



LEELANAU COUNTY

LAND BANK FAST TRACK AUTHORITY

POLICIES AND PROCEDURES

Adopted

November 19, 2019

INTRODUCTION

The Leelanau County LCLBA Fast Track Authority a.k.a., Leelanau County Land Bank Authority (LCLBA) was established on August 25, 2008 under the Michigan Land Bank Fast Track Act (Public Act 258 of 2003, as amended). The Leelanau County Land Bank Authority was created by the County Board of Commissioners in concert with the Leelanau County Treasurer who was responsible for negotiating a cooperative agreement with the State of Michigan Land Bank Fast Track Authority. In addition to the county treasurer who, by law, must be a member of the LCLBA, the other members are appointed by the Leelanau County Board of Commissioners. The LCLBA has the authority to select and retain an Executive Director, however, in lieu of an Executive Director, the Chairman has ultimate authority. The entire board consists of seven (7) members.

The Michigan Land Bank Fast Track Act (Public Act 258 of 2003, as amended) provides for the creation of county land bank fast track authorities to:

- a. assist governmental entities in the assembly and clearance of title to property in a coordinated manner;
- b. facilitate the use and development of certain property;
- c. promote economic growth;
- d. prescribe the powers and duties of certain authorities;
- e. provide for the creation and appointment of boards to govern land bank fast track authorities and to prescribe their powers and duties;
- f. authorize the acquisition, maintenance, and disposal of interests in real and personal property;
- g. authorize the conveyance of certain properties to a land bank;
- h. authorize the enforcement of tax liens and the clearing or quieting of title by a land bank;
- i. provide for the distribution and use of revenues collected or received by a land bank;
- j. authorize the transfer and acceptance of property in lieu of taxes and the release of tax liens;
- k. exempt property, income, and operations of a land bank from tax; and
- l. extend protections against certain liabilities to a land bank.

Similarly, the purpose of the LCLBA is to assemble or dispose of public property, including tax reverted property, in a coordinated manner to foster the development of property, which in the judgment of the LCLBA Board should contribute to public good, and/or to promote economic growth in Leelanau County and in the local units of government within the county.

The acquisition and disposition of properties owned and managed by the LCLBA and its operations are in accordance with the Michigan Land Bank Fast Track Act, PA 258 of 2003, as amended; PA 259 of 2003 which amends the Brownfield Redevelopment Financing Act (PA 381 of 1996); the Tax Reverted Clean Title Act, PA 260 of 2003, as amended; PA 261 of 2003 which amends the General Property Tax Act (PA 206 of 1893), as amended; the Brownfield Redevelopment Financing Act (PA 381 of 1996, as amended), its operational By-Laws, and the general policies and procedures contained herein.

The purpose of these Policies and Procedures is to establish general principles on which sound decisions can be made and to determine specific parameters to guide the actions of the LCLBA. The LCLBA may amend these policies and procedures from time to time by resolution of the Board of Directors of the LCLBA (the “LCLBA Board”).

As an owner of property in the county, the LCLBA, within budgetary constraints, will make all reasonable efforts to:

1. maintain its property,
2. prevent the property from being a blighting influence,
3. prevent the property from being a danger, and
4. return the property to productive use consistent with the plans and goals of the community.

A. MISSION STATEMENT

The mission of the Leelanau County Land Bank Fast Track Authority is to enhance tax base by returning tax reverted properties to the tax rolls and to partner with community stakeholders to acquire and redevelop undervalued properties to support workforce housing and economic development. *(Adopted 3-15-2011)*

B. GOALS

1. Programmatic

- a. Use the LCLBA disposition program to promote the economic development and/or redevelopment in the creation of jobs that will promote the year-round economy of the county.
- b. Collaborate with other agencies to develop a comprehensive approach and a “one-stop-shop” for developers to access the LCLBA, Brownfield and the Economic Development Corporation development tools, including but not limited to access to grant funds, low interest loans and tax credits.

- c. Maintain an inventory of properties for potential development projects that will achieve the priority land uses established in the LCLBA 's policies.
- d. Establish a side lot program and convey all non-developable properties as they become tax foreclosed, to facilitate the elimination of abandoned property that is not on the tax rolls.
- e. Create an evaluation system to effectively analyze all property transfer requests.

2. Organization

- a. Create policies and procedures that will govern the decision making of the LCLBA consistent with the organization's programmatic goals.
- b. Keep the LCLBA operating as efficiently as possible by collaborating with existing programmatic capacity at the County and other nonprofit and governmental agencies. This would include incorporating housing programs into the LCLBA, when applicable.
- c. Create a communication plan to ensure public awareness of the LCLBA programs and how they can be accessed. In addition, the plan should cultivate dialogue and education on an ongoing basis.
- d. Establish a board and staff development training program which is dedicated to comprehensive and ongoing member education. This can be accomplished in several ways including mini trainings at board meetings, literature reviews, conference attendance, and consultant visits. *(Approved January 18, 2011)*

LAND BANK PROGRAM IMPLEMENTATION

A. ACQUISITION OF PROPERTY

The following criteria shall be considered in determining property to be acquired by the LCLBA, to facilitate development, in conjunction with the acquisition of property, to carry out the purpose of the LCLBA or to enhance the operation and function of the LCLBA:

1. Property which is strategic to implementing an economic development, neighborhood stabilization or revitalization plan or strategy undertaken by the LCLBA.
2. Property which is strategic to implementing an economic development, neighborhood stabilization or revitalization plan or strategy undertaken by a local government entity pursuant to an intergovernmental agreement with the LCLBA.
3. Property which is strategic to implementing an economic development, neighborhood stabilization or revitalization plan or strategy undertaken by a nonprofit corporation pursuant to a community or neighborhood plan approved by the local political jurisdiction.

4. Property necessary to complete a land assembly project to enhance the marketability of or to protect property already held by the LCLBA.
5. Property that promotes health, safety and welfare.
6. Property that will generate financial resources for the operation and function of the LCLBA.

The LCLBA may acquire property as permitted by law. In determining the nature and extent of property to be acquired, the LCLBA shall consider the value of the property, the financial resources available for acquisition, the capacity of the LCLBA to own and manage the property, and the projected length of time required to convey or utilize the property for the purpose intended by the LCLBA in acquiring the property. All acquisitions shall require the approval of the LCLBA Board.

B. POLICIES GOVERNING THE ACQUISITION OF NON-TAX-FORECLOSED PROPERTIES

The Land Bank Fast Track Act, 2003 PA 258, MCL 124.755 et seq allows for the direct purchase of property. While the foundation of the LCLBA is property acquired through the tax foreclosure process, there will be opportunities for direct purchase of mortgage foreclosed, redevelopment project, and other properties that represent the mission of the LCLBA.

Policies and Procedures to carry out these Priorities are:

1. Accumulate property information such as assessment data, map location, photos, code violation information, zoning and other pertinent information regarding the property.
2. Personal inspection of the interior/exterior of the property.
3. Evaluate the need to conduct, if necessary, environmental due diligence (All Appropriate Inquiry) on the subject property since land banks are not exempt from environmental liability when property is acquired involuntarily.
4. Obtain appraisal or market value estimate.
5. Submit all information to the chairman or executive director to establish purchase price and approval.
6. If purchase price is over \$100,000, LCLBA board approval is required.
7. All commercial property acquisition requires LCLBA board approval.

C. DISPOSITION OF PROPERTY

1. Conveyances

The following apply to the conveyance of property:

- a. Real property conveyances by the LCLBA will be made directly by the LCLBA to the individual or entity responsible for undertaking the proposed development and in accordance with its stated use of the property.
- b. The LCLBA will not convey real property to an individual or entity for future speculative conveyances to third parties. However, simultaneous closings involving property of the LCLBA may occur.
- c. The LCLBA will not convey real property to an individual or entity that was the prior owner of any real property in Leelanau County that was tax foreclosed.
- d. Conveyance(s) will be made at the sole discretion of the LCLBA.
- e. The consideration received by the LCLBA for any conveyance will be determined in the sole discretion of the LCLBA.
- f. Once a property is sold or otherwise conveyed by the LCLBA, the LCBA will collect 50% of a five-year specific tax as allowed by PA 260 of 2003.

2. Property Specific Criteria

The following criteria will be considered to determine property that will be conveyed by the LCLBA:

- a. to facilitate development pursuant to 2003 PA 258,
- b. to better carry out the purpose of the LCLBA, or
- c. to enhance the operation and function of the LCLBA.

The LCLBA will consider the following factors in pricing and conveying property:

- i. The proposed use of the property with emphasis on returning the property to taxable status or conveyance, which in the judgment of the LCLBA Board contributes to public good.
- ii. Development which results in preserving and rehabilitating neighborhoods, promoting affordable homeownership and multiple family housing, as well as facilitating economic development and creating jobs.
- iii. The feasibility of the proposed development including financial resources, time frame for completion, site suitability including, but not limited to, size, location, land use, environmental issues, and infrastructure requirements.
- iv. The stability, ability, financial resources, nature, identity and capacity of the proposed purchaser including development experience and readiness to commence and complete development.

- v. The potential impact of the conveyance on community and neighborhood plans approved by the local unit of government(s) with emphasis on preserving, stabilizing and restoring neighborhoods, improving and modernizing commercial and industrial areas, remediating environmental issues and/or promoting compatible uses of land.
- vi. The potential for the conveyance to generate proceeds to support and enhance the operation and function of the LCLBA.

The LCLBA may convey any property in its inventory in its sole discretion and establish disposition programs, including programs designed for specific areas.

D. GENERAL AGREEMENTS WITH LOCAL UNITS OF GOVERNMENT

The LCLBA may enter into Agreements with local units of government. The intent of the Agreements is to share information on a continuing basis to identify the parcels of property within a specific geographical area that are owned by the LCLBA. Once identified, the LCLBA and local units of government can solicit, receive and evaluate requests and proposals for the conveyance of property held by either the LCLBA or by a local unit of government. Once received, the LCLBA and the local unit of government can prepare recommendation packages for conveyance including information on the proposed purchaser, the proposed use of the property, and the consideration. Appropriate notice requirements to the LCLBA and the local unit of government will be followed in relation to the proposed conveyance of any property.

Note: Agreements will provide that the party holding legal title of the property to be conveyed will make final approval of the conveyance. The Executive Director or Chairman of the LCLBA may execute agreements consistent with this policy.

E. Requirements of Conveyance

The LCLBA, in its sole discretion, will determine all other terms and conditions of the conveyance. The documents that the LCLBA may use to convey an interest in property may include but are not limited to a quitclaim deed, a lease, a land contract and a grant of easement, as authorized by law and/or a development agreement.

F. TERMS OF CONVEYANCE

The following terms will be used to establish the consideration to be received by the LCLBA for the conveyance of real property.

1. It is the LCLBA's intent that the minimum monetary consideration will be no less than the Property Cost. "Property Cost" means the direct and indirect costs and expenses

attributable to the property including, but not limited to, cost allocation for overhead, costs of acquisition, maintenance, repair, rehabilitation by or on behalf of the LCLBA, demolition, marketing and litigation to quiet title.

2. The value of the property will be established by an appraisal or other valuation as determined by the LCLBA.

The LCLBA, in its sole discretion, will determine the consideration and terms of conveyance.

G. USE

Prior to conveying the property, the range of uses that will be considered by the LCLBA (which are not in any particular order of importance) include, but are not limited to the following:

- a. Dedication to public use by a governmental entity.
- b. Homeownership and affordable housing.
- c. Return of the property to taxable status.
- d. Land assemblage for economic development.
- e. Provision for financial resources for operating functions of the LCLBA.
- f. Green space or conservation purposes.
- g. Elimination of blight.
- h. Uses for childcare.
- i. Dedication to use by a social, educational or faith-based institution.
- j. Recreation centers.
- k. Agricultural uses.

H. ADJACENT LOT DISPOSITION PROGRAM

Property may be conveyed to an adjacent property owner in the LCLBA's sole discretion.

1. Qualified Property

Property eligible for inclusion in the Adjacent Lot Disposition Program must meet the following minimum criteria:

- a. The Property is used for residential purposes and has a common boundary line with the Purchaser's property.
- b. The Property is not buildable according to current zoning and building codes.
- c. The Property is not part of a proposed plan or development supported by the local unit of government requiring land assembly.

2. Purchaser(s)

To convey property to Purchaser(s), the LCLBA will determine the following:

- a. Purchaser(s) own a contiguous property.
- b. When more than one adjacent property owner exists and each wants the same adjacent Property, the Property may be conveyed in whole or divided and conveyed at the discretion of the LCLBA. The LCLBA staff may contact adjacent property owners to ascertain interest in the Property.
- c. Purchaser(s) has submitted a completed application to the LCLBA indicating the address(es) of the Properties to be purchased.
- d. Purchaser(s) are current on all property taxes owed for parcels within the county held by said purchaser.
- e. Purchaser(s) has submitted any financial information requested by the LCLBA.
- f. Purchaser(s) has submitted any other information requested by the LCLBA.

3. Consideration

Property conveyed through the Adjacent Lot Disposition Program will have the consideration determined by the LCLBA, in its sole discretion.

I. APPLICATION PROCESS

1. Application from an Individual

For Individual Purchasers, other than those applying for property offered through the Adjacent Lot Program, the LCLBA will consider a completed application from Individual Purchaser(s), which includes, but is not limited to the following:

- a. The address(es), legal description(s), and recent photos of the property to be purchased.
- b. The proposed development and/or use of the property.
- c. The time frame for rehabilitation, improvement or development.
- d. Financial documentation, which includes but is not limited to a Pre-Qualification Letter from a Lender (if financing the transaction).
- e. Proof of personal identification by an official state or federal document.

2. Applications from Organizations

For Organizations, including but not limited to, nonprofit corporations, partnerships, institutions, community groups, limited liability corporations, and joint ventures, the LCLBA will consider a completed application from Organizations, which includes, but is not limited to the following:

- a. The address(es), legal description(s), and recent photos of the property to be purchased.
- b. The proposed development and/or use of the property.
- c. Names of key individuals on the Development Team.
- d. The time frame for rehabilitation, improvement or development.
- e. Financial documentation, which includes but is not limited to a Pre-Qualification Letter from a Lender (if financing the transaction).

3. LCLBA Review

The LCLBA staff will attempt, within ninety (90) days of receiving a completed application, to complete a review of the application. After review, the LCLBA staff will notify the applicant of the determination or request additional information.

J. CONVEYANCES REQUIRING BOARD APPROVAL AND EXECUTIVE DIRECTOR/CHAIRMAN AUTHORITY

1. Conveyances Requiring Board Approval

The Executive Director/Chairman can approve all conveyances with the following exceptions which require Board approval:

- a) Any conveyance for which the ultimate use of the property will result in an exemption from property taxes.
- b) Conveyances for projects containing greater than fifteen (15) parcels.
- c) Conveyances involving transactions greater than \$100,000 in value.
- d) Any transaction not specifically authorized shall require LCLBA Board approval.

2. Executive Director/Chairman Authority

The Executive Director/Chairman of the LCLBA may enter into agreements to finalize property transactions and execute conveyances on behalf of the LCLBA regarding the following:

- a) Conveyances issued pursuant to the Adjacent Lot Disposition Program.
- b) Conveyances of fifteen (15) parcels or less, unless to a single purchaser during the LCLBA's fiscal year.
- c) Conveyances approved by the LCLBA Board.

Other restrictions notwithstanding, the Executive Director/Chairman may contract for demolition of a structure on LCLBA owned property provided that the demolition contract is less than

\$50,000.00, and the contract complies with applicable procurement requirements. Additionally, the Executive Director/Chairman may enter into a Temporary License or an Agreement & Consent to Enter State-Owned Property as determined by the Executive Director/Chairman to be in the best interest of the LCLBA.

3. Reporting Requirement

All conveyances entered into by the Executive Director/Chairman will be reported in writing to the LCLBA Board at the next LCLBA Board meeting.

K. Policy on Borrowing Money, Issuing Bonds or Notes

The LCLBA Board by resolution can authorize the LCLBA to borrow money and issue bonds and notes according to the Act.