

## Commerce Centers for Michigan Revitalization: Background Paper

Michigan's economy needs a jump-start. That can only happen if our urban centers work. Right now, jobs are leaving the developed communities as businesses are leaving the state or relocating to cheaper open-space areas. This results in new infrastructure needs, while abandoning the structures already in place throughout Michigan's cities, villages and urban townships.

Studies show that jobs come to areas with good local services – services provided by cities, villages and urban townships. Employers want their employees to have access to vibrant downtowns, entertainment, good schools, good health care and all the amenities that come with an exciting and alive community. Unfortunately, state policy does not encourage this trend.

Michigan's oldest communities need new ways to ensure they are receiving the tools and dollars needed to rebuild, revitalize and succeed. As Governor Jennifer M. Granholm said, "Come with me to the Next Michigan, where our cities are electric, alive with people and culture and energy and jobs." But before there can be a "Next Michigan" there needs to be a change in state policy that focuses on developing local communities and enticing job makers to Michigan.

One widely discussed proposal is to create **Commerce Centers**. These communities are fundamentally urban/suburban and commercial in character and have infrastructure in place. Legislation should be enacted that will target resources that encourage redevelopment and growth within these existing commerce centers, which should include cities, villages and urban townships. Commerce center communities have

suffered reduced state revenues and face disincentives in the law for redevelopment - competition with cheap development in rural greenspaces, grants spread thin and exhausted, uneven access to economic development tools, exhaustion of development options, labor requirements, etc.

According to the Land Use Leadership Council final report:

"Past government policies have contributed to the decline of Michigan's cities, but changing only the public policies that have subsidized sprawl will not be sufficient to reverse the private disinvestment that continues to occur; there must also be a commitment of state resources."

While new funding and resources are scarce, existing resources must be targeted to the developed areas for rebuilding, redevelopment and revitalization. Targeting incentives, grants, and other economic development tools to commerce centers will reestablish the viability of Michigan's developed and urban communities, which will lead to attractive communities for job makers to locate in.

Once commerce centers are created, the next step is to adopt legislation that targets economic development incentives to these communities. The Michigan Municipal League (MML) concurs with the Land Use Leadership Council in its assertion that:

"Michigan has recently adopted effective incentives and assistance to encourage redevelopment of brownfields and designated urban core areas. These tools

must be maintained and expanded, and government decisions related to redevelopment streamlined. Making state redevelopment assistance and incentives available is crucial to managing growth and making our cities more attractive places to live and work.”

recommendations to make this policy proposal a reality in Michigan.

While the state government must assist any job providers in locating in Michigan, MML members also agree with the “Good Jobs First” report, which states that Michigan must alter its policy priorities to ensure cities, villages and urban townships can be attractive to new employers. The report details that subsidies were found to be geographically biased against central cities and other older communities, and state deals have favored thinly populated and newly developing areas (places that need little help and have the most sprawling land use patterns) rather than redeveloping the cities, villages and urban townships. Enacting commerce centers will ensure job creators are provided the incentives they need to locate in the developed areas first.

Immediate implementation of the commerce centers approach will ensure that the developed communities of Michigan are able to maximize their existing infrastructure by receiving priority access to economic development tools (grants/loans/tax abatements or credits/assistance), state/federal financial assistance programs, and incentives from state departments and agencies.

Cities, villages and urban townships are the economic drivers of Michigan and are set up with infrastructure, services, education, downtown development and other necessities job makers want in order to locate in Michigan. Creating commerce centers in these communities will provide the framework for Michigan to jumpstart its economic revitalization and will ensure that our developed areas can grow and thrive.

The MML recommends that the governor and Michigan Legislature make enacting commerce center legislation a priority in the current session, and submits legislative