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**TO:** Detroit City Council

**FROM:** David Whitaker, Director   
Legislative Policy Division Staff

**DATE:** October 4, 2021

**RE:** **Report on DLBA Property Infrastructure**

The Legislative Policy Division (LPD) has received a request from Councilman Roy McCalister, Jr. regarding the Detroit Land Bank Authority (DLBA) property infrastructure. The questions presented by Councilman McCalister are highlighted with the answers below:

**1.) Can we please research the legality of performing upgrades to the infrastructure to DLBA residential properties prior to the final sale?**

The DLBA is an intergovernmental entity established between the City of Detroit and the Michigan Land Bank Authority under the Land Bank Authority Fast Track Act, MCL 124.751, et seq. The City has the authority under the Act pursuant to MCL 124.773(9)

A qualified city and any agency or department of a qualified city, or any other official public body, may do 1 or more of the following:

- (a) Anything necessary or convenient to aid a local authority in fulfilling its purposes under this act.
- (b) Lend, grant, transfer, appropriate, or contribute funds to a local authority in furtherance of its purposes.
- (c) Lend, grant, transfer, or convey funds to a local authority that are received from the federal government or this state or from any nongovernmental entity in aid of the purposes of this act.

The City has the authority to do anything necessary or convenient to aid the DLBA in fulfilling its purposes set forth under the Act, which would include performing upgrades to the infrastructure to DLBA residential properties prior to the final sale.

- (2) How can we implement a program for infrastructure repairs of properties, i.e. water pipes into the properties, sewer lines, lead pipe replacement, electrical upgrades, roofs or other major quality of life issues at a residential structure?**

A program for infrastructure repairs such as water pipes into the properties, sewer lines, lead pipe replacement, electrical upgrades, roofs of properties can be established as long as it meets the requirements of being for a public purpose which does not violate the Michigan Constitution's prohibition against lending of credit. The development of such program could be utilized for properties owned by a public entity such as the DLBA, where implemented through and agreement between the City and the DLBA.

- (3) Can a percentage of the proceeds from the sale of all City owned properties be set aside to help fund this program?**

Yes, a percentage of the proceeds from the sale of all City owned properties can be set aside to fund a infrastructure repair program. It should be noted that a portion of all proceeds from properties sold by the City has already been set aside. The City Code Section 22-3-7, Detroit Affordable Housing Development and Preservation Fund provides in pertinent part:

- (c) It is expected that the annual appropriation will be not less than 20 percent of the net receipts of all commercial property sales during the previous fiscal year.

If we can be of further assistance please feel free to call upon us.