

# Land Banks & Redevelopment

December 2019

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*Recycling land to productive reuse...*

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## What is a Land Bank?

- Public or community-owned entities created to acquire, manage, maintain, and repurpose vacant, abandoned, and foreclosed properties.
- Created to:
  - Provide means for holding title to properties in interim status.
  - Replace systems where local governments sell their interest in tax-delinquent property to speculators, often for pennies on the dollar.
  - Clear clouded/encumbered property title for clean disposition.

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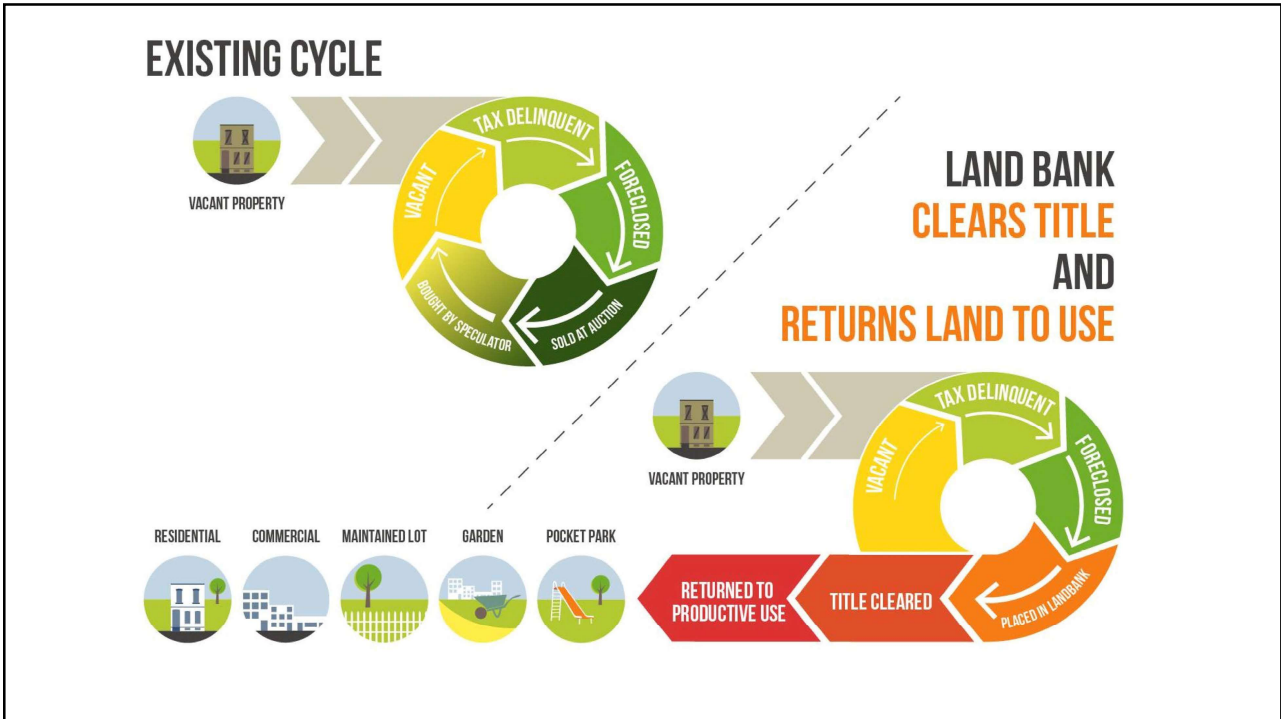
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# Why Land Banks are needed

## THE CYCLE BEGINS

In a stable neighborhood, vacant property is re-absorbed by the market.



But in weak markets, when the balance tips too far:

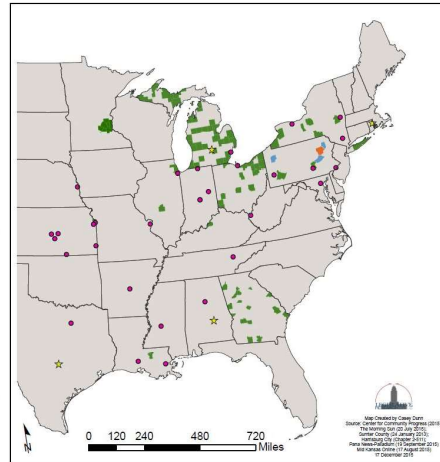
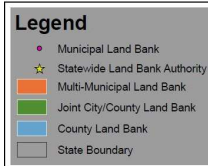
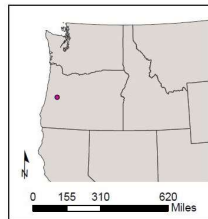


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- Kentucky 1988
- Michigan 2003
- Kansas 2009
- Ohio 2010
- Texas 2007
- New York 2011
- Tennessee 2012
- Missouri 2012
- Pennsylvania 2012
- Georgia 2013
- Nebraska 2013
- Alabama 2013
- West Virginia 2014
- Delaware 2015
- Connecticut 2016
- Indiana 2017
- Maryland 2017
- New Jersey 2019

## Land Banks are not new...

### Land Banks in the United States



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# Land Bank Fast Track Act

- Effective Jan 5, 2004

**LAND BANK FAST TRACK ACT (EXCERPT)  
Act 258 of 2003**

**124.752 Legislative findings.**

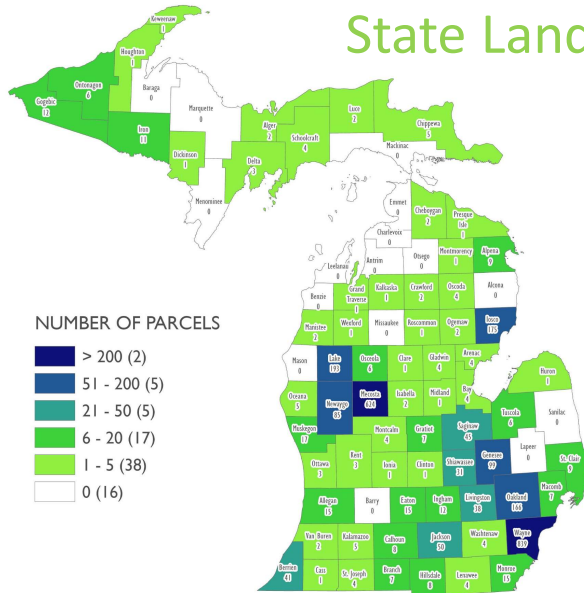
**Sec. 2.**

The legislature finds that there exists in this state a continuing need to strengthen and revitalize the economy of this state and local units of government in this state and that it is in the best interests of this state and local units of government in this state to assemble or dispose of public property, including tax reverted property, in a coordinated manner to foster the development of that property and to promote economic growth in this state and local units of government in this state. It is declared to be a valid public purpose for a land bank fast track authority created under this act to acquire, assemble, dispose of, and quiet title to property under this act. It is further declared to be a valid public purpose for a land bank fast track authority created under this act to provide for the financing of the acquisition, assembly, disposition, and quieting of title to property, and for a land bank fast track authority to exercise other powers granted to a land bank fast track authority under this act. The legislature finds that a land bank fast track authority created under this act and powers conferred by this act constitute a necessary program and serve a necessary public purpose.



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## State Land Bank Inventory



### Mission:

To create positive economic impact to Michigan communities by recycling land to productive use.



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## Land Bank Powers

- Acquire, hold, lease, sell, secure, remediate, demolish, rehabilitate, and construct on real property.
- Convey or acquire easements or options to property.
- Operate property and receive rents or sales proceeds.
- Expedite Quiet Title action(s) to property which comes into its ownership.

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## Land Bank Powers

- What can a Land Bank do with property?
  - Hold, lease, secure, environmental remediation, demolish, rehab, new construction, grant or acquire easements or options, rent, sell (without payment of a fees)
  - Invest grant funds in targeted areas, work with non-profits and governmental entities
  - Create cash flow with rentals and sales; income is exempt from all taxes and special assessments of a local unit of government

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## Land Bank Powers

- What else can a Land Bank do?
  - Borrow money
  - Apply for grants
  - Manage property
  - Enter into Contracts
  - Invest money
  - “all other things necessary or convenient to achieve the objectives and purposes of the authority or other laws that relate to the purposes and responsibility of the authority”

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## Land Bank Powers

- Property of an Authority, and its income and operations are all exempt from taxation by the state of any political subdivisions (county, township, village, city etc.)
- A few limitations are placed on Michigan Land Banks
  - Cannot assist or expend any funds for, or related to, the development of a casino
  - Cannot exercise power of eminent domain or condemn property
  - Cannot levy any tax or special assessment

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## How do Land Banks Acquire property?

- Tax Foreclosed Property
  - Prior to Auction – via MCL211.78m
  - After Auction – unsold
  - After Auction – due to bundling
- Non Tax Foreclosed Property
  - Purchase
  - Donation / Gift
  - Exchange

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## Center for Community Progress

- Founded in 2010
- National 501(c)(3) nonprofit organization
- Origins in Flint/Genesee County
- Have many resources on their website
  - Studies, reports, data
- [www.communityprogress.net](http://www.communityprogress.net)



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### What can Land Bank properties be used for?



Home or yard expansion



Business growth



Renewable energy site



Recreation property



Redevelopment



Neighborhood garden



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**\$84 million**  
**43 counties**  
**60+ communities**

The State Land Bank team since 2010 has administered over \$84 million in blight elimination programs.



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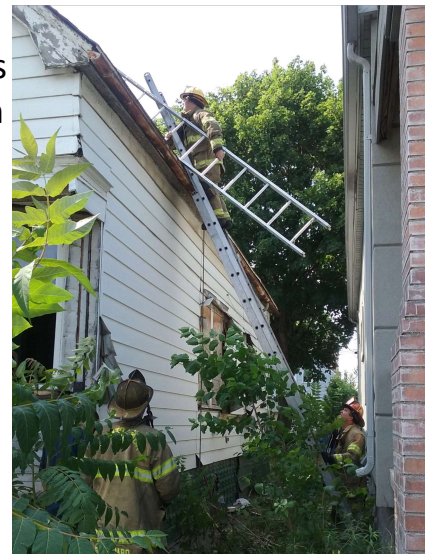


**Bringing value to communities before value is added through recycling property**

Firefighters were able to receive vital training at a State Land Bank property before the home was to be demolished as part of the Hardest Hit Program.

**Training included:**

- Locating down firefighters
- Relaying findings and needs
- Escaping through plaster wall
- Correct ladder truck placement to reach roof



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**Avalon Village continues to grow in Highland Park after purchase of seven additional Michigan Land Bank properties**

The State Land Bank in 2017 sold seven properties to Mama Shu, Shamayim Harris, as she continues work to transform her neighborhood from blight to beauty.

To date, the Land Bank has sold 11 properties to Mama Shu, helping her strengthen her community and revitalize the neighborhood for the children that play in the park and the other residents who call it home.



**Former Detroit House of Corrections**

After removing the buildings from the property in 2017, the State Land Bank in August announced a request for proposals to sell and develop 120 acres of the site.



DeHoCo before demolition cleared way for future development



DeHoCo today, ready for redevelopment

“The Michigan Land Bank has been a great partner to work with. The land bank team has worked hard to make sure things were done the right way and this important piece of property would fit into Plymouth Township’s vision and would help us grow.” - Kurt Heise, Plymouth Township supervisor



## Workforce Development

- Marquette County Land Bank
  - Property to Ishpeming High School for the Geometry in Construction program.
- Gladwin County Land Bank
  - Construction Trades Student Build from Gladwin-Clare CTE.
- State Land Bank
  - Developing Land Support program for student build projects with HBAM.



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Land Bank 1.0  
Repository-Focus for  
Property Control/Disposition

Land Bank 2.0  
Pro-Active Focus for Land Recycling\*

*\*requires aligning/streamlining tools*

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## Statutes Collaborating for Redevelopment

### Land Bank Act (PA 258 – 2003)

- Authorizes counties to establish land banks.
- Prescribes LB powers to operate, own, manage/maintain & improve.

### Brownfield Act (PA 381 – 1996)

- Authorizes counties to establish brownfield authorities.
- Prescribes BRA powers to operate, own & finance.

*Legislative history clearly demonstrates intent to link these statutory powers to broaden and promote economic development.*



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## Land Banks & Brownfied-Eligible Properties

### Blighted - MCL 125.2652(c)(vi)

Is property **owned by or under the control of a land bank fast track authority**, whether or not located within a qualified local governmental unit.

### Tax Reverted – MCL 125.2652(p)(iii)

Is tax reverted **owned by or under the control of a land bank fast track authority**.

*\* Includes parcels that are adjacent or contiguous to that property if their development is estimated to increase the captured taxable value of that property.*



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# Land Banks & Brownfield-Eligible Activities

ALL Eligible Properties:

1. Environmental Assessment/Due Care
2. Relocation of Public Buildings/Operations for Economic Development Purposes
3. Environmental Insurance
4. Plan Preparation
5. Plan Implementation
6. Demolition
7. Lead/Asbestos/Mold Abatement
8. Reimbursement of Principal & Interest

Eligible properties in a qualified local unit of government, economic opportunity zone, or a former mill:

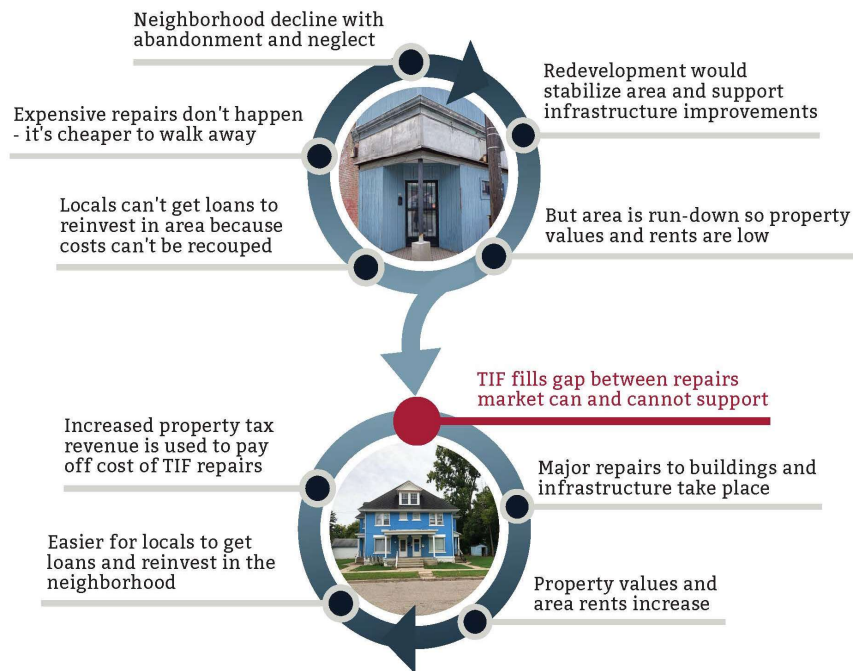
9. Those described above
10. Infrastructure improvements that directly benefit eligible property
11. Site preparation that is not a response activity

Eligible properties owned by or under the control of a **land bank** or qualified local unit of government or authority:

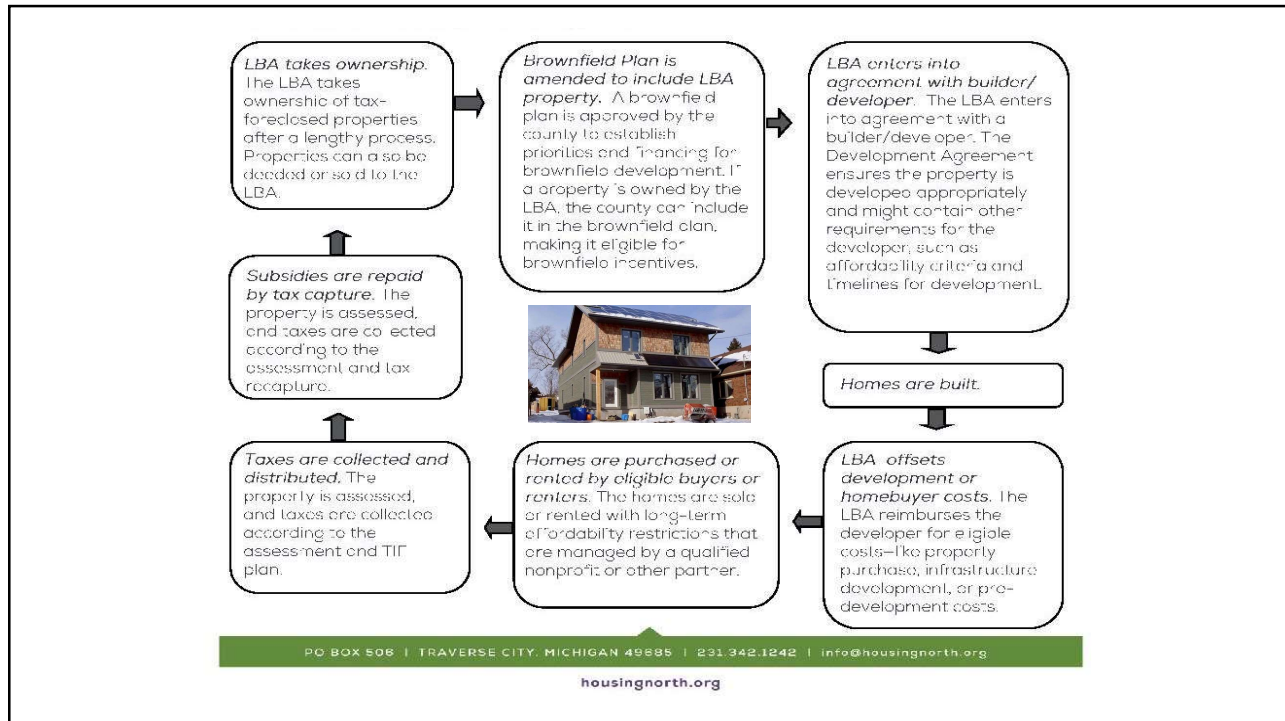
12. Those described above
13. Assistance to a land bank fast track authority in **clearing** or **quieting title** to, or **selling** or **otherwise conveying**, property owned by or under the control of a land bank fast track authority or the **acquisition** of property by the land bank fast track authority if the acquisition of the property is for economic development purposes.
14. Assistance to a qualified local governmental unit or authority in clearing or quieting title to, or selling or otherwise conveying, property owned by or under the control of a qualified local governmental unit or authority or the acquisition of property by a qualified local governmental unit or authority if the acquisition of the property is for economic development purposes.



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## A Tool for Development

- Property Acquisition and Assemblage
- Granted Right of First Refusal of tax foreclosed properties
- Tax Exemption
- Expedited Quiet Title
- Act 381 Incentives
- Strategic Disposition

Land Banks are a tool in your Development toolbox and a willing partner to collaborate in achieving your goals and objectives.

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To view available State Land  
Bank properties visit

[www.michigan.gov/landbank](http://www.michigan.gov/landbank)

(517) 335-8212

[landbank@michigan.gov](mailto:landbank@michigan.gov)



@StateLandBankAuthority



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Q & A



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