and the approximate period of time during which the demolition, if any, of each such building or improvement is to take place;

(iii) A description of the proposed improvements, if any, to each building not to be demolished immediately, any proposed repairs or alterations to such building, and the approximate period of time during

which such improvements, repairs or alterations are to be made;

(iv) A description of the type, number and character of each new industrial, commercial, residential or other building or improvement to be erected or made;

(v) A description of those portions, if any, of the development area which may be permitted or will be required to be left as open space, the use to which each such open space is to be put, the period of time each such open space will be required to remain an open space and the manner in which it will be improved and maintained, if at all;

(vi) A description of those portions, if any, of the development area which the redevelopment corporation proposes to sell, donate, exchange or lease to, with or from the city, and an outline of the terms of such proposed sale, donation, exchange or lease;

(vii) A statement of the proposed changes, if any, in zoning ordinances or maps, necessary or desirable for the development and its protection against blighting influences;

(viii) A description of the proposed changes, if any, in streets or street levels and any proposed street closings;

(ix) Reasonable estimates of the character of the existing dwelling accommodations, if any, in the area covered by the redevelopment plan or stage, the approximate number of families residing therein, the rentals being paid by them, the vacancies in such accommodations and of the rental demand therefor;

(x) A statement of the character, approximate number of units, approximate rentals and approximate date of availability of the proposed dwelling accommodations, if any, to be furnished during construction and upon completion of the development;

(xi) A statement of the proposed method of financing the redevelopment or stage, in sufficient detail to evidence the probability that the redevelopment corporation will be able to finance or arrange to finance the development;

(e) A statement of persons who it is proposed will be active in or associated with the management of the redevelopment corporation during a period of at least 1 year from the date of the approval of the development plan.

The development plan, and any application to the planning commission or supervising agency for approval thereof, may contain in addition such other statements or materials as may be deemed relevant by the proposer thereof, including limits on the amounts which may be paid as compensation for services to the officers and employees of the redevelopment corporation, suggestions for the clearance, replanning, reconstruction or rehabilitation of 1 or more areas which may be larger than the development area but which include it, and any other provisions for the redevelopment of such area or areas.

(f) A description of the means through which a representative council of residents of the redevelopment area shall be established and consulted throughout all stages of the planning of the redevelopment so that the desires of residents shall be incorporated into the plans for the area to the extent feasible.

(g) A description of the means through which, to the extent feasible, the housing to be developed shall reasonably be within the financial means of the residents of the general area.

(h) A description of the means through which persons displaced by the redevelopment shall have priority in occupying any new housing in the redevelopment area, if they meet reasonable requirements of responsibility.

2. No development shall be initiated until certificates of approval of the development plan therefor shall have been issued by both the planning commission and the supervising agency.

3. A planning commission may approve a development plan, but no certificate of approval thereof shall be issued by it unless and until an application for approval has been filed with it, together with the development plan, and unless and until the planning commission shall determine:

(a) That the area within which the development area is included is substandard or insanitary or is polluted or neglected and that the redevelopment of the development area in accordance with the development plan is necessary or advisable to effectuate the public purposes declared in section 2;

(b) That the development plan is in accord with the master plan, or city map, if any, of the city;

(c) That the development area is of sufficient size to allow its redevelopment in an efficient and economically satisfactory manner;

(d) That the various stages, if any, by which the development is proposed to be constructed or undertaken, as stated in the development plan, are practicable and in the public interest;

(e) That public facilities, including, but not limited to school, fire, police, transportation, park, playground and recreation, are presently adequate, or will be adequate, at the time that the development is ready for use, to service the development area;

(f) That the proposed changes, if any, in zoning ordinances or maps and in streets and street levels, or any proposed street closings, are necessary or desirable for the development and its protection against blighting

influences and for the city as a whole;

(g) Upon data submitted by or on behalf of the redevelopment corporation, or upon data otherwise available to the planning commission, that there will be available for occupation by families, if any, then occupying dwelling accommodations in the development area similar accommodations at substantially similar rentals in the development area or elsewhere in a suitable location in the city, and that the carrying into effect of the development plan will not cause undue hardship to such families.

Any such determination shall be conclusive evidence of the facts so determined except upon proof of fraud or wilful misfeasance. In arriving at such determination, the planning commission shall consider only those elements of the development plan relevant to such determination under subparagraphs (a) through (g) of this paragraph 3 of section 4 and to the type of development which is physically desirable for the development area concerned from a city planning viewpoint, and from a neighborhood unit viewpoint if the development plan provides that the development area is to be primarily residential. Upon approval of a development plan by the planning commission, it shall forthwith issue a certificate of approval thereof.

A planning commission may state general standards of city and neighborhood unit planning to which a development plan should conform to be approved by it. Such standards, however, shall be as flexible as possible and only for the guidance of prospective proponents of development plans. Variations therefrom shall be freely allowed upon a showing of their advisability, to the end that individual initiative be encouraged.

4. A supervising agency may approve a development plan, but no certificate of approval thereof shall be issued by it unless and until the planning commission shall first have approved thereof and there has been filed with the supervising agency the development plan, the certificate of approval by the planning commission and an application for approval by the supervising agency, and unless and until the supervising agency shall determine:

(a) That the proposed method of financing the development is feasible and that it is probable that the redevelopment corporation will be able to finance or arrange to finance the development;

(b) That the persons who it is proposed will be active in or associated with the management of the redevelopment corporation during a period of at least 1 year from the date of the approval of the development plan have sufficient ability and experience to cause the development to be undertaken, consummated and managed in a satisfactory manner.

Any such determination shall be conclusive evidence of the facts so determined except upon proof of fraud or wilful misfeasance. In considering whether or not a certificate of approval of the development plan shall be issued, the supervising agency shall consider only those elements of the development plan relevant to such determination under subparagraphs (a) and (b) of this paragraph 4 of section 4. Upon approval of a development plan by the supervising agency, it shall forthwith issue a certificate of approval thereof.

5. The planning commission and the supervising agency may approve an amendment or amendments to a development plan, but no such amendment to a development plan which has theretofore been approved by the planning commission and the supervising agency shall be approved unless and until an application therefor has been filed with the planning commission or the supervising agency by the redevelopment corporation containing that part of the material required by paragraph 1 of this section 4 which shall be relevant to the proposed amendment, and unless and until the planning commission or the supervising agency, as the case may be, shall make the determinations required by paragraph 3 or 4 of this section 4 which shall be relevant to the proposed amendment.

6. The planning commission and the supervising agency may each adopt a schedule of fees to be paid upon the filing of the development plan, amendments thereto and other instruments in connection therewith. The amount of these fees shall not exceed the reasonable cost of the examining, inspectional and supervisory services required under this act.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.904;—Am. 1968, Act 325, Imd. Eff. July 3, 1968.

#### **125.905 Supervising agency; appointment.**

Sec. 5. The local legislative body of a city is hereby authorized by general ordinance or local law to appoint, establish or designate the chief financial officer of the city or some other official or bureau, commission or agency as the person or body to exercise the powers and perform the duties held by or incumbent upon a supervising agency pursuant to this act.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.905;—Am. 1968, Act 325, Imd. Eff. July 3, 1968.

#### **125.906 Redevelopment corporation; organization; articles; forfeiture of rights; name.**

Sec. 6. 1. At any time 1 or more natural persons, corporations or partnerships may incorporate a redevelopment corporation on making, subscribing, acknowledging and filing in the corporation and

securities commission a certificate pursuant to the general corporation law, which shall be entitled and endorsed "certificate of incorporation of ..... redevelopment corporation, pursuant to the general corporation law," the blank space being filled in with the remainder of the name of the corporation. Such certificate shall contain the provisions required in, and may contain any provisions consistent with the provisions of this act permitted in, a certificate of incorporation filed pursuant to the general corporation law, except that:

(a) Included among the purposes for which the corporation is formed shall be the formulation, obtaining the approval of, and putting into effect of a development plan, the acquisition of real property in a development area, and the construction, maintenance and operation of a development pursuant to this act;

(b) The duration of the corporation shall not be less than 20 years;

(c) The certificate may provide for the issuance of income debentures, in which case the holders of such debentures may be allowed such voting rights as shall be specified therein;

(d) The certificate may provide that the corporation shall have the power to cooperate with and participate in any programs of the federal or state governments which have been or may be enacted for purposes of the development or redevelopment of areas of cities which are substandard, insanitary, polluted or neglected.

(e) The certificate may provide that the corporation shall have the power to guarantee, purchase, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of any bonds, securities or evidence of indebtedness created by any person or other legal entity related to properties or businesses located in the redevelopment area.

(f) The certificate shall contain a declaration that the redevelopment corporation has been organized to serve a public purpose, and that it shall be subject to supervision and control as provided in this act. A copy of such certificate shall be filed with the planning commission and the supervising agency having jurisdiction within 10 days of its being filed in the corporation and securities commission.

2. At any time any domestic corporation which is not a redevelopment corporation, but which has been incorporated pursuant to the general corporation law may become a redevelopment corporation by filing an appropriate certificate or certificates pursuant to the general corporation law changing the provisions of its certificate of incorporation to eliminate any provisions therein inconsistent with the provisions of this act and adding or substituting the provisions required by this section by changing its name to a name corresponding to the form "..... redevelopment corporation," and making all the other changes necessary to enable it to conform with all of the provisions of this act. Any such certificate shall be prepared and filed pursuant to the general corporation law, except that in addition to citing such law in the title of such certificate, the title shall also state that it is being made pursuant to section 6.

3. If a redevelopment corporation shall not have obtained the certificates of approval of its development plan required by section 4 within 12 months of the date upon which it became a redevelopment corporation, or shall not substantially comply with the development plan within the time limit for the completion of each stage thereof as therein stated, reasonable delays caused by unforeseen difficulties excepted, then upon the filing in the department of state of a certified copy of the order of the court establishing such failure to obtain such certificate or substantially so to comply, obtained pursuant to section 14, such redevelopment corporation shall cease to have the special rights, powers and privileges granted to, or be subject to the special duties, liabilities and restrictions imposed upon, a redevelopment corporation by this act, and shall thereafter change its name to remove the word "redevelopment" therefrom. In such event, however, such corporation may thereafter continue in existence as a corporation, subject to the general corporation law. In the event that a certified copy of such order shall be so filed, all real property acquired by or for such redevelopment corporation by condemnation shall be disposed of, either alone or in conjunction with additional real property not so acquired, within a reasonable time by bona fide sale conducted in such a manner as may be prescribed by ordinance of the local legislative body. All amounts received by the redevelopment corporation for such real property in excess of an amount equal to that portion of the development cost allocable to the real property being disposed of, shall be paid to the city.

4. No corporation now organized under the laws of the state shall change its name to a name, and no such corporation hereafter organized shall have a name, containing the word "redevelopment" as a part thereof, unless and until such corporation is or becomes a redevelopment corporation. No foreign corporation now authorized to do business in the state shall change its name to a name, and no such corporation shall hereafter be authorized to do business in the state with a name, containing the word "redevelopment" as a part thereof.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.906;—Am. 1968, Act 325, Imd. Eff. July 3, 1968.

### **125.907 Limitations imposed upon redevelopment corporations; limitations.**

Sec. 7. Limitation of redevelopment corporations. No redevelopment corporation shall:

1. Undertake any clearance, reconstruction, improvement, alteration or construction in connection with any

development until the certificates of approval required by section 4 of this act have been issued;

2. Change, alter, amend, add to or depart from the development plan within 20 years of the issuance of the certificates of approval required by section 4 of this act, until the planning commission or the supervising agency, as the case may be, has issued a certificate of approval of that portion of such change, alteration, amendment, addition or departure relevant to the determination required to be made by it as set forth in section 4 of this act;

3. After a development has been commenced, sell, transfer or assign any real property in the development area without first obtaining the consent of the supervising agency;

4. Undertake more than 1 development;

5. Pay interest on its income debentures, if any, except out of net earnings which would have been applicable to the payment of dividends on its capital stock if there were no such income debentures;

6. Pay as compensation for services to, or enter into contracts for the payment of compensation for services to, its officers or employees in an amount greater than the limit thereon contained in the development plan, or in default thereof, then in an amount greater than the reasonable value of the services performed or to be performed by such officers or employees;

7. Lease an entire building or improvement in the development area to any person or corporation without obtaining the approval of the supervising agency, which may be withheld only if the lease is being made for the purpose of evading the regulatory provisions of this act;

8. Mortgage any of its real property without obtaining the approval of the supervising agency;

9. Make any guarantee without obtaining the approval of the supervising agency;

10. Dissolve without obtaining the approval of the supervising agency, which may be given upon such conditions as the supervising agency may deem necessary or appropriate to the protection of the interest of the city in the proceeds of the sale of the real property acquired by condemnation as provided in paragraph 3 of section 6 of this act, such approval to be endorsed on the certificate of dissolution and such certificate not to be filed in the department of state in the absence of such endorsement;

11. Reorganize without obtaining the approval of the supervising agency.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.907.

#### **125.908 Corporation code; application to redevelopment corporations.**

Sec. 8. Application of other corporation laws to redevelopment corporations. The provisions of the general corporation law as presently in effect and as hereafter from time to time amended, shall apply to redevelopment corporations, except where such provisions are in conflict with the provisions of this act. In the event that any action with respect to which the holders of income debentures shall have the right to vote is proposed to be taken, then notice of any meeting at which such action is proposed to be taken shall be given to such holders in the same manner and to the same extent as if they were stockholders entitled to notice of and to vote at such meeting, and any certificate filed pursuant to law in the department of state with respect to any such action, whether taken with or without meeting, and any affidavit required by law to be annexed to such certificate shall contain the same statements or recitals, and such certificate shall be subscribed and acknowledged, and such affidavit shall be made, in the same manner as if such holders were stockholders holding shares of an additional class of stock entitled to vote on such action, or with respect to the proceedings provided for in such certificate.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.908.

#### **125.909 Consideration for issuance of stock, bond or debentures.**

Sec. 9. Consideration for issuance of stock, bonds, or income debentures. No redevelopment corporation shall issue stock, bonds or income debentures, except for money or property actually received for the use and lawful purposes of the corporation or services actually performed for the corporation.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.909.

#### **125.910 Determination of development cost; procedure.**

Sec. 10. 1. Upon the completion of a development, a redevelopment corporation shall, or upon the completion of a principal part of a development, a redevelopment corporation may, file with the supervising agency an audited statement of the development cost thereof. Within a reasonable time after the filing of such statement, the supervising agency shall determine the development cost applicable to the development or such portion thereof and shall issue to the redevelopment corporation a certificate stating the amount thereof as so determined.

2. A redevelopment corporation may, at any time, whether prior or subsequent to the undertaking of any contract or expense, apply to the supervising agency for a ruling as to whether any particular item of cost

therein may be included in development cost when finally determined by the supervising agency, and the amount thereof. The supervising agency shall, within a reasonable time after such application, not to exceed 60 days, render a ruling thereon, and in the event that it shall be ruled that any item of cost may be included in development cost, or upon failure of the supervising agency to make such ruling within 60 days, the amount thereof as so determined shall be so included in development cost when finally determined.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.910;—Am. 1968, Act 325, Imd. Eff. July 3, 1968.

#### **125.911 Regulation of corporation by supervising agency.**

Sec. 11. Regulation of redevelopment corporations by supervising agency.

A redevelopment corporation shall:

1. Furnish to the supervising agency from time to time, as required by it, but with respect to regular reports not more often than once every 6 months, such financial information, statements, audited reports or other material as such supervising agency shall require, each of which shall conform to such standards of accounting and financial procedure as the supervising agency may by general regulation prescribe.

2. Establish and maintain such depreciation and other reserves, surplus and other accounts as the supervising agency may reasonably require.

3. Any provision of the general corporation law to the contrary notwithstanding, 1 member of the board of directors of a redevelopment corporation shall be a designee of the supervising agency, as long as any of the real property of the redevelopment corporation is entitled to the tax exemption provided for in section 12 of this act.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.911.

#### **125.912 Exemption from increase in assessed value; limitations; development plan; "qualified entity" defined.**

Sec. 12. (1) A local legislative body is authorized by the adoption or enactment of an ordinance or local law to exempt real property located within the city or township owned by a redevelopment corporation or a qualified entity during a maximum exemption period that shall not exceed 40 years from any increase in assessed value over the maximum assessed value. After the adoption or enactment of the ordinance or local law, every parcel of real property owned by any redevelopment corporation or a qualified entity in a development shall be exempt during the maximum exemption period from any increase in assessed value over or in excess of the maximum assessed value. An exemption described in this subsection shall not, however, apply to any improvement made upon the real property after the beginning of the maximum exemption period but the local legislative body may, by appropriate legislative action, establish a maximum assessed value and maximum exemption period, not to exceed 40 years, for those subsequent improvements.

(2) For the purpose of fixing the date of commencement of the maximum exemption period for a group of parcels of real property in a development area, the city or township is authorized with the approval of its local legislative body to contract with a redevelopment corporation to place in 1 or more groups the various parcels of real property in a development area. A contract described in this subsection may provide that all the parcels in each group shall be considered to have a common stated date of completion of the development by the redevelopment corporation or qualified entity.

(3) A development plan may include property located in a township only if that property was previously used by this state for an office, hospital, prison, institution of higher education, or other state facility.

(4) For purposes of this section, "qualified entity" means either of the following:

(a) A Michigan nonprofit corporation or a Michigan limited partnership having a Michigan nonprofit corporation as its sole general partner, if 1 or more of the following apply:

(i) A majority of each class of stock in the nonprofit corporation is owned by the redevelopment corporation.

(ii) A majority of the members of the board of directors of the nonprofit corporation are elected and removable by the redevelopment corporation.

(iii) The redevelopment corporation is the sole member of the nonprofit corporation.

(b) A for-profit corporation, partnership, or limited liability company formed or incorporated by the redevelopment corporation for the sole purpose of syndicating historic tax credits or low-income housing tax credits in connection with the redevelopment of a property that has been owned by the redevelopment corporation, if the redevelopment corporation maintains oversight responsibility for the management and operation of the property for which historic tax credits or low-income housing tax credits were syndicated and the for-profit entity does not engage in any other business activity unrelated to the property.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.912;—Am. 1968, Act 325, Imd. Eff. July 3, 1968;—Am. 1998, Act 385, Imd. Eff. Oct. 23, 1998.

### **125.912a Redevelopment corporation; powers and authority.**

Sec. 12a. Except as otherwise provided in this act, a redevelopment corporation may do all of the following:

(a) Form or incorporate nonprofit corporations under the laws of this state for any purpose not inconsistent with the purposes for which the redevelopment corporation was formed.

(b) Serve as a shareholder or member of a qualified nonprofit corporation organized under the laws of this state.

(c) Authorize, approve, execute, and file with the Michigan department of consumer and industry services those documents that are appropriate to form and continue 1 or more nonprofit corporations.

(d) Form or incorporate for-profit corporations, partnerships, and limited liability companies under the laws of this state for any purpose not inconsistent with the purposes for which the redevelopment corporation was formed.

**History:** Add. 1998, Act 385, Imd. Eff. Oct. 23, 1998.

### **125.912b Redevelopment corporation; funds, grants, agreements.**

Sec. 12b. (1) Funds for the operation of a redevelopment corporation may be loaned or granted by the city or township, this state, the federal government, or any agency or political subdivision of this state or the federal government. The city or township, through its local legislative body, may condition the provision of funds to the redevelopment corporation upon an agreement that the redevelopment corporation shall as soon as possible reimburse the city or township for all money expended by it for the redevelopment corporation from revenues received from other sources.

(2) A redevelopment corporation may solicit, accept, and enter into agreements relating to grants from any public or private source, including this state, the federal government, or any agency or political subdivision of this state or the federal government, and may carry out any federal or state program related to the purposes for which the redevelopment corporation is created.

**History:** Add. 1998, Act 385, Imd. Eff. Oct. 23, 1998.

### **125.913 Return on income debentures and stock; limitations.**

Sec. 13. Limited return on income debentures and stock.

1. No redevelopment corporation shall pay any interest on its income debentures or dividends on its stock during any dividend year, unless there shall exist at the time of any such payment no default under any amortization requirements with respect to its indebtedness.

2. No redevelopment corporation shall pay or declare as interest on its income debentures and as dividends on its stock during any dividend year during any portion of which there shall exist pursuant to section 12 of this act any exemption from local taxation on any of its real property, in an amount in excess of the maximum dividend, except as provided in paragraphs 3 and 4 of this section 13.

3. In the event that in any dividend year the maximum exemption period with respect to some of the parcels of real property held by a redevelopment corporation shall have expired, and with respect to some such parcels shall not have expired, then that portion of its net earnings which may be paid or declared as interest on its income debentures and as dividends on its stock during such dividend year shall be determined as follows: Multiply the net earnings of the corporation subject to payment or declaration as such interest or dividends, by a fraction the numerator of which is the total of the maximum assessed valuation of all real property for which the maximum exemption period has not expired and the denominator of which is the total of the maximum assessed valuation of all the real property of the corporation; and the result will be the apportioned net earnings restricted as to payment as such interest or dividends; compute the amount of the maximum dividend as though no apportionment of the same were to be affected and multiply the amount so arrived at by the same fraction; and the result will be the apportioned maximum dividend; only that portion of such apportioned net earnings which does not exceed such apportioned maximum dividend may be paid or declared as such interest or dividends; and that portion of the net earnings obtained by subtracting from total net earnings such apportioned net earnings restricted as to payment as such interest and dividends may be paid or declared without restriction as such interest or dividends.

4. In the event that in any 1 or more prior dividend years the total amount paid or declared as interest on the corporation's income debentures or as dividends on its stock shall have been less than the amounts allowable pursuant to paragraphs 2 and 3 of this section 13, then cumulative interest and dividends equal to the difference may be paid out of any net income applicable thereto in any subsequent dividend year despite the limitation imposed by paragraph 2 of this section 13.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.913.

### **125.914 Proceedings against redevelopment corporations; parties.**

Sec. 14. Enforcement proceedings against redevelopment corporations. Whenever a redevelopment corporation shall not have obtained the certificates of approval of its development plan required by section 4 of this act within 12 months of the date upon which it became a redevelopment corporation, or shall not have substantially complied with its development plan within the time limits for the completion of each stage thereof as therein stated, reasonable delays caused by unforeseen difficulties excepted, or shall do, permit to be done or fail or omit to do anything contrary to or required of it, as the case may be, by this act, or shall be about so to do, permit to be done or fail or omit to have done, as the case may be, then any such fact may be certified by the planning commission or the supervising agency, whichever shall have supervision thereof, to the chief legal officer of the city, who may thereupon commence a proceeding in the circuit court of the county in which such city is located in its name for the purpose of having such action, failure or omission, or threatened action, failure or omission, established by order of the court for the purpose stated in paragraph 3 of section 6 of this act, or stopped, prevented or otherwise rectified by mandamus, injunction or otherwise. Such proceedings shall be commenced by a petition to the circuit court alleging the violation complained of and praying for appropriate relief. It shall thereupon be the duty of the court to specify the time, not exceeding 20 days after service of a copy of the petition, within which the redevelopment corporation complained of must answer the petition. The court shall, immediately after a default in answering or after answer, as the case may be, inquire into the facts and circumstances in such manner as the court shall direct without other or formal proceedings, and without respect to any technical requirements. Such other persons or corporations as it shall seem to the court necessary or proper to join as parties in order to make its orders or judgment effective may be joined as parties. The final judgment or order in any such action or proceeding shall dismiss the action or proceeding or establish the failure complained of or direct that a mandamus order, or an injunction, or both, issue, or grant such other relief as the court may deem appropriate.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.914.

### **125.915 Real estate; transfer to redevelopment corporations.**

Sec. 15. Transfer of real property to redevelopment corporation. Notwithstanding any requirement of law to the contrary or the absence of direct provision therefor in the instrument under which a fiduciary is acting, every executor, administrator, trustee, guardian or any other person, holding trust funds or acting in a fiduciary capacity, unless the instrument under which such fiduciary is acting expressly forbids, the state, its subdivisions, cities, all other public bodies, all public officers, corporations organized under or subject to the provisions of the banking law (including savings banks, savings and loan associations, trust companies, private bankers and private banking corporations), the commissioner of the banking department as conservator, liquidator or rehabilitator of any such person, partnership or corporation, persons, partnerships and corporations organized under or subject to the provisions of the insurance law, the commissioner of insurance as conservator, liquidator or rehabilitator of any such person, partnership or corporation, any of which owns or holds any real property within a development area, may grant, sell, lease or otherwise transfer any such real property to a redevelopment corporation, and receive and hold any cash, stocks, income debentures, mortgages, or other securities or obligations, secured or unsecured, exchanged therefor by such redevelopment corporation, and may execute such instruments and do such acts as may be deemed necessary or desirable by them or it and by the redevelopment corporation in connection with the development and the development plan.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.915.

### **125.916 Acquisition of real estate; methods; condemnation.**

Sec. 16. 1. A redevelopment corporation may, whether before or after the certificates of approval of its development plan required by section 4 have been issued, acquire real property or secure options in its own name or in the name of nominees to acquire real property, by gift, grant, lease, purchase or otherwise.

2. A city may, upon request by a redevelopment corporation, and after a certificate of approval of condemnation with respect to the real property in question has been issued pursuant to sections 17 and 17a, acquire, or obligate itself to acquire, for such redevelopment corporation any real property included in such certificate of approval of condemnation, by condemnation. Real property acquired by a city for a redevelopment corporation shall be conveyed by such city to the redevelopment corporation upon payment to the city of all sums expended or required to be expended by the city in the acquisition of such real property, together with all costs which may have been incurred by the city.

3. The provisions of this act with respect to the condemnation of real property by a city for a redevelopment corporation shall prevail over the provisions of any other general, special or local law.

**125.917 Condemnation; proceedings; damages; compensation.**

Sec. 17. 1. When it is desired that any real property in a development area be acquired by condemnation, there shall be presented to the supervising agency by the redevelopment corporation a verified petition requesting the issuance of a certificate of approval of condemnation of such real property which shall contain, among other things:

(a) A metes and bounds description or other legal description of the real property involved and a statement of the estate, interest, privileges, franchise or right therein or appurtenant thereto to be condemned;

(b) Proof that such real property is within the development area;

(c) Proof that certificates of approval of the development plan required by section 4 have been issued.

The supervising agency shall determine within a reasonable time thereafter the truth or sufficiency of the statements and proof contained in such petition, and, if such determination shall be in the affirmative, the supervising agency shall issue to the petitioner a certificate of approval of condemnation. Such certificate shall contain a description of the real property proposed to be condemned, the facts so determined with respect thereto, and a statement that the real property proposed to be condemned is required for a public use and that its acquisition for such use is necessary. No condemnation proceeding to acquire real property in a development area, by a city for a redevelopment corporation, shall be commenced until such a certificate of approval of condemnation shall have been issued.

2. Condemnation proceedings for a redevelopment corporation shall be initiated by a petition to the city to institute proceedings to acquire for the redevelopment corporation any real property in the development area. Such petition shall be granted or rejected by the local legislative body, and the resolution or resolutions granting such petition shall contain a requirement that the redevelopment corporation shall pay to the city all sums expended or required to be expended by the city in the acquisition of such real property, together with all costs incurred by the city, and the time of payment and manner of securing payment thereof, and may require that the city shall receive, before proceeding with the acquisition of such real property, such assurances as to payment or reimbursement by the redevelopment corporation, or otherwise, as the city may deem advisable. Upon the passage of a resolution or resolutions by the local legislative body, granting the petition, the redevelopment corporation shall cause to be made 3 copies of surveys or maps of the real property described in the petition, 1 of which shall be filed in the office of the redevelopment corporation, 1 in the office of the corporation counsel or chief law officer of the city, and 1 in the office in which instruments affecting real property in the county are recorded. The filing of such copies of surveys or maps shall constitute the acceptance by the redevelopment corporation of the terms and conditions contained in such ordinance or ordinances. The city shall proceed under any provision of any general, special or local law applicable to the condemnation of real property for public improvements. When title to the real property shall have vested in the city, it shall convey the same to the redevelopment corporation upon payment by the redevelopment corporation of the sums and the giving of the security required by the resolution granting the petition. As soon as title shall have vested in the city, the redevelopment corporation may, upon the authorization of the local legislative body enter upon the real property taken, take over and dispose of existing improvements, and carry out the terms of the development plan with respect thereto.

3. The following provisions shall apply to any proceedings for the assessment of compensation and damages for real property in a development area taken or to be taken by condemnation for a redevelopment corporation:

(a) Evidence of the price and other terms upon any sale, offer to sell, or the rent received or reserved, whichever is less, and other terms upon any sales option, lease or tenancy relating to any of the real property taken or to be taken or to any comparable real property in the vicinity when the option, sale, offer or lease was given, occurred or the tenancy existed, within a reasonable time of the trial, shall be admissible on direct examination;

(b) Any time during the pendency of such action or proceeding, the redevelopment corporation, the city or any owner may apply to the court for an order directing any owner, the redevelopment corporation, or the city, as the case may be, to show cause why further proceedings should not be expedited, and the court may upon such application make an order requiring that the hearings proceed and that any other steps be taken with all possible expedition;

(c) For the purposes of this act, the award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of this act of the real property in the development area. No allowance shall be made for the improvements begun on real property after notice to the owner of such property of the institution of the proceedings to condemn such property;

(d) Evidence shall be admissible bearing upon the insanitary, unsafe or substandard condition of the premises, or the illegal use thereof, or the enhancement of rentals from such illegal use, and such evidence may be considered in fixing the compensation to be paid, notwithstanding that no steps to remedy or abate such conditions have been taken by the department or officers having jurisdiction. If a violation order is on file against the premises in any such department, it shall constitute prima facie evidence of the existence of the condition specified in such order;

(e) If any of the real property in the development area which is to be acquired by condemnation has, prior to such acquisition, been devoted to another public use, it may nevertheless be acquired provided that no real property belonging to the city or to any other governmental body, or agency or instrumentality thereof, corporate or otherwise, may be acquired without its consent;

(f) Upon the trial, evidence of the price and other terms upon a sale or assignment or of a contract for the sale or assignment of a mortgage, award, proposed award, transfer of a tax lien or lien of a judgment relating to property taken, shall be relevant, material and competent, upon the issue of value or damage and shall be admissible on direct examination;

(g) Upon the trial a statement, affidavit, deposition, report, transcript of testimony in an action or proceeding, or appraisal made or given by any owner or prior owner of the premises taken, or by any person on his behalf, to any court, governmental bureau, department or agency respecting the value of the real property for tax purposes, shall be relevant, material and competent upon the issue of value of damage and shall be admissible on direct examination;

(h) The term "owner," as used in this section, shall include a person having an estate, interest or easement in the real property to be acquired or a lien, charge or encumbrance thereon.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.917;—Am. 1968, Act 325, Imd. Eff. July 3, 1968.

#### **125.917a Condemnation, law applicable.**

Sec. 17a. Notwithstanding the provisions of section 17, condemnation proceedings under this act shall be pursuant to Act No. 149 of the Public Acts of 1911, as amended, being sections 213.21 to 213.41 of the Compiled Laws of 1948.

**History:** Add. 1968, Act 325, Imd. Eff. July 3, 1968.

#### **125.918 Leasing of property of corporation; termination of tenancy.**

Sec. 18. Temporary use or occupation of real property taken by condemnation. When title to real property has vested in a redevelopment corporation or city by gift, grant, devise, purchase or in condemnation proceedings or otherwise, the redevelopment corporation or city, as the case may be, may agree with the previous owners of such property, or any tenants continuing to occupy or use it, or any other persons who may occupy or use or seek to occupy or use such property, that such former owner, tenant or other persons may occupy or use such property upon the payment of a fixed sum of money for a definite term or upon the payment periodically of an agreed sum of money. Such occupation or use shall not be construed as a tenancy from month to month, nor require the giving of notice by the redevelopment corporation or the city, as the case may be, for the termination of such occupation or use or the right to such occupation or use, but immediately upon the expiration of the term for which payment has been made the redevelopment corporation or city, as the case may be, shall be entitled to possession of the real property and may maintain summary proceedings, obtain a writ of assistance, and shall be entitled to such other remedy as may be provided by law for obtaining immediate possession thereof. A former owner, tenant or other person occupying or using such property shall not be required to give notice to the redevelopment corporation or city, as the case may be, at the expiration of the term for which he has made payment for such occupation or use, as a condition to his cessation of occupation or use and termination of liability therefor.

In the event that a city has acquired real property for a redevelopment corporation, the city shall, in transferring title to the redevelopment corporation, deduct from the consideration or other moneys which the redevelopment corporation has become obligated to pay to the city for such purpose, and credit the redevelopment corporation with the amounts received by the city as payment for temporary occupation and use of the real property by a former owner, tenant, or other person, as in this section 18 provided, less the cost and expense incurred by the city for the maintenance and operation of such real property.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.918.

#### **125.919 Mortgages of corporation; provisions governing.**

Sec. 19. Mortgages.

1. Any redevelopment corporation may borrow funds and secure the repayment thereof by mortgage. Every such mortgage shall contain reasonable amortization provisions and shall be a lien upon no other real

property except that forming the whole or a part of a single development area.

2. Certificates, bonds and notes, or part interests therein, or any part of an issue thereof, which are secured by a first mortgage on the real property in a development area, or any part thereof, shall be securities in which all the following persons, partnerships or corporations and public bodies or public officers may legally invest the funds within their control: Provided, That the principal amount secured by such mortgage shall not exceed the limits, if any, imposed by law for such investments by the person, partnership, corporation, public body or public officer making the same:

Every executor, administrator, trustee, guardian, committee or other person or corporation holding trust funds or acting in a fiduciary capacity; the state, its subdivisions, cities, all other public bodies, all public officers; persons, partnerships and corporations organized under or subject to the provisions of the banking law (including savings banks, savings and loan associations, trust companies, private bankers and private banking corporations); the commissioner of the banking department as conservator, liquidator or rehabilitator of any such person, partnership or corporation; persons, partnerships or corporations organized under or subject to the provisions of the insurance law; fraternal benefit societies; and the commissioner of insurance as conservator, liquidator or rehabilitator of any such person, partnership or corporation.

3. Any mortgage on the real property in a development area, or any part thereof, may create a first lien, or a second or other junior lien, upon such real property.

4. The limits as to principal amount secured by mortgage referred to in paragraph 2 of this section 19 shall not apply to certificates, bonds and notes, or part interests therein, or any part of an issue thereof, which are secured by first mortgage on real property in a development area, or any part thereof, which the federal housing administrator has insured or has made a commitment to insure under the national housing act. Any such person, partnership, corporation, public body or public officer may receive and hold any debentures, certificates or other instruments issued or delivered by the federal housing administrator, pursuant to the national housing act, in compliance with the contract of insurance of a mortgage on real property in the development area, or any part thereof.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.919.

#### **125.920 Sale or lease of real estate by a city to corporation.**

Sec. 20. Sale or lease of real property by a city to a redevelopment corporation.

1. The local legislative body may by resolution determine that real property, title to which is held by the city, specified and described in such resolution, is not required for use by the city and may authorize the city to convey, sell, or lease such real property to a redevelopment corporation: Provided, however, That the title of the city to such real property be not declared inalienable by charter of the city, or other similar law or instrument.

2. Notwithstanding the provisions of any general, special or local law or ordinance, such sale or lease may be made without appraisal, public notice or public bidding for such price or rental and upon such terms (and, in case of a lease, for such term not exceeding 50 years with a right to 1 renewal term of 30 years) as may be agreed upon between the city and the redevelopment corporation.

3. Before any sale or lease to a redevelopment corporation shall be authorized, a public hearing shall be held by the local legislative body to consider the proposed sale or lease.

4. Notice of such hearing shall be published at least 10 days before the date set for the hearing in such publication and in such manner as may be designated by the local legislative body.

5. The deed or lease of such real property shall be executed in the same manner as a deed or lease by the city of other real property owned by it and may contain appropriate conditions and provisions to enable the city to reenter the real property in the event of a violation by the redevelopment corporation of any of the provisions of this act relating to such redevelopment corporation or of the conditions or provisions of such deed or lease.

6. A redevelopment corporation purchasing or leasing real property from a city shall not, without the written approval of the city, use such real property for any purpose except in connection with its development. The deed shall contain a condition that the redevelopment corporation will devote the real property granted only for the purposes of its development subject to the restrictions of this act, for each of which the city shall have the right to reenter and repossess itself of the real property.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.920.

#### **125.921 Provisions of lease.**

Sec. 21. Provisions of lease.

If real property of a city be leased to a redevelopment corporation:

(1) The lease may provide that all improvements shall be the property of the lessor;

(2) The lessor may grant to the redevelopment corporation the right to mortgage the fee of such property and thus enable the redevelopment corporation to give as security for its notes or bonds a first lien upon the land and improvements;

(3) The execution of a lease shall not impose upon the lessor any liability or obligation in connection with or arising out of the financing, construction, management or operation of a development involving the land so leased. The lessor shall not, by executing such lease, incur any obligation or liability with respect to such leased premises other than may devolve upon the lessor with respect to premises not owned by it. The lessor, by consenting to the execution by a redevelopment corporation of a mortgage upon the leased land, shall not thereby assume, and such consent shall not be construed as imposing upon the lessor, any liability upon the note or bond secured by the mortgage;

(4) The lease may reserve such easements or other rights in connection with the real property as may be deemed necessary or desirable for the future planning and development of the city and the extension of public facilities therein (including the construction of subways and conduits, the widening and change of grades of streets); and it may contain such other provisions for the protection of the parties as are not inconsistent with the provisions of this act.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.921.

### **125.922 Construction of act.**

Sec. 22. Construction. This act shall be construed liberally to effectuate the purposes hereof, and the enumeration of specific powers in this act shall not operate to restrict the meaning of any general grant of power contained in this act or to exclude other powers comprehended in such general grant.

**History:** 1941, Act 250, Imd. Eff. June 16, 1941;—CL 1948, 125.922.

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