



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING



MAURA D. CORRIGAN
DIRECTOR

May 28, 2014

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

The Honorable Joseph Haveman, Chair
House Appropriations Committee
Michigan House of Representatives
Lansing, Michigan 48933

Dear Senator Kahn and Representative Haveman:

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 funding and project areas for the Detroit and outstate demolitions. It also includes an accounting of demolition expenditures to date. If you have any questions regarding the attached report, please contact Michele Wildman at 517-373-4363.

Sincerely,

Maura D. Corrigan
Director, Department of Human Services

Scott Woosley
Executive Director
Michigan State Housing Development Authority

Enclosures

c: Senator Darwin L. Booyer

Pursuant to 2012 PA 296
Eighth Quarterly Report on Demolition Projects
May 28, 2014

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 2012 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 part of the State of Michigan's Neighborhood Stabilization School Anchor Initiative (NSSA), led by the Governor's Office of Urban and Metropolitan Initiatives. The Department of Human Services (DHS) Pathways to Potential program, which locates DHS "success coaches" in schools, is a key element. 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. The Michigan Land Bank Fast Track Authority (MLB) is handling the demolitions in the City of Detroit.

The areas for blight elimination in the City of Detroit, for which **\$10 million** was allocated, were revised in the November 2013 quarterly report to encompass a total of eleven schools in six expanded focus areas:

- Clark Academy and East English Village Academy on Detroit's east side;
- Harms Elementary, Bennett Elementary, Clemente Academy, and Neinas Elementary in southwest Detroit;
- Bagley Elementary and Bates Academy on the City of Detroit's north side;
- Bethune Elementary, near University of Detroit Mercy and Marygrove College;
- Cody High School, on the City's west side; and
- Gompers Elementary, in the Brightmoor area.

Many of these blight elimination target areas have since been selected by the City of Detroit and the Detroit Land Bank for the federally funded Hardest Hit (HH) demolition program. The HH funds are more restrictive, and as such, MLB and its partners on the school demolition project have been working to identify structures that cannot be removed with the federal funds and can best complement the HH work.

The MLB was able to successfully demolish over 300 structures located in the three expanded areas of Bethune Elementary, Cody High School and Gompers Elementary. Due to a recent HH area expansion, however, the Bethune Elementary and Cody High School areas now overlap. The MLB, in

collaboration with DHS, MSHDA and the Governor’s Office, has added two new areas that will use the remaining Blight Elimination funding for the Detroit Demolition Program pursuant to 2012 PA 296. **The first is the Greenfield Union Elementary-Middle School, bounded by 7 mile - Woodward - I75 - State Fair Street. The second is the area to the east of Osborn College Preparatory Academy.** The MLB has identified properties for both areas and is currently in the process of selecting the best candidates to benefit the communities with the \$1.9M in remaining funding.

1. Status of MLB Demolition in Detroit

To date, the MLB has demolished 725 structures in the school focus areas in the City of Detroit with 35 more addresses assigned to contractors and scheduled to be demolished over the next 45 days for a total of 760 blighted structures demolished or scheduled for demolition, and approximately \$7.6 million of the \$10 million grant expended or committed. An additional 225 demolition candidates are being identified in the Greenfield Union Elementary-Middle School to complete the program to the full funding amount. *(Maps showing the status of the Detroit demolition projects attached).* Frost laws in effect through April 24th delayed demolition activity during this quarter.

2. Updated Demolition Totals for all Detroit School Focus Areas

- (1) Completed demolitions as of May 15, 2014: **725**
- (2) Additional properties in process as demolition candidates: **35**
 - (a) Number of properties in preparation or active demolition: **35**
 - (b) Number of properties recently authorized: **0**
- (3) Estimated number of additional properties to be demolished: **225**
 - (a) Remaining funds to be allocated: **\$1.9 million**
 - (b) Properties already identified, being selected for best impact.
- (4) Actual and anticipated expenditures:
 - (a) To date, \$7.6 million in demolition funds have been expended, or are obligated under pending contracts for environmental surveys or demolition;
 - (i) This includes actual costs for the 725 completed demolitions and contractual amounts for the 35 structures already assigned to a contractor for demolition.
 - (ii) Invoices are not submitted for payment until all work, including back-fill and lot leveling is completed. For budgeting purposes, however funds are considered obligated once the structure is assigned to a contractor.
 - (b) Unexpended funds remaining: \$1.9 million

II. State of Michigan Demolition Project

DHS, the MSHDA, and the MLB developed an application process to select the project areas for the **\$15 million** allocated for demolition outside of the City of Detroit.

Thirty four (34) grantees were awarded funding for proposed projects using four criteria: **public safety, property value stabilization, economic development opportunities, and local support and additional investment.** The current status of the individual grantees is as follows:

To date, over \$400,000 has been yielded from cost savings and operational efficiencies to add a 35th grantee and increase total program planned demolitions by 6%, from 888 to 936 units. This additional grantee was selected because it was the next highest scoring proposal that could complete their demolition activity with the remaining funding available.

Currently, 35 grantees are now active, encumbering \$14,632,116.62 or 100% of the total funding amount awarded with specific projects and addresses, and 27 of the grantees are operationally active, with 18 grants already completed.

The project is exceeding projections as 60% of the structures have been demolished, and the State has received over \$7 million in invoices to date.

Attachment 2 - *Michigan Blight Elimination - Statewide* provides a more specific look at each grantee's progress.

III. Ongoing Cost Savings

1. Cost Savings of Over \$1 Million

Cost reduction efforts to date have resulted in a total savings of over \$1 million, which will cover the demolition of an additional 125 houses. Process re-engineering has decreased total average demolition costs by 57%; from \$13,529 to \$7,705 per structure, with a 'demolition only' average cost of \$4,781:

- 'All inclusive' cost model includes utility disconnect fees, environmental surveys, and abatement activities in addition to permits, demolition, hauling and landfill;
- The biggest variable is the cost of abatement and remediation, which is dependent on the amount of materials in each structure and can range from \$250 to \$76,000 per structure.

2. Operational Efficiencies and Best Practices

A number of technological tools have been implemented to enhance field performance and reduce costs, including a web based procurement system for the posting of Requests for Proposals and the awarding of bid packets. Electronic requests for inspections by contractors, and similar dispatching methods, enable same day inspections and increases in productivity and contractor capacity.

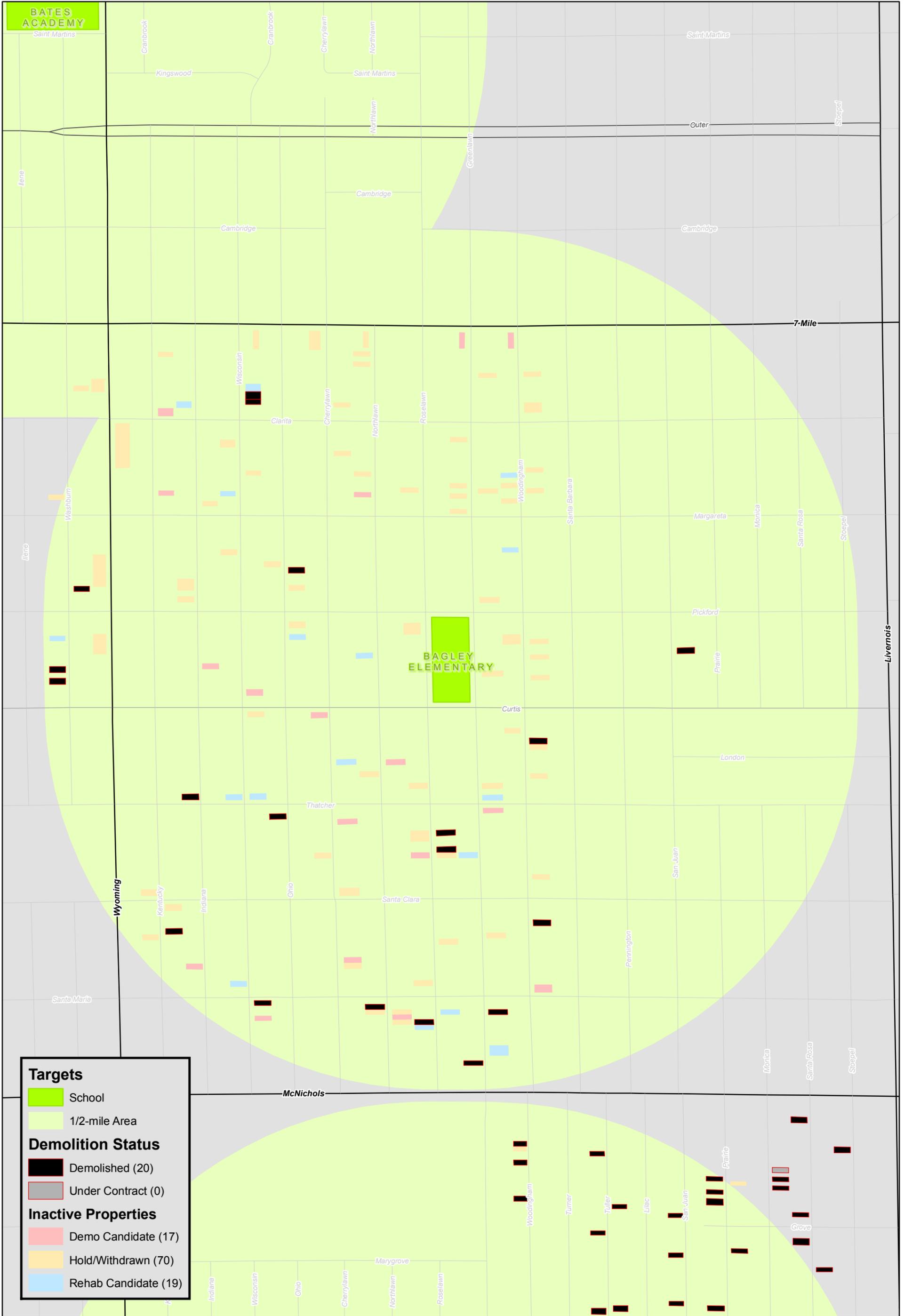
Integrating process steps has streamlined the demolition process into a best practice model, such aspects as combining the abatement with the demolition process has resulted in a reduction of the two distinct 10-day DEQ regulatory holds by 10 days, or 50%.

The various large scale demolition projects and the resulting amount of waste and vacant land have led to other initiatives. For example, in some areas green initiatives, such as recycling, and minimizing landfill footprints. Lot treatments also enhance the communities.



BLIGHT ELIMINATION PROGRAM | COMPLETED | DPS AREA A

BAGLEY ELEMENTARY | NORTH-CENTRAL DETROIT
EXISTING CONDITIONS, MAY 15, 2014



Targets

- School
- 1/2-mile Area

Demolition Status

- Demolished (20)
- Under Contract (0)

Inactive Properties

- Demo Candidate (17)
- Hold/Withdrawn (70)
- Rehab Candidate (19)

0 500 1,000 2,000 3,000 Feet

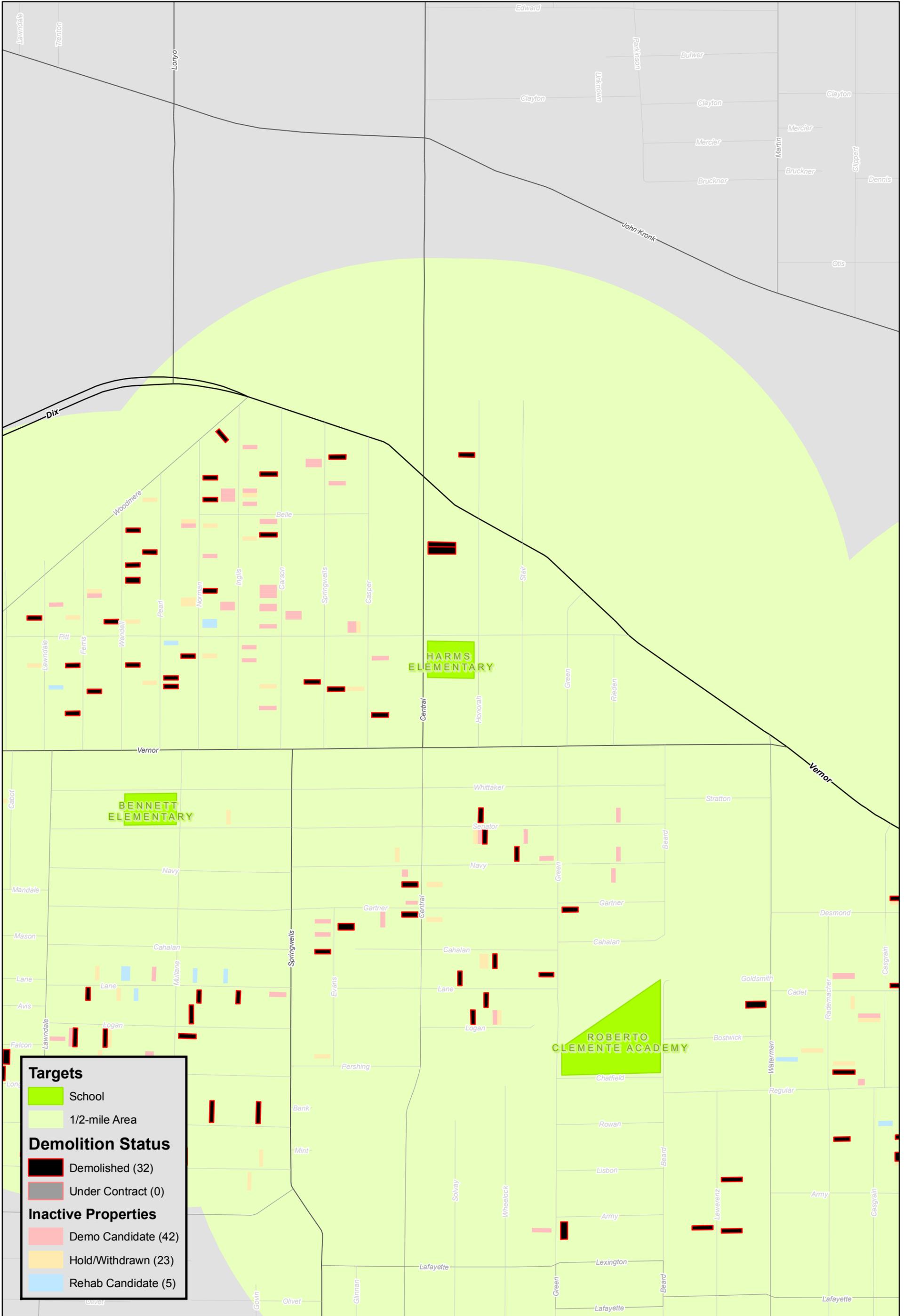
Projection: NAD 1983 Hotine Oblique Mercator Azimuth Natural Origin

Prepared by the Michigan Land Bank, 5/22/2014
Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC; Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | COMPLETED | DPS AREA C

HARMS ELEMENTARY | SOUTHWEST DETROIT
EXISTING CONDITIONS, MAY 15, 2014



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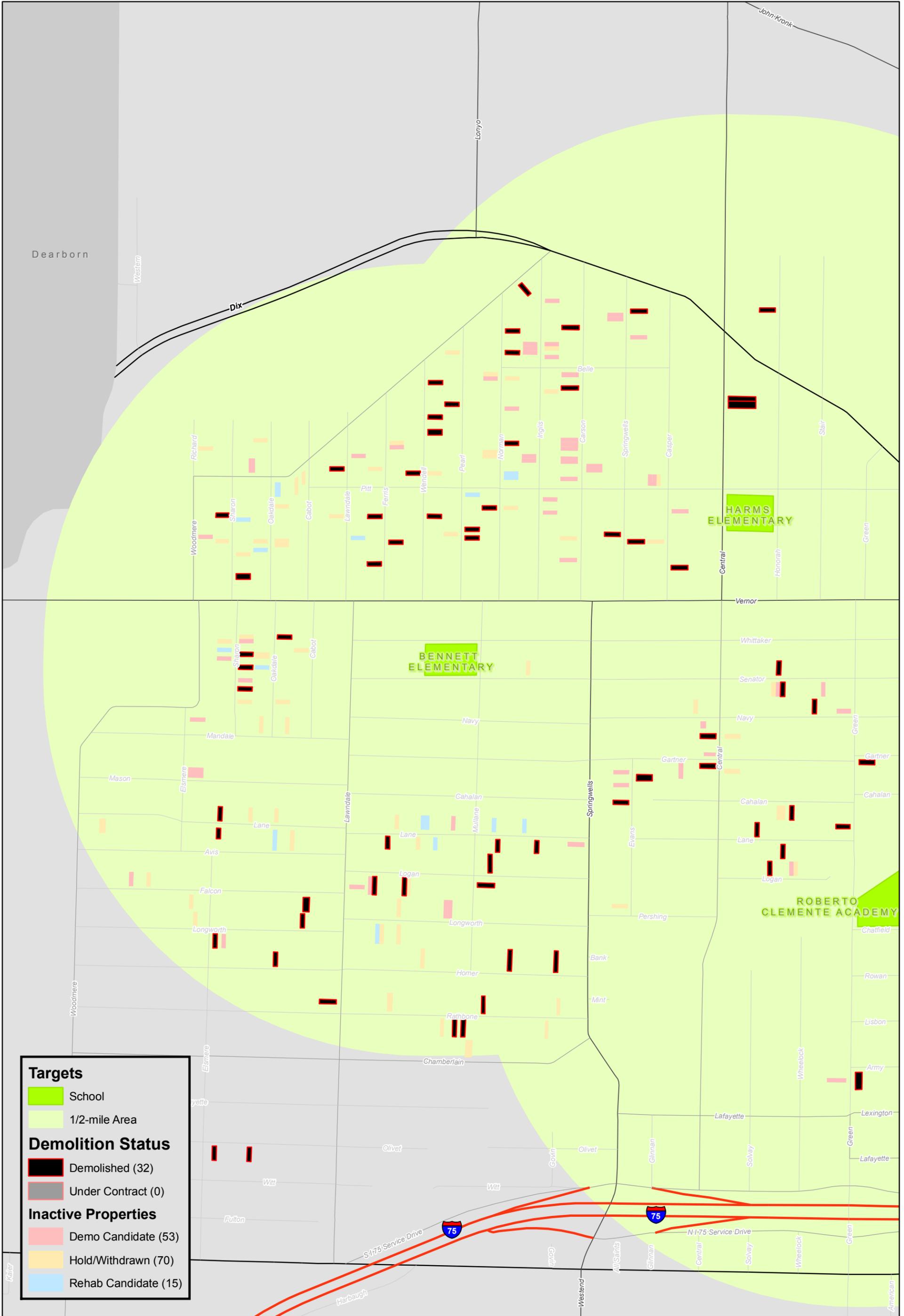
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Prepared by the Michigan Land Bank, 5/23/2014
Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC; Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | COMPLETED | DPS AREA C

BENNETT ELEMENTARY | SOUTHWEST DETROIT
EXISTING CONDITIONS, MAY 15, 2014



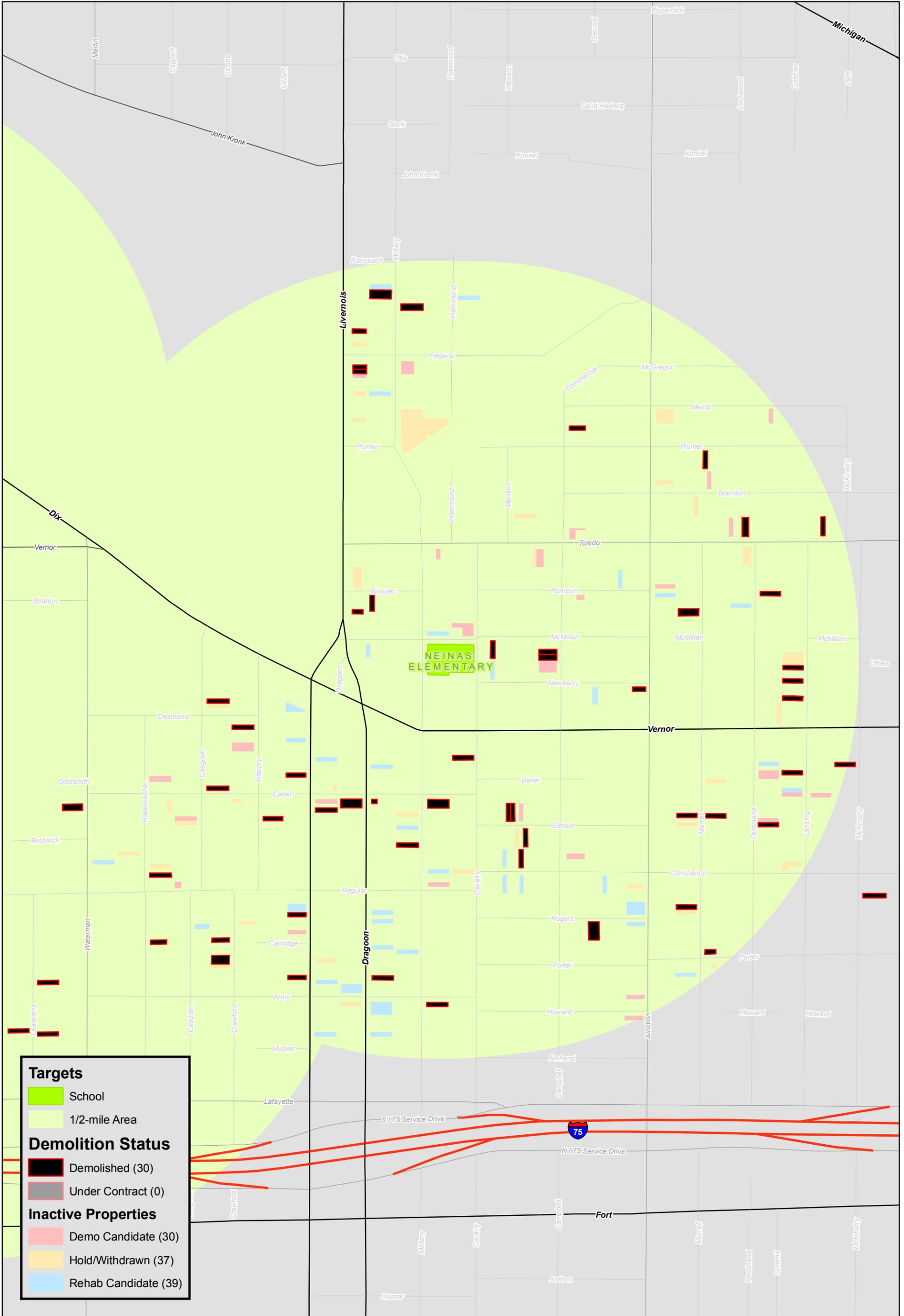
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Prepared by the Michigan Land Bank, 5/23/2014
Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC; Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | COMPLETED | DPS AREA C

NEINAS ELEMENTARY | SOUTHWEST DETROIT
EXISTING CONDITIONS, MAY 15, 2014



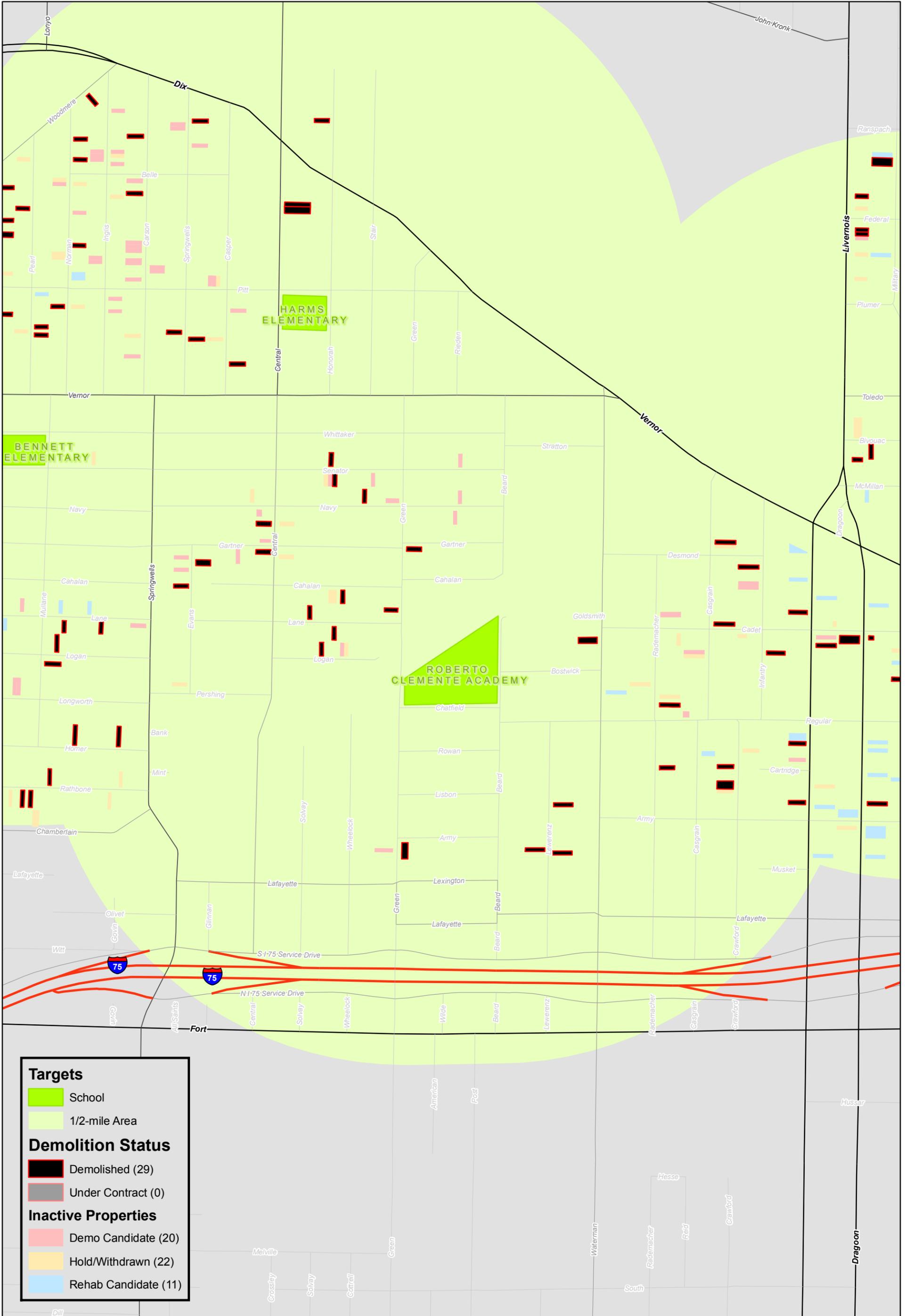
Projection: NAD 1983 Hotine Oblique Mercator Azimuth Natural Origin

Prepared by the Michigan Land Bank, 5/23/2014
Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC; Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | COMPLETED | DPS AREA C

ROBERTO CLEMENTE ACADEMY | SOUTHWEST DETROIT
EXISTING CONDITIONS, MAY 15, 2014



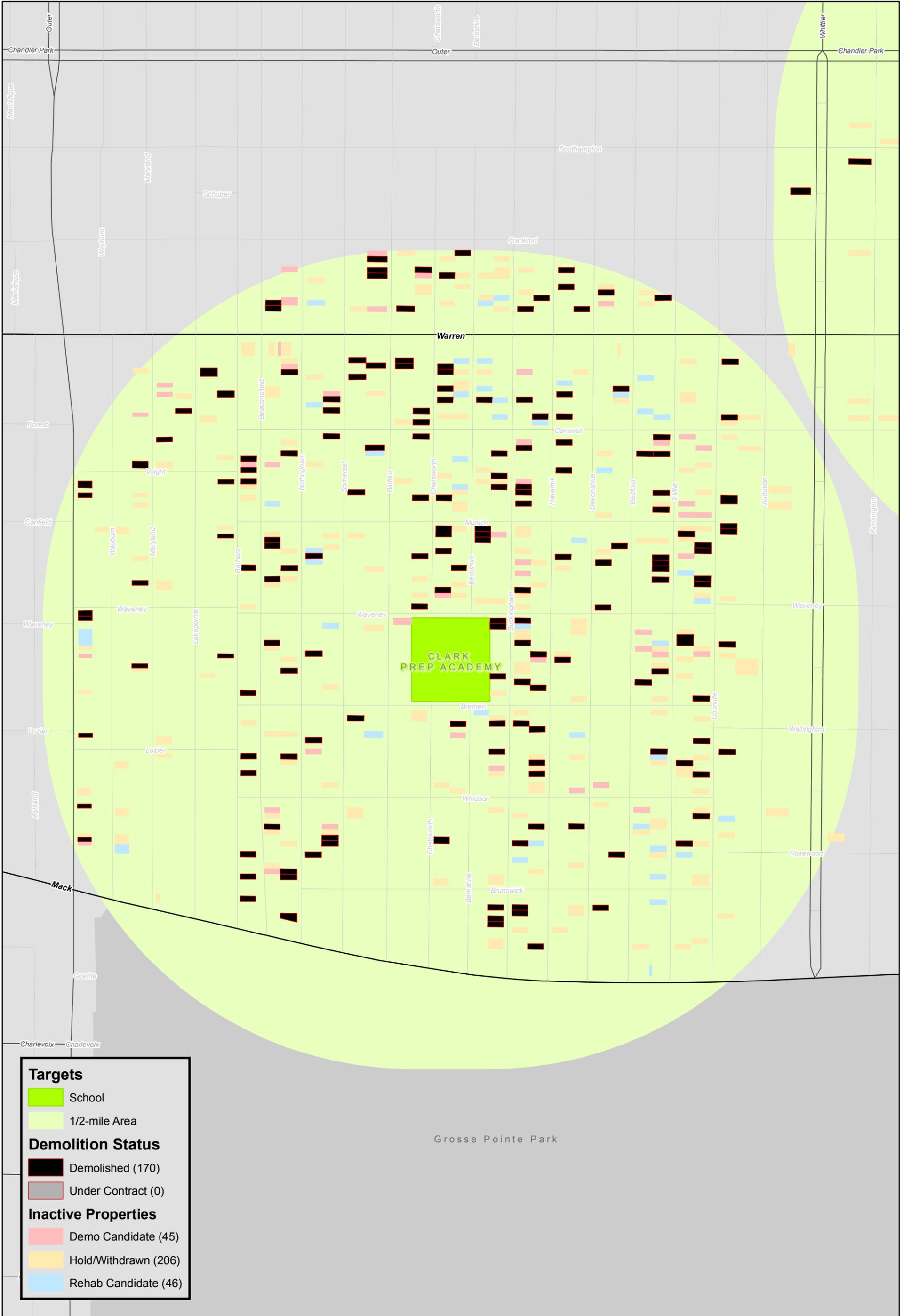
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Prepared by the Michigan Land Bank, 5/23/2014
Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC; Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | COMPLETED | DPS AREA G

CLARK PREP ACADEMY | EAST DETROIT
EXISTING CONDITIONS, MAY 15, 2014



0 500 1,000 2,000 3,000 Feet

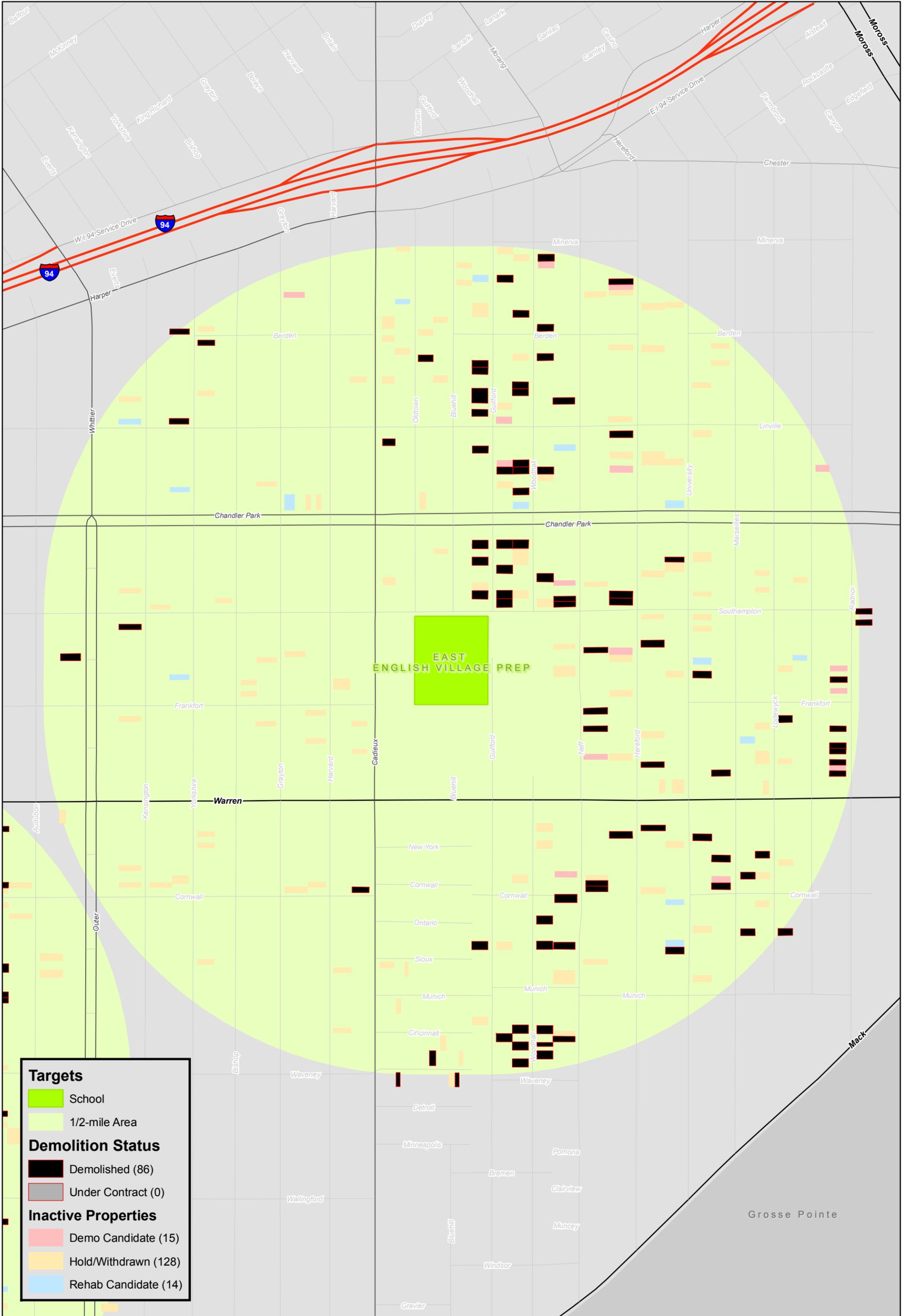
Projection: NAD 1983 Hotine Oblique Mercator Azimuth Natural Origin

Prepared by the Michigan Land Bank, 5/22/2014
Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC;
Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | COMPLETED | DPS AREA G

EAST ENGLISH VILLAGE PREP | EAST DETROIT
EXISTING CONDITIONS, MAY 15, 2014



Targets

- School
- 1/2-mile Area

Demolition Status

- Demolished (86)
- Under Contract (0)

Inactive Properties

- Demo Candidate (15)
- Hold/Withdrawn (128)
- Rehab Candidate (14)

0 500 1,000 2,000 3,000 Feet

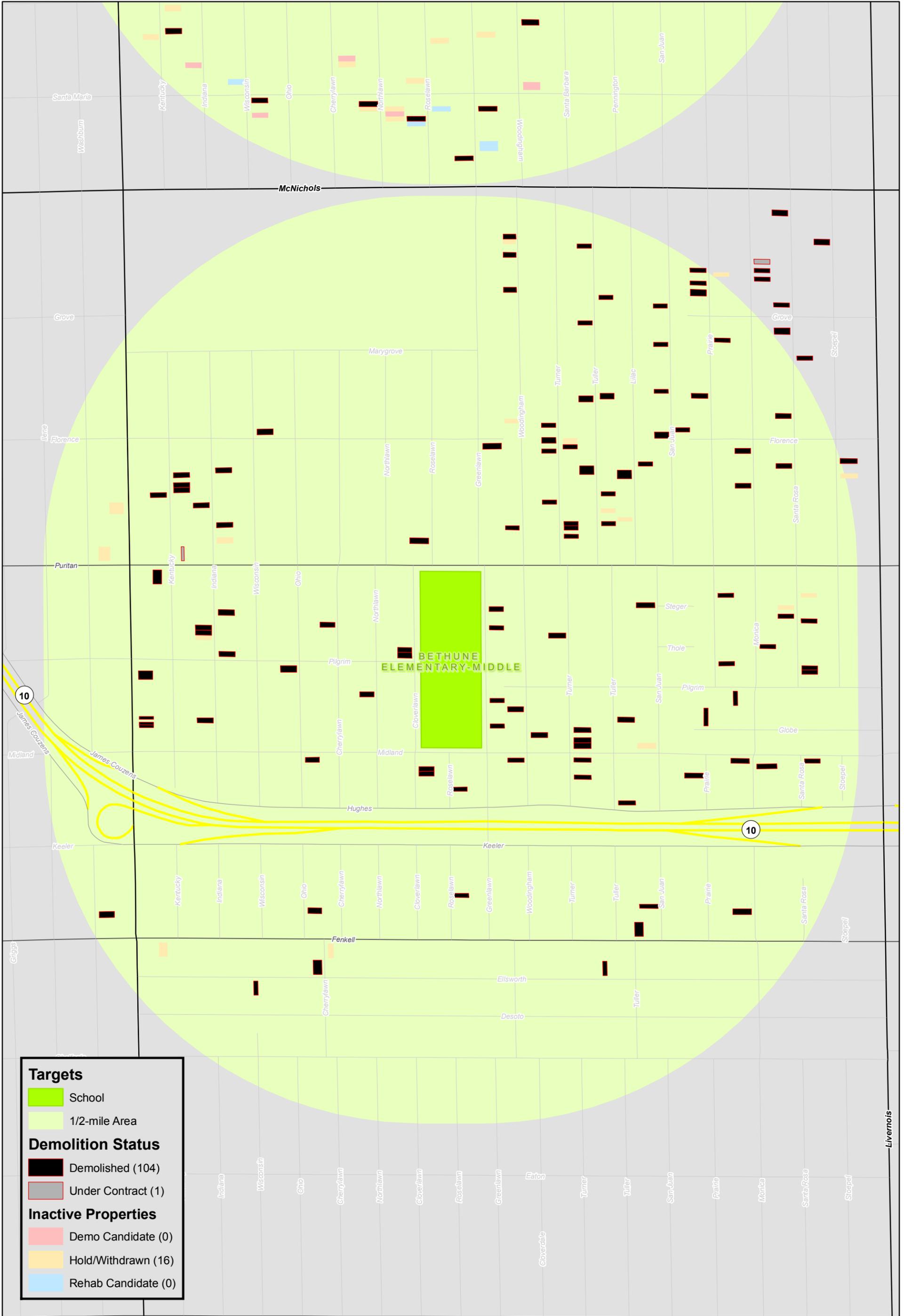
Projection: NAD 1983 Hotine Oblique Mercator Azimuth Natural Origin

Prepared by the Michigan Land Bank, 5/22/2014
Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC;
Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | COMPLETED | DPS BETHUNE AREA

BETHUNE ELEMENTARY-MIDDLE | NORTH-CENTRAL DETROIT
EXISTING CONDITIONS, MAY 15, 2014



Targets

- School
- 1/2-mile Area

Demolition Status

- Demolished (104)
- Under Contract (1)

Inactive Properties

- Demo Candidate (0)
- Hold/Withdrawn (16)
- Rehab Candidate (0)



Projection: NAD 1983 Hotine Oblique Mercator Azimuth Natural Origin

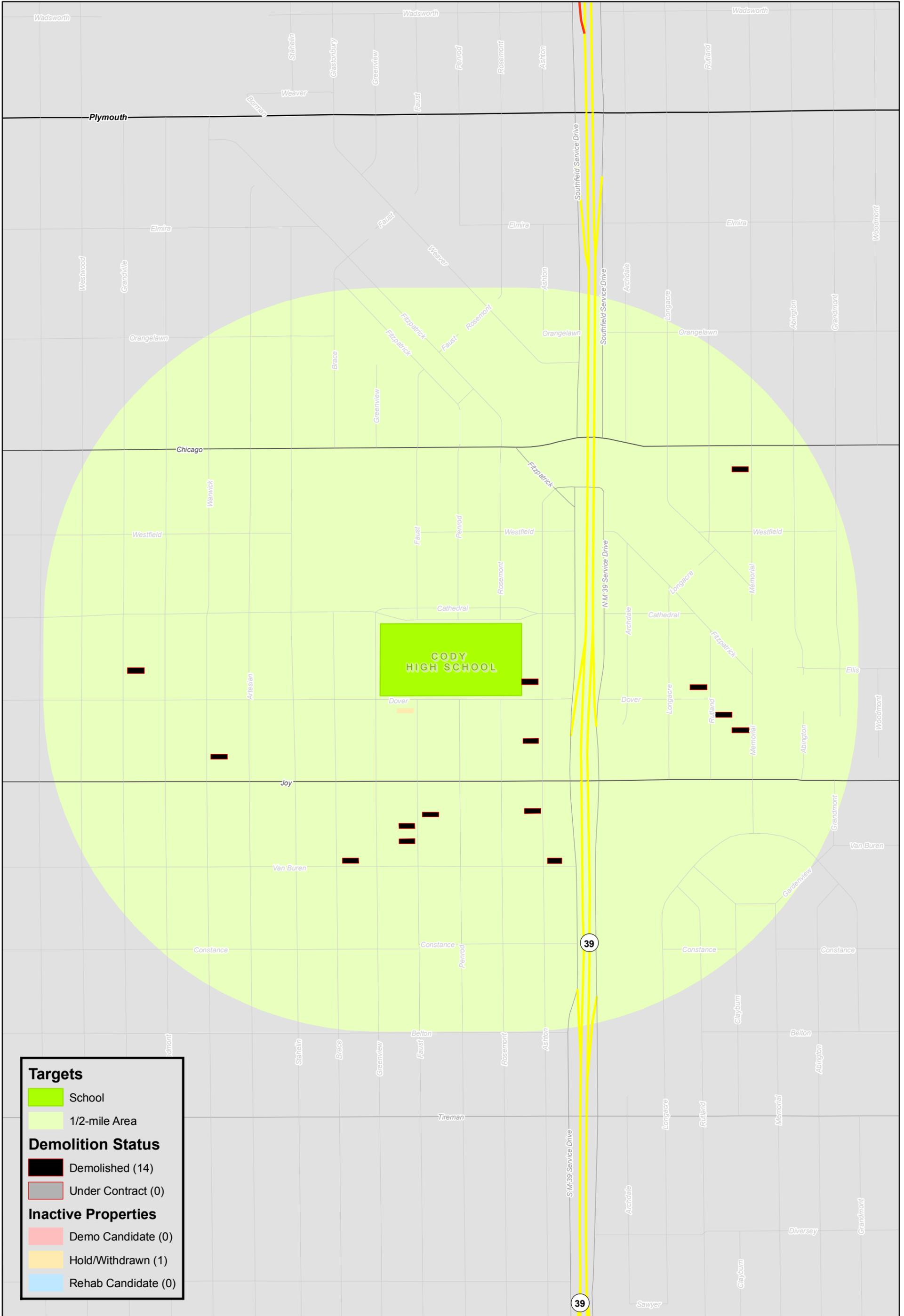
Prepared by the Michigan Land Bank, 5/22/2014
Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC; Detroit Public Schools; City of Detroit; Michigan Geographic Data Library

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BLIGHT ELIMINATION PROGRAM | ONGOING | DPS CODY AREA

CODY HIGH SCHOOL | WEST DETROIT
EXISTING CONDITIONS, MAY 15, 2014



Targets

- School
- 1/2-mile Area

Demolition Status

- Demolished (14)
- Under Contract (0)

Inactive Properties

- Demo Candidate (0)
- Hold/Withdrawn (1)
- Rehab Candidate (0)



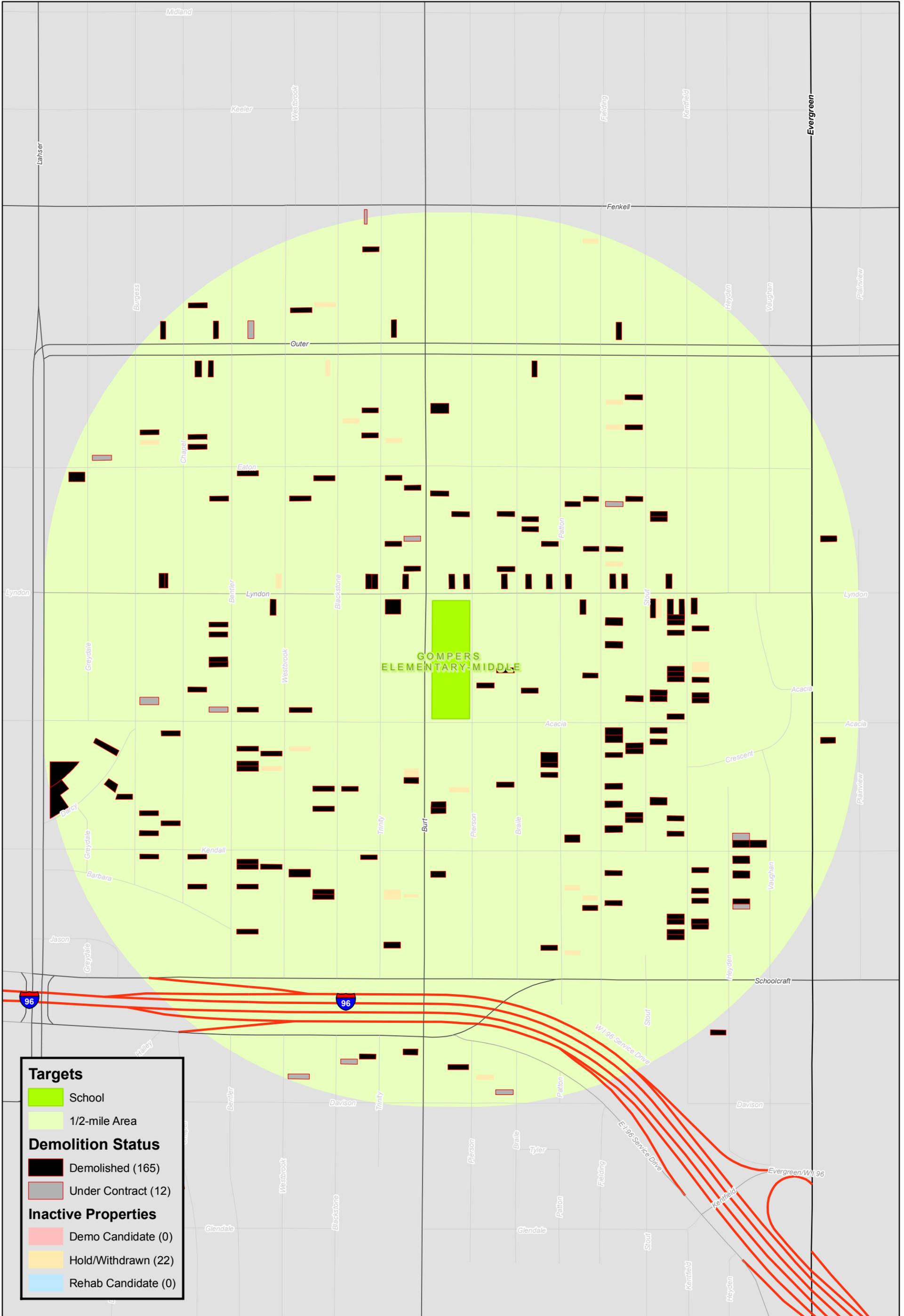
Projection: NAD 1983 Hotine Oblique Mercator Azimuth Natural Origin

Prepared by the Michigan Land Bank, 5/22/2014
Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC; Detroit Public Schools; City of Detroit; Michigan Geographic Data Library



BLIGHT ELIMINATION PROGRAM | ONGOING | DPS GOMPERS AREA

GOMPERS ELEMENTARY-MIDDLE | WEST DETROIT
EXISTING CONDITIONS, MAY 15, 2014



Targets

- School
- 1/2-mile Area

Demolition Status

- Demolished (165)
- Under Contract (12)

Inactive Properties

- Demo Candidate (0)
- Hold/Withdrawn (22)
- Rehab Candidate (0)



Projection: NAD 1983 Hotine Oblique Mercator Azimuth Natural Origin

Prepared by the Michigan Land Bank, 5/22/2014
Source: Michigan Land Bank Fast Track Authority; ADR Consultants, LLC; Detroit Public Schools; City of Detroit; Michigan Geographic Data Library

Michigan Blight Elimination - Statewide

Grantee	Awarded Grant Amount (Adjusted)	Approved # Of Structures	Total Demolished To Date	Total Expended To Date	Grant Balance
City of East Tawas	\$20,300.00	1	1	\$20,300.00	\$0.00
Village of Ravenna	\$45,000.00	1	1	\$0.00	\$45,000.00
Kalamazoo County Land Bank	\$936,915.00	80	61	\$520,744.68	\$416,170.32
City of Plainwell	\$720,720.00	6	6	\$531,665.17	\$189,054.83
Marquette County Land Bank	\$486,385.00	36	36	\$480,519.96	\$5,865.04
City of Vassar	\$41,158.00	5	5	\$36,773.00	\$4,385.00
City of Pontiac	\$996,668.00	83	73	\$897,154.20	\$99,513.80
Charter Township of Ypsilanti	\$653,840.00	151	151	\$653,840.00	\$0.00
Brevort Township	\$37,906.00	1	1	\$37,906.00	\$0.00
City of Coldwater	\$65,756.00	2	2	\$65,756.00	\$0.00
Ingham County Land Bank	\$836,850.00	28	0	\$206,730.00	\$630,120.00
NCCS Center for Nonprofit Housing (Newaygo County)	\$61,811.00	5	5	\$61,811.00	\$0.00
LIFT Foundation (Kalamazoo County)	\$77,890.00	14	14	\$77,890.00	\$0.00
ICCF (Kent County)	\$41,833.00	4	4	\$41,833.00	\$0.00
Houghton County Land Bank	\$9,675.00	1	1	\$9,675.00	\$0.00
Genesee County Planning Commission	\$182,960.00	17	0	\$7,010.38	\$175,949.62
City of Au Gres	\$111,999.00	1	1	\$111,999.00	\$0.00
Genesee County Land Bank	\$3,713,240.00	240	36	\$803,570.40	\$2,909,669.60
City of Petoskey	\$20,673.00	2	2	\$20,673.00	\$0.00
Saginaw County Land Bank	\$1,784,685.00	147	126	\$859,906.25	\$924,778.75
LINC (Kent County)	\$661,245.50	18	16	\$456,985.58	\$204,259.92
Berrien-Cass-Van Buren Michigan Works	\$740,000.00	19	7	\$78,783.84	\$661,216.16
Grand Traverse County	\$44,000.00	1	1	\$44,000.00	\$0.00
Village of Constantine	\$10,032.12	1	1	\$8,500.00	\$1,532.12
Leelanau County Land Bank	\$58,500.00	3	2	\$11,684.52	\$46,815.48
City of Mt. Pleasant	\$800,000.00	2	2	\$800,000.00	\$0.00
City of Manistee Housing Commission	\$90,500.00	1	0	\$2,068.75	\$88,431.25
City of Onaway	\$14,000.00	2	0	\$0.00	\$14,000.00
City of Muskegon	\$111,500.00	2	2	\$111,500.00	\$0.00
Village of Newberry	\$130,000.00	7	0	\$0.00	\$130,000.00
Reed City	\$370,000.00	1	0	\$32,155.33	\$337,844.67

Grantee	Awarded Grant Amount	Approved # Of Structures	Total Demolished To Date	Total Expended To Date	Grant Balance
Northeast Michigan Affordable Housing (Arenac County)	\$36,750.00	2	0	\$0.00	\$36,750.00
City of Bay City	\$269,325.00	14	0	\$12,325.00	\$251,623.00
Northern Homes CDC (Charlevoix County)	\$20,000.00	2	2	\$20,000.00	\$0.00
Wayne Metro	\$430,000.00	36	0	\$0.00	\$430,000.00
	\$14,632,116.62	936	559	\$7,023,760.06	\$7,602,979.56

Percentage of Grant Funds Invoiced 48%

Percentage of Demolitions Completed 60%

Percentage of Grants Completed 51%