



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING



MAURA D. CORRIGAN
DIRECTOR

August 28, 2013

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 Kim Homan at 517-243-5947.

Sincerely,

Maura D. Corrigan
Director, Department of Human Services

Scott Woosley
Director, Michigan State Housing Development Authority

Enclosures

c: Senator Darwin L. Boher

Pursuant to 2012 PA 296

Fifth Quarterly Report on Demolition Projects

August 19, 2013

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. Description of Detroit Demolition Program

The Detroit demolition program is part of the state’s Neighborhood Stabilization School Anchor Initiative (NSSA), headed 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 areas for blight elimination in the City of Detroit, for which **\$10 million** was allocated, is targeted around **eight** schools in **six** 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; and Bagley Elementary and Bates Academy on the City of Detroit’s north side. The Michigan Land Bank Fast Track Authority (MLB) is handling the demolitions in the City of Detroit. (*Maps showing the status of the Detroit Demolition are attached*).

1. Status of MLB Demolition in Detroit

To date, the MLB has demolished **332** structures in the school focus areas in the City of Detroit. Another **73** addresses are currently undergoing asbestos and hazardous materials surveys or are under contract. They will be demolished within the next few weeks, for a total of over **400** blighted structures demolished. Approximately **\$1 million** was awarded in contracts during the week of August 12, 2013.

Another **168** privately-owned blighted properties remain in the City’s Dangerous Building process awaiting approval for demolition. Several hundred more privately-owned structures are being reviewed for processing as dangerous buildings. The Wayne County Treasurer recently released another 80 blighted properties near three schools for demolition. Those addresses are being scheduled for demolition.

2. Updated Demolition Totals for all Detroit School Focus Areas

- (1) Total vacant structures identified by this Initiative: **2130**
- (2) Completed demolitions as of August 14th: **332**
- (3) Total properties remaining as demolition candidates: **1487**
 - (a) Number of properties in preparation or active demolition: **549**
 - (b) Number of properties waiting for authorization or approval: **938**
 - (i) This includes privately-owned structures still in the City of Detroit's Dangerous Building process and not yet scheduled for hearing before City Council.
- (4) Removed from this Initiative:
 - (a) **643** structures originally identified for demolition have been determined to be candidates for rehabilitation, or were removed as not meeting the criteria for the City's Dangerous Building ordinance.
- (5) Actual and anticipated expenditures:
 - (a) To date, **\$5.6 million** in demolition funds have been expended, or are obligated under pending contracts for environmental surveys or demolition, in Detroit;
 - (i) This includes the actual costs for the **332** completed demolitions, and the **73** structures currently being surveyed for asbestos or 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, however for budgeting purposes funds are considered obligated once the structure is assigned to a contractor.
 - (b) The estimated cost of demolition for additional properties awaiting authorization or approval for demolition will clearly exceed the funds available through this initiative, (see *Michigan Land Bank/ Detroit \$10 Million Blight Elimination Project Dashboard, August 14, 2013*).

3. Coordination with Other Demolition Projects

As the overall need for demolition is so great, additional funds will be needed to complete all demolitions. Fortunately, three of the six focus areas are also focus areas for Michigan State Housing Development Authority's (MSHDA) Hardest Hit Fund Demolition project, scheduled to start next month. MLB is coordinating the eligibility requirements for each Hardest Hit project, as well as the City of Detroit's plans for their Neighborhood Stabilization Program 3 funds, in the appropriate geographic areas so as to ensure that as many blighted structures are removed as possible. Those blighted structures that are not eligible for Hardest Hit funding will be demolished with Blight Elimination funds, and vice versa.

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 according to 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:

| Grantee | Awarded Grant Amount | Status of Feasibility Review | Status of Demo Project(s) ¹ |
|---|----------------------|------------------------------|---|
| City of Plainwell | \$720,720.00 | Approved | Under contract |
| City of Au Gres | \$112,000.00 | Approved | Under Contract |
| Northeast Michigan Affordable Housing (Arenac County) | \$36,750.00 | In process | Extension granted |
| City of Bay City | \$269,325.00 | Pending additional documents | Extension granted |
| Berrien Cass Van Buren Michigan Works | \$740,000.00 | Partial Award Approved | Extension granted |
| City of Coldwater | \$97,000.00 | Approved | Completed (see attached note from the City) |
| Northern Homes CDC (Charlevoix County) | \$20,000.00 | Pending additional documents | Extension granted |

¹ "In review" means grantee has provided its documentation and ADR is reviewing for an agreement.

"Agreement awarded" means that documentation has been received and grantee has signed an agreement with Michigan Land Bank, but a signed contract with a demolition contractor is not yet finalized.

"Under contract" means that there is a signed agreement with the Michigan Land Bank and a demolition contractor but grantee is waiting on final approvals for demolition.

"Work initiated" means the demolition contractor has begun the process of demolition.

"Extension granted" means the grantee has until September 23, 2013 to turn in all documentation.

| | | | |
|--|----------------|--|-------------------|
| City of Petoskey | \$21,000.00 | Approved | Agreement awarded |
| Genesee County Land Bank | \$3,713,240.00 | Approved | Work initiated |
| Genesee County Planning Commission | \$182,960.00 | Pending additional documents have been requested | Extension Pending |
| Grand Traverse County | \$44,000.00 | Approved | Work initiated |
| Houghton County Land Bank Authority | \$10,000.00 | Approved | Under contract |
| Ingham County Land Bank | \$836,850.00 | In process | Agreement awarded |
| City of East Tawas | \$23,000.00 | Approved | Completed |
| City of Mt. Pleasant | \$800,000.00 | Approved | Agreement awarded |
| Kalamazoo County Land Bank | \$936,915.00 | Approved | Work initiated |
| LIFT Foundation (Kalamazoo County) | \$136,000.00 | Approved | Work initiated |
| ICCF – Wealthy (Kent County) | \$41,868.00 | Approved | Agreement awarded |
| LINC (Kent County) | \$682,500.00 | In process | Extension pending |
| Leelanau County Land Bank | \$58,500.00 | Approved | Agreement awarded |
| Village of Newberry | \$180,000.00 | In Process | Extension pending |
| Brevort Township | \$50,000.00 | Approved | Work initiated |
| City of Manistee Housing Commission | \$90,500.00 | Approved | In review |
| Marquette County Land Bank | \$486,385.00 | Approved | Work initiated |
| City of Muskegon | \$111,500.00 | In process | Extension granted |
| Village of Ravenna | \$45,000.00 | Approved | Work initiated |
| NCCS Center for Nonprofit Housing (Newaygo County) | \$70,000.00 | Approved | Agreement awarded |

| | | | |
|--------------------------|----------------|------------------------|-------------------|
| City of Pontiac | \$996,668.00 | Approved | Work initiated |
| Reed City | \$370,000.00 | In process | Extension granted |
| City of Onaway | \$14,000.00 | In process | In review |
| Saginaw County Land Bank | \$1,784,685.00 | Partial Award Approved | Extension granted |
| Village of Constantine | \$10,032.00 | In process | Agreement Awarded |
| City of Vassar | \$41,158.00 | Approved | Work initiated |
| Charter Twp of Ypsilanti | \$653,840.00 | Approved | Work Initiated |

To date, **32 of the 34** grantees are now active, having executed grant agreements, or been approved or in the process of feasibility review, thus encumbering **\$13 million** or **90%** of the total funding amount. Actual demolition is underway by a number of grantees, and others are completing the required clearance and abatement aspects and should be pulling structures down within weeks. At this time over **\$400,000** has been invoiced. Larger invoices covering actual production and demolition expenses are expected within the next few weeks as demolitions are completed and approved.

Several of the grantees will complete their approved projects for less than their awarded amounts, resulting in the availability of unallocated funds. As the response to the request for proposals was overwhelming with more than 90 applications submitted for nearly \$50 million in requests, MSHDA, DHS and MLB plan to award the remaining funds to applicants who did not initially receive awards.

III. DHS Pathways to Potential

The DHS Pathways to Potential program is a product of DHS's commitment to locating where clients can connect with DHS most easily. The pilot program, launched in summer 2012, assigned DHS caseworkers to 21 schools in Detroit, Pontiac, Flint and Saginaw. April 2013, DHS "success coaches" were based in 124 public elementary schools in the four cities and in three Detroit high schools: Cody, Osborn and Denby as well as Pontiac High School. By fall 2013, Pathways will be located in 152 schools and expanded to Macomb-Warren/Van Dyke Schools, Kalamazoo and Muskegon.

Additionally, Pathways to Potential is launching the Community School Model in 21 Pathways Schools in Detroit. The Community Schools Model will allow those 21 schools to have its own community school coordinator, along with a DHS success coach who will connect and coordinate resources. DHS will provide 10 of the coordinators from existing staff and Detroit Public Schools will provide 11 coordinators. Services provided by the coordinators will depend on the local needs. These could include assisting with homework, language needs, child and elder care, literacy development, prenatal training, technology skills, financial literacy, GED, job training and other professional services.

Preliminary data generated by DHS success coaches reflects a reduction in school absenteeism during Pathways first year of operation at Pathways sites, one of the values of this effort.

Attachments:

Michigan Land Bank/Detroit \$10 Million Blight Elimination Project, dated August 14, 2013

Article from AnnArbor.com *First building demolished in blighted Liberty Square housing complex, 8-6-13*

Email from Keith Baker, Community Services Director/Assistant City Manager of the City of Coldwater

First building demolished in blighted Liberty Square housing complex

By [TOM PERKINS](#) AnnArbor.com Freelance Journalist

[Comment Now](#)

Posted on Tue, Aug 6, 2013 : 5:59 a.m.

Tom Perkins | For AnnArbor.com

- *Update:* [Photos from the Liberty Square demolition](#)
- *Previous article:* [Blight beat: Liberty Square demolition to begin Monday](#)

The final chapter to the long, [twisted history](#) of [Liberty Square](#) began Monday.

By that afternoon, a large portion of the first of 17 buildings in the Ypsilanti Township housing complex had been torn down. It marked the beginning of a three-month demolition process.

"It's bringing me phenomenal satisfaction to watch the jaws of destruction bringing it down," said Ypsilanti Township Building Director **Ron Fulton**.

Over the last three years, Fulton played a key role in the multi-department effort to get the 26-acre property brought up to code, and, when that failed, the [long legal battle](#) to condemn the property and convince a judge to [order it vacated](#) and torn down.

"By far it's the largest blight-busting project and for me it's a momentous occasion," Fulton said. "This is marking a three-year concerted effort with the Board of Trustees, Sheriffs Office, attorneys and office of community standards.

"It didn't have to be this way ... it could have remained a viable community. Unfortunately no one maintained it, so it's coming down."

Township Clerk **Karen Lovejoy Roe** recalled the litany of problems Liberty Square caused while she was supervisor from 1996 through 2004.

The property was a drain on police resources and was consistently in violation of a wide range of codes and ordinances.

"It has been a long haul, and it's a sad day in a way, but we're dealing with the reality of the situation," she said. "It was condemned and the court ordered it to come down, and now we're looking forward to new development on the site."

She said the township tried all it could to remedy the issues at the 151-unit complex, but there were always new problems arising and chronic crime.

"Those days are now behind us, so we can redeploy our building officials, fire department, police officers," Lovejoy Roe said.

"Between my sheriff's department years and my township years, I've been dealing with this place for over 30 years and it was never good," said Mike Radzik, director of the office of community standards and police services. "It was an exhilarating feeling watching the first building come down."

The demolition was preceded by a small event at which state officials from the **Michigan Land Bank** came to knock down the first wall.

Kim Homan, the land bank's director, discussed the impact removing abandoned properties has on an area.

"Blight removal improves property values and helps grow area businesses," she said. "The partnership for this demolition between the Michigan Land Bank and Ypsilanti Township is a perfect example of how land banks can assist municipalities with getting properties back into productive use. With the ability to remove blighted structures, the township can now move forward with plans to rezone the property for commercial and retail space, bringing additional resources into their community in the form of jobs and revenue."

The demolition project is funded, in part, by a grant from the Michigan Land Bank. Ypsilanti Township is one of 34 grantees awarded funding through the Michigan Blight Elimination Program.

The \$654,000 the township received for the project includes the direct cost of demolition, but does not include the more than \$170,000 the township has spent on legal fees, boarding-up fees, an asbestos survey and asbestos abatement.

The grant funds were part of a \$97 million settlement banks agreed to pay the state of Michigan for their role in the foreclosure crisis. The settlement came after a national class action lawsuit filed by Michigan, 48 other states and the federal government, and some of the money was earmarked for blight elimination projects.

The township's award was among the largest sums provided directly for the demolition of one site.

Christophel, Janice (DHS)

From: Homan, Kim (MLB)
Sent: Wednesday, August 21, 2013 3:26 PM
To: Corrigan, Maura (DHS); Woosley, Scott (MSHDA); Wildman, Michele (MSHDA); Stork-Phillips, Denise (DHS)
Cc: Morrow, Mario (GOV); Bach, Katie (MSHDA); Moon, Jason (LARA); Christophel, Janice (DHS)
Subject: FW: Michigan Blight Elimination Program - Coldwater Project

A nice note!

Kim Homan
Executive Director
Michigan Land Bank Fast Track Authority

e-mail: homank@michigan.gov

From: barryse@msn.com [<mailto:barryse@msn.com>]
Sent: Wednesday, August 21, 2013 3:15 PM
To: Keith Baker; barryse@adrllc.net; Huntington, Jeff (MLB)
Cc: Homan, Kim (MLB); lynj@adrllc.net
Subject: RE: Michigan Blight Elimination Program - Coldwater Project

Keith,

Our pleasure and it was great working with you!

Barry

From: kbaker@coldwater.org
To: barryse@adrllc.net; huntingtonj@michigan.gov
Subject: Michigan Blight Elimination Program - Coldwater Project
Date: Wed, 21 Aug 2013 15:13:12 -0400

Barry and Jeff,

The contractor (Smalley Construction) wrapped up demolition activities last week here in Coldwater. The two projects greatly improved the neighborhoods that the parcels are located in. I appreciate your assistance in facilitating this project and patience in dealing with me through the process. The city had a very positive experience with Smalley

This was a very efficient use of grant funds and I look forward to future funding opportunities.

If you have any questions, please do not hesitate to contact me.

Thank you.

Sincerely,

Keith

Keith D. Baker, AICP, CFM
Community Services Director/Assistant City Manager
City of Coldwater
One Grand Street
Coldwater, MI 49036
517-279-6911
kbaker@coldwater.org

Michigan Land Bank | Detroit \$10 Million Blight Elimination Project

DATE OF REPORT: 8/14/2013

Program Overview and Progress

| | Area A | | Area C | | Area G | | Other Areas | | | Totals |
|---|-------------------|------------------|--------------------|-------------------|--------------------|---------------------------|--------------------|--------------------|--------------------|---------------------|
| | Bagley Elementary | Bates Academy | Harms / Bennett | Neinas / Clemente | Clark Academy | East English Village High | Bethune Phase 1 | Cody | Gompers | |
| Remaining Vacant Structures | 124 | 35 | 190 | 168 | 473 | 245 | 292 | 203 | 400 | 2130 |
| Total Demolition Inventory | 34 | 20 | 123 | 94 | 221 | 103 | 291 | 202 | 399 | 1487 |
| <i>Addresses Awaiting Authorization</i> | 17 | 4 | 63 | 34 | 50 | 17 | 249 | 188 | 316 | 938 |
| <i>Addresses in Process for Demo</i> | 17 | 16 | 60 | 60 | 171 | 86 | 42 | 14 | 83 | 549 |
| Structures Demolished | 16 | 11 | 43 | 45 | 115 | 73 | 1 | 4 | 24 | 332 |
| Pre Demolition ASB Survey | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 4 | 4 | 11 |
| Currently Out for Bid | 0 | 4 | 5 | 7 | 5 | 16 | 25 | 0 | 0 | 62 |
| Potential Rehab Structures | 19 | 1 | 16 | 40 | 47 | 16 | 0 | 0 | 0 | 139 |
| Removed from Program | 71 | 14 | 51 | 34 | 205 | 126 | 1 | 1 | 1 | 504 |
| Estimated Area Budget Need | \$289,000 | \$170,000 | \$1,045,500 | \$799,000 | \$1,878,500 | \$875,500 | \$2,473,500 | \$1,717,000 | \$3,391,500 | \$12,639,500 |

Demolition Program Inventory Detail By Ownership

| | Total Inventory | Total Active | Not Available to Program / Pending Authorization |
|-------------------------|-----------------|--------------|--|
| Detroit - City Owned | 101 | 86 | 15 |
| County Owned | 188 | 186 | 2 |
| Detroit - Private Owned | 347 | 179 | 168 |
| State Owned | 98 | 98 | 0 |