

Detroit Land Bank Community Partnership Policy

The Detroit Land Bank Authority (DLBA) believes that in order to speed the reuse of abandoned property in the city of Detroit, partnerships with nonprofit, faith-based or community development organizations are essential. There will be three types of community partnerships available to nonprofits, all of which will be based on binding written agreements.

Who can be a DLBA Community Partner?

To become a Community Partner, a qualifying nonprofit, faith-based organization, or a community development organization must meet 6 standards. Failure to meet these 6 standards will result in the denial of a Community Partnership request.

1. Be located in the City of Detroit;
2. Have a federal tax exempt status;
3. Be current on its property taxes;
4. Have not lost title to property through foreclosure due to nonpayment of taxes within the past three (3) years;
5. Not have any blight violations or fines; and
6. Each Community Partner will be a partner for a defined geographic target area as agreed on by the Community Partner and the DLBA. The size and boundaries of an organization's defined geographic target area will be based on the organization's history of service in the area and in no case will exceed 5 square miles. [Note that the geographic target area is not exclusive to an individual Community Partner, but rather will likely overlap with other Community Partners' geographic target areas. Competing requests will be prioritized first by demonstration of sufficient financial and organizational capacity and then in a first come, first served manner.]

The DLBA has the sole discretion as to whether to enter into a Community Partner Agreement and the DLBA reserves the right to decline to enter into a Community Partner Agreement with any group where the DLBA is not convinced of the prospective Community Partner's financial and organizational ability to fulfill the terms of the agreement.

What are the Three Types of Community Partner Agreements?

1. Endorsement Partnership

In an endorsement partnership, a Community Partner does not actually buy or own properties itself. Instead, it identifies homeowners who have

the ability to fix up and maintain the house and live in the community as good neighbors. The Community Partner must provide in writing to the DLBA its process for selecting and endorsing a bidder. It is expected that a bidder endorsed by a community group will live in the house themselves for at least three years.

For each auction of a house in its service area, the Community Partner may endorse one bidder it deems to be a good neighbor for the community. The Community Partner's endorsement means the endorsed bidder will get an automatic 20% bonus on their bid amount. (That is, an endorsed bidder who bids \$10,000 will see their bid price on the auction site display as \$12,000. The endorsed bidder would then pay \$10,000 for the home.) The DLBA has determined that it is worth taking 20% less on a sales price in order to get homeowners committed to the neighborhood.

All winning bidders must comply with the terms of the Auction Purchase Agreement including the deadlines for closing, rehabilitating, and occupying the property. If endorsed bidders fail to meet these deadlines, the DLBA may terminate the Endorsement Partnership. The DLBA is relying on the Community Partners to vet the bidders before endorsing them.

2. Blight Removal Partnership

If the Community Partner wants to acquire property in its service area, the DLBA may contract to sell the Community Partner fewer than 10 properties if the Community Partner agrees to remove the blight and remediate the property. The price for property sold through a Blight Removal Partnership will be fair market value less 20%. The purchase price will then be further reduced by the expected cost of blight removal and remediation. For commercial property, the DLBA must review title for possible environmental legacy concerns and communicate this information to the Community Partner prior to transfer. Where there is evidence of environmental contamination, the Community Partner must adhere to state law environmental requirements for the purchase of property. A Community Partner must demonstrate organizational and financial capacity to perform the required blight removal and remediation within the agreed upon time frame for all properties purchased from the DLBA.

3. Redevelopment Partnership

A Community Partner may propose a large acquisition of 10 or more DLBA owned properties for purposes of redevelopment. That sale will be based on a specific development agreement in which the Community Partner includes the amount of investment, the type of development on the property, the timeline for that development, and a plan for community engagement. The price for property sold through a Redevelopment Partnership will be negotiated based on the amount of the investment. A Community Partner must demonstrate organizational and financial capacity to perform the redevelopment within the agreed upon timeframe. All Redevelopment Partnerships will require the approval of the DLBA and the Detroit City Council.

Other Items

1. The DLBA reserves the right to refuse sale without cause and will do so in writing to the Community Partner. In the event that the DLBA changes its mind and ultimately refuses to sell property pursuant to a Redevelopment Partnership already approved by the Detroit City Council, the DLBA will notify the Detroit City Council of that decision in writing simultaneously upon notifying the Community Partner. The DLBA shall provide such notification to the Detroit City Council through the Office of the Detroit City Clerk.
2. Properties will be addressed on a first come, first served basis.