



**DETROIT LAND BANK**  
AUTHORITY

**BuildingDetroit.org**

**DETROIT LAND BANK AUTHORITY**

SECOND AMENDED AND RESTATED COMMUNITY PARTNER POLICY

## **Table of Contents**

| <b><u>Section</u></b> | <b><u>Subject</u></b>                              | <b><u>Page</u></b> |
|-----------------------|--|--------------------|
|                       | Definitions .....                                  | i                  |
|                       | Introduction.....                                  | ii                 |
| 1.                    | Objective .....                                    | 1                  |
| 2.                    | Sales to Community Partners.....                   | 1                  |
| 3.                    | Community Partner Eligibility .....                | 1                  |
| 4.                    | Approval of Application to Purchase Property ..... | 1                  |
| 5.                    | Pricing.....                                       | 2                  |
| 6.                    | Community Partner Endorsements.....                | 3                  |
| 7.                    | Title Services.....                                | 4                  |
| 8.                    | Zoning.....  | 4                  |
| 9.                    | Property Holds.....                                | 4                  |
| 10.                   | Transaction Agreements .....                       | 5                  |
| 11.                   | Compliance.....                                    | 5                  |
| 12.                   | Tax Capture .....                                  | 5                  |
| 13.                   | Approvals.....                                     | 5                  |

## **Definitions**

For purposes of this Second Amended Community Partner Policy, the following terms have the meanings specified below or where indicated.

**“City”** means the City of Detroit.

**“City Revitalization Offices”** means the City of Detroit planning, housing, infrastructure, economic development, or recreation agencies.

**“Community Partner”** means a nonprofit organization that meets the eligibility requirements set forth in Section 3 of this Policy and has been reviewed and approved by DLBA staff to participate in the Community Partner program.

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

**“Property Costs”** is defined in Section 5(b)(1)(A).

## **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 DLBA Board of Directors has previously adopted a Community Partner Policy and amendments thereto, the most recent of which being compiled in the Amended and Restated Community Partner Policy. This Second Amended and Restated Community Partner Policy reflects the evolution of DLBA practices and shall supersede and replace all previous Community Partner Policies, as well as any other preceding DLBA procedures or policies that are in conflict with its terms.

1. **Objective.** The DLBA believes that to aid in the reuse of abandoned property in the City of Detroit, partnerships with the City's Revitalization Offices, as well as with nonprofit, faith-based or community development organizations are essential. To this end, this Community Partner Policy provides for the disposition of property to support the City of Detroit's social and economic development efforts that seek to improve the quality of life and economic well-being for a community by creating and/or retaining jobs, supporting incomes, and growing the tax base.

2. **Sales to Community Partners.** Community Partners may purchase property from the DLBA through any of the DLBA's disposition programs for purposes including, but not limited to, those that support and continue the mission of non-profit, faith-based or community development organizations. DLBA staff shall accept and evaluate applications and inquiries for purchases of DLBA property by a Community Partner. As described in Section 5(c) – Pricing; Discounts, Community Partners are eligible for purchase price discounts in certain defined situations.

3. **Community Partner Eligibility.** To qualify as a Community Partner, a nonprofit, faith-based organization, or a community development organization must meet all of the following criteria. Failure to meet or maintain these criteria will result in the denial of a Community Partner application or revocation of Community Partner status, respectively.

- (a) Be located in the City of Detroit.
- (b) Have a federal tax-exempt status.
- (c) Be current on its property taxes for all property located in the City of Detroit.
- (d) Have no unpaid blight violations or fines.
- (e) Receive a letter of recommendation from the applicable District Manager or a letter of recommendation from a Member of Detroit City Council representing the applicable district.
- (f) Be in good standing with the DLBA, which includes being in compliance with any other agreements between the Community Partner and the DLBA.

The DLBA may in its sole discretion approve or disapprove a Community Partner's application to become a Community Partner, to purchase property or to grant a discount on the price of that property.

4. **Approval of Application to Purchase Property.** DLBA staff will consider a number of factors to determine if a Community Partner's application to purchase property will be approved, including the following:

(a) The Community Partner shall provide a thorough description of the proposed project on the property.

(b) The Community Partner shall provide a project that is feasible for the property to be acquired (e.g., not an amusement park on a residential lot).

(c) The Community Partner must demonstrate sufficient capacity to finance and complete development and construction of the project within a reasonable period.

(d) The proposed project must demonstrate integration with City plans and highest and best use for the area.

(e) With respect to all property owned, directly or indirectly, by the Community Partner located in the City, the Community Partner must be current on property taxes or be in good standing with a payment plan entered into with the Wayne County Treasurer's Office.

(f) The Community Partner must be in good standing with regard to any agreements to which it is a party with the DLBA or the City.

The DLBA reserves the right, in its sole discretion, to refuse the sale of any property to any Community Partner or other person.

**5. Pricing.** The following factors may be considered by DLBA staff when pricing property for sale to a Community Partner. DLBA staff is required to apply the pricing factors consistently and provide a written justification for the pricing method in each sale.

(a) Valuation Methods. Valuation methods may include (1) appraisals (including in-house appraisals), (2) Broker's Price Opinions, (3) two times the State Equalized Value, or (4) prices established by the City Revitalization Offices.

(b) Pricing Considerations. Wherever practicable, the price for a property should be set at fair market value (FMV), and in any case, absent specified compelling circumstances, at not less than the Property Costs incurred by the DLBA with respect to that property. "**Property Costs**" shall mean the aggregate 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.

(c) Discounts. Community Partners are eligible for the following purchase price discounts for the applicable property purchases.

(1) Marketed Properties and Side Lots. No discount.

(2) Online Auction Programs. Fixed discount of 20%.

(3) Direct Sales.

(A) *Vacant Land.*

(i) Fixed discount of 50% for vacant land-based projects including land beautification, parks, gardens, or exclusively agricultural projects. This specifically excludes construction of residential or commercial buildings, or parking.

(ii) Fixed discount of 20% on construction of residential or commercial buildings, or parking.

(B) *Improved Property.* Discount of 20%, together with any applicable discount provided for in the DLBA Economic Development Policy, for renovation of existing residential structures of no more than four units. The total discount available for improved property may not exceed 40%.

Notwithstanding anything to the contrary in this Policy, the discount for a vacant lot shall in no case reduce the purchase price of a lot below \$250 and the discount for a property with a structure shall in no case reduce the purchase price of that property below \$1,000.

The DLBA reserves the right, in its sole discretion, to grant or refuse to grant a discount on the purchase price of any property to a Community Partner.

(d) Historic Pricing. In instances where property was unable to be sold due to a City Revitalization Office having an agreement or other restriction in place barring the sale of the property, the DLBA may consider historic prices from the date when the Community Partner originally applied for the property.

**6. Community Partner Endorsements.** A Community Partner may identify prospective homeowners who have the ability to fix up and maintain a house and live in the community as good neighbors. Provided the following rules are met, such prospective homeowners will receive a 20% discount on the purchase price they bid on a property sold in a DLBA auction program.

(a) The Community Partner must provide in writing to the DLBA its process for selecting and endorsing a prospective homeowner.

(b) A Community Partner may endorse up to three prospective homeowners per year that it deems to be a good neighbor for the community.

(c) The Community Partner's endorsement means the endorsed prospective homeowner will receive up to a 20% discount on the purchase price for the subject property. The discount shall not reduce the purchase price to an amount less than \$1,000.00 and does not apply to any other costs or fees. The discount may not be combined with any other discounts offered by the DLBA.

(d) All prospective homeowners who utilize the Community Partner Endorsement discount must comply with the terms of the Purchase Agreement with the DLBA including the deadlines for closing, rehabilitating, and occupying the property.

(e) If an endorsed prospective homeowner fails breaches any rules or agreements relating to their endorsement, the DLBA may terminate the Community Partner's status.

(f) The Community Partners must provide written confirmation of the prospective homeowner endorsement.

**7. Title Services.** Community Partners must enter into a Title Services Agreement prior to the acquisition of improved property and property for which the DLBA's ownership interest is unclear. Community Partners will receive discounted Quiet Title Services.

**8. Zoning.**

(a) Prior to the sale of any property, DLBA staff must determine whether the proposed use of the property is compliant with zoning. Final closing can occur only if appropriate zoning is in place.

(b) If appropriate zoning is not in place for the intended use, DLBA staff may provide an option to purchase for a reasonable, specified period of time, during which the prospective purchaser is afforded the opportunity to pursue re-zoning, a waiver/variance, or to file a zoning appeal. Prior to entering into the option to purchase, the prospective purchaser shall be required to provide a non-refundable option fee.

**9. Property Holds.** The DLBA staff may accommodate requests to "hold" DLBA-owned properties for a reasonable, limited period of time and for a specified purpose. "Holding" properties means reserving property in the DLBA's inventory for a designated party to allow time for the commencement and/or completion of due diligence or documentation.

(a) Agreements to Hold Property. The DLBA may hold property only pursuant to an appropriate written agreement that permits DLBA staff to enforce any conditions pertaining to the property. Said agreement will provide for the applicant to maintain the properties at its expense and self-report with proof that it has done so.

(b) Duration of Hold. DLBA staff may enter into a maximum six-month hold with a renewal option, as determined by DLBA staff.

(c) Cost of Hold. Property may be held for the designated party at the following rates.

(1) 1-10 properties may be held for a \$500 fee for each six-month hold.

(2) 11-19 properties may be held for a \$1000 fee for each six-month hold.

(3) 20 or more properties may be held for a \$1500 fee for each six-month hold.



**10. Transaction Agreements.** The disposition of DLBA-owned property will be pursuant to an appropriate written agreement that permits DLBA staff to enforce any conditions pertaining to the development or use of the property. Such agreements may include purchase agreements, development agreements, option agreements or alternative forms of agreement suitable for real estate transactions.

**11. Compliance.** A purchaser of a DLBA parcel shall enter into an above referenced development agreement with the DLBA setting forth terms of the pre-development or active development requirements. Should the purchaser violate the agreement, DLBA reserves the right to take back title to the property. A Community Partner may not act as a straw-buyer in order to transfer property to a non-Community Partner contrary to the purpose of Community Partner Program. If a Community Partner does this, the DLBA may terminate the Community Partner relationship.

**12. Tax Capture.** See the DLBA's Tax Capture Waiver Policy for information regarding the DLBA's policy regarding waiving its five-year, fifty-percent tax capture with respect to Infill Housing Lots.

**13. Approvals.**

(a) DLBA Board of Directors. The Detroit Land Bank Authority Board of Directors must approve the following land sales pursuant to this Policy.

(1) A transfer that will result in more than nine parcels of property transferred to the same person within any rolling 12-month period.

(2) Any real estate transaction where the aggregate transaction amount is greater than \$75,000.

(3) Any real estate transaction requiring an exception to DLBA guidelines or Board approval is otherwise recommended by DLBA staff.

(b) City Council. The Detroit City Council must approve land transfers that will result in more than nine parcels of property transferred to the same person within any rolling 12-month period.