



**DETROIT LAND BANK**  
AUTHORITY

**BuildingDetroit.org**

**DETROIT LAND BANK AUTHORITY**  
FIRST AMENDED TAX CAPTURE WAIVER POLICY

## **First Amended Tax Capture Waiver Policy**

### **I. Objective**

For property sold by the Detroit Land Bank Authority (the “DLBA”), the DLBA has a statutory right to receive 50 percent of the property taxes paid by the owner of such property for a five-year period (see MCL Section 211.7gg). This right is referred to in this Policy as the “Tax Capture.” MCL Section 211.1025a(1) allows the DLBA to waive the Tax Capture for any given property if doing so will assist in the creation of jobs, investment or other economic development benefits in the City of Detroit.

The authority to waive the Tax Capture on a property resides with the DLBA Board of Directors (the “Board”). In certain of the DLBA’s disposition policies, the Board has assigned to DLBA staff its authority to waive the Tax Capture. In addition, under certain circumstances the Board has approved the waiver of the Tax Capture related to certain individual property transactions. The objective of this Policy is to consolidate all policy-driven authorities into a single policy and to expand the circumstances under which the DLBA staff has the delegated authority to waive Tax Captures.

### **II. Effectiveness**

This Policy is effective immediately upon adoption by the Board. If any provision contained in this Policy conflicts with, or is inconsistent with, any provision in another DLBA policy, the provision contained in this Policy shall govern and control

### **III. Application for Waiver**

Any owner of property purchased from the DLBA that is subject the Tax Capture may request that the DLBA waive any remaining Tax Capture. The DLBA staff shall develop and maintain an application process that includes reasonable requirements of the owner such as providing requested information and, in the case of property that was not purchased through the Auction, Own it Now, Side Lot, Accessory Structure Lot, Oversize Lot, or Neighborhood Lot Programs, demonstrating that the Tax Capture is an impediment to the owner converting the property to the contemplated productive use. All owners requesting a Tax Capture waiver must provide documentation that any other property owned by the owner or any affiliate of the owner is current on all property taxes for property located in the City of Detroit. The DLBA will not waive the Tax Capture without having first received a complete application or a request from a City Department with all appropriate information.

### **IV. Waiver by DLBA Staff**

The DLBA sells property through several programs, each with unique purposes and characteristics. In order to best serve these purposes, after receiving a

request from an owner to waive the Tax Capture related to a property, and if the facts set forth in that request fall within the terms of this Section, DLBA staff are authorized to waive the Tax Capture for that property without Board approval.

- A. **Side Lots, Accessory Structure Lots, Oversize Lots and Neighborhood Lots** – To facilitate an owner’s ability to combine a parcel of property originally purchased through the DLBA’s Side Lot, Accessory Structure Lot, Oversize Lot, or Neighborhood Lot Programs with the related occupied residential property, upon request by the owner, DLBA staff will waive the Tax Capture with no consideration for such waiver required from the owner.
- B. **Auction and Own it Now** – To allow owners of property originally purchased through the DLBA’s Auction or Own it Now programs to obtain the benefit of the Neighborhood Enterprise Zone or other tax abatement program, upon request by the owner, DLBA staff will waive the Tax Capture with no consideration for such waiver required from the owner.
- C. **Other Programs (including, but not limited to, Projects and Infill Housing Lots)** – If an owner is not eligible for a waiver of the Tax Capture under Sections IV A or B, the DLBA staff will waive the Tax Capture if either (i) the owner compensates the DLBA in full for the estimated remaining amount that the DLBA would reasonably expect to receive if the Tax Capture had not been waived; or (ii) the owner, if the original purchaser from the DLBA, did not receive reasonable advance notice of the possibility that compensation may be required for a waiver of the Tax Capture, in either case as reasonably determined by DLBA staff in their sole discretion.
- D. **De Minimis Amount** – The DLBA staff may, in their sole discretion, waive the Tax Capture for no consideration if the estimated amount the DLBA reasonably expects to receive due to its Tax Capture is less than \$250. Factors the DLBA staff may take into account in determining whether to waive the de minimus Tax Capture include but are not limited to the nature of the owner (e.g. a Community Partner or nonprofit), the proposed use of the property, and the aggregate amount of previous waivers granted to the owner or its affiliates.

If DLBA staff denies a request for waiver under this Section IV, an owner may appeal the denial to the DLBA Board of Directors. An owner may appeal a denial of waiver to the Board only once for each property. The Board may support the denial or require that the Tax Capture be waived and may also set conditions on waiver including but not limited to requiring compensation for such waiver.

V. **Waiver by the DLBA Board of Directors**

In any circumstance other than those set forth in Section IV, a waiver of the Tax Capture must be approved by the DLBA Board of Directors. To seek approval of

such a waiver, DLBA staff will present to the Board all relevant information regarding the circumstances of the request, along with a recommendation for approval and the reasons for such recommendation.

**VI. Consideration**

- A. **Calculation** – For any given property, DLBA staff will calculate the total amount reasonably expected to be received by the DLBA from the Tax Capture over the applicable five-year period, or any part thereof. In making this calculation, DLBA staff may consult with representatives of the Detroit Economic Growth Corporation and other City of Detroit departments. DLBA staff may also request from the owner any information necessary to make the calculation, including but not limited to, pro forma financial information, development plans and timetables. DLBA staff will calculate the estimated Tax Capture amount using commonly accepted real estate valuation techniques, historical information, estimates, assumptions, and projections that the staff deem reasonable and appropriate in their sole discretion, subject to any comments or corrections provided by the Board.
- B. **Collection** – DLBA staff shall collect any consideration owed by an owner in accordance with arrangements negotiated with the owner.

**VII. Informing the City of Detroit Office of the Assessor**

Upon approval of a Tax Capture waiver in accordance with this policy, by either the DLBA staff or the Board, the DLBA staff will promptly inform the City of Detroit Office of the Assessor and request that the Assessor take the steps necessary to waive the Tax Capture.

**VIII. Reporting**

The DLBA Staff will maintain a record of Tax Capture waivers and present to the Board quarterly reports summarizing the Tax Capture waivers granted for the applicable preceding period.