


A Funding Alternative for Better Neighborhood Roads

Monday, February 11, 3:00 PM

A proposal for consideration by the
Michigan Department of Transportation



Presented by Leo Savoie, Bloomfield Township Supervisor

A photograph of a residential road with severe pavement cracking and a pothole. The road is paved with asphalt and shows extensive cracking, forming a network of irregular polygons across the surface. A large, irregular pothole is visible in the center of the road, where the pavement has been completely missing, revealing the underlying base. The road curves to the right in the distance. On the left side, there is a grassy area with a small stream or drainage ditch. On the right side, there are trees and bushes, some with fallen leaves. In the background, a house and a car are partially visible. The overall scene suggests a well-maintained but deteriorating neighborhood road.

Neighborhood roads throughout
the state of Michigan are in
deplorable condition.

A photograph showing a severely damaged road surface. The pavement is cracked and broken into large, irregular pieces, with numerous potholes and large puddles of brown water. The water is murky and reflects the surrounding environment. The overall scene depicts a state of significant road failure.

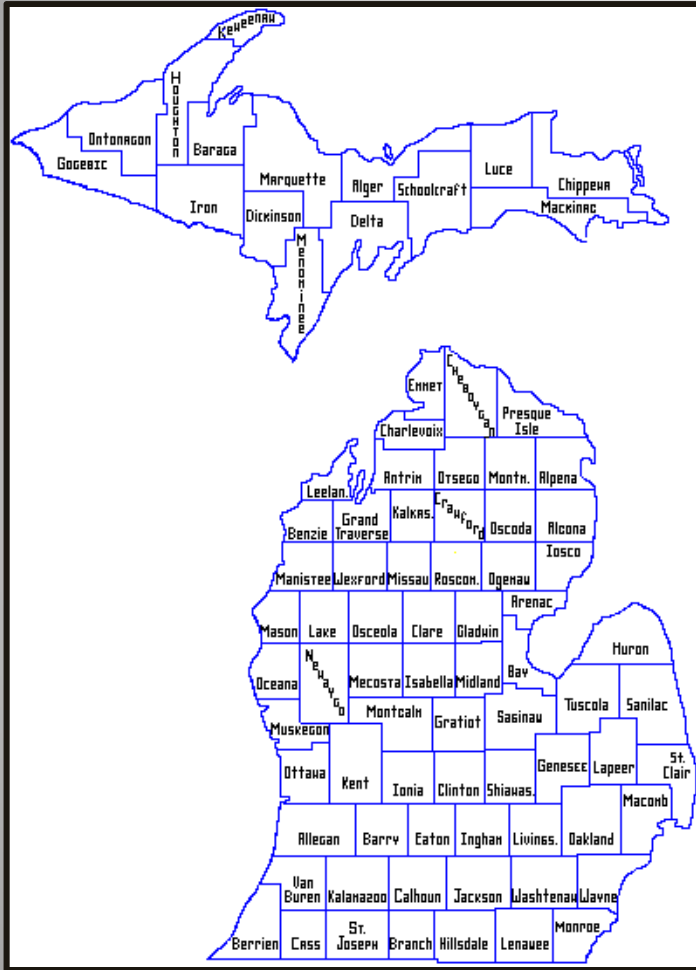
Our roads are failing.
They rank 47th out of our 50 states.



Bad roads are not only unsafe, they bring down the value of our properties.



We propose a funding mechanism that will work better than the current Special Assessment District process for the repair and replacement of neighborhood roads throughout the state of Michigan.



Bad roads affect every Michigan resident and every Michigan municipality.

The cost of fixing them is formidable.

In Bloomfield Township alone, it will cost \$200 million to bring neighborhood roads up to an acceptable standard.

Throughout the state of Michigan, the cost will be billions of dollars.

Currently, repairing or replacing neighborhood roads requires homeowners, by state law, to establish a Special Assessment District (SAD).

The SAD becomes a lien on each participating property.

The single biggest obstacle to neighborhood road improvement is the opposition from homeowners.

This is because the SAD process saddles many homeowners with the full liability of construction costs but does not reward them with the value of the road improvement.

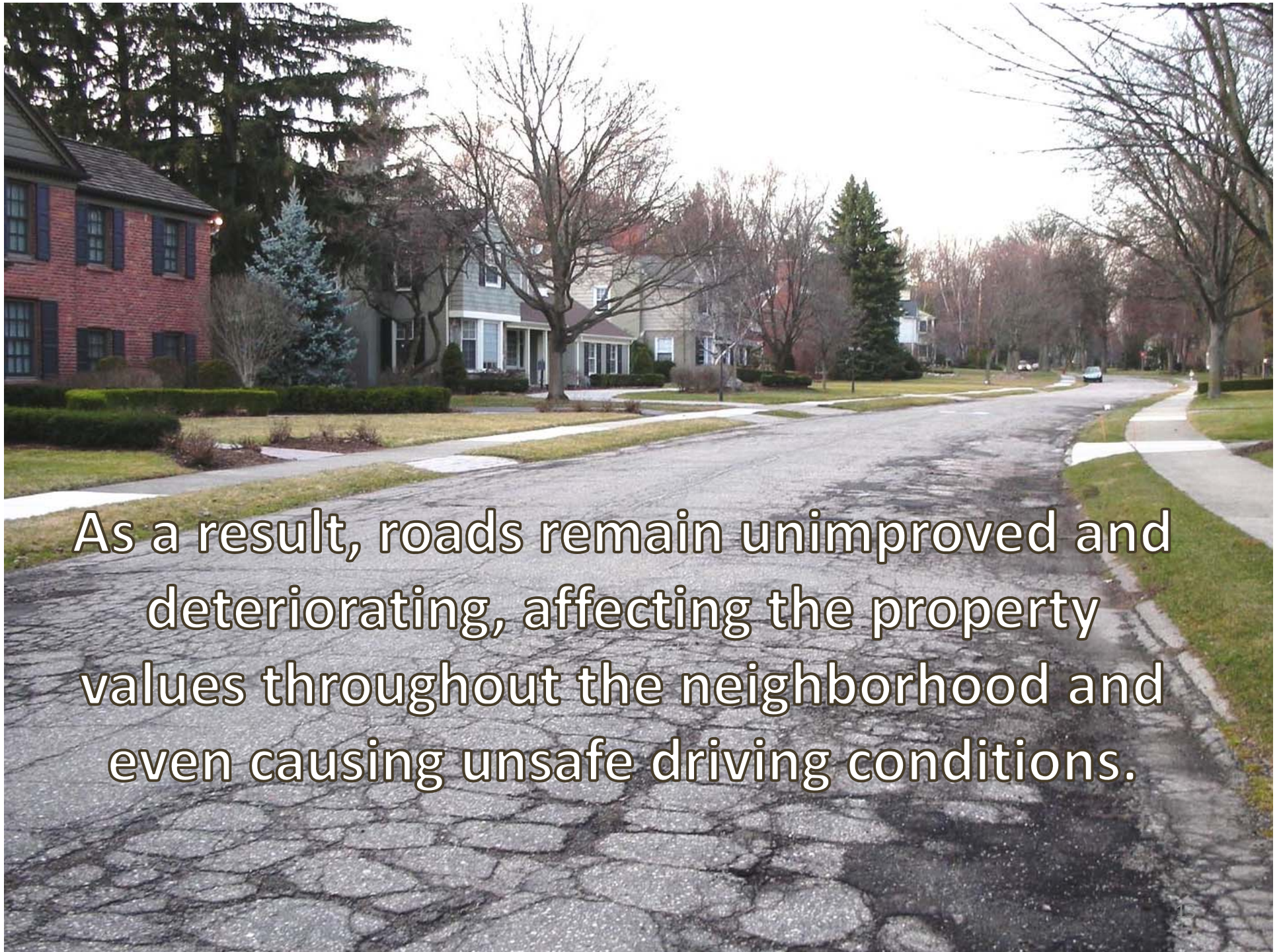
Secondary markets (e.g., Fannie Mae, Freddie Mac, FHA) will take a subservient position to property taxes because they view taxes as a future obligation to pay.

However, these markets require a special assessment to be paid in full when the property is sold or refinanced.

If an individual property owner wants to sell or refinance his property, he is liable for the full assessment and must pay the total amount at closing.

He assumes the full liability but does not receive the full benefit of the road improvement.

Many homeowners oppose the SAD because they do not want to bear the entire cost of the improvement.



As a result, roads remain unimproved and deteriorating, affecting the property values throughout the neighborhood and even causing unsafe driving conditions.

Special assessments should shift from
a lien status to a tax status.

State law must change to enable
special assessments to be treated the
same as property taxes.

Our attorneys have studied the matter and determined that while municipalities can amend their local ordinances to address this need, the most effective change will be at the state level.

Legislation must be written and passed that enables a local municipality to allow residents within an SAD to place the assessment on their roll as a tax.

The assessment and the improvement should be tied to the property, not to the property owner.

The special assessment should be considered a *future* obligation to pay, just as taxes are.

This can be done within the current SAD process, based on the wording of the petition that is approved by voters in that district.

The law must be retroactive to treat existing SADs provided they emanated by petition.

Communities should have the ability
to opt into the plan.

The new funding mechanism would create equality in taxation since the property owners within the district vote on the amount to be assessed.

Once this legislation is passed,
road improvement projects will
spring up all over the state,
fulfilling one of Governor Snyder's
stated priorities.

As neighborhood residents approve
road improvements, billions
of dollars will be pumped into
Michigan's economy.

Thousands of jobs will be created.

The mechanism we propose is
both affordable and fair to
homeowners.



It will create thousands of jobs and put millions of dollars into the economy.





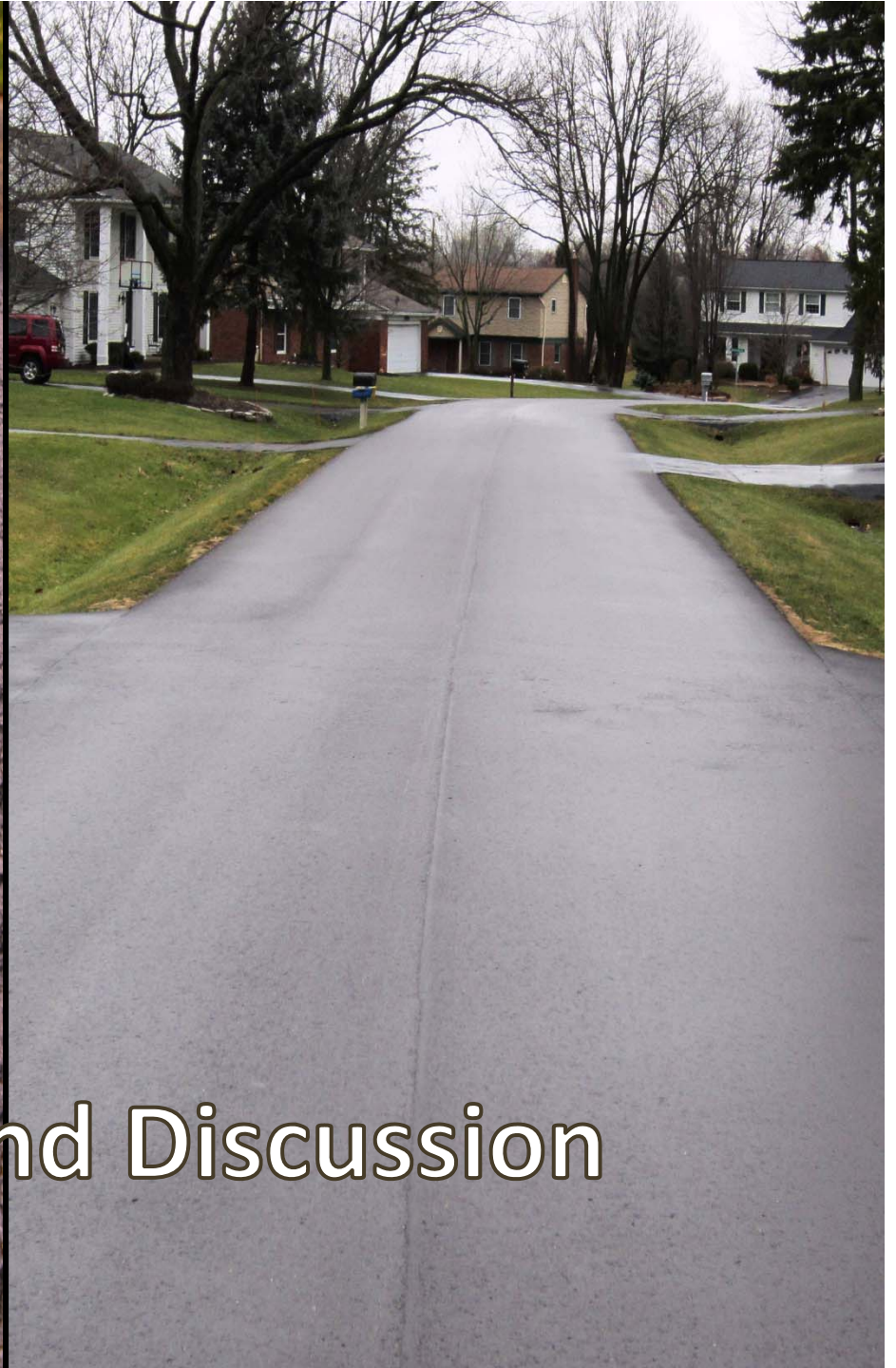
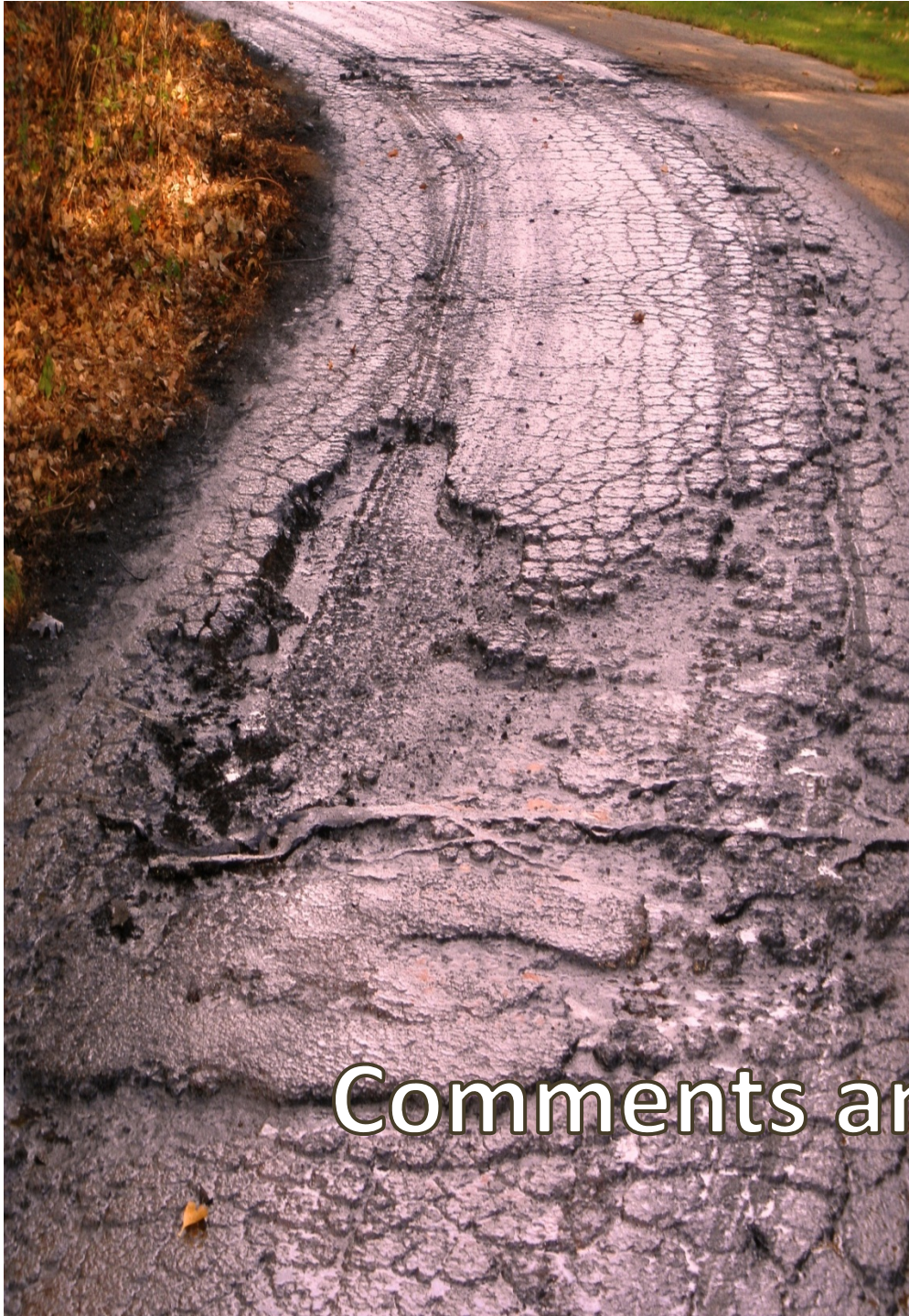
It will improve the roads Michigan residents drive on every day, making our state safer and more competitive.



Neighborhoods will be improved and property values will rise. Michigan will become a more attractive and competitive state.

We know this is a complex challenge.
There are issues that will make the
process difficult.

However, we *must* find a way to
make it happen.



Comments and Discussion