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EMINENT DOMAIN - MICHIGAN

Jackson v. Southfield Neighborhood Revitalization Initiative

Supreme Court of Michigan - July 16, 2025 - N.W.3d - 2025 WL 1959046

Former owners of real property that had been subjected to tax-foreclosure process by which county sold their properties to city for the minimum bid through right-of-first-refusal process under former version of General Property Tax Act (GPTA) brought action against city, county treasurer, and other defendants and alleged, among other things, violations of due process, equal protection, the takings clauses of the United States and Michigan Constitutions, and the GPTA, which were claims that all stemmed from former property owners' contention that they were entitled to any surplus proceeds.

The Circuit Court entered summary disposition for defendants. Former property owners appealed. The Court of Appeals affirmed. Former property owners sought leave to appeal. The Supreme Court vacated and remanded in lieu of granting leave to appeal. On remand, the Circuit Court granted defendants summary disposition. Former property owners appealed. The Court of Appeals affirmed in part, reversed in part, vacated in part, and remanded. County sought leave to appeal.

The Supreme Court held that:

- A violation of the Takings Clause of the Michigan Constitution occurs when there are no surplus funds from a public auction but instead the government obtains surplus value from tax-foreclosed properties that were transferred between governmental units for the minimum bid under the right-of-first-refusal process set forth in former version of the GPTA without ever offering the property for sale at a public auction;
- Although GPTA's newly enacted provision that set forth procedure for claimant to seek any surplus proceeds from eventual tax-foreclosure sale applied retroactively to existing claims, provision did not govern relief in the instant case; and
- Recent GPTA amendment that provides that any unit of government exercising its right of first refusal to purchase tax-foreclosed property must pay the foreclosing governmental unit (FGU) the greater of the minimum bid or the fair market value of the property applies only prospectively to claims accruing after the public act became effective.

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