



**DETROIT LAND BANK**  
AUTHORITY

**BuildingDetroit.org**

**DETROIT LAND BANK AUTHORITY**  
OCCUPIED PROPERTY DISPOSITION PROGRAM POLICY

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### **Definitions**

For purposes of this Occupied Property Disposition Program Policy (this “**Policy**”), the following terms have the meanings specified below or where indicated.

“**Aggregate Limit**” is defined in Section IV(C).

“**City**” means the City of Detroit.

“**DLBA**” means the Detroit Land Bank Authority.

“**Occupant**” is defined in Section I.

“**Occupied Property**” is defined in Section II.

“**Partner**” is defined at Section I.

“**Policy**” means this Occupied Property Disposition Program Policy.

“**Proposed Property List**” is defined in Section IV(A).

“**Program**” is defined in Section I.

“**Promissory Note**” is defined in Section V.

“**Temporary License Agreement**” is defined in Section IV(B).

## **Introduction**

The Detroit Land Bank Authority was created to make vacant and residential public property available for sale in order to promote homeownership, neighborhood revitalization, urban agriculture and economic growth in the City of Detroit. The DLBA both develops and implements its own programs and cooperates with the departments and agencies of the City in order to carry out this mission. In keeping with this mission, the DLBA serves as the owner of last resort for vacant, abandoned, and foreclosed property in the City of Detroit.

The Occupied Property Disposition Program provides an opportunity for the DLBA to sell properties that are occupied by unauthorized occupants to entities that are committed to renovating the houses and working with the occupants to attempt to help them stay in the house as a homeowner or tenant. This Policy formalizes into a permanent program a pilot that has until now been managed using public requests for proposal or individual agreements approved by the DLBA Board of Directors. This Policy also expands the existing pilot to include Michigan nonprofit and for-profit entities, since the pilot was limited to Federally tax-exempt organizations.

This Policy shall supersede and replace any preceding DLBA procedures or policies that are in conflict with its terms.

I. **Objective.** The Occupied Property Disposition Program (the “**Program**”) provides an opportunity for the DLBA to sell properties that are occupied by unauthorized occupants (each, an “**Occupant**”) to entities (each, a “**Partner**”) that are committed to renovating the houses and working with the occupants to attempt to help them stay in the house as a homeowner or tenant.

II. **Property Eligibility.**

A. Any DLBA-owned property that is occupied by an Occupant who has been deemed ineligible for the DLBA’s Buy Back Program is generally eligible to be designated by the DLBA and selected by a Partner as part of the Program (each, an “Occupied **Property**”).

B. An Occupied Property that has not been reviewed for title may be eligible for review for purchase by a Partner, but the DLBA will not sell any Occupied Property through the Program that does not have clear title.

III. **Partner Eligibility.** Any organization demonstrating a minimum of one year of experience both in residential rehabilitation and in providing supporting social services, either directly or through a third party, is eligible to apply to become a Partner. Partners must provide documentation of all the following as part of the vetting for (i) potential Program partnership and (ii) the opportunity to purchase DLBA Occupied Properties.

A. Be located in, or have relevant experience in, the City of Detroit

B. Have no delinquent property tax bills on any property owned by the Partner or its affiliates in the City of Detroit, unless that property is in full compliance with a payment plan

C. Have no unresolved blight violations or unpaid fines on any property owned by the Partner or its affiliates in the City of Detroit

D. Neither the Partner nor any of its affiliates is a defendant in a pending DLBA Nuisance Abatement litigation

E. The Partner and its affiliates must be in good standing with the DLBA, which includes being in compliance with any other agreements between the Partner or its affiliates and the DLBA.

F. Proof of federal tax-exempt status, if applicable

G. Proof of Michigan non-profit corporation status, if applicable

H. Provide relevant experience in rehabilitation of residential properties directly or through a third party

- I. Provide example of supportive services offered directly or through a third party
- J. Have resources and procedures necessary to legally remove ineligible occupants from an Occupied Property
- K. Proof of \$20,000 in available funds

The DLBA retains the right to reject any application to become a Partner in its sole discretion. Examples of reasons why an applicant may be rejected include, but are not limited to, chronic blight violations, unpaid fines, or delinquent property taxes by the applicant. The occurrence of a default at any time with respect to any agreement between the DLBA and a Partner or any affiliate may result in temporary or permanent ineligibility as a Partner.

#### IV. **Selection of Properties.**

A. ***“Proposed Property List.”*** Upon determination that an applicant is an eligible Partner, DLBA will make available up to 9 available Occupied Properties.

B. ***“Temporary License Agreement.”*** The Partner may select up to 9 available Occupied Properties from the Proposed Property List, within the Aggregate Limit, for further investigation. The Partner will then execute a 60-day Temporary License Agreement with the DLBA, under which the Partner may conduct Occupant interviews and inspect the Occupied Properties. Prior to the expiration of the Temporary License Agreement, the Partner shall deliver written notice to DLBA of which Occupied Properties it would like to purchase, if any.

C. ***“Aggregate Limit.”*** A Partner may close on no more than 9 properties from the DLBA, including properties acquired through any DLBA program, in any rolling 12-month period, without the prior approval of both the DLBA Board of Directors and the Detroit City Council.

V. **Purchase Agreements.** Purchase Agreements entered into between the DLBA and a Partner will include terms and conditions regarding the transaction including, but not limited to, each of the following:

A. The purchase price of an Occupied Property will vary depending on the type of Partner making the purchase, as follows:

- 1. \$1,500.00 (Federal Tax-Exempt Organization)
- 2. \$2,000.00 (Michigan Non-Profit Corporation)
- 3. \$2,500.00 (Any entity that does not meet the criteria in Sections 1 or 2 above)

At the closing of an Occupied Property sale, the Partner will, for each Occupied Property, tender the following amount in immediately available funds, again depending on the type of Partner making the purchase:

1. \$500.00 (Federal Tax-Exempt Organization)
2. \$1,000.00 (Michigan Non-Profit Corporation)
3. \$1,250.00 (Any entity that does not meet the criteria in Sections 1 or 2 above)

At the closing, the Partner will also execute a promissory note in the amount of the balance remaining on the purchase price (each, a “**Promissory Note**”) that is payable in full on the 180<sup>th</sup> date after the closing. If, on the 180<sup>th</sup> day after the closing, the Occupant continues to reside at the Property, the remaining amount due on the Promissory Note for that Occupied Property will be forgiven by the DLBA. If the Promissory Note is not forgiven by the DLBA and not paid on time, the DLBA may at its option either charge interest equal to 5.0% per annum on the remaining balance or immediately reconvey to the DLBA the ownership interest in the Occupied Property.

B. The DLBA will obtain a title search for the Occupied Property, the cost of which will be reimbursed by the Partner. If the DLBA determines that a quiet title action is necessary or appropriate for an Occupied Property, the DLBA will file and litigate a quiet title action in the Circuit Court of Wayne County, Michigan. The Partner will pay the DLBA for the quiet title action which amount will be paid no later than at the closing of the sale. Upon receipt of a judgement of quiet title, the Occupied Property will be eligible for sale to Partners.

C. During the 180 days after closing, the Partner will provide updates to the DLBA, based on the current requirements of the DLBA’s Own It Now Program (or any successor program thereto) demonstrating good-faith progress towards the timely completion of rehabilitation. Within 180 days after closing, the Partner will provide documentation that the Occupied Property has been rehabilitated to a standard as good or better than the current requirements of the DLBA’s Own It Now Program (or any successor program thereto).

C. During the 180 days after closing, the Partner will offer the Occupant the opportunity to participate in supportive services, such as job placement services, mental health assistance, or other similar services, and will provide updates every 60 days to the DLBA documenting these offers and any services provided.

D. The DLBA will retain a reverter interest in the Occupied Property evidenced by a Reconveyance Deed executed by the Partner at closing. This interest will be retained until a release of interest has been recorded by the DLBA upon the Partner’s successful completion of its obligations under the Purchase Agreement.

If the Partner breaches the requirements of the Purchase Agreement, in addition to any other remedies available to it, the DLBA may exercise its reconveyance right and retake title and possession of the Occupied Property.

**VI. Tax Capture.** See Tax Capture Waiver Policy.