



Frequently Asked Questions

FY2023-24 Blight Elimination Program

How much funding is available?

The legislation allocated \$21,550,000 to be distributed by the State Land Bank Authority. The emphasis is on land banks and rural counties, but all of Michigan is eligible under these parameters: county/city land banks are guaranteed a \$200,000 allocation for eligible projects; rural counties without land banks are guaranteed a \$200,000 allocation for eligible projects; and at least 5% of the \$21.55M is to be allocated to each Prosperity Region delineated in MEDC's Prosperity Region map.

As a land bank, do we have to apply in Round 1 to get the allocated \$200K?

A land bank or rural county may choose to wait until Round 2 or make a full \$200K or partial request in Round 1. It has not been determined if there will be a cap in Round 2. Regardless, the \$200K will be in 'reserve' as we go into Round 2 if not awarded in Round 1. If a land bank or rural county does not apply for funds in Round 1 or 2, any \$200K reserve may be released.

As a county without a land bank, can more than one community apply?

Yes, more than one community in the county may apply; however, only \$200,000 will be allocated to each county in Round 1. We suggest that communities in counties without land banks consider collaborating on their funding request.

If a land bank is in Prosperity Region 7, 9 or 10, can they apply for more than \$200K? Why only those Regions?

Yes, land banks/counties in those three regions can apply for more than \$200K; however, no more than \$1,077,500 will be awarded in each of those regions under Round 1. We suggest land banks and counties without land banks consider collaborating on their funding requests. These three regions are in the unique position of having too few county land banks and rural counties at the minimum allocation to meet the required 5% of the \$21.55M distribution to each Prosperity Region per legislation.

Why are land bank proposals being evaluated and funded before communities in counties without land banks?

Because the legislation guarantees \$200K for land banks on eligible projects and they can be the only applicants in their county, the SLBA sees no reason to hold up reviewing those proposals and making awards. Proposals are being accepted from October 1, 2022, to January 31, 2023.

Since counties without land banks can have multiple jurisdictions apply and the cap is \$200K per county, we need to competitively score those applications at one time. That deadline is January 31, 2023.

Can we get environmental remediation funding for a privately owned property?

No, you cannot. The legislation requires it to be on publicly owned property.

The Township has a privately owned blighted structure we would like to have torn down and the owner said okay. What do we have to do to make it an eligible project?

If your county has a land bank, they must be the entity that applies for the grant. Any property not owned by a land bank or governmental jurisdiction must have either a signed agreement with the owner to do the activity (demolition or stabilization) or a court order to do so. In addition, a lien must be placed on the privately owned property in the amount of the activity to ensure no private entity or person is unduly enriched.

Under the Section II, B) 5. Site Control requirements iv. (page 8 of the RFP), what is an example of ‘operation of law?’

An example of local jurisdiction’s ability to gain site control under an operation of law may be through an enacted Nuisance and Abatement Ordinance or a court order allowing the jurisdiction to demolish a structure. A lien must be placed on the property in the amount of the activity to ensure no private entity or person is unduly enriched.

Will there be a Round 2?

There will be a Round 2. If a county land bank or any communities in a rural non-land bank county do not apply in either Round 1 or 2, the \$200K allocation may be released to competitive funded projects statewide. At this time, we do not know what funding limits will be necessary to achieve the parameters of the legislation. We anticipate rolling out Round 2 to coincide with the next tax foreclosure cycle.

Will there be a Round 3?

At this time, the SLBA does not anticipate there will be a need for Round 3, unless additional funds are made available by the legislature.

How do we know if our land bank is in good standing with the SLBA?

In order to apply for this grant, we are requiring land banks to be active with full board membership and regular meetings of at least one time per year. The Board must also approve a resolution to apply for these funds (this meeting can qualify as the ‘regular’ meeting). The land bank must also have provided their annual report to the SLBA through the online link or returning a PDF form. This information was sent out to all County Treasurers in May 2022. Land Banks can use the link <https://forms.office.com/g/qSWqCKf2bF> to complete this requirement set forth in its Intergovernmental Agreement.

How do we know if our community is in good standing with the SLBA?

If a community is not submitting their Eligible Tax Reverted Property Specific Tax, commonly referred to as 5/50 or land bank tax, on properties sold by the State Land Bank Authority in that jurisdiction, eligibility to apply for this grant may be in jeopardy.

Is the 8% administrative allowance in addition to the \$200,000 cap, or included in the cap?

The administrative fee is included in the \$200,000 cap.

What qualifies as Site Preparation costs?

Expenses considered site preparation costs must be tied to environmental remediation and elimination of blight. It does not include activities such as utility connections, earthmoving activities not related to remediation, road development or property clearing.

How often can an Awardee receive reimbursement?

The SLBA will request from each Awardee a schedule of reimbursement requests based on milestones of your specific project(s). If it appears that there will be too many for our limited staff to process, you may be asked to amend your schedule.

Our nonprofit organization purchased a property from the local land bank. While the property is no longer owned by the land bank, it appears to meet one of the criteria for eligibility under this RFP: "The property has had utilities, plumbing, heating, or sewerage disconnected, destroyed, removed, or rendered ineffective for a period of 1 year or more, rendering the property unfit for its intended use." Is the property eligible as long as the local land bank agrees to respond to the RFP for this property?

Yes, as long as the property is currently still eligible per the definition stated in the RFP (Section I. B. Definitions) and the local land bank submits the proposal with appropriate agreements between non-profit and the land bank allowing for demo. Additionally, as the property would not be land bank or municipal owned at the time of demolition, a lien would be recorded against the property for the amount of demo. It is possible that if the property is developed for a public benefit the lien could be waived.

I am in the middle of an RFP for demolition of two lots. Would we need to wait to demolish these after (possible) approval or would it be possible to get funds to reimburse if we demo'd now due to safety concerns?

The Blight Elimination Program does not reimburse for work that has already happened prior to award and contract execution. As you are in a county that does not have a local land bank, your submission would not be scored and recommended for a possible award until after the January 31, 2023, deadline.

If there is a privately owned blighted structure in one of our townships/city/county and the owner signs an agreement for demolition or stabilization, will we have to record a lien for the cost of the demolition? At what point is the lien filed? How does the lien get discharged?

Yes, the Grant Awardee will have to record a lien on the property for the cost of the demolition or stabilization activity in the name of the State Land Bank Authority (SLBA). Any lien payments would be paid by the owner and go to the SLBA. The lien would be placed on the property at project completion and based on final cost of the grant dollars invested in the activity (not including administrative fees). Discharge would occur after the owner makes payment to the State Land Bank Authority (SLBA) for the total lien cost stated on the lien. There is a possibility a lien could be waived coinciding with an acceptable development plan approved by the SLBA.

If there is a court order to do a stabilization activity on a privately owned structure, will I have to record a lien?

Yes, see above.

Can the blight lien take second position to a bank loan used to redevelop the property?

Yes, the SLBA would be willing to subordinate its blight lien to give a bank loan first position on the property. The SLBA would also consider waiving its blight lien depending on the re-development.

If a parcel with a blight lien on it is subsequently tax foreclosed upon, would the lien be extinguished at foreclosure or is there verbiage to allow it to stand in a foreclosure situation?

There are no legal mechanisms available to the SLBA to have the blight lien survive the foreclosure process. It would be extinguished.

When the property is demolished and the project is complete, are we limited to whom we can sell or transfer the property to?

There is no limitation, except if a private owner transferred the property to the land bank, then the property should not go back to the private owner unless a demolition lien is placed on the property for the amount of the demolition.

Since we have a county land bank in our county, is the land bank considered the applicant or can the townships/city/county be the applicant?

If you are in a county with a local land bank, the land bank must be the applicant.

As the land bank lead applicant, are we overseeing the administration/completion of all the projects submitted (including those of our local units)?

Yes, the grant will be between SLBA and local land bank, along with its requirements.

If there is a blighted structure and the owners are living on the same property in a different structure, is this an eligible project for demolition?

Provided the blighted structure meets the definition of blight (see the RFP), is an eligible property, and the owners agree to the lien on the property, then this demolition is an eligible activity. The land bank authority, county, city, village or township and owner will need a signed, written agreement demonstrating site control to submit with the grant application.

Can the State Land Bank Authority provide any templates for purchase agreements, agreements with owners or board resolutions?

The SLBA cannot provide legal advice including sample documents. Please consult your local legal staff.

Check back often as we will be adding to the FAQs as more questions are posed.