HARNESSING COMMUNITY ASSETS:
A Detroit Land Bank Authority

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Summary

“Harnessing Community Assets: A Land Bank Authority for Detroit” is a document designed to be a resource to help civic and community leaders answer the question, “Can Detroit benefit from a land bank?”

A land bank authority is a single purpose entity that can reduce the obstacles that prevent productive reuse of abandoned properties. In January 2004 Michigan Governor Granholm signed into law PA 258, the Land Bank Fast Track Act. The law was passed by the legislature in response to the challenges faced by state and local governments in converting large quantities of tax-reverted properties into productive, tax generating assets. The new law enables state and local governments to create a land bank authority.

Community Development Advocates of Detroit (CDAD), a trade organization whose members engage in non-profit development work, partnered with the University of Michigan Urban and Regional Planning Program to initiate a research project on the new legislation and its potential role in Detroit.

Although the Detroit Planning and Development Department (PDD) has made notable progress, its limited legal capacity and resources make the transfer and redevelopment of approximately 38,000 tax-reverted properties a challenge. Obstacles to the land disposition process include clouded title, prohibitively high prices, protracted sales transactions, a fragmented land disposition process and land speculation.

A review of the objectives, financing, management structure, and land pricing of land banks in other cities, show how the framework of such a system could function in the City of Detroit. The peer review illustrates how Cleveland, Flint, Atlanta and St. Louis have used these single-purpose entities to facilitate redevelopment of tax-reverted properties in their communities. The Flint model provides the most useful comparison for Detroit because its planning driven land bank is bound by the same state laws.

The new “tool box” of a land bank and its legal “tools” can improve the land disposition process in Detroit. The legislation provides a land bank authority with the following legal abilities: 1) expedite quiet title and foreclosure action, 2) sell land at nominal prices, 3) generate operating revenue, 4) receive releases from taxation by the state or other political subdivisions, and 5) purchase property, assemble property, and hold property. Several of these legal abilities are not currently available to city agencies that handle tax-reverted property.

The purpose of the proposed Detroit land bank is not only to return property back to the tax rolls but also to be a catalyst to foster quality developments that will be long-term community assets.
The proposed land bank structure contains ten components. Recommendations for each component lay the foundation upon which proposed policies and procedures for a Detroit land bank authority are developed. Recommendations for a Detroit land bank include:

- The governing body shall be a shared decision-making structure made up of eleven members selected by Detroit’s executive and legislative branches and the Wayne County Treasurer or his/her representative. A minimum of eight members should reside in City of Detroit.

- Land bank operations require start-up funds. Funds shall be secured through foundation grants and Community Development Block Grant (CDBG).

- City-owned properties shall be incorporated into the land bank over a period of five years as the land bank acquires parcels by city clusters, established by the Planning and Development Department.

- The land bank has the legal power to acquire land in one or more of the following five ways: 1) coordinating with the Wayne County Treasurer’s Office to purchase tax-foreclosed properties before they enter the required auction process; 2) acquiring properties not sold at the county auction; 3) purchasing property from public or private institutions/entities; 4) receiving city-owned properties; and 5) receiving gifts of property within the city limits.

- The land bank will acquire properties according to the following criteria: 1) requests for non-buildable parcels; 2) properties that form a part of land assembly for a development plan; 3) proposals for land assembly for the purpose of community development; 4) salvageable structures; 5) improved properties subject to demolition; and 6) properties that will generate operating resources for the land bank.

- Land disposition shall be evaluated by the following three factors: 1) intended use of the property; 2) nature and identity of the transferee; and 3) impact of the property transfer on the community. These factors ensure that property transfers facilitate redevelopment efforts according to city plans and community needs.

- All land bank property shall be sold at nominal prices. An example of a nominal price list is: $1.00 for side lots; $1.00 for non-buildable lots; $10.00 per front foot for buildable lots plus an administrative fee.

- Transparent sales approval is crucial to the functioning of a land bank. Practiced policies should coincide with official policies. Information shall be made publicly accessible. A proposal shall be evaluated based on the proposed criteria. Land bank staff will review each proposal with an
appropriate cluster planner to ensure accordance with City plans. Revisions are requested, as needed, and a revised proposal is submitted.

- An appeals process is available to prevent arbitrary decisions. All rejected applicants shall receive a written reason for proposal denial and will have one opportunity to appeal.

- A policy to return undeveloped land prevents speculation and ensures timely development. All contracts to purchase property shall have a provision that projects will be completed within 18 months of transfer.

- Benchmarks for evaluation are recommended to measure the effectiveness and ensure accountability. Bi-annual reports and an annual public meeting shall be held to report progress and identify areas for improvement.

The recommendations create a foundation for the proposed policies and procedures and bylaws. Drafts of establishing documents are included to provide a framework for the establishment of a land bank authority.

The land bank has the tools empower the city officials to overcome obstacles that have contributed to stagnant development. However, the new land bank legislation enables the creation of a land bank, but it does not require it. City officials and community leaders will need to realize the land bank's potential and embrace a structure that has the components that promote the long-term goals of economic and community vitality.
Introduction

Redevelopment of tax-reverted property is an issue that affects many large cities in the United States. The City of Detroit currently has an extensive inventory of tax-reverted property. A number of obstacles have slowed the redevelopment of these properties; including clouded title, price requirements, protracted sale transactions and real estate speculation.

Vacant land and abandoned structures detract from the local tax base; they decrease property values, in turn reducing a municipality’s overall tax revenue.\(^1\) Abandoned structures strain city budgets further as they become public safety hazards that require fire and/or law enforcement services. However, publicly owned vacant land can be turned into community assets with an effective system to facilitate thoughtful redevelopment.

New state legislation provides a set of tools designed to encourage the redevelopment of tax-reverted properties in Michigan municipalities. Legislation signed in January 2004 creates a state land bank authority and enables the creation of local ones in counties and cities with first class school districts. A land bank is a single purpose entity that acts to reduce the obstacles to productive use of abandoned properties.\(^2\) It is endowed with the legal ability to assemble and hold property, expedite a quiet title process and sell property at a nominal price in order to return properties to the tax rolls and to productive use.

This report identifies and evaluates the critical components of a land bank and assesses a land bank’s potential for improving the land disposition process for tax-reverted properties in the City of Detroit. Included in this report is an analysis of existing land banks, key components of a land bank, and enabling documents for a proposed land bank structure. This document is intended to be a guide for community organizations and city officials in understanding the tools that a land bank provides.

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\(^1\) National Vacant Properties Campaign (2001). Retrieved from [www.vacantproperties.org/resources.html](http://www.vacantproperties.org/resources.html), (2/20/04)

Land Disposition Issues in Detroit

City-Owned Inventory

The City of Detroit currently owns approximately 38,000 parcels of land; 80 percent of these are tax-reverted. Administration of this immense inventory is a challenge for the Detroit Planning and Development Department. The large volume of properties, the majority of which are vacant residential lots, contributes to the department’s inability to maintain an accurate record of properties, provide clear title or ensure that structures are secured, maintained or demolished.

These vacant and unused properties are a liability to the city instead of generating property taxes. This situation contributes to blight and a further reduction of property value and taxability.

Obstacles to Redevelopment

Improving the land disposition process depends on a clear understanding of the barriers to converting tax-reverted properties to productive uses. Based on research and interviews with Detroit real estate professionals in the private and non-profit sector, five significant obstacles to redevelopment in the City of Detroit are:

- Clouded title
- Prohibitively high prices
- Protracted sales transactions
- Fragmented land disposition process
- Exposure to speculation

Clouded Title

A clouded real property title has unresolved or conflicting claims on it. When two or more parties claim some right to a property, the property is difficult or impossible to insure or develop. A clouded title can be the result of several factors:

- Improper notice of foreclosure
- Unregistered conveyance of residential properties within families
- Lack of judicial decree on foreclosed property
- Defunct corporations that cannot be reached for notification

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Prior Michigan tax foreclosure laws resulted in a convoluted system that left many properties in the City of Detroit with clouded title. These laws coupled with a Michigan Supreme Court ruling that the State of Michigan had not given proper notice to owners of tax delinquent properties, led to a time consuming and expensive title clearing process.

Title claims on city-owned properties should have been cleared when foreclosure occurred, but due to questions of proper notice the status of these titles is often in doubt. Currently, developers hire title clearance companies to clear title on properties purchased from the city.

The new tax foreclosure process adopted in 1999 expedites the tax foreclosure process, but there is still concern about proper notice being served and title insurance companies are reluctant to insure properties without a “risk premium” and limited liability on claims.

Prohibitive Pricing
The Community Development Advocates of Detroit (CDAD) has voiced concern that city-owned property is priced prohibitively high for non-profit development and that prices are inconsistent on a case by case basis. Inconsistent or unreasonable prices can be traced to two sources:

- An interpretation of the Michigan Constitution, which requires a “fair value” from city property sales
- The lack of a formally defined pricing structure

The city legal department maintains that it must receive a “fair value” or it is extending public credit, in the form of property, to private agencies, which is unconstitutional. Another argument that is often made by local governments is that a transfer for less than the assessed market value of the property can result in inconsistent transactions and the impression of favoritism.

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8 LaMont, C. (2004). Personal interview with Catherine LaMont, President, LaMont Title Company, Detroit, MI on 1/29/04.
9 Ibid.
11 Lento, R. (2003). Personal interview with Rochelle Lento, Professor of Law and Director of the Legal Assistance for Urban Communities Clinic, University of Michigan, Ann Arbor, MI on 9/18/03.
Protracted Sales Transactions
The process of purchasing tax-foreclosed land from the Detroit Planning and Development Department can take up to 5 years. This delay causes difficulty for developers undertaking projects using tax-foreclosed land. Non-profit developers often lack the financial resources to endure a multi-year land acquisition process.

Fragmented Land Disposition Process
The current land disposition system is fragmented due to a lack of coordination between the city divisions and between city and county governments.
- The City of Detroit sells the property it owns through two divisions of its Planning and Development Department:
  - The Development division
  - The Real Estate division
- The county government, which now forecloses on all tax-delinquent Detroit properties, has no system for regular communication with the City’s Planning and Development Department.
- The County Treasurer holds public auctions for tax-reverted properties.
- No centralized, accurate database of tax-reverted properties exists for the city or the county.

Exposure to Speculation
Approximately 80 percent of the property the Wayne County Treasurer forecloses on is located in the City of Detroit. As mandated by State law, these properties are sold at Wayne County public auctions. A number of the properties are sold at a minimum bid to land speculators. These speculators purchase land in hopes that the property can be sold for a profit in the future. Property purchased by speculators often ends up back in the foreclosure process because of tax delinquency. Land speculation has many negative effects on the surrounding areas; these effects include:
- Neglected properties which contribute to blight
- Impediment to redevelopment because speculators ask very high prices for their land
- Strain on City and County budgets because speculators frequently stop paying property taxes, and the two year foreclosure process begins again

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A New Tool: Michigan Land Bank Legislation

“I believe that it’s one of the best tools that we can use to jump-start this economy and to once again put tax-reverted properties into the private sector,” says [State Representative] Gene DeRossett chief architect of the bipartisan package of bills to create a state land bank authority.\(^{15}\)

On January 5, 2004, Governor Jennifer Granholm signed into law the Land Bank Fast Track Act (PA 258). The Land Bank legislation received unanimous support in both the House and Senate, and has been endorsed by a range of groups that often do not agree; from the Michigan Association of Homebuilders and the Michigan Chamber of Commerce to the Michigan Environmental Council and the Michigan Land Use Institute.\(^{16}\)

Public Act 258: The Land Bank Fast Track Legislation

The law does the following:

- Creates a State Land Bank Authority
- Enables the establishment of land banks in cities with a population of 100,000 or more and in counties with a population of 100,000 or more
- Enumerates potential revenue sources for land bank authorities
- Requires policies and procedures that contribute to the public good
- Enables land bank authorities to expedite quiet title on tax reverted properties and make them available at nominal prices

Public Act 258 and the accompanying laws put forward a blueprint for a one-stop shop to deal with city-owned property. It is an effort to develop a single purpose entity that has all the tools necessary to address the obstacles to the redevelopment of tax-reverted properties.

For a more thorough analysis of PA 258 and its accompanying laws, refer to Appendix A.


Breaking Barriers: Addressing the Issues of Land Disposition in Detroit

Public Act 258 provides Detroit with tools to address the city’s land disposition issues. Although the city government can address some of these issues without the legal tools provided in the legislation, utilizing the law to its full capacity would greatly improve the land disposition process.

Without a Land Bank Authority

Without a land bank authority, Detroit can still improve the current land disposition process. Detroit’s Planning and Development Department (PDD) has resources it can utilize. In addition, there are a number of ways for potential land purchasers to acquire government-owned property for a nominal fee.

PDD Resources
PDD can address some of the issues described above without a land bank. Some of the capabilities of PDD are:

- Ability to create a comprehensive and accurate inventory of city-owned properties
- Power to sell for a nominal fee if City Council passes an ordinance to that effect

Detroit Local Initiatives Support Corporation (LISC) and Detroit’s Planning and Development Department have already taken a key step in improving the inventory and strengthening information systems for tracking property. A focus of their project is to update the property database. This database is an important first step in making property available for redevelopment more efficiently.

Detroit City Council’s Housing Task Force has proposed a New Land Pricing Policy that would allow the Planning and Development Department to sell land to non-profit developers for as little as $1. In return, this land will be used to build affordable housing. The policy has not been implemented as of April 2004, and the Detroit legal department has not indicated if it addresses their concerns of unconstitutionality.

Entities That Provide Land For A Nominal Fee

Several programs provide ways to purchase tax-reverted property in Detroit. None of these programs offer clean and insurable title to purchasers.\(^{19}\)

Opportunities to purchase land for a nominal fee are provided by:

- Stop Neighborhood Abandonment (SNAP) - allows non-profit community-based development organizations to acquire Detroit owned property for $1.00 if the property will be used for affordable housing\(^{20}\)

- Revitalife - allows for sale of State-owned property in Detroit, Highland Park and Hamtramck for a nominal fee to community-based organizations, potential side lot purchasers and small and large-scale developers\(^{21}\)

- Project SAVED - allows for transfer of tax-reverted, county-owned property to non-profit organizations for rehabilitation in Detroit, Ecorse, Hamtramck, Highland Park, Inkster and River Rouge. The properties are then sold or rented to low and moderate income individuals

- Wayne County Property Auction - allows for bidding on tax-reverted properties. There are two public auctions per year. The first public auction sells properties for a minimum bid of the amount of back taxes plus administrative fees. The second public auction sells properties for a minimum bid of $200 plus administrative fees.

With a Land Bank Authority

City officials have made notable strides to improve the land disposition process. A number of developers with strong development track records have been able to purchase land quickly at low prices. However, the lack of a clear system for disposition has created a situation where developers from the non-profit and for-profit sectors report that the process is excessively slow and the issue of clear title has not been resolved.\(^{22}\)

In early 2003 the city’s non-profit development professionals, under the auspices of Community Development Advocates of Detroit (CDAD), convened on the topic


\(^{20}\) Ibid.

\(^{21}\) Hickey, M. & Juergensen J. (2004). Personal Interview with Mike Hickey Director, Revitalife, Inc. Detroit Michigan and Jay Juergensen Executive Director, Revitalife, Inc. Detroit, Michigan on 10/24/03.

of land disposition and agreed on eight desired outcomes of any new or revised process. CDAD published a position paper on tax-reverted properties in 2003 that included eight features a Detroit land should have.\textsuperscript{23}

- Expedite sales, nearly equivalent to a private transaction
- Provide clear titles
- Sell city-owned land for nominal prices
- Coordinate government entities for all land sales
- Require development proposals to be in line with neighborhood plans and the City’s adopted plans
- Prevent land speculation
- Incorporate current City property into new program

A land bank authority could serve as a single purpose entity to address these concerns. A land bank authority represents an opportunity to form a cohesive response to issues of vacant land redevelopment. A land bank could be likened to a “tool box” that stores new legal “tools” helpful for breaking through barriers and building a successful program. For these reasons a land bank is considered a viable method for continuing to improve the disposition of city-owned, tax-reverted properties in Detroit.

The Tool Box: Defined Benefits of a Land Bank

A Detroit land bank authority can utilize a number of legal capabilities or “tools” to overcome the obstacles to efficient land disposition in Detroit. Although the City’s Planning and Development Department and its real estate sales division have been referred to as a “land bank by default,” only a state-approved land bank authority is granted the entire set of legal tools to encourage efficient and cohesive redevelopment of vacant property in Detroit.

The following section outlines the legal tools granted a land bank authority and the ways they address the obstacles to redevelopment defined above in section 2.

**Tool: Expedite quiet title and foreclosure action**

**Issues Addressed:** Provides clear title to all parcels under the land bank; reduces time for sales transactions; increases marketability of tax-reverted parcels

A Detroit land bank would have the power to quiet title in order to provide clear title for its parcels and thereby increase the parcels’ potential for redevelopment. The legislation details the process necessary in order to produce clear titles. The procedure allows several properties to be batch listed on a single petition for title clearance. If, during the clear title process a legal issue or claim arises on one of the listed parcels, that parcel is removed from the petition without the need to reinitiate the entire quiet title process for all the other listed parcels. Providing a clear title to properties transferred from a land bank relieves buyers of the uncertainty of lawsuits and promotes the purchase of tax-reverted properties.25

**Tool: Sell land at nominal prices**

**Issues Addressed:** Facilitates redevelopment that would be less feasible or would require subsidies from other sources if land prices were higher

A land bank has the legal ability to sell land for a value determined by the authority, including for no monetary consideration, provided the transfer and use are for the benefit of the public.26 This ability allows the land bank to respond to financial impediments to redevelopment such as environmental cleanup and demolition expenses by offering flexibility in the pricing of tax-reverted land. Revenue streams generated by redeveloped properties will provide a greater

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long-term return to the City of Detroit’s income than the immediate sale of land at the currently assessed fair value.\textsuperscript{27}

**Tool:** Generate operating revenue  
**Issues Addressed:** Covers costs of operation of the land bank (including quiet title expenses)

The legislation enables a land bank authority to generate funds through five methods “to carry out the purposes and objectives [of the authority], including but not limited to, necessary administrative and operational costs.”\textsuperscript{28}

1. Borrow money  
2. Issue bonds and notes  
3. Solicit and accept gifts and grants  
4. Collect rent or sale revenue from property held  
5. Collect 50 percent of a “specific tax,” equivalent to what property tax would be, for a period of 5 years immediately after the parcel is sold or transferred\textsuperscript{29}

The ability to generate revenue allows the land bank authority to cover the cost to clear title, maintain vacant properties, demolish abandoned buildings and undertake other actions necessary to fulfill its goals.

**Tool:** Receive releases from taxation by the state or other political subdivisions  
**Issues Addressed:** Eliminates unnecessary expenses

Legislation states that the property and income of a land bank authority are exempt from taxation by the state and other political subdivisions. A Detroit land bank could administer the current inventory of city-owned land, relieving the city of the costs related to paying taxes on the property it owns. According to the Planning and Development Department, the City pays county taxes on property foreclosed on before March 1, 2004\textsuperscript{30}. The exemption tool would allow a Detroit land bank to eliminate any public tax burden related to these properties and reduce City tax payments to the County.

\textsuperscript{28} Public Act 258 (2004). 124.774 §24(1)  
\textsuperscript{29} Public Act 260 (2004). 211.1025 §5(4)  
Tools: Purchase property\textsuperscript{31}, assemble property\textsuperscript{32}, and hold property\textsuperscript{33}

Issues Addressed: Increases the development potential and marketability of tax-reverted parcels

The legislation allows a land bank authority to purchase, assemble and hold land for future development. These legal powers, within the context of an established set of priorities, can enable the land bank authority to increase the development potential of often disconnected tax-reverted parcels. These legal tools allow the land bank to assemble land in order to encourage quality projects or to hold land until a demand exists for significant redevelopment.

A land bank authority is not permitted to condemn land, exercise the power of eminent domain, or assist in the development of a casino.\textsuperscript{34}

\textsuperscript{31} Public Act 258 (2004). 124.755 §5 (2); §5(3)
\textsuperscript{32} Public Act 258 (2004). 124.755 §5 (2b)
\textsuperscript{33} Public Act 258 (2004). 124.755 §5 (4)
\textsuperscript{34} Public Act 248 (2003). 124.754 §4(6) & (8)
Beyond the Tool Box: Potential Benefits of a Land Bank

A Detroit land bank has potential to provide a comprehensive approach to vacant land redevelopment that can go beyond the scope of the tools mentioned above.

A Detroit land bank could:
- Establish priorities for disposition to create community assets
- Provide a transparent system of land disposition
- Re-engage Detroit in the current tax foreclosure process
- Harness legal capacities provided to the County in PA 123

Potential: Establish priorities for disposition to create community assets

A land bank can facilitate quality development by creating priorities for disposition based on the needs of Detroit. Clear priorities allow the land bank to review proposals with a defined set of criteria. The criteria could be designed to favor development that provides long-term community assets such as employment and recreation centers or improvements to the urban landscape such as side lot maintenance and development on vacant lots.

Potential: Provide a transparent land disposition system

Well-defined policies can provide a transparent system for land disposition. Policies can outline the process for acquiring land bank property and enumerate the priorities for disposition. A single purpose entity with defined policies contributes to an efficient process to transfer city-owned property.

Potential: Coordinate a structure to re-engage Detroit in the current tax foreclosure process under PA 123

Under PA 123 of 1999 and PA 246 of 2003, the Wayne County Treasurer now collects delinquent city property taxes and can foreclose on properties within two years if taxes go unpaid. The County Treasurer forecloses on an average of 2000 properties in Detroit each year. A land bank would provide a structure for land disposition that could partner or at least coordinate efforts with Wayne County.

Current tax foreclosure process

Under PA 123 the following occurs:
- Property tax foreclosure is initiated within two years
- County Treasurer holds all delinquent tax property sales revenue

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Eighty percent of properties foreclosed upon in Wayne County are in Detroit.\(^{36}\)

Under PA 246 the following occurs:

- The Wayne County Treasurer collects Detroit’s delinquent city property taxes beginning with taxes due in March 2004
- The Wayne County Treasurer pays the delinquent taxes to the City of Detroit
- Detroit maintains the right to sue property owners personally for taxes due

**Potential:** Harness legal capacities provided to the County in PA 123

In order to maximize the benefits of a land bank in the City of Detroit, the powers of PA 123 and the powers of a land bank authority should be coordinated.\(^{37}\) This will require the County Treasurer’s participation. The potential benefits of coordination with the County for a land bank are:

- Assistance with operating funds necessary to operate a land bank
- Ability to identify strategic properties and have the County Treasurer “bundle” them to ensure the land bank receives them after county auctions
- Redevelopment of tax reverted properties into long term, productive uses
- Establishment of a foreclosure prevention program

If a land bank coordinates efforts with the County Treasurer there may be opportunities to consolidate overhead and work together in identifying strategic properties. Coordination could result in an increased number of strategic parcels. In addition, a foreclosure prevention program could be created with the participation of the County Treasurer to reduce the growing number of Wayne County foreclosures.

The singular nature of a land bank lends itself to a broad, comprehensive vision of vacant land redevelopment in Detroit. The Land Bank Fast Track Act provides Detroit with an opportunity to redress some of the more systemic issues listed above. The following section explores ways that other U.S. cities have used land banks to address these and other issues.

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National Examples: Analysis of Land Banks in Other Cities

A review of established land banks in peer cities helps show how the framework of such a system could function in the City of Detroit. The peer review illustrates how other cities have used these single-purpose entities to facilitate redevelopment of tax-reverted properties in their communities. The four land banks reviewed are:

- Atlanta/ Fulton County Land Bank Authority (LBA)
- Cleveland’s Land Reutilization Program (LRP)
- St. Louis’s Land Reutilization Authority (LRA)
- Flint/Genesee County’s Land Reutilization Council (LRC)

Although they have taken a different approach to establishing policies and procedures that govern their individual authorities, all the land banks were established with the goal of facilitating the redevelopment of vacant/tax-reverted properties. None of these cities are exactly like Detroit, but their experiences can help answer questions about the potential structure and capabilities of land banks. The following question and answer format addresses issues of interest that surfaced during our interviews and discussions with leaders and stakeholders in the City of Detroit and Wayne County.

What is the objective of other land banks?

A defining feature of a land bank is the role the program takes in the planning process for redevelopment of land. The roles of land banks in American cities fall on a continuum from a fiscally driven tool to a planning driven tool. All the land banks researched undertake a role between a pure fiscal catalyst and a long term planning tool.
St. Louis’s LRA approach is primarily fiscally driven.
- Unlike other land banks the LRA has no established priorities for disposition and does not actively participate in long-term planning for the inventoried parcels

Atlanta’s LBA approach is one of passive planning.
- The LBA assists developers in the production of housing developments but relies on developers to identify properties to acquire
- Once properties are identified, the LBA consults with City planning staff and designated neighborhood groups on final approval of all development plans

Cleveland’s LRP approach is one of passive planning:
- The LRP is a division of City government and defers to the planning staff and master plan for direction
- Once a development proposal is submitted, the neighborhood planner evaluates the proposal for its consistency with the redevelopment objectives of the City
- The LRP provides nearly all of the property used by CDCs for redevelopment efforts

Flint/Genesee County’s LRC takes the most active role of all the land banks in making planning decisions.
- The LRC takes a long-term approach to returning properties to the tax rolls by bundling them prior to auction, demolishing condemned structures and working with local CDCs to clear and maintain properties

How are other land banks financed?

The financing of a land bank varies greatly among the four peer land banks. Two separate issues arise in financing of a land bank. The first is source of start-up funds. For the Flint/Genesee County land bank, a grant from the Mott Foundation was secured as start-up funds.


The second issue is how the operations of the land bank are financed. With the exception of the Atlanta LBA, the land banks derive the majority of their income from the budgets of local units of government or from the management and disposition of properties. A summary of each peer land bank’s operating finances is below:

Atlanta/Fulton County’s LBA
- Seventy-five percent of funding comes from CDBG dollars
- The City of Atlanta and Fulton County each contribute approximately $256,000 annually; mainly in the form of CDBG dollars

Cleveland’s LRP
- Five percent of the income from the collection of delinquent taxes is set aside to fund the expedited foreclosure process
- The land bank is part of city budget
- Property maintenance and property management are funded by the City of Cleveland

St. Louis’s LRA
- The City Comptroller takes all the money from auctions and sale of land bank properties for the City General Fund
- CDBG funds pay nine maintenance employees, and the LRA receives additional funding from the Parks Department

Flint/Genesee County’s LRC
- Partial funding comes from the City of Flint CDBG funds to demolish abandoned structures and maintain vacant parcels
- With the passage of the Michigan Land Bank Fast Track legislation the land bank is authorized to borrow money
- In addition, the Genesee County Treasurer negotiated with the County Commissioners to allocate a one-half percent (.5 %) of fees collected on

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43 Keating, L. (2003). Phone Interview with Larry Keating, Professor of City and Regional Planning, Georgia Institute of Technology, Atlanta, GA on 1/13/04.
44 Sweeney, M. (2003). Personal interview with Michael Sweeney, Tax Department Administrator, Cuyahoga County Treasurer, Cleveland, OH on 7/23/03.
47 Stuart, G. (2003). Phone interview and email correspondence with Georgiana Stuart, Director of Real Estate, St. Louis Development Corporation, St. Louis, MO on 10/10/03.
49 Ibid.
delinquent taxes to be paid to the land bank. This fee averages approximately one million dollars a year in operating funds for the LRC.  

What is the management structure of land banks in other cities?

The management structure of a land bank is primarily determined by the allocation of powers and authority granted in the intergovernmental agreement between the state and the local unit of government in which the land bank resides. Atlanta, Genesee County, and St. Louis all exist as public entities independent of the local units of government. Cleveland’s LRP is a program operated by the City.

How are other cities’ land bank parcels priced?

Many of the land banks examined set prices that are very low compared to Detroit’s past practices, and they use a simple formula to make land cost predictable and to prevent disputes about price. The flexibility in pricing is one of the most important factors in facilitating redevelopment of tax-reverted properties. This flexibility is also the reason that pricing policies vary so greatly among land banks. Fiscally driven programs seek short-term income from the sale of tax foreclosed property. These programs often price their land to generate as much sales revenue as possible. Land banks that have more of a planning function take a longer term view of land disposal. Their goal is to ensure that the property once returned to the market remains there to produce a revenue stream for the city in the form of taxes and to provide benefits for the surrounding neighborhood. Land banks that operate in this capacity use nominal pricing systems. The following are examples of pricing policies in peer cities:

St. Louis LRA

- Publishes a standard price list for each neighborhood with separate pricing for vacant land ($0.50-$4.00 per square foot), unit pricing for buildings ($500-$2,000 per structure) and a price per front foot for side lots ($15.00- $125.00)
- LRA has no stated preference for CDC-led development, but it does provide property at a reduced price for nonprofits

Cleveland LRP

- The LRP sells “nonproductive” land for a minimal “fair market value.”
- All buildable lots are sold for $100.00 per lot

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50 Kildee, D. Personal interview on 4/03/04. Daniel Kildee, County Treasurer, Genesee County.
52 Stuart, G. (2003). Phone interview and email correspondence on 10/10/03. Georgiana B. Stuart, Director Real Estate, St. Louis Development Corporation.
Flint/Genesee LRC
The LRC has not established a written pricing policy. However, Dan Kildee, LRC Executive Director and Genesee County Treasurer, stated that they hope to set the prices as follows:

- $10.00 per linear frontage foot
- $1.00 per side lot

The following chart provides additional detail collected for this analysis on peer land banks.

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<table>
<thead>
<tr>
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<td><strong>GOVERNING BODY</strong></td>
<td>The land bank is part of the Office of City Planning, Department of Community Development, Division of Neighborhood Development, Real Estate Program. Department employees manage the program with oversight from City Council and the Mayor's office. The county is responsible for foreclosure and title clearance. The program is called Government Action on Urban Land (GAUL). The county treasurer and prosecutor's office jointly manages the program.</td>
<td>The Board of Directors is the governing body of the Corporation. The five-member board consists of the Genesee County Treasurer, two members appointed by the Genesee County Board of Commissioners, one member appointed by the City of Flint, and one member chosen by the other members of the corporation.</td>
<td>The Mayor appoints two representatives and City Council appoints two representatives from districts with high tax arrearages.</td>
<td>St. Louis Development Corporation (SLDC) is a nonprofit organization that administers state agencies such as the Land Reutilization Authority (LRA). The LRA is governed by a separate commission. The commission is composed of three members: one member is appointed by the Mayor, one member is appointed by the Superintendent of Schools and the third member is the City Comptroller.</td>
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**TABLE 1: SUMMARY OF PEER LAND BANK AUTHORITIES: POLICIES & PROCEDURES ESTABLISHED**
**Revenue Plan**

Five percent of the income from the collection of delinquent taxes is set aside to fund the expedited foreclosure process (GAUL). The land bank is part of city budget. City and county have calculated that they are making more money with recouped taxes than before the system was in place.

Start-up financing for the LRC was provided by C.S. Mott Foundation, approximately $300,000. CDBG funds are apportioned to demolish abandoned structures and maintain vacant parcels. PA 258 allows a land bank authority to finance operations by borrowing, selling bonds and collecting a specific tax. The County Treasurer has also negotiated with County Commissioners to dedicate the addition 0.5% interest collected under PA 123 for properties that are redeemed.

Seventy-five percent of funding comes from CDBG dollars. The City of Atlanta and Fulton County each contribute approximately $256,000 annually.

The City Comptroller takes all the money from auctions and sale of land bank properties for the City General Fund. CDBG funds pay nine maintenance employees, and the LRA receives additional funding from the Parks Department.

**Acquired Land**

City selects from land that is not sold after two consecutive county sheriff sales (tri-annual). City submits the list to the county. About 1,000 parcels enter the land bank each year through this system. In addition, about 200-300 properties are gifted by owners to the city in lieu of foreclosure.

The Genesee County Treasurer acquires land through the tax foreclosure process. Land is kept in inventory until the proposed purchaser has a site plan and financing approval from the lender. Low-value parcels are kept in inventory until their value increases with improved economic conditions to prevent speculators from purchasing land and not improving it.

The land bank acquires properties to facilitate land assembly for specific buyers. When a developer or a CDC wants to purchase land, he or she identifies the property to be purchased and the land bank then facilitates the clearing of title.

Four city tax foreclosure sales occur every year. Minimum bid is the taxes owed. Properties that are not sold at auction are eligible for purchase by the LRA. Parcels the LRA does not purchase remain in the city surplus inventory.

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**Table 1: Summary of Peer Land Bank Authorities: Policies & Procedures Established**

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<tr>
<td>PREFERENCE FOR DISPOSITION</td>
<td>Non-buildable lots (side lots) – owners of properties adjacent get propriety. Buildable lots - Priority is given to new construction. Non-profits have an informal priority, but any party that has submitted a development proposal and had it approved may receive buildable lots.</td>
<td>The priorities concerning the disposition of properties is based on three factors: 1. The intended or planned use of the property. 2. The nature or identity of the land recipient. 3. The impact of the transfer on the short and long term condition of the neighborhood</td>
<td>Non-profit developers working in the neighborhoods; for-profit developers willing to work with CDCs, community improvement projects, and owner-occupants.</td>
<td>The LRA maintains a public list of properties for sale and there is no priority given to purchasers.</td>
</tr>
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<td>STRUCTURE FOR COMMUNITY INPUT</td>
<td>Neighborhood planner (from Cleveland planning dept.) serves as a liaison for each of the 35 neighborhoods. This planner must “sign-off” on all land bank sales in his/her area and the neighborhood advisory committee must also approve all sales.</td>
<td>The Board of Directors may appoint a “board of advisors” of representatives of those who have demonstrated an interest in and commitment to the redevelopment of properties within specific geographic boundaries. The county treasurer has held two rounds of community meetings in each of the nine wards to communicate to residents.</td>
<td>The LBA will not consider a proposed disposition until the proposed recipient has presented his/her plans to the Neighborhood Planning Unit (NPU) and received a letter indicating endorsement or no opposition. The City of Atlanta’s Bureau of Planning created NPUs throughout the city to ensure local resident and neighborhood input on zoning, land use, and other planning issues. NPUs make recommendations to City Council and the Mayor.</td>
<td>Public hearings are held once a month at the board’s meeting.</td>
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**COMPONENTS**

- **CLEVELAND**
  - Non-buildable lots – neighbors, with adjacent property may purchase lot for a $1. Buildable lots (over 40ft) – nonprofit and for-profit developers may purchase for $100.

- **FLINT**
  - The priorities concerning the disposition of properties is based on three factors:
    1. The intended or planned use of the property.
    2. The nature or identity of the land recipient.
    3. The impact of the transfer on the short and long term condition of the neighborhood.

- **ATLANTA**
  - The Atlanta LBA transfers land for nominal consideration. It focuses on the contractual commitments made by the land recipient to achieve the public policy goal of affordable housing.

- **ST. LOUIS**
  - The LRA uses a Standard Price List that lists each neighborhood with the price for vacant land, unit pricing for buildings and a price per front foot for side lots. Larger parcels of land (one acre or more) require an appraisal to establish the price for that specific site. Land sold to nonprofits is priced at one-half the standard price for that neighborhood.

**STAGES IN APPROVAL PROCESS FOR LAND DISPOSITION**

- Development proposal is submitted to land bank. Land bank staff, the neighborhood planner, and neighborhood advisory council review proposal and make recommendations to city council. A council member must "sign-off" on any sales for his/her ward. Legislative process takes 3 to 6 months.

- Transfers that require Board approval only are properties that:
  1. Require exceptions to policies;
  2. Will be tax exempt;
  3. Have more than one interested party;
  4. Are non-residential and
  5. Are transfers to government entities.

- Transfers that require only the Executive Director's approval are:
  1. Side lot transfers;
  2. Lots sold for homeowner-ship; and
  3. All lots sold to nonprofits for residential use.

- Developers identify tax-delinquent property, acquire or negotiate a purchase, and submit a request packet to LBA. This packet includes a letter of endorsement or a letter of no opposition from the Neighborhood Planning Unit (NPU). If accepted, the LBA either (1) sends a letter to the Tax Commissioner and the Tax Commissioner then initiates judicial foreclosure or (2) buys property from current owner (the city or county) for back taxes and then removes the lien.

- Purchasers schedule an appointment with the real estate department to submit an offer. They must bring the required paperwork and a cashier’s check for $25. The Alderperson from the ward the land is located in then writes a letter of support. Once a month the Commission reviews applications for land and decides whether or not to approve them. The LRA begins proceedings to clear title when application to purchase the land has been approved.

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**TABLE 1: SUMMARY OF PEER LAND BANK AUTHORITIES: POLICIES & PROCEDURES ESTABLISHED**

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| LAND PRICE STRUCTURE        | Non-buildable lots – neighbors, with adjacent property may purchase lot for $1. Buildable lots (over 40ft) – nonprofit and for-profit developers may purchase for $100. | The priorities concerning the disposition of properties is based on three factors:
  1. The intended or planned use of the property.
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  3. The impact of the transfer on the short and long term condition of the neighborhood. | The Atlanta LBA transfers land for nominal consideration. It focuses on the contractual commitments made by the land recipient to achieve the public policy goal of affordable housing. | The LRA uses a Standard Price List that lists each neighborhood with the price for vacant land, unit pricing for buildings and a price per front foot for side lots. Larger parcels of land (one acre or more) require an appraisal to establish the price for that specific site. Land sold to nonprofits is priced at one-half the standard price for that neighborhood. |
| STAGES IN APPROVAL PROCESS FOR LAND DISPOSITION | Development proposal is submitted to land bank. Land bank staff, the neighborhood planner, and neighborhood advisory council review proposal and make recommendations to city council. A council member must "sign-off" on any sales for his/her ward. Legislative process takes 3 to 6 months. | Transfers that require Board approval only are properties that:  
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Neighborhood planners ensure that lots are developed in a timely manner. Project must be started within 60 days after deed is issued, and finished at the end of the first year. If projects fail to meet this timeline developers are sent a letter of default. They may apply for an extension or return the land, if they do neither, the land bank takes them to court to have land returned. Most cases are dealt with outside of the court. The land bank has won all court cases.

Short term: reduce the number of foreclosures, reduce the time it takes to demolish structures and increase the number of side lot transfers to new owners.

Long term: increase the number of housing starts and rehabs compared to the number of properties that are abandoned.

If property obtained through the LBA is not developed within three years the property reverts back to the LBA.

The LRA has an 18 month Right of Re-entry. Purchasers are required to sign a deed returning the property to the Agency in 18 months unless the property improvements are completed. Follow-up inspections by staff are done 16 months after closing to determine if the property has been completed.

Benchmarking is fluid. Every year new informal goals are established.

No formal evaluations. No formal evaluations. No formal evaluations.

The state enabling legislation is found at Ga. Code Ann. 48-4-60.
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<td>Clear Title</td>
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Recommendations for a Detroit Land Bank Authority

The ten components described below are the foundation of the proposed structure of the Detroit Land Bank Authority. Components are structural or procedural attributes of a land bank authority. These components were derived from the eight desired outcomes enumerated in the CDAD Position Paper on Tax Reverted Property Disposition Policies in Detroit (adopted February, 2003), from the Land Bank Fast Track Act and from interviews with area stakeholders. The following section defines each of the ten components and makes a recommendation for implementation for each. The recommendations represent attributes developed to address the barriers to redevelopment of vacant land in Detroit. One or two alternatives to each recommendation are also presented.

For more information regarding legislative details and requirements see Appendices A and F.
COMPONENT 1: GOVERNING BODY OF THE LAND BANK AUTHORITY

**DEFINITION:** The composition of the board of directors and the process for its selection.

- The selection and structure of the board of directors should represent the interests of both the legislative and administrative branches of Detroit City government.
- The board of directors retains primary decision-making powers over the operations of the land bank.

RECOMMENDATION 1: SHARED DECISION MAKING: MAYOR AND CITY COUNCIL

- 11 member board
  - 5 members selected by City Council
  - 5 selected by Mayor
    - The County Treasurer or his designee
- Eight of the eleven members selected by the Mayor and City Council must live within the City of Detroit.
- Board members must have up-to-date property taxes.
- Members serve staggered 3 year terms.
- The Board will present a quarterly report on the activities of the land bank to City Council and the Mayor.

**Pros**

- Engages parties traditionally involved in the land disposition process in the selection of the board.
- Involves board appointees who are most affected by decisions made by the land bank because they are citizens of the City of Detroit.
- Maintains current elected representative oversight of land disposition processes.
- Ensures that both City Council and the Mayor have an equal number of appointees on the board.
- Engages the Wayne County Treasurer’s office in the land bank’s efforts to facilitate redevelopment of tax-reverted properties.

**Cons**

- May exclude individuals with appropriate qualifications and expertise who live outside of the city.
- May be perceived by City Council as lessening Council’s involvement in the land disposition process.
Alternative 1a: Mayor Nominates Additional Board Members

- Mayor nominates seven to eight board members, and the Wayne County Treasurer or his designee retains one seat
- City Council retains final approval of all land transfers as a trade-off for less control of Board appointments

Pro

- Creates an appropriate distribution of power from the Mayor’s perspective

Cons

- Creates an imbalance in power between the two branches of city government
- Fosters a perception by City Council that the Mayor is retaining too much control over the land bank

Alternative 1b: Additional Qualifications for Board of Director Appointees

Four of the Mayor and City Council nominated positions will have experience or professional qualifications. An example of these nominations could be:

Mayor

- Nominates a member of the Detroit financial community
- Nominates an urban land use specialist

City Council

- Nominates a representative of the nonprofit real estate industry
- Nominates a representative of the for-profit real estate industry

Pros

- Ensures that experienced representatives serve on the board
- May engender support from relevant development sectors

Cons

- Restricts selection choices of the Mayor and City Council
- Excludes potentially important participants if they do not fit into the defined professional categories
COMPONENT 2: REVENUE PLAN

DEFINITION: Outlines the sources of the operating budget for the land bank. The operating budget covers the costs of land acquisition, title clearance, land sales and general operating costs. A revenue plan should ensure that the land bank is adequately funded to carry out its duties.

RECOMMENDATION 2: LAND BANK START UP FUNDS

- Secure grants and Community Development Block Grant (CDBG) dollars to fund initial operating costs associated with the establishment of the land bank authority
- Use grant dollars and CDBG funds to begin clearing title on properties transferred from the City of Detroit’s inventory of tax foreclosed properties to the land bank
- Use grant dollars and/or bonds to fund initial operations of a land bank authority

Pros
- Expedites the land bank’s ability to generate revenue
- Promotes involvement from the foundation community

Con
- Resistance to the reallocation of CDBG funds from one agency to another

Alternative 2a: Start-Up Funds Consist of Only CDBG Dollars

- Utilize CDBG dollars to fund maintenance and demolition of acquired by the land bank. Specifically funds currently designated for demolition of abandoned properties and the related administrative salaries
- Utilize City funds designated for demolition and maintenance of property owned by the City for general operations, which would include but not be limited to staffing, property maintenance and title clearance. CDBG dollars to begin clearing titles on the City-owned properties as they are deposited into the land bank (please refer to the “Land Acquisition” section)
Pros

- Utilizes CDBG money currently being used for similar purposes, covering the costs of staff in PDD
- Expedites the disposition process and facilitates redevelopment more quickly than waiting for other sources of revenue to be generated
- Eliminates the need for the land bank authority to acquire matching funds that many foundation grants require

Con

- Diverts CDBG funding from PDD for employee salaries, demolition expenses, and other administrative allocations
COMPONENT 3: LAND BANK’S ACQUISITION OF THE CITY-OWNED TAX REVERTED PROPERTIES

DEFINITION: The criteria that determine when and how to deposit the 38,000+ parcels currently owned by the City of Detroit into the Land Bank Authority.

RECOMMENDATION 3: ACQUISITION BY CLUSTERS

The land bank would acquire City-owned property as follows:

- Transfer City-owned, tax-reverted land one cluster at a time beginning with a cluster where the city owns many properties, such as Cluster 3. (There are 10 area clusters in Detroit. The boundaries of each cluster have been designated by PDD)
- Acquire City-owned parcels in phases over the first five years the land bank is in operation
- Properties located in the downtown and riverfront areas would not be included for acquisition by the land bank authority

Pros

- Enables the land bank to increase its administrative and disposition capacity incrementally
- Enables the land bank to tackle the disposition of parcels first in areas where the City owns the most land
- Creates a more manageable inventory for the land bank than if the 38,000 parcels were deposited at one time

Cons

- Delays development projects by retaining the current PDD system to dispose of parcels that are not deposited in the land bank
- Creates confusion for developers who are seeking one source to begin the process of acquiring tax reverted land
Alternative 3a: Acquisition of All 38,000+ Parcels

Deposit the entire inventory of 38,000+ city owned parcels into the land bank at one time.

Pros

- Requires only one land inventory for disposition of tax-reverted property
- Provides the land bank access to a larger inventory of land.

Cons

- Requires the land bank to process and inventory a large number of properties when it may not be prepared to do so
- Shifts the burden of maintaining and administering the thousands of properties to a newly created organization without proven capacity
- Transfers the same properties and same problems of disposition the current system faces

Alternative 3b: Acquisition of Only Properties Foreclosed Upon After the Implementation of PA 123

Acquire leftover parcels that have been foreclosed on under PA123 after they have been processed through the County auction process. Parcels that are left over after the third County auction revert back to the City; the land bank would acquire these properties.

Pros

- Reduces the number of properties that will need to be acquired and processed by the land bank

Cons

- Fails to deal with the surplus 38,000+ properties and the need to facilitate redevelopment of these parcels
- Developers have to go through several agencies’ processes to acquire tax-reverted land, potentially making the difficulties worse than they are now
## COMPONENT 4: LAND ACQUISITION

**Definition:** The criteria that determine how properties foreclosed upon under PA123 will be acquired and deposited into the land bank.

## Recommendation 4: The Land Bank Acquires Property in the Following Five Ways:

1. **Purchase Tax-Foreclosed Property Before the County Auction**
   a. Coordinate with the Wayne County Treasurer’s Office to purchase tax-foreclosed properties before they enter the public auction
   b. Coordinate with the Wayne County Treasurer’s Office to identify properties and bundle them specifically for purchase by the land bank

2. **Acquire Tax-Foreclosed Property After the County Auction**
   Acquire all properties that were not sold in the requisite county auctions

3. **Purchase Property**
   Identify and purchase property from public or private individuals/entities using the following priorities (in no particular order):
   - Requests from nonprofit and for-profit developers
   - Requests for non-buildable parcels
   - Properties that form a part of land assembly for a development plan
   - Proposals for land assembly with a community purpose;
   - Salvageable structures
   - Improved properties subject to demolition
   - Properties that will generate operating resources for the land bank

4. **Receive Gifts**
   Accept donations of properties within the city limits if deemed appropriate

**Pros**

- Requires the land bank to take a proactive role in its approach to acquiring tax-foreclosed properties
- Requires the land bank to work closely with developers, neighborhood community development organizations and PDD to determine the most appropriate properties to acquire
- Enables the land bank to acquire salvageable buildings
- Encourages purchase of non-buildable parcels
- Promotes coordination with the County Treasurer
Cons

- Requires additional staff resources to work with citizens and developers for neighborhood redevelopment
- Depends on coordination with County Treasurer to bundle properties

**Alternative 4a: Passive Land Acquisition Policy**

Acquire only properties available at the conclusion of the last Wayne County public tax foreclosure auction of the year.

**Pros**

- Requires less land bank staff than a more pro-active acquisition approach
- Utilizes a less selective property acquisition process

**Cons**

- Land bank does not coordinate with developers on which properties to acquire
- Receives the least desirable parcels from the Wayne County tax foreclosure auction; therefore, the properties are probably the least likely to be in demand for redevelopment projects
COMPONENT 5: LAND DISPOSITION

DEFINITION: Criteria and evaluation process for sale of property held by the land bank.

- A clear and user friendly system for disposition will facilitate development by providing a fair process that attracts individuals interested in development
- A disposition system with time sensitive requirements will encourage purchasers buying land to develop it in a timely manner
- A consistent process will encourage more potential developers to take advantage of this opportunity

RECOMMENDATION 5: A CONSISTENT LAND DISPOSITION PROCESS

The disposition of buildable properties shall be based upon three factors:

1) Intended or planned use of the property
2) Nature and identity of the transferee of the property which shall be based on the following priorities as to the nature of the transferee (in ranked order):
   1. Non-profit corporations
   2. Governmental entities
   3. Non-profit institutions such as academic institutions
   4. Entities that are a partnership, limited liability corporation, or joint venture composed of a private non-profit corporation and a private for-profit entity
   5. Adjacent property owners
   6. Local Detroit developers with a proven track record and the capacity to complete a project
3) Impact of the property transfer on the short and long term neighborhood and community development plans

Proposals to purchase buildable lots must meet the City’s buildable lot width criteria (Refer to Appendix D) as well as the following requirements:

- Plan must be consistent with master plan and neighborhood plans
- Proposed development must be consistent with the goal of the land bank to redevelop properties into community assets
- Purchaser must have the ability to obtain the financial resources to complete the project as described in the application
- Purchaser must be up-to-date in property tax payments
- Purchaser must not own property that is in violation of Detroit city ordinances

The disposition of non-buildable properties shall be based upon consideration of two factors:

- Intended or planned use of the property
- Nature and identity of the transferee of the property (please refer to disposition of buildable lots for detail)

Proposals to purchase non-buildable lots, as defined by the City, must meet the following requirements:

- Purchaser must maintain current property
- Purchaser must be up-to-date in property tax payments
- Purchaser must not own property that is in violation of City ordinances
- Purchaser should create a community asset if property is not acquired as a side lot

The disposition of side lots shall be based upon the following criteria and subject to override by higher priorities as established in the policies and procedures (see page 59).

The side lot disposition program shall include vacant and unimproved real property that is physically contiguous to owner-occupied residential property with not less than a 75 percent common boundary line at the side or rear. The transfer of property as a side lot will be based upon the following factors:

- The intended or planned use of the property
- The nature and identity of the transferee of the property
- As a condition of transfer of a lot the transferee must agree that the lot transferred will be consolidated with the legal description of the contiguous lot, and not subject to subdivision or partition within a five year period following the date of the transfer
- In addition, the transfer of any given parcel of property in the side lot disposition program is subject to override by higher priorities as established by the LBA
- Individuals and/or organizations acquiring property from the land bank must not currently own tax delinquent property

The board and staff of the land bank shall retain flexibility in evaluating the balancing of the priorities for the use of property, priorities as to the nature
of the transferee and priorities concerning neighborhood and community development.

**Pros**

- Establishes a consistent and user friendly system for disposition
- Promotes projects that create community assets
- Reduces the risk that acquired land will go into the foreclosure process because proposal guidelines prevent tax delinquent property owners from purchasing property and proof of financial resources and feasibility are required of all development proposals

**Con**

- Requires well-trained staff to manage and administer

**Alternative 5a: Equal Priority**

- Evaluate proposals and dispose of property on a first-come, first-served basis
- Review all development proposals and evaluate each application for the following qualifications:
  - Ability to create a community asset or use for homeowner lot expansion
  - Feasibility of project based on financial analysis provided

**Pros**

- Ensures property from the land bank is made available to anyone
- Eliminates the need to evaluate priorities for disposition

**Con**

- Purchase of land by speculators is more likely because tax delinquent property owners are not excluded
COMPONENT 6: LAND PRICING STRUCTURE

DEFINITION: Determines what price is appropriate for parcel transfers and who should be responsible for establishing the price.

RECOMMENDATION 6: NOMINAL PRICING SYSTEM

- Buildable lots will be sold for a nominal price (for example, $10 per front foot) plus administrative fees. Community asset creation is the priority for buildable lot disposition. Examples of potential community assets are:
  - Affordable housing;
  - Job creation;
  - Community centers; or
  - Public space

- Non-buildable lots will be sold for a nominal price (for example, $1)
- Side lots will be sold for a nominal price (for example, $1)

Pros
- Provides the land bank with leverage to encourage development
- Results in disposition of a larger number of properties
- Facilitates achievement of land bank development goals, i.e. affordable housing because land costs are conducive to cost effective development construction

Alternative 6a: Separate Pricing Categories for Buildable and Non-Buildable Properties

Divide land bank owned parcels into two categories: non-buildable and buildable

- Set prices for non-buildable parcels (for example $1.00 for the parcel plus a $25.00 administrative fee)
- Sell buildable parcels for near-market value

Pro
- Provides the land bank with leverage to encourage development while also covering some of the administrative cost associated with maintenance of developable sites
Cons

- Determining price may slow the land disposition process
- Land purchasers will be more likely to perceive lack of fairness as prices vary among parcels
COMPONENT 7: APPROVAL PROCESS FOR LAND DISPOSITION

DEFINITION: Stages in the process that provide oversight of the transfer of land bank properties.

- The stages in the approval process should be transparent and easy to navigate
- Each stage should provide a clear process to follow and be accessible to all interested parties
- Each step should provide checks and balances to ensure that properties will be redeveloped for the benefit of the public
- An appeals process is available

RECOMMENDATION 7: TRANSPARENT SALES APPROVAL

- Proposal for development is submitted to the land bank
- Evaluation of proposal is based on preferences for disposition (refer to the “Land Disposition” section)
- If proposal adheres to the preferences for disposition, land bank staff evaluate the proposal with the appropriate cluster planner to ensure that the project is financially feasible and fits into the City’s master plan and zoning regulations
  - If a project requires a change in zoning, the proposal follows the established zoning appeals process.
  - If a project does not adhere to the City’s master plan, a minimum of one public hearing must be held in the cluster in which the project is proposed
- Revisions are requested of developer, as needed, and the revised proposal is resubmitted to the land bank staff
- Evaluation of the proposal by the land bank staff and cluster planner takes place a second time
- The staff recommends a decision to the board of directors at the next scheduled board of directors meeting
  - All land bank authority meetings, presided over by the board of directors, are open to the public
  - Public comment on any and all projects before the board are welcome

Approval or denial of transfer of land is decided by the board of directors

Pros

- Treats all proposals equally in the review process
- Requires open meetings of the land bank board to allow for public comment
• Coordinates with PDD on issues regarding land use and planning
• Creates a more transparent process than currently exists within Planning and Development

Con

• Requires staff time to attend special public meetings when a project requires a change in zoning or does not adhere to the master plan

Alternative 7a: Genesee County Model

Transfers that require board approval and, at minimum, one public meeting:
• All non-residential
• All tax-exempt
• All government
• Any that require exceptions

Transfers that require land bank’s executive director approval:
• Side lots
• Lots sold for homeownership
• Nonprofit housing developments

Pro

• Facilitates land transfers for projects that result in side lot acquisition, homeownership, and nonprofit housing

Cons

• Little to no public participation for side lots, homeownership and nonprofit development transfers
• Process is vague and could be open to interpretation

Alternative 7b: Enhanced Public Participation Mode with City Council Approval

- Proposal for development is submitted to land bank. Proposals that are non-residential, tax exempt or quasi-public require public meetings be held, and City Council and board approval are required. In these cases the process follows the steps outlined above in recommendation 7

- Transfers that require executive director and City Council approval only are side lots, lots sold for homeownership, and nonprofit housing developments; and the approval process is similar to recommendation 7, except the proposal for development is made available to the public for comment
Pros

- Requires extensive public participation component to land bank disposition process
- Encourages non-profit housing, side lots, and homeownership proposals

Cons

- Requires extensive public participation, which could lengthen the approval process, increasing costs for developers
- Emphasizes the process side of approval, which could deter some development proposals from being submitted
- Lacks a requirement to hold public meetings for side lot, homeownership, and non-profit acquisitions which could lead to decisions being made without pertinent community input
COMPONENT 8: APPEALS PROCESS

**DEFINITION:** Policies and procedures that provide an opportunity for developers or individuals to appeal a denial for purchase of property from the land bank.

- The stages in the appeals process should be transparent and easy to navigate.
- The appeal process is an opportunity for developers and individuals to ensure that they are receiving a fair chance to acquire property.

RECOMMENDATION 8: SINGLE APPEAL PROCESS

- An appeals board will be established by the land bank board
  - The board will meet only when an appeal is submitted to the land bank
  - The board will be made up of a Planning and Development cluster planner, the land bank director, and a planning commissioner
- The board’s decision is final

All rejected applicants will receive a written statement explaining the reason for the rejection. All rejected applicants have the option of resubmitting a new proposal.

**Pros**

- Provides a process for applicants to appeal a project proposal denial.
- Requires that the appeals board consists of members knowledgeable about the land disposition process and Detroit neighborhoods.

**Con**

- Allows the applicant only one opportunity to appeal before resubmitting a new project proposal.
Alternative 8a: No Appeals

Petitioner may resubmit a revised proposal that addresses the shortcoming of the original plan.

**Pros**
- Does not require additional level of review
- Unlimited opportunities to submit a proposal

**Cons**
- Petitioners must restart process
COMPONENT 9: RETURN OF UNDEVELOPED LAND

DEFINITION: Property that is purchased from the land bank and not developed within 18 months will be returned to the land bank.

RECOMMENDATION 9: PURCHASE CONTRACT CONTAINS A REVERSIONARY CLAUSE CONTINGENT UPON THE COMPLETION OF THE PROJECT AND/OR DEVELOPMENT.

- All contracts to purchase property will have a provision that any improvements to the property will be completed within 18 months of purchase (or an alternative, agreed upon time limit)
- A city inspector will make a site visit to the property during month 16 to determine if the work has been completed
- At the time of sale, purchaser will be required to sign a deed returning the property to the land bank in 18 months if the specifications of the contract have not been met
- Extensions are available if purchaser can demonstrate good faith effort to move the project forward

Pros

- Allows the land bank authority to use professional judgment and adapt its expectations to fit each development project
- Requires that property is put back into the land bank if the contract is breached, which gives further assurance that land bank property will be redeveloped for the public good and not go back into foreclosure

Con

- May allow project specific contracts to lengthen the process of acquiring land from the land bank because board members would have to agree on specifics of each contract
- May interfere with projects’ ability to obtain financing if land control is not certain

Alternative 9a: Uniform Development Contracts.

Utilize uniform development contracts that all prospective buyers must abide by.

Pro

- Eliminates complaints of favoritism or discrimination
Con

- Does not allow adapting contracts to the specific needs of the purchaser and/or developer

Alternative 9b: No reversionary policy

Do not require a process for regaining control of land transferred but not developed

Pro

- Results in financial institutions and other lenders more likely to finance projects because property acquired will not revert back to the land bank if contractual agreements between the land bank and the developer are not met

Cons

- Fails to ensure that property acquired from the land bank does not go back into the foreclosure process
- Fails to ensure that land is redeveloped as proposed at the time of land disposition
COMPONENT 10: BENCHMARKS FOR EVALUATION TO DETERMINE SUCCESS OF LAND DISPOSITION PROCESS

**Definition:** To establish a process that measures the accomplishments of the land bank authority according to the standards of other land banks and evaluates its performance in relation to its internal goals.

**Recommendation 10:** Periodically Assessed Benchmarks

- The land bank will develop benchmarks that can be realistically attained within a given amount of time and that reflect the overall goals of the land bank. Criteria might include an increase in neighborhood revitalization, retail development or housing units.
- Annually produce and publish a report that (a) lists previous benchmarks, (b) evaluates the level of accomplishment with respect to those benchmarks, and (c) identifies and implements updated benchmarks.
- Distribute a bi-annual report from land bank staff and board of directors regarding efforts to meet land bank objectives to the mayor and city council, including information submitted in the annual report.
- Conduct an annual public meeting presenting the report to the public stating how the land bank has contributed to the public.

**Pros**

- Provides flexibility to adjust the benchmarks to reflect the current development situation needs of the city
- Provides accountability by requiring a public meeting detailing the land bank’s progress
- Brings transparency to the process of evaluation

**Cons**

- Adds additional responsibilities to staff
- Creates a process for benchmarking that excludes community input

**Alternative 10a: Permanent Benchmarks Created by City Council**

- Creates permanent benchmarks that reflect the general goals of the land bank
- Assesses how well the land bank is meeting the benchmarks
A DETROIT LAND BANK AUTHORITY

RECOMMENDATIONS

Pro

• Requires less time than periodically creating new benchmarks

Con

• Results in a system for benchmarking that is less responsive to the changing needs of Detroit communities

These recommendations for the ten components provide a starting point for the formation of a Detroit land bank authority. In the following section, these recommendations have been written into drafts of official documents. The draft documents have been created in an effort to offer guidance in establishing a land bank authority.
The Foundation: The Enabling Documents for a Land Bank Authority

Establishing Documents

Three documents authorize the ten component recommendations of the land bank enumerated in the previous section: the Policies and Procedures, the Intergovernmental Agreement, and the Bylaws. These documents codify the power and structure of a land bank authority.

- The Policies and Procedures establish the land bank’s system for the acquisition and disposition of property. This document details the types of property that the land bank authority will acquire, the criteria for acquisition and dispersal, the property pricing structure, additional services that the land bank will provide, and an appeals process for petitioners who had their requests for property denied.
- The Intergovernmental Agreement is a legal agreement between the State Land Bank Authority and the city or county establishing a local land bank authority. In the document the land bank authority (via the city) agrees to adhere to the requirements of PA 258, and in return the local land bank authority is granted many of the powers of the State Land Bank Authority.
- The Bylaws are the specific legal procedures and limitations that govern the land bank authority. The Bylaws will include the structure and selection process for the board of directors, their qualifications and responsibility.

The following sections are drafts of the Policies and Procedures and Bylaws for a Detroit land bank authority. This document represents an idea of what the actual Policies and Procedures and Bylaws should include. It incorporates the recommendations made in the previous sections.

A draft Intergovernmental Agreement is not included in this document. The Intergovernmental Agreement is best developed by the two participating parties and will be better understood after the State Land Bank Authority has been established.
DRAFT of Possible Policies and Procedures

The acquisition and disposition of properties by the Detroit Land Bank Authority (LBA) in accordance with 1893 PA 206 as amended by 1999 PA 123 in concert with 2004 PA 258 shall be governed by the following policies and priorities.

The acquisition, use and disposition of such properties shall at all times be consistent with the authority granted by the Constitution of Michigan, the laws of the State of Michigan, the Intergovernmental Agreement by and between the State of Michigan and the City of Detroit, Michigan dated __________, the Articles of Incorporation and Bylaws of the Land Bank Authority and the public purposes set forth therein.

Policies Governing the Acquisition of Properties

The LBA can acquire property in the following five ways:

Purchase Tax-Foreclosed Property Before the County Auctions - The LBA can coordinate with the Wayne County Treasurer’s Office to purchase tax-foreclosed properties before they are entered into the auction. The Wayne County Treasurer could cooperate with the LBA to identify properties for the LBA to acquire and bundle them specifically for the LBA to purchase.

Acquire Tax-Foreclosed Property After the County Auctions - The LBA can take all properties that were not sold during the County Auction and not acquired by the City of Detroit.

Purchase Property - The LBA can identify and purchase property from public or private individuals/entities. The following priorities will be used to acquire such property:

- Requests from developers (non-profit corporations and the private sector);
- Requests for non-buildable lots (vacant lots that do not meet the minimum standard for development under Detroit’s Municipal code);
- Properties that support strategic neighborhood development sites as identified by Detroit Planning and Development Department;
- Properties that form a part of a land assemblage development plan;
- Properties with salvageable structures;
- Improved properties subject to demolition;
- Properties that will generate operating resources for the land bank;

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54 Genesee County Land Reutilization Council, Inc 2002. Priorities, Policies and Procedures, as adopted by the Board of Directors in preliminary form at its organizational meeting on 9/3/02 is the frame for this document.
Receive City-Owned Property - The City of Detroit can transfer City-owned properties to the LBA.

Receive Gifts - The LBA will accept gifts of property within the City of Detroit. Property will undergo an evaluation, to ascertain its environmental and structural condition, before it is accepted. Properties may be rejected if they are deemed a burden or liability to the LBA.

The LBA shall evaluate its current operational capacity and the projected length of time properties will be held prior to sale when considering acquisition of additional properties. In addition, it may be necessary to establish an agreement with the Wayne County Treasurer to combine properties from one or more of the above-mentioned categories into purchase bundles for auction. This process would be performed (1) prior to auctions, or (2) at such auctions as authorized by law. This practice is referred to as bundling properties for auction.

Priorities Concerning the Disposition of Properties

The disposition of buildable properties shall be based upon three factors. The first factor involves the intended or planned use of the property. The second factor considers the nature and identity of the transferee of the property. Within the second factor is a ranking of priorities. The third factor addresses the impact of the property transfer on the short and long term neighborhood and community development plans. The disposition of non-buildable properties shall be based upon consideration of two factors; use of the property and the identity of the transferee.

The disposition of any given parcel will be based upon an assessment of the most efficient and effective way to maximize the aggregated priorities of the policies and priorities. The board and staff of the LBA shall at all times retain flexibility in evaluating the appropriate balancing of the priorities for the use of property, priorities as to the nature of the transferee of properties and priorities concerning neighborhood and community development.

All individuals/entities that intend to acquire property from the LBA must prove the ability to obtain the financial resources to complete the proposed development. Individuals/entities must be current on their property tax to acquire property from the LBA.

Buildable Property - (parcels of land that meet or exceed the minimum standard for development under Detroit’s municipal code)

Priorities for Use of Buildable Property (not ordered):
- Home ownership and affordable housing
- Land assemblage for neighborhood revitalization projects
- Return of the property to productive tax paying status
• Realistic/financially feasible development proposal
• Land assemblage for economic development
• Long term “banking of properties” for future strategic uses
• Adherence to the master plan and neighborhood plan
• Provision of financial resources for the operating functions of the LBA

Priorities as to the Nature of the Transferee (in ranked order):
1. Non-profit corporations
2. Governmental entities
3. Non-profit institutions such as academic institutions
4. Entities that are a partnership, limited liability corporation, or joint venture composed of a non-profit corporation and a private for-profit entity
5. Adjacent property owners
6. Local developers with a proven track record and the capacity to complete projects

Non-Buildable Property - (vacant lots that do not meet the minimum standard for development under Detroit’s municipal code, i.e., side lots)

Priorities for Use of Non-Buildable Property (not ordered):
1. Maintenance of the property
2. The transfer of non-buildable properties to adjacent property owners

Priorities as to the Nature of the Transferee (in rank order):
1. Adjacent property owners
2. Individuals/entities who will create a community asset

Factors in Determining Consideration Due Upon Transfers

A nominal pricing system that includes administrative fees will be detailed in this section. The final price should be fixed, determined by land bank staff and should not be prohibitive to redevelopment efforts.

Nominal Price List (these prices include all properties, both vacant and developed):
• $1.00 for side lots
• $1.00 for non-buildable lots
• $10.00 per front foot for buildable lots plus an administrative fee

Side Lot Property Disposition Program - Individual parcels of property may be acquired by the LBA and transferred to individuals in accordance with the following policies. The transfer of any given parcel of property in the Side Lot Disposition Program is subject to override by higher priorities as established by the LBA.
Non-Buildable Lot Disposition Policies:

1. Qualified Properties. Parcels of property eligible for inclusion in the Side Lot Disposition Program shall meet the following minimum criteria:
   a. The property shall be vacant unimproved real property
   b. The property shall be physically contiguous to owner-occupied residential property with not less than a 75% common boundary line at the side or rear

2. Transferees:
   a. Transferees are limited to residents of owner-occupied adjacent property or entities/individuals who will create a community asset
   b. The transferee must not own any real property (including both the contiguous lot and all other property in Wayne County) that is subject to any unremediated citation of violation of the state and local codes and ordinances.
   c. The transferee must not own any real property in Detroit that is tax delinquent

3. Pricing: $1.00 for Side Lots

4. Additional Requirements:
   a. As a condition of transfer of a lot the transferee must enter into an agreement that the lot transferred will be consolidated with the legal description of the contiguous lot, and not subject to subdivision or partition within a five year period following the date of the transfer.
   b. In the event that multiple adjacent property owners desire to acquire the same side lot, the lot shall either be transferred to the highest bidder for the property or divided and transferred among the interested contiguous property owners

Non-Buildable Property Disposition Procedures

1. The prospective buyer must sign a contract with the LBA that contains the following information:
   a. List of property address(es)
   b. Project Description- property use must be consistent with current zoning requirements
   c. Project Financing
   d. Development Budget
   e. Most Recent Tax Return
   f. A Picture Identification
   g. Proof of Social Security Number
   h. Timeline for completion of the development
   i. Evidence of compliance with all LBA Side Lot Property Disposition Policies

2. Failure to comply with the terms of the contract will result in the property reverting back to the possession of the LBA. Financial penalties will be imposed to recoup administrative costs.
3. Within a 30-day period of receiving a development contract, the Transaction Specialist\(^{55}\) will complete a basic analysis and present it to the LBA Board for approval.

4. Once the project has been approved, the Transaction Specialist will compile the closing documents for property transfer and complete the transaction with the buyer.

**Residential Land Transfers**

Residential Land Transfer Policies - These policies pertain to transfers whose future use is residential. At time of transfer the property may be vacant, improved or ready to occupy.

1. The transferee must not own any real property that has any unremediated citation of violation of the state and local codes and ordinances.
2. The transferee must not own any real property in Wayne County that is tax delinquent.
3. The use of the transferred property must comply with zoning for the site.
4. The transferee must give consideration to the Neighborhood Plan (if one is in place) and receive a letter of comment from the appropriate planning official(s).
5. Parcels or property shall be transferred for consideration in an amount determined by the LBA staff according to the aforementioned policies and procedures.
6. All development projects must adhere to the terms of the transfer contract or the property will revert back to the LBA.
7. The transferee must agree to pay future property taxes from time of transfer.
8. If code or ordinance violations exist with respect to the property at the time of transfer, the transfer agreements shall specify a maximum period of time for elimination or correction of such violations, with the period of time appropriate to the nature of the violation of the anticipated redevelopment or reuse of the property.
9. The proposed use must be consistent with current zoning requirements or a waiver for non-conforming use is a condition precedent to the transfer.

The following additional policies shall apply to properties with structures to be transferred to individual transferees as part of a homeownership program.

10. The owner-occupant must complete renovations and move into the structure within the time frame designated in the transfer agreement.
11. The property may not be used as a rental property.
12. In return for the nominal consideration given to the LBA for the property, the owner-occupant must reside in the property as his or her primary residence for at least a 5-year period. If the property is sold prior to the 5-

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\(^{55}\) This is an agency disclosure designation of a licensed realtor in the State of Michigan.
year period the transferee must sell the property back to the LBA for no more than the purchase price from the LBA plus all cost of property improvements plus an annual inflation rate equal to the Consumer Price Index (CPI) as determined by the US Department of Labor.

Residential Land Transfer Procedures-Individual Transferees

1. The prospective buyer must sign a contract with the LBA that contains the following information:
   a. List of property address(es)
   b. Rehabilitation/Improvement specifications
   c. Project Financing (pre-qualification letter for lender)
   d. Development Budget
   e. Most Recent Tax Return
   f. A Picture Identification
   g. Proof of Social Security Number
   h. Timeline for rehabilitation/improvement completion (if applicable)

2. Failure to comply with the terms of the contract will result in the property reverting back to the possession of the LBA. Financial penalties will be imposed to recoup administrative costs.

3. Within a 30-day period of receiving a development contract, the Transaction Specialist will complete a basic analysis and present it to the LBA Board for approval.

4. Once the project has been approved, the Transaction Specialist will compile the closing documents for property transfer and complete the transaction with the buyer.

Residential Land Transfer Procedures-Corporate Transferees

1. The prospective buyer must sign a contract with the LBA that contains the following information:
   a. List of property address(es)
   b. Project Description
   c. Development team description
   d. Market information/plan
   e. Project Financing
   f. All rental transactions must attach an operation budget
   g. Development Budget
   h. Most recent audited financial statement
   i. Timeline for completion of the development
   j. Evidence of compliance with all LBA Buildable Property Disposition Policies

2. Failure to comply with the terms of the contract will result in the property reverting back to the possession of the LBA. Financial penalties will be imposed to recoup administrative costs.
3. Within a 30-day period of receiving a development contract, the Transaction Specialist will complete a basic analysis and present it to the LBA Board for approval.
4. Once the project has been approved, the Transaction Specialist will compile the closing documents for property transfer and complete the transaction with the buyer.

Commercial Land Transfers

Commercial Land Transfer Policies - These policies refer to transfers of real property for which the intended future use is non-residential. At time of transfer the property may be vacant, improved or ready to occupy.
1. The transferee must not own any real property that has any unremediated citation of violation of the state and local codes and ordinances.
2. The transferee must not own any real property that is tax delinquent.
3. The use of the transferred property must give consideration to the Neighborhood Plan (if one is in place) and received a letter of comment from the appropriate planning official(s).
4. Parcels or property shall be transferred for consideration in an amount determined by the LBA staff.
5. All development projects must adhere to the terms of the transfer contract or the property will revert back to the LBA.
6. The transferee must agree to pay future property taxes from time of transfer.
7. If code or ordinance violations exist with respect to the property at the time of transfer, the transfer agreements shall specify a maximum period of time for elimination or correction of such violations, with the period of time appropriate to the nature of the violation of the anticipated redevelopment or reuse of the property.
8. The proposed use must be consistent with current zoning requirements or a waiver for non-conforming use is a condition precedent to the transfer.

Commercial Land Transfer Procedures

1. The prospective buyer must sign a contract with the LBA that contains the following information:
   a. List of property address(es)
   b. Project Description
   c. Development team description
   d. Market information/plan
   e. Project financing
   f. Operating budget
   g. Development budget
   h. Most recent audited financial statement
   i. List of potential tenants and pre-lease agreements
   j. Timeline for completion of the development
k. Evidence of compliance with LBA Buildable Property Disposition Policies

2. Failure to comply with the terms of the contract will result in the property reverting back to the possession of the LBA. Financial penalties will be imposed to recoup administrative costs.

3. Within a 30-day period of receiving a development contract, the Transaction Specialist will complete a basic analysis and present it to the LBA Board for approval.

4. Once the project has been approved, the Transaction Specialist will compile the closing documents for property transfer and complete the transaction with the buyer.

Approval of Land Transfers

1. Once LBA staff have determined that a submitted transfer contract adheres to the priorities of disposition, LBA staff will issue a letter of intent to the transferee acknowledging that they have first right to purchase the identified parcel(s).

2. A Phase I Environmental Site Assessment will be performed. If a Phase II is required, the LBA will negotiate fees for service with the developer.

3. The LBA staff will evaluate the proposal with the appropriate planner to ensure that the project is financially feasible and fits into the City’s master plan and current zoning regulations.

4. If a project requires a change in zoning, the proposal is required to go before the zoning and appeals board and is subject to a minimum of one public hearing.

5. If a project does not adhere to the City’s master plan, a minimum of one public hearing must be held in the cluster in which the project is proposed.

6. Revisions are requested of developer, as needed, and the revised proposal is resubmitted to the LBA staff. The LBA staff and planner will evaluate the proposal a second time.

7. Recommendations are made by the staff to the board of directors at the next scheduled board of directors meeting.

8. All land bank authority meetings, presided over by the board of directors, are open to the public.

9. Public comment on any and all projects before the board are welcome. Approval or denial of development proposal and subsequent transfer of land is decided by the board of directors.

Land Bank Services Rendered on Fee for Service Basis

In addition to the responsibilities for land acquisition and disposition, a number of services will be available to recipients of land bank property and the general public on a fee-for-service basis. This will offer developers a “one stop shop” by providing the majority of services needed to acquire property and prepare for development. Samples of the services that the LBA could administer are:
A DETROIT LAND BANK AUTHORITY

ENABLING DOCUMENTS - DRAFT

1. Title Search
   - Title searches will be conducted for all properties acquired through the land bank
   - Individuals not acquiring land bank property can request this service for a set fee to be decided upon by the land bank

2. Environmental Site Assessments
   - Phase I Environmental Site Assessments will be conducted by the land bank on all properties that have received an approved development proposal.
   - The LBA can be contracted to perform a Phase II on properties not acquired through the LBA on a fee-for-service basis, if staff resources permit.
   - Phase II Environmental Site Assessment will be negotiated on a fee-for-service basis by the land bank.
   - The LBA can be contracted to perform a Phase II on properties not acquired through the LBA on a fee-for-service basis, if staff resources permit.

3. Land Assembly
   - In order to take advantage of this service the developer must purchase three quarters of the land needed for assembling their property from the land bank.
   - The LBA will then attempt to negotiate the remaining one third of properties needed for the land assembly on a fee-for-service basis.

In addition to the above services the land bank should be able to add additional services as resources and expertise of the authority become available.

Appeals Process

Individuals/entities who are denied purchase of LBA owned property may file an appeal with the LBA Appeals Board.
1. All denied applicants will receive a written reason for rejection.
2. The applicant must submit to the LBA Appeals Board an Appeals Form, the rejected proposal and a written statement that details why the rejected proposal should be accepted. This information must be received within 21 days of the rejection for an appeals hearing to take place. Appeals Forms received after the expiration of 21 days will not be considered.
3. The LBA Appeals Board shall evaluate the information and hold a hearing regarding the proposal.
4. The applicant receives one appeal process.
5. The LBA Appeals Board decision is final.
Draft of Possible Bylaws

The Bylaws of the land bank authority govern the internal operations. They establish the system of governance and purpose. The Bylaws are where the structure and selection of the board of directors are outlined. The Following sample bylaws for the Detroit Land Bank Authority identify an 11 member board. Detroit City Council and the Mayor each appoint 5, and the Wayne County Treasurer or his/her designee is the last. All directors must be current on their property taxes and 8 of the 10 appointed by the Mayor and City Council must be residents of the City of Detroit.

(Proposed draft)
BYLAWS\textsuperscript{56}

OF

Detroit Land Bank Fast Track Authority

A public body corporate organized

under the laws of the State of Michigan

Approved and adopted by the Board of Directors of the Detroit Land Bank Fast Track Authority as of ____________, 200_}

\textsuperscript{56} The bylaws of the Genesee County Land Reutilization Council were used as the framework for this document.
(Proposed)
BYLAWS
OF
THE DETROIT LAND BANK FAST TRACK AUTHORITY
Incorporated under the laws of the State of Michigan

ARTICLE ONE
Name, Location and Offices

1.1 Name. The name of this corporation shall be “The Detroit Land Bank Fast Track Authority” (hereinafter “Land Bank”).

1.2 Principal Office. The principal office of the Land Bank shall be located in the City of Detroit, Michigan (hereinafter “City”). The Land Bank may have other offices at such place or places, as the Board of Directors may determine from time to time or the affairs of the Land Bank may require or make desirable.

ARTICLE TWO
Purpose and Governing Instruments

2.1 Public Body Corporate. The Land Bank shall be organized and operated as a public body corporate under the provisions of the Land Bank Fast Track Act (2003 P.A. 258, MCL §§ 124.751 - 124.774) and the Intergovernmental Agreement by and between the State of Michigan Land Bank Fast Track Authority and the City dated _______, 2004 (hereinafter the “Intergovernmental Agreement”)

2.2 Purposes. The purposes of the Land Bank shall include, but shall not be limited to:

a) The assemblage and disposition of real property, including tax reverted property, to foster the development of that property and to promote economic growth in the City.

(b) The acquisition of property from the City; Wayne County, Michigan; the State of Michigan; and other holders of land within the city; the disposition of such property; the undertaking of proceedings to quiet title to such property or otherwise provide clear title to such property;
(c) The provision of financing, including the borrowing of funds, and the loaning of funds, for the acquisition and disposition of such property;

(d) The maintenance, operation and control of properties acquired or held by the Land Bank;

(e) The exercise of any and all powers granted to the Land Bank by the State of Michigan either directly or pursuant to the Intergovernmental Agreement;

(f) The exercise of any and all powers granted to the Land Bank by the City or Wayne County, Michigan, either directly or pursuant to the Intergovernmental Agreement; and

(g) The performance of all other acts necessary or incidental to the above and whatever is necessary, useful, advisable, or conducive, directly or indirectly, to carry out any of the purposes of the Land Bank, as set forth in the articles of incorporation and these Bylaws, including the exercise of all other power and authority enjoyed by public bodies corporate.

2.3 Governing Instruments. The Land Bank shall be governed by its articles of incorporation, these Bylaws, and the Intergovernmental Agreement.

ARTICLE THREE
Board of Directors

3.1 Powers and Duties of the Board of Directors.

(a) Except as otherwise provided in the Articles of Incorporation of the Land Bank or in these Bylaws, all the powers, duties, and functions of the Land Bank conferred by the Intergovernmental Agreement, the Articles of Incorporation, these Bylaws, other state statutes, common law, court decisions, or otherwise shall by exercised, performed, or controlled by the Board of Directors.

(b) The Board of Directors shall be the governing body of the Land Bank and shall have general charge of the affairs, property and assets of the Land Bank. It shall be the duty of the Board of Directors to determine the policies of the Land Bank or changes therein, and to oversee the active pursuit of the purposes and objectives of the Land Bank.

(c) The Board of Directors may adopt, by majority vote, such rules and regulations for the conduct of its business and the business of the Land Bank as shall be deemed advisable, and, in the execution of
the powers granted, may delegate certain of its authority and responsibility to an executive committee. Under no circumstances, however, shall any actions be taken which are inconsistent with the articles of incorporation, these Bylaws, and the Intergovernmental Agreement.

(d) The Board of Directors shall not permit any part of the net earnings or capital of the Land Bank to inure to the benefit of any member, director, officer, trustee, or other private person or individual. Members of the Board of Directors shall receive no compensation for service as a member of the Board of Directors, but shall be entitled to be reimbursed by the Land Bank for expenses incurred in connection with performance of official functions of the Land Bank.

(e) The Board of Directors may, from time to time, appoint, as advisors, persons whose advice, assistance, and support may be deemed helpful in determining policies and formulating programs for carrying out the purposes and functions of the Land Bank.

(f) The Board of Directors is authorized to employ such person or persons, including an executive director or officer, attorneys, trustees, agents, or assistants, as in its opinion are necessary or desirable for the administration and management of the Land Bank, and pay reasonable compensation for these services and expenses performed or incurred by any such person or persons.

3.2 Initial and Regular Board of Directors. The Board of Directors shall consist of eleven (11) persons selected and appointed as follows:

(a) The Treasurer of Wayne County, Michigan; or his or her designee shall hold one seat. Should the Wayne County Treasurer fail to appoint a member, the Mayor of the City and the Detroit City Council shall jointly appoint one person to the seat.

(b) Five (5) members of the Board of Directors shall be appointed by the Mayor of the City.

(c) Five (5) members of the Board of Directors shall be appointed by the Detroit City Council.

3.3 Selection Criteria. All directors must be current in payment of their personal property taxes at the time of their appointment and throughout their term. At least eight (8) of the ten (10) directors appointed in accordance with Subsections 3.2(b) and 3.2(c) of these Bylaws must be residents of the City at the time of their appointment.
3.4 Term of Office.

(a) The Wayne County Treasurer or the person appointed to the Wayne County Treasurer’s seat shall serve as a member of the Board of Directors without a term.

(b) Of the five (5) directors appointed in accordance with Subsection 3.2(b) of these Bylaws, three (3) shall be appointed for an initial term of one (1) year; two (2) shall be appointed for an initial term of two (2) years; and two (2) shall be appointed for an initial term of three (3) years.

(c) Of the five (5) directors appointed in accordance with Subsection 3.2(c) of these Bylaws, two (2) shall be appointed for an initial term of two (2) years and three (3) shall be appointed for the initial term of three (3) years.

(d) Upon the expiration of the initial terms pursuant to Subsections 3.4(b) and 3.4(c) of these Bylaws, all appointments shall be for a term of three (3) years.

(e) Each director shall continue in office for the term for which he or she is appointed or until his or her successor has been appointed or his or her earlier death, resignation, removal, retirement, or disqualification.

(f) There shall be no limit on the number of successive terms of office a director may serve.

3.5 Removal. Any director may be removed from office for cause by the governing authority that appointed the director pursuant to Section 3.2 of these Bylaws.

3.6 Vacancies. Any vacancy on the Board of Directors arising at any time and from any cause, may be filled for the unexpired term by the governing authority that appointed the vacating director to his or her seat. Each director so appointed shall hold office until the expiration of his or her term or the unexpired term of his or her predecessor and until his or her successor is appointed.

3.7 Conflict of Interest. A director who has a direct or indirect interest in a matter before the Land Bank shall disclose his or her interest prior to any discussion of the matter by the Land Bank, which disclosure shall become part of the record of the Land Bank’s official proceedings. The disclosure shall be made by written instrument on a standard form approved by the
Board of Directors, and copies of the disclosure form shall be filed both with the Secretary of the Board of Directors and with the Detroit City Clerk. The interested director shall further refrain from voting on the Land Bank’s action relating to the matter. The interested director may participate in the discussion of the matter. Each director, upon taking office and annually thereafter, shall acknowledge in writing that they have read and agreed to abide by this Section.

ARTICLE FOUR
Meetings of the Board of Directors

4.1 Regular Meetings: Notice. Regular meetings of the Board of Directors shall be held from time to time at such times and at such places as the Board of Directors may prescribe. Notice of the time and place of each such regular meeting shall be given by the secretary either personally or by telephone or by mail not less than seven (7) nor more than thirty (30) days before such regular meeting. The meetings of the Board of Directors shall be public, and the appropriate and lawful notice of such meetings provided to the public.

4.2 Annual Meeting. One annual Board of Directors meeting will be held in the first quarter of each calendar year at a time and date to be agreed upon by all Board Members, with public notice of the annual meeting to be given pursuant to law. An annual report will be given by the Chairperson at this meeting.

4.3 Special Meetings: Notice. Special meetings of the Board of Directors may be called by or at the request of the Chairperson or by any five (5) of the directors in office at that time. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given by the secretary either personally or by telephone or by mail at least twenty-four (24) hours before such meeting.

4.4 Notice. Notice of any and all meetings of the Board of Directors shall be given in accordance with the Open Meetings Act, 1976 P.A. 267, as amended.

4.5 Waiver. Attendance by a director at a meeting shall constitute waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of business because the meeting is not lawfully called. See also Article Five ("Notice and Waiver").

4.6 Quorum. At meetings of the Board of Directors, a majority of the directors then in office shall be necessary to constitute a quorum for the transaction of business. In no case, however, shall less than six (6) directors constitute a quorum.
4.7 **Vote Required for Action.** Except as otherwise provided in these Bylaws or by law, the act of a majority of the directors present at a meeting at which a quorum is present at the time shall be the act of the Board of Directors. Adoption, amendment and repeal of these Bylaws are provided for in Article Twelve of these Bylaws. Vacancies in the Board of Directors may be filled as provided in Section 3.6 of these Bylaws.

4.8 **Adjournments.** A meeting of the Board of Directors, whether or not a quorum is present, may be adjourned by a majority of the directors present to reconvene at a specific time and place. Notice of any reconvened meeting of the Board of Directors shall be given in accordance with the Open Meetings Act, 1976 PA 267, as amended. At any such reconvened meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting which was adjourned.

**ARTICLE FIVE**  
Notice and Waiver

5.1 **Procedure.** Whenever these Bylaws require notice to be given to any director, the notice shall be given as prescribed in Article Four. Whenever notice is given to a director by mail, the notice shall be sent first-class mail by depositing the same in a post office or letter box in a postage prepaid sealed envelope addressed to the director at his or her address as it appears on the books of the Land Bank; and such notice shall be deemed to have been given at the time the same is deposited in the United States mail.

5.2 **Waiver.** Whenever any notice is required to be given to any director by law, by the articles of incorporation, or by these Bylaws, a waiver thereof in writing signed by the director entitled to such notice, whether before or after the meeting to which the waiver pertains, shall be deemed equivalent thereto.

**ARTICLE SIX**  
Board of Advisors

6.1 **Appointment.** The Board of Directors may appoint such persons as it reasonably deems necessary or desirable to act as the Board of Advisors of the Land Bank. To the extent possible, the Board of Advisors should consist of residents of the City who have demonstrated an interest in and commitment to the redevelopment of properties within the City’s geographical boundaries. The number of persons appointed to constitute the Board of Advisors shall be determined in the sole discretion of the Board of Directors.
6.2 Purpose. It shall be the function and purpose of the Board of Advisors to advise the Board of Directors on matters relating to the business and affairs of the Land Bank, and to suggest or be available for consultation with regard to projects or activities which the Land Bank may undertake in furtherance of its goals and objectives.

ARTICLE SEVEN
 Officers

7.1 Number and Qualifications. The officers of the Land Bank shall consist of a Chairperson, who shall act as the Chairperson of the Board of Directors, a secretary, and such other officers as may be designated by the Board of Directors. The Chairperson of the Land Bank shall be a Director elected by majority vote of the Board of Directors at the annual Board of Directors meeting. The Chairperson will serve a term of one (1) year or any part thereof as may be determined, and until his or her successor is designated. No consecutive term of office shall extend beyond three (3) years.

7.2 Other Agents. The Board of Directors may appoint from time to time such agents as it may deem necessary or desirable, each of whom shall hold office during the pleasure of the board, and shall have such authority and perform such duties and shall receive such reasonable compensation, if any, as the Board of Directors may from time to time determine.

7.3 Removal. Any officer of the Land bank may be removed as an officer by the Board of Directors with or without cause at any time.

7.4 Chairperson. The Chairperson shall be the principal executive officer of the Land Bank and shall preside at all meetings of the Board of Directors. The Chairperson shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe.

7.5 Vice-Chairs. Should the Board of Directors choose to designate a Vice-Chair, the Vice-Chair shall, in the absence or disability of the Chairperson, perform the duties and have the authority and exercise the powers of the Chairperson. He or she shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe or as the Chairperson may from time to time delegate.
7.6 Secretary.

(a) The Secretary shall attend all meetings of the Board of Directors and record all votes, actions and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the executive and other committees when required.

(b) The Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors.

(c) The Secretary shall keep in safe custody the seal of the Land Bank and, when authorized by the Board of Directors or the Chairperson, affix it to any instrument requiring it. When so affixed, it shall be attested by his or her signature or by the signature of the Treasurer.

(d) The Secretary shall be under the supervision of the Chairperson. He or she shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time delegate.

7.7 Treasurer.

(a) The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements of the Land Bank and shall deposit all monies and other valuables in the name and to the credit of the Land Bank into depositories designated by the Board of Directors.

(b) The Treasurer shall disburse the funds of the Land Bank as ordered by the Board of Directors, and prepare financial statements each month or at such other intervals as the Board of Directors shall direct.

(c) The Treasurer shall keep in safe custody the seal of the Land Bank and, when authorized by the Board of Directors or the Chairperson, affix it to any instrument requiring it. When so affixed, it shall be attested by his or her signature or by the signature of the Secretary.

(d) The Treasurer shall be under the supervision of the Chairperson. He or she shall perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe or as the Chairperson may from time to time delegate.
ARTICLE EIGHT
Committees of Directors

8.1 Executive Committee. By resolution adopted by a majority of the directors in office, the Board of Directors may designate from among its members an Executive Committee which shall consist of four (4) or more directors, including the Chairperson or a Vice-Chair of the Land Bank. The Executive Committee, to the extent provided in such resolution, shall have and exercise the authority of the Board of Directors in the management of the affairs of the Land Bank; provided, however, the designation of such Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual director, of any responsibility imposed upon it or him or her by law and such Executive Committee may not do the following:

(a) Authorize distributions;

(b) Approve the dissolution, merger, or the sale, pledge, or transfer of all or substantially all of the Land Bank's assets;

(c) Elect, appoint, or remove directors or fill vacancies on the Board of Directors or on any of its committees; or

(d) Adopt, amend, or repeal the Land Bank's Articles of Incorporation or these Bylaws.

8.2 Other Committees of Directors. Other committees, each consisting of four (4) or more directors, not having and exercising the authority of the Board of Directors in the management of the Land Bank may be designated by a resolution adopted by a majority of directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be appointed by the Chairperson of the Land Bank. Any member of any committee may be removed by the person or persons authorized to appoint such member whenever the best interests of the Land Bank shall be served by such removal.

8.3 Other Committees. The Board of Directors may provide for such other committees, including but not limited to committees, advisory groups, and boards of governors, consisting in whole or in part of persons who are not directors of the Land Bank, as it deems necessary or desirable, and discontinue any such committee at its pleasure. It shall be the function and purpose of each such committee to advise the Board of Directors; and each such committee shall have such powers and perform such specific duties or functions, not inconsistent with the articles of incorporation of the Land Bank, these Bylaws or the Intergovernmental Agreement, as may be prescribed for it by the Board of Directors. Appointments to and the filling
of vacancies on any such other committee shall be made by the Chairperson of the Land Bank, unless the Board of Directors otherwise provides. Any action by each such committee shall be reported to the Board of Directors at its meeting next succeeding such action and shall be subject to control, revision, and alteration by the Board of Directors. See Article Six (“Board of Advisors”).

8.4 Term of Appointment. Each member of a committee shall continue as such until the next annual meeting of the Board of Directors and until his successor is appointed, unless the committee shall be sooner terminated, or unless such member shall be removed from such committee, or until such member shall resign from the committee, or unless such member shall cease to qualify as a member thereof.

8.5 Chairperson. One member of each committee shall be appointed chairperson thereof.

8.6 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

8.7 Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum; and the act of a majority of members present at a meeting at which a quorum is present shall be the act of the committee.

8.8 Rules. Each committee may adopt rules for its own government, so long as such rules are not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

ARTICLE NINE
Employees, Contracted Services

9.1 Employees. The Land Bank may directly employ, through contract or otherwise, any staff deemed necessary to carry out the duties and responsibilities of the Land Bank. Such staff may be employed as employees of the Land Bank, or the services of such staff may be retained pursuant to contracts with the City, Wayne County, or other public or private entities.

9.2 Executive Director. The Board of Directors may designate a person, other than a member of the Board of Directors, to serve as Executive Director of the Land Bank. In the event of such an appointment, the Executive Director of the Land Bank shall have such authority and power as expressly delegated to him or her by resolution of the Board of Directors.
ARTICLE TEN
Contracts, Checks, Deposits and Funds

10.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the Land Bank, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Land Bank. Such authority must be in writing and may be general or confined to specific instances.

10.2 Checks, Drafts, Notes. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Land Bank shall be signed by such officer or officers, agent or agents, of the Land Bank and in such other manner as may from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer and countersigned by the Chairperson or the Vice-Chair of the Land Bank. The Board of Directors may require all individuals who handle funds of the Land Bank to qualify for a security bond to be obtained by the Land Bank.

10.3 Deposits. All funds of the Land Bank shall be deposited from time to time to the credit of the Land Bank in such banks, trust companies or other depositories as the Board of Directors may select.

10.4 Gifts. The Board of Directors may accept on behalf of the Land Bank any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Land Bank.

ARTICLE ELEVEN
Indemnification

11.1 Indemnification. Each person who is or was a director or officer of the Land Bank or member of a committee of the Land Bank shall be indemnified by the Land Bank to the fullest extent permitted by the laws of the State of Michigan as they may be in effect from time to time.

ARTICLE TWELVE
Miscellaneous

12.1 Books and Records. The Land Bank shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Directors and committees having any of
authority of the Board of Directors. All financial records of the Land Bank shall be open to the public under the Freedom of Information Act of Michigan.

12.2 Corporate Seal. The corporate seal (of which there may be one or more exemplars) shall be in such form as the Board of Directors may from time to time determine.

12.3 Fiscal Year. The fiscal year of the Land Bank shall correspond at all times to the fiscal year of the City.

12.4 Budget. The Board of Directors shall adopt annually a budget for all operations, income, expenses and assets.

12.5 Audit. The Board Directors shall undertake an annual audit of the funds of the Land Bank by a certified public accountant.

12.6 Construction. Whenever the context so requires, the masculine shall include the feminine and neuter, and the singular shall include the plural, and conversely. If any portion of these Bylaws shall be invalid or inoperative, then, so far as is reasonable and possible:

(a) The remainder of these Bylaws shall be considered valid and operative.

(b) Effect shall be given to the intent manifested by the portion held invalid or inoperative.

12.7 Table of Contents; Headings. The table of contents and headings are for organization, convenience and clarity. In interpreting these Bylaws, they shall be subordinated in importance to the other written material.

12.8 Relation to Articles of Incorporation. These Bylaws are subject to, governed by, and must be consistent with the Articles of Incorporation.

ARTICLE THIRTEEN
Amendments

13.1 Power to Amend Bylaws. The Board of Directors shall have the power to alter, amend, or repeal these Bylaws, or adopt new bylaws; provided, however, that the Board of Directors shall have no power or authority to make any changes in the bylaws which would in any way diminish or derogate from the power of the City Council of Detroit, Michigan; the Mayor of Detroit, Michigan; the Board of Commissioners of Wayne County, Michigan; the County Treasurer of Wayne County, Michigan; the State of
Michigan or other related public agencies as set forth in the Intergovernmental Agreement with respect to the appointment and/or removal of directors and officers of the Land Bank.

13.2 Conditions. Action by the Board of Directors with respect to these Bylaws shall be taken by the affirmative vote of a majority of all directors then holding office.

ARTICLE FOURTEEN
Periodic Meetings

14.1 Periodic Meetings. The Board of Directors, Board of Advisors, officers, and interested members of the community shall meet from time to time at times and places to be determined by the Chairperson or the Board of Directors. Notice of each such meeting, time and place shall be given to the directors, advisors, officers, and members of the Land Bank and to those individuals who have caused their names to be placed on the Land Bank mailing list. The mailing list shall be kept by the secretary. The date of the meeting may be changed by the Chairperson or any four (4) members of the Board of Directors, provided that notice is given of such change at least two (2) days before the regularly scheduled date of such meeting.
APPENDIX A
Summaries: Public Act 258 & Related Legislation

Public Act 258: Governor Granholm’s Land Bank Fast Track Legislation
(Signed into law on January 5, 2004)

The law establishes a state land bank authority that will be used to process tax reverted properties for the state of Michigan. The law also enables the establishment of city and county land bank authorities. The law permits these authorities to expedite quiet title on properties that it possesses and make them available at nominal prices with the intent of making them viable and productive for the community.

Establishment and Governance
A local land bank authority is created through an intergovernmental agreement between the state land bank authority and a city or county. The agreement must outline the method of selection for, qualifications of, and period of service for the board of directors. The board must have an odd number of members, who serve without compensation. The agreement will define the process for the ratification of the articles of incorporation. The board must draft and approve a code of ethics. The intergovernmental agreement may also include any “other matters considered advisable” by the participating governments. A land bank authority may enter into agreements with one or more governmental agency to coordinate the execution of its duties.

PA 258 leaves most of the structure and responsibilities of a local authority to the governments’ involved.

Powers and Duties
Quiet Title - PA 258 outlines a process by which quiet title and foreclosure proceedings may be accelerated in order to reintroduce neglected property to productive use in an efficient manner. This is achieved by allowing batches of delinquent property to be processed through the circuit court at one time, by defining time limits for review and processing, and allowing for individual properties to be singled out during the quiet title process for a more specific review or removal from the process without stalling the entire batch. The law allows taxing agencies to release any tax liens held against property controlled by an authority.

Coordinating Property - An authority is accorded all rights of a private property owner, including holding and managing property. An authority may establish guidelines for the coordination and distribution of land to non-profit and for-profit developers, including holding land for future development and assembling larger more viable lots. An authority may disperse property at a nominal fee to projects that provide economic benefit and stability to the community. An authority may
purchase property that will assist this outcome. An authority may receive property as a gift in lieu of back taxes and penalties from delinquent property owners. An authority may borrow money, issue bonds, solicit grants, and retain proceeds it receives in order to execute its responsibilities. An authority receives 50% of what would have been property tax for 5 years after disposition. The remaining 50% is distributed among traditional taxing agencies.

Checks and Controls
An authority cannot condemn property or exercise the power of eminent domain. An authority cannot levy taxes or special assessments. An authority may only receive tax-reverted properties after they have been offered to the public. An authority may not use its power, funds, or property in any action related to establishing a casino. Monies received on properties baring a tax lien from another taxing body must be returned to that body. Property held by the Authority is not exempt from local zoning and land use laws. An authority must maintain an accurate record of property it owns and each property’s title status. An authority may sue and be sued.

Related Legislation
Four related pieces of legislation were passed in conjunction with PA 258. Below is a brief description of each.

PA 259 (Amendment to Brownfield Redevelopment Financing Act)
This act makes property owned by the land bank authority eligible to receive benefits defined under the Brownfields Act. It also includes title clearance as an expense that these benefits may be applied to.

PA 260 (Tax Reverted Clean Title Act)
This act levies a tax (equal to standard property tax) on properties distributed by an authority. 50% of the tax would go to the land bank authority, and 50% would be divided among the traditional taxing bodies (at standard proportions).

PA 261 (Property Tax Exemption Act)
This act states that properties whose titles are held by the land bank are tax exempt, and that properties sold by the land bank are tax exempt for five years after sale.

PA 263 (Amendment to General Property Tax Act)
This act amends the General Property Tax Act to no longer require taxing agencies to perform a title search to identify owners of delinquent properties at the time of foreclosure. The act defines a series of records that must be examined and a process of public notification in place of the title search.
APPENDIX B
Underlying Assumption of Accurate Database Technology

A 2002 Brookings Institution report on urban land reform identifies the ability to classify and track property as the first step in redevelopment for cities with large amounts of foreclosed and vacant land.\textsuperscript{57} For a land bank authority to succeed in redevelopment, information on its property inventory must be up to date and accessible. Database and geographic information systems (GIS) technology can be harnessed to maintain a current and accessible inventory.

The City of Detroit owns approximately 38,000 properties. An inventory of this magnitude has proven hard to manage. The city’s real-estate department has had difficulty identifying the status of property that it owns and coordinating or bundling properties into useful units. In some cases property that was promised to one party was sold to another.

Detroit Local Initiatives Support Corporation (LISC) and Detroit’s Planning and Development Department have already taken a key step in improving data about the inventory and strengthening information systems for tracking property. In January 2004, LISC announced a $1.5 million grant to provide technology, education, and personnel to “streamline” redevelopment of properties held by the city. A focus of the project is to update the property database. This database is an essential first step in making property available for redevelopment.\textsuperscript{58}

An effective database will aid a Detroit land bank in attaining its goals and objectives. The database could be used to:

- Ensure that property is held for interested non-profit or for-profit developers while project financing is arranged
- Assist non-profit and for-profit developers to identify property for development
- Monitor areas of the city identified by the master plan or other planning processes are used for the prescribed purposes
- Verify and maintain property title status
- Coordinate city wide planning
- Track property through the disposition process
- Community groups monitor activity in their area


Appendix C
Review of Michigan Foreclosure History

Current legal situation
The Land Bank Fast Track Act was one of five bills signed by Governor Granholm in January, 2004. This suite of bills will further expand the powers of the previous legislation; PA 123 and PA 134 were enacted in July of 1999 to amend the General Property Tax Act of 1893. The following three sections provide a brief description of property tax laws and two of the Michigan Supreme Court cases that have affected the tax foreclosure process.

Legislation

PA 206 of 1893 is the General Property Tax Act. It provides for the assessment of property value, the right to levy and collect property taxes, the power to make delinquent taxes a lien on the property and the ability to foreclose and sell property not redeemed. It addresses all areas of real property, personal property, and related assessment, equalization, taxes and the collection of taxes, tax delinquency, redemption and sale by county treasurer. The general property tax act prescribes all state mandated procedures that are related to real and personal property in the state of Michigan. It has been a law for over 100 years and has been amended several times to keep up with the changing needs of the state property taxes. Prior to PA 123 the procedures for foreclosing on tax delinquent properties were cumbersome and confusing with tax lien sales as the primary mechanism for redistributing abandoned properties.

PA 123 of 1999 amends the General Tax Act PA 206 of 1893. It expedites the process of foreclosure and subsequent sale of tax delinquent properties in the state of Michigan. The act specifically outlines a two year reversion process the County Treasurer must follow when there are unpaid taxes (one year of nonpayment). The law includes procedures for notification to all persons with an interest in a property, what taxes, interest, penalties, and fees may be charged, and how properties can be redeemed. There is also a hardship provision in Section 78h to assist property owners who are unable to pay their taxes. PA 123 eliminated the previous tax lien foreclosure system which often took 7 years to complete the foreclosure process. The act includes a judicial foreclosure process, but title companies are still reluctant to insure foreclosed properties under this law because its constitutionality has not been tested in the courts.

PA 134 of 1999 is the “tax reverted property emergency disposal act.” It allows local units of government to obtain quiet title through judicial procedure and facilitate the return of tax reverted properties\(^{59}\) to productive use. The act outlines four steps a local unit of government must complete to obtain quiet title.

\(^{59}\)“Tax reverted” properties are those that were foreclosed on under the old system of tax lien sales under General Property Tax Act 206 of 1893.
First, it must “declare an emergency backlog” of tax reverted properties. Second, it enters into a contract with one or more title insurance companies to conduct a title search to identify all persons with an interest in the tax reverted properties. Third, it must serve proper notice to those persons and file an affidavit of compliance with the Registrar of Deeds for that County. And finally, it brings a quiet title action before the circuit court for the county in which the tax reverted properties are located. PA 134 enables local units of government to clear title on large numbers of properties at one time. However, circuit court judges have been reluctant to process large numbers of parcels at one time. The circuit court of Wayne County will only allow an estimated 30 parcels a month to be cleared, thus substantially limiting the ability of the City’s Planning and Development Department to process the sale of tax reverted properties.

PA 246 of 2003 amends the General Tax Act PA 206 of 1893. It gives the authority to collect delinquent city taxes to the county treasurer. Effective December 29, 2003 the City of Detroit must return uncollected taxes after December 31, 2002 to the county treasurer for collection. Each month the county treasurer remits to the city treasurer the taxes and interest collected during that month. The act will ensure that city delinquent taxes are foreclosed on if they are not paid. It assumes that city records of taxes due are accurate and timely. The City of Detroit no longer has the power to collect taxes that become delinquent. It does, however, retain the right to sue property owners personally for taxes due.

Case Law

**Dow v State of Michigan (1976)**
In 1976 the Michigan Supreme Court ruled that the state of Michigan had violated Carl and Rose Dow and Marie Parker Smith’s state constitutional right to due process in the foreclosure on their real property. Rose Dow had received notification but failed to inform her husband or their business partner Ms. Smith. The Court found that Mr. Dow and Ms. Smith were without notice. The court also ruled that public notice via a local newspaper did not constitute due process.

The Dow case set the precedent that all parties with interest in a property must receive notification before foreclosure can take place. This has made the foreclosure process time consuming and uncertain. Title insurance agencies charge high premiums on foreclosed properties due to the increased risk, and developers are reluctant to buy properties with clouded title.\(^\text{60}\)

**Smith v Cliffs on the Bay Condominium Association 2001**
The Smiths and The Cliffs on the Bay Condominium Association each claimed ownership of the same piece of property. In 1972 Cliffs on the Bay purchased

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\(^\text{60}\) Fisher, D. Personal Interview on 9/21/03. Deborah Fisher. Focus Hope, Director of Economic Development.
two adjacent properties. It developed the larger parcel into condominiums, while the smaller parcel remained undeveloped. The condominium association remained current on their taxes for the larger property and erroneously assumed that these taxes included the smaller one as well. The state took ownership of the smaller parcel through foreclosure in 1981. Notice was sent by certified mail to the original address on the tax roll, but the address had changed many times since the property purchase. In 1987 the Smiths purchased the parcel from the state. Cliffs on the Bay became aware of the situation and filed a lawsuit claiming ownership.

In the final appeal the court found that the Smiths were the rightful owner of the disputed property. They ruled that a foreclosure notification mailed to the address listed on the tax roll or the last known address meets the property holder’s right to due process. The decision upheld the changes made to Michigan tax law after *Dow v. State of Michigan*. The State Supreme Court opinion states that in the *Dow* case there was no proof that the notice was mailed. Subsequently, according to the court, the quality of the current postal system ensured that registered or certified notification represented a “reasonable effort” of notice.
Glossary of Terms

Benchmarks - A standard by which something can be measured or judged.

Bundled – “Bundling” is a process in which the County Treasurer offers certain properties at the County Auction together that the land bank wishes to acquire, but will not sell them as individual properties. The desired effect of such bundling is to make properties unaffordable to land speculators.

Buildable lots – Parcels of land that meet or exceed the minimum standard for development under Detroit’s municipal code.

CDC – Community Development Corporation, non-profit community based organizations working to redevelop their neighborhood or community.

Clear title – Title to real property with no conflicting or unresolved claims

Clouded title – Real property title with conflicting or unresolved claims; when two or more parties claim a portion of ownership to a title (could be due to liens or unpaid taxes)

Community asset – Publicly owned property returned to productive taxable use.

Intergovernmental Agreement – A document representing an understanding between the State Land Bank Authority and the local municipality that enables a municipality to establish a local land bank

Land Bank – a public or quasi public agency that redistributes foreclosed property

Lien – The right of a creditor to hold or sell a debtor’s property in the place of debt repayment

LRA – Land Reutilization Authority (St. Louis, Missouri)

LRB – Fulton County Land Bank (Atlanta, Georgia)

LRC – Genesee County Land Reutilization Council (Flint, Michigan)

LRP - Cleveland Land Bank Program

In lieu of - Instead of or in place of; in exchange or return for

Nominal consideration (fee) – A small fee with only symbolic value (in the case of the land bank $1 - $100)
Non-buildable lots – Vacant lots that do not meet the minimum standard for development under Detroit's Municipal code; referred to by some municipalities as Side Lots

Risk premium – Reward for making a risky investment. In the case of title insurance companies it is the high fee they charge to insure titles with uncertain (or risky) status

Speculators – Persons and/or entities that acquire land for reduced prices at public auctions, hold onto it in hopes that the property can be sold in the future at a higher price, and often fail to pay property taxes resulting in tax reversion.

Tax foreclosure – The legal action taken by a taxing body to take possession of a property due to unpaid back taxes

Tax reverted properties – refers to parcels already owned by the taxing agency

Title – Ownership of real property

Quiet title action – a legal action that eliminates all past claims or liens on a property (see clear title)
APPENDIX E
List of Interviews

Below is a list of interviews completed as part of the research for this document.

- Alexander, Frank, Professor of Law, Emory University, Atlanta, GA.
  - Phone interviews on 10/17/03 and 10/29/03.
  - Email correspondence dated 10/16/03, 1/19/04 and 2/5/04.

- Beckett, Tim, supervising Assistant Corporation Council, Real Property Section, City of Detroit, Detroit, MI. Interviewed on 2/3/04.

- Beckley, Robert, Consultant, Genesee County Land Reutilization Council, Inc., Flint, MI. Interviewed on 11/20/03.

- Bogdan, Albert, Director, Wayne County Housing Division, Detroit, MI. Interviewed on 10/29/03.

- Buss, Bettie, Director of Policy Projects, Detroit Renaissance, Detroit, MI. Phone interview on 10/10/03.

- City of Detroit Housing Task Force. Subcommittee of Detroit City Council, Detroit, MI. Participated in Task Force meetings on 1/22/04, 2/27/04, and 3/16/04.

- Cockrel, Kenneth, Jr, City Council Member, City of Detroit, Detroit, MI. Interviewed on 12/8/03.

- Cockrel, Sheila, City Council Member, City of Detroit, Detroit, MI. Interviewed on 12/9/03.

- Fisher, Deborah, Senior Program Developer, Focus: HOPE, Detroit, MI. Interviewed on 9/25/03.

- Hardaway, Ponsella, Executive Director, Metropolitan Organizing Strategy Enabling Strength (MOSES), Detroit, MI. Interviewed on 2/18/04.

- Hickey, Mike, Director, RevitaLife, Inc., Detroit, MI. Interviewed on 10/24/04.

- Juergensen, Jay, Executive Director, RevitaLife, Inc., Detroit, MI. Interviewed on 10/24/04.

- Kildee, Daniel, Genesee County Treasurer, Flint, MI. Interviewed on 1/13/04.
• Keating, Larry, Associate Professor of City and Regional Planning, Georgia Institute of Technology, Atlanta, GA. Phone interview on 1/13/04.

• LaMont, Catherine, President, LaMont Title Company, Detroit, MI. Interviewed on 1/29/04.

• Lento, Rochelle, Professor of Law and Director of the Legal Assistance for Urban Communities Clinic, University of Michigan, Ann Arbor, MI. Interviewed on 9/18/03.

• Ramsey-Heath, Malika, Legislative Assistant to Maryann Mahaffey, Detroit City Council President, City of Detroit, Detroit, MI Interviewed on 12/3/03.

• Royal, Kathleen, Real Estate Director, Planning and Development Department, City of Detroit, Detroit, MI. Interviewed on 2/3/04.

• Sternad, Evelyn, Cleveland Land Bank Manager, City of Cleveland, Cleveland, OH. Phone interviews on 7/23/03 and 3/15/04.

• Stuart, Georgiana, Director Real Estate, St. Louis Development Corporation. Phone interview and email correspondence on 10/10/03.

• Sweeney, Michael, Tax Department Administrator, Cuyahoga County Treasurer, Cleveland, OH. Phone interview on 7/23/03.

• Tobocman, Steve, State Representative, Michigan House of Representatives, Lansing, MI. Interviewed on 10/3/03.

• Wojtowicz, Raymond, Wayne County Treasurer, Wayne County, Detroit, MI. Interviewed on 12/9/03.
### Appendix F

**Table of Relevant Legislation for Land Bank Components**

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<th>COMPONENT</th>
<th>RELEVANT LEGISLATION</th>
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<td>Revenue Plan</td>
<td>Public Act 258; §23:1, §23:9b-c, §24:1-2,</td>
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<td>Acquisition of Tax Reverted Properties</td>
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<td>Transparent Sales Approval</td>
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<tr>
<td>Benchmarks of Evaluation</td>
<td>Public Act 258; §22</td>
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