



STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

MAURA D. CORRIGAN
DIRECTOR

August 31, 2012

The Honorable Roger Kahn
Chair, Senate Appropriations Committee
Michigan State Senate
Lansing, Michigan 48933

The Honorable Charles Moss
Chair, House Appropriations Committee
Michigan House of Representatives
Lansing, Michigan 48933

Dear Senator Kahn and Representative Moss:

Section 603 of the 2012 Public Act 296 requires the Michigan State Housing Development Authority (MSHDA) and the Department of Human Services (DHS) to report to the legislature quarterly on demolition projects. The attached report describes the project areas for the Detroit demolition funding and the application process that will be used to select the outstate project areas. It also includes a complete accounting of all demolition expenditures. If you have any questions regarding the attached report, please contact Kim Homan at 517-243-5947.

Sincerely,

A handwritten signature in black ink that reads "Maura D. Corrigan".

Maura D. Corrigan
Director, Michigan Department of Human Services

A handwritten signature in black ink that reads "Gary Heidel".

Gary Heidel
Director, Michigan State Housing Development Authority

Enclosures

c: Senator Darwin L. Boohar
Representative Martin Knollenberg

Pursuant to 2012 PA 296
First Quarterly Report on Demolition Projects
August 31, 2012

The Michigan state housing development authority in cooperation with the department of human services shall report to the legislature on the demolition projects no later than September 1 of the current fiscal year and quarterly thereafter until the funds have been exhausted. The report shall include, at a minimum, a description of the project areas selected and a complete accounting of all expenditures made pursuant to this section.

I. Detroit Demolition Program

The Detroit demolition program is being incorporated into the state’s Neighborhood Revitalization Initiative, headed by the Governor’s Office of Urban and Metropolitan Initiatives and including the Department of Human Services (DHS) Pathways to Potential program, which locates DHS social workers in schools. The focus is on schools as the core of neighborhoods. The Initiative as a whole seeks to make students and families stronger and safer by making the surrounding neighborhood safer, reducing truancy, and offering better and more integrated services.

To that end, demolition funding is being used to demolish unsafe structures around eight schools identified as Initiative pilot areas. (*Attachment 1 – Map of Three Focus Areas in Detroit*). The Michigan Land Bank Fast Track Authority (Michigan Land Bank) is handling the Detroit demolitions.

- a. Project Areas. The \$10 million allocated for blight elimination in Detroit is targeted around eight schools in three areas of the city: Clark Academy and East English Village Academy on Detroit’s east side (*Attachment 2 – Clark and EEV Map*); Harms Elementary, Bennett Elementary, Clemente Academy, and Neinas Elementary in Southwest Detroit (*Attachment 3 – Harms Neinas Map*); and Bagley Elementary and Bates Academy on the City of Detroit’s North side (*Attachment 4 – Bagley Bates Map*).

- i. **Clark Elementary**: (*Attachment 5 – Clark Identified Scheduled Demos*)

- 1. Total properties identified for demolition and ownership information (*Attachment 6 – Blight Elimination Numbers*)¹:

- a. **456** total candidates:

¹ Cost estimates in Attachment 6 are based on an estimated demolition cost of \$8500 per structure. These estimates do not include the cost of testing, inspections, concrete work, or utility shut-offs.

- i. **140** County Treasurer owned: the Wayne County Treasurer has executed an agreement authorizing the Michigan Land Bank to demolish the properties.
- ii. **33** city-owned: the Michigan Land Bank is requesting, but has not yet received, City authorization to enable the State to demolish the structures, and cover the costs on the City's behalf.
- iii. **283** privately-owned: the Michigan Land Bank is requesting, but has not yet received, City approval to authorize the Michigan Land Bank to demolish the structures based upon the City's Dangerous Buildings System and City Council approval.

2. Completed demolitions:

- a. **21** structures will be demolished by the Michigan Land Bank as of the close of business on August 29, 2012.

3. In process of demolition:

- a. **33** are assigned to contractors; schedule dates are being assigned based upon NESHAP submittals that require 10 business day waiting periods.
- b. **35** are awaiting final clearances and asbestos assessment tests before being assigned to contractors.

4. Expenditures:

- a. Invoices will not be submitted for payment until all work, including back-fill and lot leveling is completed, however for budgeting purposes funds are considered obligated once the structure is demolished.
- b. A total of **\$756,500** in demolition expenses has been obligated by the Michigan Land Bank:
 - i. A minimum of \$178,500 in demolition work has been completed.
 - ii. An additional amount of \$578,000 in demolition work is in process for clearances and permits.

5. Plan and timeline for future demolitions:

NOTE: the scheduling of additional demolition near Clark Elementary is dependent upon the City of Detroit authorizing the Michigan Land Bank to demolish city-owned and privately-owned structures. Funds have been allocated to complete the demolitions of city-owned and privately-owned structures as soon as the City of Detroit executes the agreements.

ii. **East English Village**

1. Total properties identified for demolition and ownership information (Attachment 6 – Blight Elimination Numbers):

a. **245** total candidates:

- i. **18** City-owned;
- ii. **61** County Treasurer owned;
- iii. **166** privately-owned.

2. In process:

a. *The Michigan Land Bank has initiated the clearance and asbestos assessment process on the 61 Wayne County Treasurer properties, pursuant to the authorization provided by the Treasurer.*

3. Completed demolitions: None to date.

4. Expenditures: None to date.

5. Plan and timeline for future demolitions:

NOTE: the scheduling of additional demolition near EEV is dependent upon the City of Detroit authorizing the Michigan Land Bank to demolish city-owned and privately-owned structures. Funds have been allocated to complete the demolitions of city-owned and privately-owned structures as soon as the City of Detroit executes the agreements.

iii. **Neinas** (Attachment 7 – Map of Data Harms, Neinas)

1. Total properties identified for demolition and ownership information (Attachment 6 – Blight Elimination Numbers):

- a. **157** total candidates:
 - i. **14** City-owned;
 - ii. **20** County Treasurer owned;
 - iii. **1** Michigan Land Bank owned;
 - iv. **122** privately-owned.

2. In process: None to date.

3. Completed demolitions: None to date.

4. Expenditures: None to date.

5. Plan and timeline for future demolitions :

- a. *The City of Detroit identified Southwest Detroit as one of its three Demonstration Areas, and has allocated funding to complete approximately 150 demolitions in the area. The Michigan Land Bank has requested the City's list of addresses in order to coordinate additional demolition in the area without duplicating the City's scheduled demolitions.*
- b. *The Michigan Land Bank has requested all specific addresses already identified by the City as needing demolition but for which the City does not have funding.*
- c. *Once the City of Detroit provides authorization, the Michigan Land Bank will assist by demolishing city-owned and privately-owned blighted structures in this Demonstration Area.*
- d. *The Michigan Land Bank will initiate the clearance and asbestos assessment process on its properties and the Wayne County Treasurer properties, pursuant to the authorization provided by the Treasurer.*

iv. Harms, Bennett and Clemente (Attachment 7 – Map of Data - Harms Neinas)

1. Total properties identified for demolition and ownership information (Attachment 6 – Blight Elimination Numbers):

- a. **149** total to date. (Note: additional data reconciliation is being completed and additional units will be added to the total):

- i. **24** city-owned;
 - ii. **18** County Treasurer owned;
 - iii. **107** privately-owned.
- 2. In process: None to date.
- 3. Completed demolitions: None to date.
- 4. Expenditures: None to date.
- 5. Plan and timeline for future demolitions:
 - a. *The City of Detroit identified Southwest Detroit as one of its three Demonstration Areas, and has allocated funding to complete approximately 150 demolitions in the area. The Michigan Land Bank has requested the City's list of addresses in order to coordinate additional demolition in the area without duplicating, the City's scheduled demolitions.*
 - b. *The Michigan Land Bank has requested all specific addresses already identified by the City as needing demolition but for which the City does not have available funding.*
 - c. *Once the City of Detroit provides authorization, the Michigan Land Bank will assist by demolishing city-owned and privately-owned blighted structures in this Demonstration Area.*
 - d. *The Michigan Land Bank will initiate the clearance and asbestos assessment process on the 18 Wayne County Treasurer properties, pursuant to the authorization provided by the Treasurer.*

v. **Bagley**

- 1. Total properties identified for demolition and ownership information: None to date.
- 2. In process: None to date.
- 3. Completed demolitions: None to date.
- 4. Expenditures: None to date.
- 5. Plan and timeline for future demolitions :

- a. *The Michigan Land Bank will initiate the clearance and asbestos assessment process on the Wayne County Treasurer properties, pursuant to the authorization provided by the Treasurer.*
- b. *Once the City of Detroit provides authorization, the Michigan Land Bank will assist by demolishing city-owned and privately-owned blighted structures in this Demonstration Area.*

vi. Bates

1. Total properties identified for demolition and ownership information: Data is being reconciled.
2. In process: None to date.
3. Completed demolitions: None to date.
4. Expenditures: None to date.
5. Plan and timeline for future demolitions:
 - a. *DTE Energy has identified the neighborhood near Bates for a Neighborhood Revitalization Project in collaboration with the City of Detroit, State of Michigan, and corporate and foundation partners. The Michigan Land Bank will reconcile the data on parcel conditions with addresses provided by DTE, local community groups, and by the City of Detroit, to determine the entire list of demolition candidates.*
 - b. *The Michigan Land Bank will initiate the clearance and asbestos assessment process on the Wayne County Treasurer properties, pursuant to the authorization provided by the Treasurer.*
 - c. *Once the City of Detroit provides authorization, the Michigan Land Bank will assist by demolishing city-owned and privately-owned blighted structures in this Demonstration Area.*

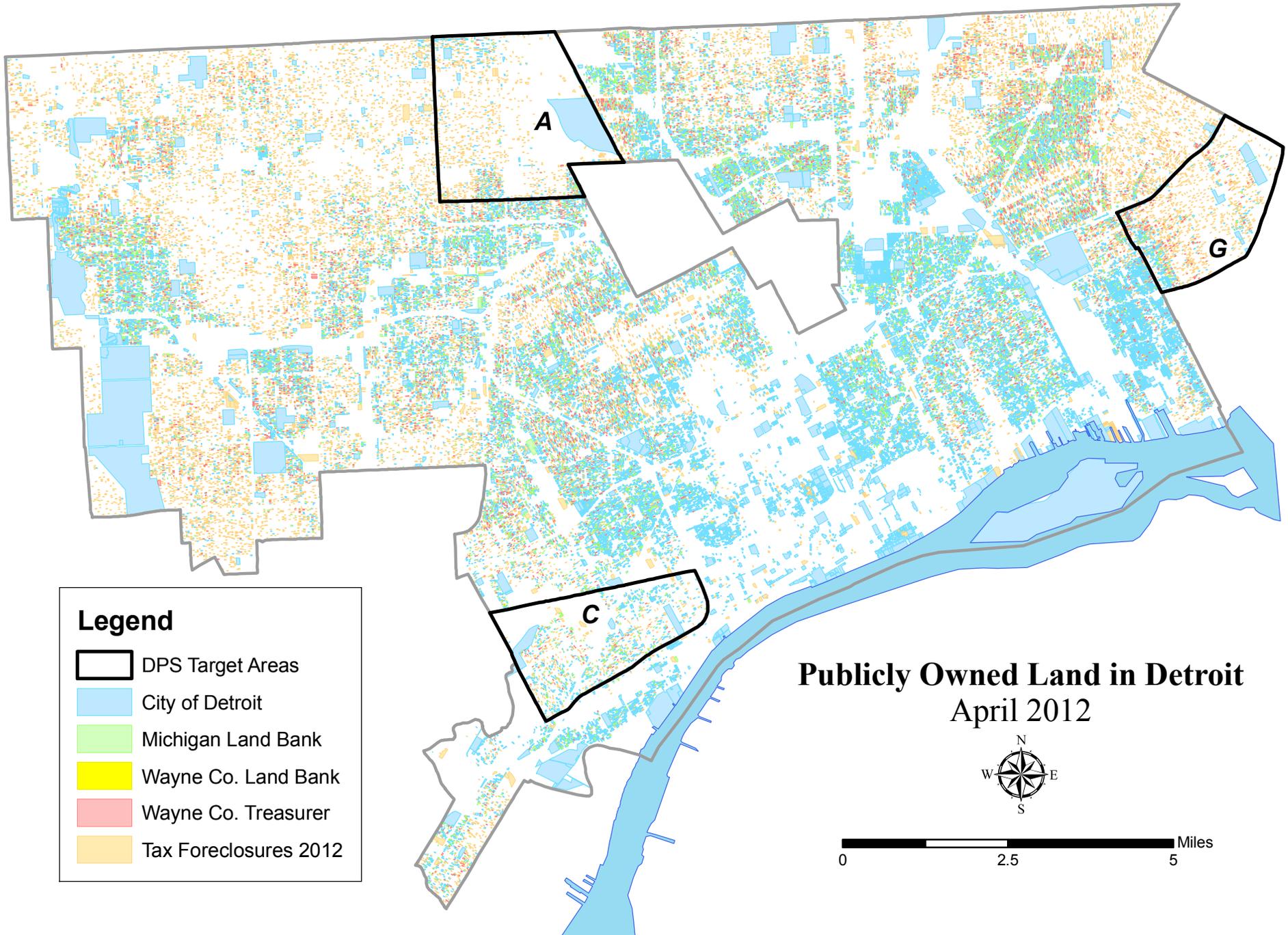
II. Michigan Demolition Program

- a. Project Areas:
 - i. Competitive Application Process: The remaining \$15 million will be distributed throughout the state through a competitive application process. Local entities will develop proposed projects and submit an application requesting either direct demolition by the Michigan Land Bank or a local-level grant.

1. DHS, the Michigan State Housing Development Authority (MSHDA), and the Michigan Land Bank will evaluate the applications and select the project areas.
 2. Applications will be evaluated in four categories: Public Safety, Property Value Stabilization, Economic Development Opportunities, and Local Support and Additional Investment.
 3. In addition, the legislation requires an “equitable distribution” of the funds statewide. Therefore, DHS, MSHDA, and the Michigan Land Bank will also consider geographic distribution of project areas in making final selections.
- ii. Timeline for application process. The application will be released on September 12, 2012. The deadline for submitting applications is Wednesday, December 12, 2012.
- b. Next steps: DHS, MSHDA, and the Michigan Land Bank will review and evaluate the applications after the deadline and expect to make decisions on project areas by February 15, 2013.

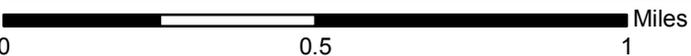
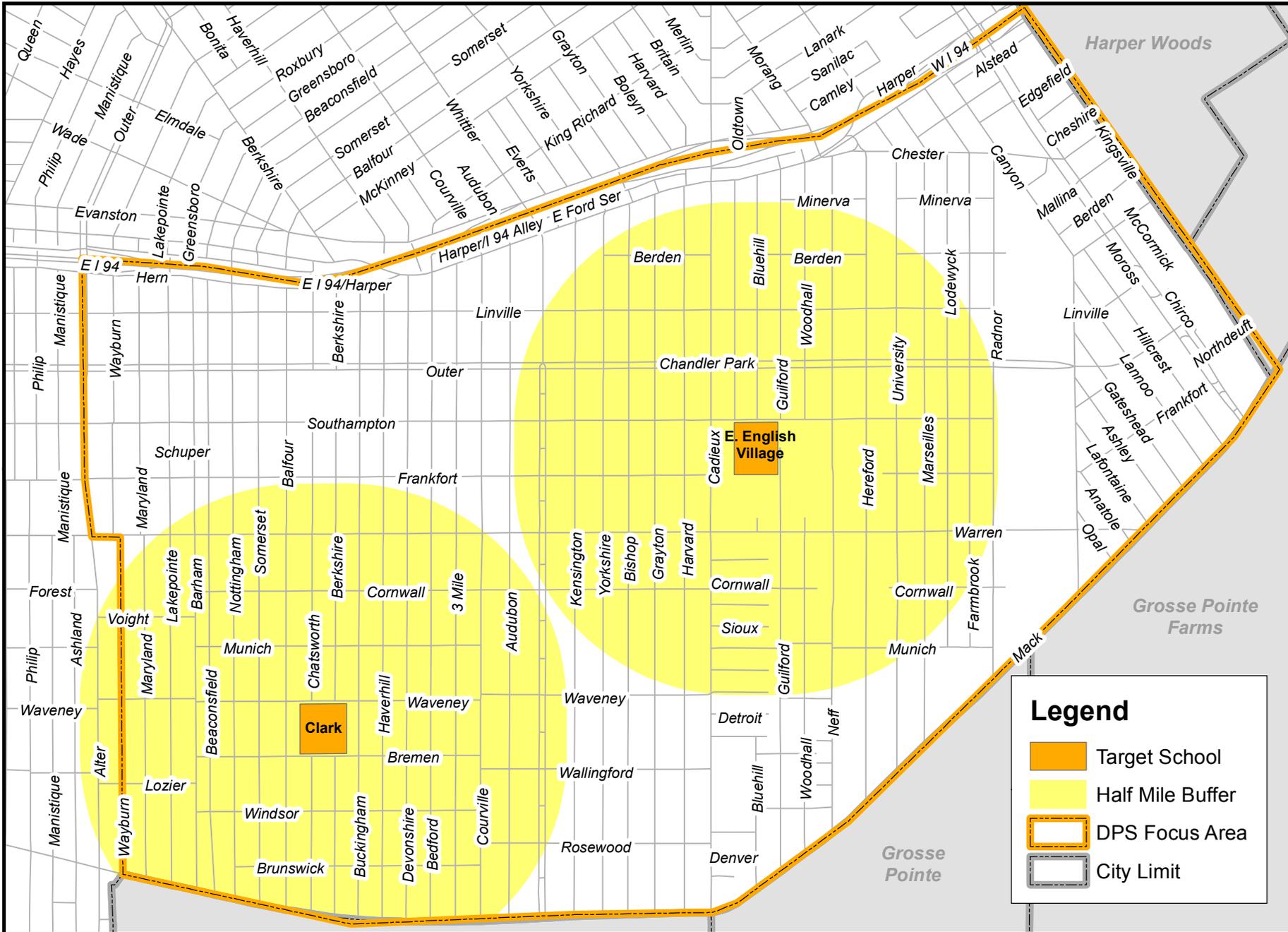
III. Meeting with the Foundation Community on August 15th.

On August 15, 2012, DHS Chief Deputy Director Duane Berger, Harvey Hollins, Director of the Governor’s Office of Urban and Metropolitan Initiatives, and Kim Homan, Executive Director of the Michigan Land Bank, presented the Pathways to Potential and the Blight Elimination Program to an audience of foundation representatives. There was significant foundation interest in both programs, and all agreed to future communication and collaboration. This is a possible source of future funding to continue this project after the allocated funds are expended.



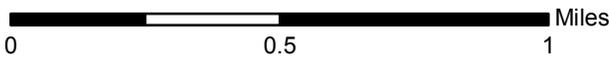
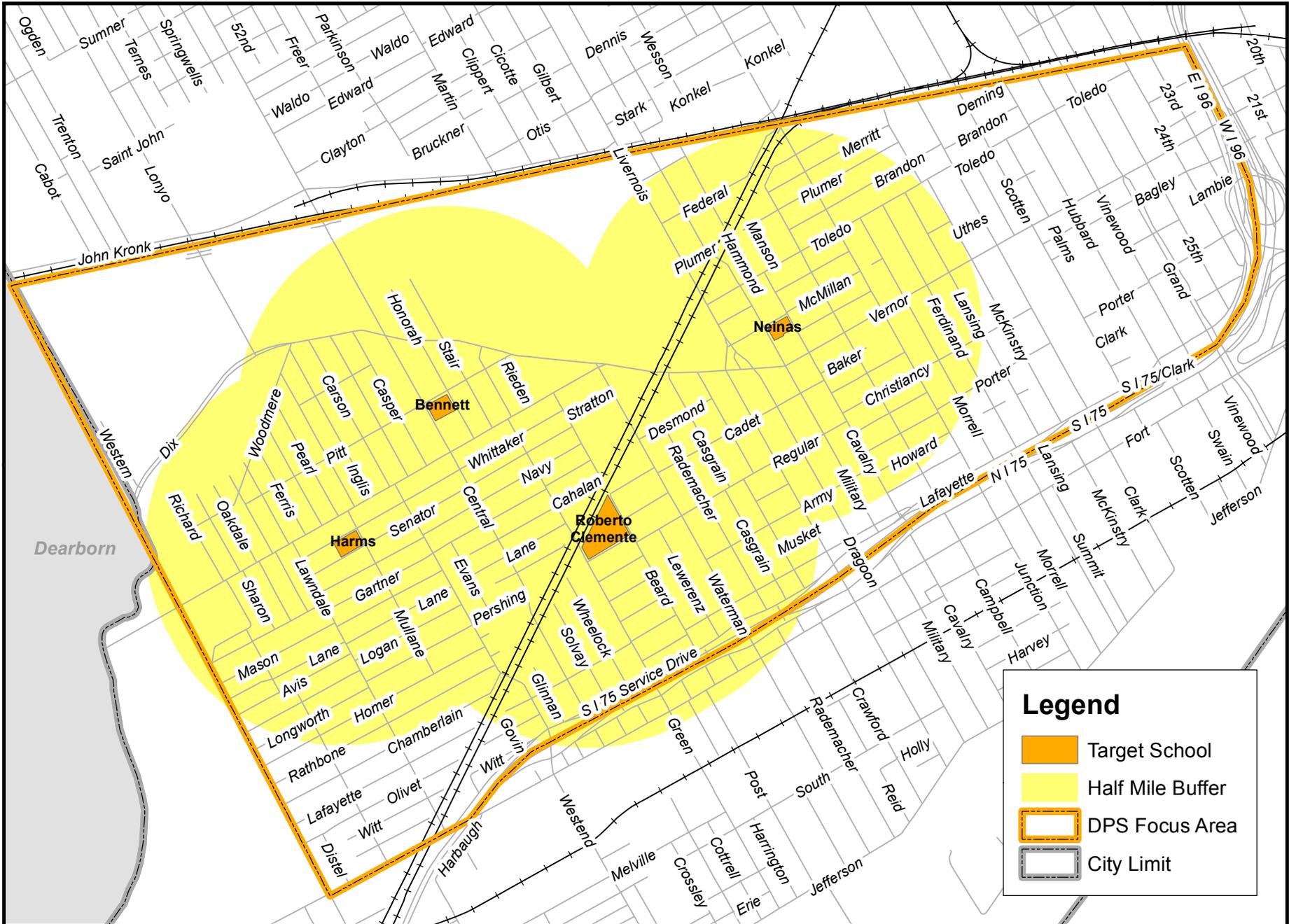
Detroit Blight Elimination Overview Map

Area G: Clark Academy and East English Village High



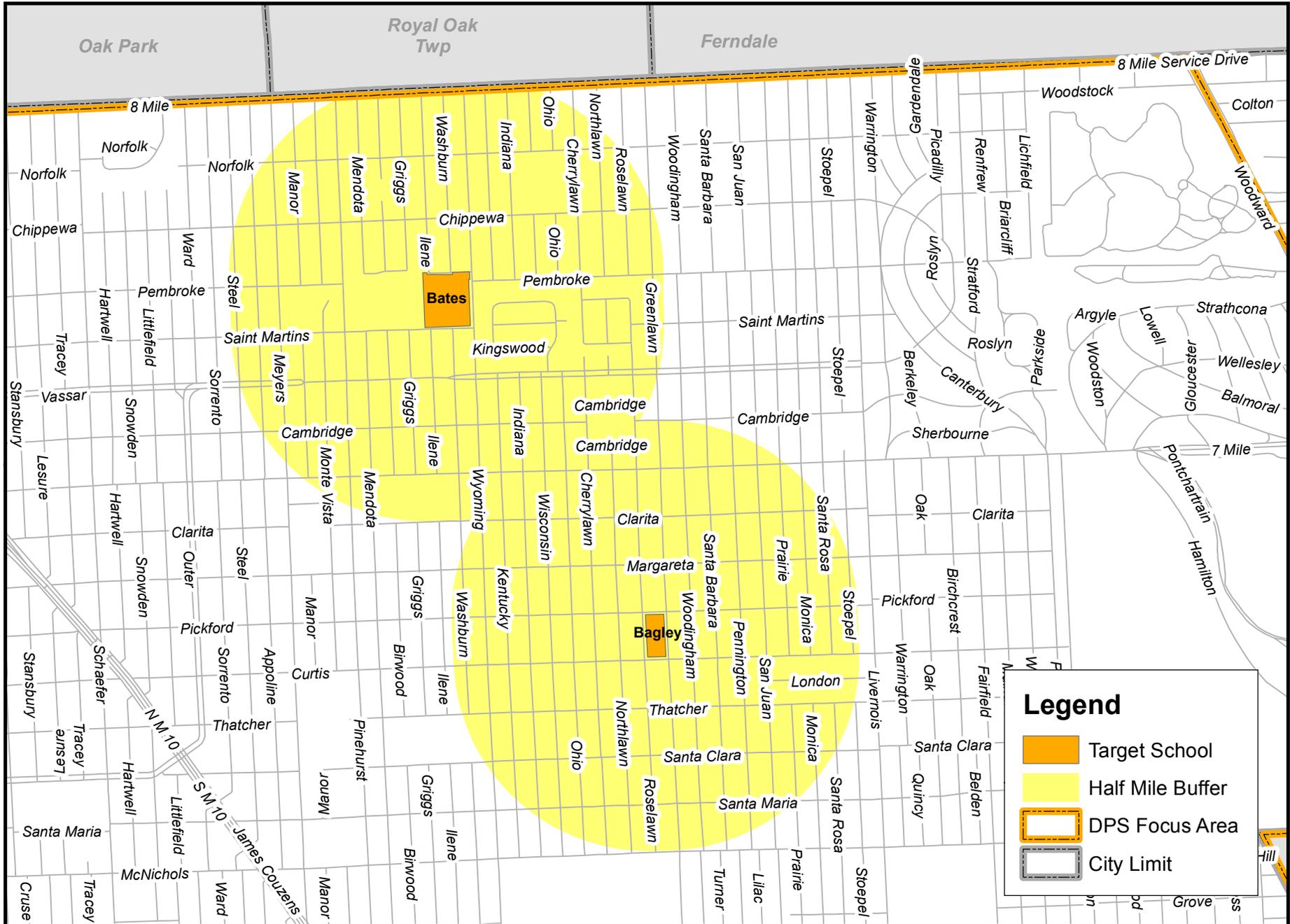
Detroit Blight Elimination Overview Map

Area C: Neinas and Harms Elementary, Clemente and Bennett Academy

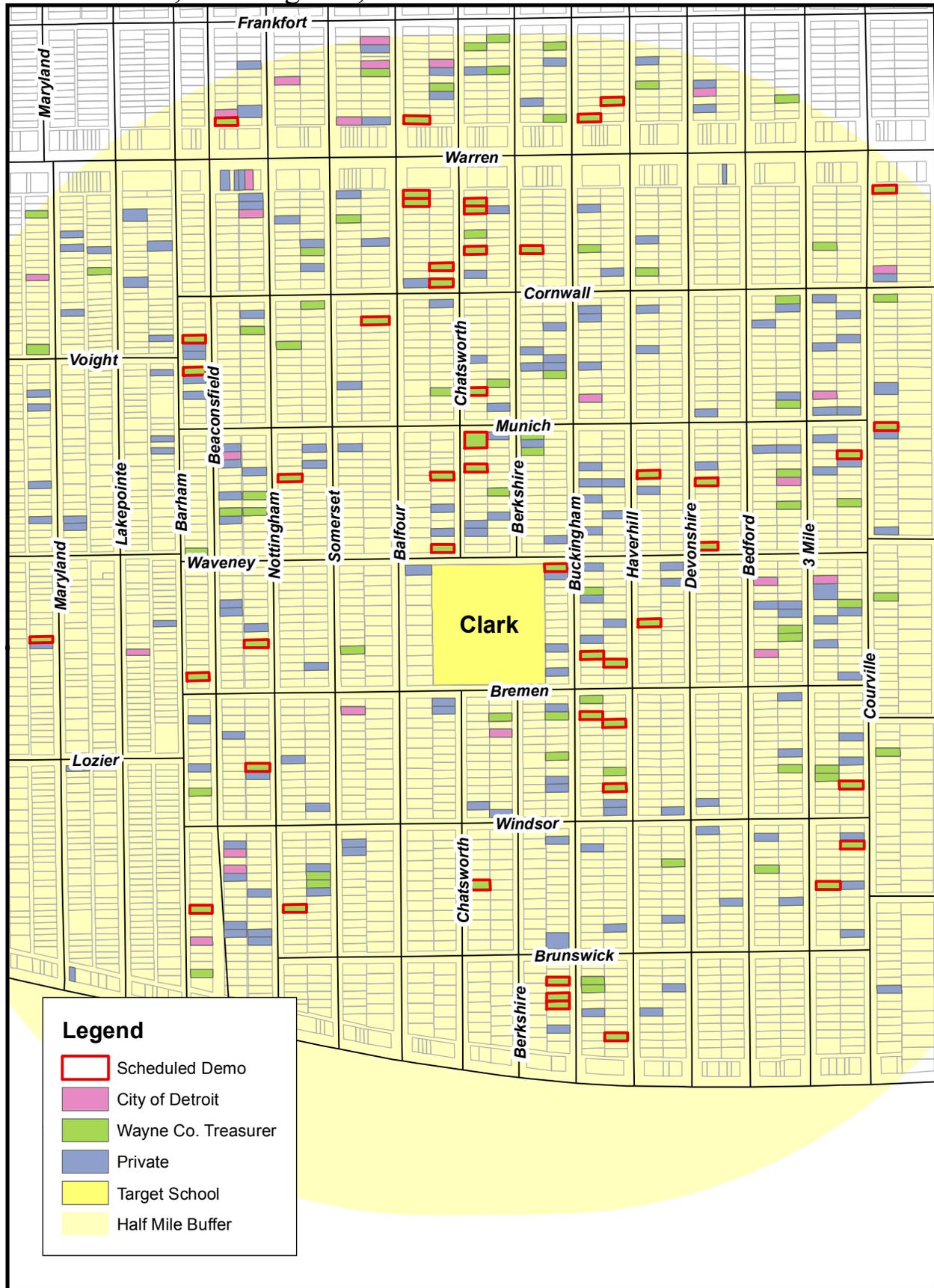


Detroit Blight Elimination Overview Map

Area A: Bates Academy and Bagley Elementary



Identified and Scheduled Demolition Clark School, MorningSide, Detroit



DPS Demolition Project

Totals By Area, 8/28/2012

OWNERSHIP of DEMO PARCELS		Area G		Area C		Area A		Grand Total*
		Clark	EEV High	Harms, Bennett and Clemente*	Neinas	Bagley*	Bates*	
City Owned	Demo	33	18	24	14			89
Wayne County Treasurer Owned	Demo	140	61	18	20			239
Michigan Land Bank Owned	Demo	0	0	0	1			1
Privately Owned	Demo	283	166	107	122			678
Total Demo		456	245	149	157	0	0	1007
Total Demo \$		\$3,876,000	\$2,082,500	\$1,266,500	\$1,334,500	\$0	\$0	\$8,559,500

* Survey work not complete; final numbers will be higher.

