



Michigan Association of Planning

A Chapter of the American Planning Association

**Regional Planning and Coordination Policy  
Adopted by MAP Board  
June 10, 2016**

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## Introduction

Michigan has a long tradition of home rule. Although the state has always maintained a role in planning and development activities, local governments have generally been relied upon to make decisions that are primarily of local concern, such as those related to land use. The state maintains various roles providing parameters for local zoning in its enabling legislation. In addition, the various state transportation, housing, and economic development agencies greatly influence local development. Home rule is based on the theory of self-government that encourages local decisions and regulations to be adopted by the governmental entity closest to those affected. Home rule is closely guarded by local jurisdictions, as it grants them autonomy and control over local issues. On the other hand, the policy environment fostered by home rule greatly complicates voluntary efforts at the intergovernmental cooperation and regional planning level. With more than 1,800 units of government in Michigan, land use decisions are made independently, sometimes without evaluating the impacts beyond municipal borders. This can result in decisions made by one municipality having adverse impacts on the surrounding region.

However, many communities are now recognizing the value of working with their neighbors to look at a wide variety of opportunities created by a regional approach. There is a growing awareness that the fates of local governments within the region are intertwined, and that the solutions to sprawl and paths to sustainability and resiliency lie in the ability of local governments to reach across political boundaries and think regionally. The fair, just and equitable distribution of public services, and a commitment to the promotion of these concepts in the formation of public policy, is central to the objective of achieving social equity. By developing a regional vision, local units of government can come together to develop consensus on large scale issues like infrastructure investments, growth management, service delivery, planning for economic and natural disasters, or economic development strategies. Communities can then weigh their individual decisions against this broader vision to ensure that their actions help implement the regional goals.

Regional planning and coordination has many benefits. From an information gathering perspective, regional planners can assist local governments in making more informed local decisions since they often have more data resources at their disposal. From an economic development perspective, regional coordination reduces fiscal disparities among local governments, provides opportunities to cluster economic development, creates better linkages between the available workforce and economic opportunities, and provides for economies of scale, size, and scope. From an infrastructure and service delivery perspective, coordination provides equitable access, cost savings, removes duplications, creates efficiencies, increases capacity, enhances infrastructure quality, and most importantly allows local governments to consider the regional impact of their infrastructure expansion and investment decisions. From an environmental perspective, coordination allows local governments to maintain the contiguity of environmental resources, collectively determine the most suitable areas for development, and minimize the environmental impacts of their decisions. From a land use perspective, regional coordination ensures the consistency and compatibility of land use policies across jurisdictional lines, minimizes the impact of independent land use decisions, and allows local governments to

collectively distribute and manage growth in a sustainable manner (e.g., direct growth towards areas with existing infrastructure). From a resilience perspective, regions working together will be less vulnerable to uncertainty, and better able to adapt to changes in the economy and environment. Finally, from a social equity perspective, regional coordination creates a more equitable allocation of and access to community resources (e.g., senior centers, parks, schools, libraries), emergency services (police, fire, medical) and affordable housing.

# 1. Background

## **1.1- Regional planning and coordination in Michigan**

A variety of agencies and mechanisms facilitate regional coordination in Michigan. Consequently, Michigan local governments coordinate in a variety of ways. Several local governments use conditional land transfer agreements (PA 425) to coordinate on economic development issues. Many local governments coordinate informally by meeting with planning staff, planning commission members, and/or elected officials from neighboring jurisdictions. A good number of local governments coordinate as and when the need arises. Such coordination occurs in the form of joint projects, joint data collection efforts, joint stakeholder participation efforts, and joint committees. Michigan local governments also coordinate on a variety of services including fire, water and sewer, parks, police, transit, environmental services, building regulation, and refuse. Service coordination assumes several forms including mutual aid agreements, contracts, joint service provision, and special authorities or districts. Counties, regional planning agencies, and metropolitan planning organizations also facilitate regional coordination. Their roles and responsibilities are described in greater detail in the following sections.

## **1.2 - Regions**

Michigan contains 14 state planning and development regions, each of which has a designated regional planning agency. Furthermore, the state was recently divided into 10 prosperity regions which align a variety of state agency resources. People across Michigan define regions in many ways. For some, a region can be as few as two communities working together to address common issues. Some people relate more to a public school district or intermediate school district that serves several communities as their idea of a region. Others cite regions with vague boundaries that most Michiganders have a concept of: Up-North, The Detroit Area, West Michigan, The Thumb, The UP, and other “regions” too numerous and changing to list. While all of these definitions (and others) have merit, for the purpose of this policy statement a region is defined as one of Michigan’s 14 state designated regional planning agencies (also known as councils of government, regional planning commissions, regional councils, and/or state planning and development commissions).

Along with Michigan’s 14 regional planning agencies and 10 prosperity regions, there are 15 metropolitan planning organizations (MPOs) that focus primarily on transportation planning. MPOs are federally mandated and funded policy bodies appointed by local governments. Some MPOs are combined with the surrounding region, while others are separate organizations. One MPO (Grand Valley Metro Council) is also Michigan’s only metropolitan council and was formed under separate state legislation.

In addition to regions and MPOs, there are many other organizations across Michigan with missions that focus on regional issues and goals. These groups have been formed by the private sector, by chambers of commerce, and by others interested in regional activities. While some of these regional activities overlap and duplicate services, the missions of each organization are unique and each plays an important role.

The attached map of Michigan’s regions shows the current regional boundaries and contact information. Regions range in size from three counties (there are five regions with three counties) to one region that covers 14 counties. While the regional boundaries, established by Michigan’s governor, may not match other boundaries of local, state, and federal programs, each of the 14

regions are flexible enough to make the boundaries work. Quite often one region will carry out a role in another region in order to make a project more successful and to align with boundaries of other agencies (bicycle maps, tourism initiatives, watershed issues, corridor studies, and other activities that may cross “regional” boundaries are a few examples).

Michigan’s 14 regions were formed under one of two acts: Michigan’s Public Act 281 of 1945 (Regional Planning Act), or Michigan’s Public Act 46 of 1966 (County or Regional Economic Development Commissions Act). Each of Michigan’s regions are membership-based and are governed by bodies (commissions or councils) appointed by their members. Bylaws, maintained by each region, establish membership requirements as well as other requirements. Membership is open to counties, cities, villages, townships, and other public bodies such as school districts, Native American tribes, or state agencies. Members appoint elected (mayors, commissioners, etc.) and appointed (administrators, planners, etc.) public sector representatives to the governing bodies of each region. Those regions that are also federally constituted and recognized economic development districts (EDD) (currently 12 of the 14), also have private sector representatives to meet requirements set by the U.S. Department of Commerce, Economic Development Administration (EDA). Regions attain private sector representatives either through member appointments or by soliciting individuals whose expertise would benefit the region. In certain cases, the region’s council may create separate standing committees, teams or policy boards, as authorized by EDA approved bylaws.

Michigan’s regions are funded with a variety of resources. The Michigan Department of Transportation (MDOT) and Michigan’s Transportation Asset Management Council (TAMC) provide funding for each of the 14 regions to carry out transportation planning-specific roles and EDA provides funding for most of the regions to maintain a Comprehensive Economic Development Strategy (CEDS), which is key for communities to obtain EDA funding for community projects. Governor Rick Snyder’s Regional Prosperity Grant Initiative is another source of funding that is available to existing designated regions and MPOs to involve private, public and non-profit partners in a collaborative planning process to work toward a shared vision of economic prosperity. A region’s prosperity strategy is often closely aligned with the CEDS, and some agencies have prepared the two through a joint process. Members also provide funding and rates are set by each region. Most regions also receive funds from a variety of other sources – depending on the established mission of the region and the services provided.

Just as funding varies by region, so do the missions of the regions. Michigan’s regions focus most of their efforts on community and economic development (primarily EDA) and road-related transportation planning (MDOT and TAMC). Michigan’s planning regions also provide members with assistance in the areas of environmental programs, workforce development, assisting with planning efforts, mapping services, grant writing, hazard mitigation planning, tourism, transit, non-motorized planning, and many other community-based activities.

In addition to funded activities, regions provide many services for the benefit of members and the quality of life in those regions. Regions perform clearinghouse duties and regional reviews for grant programs and communities, review master plans and recreation plans, serve as a repository for US Census Bureau information and assist the bureau with setting boundaries and other activities, develop projections, seek grants for communities, develop and distribute newsletters, maintain websites, disseminate information for state and federal agencies, maintain libraries of

local plans and other information, answer questions, guide communities to appropriated resources, and a plethora of other activities.

Michigan's regions are staffed by planners, transportation planners, economic developers, geographic information systems (GIS) specialists, public administrators, and many other professionals from a variety of fields. Staff size in Michigan's regions ranges from three (or less) people to dozens of people – depending on the mission of the region (and whether or not the region includes an MPO). Regions act as advocates for the needs of their members in other arenas such as Lansing and Washington DC.

All of Michigan's regions belong to the Michigan Association of Regions (MAR), which is an association made up of directors (or their staff designee) and appointed representatives that regularly meets to discuss regional issues, look for ways to improve regions, share ideas, and advocate for Michigan's communities. Additional staff may attend MAR meetings even if they are not voting members.

### ***Policy Recommendations:***

The Michigan Association of Planning supports creating regional visions and goals to describe the economic, population, environmental, transportation and land use conditions desired for the future.

The Michigan Association of Planning believes the general goals articulated by MPOs, regional planning organizations (RPOs), and MDOT should be consistent with each other.

The Michigan Association of Planning believes sustainable development practices should be implemented in all regions.

The Michigan Association of Planning supports coordination of state economic development funding to advance regional initiatives.

## **2. Regional Issues**

### **2.1- Introduction**

As municipal budgets are strained and programs suspended or curtailed, delivery systems that provide for the coordination of services and the pooling of resources or infrastructure become more important. The efficiency of service delivery and cost-effectiveness through economies of scale are key factors in determining which services can be delivered through cooperative efforts. Regional and county entities are prime venues for discussing, planning, and implementing such area-wide solutions.

### **2.2 - Shared Services and Shared Infrastructure**

Governor Snyder's special message on community development and local government reforms strongly encouraged municipalities to share services to increase efficiency and reduce costs. Statutory revenue sharing, now called EVIP (Economic Vitality Incentive Program) was subsequently restructured to provide incentives to explore collaboration. Many communities already have successfully collaborated with their neighbors. The sheer number of local governments, school districts, and governmental agencies suggests that service delivery could

be improved and costs could be reduced by further collaboration and sharing of services. Potential areas for collaboration include public safety, public works, dispatch services, building inspections, information technology, fleet maintenance, public transit, parks and recreation, and libraries. However, these collaborations are often highly complex and sometimes take years to yield cost savings and other benefits. Before communities decide to pursue collaboration, a fiscal analysis should be undertaken to determine what the true costs of sharing services will be and what savings will actually be realized. Programs like the Michigan Shared Public Services Initiative provide funding and support to local communities and schools to investigate sharing services. Planners can take the lead in working with their elected officials to facilitate this discussion and identify potential areas for collaboration.

Like services, there are many opportunities to explore potential efficiencies and cost savings through the use of shared public infrastructure. In fact, many of the services provided are dependent on our public infrastructure. Public infrastructure includes all transportation facilities (roads, sidewalks, pathways, transit routes, transit stops, airports, and some rail lines), public utilities (wastewater, potable water, and storm water), public safety (police, fire, and EMS), parks and recreation facilities, schools, community institutions and facilities (post office, library, museums, public housing, correctional facilities, and government buildings), and in some cases communications facilities (towers, fiber, cable, and phone lines). Various infrastructure needs are considered basic necessities, such as, public safety facilities, roads, schools, or sewer and water, and are provided to whatever extent possible. Others which are deemed non-essential, such as libraries or museums, may be provided in limited capacity or not at all.

Much of this infrastructure is provided individually by local communities; however, some of this infrastructure is provided by the state, by counties or by public or private regional agencies or authorities as in the case of regional sewer and water departments. In most cases the water is treated and delivered to those municipalities through contractual agreements by a single entity. Additionally, few municipalities have wastewater treatment facilities as they are expensive to maintain and operate and require a critical mass of users in order to make the operation affordable, in which case the treatment is contracted to an adjacent municipality or authority that has the capacity to do the treatment.

As a general rule, fixed-route public transportation systems require certain population densities in order to operate. While other factors (notably unique local conditions and/or political considerations) influence local decisions, in most scenarios these systems are based in larger municipalities and provide services into neighboring communities where the numbers of users make it possible to operate. These services are frequently subsidized by local or federal funds. Where individual communities lack a critical population necessary to make certain infrastructure viable, that infrastructure is typically not provided.

Most community infrastructure relies on public money in the form of taxes or grants to upgrade, expand, or just maintain existing systems and facilities. Through review of the various public infrastructure system models throughout the state and the country, planners can make determinations and recommendation as to where it would be logical and efficient to provide infrastructure on a regional level based on needs, population densities, and proximities.

### ***Policy Recommendations:***



The Michigan Association of Planning encourages communities to seek out opportunities to share or consolidate services with neighboring communities where cost savings and/or enhanced levels of service can be demonstrated without compromising the quality or level of service to residents.

The Michigan Association of Planning encourages regional planning agencies to assist local units of government in showcasing examples of shared services and shared infrastructure to provide models for local governments and contacts for more information.

The Michigan Association of Planning supports increased resource allocation by state and regional agencies to local governments interested in implementing or exploring collaborative efforts, through financial assistance, training, and/or technical assistance.

The Michigan Association of Planning encourages communities to investigate sharing resources like libraries, museums, and parks and recreational facilities as the type, quality, and presence or lack of these resources has a tremendous effect on a community, from the quality of life realized by its residents, to the type of economic development that a community can attract.

### **2.3 – Transportation Planning**

Transportation system plans and projects are coordinated by a variety of entities, including local governments, county road commissions, MPO's, RPA's, and the state department of transportation. From a regional perspective, those local governments within the boundaries of an MPO work with that MPO to develop long-range transportation plans and short-term transportation improvement programs. Those local governments in more rural areas of the state coordinate and develop these same transportation plans with their regional planning organizations (RPO). MPO's and RPO's coordinate with MDOT so that improvements to state transportation assets are included in these long and short-range plans. Having a variety of entities responsible for transportation planning and implementation allows for input from many stakeholders, but when combined with Michigan's tradition of home rule, makes balancing local goals and those of a region challenging.

As required in the federal transportation legislative reauthorization, regionally-developed long-range transportation plans and short-term transportation improvement programs must be fiscally constrained to ensure that adopted plans and programs cannot include more projects than can be reasonably expected to be funded through existing or projected sources of revenue. Funding for transportation planning and implementation continues to be a challenge, as the main source of transportation revenue, state and federal gas taxes, continues to decline.

The coordination of transportation planning with land use planning is important to ensure the fair, just and equitable distribution of public services. Such coordination further ensures both the best use of limited dollars and that approved land uses have the appropriate infrastructure. As transportation plans are formulated largely at the regional and state level, while land use plans are formulated at the local level, coordination between the two is vital.

More information can be found in the Michigan Association of Planning's Surface Transportation Policy.

#### ***Policy Recommendations:***

The Michigan Association of Planning supports local official involvement and input into the development of regional transportation goals, priorities, and projects.

The Michigan Association of Planning supports increased emphasis on regional transportation goals and priorities.

The Michigan Association of Planning supports exploration of alternate user fee mechanisms for transportation infrastructure (i.e., mechanisms other than the gas tax)

## **2.4 - Environmental Concerns – Air and Water Quality**

Local communities are not alone when it comes to environmental land protection. In fact, effective programs for environmental land use planning and protection require resources, guidance, and cooperation from much higher levels of government. Under Michigan’s Home Rule City Act of 1909 (Public Act 279 of 1909) many of the state’s local jurisdictions are responsible for supervising numerous environmental concerns, such as air and water quality; however, since these environmental concerns often cross jurisdictional boundaries, they present a challenge to local communities trying to manage them alone. This challenge is amplified by the shortage of municipal staff dedicated to environmental issues.

Regional planning can play an important role in air and water quality conservation and management. Michigan’s regional planning agencies can help identify solutions to environmental problems that are regional in scope. These agencies can also help identify environmental issues that involve more than one jurisdiction, provide technical assistance, and point communities in the right direction regarding federal and state environmental programs, policies, and regulations.

### ***Policy Recommendations:***

The Michigan Association of Planning believes state and regional agencies, as well as private organizations, should expand and better coordinate training and technical assistance opportunities for local decision makers, to help them stay abreast of the regional impact of environmental issues relevant to their communities.

The Michigan Association of Planning supports additional funding by state and federal regulatory agencies to regional planning agencies and non-profit organizations serving Michigan’s planners and local governments to assist them in expanding, coordinating, and providing training and technical assistance.

## **2.5 - Economic Development Strategies**

No local economy operates in isolation. More and more local economic environments are influenced by global economic factors. In response, the United States Economic Development Administration (EDA) has adopted regional collaboration as the foundation for the nation’s economic agenda. The EDA’s investment priorities include collaborative regional innovation. The EDA states:

*Initiatives that support the development and growth of innovation clusters based on existing regional competitive strengths. Initiatives must engage stakeholders; facilitate*

*collaboration among urban, suburban, and rural (including tribal) areas; provide stability for economic development through long-term intergovernmental and public/private collaboration; and support the growth of existing and emerging industries.*

Many regional planning agencies serve the EDA as the primary contact with local communities and provide them with technical assistance in grant writing for infrastructure projects, and census and employment data. They also coordinate the EDA's Comprehensive Economic Development Strategy (CEDS). This document identifies local industry clusters and assists in regional coordination of support services for those clusters.

A holistic economic development strategy should emphasize support of local entrepreneurs. One such strategy is *Economic Gardening*, first used in Littleton, Colorado, which focuses on business retention and expansion and helping local entrepreneurs bring more wealth and jobs into the local economy. Another holistic economic development strategy focuses on clusters of industries and supporting those existing clusters. International or export strategies focus on supporting industries that export product outside of the US and, therefore, pump more funds into the local community but require additional support to create, for example, larger scale shipping facilities that would lower costs for export industry clusters.

Although these are just some examples of new economic development strategies, it shows how important it is to have the resources of regional planning agencies to identify these local industry clusters and assist in coordinating the support structure to create economies of scale. Regional planning agencies have an understanding of the unique strengths of the local economy so that successful businesses can take advantage of those strengths. A regional focus to economic development can better leverage local assets, broadens the pool of potential partners, and creates sustainable entrepreneurial growth. Understanding the economic value of local assets will strengthen local land use planning efforts that serve to protect those assets.

Funding is one of the greatest challenges for local businesses. A larger variety of small business funding opportunities can be provided more efficiently at a regional level. Some regional agencies provide micro-lending loan programs, coordinate angel investors and venture capital information.

Local communities need data to create their own economic development strategic plans. Regional agencies are a critical link to those data sources and to people who can interpret that data. Regional agencies can further offer an additional perspective on regional priorities, including the importance of providing for economic development on a fair and equitable basis that meets the social and economic needs of the regional community. Other services that should be provided include connections to export markets and business marketing resources.

### ***Policy Recommendations:***

The Michigan Association of Planning believes regional agencies should work in cooperation with state agencies to provide state-level decision makers with data on local economic development needs to create more appropriate statewide economic development strategies.

The Michigan Association of Planning believes regional planning agencies should emphasize the cumulative positive effect of regional economic development that builds on the assets of the region.

The Michigan Association of Planning supports regional planning agencies preparing relevant economic and demographic data as well as interpreting this data for use by local units of government.

The Michigan Association of Planning supports regional planning agencies developing regional economic development plans that allow communities to reach their economic goals.

The Michigan Association of Planning encourages regions, counties, and local units of government to coordinate and ‘nest’ plans to help set regional priorities for economic development, including infrastructure provision, community development services, and placemaking.

## **2.6 - Land Use Planning/Development Impacts**

Land use planning guides the future use or reuse of land within a community. This requires communities to analyze existing resources, and create a plan to guide future development and growth. All of Michigan’s local jurisdictions possess the legal authority to engage in land use planning. However, these planning decisions may not always consider resources and characteristics of neighboring jurisdictions, which can lead to land use conflicts at jurisdictional boundaries. Local land use decisions carry significant financial costs to the community in which they originate and to neighboring jurisdictions at a time when local budgets are already strained. Some examples of these include:

- “Over zoning” for commercial development in rural communities can discourage re-development in urban core or downtown areas
- Increased population and/or employment without accompanying improvements to transportation infrastructure can lead to increased traffic congestion and commuting times for residents of neighboring communities
- Construction of water and sewer infrastructure systems for new development is much more costly than infill development using existing systems, and the capital costs to build new infrastructure is shared by all users whether or not they benefit from the expansion
- Increased population in rural townships strains the budget of local governments and school districts that are unable to raise the funds necessary to support increasing demand for services
- Local communities may experience a shortage in affordable housing as prices for new and existing homes in other jurisdictions rise faster than median income levels in the existing community.
- Smaller jurisdictions sometimes believe they must provide for all the same land uses as a larger jurisdiction even in the absence of a demonstrated need for the land use and when it is available in a neighboring jurisdiction.
- Staffing is minimal in smaller jurisdictions, limiting the ability of many local governments to gather necessary information on the ever-expanding legal issues with zoning as well as the importance of proper procedures and good communication with neighboring jurisdictions.

Economics, the environment and social interaction do not obey jurisdictional boundaries, as demonstrated by the below satellite image of Michigan at night. Light represents economic activity and population, which do not conform to linear boundaries of local jurisdictions. Land use planning at the regional level can complement local planning, as it allows for the examination and recommendation of broader land use activities, infrastructure, and growth across a larger (regional) area of land that more closely reflects the reality of how people live. In coordination with local community stakeholders, Michigan’s regional planning agencies can identify common land use interests and goals between jurisdictions within a specific region. Regional planning agencies can assist local staff and elected officials with proactive information dissemination.

The efforts of regional planning agencies should first and foremost be focused on informing local decision makers. This discussion could also lead to establishing urban service boundaries at a regional level to help direct growth to where infrastructure is available. Well-crafted urban service boundaries further encourage economic investment and reinvestment in core urban areas while encouraging infill development. When appropriate, regional collaboration can benefit all who choose to participate, as each community is more likely to reach their individual development goals by working together.

### **Satellite Image of Michigan at Night**



### ***Policy Recommendations:***

The Michigan Association of Planning supports regional planning agencies who work to encourage housing diversity within their respective regions, by including a broad range of housing types for households of all income levels, including affordable housing options.

The Michigan Association of Planning supports the integration of land use planning and transportation planning (inclusive of all modes) at the regional level in order to consider current and future effects on land use when evaluating and implementing transportation improvements.

The Michigan Association of Planning believes local governments and regional planning agencies must work together and fully communicate to promote coordination of land use planning at multi-jurisdictional levels.

The Michigan Association of Planning supports managed growth by promoting infill development in already-developed areas with existing infrastructure as part of a regional land use plan.

The Michigan Association of Planning supports commercial development in conjunction with regional needs, in order to promote the sharing of infrastructure and services among neighboring jurisdictions where economically feasible.

The Michigan Association of Planning supports legislation requiring a locally-derived and locally-enforced regional land use plan and further requiring regional transportation plan conformity with regional land use plans, as well as funding to support those requirements.

The Michigan Association of Planning supports legislation with provided funding mechanisms allowing regions to identify urban service boundaries and to devise local and regional incentives for private development within those boundaries.

The Michigan Association of Planning supports joint planning and zoning as a way to more efficiently provide for land uses where demonstrated needs exist. In addition, the Michigan Association of Planning supports coordination between neighboring local governments to work with neighboring jurisdictions to ensure equitable accommodation of all land uses.

## **2.7 - Multi-jurisdictional Planning**

The Joint Municipal Planning Act, PA 226 of 2003 specifically allows for the legislative bodies of two or more municipalities to adopt an ordinance approving an agreement establishing a joint planning commission. All the powers and duties of the individual planning commissions are transferred to the joint planning commission. The resultant plan may cover all of the municipalities or part of them. An amendment to the act in 2004 indicates that communities engaged in joint planning do not have to provide for every land use in their municipal borders as long as all land uses are provided in the overall joint planning area.

Communities that take advantage of the act can look at their geography in a more holistic fashion when deciding how land should be used. Joint planning may position them to think more about how services and facilities could be shared as greater coordination is inherent in the concept. However, there are barriers to the implementation of joint planning as home rule is firmly entrenched in Michigan, and participating in joint planning may mean giving up some self-governance. Historical disagreements among neighboring communities may need to be overcome before some communities may consider this option. Also, competition for tax base, population, jobs, etc. may impede communities from embracing the concept of planning jointly with their neighbors.

### ***Policy Recommendations:***

The Michigan Association of Planning encourages communities to consider joint planning efforts, including corridor planning studies and sub area plans.

The Michigan Association of Planning recommends that communities consider potential shared services as part of the joint planning process.

## **2.8 – Housing**

To thrive, communities need an adequate supply of housing close to employment, public transportation, and public facilities like libraries, parks, and schools. The housing stock must include affordable and accessible for-sale and rental units, not only to meet social equity goals, but in order to ensure community economic, cultural and demographic diversity. Communities must develop that housing stock without sacrificing sound regulations to protect the environment and public health. But housing is also a regional issue, and while every region in Michigan is different, there are some common themes.

In Michigan’s economically thriving metropolitan areas housing in the core is becoming prohibitively expensive for workforce and service industry workers. Higher income workers are now replacing lower income residents in urban downtowns as incomes have not kept pace with rising housing costs and lower income residents must seek housing elsewhere, typically in the suburbs. And not only is suburban housing far from jobs in the employment centers, the cost of transportation – which now exceeds housing costs for many low and moderate income workers – is not included when calculating affordability. Suburban regulatory prohibitions against all but single family and low density housing preclude the development of townhouse, duplexes or multifamily units that might be more affordable. Minimum lot size requirements in both cities and suburbs often allow only the most restrictive large lots. A fair mix of housing types and affordability levels is often lacking.

A set of municipal policies that an entire region can adopt in a way that meets market demand is necessary, not just for high end condos, or for publicly assisted housing for the poor, but for workforce housing that can support a stronger regional economy.

### ***Policy Recommendations:***

The Michigan Association of Planning supports a cooperative and mutually supportive relationship among federal, state, and local governments based on the recognition that *funding* for housing programs is best implemented with regional coordination, while *programs* are best designed with local input, and *delivery* is best implemented at the local level.

The Michigan Association of Planning recognizes that housing is a regional issue in metropolitan areas, usually requiring inter-jurisdictional dialogue and cooperation. The Michigan Association of Planning encourages collaboration with non-profit housing providers to educate citizens and elected officials about affordable housing, the importance of high-quality workforce housing to local economies, and to eliminate negative perceptions and stereotypes.

The Michigan Association of Planning supports a regional fair share distribution of affordable housing, particularly in proximity to moderate- and low-wage jobs.

## 3. Funding

### **3.1 Introduction**

Michigan's local governments play a key role in determining and providing services to residents. Local governments need financial resources, and the tools to generate these resources, to provide the types and level of services expected by their citizens. Reductions in state sources of funding, including revenue sharing and property tax revenue reductions are forcing local governments to examine and re-think both the services they provide and the level of service. Some of those services are provided by the local government directly to the residents. Increasingly, local governments are cooperating with neighboring jurisdictions, regional agencies, and the state to provide services, when it makes financial sense to their community. Conversely, state and federal government have historically and continue to consider provision of additional services at the regional level.

### **3.2 Local Option Taxes**

Local option taxes are often defined as taxes levied with state approval by municipalities, county and special district governments including school districts. Examples from states around the country include sales, income, lodging and other types of tourism taxes, real estate transfer taxes, tobacco and alcohol excise taxes and even severance taxes. Taxes generated through local option can allow an individual local government or group of local governments the flexibility to provide for a specific project or purpose for which there is public support. Michigan law permits some cities the use of a local option income tax as an alternative or supplement to property taxes. As local governments look for creative ways to fund needed services whether at the local, regional, or state level, it is critical that the options available to generate funds for such services be expanded.

### **3.3 Tax base sharing**

Many local jurisdictions are looking for ways to increase their property tax revenues, sometimes by making land use decisions that conflict with other planning and economic development goals. These land use decisions may create unwanted competition with neighboring communities, and lead to bidding wars to offer the best tax incentives and/or least stringent environmental regulations on new development. The concept of social equity, which implies fair access to livelihood, education and resources, requires that local goals and interests be balanced on a more regional scale for the betterment of the broader regional community.

One way to ease this type of competition is through the concept of regional tax-base sharing that allows multiple jurisdictions within a specific region to share the benefits of growth in residential, commercial, and industrial property tax base *regardless* of where in the region that growth occurs. The benefits of regional tax-base sharing can include (1) equity in tax rates and in the capacity of a jurisdiction to provide public services such as police and fire protection, (2) support for land-use planning, and (3) reduction in intra-metropolitan or intra-regional competition for tax base. Currently, the State of Michigan does not have a working tax-base sharing program.

### **3.4 Conditional Land Transfer Act**

Similar methods for increasing local tax bases have been examined including exercising "425 land transfer agreements" between communities, and by creating a regional asset tax. According



to state of Michigan Conditional Land Transfer Act (Public Act 425 of 1984) a “425 land transfer agreement” is a voluntary agreement that allows a conditional transfer of land from one community to another, with the option to openly and jointly negotiate the form of revenue sharing between each governmental unit. A regional asset tax, is used to collect a specific tax for distribution to all local jurisdictions within a region.

***Policy Recommendations:***

The Michigan Association of Planning supports funding to facilitate development of intergovernmental agreements and service sharing agreements between and among local governments.

The Michigan Association of Planning supports review of the enabling legislation and funding options intended to facilitate regional collaboration to determine their effectiveness.

The Michigan Association of Planning supports additional choices to generate and distribute revenue regionally, when supported by local and regional plans that have been reviewed and approved by elected and/or appointed representatives.

The Michigan Association of Planning supports investigating tax-base sharing systems that are structured to encourage redevelopment and focus regional investment in priority urban centers.