

# An Assessment of the Genesee County Land Bank's Rental Housing Program 2005–2008



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Sincerely,

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## EXECUTIVE SUMMARY

The Genesee County Land Bank controls thousands of residential properties. The Land Bank established the Rental Program to provide residents of tax-foreclosed properties with the opportunity to remain in their homes. The program has grown to include more than 70 properties and the Land Bank questions whether it should be strengthened.

This report provides an assessment of the Rental Program, defining the costs of managing and retaining ownership of these properties. It concludes that the rental housing program should remain in place and provides recommendations for strengthening the program. The evaluation includes:

- A field survey of exterior home maintenance and landscaping for 70 properties that are current rentals or have been sold from the Rental Program
- Maps of the Rental Program properties' location and area population characteristics
- Renters' and homeowners' perspective of the Rental Program, gathered through personal interviews
- Analysis of the Rental Program's financial data, linking program revenues and expenses

The majority of current and former Rental Program properties are well maintained. The most common maintenance issues are minor such as the need for paint or power washing. There is little difference in maintenance between sold properties and current rentals, indicating equal potential to contribute to stable, well-maintained neighborhoods.

Nearly half of the Rental Program's properties are concentrated on the west side of Flint, Michigan. These properties are located in the city's moderate to middle income neighborhoods with relatively low property values. Additionally, rents and sales prices for these properties are below the market rates for their respective neighborhoods. However, financial analysis showed that the program produces enough rental and sales revenues to become self sustaining.

The following are recommendations to strengthen the Rental Program:

- Develop a long term strategy for property management and maintenance financing
- Change accounting methods to keep detailed financial records – this will aid in budget forecasting, price setting for rent and property sales, and maintenance planning
- Consider physical conditions and market values in the surrounding neighborhood when investing in property improvements



## CONTENTS

Tables and Figures .....	ii
Introduction .....	1
Property Physical Condition Analysis .....	2
Comparison of Current and Sold Rental Program Property Conditions .....	4
Neighborhood Context .....	5
Property Location Pattern and Neighborhood Environment .....	6
Renters' and Homeowners' Assessment of the Rental Program .....	14
Financial Analysis .....	16
Recommendations .....	20
Appendices .....	22
A. Property Conditions Evaluation Form .....	22
B. Rental Costs and Revenues for Former Rehab Program Properties .....	23
C. Rent Roll for Current Rental Program Properties .....	24
D. Rent Roll for Sold Properties .....	25
References .....	26

## TABLES AND FIGURES

### TABLES

Table 1 Exterior Home Maintenance Classifications .....	2
Table 2 Lawn Maintenance Classifications .....	2
Table 3 Definitions of Census Tract Income Classification .....	7
Table 4 Rental Program Rents by Census Tract .....	12
Table 5 Rental Program Historical Cash Flows 2005–2008.....	17
Table 6 Land Bank’s Rental Program Budget Report .....	19

### FIGURES

Figure 1 Typical home with Good exterior and lawn maintenance.....	3
Figure 2 Typical home with Fair exterior and lawn maintenance. ....	3
Figure 3 Typical home with Poor exterior and lawn maintenance. ....	3
Figure 4 Typical home with Poor exterior and Good lawn maintenance. ....	3
Figure 5 Exterior Condition of Land Bank Properties .....	3
Figure 6 Exterior Condition of Land Bank Rentals vs. Sold Properties.....	4
Figure 7 Lawn Condition of Land Bank Rentals vs. Sold Properties .....	5
Figure 9 3112 Proctor .....	5
Figure 8 2210 Blades.....	5
Figure 10 600 Welch’s Neighbor to the East.....	6
Figure 11 600 Welch .....	6
Figure 12 Distribution of Current and Former Land Bank Rentals.....	8
Figure 13 Land Bank Rental Properties and Median Household Income .....	9
Figure 14 Land Bank Rental Properties and Housing Values .....	10
Figure 15 Land Bank Rentals and Median Rents .....	11
Figure 16 Frequency Distribution of Land Bank Rents as a Percentage of Median Rents in Census Tract.....	13
Figure 17 Frequency Distribution of Land Bank Sales as a Percentage of Median Home Value in Census Tract .....	13
Figure 18 Land Bank Rental Program Participants' Satisfaction .....	15
Figure 19 Frequency Distribution of Rents for Land Bank Properties .....	18



## INTRODUCTION

Each year, the Genesee County Land Bank receives approximately 1,000 tax-foreclosed properties. Many of these are vacant, and others have derelict structures that require demolition. The Land Bank's primary strategy for properties with habitable structures is to encourage private ownership by selling them to owner occupants. Occasionally, properties are sold to investors who rehabilitate and sell or rent the homes. This reduces the strain on organizational resources and minimizes the costs associated with managing a large inventory of rental properties. However, to avoid evicting low-income residents of foreclosed properties, the Land Bank began renting properties at affordable rates. As the rental portfolio has continued to grow, the Land Bank questions whether to strengthen the Rental Program as part of its land management strategy. This report will provide a clearer understanding of the Rental Program's current operations and the impact of its properties on the surrounding neighborhoods.

From 2005 to 2008, over 70 single family homes were part of the Rental Program. About 25 of these properties were sold to owner occupants and investors. To promote homeownership, properties were sold to owner occupants for less than the already low market values and with flexible terms. Sales to both homeowners and investors often included development agreements that required owners to invest in property improvements. The Land Bank continues to manage nearly 50 rental properties, investing in their maintenance and improvements.

This project incorporated a field survey to evaluate the Rental Program's neighborhood impact, including exterior maintenance and landscaping. The report also compares the 25 properties that were sold from the Rental Program with the 50 that remain Land Bank rentals. Following the field survey, we provide an analysis of maps that show property locations and neighborhood characteristics. Next, we include an assessment of the program's impact on the Land Bank's tenants and buyers.

This report examines the Rental Program's operations and financial position. The Rental Program does not have a separate budget, making it difficult for the Land Bank to assess the costs of administering the program as well as its investment in property maintenance and improvements. Likewise, rental revenues do not flow back into the program but are used for other Land Bank programs as needed. The Land Bank is not motivated by profit; however, if the Rental Program were cost efficient, the program would be better positioned to help stabilize neighborhoods. The financial and operational assessment in this report identifies measures to strengthen the Rental Program's financial position.

## PROPERTY PHYSICAL CONDITION ANALYSIS

A windshield survey<sup>1</sup> of over 70 current and former Rental Program properties yielded several observations. The first is that the majority of the properties contained well maintained structures and lawns and required only minor repairs. Little difference in maintenance existed between houses that the Land Bank sold and those that remain in the Rental Program. Second, the neighborhood’s physical condition is relevant to evaluating Rental Program property maintenance. Some properties that we rated as Good were not as well maintained as the rest of the homes in their neighborhoods.

We classified the properties’ exteriors based on the nature and the magnitude of required maintenance, from Excellent to Demolish, depending on the amount of major and minor repairs that were necessary. (See Table 1.) Minor repairs included primarily cosmetic issues or items that could be repaired easily and inexpensively. Major repairs included maintenance issues that posed immediate safety risks or if left unaddressed could cause significant property damage. We rated the properties’ lawns as Good, Fair or Poor based on the level of additional maintenance that was required. (See Table 2.) The photographs in Figures 1 through 4 show properties at various levels of exterior and lawn maintenance.

**TABLE 1 EXTERIOR HOME MAINTENANCE CLASSIFICATIONS**

Classification	Required Repairs
Excellent	None
Good	Less than <b>2 minor</b> repairs
Fair	More than <b>3 minor</b> repairs Only <b>1 major</b> repair
Poor	More than <b>2 major</b> repairs
Demolish	Fire damage, may not be structurally sound

**TABLE 2 LAWN MAINTENANCE CLASSIFICATIONS**

Classification	Required Improvements
Good	None, well maintained
Fair	Minor yard work / clean up
Poor	Remove overgrown weeds Clear out excessive trash / debris

### Exterior Home Maintenance Classifications

Minor repairs include:

- Paint
- Gutter repair
- Power washing

Major repairs include:

- Rotten structural supports or siding
- Roof damage
- Missing / broken windows

<sup>1</sup> The survey was conducted without knowing the properties’ status to prevent bias toward current Land Bank owned rentals or privately held properties that were sold from the program. A copy of the Property Conditions Evaluation Form is included in Appendix A.

**FIGURE 1 TYPICAL HOME WITH GOOD EXTERIOR AND LAWN MAINTENANCE.**



**FIGURE 2 TYPICAL HOME WITH FAIR EXTERIOR AND LAWN MAINTENANCE.**



**FIGURE 3 TYPICAL HOME WITH POOR EXTERIOR AND LAWN MAINTENANCE.**



Needs paint, siding repair, lawn maintenance and gutters cleaned. Example of tree encroaching on house.

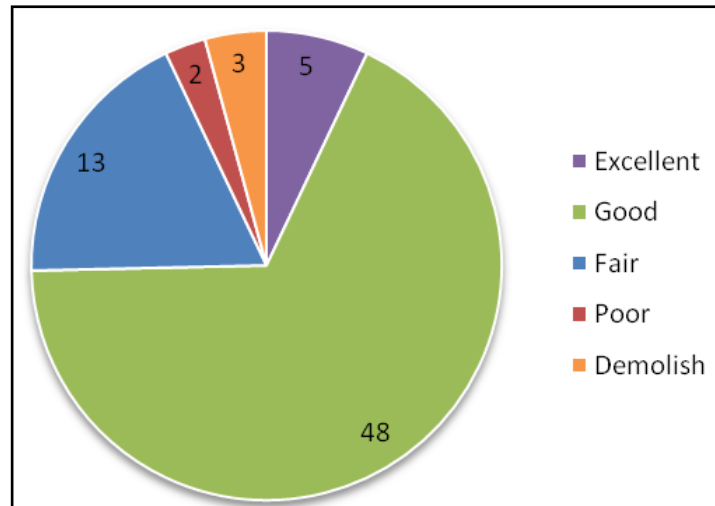
**FIGURE 4 TYPICAL HOME WITH POOR EXTERIOR AND GOOD LAWN MAINTENANCE.**



Bush encroaching on house, lawn maintenance Good otherwise.

Nearly 70% of the properties received a Good rating for exterior maintenance. (See Figure 5.) Many houses only needed minor repairs, the most common of which included painting, power washing and cleaning of gutters. Almost 20% of the properties were rated Fair. Properties within this classification had safety issues such as broken windows and damaged porch rails. Some properties had maintenance issues that could lead to property damage due to exposure to the elements such as missing siding and shingles.

**FIGURE 5 EXTERIOR CONDITION OF LAND BANK PROPERTIES**



**SOURCE: FIELD WORK CONDUCTED BY K. JARRETT AND D. LESLIE, 2008**

Overgrown bushes or trees were encroaching on the roofs of several houses. These were treated as exterior maintenance issues due to the structural damage they could cause and the cost of tree removal. The classifications at opposite ends of the spectrum, Excellent and Poor or Demolish were equally distributed among the few remaining houses.

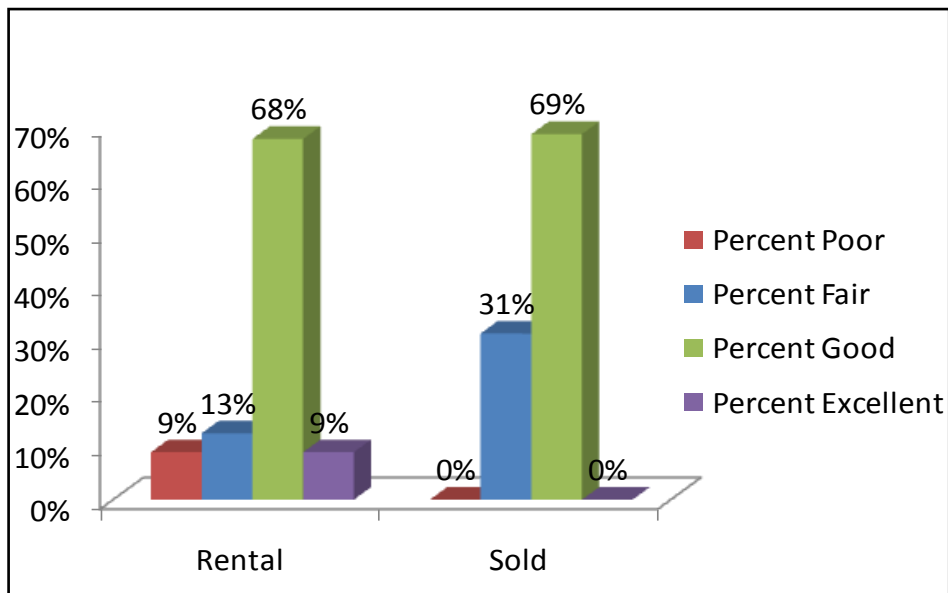
For landscaping, nearly 70% of the properties received Good ratings while 24% received Fair and about 6% received Poor ratings. Common maintenance issues for properties receiving Fair or Poor ratings include unkempt hedges, overgrown lawns and cluttered yards.

## COMPARISON OF CURRENT AND SOLD RENTAL PROGRAM PROPERTY CONDITIONS

Together, Figures 6 and 7 indicate that properties that have remained in the Rental Program have as much potential as sold properties to contribute to a stable, well-maintained environment within their neighborhoods.

As shown in Figure 6, nearly 70% of current rentals and sold properties were rated Good for exterior maintenance. For rental properties, approximately 20% were rated Excellent or Fair and 9% were rated Poor. For sold properties, 30% were rated Fair, with none rated Excellent or Poor.

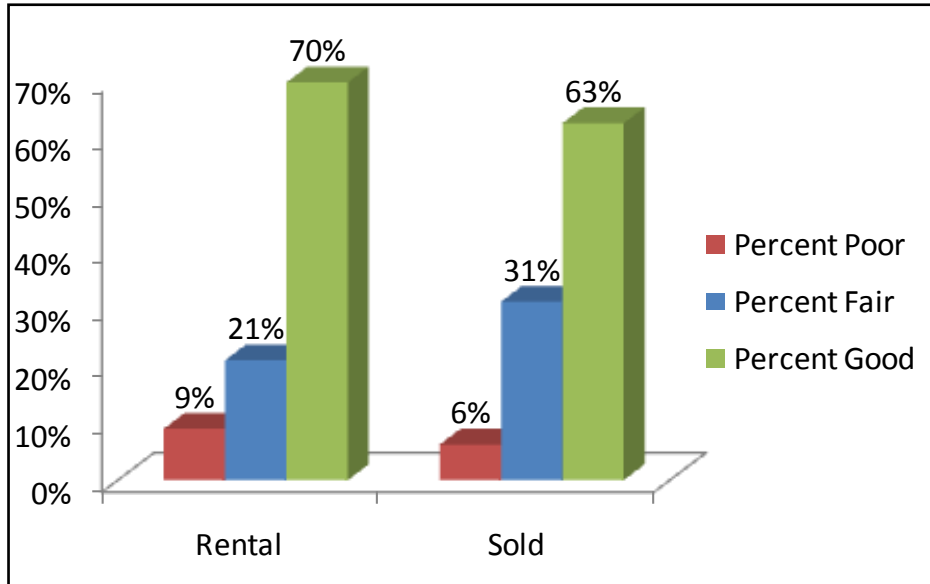
**FIGURE 6 EXTERIOR CONDITION OF LAND BANK RENTALS VS. SOLD PROPERTIES**



**SOURCE: FIELD WORK CONDUCTED BY K. JARRETT AND D. LESLIE, 2008**

Figure 7 shows that in the area of lawn maintenance, rental units received slightly better ratings than sold properties. Seventy percent of rental properties were rated Good, compared with approximately 60% of sold properties. Thirty percent of rental properties received Fair or Poor ratings compared with nearly 40% of sold properties.

**FIGURE 7 LAWN CONDITION OF LAND BANK RENTALS VS. SOLD PROPERTIES**



**SOURCE: FIELD WORK CONDUCTED BY K. JARRETT AND D. LESLIE, 2008**

**NEIGHBORHOOD CONTEXT**

Neighborhood context is important because regardless of a property’s maintenance level, whether it contributes to or detracts from the neighborhood is relative to its surroundings. Take for example three houses in Good condition in different neighborhoods. On a block characterized by vacant lots and abandoned houses with overgrown yards, 2210 Blades is a neighborhood jewel. In a neighborhood where homes are well maintained, properties like 3112 Proctor blend in.

**FIGURE 9 2210 BLADES**



**FIGURE 8 3112 PROCTOR**



In contrast, 600 Welch, while Good relative to the other properties that were surveyed, is an eyesore compared to its neighbors. Additionally, landscaping can have a significant impact on the neighborhood. As seen in the photos below, although 600 Welch needs paint and minor repairs, it stands out because of its poor lawn maintenance.

**FIGURE 10 600 WELCH'S NEIGHBOR TO THE EAST**



**FIGURE 11 600 WELCH**



Homeowners and renters typically are both responsible for their own lawn maintenance. Some residents may not have the resources for structural improvements, but lawn maintenance is more feasible and can have a significant impact on the neighborhood. Thus, both owners and renters can help reduce the negative visual impact on the community by changing the poor lot conditions at minimal cost.

## PROPERTY LOCATION PATTERN AND NEIGHBORHOOD ENVIRONMENT

By mapping the location of the Rental Program properties in relation to census data, we identified several characteristics of the properties' neighborhoods. First, Rental Program properties are dispersed across Flint with a cluster on the city's west side, which includes census tracts 7 through 14. (See Figure 12.) Tracts are the United States Census Bureau's way of defining geographic boundaries where people live. The properties are clustered primarily within moderate to middle income neighborhoods where housing values are below \$53,000. (See Figures 13 and 14.)

Second, most Rental Program properties are in areas where median rents range from \$500 to \$725 per month. (See Figure 15.) However, rents received for Rental Program properties in these areas range from \$210 to \$525. The maps on the following pages reveal the rental properties' distribution, identify the area of concentration and highlight neighborhood characteristics.

Figure 12 shows an area of concentration where eight Rental Program properties per square mile exist, versus one unit per square mile in the remainder of the city. The area is roughly bordered to the north by Stewart Avenue, to the south by Welch Boulevard, to the east by Industrial Avenue, and to the west by Clio Road.

The property classifications are defined below:

- *Burned Rental* – Rental destroyed by fire
- *Current Standard Rental* – Current rentals that received basic improvements
- *Current Rehabbed Rental* – Current rentals that were originally Rehab Program properties
- *Sold Rehabbed Rental* – The Rehab Program property that was rented, then sold
- *Sold Standard Rental* – Rental units that received basic improvements and were sold

Figure 13 shows that the area of concentration falls in Census tracts with moderate and middle incomes. These neighborhoods have median household incomes between \$19,000 and \$43,000. The dollar values from the 2000 Census were converted to current dollars; therefore, percentage of the city’s median income is more useful for defining income classifications. Table 3 shows the income classifications as a percentage of median household income.

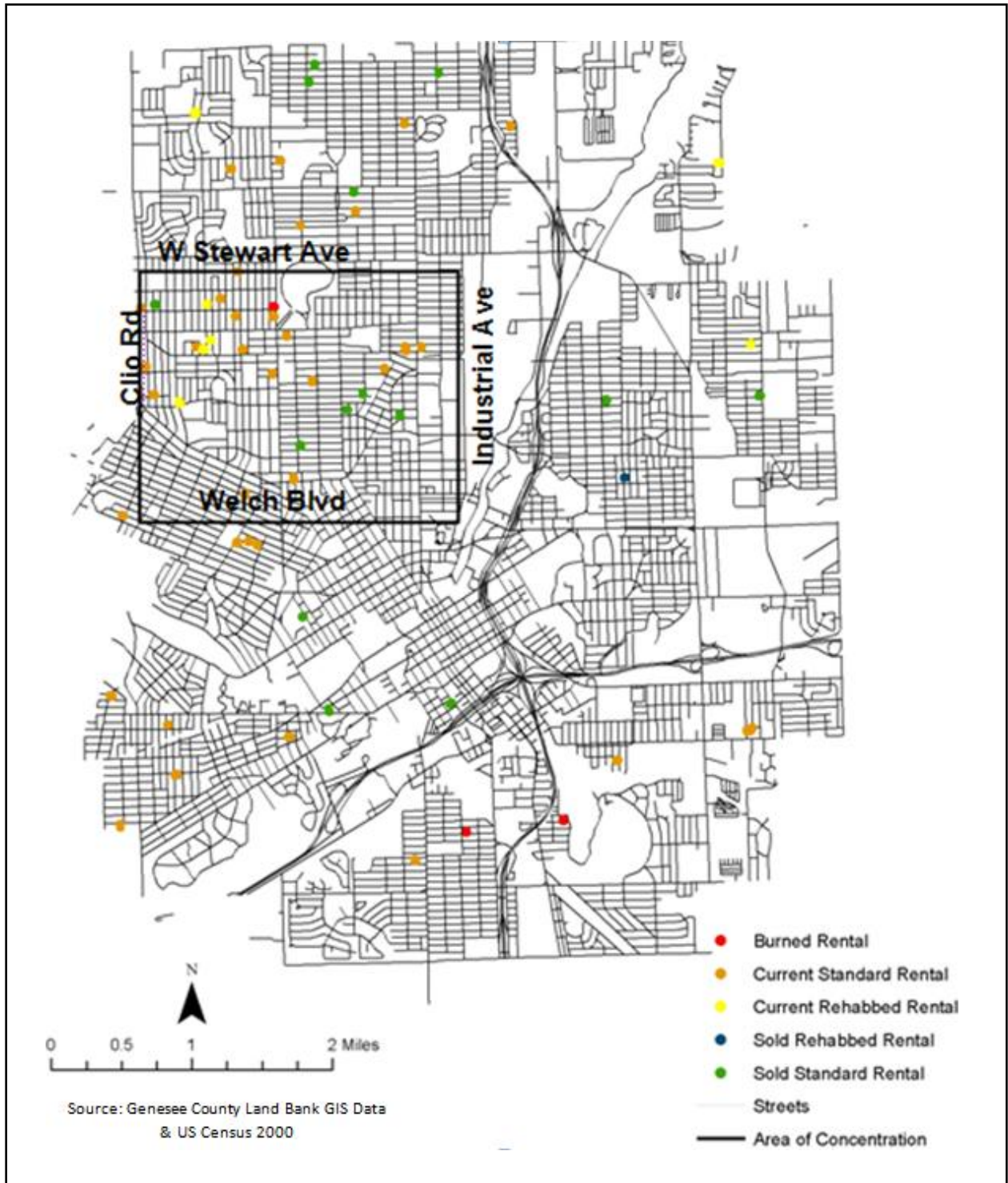
**TABLE 3 DEFINITIONS OF CENSUS TRACT INCOME CLASSIFICATION**

Symbol	Income Classification	Percentage of Median Household Income
■	Low	Less than 50-80%
■	Moderate	80 – 100%
■	Middle	101% – 120%
■	High	121% – 150%
□	Very High	More than 150%

**SOURCE: US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

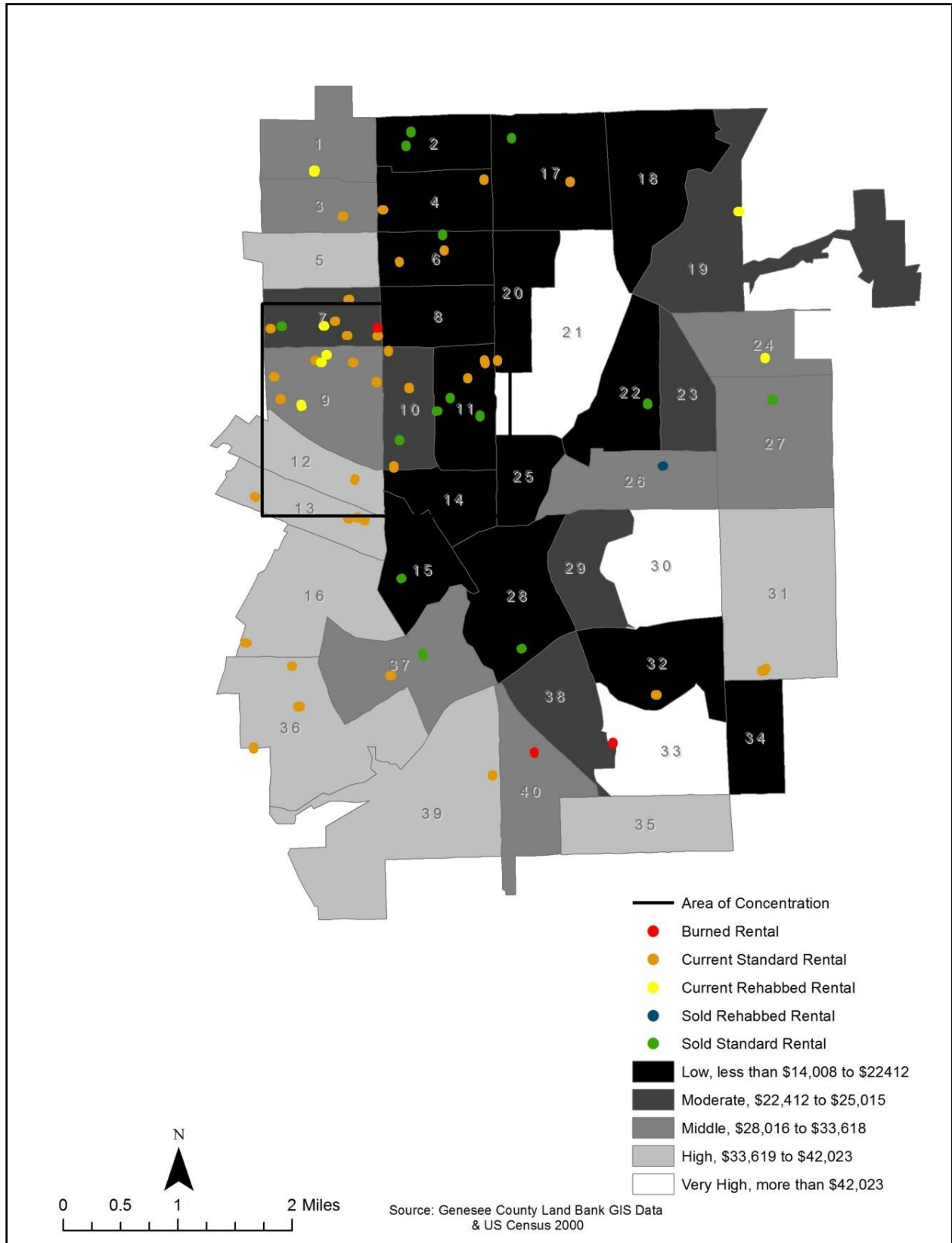
As Figure 14 shows, the rental units tend to cluster in areas with slightly lower property values. Figure 15 shows a high concentration of Rental Program properties in neighborhoods with moderate to high rents.

FIGURE 12 DISTRIBUTION OF CURRENT AND FORMER LAND BANK RENTALS





**FIGURE 13 LAND BANK RENTAL PROPERTIES AND MEDIAN HOUSEHOLD INCOME**



**FIGURE 14 LAND BANK RENTAL PROPERTIES AND HOUSING VALUES**

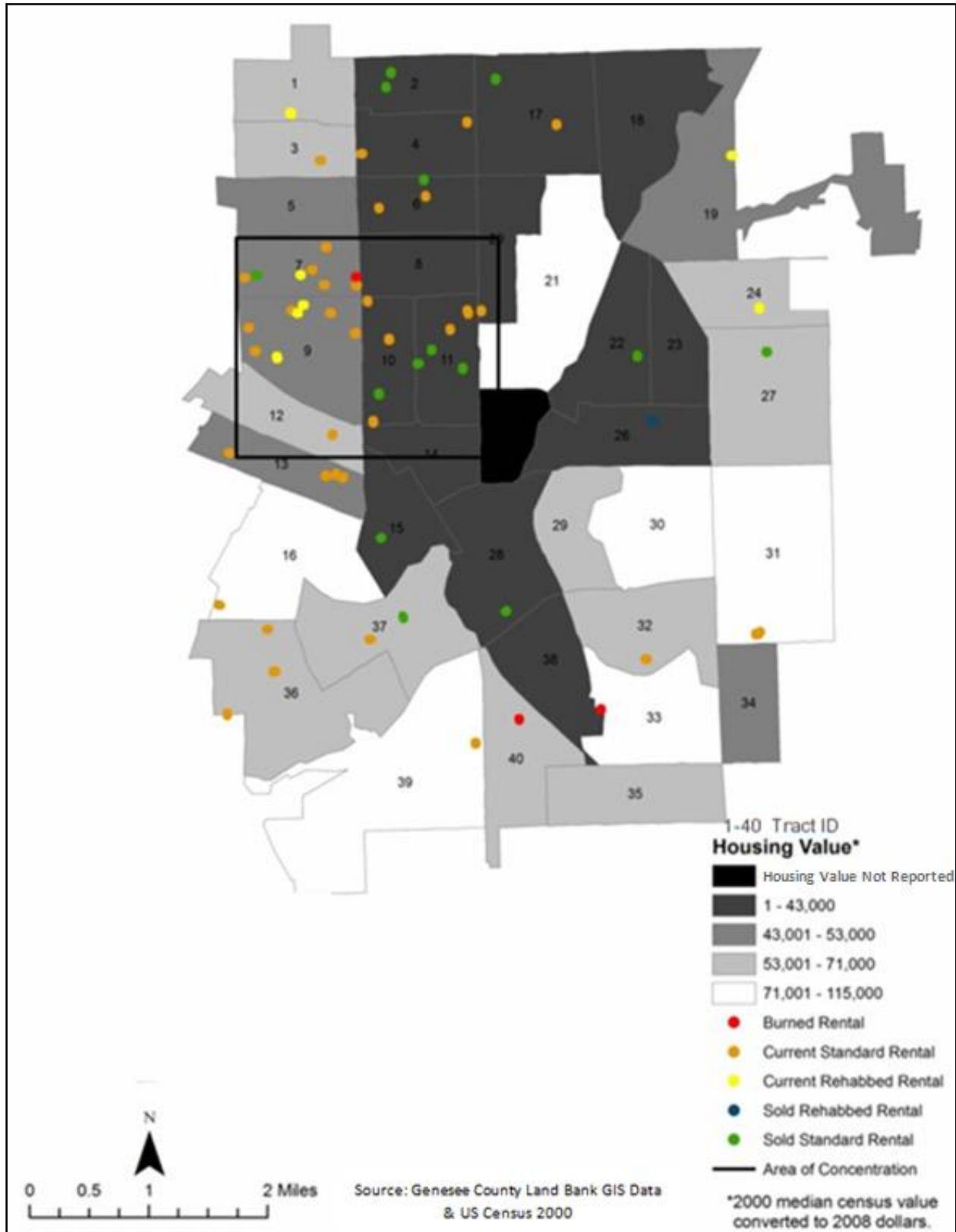


FIGURE 15 LAND BANK RENTALS AND MEDIAN RENTS

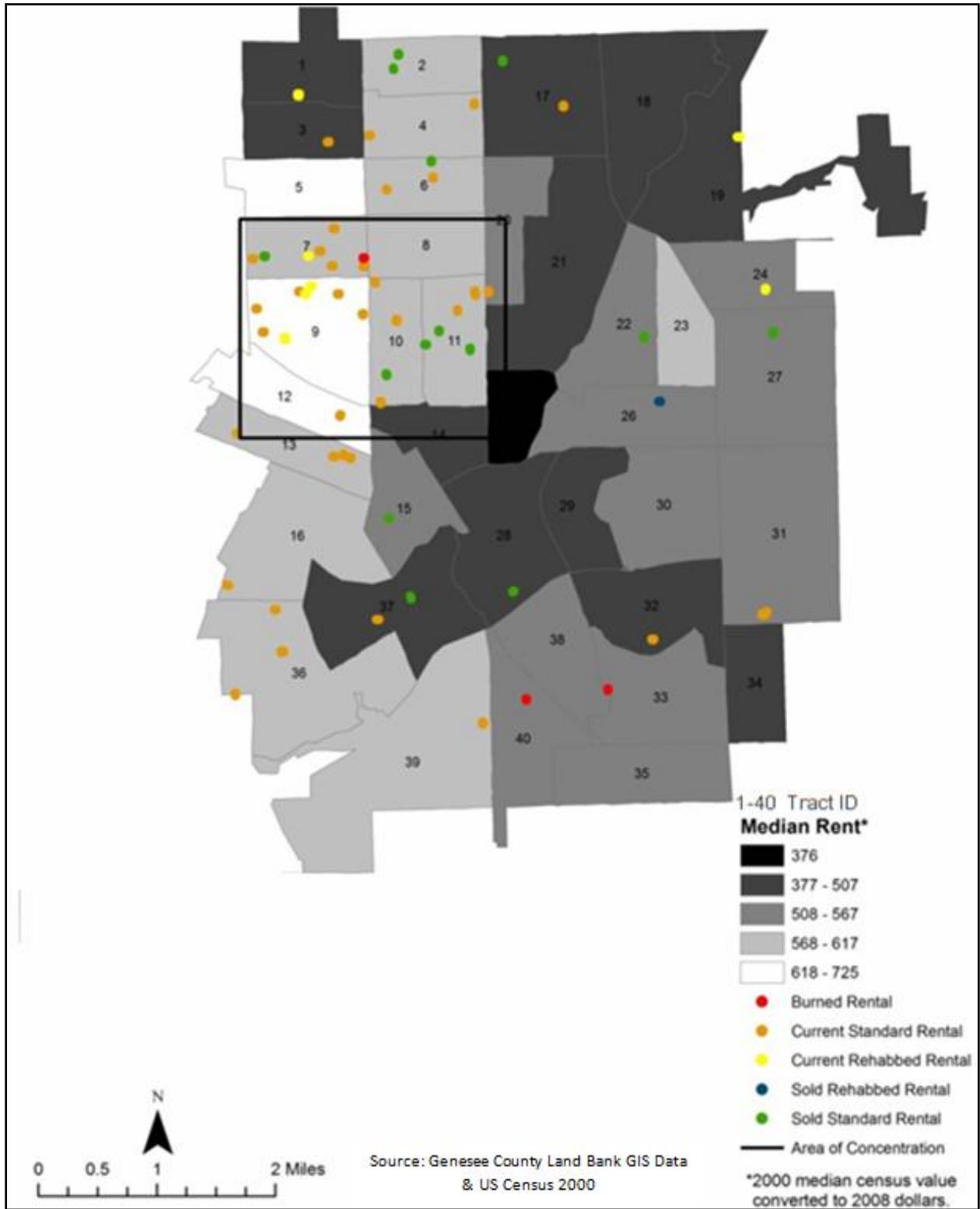


Table 4 presents the distribution of Land Bank rental property rates by census tract. It shows that the Tract ID numbers of 7, 9, 10, and 11 have the highest concentration of rental units. The table also reveals that the Land Bank rents are generally less than census tract median rents, with only two outliers.

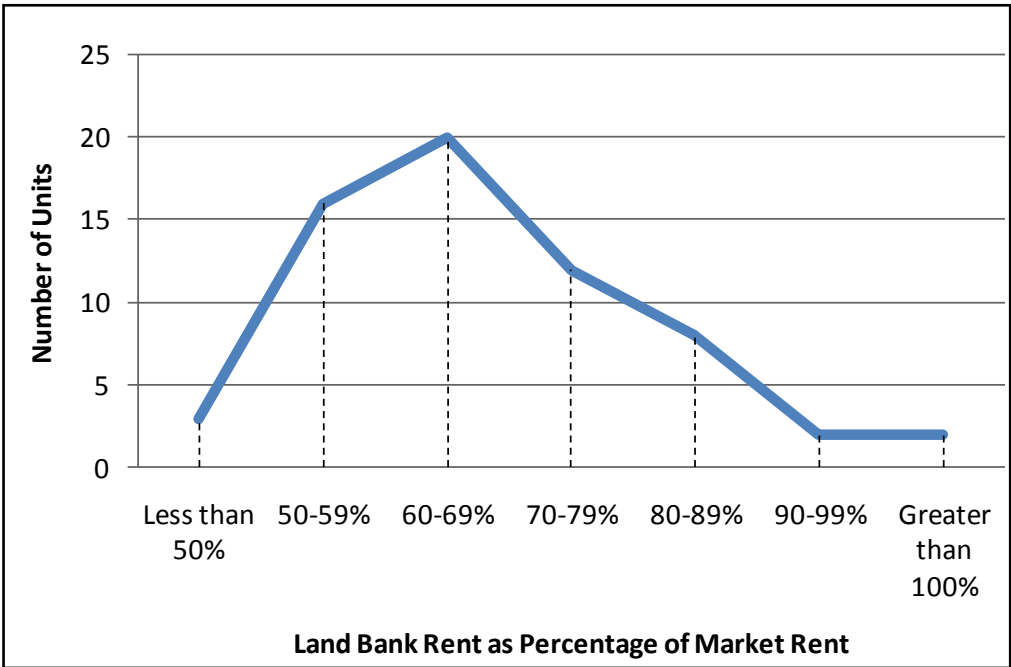
**TABLE 4 RENTAL PROGRAM RENTS BY CENSUS TRACT**

Census Tract Number	Number of Land Bank Rentals in Census Tract	Average Land Bank Rent in Census Tract	Difference between Land Bank Rent and Census Tract Median Rent
7	8	\$391	-34%
9	8	\$409	-39%
11	6	\$341	-42%
10	4	\$375	-36%
13	4	\$388	-35%
6	3	\$342	-41%
36	3	\$430	-30%
1	2	\$533	5%
2	2	\$350	-40%
4	2	\$388	-34%
17	2	\$350	-24%
37	2	\$400	-20%
3	1	\$450	-11%
12	1	\$450	-32%
15	1	\$395	-28%
16	1	\$290	-53%
19	1	\$475	2%
20	1	\$325	-42%
22	1	\$350	-34%
24	1	\$450	-18%
26	1	\$450	-21%
27	1	\$400	-27%
28	1	\$350	-26%
31	1	\$500	-6%
32	1	\$350	-30%
38	1	\$300	-44%
39	1	\$450	-23%
40	1	\$450	-20%

**SOURCES:GENESEE COUNTY LAND BANK DATA & US CENSUS 2000**

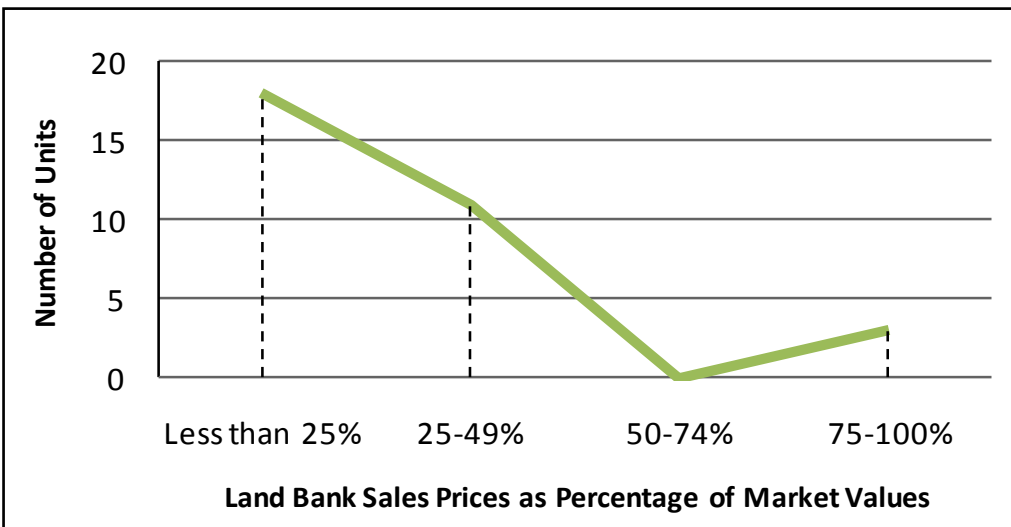
Figure 16 shows that the majority of Land Bank rents are between 60% and 80% of the surrounding neighborhoods' median rents. In tracts where rental units were sold, the purchase price was far below the median home value for non-vacant units. On average, the units sold for 71% less than comparable properties. (See Figure 17.) In comparison, the Land Bank's rental rates appear closer to market values than its sales prices.

**FIGURE 16 FREQUENCY DISTRIBUTION OF LAND BANK RENTS AS A PERCENTAGE OF MEDIAN RENTS IN CENSUS TRACT**



SOURCE: UNITED STATES CENSUS 2000, GENESEE COUNTY LAND BANK DATA

**FIGURE 17 FREQUENCY DISTRIBUTION OF LAND BANK SALES AS A PERCENTAGE OF MEDIAN HOME VALUE IN CENSUS TRACT**



SOURCE: UNITED STATES CENSUS 2000, GENESEE COUNTY LAND BANK DATA

The gap between Land Bank prices and census values can be explained by changes in the local market and national prices. According to the Flint Area Association of Realtors, the average sales price of homes in the city of Flint dropped more than 60% between 2000 and 2008. This may indicate that property values have dropped significantly, lower priced homes account for a greater portion of sales, or a combination of both. Additionally, Flint's property values and rent levels appear to have not kept up with national trends. Therefore our use of the Consumer Price Index, a national price measure, to adjust the value of dollars is likely an overestimate.

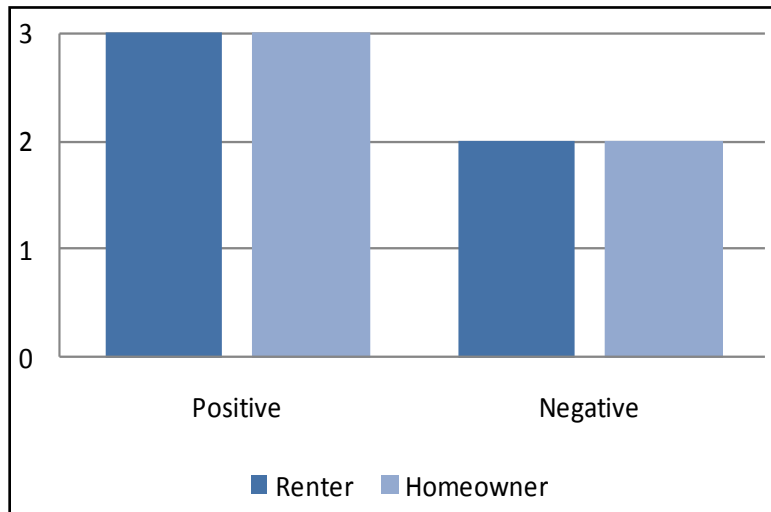
## RENTERS' AND HOMEOWNERS' ASSESSMENT OF THE RENTAL PROGRAM

Rental Program tenants and homeowners were interviewed to assess the program's impact on its participants. The questions fell into three categories; affordability, housing quality, and overall satisfaction. Ten interviews were conducted, evenly divided between renters and homeowners. Renters' and homeowners' responses did not differ. All of the interviewees were satisfied with their monthly rent or land contract payments. Nearly all of the residents reported that their homes received or required some sort of maintenance and improvements. However, over half of the interviewees said they had positive experiences with the Land Bank.

The similarity in renters' and homeowners' responses could be attributed to the continuity of the rent-to-own transition. The program is less than five years old, and the homeowners are new, with only a few having paid off their homes. In several cases, the homeowners' land contract payment and monthly rent were comparable, so from a financial standpoint, individuals saw little difference between renting and owning. This was especially true in cases where the Land Bank made improvements to the property prior to the sale. The Land Bank funded improvements and included them in the cost of the home's purchase price.

Six of the interviewees had positive experiences with the Land Bank, while the remaining four had negative experiences. (See Figure 18.) Two thirds of those with positive experiences said the Land Bank had made major improvements to their homes, replacing the roof, for example. We found little correlation between the residents' satisfaction and how their homes were rated in the physical property analysis. All of the renters said they were interested in owning their homes, including those with negative experiences. Several said that the purchase would be contingent upon their ability to make property improvements, whether through Land Bank financing or other resources.

**FIGURE 18 LAND BANK RENTAL PROGRAM PARTICIPANTS' SATISFACTION**



**SOURCE: INTERVIEWS CONDUCTED BY K. JARRETT AND D. LESLIE, 2008**

Although the responses were generally positive, based on recurring comments, the Land Bank has room to improve maintenance, communication, and additional services. Three residents said that the Land bank responded promptly to their maintenance requests. However, four were dissatisfied with the Land Bank's follow-through on repairs, and some requests went several months without any response.

Several interviewees said that they would have liked more information and guidance at critical points such as being told when their homes were transferred to the Land Bank's possession or when they became homeowners. For example, some renters said that they did not understand the foreclosure process and did not know who to contact with initial concerns about what would happen to their homes. Homeowners said that they would be interested in training on how to maintain their homes' structural components and energy systems or how to manage personal finances. The Land Bank's purchase agreements require that properties be improved to a certain standard before owners occupy them. Two of the homeowners had difficulty securing financing for those improvements and suggested that the Land Bank finance those improvements or provide a list of resources that could help.

The interviews provided additional insight into the characteristics of the Rental Program's tenants. Half of the interviewees indicated that they had health issues that limited their incomes. Another third were families with children. Five of the interviewees lived in their homes prior to the Land Bank's taking possession, either as renters or homeowners. Three learned about the program through personal relationships with Land Bank staff. The remaining two found their homes through the radio and internet. Several said that they had recommended the Land Bank's housing programs to friends and family. Understanding who the clients are can assist the Land Bank in communicating more effectively and marketing properties. Additionally, the information could help the Land Bank decide which properties to rent or sell.

## FINANCIAL ANALYSIS

The Rental Program's revenues and expenses are not tracked in detail, creating a hurdle when the Land Bank tries to gauge the program's financial performance and budget requirements. The analysis of the Rental Program's financial data in Table 5 revealed that the program can be self-sustaining if its revenues are redirected back into its budget, rather than the Land Bank's general fund.

This analysis includes revenues and expenses for current and sold rental properties. It does not include cash flows for former Rehab Program properties. Additionally, properties that were lost to fire damage earned \$24,850 in rental income and received \$20,500 in improvements that were not included in this analysis due to the lack of insurance cost and payout data.

The data we received were approximate and did not include the year in which cash flows occurred. Therefore, nominal gross numbers were used. Gross revenues have two sources; rental income and property sales. The four sources of operating expenses include insurance, transportation, and the property managers' wages and benefits. Wages and benefits were based on the property managers' estimate of the amount of time spent on the program versus their other responsibilities. An ideal analysis would account for the time value of money and show the years in which positive cash flows occurred. (See Rent Rolls in Appendices B through D for details.)



**TABLE 5 RENTAL PROGRAM HISTORICAL CASH FLOWS 2005–2008**

GENESEE COUNTY LAND BANK RENTAL PROGRAM  
HISTORICAL CASH FLOWS  
2005 - 2008 FISCAL YEARS

		<b>TOTAL</b>
<b>Gross Revenue</b>		
Rental Income	\$ 546,229	
Property Sales	\$ 156,725	
<b>Total Gross Revenue</b>		\$ 702,954
<b>Operating Expenses</b>		
Insurance	\$ (80,110)	
Vehicle & Fuel	\$ (12,950)	
Property Managers' Wages	\$ (31,304)	
Property Managers' Benefits	\$ (9,391)	
<b>Total Operating Expenses</b>		\$ (133,755)
<b>Net Operating Income</b>		\$ 569,199
<b>Leasing &amp; Capital Costs</b>		
Property Improvements	\$ (383,821)	
Eviction Expense	\$ (9,400)	
<b>Total Leasing &amp; Capital Costs</b>		\$ (393,221)
<b>Total Cash Flows</b>		<u>\$ 175,978</u>

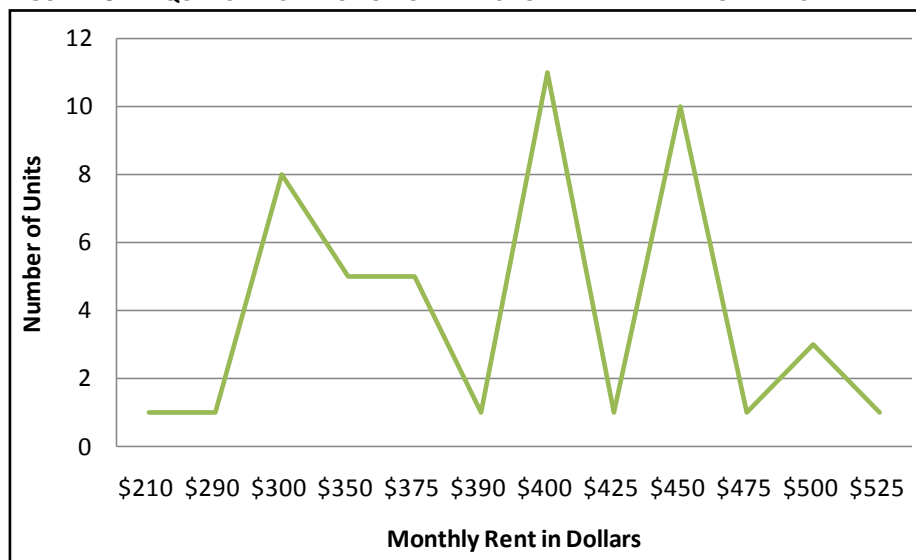
SOURCE: GENESEE COUNTY LAND BANK DATA

According to Land Bank staff, the Rental Program exceeds its budget allocation every year. That evaluation does not accurately reflect the rental program’s financial performance. For example, a comparison of the 2007 budget (see Table 6) with actual cash flows revealed that:

- The budget reflected rental income only and did not capture sales revenues from rental properties which represent almost 25% of the program’s income.
- Wages and benefits were overestimated by as much as 85%, based on the amount of time that Land Bank staff spent managing the Rental Program.
- Insurance premiums were overestimated. This is partially because the Rental Program paid the insurance costs for Rehab Program rentals, even though the Rental Program does not receive income from these properties.
- The Rehab Program properties were renovated using funds from bond issues. Therefore, their revenues are directed toward repaying that debt. As a result, they were not included in the cash flow analysis. See Appendix B for the rental costs and revenues associated with former Rehab Program properties.

Financial analysis also revealed that rents remained constant over time and range from \$210 to \$525. The average rent is \$390, and as seen in Figure 19, \$400 is the most frequently occurring rent. Two years is the average rental period, though some properties have been rented for up to four years. (See Rent Roll in Appendices B through D.) According to Land Bank policy, the rents are based on income at the time of the initial lease and upon renewal, and are not adjusted to reflect changes in income over time or changes in prevailing rents.

**FIGURE 19 FREQUENCY DISTRIBUTION OF RENTS FOR LAND BANK PROPERTIES**



**SOURCE: GENESEE COUNTY LAND BANK DATA**

**TABLE 6 LAND BANK'S RENTAL PROGRAM BUDGET REPORT**



**BUDGET REPORT FOR GENESEE COUNTY LAND BANK AUTHORITY**

**2007-2008 FISCAL YEAR  
HOUSING RENTAL**

GL NUMBER	DESCRIPTION	2006-07 AMENDED BUDGET	2007-08 REQUESTED BUDGET
<b>ESTIMATED REVENUES</b>			
Dept 700: HOUSING RENTAL			
550-700-667.000	RENT	180,000	180,000
550-700-699.000	TRANSFER IN	71,306	71,446
<b>Totals for Dept 700-HOUSING RENTAL</b>		<b>251,306</b>	<b>251,446</b>
<b>TOTAL ESTIMATED REVENUES</b>		<b>251,306</b>	<b>251,446</b>
<b>APPROPRIATIONS</b>			
Dept 700: HOUSING RENTAL			
550-700-701.100	SALARY	42,499	42,499
550-700-701.200	SOCIAL SECURITY	3,251	3,251
550-700-701.310	MEDICAL INSURANCE	9,052	9,052
550-700-701.320	DENTAL INSURANCE	1,091	1,091
550-700-701.330	VISION INSURANCE	91	91
550-700-701.340	LIFE AD&D INSURANCE	81	81
550-700-701.350	SHORT TEM DISABILITY INSURANCE	196	196
550-700-701.360	LONG TERM DISABILITY INSURANCE	142	142
550-700-701.370	UNEMPLOYMENT	243	243
550-700-701.380	RETIREMENT	4,250	4,250
101-720-701.390	WORKER'S COMP INSURANCE	0	140
550-700-702.100	MEMBERSHIPS	1,000	0
550-700-726.300	SUPPLIES - OTHER	2,000	1,000
550-700-801.100	LEGAL SERVICES	3,000	2,000
550-700-801.200	LEGAL SERVICES - FILING FEES	0	3,000
550-700-801.300	PROFESSIONAL SERVICES	0	0
101-720-910.000	INSURANCE PREMIUMS	60,000	60,000
550-700-920.100	UTILITIES	4,409	4,409
550-700-930.100	REPAIRS - GENERAL	100,000	100,000
550-700-930.200	CLEAN-UP	10,000	10,000
550-700-970.100	IMPROVEMENTS	10,000	10,000
<b>Totals for Dept 700-HOUSING RENTAL</b>		<b>251,306</b>	<b>251,446</b>
<b>TOTAL APPROPRIATIONS</b>		<b>251,306</b>	<b>251,446</b>
<b>NET OF REVENUES/APPROPRIATIONS - FUND 550</b>			<b>0</b>

**SOURCE: GENESEE COUNTY LAND BANK**

## RECOMMENDATIONS

The physical conditions analysis showed that in general, the rental properties are in good condition and can help maintain or elevate neighborhood quality. The Rental Program properties provide affordable housing in their neighborhoods, with rents significantly lower than the prevailing rent in surrounding areas. Interviews with Rental Program participants revealed that while the experience has been positive for most, the program's maintenance, communication, and services could be improved. The program produces positive cash flows and can be self sustaining.

The rental program was created out of necessity; however, if it is to continue to provide affordable housing and help stabilize neighborhoods, it should develop a long-term strategy.<sup>2</sup> In developing its strategy, the Land Bank can utilize its network of resources to provide financial and technical support for the Rental Program.<sup>3</sup> The following recommendations illustrate how the Rental Program can be strengthened:

- Consider neighborhood physical condition and market values in evaluating investment and pricing decisions
- Create a policy for receiving and following up on maintenance requests
- Explore the option of partnering with community organizations that could provide complementary services to Land Bank renters and new homeowners including technical expertise for home improvements and property maintenance, and household finance training
  - Resident surveys could help to identify which services may be most beneficial. For example, if a large portion of the renters have health issues, partnering with an organization that provides affordable health care could help improve residents' health and their ability to afford rent or land contract payments.
- Develop informational brochures to give to renters when their homes become part of the Rental Program and to people who purchase homes through the program to help guide them through the process

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<sup>2</sup> In "The Status of Nonprofit-Owned Affordable Housing," Rachel Bratt, et. al. state that an organization can succeed at developing quality affordable housing but may fail at maintaining it for the long-term. The authors assert that basic property management involves the day to day activities of collecting rent, maintaining property and addressing tenants' needs. In contrast, asset management is the long-term plan to maintain housing quality and a strategy for financing that maintenance.

<sup>3</sup> In "Nonprofit Housing Organizations and Institutional Support," Alex Schwartz, et. al. maintain that affordable housing managers need support systems and access to resources to manage assets for the long-term.

- Create reserves for future maintenance and improvements – this will reduce the likelihood that the Rental Program will need Land Bank subsidies in the future
- Keep detailed financial records – for example, the type of expenditure, the amount, the date, and the associated property
  - Maintenance and Improvement expenses should be tracked separately
    - Maintenance – expenses that are required to rent a property such as plumbing and electrical repairs
    - Improvements – expenditures that could add to the property value, or could be a basis for rent adjustments such as new flooring
  - Maintaining detailed records can help plan for future maintenance. Also, the information will be accessible when trying to value an asset for rent or sale
- Separate accounting for former Rehab Program properties that have become rentals
  - Currently, rental revenues are set aside to repay the bonds that were issued to rehabilitate the properties. However, the Rental Program pays for the insurance of these properties.
  - The accounting for Rental Program and Rehab properties should be kept separate until the bonds for Rehab properties are repaid. In the meantime, the rental program should receive additional budget allocations to manage the Rehab properties

## APPENDICES

### A. PROPERTY CONDITIONS EVALUATION FORM

This framework, used for the first time, was adapted from the Housing Conditions Checklist developed by former University of Michigan Urban & Regional Planning students. The form below was used during the field survey to organize and categorize property conditions.

Address \_\_\_\_\_

#### Exterior Home Maintenance:

- Excellent – No repairs required
- Good – Less than **2 minor** repairs
- Fair – More than **3 minor** repairs OR Only – **1 major** repair
- Poor – More than **2 major** repairs
- Demolish – Fire damage, may not be structurally sound

Minor Repairs may include:	Major Repairs may include:
<ul style="list-style-type: none"><li>• Paint</li><li>• Gutter repair</li><li>• Power washing</li></ul>	<ul style="list-style-type: none"><li>• Rotten / missing<ul style="list-style-type: none"><li>○ Structural supports</li><li>○ Siding</li></ul></li><li>• Missing / broken windows</li><li>• Roof damage</li></ul>

#### Lawn Maintenance:

- Good – Well maintained
- Fair – Minor yard work or clean up required
- Poor – Overgrown weeds, tall grass, trash or debris present, major landscaping required

Comments:

B. RENTAL COSTS AND REVENUES FOR FORMER REHAB PROGRAM PROPERTIES

**RENTAL COSTS & REVENUES FOR  
FORMER REHAB PROGRAM PROPERTIES**

<b>Address</b>	<b>Rent</b>	<b>Months Rented</b>	<b>Rental Improvements</b>	<b>Insurance</b>	<b>Rental Income</b>
3722 Fleming Rd	\$350	24	\$500	\$1,300	\$8,400
3221 Burgess	\$400	18	\$5,000	\$1,300	\$7,200
3115 Fleming Rd	\$450	14	\$3,500	\$900	\$6,200
3221 Montana	\$450	30	\$5,000	\$1,900	\$13,500
1522 N Franklin	\$450	25	\$8,000	\$1,480	\$11,250
5301 Branch Rd	\$475	12	\$6,000	\$700	\$5,700
1606 Barbara Dr	\$490	24	\$5,000	\$1,300	\$10,760
1914 Dayton	\$500	12	\$5,000	\$1,300	\$6,000
5442 Stiffler Rd	\$500	9	\$5,000	\$600	\$4,500
6206 Belltree Lane	\$575	36	\$2,000	\$2,100	\$20,700
<b>TOTAL</b>			<b>\$45,000</b>	<b>\$12,880</b>	<b>\$94,210</b>

SOURCE: GENESSEE COUNTY LAND BANK DATA

## C. RENT ROLL FOR CURRENT RENTAL PROGRAM PROPERTIES

Address	Monthly Rent	Months Rented	Rental Income	Improvements	Annual Insurance
609 E McClellan St	\$210	2	\$420	\$0	\$200
825 Tacken	\$290	40	\$11,600	\$15,000	\$630
15191 Roach	\$300	48	\$12,000	\$3,000	\$525
2118 Wolcott	\$300	45	\$13,500	\$7,000	\$560
502 W Bishop	\$300	44	\$13,200	\$3,800	\$573
629 E. Home	\$300	36	\$10,800	\$7,000	\$700
312 W Taylor	\$300	34	\$10,200	\$11,000	\$706
710 E Jamieson B	\$300	12	\$3,600	\$1,000	\$0
606 E. Jamieson	\$300	9	\$2,700	\$500	\$600
2817 Wisner	\$300	2	\$600	\$1,000	\$200
710 E Jamieson A	\$350	45	\$15,750	\$3,500	\$560
1220 Elizabeth	\$350	32	\$11,200	\$3,800	\$638
1081 S Cornell	\$350	26	\$9,100	\$3,500	\$692
2210 Blades	\$350	13	\$4,550	\$24,000	\$1,300
430 E Dartmouth	\$350	8	\$2,800	\$9,000	\$600
210 E Philadelphia	\$375	42	\$15,750	\$8,000	\$600
1083 Morris Hills Pkwy	\$375	28	\$10,500	\$500	\$686
1175 Downey Ave	\$375	24	\$9,000	\$2,500	\$650
4113 Proctor Ave	\$375	20	\$7,500	\$5,000	\$780
2302 Mack Ave	\$375	12	\$4,500	\$1,000	\$700
935 Stocker Ave	\$390	3	\$1,170	\$200	\$2,100
3112 Proctor	\$400	40	\$16,000	\$3,500	\$630
1310 N Chevrolet	\$400	38	\$15,200	\$15,000	\$663
1119 Ida	\$400	35	\$14,000	\$7,500	\$200
3521 Dupont	\$400	26	\$10,400	\$3,500	\$692
522 W Dewey St	\$400	24	\$9,600	\$15,000	\$650
1301 Knapp	\$400	24	\$9,600	\$7,800	\$650
3814 Forest Hill	\$400	21	\$8,400	\$7,000	\$571
6126 Palmetto	\$400	10	\$4,000	\$5,000	\$800
1213 Hobson	\$400	5	\$2,000	\$2,000	\$700
714 W Jackson Ave	\$400	3	\$1,200	\$200	\$200
2012 Wolcott	\$400	1	\$400	\$2,500	\$200
4074 N Jennings	\$425	45	\$14,325	\$9,000	\$560
3522 Lawndale	\$450	48	\$21,600	\$3,500	\$525
4185 W. Lake Rd	\$450	41	\$18,450	\$500	\$615
5409 Susan St	\$450	39	\$17,550	\$10,000	\$646
600 Welch Blvd	\$450	36	\$16,200	\$7,000	\$700
2084 Belsay Rd	\$450	36	\$16,200	\$1,500	\$700
5601 Cloverlawn Dr	\$450	29	\$13,050	\$3,500	\$724
3101 Raskob St	\$450	12	\$5,400	\$21,000	\$700
1035 Neubert Ave	\$450	10	\$4,500	\$4,000	\$840
3123 Trumbull Ave	\$450	3	\$1,350	\$7,000	\$200
2310 Mallery	\$450	3	\$1,350	\$200	\$200
5507 Granville Ave	\$475	12	\$5,700	\$3,500	\$700
2020 Gilmartin	\$500	25	\$12,500	\$6,500	\$624
5432 Sara Rose	\$500	8	\$4,000	\$7,000	\$600
3809 Hogarth Ave	\$500	7	\$3,500	\$200	\$400
5461 Country Rose Circle	\$525	10	\$5,250	\$600	\$800

SOURCE: GENESSEE COUNTY LAND BANK DATA



## D. RENT ROLL FOR SOLD PROPERTIES

Address	Monthly Rent	Months Rented	Rental Income	Improvements	Annual Insurance	Sale Price	Net Proceeds
1295 W Princeton Ave	\$275	12	\$3,300	\$13,121	\$700	\$10,700	\$179
1056 Yale Ave	\$300	10	\$3,000	\$12,000	\$720	\$3,000	-\$6,600
805 E Holbrook	\$300	9	\$2,700	\$500	\$720	\$5,500	\$7,160
1027 Laport	\$300	40	\$12,000	\$10,500	\$630	\$3,400	\$2,800
2405 Francis Ave	\$338	18	\$6,084	\$20,000	\$700	\$3,500	-\$11,474
217 York	\$350	22	\$7,700	\$5,500	\$709	\$1,800	\$2,700
318 W Foss	\$350	14	\$4,900	\$1,600	\$669	\$3,500	\$6,020
1718 New York Ave	\$350	21	\$7,350	\$5,000	\$686	\$6,250	\$7,400
1110 S. Grd Traverse	\$350	31	\$10,850	\$7,300	\$728	\$7,500	\$9,170
421 Odette	\$350	13	\$4,550	\$2,000	\$720	\$10,000	\$11,770
3802 Seneca	\$350	12	\$4,200	\$1,000	\$700	\$20,000	\$22,500
213 E. Pulaski	\$350	37	\$12,950	\$17,000	\$681	\$35,000	\$28,850
733 Cottage Grove	\$395	24	\$9,480	\$2,500	\$650	\$13,100	\$18,680
1622 W Court St	\$400	3	\$1,200	\$500	\$600	\$4,500	\$5,150
237 E Baker	\$400	22	\$8,800	\$4,500	\$709	\$4,500	\$7,500
2601 N Averill	\$400	31	\$12,400	\$14,000	\$728	\$22,000	\$18,520
531 Warren	\$450	12	\$5,400	\$2,500	\$600	\$2,475	\$4,775

SOURCE: GENESEE COUNTY LAND BANK DATA

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