

STATE OF MICHIGAN

LAND BANK FAST TRACK AUTHORITY

POLICIES AND PROCEDURES

FOR

PROPERTY ACQUISITION AND DISPOSITION

**As originally approved by the Authority Board of Directors on September 1, 2004,
and as approved in amended and restated form _____, 2006.**

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Foreword

The acquisition and disposition of properties, owned and managed by the Michigan State Land Bank Fast Track Authority (the “Authority”) is in accordance with the Land Bank Fast Track Act, 2003 PA 258 (the “Act”) and the general policies and procedures contained herein. The Authority may amend these policies and procedures from time to time by resolution of the Board of Directors of the Authority (the “Authority Board”).

The acquisition, use, maintenance and disposition of properties will be in accordance with the law and according to the bylaws of the Authority.

The purpose of the Authority is to assemble or dispose of public property, including tax reverted property, in a coordinated manner to foster the development of property and to promote economic growth in this State and in the local units of government within this State. Portions of the real property inventory of the Authority may be located within the geographical jurisdiction of a local land bank authority created in accordance with the Act. Similarly, portions of the real property inventory of the Authority may be located in areas of the State in which there is no local land bank authority. Where a local land bank authority exists, the Authority may enter into a Marketing Agreement with the local land bank authority in accordance with these policies. Where a local land bank authority does not exist, the Authority will exercise its discretion in the acquisition and disposition of properties, coordinating with other units of local government.

1. Acquisition of Property

The following criteria shall be considered in determining property to be acquired by the Authority, to facilitate development, in conjunction with the acquisition of property, to carry out the purpose of the Authority or to enhance the operation and function of the Authority:

1. Property strategic to implementing an economic development, neighborhood stabilization or revitalization plan undertaken by the Authority or other state agency.
2. Property strategic to implementing an economic development, neighborhood stabilization or revitalization plan undertaken by a local government entity pursuant to an intergovernmental agreement with the Authority.
3. Property strategic to implementing an economic development, neighborhood stabilization or revitalization plan undertaken by a nonprofit corporation pursuant to a community or neighborhood plan approved by the local political jurisdiction.
4. Property necessary to complete a land assembly project to enhance the marketability of or to protect property already held by the Authority.
5. Property necessary to promote health, safety and welfare.
6. Property that will generate financial resources for the operation and function of the Authority.

The Authority may acquire property as permitted by law. In determining the nature and extent of property to be acquired, the Authority shall consider the value of the property, the financial resources available for acquisition, the capacity of the Authority to own and manage the property, and the projected length of time required to convey or utilize the property for the purpose intended by the Authority in acquiring the property.

2. Disposition of Property

A. Conveyances. The following apply to the conveyance of property:

1. Real property conveyances by the Authority will be made directly by the Authority to the individual or entity responsible for undertaking the proposed development and in accordance with its stated use of the property.
2. The Authority will not convey real property to a local land bank authority for future speculative conveyances to third parties. However, simultaneous closings involving property of a local land bank authority and property of the Authority may occur.
3. Conveyance(s) will be made at the sole discretion of the Authority.
4. The consideration received by the Authority for any conveyance will be determined in the sole discretion of the Authority.

To ensure the Authority receives the tax to which it is entitled, it will annually provide notice to the local taxing authority of all property conveyed by it within the local taxing authority's jurisdiction. The Authority is entitled to receive the taxes on properties pursuant to statute.

B. Property Specific Criteria. The following criteria will be considered to determine property that will be conveyed by the Authority: (a) to facilitate development pursuant to 2003 PA 258, (b) to better carry out the purpose of the Authority, or (c) to enhance the operation and function of the Authority.

The Authority will consider the following factors before conveying property:

1. The proposed use of the property with emphasis on returning the property to taxable status including development which results in preserving and rehabilitating neighborhoods, promoting affordable homeownership and multiple family housing, as well as facilitating economic development and creating jobs.
2. The feasibility of the proposed development including financial resources, time frame for completion, site suitability including, but not limited to, size, location, land use, environmental issues, and infrastructure requirements.
3. The stability, ability, financial resources, nature, identity and capacity of the proposed purchaser including development experience and readiness to commence and complete development.
4. The potential impact of the conveyance on community and neighborhood plans approved by the local unit of government(s) with emphasis on preserving, stabilizing and restoring neighborhoods, improving and modernizing commercial and industrial areas, remediating environmental issues and promoting compatible uses of land.
5. The potential for the conveyance to generate proceeds to support and enhance the operation and function of the Authority.

The Authority may convey any property in its inventory in its sole discretion and establish disposition programs, including programs designed for specific areas.

C. Marketing Agreements with Local Land Bank Authorities. The Authority may enter into Marketing Agreements with local land bank authorities which provide for the following:

1. The sharing of information on a continuing basis to identify the parcels of property within a specific geographical area that are owned by the Authority and by the local land bank authority.
2. The ability of the Authority and local land bank authorities to solicit, receive and evaluate requests and proposals for the conveyance of property held by either the Authority or by a local land bank authority.
3. The ability of the Authority and local land bank authorities to prepare recommendation packages for conveyance including information on the proposed purchaser, the proposed use of the property, and the consideration.
4. Any notice requirements by the Authority and by the local land bank authority to each other of the proposed conveyance of any property.

Note: Marketing Agreements will provide that final approval of a conveyance will be made by the party holding legal title. The Executive Director of the Authority may execute marketing agreements consistent with this policy.

D. Forms. The forms that the Authority uses to convey an interest in property include but are not limited to a quitclaim deed, a lease, a land contract and a grant of easement, as authorized by law.

3. Terms to be Considered

The following terms will be used to establish the consideration to be received by the Authority for the conveyance of real property.

It is presumed that the minimum monetary consideration will be no less than the Property Cost. "Property Cost" means the direct and indirect costs and expenses attributable to the property including, but not limited to, costs of acquisition, maintenance, repair, demolition, marketing and litigation to quiet title. The fair market value of the property will be established by an appraisal or other market valuation as determined by the Authority. The costs of the appraisal will be borne by the purchaser.

The consideration and terms of conveyance will be determined by the Authority in its sole discretion.

A. Requirements of Conveyance. The following requirements apply for conveyance:

1. The conveyance of property will be only by Quitclaim Deed.
2. All other terms and conditions of the conveyance will be determined by the Authority, in its sole discretion.

B. Use. Prior to conveying the property, the following range of uses (which are not in any particular order of importance) will be considered:

1. Dedication to public use by a governmental entity.
2. Homeownership and affordable housing.
3. Return of the property to taxable status.
4. Land assemblage for economic development.
5. Provision for financial resources for operating functions of the Authority.
6. Green space or conservation purposes.

4. Adjacent Lot Disposition Program

Property may be conveyed to an adjacent property owner in the Authority's sole discretion.

- A. Qualified Property. Property eligible for inclusion in the Adjacent Lot Disposition Program must meet the following minimum criteria:
 - 1. The Property must be residential and have a common boundary line with the Purchaser's property.
 - 2. The Property is not buildable or able to be developed independently.
 - 3. The Property is not part of a proposed plan or development requiring land assembly.
- B. Purchasers.
 - 1. Purchasers must own a contiguous property.
 - 2. When more than one adjacent property owner exists and each wants the same adjacent Property, the Property may be conveyed in whole or divided and conveyed at the discretion of the Authority. The Authority staff may contact adjacent property owners to ascertain interest in the Property.
 - 3. A Purchaser must submit a completed application to the Authority indicating the address(es) of the Properties to be purchased.
 - 4. A Purchaser must submit any financial information requested by the Authority.
 - 5. A Purchaser must submit any other information requested by the Authority.
- C. Consideration.

Property conveyed through the Adjacent Lot Disposition Program will have the consideration determined by the Authority, in its sole discretion.

5. Application Process

- A. Application from an Individual. Individual Purchasers, other than those applying for property offered through the Adjacent Lot Program, must submit a completed application to the Authority which includes, but is not limited to the following:
1. The address(es), legal description(s), and recent photos of the property to be purchased.
 2. The proposed development and/or use of the property.
 3. The time frame for rehabilitation, improvement or development.
 4. Financial documentation, which includes but is not limited to a Pre-Qualification Letter from a Lender (if financing the transaction).
 5. A state or federal picture identification.
- B. Applications from Organizations. Organizations, which include but are not limited to, nonprofit corporations, partnerships, institutions, community groups, limited liability corporations, and joint ventures, must submit an application to the Authority which includes, but is not limited to the following:
1. The address(es), legal description(s), and recent photos of the property to be purchased.
 2. The proposed development and/or use of the property.
 3. Names of key individuals on the Development Team.
 4. The time frame for rehabilitation, improvement or development.
 5. Financial documentation, which includes but is not limited to a Pre-Qualification Letter from a Lender (if financing the transaction).
- C. Authority Review. The Authority staff will attempt, within ninety (90) days of receiving a completed application, to complete a review of the application.

6. Conveyances Requiring Board Approval and Executive Director Authority

- A. Conveyances Requiring Board Approval. The Authority Board must approve all conveyances which are exceptions to these policies and procedures, which include, but are not limited to the following:
1. Any conveyance for which the proposed use of the property may result in an exemption from property taxes.
 2. Conveyances for non-residential projects containing greater than fifteen (15) parcels.
 3. Conveyances involving land contracts and leases greater than \$150,000 in value.
 4. Conveyances for multi-family residential developments.

- B. Executive Director Authority. The Executive Director of the Authority may enter into and execute conveyances on behalf of the Authority regarding the following:
1. Conveyances issued pursuant to the Adjacent Lot Disposition Program.
 2. Conveyances for single-family residential use.
 3. Conveyances to Purchasers who will develop or rehabilitate the property for subsequent sale or rental to an owner/occupant for single-family residential use.
 4. Conveyances for non-residential use or development of fifteen (15) parcels or less.
 5. Conveyances approved by the Authority Board under subsection A, above.
 6. Conveyance of property in accordance with any Marketing Agreement entered into between the Authority and a local land bank authority, as noted in Section 2, subsection C.

Other restrictions notwithstanding, the Executive Director may contract for demolition of a structure on Authority owned property provided that the demolition contract is less than \$50,000.00, and the contract complies with State budget and procurement requirements.

The Executive Director may enter into a Temporary License or an Agreement & Consent To Enter State-Owned Property as determined by the Executive Director to be in the best interest of the Authority.

- C. Reporting Requirement. All conveyances entered into by the Executive Director will be reported in writing to the Authority Board at the next Authority Board meeting following the conveyance or as funds are received by the Authority.