Michigan Land Banks

Addressing Problem Properties to Serve Community Goals

Though diverse in structure, inventory size, and operations, land banks across the country fundamentally all serve the same purpose: acquire vacant properties and return them to productive use.

In Michigan, land banks are quasi-governmental entities, created pursuant to Michigan’s Land Bank Fast Track Act (Public Act 258 of 2003), and represent rural and urban communities across the state. They have been a vehicle for supporting community development by maintaining or demolishing vacant structures, assembling property for future reuse, turning problem properties into quality housing for all income levels, facilitating commercial and industrial property redevelopment, and working with communities to transform vacant land into parks, gardens, and other community spaces.

Michigan land banks have the authority to:

- Acquire property cost-effectively through a variety of mechanisms, primarily through the tax foreclosure process
- Extinguish liens and clear title efficiently through bulk quiet title
- Hold property tax-exempt
- Flexibly sell property to a responsible buyer and/or developer, driven not by highest price but to ensure desired community outcomes
- Generate and collect revenue from property tax capture, tax increment financing, and other funding mechanisms

How does a land bank work?

Owner not paying property taxes, not maintaining property after local government sought compliance*

Public Costs
Property harming surrounding property values and costing taxpayer dollars to board, mow, and secure

TAX FORECLOSURE
FGU forecloses on property for unpaid taxes

PROPERTY TRANSFERRED
Property is transferred to land bank following public auction

Other Sources of Inventory
Donation Private purchase Property swaps Other government transfers

PROPERTY SOLD
Property is sold to responsible end user and put back onto tax rolls consistent with community goals

The land bank can:
- Extinguish liens and clear title
- Maintain, rehab, or demolish
- Strategically assemble parcels
- Hold property tax exempt
- Flexibly set sales price based on desired outcome
- Find responsible buyer and/or developer

Everyone in Michigan is served by a land bank! There are 47 county land banks, one city land bank, and the state land bank, which serves the remaining 36 counties in Michigan.

* Land banks receive a wide range of property types including residential, commercial, and industrial structures as well as vacant lots. The image of a residential house is used here only for illustrative purposes.
Land Bank Impact

Increase property values: Land banks facilitate the repair, rehab, and reuse of vacant, abandoned, and deteriorated (VAD) properties, helping reverse the negative impacts of those properties, on the community and value of nearby homes.

Increase municipal revenue: Land banks break the cycle of property tax foreclosure and place property back on the tax rolls, which leads to greater municipal revenue.

Leverage investment for economic growth: Land banks have been able to bring together private, public, and philanthropic funding to lead interventions ranging from small residential rehabilitation to large-scale catalytic projects, creating new job opportunities and growing the regional economy.

Decrease municipal service expenses: VAD properties drain municipal services, such as code enforcement, and fire and police response. When land banks remove blighted structures and steward properties, those municipal service costs decrease.

Improve public health and quality of life: Addressing VAD properties through land banks can lead to decreases in crime and improve wellbeing and personal and public health.

Create new housing opportunities: Land banks play a significant role in housing development. By rehabilitating vacant homes, building infill housing on underutilized land, and facilitating multi-family redevelopment, land banks help meet the housing needs of all income levels.

The median sale price increased **11.5%** and the mortgage rate increased **5.6%** per year where the Detroit Land Bank renovated homes through the Rehabbed and Ready program.

Between 2009-18, the Calhoun and Kalamazoo County land banks created at least **286 full time jobs** in construction, lawn care, and property maintenance.

The Ingham County Land Bank saw a return of **$1.82 for each dollar spent** and **one job created for every $72,891** spent improving properties.

Saginaw County Land Bank’s removal of 884 vacant and blighted homes helped reduce major crime in Saginaw by 20%.

Genesee County Land Bank’s Clean & Green program to maintain vacant lots reduced assaults and violent crimes around vacant lots by 40%.

Access the PDF of this document for links to source information on these impacts: tinyurl.com/MLandBanks