

## FY 2009 Annual Program Performance Measures

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**DEPARTMENT:** MICHIGAN DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH

**APPROPRIATION UNIT:** Sec. 115 Boards, Authorities and Commissions      **PROGRAM:** Land Bank Fast Track Authority

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**TIMELINE:** October 1, 2008 through September 30, 2009

**PROGRAM MISSION STATEMENT:**

To assist with strengthening and revitalizing the economy of Michigan by fostering economic development with the return of state owned tax reverted properties to productive and economically viable uses.

**PROGRAM STATEMENT:**

To foster economic development, housing, and urban community stabilization by returning state owned tax reverted properties to uses that are in the best interest of the State of Michigan and its citizenry.

**FUNDING SOURCE:**

Proceeds from property sales and 5-year/50% tax capture from property sales.

Federal Funds from HUD's National Stabilization Program (NSP).

**LEGAL BASIS:**

Public Act 258 of 2003 (MCL 124.751, et seq.)

**CUSTOMER IDENTIFICATION:**

Customers – Governor's Office; the Michigan Legislature; citizens of Michigan; Department of Labor and Economic Growth and other departments; county and local units of government; county land banks; quasi-governmental agencies; community and faith-based organizations.

Stakeholders – Governor's Office; the Michigan Legislature; County Land Banks; Community Organizations; and Citizens of Michigan.

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### PROGRAM GOALS/MAJOR OBJECTIVES:

#### **GOAL 1:**

- **Maintain Property Conveyance Levels**

Highlight Strategy:  Green	<p><u>Objective 1</u></p> <p>1.1 STRATEGY: Follow strategies implemented in FY 2008 to maintain sales.</p> <p>Comment: See Below</p>
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The State Land Bank conveyed 252 parcels for FY 2009, which did not exceed total parcels sold for FY 2008 (417), but was still a consistent number conveyed compared to the 175 transferred in FY 2007. The number of sales in FY 2009 was a significant success when compared with the major downturn in the economy and more specifically the real estate market. The strategies that were implemented in FY 2008 are as follows:

- Analyzed the general office procedures and eliminated or reduced un-needed paperwork.
- Streamlined the internal application process and decreased the average processing time from 6.5 months to 30 days.
- Created multiple types of applications for various types of properties, which resulted in a more efficient and easier application process for property purchasers.
- Adjusted the asking price on properties due to changing market conditions and established a set price for side lot purchases.
- Developed new programs such as the Side Lot Program that enhanced customer interest and increased sales.

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### GOAL 2

- **Expand Title Clearance Activities**

Highlight Strategy:  Green	<u>Objective 1</u>  2.1 STRATEGY: Continue to clear title and perform quiet title actions.  Comment: See Below
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In FY2008, the State Land Bank began using its statutory quiet title powers to clear title on a number of properties in its inventory. Purchasers now have the option of purchasing title insurance on properties once they receive a quit claim deed from the Authority.

In FY2009, the State Land Bank used its powers of title clearance to performing approximately 500 title searches and 150 quiet title actions on properties the MLBFTA will be marketing in the near future or on properties that are set to be demolished. The Free Land for Green Jobs and NSP Demolition Programs, which will be discussed in more depth below, have revealed the importance of using expedited title clearance to speed the success of State Land Bank programs.

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### GOAL 3

- **Continue Inventory Assessment**

<p>Highlight Strategy: <b>YE Yellow</b></p>	<p><u>Objective 1</u></p> <ul style="list-style-type: none"> <li>• 3.1 STRATEGY: Assess and capture parcel data and photos of current condition for properties in the State Land Bank's inventory.</li> </ul> <p>Comment: See Below</p>
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To date, the State Land Bank has completed the assessment of properties in several counties in Michigan, including photos and condition descriptions. The information is continuously updated in the State Land Bank's data system. This is an ongoing process that will allow the State Land Bank to have the most current real-time information available on properties within its inventory.

Information regarding Land Bank property is being collected as follows:

- In FY2008, property investigators were contracted to do an initial survey of properties by photographing and logging basic information obtained at site visits such as whether a parcel contained a structure, condition of that structure, condition of the neighborhood, etc. The investigators covered southeast Michigan, which includes 90% of the State Land Bank's inventory. In FY2009, the investigators are following up on specific issues or concerns raised by public or private entities regarding State Land Bank properties.
- To gather information on parcels outside Southeast Michigan, the State Land Bank implemented a county outreach program whereby calls are made to local assessors to gather information and photographs of State Land Bank properties. This cost effective method of gathering property information on parcels spanning to the Upper Peninsula also provides the most detailed information of the properties due to the assessors' intimate knowledge of property in their jurisdictions.
- In regards to the NSP Demolition Program, which again will be discussed in more depth below, a demolition consultant has been contracted to investigate approximately 600 blighted structures that the State Land Bank has identified as candidates for demolition.

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### GOAL 4

- **Free Land for Green Jobs**

Highlight Strategy: <b>YE Yellow</b>	<u>Objective 1</u>  4.1 STRATEGY: Create a list of “shovel ready” properties to support the initiative while utilizing any program tools the State Land Bank has to offer.  Comment: See Below
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Governor Jennifer M. Granholm announced the Free Land for Green Jobs initiative during her State of the State Address in February 2009. The goal of the initiative is to offer State Land Bank owned commercial and industrial land for free to businesses creating at least 20 green energy jobs in Michigan. Michigan defines green jobs as jobs directly involved in generating or supporting a firm’s green related products or services. The state’s green economy is defined as being comprised of industries that provide products or services in five areas: Agriculture and natural resource conservation, Clean transportation and fuels, Increased energy efficiency, Pollution prevention or environmental cleanup, and Renewable energy production. Free Land for Green Jobs is aligned with the State Land Bank’s *Policies and Procedures for Property Acquisition and Disposition*. These policies, as approved by the Board of Directors in April 2007, support the State Land Bank’s ability to facilitate real estate development, economic growth and job creation, with an emphasize on preserving, stabilizing and restoring neighborhoods, improving and modernizing commercial and industrial areas, and remediating environmental issues and promoting compatible uses of land. The objectives of the Free Land for Green Jobs Initiative are to:

- Standardize site specific data the State Land Bank uses to market viable commercial and industrial properties.
- Partner with state departments and local authorities to proactively address major infrastructure, permitting, and environmental issues prior to a green business expressing interest in the site.
- Establish and publish an inventory of commercial and industrial sites that could assist in attracting green economy industries to the State and its local units of government.
- Reduce the speed to market for green economy businesses looking to relocate to the State by offering the State Land Bank development tools as an incentive to expansion or relocation.

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### GOAL 5

- **Create Additional local Land Bank Authorities**

Highlight Strategy: <b>Gre Green</b>	<u>Objective 1</u>  5.1 STRATEGY: Continue to expand the number of county land bank agencies within the state.  Comment: See Below
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In FY2009, the State Land Bank approved the creation of ten new land bank authorities in Bay, Benzie, Clare, Emmet, Gogebic, Houghton, Kalamazoo, Marquette, Saint Clair and Washtenaw counties, for a total of twenty-seven land bank authorities created since 2004. In FY2010, the State Land Bank will continue to seek the participation of the remaining counties in the land bank process, which will increase the use of the unique land bank tools to promote positive land use, eliminate blight, and fight the negative impact of housing foreclosures on Michigan communities.

### GOAL 6

- **Demolish Blighted State Land Bank Structures**

Highlight Strategy: <b>YE Yellow</b>	<u>Objective 1</u>  6.1 STRATEGY: Demolish all blighted structures owned by the State Land Bank.  Comment: See Below
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In FY2009, the State Land Bank was a Sub-Grantee of the Michigan State Housing Development Authority's (MSHDA) and the United States Department of Housing and Urban Development's (HUD) Neighborhood Stabilization Program (NSP). The State Land Bank received approximately \$10 million of the NSP grant to eliminate blighted properties from its inventory and stabilize the communities in which these properties are located. These funds will be used to demolish all of the State Land Bank's blighted structures, leaving only vacant land or structurally sound buildings that can be rehabilitated. The very short timeline for this massive undertaking requires that all of the funds be allocated for the demolition of specific projects by September 30, 2010. Approximately 500 commercial and residential structures will be demolished utilizing these program funds.

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### GOAL 7

- **Create and Maintain a Specialized Inventory Data Storage and Management System**

Highlight Strategy: <b>YE Yellow</b>	<u>Objective 1</u>  7.1 STRATEGY: Create and implement an internal database to increase productivity (i.e. reports, performance measurements and )  Comment: See Below
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The State Land Bank hired a departmental technician to create a specialized data storage and management system capable of capturing any and all real property data pertaining to State Land Bank properties. The data system will enable the State Land Bank to log general property details, such as assessing data and ownership histories, as well as site specific information, such as comments obtained from callers. The data system will provide internal progress results and instant status reports. The use of GIS mapping in conjunction with the data system will enable the State Land Bank to assist with planning for property assemblage for larger developments with local jurisdictions or private developers. A Phase One deliverable is expected in January 2010 with additional features to be added in early 2010 that will provide further functionality.

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### GOAL 8

- **Research and Apply for Additional Grant Funding**

Highlight Strategy: <b>YE Yellow</b>	<u>Objective 1</u>  8.1 STRATEGY: Research possible avenues for additional federal funding to support State Land Bank initiatives.  Comment: See Below
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In FY 2009, the State Land Bank was unsuccessful in its first attempt to secure a competitive \$1 million federal Environmental Protection Agency (EPA) brownfield grant for the assessment and planning for the cleanup of suspected contaminants on properties in its inventory. The EPA assessment grant was submitted by the State Land Bank as a coalition that also included seven county land banks in Michigan. After a debriefing by the EPA on the strengths and weakness of the previous proposal, the State Land Bank has submitted a powerful revised proposal for the same funding and has included two additional coalition members. The State Land Bank simultaneously submitted a separate proposal for a \$1 million Revolving Loan Fund from the EPA to assist with the remediation of contaminated property that will be developed. The State Land Bank is optimistic that it will be successful during this round of funding and anticipates notification from the EPA in Spring 2010.

### PROGRAM EFFECTIVENESS and Efficiency (Current Year)

Program Goals/Metrics

See goals/metrics above

Performance Measures

See attached charts below

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### *Program Improvements Made*

- Lowered price for Garden for Growth Lease to \$25 per year from \$50 per year.
- Lowered price for Side Lot Program to \$100 from \$250 per parcel.
- Streamlined application process for side lots and reduced the amount of staff time spent on applications.
- Prepared inventory data and spreadsheets for the State Land Bank's future data system.
- Initiated demolition of blighted structures.

### PROGRAM IMPROVEMENT PLANS FOR FY10

- The State Land Bank has partnered with the Michigan State Housing Development Authority (MSHDA) for a \$290 million grant from the federal Department of Housing and Urban Development (HUD) to remove blight and revitalize neighborhoods in 12 of the State of Michigan's largest municipalities. These HUD funds, issued under the Neighborhood Stabilization Program Part 2 (NSP2) would support the New Michigan Urban Neighborhood Initiative. The awards will be announced as early as December 2009. Funding from the proposal would be allocated to the municipalities and their land bank counter-parts to acquire and redevelop distressed homes while demolishing or rehabilitating others.
- In November 2009, the State Land Bank purchased a vacant building in downtown Detroit for redevelopment using NSP funding from MSHDA. The Farwell Building is part of a strategic redevelopment plan for the district in downtown Detroit known as Capital Park. The State Land Bank has partnered with the City of Detroit Downtown Development Authority, the Detroit Economic Growth Corporation, the Detroit Investment Fund and the Wayne County Land Bank to develop a comprehensive redevelopment strategy for the Capitol Park district. The next step for the project is the creation of a redevelopment timeline and the selection criteria to be used to choose a developer.
- In January, 2010, the State Land Bank will purchase a vacant building in Hart, Michigan, using additional NSP funds from MSHDA. The demolition of the property by the State Land Bank, using NSP demolition funding, and the removal of contaminated underground material will allow for future redevelopment of this well-situated parcel of land. The State Land Bank has partnered with the City of Hart, MSHDA and the DEQ to conduct and analyze results of environmental testing, and will determine the best future use of the property once the extent of the environmental contamination is remediated.
- The State Land Bank plans to continue to assist county land banks to meet their goals.

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- Land Bank staff will increase GIS mapping activities of both State Land Bank properties, as well as other publicly and privately-owned properties. This will assist with strategic planning for the Land Bank and its local government partners.
- The Land Bank will continue to reduce costs and spending while increasing performance and efficiency.

### **CHALLENGES FOR FY10 and BEYOND**

- The State Land Bank strives to expand and enhance programs such as the NSP1 demolition program, side-lot sales, county outreach plans, and EPA and other grant funding opportunities, while balancing the work required of a small yet efficient staff.
- The State Land Bank continues to seek funding for programs, including monies for property maintenance and to support the county outreach that is essential for keeping communities strong and vibrant.

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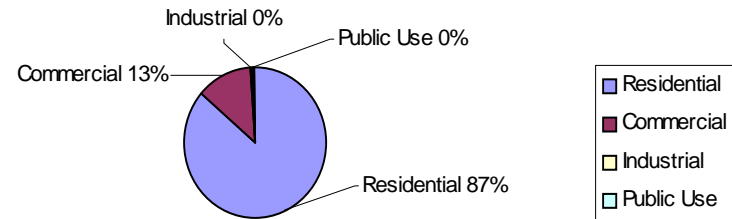


*Michigan Land Bank  
Fast Track Authority*

### PROPERTY CONVEYANCE BY CATEGORY & USE REPORT FISCAL YEARS 2008 & 2009

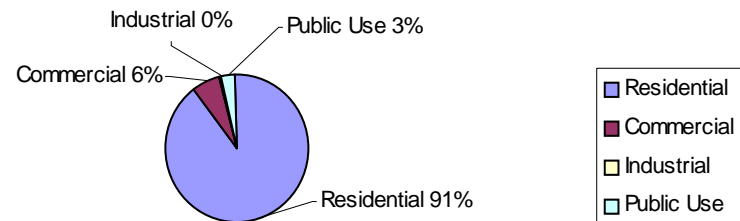
Properties Sold by Property Use FY2008	
Use	Sold
Residential	360
Commercial	53
Industrial	2
Public Use	2
<b>Total</b>	<b>417</b>

**Properties Sold by Property Use 2007**



Properties Sold by Property Use FY2009	
Use	Sold
Residential	227
Commercial	16
Industrial	1
Public Use	8
<b>Total</b>	<b>252</b>

**Properties Sold by Property Use 2008**



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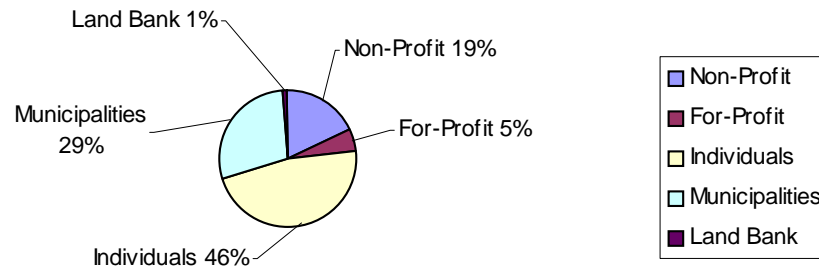
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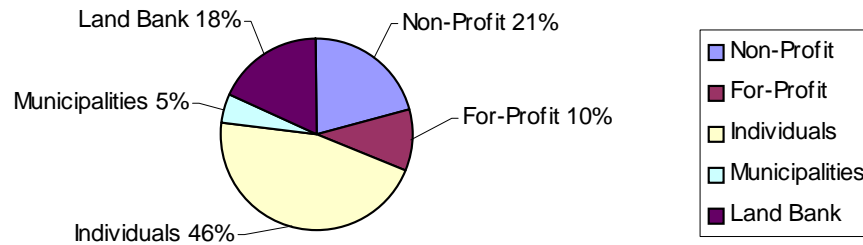
Properties Sold by Category FY2008	
Category	Sold
Non-Profit	78
For-Profit	21
Individuals	193
Municipalities	122
Land Bank	3
<b>Total</b>	<b>417</b>

**Properties Sold by Category 2007**



Properties Sold by Category FY2009	
Category	Sold
Non-Profit	53
For-Profit	26
Individuals	115
Municipalities	12
Land Bank	46
<b>Total</b>	<b>252</b>

**Properties Sold by Category 2008 Sold**



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*Michigan Land Bank  
Fast Track Authority*

### Property Sold By County – FY 2007-2009

<b>County</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Alpena	0	2	1
Arenac	3	0	0
Bay	0	0	1
Berrien	0	2	0
Branch	0	1	0
Calhoun	1	1	1
Chippewa	0	2	0
Clare	0	0	1
Eaton	0	1	0
Genesee	1	1	6
Gladwin	0	1	0
Gogebic	0	1	1
Gratiot	0	2	0
Hillsdale	1	0	0
Houghton	0	3	0
Ingham	2	4	0
Iosco	0	3	0
Iron	1	0	0
Jackson	0	1	0
Kalamazoo	0	0	1
Lake	0	0	1

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### Property Sold By County – FY 2007-2009, continued

<b>County</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Lenawee	1	0	0
Marquette	0	0	1
Macomb	0	0	1
Mecosta	0	0	1
Monroe	2	1	0
Midland	1	0	0
Muskegon	0	0	1
Oceana	1	3	1
Ogemaw	0	4	0
Ontonagon	1	0	0
Osceola	1	1	0
Otsego	0	1	1
Presque Isle	0	1	0
Roscommon	0	0	1
Saginaw	0	6	47
Shiawassee	0	1	0
St. Clair	1	2	2
Wayne	158	372	183
<b>GRAND TOTAL</b>	<b>175</b>	<b>417</b>	<b>252</b>