

GRAND RAPIDS LAND BANK AUTHORITY



**GRAND RAPIDS
LANDBANK
AUTHORITY**
Policies and Procedures

Use and Disposition of Real Property

As approved and adopted by the Board of Directors on March 26, 2025

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GRAND RAPIDS LAND BANK AUTHORITY USE AND DISPOSITION OF REAL PROPERTY

The use and disposition of properties shall be guided by the following policies and at all times be consistent with the authority granted by the Constitution of Michigan, the laws of the State of Michigan, the laws of the City of Grand Rapids, the articles of incorporation and bylaws of the Grand Rapids Land Bank Authority (“GRLBA”) and the public purposes set forth therein.

Section 1. Role as a Public Authority.

1.1 Public Authority. The GRLBA is organized and operated as a land bank authority under the provisions of the Michigan Land Bank Fast Track Act, 2003 PA 258, MCL 124.751 et. seq. (the “Land Bank Act”) and the Intergovernmental Agreement by and between the Michigan Land Bank Fast Track Authority and the City of Grand Rapids, Michigan dated November 17, 2024.

1.2 Governing Authority. The GRLBA Board of Directors shall be the governing body of the GRLBA and shall have general charge of the affairs, property and assets of the GRLBA. Except as otherwise provided in the articles of incorporation or the bylaws of the GRLBA, all powers, duties and functions of the GRLBA conferred by the Land Bank Act, the Intergovernmental Agreement, the articles of incorporation, bylaws, other state statutes, common law, court decisions, or otherwise shall be exercised, performed, or controlled by the Board of Directors.

1.3 Purposes. The GRLBA is established to acquire, hold and transfer interests in real property throughout the City of Grand Rapids to (a) promote redevelopment and reuse of vacant, abandoned, foreclosed or other properties, (b) support targeted efforts to stabilize neighborhoods, (c) stimulate residential, commercial and industrial development, and (d) undertake its actions in ways that are consistent with goals and priorities established by local government partners and other community stakeholders.

Section 2. Property Disposition.

2.1 Impact of Property Transfer. The GRLBA shall consider the impact of a property transfer, including without limitation any form of disposition, on short and long-term neighborhood and community development plans.

2.2 Priorities for Property Use. The GRLBA may, at its discretion, give priority to the use of property listed below in ranking order:

- (a) Affordable Housing, including homeownership. Affordable housing means activation of 120% AMI or less. For homeownership, the property that will be occupied by the homeowner as a primary residence.
- (b) Legacy Wealth Building. Including Emerging Developer programs, and property that will be reclaimed and maintained or improved by members of a deceased former owner's family after the property was lost involuntarily due to property tax foreclosure.
- (c) Stabilization. Abandoned or vacant property will be stabilized and maintained in a manner that eliminates the potential harmful impact of the property and contributes to overall stability of the neighborhood.
- (d) Rehabilitation. Abandoned, vacant or foreclosed property that will be rehabilitated and put back into productive use.
- (e) Mixed-use Development. Vacant, abandoned, tax foreclosed or other residential or commercial property that can be redeveloped into a multi-use development that will become tax generating for the City of Grand Rapids.
- (f) Economic Development. Including use and development of property that promotes job creation and that generates revenue for GRLBA operations and future GRLBA investment in Grand Rapids communities.
- (g) Greening. Vacant unimproved property that can be used for gardening or greening purposes for the neighborhood.
- (h) Side Lots. Residential vacant property that can be placed into the GRLBA's side lot Program.
- (i) Sustainability. Commitment to green building practices that account for energy efficiencies, as well as a commitment to the use of low impact building materials and construction practices.

2.3 Priority of Transferees. The GRLBA may, at its discretion, give priority to the transferee listed below in ranking order:

- (a) Conveyance to individuals who will own and occupy residential property.

- (b) Conveyance to Individuals or members of a family who are the heir(s) of a deceased former owner of the property and are seeking to reclaim, reuse, and maintain property acquired by the GRLBA in a manner consistent with the priorities of the community in which the property lies and the priorities of the GRLBA. For the purposes of this subsection, property available for such a purpose must have been owned by a deceased member of the purchaser's family immediately preceding either the GRLBA's or Kent County Treasurer's acquisition of the property. The deceased former owner must have been related to or otherwise connected to the purchaser via one of the following relationships: grandparent, parent, former legal guardian, aunt, uncle, and siblings, or other relationship at the discretion of the Board of Directors. Consistent with this subsection and with the GRLBA Policies and Procedures, GRLBA may create program guidelines designed to identify and connect family members with GRLBA land appropriate to this section.
- (c) Conveyance to Eligible Buyers under GRLBA programs such as Emerging Developers program.
- (d) Non-Profit Organizations that are dedicated to the Redevelopment and Revitalization Purposes Described in 2.2.
- (e) Governmental Entities or Qualified Developers seeking to obtain the land for Purposes Described in Section 2.2 above.
- (f) Other Nonprofit or For-Profit entities or community groups seeking to obtain property for reinvestment and revitalization purposes. The GRLBA may also, at its discretion, give priority to transferees including: nonprofit institutions such as academic institutions and religious institutions; or entities that are a partnership, limited liability corporations, or joint venture comprised of a private nonprofit corporation and a private for-profit entity.

2.4 Transferee Qualifications. All applicants seeking to acquire property from the GRLBA, or to enter into transaction agreements with the GRLBA, will be required to provide as part of the application such information as may be requested by the GRLBA, including but not limited to (a) the legal status of the applicant, its organizational and financial structure, (b) the applicants prior experience in developing and managing real property, provided such information may be deemed unnecessary if the application is to purchase property for the purposes of 2.3(a) or (b) above, (c) a list of all parcels, with parcel number and address, the applicant owns in City of Grand Rapids along with the tax status of each parcel .

2.5 Reserved Discretion. The GRLBA reserves full and complete discretion to decline applications and reject proposed offers to purchase from individuals and entities. Relevant criteria in such a decision may include but are not limited to:

- (a) Parties who own real property within Grand Rapids and have any unresolved citation for violation of state or local codes and ordinances.

- (b) Parties who currently own real property within Grand Rapids that became delinquent in ad valorem tax payments and remained delinquent in ad valorem tax payments during their ownership.
- (c) Parties who previously owned properties within Grand Rapids that were transferred to a local, state, or federal government as a result of tax foreclosure proceedings within the last five (5) years.
- (d) Parties lacking proof of financial capacity and well-defined site plans, at the request of GRLBA, to remediate the property should it be environmentally contaminated.
- (e) Parties who have failed to perform in prior transactions with the GRLBA.
- (f) Parties that are barred from transactions with local government entities.
- (g) Parties that are unable to demonstrate sufficient experience and capacity to perform in accordance with the requirements of the GRLBA.

2.6 Covenants, Conditions and Restrictions. All conveyances by the GRLBA to third parties shall include such covenants, conditions and restrictions as the GRLBA deems necessary and appropriate in its sole discretion to ensure the use, rehabilitation and redevelopment of the property in a manner consistent with the public purposes of the GRLBA. In the discretion of the GRLBA, such requirements may take several forms including but not limited to a deed creating a use restrictions, recorded restrictive covenants, subordinate financing being held by the GRLBA, contractual development agreements, MLBE/MBE/WBE inclusion participation, local hiring requirements or any combination thereof.

2.7 Rehabilitation. All rehabilitation projects may require a development agreement and be started and completed within the negotiated time-frame. Where rehabilitation of a property by the transferee is a condition of the transfer, the requirement for such rehabilitation shall be in accordance with rehabilitation standards as established by the local unit of government and adequate completion of such rehabilitation shall be a condition to the release of restriction or lien securing such performance.

2.8 Zoning. The proposed use of real property transferred by the GRLBA must be consistent with current zoning requirements. Exceptions to this policy may be made in the GRLBA's discretion only in these instances where, through a written option or other agreement with the GRLBA, the transferee at its cost and in conjunction with the GRLBA, seeks and obtains approval for non-conforming use or an appropriate zoning change from the appropriate local governmental entity prior to the transfer of the property.

Section 3. Side Lot Program.

3.1 Side Lot Program. Goal of the side lot program will contemplate maximizing use of the property, including the ability to combine non-buildable side lots/parcels with an adjacent property to return them to taxable status.

3.2 Side Lot Transfers. Property may be acquired by the GRLBA and transferred to individuals in accordance with the following policies and within the hierarchical disposition priorities established in Section 3.2.

3.3 Qualified Side Lot Properties. Parcels of property eligible for inclusion in the Side Lot Program will generally meet the following minimum criteria:

- (a) The property will be residential vacant unimproved real property.
- (b) The property will be of insufficient size to permit independent development.
- (c) The GRLBA will consider, on a case by case basis for the Side Lot Program, property that is of sufficient size to permit independent development (i.e. "buildable") within the city of Grand Rapids.
- (d) Waterfront property is excluded from the Side Lot Program.

3.4 Priority of Transferees. Except where limited by the terms of its acquisition, the GRLBA may, at its discretion, give priority to the transferee listed below in ranking order:

- (a) Adjacent homeowners who own and occupy the physically contiguous residential property with not less than 75% common boundary line on one side (left or right) and the homeowner needs the contiguous property for a driveway or to address other local code compliance issues.
- (b) Adjacent homeowners who own and occupy the physically contiguous residential property with not less than 50% common boundary line behind the side lot property.

3.5 Policies for Side Lot Transferees.

- (a) The GRLBA reserves full and complete discretion to decline applications and proposed transaction agreements from individuals and entities described in Section 2.5.

3.6 Side Lot Pricing.

- (a) Parcels of property that meet the qualifications of the Side Lot Program will be eligible for transfer for nominal consideration.
- (b) Deed Without Warranty. Properties conveyed through the Side Lot Program from the GRLBA to private parties will be by Quit Claim Deed.

3.7 Additional Requirements.

- (a) In the event that, after review of priority as outlined in Section 3.3, there remains multiple adjacent property owners desiring to acquire the same side lot, the lot shall either be transferred to the highest bidder for the property, or divided and transferred among the interested contiguous property owners, or pursuant to some other determination made by the GRLBA.
- (b) The GRLBA will not convey more than two side lot properties to a transferee in a given year through the Side Lot Program. Additional side lots may be purchased at market value subject to Section 7(c).

Section 4. Factors in Determining Consideration Due Upon Transfers.

4.1 Consideration Generally. The following factors shall constitute general guidelines for determination of the consideration to be received by the GRLBA for the transfer of properties. In each and every transfer of real property the GRLBA shall require good and valuable consideration in an amount not less than the lower of the fair market value of the property or the Property Costs. "Property Costs" shall mean the aggregate costs and expenses of the GRLBA attributable to the specific property in question, including costs of acquisition, maintenance, repair, demolition, marketing of the property and indirect costs of the operations of the GRLBA allocable to the property. The amount of consideration shall be determined by the GRLBA in its sole discretion. The consideration to be provided by the transferee to the GRLBA may take the form of cash, a payment plan (e.g. lease or land contract) if approved by the GRLBA, performance of contractual obligations (e.g. sweat equity), imposition of restrictive covenants, or other obligations and responsibilities of the transferee, or any combination thereof.

4.2 Transfers to Nonprofit Entities for Affordable Housing.

- (a) Transfers of property to nonprofit entities for the development, operation or maintenance of affordable housing will generally require consideration not less than the Property Costs. Consideration will generally be established at a level between the Property Costs and fair market value of the property.
- (b) A key factor in determining the amount of and method of payment of the consideration shall be to facilitate the development and simultaneously to ensure that the property is dedicated for affordable housing for an appropriate period of time.

4.3 Transfers to Governmental Entities.

- (a) To the extent that transfers of property to governmental entities are designed to be held by such governmental entities in perpetuity for governmental purposes, the aggregate consideration for the transfer will generally be based upon deed restrictions upon the use of the property, unless other forms or levels of consideration deemed in the best interest of the GRLBA.

4.4 Transfers of Property at Open Market Conditions. Property that is transferred on the open real estate market, whether through auction or negotiated transfers, with or without restrictions as to future use, will generally be disposed for consideration equal to the fair market value of the property.

4.5 Side Lot Disposition Program. The pricing policies applicable to the Side Lot Disposition Program shall be as set forth in the policies and procedures applicable to the Side Lot Disposition Program established in Section 3.

Section 5. Approval of Property Transfers.

5.1 Transfers Requiring Board of Directors Approval. The Board of Directors must approve all of the following property transfers:

- (a) All transfers that are an exception to the policies and procedures governing the GRLBA.
- (b) All non side-lot transfers in which the property in the hands of the transferee will be exempt from property taxes, including tax reverted specific property tax.
- (c) Transfers involving five (5) or more parcels to one (1) grantee within one (1) calendar year. Please note the number of side lots that any one person can buy is subject to Section 3.6(b).

5.2 Transfers Not Requiring Full Board of Directors Approval. With the exception of those transfers described in section 5.1, the Board of Directors delegates to the Executive Director acting in conjunction with the Board Chairperson the authority to approve all property transfers (together with the authority to approve and execute related documents necessary to transfer title to or from the GRLBA). All property transfers will be reported in writing to the Board of Directors at the immediately following Board meeting.

Section 6. Interpretations of Policies and Procedures and Revisions.

6.1 Interpretations. GRLBA's Executive Director shall have the sole authority to interpret these policies and procedures. GRLBA's Executive Director may adopt additional internal administrative guidelines to clarify, expand, or provide further detail on any of the policies contained herein. Any such internal administrative guidelines must be in writing and must not contradict these policies and procedures.

6.2 Revisions. These policies and procedures will be revised as needed and adopted by GRLBA's Board of Directors. GRLBA will maintain a record of all policies and procedures it has adopted and the date revised policies were adopted.