



*Michigan Land Bank*  
*Fast Track Authority*

***Biennial Report***

***Fiscal Years 2009 and 2010***

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## **Executive Summary**

The Michigan Land Bank Fast Track Authority (Authority) has continued to grow and adapt to changing market and economic conditions in the real estate arena. In fiscal years 2009 and 2010, the Authority continued to become more streamlined in its processes and procedures, and has taken on larger projects that will significantly benefit local communities and the State of Michigan. Despite slowing market and economic conditions, the Authority has maintained financial stability, developed new programs to market once undesirable properties, and creatively sought out new funding opportunities to improve program successes.

The Authority has continued to support the creation of county land banks throughout the State of Michigan. The Authority has approved twenty-one additional Intergovernmental Agreements establishing county land bank authorities in Emmett, Houghton, Lapeer, Marquette, Kalamazoo, Sanilac, Ogemaw, Clare, Gogebic, St. Clair, Washtenaw, Bay, Benzie, Kent, Delta, Ionia, Ottawa, Van Buren, Lake, Oceana and Charlevoix counties. In total, thirty-five county/city land bank authorities have been created as of fiscal year 2010, with two more counties currently completing the necessary documentation to submit to the Authority Board.

The Authority was able to gain a better understanding of the approximately 9000+ tax reverted properties in its inventory by contracting with investigators to conduct site visits, take photographs, and complete data information forms on the majority of the Authority's properties. Investigators have gathered pertinent information about the properties for the Authority to strategically plan for future programs and property uses, and investigators have been a visible presence in the communities and assisted in situations involving utilities services, tree removals, neighbor complaints, and property cleanups.

The Authority has continued to combine efforts with Michigan State Housing Development Authority (MSHDA), Michigan Department of Natural Resources and Environment (MDNRE), and Michigan Department of Technology, Management and Budget (MDTMB), as well as other state departments.

This report covers the time period of fiscal years ending 2009 and 2010 and contains corresponding sales activity and program information. Total Authority revenues for this time period were just over \$500,000, and approximately 433 properties were returned to a productive use.

## PURPOSE AND SCOPE OF AUTHORITY ACTIVITIES

### Legislative Intent and Legal Authority

As a result of recommendations from the Final Report submitted by the Michigan Land Use Leadership Council in 2003, it was apparent that legislation was needed to help facilitate the assembly and clearance of title to tax reverted properties, and to encourage and return tax reverted properties to productive use. To that end, the 92<sup>nd</sup> Legislature's (2002-2003) bi-partisan passage of tie-barred House Bills (HB) 4480, 4481, 4482, 4483, 4484, and 4488 resulted in the creation and support of Public Act 258 of 2003. Enrolled HB 4483 created Public Act 258 of 2003, known as the "Land Bank Fast Track Act" (Act), MCL 124.751-124.774, inclusive. The Act was signed into legislation by Governor Jennifer M. Granholm on January 5, 2004, with immediate effect.

In summary, the legislative intent of the Act is to provide positive economic impact while addressing the problems related to Michigan's property tax reversion processes.

The main intent of the Act is to:

- Create the Michigan Land Bank Fast Track Authority and Board of Directors.  
*(The first and only state-wide Land Bank Authority ever created in the country.)*
- Allow the Authority to enter into Intergovernmental Agreements with the Michigan Economic Development Corporation (MEDC), Michigan State Housing Development Authority (MSHDA), and for the creation of local land bank authorities by a county, a qualified city (Detroit), or multiple counties under certain circumstances.
- Enable land bank authorities with all the powers and tools needed to act, to receive property and gifts, and to return tax reverted property to the tax rolls.
- Establish procedures for an expedited quiet title and foreclosure action by an authority.
- Allow a county or qualified city that forms an authority to make a limited tax pledge to support its bonds or notes or, with voter approval, an unlimited tax full faith and credit pledge.
- Establish the "Land Bank Fast Track Authority Fund" to receive funds for properties sold and for the financing and bonding of permitted activities of the Authority.
- Require the State of Michigan Administrative Board to convey specific parcels of surplus state land to the state Authority.
- Repeal the Tax Reverted Property Emergency Disposal Act.

## **Scope of Activities**

The statutory scope of activities for the Authority is found at MCL 124.754, Powers, Sec. 4. In summary, the Act empowers the Authority to own, accept, acquire, and hold property through gift, transfer, or other conveyance methods. It also allows the Authority to manage, sell, exchange, lease, option, renovate, develop, and demolish properties within its inventory, and to employ other legal means as prescribed by the Act. All Authority properties qualify for the Brownfield designation and are eligible for funding through the Brownfield Redevelopment Act (Act 381). Program operations are funded through property sales and a five-year/50% tax recapture.

The Authority, pursuant to MCL 124.754, may also solicit and accept gifts, grants, labor, loans, and other assistance from any person, the federal government, this state, or a political subdivision of this state or participate in any other way in a program of the federal government, this state, a political subdivision of this state, or an intergovernmental entity created under the laws of this state.

The Authority may convey property in a manner and for an amount of consideration that it considers to be proper, fair, valuable, and in the best interest of the community and this State. The Authority may borrow money, issue notes and bonds, solicit and accept grants and loans from any person, governmental entity or other funding source, and retain proceeds it receives from the sale or rental of property in order to execute Authority goals, objectives, and responsibilities. The Authority may enter into contracts and procure goods and services, and employ legal and technical experts. Delinquent taxes and liens are waived on all Authority owned properties. The Authority may initiate an expedited quiet title action for real property held under its jurisdiction and may procure insurance. It may also invest money of the Authority in instruments, obligations, securities, or property determined proper by the Authority's Board of Directors.

The Authority works cooperatively with local units of government and the private sector to effectively create opportunities for economic growth within the manufacturing, industrial, commercial, retail, housing, and public use arenas.

The Authority is ***prohibited*** by statute from:

- ❖ ***Assisting or expending any funds for, or related to, the development of a casino.***
- ❖ ***Levying any tax or special assessment.***
- ❖ ***Exercising the power of eminent domain or condemnation of property.***

The Authority has the ***vision*** of fostering 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 citizens.

The ***mission*** of the Authority is stimulate job growth and invest in Michigan communities by fostering private-public partnerships; to engage citizens to preserve, protect and strengthen neighborhoods; and to promote, supervise and support land bank operations at the state, county and local levels.

Properties within the Authority's inventory range from irregularly-sized, vacant residential side-lots (lots which are not capable of being developed due to their small size and/or zoning requirements), to vacant lots capable of being developed with residential, commercial, industrial uses, to improved properties (lots containing houses, commercial or industrial buildings), to contaminated sites and land fills.

To assist the Authority with marketing and public awareness, a web site and public access database were created. The Authority's website can be accessed at [www.michigan.gov/landbank](http://www.michigan.gov/landbank) and includes a property search tool that allows the public to view information on all available Authority properties. Searches can be performed by keyword, parcel identification, county, location, legislative jurisdiction/legislator, or street address. The site also features other links to local units of government with significant inventories of tax reverted properties.

Since its inception, the Authority's marketing campaign has consisted of reaching out to the public, non-profit and for profit organizations, and other entities through press releases, presentations and public speaking engagements, public service announcements, interviews with internal and external media outlets, mailings, e-mail, website, telephone and word of mouth campaigns designed to explain the overall program objectives, and various features of the website and database.

In order to acquire property from the Authority, a buyer must complete the application process and be approved by Authority staff for the purchase based on the buyer's capability and proposed use for the property. Applications may be obtained by contacting either of the Authority's offices, or may be downloaded from the website located at [www.michigan.gov/landbank](http://www.michigan.gov/landbank). Once a completed application is received in the Lansing office, it is reviewed and processed accordingly.

Transactions conveying more than fifteen parcels, any conveyance to a governmental entity for which the property will remain tax exempt, or conveyances for public use projects must be recommended to, and approved by, the Authority's Board of Directors.

## **Other Activities**

The Authority is involved in continuous efforts to utilize the powers of the Act while assisting in the following state-initiated programs:

- ❖ ***Michigan Department of Natural Resources and Environment – Targeted Brownfield Assessments***
- ❖ ***MSHDA / Detroit Partnership – Strategic Development and Demolition Projects in Detroit.***

The Authority also utilizes the tools of the Act in order to work with community based non-profit organizations on unique public use projects such as:

- ◆ ***The Greening of Detroit***  
*The Authority leased vacant properties to the Greening of Detroit for the purpose of urban gardening and farming. Some of the parcels previously leased to the Greening of Detroit have been sold to neighboring property owners who will continue to use the properties for gardening purposes and who will pay property taxes on the properties.*
- ◆ ***West Oakland Homes/Vanguard:***  
*The Authority conveyed land to be used for the creation of low-income housing in the City of Detroit.*

The Authority has cooperatively worked with the following local units of government by approving various property conveyances for public use purposes:

- *Township of Carrollton (County)*
- *Township of Canton (County)*

The Authority works with established non-profit community and faith-based organizations to develop new affordable housing throughout the State of Michigan. The Authority/MSHDA Non-Profit Housing Property Development Program allows non-profit organizations the ability to receive Authority properties for no cost based upon approved new affordable housing to be developed within 12 to 18 months. The Authority successfully conveyed 93 properties through this program furthering MSHDA's mission to develop affordable housing. Recipients of the Non-Profit Housing Property Development Program consist of the following:

- ✓ 23 parcels awarded to Habitat For Humanity - Detroit;
- ✓ 11 parcels awarded to Habitat For Humanity - Saginaw;
- ✓ 5 parcels awarded to Habitat For Humanity - Monroe;
- ✓ 16 parcels awarded to Highland Park Homeownership Collaborative;
- ✓ 13 parcels awarded to Northwest Detroit Neighborhood Development Corporation;
- ✓ 3 parcels awarded to Port Huron Housing Development Corporation;
- ✓ 4 parcels awarded to Greater Corktown Development Corporation – City of Detroit;
- ✓ 1 parcels awarded to Creekside Community Development Corporation – City of Detroit;
- ✓ 7 parcels awarded to St. Joseph Resources Corporation – City of Detroit;
- ✓ 1 parcels awarded to Grandmont Rosedale Development Corporation – City of Detroit; and
- ✓ 9 parcels awarded to Central Detroit Christian Community Development Corporation – City of Detroit.

## AUTHORITY GOVERNANCE

### **Board of Directors**

The Authority's Board of Directors is selected per the mandate of Sec. 16, paragraph 1 of the Act:

The purposes, powers, and duties of the state Authority are vested in and shall be exercised by its Board of Directors. The Authority Board consists of seven members, with the Governor appointing four residents of this state as members. The members of the Authority Board serve terms of four years. In appointing the initial members of the Authority Board, the Governor designates two to serve for four years, one to serve for three years, and one to serve for two years. All of the following also serve as statutory members of the Authority Board:

- (a) The Director of the Department of Labor and Economic Growth or his or her designee.
- (b) The Chief Executive Officer of the Michigan Economic Development Corporation or his or her designee.
- (c) The Executive Director of the Michigan State Housing Development Authority or his or her designee.

#### **Michigan Land Bank Fast Track Authority Board of Directors:**

**Hon. Andrew Meisner** – Chairperson – Treasurer of Oakland County\*  
**Cynthia F. Reeves** – Vice-Chairperson - Pres./CEO Jackson Gates and Associates  
**Andrew S. Levin** – Acting Director, Department of Labor and Economic Growth\*\*  
**Keith Molin** – Director, Michigan State Housing Development Authority\*\*\*  
**Gregory Main** – Pres./CEO Michigan Economic Development Corporation\*\*\*\*  
**Heidi A. Alcock-Mucherie** - Executive Director - Community Legal Resources  
**George W. Jackson, Jr.** – Pres./CEO Detroit Economic Growth Corp.

\* Daniel T. Kildee served during fiscal years 2005-2008 (?)

\*\*David C. Hollister, Robert W. Swanson, Keith W. Cooley and Stanley "Skip" Pruss served during fiscal years 2005 - 2009

\*\*\* Michael R. DeVos served during fiscal years 2005 - 2007

\*\*\*\* Donald Jakeway and James Epolito served during fiscal year 2005 – 2007

The Authority Board of Directors meets bi-monthly on the third Thursday of the month utilizing video conferencing to connect the Lansing and Detroit locations. Meetings are held in Lansing at the MSHDA Headquarters Board Room, 4<sup>th</sup> Floor, 735 E. Michigan Avenue, and in Detroit at the Cadillac Place – State of Michigan Office Building, MSHDA Conference Room, 4<sup>th</sup> Floor, 3028 West Grand Blvd. All meetings of the Authority Board subscribe to the Michigan Open Meetings Act and are open to the general public, except when closed for legal matters at the advice of counsel.

Counsel for the Authority consists of representatives from the Michigan Department of Attorney General's Finance, State Operations, and Revenue and Collections Divisions.

The Authority has two offices. The main office is located just outside of Lansing in Dimondale at the State Office Secondary Complex, General Office Building, 7150 Harris Drive, 1<sup>st</sup> floor. The second is in Detroit at the Cadillac Place – State of Michigan Office Building, 3028 West Grand Blvd, within MSHDAs' Suite 4-600.



## **Authority Staff**

The Executive Director for the Authority for the period of this report was appointed by Governor Jennifer M. Granholm on January 7, 2008. Staff for the MLBFTA consists of the following members:

Carrie Lewand-Monroe – Executive Director\*  
Penny Gutierrez – Executive Secretary  
Kim Homan – Property Manager  
Khalilah Burt-Gaston- Development Specialist  
Jeffrey Huntington – Senior Property Analyst  
Jennifer Lascari – Property Analyst  
Nolan Zaroff- GIS/Data Analyst  
Nicole Armbruster – Property Analyst  
Jill Robinson- Property Analyst  
Adrienne Zeigler- Property Analyst  
Kimberly Anderson- Property Analyst  
Alicia Powers – Student Assistant  
Robert Jurado- Student Assistant

\* Semone M. James served during fiscal years 2005 - 2007.

Two new positions were created within the Authority during fiscal years 2009-2010 that greatly impacted the success of the Authority's vision and mission. The Development Specialist position assisted in community and economic development projects while preparing viable Authority properties to shovel ready condition. The Departmental Technician position (GIS/Data Analyst) assisted in generating GIS maps and created and maintained the Authority's database of properties.

Also, with the awarding of federal HUD dollars in 2010, four new positions were created within the Authority to assist with implementation and progress of the program to stabilize neighborhoods throughout the State. Additional new staff for work under NSP2 consists of the following members:

Jill Robinson- Property Analyst, Detroit  
Kimberly Anderson- Property Analyst, Detroit  
Adrienne Zeigler- Property Analyst, Detroit  
Nicole Armbruster – Property Analyst, Lansing

The Authority staff subscribes to the following values:

- To deliver efficient service to our stakeholders and the general public.
- To create effective working relationships with our partners.
- To facilitate redevelopment of state owned tax-reverted properties.
- To utilize the unique powers of the Act.

The mission and vision of the Authority is communicated to staff members through telephone conference calls, staff meetings, e-mail communications, position descriptions, Authority Board

meetings, DELEG newsletters and other Department communications. The Authority communicates with customers and stakeholders by phone, mail and email correspondence, personal meetings and community events.

The Authority measures success in three ways:

1. Meeting the objective of returning properties to the tax rolls and encouraging economic redevelopment.
2. Contributing to the creation of renewed housing, commercial, industrial or retail development in targeted areas throughout the state.
3. Generating revenues to effectively sustain the operations of the Authority in order to carry out its legislative intent.

## **NEW AUTHORITY PROGRAMS**

### **Side Lot Program**

The Side Lot Program provides property owners the opportunity to purchase vacant, residential lots located next to their house at a minimal cost. The Authority has the discretion to determine whether any parcel of property shall be included in the Side Lot Program. Any vacant, residential, non-buildable Authority-owned lot that has a 75% common boundary line with the applicant's property can qualify for the Side Lot Program. The property shall be transferred to the adjacent owner for the purpose of expanding the side and/or rear lot area of that owner's property. Possible uses of a side lot include a flower or vegetable garden, play area for children and pets, or construction of a garage or driveway.

On April 1, 2009, the Authority again reduced the price for side lots from \$250 to \$100, plus a \$35 processing and recording fee, to reflect current market conditions. The Authority believes this reduction in price will continue to increase the sales of side lots, which will help adjacent lot homeowners take ownership of possibly blighted vacant lots that have been used for dumping grounds or short cuts, and make them into beautiful community assets.

Benefits of the Side Lot Program to the individual include enhancing and adding value to that owner's property as they are able to clean, maintain, and secure the vacant abandoned property next to their home. Further benefits to the community include neighborhood beautification, increased property values, and returning the property to the tax rolls and relieving the local jurisdiction of maintenance costs.

Sales of adjacent lots dramatically increased since the purchase price of side lots was significantly reduced in FY 2008 from \$500 - \$1,500 down to \$250, doubling from 74 sold in FY 2007 to 149 sold in FY 2008. The Authority also refined the side lot application process and decreased the length of time from interested applicant to satisfied purchaser from months to just two weeks.

## **Garden for Growth Program**

The Authority developed Garden for Growth, an urban gardening program, in the fall of 2008 in response to an increased interest in urban gardening, and to further market the vast amount of vacant lots in the Authority's inventory. The purpose of the Garden for Growth Program is to allow Michigan residents to lease Authority properties to create urban gardens. Governor Granholm was promoting healthy foods in urban areas, and this new program directly supported that food initiative.

Under Garden for Growth, any individual or nonprofit organization may lease an Authority property for the purpose of creating an agricultural space. Any types of gardening or agricultural activities qualify as long as they are not illegal and do not violate local zoning codes. This includes vegetable gardens, flower gardens, native plant gardens, and educational gardens. The Authority has created an expedited lease application process, as the ownership of the property will not be transferred. The cost of the program started at \$50 for a one-year lease term per parcel in fall of 2008, but was later reduced to \$25 in spring 2009. Lessees have the option of renewing their lease at the end of the term.

The Authority chose to lease properties through the Garden for Growth Program rather than sell the lots because community gardens often exist for only a few consecutive years, as sustained interest is difficult to maintain. Further, if the property is sold to the gardener, that owner will have to pay taxes on the property. The payment of taxes on gardens and lots can be difficult for community groups to coordinate and will often result in the property being foreclosed. Individuals or groups that prefer to purchase the property for gardening may submit a residential lot application to the Authority.

The Authority believes when neighbors plant a garden together they often find that they have grown much more than food. The cooperative spirit of the gardeners can result in the growth of an entire community. Gardening cultivates an awareness of, and appreciation for, neighbors and the surroundings, and grows opportunities such as improved health from eating fresh vegetables, economic income from selling produce, and overall revitalization of the community.

On March 23, 2009, DELEG's Media Office issued a press release announcing the launch of the Garden for Growth Program, and the Authority received inquiries for approximately 40 properties to be used as urban gardens. The Garden for Growth Program has also welcomed the resources and knowledge of the Greening of Detroit, a non-profit resource agency that assists individuals and groups in creating and maintaining their urban gardens. The Greening of Detroit will assist the Authority in marketing the properties for urban gardens and will provide support for the sustainability of the newly acquired gardens.

## **Quiet Title Program**

The Authority initiated the Quiet Title Program to address title issues that are often associated with tax reverted property and the foreclosure process. As stated in MCL 124.759, Expedited quiet title and foreclosure action; procedure, Sec. 9, 2003 PA 258, "an authority may initiate an expedited quiet title and foreclosure action under this section to quiet title to real property held by the authority or interests in tax reverted property held by the authority." This important and necessary power allows the Authority to clear any liens or clouds from its title, thus creating a

more marketable property as the new owner has the option of purchasing title insurance after the transfer from the Authority.

In 2008, the Department of Housing and Urban Development (HUD) allocated \$263.5 million to the State of Michigan, including \$98.6 million to be managed by Michigan State Housing Development Authority (MSHDA) under NSP1. Of the state funds allocated to MSHDA, the Authority received \$10 million dollars to demolish 400 Authority-owned structures that were identified as blighted structures.

The Authority contracted with a Detroit-based title company to conduct title review and clearance activities on selected Authority properties for the NSP1 demolitions. The title company specializes in tax reverted properties and completes title searches to verify clear title or initiates quiet title actions on the Authority's behalf for \$200 - \$750 per parcel, depending on the extent of actions required. The title company will provide 'insurable' title in the Authority for any property that is cleared through this process.

These title clearance activities will be used by the Authority to sort and categorize the inventory of parcels, particularly the occupied homes or blighted structures targeted for demolition. The title service will also be offered to any purchaser who wishes to obtain insurable title and the cost will be born by that customer. This process is greatly improved from the quiet title services that the Authority had planned to conduct prior to fiscal year 2008. Under the prior plan, cost to clear title would have been roughly \$1,665 per parcel, title insurance was not guaranteed at the end of the process, and the Authority staff would have had to issue all notices and manage the entire title clearing process. Savings for the Authority, and satisfaction of the prospective purchasers, will be significant considering the inventory of 9000 + parcels.

The title company's initial process of conducting title searches revealed that only 25% of the properties being reviewed will require quiet title actions to resolve any liens or clouds. This statistic further reduced the time and money spent on title clearance and will provide purchasers with a quick and affordable path to insurable title after purchase. The Quiet Title Program assisted the Authority in fulfilling title requirements for the NSP1 demolition program. More information on the demolition program can be found below under section heading "NSP Demolition Program 2009."

### **Mortgage Foreclosure Program**

In January 2008, the Authority purchased 179 mortgage-foreclosed properties from Fannie Mae to support rehabilitation and redevelopment of the local communities. An additional consideration was the support and furtherance of MSHDA's housing and community development missions, and ensuring that the properties would be actively managed and rehabilitated. One of the main purposes for the properties being conveyed to the Authority was that those structures not continue to sit empty and deteriorate.

Initially, the main goal of the Authority and MSHDA was to find community groups and other non-profit organizations engaged in community redevelopment to purchase the former Fannie Mae properties. However, due to the declining real estate market conditions throughout 2008, many organizations were struggling financially and did not have the funds to purchase the properties, pay the taxes and outstanding liens, as well as invest resources into renovating the

properties. Due to the passing of time and the lack of immediate interest by community groups, the Authority has offered the properties for sale on the web site, as part of a separate property search, to generate interest in these parcels.

Since the Authority began offering the properties for sale on the web site 34 properties have been conveyed to individuals, non-profits and a county land bank, with other applications still in process.

### **County Outreach Program**

The County Outreach Program was designed to obtain detailed information from counties in which ten or less Authority-owned parcels were located. Authority staff contacted local assessors of the townships or cities where the properties are located to determine if the governmental unit was interested in acquiring the parcels for public use, or if they had specific knowledge of individuals or non-profit organizations that may be interested in acquiring the property for development or use as a side lot.

Contact was made with 24 counties consisting of a total of 118 parcels (Alger, Delta, Chippewa, Schoolcraft, Iron, Marquette, Dickinson, Houghton, Cheboygan, Presque Isle, Otsego, Montmorency, Alpena, Oscoda, Manistee, Roscommon, Ogemaw, Iosco, Mason, Osceola, Gladwin, Mecosta, Clare, and Montcalm).

As a result of the outreach, the Authority sold properties, as well as, gathered detailed information for properties located in the targeted counties.

### **NSP1 Demolition Program 2009**

In July 2008, Congress passed the Housing and Economic Recovery Act (HERA), which appropriated \$3.92 billion dollars to address foreclosed and abandoned housing through Title III, also referred to as the Neighborhood Stabilization Program (NSP). The Department of Housing and Urban Development (HUD) allocated \$263.5 million to the State of Michigan, including \$98.6 million to be managed by Michigan State Housing Development Authority (MSHDA). Of the state funds allocated to MSHDA, the Authority received \$10 million dollars to demolish Authority-owned structures displaying signs of “deterioration sufficient to constitute a threat to human health, safety, and public.”<sup>1</sup>

The Authority designed a demolition program that allowed for the demolition of approximately 400 blighted properties within the Authority’s inventory. Blighted structures owned by the Authority were identified for demolition were based on many factors including, but not limited to, the condition of the structure, its proximity to a school, and the viability of the neighborhood. Partnerships with federal agencies, state departments, local municipalities and non-profit organizations were crucial to facilitating a streamlined, strategic process that benefitted the community by the removal of blighted structures that have plagued Michigan municipalities for years.

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<sup>1</sup> U.S. Department of Housing and Urban Development. Guide to Neighborhood Stabilization Program (NSP) Eligible Uses.

## **NSP1 Acquisition for Redevelopment Projects 2010**

Additionally, MSHDA provided the Authority with NSP1 funds to acquire three vacant properties for redevelopment under Eligible Use E in compliance with NSP1 regulations, including provisions for low income housing, as follows:

- The Farwell Building, 1249 Griswold, Detroit (Capital Park); \$3.3 million.
- 26 North Street, Hart, Michigan; \$290,000 purchase price; another \$200,000 spent on demolition of the structure and abatement of contamination.
- The Agave Building, 4255-65 Woodward Ave, Detroit; \$600,000.

The three projects must be substantially completed according to federal NSP1 requirements before the NSP1 expenditure deadline of February, 2013.

### **Farwell Building, Capital Park:**

The Farwell Building in Capital Park is part of a larger development project involving many partner entities: Detroit Economic Growth Corporation, Detroit Investment Fund, Detroit's DDA, Lower Woodward Housing Fund, Wayne County and MSHDA. The three buildings that are the focus of this project surround a redeveloped urban park.

### **Hart, Michigan:**

The Authority acquired a vacant, 12,000 square foot, building located adjacent to Lake Hart from a local businessman. Prior to the purchase by the Authority, the property was planned for redevelopment into Lake Pointe Senior Housing, a 25 unit residential development. Due to the presence of contaminated soil, the proposed project could not pass MSHDA's environmental review such as to meet the underwriting process. The purchase and demolition by the Authority allowed for extensive environmental testing and remediation using the City of Hart's Clean Michigan Initiative grant of approximately \$200,000.

### **Agave Building:**

Acquired in November, 2010, the Agave building is a vacant, two-story building near the Detroit Medical Center and Wayne State University with restaurant space on the first floor and space for 4 apartments on the second floor. Atlas Global Bistro is a nearby restaurant that will relocate into the Agave Building; this successful employer had anticipated moving out of Detroit due to issues at its current location. University Cultural Center Association, UCCA, a local non-profit entity that has handled many development projects would like to purchase and develop the Agave Building as part of larger plans for the neighborhood that involve a number of local organizations and foundations.

## **NSP2 Michigan Consortium 2010:**

The Neighborhood Stabilization Program<sup>2</sup> (NSP2) was established to stabilize neighborhoods whose viability has been and continues to be damaged by the economic effects of properties that have been foreclosed upon and abandoned. NSP2, a term that references the NSP funds authorized by Title XII of Division A of the American Recovery and Reinvestment Act of 2009, (the Recovery Act or ARRA) provides grants to states, local governments, nonprofits and a consortium of public and or private nonprofit entities on a competitive basis.

***NSP2 and the Michigan Land Bank:***

The Michigan State Housing Development Authority (MSHDA) in a consortium agreement with 12 city governments and seven land banks was awarded the single largest grant amount by HUD, with a total of \$223,875,399 in NSP2 funds to use in targeted areas.

*“This is not only the largest single grant we are making, it was the best single application we received...A remarkable, remarkable application.”*

HUD Secretary Shaun Donovan

In these targeted areas, home values have dropped by as much as 52%. In three years the Michigan Consortium proposes to use NSP2 funds to acquire approximately 4,000 abandoned or foreclosed properties in these targeted neighborhoods. Of the 4,000 homes to be acquired, along with those currently owned by consortium members, a proposed 1,000 will be rehabilitated, 250 redeveloped, 1,750 demolished or deconstructed, and 2,750 land banked for future use. The rehabilitated homes will be available to households whose income does not exceed 120% of Area Median Income (AMI), with at least 25% of funds, or \$56 million, going to rehabilitation and new construction for low-income set-aside (for households below 50% AMI).

The consortium’s goal is to focus on the removal of blight and the re-sizing neighborhoods to meet market demand. A key component of this approach is the innovative use of land banks to purchase and hold properties, thereby removing their negative effects without adding units to the surplus already on the market. The land banks will help create smaller neighborhoods with anchors or amenities that employ, educate, and/or provide healthcare to residents while reserving buildable lots within walking distance to the anchor or amenity assets for future redevelopments as revitalization plans get implemented and the housing market demand grows.

The Authority is the local land bank partner for 6 of the 12 cities in the Michigan Consortium: Detroit, Grand Rapids, Hamtramck, Highland Park, Pontiac and Wyandotte. As part of the HUD application process, each City identified specific target neighborhoods for NSP2 activities, and the Authority is assisting each city partner in acquiring, land banking and demolishing structures within the target areas.

***NSP2 City and Land Bank Partnerships:***

***Total award for Each Partnership:***

Battle Creek – Calhoun County Land Bank	\$7.7 Million
Benton Harbor – Berrien County Land Bank	\$13.9 Million
Detroit – <b>Michigan Land Bank</b>	\$40.8 Million
Flint – Genesee County Land Bank	\$25.1 Million
Grand Rapids – <b>Michigan Land Bank</b>	\$15.6 Million
Hamtramck – <b>Michigan Land Bank</b>	\$13.9 Million
Highland Park – <b>Michigan Land Bank</b>	\$13.9 Million
Kalamazoo – Kalamazoo County Land Bank	\$14.3 Million
Lansing – Ingham County Land Bank	\$17.4 Million
Pontiac – <b>Michigan Land Bank</b>	\$13.9 Million
Saginaw – Saginaw County Land Bank	\$17.4 Million
Wyandotte - <b>Michigan Land Bank</b>	\$7.7 Million

***NSP Eligible Use Types:***

- “A” – financing mechanisms, for the purchase and redevelopment of foreclosed upon homes and residential properties, such as soft-seconds, loan loss reserves, and shared-equity loans form LMI buyers.
- “B” – purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent or redevelop such homes and properties.
- “C” – land banking – establish and operate land banks for acquisition, disposition of homes and residential properties that have been foreclosed upon.
- “D” – demolition of blighted structures, any type.
- “E” – redevelopment of demolished or vacant properties, any property type, but must be vacant, and was once developed. Must proceed expeditiously to construction. NSP2 limited to housing.

*\*Eligible Uses may be combined, but the most restrictive requirements will apply.*

### **Environmental Protection Agency Revolving Loan Fund**

In April 2010, the U.S. Environmental Protection Agency awarded the Michigan Land Bank a Revolving Loan Fund (RLF) Grant. The purpose of the one million dollar award is to provide capital, through standard, partially forgivable, or low or zero interest loans, for clean up and remediation of brownfield properties.

The Land Bank successfully submitted the required work plan to the EPA and received intergovernmental approval from SEMCOG and various local governmental agencies, as stipulated by Presidential Executive Order 12372 and the Michigan Federal Project Review System.

Next steps to begin implementation of the grant include:

- Creating a press release and brochure to market the program
- Procuring the necessary consultants and to assist management of the RLF
- Establishing a sub-committee to review loan applications

### **Other Projects**

#### *Hiring of Property Investigators*

In April 2008, the Authority contracted with three property investigators to conduct assessments of the properties in the Authority’s inventory, particularly in southeastern Michigan where over 90% of the properties are located. The investigators gathered specific information about the Authority’s properties and were a positive presence in the communities. They also assisted the Authority if action was needed for any parcels regarding utilities services, tree removals, and neighborhood complaints.

#### *Governor’s Film Office*

As part of the increased interest in movie production in Michigan, the Authority has assisted the Governor’s Film Office in locating properties to be used as sets for films being shot in the state of Michigan.

One project featured a special-effects controlled burn of a dilapidated residential home for a feature film. The Authority staff worked with the producer to identify a property in need of demolition, which was then leased to the production company for filming for one month in



exchange for the company's written agreement to demolish the structure. The creative endeavor resulted in a ripple effect of benefits, including the removal of a blighted structure in the community at no cost to the Authority, a well-chosen location for a production company to stage several scenes while creating local interest and excitement, and local jobs and dollars created for the State of Michigan by the film company.

*State of Michigan Department of Environmental Quality*

The Authority and the Michigan Department of Environmental Quality (MDEQ) staff continue to partner on the marketing and applications for federal assessment funding for properties in the Authority's inventory that had or have environmental concerns or were cleaned up using state or federal funds. Collaboration has included attending conferences and meetings, and joint efforts in writing grant proposals.

*City of Detroit Environmental Affairs*

The Authority and the City of Detroit's Department of Environmental Affairs (DEA) are conducting environmental assessments in a specific redevelopment area in the City of Detroit. The partnership was formed when a grant project awarded to the DEA by the MDEQ in 2004 was nearly completed yet additional money remained in the grant. All parties agreed that the funding could be used to conduct additional site assessments on Authority-owned properties within that redevelopment area, with plans for a continued partnership with expanded boundaries for future assessments outside of the current project area.

## **LOCAL LAND BANK INTERGOVERNMENTAL AGREEMENT (IGA)**

Public Act 258 of 2003 allows the Authority to extend the powers of the Act by entering into intergovernmental agreements with County Treasurers who have Opted In as their own Foreclosing Governmental Unit. As a designated qualifying City, the Act also authorizes the City of Detroit to enter into an intergovernmental agreement with the Authority to establish a land bank authority. Since the establishment of the state land bank authority, the following twenty one counties have been approved to create and operate local land bank authorities:

**Fiscal Years 2005 & 2006** - Genesee County, Ingham County, Saginaw County, Wayne County, Grand Traverse County, Calhoun County and Jackson County.

**Fiscal Years 2007 & 2008** - Berrien County, Arenac County, Cass County, Gladwin County, Leelanau County, Muskegon County and City of Detroit.

**Fiscal Years 2009 & 2010** - Emmet County, Houghton County, Lapeer County, Marquette County, Kalamazoo County\*, Sanilac County and Ogemaw County, Clare County, Gogebic County, Saint Clair County Washtenaw County, Bay County, Benzie County, Kent County, Delta County, Ionia County, Ottawa County, Van Buren County, Lake County, Oceana County and Charlevoix County.

### **Counties Opting Out:**

The following counties have chosen to not serve as their own Foreclosing Governmental Unit, and therefore rely on the State of Michigan Department of Treasury for this service:

-Branch	-Kalkaska
-Clinton	-Keweenaw
-Dickinson	-Livingston
-Eaton	-Luce
-Iosco	-Mecosta
-Iron	-Shiawassee

### **Counties Opting In:**

All remaining 71 counties are their own Foreclosing Governmental Units and can establish land bank authorities.

Since the modification of the Michigan tax foreclosure process in 1999, the County of Kalamazoo has been an "opt-out" county under the General Property Tax Act, meaning it elected to have the State of Michigan foreclose on property forfeited to the County Treasurer. As an "opt-out" county, the State of Michigan was considered the "Foreclosing Governmental Unit" as defined by the act therefore precluding the County of Kalamazoo from creating a county land bank authority. Additionally, the City of Kalamazoo allowed taxpayers to pay their tax bills in 12 monthly installments. City officials have been trying to modify this system in order to create a better stream of cash for the City and cut on borrowing for City operations. In order to make City Charter modifications the proposition had to be placed on a city ballot and passed by a majority of the voters. After two unsuccessful attempts to pass the proposition by a city-wide ballot, state lawmakers amended section 78 of the General Property Tax Act. This amendment permits Kalamazoo County (or any County with an eligible city as defined by the act), with the concurrence of the County Treasurer and Executive, to "rescind its prior resolution by which it elected to have this state foreclose property under this act forfeited to the county treasurer under section 78g" as long as the resolution is adopted at a meeting held between January 1, 2009 and March 1, 2009. MCL 211.78(4).

On February 3, 2009 the Kalamazoo County Board of Commissioners, with the concurrence of the Kalamazoo County Treasurer, resolved to rescind its November 16, 1999 "Resolution Electing to have the State of Michigan Foreclose Property Forfeited to the County Treasurer." Now, the Kalamazoo County Treasurer is the Foreclosing Governmental Unit as defined by Subsection 78 (7)(a) of Public Act 206 of 1893 as amended which allows for the County of Kalamazoo to enter into an Intergovernmental Agreement to create a county land bank authority and also allows city taxpayers to enter into a 6 month installment payment program.

**FINANCIAL INFORMATION OF AUTHORITY---**  
**Appropriation, Revenues & Cash Fund Balance**

The Authority's appropriations, revenues, and cash fund balances for fiscal years ending 2009 and 2010 are highlighted on the following table:

<b>Fiscal Year</b>	<b>Appropriation</b>	<b>Revenues</b>	<b>Cash Fund Balance</b>
<b>2009</b>	<b>\$11,919,700.00</b>	<b>\$627,881.70</b>	<b>\$2,724,690.31</b>
<b>2010</b>	<b>\$19,794,500.00</b>	<b>\$5,619,355.82</b>	<b>-\$567,287.52*</b>

**Budget Expenditures (Operational Expenses Only)**

Department of Energy Labor & Economic Growth Michigan Land Bank Fast Track Authority 2009 & 2010 Budget Expenditure Information		
	<b>2009</b>	<b>2010</b>
<b>Available Appropriation</b>	<b>\$11,919,700.00</b>	<b>\$19,794,500.00</b>
<b>Expenditures</b>		
Salaries & Wages	\$418,311.20	\$528,688.89
Longevity & Insurance	\$79,577.20	\$98,830.98
Retirement & FICA	\$108,748.08	\$138,397.26
Utilities	\$170,440.00	\$35,370.00
Communications	\$5,227.34	\$17,245.00
Travel	\$1,922.95	\$3,441.46
Grants		
Contractual Services	\$139,157.32	\$5,264,848.00
Supplies & Materials	\$4,098.65	\$4,907.07
Equipment	\$2,881.97	\$10,043.70
Misc.	\$531.80	
Misc. including DIT Charges	\$46,490.04	\$31,952.53
<b>Total Expenditures</b>	<b>\$1,002,260.80</b>	<b>\$6,232,998.00</b>

**\* Federal NSP funds were not drawn down to cover expenditures until later, resulting in a negative cash fund balance for 2010**

**Sales Activity**

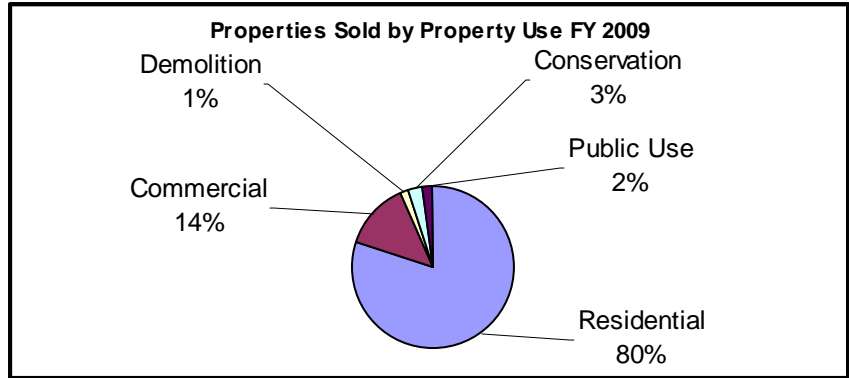
<b>Fiscal Year</b>	<b>2009</b>	<b>2009 MSHDA Credit</b>	<b>2009 Tax Recapture</b>	<b>2010</b>	<b>2010 MSHDA Credit</b>	<b>2010 Tax Recapture</b>
October	\$29,934.00	\$0.00	\$565.33	\$8,622.00	\$0.00	\$643.91
November	\$18,054.81	\$0.00	\$70.63	\$8,274.00	\$0.00	\$1,259.09
December	\$48,530.00	\$0.00	\$0.00	\$5,172.99	\$0.00	\$87.76
January	\$10,645.00	\$45,000.00	\$37.88	\$20,902.44	\$0.00	\$1,945.01
February	\$7,610.84	\$0.00	\$1,015.56	\$13,302.00	\$0.00	\$81.40
March	\$9,420.00	\$0.00	\$0.00	\$10,455.00	\$0.00	\$4,349.22
April	\$13,424.75	\$0.00	\$9,925.69	\$6,619.76	\$0.00	\$1,132.10
May	\$101,475.00	\$0.00	\$2,828.98	\$9,140.00	\$0.00	\$4,107.85
June	\$17,054.94	\$0.00	\$618.65	\$24,620.00	\$0.00	\$25.80
July	\$14,918.26	\$0.00	\$0.00	\$2,491.00	\$0.00	\$652.80
August	\$15,083.00	\$0.00	\$1,432.58	\$11,787.00	\$0.00	\$877.87
September	\$8,448.00	\$0.00	\$17.74	\$19,940.00	\$0.00	\$1,698.11
<b>MINUS REFUNDS</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$552.06
<b>TOTAL</b>	\$294,598.60	\$45,000.00	\$16,513.04	\$141,463.19	\$0.00	\$16,308.86

**FISCAL YEAR 2009 SALES ACTIVITY GRAND TOTAL      \$356,111.64**  
**FISCAL YEAR 2010 SALES ACTIVITY GRAND TOTAL      \$147,792.05**

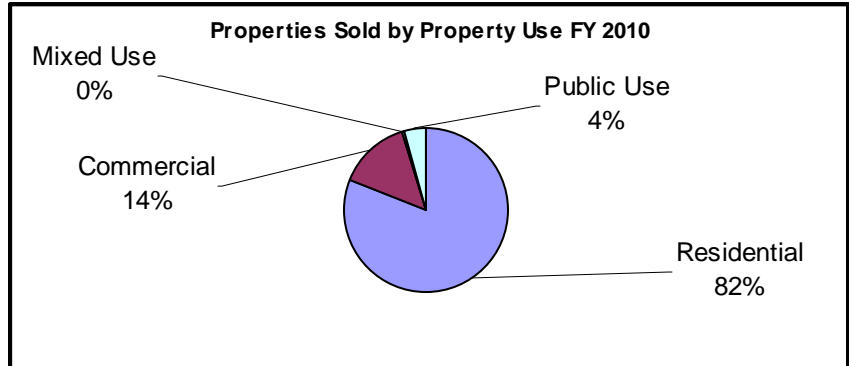
## PROPERTY CONVEYANCES OF AUTHORITY

### Property Conveyances By Category & Use

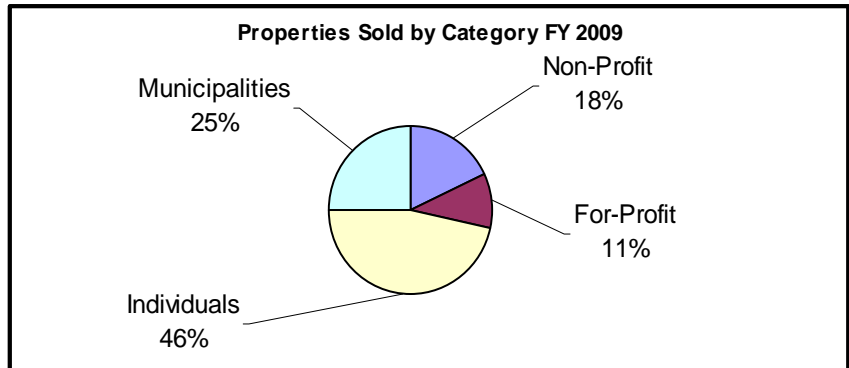
Properties Sold by Property Use 2009	
Use	Sold
Residential	176
Commercial	30
Demolition	3
Conservation	7
Public Use	4
<b>Total</b>	<b>220</b>



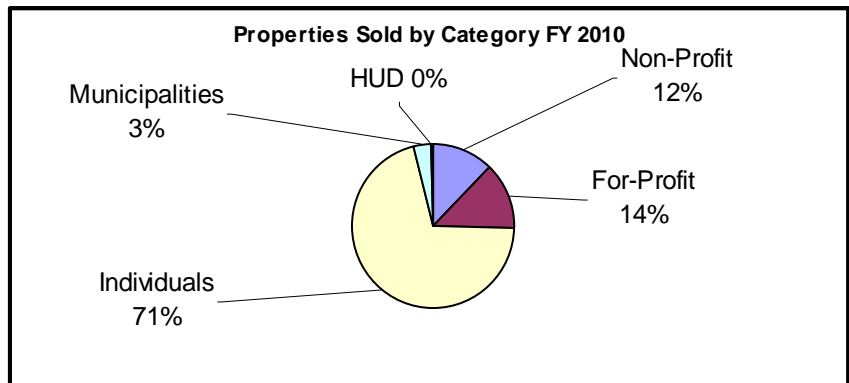
Properties Sold by Property Use 2010	
Use	Sold
Residential	173
Commercial	30
Mixed Use	1
Public Use	9
<b>Total</b>	<b>213</b>



Properties Sold by Category 2009	
Category	Sold
Non-Profit	39
For-Profit	24
Individuals	102
Municipalities	55
<b>Total</b>	<b>220</b>



Properties Sold by Category 2010	
Category	Sold
Non-Profit	25
For-Profit	27
Individuals	143
Municipalities	7
HUD	1
<b>Total</b>	<b>213</b>



**Property Conveyances By County/City/Township**

<b>County (Total)</b>	<b>City/Township</b>	<b>2009</b>	<b>2010</b>
Alpena (1)	<i>Township of Alpena</i>		1
Arenac (1)	<i>Township of Standish</i>		1
Calhoun (1)	<i>Township of Emmett</i>	1	
Cheboygan (1)	<i>Village of Wolverine</i>	1	
Clare (2)	<i>Township of Frost</i>	2	
Genesee (2)	<i>City of Flint</i>	1	
	<i>Mt. Morris Twp</i>		1
Hillsdale (1)	<i>City of Jonesville</i>	1	
Ingham (2)	<i>City of Lansing</i>		2
Iosco (1)	<i>Township of Oscoda</i>		1
Kent (1)	<i>Oakfield Twp</i>	1	
Lake (1)	<i>Township of Webber</i>	1	
Lenawee(1)	<i>City of Adrian</i>		1
Monroe (2)	<i>Exeter Township</i>		1
	<i>Frenchtown Twp</i>		1
Saginaw (64)	<i>City of Saginaw</i>	49	15
Saint Clair (2)	<i>Township of Clay</i>	2	
Wayne (352)	<i>City of Burton</i>	1	
	<i>City of Dearborn</i>	1	
	<i>City of Detroit</i>	110	159
	<i>City of Ecorse</i>	4	1
	<i>City of Hamtramck</i>	4	
	<i>City of Highland Park</i>	24	12
	<i>City of Northville</i>	1	
	<i>City of Redford</i>		2
	<i>City of River Rouge</i>	3	2
	<i>City of Romulus</i>	1	1
	<i>City of Taylor</i>	3	
	<i>City of Westland</i>	2	
	<i>City of Wyandotte</i>		1
<i>Twp of Canton</i>		11	
<i>Twp of Grosse Ile</i>	7		
<b>Grand Total (433)</b>		220	213

## **Inventory**

Since its inception, the Authority has received approximately 10,181 parcels from the Michigan Department of Natural Resources (DNR). Beginning the fiscal year that ended in 2006, the Authority's inventory consisted of approximately 9,487 parcels. Of the total inventory in 2006, approximately 8,554 parcels were located within the City of Detroit. The following table includes the approximate number of parcels the Authority has sold from its inventory beginning in fiscal year 2009 and ending in fiscal year 2010:

<b>County</b>	<b>Beginning Inventory as of September 2008</b>	<b>Sold 2009</b>	<b>Sold 2010</b>	<b>Ending Inventory as of December 2010</b>
Alger	2			2
Allegan	16			16
Alpena	14		1	13
Arenac	5		1	4
Bay	9			9
Berrien	7			7
Branch	5			5
Calhoun	15	1		14
Cass	2			2
Cheboygan	1	1		0
Chippewa	2			2
Clare	3	2		1
Delta	3			3
Dickinson	3			3
Eaton	1			1
Genesee	73	1	1	71
Gladwin	7			7
Gogebic	14			14
Gratiot	7			7
Hillsdale	12	1		11
Houghton	3			3
Huron	1			1
Ingham	14		2	12
Iosco	7		1	6
Iron	4			4
Isabella	2			2
Jackson	5			5
Kalamazoo	7			7
Kent	3	1		2
Lake	96	1		95
Lenawee	6		1	5
Livingston	2			2

**Inventory (continued)**

<b>County</b>	<b>Beginning Inventory as of September 2008</b>	<b>Sold 2009</b>	<b>Sold 2010</b>	<b>Ending Inventory as of December 2010</b>
Macomb	2			2
Manistee	4			4
Marquette	1			1
Mason	1			1
Mecosta	8			8
Midland	0			0
Monroe	21		2	19
Montcalm	4			4
Montmorency	1			1
Muskegon	13			13
Newaygo	1			1
Oakland	6			6
Oceana	6			6
Ogemaw	3			3
Ontonagon	5			5
Osceola	11			11
Oscoda	4			4
Otsego	5			5
Ottawa	115			115
Presque Isle	0			0
Roscommon	3			3
Saginaw	270	49	15	206
Saint Clair	11	2		9
Saint Joseph	5			5
Schoolcraft	4			4
Shiawassee	9			9
Van Buren	1			1
Washtenaw	5			5
Wayne	7,986	161	189	7,636
Wexford	1			1
<b>Grand Total</b>	<b>8,857</b>	<b>220</b>	<b>213</b>	<b>8,424</b>