



Neighborhood Stabilization Program 1 and 2 Community Responsible Vacant Lot Disposition Plan

About the Genesee County Land Bank Authority (GCLBA) NSP 1 and 2 Community Responsible Vacant Lot Disposition Plan

The purpose of this plan is to define a community responsible process for selling vacant properties after NSP 1 or 2 activities, such as demolition, are completed. The Genesee County Land Bank Authority (formerly the Land Reutilization Fund) has been selling vacant lots to support community revitalization since 2002. During the past year, the GCLBA has engaged the public to improve its systems for selling vacant properties. This plan for the disposition of vacant NSP 1 and 2 properties includes the existing GCLBA policies and procedures for vacant lot disposition as well as some additions to comply with MSHDA NSP Program Requirements. This document includes a summary of NSP, a description of the components of the plan, and the plan development and community input process.

About NSP

Neighborhood Stabilization Program (NSP1) provides targeted emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The State of Michigan has been allocated \$98,653,915 to address the areas of greatest need within Michigan. The State of Michigan's NSP substantial amendment describes how it will distribute and use the NSP funds in accordance with the requirements of Section 2301(c) (2) of the Housing and Economic Recovery Act, 2008. The Genesee County Land Bank received \$1,435,000 in NSP 1 funding from MSHDA which was primarily used for demolition of vacant and blighted structures throughout the City of Flint.

The Neighborhood Stabilization Program 2 (NSP2) was established under the American Reinvestment and Recovery Act of 2009 (the Recovery Act) as a competitive grant of the U.S. Department of Housing and Urban Development (HUD) to acquire and redevelop foreclosed or abandoned properties that might otherwise become sources of abandonment and blight within their communities.

The Michigan NSP 2 Consortium, led by Michigan State Housing Development Authority (MSHDA) with partnerships developed between twelve city governments and seven land banks received an NSP 2 grant

award of \$223 million. The City of Flint received \$15.7 million and the Genesee County Land Bank Authority (GCLBA) received \$10.7 million for a total NSP 2 award amount of \$26.4 million to assist the targeted census tracts in City of Flint.

NSP 2 eligible activities include:

1. Acquisition of abandoned, vacant and foreclosed residential properties
2. Rehabilitation of foreclosed or vacant housing
3. New housing construction
4. Demolition of blighted properties
5. Holding properties for future residential redevelopment and maintaining them

Components of the GCLBA Community Responsible Vacant Lot Disposition Plan

Compliance with GCLBA Disposition Policies and Procedures:

The GCLBA has well established Disposition Policies for residential land transfers and a policy on disposition of side lots (please see pages 2-10 of the GCLBA Priorities, Policies and Procedures as amended on September 21, 2011- Appendix A). This policy gives priority to neighborhood revitalization efforts and supporting homeownership in the City of Flint. This policy will be followed for all NSP1 and NSP2 vacant lot sales that are a result of demolition activities in the City of Flint.

Compliance with GCLBA Vacant Land Policy:

The GCLBA has made it a priority to create opportunities for residents and community-based groups to garden and maintain vacant land. To benefit neighborhoods, the Land Bank will continue to encourage gardening and/or greening on vacant NSP2 lots through Vacant Land Policy (see Appendix B). The policy was developed in the fall and winter of 2010 after a community engagement process that involved presenting the policy during several community meetings and distributing the policy document to community partners for input. An internal process is now in place to implement the land transfer processes described in the policy. The Policies and Procedures manual is currently being updated to incorporate the Vacant Land Policy.

Clear title:

Under Michigan PA 123, tax foreclosed properties are transferred to the Land Bank with a clear title. Although the title is clear, title insurers do not yet recognize the clear title. The GCLBA has the ability to do an expedited quiet title process that will result in a title that is insurable. The GCLBA is willing to complete this action at the request of the purchaser at the time of sale at the expense of the buyer. Most individuals that purchase vacant lots in the City of Flint do not have the need for this service. It is typically only utilized by those who are redeveloping the property such as businesses and housing agencies.

Record Keeping of property dispositions:

The GCLBA will continue to maintain records for all vacant lots dispositions in all areas, including LMMI areas.

Aligning with community priorities and overall revitalization plan:

This City of Flint has initiated a highly engaged master planning process that will include strategies for overall neighborhood revitalization. As the City of Flint works through this process, these policies may be altered to align with the outcomes of the Master Plan Process as long as they follow the NSP Disposition Policies and Guidance provided by MSHDA.

Neighborhood benefit:

Properties will be transferred or re-used in a way that that most directly benefits residents in the immediate neighborhood over uses that might bring benefit to non-local enterprises.

Recovery of fair market value for property with NSP investments exceeding \$25,000:

In accordance with federal rules, the Land Bank will assure recovery of fair market value for all properties where the total NSP investment exceeds \$25,000 and the property is disposed to a non-CDBG eligible use.

Conformance with local codes:

The GCLBA will require the buyer to sign a *Statement of Assurances* that they will maintain the residential vacant lot to be in compliance with the City of Flint Building and Property Maintenance Code and compliant with all zoning regulations. The City of Flint Building and Safety Division is the enforceable entity that will ensure compliance with these codes. If the GCLBA becomes aware of an issue related to a NSP assisted property that was sold as a vacant lot and is out of compliance with the City of Flint Building and Property Maintenance Code the GCLBA will request enforcement of the Code by the City of Flint. The GCLBA feels the current City of Flint processes are adequate to ensure proper re-use of NSP assisted vacant properties and does not see the need for deed restrictions or reverter clauses in our sales agreements.

Whenever possible, the GCLBA will enforce actions to recover or correct non-conformance on properties that are not used in conformance with the Property Specific Conveyance.

Benefit to low-to-moderate income households:

The GCLBA uses the established disposition criteria to determine the best future use of all vacant parcels that are a result of demolitions in the City of Flint. We have over 500 properties that have been demolished as part of NSP 1 and NSP 2 in the City of Flint. With this volume of properties and over 6,000 vacant properties currently in the GCLBA inventory in the City of Flint, the GCLBA does not find it feasible to income qualify persons/families that are purchasing a vacant lot in the City of Flint. The GCLBA's strong commitment to improving Flint Neighborhoods, the Side Lot Sales Program, Vacant Land

Lease Program and Adopt-a-Lot Program provide the GCLBA with the tools to make positive decisions to impact neighborhoods in a way that will enable our communities to take ownership in shaping the direction of revitalization in their neighborhoods. Any site that receives over \$25,000 in NSP investment will only be sold to an NSP2 income-eligible buyer or for fair market value as established in the MSHDA NSP2 Demolition Manual.

Disposition Plan Development and Community Input Process

1. Land disposition policies and procedures developed in 2002 and updated frequently based on community feedback and board input. (Last updated by the Board of Directors completed on 9-21-11)
2. Board of Directors approved the Vacant Land Policy after it was presented at several community meetings and stakeholder feedback was integrated. (Feb, 2011)
3. NSP Disposition Plan is developed that aligns Genesee County Land Bank Priorities, Policies and Procedures and MSHDA NSP Program Requirements (Ca. 9-30-11)
4. Presentation to MSHDA for comment for alignment with NSP Policies and Procedures
5. Presentation to the Genesee County Land Bank Citizens Board of Advisors (Ca. 10-25-11)
6. Presentation to Genesee County Land Bank Board of Directors (November Meeting)
7. Final Document Presentation to the Genesee County Land Bank Citizen Advisory Board (November 29, 2011 Meeting)
8. Final Document Approval by the Genesee County Land Bank Board of Directors (Ca. 12-14-11)
9. After initial comments from MSHDA, Citizen Advisory Board, community meetings and Board of Directors, comments will be incorporated into the document. Final Draft will be prepared by 11-21-11.

APPENDIX A:

**GENESEE COUNTY
LAND BANK AUTHORITY**

Pages 2-10 of the

PRIORITIES, POLICIES AND PROCEDURES

As Amended by the Board of Directors on September 21, 2011

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. The third factor addresses the impact of the property transfer on the short and long term neighborhood and community development plans. 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. Neighborhood revitalization.
2. Homeownership and affordable housing.
3. Return of the property to productive tax paying status.
4. Land assemblage for economic development.
5. Long term (over 5 years) “banking” of properties for future strategic uses.
6. Provision of financial resources for operating functions of the LBA.

Priorities as to the Nature of the Transferee

1. Qualified nonprofits corporations that will hold title to the property on a long-term basis (primarily rental properties) or hold title to the property for purposes of subsequent reconveyance to private third parties for homeownership.
2. Governmental entities (including public schools).
3. Entities that are a partnership, limited liability corporation, or joint venture comprised of a private nonprofit corporations and a private for-profit entity.
4. Individuals who own and occupy residential property for purposes of the Side Lot Disposition Program.
5. Nonprofit institutions such as academic institutions and religious institutions.

Individuals and entities that were the prior owners of property at the time of the tax foreclosure which transferred titled to the Treasurer shall be ineligible to be the transferee of such property from the LBA, except in cases of extreme hardship

or where extenuating circumstances prevented the owner from making timely tax payments. Any exceptions must be approved by the Executive Director in consultation with the Chair of the LBA Board.

Priorities Concerning Neighborhood and Community Development for LBA Investment

1. The preservation of existing stable and viable neighborhoods.
2. Neighborhoods in which a proposed disposition will assist in halting a slowly occurring decline or deterioration.
3. Neighborhoods which have recently experienced or are continuing to experience a rapid decline or deterioration.
4. Geographic areas which are predominantly economically non-viable for purposes of residential or commercial development.
5. Within and among each of the first four priorities shall be a concurrent priority for targeted geographic areas for which a qualified strategic development plan has been approved.

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. Transfers to Nonprofit entities for affordable housing.
 - (a) Transfers of property to nonprofit entities for the development, operation or maintenance of affordable housing shall require consideration not less than the Project Costs (cost to the LBA).
 - (b) Consideration shall be established at a level between the Property Costs and fair market value of the property. To the extent that the consideration is less than the Property Costs, such amount shall be reflected by a combination of contractual obligations to develop, maintain, or preserve the property for specified affordable housing purposes. Such amount may be secured by subordinate financing in which amortization of the obligation occurs by virtue of annual performance of the required conditions.
 - (c) The dominant priority in determining the amount of and method of payment of the consideration shall be to facilitate the development of affordable housing and simultaneously to ensure that the property is dedicated over an appropriate period of time for affordable housing.
2. Transfers to Governmental Entities.
 - (a) To the extent that transfers of property to governmental entities are designed to be held by such governmental entities in perpetuity for governmental purposes, the aggregate consideration for the transfer shall be based upon deed restrictions upon the use of the property.

(b) To the extent that transfers of property to governmental entities are anticipated as conduit transfers by such governmental entities to third parties, the consideration shall consist of not less than then Property Costs, to be paid in cash, The difference between the Property Costs and the fair market value may be included in consideration depending upon the relationship between the anticipated uses and the governing priorities of the LBA.

3. Side Lot Disposition Program.

The pricing policies applicable to the Side Lot Disposition Program shall be as set for in the policies and procedures applicable to the Side Lot Disposition Program.

4. Transfers of Property at Open Market Conditions.

(a) Property that is transferred on the open real estate market, whether through auction or negotiated transfers, without restrictions as to future use shall be based upon consideration equal to the fair market value of the property.

Land Bank Issued Land Contracts

The following policies shall establish the instances when the LBA will consider selling its property on a land contract rather than cash sale. All exceptions to this policy shall be decided by the LBA Board of Directors.

1. A land contract may be used when the property being sold is as an affordable owner-occupied single residential structure. The contract will yield 7%.
2. A land contract will be used as a means to enforce a development agreement. The land contract amount will be determined with the sales price plus the value of the intended improvements. The land contract will be have a length equal to the development schedule sited in the development agreement.
3. A land contract may be used in the sale of commercial or industrial property as a means to expedite economic development or job creation. The contract will yield 7%.

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 vacant unimproved real property.
 - (b) The property shall be physically contiguous to adjacent owner-occupied residential property, with not less than a 75% common boundary line at the side.
 - (c) The property shall consist of no more than one lot capable of development. Initial priority shall be given to the disposition of properties of insufficient size to permit independent development.
 - (d) No more than one lot may be transferred per contiguous lot.

2. Transferees.
 - (a) All transferees must own the contiguous property, and must personally occupy the contiguous property, for a minimum of a year prior to requesting the side lot.
 - (b) The transferee must not own any real property (including both the contiguous lot and all other property in Genesee County) that is subject to any unremediated citation of violation of the state and local codes and ordinances.
 - (c) The transferee must not own any real property (including both the contiguous lot and all other property in Genesee County) that is tax delinquent.
 - (d) The transferee must not have been the prior owner of any real property in Genesee County that was transferred to the Treasurer or to a local government as a result of tax foreclosure proceedings.

3. Pricing
 - (a) Parcels of property may be transferred for nominal consideration. Prices shall be approved by the Executive Director.

4. Additional Requirements

- (a) In the event that multiple adjacent property owners desire to acquire the same side lot, the lot shall either be transferred to the highest bidder for the property, or divided and transferred among the interested contiguous property owners.

B. Side Lot Disposition Procedures

1. The prospective buyer must submit the following documents to the LBA Transaction Specialist:
 - (1) List of property address(es)
 - (2) Project Description – property use must be consistent with current zoning requirements
 - (3) A Picture Identification
 - (4) Evidence of compliance with all LBA Side Lot Disposition Policies
2. Within a 30-day period of receiving a complete request packet, the Transaction Specialist will complete a basic analysis and present it the LBA Director or such other persons as designated by the Director for approval.
3. Once the project has been approved, the Transaction Specialist will compile the closing documents for property transfer and complete the transaction with the buyer.

5. Residential Land Transfers

A. Residential Land Transfer Policies

These policies pertain to transfers whose future use is residential. At time of transfer the property may be vacant, improved or ready to occupy. Transferees are defined as individuals, partnerships, governments or corporate entities that are want to purchase a property for the LBA.

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. 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), except in cases of extreme hardship or where extenuating circumstances prevented the owner from making timely tax payments. Any exceptions must be approved by the Executive Director in consultation with the Chair of the LBA Board.
4. The transferee must not have been the prior owner of any real property in Genesee 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.
5. The use of transferred property must give consideration to the Community/Neighborhood Plan (if an agreement is in place with the neighborhood association) and the LBA has received a letter of comment from the appropriate neighborhood association.
6. Parcels of property shall be transferred for consideration in an amount not less than the lower of the fair market value or the amount of the costs incurred in acquisition, demolition and maintenance of the lot/building.
7. All development projects should be started and completed within a time frame negotiated with LBA.
8. Options are available for 10% of the parcel price for up to a 12-month period. 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. The transferee must agree to pay future property taxes from time of transfer.
12. 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.
13. The proposed use must be consistent with current zoning requirements or a waiver for non-conforming use is a condition precedent to the transfer.
14. Where part or all of the consideration for the transfer is the prospective affordability of the housing units, affordability requirements may be set forth in the transfer agreement and enforceable through recorded covenants, conditions or limitations upon title.
15. Where rehabilitation of a property by the transferee is a condition of the transfer, the requirement for such rehabilitation shall be in accordance with rehabilitation standards as established by the LBA and adequate completion of such rehabilitation shall be a condition to the release of restrictions or lien securing such performance.

The following additional policies shall apply to properties to be transferred to individual transferees as part of a homeownership program.

16. The owner-occupant must complete renovations and move into the structure within a time frame negotiated by the LBA.

B. Residential Land Transfer Procedures – Individual Transferees

1. The prospective transferee must submit the following documents to the LBA Transaction Specialist:
 - (1) List of property address
 - (2) Rehabilitation / Improvement Specifications
 - (3) Time Line for Rehabilitation / Improvement Completion (if applicable)
 - (4) Development Budget (if applicable)
 - (5) A Picture Identification
2. Within a 30-day period of receiving a complete request packet, the Transaction Specialist will complete a basic analysis and present it to the LBA Director for approval.

3. Once the project has been approved, the Transaction Specialist will compile the closing documents for property transfer and complete the transaction with the transferee.

C. Residential Land Transfer Procedures – Corporate Transferees

1. Required Application Documentation. The prospective buyer must submit the following documents, when appropriate, to the LBA Transaction Specialist.
 - (1) List of property address(es)
 - (2) Project Description
 - (3) Development Team Description (if applicable), including complete information on the following parties:
 - (a) Developer:
 - (b) Co-developer/Partner:
 - (c) Owner:
 - (d) General Contractor:
 - (e) Consultants:
 - (f) Architect:
 - (g) Project Manager (during construction):
 - (h) Lead Construction Lender:
 - (i) Marketing Agent:
 - (j) Project Management (post-construction):
 - (4) Market Information / Plan
 - (5) Project Financing
 - (6) Development Budget
 - (7) All Rental Transactions Must Attach an Operating Budget
 - (8) Most Recent Audited Financial Statement
 - (9) Evidence of compliance with all applicable LBA policies
2. Following receipt of a completed application, the Transaction Specialist will complete a basic analysis and present it the LBA Director or such other persons as designated by the Board of Directors for approval.
3. Once the project has been approved the Transaction Specialist will compile the closing documents for property transfer, and complete the transaction with the buyer.

Appendix B



Genesee County Land Bank Authority Vacant Land Re-Use Policy

The Genesee County Land Bank Authority is an arm of County government that holds tax-foreclosed properties. The Mission of the Land Bank is to restore value to the community by acquiring, developing and selling vacant and abandoned properties in cooperation with stakeholders who value responsible land ownership.

The Genesee County Land Bank encourages and supports gardening, food growing and community-based care of vacant, tax-foreclosed properties. The GCLBA offers the following options for gardening, greening, cleaning, mowing or caring for a vacant lot (with no structure) held by the Land Bank:

Side Lot Purchase - For Homeowners in the City of Flint Living Next to a Vacant Lot

This option is only for homeowners in the City of Flint who live next to (not behind or in front of) a vacant, residential, property held by the Land Bank. The Land Bank has found that selling side lots is a good way to encourage long term care of vacant land. Interested applicants should fill out a **Side Lot Application** form on line at www.thelandbank.org or at the Genesee County Land Bank – 452 S. Saginaw Street. If the side lot application is approved, the lot is available for \$25 plus \$25 for processing and \$14 for filing at the register of deeds. A homeowner living next to a vacant lot held by the Land Bank will be offered the side lot option before the Land Bank approves an application for adoption, lease or purchase of the lot.

Adopt-A-Lot - One-Year Renewable Agreement to Care for Vacant Land

This option is for residents and organizations interested in short-term mowing, gardening and care of **residential** lots. Commercial lots may be considered. Interested participants can fill out an **Adopt-A-Lot Application** available on line (www.thelandbank.org) or at the Land Bank. The application review process may take up to 30 days to allow the Land Bank to offer a side lot purchase to an eligible homeowner (if there is one) before the adoption is approved (see “Side Lot Purchase” above). If the application is approved by staff, the Land Bank and the applicant will enter into a one-year agreement that states that the Land Bank will not sell the property and the applicant will care for the property during the one year term of the agreement. If the Land

Bank receives a request to purchase the property from an adjacent owner, the Land Bank may sell the property after the one year agreement expires. If there is no interest in the property, the property will not be sold and the one year agreement will automatically be renewed unless the applicant states that they do not wish to renew the agreement. There is no fee to participate in this program and the applicant will not pay property taxes.

Vacant Land Lease - Two to Five Year Commitment to Care for or Garden Vacant Land

This option is for residents and organizations interested in making a longer term commitment to garden and maintain one or more vacant, tax-foreclosed properties. This process will require the applicant to fill out a **Vacant Land Sale/Lease Application** (forthcoming) that describes the long term plans for the property. The application review process may take up to 30 days to allow the Land Bank to offer a side lot purchase to an eligible homeowner (if there is one) before the lease is approved (see “Side Lot Purchase” above). If the application is approved by staff, the applicant and the Land Bank will enter into a two to five-year land lease agreement. The applicant will pay \$1 each year for the lease and no property taxes during the term of the agreement.

Vacant Land Lease with Option to Purchase – Long Term Commitment to Use Vacant Land

This option is for residents or organizations that plan to make significant investments in the property for long term use as gardens or green space. This option parallels Vacant Land Lease described above with the addition of an option to purchase the property at any time during the lease agreement by giving thirty days’ notice and paying the agreed upon purchase price. This process will require the interested party to fill out a **Vacant Land Sale/Lease Application** (forthcoming) that describes the long term plans for the property. The application review process may take up to 30 days to allow the Land Bank to offer a side lot purchase to an eligible homeowner (if there is one) before the lease with an option is approved (see “Side Lot Purchase” above). If the application is approved by staff, the applicant may be required to present their plan to the Land Bank Board for approval of the option to purchase the property. If the applicant no longer plans to garden on the site and plans to sell it, the Land Bank would receive the first option to purchase the property.

Vacant Land Purchase - Permanent Use of Vacant Land

This option is primarily for residents, businesses or organizations that live or own a business within close proximity to the vacant land. If this is not the case, the Land Bank encourages the Vacant Land Lease or Adopt-A-Lot options before purchasing vacant land that is not within close proximity to the applicant’s property or business. However, if the applicant plans to place a hoop house (green house), pay for the costs of extending water to the site, or make other improvements to the site, this may be the best option. Those interested in purchasing vacant

land for long term use such as a garden, farm, or community green space will be required to fill out a **Vacant Land Sale/Lease Application** that will explain the long term plans for the site, including proposed investments and improvements. If the applicant no longer plans to garden on the site and plans to sell it, the Land Bank would receive the first option to purchase the property. The owner will be required to pay taxes on the land after purchase.