

**GLADWIN COUNTY  
LAND BANK AUTHORITY**

**PRIORITIES AND POLICIES  
FOR  
PROPERTY ACQUISITION AND DISPOSITION**

**As approved by the Board of Directors on July 9, 2009**

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The acquisition and disposition of properties acquired by the Treasurer of Gladwin County through tax foreclosure procedures in accordance with 1893 P.A. 206, as amended by 1999 P.A. 123, MCL §211.1 et. seq., and properties that are owned by the Gladwin County Land Bank Fast Track Authority (the "LBA"), shall be governed by the following basic priorities and policies.

The acquisition, use, and disposition of such properties shall at all times be consistent with the authority granted by the Constitution of Michigan, the laws of the state of Michigan, the Land Bank Agreement by and between Gladwin County, Michigan and the State of Michigan dated October 16, 2008, the articles of incorporation and bylaws of the Gladwin County Land Bank Authority, and the public purposes set forth therein.

## **1. Policies Governing the Acquisition of Properties**

In determining which, if any, properties shall be acquired by Gladwin County or by the Land Bank Authority, the LBA shall give consideration to the following factors:

1. Properties that have been foreclosed by the County Treasurer due to the lack of tax payments.
2. Properties that are available through donation by a private owner.
3. Improved properties that are blighted and having a negative effect on surrounding areas targeted for redevelopment.
4. Properties that would be targeted for an end or intermediate use as an urban garden.
5. Properties for which the end use would be land conservancy.
6. Proposals and requests by nonprofit and for-profit corporations that identify specific properties for ultimate acquisition and redevelopment
7. Properties that are environmentally contaminated where funds have been secured for the clean-up and reuse of the property.
8. Properties that are mortgage foreclosed with the purpose of preventing the decline of a neighborhood.
9. Vacant properties for which the best use would be to place the property into the Side Lot Disposition Program.
10. Properties for which title issues are preventing the property from being developed to its highest and best use.
11. Proposals and requests by governmental entities that identify specific properties for development projects.

12. Properties that would form a part of a land assembly development plan that is consistent land use goals.
13. Properties that will generate operating resources for the functions of the Gladwin County Land Bank Authority.

The LBA may request the Treasurer to combine properties from one or more of the foregoing categories in structuring the terms and conditions of the statutorily required auctions of the tax foreclosure properties, and may acquire any such properties prior to auctions, at such auctions, or subsequent to auctions as authorized by law. In determining the nature and extent of the properties to be acquired the LBA shall also give consideration to underlying values of the subject properties, the financial resources available for acquisitions, the operational capacity of the LBA, and the projected length of time for transfer of such properties to the ultimate transferees.

## **2. Priorities Concerning the Disposition of Properties**

The disposition of properties shall be based upon a combination of three different factors. The first factor involves the intended or planned use of the property. The second factor considers the nature and identity of the transferee of the property. Within each factor is a ranking of priorities. The disposition of any given parcel will be based upon an assessment of the most efficient and effective way to maximize the aggregate policies and priorities. The Board and Staff of the LBA shall at all times retain flexibility in evaluating the appropriate balancing of the priorities for the use of property, priorities as to the nature of the transferee of properties, and priorities concerning neighborhood and community development.

### Priorities for Use of Property

1. Job Creation
2. Highest property tax generator
3. Recreational Use
4. Industrial /Commercial
5. Residential
6. Community gardening
7. Educational / Institutional
8. Agricultural
9. Government / public purpose / infrastructure / utilities
10. Land Conservancy

Priorities as to the Nature of the Transferee

1. Local individuals already invested in the area
2. Business Owners
3. Homeowners
4. For-profit Developer
5. Non-profits Developer
6. Non-profit Organization (resulting in a tax exempt use)
7. Landlord / Investors
8. Governments

### **3. Factors in Determining Consideration due Upon Transfers**

The following factors shall constitute general guidelines for determination of the consideration to be received by the LBA for the transfer of properties. In each and every transfer of real property the LBA shall require good and valuable consideration in an amount determined by the LBA in its sole discretion. The LBA will consider both the fair market value of the property and the Property Costs in its determination of consideration for each property. "Property Costs" shall mean the aggregate costs and expenses of the LBA attributable to the specific property in question, including costs of acquisition, maintenance, repair, demolition, marketing of the property and indirect costs of the operations of the LBA allocable to the property.

The consideration to be provided by the transferee to the LBA may take the form of cash, deferred financing, performance of contractual obligations, imposition of restrictive covenants, or other obligations and responsibilities of the transferee, or any combination thereof.

1. Consideration shall be established at a level between the Property Costs and fair market value of the property.
2. The consideration to be provided by the transferee to the LBA may take the form of cash, deferred financing, performance of contractual obligations, imposition of restrictive covenants, or other obligations and responsibilities of the transferee, or any combination thereof under the following circumstances:
  - A. For the development of sustainable permanent jobs, or
  - B. For development of affordable housing, or
  - C. For development resulting in at least \$100,000 of new investment
3. Property may be sold using a land contract with a maximum five year term with a down payment equal to the total transaction costs plus 10% of the purchase price or \$250, whichever is greater. The interest shall be set at the prime rate plus 2% at 7 days prior to closing.

## 4. Side Lot Disposition Program

Individual parcels of property may be acquired by the Treasurer, the County, or the Land Bank Authority, and transferred to individuals in accordance with the following policies. The transfer of any given parcel of property in the Side Lot Disposition Program is subject to override by higher priorities as established by the LBA.

### A. Side Lot Disposition Policies

1. Qualified Properties. Parcels of property eligible for inclusion in the Side Lot Disposition Program shall meet the following minimum criteria:
  - (a) The property shall be physically contiguous with a shared lot line of at least 50% (of the side lot)
  - (b) The property shall be vacant unimproved property
  - (c) Only one side lot shall be sold to any individual purchaser
  - (d) Side lot transfers shall be limited to a maximum of 1 acre or not more than 1 subdivided parcel. Adjacent parcels over 1 acre shall be at the discretion of the Gladwin County Land Bank Chair. Requests for additional lots will be at the discretion of the Gladwin County Land Bank chair.
  
2. Transferees.
  - (a) The transferee must not own any real property (including both the contiguous lot and all other property in Gladwin County) that is subject to any unremediated citation of violation of the state and local codes and ordinances.
  - (b) The transferee must not own any real property (including both the contiguous lot and all other property in Gladwin County) that is tax delinquent.
  - (c) The transferee must not have been the prior owner of any real property in Gladwin County that was transferred to the Treasurer or to a local government as a result of tax foreclosure proceedings unless the LBA approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.
  
4. Pricing

Qualified Side Lots shall be transferred for the property costs.
  
5. Additional Requirements

- (a) In the event that multiple adjacent property owners desire to acquire the same side lot, the lot shall be transferred to the highest bidder for the property.
- (b) For competing interests, in the event that a contiguous property needs land for a driveway or other local code compliance issues this subsection will rule.

## 5. Land Transfers

### A. Land Transfer Policies

These policies pertain to transfers of property for development or occupied by the purchaser. At time of transfer the property may be vacant, improved or ready to occupy.

1. The transferee must not own any real property that has any unremediated citation of violation of the state and local codes and ordinances.
2. The transferee must not own any real property that is tax delinquent.
3. Property purchasers must demonstrate the ability to complete the proposed project (financial, capacity, etc.)
4. To the extent possible, the proposed purchaser shall provide evidence that they have consulted with any neighborhood organization in the area and the local government and solicited comment on the planned use of the property. This provision is mandatory for commercial and industrial uses.
5. The subject property must not have been used by the transferee or a family member of the transferee as his or her personal residence at any time during the twelve (12) months immediately preceding the submission of application (except in rental cases).
6. The transferee must not have been the prior owner of any real property in Gladwin County that was transferred to the Treasurer or to a local government as a result of tax foreclosure proceedings unless the LBA approves the anticipated disposition prior to the effective date of completion of such tax foreclosure proceedings.
7. All development projects should be started and completed within a time frame negotiated with the LBA (maximum up to 12 months to break ground and up to 12 months to complete the project).
8. Options are available for 10% of the parcel price for up to a 12-month period with a six month extension if approved. This fee will be credited to the parcel price at closing. If closing does not occur, the fee is forfeited. All option agreements are subject to all policies and procedures of the LBA pertaining to property transfers.
9. A precise narrative description of future use of the property is required.
10. Transactions shall be structured in a manner that permits the LBA to enforce recorded covenants or conditions upon title pertaining to development and use of the property for a specified period of time. Such restrictions may be enforced, in certain cases, through reliance on subordinate financing held by the LBA.

11. If code or ordinance violations exist with respect to the property at the time of the transfer, the transfer agreements shall specify a maximum period of time for elimination or correction of such violations, with the period of time be established as appropriate to the nature of the violation of the anticipated redevelopment or reuse of the property.
12. The proposed use must be consistent with current zoning requirements or a waiver for non-conforming use is a condition precedent to the transfer.
13. The transferee must use the property in a manner that is consistent with the priorities for land use as described previously in these policies.
14. The LBA will review landlord/tenant disputes over the past 3 years prior to sale to a prospective purchaser.

## **6. Land Banking Policies**

The LBA is willing to receive title to properties from community development corporations and other entities, and hold title to such properties pending future use by the LBA, by the transferor of the property, or by other third parties. The receipt by the LBA of any and all conveyances of real property shall at all times be solely within the discretion of the LBA, and nothing in this policy shall be deemed to require the LBA to take title to any properties nor to limit the discretion of the LBA in negotiating the terms of its acquisition of any property, whether as donated transfers or otherwise.

All conveyances received by the LBA through a Land Banking Agreement must comply with the requirements set forth below in Part A, and will be reviewed and considered by the LBA in accordance with the procedures set forth in Part B. If the transfer is approved by the LBA, the LBA shall hold the subject property, and may use or convey the subject property or any interest in the subject project, subject only to the right of repurchase set forth in Part C.

Following the transfer of any properties to the LBA in accordance with this policy, the LBA shall have the right, but not the obligation, to maintain, repair, demolish, clean, and grade the subject property and perform any and all other tasks and services with respect to the subject property as the LBA may deem necessary and appropriate in its sole discretion.

### **A. Requirements for Conveyances to the LBA in its Land Banking Capacity**

1. Property that is intended to be conveyed to the LBA and to be held by the LBA in its land banking capacity shall be clearly designated as such in the proposal for the transfer, and in the records of the LBA.
2. No property shall be transferred to the LBA pursuant to this land banking policy unless the transferor is either a private nonprofit entity, governmental entity, or by private donation.
3. The subject property must not be occupied by any party or parties as of the date of transfer to the LBA.
4. The subject property must, as of the date of the transfer to the LBA, be free of any and all liens for ad valorem taxes, special assessments, and other liens or encumbrances in favor of local, state or federal government entities.
5. The subject property must, as of the date of the transfer to the LBA, be free of all outstanding mortgages and security instruments.

## **B. Requirements for Conveyances to the LBA in its Land Banking Capacity**

1. The transferor of any proposed conveyance to the LBA in its land banking capacity shall prepare a written proposal containing the following information:
  - (a) A legal description of the property.
  - (b) A title report, or other similar evidence, indicating that the property is free of all liens and encumbrances specified in Part A.
  - (c) A description of the transferor's intended uses of the property and the time frame for use and development of the property by the transferor.
2. Following receipt of the proposal, the LBA shall review the proposal and notify of the transferor of its approval or disapproval, and of any changes or additions that may be necessary as determined by the LBA in its sole discretion.

## **C. Right of Repurchase by the Transferor**

1. The transferor shall have a right to repurchase the subject property from the LBA at any time within a timeline determined by the LBA on a case by case basis
2. The right of repurchase may be exercised by the transferor upon payment to the LBA of the Purchase Price. The Purchase Price shall be an amount equal to (i) all expenditures of the LBA (whether made directly by the LBA or through payments to a third party contractor) in connection with the subject property incurred subsequent to the date of conveyance to the LBA, and (ii) an amount determined by the LBA as its average indirect costs, on a per parcel basis, of holding its portfolio of properties.
3. The LBA shall have the right, at any time within the determined time period following the date of the original transfer, to require the transferor to exercise its right of repurchase by giving written notice to the transferor of the requirement that it exercise its right of repurchase and the amount of the Purchase Price. The transferor must exercise its right of repurchase, and close the reconveyance of the property within sixty (60) days of receipt of such notice. Failure of the transferor to exercise and close upon its right of repurchase within such period of time shall result in a termination of all rights of repurchase with respect to the subject property.

## **7. Donations**

In determining which, if any, properties shall be acquired by donation to the Land Bank Authority, the LBA shall give consideration to the following factors:

### **A. Donated Property Policies**

1. Properties with adverse environmental conditions will not be accepted without a satisfactory funded plan for remediation approved by the LBC.
2. Properties current or end use must be in-line with the priorities listed in this document.
3. GCLBA will only accept donated vacant and unoccupied improved properties.
4. GCLBA will not determine donation value for the purpose of tax benefits, but will provide a letter describing the property donated.
5. GCLBA will only accept donated properties that have clear title, with no past tax obligation.