

# Planning for Detroit's Tax-Reverted Properties

## Possibilities for the Wayne County Land Bank



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# Planning for Detroit's Tax-Reverted Properties: Possibilities for the Wayne County Land Bank

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## Summary

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“Planning for Detroit’s Tax-Reverted Properties: Possibilities for a Wayne County Land Bank” explores the strategies available to a Wayne County Land Bank for dealing with tax-reverted properties in Detroit.

In January 2004, Governor Granholm signed into law the Land Bank Fast Track Act, which allows for the creation of a state land bank, a land bank for each county in Michigan, and a land bank for the City of Detroit. In June 2006, Wayne County created the Wayne County Land Bank to address the over 3000 properties in the Wayne County Treasurer’s inventory as well as future tax-reverted properties not sold at the Treasurer’s yearly auctions. This plan examines ways the Wayne County Land Bank can assist in turning vacant and abandoned properties into neighborhood assets and in returning tax-reverted properties to productive uses. Because 90 percent of the county’s tax-reverted property lies in Detroit,<sup>1</sup> the plan focuses mainly on these properties.

This plan proposes three goals for guiding the Wayne County Land Bank in handling its Detroit properties:

- Protect and increase property values of both land bank and neighboring parcels
- Return vacant and abandoned property to productive uses
- Strengthen, stabilize and revitalize neighborhoods

Three groupings of strategies assist in accomplishing the three goals:

- Managing the inventory
  - Create a county-wide inventory tracking system. The land bank can create a property information system that links property databases of all public land-owning entities. Additionally it can create a website to publicize property information and land bank policies and procedures
  - Develop transparent, consistent systems and procedures for purchasing land bank property. To facilitate the purchase of properties, the land bank can devise a consistent pricing system and an explicit application process for the purchase of land bank property. It can also facilitate gifts of property to the land bank.
- Maintaining the property
  - Create a program for demolition that can maximize improvements in safety and in effects on nearby properties with limited funding.
  - Establish a property maintenance program. The land bank must maintain all of its properties, although it can partner with community organizations and might consider less intensive maintenance approaches. Planting slow-growing grass, creating community gardens and urban forests, and planting native plants and flowers on vacant parcels are a few ways the land bank can reduce costs. The land bank might also need to contract with rental management companies to care for its occupied properties.

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<sup>1</sup> J. Bickley, Department Executive, Office of the Wayne County Treasurer.

- Moving property toward reuse
  - Develop sales and purchase policies.
 

Establishing pricing policies and priorities for property sale can assist the land bank in disposing of its property. Determining who should have priority for land bank sales and whether pricing is based on fair market value, intended property use, the type of purchaser, or property costs are some of the choices the land bank will need to make. Enforcing a “reverter clause,” in which the land bank can reacquire sold property if the buyer does not meet the terms of sale, can ensure that properties are reused in ways consistent with land bank goals.
  - Institute a side lot sales program to sell vacant lots to adjacent homeowners.
 

The land bank might consider asking nominal prices (such as \$1) for side lots, or coordinating its program with the City of Detroit, which sells side lots for \$200 plus and \$18 filing fee. Creating a separate side lot program for non-profit and community organizations can further promote community safety and stability.
  - Hold and acquire land bank properties to facilitate later reuse.
 

The land bank can establish policies concerning the holding of land bank-owned property for future development. The land bank might also accept privately-owned property to be banked until ready for reuse, or hold land bank-owned property until market values increase in an effort to strengthen market values for other property. The land bank can also consider purchasing properties to create blocks for assembly.
  - Promote housing stability.
 

The land bank can encourage the rehabilitation of its housing stock by offering discounted prices for its properties with structures and selling

these properties with rehabilitation contingencies. The land bank can also increase opportunities for homeownership by offering purchase and lease-to-own agreements when it has renters in some of its properties.

Michigan land bank legislation, the Office of the County Treasurer, and various foundations offer opportunities for funding land bank programs and activities. Michigan land bank legislation enables the land bank to retain income from all sources, capture 50 percent of property taxes on property the land bank sells for up to five years, receive a loan from the state treasurer, and borrow money and issue tax-exempt bonds, purchase high-value, tax-foreclosed property at minimum bid prior to auction and then sell that property at market price. The Wayne County Treasurer can transfer a portion of the fees and interest from tax-delinquent properties to the land bank, or the county can allocate funds to the land bank from its general fund. Grants from private foundations can also provide funding for specific neighborhood projects.

Additional funding sources include:

- U.S. Environmental Protection Agency
- Michigan Department of Environmental Quality
- U.S. Department of Housing and Urban Development
- Federal and state tax incentives

The land bank can target its resources and tailor its strategies for particular neighborhoods through classification systems to determine how to maximize positive impacts with limited resources. Deciding what activities to undertake immediately, what to implement in the next two to three years, and what efforts to introduce later can help the land bank focus on priorities. In addition to an executive director, a demolition coordinator and a full-time staff member to manage the land bank’s maintenance responsibilities may prove necessary to carry out the land bank’s mission. A staff person to manage sales, as well as a side lot coordinator, may further increase administrative efficiency.



In an effort to show the potential impact of land bank activities on a neighborhood scale, this plan examines a small residential area in northeast Detroit. This neighborhood illustration shows that much of the land bank's work will involve demolishing dangerous buildings; improving property maintenance; promoting alternative land uses such as enlarged side yards, play lots, and community gardens; and collaborating with other public property owners and assisting non-profits in developing infill housing.

The Wayne County Land Bank has the opportunity to effect change in the county's physical landscape in the short- and long-term. The land bank legislation provides new tools for handling vacant and abandoned property. The land bank can devise a range of ways to implement strategies to protect and increase property values, return vacant and abandoned property to productive uses, and to strengthen, stabilize, and revitalize neighborhoods.



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## Chapter 1 Introduction

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Wayne County owns more than 3,000 tax-reverted properties in the City of Detroit. By 2007, the county will likely own an additional 4,000 properties remaining from the 2006 Wayne County Treasurer's auctions of tax-reverted properties, and the inventory will likely continue to grow in the future. Figure 1.1 depicts both the current county inventory of tax-reverted properties and those properties not sold at the 2006 auctions. The map shows concentrations of tax-reverted properties in the northeastern and western sections of Detroit but also shows that the county now owns tax-reverted properties in all of the areas of Detroit that are experiencing abandonment.

In 1999, the State of Michigan recognized the problems associated with the prolonged period of time between initial tax delinquency and property foreclosure. Legislation addressing this problem accelerated the tax foreclosure process, reducing the length of time from the first delinquent payment to foreclosure from more than seven years to three years.<sup>1</sup> Then, in 2004, the state legislature and Governor enabled all Michigan counties and the City of Detroit to create land bank authorities with the power to acquire and dispose of tax-reverted property.<sup>2</sup>

In Michigan, a land bank authority is a single purpose entity that makes available a number of tools to overcome obstacles related to returning abandoned properties to productive use.<sup>3</sup> The enabling act provides, among other things, land banks the authority to clear the titles of properties held in the land bank,

assemble and hold property tax-free for future use, and designate land bank properties as brownfields. In addition to these tools, a land bank can also generate operating revenues, sell land at nominal prices, and purchase property.<sup>4</sup>

In accordance with the Michigan land bank enabling act, Wayne County created a land bank in June, 2006. Shortly after the inception of the Wayne County Land Bank, the Coalition for a Detroit Land Bank asked urban planning students at the University of Michigan to consider how a land bank could operate in Detroit. The Coalition for a Detroit Land Bank (the Coalition) is a coalition of nonprofit organizations working with government leaders, community organizations and citizens to promote the reclamation and revitalization of vacant and abandoned property in Detroit.<sup>5</sup> Through a land bank and other tools, the Coalition aims to reduce blight, stabilize and renew declining neighborhoods, and give residents the opportunity to build wealth.<sup>6</sup> Because Michigan legislation provides limited guidance for how a land bank should operate and each land bank establishes its own operating policies and procedures, the Coalition sought input on how a land bank could operate in ways that would achieve these and other goals.<sup>7</sup>

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<sup>1</sup> Michigan Public Act 123 (1999).

<sup>2</sup> Michigan Public Act 258 (2003).

<sup>3</sup> Alexander (2004, pp 64-71).

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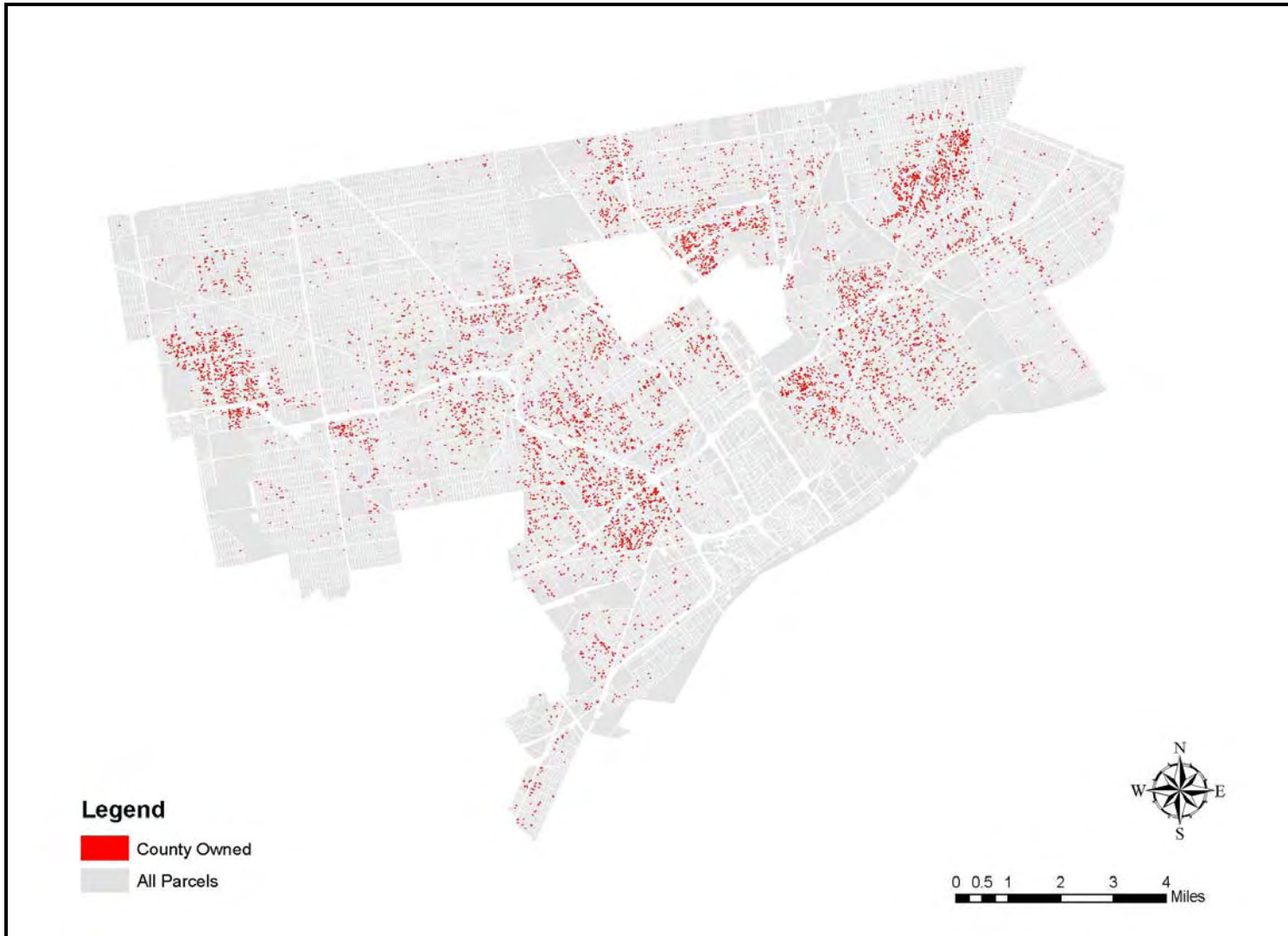
<sup>4</sup>Brooks, A., Collins, D., Eichmuller, B., Tintocalis, M., & van Leeuwen, S. (2004, pp. 13-15); Michigan Public Act 258 (2003).

<sup>5</sup> The Coalition for a Detroit Land Bank (n.d.).

<sup>6</sup> Ibid.

<sup>7</sup> The committee advising the graduate planning team included representatives from the Coalition, the Office of the County Treasurer, the City of Detroit Planning and Development Department, the Genesee County Land Bank, and Wayne County Corporation Counsel.

Figure 1.1 County-Owned Tax Reverted Properties in Detroit



Source: City of Detroit Planning and Development Department; Office of the Wayne County Treasurer foreclosure data.



## 1.1 The tax-reverted property challenge in Detroit

Approximately 90 percent of the county's tax reverted property falls within the city limits.<sup>8</sup> For this reason, the strategies outlined in this plan primarily address properties in Detroit. By design, these strategies are also applicable to property in the rest of Wayne County.

Wayne County is one of three levels of government that own tax-reverted property in Detroit. The City of Detroit owns over 30,000 tax-reverted properties and the State of Michigan owns over 6,000 properties. Wayne County owns properties across the city, but its largest concentrations are in the northeast and west side, which can be seen in Figure 1.2 -- these concentrations show more recent areas of blight in the city, as the county's inventory has been largely collected since 1999. The City of Detroit owns large concentrations of property in the south, while the State of Michigan's properties are scattered throughout the city. Adding to the impact of publicly-owned properties in Detroit are the many privately-owned vacant properties. A plan for dealing with vacant property in Detroit must consider county-owned property as well as city, state and privately-held vacant property.

Because the city, the state, and the county own property in the same areas, they will have the greatest impact on neighborhoods if all undertake similar strategies in cooperation with each other. Figure 1.3 shows publicly-owned properties in the Brightmoor neighborhood on Detroit's west side, one of the areas where Wayne County's property is most concentrated. Most county-owned properties in this area are near properties owned by the city and state, making cooperation in programs and planning important for the land bank's success.

Many other cities face similar challenges posed by vacant, abandoned, and tax-delinquent properties. For example, as of

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<sup>8</sup> J. Bickley, Property Manager, Office of the Wayne County Treasurer.

2006 Philadelphia has nearly 29,000 vacant lots and structures.<sup>9</sup> Cleveland had about 17,000 vacant lots as of 2001.<sup>10</sup> An examination of the best practices in dealing with vacant property in these and other U.S. cities as well as in Detroit, aids in imagining possibilities for the Wayne County Land Bank.

## 1.2 A plan for the handling of tax reverted properties in the Wayne County Land Bank

This plan offers ideas for ways Wayne County and its partners can implement a land bank to protect and increase property values, return vacant land and abandoned property to productive reuse, and to strengthen, stabilize, and revitalize neighborhoods. The plan assumes that most or all of the Wayne County Treasurer's tax-reverted properties will enter the land bank's inventory, since the land bank has a wide range of tools to achieve Wayne County's goals for tax-reverted property.

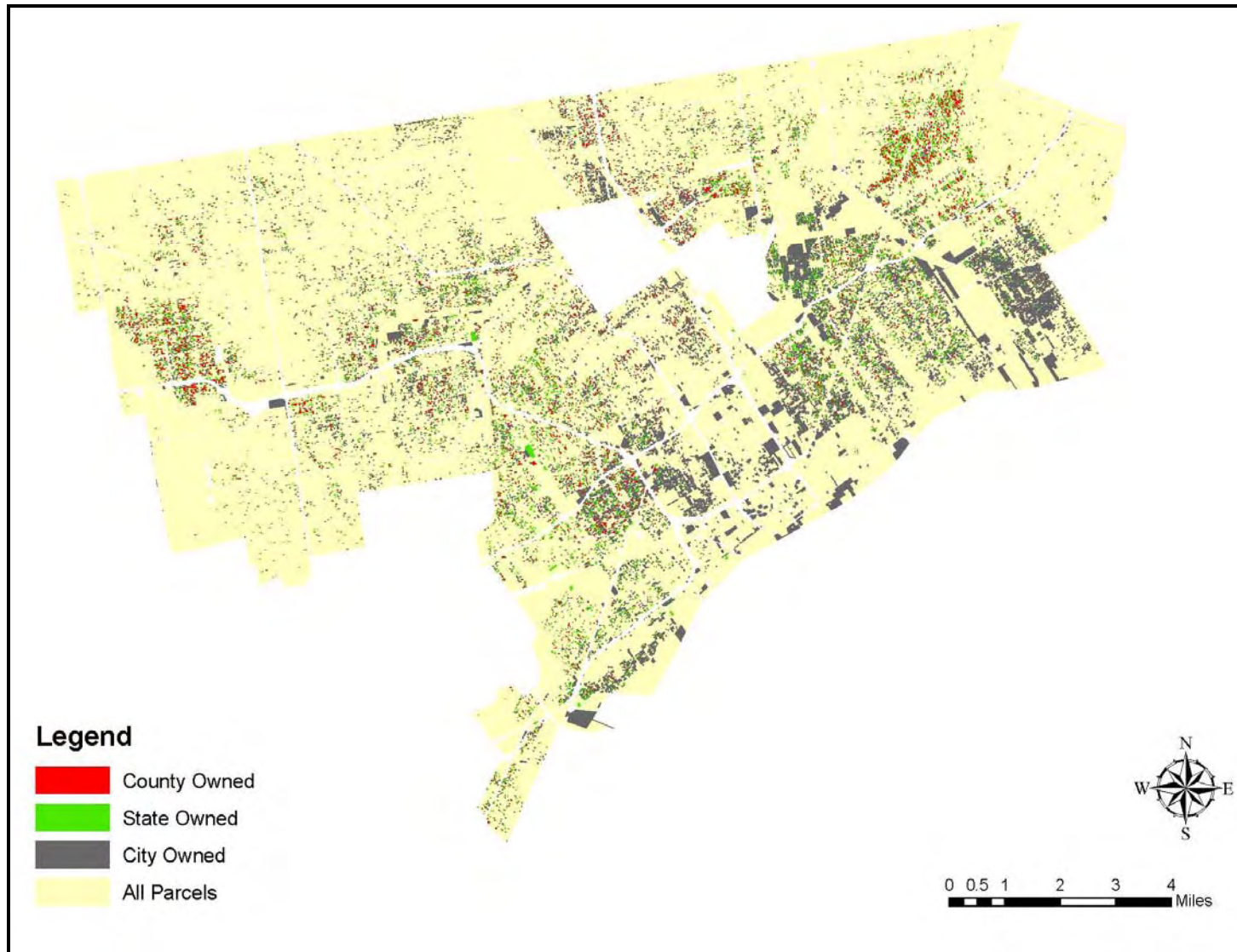
The following chapter discusses three possible goals for the Wayne County Land Bank and a number of possible strategies. Chapters 3-5 outline three groupings of strategies to achieve these goals. The strategy groups are managing the inventory, maintaining the property, and moving property toward reuse. Chapter 6 details possible sources of funding for land bank operations and programs. Chapter 7 explores possible implementation strategies and provides a timeline for land bank activities. Finally, Chapter 8 examines the impact a land bank can have on an individual neighborhood by applying these strategies to a small area of the city.

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<sup>9</sup> City of Philadelphia (n.d.).

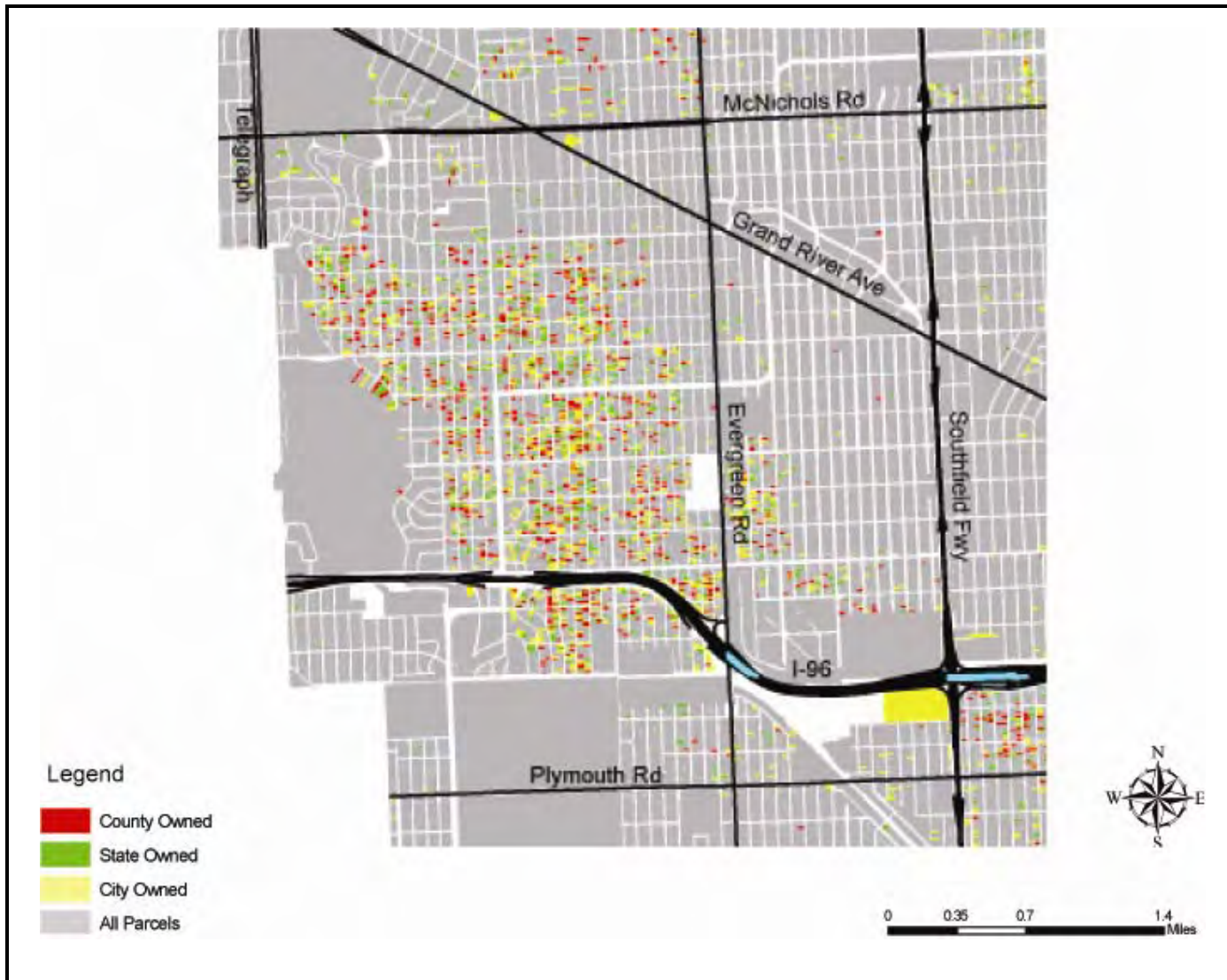
<sup>10</sup> Dewar (2006, p. 172).

Figure 1.2 Publicly-Owned Land in Detroit



Source: City of Detroit Planning and Development Department; Office of the Wayne County Treasurer foreclosure data.

Figure 1.3 Publicly-Owned Land in the Brightmoor Area, Detroit



Source: City of Detroit Planning and Development Department; Office of the Wayne County Treasurer foreclosure data.

The new tools available to approach the challenges of tax-reverted properties through a land bank offer Wayne County an opportunity to become a leader in programs and policies related to urban vacant land and property abandonment. Building upon the experiences of other land banks and tailoring activities to meet the needs of Wayne County, a land bank that strives to achieve the goals set forth in this plan can have a positive and lasting influence on the lives of county residents, benefiting from higher property values, productive land uses, and strong neighborhoods.

## Chapter 2

### Goals for the Wayne County Land Bank

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The Wayne County Land Bank has the opportunity to implement strategies that can maintain and encourage reuse of Wayne County's tax-reverted properties. Goals for handling county-owned properties can guide the land bank toward such strategies.

The advisory committee for this project reviewed the following goals for a land bank's work in Detroit and agreed they were suitable for the Wayne County Land Bank:

- **Protect and increase property values of both land bank and neighboring properties**

A land bank offers ways to manage vacant and abandoned property that can preserve and increase the value of land bank property, as well as surrounding properties. Land banks can create confidence for neighboring property owners that their property values will remain stable enough to invest in long-term improvements. Increased property value benefits neighboring property owners and new residents through improved quality of life and the ability to build home equity. The city, county and state governments benefit in the form of increased property tax revenues over time and reduced liability for properties they hold.

- **Return vacant and abandoned property to productive use**

A land bank can facilitate the assembly and sale of vacant and abandoned properties. Land banks work to encourage and inspire responsible development by ensuring the productive use or development of property upon transfer

from the land bank to a new owner. Vacant and abandoned properties owned by the land bank can turn into community assets through a land bank's ability to encourage thoughtful reuse.

- **Strengthen, stabilize and revitalize neighborhoods**

Land banks can manage properties and facilitate reuse in ways that reduce the negative effects of abandonment and increase the positive effects of new uses. Such activities can improve the quality of life for residents. The reduction of blight, the creation of wealth-building opportunities for residents and other property owners, and increased opportunities for residential and commercial development can be results of the successful implementation of land bank strategies in Detroit neighborhoods.

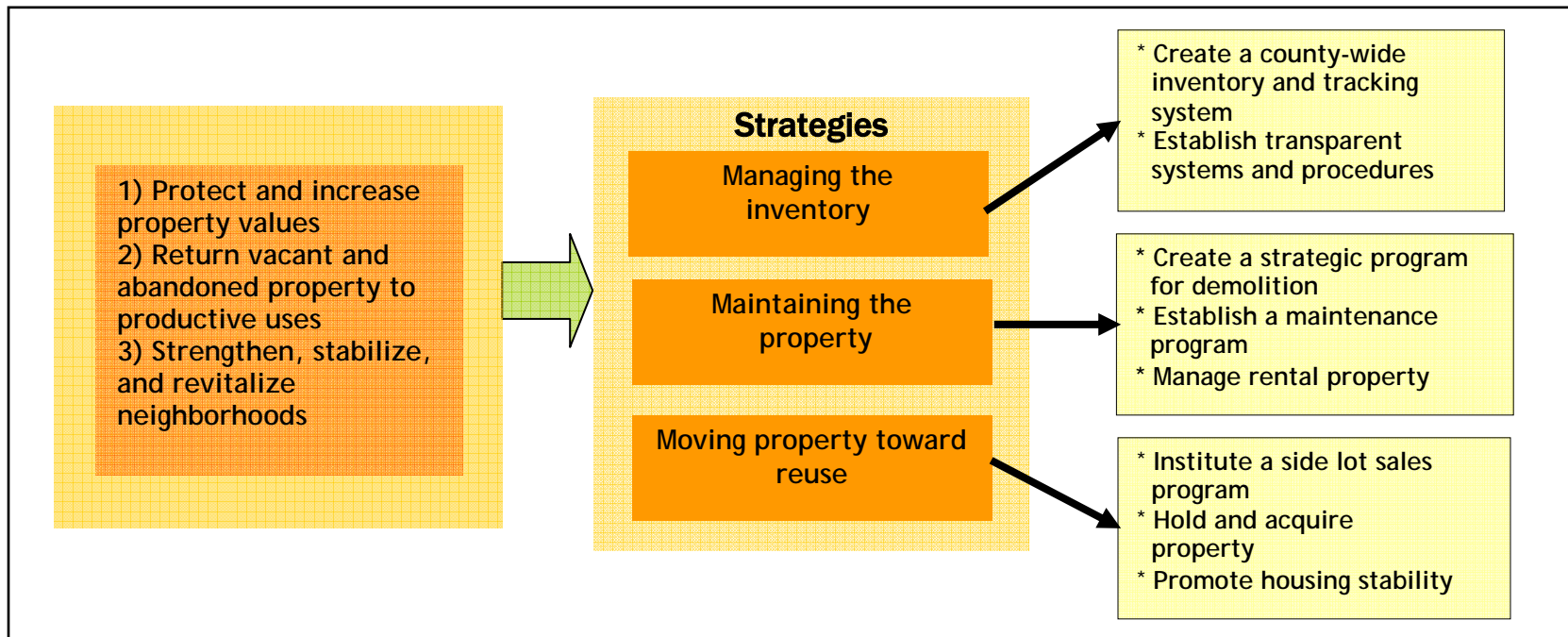
To accomplish the above goals, the advisory committee identified a range of strategies. These fall into three categories:

- **Managing the inventory**

- Establish a county-wide inventory tracking system. An inventory tracking system is necessary for the land bank to understand the condition and character of its properties. An understanding of the condition and character of land bank properties is important for the allocation of land bank resources as well as for providing accurate property information to both neighboring residents and potential land bank purchasers.

- Develop transparent systems and procedures that offer public access to property information, known pricing systems, and clear purchasing procedures.

Figure 2.1 Goals and Strategies Flow Chart



○ **Maintaining the property**

- Create a demolition program. Wayne County currently owns an estimated 500 properties with structures. Many of the structures likely require demolition.
- Develop a maintenance program for all land bank properties. The Wayne County Land Bank is responsible for maintaining all of its properties, like any land owner. Due to the size of its inventory, the land bank may choose to form partnerships with community organizations and environmental groups, such as the Greening of Detroit, who could assist in maintenance responsibilities.
- Implement a rental management program if needed to handle occupied properties. The land bank can contract with rental management companies to maintain rental properties until they can be returned to the market.

○ **Moving property toward reuse**

- Institute a side lot sales program for land bank properties. Such a sales program can identify properties to sell as side lots and offer the side lots to adjacent homeowners who are current on their taxes. A side lot sales program can assist in returning otherwise unproductive land bank properties to productive and positive uses.
- Make property available to organizations with feasible reuse plans compatible with land bank goals. In addition, the land bank can hold properties for organizations intending to use the land within a reasonable time period.
- Promote housing stability and maintain properties with structures. The land bank can improve the county's housing stock by encouraging housing

rehabilitation and can increase opportunities for homeownership by offering purchase and lease-to-own agreements to the occupants of its rental units.

The following three chapters provide a more in-depth discussion of these strategies, with Chapter 3 addressing possible approaches the land bank may take in organizing its properties and making information available to the public.

## Chapter 3

### Managing the Inventory

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To achieve its three central goals, the Wayne County Land Bank should begin by creating mechanisms for property inventory management. An inventory tracking system will allow the land bank to track data relating to the condition and character of each of its properties and to provide such information to the public. The second inventory management strategy discussed in this chapter involves establishing transparent systems and procedures concerning public access to information about property, pricing and purchasing.

#### 3.1 Create a property inventory tracking system

A comprehensive inventory tracking system can assist in determining the allocation of land bank resources and in disseminating accurate information to neighborhood residents and prospective property purchasers. To achieve an accurate and accessible inventory system the land bank could embark on three primary activities.

##### 3.1.1 Create a property information system

A property information system, in the form of an electronic database (in a program such as Access or Dbase), organizes property details in a standard format. Data such as assessed values, occupancy, property maintenance records, demolition information and property sales can assist in the acquisition, maintenance and disposition processes. The Wayne County Treasurer already records much of this information and collects photos of all tax-reverted properties included in annual auctions. Figure 3.1 shows a possible property information system template for display of information.

The land bank will need to develop systems for data collection and data entry and templates for reports the system can generate. The information system should be connected to a geographic information system (GIS) so that users can map properties.

Data collection for the property information system may include site visits to all county-owned properties. Coordinating with utility companies and the City of Detroit can help in collecting data on characteristics not readily observable through site inspection. A property information system requires ongoing maintenance to keep it up to date and useful.

##### 3.1.2 Link property databases of all public land-owning entities

Cooperation among entities with property information is necessary to link databases with a common interface and establish standard data entry policies. These organizations include:

- Michigan Land Bank Fast Track Authority
- County Treasurer
- County Register of Deeds
- City of Detroit Planning & Development Department City Property Inventory System (CPIS)
- City Assessor




The Wayne County Land Bank could link its online database to the Michigan Land Bank Fast Track Authority's (MLBFTA) database and to information on parcels owned by the City of Detroit. Linking the three databases is important for the creation of an efficient and user-friendly system. Currently, potential purchasers who wish to investigate publicly-owned

parcels face confusion regarding property ownership and purchasing procedures. Through the creation of standards for data entry and database formats, data are more easily accessible. Short of completely integrated data, a page on the land bank website with hyperlinks to other online databases may be useful. Figure 3.2 shows the MLBFTA online

Figure 3.1 Potential Configuration for Land Bank Property Inventory Database

## Parcel Inspection Data

<b>Basic Property Information</b>		Date of Inspection <input style="width: 100px;" type="text" value="12/11/2006"/>
Parcel ID	<input style="width: 150px;" type="text" value="21030903"/>	Year Built <input style="width: 100px;" type="text"/>
Previous Owner	<input style="width: 150px;" type="text" value="Fred Hills"/>	Assessed Value <input style="width: 100px;" type="text" value="\$722"/>
Street Address	<input style="width: 150px;" type="text" value="17197 Joann"/>	<b>Parcel Dimensions</b>
City	<input style="width: 150px;" type="text" value="Detroit"/>	Width <input style="width: 100px;" type="text" value="40"/>
Zip Code	<input style="width: 150px;" type="text" value="48205"/>	Length <input style="width: 100px;" type="text" value="102"/>
Property Type	<input style="width: 150px;" type="text" value="Single Family"/>	Square Footage <input style="width: 100px;" type="text" value="4051"/>
		Zoned as <input style="width: 100px;" type="text" value="R1"/>



<b>Property Condition</b>		
Current Use <input style="width: 100px;" type="text" value="5"/>	<input type="checkbox"/> Candidate for Rehabilitation?	
<input type="checkbox"/> Occupied?	<input type="checkbox"/> Gas Off?	<input type="checkbox"/> Needs Demolition?
<input checked="" type="checkbox"/> Vacant Lot?	<input type="checkbox"/> Electric Off?	<input type="checkbox"/> Trash/Dumping?
<input type="checkbox"/> Out Buildings?	<input type="checkbox"/> Water Off?	<input type="checkbox"/> Boarded?
	<input type="checkbox"/> Arson/Fire Damage?	<input type="checkbox"/> Brush Removal Needed?
Mowing Last Performed: <input style="width: 100px;" type="text" value="9/30/2006"/>		

<b>Adjacent Property Condition</b>	
North/East	<input style="width: 100px;" type="text" value="2"/>
South/West	<input style="width: 100px;" type="text" value="2"/>

**Additional Comments**

**Figure 3.2 Michigan Land Bank Fast Track Authority Online Property Database**

The screenshot shows the Michigan Land Bank Fast Track Authority website. At the top, there is a navigation bar with the Michigan.gov logo and the text 'Michigan Land Bank Fast Track Authority Labor and Economic Growth'. Below this, there are links for 'Michigan.Gov Home', 'DLEG Home', and 'MLBFTA Home'. The main content area is titled 'WELCOME to the Michigan Land Bank Fast Track Authority Parcel Search Engine. This application is provided to assist users in locating parcels for sale by the state of Michigan. Choose a search type from the three choices below:'. There are three search sections: 'Keyword Search' with a text input field and a 'Submit' button; 'Parcel ID Search' with a text input field and a 'Submit' button; and 'Attribute Search' with several dropdown menus (County, Ward, Zoning, Place, Item, Legislative) and text input fields (Subdivision, Street Address), along with 'Submit' and 'Reset' buttons.

Source: Michigan Land Bank Fast Track Authority (2006b).

property database. Although the City of Detroit does not yet have a searchable online property database, the Wayne County Land Bank can begin to coordinate with the MLBFTA to integrate the two databases.

The creation and maintenance of this type of interface may increase sales of publicly owned properties and decrease the potential for frustration among those seeking property information.

### 3.1.3 Create a land bank website

A Wayne County Land Bank website can provide information on land bank activities and programs along with a searchable property inventory database. For users with Internet access, the land bank can provide convenient access to information via its website, in addition to information available at its office. The property inventory database would be designed with some data available to anyone and other data restricted to employees' use.

A user-friendly, web-based property database makes property information available to residents, community-based organizations, developers and others. Access to this accurate information facilitates the purchasing process. Neighborhood organizations may also use this information to create revitalization plans that strengthen neighborhoods. Figure 3.3 depicts the online property search engine for the St. Louis Development Corporation. This website is an example of features available to create a user-friendly database for the Wayne County Land Bank.

In addition to a standard template for displaying property information, the land bank can use a geographic information system to display interactive maps of Wayne County that can allow users to search for individual parcels without address information and to view other county-owned parcels in the area. Figure 3.4 offers an example of an online mapping system developed by the Genesee County Land Bank. This system can display fields such as census data and foreclosed property information.

Figure 3.3 St. Louis Development Corporation Online Property Database

Source: St. Louis Development Corporation (n.d.).

## 3.2 Establish transparent systems and procedures

A transparent and consistent set of policies and procedures encourages potential purchasers to work with the land bank. For this reason, it is important for the land bank to establish transparent systems and procedures. An activity that will help the land bank achieve transparency is to devise a consistent pricing system.

### 3.2.1 Devise a consistent pricing system

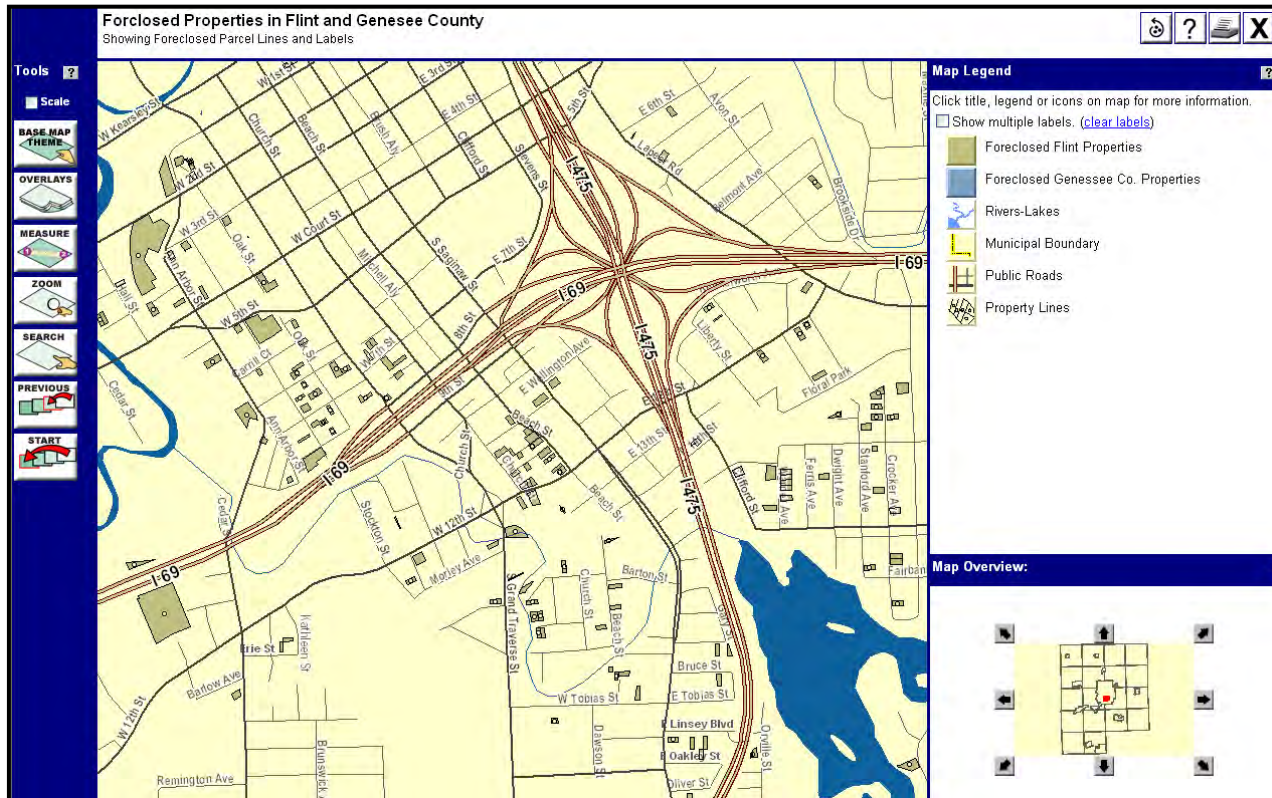
A fair and well-publicized pricing schedule can make the purchase of land bank property consistent and predictable. With a consistent pricing system, potential purchasers of land bank property will be able to predict costs associated with property purchase before making investment decisions. As a pricing system develops (see Chapter 5), the land bank can outline the system on its website. The City of Cleveland Department of Community Development details its system of pricing on its website. This consistent pricing system offers two clear options as follows:

1. Non-buildable lots  
Land Bank lots with less than 40-ft. frontages are offered to adjacent property owners at a cost of \$1.
2. Buildable lots  
Land Bank residential lots are sold by the City for \$100 for new home construction.<sup>1</sup>

While numerous choices for pricing schedules are available to the Wayne County Land Bank, the Cleveland Land Bank website serves as an example of one method to make pricing consistent and transparent. Depending on the type of pricing system selected, pricing based on market value may vary by location. However, the method chosen for determining the value of a property can still be consistent, transparent and well-publicized in land bank publications.

<sup>1</sup>City of Cleveland Department of Community Development (n.d. b).

Figure 3.4 Genesee County Land Bank Online Mapping System



Source: Genesee County Land Bank (2004a).

### 3.2.2. Develop an explicit application process for the purchase of land bank property

Land banks often require a written proposal from anyone wishing to purchase property. The length of the application process varies among land banks. The Louisville and Jefferson County Landbank Authority requires a letter describing the intended land use, proof of backing from a financial institution and a building plan.<sup>2</sup> The purchase of publicly owned property in Cleveland requires a brief one-page application, also available on their website (Figure 3.5). Genesee County Land Bank requires a two-page application and a range of supporting information and documents.<sup>3</sup> The Michigan Land Bank Fast Track Authority asks for more extensive documentation and an applicant certification.<sup>4</sup> Regardless of the length and type of application adopted by the Wayne County Land Bank, the uniformity and transparency of the process and the availability of applications and instructions are important.

### 3.2.3. Facilitate gifts of property to the land bank

Land bank legislation allows property owners to “gift” (or donate) property in lieu of tax foreclosure. At present, Detroit property owners use tax foreclosure as a way to get rid of property they do not want and cannot use but cannot sell. “Gifting” can provide a way for such property owners to hand over property to the Wayne County Land Bank. “Gifting” can also speed the transfer of tax-delinquent properties into the land bank and cut costs associated with foreclosure proceedings. Property owners may want to donate properties to the land bank to avoid the consequences of tax foreclosure.<sup>5</sup> The land bank may issue a waiver for tax liens upon receipt of

the gift with the permission of the government entity to whom taxes are owed. The land bank will need to work with the Treasurer and local taxing authorities to develop this option.<sup>6</sup>

A property inventory tracking system and transparent systems and procedures can help the land bank achieve its goals in several ways. Through access to information and transparent procedures, purchasers of land bank property can make well-informed decisions about property use that contribute to the strengthening of neighborhoods. At the same time, accurate public information systems and transparent procedures can enable the purchaser to obtain the property more easily. Furthermore, understanding the condition and character of land

bank-owned property allows for proper maintenance, which helps protect and increase area property values. The following chapter details two strategies aimed at maintaining land bank property.

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<sup>2</sup> Alexander, F. S. (2005, p. 114).

<sup>3</sup> Genesee County Land Bank (2004b).

<sup>4</sup> Michigan Land Bank Fast Track Authority. (2006a).

<sup>5</sup> Mallach (2006, p. 4).

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<sup>6</sup> Michigan Public Act 258 (2003).

Figure 3.5 City of Cleveland Application Form for the Purchase of Non-Buildable Land

City of Cleveland		Permanent Parcel No.: _____
<b>LAND BANK PROGRAM</b>		
<b>Application Form</b>		
(Non-Buildable)		
Applicant's Full Name: <i>(Please Print)</i>		Date:
Address:		
City:	State:	Zip:
Home Phone:	Work Phone:	
Address or Location of Property You Wish to Purchase:		
Proposed Use for Property: <i>(Be Brief)</i>		
<i>Submit any information that will assist our Land Bank Office in making a decision.</i>		
I have read the City's Land Bank Policy applicable to Non-Buildable Lots and agree to the terms thereof.		
Applicant _____		Date _____
Applicant _____		Date _____
<b>For Office Use Only</b>		PLEASE RETURN FORM TO: Department of Community Development Division of Neighborhood Development Land Bank Program 601 Lakeside Avenue, Room 325 Cleveland, OH 44114-1070  (216) 664-4126
Date Received: _____		
Card Sent: _____		
Staff: _____		
Tax Mailing Address:		

Source: City of Cleveland Department of Community Development (n.d. a).

## Chapter 4

### Maintaining the Property

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If the land bank's goals are to protect and increase property values and to strengthen and revitalize neighborhoods, the land bank can achieve these goals in part by making the properties it owns assets to neighborhoods and by preventing its properties from becoming blighting influences. One way to do this is by implementing demolition and property maintenance programs.

#### 4.1 Create a program for demolition that can maximize effectiveness with limited funding

One of the land bank's more urgent responsibilities is the removal of dangerous buildings from its inventory. These structures potentially pose hazards to the general health, safety and welfare of the surrounding area and contribute to neighborhood decline. Establishing a program to deal with such structures is important for improving area neighborhoods and encouraging vacant and abandoned property reuse.

Due to the size of the Wayne County Land Bank's property inventory and the land bank's budget constraints, especially in the start-up period, the land bank might establish a prioritization system to determine which of its structures are in most need of demolition. The land bank may also wish to create a prioritization system based upon those properties that may have the greatest effect on surrounding areas. If each demolition costs \$7,500, the removal of just 100 residential structures will cost three-quarters of a million dollars, an amount the land bank may have difficulty funding.

The land bank currently owns about 700 properties with structures, and many of these may need demolition in the next few years. (See below for more details on costs).

#### 4.1.1 Create a prioritization system

Because the land bank cannot demolish all dangerous buildings immediately, the land bank can develop a prioritized demolition list in which properties posing the most danger to their surrounding neighborhoods have precedence for demolition. Answers to the following questions may enable the land bank to establish these priorities. How the land bank interprets and weighs these answers may depend on the goals and objectives of community stakeholders and local residents.

The land bank may prioritize properties for demolition based on the following criteria:

- Is the structure near a child care facility, school, church, community facility, or significant area businesses?
- Does the structure or property contain hazardous materials?
- Does the structure provide opportunities for illegal activities, such as drug dealing?
- What is the impact of the structure in the neighborhood, and is the structure situated between occupied structures? Structures in densely occupied residential neighborhoods may have a greater negative effect on property values and neighborhood stability.
- Is the structure currently on the city's demolition list? If so, when is it scheduled for demolition? If a building has already been identified for impending demolition, the land bank can take responsibility for its own blighted property.

Several cities use similar questions to help them determine which structures should have priority for demolition. The following two profiles illustrate how the City of Philadelphia and the Genesee County Land Bank prioritize their structures for demolition.

### **Philadelphia<sup>1</sup>**

The City of Philadelphia has one of the highest per capita building vacancy rates in the country, with approximately 26,000 vacant residential structures and nearly 3,000 vacant commercial and industrial structures. The city's demolition strategy prioritizes public safety, economies of scale, and potential redevelopment opportunities. Table 4.1, developed by Kevin Switala and Yan Yongmin, defines the city's criteria in determining which properties it should demolish first. Philadelphia uses these ten criteria/variables as part of a Geographic Information System (GIS) Decision Support Model (DSM) that maps the variables as data layers. The importance of each variable changes with differing objectives. City council members and interested groups with local knowledge of an area may choose the goals and objectives for different neighborhoods. These interested parties assign weights to each of the ten variables according to how important they believe each variable is to achieving stated neighborhood objectives. For instance, in a neighborhood experiencing increased vacancy where land assembly could promote redevelopment, decision makers might place more weight on the criteria of building condition and density of vacant structures per block. Ownership characteristics; proximity to social, economic, and cultural anchors; and proximity to elementary schools might have more influence in stable areas with goals oriented toward preservation. With given objectives, participants assign a weight to each variable, and the mapping system produces a map of the prioritization system for demolition made up of geographic target areas. The program also produces a bid package for

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<sup>1</sup> City of Philadelphia (n.d.).

demolition based on the weighted priorities.<sup>2</sup> In an effort to lower costs, Philadelphia bids out demolition work in these target areas to private contractors.<sup>3</sup>

### **Genesee County**

The Genesee County Land Bank prioritizes structures for demolition based on building and neighborhood conditions. If the costs to repair a structure are more than its market value, the structure is added to the demolition list. The Genesee County Land Bank tries to cluster demolition where possible, though the condition of the structure takes precedence. The Genesee County Land Bank demolishes individual structures that are burned and dangerous first, and then demolishes structures concentrated in the same section of the city at the same time.<sup>4</sup> If a neighborhood is losing population and has decreasing property values, this area may have higher priority for demolition of its structures than other areas in the county. If multiple areas are experiencing such decline, those neighborhoods with greater redevelopment potential or those that are in a transition zone between stronger and weaker neighborhoods have precedence.<sup>5</sup>

After a prioritization system is in place, the Wayne County Land Bank can decide how to proceed with the demolition of structures on their targeted demolition list.

The land bank might use GIS as a tool to help manage their inventory of dangerous buildings in need of demolition. Philadelphia, as part of its Neighborhood Transformation Initiative, uses GIS to map structures in need of demolition.

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<sup>2</sup> Switala, K. & Yan, Y. (2002).

<sup>3</sup> City of Philadelphia (n.d.).

<sup>4</sup> Christina Kelly, Lead Planner, Genesee County Land Bank. Personal communication. December 15, 2006.

<sup>5</sup> Lucille James. Brownfield/Demolition Coordinator, Genesee County Land Bank. Personal communication. November 9, 2006.



**Table 4.1 City of Philadelphia Demolition Criteria**

	Criteria	Causal Relationship and Demolition Prioritization
1	Condition of Vacant Structures	The greater the density of dangerous and imminently dangerous structures, the greater the need for demolition. Higher density = higher priority, Lower density = lower priority
2	Number of Vacant Structures/Block	The greater the density of vacant sites, the greater the need for demolition. Higher density = higher priority, Lower density = lower priority
3	Social/Cultural/Economic Anchors	The closer a vacant site is to a community anchor, the easier it will be to redevelop. Close to anchor = higher priority, Farther from anchor = lower priority
4	Ownership Characteristics	The greater the neighborhood stability, as a function of owner-occupied structures and ownership longevity, the easier it will be to redevelop. Higher stability = higher priority, Lower stability = lower priority
5	Parcel Characteristics	The smaller the contiguous vacant area and the narrower the cartway, the more difficult it will be to redevelop. Optimal layout = higher priority, Poor layout = lower priority
6	Elementary Schools	The closer the site is to an elementary school with high achievement, the easier it will be to redevelop. Closer to strong elementary school= higher priority, Farther from strong elementary school= lower priority
7	Home Sales	The greater the value of neighborhood home sales is above the regional average, the easier it will be to redevelop. Higher value than regional median = higher priority, Lower value than regional median = lower priority
8	Population Change	The greater the negative population change, the easier it will be for demolition. Greater depopulation = higher priority, Lower depopulation = lower priority
9	Proximity to noxious landuse	The closer a vacant site is to a noxious land use, the more difficult it will be to redevelop. Farther from noxious land use = higher priority, Closer to noxious land use = lower priority
10	Market Quality	The closer the site is to an existing or proposed reinvestment project, the easier it will be to redevelop. Higher market quality = higher priority, Lower market quality = lower priority

Source: Switala, K. & Yan, Y. (2002).

The darker portions of the maps in Figure 4.1 show areas of increased concentration of dangerous buildings and corresponding demolition activity.

The land bank may seek to partner with community organizations to collect data in an effort to prioritize properties for demolition. Community organizations often develop neighborhood plans, possess important inside knowledge, and may provide neighborhood insight regarding future development opportunities that may aid in the prioritization process.

A prioritization system might help the land bank use its resources more effectively so that they have more positive effect on an area. In addition to exploring the benefits of a prioritization system, the land bank can consider several options for implementing the demolition program.

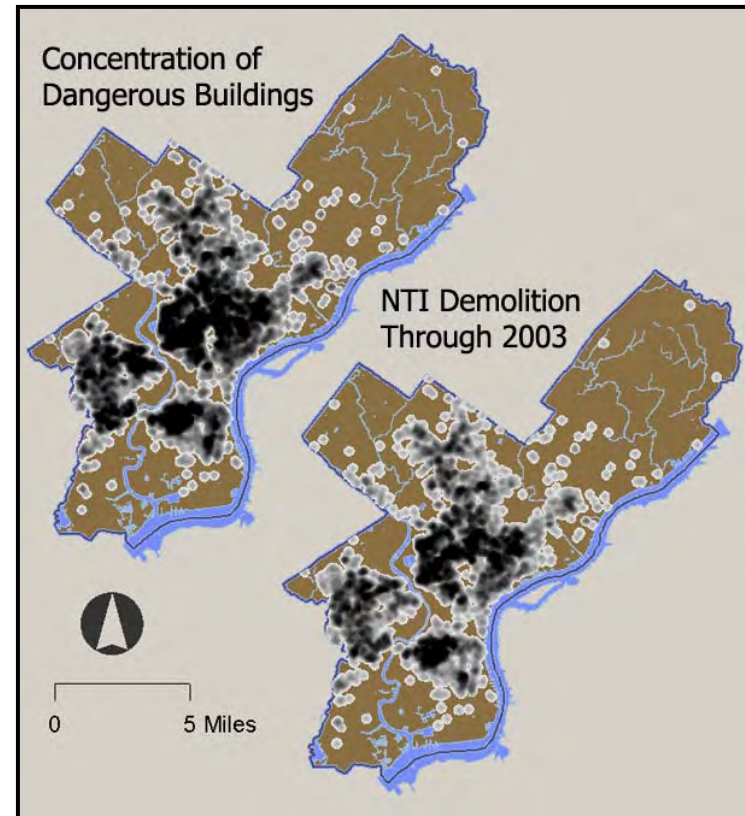
#### 4.1.2 Consider implementation options

The land bank has three choices concerning how to proceed with the demolition of its structures. It may:

- **Contract with the City of Detroit.** On average, the City of Detroit's cost per demolition ranges from \$6,000 to \$7,500, depending on the square footage of the structure and surrounding buildings (garages, etc.). The existence of surrounding structures may cause the cost of demolition to increase. This includes permit fees, utility terminations, vendor costs, and foundation removal.<sup>6</sup> Contracting with the city could require coordination between the land bank and the city

<sup>6</sup> Abdul-M. Aquil. Assistant Chief, Building Inspections, Demolition Division, Buildings and Safety Engineering Department, City of Detroit. Personal communication. December 4, 2006.

Figure 4.1: Philadelphia Map of Dangerous Structures



Source: City of Philadelphia. (n.d.).

regarding demolition guidelines, target areas, and criteria in determining the order in which properties are demolished. The Genesee County Land Bank has an administrator on staff and coordinates demolitions with the City of Flint, which carries out its own demolitions while subcontracting some related services such as abatement of environmental hazards and backfilling, grading and seeding of the empty lot. Their average cost per structure is \$10,100 including: structure demolition, basement removal, health and safety inspection, cutting and plugging of utilities, and seeding and mulching of lot, plus staff and administration costs.<sup>7</sup>

- **Contract with private companies.** The land bank can benefit from competitive bidding by private contractors. This may be the most cost-effective option, as the land bank may be able to negotiate a low price given its large inventory of properties. If the land bank chooses to contract with private demolition companies, it might develop working relationships with a few companies to negotiate lower fees for demolition. The ability to negotiate directly with private contractors allows private property owners in the City of Detroit to demolish their own structures for around \$4,500.<sup>8</sup> Differences in costs, however, could be due to differences in the quality of the demolition work. Demolition work should include, for instance, removal of debris from the site, removal of the basement or foundation, remediation of environmental hazards such as lead paint and asbestos, filling of the site, and seeding of the lot.

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<sup>7</sup> Christina Kelly. Lead Planner, Genesee County Land Bank. Personal communication. December 14, 2006.

<sup>8</sup> Abdul-M. Aquil. Assistant Chief, Building Inspections, Demolition Division, Buildings and Safety Engineering Department, City of Detroit. Personal communication. December 4, 2006.

- **Create an in-house demolition program.** The land bank may choose to conduct all demolition activities without any outside contracts. The high start-up costs of such a program, which may include additional staff salaries, employee benefits, insurance, and equipment costs, may discourage this approach in the near future. Creating an in-house program would require coordination between the land bank and city or county departments such as the utility departments, the department of buildings and safety, code enforcement, the health department, and the drain commission, to ensure that buildings are prepared for demolition.

Chapter 6 explores potential funding sources for demolition activities.

While the demolition of structures is necessary because of the threats dangerous buildings pose to the health and safety of residents, maintaining land bank property through mowing and debris removal is also important to help protect and increase property values and strengthen neighborhoods.

## 4.2 Establish a property maintenance program

The Wayne County Land Bank is responsible for the maintenance of all properties in its inventory, and all properties are subject to code enforcement and nuisance abatement laws of the City of Detroit. A majority of the properties in the inventory are vacant and do not contain structures. The maintenance of vacant properties protects property values of privately owned parcels in the vicinity. Maintenance programs remove unsafe or hazardous debris that collects on vacant properties through dumping.

Figure 4.2 Possible Structure Targeted for Demolition – Detroit



Source: Michigan Land Study Team (2005).

The following sections offer options for a maintenance program for the Wayne County Land Bank. The first section presents options for a basic maintenance program that includes an anti-dumping program. The next section discusses the inclusion of stakeholders outside of government in the maintenance of land bank-owned properties and gives examples of possible partners with whom the land bank could work. The last section presents examples of creative approaches to maintaining properties beyond basic maintenance.

#### 4.2.1 Perform basic maintenance

A basic maintenance program is necessary to take care of vacant properties in the land bank's inventory. The following are possible approaches for such a program.

#### Maintain all vacant properties

The land bank will need to mow and remove debris from all of its vacant properties. The land bank could contract maintenance duties to landscaping companies or nonprofit organizations. This may be expensive, especially with the number of properties that the Wayne County Land Bank is expected to receive in the coming months and years.

In Genesee County, the cost of each mowing was \$24 per property for the 2006 season. Each property required at least \$48 for mowing over the entire growing season. Further, properties needing heavy cleanup sometimes required as much as \$700.<sup>9</sup>

The City of Baltimore, with roughly 6,500 vacant lots, spent an estimated \$1.5 to \$2 million annually (as of 1995) to keep vacant lots free of debris, not including mowing and other maintenance.<sup>10</sup>

#### Create an anti-dumping program

Without property maintenance, many properties continue to collect garbage and debris due to dumping. To prevent future costly clean-ups of property, an anti-dumping program may be necessary. Though this maintenance is expensive, removing debris is even more expensive.

The Detroit Illegal Dumping Task Force found the following factors make continued dumping more likely:

1. Inadequate or insufficient lighting
2. Dump sites without community involvement after cleanups
3. Improper maintenance, such as poorly kept landscaping and lack of preventive fencing or signs.<sup>11</sup>

<sup>9</sup> Jeffrey Burdick, Neighborhood Planner, Genesee County Land Bank. Personal communication, November 2, 2006.

<sup>10</sup> University of Maryland Community Planning Studio (1995).

<sup>11</sup> Moore (1999, p. 14).

The Detroit Illegal Dumping Task Force recommends the following to prevent dumping:

1. Landscaping, fencing, and lighting (especially for sites with repeated dumping problems, corner sites, and sites adjacent to homeowners)
2. Signs stating that an area is being monitored (Figure 4.3)
3. Training for police officers in how to recognize hazards and handle hazardous materials when responding first to an emergency.<sup>12</sup>

### **Perform intensified maintenance of selected properties**

The land bank will need to maintain all of its properties to some degree, though it may choose to perform intensified maintenance in targeted areas as its resources permit. This approach may allow for a more efficient use of resources, although there may be less community-wide approval, as areas not targeted would not realize equal benefits.

The Genesee County Land Bank prioritizes properties for maintenance that are adjacent to owner-occupied property, on street corners, and on streets that are well traveled. Their aim is to prevent unmaintained land bank properties from being a nuisance for residents. Motorists and others need a clear view on street corners for safety reasons. Highly traveled streets are the only exposure many commuters get to the city, and thus maintenance makes a strong impression.<sup>13</sup>

The City of Philadelphia focuses maintenance activities on gateways into the city. Without this type of intensified maintenance, many abandoned landscapes along heavily traveled highways entering the city could leave new visitors to the city with an unfavorable first impression.<sup>14</sup>

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<sup>12</sup> Moore (1999, p. 13).

<sup>13</sup> Jeffrey Burdick, Neighborhood Planner, Genesee County Land Bank. Personal communication, November 2, 2006.

<sup>14</sup> Pennsylvania Horticultural Society (1995).

### **4.2.2 Partner with community organizations**

To ensure progress to support neighborhood investment and to stay within a budget, the Wayne County Land Bank can team with community and neighborhood organizations to maintain its properties. Many block clubs, neighborhood associations, churches, and non-profits already maintain properties in their neighborhoods. The land bank can support these organizations in cleaning, maintaining, and beautifying land bank-owned properties. These partnerships can increase community presence and involvement, which may decrease the incidence of illegal dumping.<sup>15</sup>

The Genesee County Land Bank has a “Clean and Green Program” where community organizations partner in the maintenance of vacant properties. Organizations commit to maintaining at least 25 properties but no more than 100 properties. These organizations perform five cycles of maintenance on each property, and the Genesee County Land Bank pays \$40 per lot maintained for each cycle. Genesee County Land Bank staff monitor properties to assure work was performed. Each lot maintained by the Clean and Green program costs \$15 more than traditional maintenance strategies.<sup>16</sup>

The City of Philadelphia developed “Community LandCare,” a partnership with the Pennsylvania Horticultural Society. The program employs nine community service organizations to clean and mow hundreds of lots in ten communities on a monthly basis. Neighborhood residents form the work crews. Community LandCare provides training with the aim of enabling the 70 employees to develop marketable landscaping skills.<sup>17</sup>

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<sup>15</sup> Moore (1999, p. 13).

<sup>16</sup> Genesee County Land Bank (2004).

<sup>17</sup> Pennsylvania Horticultural Society (2006).

The Greening of Detroit is a possible partner for the Wayne County Land Bank in coordinating a maintenance program, much like the partnership between the Pennsylvania Horticultural Society and the City of Philadelphia.

The Greening of Detroit is a well-established, non-profit organization that partners with federal, state and local agencies, corporations and foundations to assist neighborhood groups, churches and schools in their efforts to revitalize Detroit by “greening” public lands. The organization’s projects include community gardens and wildlife habitats. The organization also conducts environmental education programs.

Greening of Detroit staff was involved with the creation of the Genesee County Land Bank’s Clean and Green program before joining Greening of Detroit. The organization possesses the knowledge and expertise required to develop and manage a similar program for the Wayne County Land Bank. The organization is also accustomed to collaborating with public partners, as it currently partners with the City of Detroit on several greening projects.<sup>18</sup>

Liability issues may be a concern in working with community organizations since the Wayne County Land Bank is legally responsible for any injuries that occur on its property. In Genesee County, neighborhood organizations must provide proof of insurance before receiving maintenance responsibilities. This further reduces the number of possible maintenance partners, however, as insurance is costly.

<sup>18</sup> A. Atkinson, Planner, The Greening of Detroit. Personal communication. December 10, 2006.

Figure 4.3 City of Detroit Anti- Dumping Program



Source: Community Legal Resources (2006).

### 4.2.3 Consider less intensive maintenance approaches

The Wayne County Land Bank may also consider other approaches requiring less intensive maintenance. The following are examples of creative approaches for maintaining properties beyond basic maintenance.

#### Use of slow-growing grass

Some cities use new breeds of grass that are slow growing and hardier, requiring less mowing. Replacing existing lawns with slow-growing grass is costly, although this approach may be more feasible if slow-growing grass replaces existing grass when a demolition is required on a property.<sup>19</sup> The Genesee County Land Bank has started planting slow-growing grass where

<sup>19</sup> Jeffrey Burdick, Neighborhood Planner, Genesee County Land Bank. Personal communication. November 2, 2006.

demolitions occur, but staff do not yet know the amount of savings they will realize in mowing costs.

### Gardens

Urban gardening has grown in popularity across the country. Programs work with residents in low- and moderate-income communities to design, build, and maintain vegetable gardens and neighborhood parks and to plant street trees. The start-up costs for such programs are low and may foster neighborhood cohesion as well as a sense of community ownership of the property.<sup>20</sup> In Philadelphia, the Pennsylvania Horticultural Society created Greene Countries Townes, a concentrated greening program that expands community-based gardening programs as a means of strengthening specific residential neighborhoods. The program targets areas for support of existing community development efforts. The program works with the residents for a period of three to five years, turning vacant lots into gardens.<sup>21</sup>

### Urban forests, native plants and flowers

Some neighborhoods are returning vacant properties to more natural habitat by designing lots to mimic a forest or the natural state of the property before development occurred. Planting native vegetation on vacant lots may beautify neighborhoods and lower maintenance costs. Vegetation may also aid in storm water management. With planning, the land bank can use the planting of native species on vacant lots as a means to divert storm water from the street so that it will be filtered through the soil and slowed down to divert into a rain garden to prevent overflowing the system.<sup>22</sup>

<sup>20</sup> Gannon et al. (2002).

<sup>21</sup> Pennsylvania Horticultural Society (1995, p. 23).

<sup>22</sup> Thompson, L. R. (2004).

Figure 4.4 Community garden - Detroit



Source: Michigan Land Study Team (2005).

The City of Fort Lauderdale Parks and Recreation Department issued a bond program in 2000 to fund the acquisition of vacant lots that it can convert to public parks and recreation areas. The City reclaims vacant lots, often only a few acres in size, in an effort to preserve native plant species while providing sites for passive recreation that will not harm the natural environment. Some parks include play equipment and walking trails, picnic pavilions, and native plant gardens.<sup>23</sup>

This approach may increase safety concerns if growth reduces visibility, and can be costly if it requires a great deal of maintenance. Certain kinds of fencing that prevent dumping and adequate setbacks from the sidewalk to improve traffic visibility may help mitigate these issues.

<sup>23</sup> City of Fort Lauderdale, Florida Parks and Recreation Department (n.d.).

Figure 4.5 Mural in Children's Play Lot - Cleveland



Source: Michigan Land Study Team (2005).

#### 4.2.4 Contract for rental management

The land bank will need not only to maintain its vacant properties but also its properties with structures. The land bank may find that it owns properties where people are living.

In that situation, the land bank may want to hire a rental management company to care for the properties.

The rental management company may:

- Perform regular inspections to address health, safety and code issues
- Contract with local general contractors to make necessary improvements
- Collect rents

The Genesee County Land Bank is currently the only land bank in the nation that runs a rental management program for occupied properties in its inventory and does so only because it receives occupied residences that have been foreclosed for non-payment of property taxes. The Genesee County Land Bank's process for converting tax-reverted properties into land bank-owned rental stock is as follows:

1. At the time tax-reverted properties are added to the land bank inventory by court order, the land bank identifies all occupied properties.
2. The land bank sends correspondence to each property instructing the occupant to cease paying rent to the previous landlord and contact the land bank office to sign a lease. The land bank assesses the tenant's ability to pay.
3. The property manager inspects the house and develops a maintenance plan to determine the feasibility of either maintaining the property as a rental or relocating the residents and demolishing the property.
4. If the occupants of a property refuse to sign a lease, they receive a notice of eviction, and the property is then assessed as any vacant house in the land bank inventory.<sup>24</sup>

The Wayne County Land Bank could also partner with organizations that could assist in relocation of tenants. For instance, the Coalition on Temporary Shelter (COTS) might

<sup>24</sup> Christina Kelly. Lead Planner, Genesee County Land Bank. Personal Communication. November 1, 2006.



serve as an important partner to assist in relocating tenants from land bank-owned structures. COTS is a Detroit-area non-profit that helps individuals and families transition from homelessness to rental housing and stability. It provides emergency shelter, transitional housing, and permanent supportive housing.<sup>25</sup>

Maintaining land bank-owned properties through demolition and property maintenance programs helps the land bank protect and increase property values while it holds the property. For some properties, however, possibilities exist for transfer to private owners for reuse in other ways. The following chapter discusses possible strategies for property reuse.

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<sup>25</sup> Coalition On Temporary Shelter (n.d.).

## Chapter 5

### Moving Property Toward Reuse

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As the Wayne County Land Bank incorporates properties into the inventory and maintenance systems, the land bank can begin to plan for their productive reuse. The land bank can plan for productive reuse in several ways, including establishing a side lot sales program, holding and acquiring land for future development, and promoting housing stability. Before implementing these strategies, the land bank needs to establish standard sales and purchase policies.

#### 5.1 Develop sales and purchase policies

Purchase policies provide guidance for selling, holding, and acquiring property. (See also chapter 3 on establishing transparent and uniform sales systems.) Useful elements of property sales policies include:

##### 5.1.1 Establish priorities for property sale

These priorities may reflect compromise between maximizing dollar revenue from immediate sales and stabilizing Detroit's neighborhoods in the long term. The Wayne County Land Bank can establish a priority system for property sales. The following are some of the questions the land bank might consider to determine purchase policies:

- Who should have priority for land bank services?
- What is the redevelopment purpose?
- What is the pricing strategy?

##### 5.1.2 Establish pricing policies

Four potential pricing policies are:

- **Pricing based on fair market value**

The Wayne County Land Bank can seek to collect fair market value on property it sells. The value will vary between sections of the city. A challenge to using fair market value is that demand is weak for many land bank-owned properties. Therefore, establishing the very low price that is market value is not worth the trouble compared to offering the property for a set low price.

#### Approaches for prioritizing land sale:

Louisville:

- Seeks the highest and best use for returning properties to the tax roll.

Atlanta:

- Gives special attention to affordable housing projects.

Genesee County:

- Considers use of property, type of purchaser, and neighborhood and community goals for prioritizing disposition options.

*Source: Alexander (2005, p. 44).*

- **Pricing based on intended property use**

The Wayne County Land Bank may consider offering property for low prices based on the proposed reuse. If either for-profit or non-profit entities propose to return land to productive use within a given time period, and their proposed development corresponds with the land bank's goals, the land bank may offer a discounted price to help make the new development financially feasible. The land bank might also consider pricing based on how the properties fit into a neighborhood or city-wide plan. A reduced price would depend on the purchaser's entering into an agreement with the land bank to insure the development occurs.

The Fulton County (Atlanta) Land Bank Authority extinguishes liens and conveys land to developers of affordable housing at no cost to the developer, with certain preconditions. For example, if the housing is not delivered within three years, title reverts to the land bank, and the developer must repay the taxes waived over that period.<sup>1</sup>

- **Pricing based on type of purchaser**

The Wayne County Land Bank may choose to offer discounted prices to organizations based on their nonprofit status or organizational mission. This is a common practice in several other cities.

Indianapolis offers favorable pricing and acquisition strategies for Community Development Corporations (CDCs) to assist in redevelopment efforts. Marion County has three key programs to aid CDCs in property acquisition:

- **Expedited Tax Sale.** A 1991 state law allows the assembling and transfer of tax delinquent properties to CDCs with specific redevelopment plans. This form of sale is quicker than the conventional process of purchasing at the county tax sale.

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<sup>1</sup> Mallach (2006, p. 136).

- **Marion County Surplus Sale.** County-owned properties are offered in two consecutive tax sales. Following a third and final sales attempt, CDCs can acquire properties for an administrative fee of \$170. These properties have county tax liens extinguished but still require quiet title action.

- **Post-Sale Negotiations.** A CDC directly approaches the Metropolitan Development Commission expressing interest in taking title to a property following the surplus sale. Through a hearing, the commission may opt to transfer the requested property to the CDC at no cost, though quiet title action is still necessary.<sup>2</sup>

- **Pricing based on property costs**

The Wayne County Land Bank may decide to offer property for the property costs, which are the costs to the land bank attributable to that property. For instance, costs of acquisition, maintenance, repair, and operations at the land bank can be allocated to the property. The Genesee County Land Bank asks the fair market value as payment for properties or the property costs when these costs exceed the fair market value.<sup>3</sup>

### 5.1.3 Payment Terms

The Wayne County Land Bank can also regulate whether the purchaser of a property pays the full price of the parcel immediately or if arrangements are possible. Such arrangements include deferment or forgiveness of the purchase price in exchange for improvements or construction of affordable housing units. The Genesee County Land Bank accepts consideration for the property in the form of cash and also in the form of performance of contractual obligations, imposition of restrictive covenants, or other obligations of the purchaser.<sup>4</sup>

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<sup>2</sup> Blackwell (2003).

<sup>3</sup> Genesee County Land Bank (2004b).

<sup>4</sup> Ibid.

### 5.1.4 Implement right of reacquisition policy

The Wayne County Land Bank could include a clause in sale contracts that would allow the land bank to reacquire property from a purchaser if the purchaser does not meet the terms of sale. Several cities, including St. Louis, Louisville and Atlanta, include clauses in land transfer contracts requiring the purchaser to maintain the property or reuse it in specific ways. If the new owners do not meet the terms of sale, they risk losing the property.<sup>5</sup> Many cities, including the City of Detroit, employ a “Right of Reverter” clause that allows the city to take back land if a developer defaults on an agreement. This clause holds developers accountable for completing projects in a specific amount of time.<sup>6</sup>

Established pricing policies allow for the institution of programs facilitating reuse. One type of program that can facilitate reuse of tax-reverted property is a side lot sales program.

### 5.2 Institute a side lot sales program to sell vacant lots to adjacent homeowners

A side lot sales program allows adjacent homeowners to purchase parcels that are too small for use in new development. A side lot program returns vacant lots to productive use, creates neighborhood assets, and increases tax revenue. It also reduces the land bank’s maintenance and liability costs. A successful side lot program may promote the land bank by increasing public exposure to and improving the public’s perception of land bank activities. On the other hand, many adjacent homeowners do not wish to acquire property that obligates them to perform additional maintenance and leads to higher property tax bills. Setting-up a side lot program would require the land bank to:

<sup>5</sup> Alexander (2005, p. 48).

<sup>6</sup> Dewar, and Bhaskara Rao (2004, pp. 10-11); The Woodward Companies, Inc. (2000, p. 13).

### 5.2.1 Define a side lot

Many cities with side lot programs define a side lot as a vacant lot that is physically contiguous to an owner-occupied residential property. Side lots are often too small for independent development, with many cities requiring that side lots have no more than 40 to 50 feet of street frontage. Some side lot programs require a purchaser to combine the legal description of the side lot and the adjacent residential property, while others do not do so because of lingering questions about whether title is clear on the side lot property. Figures 5.1 and 5.2 show parcels owned by Wayne County that the land bank could sell as side lots.

Figure 5.1 Potential Side Lot – Detroit



**Figure 5.2 Potential Side Lot – Detroit**



The Cleveland Land Bank has sold about one-quarter of its properties as side lots since the late 1980s. The land bank offers side lots for construction of a garage; addition of a driveway; addition of a fence, garden or landscaping project; or expansion of parking.<sup>7</sup>

### **5.2.2 Establish pricing and sales policies**

Some side lot sales programs ask nominal prices for side lots (such as \$1 plus a small filing fee<sup>8</sup>) to increase neighborhood stability and property values. Nominal pricing is perhaps the

<sup>7</sup> City of Cleveland Department of Community Development (n.d.).

<sup>8</sup> Ibid.

quickest way to transfer property to private ownership, as the financial barriers to purchase are low. However, a nominal price

could allow homeowners to buy the parcels without any intention or ability to maintain the lot.

The City of Detroit charges \$200 plus an \$18 deed recording fee for a vacant lot that is 45 feet wide or less. Adjacent property owners can divide the property and split the \$200 fee. The property is sold for cash and on an as-is basis. The processing time is three to nine months.<sup>9</sup>

The Genesee County Land Bank employs a transaction specialist whose role is to streamline the side lot transfer process so that prospective buyers may complete the entire acquisition process in one visit to the land bank offices.<sup>10</sup>

### **5.2.3 Create a side lot program for CDCs, nonprofit and community organizations**

The Wayne County Land Bank may also promote greater community stability by instituting a program where CDCs and other nonprofit and community organizations can purchase lots adjacent to their properties. Churches often seek to purchase additional lots to add to parking. This type of program could assist in promoting neighborhood safety and stability as these organizations may have more community-based alternative uses for these vacant lots, such as public gardens, open space, playing fields and parks.<sup>11</sup>

<sup>9</sup> Kim Robinson, Division Manager, City of Detroit Department of Planning and Development. Personal communication. Oct. 30, 2006.

<sup>10</sup> Bozgo, de Wit, & Haradon (2006, p. 16).

<sup>11</sup> Ibid. (p. 18).

## 5.2.4 Coordinate side lot sales procedures with the City of Detroit and the Michigan Land Bank Fast Track Authority

The Wayne County Land Bank can coordinate side lot sales policies and administration with the existing policies of the City of Detroit.<sup>12</sup> The land bank can also coordinate with the Michigan Land Bank Fast Track Authority, which owns properties that may be eligible for side lot status. In this way, the process may create more transparency and provide program visibility. This could provide the potential for the creation of a “one-stop shop” for side lot sales. A “one-stop shop” makes the process of obtaining side lots simpler and more convenient for the public.

The next sections of this plan address holding, acquiring, and assembling properties as well as the opportunity for the land bank to promote housing stability.

## 5.3. Hold and acquire land bank properties to facilitate later assembly

### 5.3.1 Establish policies concerning "holds" on land bank-owned, tax-reverted property for future development

The Wayne County Land Bank can agree to place a hold on properties they own that developers hope to use for a future project. Questions for the land bank to consider in establishing holding policies include:

- Why should the land bank hold land? For instance, for what kinds of projects will the land bank place a hold on property?

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<sup>12</sup> For more information on the City's Adjacent Vacant Lots Program, call (313) 224-3657 or (313) 224-0985.

- How many properties may a developer ask to be held for a future project?
- For how long will the land bank hold property?

The Cleveland Land Bank places a hold on parcels they own at the request of nonprofit developers who have plans for projects. If another purchaser requests some of the same parcels, the land bank staff consult with the nonprofit developer before releasing the hold and selling the property to the other purchaser.

The Detroit Planning and Development Department agreed to place holds on city-owned parcels for anticipated development projects. However, many of these projects fell through, and no reliable system existed for removal of the holds. By the early 2000s, a sizable percent of the city-owned property had holds on it.<sup>13</sup>

### 5.3.2 Establish policies concerning the acceptance of privately owned property to be "banked" in the land bank for future reuse

The Wayne County Land Bank has the opportunity to assist for-profit and nonprofit developers in implementing redevelopment plans by accepting land to hold until the start of construction. Developers assemble property over time but may have trouble handling the maintenance and liability costs. The implementation of this program addresses these issues.

- From whom will the land bank accept land?  
Many benefits exist for property owners to place their properties with the land bank until they are prepared to reuse them. Not only can the land bank clear clouded title and hold properties tax free, but land bank ownership automatically confers brownfield eligibility, making properties eligible for specific grants and development

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<sup>13</sup> City of Detroit Planning and Development Department (2001).

subsidies.

- For what purposes might the land bank hold property?

To limit the number of properties for which the Wayne County Land Bank is responsible, the land bank may wish to accept only properties for which redevelopment plans exist and that will further its established goals.

- Who has the obligation to maintain and insure banked properties—the entity that banked the land or the land bank?

Since the Wayne County Land Bank may already have a substantial inventory of property to manage and maintain, it may consider passing maintenance and liability costs to the entity that banked the land.

The Genesee County Land Bank agrees to bank property for other owners. The Genesee County Land Bank:

- Accepts property from both private and governmental entities and holds title to such properties pending future use by the land bank, by the transferor, or by other third parties
- Requires property to be free of all liens or encumbrances
- Limits a single entity to no more than 50 separate banked parcels.
- Requires a description of transferor’s intended uses of the subject property and time frame for use and development
- Allows transferor to retain the rights to repurchase property within 3-year period from date of transfer to the land bank at property costs (sum of all land bank expenditures on property since date of acquisition)
- Can force transferor to repurchase banked property at any time within 3-year period from date of transfer; if transferor fails to comply, will lose rights to repurchase subject property

- Reserves the right, but not obligation, to maintain, repair, demolish, clean or grade subject property at its own discretion<sup>14</sup>

### **5.3.3. Consider "banking" property to reinforce the market for other property**

At present, little demand exists for the tax-reverted property that may enter the Wayne County Land Bank. Strategically holding property until market values increase may contribute to greater opportunities to implement development projects and may reinforce the market for the remaining land. However, holding property in the land bank requires extensive resources for maintenance and insurance. The land bank needs to determine how many properties it can afford to maintain.<sup>15</sup>

### **5.3.4 Consider the purchase of properties to create blocks for assembly**

The Wayne County Land Bank may purchase properties in an effort to assemble larger tracts of land for development in partnership with the City of Detroit and in alignment with the City's development priorities. The purchase of land requires a large budget. Because the Wayne County Land Bank must currently maintain a sizeable inventory, assembling larger numbers of parcels may not be feasible in the short-term. Purchasing parcels to assemble larger tracts of land allows the land bank to encourage large-scale redevelopment projects in strategic locations through the conveyance of assembled land to private, public and non profit developers.

<sup>14</sup> Genesee County Land Bank (2004b).

<sup>15</sup> Mallach (2006, pp. 133-134).

## 5.4. Promote housing stability and maintain properties with structures

Chapter 4 recommends that the Wayne County Land Bank contract with a rental management company to maintain properties with tenants when such properties enter the inventory through the tax foreclosure process. The land bank's inventory will also include properties in need of rehabilitation. Currently, most tax-reverted properties with structures in habitable condition in Detroit do not remain in the county inventory after auction. However, because such structures may enter the land bank in the future, provisions for properties with structures requiring rehabilitation follow. Focused efforts to promote housing stability can reduce displacement of tenants in tax-foreclosed properties, improve the existing stock of rental and for-sale housing, and create opportunities for homeownership.

### 5.4.1 Rehabilitation of housing stock

For unoccupied structures, the Wayne County Land Bank can improve the county's housing stock by encouraging housing rehabilitation. The land bank can work with CDCs or private developers who seek to restore structures by helping them to identify potential properties or by offering these at discounted prices. The land bank could also sell such properties with rehabilitation contingencies enforced through reacquisition policies. The Wayne County Nuisance Abatement Program illustrates how such a program could work. The program sells seized property at auction and requires a new owner to rehabilitate the property within a specified amount of time.<sup>16</sup> Improvements in housing quality offer far-reaching benefits. Transforming a blighted property into the best house on a block discourages further abandonment and encourages neighbors to

invest in their own properties. Figures 5.3 and 5.4 offer examples of houses rehabilitated by the Genesee County Land Bank.

**Figure 5.3 Home Rehabilitated by the Genesee County Land Bank**



Source: Genesee County Land Bank (2004a, pp. 7-8).

**Figure 5.4 Kitchen Rehabilitated by Genesee County Land Bank**



Source: Genesee County Land Bank (2004a, pp. 7-8).

<sup>16</sup> Wayne County Prosecutor (2004).



### **5.4.2 Increase opportunities for homeownership**

Another component of the housing stability strategy is increasing opportunities for homeownership. The Wayne County Land Bank can offer purchase and lease-to-own agreements to the occupants of its rental units. This strategy not only prevents displacement of residents, but it can create new homeowners who are invested in the future success of the neighborhood. As described previously in this chapter, the land bank also has the opportunity to facilitate the purchase and assembly of property to be used for the construction of new owner-occupied homes. Besides shifting properties from vacancy to owner-occupancy, these activities return property to the tax rolls and create revenue for the land bank which can be invested in other programs.

The three preceding chapters presented strategies for the land bank to protect and increase property values, return vacant and abandoned land to productive reuse, and strengthen, stabilize, and revitalize neighborhoods. The following chapter discusses possible funding sources for the land bank to consider in order to pay for these strategies.

## Chapter 6 Financing

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This chapter summarizes several funding sources that may be available to the Wayne County Land Bank to implement the strategies outlined in chapters 3 through 5.

The financing sources are categorized as follows:

- Funding available through Michigan land bank legislation
- Funding through arrangements with the Office of the County Treasurer
- Funding from foundations
- Other funding sources by activities:
  - Maintaining the inventory
  - Managing the property
  - Moving property toward reuse

### 6.1 Funding available through Michigan land bank legislation and through the property tax foreclosure law

The Michigan Land Bank Fast Track Act provides funding mechanisms for the land bank's activities, which may include acquiring, managing, clearing, demolishing, rehabilitating and developing tax-foreclosed land. The Michigan legislation entitles the Wayne County Land Bank to the following ways of obtaining funding.

(a) The Wayne County Land Bank can retain all income from all sources related to its property and operations. The land bank is liable to its participating governments only in the event that it receives funds as payment for property taxes.<sup>1</sup>

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<sup>1</sup> Michigan Comprehensive Laws § 124.758.

(b) The Wayne County Land Bank automatically captures 50 percent of property taxes from property the land bank sells for five years after the sale.<sup>2</sup>

(c) The Wayne County Land Bank can borrow money and issue bonds and notes. The bonds and notes can provide sufficient funds for achieving the land bank's purposes, including necessary administrative costs. The bonds issued by the land bank may include capitalized interest, an amount sufficient to fund the cost to issue the bonds or notes, and a sum to provide a reasonable reserve for payment of principal and interest on the bonds or notes.<sup>3</sup> This can provide an ongoing funding stream for the Wayne County Land Bank operations. The drawback to this kind of financing is that it adds debt service to the land bank's obligations. In the startup period when the land bank has little if any income from sources such as (a) or (b) above, borrowing funds may make the land bank's financial situation more difficult.

(d) The state treasurer can invest surplus funds in loans to the Wayne County Land Bank at the market rate of interest, as determined by the state treasurer, for the purpose of clearing or quieting title to tax reverted property held by or under the control of the land bank or for any other purpose that the Wayne County Land Bank is authorized to undertake.<sup>4</sup> A loan made to the Wayne County Land Bank can be paid back within a period of ten years, as determined by the state treasurer. All other terms of the loan, including security required for the loan

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<sup>2</sup> Michigan Public Act 260 (2003).

<sup>3</sup> Michigan Public Act 258 (2003).

<sup>4</sup> Michigan Public Act 262 (2003).

are determined by the state treasurer.<sup>5</sup> Thus far, no land bank has used this provision.

(e) Under the state's property tax law, the county may purchase foreclosed property for the minimum bid before the county treasurer's auctions of tax-foreclosed property.<sup>6</sup> The land bank can identify properties with likely sales value much higher than the minimum bid and purchase these for the minimum bid. The land bank can then offer that property for negotiated sale and retain the income from the sale. On the first day of the 2006 Wayne County tax foreclosure auction, the ten properties that netted the highest "profit" (the difference between auction price and minimum bid) generated more than \$850,000 in "profit," an indication that this could be an important revenue source for the land bank.<sup>7</sup> The land bank would then capture 50 percent of property taxes on these properties as well (see b above). The potential profit from negotiated sales of such properties is even greater than through the auctions given that the purchaser would have time to conduct proper title searches and other due diligence. However, the land bank would need to negotiate with the treasurer on this approach because property sales are a significant source of income for the treasurer's programs.

## 6.2 Funding available through arrangements with the county government

Several funding sources exist for the land bank through the cooperation of the county treasurer's office and of the county executive and board of commissioners.

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<sup>5</sup> Michigan Public Act 262 (2003).

<sup>6</sup> Michigan Public Act 123 (1999).

<sup>7</sup> Katy Locker, Executive Director, Coalition for a Detroit Land Bank. Personal communication. Sept. 2006.

### Arrangements with the county treasurer

(a) The county treasurer administers a delinquent tax revolving fund from which he pays local taxing units 100 percent of their delinquent property taxes. The fund often has substantial amounts remaining after receipt of funds from sale of foreclosed properties and after making payments to jurisdictions and covering all costs of foreclosure proceedings and other related activities.<sup>8</sup> The Wayne County Treasurer transferred \$21,000,000 of the retained earnings from the delinquent tax revolving fund to the Wayne County general fund for the fiscal year 2004-2005.<sup>9</sup> The Wayne County Treasurer could transfer a flat amount or a percentage of these funds to the land bank each year.

(b) Property taxes become delinquent to the county treasurer on March 1 every year with additional penalties and interest, computed with a 4% penalty, and 1% interest per month for the first year. Taxes that are delinquent for more than a year have a higher interest rate of 1.5% instead of 1%.<sup>10</sup> In Genesee County, the land bank receives part or all of the additional 0.5% charged, and a similar arrangement could work in Wayne County.<sup>11</sup>

(c) The land bank can also receive a portion of the \$175 forfeiture fee paid to the treasurer's office if the treasurer's office negotiates a lower title clearance fee. For example, the Genesee County Treasurer has negotiated with title clearance firms for an amount of \$60 per title cleared; the additional \$115 goes to a restricted fund. The Genesee County Land Bank then receives the money allocated through arrangement with the

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<sup>8</sup> Michigan Public Act 263 (2003).

<sup>9</sup> Office of the County Treasurer, Wayne County, Michigan (2005b).

<sup>10</sup> Michigan Comprehensive Laws § 211.89.

<sup>11</sup> Christina Kelly, Lead Planner, Genesee County Land Bank Authority. Personal communication. Nov. 20, 2006, Dec. 4, 2006.

Office of the County Treasurer and uses this money to fund its activities.<sup>12</sup>

Other land banks receive funding from the collection of delinquent taxes and fees. For example, the Cleveland Land Bank receives 5 percent of the income from the collection of delinquent taxes by the treasurer's office.<sup>13</sup>

### Funding through the county's general fund

The county's general fund can serve as a major source of funding for the Wayne County Land Bank's operations and programs. The county can include the land bank in its budget. The county could decide to do so because the Wayne County Land Bank will perform important functions in the county's interest by promoting the return of property to productive use, reducing blight in Wayne County neighborhoods, and increasing future property tax revenues. Other governments use general funds to support their land banks. For instance, the Cleveland Land Bank is part of the city's budget. The City of Cleveland funds property maintenance and property management.<sup>14</sup>

## 6.3 Foundation grants

Foundations can provide financial resources to the Wayne County Land Bank to help revitalize neighborhoods through specific projects.

Various foundations that the land bank could approach for funding are:

- Knight Foundation - provides grants for community development based on the priorities of education, child and family well-being, housing and community

development, economic development and civic engagement.<sup>15</sup>

- Skillman Foundation - invests in projects in the metro Detroit area that improve children's homes, schools, and neighborhoods. The Skillman Foundation has targeted five areas in Detroit as of June 2006<sup>16</sup> for improving the lives of families with children.
- Hudson-Webber Foundation - focuses on improving the vitality and quality of life in the metro Detroit area through physical revitalization, economic development, public safety projects, and art and cultural activities.<sup>17</sup>
- Community Foundation for Southeast Michigan - focuses on enhancing the quality of life in Southeast Michigan by significantly increasing the financial resources available for the region's charitable sector effort.<sup>18</sup>

The Wayne County Land Bank can coordinate with these foundations and work in their targeted neighborhoods if they have selected such areas. The land bank can also utilize intermediary institutions, such as the Detroit Local Initiatives Support Corporation (LISC) and national foundations as funding sources.

The Genesee County Treasurer received a grant of \$530,000 in 2002 from the Ruth Mott Foundation to aid in integrating planning for the city of Flint and the metropolitan area into the new land reutilization council's work. The land reutilization council became the land bank.<sup>19</sup>

<sup>12</sup> Christina Kelly, Lead Planner, Genesee County Land Bank Authority. Personal communication. Nov. 20, 2006, Dec. 4, 2006.

<sup>13</sup> Alexander (2004).

<sup>14</sup> Alexander (2004).

<sup>15</sup> John S. and James L. Knight Foundation (2006).

<sup>16</sup> The Skillman Foundation (2006).

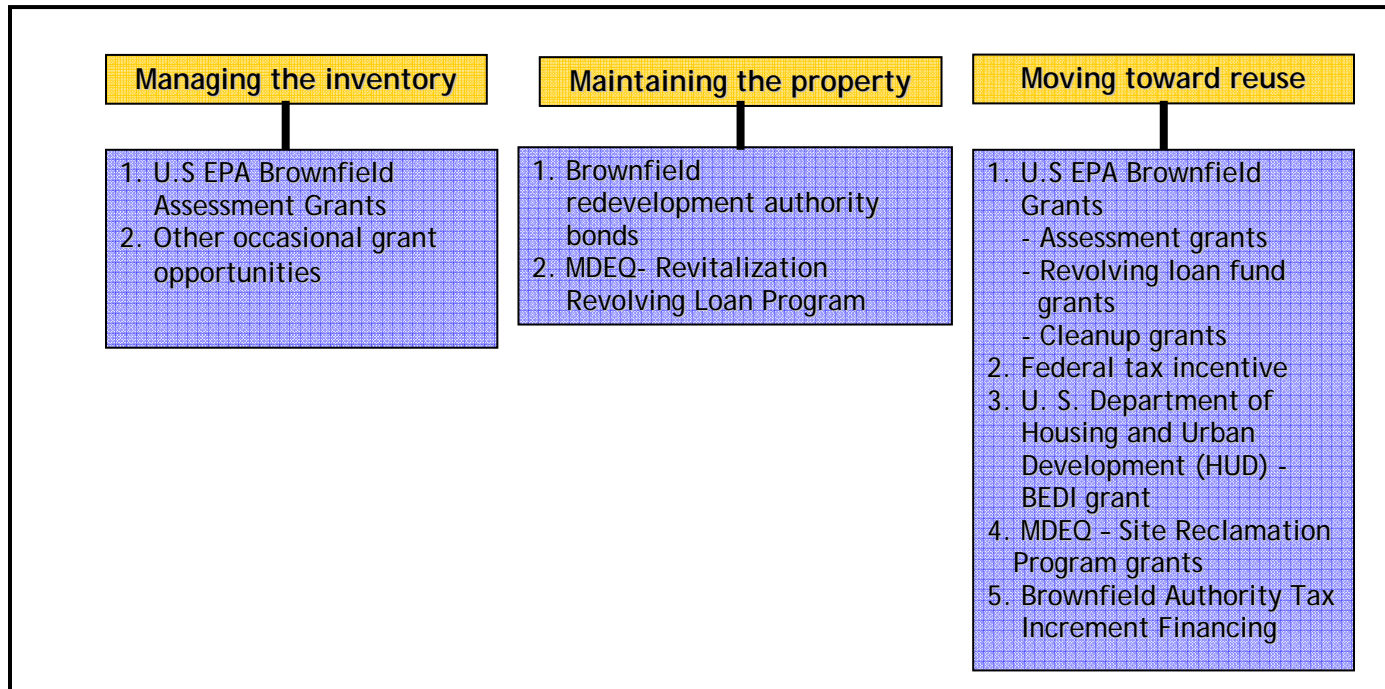
<sup>17</sup> Hudson-Webber Foundation (n.d.).

<sup>18</sup> Community Foundation for Southeast Michigan (2003).

<sup>18</sup> Ruth Mott Foundation (2003).

<sup>19</sup> Ruth Mott Foundation (2003).

Figure 6.1 Funding Sources by Activities



## 6.4 Other sources of funding

In addition to funding available through Michigan land bank legislation, funding allocated from the county treasurer’s office, and possible grants from foundations, various funding sources exist for particular land bank activities. See Figure 6.1 for a summary. The funding sources are categorized according to the three sets of strategies:

- Maintaining the inventory
- Managing the property
- Moving property towards reuse

### 6.4.1 Funding for managing the inventory

The Wayne County Treasurer currently holds about 3300 parcels and by the end of 2006 will likely receive another 4000 parcels not sold at the county auction of foreclosed properties. As suggested in the strategies stated above, to handle this volume of properties, the Wayne County Land Bank will need an up-to-date property inventory and tracking system and a transparent, consistent system for sale of property. The Wayne County Land Bank can take advantage of various funding opportunities for creating and maintaining an inventory and tracking system and for making information available to the public. Several sources are listed below.

## U.S. Environmental Protection Agency (EPA)

### Assessment Grant

The Wayne County Land Bank can apply for EPA site assessment grants of up to \$200,000 per jurisdiction or site for maintaining the inventory, as well as for providing characterization and prioritization for brownfield properties, community outreach, and cleanup planning and design.<sup>20</sup>

### Other occasional grant opportunities

Occasional grant opportunities related to vacant and abandoned properties arise; the Wayne County Land Bank would be eligible to apply for many of these. For example, ESRI, a leader in geographic information system (GIS) software, along with the National Vacant Properties Campaign (NVPC) and Magellan, the GPS software company, created the National Vacant and Abandoned Properties Grant Program.<sup>21</sup> The goal of this program is to foster innovative approaches to solving government and community problems through the combined use of GIS and GPS technology. Ten packages of hardware, software, and training grants totaling \$50,000 have recently been awarded to state, regional, or local governments within the United States. In 2006, the Wayne County Land Bank applied for, but did not receive, this grant.

## 6.4.2 Funding for maintaining the inventory

Various funding sources can assist the land bank with demolition, maintenance costs and rental management.

### Brownfield redevelopment authority bonds

In January of 2004, as part of the legislation linked to the law that enabled the creation of land banks, the State of Michigan approved revisions to the Brownfield Redevelopment Financing

<sup>20</sup> U.S. Environmental Protection Agency (2006).

<sup>21</sup> National Vacant Properties Campaign (2006).

Act, Public Act 381 of 1996, expanding the definition of an “Eligible Property” to include all parcels owned or under the control of a land bank<sup>22</sup>.

The Wayne County Land Bank can partner with the Wayne County Brownfield Redevelopment Authority. The Wayne County Brownfield Redevelopment Authority can issue general obligation bonds and general revenue bonds to fund demolition and other brownfield eligible activities<sup>23</sup> such as:

- Lead and asbestos abatement
- Title clearance
- Site preparation
- Environmental assessments and activities

The Wayne County Brownfield Redevelopment Authority can issue bonds to front the cost of brownfield-eligible activities subject to the land bank’s capacity to pay back the bonds using tax increment financing.<sup>24</sup>

The Genesee County Brownfield Redevelopment Authority issued \$5,000,000 in brownfield bonds to fund demolition and other brownfield eligible activities. The bond funds are reimbursed using brownfield tax increment revenues from a brownfield plan and from redevelopment and sale of 2000 marketable properties under the authority of the Michigan Brownfield Redevelopment Financing Act.<sup>25</sup>

## Michigan Department of Environmental Quality (MDEQ)

### Revitalization Loans

The Wayne County Brownfield Redevelopment Authority under Section 201 of the Natural Resources and Environmental Protection Act (NREPA) is eligible for Michigan Department of Environmental Quality (MDEQ) Revitalization Loans.<sup>26</sup> The Wayne County Land Bank, in partnership with the Wayne County

<sup>22</sup> Michigan Department of Environmental Quality (2006a).

<sup>23</sup> U.S. Environmental Protection Agency (n.d. a)

<sup>24</sup> Michigan Department of Environmental Quality (2006b).

<sup>25</sup> Genesee County Land Bank (2004).

<sup>26</sup> Michigan Department of Environmental Quality (n.d. a).

Brownfield Redevelopment Authority, can apply for this loan and use the money towards:

- Evaluating contaminated or potentially contaminated properties
- Demolishing dangerous or hazardous buildings that obstruct redevelopment
- Conducting interim response actions necessary to investigate a property or demolish a building

The loan amount is negotiable and has a 15-year payback period, beginning with a 5-year grace period with no interest or payment. The loan can be repaid using tax increment financing (TIF) through a brownfield redevelopment authority.

### 6.4.3 Funding for moving property toward reuse

Certain funding sources are available to developers who purchase land bank property and redevelop it. Federal sources of funding use the federal definition of “brownfield,” not the state definition, and therefore do not automatically make land-bank-owned properties eligible for brownfield funding. A “brownfield site,” under the federal definition, is “real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant” with a number of specific exclusions.<sup>27</sup>

These sources include:

#### U.S Environmental Protection Agency (EPA) Brownfield Grants

The Wayne County Land Bank can apply for EPA brownfield grants to carry out assessment and/or cleanup activities at brownfield sites. The land bank is eligible for three competitive grant programs: assessment grants, revolving loan fund grants, and cleanup grants.

<sup>27</sup> U.S Environmental Protection Agency (2006).

**(a) Assessment grants** can provide up to \$200,000 per jurisdiction<sup>28</sup> or site for pre-cleanup environmental activities such as site assessment, inventory, prioritization, community outreach, and cleanup planning and design. In some cases, the applicants may seek a waiver of the \$200,000 limit and request up to \$350,000 for a site contaminated by hazardous substances, pollutants, or contaminants and up to \$350,000 to assess a site contaminated by petroleum. Due to budget limitations, no entity may apply for more than \$700,000 in assessment funding. The performance period for these grants is two years.

**(b) Revolving loan fund (RLF)** grants can provide funding to the land bank to capitalize a revolving loan fund from which the Wayne County Land Bank can provide loans to carry out assessments and/or cleanup activities at brownfield sites. The EPA provides grants of up to \$1 million to establish locally administered loan funds that make low- or no-interest loans for cleanup.<sup>29</sup>

**(c) Cleanup grants** can be used by the land bank to provide direct funding for cleanup activities at a specific site. The land bank can apply for up to five grants. The Wayne County Land Bank would share 20 percent of the cost in terms of money, labor, materials or services with the EPA, although this would not include administrative costs. The grant can provide up to \$200,000 per site.<sup>30</sup> The performance period for these grants is two years.

#### Federal tax incentive

A federal tax incentive encourages the cleanup and redevelopment of brownfields by allowing taxpayers to reduce their taxable income by the cost of their eligible cleanup

<sup>28</sup> U.S Environmental Protection Agency (n.d. a).

<sup>29</sup> U.S Environmental Protection Agency (n.d. b).

<sup>30</sup> U.S Environmental Protection Agency (2005).

expenses.<sup>31</sup>The Wayne County Land Bank can provide eligibility to developers as an incentive for site assessment, cleanup, operations and maintenance costs to developers with redevelopment plans for land bank property. Under the brownfields tax incentive, environmental cleanup costs incurred by developers are fully deductible in the particular year, rather than being capitalized.<sup>32</sup>

### **U. S. Department of Housing and Urban Development (HUD) - Brownfield Economic Development Initiative (BEDI grant)**

The Brownfield Economic Development Initiative (BEDI) is a competitive grant program that HUD administers to stimulate and promote economic and community development. BEDI issues grants of up to \$2 million each to eligible local governments and community development organizations.

The Wayne County Land Bank cannot apply for these grants but can work with various community development organizations that are eligible for this grant. The land bank can plan for its property with community organizations. The grant funds the following activities:

- site acquisition, demolition or remediation costs;
- infrastructure construction or reconstruction<sup>33</sup>

### **Michigan Department of Environmental Quality (MDEQ) - Site Reclamation Program Grants (SRPG)<sup>34</sup>**

The Wayne County Land Bank can apply for Site Reclamation Program grants to investigate and remediate known sites of environmental contamination. The Wayne County Land Bank is eligible for this grant for site remediation and projects with economic redevelopment potential. The maximum grant award

is \$1 million per project. The grant can fund the following activities:

- Environmental investigations and assessments
- Interim and due care response activities necessary for the proposed development

The Wayne County Land Bank can apply for only one project during any fiscal year.

### **Brownfield Redevelopment Authority Tax Increment Financing (TIF)**

The Wayne County Land Bank in partnership with the brownfield redevelopment authority can capture tax increment revenue generated by reuse of brownfield property to pay for costs of its eligible activities in accordance with a brownfield plan.<sup>35</sup>

A brownfield redevelopment authority TIF provides reimbursement to parties who incur eligible expenses and repay loans. The Wayne County Brownfield Redevelopment Authority can utilize tax increment financing to fund eligible activities related to redevelopment such as:

- Property acquisition
- Site planning
- Environmental site assessments
- Clean up of contaminated property
- Infrastructure improvements such as upgrading streets
- Assistance in clearing and quieting title
- Assistance in selling or conveying property

The Wayne County Land Bank can utilize a variety of funding sources to finance its activities. These funding sources make possible the wide array of activities the land bank might pursue. The following chapter outlines ways the land bank can manage and distribute these resources.

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<sup>31</sup> U.S Environmental Protection Agency (2005).

<sup>32</sup> U.S Environmental Protection Agency (n.d.).

<sup>33</sup> U.S Department of Housing and Urban Development (2006b).

<sup>34</sup> Michigan Department of Environmental Quality (2006a)

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<sup>35</sup> Michigan Department of Environmental Quality (2006b).



## Chapter 7 Management and Timeline

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To implement the strategies outlined in the previous chapters, the land bank can target limited resources and tailor its strategies for particular neighborhoods. With a targeted approach, the land bank can strategically distribute its resources to have a greater impact on an area. In this way land bank programs may be more effective, as its strategies and resources are tailored to particular neighborhood conditions.

The following sections discuss possible classification systems the land bank can use to target areas and determine how and where to distribute its resources. A timeline shows one possible plan for the land bank to implement the programs and activities discussed in previous chapters, with the subsequent section outlining staffing functions that may be necessary to manage the land bank's activities, particularly in the land bank's start up years.

A first step in choosing target areas for intervention is developing a system for categorizing and comparing different areas of the county.

### 7.1 Developing a classification system

Classifying areas is useful for determining which approaches the land bank can use in different areas. A first step in developing a classification system is identifying what information sources are available to analyze and classify neighborhoods. Considerations in choosing data to classify neighborhoods include:

- Availability of data - data should be readily accessible, of known reliability, and uniform citywide
- Variable selection - indicators should reference particular places (such as census tracts) so that different neighborhoods are easily comparable

After collecting data, a next step involves developing a method of comparing different areas to determine which types of areas require what levels of assistance.

• The Reinvestment Fund, a community investment group that specializes in financing neighborhood redevelopment, uses a system to classify neighborhoods in Philadelphia and Baltimore that is based on market analysis. Their system uses the following indicators to determine market clusters:

- Housing sales prices
- Demolition activity
- Vacancy rates
- Presence/extent of subsidized housing
- Presence of residential properties with building code violations
- Owner occupancy rates
- Age of housing
- Mix of commercial and residential uses
- Credit scores/mortgage foreclosures/ratio of prime to subprime mortgage loans originated<sup>1</sup>

Employing market indicators to classify areas of the two cities allows government agencies to target areas that will leverage their investments and strengthen neighborhoods. This "Market Value Analysis" (MVA) approach uses census data to identify groupings of areas with similar market characteristics, while simultaneously highlighting differences across groups. The result illustrates market areas that are more analytically defined than traditional neighborhood boundaries (Figure 7.1).<sup>2</sup> Philadelphia uses six

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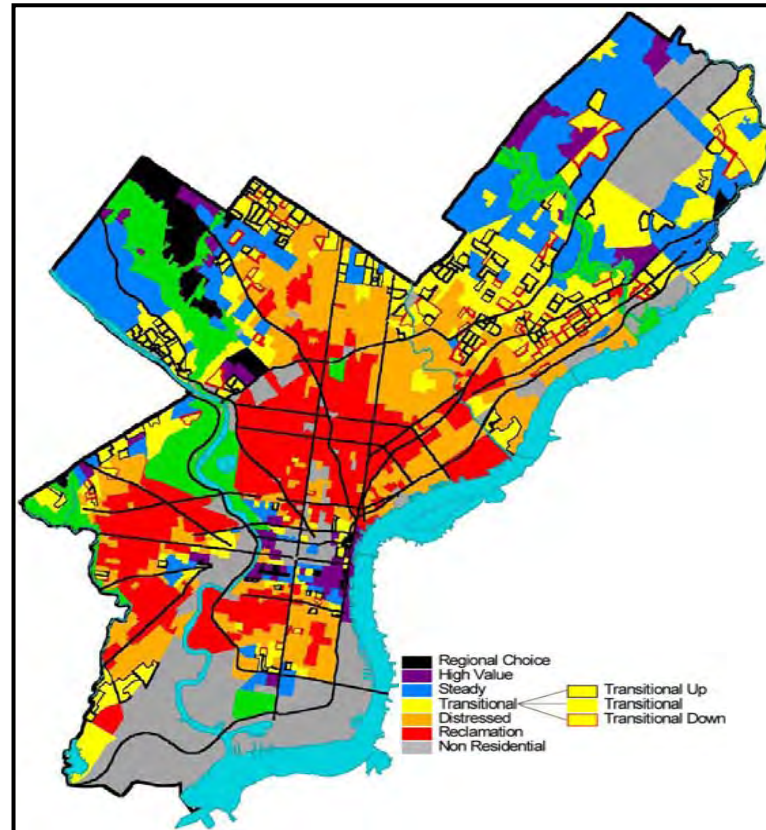
<sup>1</sup> Closkey & Goldstein (2006).

<sup>2</sup> Ibid.

categories to characterize neighborhoods in an effort to determine which strategies will have the greatest effect in each area. Table 7.1 presents more detailed descriptions of these categories and possible government activities for each classification.

The baseline data collected for the MVA is used to evaluate the impact of investments made in different areas and serves as a record of the progress made through targeted investment.

**Figure 7.1 Philadelphia's Market Area Analysis**



*Source: The Reinvestment Fund (2003).*

**Table 7.1 Philadelphia Market Classifications**

Type of Market	Characterized by:	Government Activity:
High Value Appreciating	High value housing, strong price appreciation, population stability and in some instances growth	Active code enforcement, enhance streetscape appeal, market neighborhood identity, remove barriers to new investment
Steady Markets	Predominantly owner-occupied, relatively high and stable housing prices, homes in good physical condition	Active code enforcement, undertake capital projects to smooth transitions between market types, rapid response to any vacant units or public nuisance, invest in streetscape improvements
Transitional Markets	Population shifts, home to a disproportionate share of the City's aged, dangerous properties are apparent	Carefully balance market-rate with any subsidized housing, target social services and human relations assistance, investment in commercial district quality to smooth transition, rapid encapsulation and rehabilitation of all vacant units, respond to all broken window symptoms
Distressed Markets	Elevated vacancies, above average level of publicly assisted housing, some of the most substantial population losses in the City	Facilitate strategic site acquisition and assembly, pursue investment partnerships with neighborhood anchors, vigorous model block organizing/preservation investments, rapid response encapsulation, acquisition, rehabilitation
Reclamation Markets	Substantial population loss, low property values, elevated vacancy rates	Pursue investment partnerships with neighborhood anchors, preservation investments on strong blocks/markets, strategic site acquisition and assembly, large scale site acquisition and parcel marketing, fund projects at critical scale

Source: *The Reinvestment Fund (2003)*.

• The Genesee County Land Bank uses Preservation, Stabilization, Rejuvenation and Strategic Intervention areas to classify its neighborhoods and focus appropriate resources in areas where they

may produce the greatest results. Table 7.2 below presents a more detailed description of these categories and possible land bank activities for each classification.

**Table 7.2 Genesee County Land Bank Areas for Intervention**

Goal for Intervention	Description	Land Bank Activities
Preservation	Areas characterized by a functioning housing market, with high rates of homeownership and high property values	-Renovate foreclosed property to neighborhood standards and sell at market value; -Monitor areas closely and intervene as necessary to maintain neighborhood stability
Stabilization	Areas characterized by moderate real estate values and average homeownership rates; some areas could be at risk of decline as indicated by occasional tax delinquency or tax foreclosure on property	-Targeted interventions through side lot sales and code enforcement; -Work with private developers and CDCs on market rate and affordable residential housing renovations and infill
Rejuvenation	Areas that have experienced decline but have potential for new investment because of their location next to the downtown or functioning housing market areas	-Blight removal -Work with CDCs and private developers on housing renovation and infill development projects -Work with neighborhood groups on code enforcement, to create public green space, and to sell side lots
Strategic Intervention	Areas that have experienced significant decline and have dense concentrations of abandoned properties, requiring the elimination of blight and redevelopment through strategic intervention	-Remove surplus of vacant and uninhabitable housing units, create public green space, sell side lots, assemble land for development, target housing renovations and infill, and code enforcement

Source: Genesee County Land Bank (2005, pp. 2-3).

- Another method of comparing different areas of the city based on census indicators is a “neighborhood strength index,” which compares census data for smaller neighborhood areas to city averages. Planners working with the City of Detroit’s Planning & Development Department created an index for the City of Detroit using a ranking system to classify areas, where census tracts with a ranking of 1 are the weakest and 10 are the strongest. The average census tract score is 6. This system uses six indicators that serve as the basis for comparison:

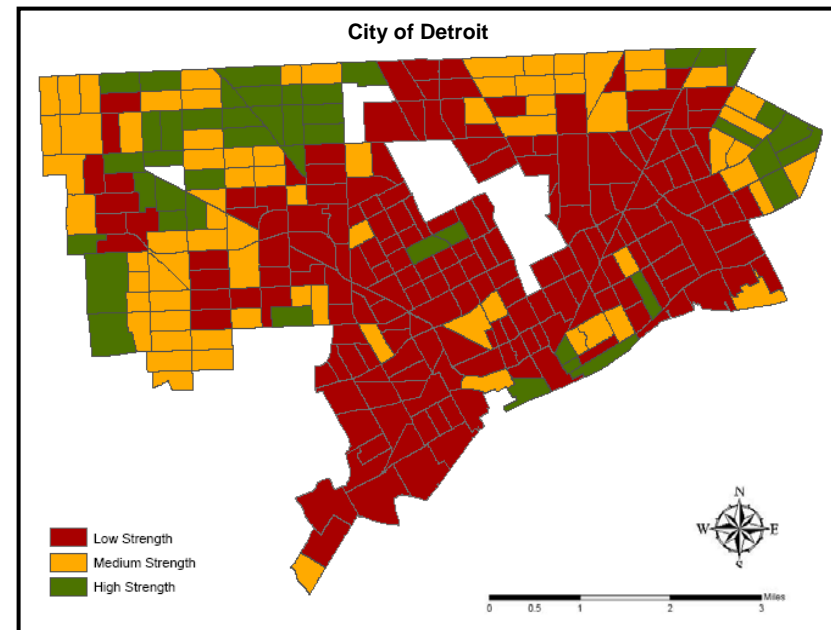
- Rate of owner-occupancy
- Number of occupied units
- Households above the poverty line
- Median household income
- Population below age 65
- Workers employed in professional or managerial occupations

Figure 7.2 shows the result of this ranking using the strength indicators listed above. Areas with strength indices below 5 are classified as “Low Strength”; areas with strength indices of 5-6 are “Medium Strength”; and areas with strength indices of 7-10 are “High Strength” areas. This classification system was not created for the Wayne County Land Bank or with the purpose of ranking investment needs and opportunities. However, because this system has already been created, the land bank could use it as a starting point to create a system for classifying areas of the city to determine how best to tailor its strategies and allocate its resources.

Further opportunities for collaborating with the City of Detroit in the classification process exist in the Reinforce, Revitalize, Redevelop categories used by the Planning and Development Department.<sup>3</sup> Combining the neighborhood strength index with these three general categories, the land bank can classify planning strategies based on general neighborhood condition.

<sup>3</sup> Palazzolo, Tim, Planner, City of Detroit Planning & Development Department. Personal communication. October 11, 2006.

Figure 7.2 Neighborhood Strength Index



Source: City of Detroit Planning & Development Department.

In chapter 8, this plan uses the following guidelines to define three neighborhood classes where the land bank could own property and to illustrate the ways the land bank can apply different approaches in different types of neighborhoods:

- **Reinforce** is used to describe rather stable areas that have few state-, county- and city-owned properties and do not need intense investment but can benefit from small measures that help improve the market function. The land bank can target properties in these areas for reuse through a side lot program or by readying them for resale at near market values. A mix of market value and affordable housing may help control decline.
- **Revitalize** describes areas that are experiencing abandonment and are at risk of declining further without land bank intervention. Infill housing, renovation, side lot transfers, demolition, and green space creation are a few

of the strategies the land bank may employ in strengthening these areas.

- **Redevelop** characterizes Detroit's most distressed areas. Abandonment is widespread and is only one symptom of neighborhood problems. These neighborhoods require public intervention to stimulate investment where little demand for land currently exists. These neighborhoods could be targeted for demolition, green space creation, and property banking programs as appropriate.

Once the land bank chooses a classification system, it can group neighborhoods based on the chosen indicators in an effort to determine how to distribute its resources. For example, the land bank may choose to target certain areas for more intensified intervention that would require a stronger concentration of resources.

With the establishment of an allocation system based on neighborhood priority needs, follow up actions may include:

- Evaluating and reporting progress
- Keeping neighborhood classification data updated through regular data collection processes
- Revising priority needs as neighborhood character changes

Since the land bank will not be able to implement all of its programs immediately, the next section discusses ways the land bank could time the development of its activities.

## 7.2 Timeline and implementation

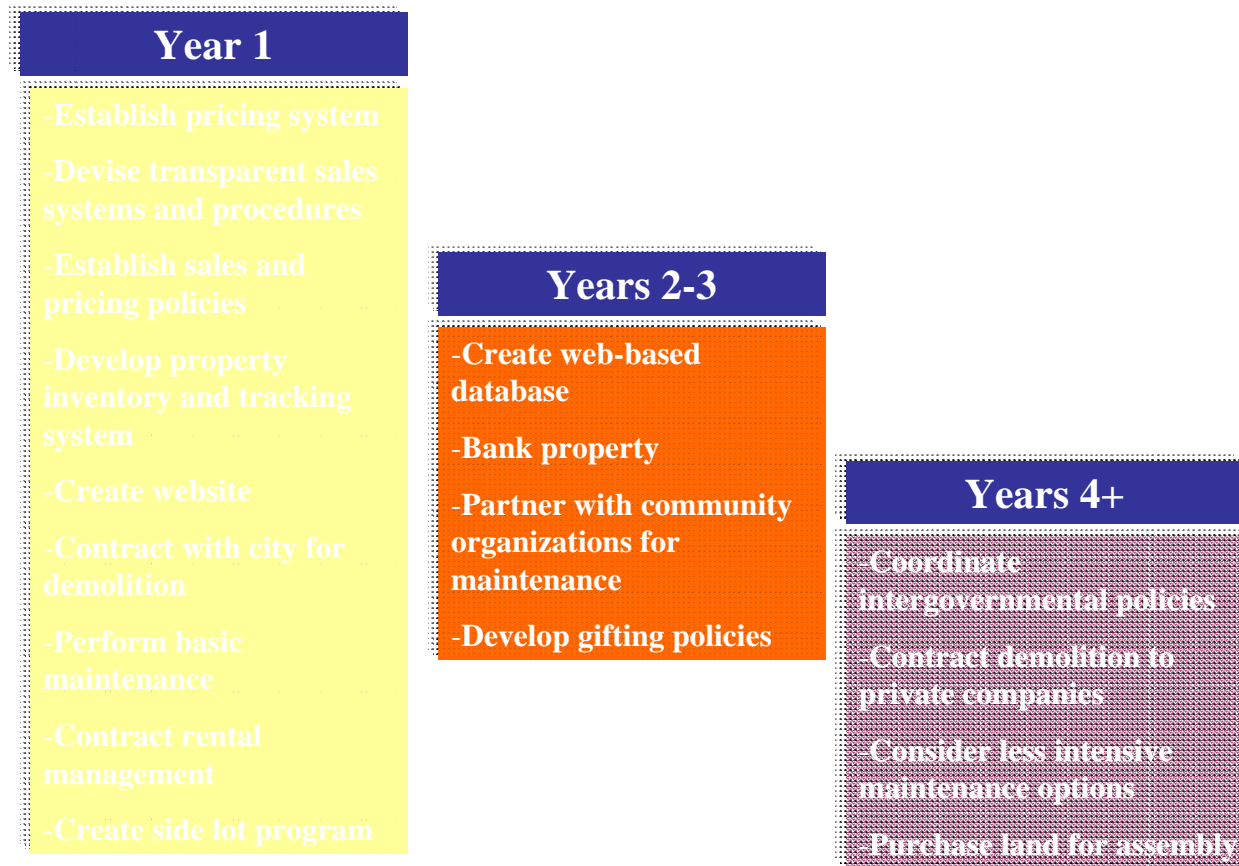
By starting with actions to manage its inventory, such as creating a county-wide property inventory and tracking system and categorizing properties according to their condition, the land bank can gradually expand its activities as it builds capacity. By setting realistic goals for action, the land bank may create benchmarks that it can use to measure and report its success.

The timeline is divided into three phases of short-, medium-, and longer-term activities. Short-term activities ideally occur within the first year the land bank is in operation and are those that either form the foundation from which other programs can build (such as establishing a pricing system and open and transparent application and sales procedures), are obligatory activities (maintenance and demolition), or require little funding or administration (such as a side lot sales program). The land bank might implement medium-term activities, which often build on previous actions, in its second and third years of operation as more funding becomes available. Long-term activities may take four or more years to implement and may require more resources and planning or are less integral to the land bank's operation. Figure 7.3 lays out possible timing for undertaking the strategies discussed in Chapters 3 through 5.

Some of the land bank's more urgent responsibilities in its start-up years include establishing a standard pricing system and a transparent process for setting prices; developing transparent policies and procedures for the sale of property; setting up a property inventory and tracking system to organize its property; and creating a website to provide basic information to the public. Other activities include property maintenance and the demolition of dangerous structures. Implementing a rental management arrangement for existing occupants of land-bank-owned homes is also a possibility for this time period, depending on whether the land bank acquires any occupied properties. Creating a side lot sales program within the first year of operation is another possibility because it requires low start-up costs.

In years two and three of the land bank's operations it can implement a web-based database and might begin to accept properties from outside entities for banking purposes. It may also begin to plan for the strategic banking of its own properties. It might expand its maintenance program to partner with community organizations, and it may develop policies to facilitate the gifting of properties to the land bank.

Figure 7.3 Timeline for Program Implementation



As the land bank gradually builds its capacity and as more funding becomes available, it may begin to expand its activities and coordinate with city and state governments to streamline administrative processes and find more effective ways to reuse property to achieve the land bank’s goals. It might contract

demolition to private companies that can offer a lower price, and it may look into less intensive maintenance options such as planting slow-growing grass or creating community gardens. The purchase of land for later assembly might also be an option, depending on the land bank’s resources.

### 7.3 Staffing

The land bank may also consider staffing requirements in determining how to manage and allocate its resources. While Wayne County has a large inventory of properties to manage, the land bank may be able to contract out some of its staffing functions to private businesses or CDCs.

Other land banks' staffing suggests what the Wayne County Land Bank may need. For example, the Genesee County Land Bank staff consists of:

- An office manager (customer service)
- A brownfield/demolition coordinator
- A chief financial officer
- A transaction specialist
- A GIS/data manager (part-time/split with the Treasurer's Office)
- A maintenance technician
- A property manager
- A construction manager
- A sales consultant
- Lead and neighborhood planners<sup>4</sup>

Genesee County employs nine full-time staff members and one part-time staff person to oversee its more than 4,000 properties.<sup>5</sup>

At a minimum, the land bank may consider hiring one full-time staff member to oversee demolitions. The role of this person could encompass a range of activities, including:

- Devise a checklist to assess properties during site visits
- Coordinate requests for proposals (RFPs) for demolition contracts

- Coordinate with demolition contractors, personnel, and other city and county offices
- Monitor demolition of the identified structures

A staff member to manage the activities of the land bank's maintenance program might also prove necessary, given the large quantity of properties that the land bank may need to maintain.

With management and allocation systems in place, the land bank might implement programs that are more strategically tailored to individual neighborhood needs. The next chapter illustrates how the strategies discussed in previous chapters might come together in a particular neighborhood to realize the land bank's goals

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<sup>4</sup> Genesee County Land Bank (2004).

<sup>5</sup> Christina Kelly, Lead Planner, Genesee County Land Bank. Personal communication. December 6, 2006.



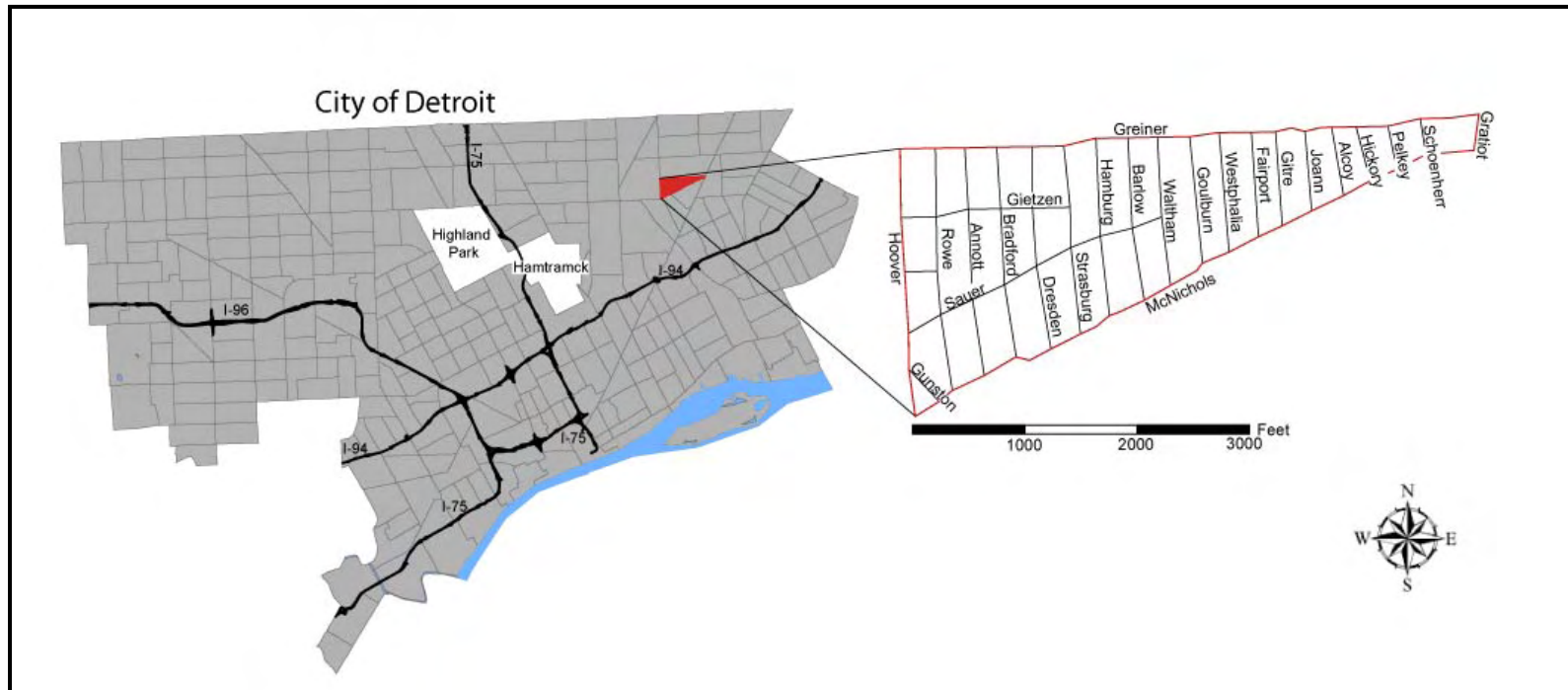
## Chapter 8

### Illustration: The Neighborhood-Level Impact of a Land Bank

A smaller-scale examination of the three sets of strategies can help demonstrate the land bank's potential impact on an individual neighborhood. This chapter investigates a small area of Detroit, illustrating potential changes created by land bank activities.

Called the "Greiner area" for the purposes of this plan, the area is in the Osborn community of northeastern Detroit. The Greiner area is a triangle just west of Gratiot, bounded by Hoover to the west, Greiner to the north, and McNichols to the south (see Figure 8.1).

Figure 8.1 Detroit, Michigan, and the Greiner Area



Source: City of Detroit Planning & Development Department.

Figure 8.2 Greiner Area Property Ownership



Sources: Detroit Community Initiative, City of Detroit Planning & Development Department, Office of the Wayne County Treasurer, Michigan Land Bank Fast Track Authority, field research by the authors.

This plan focuses on the Greiner area for a variety of reasons. First, the area has a medium-high concentration of vacant, abandoned and tax-reverted properties. More than 15 percent of the 1,060 parcels in the area contain no structures. Wayne

County owns 25 neighborhood parcels, with 19 additional properties likely to enter the county treasurer’s inventory this

year.<sup>1</sup> The City of Detroit and the Michigan Land Bank Fast Track Authority (MLBFTA) own an additional 80 properties (7.5 percent). Because 67 of the vacant lots are privately owned, the area also presents possibilities to observe the market impact of land bank strategies on properties it does not control (see Figure 8.2).

Second, although the scale of abandonment is great enough to demonstrate the potential for the land bank to influence a neighborhood's future landscape, this neighborhood has less abandonment than do neighborhoods to the east and to the south. The Greiner area lies between areas of great vacancy and areas with virtually no vacancy. This fact allows the neighborhood to serve as a buffer and offers an opportunity to examine the potential of the land bank to assist in stemming the spread of abandonment.

Third, the Greiner area has many community assets to build upon as the land bank carries out new activities (see Figure 8.3). With so many assets visible while abandonment is spreading westward across the neighborhood, this area can help illustrate the land bank's potential to take advantage of assets and strengthen neighborhoods through community partnerships. Our Lady of Good Counsel Parish is located on McNichols (near Hoover) with several more churches situated nearby. The new Brenda Scott Middle School, Osborn High School and Fleming Elementary School (just north of Greiner), represent Detroit Public Schools' presence in the area. Additional educational and recreational resources include Franklin Public Library (on McNichols, near Gratiot), Bessy Playground (at the new middle school complex) and the Matrix Family Service Center which hosts YMCA and HeadStart programs (on McNichols near Gratiot).

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<sup>1</sup> These are tax-foreclosed properties that remain unsold after three auctions in 2006.

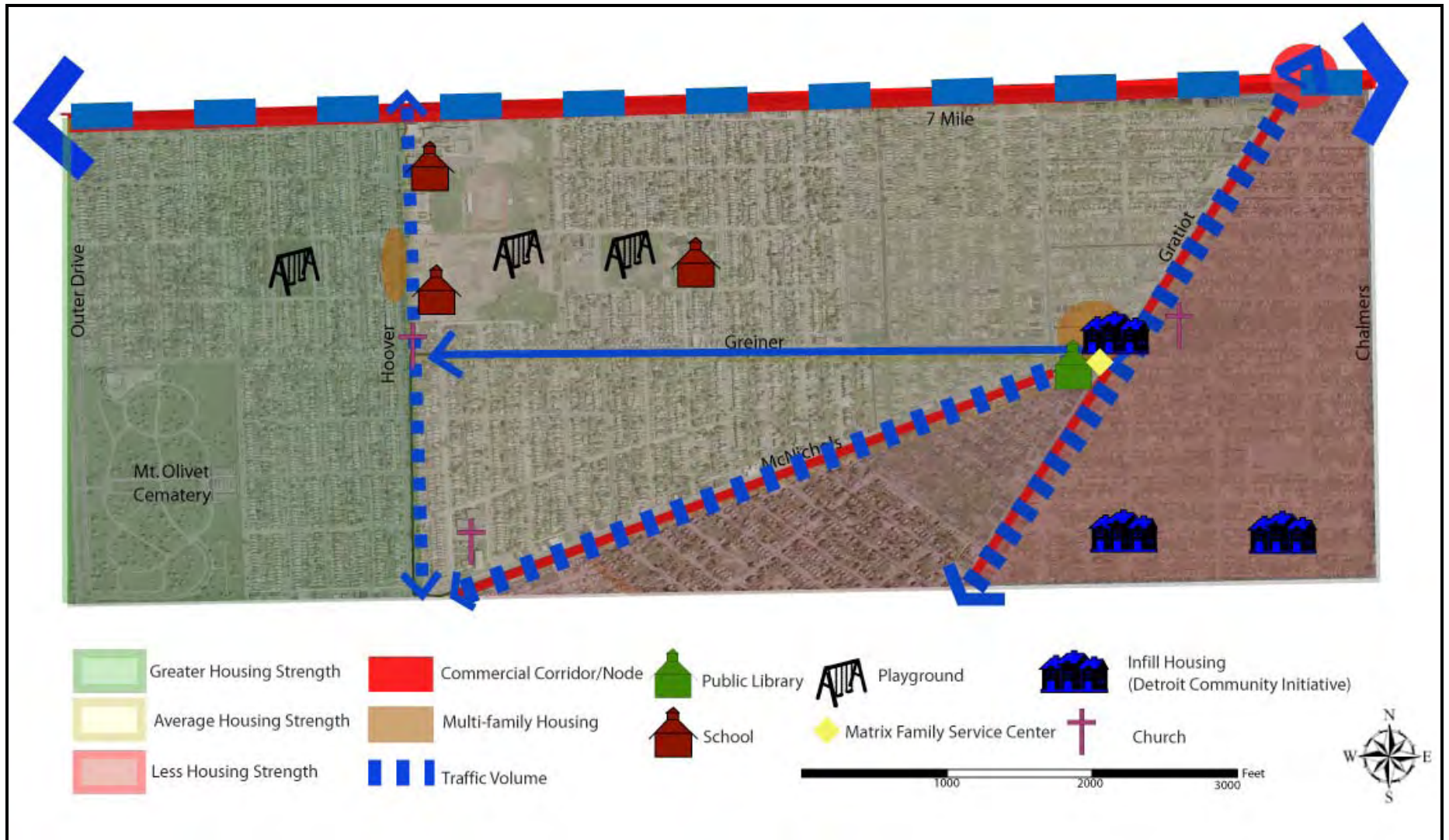
Last, a foundation and a community development corporation are committed to the area. The Skillman Foundation chose the Osborn community as a target area and is investing in the needs of children in the community. The Skillman Foundation targeted the area, in part, because of its above-average concentration of young residents. Land bank investment in the Greiner area can help create a healthier physical environment for children, building upon the existing investment by the Skillman Foundation. The Detroit Community Initiative (a community-based nonprofit) also has several programs serving families in the neighborhood and is currently planning approximately 60 single family rental and for-sale units in the McNichols/Schoenherr area. With the expertise and funding to build new single family homes for sale or rent at affordable rates, DCI is already attempting to increase property values, return small quantities of land to productive use and revitalize the neighborhood. DCI offers redevelopment resources for the land bank to build upon. The addition of land bank resources can increase the impact of existing DCI activities.

The next section provides more background on the Greiner area as the basis for illustrating the potential impact of land bank activities in the area.

### Neighborhood at a Glance

- 1,060 total land parcels
- 34 State-owned
- 44 County-owned
- 46 City-owned
- 67 Privately owned vacant parcels
- 11 Detroit Community Initiative CDC parcels

Figure 8.3 Greiner Area Neighborhood Assets



Sources: U.S. Geological Survey (2000), City of Detroit Planning & Development Department, field research by the authors.

## 8.1 Character of the Greiner area

The area's demographic and housing characteristics help suggest which land bank strategies may best apply. At the time of the 2000 census, the Greiner area had a population of about 3,300. Thirty percent of these people lived below the poverty line (compared to 26 percent citywide). Of the 97 percent of the Greiner area population claiming one race in the 2000 census, 7 percent were White, 13 percent were Asian and 76 percent were Black or African American. The neighborhood's Asian population is much larger than in many other neighborhoods, attributable to the immigrant Hmong population.<sup>2</sup> Another demographic characteristic is the above average percentage of the population under age 18 (about 40 percent in Greiner compared to about 31 percent citywide).<sup>3</sup>

The Greiner area is mostly residential, with a few commercial properties on McNichols. The area contained 1,041 housing units as of the 2000 census, with an owner-occupancy rate of 56 percent. The median age of the housing stock in 2000 was 54 years old.<sup>4</sup> The homes on the west end are mostly brick and appear to be newer than the homes on the east end. Figures 8.4 and 8.5 represent the different types of housing in the west and east sides.

Figure 8.4 Typical Architectural Style, West Side



Figure 8.5 Typical Architectural Style, East Side



*Source: County-Owned Properties, Greiner area, field research by the authors.*

<sup>2</sup> Asians are one percent of the population of the City of Detroit

<sup>3</sup> U.S. Census Bureau (2000).

<sup>4</sup> Ibid.

**Table 8.1 Neighborhood Characteristics Surrounding the Greiner Area, 2000**

	Total Population	% of Pop. Under Age 18	Total # of Housing Units	% Housing Units Vacant	% Occupied Housing Units Rental	Median Contract Rent	Median Household Income	Median Gross Rent as a % of Household Income	Median Age of Housing Units
<b>Greiner Area</b>	<b>3,302</b>	<b>39.76%</b>	<b>1,041</b>	<b>10.18%</b>	<b>44.49%</b>	<b>\$364</b>	<b>\$29,973</b>	<b>23.60%</b>	<b>54</b>
East	4,517	45.10%	1,437	16.70%	67.34%	\$377	\$22,021	39.10%	53
North	6,435	41.99%	1,995	9.27%	45.30%	\$394	\$25,875	38.20%	55
South	3,189	40.14%	1,033	9.39%	47.33%	\$374	\$25,592	33.60%	56
Southeast	2,774	46.83%	817	12.36%	62.85%	\$368	\$19,455	31.40%	56
West	4,105	31.35%	1,423	2.39%	29.02%	\$432	\$41,719	22.90%	53
City of Detroit	951,270	31.09%	375,096	10.31%	40.46%	\$383	\$29,526	26.90%	58
Wayne County	2,061,162	28.03%	826,145	6.98%	31.05%	\$428	\$40,776	25.00%	52

*Data Source: U.S. Census Bureau. (2000).*

To compare the overall strength of the neighborhood to the rest of Detroit, the neighborhood strength index developed by the Planning and Development Department uses 2000 census data, ranking neighborhoods from 1 through 10, with the healthiest neighborhoods achieving a ranking of ten.<sup>5</sup> The Greiner area has an aggregate score of 5.7 (Figure 8.3), slightly below average; but its bordering neighborhoods are above average and well-below average, indicating that the area lies in a transition zone with potential to improve or decline.

Because the vacancy rates in the Greiner area seem to indicate that abandonment and blight are spreading from east to west, examining characteristics of surrounding neighborhoods can give further insight into related challenges and the extent of the problem. In the area bordering the Greiner neighborhood to the west, slightly less than 30 percent of housing units were renter-occupied in 2000, while neighborhoods to the east and southeast had significantly higher levels of renter-occupancy than the Greiner area. Table 8.1 shows that areas with higher rates of renter-occupancy also seemed to have higher vacancy rates (see Appendix for reference map).

<sup>5</sup> The neighborhood strength index ranking process is further discussed in Chapter 7.

Rents in the Greiner area were lower than all surrounding areas in 2000, and median household income was higher than in most of those areas and close to the city's median. Therefore, the median gross rent was less than one-quarter of household income, indicating that for the majority of households housing was affordable in the Greiner area.

## 8.2 Land bank opportunities

The characteristics of the Greiner area suggest four objectives aimed at achieving the land bank's goals of protecting and increasing property values; returning vacant and abandoned property to productive uses; and strengthening, stabilizing and revitalizing neighborhoods:

- Demolish dangerous buildings
- Improve property maintenance
- Promote alternative land uses such as enlarged side yards, play lots and community gardens
- Assist organizations in developing well-planned infill housing

These objectives serve as a guide to focus potential land bank strategies on the specific needs of this neighborhood. In particular, the need to stop the spread of abandonment into the western half of the area, the need to encourage reinvestment in the eastern half, and the need to improve safety.

Figure 8.6 shows the Greiner area divided into three sections -- Reinforce, Revitalize and Redevelop<sup>6</sup> -- based upon the levels of property vacancy and the number of publicly owned properties. The western (yellow) zone from Hoover through Strasburg is categorized as a Reinforce area. It is the strongest of the three sections, with only a few scattered county-owned parcels. The middle (pink) zone from Hamburg through Waltham, a Revitalize area, acts as a buffer between east and west and has less vacancy and a smaller number of publicly held parcels than the eastern zone. The majority of the county-owned land in this zone is tax-reverted land that did not sell in the 2006 auctions. These parcels will likely enter the county inventory this year. The eastern (brown) zone from Goulburn to Schoenherr can be characterized as a Redevelopment area. It has the highest levels of vacancy and publicly owned property. Applications of the four objectives to the Redevelop, Revitalize and Reinforce zones are explored here.

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<sup>6</sup> See Chapter 7.

Figure 8.6 Greiner Area Strategy Zones



Source: U.S. Geological Survey (2000).

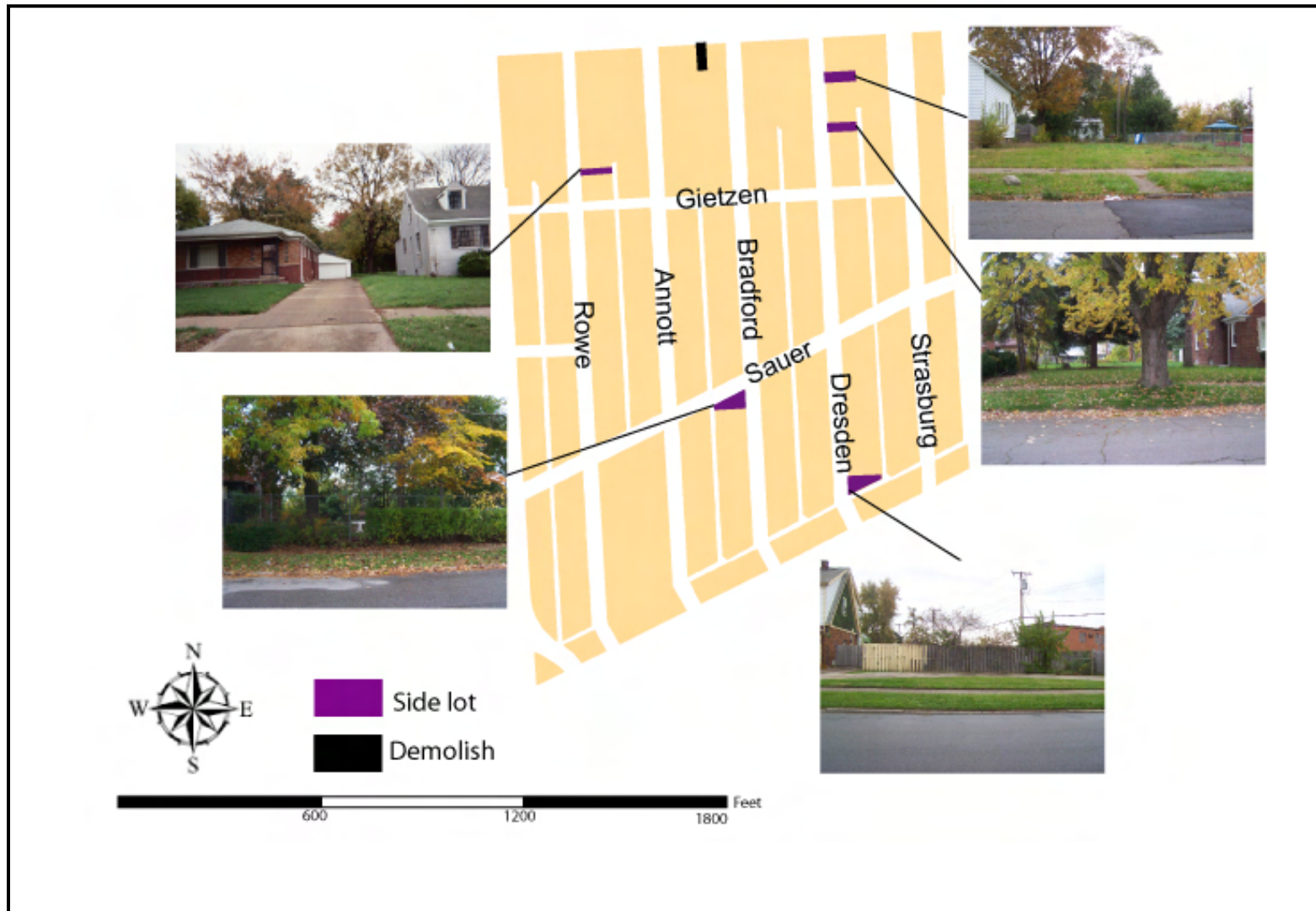
### Reinforce

The first of the Greiner area's three strategy zones is the Reinforce area (Figure 8.7). The county owns six scattered lots in this zone. Aside from one structure on Greiner that will likely enter the county inventory this year and is already marked for demolition by the city, this area needs only resources to reinforce its strength, the quality of its housing stock and the maintenance of its open space. A key objective in this area is to promote alternative land uses, particularly through the sale of

as many lots as possible as side lots. The sale of side lots to adjacent homeowners relieves the land bank of maintenance and liability costs. Neighbors already maintain many of these lots. Some are even fenced. If lots large enough to build on (i.e. double lots and corner lots) or if structures in good condition enter the inventory, selling the property and using the proceeds to support land bank activities in the weaker zones are viable alternatives.



Figure 8.7 Greiner Area Reinforce Zone



Sources: City of Detroit Planning & Development Department, Office of the Wayne County Treasurer, field research by the authors.

## Revitalize

The second of the Greiner area's strategy zones is the Revitalize area (Figure 8.8).

Figure 8.8 Greiner Area Revitalize Zone



Sources: City of Detroit Planning & Development Department, Office of the Wayne County Treasurer, field research by the authors.

The county owns nine properties in the Revitalize zone. None of these properties contain structures requiring demolition. All but two of these lots have potential as side yards. Two contiguous county-owned lots are large enough to offer ample space for a

community garden or playground. If organizations like the Greening of Detroit become partners, few maintenance costs are involved in using the property for a garden. Alternatively, the lot could receive basic mowing and maintenance until greater market demand materializes. When market demand is

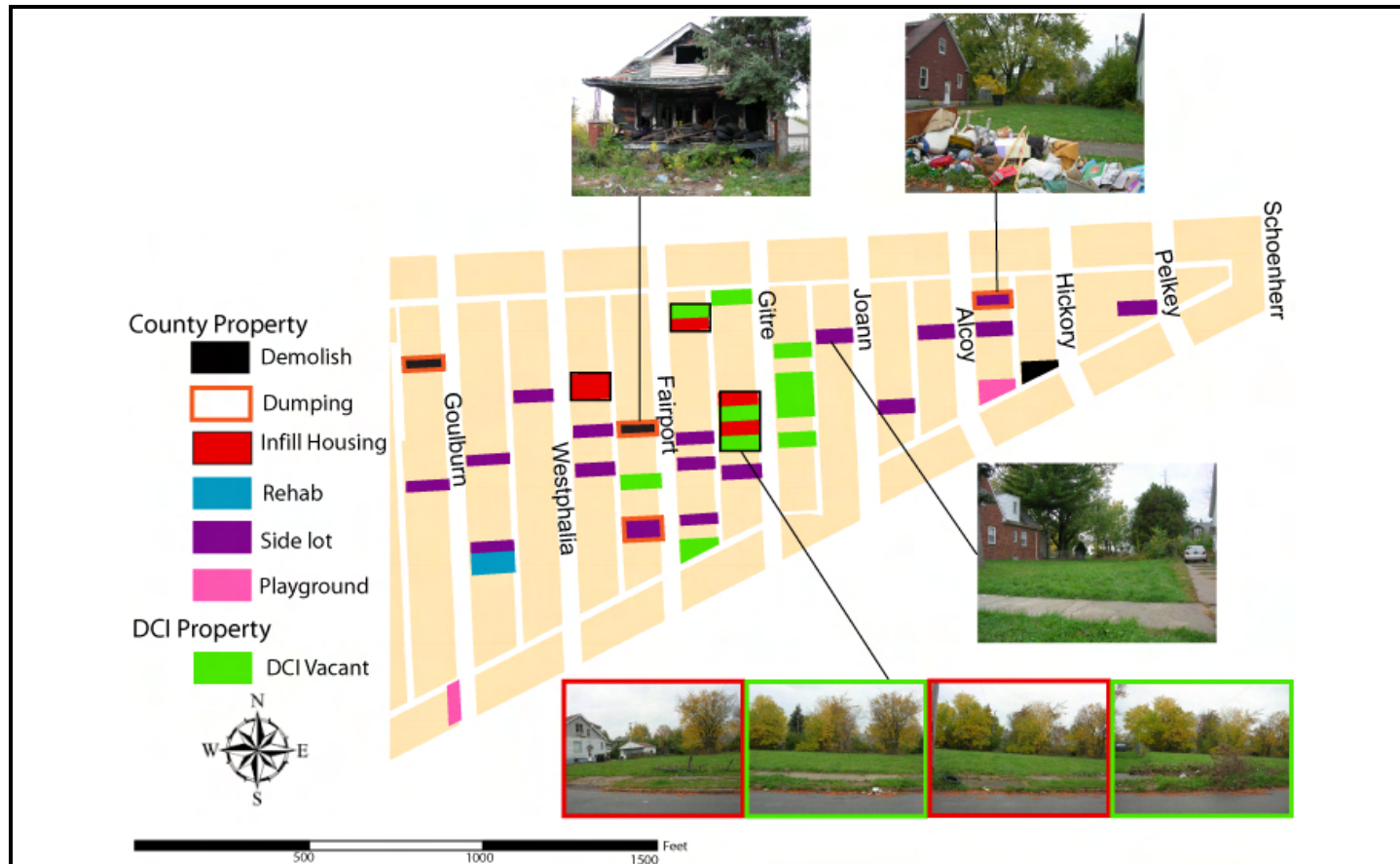
present, two adjacent vacant lots become candidates to sell together for use for a single-family house. The Wayne County Land Bank can coordinate with the City of Detroit and the MLBFTA to develop ways to reuse adjacent publicly owned parcels as shown in Figure 8.2. For example, the land bank might consolidate adjacent publicly owned lots to form larger recreation areas or parks. It might also work in

coordination within the Skillman Foundation to plan community spaces with their area of investment.

### Redevelop

The Greiner area’s final strategy zone is the Redevelop area (Figure 8.9).

Figure 8.9 Greiner Area Redevelop Zone



Sources: Detroit Planning & Development Department, Office of the Wayne County Treasurer, Detroit Community Initiative, field research by the authors.

With thirty county-owned properties, all revitalization objectives are relevant in the eastern zone of the area. First, three structures appear to require demolition. The abandoned structures requiring demolition pose immediate safety hazards. As discussed in Chapter 4, the cost to demolish one home, to remove the debris and to plant slow-growth grass in the City of Detroit is estimated at \$6,000-7,500. Demolishing the three county-owned properties immediately would cost about \$18,000 to \$22,500. In addition to the three structures requiring immediate demolition, one more structure requires major repairs. If this structure and others deteriorate beyond the point of rehabilitation or begin to pose safety threats, the area will likely require more demolition resources in the coming years. As land bank activities grow across the neighborhood, the need to demolish immediately dangerous buildings may become less pressing. At this point, the land bank can consider prioritizing structures for immediate and future demolition based upon their ability to advance neighborhood redevelopment plans and to stimulate market activity in the surrounding area. For example, Detroit Community Initiative is investing near the Greiner area through the development of Ramona Homes. Prioritizing the demolition needs near this new development leverages the investment of others, further reducing the need for future demolitions.

The next issue requiring attention in this zone is property maintenance. In October 2006, four county properties in this area had major dumping problems (the two recommended for demolition and two additional parcels). By cleaning up lots, the land bank can help prevent future dumping. A possible partnership with DCI can also help discourage more dumping. Areas benefiting from local oversight tend to avoid the dumping problems associated with abandonment and neglect. Because DCI already has a program employing youth, adding trash clean-up to the list of activities they are engaged in can benefit the land bank and the community at large by reducing incidents of dumping.

Seventeen of the county-owned parcels in this area have no structures and are adjacent to at least one single family home. Because these parcels are not large enough for new homes according to the city's regulations, they are good candidates to be sold as side lots if the adjacent homes are owner-occupied.

Where side lot sales are not possible, an infill housing strategy can contribute to the redevelopment efforts. Through the sale of large lots to DCI and other developers with plans, the land bank has the opportunity to encourage the development of improved housing stock in this area. Combining this zone's two small county-owned parcels into a larger lot suitable for a new single-family home is one possibility to achieve this objective. DCI has already purchased eleven vacant properties on Fairport and Gitre. DCI is in the process of donating one parcel on Gitre to a neighbor who will maintain it as a side yard. The red and green parcels in Figure 8.9 show that the county owns several parcels next to property owned by DCI. Making county-owned parcels between DCI-owned parcels available for infill housing can create visible change in the area. Assisting DCI by holding land tax-free while they make development preparations (as discussed in Chapter 5) may also create an incentive for others to pursue infill projects in the area.

Houses occupy two of the county-owned properties in this zone. Selling these properties to new owners for rehabilitation is one option for strengthening the neighborhood. Contracting with property management companies to maintain quality affordable rental housing in the area is another possibility for structures in good condition.

Lastly, two county-owned vacant parcels are not suitable for side lots because they are not located next to owner-occupied structures. With many children in the area and the nearest playground located six blocks north, these lots could become small playgrounds. Because children must cross Greiner to reach existing playgrounds, the location of these lots improves

neighborhood safety, eliminating the need to cross major thoroughfares.

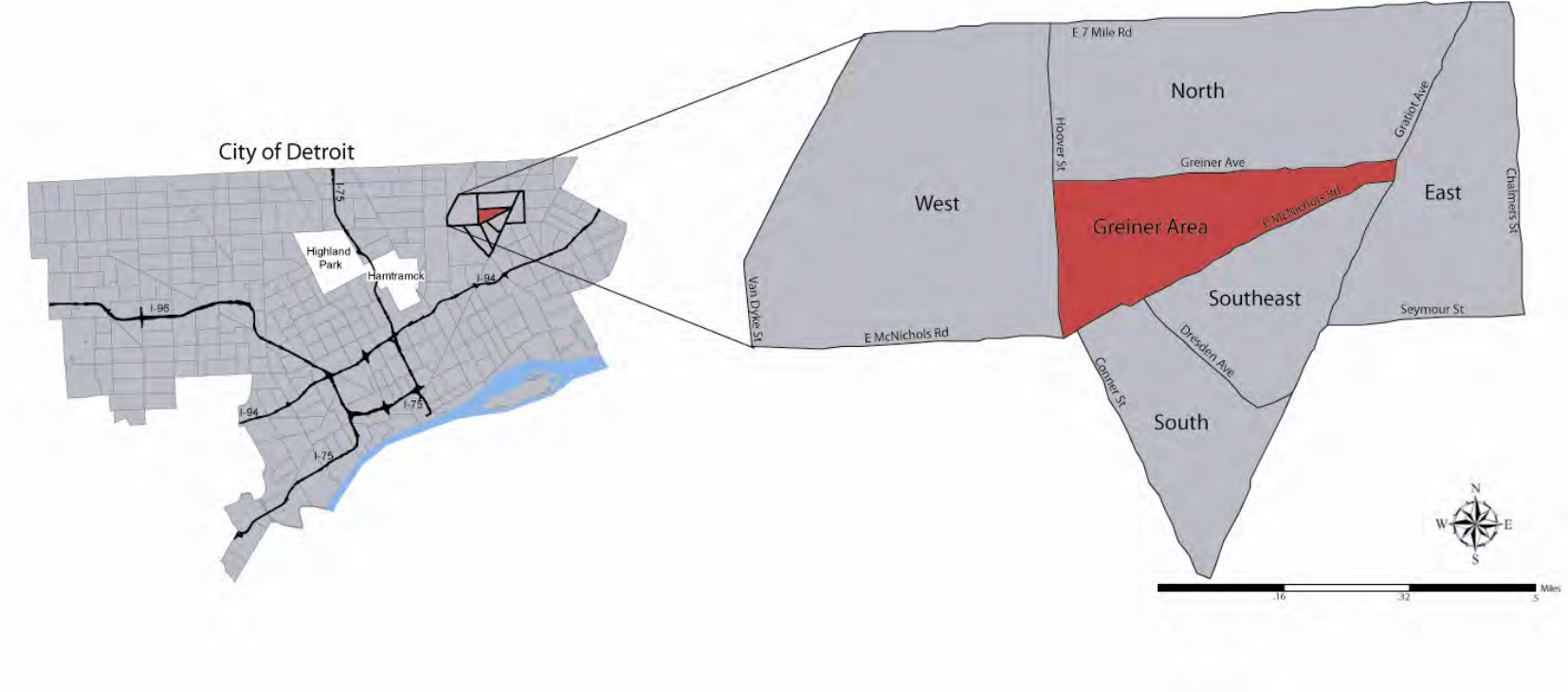
The land bank can partner with the city and state to combine adjacent publicly owned properties. In this way newly formed lots may offer more development potential and greater values. For instance, on Gitre, the area for infill could be larger if the city lots became part of a redevelopment project.

The Greiner area, a place of transition, offers a small-scale example of ways the land bank can take action to achieve its goals. With three distinct zones and differing strategies to address their challenges, the land bank can decide which objectives to pursue first. Are Reinforce areas, requiring little more than the marketing of side lots, a good place to begin? Are Revitalize areas, perhaps tipping toward greater abandonment, in need of the most immediate investments? Can a concentration of resources in Redevelop areas achieve the most visible changes? Addressing these questions can lead the county toward achieving the land bank's goals.

### **8.3 The Wayne County Land Bank: opportunities for change**

Increasing property values; returning land to productive use; and strengthening, revitalizing and stabilizing neighborhoods are goals the land bank can accomplish through property management, property maintenance and property reuse. Differing levels of vacancy and numbers of publicly-owned properties across the city necessitate resources tailored to meet the needs of individual neighborhoods. In heavily abandoned areas with high concentrations of city-owned property, partnerships with the City of Detroit can help create meaningful change. For neighborhoods in transition, partnerships with neighborhood organizations can help identify an area's highest priorities for county-owned property. In neighborhoods that are largely intact, maintaining properties can contribute to the preservation of area stability. Whether pursuing many neighborhood objectives at once, or implementing them one at a time, the land bank's ability to plan for change in the long-term is a powerful and valuable tool.

# Appendix



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