



**DETROIT LAND BANK**  
A U T H O R I T Y

**BuildingDetroit.org**

## **DETROIT LAND BANK AUTHORITY**

PROCEDURES GOVERNING THE DISPOSITION OF PROPERTIES TO  
SUPPORT CITY OF DETROIT ECONOMIC DEVELOPMENT PROJECTS

## Neighborhood Development Projects Policy

### **I. Objective**

To support the City of Detroit's economic development efforts that seek to improve the quality of life and economic well-being of the community by creating and/or retaining jobs, supporting incomes, and growing the tax base. The City of Detroit develops and implements programs and policies regarding economic development through the following City departments and agencies: the Office of the Group Executive for Jobs and Economic Development in the Mayor's Office, the Planning and Development Department, the Housing and Revitalization Department, and the Detroit Economic Growth Corporation (the "City Economic Development Offices").

### **II. Qualified Properties**

Properties available for disposition under the economic development policy consist of DLBA owned parcels for which the intended use includes, but is not limited to, affordable housing, residential rehab or new construction, mixed-use, commercial, industrial/manufacturing, urban agriculture, beautification or green space.

### **III. Process and Standards for Transferring Property**

The Detroit Land Bank Authority ("DLBA") will work with the City Economic Development Offices and residents and private developers to make property available for economic development opportunities. In addition, the DLBA staff will perform their own due diligence to ensure compliance with DLBA policies and procedures.

The DLBA staff will adhere to the following standards for real estate transactions intended to serve the economic development objectives set forth in this policy. DLBA staff shall take into consideration and seek to balance the uses of property for economic, community, and neighborhood development purposes, consistent with the following:

- A. Zoning. Prior to the sale of any property, DLBA staff must determine whether the proposed use of the property is in compliance with zoning.

1. If the use complies with zoning, then the application may proceed through the process toward closing. Final closing can occur only if appropriate zoning is in place.
  2. If the use does not comply with zoning, DLBA staff may enter into an option agreement granting a prospective purchaser an option to purchase the property over a reasonable, specified period of time, during which the prospective purchaser may pursue re-zoning, a waiver/variance, or a zoning appeal.
- B. Transaction Agreements. The disposition of DLBA property will be pursuant to an appropriate written agreement that permits the DLBA to enforce any conditions pertaining to the development and use of the property. Such agreements may include purchase agreements, development agreements, option agreements or alternative forms of agreement suitable for real estate transactions. Any agreement for the transfer of DLBA property under this policy must be for a limited and set period of time with an explicitly defined expiration date.
1. Option Agreements. Prior to entering into the option to purchase, the prospective purchaser shall be required to provide a non-refundable deposit equal to the greater of (a) one thousand dollars (\$1,000.00), or (b) 10% of the proposed purchase price for the property.
- C. Price of Property. Wherever practicable, the price for a property should be set at fair market value (FMV), subject to any applicable discounts.
1. Determining Fair Market Value. Valuation methods could include, but are not limited to, internal sales comps, appraisals, Broker's Price Opinions (BPOs), or a price as established by the City Economic Development Offices.
  2. Property Fair Market Value Expiration Date. Any price on DLBA property must be for a limited and set period of time with an explicitly defined expiration date not to exceed 12 months. Once DLBA property becomes the subject of an agreement for its sale, the price will be fixed until the closing of the sale or the termination of the agreement.

3. Deviations from Fair Market Value. DLBA staff will weigh the following factors when considering deviations from fair market value in pricing property for transfer. DLBA staff must apply these pricing factors consistently and shall provide written justification for the pricing method in each transfer.
- a. “Property Costs”, meaning the aggregate DLBA costs and expenses attributable to the specific property, including but not limited to costs of acquisition, maintenance, repair, title clearance, demolition, environmental due diligence, taxes, fees, marketing of the property, pricing, and direct and indirect costs of the operations of the DLBA allocable to the property.
  - b. Pricing Credits: DLBA staff may negotiate pricing credits, not to exceed an aggregate of 40%, for certain factors in a transaction, including but not limited to:
    - i. encouraging property owners to purchase adjacent lots (20%),
    - ii. the transaction involves special environmental considerations, including demolition, remediation, clean-up, etc. (20%).
    - iii. agricultural use (20%),
  - c. Pricing Discounts cannot be combined with the above pricing credits or other available DLBA pricing credits (community partners, etc). Black Farmer Land Fund awardees may receive a 50% pricing discount. The Black Farmer Land Fund is a program under both Keep Growing Detroit and the Detroit Black Community Food Sovereignty Network. To receive this discount, agreements require signatures from the applicants and Keep Growing Detroit, or the applicant and the Detroit Black Community Food Sovereignty Network.
  - d. Transactions Comprised of DLBA Owned Properties Only. For transactions that involve only DLBA owned properties, the price to be paid shall be determined by DLBA staff in its sole discretion, provided

that staff shall provide a written justification to the DLBA Board that references one of the methodologies listed above.

- e. Transactions Comprised of a Combination of Properties Owned by the DLBA and City of Detroit. For transactions that involve a combination of DLBA owned properties and City of Detroit owned properties, DLBA staff shall participate in the price negotiations, alongside the City Economic Development Office, in order to ensure consistency with DLBA guidelines.

#### **IV. Briefing Board on Transactions**

Transactions pursuant to these Guidelines will be included as updates in Board briefing materials.

#### **V. Approvals of Land Transfers for Economic Development**

- A. The DLBA CEO or their designee may negotiate and enter into the following land transfers pursuant to an agreement as specified in Section III.B. of this policy, including an option agreement, provided they are consistent with this Policy:
  - 1. The transfer of up to four (4) parcels of property to the same transferee within any rolling 12 month period.
  - 2. Any real estate transaction where the aggregate transaction amount is less than or equal to seventy-five thousand dollars (\$75,000.00).
- B. The Detroit Land Bank Authority Board of Directors (“DLBA Board of Directors”) must approve the following land transfers made pursuant to this Policy:
  - 1. The transfer of five (5) or more parcels of property to the same transferee within any rolling 12-month period.
  - 2. Any real estate transaction where the aggregate transaction amount is greater than seventy-five thousand dollars (\$75,000.00).
  - 3. Any real estate transaction requiring an exception to this Policy.